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NEWS BRIEFS

Money rates

Money rates in the call  
money market ranged from 2.5  
to 8.75 per cent during the  
last week till Wednesday. The  
interest rates offered by the  
bank on certificate of deposits  
varied from 4 to 8.75 per cent.  
said a Bangladesh Bank press  
release yesterday. The bank  
rate, however, remained un-  
changed at 6 during the per-  
iod, reports UNB.

PAMS confce begins  
tomorrow

Lieutenant General Robert L  
Ord, III, Commanding General,  
US Army, Pacific, arrived in  
Dhaka yesterday to co-host the  
18th Pacific Armies Management  
Seminar (PAMS) here. The PAMS  
conference, which begins in Dhaka tomorrow,  
is hosted jointly by the Bang-  
ladesh Army and the US Army,  
Pacific, reports UNB.

Krishak League  
meet tomorrow

Awami League President  
Sheikh Hasina will address an  
extended meeting of Krishak  
League central working committee  
tomorrow. The meeting  
will be held at the Awami  
League central office at 10 am.

## Govt to clear its coal stock at any price

By Special Correspondent

Coal worth about 50 crore taka, stockpiled in government depots, will be disposed of at cheaper prices by March next before the planned winding up of the Coal Directorate, official sources said.

About 165,000 tonnes of coal have been lying unsold for over two years in 20 depots owned by the Directorate at different places of the country.

According to a recent decision of the government, about 35,000 tonnes at five depots will be sold to those who had offered around 1200 taka per tonne following tenders floated earlier.

The rest of the stock — 130,000 tonnes at 15 other depots — will be cleared through open

auction in lots of a minimum 1000 tonnes. The sale will be conducted by government-appointed auctioneers.

The decision to clear the coal stock and the procedure for doing so has already been approved by the Council Committee for Finance and Economic Affairs.

Informed sources said the government is likely to incur a loss of about Taka 35 crore due to the decision.

The coal at the various government depots was imported from Raniganj (India), Indonesia, Mozambique and Swaziland. Taka 2964 per tonne was fixed as the original selling price. But due to liberalisation

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of the import policy coal, irrespective of quality, is being imported by the private sector, mostly from the eastern part of India. This is cheaper than those consignments imported by the public sector. As a consequence, the coal in the government's stock remained unsold.

According to well-placed sources, the monitoring committee of the Commerce Ministry earlier suggested the Coal Directorate be retained,

albeit in a skeleton form for at least another year beyond next

March to facilitate proper disposal of the coal stock and reducing the losses.

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Devotees proceeding towards Tongi yesterday to attend the Biswa Ijtema, the second biggest Muslim congregation in the world, held annually.

— Star photo

### News Analysis

## The economy: Anatomy of stagnation

By A Special Correspondent

After a period of gradual decline in the rate of inflation, the price level in Bangladesh has entered a deflationary phase. Imports continue to remain depressed, contributing to a current account surplus in the balance of payments for the first five months of the current financial year. Although money in requisite amount is available, public investment has decelerated. This is the picture of the contemporary Bangladesh economy that emerges from reports of a press conference with the Governor of Bangladesh Bank held last Wednesday.

Even in the recent times falling inflation rates used to be cited as evidence of sound macro-economic management. In his budget speech last June the Finance Minister said that the decline in the inflation rate to below 3 per cent was a significant achievement. But when low inflation turns into deflation in a poor country like Bangladesh it is symptomatic of deep-seated problems. It

rate in the last few years was higher than what the government had reported. For example, had the new index with 1985-86 as base year been available prior to June 1993, the Finance Minister may not have been able to claim success in achieving price stability.

This issue of refining the official measure of inflation in Bangladesh — although given prominence by the Bangladesh Bank Governor — is really an aside. There are other indicators, showing that some factor or factors are working to squeeze aggregate demand in the economy. For example, the Governor himself has reported in the press conference that import of consumption goods has decreased while import of capital goods is sluggish.

Given that there is no evidence of increased production in the non-food manufacturing sector, depressed import does mean depressed aggregate demand.

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