

# India moving towards free interest rate structure

NEW DELHI, Feb 11: India is moving towards a system in which market forces will determine interest rates, as it pursues efforts to reform the banking sector and make it world-class, the central bank governor said yesterday, reports AFP.

But Chakravarty Rangrajan cautioned that the speed at which India travels towards a free interest rate structure would depend on the government's own financial health and its ability to keep deficits down.

"We have come a long way towards a deregulation of the interest rate structure," the Reserve Bank of India (RBI) Governor said in a lecture here on financial sector reform.

He cited a simplification of banking procedures in the past two years dismantling com-

plex, multiple conditions that ran into several pages dictating the rates at which funds are lent to different borrowers.

Interest rates — which Indian industry says are prohibitive at 15 per cent — are crucial because they determine the quantity of investment, Rangrajan said.

At the same time, the government has to keep its deficits under control to reduce the pressure on bank credit and free funds to be lent out at rates determined by the forces of supply and demand," he said.

Government finances need to be in sound health to increase the lendable resources of the banks and reduce the portion of capital that banks are required to invest in long-dated government securities.

Rangrajan is overseeing

banking reforms he said were aimed at transforming the massive bank network into a modern, efficient and competitive one.

The total number of commercial bank offices has risen from 8,262 in 1969 — when India nationalised banking — to 61,235, he said. Gross household savings in the form of financial assets has risen from 36 per cent to more than 60 per cent.

But the system has come to be characterised by low profitability, deterioration of portfolio, high credit losses and other inefficiencies, Rangrajan said.

The government has been infusing capital into banks since 1985 to protect their "long-term viability" and to soften the impact of their losses. Thirteen of India's 27

national banks are now in the red.

The central bank chief said the reforms now underway were aimed at improving the financial health of banks, restructuring weak banks, redirecting credit programmes and improving management and supervision systems.

Accounting procedures have already been revamped and non-performing assets redefined to "bring out the true position" of a bank's portfolio and competition introduced by allowing private bankers to set up shop.

The Indian banking system has been under a cloud since a 1.3 billion dollar scam surfaced in 1992 with disclosures that a ring of brokers had siphoned off public funds and pumped them into the stock market, fuelling a share price boom.

## Russian TV workers on strike for arrear pay

MOSCOW, Feb 11: Half of Russia was without television Thursday as stations stopped transmitting for lack of cash, despite a government pledge to pay the state broadcasting sectors outstanding debts, officials said, reports AFP.

Employees at the various broadcasting companies carrying the state programmes went on strike to demand payment of arrears, amounting to some 80 billion roubles (50 million dollars) in total, so they could receive unpaid salaries.

The strike was suspended late Thursday after Prime Minister Viktor Chernomyrdin intervened to ensure the money was paid before the end of March, the broadcasting companies' union said.

Programmes went off the air from Saint Petersburg and Kaliningrad in the west, to Barnaul in Siberia and Sakhalin in the far east, the state channel

nel Ostankino said.

Ostankino, which covers almost the whole of the former Soviet Union, and the Russian station Vtvrk, were the channels affected, depriving millions of viewers of their favourite soap operas and other programmes.

Valeri Cronia, head of the television station in Briansk, western Russia, told Itar-Tass news agency he had been flooded with complaints.

Chernomyrdin had ordered the finance ministry Wednesday to pay the ministry of communications 80 billion roubles in installments for the companies which transmit the state broadcasting programmes.

Ostankino promptly cancelled an earlier order to halt transmissions from Thursday, apart from news programmes, until the debts were paid, but the broadcasting companies' unions maintained their strike call.

## Dhaka Stock Prices

Weekly comparison: At the close of tradings on February 3 and February 10, 1994

Company	FV/ML*	Feb 10			High	Low
		Taka	Taka	Taka		
<b>BANKS (12)</b>						
Al Baraka Bank	1000/1	805.00	805.00	908.00	800.00	
A.B.Bank	100/5	190.00	190.00	200.00	160.00	
City Bank	100/5	293.00	290.00	355.00	290.00	
Eastern Bank	100/20	110.00	110.00	110.00	105.00	
IDLC Ltd	100/20	280.00	280.67	290.00	200.00	
IFLC	100/5	160.00	160.00	198.00	140.00	
Islami Bank	1000/1	1390.00	1407.00	1705.00	1300.00	
National Bank	100/5	125.00	123.00	130.00	85.00	
Pubali Bank	100/5	100.00	100.00	100.00	85.00	
Rupali Bank	100/10	79.00	80.00	91.00	65.00	
U.C.B.L	100/5	108.00	108.00	120.00	80.00	
Utara Bank	100/5	91.00	90.00	103.00	87.00	
<b>INVESTMENT (8)</b>						
ICB	100/5	100.00	110.00	113.00	100.00	
1st ICB M.Fund	100/5	750.00	700.00	750.00	350.00	
2nd ICB Fund	100/5	200.00	190.00	205.00	160.00	
3rd ICB M. Fund	100/5	160.00	156.39	195.00	140.00	
4th ICB M. Fund	100/10	160.00	160.00	190.00	140.00	
5th ICB M. Fund	100/10	120.00	125.96	136.00	86.00	
6th ICB M. Fund	100/10	92.07	97.53	107.00	57.00	
Unit Certificate	113.00					
Sales Price	108.00	118.00	118.00			
Re-purchase		113.00	113.00			
<b>INSURANCE (4)</b>						
BGIC	100/10	309.61	306.00	330.00	177.00	
Green Delta	100/10	300.00	275.00	307.00	178.00	
Peoples United	100/10	405.00	405.00	405.00	285.00	
		292.00	277.00	305.00	186.00	
<b>ENGINEERING (10)</b>						
Afbar Automobiles	100/5	225.00	220.00	290.00	167.00	
Atlas Bangladesh	10/50	53.00	62.00	41.00		
Aziz Pipes	100/5	270.00	290.00	280.00	225.00	
Bangladesh Autocars	100/5	42.00	36.50	68.00	30.00	
Bangladesh Lamps	105/5	550.00	450.00	720.00	240.00	
B.Th. Aluminium	100/10	85.00	86.50	96.00	77.00	
Bengal Carbide	100/5	499.00	502.56	510.00	250.00	
Bengal Steel	10/50	20.00	20.00			
Eastern Cables	100/5	75.17	78.00	86.00	65.00	
Howlader PVC	100/10	75.00	74.00	116.00	75.00	
Karim Pipe	100/5	80.00	80.00	88.00	54.00	
Metaltech Corp.	100/5	35.00	39.00	41.00	25.00	
Monno Stafflers	10/10	340.00	340.00	340.00	155.00	
Monno Jutex	100/5	1000.00	1000.00	1000.00	270.00	
National Tubes	100/10	56.42	59.00	68.00	56.00	
Panther Steel	10/50	8.00	8.00			
Quasem Drycells	100/50	10.50	11.50	11.70	9.00	
Renwick Jaineswa	100/5	70.00	70.00	86.50	62.00	
Singer Bangla	100/5	1605.00	1700.00	1870.00	785.00	
<b>FOOD &amp; ALLIED (23)</b>						
A.B. Biscuit	100/5	199.00	199.00	199.00	199.00	
Alpha Tobacco	10/50	50.00	50.00	65.00	40.00	
Aman Sea Food	100/5	100.00	100.00	100.00	15.00	
Apex Food	100/5	1100.00	1100.00	930.00	675.00	
Aroma Tea	100/5	45.13	45.13	50.00	45.00	
Bangas	100/5	140.00	140.00	150.00	120.00	
B D Plantation	100/5	500.00	500.00	550.00	500.00	
Bengal Food	10/50	170.00	185.00	200.00	111.00	
B.I.C.	10/50	800.00	800.00	800.00	615.00	
BTC	10/50	188.43	170.00	220.00	70.00	
Ctg. Vegetable	100/10	90.00	95.00	95.00	60.00	
Dhaka Vegetable	100/5	87.00	85.97	103.00	57.00	
E.L. Cemella	100/5	1040.00	1040.00	1040.00	1040.00	
Frogling Export	10/50	2.00	2.00	3.00	1.80	
Gemini Sea Food	100/5	35.00	35.00	100.00	34.00	
Hill Plantation	100/5	550.00	550.00	550.00	500.00	
Modern Industries	100/5	375.00	390.00	390.00	185.00	
N.T.C.	100/5	260.00	275.00	280.00	205.00	
Rabeya Flour	10/500	NT	NT			
Rupan Oil	10/100	4.00	4.00	5.00	3.30	
Tulip Dairy	100/10	68.00	68.00	70.00	50.00	
Yousuf Flour	10/50	NT	NT			
Zeal Bangla Sugar	10/50	7.50	6.50	8.00	5.80	
<b>FOOD &amp; POWER (4)</b>						
BD Oxygen	10/50	164.21	170.00	175.00	86.00	
Eastern Lubricant	10/50	14.00	14.00			
National Oxygen	100/10	74.33	74.33	95.00	49.00	
Padma Oil Co.	10/50	48				