

# 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-debted 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, rectifying 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 shops.

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 chan-

nel Ostankino said. Ostankino, which covers almost the whole of the former Soviet Union, and the Russian station Vtrk, 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 instalment 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

1993-94					
Company	FV/ML*	Feb	Feb	High	Low
		3	10		
BANKS (12)					
Al Baraka Bank	1000/1	805.00	805.00	908.00	800.00
AB 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
Uttara 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 M. Fund	100/5	200.00	190.00	205.00	160.00
3rd ICB M. Fund	100/5	160.00	156.39	185.00	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>					
BOIC	100/10	309.61	306.00	330.00	177.00
Green Delta	100/10	300.00	275.00	307.00	178.00
Peoples	100/10	405.00	405.00	405.00	285.00
United	100/10	292.00	277.00	305.00	186.00

<b>ENGINEERING (19)</b>					
Aftab Automobiles	100/5	225.00	220.00	290.00	167.00
Atlas Bangladesh	10/50	53.00	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 Lamp	105/5	550.00	450.00	720.00	240.00
B. Thai 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
Metalex Corp.	100/5	35.00	39.00	41.00	25.00
Monno Staffers	10/05	340.00	340.00	340.00	155.00
Monno Jute	100/5	100.00	100.00	100.00	270.00
National Tubes	100/10	56.42	58.00	68.00	56.00
Panther Steel	10/50	8.00	8.00		
Quasem Drycells	10/50	10.50	11.50	11.70	9.00
Renwick Jainewar	100/5	70.00	70.00	86.50	62.00
Singer Bangladesh	100/5	1605.00	1700.00	1870.00	795.00

<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	43.00
Aman Sea Food	100/5	100.00	100.00	100.00	15.00
Apar Food	100/5	1100.00	1100.00	930.00	675.00
Aroma Tea	100/5	45.13	45.13	50.00	45.00
Bangor	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	100/5	172.03	185.00	200.00	111.00
B.L.T.C.	100/5	800.00	800.00	800.00	615.00
B.T.C.	10/50	188.43	170.00	220.00	70.00
Cig. Vegetable	100/10	90.00	90.00	95.00	60.00
Dhaka Vegetable	100/5	87.00	85.97	103.00	57.00
E.L. Cerealia	100/5	1040.00	1040.00		
Frogleg 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		
Modern Industries	100/5	390.00	390.00	390.00	185.00
N.T.C.	100/5	260.00	275.00	280.00	205.00
Rabeya Flour	10/500	N.T.	N.T.		
Rupin Oil	100/10	4.00	4.00	5.00	3.30
Tutti Dairy	100/10	68.00	68.00	70.00	50.00
Yousuf Flour	10/50	N.T.	N.T.		
Zeal Bangla Sugar	10/50	7.50	6.50	8.00	5.80

<b>FUEL &amp; POWER (4)</b>					
BD Oxygen	10/50	164.21	170.00	175.00	66.00
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	48.00	48.00	48.50	41.00

<b>TEXTILE (20)</b>					
Alhaj Textile	10/50	N.T.	N.T.		
Arbee Textile	112/00	112.00	112.00		
Ashraf Textile	10/50	28.00	28.00	30.50	22.00
Chand Textile	10/50	N.T.	N.T.		
Chand Spinning	10/50	N.T.	N.T.		
Desh Garments	10/10	50.00	50.00	55.00	50.00
Dulama Cotton	100/10	76.00	76.00	95.00	70.00
Eagle Star	10/50	10.00	11.00	15.60	10.00
GMC Ind. Corp.	10/50	10.00	10.00		
Modern Dyeing	100/5	35.00	30.00	50.00	21.00
Padma Textile	100/20	288.31	28.67	290.00	157.00
Quasem Silk	10/100	2.20	2.40	3.50	2.00
Quasem Textile	10/50	2.50	2.50	3.40	2.50
Rahim Textile	100/5	100.00	100.00	101.00	79.00
Saham Textile	100/10	80.00	75.50	90.00	66.50
S.T.M. (ORD)	100/5	20.00	20.00	20.00	20.00
Stylecraft	100/5	550.00	550.00	550.00	75.00
Swan Textile	100/5	9.00	9.00	13.00	8.00
Tallu Spinning	100/10	103.25	96.00	107.00	87.50
Tamujindoo	100/10	135.00	135.00	165.00	120.00

<b>PHARMACEUTICALS &amp; CHEM (20)</b>					
Ambee Pharma	10/50	16.16	16.02	26.00	9.00
Bangla Process	100/5	64.19	61.95	64.50	59.00
Bangladesh Chemicals	100/10	305.00	305.00	350.00	280.00
Beximco Infusion	100/5	720.67	673.75	810.00	212.00
Beximco Pharma	10/50	1324.00	1330.00	1400.00	425.00
B. Synthetics	100/20	195.37	236.07	235.00	116.00
Glaxo	10/50	125.00	125.00		
ICI	10/50	10.00	10.00		
Kohinoor Chemical	100/5	73.00	77.73	78.00	57.00
National Polymer	100/20	110.00	110.00	115.00	110.00
Petro Synthetic	10/50	6.43	7.00	10.50	6.00
Pilzer	100/5	650.00	650.00	650.00	450.00
Pharma Aids	100/5	189.23	187.00	191.00	160.00
Pharmaco	100/5	65.00	65.00	65.00	50.00
Progressive Plastic	100/5	22.00	22.00	38.00	22.00
Reckitt & Colman	10/50	90.00	90.00	100.00	75.00
Rahman Chemicals	100/10	36.00	46.50	40.00	31.50
Therapeutics	100/5	72.00	72.00	90.00	67.00
The Ibisina	100/10	95.00	102.00	102.50	95.00
Wata Chemical	100/20	200.00	199.14	210.00	116.00

<b>PAPER &amp; PRINTING (8)</b>					
Eagle Box	10/50	19.00	16.00	23.00	13.00
Monopol	100/5	22.50	23.00	35.00	16.00
Paper Converting	100/5	55.00	55.00	67.00	55.00
Paper Processing	100/10	16.00	16.00	20.00	14.00
Padma Printers	10/50	50.00	50.00		
Sonali Paper	10/50	52.00	52.00	52.00	52.00

<b>SERVICE (2)</b>					
Bangladesh Hotel	10/50	1200	12.00		
Bd Service	10/50	N.T.	N.T.	N.T.	N.T.

<b>MISCELLANEOUS (18)</b>					
Apex Footwear	100/20	436.94	477.94	530.00	171.00
Apex Tannery	100/5	712.43	715.00	770.00	330.00
Aramit	10/50	30.00	30.00	30.00	30.00
Bata Shoe	10/100	86.00	90.00	90.00	35.00
Beximco	10/100	78.64	72.40	86.00	18.06
B.S.C.	100/5	80.00	80.00	80.00	55.00
Cig Cement	100/5	339.37	439.81	405.00	167.00
G. Q. Ball Pen	10/50	101.00	106.42	106.50	75.00
High Speed	100/5	50.00	50.00	60.00	50.00
Himadri Ltd.	10/100	6.00	6.00		
Milon Tannery	100/5	6.50	5.00	15.00	5.00
Monno Ceramic	100/5	503.33	506.00	535.00	270.00
New Dhaka Refractory	100/20	89.17	89.17	99.00	65.00
Phoenix Leather	100/5	115.00	115.00	115.00	110.00
Savar Refractories	100/5	63.33	63.25	84.00	52.00
The Engineers	100/5	100.00	100.00		
Texiplex Industries	100/10	171.62	171.62	100.00	90.00
Umanila Glass	100/5	288.00	300.00	320.00	246.00

JUTE (12)					
Abad Jute	100/10	N.T	N.T	—	—
Anowara Jute	10/50	N.T	N.T	—	—
Delta Jute	10/50	8.50	8.50	—	—
Gawasa Jute	10/50	N.T	N.T	—	—
Islam Jute	100/5	85.00	85.00	100.00	45.00
Jute Spinner	100/5	80.00	80.00	80.000	71.00
Mutual Jute	100/5	105.00	105.00	—	—
Northern Jute	10/50	N.T	N.T	—	—
Shammer Jute	100/5	100.00	100.00	—	—
Specialised Jute	10/50	N.T	N.T	—	—
Shane Pukur Jute	100/5	171.62	211.33	202.00	110.00
Sonali Aamsh	100/5	120.00	120.00	130.00	105.00
DEBITURES @					
BCIL	2000/1	2525.00	2736.67	2710.00	1670.00
17% / 1					
Beximco	2166/1	1790.00	1650.00	1960.00	1700.00
17%					
Synthetic Infusion	1500/2	1670.00	1670.00	1770.00	1640.00
17%					
Beximco Pharma	1285/1	934.00	935.00	1270.00	900.00
17% 1997/					
B Synthetic	2500/2	2365.00	2430.00	2510.00	2360.00
45/2033					
Quasem Silk	1500/1	1340.00	1340.00	1340.00	1155.00
17% 1994					