

**India's oil imports
may slide down
by 6m tons**

NEW DELHI, Sept 2: India's oil imports are likely to slide down by 6 million tons in the current financial year of 1994-95, reports Xinhua.

The reduction in oil imports will save India nearly 23 billion rupees (766 million US dollars) in foreign exchange at current international prices. Following increased domestic crude production and private firms entering the fray for exploration and drilling, crude oil imports in 1994-95 are projected at 24 million tons as against 30 million tons in 1993-94.

**Current account
surplus in
Tokyo rises**

TOKYO, Sept 2: Japan's current account surplus rose 0.9 per cent in July from a year earlier to 11.74 billion dollars thanks to a record trade surplus, the Finance Ministry said Friday, reports AP.

The current account is a broad measure of the flow of money between nations, including trade and services such as tourism. Japan's trading partners say the growing surplus shows Japan isn't buying as many foreign goods as it ought to be.

Expressed in yen, however, the current account surplus fell 7.8 per cent to 1.156 billion yen. The yen-denominated surplus has been declining for several months because of the yen's sharp appreciation since last year.

According to the ministry, exports rose 6.6 per cent in July over July 1993 to 33.40 billion dollars, while imports rose 8.1 per cent to 18.95 billion dollars.

The trade gap of 14.45 billion dollars was a record, a Finance Ministry official said.

The official said exports of ships and most cars were down but semiconductors, electronic goods and some cars and car parts continued to gain in overseas markets.

Trade figures in the current account are measured on the basis of completed contracts, and are different from the customs-clearance trade data which the ministry announces separately each month.

Meanwhile, foreign direct investment in Japan fell sharply to 46 billion dollars in July from 222 billion dollars a year earlier, in part due to the high yen discouraging foreign investors, the official said.

**New Delhi will
allow NBFCs to
tap foreign
capital market**

NEW DELHI, Sept 2: The Indian government will soon take a decision on the issue of allowing non-banking financial companies (NBFCs) to tap the foreign capital market, Finance Secretary Montek Singh Ahluwalia said here on Wednesday, reports Xinhua.

The government is considering the pros and cons of such a decision and will announce it in a week's time since the Finance Ministry has received a number of representations on this issue, the secretary said.

The government's decision to allow foreign institutional investments in India and its permission for Indian companies to tap foreign capital market "were very satisfactory" during 1993-94 period, he said.

During the period, portfolio investment through foreign institutional investment resulted in an inflow of 1.6 billion US dollars, the secretary added.

**France to decide
privatisation
order for Renault,
AGF soon**

PARIS, Sept 2: Economics Minister Edmond Alphandery said Thursday the government will decide before Sept 15 whether automaker Renault or insurance company AGF would be the next enterprise to be privatized, reports AP.

He quickly added, however, that Renault would not be fully privatized, saying the state would likely retain 51 per cent of the company.

"We're examining conditions to open Renault's capital so the French can have part of the automaker, Alphandery told French television.

"If technical conditions permit, it is probable that the state will keep 51 per cent of Renault's capital," he added.

**Rly earnings fall short
of operational costs**

By Sohail Manzoor

Bangladesh Railway's revenue earnings cover only 70 per cent of its total operational costs.

According to sources, the railway's working expenses have risen on an average by nearly 44 per cent per annum over the last two decades while the revenue per passenger kilometre grew by only 37 per cent per annum.

During the last five years, labour costs rose sharply. In 1987-88, labour costs represented 92 per cent of earnings and peaked at 98 per cent in the 1989-90 fiscal year.

Meanwhile, the cost of labour has increased more than 235 per cent over the last four years.

The revenue earnings from the inter-city passenger trains account for almost 60 per cent, although only 19 per cent of the total railway passengers travel on these trains.

While the cost recovery rate of the short-haul passenger trains is only 3 to 13 per cent, although 42 per cent of the to-

tal railway passengers travel on these trains.

The sources also said that passenger operations are dominant accounting for about 88 per cent of the total traffic units generated by the Bangladesh Railway. Passenger traffic had been on a steady rise until 1983 when it reached a peak of 106 million passengers. Since then traffic has declined to about 51 million passengers in 1989 and remained more or less stagnant at this level.

Passenger per kilometre has also declined, although to a smaller extent, reflecting an increase in average journey length from about 60 km in 1983 to about 102 km in 1992, the sources said.

On the short-haul passenger trains ticketless travellers account for almost 80 per cent and intensive ticket-checking drives in the past, however, failed to yield expected results.

A sustainable solution to the problem lies in the operation of express trains with fewer stops and the cancellation of

the unprofitable branch line trains, the sources added.

The contribution of the Bangladesh Railway to gross revenues in 1992 was about 44 per cent, although it accounted for only 12 per cent of the total traffic units. However, over the past decade, the freight traffic on the railway has registered a steady decline, dropping to 2.5 million tons in 1989 (at which it remained stagnant) from 3.2 million tons in 1982.

The Bangladesh Railway has a total of 2,746 kilometre track routes at present. Metre gauge accounts for about two-thirds of the total network and is concentrated in the country's eastern part.

The existence of a two-type network with its inherent operational disadvantage is a legacy of the partition of the Sub-continent in 1947 and the result is that the former East Bengal Railway constitutes metre gauge while the Bengal Assam Railway broad gauge.

**Narmada irrigation project
under scrutiny again**

NEW DELHI, Sept 2: The world's most controversial and fiercely contested irrigation project on the Narmada River is once again under critical scrutiny as its opponents propose alternatives and Indian courts begin hearings on rehabilitation of the 200,000 people liable to be displaced by the dam, reports IPS.

The mammoth, nine billion dollars multi-purpose scheme has long been a source of embarrassment for the World Bank and a number of first world governments, which have come under attack from green groups in donor countries and India for supporting an ecologically unsound, gigantic dam with doubtful benefits.

Under their pressure, the World Bank pulled out from funding the Sardar Sarovar Dam last March. The pullout has left the project in desperate need of funds, and the government of the western state of Gujarat, the principal beneficiary of the project, is resorting to high-cost borrowings to finance the dam.

The dam, first of nearly 3,000, bristles with problems. Economic, environmental, hy-

drological, and displacement of about 100,000 indigenous people, among the most vulnerable in India.

Its critics have proposed a number of alternative schemes. At least ten such plans have been submitted to a review group appointed by the central government following a prolonged protest and fast undertaken by the Save the Narmada Campaign or NBA and its best-known leader, Medha Patkar, last year.

Environmentalists and experts are discussing the alternatives at a two-day meeting in New Delhi which started on Friday.

Meanwhile, the dam's opponents have moved the Supreme Court with petitions for a halt to all construction until the conditions stipulated by various central tribunals are complied with. Nearly every condition for the granting of provisional clearance by the government in 1987 has been violated.

The critics have raised a number of questions about Sardar Sarovar. The most serious of these argue that in eco-

nomics terms, the Narmada projects cannot deliver what they promise, that their environmental impact is inadequately assessed, or adverse, and last, but not least, that the human cost is unacceptably high.

Their economic argument is that the capital costs of the project (in the range of three dollars to 4,000 per hectare) are already unaffordable and likely to escalate.

If farmers were asked to pay the annualised cost (depreciation, maintenance and low interest), their entire earnings would be all but wiped out, to put it bluntly, all agriculture will become economical at these costs, unless it is heavily — and unconsciously — subsidised.

The project's presumed benefits are distributed in a skewed manner. The arid Kutch region of Gujarat will receive less than two per cent of the total water. Water-scarce Saurashtra and North Gujarat will receive 22 and 17 per cent. The rest of the state, which is not water-scarce, will get 59 per cent.

**Pakistani rupee
closes higher
against dollar**

KARACHI, Pakistan, Sept 2: The Pakistani rupee closed higher against the dollar in the Korb market on fresh flow of the US currency from the Gulf, dealers said, reports Reuters.

The rupee closed at 31.40 to the dollar, 0.03 rupee higher from the opening at 31.43, one dealer of Khanani and Kalita International (Pvt) Ltd said.

The State (central) Bank of Pakistan's rate was unchanged at 30.6500/30.8033 to the dollar, which was fixed on Wednesday.

The premium on foreign exchange bearer certificates was unchanged at 2.90 per cent.

**HK raises pay of
foreign domestic
workers**

HONG KONG, Sept 2: The Hong Kong government announced Wednesday a 7.14 per cent rise in the monthly salary of foreign domestic workers to 3,750 Hong Kong dollars (486 US dollars), reports AFP.

The new wage comes into effect Thursday. A government spokesman said the level of wage increase, around 250 dollars per month, took into account similar pay for local workers.

There are more than 130,000 foreign domestic helpers working in Hong Kong at present. Most come from the Philippines, with others from Thailand, Indonesia, India and Pakistan.

**New gas found
in Egypt**

CAIRO, Sept 2: The Dutch Shell Oil Co. confirmed Wednesday a major new gas discovery in Egypt's Eastern Desert with a daily production of 22.7 billion cubic feet, reports AP.

Hamdi el-Banbi, Egypt's oil minister, told the government newspaper Al-Akhar that the Shell discovery will accelerate plans to extend a gas pipeline across the desert's northern sector to the main network at the Nile Delta. He said further discoveries are expected in the area.

The gas field, confirmed by Shell officials, is nine kilometers (six miles) from a 1992 discovery lying at a depth of 3,990 meters (2.5 miles) Al-Akhar added.

Oil officials have announced plans to increase production of natural gas to be used locally, replacing oil products and enabling export of more crude oil.

Egypt is not a member of the Organization of Petroleum Exporting Countries.



Match factory workers seen burning Indian manufactured matches in front of the National Press Club in the city on Thursday.

— Star photo

**Lanka stops payment on
foreign contracts**

COLOMBO, Sept 2: Sri Lanka has stopped payment on all foreign contracts pending investigations into multi-million dollar deals entered into by the previous administration, Prime Minister Chandrika Kumaratunga said yesterday.

The new government has been given a 10-day grace period by the French-led Airbus Industries to review its purchase of five Airbus aircraft, Kumaratunga told reporters here.

"But here we are stuck with a rather definite international agreement," Kumaratunga said referring to the purchase agreement contracted by the previous United National Party voted out of office at the August 16 election.

The Airbus deal was originally estimated at 750 million dollars and the World Bank had reported that Sri Lanka could not go ahead with the purchase without adversely affecting the country's foreign debt servicing burden.

Kumaratunga said the previous regime had used "unconventional methods" to sign a deal with Veotech of Russia to buy secondhand armoured vehicles, transport planes and patrol craft at a cost of about 75 million dol-

lars. She suspended the purchase of some 4,000 bus chassis from an undisclosed Indian firm at a price of 70 million dollars and ordered a probe into another purchase of 5,000 buses also from the same Indian supplier.

A 37.5 million-dollar telecommunication contract awarded to the US firm AT and T and Marubeni Corporation of Japan has also been put on hold.

She said 660 million dollars was also missing from the treasury. The more I look at the treasury the deeper the (financial) crisis," she said.

Information Minister Dharmasiri Senanayake said he was hoping to make a detailed statement on the extent of bribery and corruption under the previous administration which is accused of looting the treasury.

"It is obvious that some individuals benefitted from these deals. Wherever possible we will try to minimise the damage to the economy," Minister Senanayake said.

Justice Minister G.L. Peris said complaints were pouring in against former politicians and officials and he expected new legislation to be in place within six weeks to try those accused of corruption.

**Clinton still
wants to pass
GATT this yr**

EDGARTOWN, Mass. Sept 2: President Clinton still wants Congress to approve a new world trade pact this year, the White House said Thursday, despite some growing resistance to the idea from labour groups and leading Republicans, reports Reuters.

"Absolutely," said White House spokesman Dee Dee Myers when asked if Clinton still hoped for Congressional approval of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

"He'd like to see it done this year so it can be implemented beginning next year," she said.

Lane Kirkland, President of the Umbrella US labour group AFL-CIO, warned the Clinton administration Wednesday that the US labour movement will oppose the new world trade pact if its interests are slighted. He said an overriding labour goal was to have labour rights included in world trade rules and future trade talks.

The administration's stance on the trade pact was under additional pressure from Senate Republican leader Bob Dole of Kansas, who suggested the White House wait until next year to ask Congress to approve a bill to implement the pact in the United States.

**'Thai economy to
be devastated
by AIDS'**

MANILA, Sept 2: Thailand's economy will be devastated by a rapidly growing AIDS epidemic that will infect up to four million Thais by the year 2000, a leading health worker said today, reports Reuters.

"If we are unable to slow the spread of HIV virus in the next year or two, Thailand's economy will be significantly affected by AIDS," Mechai Viravaidya, a former cabinet minister who heads the Population and Community Development Association, said in a speech in Manila.

"Dead staff can't work and dead customers don't buy," he said. "The millionaires of Thai society still do not realise that significant reductions in tourism, land prices and the stock market of tomorrow can result from ignoring AIDS today."

He was speaking after he received the Ramon Magsaysay Award for public service.

Tourism, which contributes nearly 10 billion US dollars to Thailand's economy each year, would be wrecked. Labour and medical costs would rise as millions of young Thais seek treatment for AIDS-related diseases.

**Nestle keeps
growing**

ZURICH, Sept 2: Nestle, the world's largest food and beverage group, has an insatiable appetite, reports Reuters.

Last week it gobbled up more of Italy's sanpellegrino mineral water concern. This week it made clear it had its eyes on a north German ice-cream maker Warncke next week — who knows?

The Swiss-based multinational has ambitious targets, its chairman and chief executive, German-born Helmut Maucher wants to raise annual turnover by more than 70 per cent to 100 billion Swiss francs (75 billion dollars) by the end of the decade.

Much of the growth in the last 10 years has come from multi-billion-dollar takeovers of firms such as America's carnation milk, Italy's Buitoni Pasta, Britain's Rowntree chocolates, and France's source Perrier mineral water.

But the 128-year-old company, based in the west Swiss town of Vevey, plays down speculation that it plans mega-acquisitions. It says it was filled most of its gaps in its product line.

**Japan's forex
reserves hit
a new high**

TOKYO, Sept 2: Japan's foreign exchange reserves hit a new high of 115.84 billion dollars at the end of August, the Finance Ministry said Thursday, reports AP.

The August holdings represented an increase of 2.12 billion dollars from a month earlier.

Financial sources said they believed that dollar supporting market intervention by the Central Bank of Japan contributed to the increase.

The reserves included convertible foreign currencies, gold and International Monetary Fund Special Drawing Rights.

Asian stock markets close higher

HONG KONG, Sept 2: Asian stock markets closed mostly higher Friday, with share prices in Hong Kong edging higher in narrow activity, reports AP.

The Hang Seng Index, the market's lead indicator of blue-chips, rose 10.66 points, or 0.1 per cent, to 9,901.56. On Thursday, the index lost 38.49 points.

Local traders said profit-taking hurt the index as it approached the psychological 10,000-point level.

In Tokyo, stocks closed higher on reports that domestic automobile sales grew by the highest rate in four years.

Tokyo's 225-issue Nikkei Stock Average gained 10.90 points or 0.05 per cent, closing the week at 20,653.83. On Thursday, the index rose 14.40 points.

The Tokyo Stock Price Index of all issues listed on the first section edged up 1.23

points, negligible in percentage terms, to 1,641.14.

Meanwhile, the US dollar closed at 99.66 yen, down 0.35 yen from Thursday's finish but 0.03 yen above New York's overnight close.

Elsewhere in Asia: WELLINGTON: New Zealand shares finished higher in busy trading. The NZSE 40 capital index rose 11.73 point to 2,178.75.

TAIPEI: Share prices rose in thinner trading as many investors stood by the sidelines. The market's Weighted Index rose 36.48 points to 7,010.63 points.

MANILA: Share prices bounced back in moderate trading as the market was driven up by local institutional buying. The Philippines' unified composite index of 31 selected issues rose 16.87 points to 3,096.26.

SYDNEY: Australian share prices closed little changed in

sluggish trading. The All Ordinaries index rose 1.4 points to 2,107.0.

SEOUL: Share prices ended lower after a wave of selling. The Korea Composite Stock Price dropped 4.71 points to 944.52.

SINGAPORE: Share prices ended mixed as blue chips consolidated the previous day's jump. The 30 share Straits Times Industrials Index fell 6.22 points to 2,330.61.

KUALA LUMPUR: Malaysian share prices resumed their climb. The Composite Index, which is biased toward big-capitalization issues, rose 4.54 points to 1,160.88.

BANGKOK: Thai share prices rose for the sixth day in moderate trading. The Stock Exchange of Thailand index rose 13.22 points to 1,539.06.

JAKARTA: The stock exchange's Composite Index gained 2.852 points, closing at 559.



Abdul Monem, Chairman of Pragati Insurance Limited, handing over a claim cheque to Leena Islam, Chairperson of The Morning Sun against fire claim at the Pragati office in the city on Wednesday. A K M Rafiqul Islam, Managing Director, RK Khan, Deputy Managing Director and Jahurul Huq Talukder, Executive Vice-President (Claim) of the company are also seen in the picture.

US dollar weakens as dealers await employment data

NEW YORK, Sept 2: The American dollar weakened slightly in thin, technically driven trading Thursday, as most currency dealers avoided taking new positions ahead of the government's report on US employment in August, reports AP.

The US currency followed the bond market, which dipped after a national manufacturing survey indicated sharp and potentially inflationary increases in raw material prices last month. The dollar recouped most of the early drop as bond prices recovered.

The British pound advanced broadly on speculation over a Bank of England interest-rate hike and hope that the Irish Republican Army cease-fire will yield a permanent settlement in Northern Ireland and

make investing in Britain more attractive.

Gold prices rose. On New York's Commodity Exchange, gold for current delivery settled 60 cents higher at \$366.90 dollar per troy ounce. Republic National Bank quoted gold at \$366.85 dollar up 75 cents, at 4 pm EDT (2000 GMT).

Prices of US bonds, which are highly sensitive to signs of inflation, fell after the National Association of Purchasing Management said its price index rose to a six-year high in August. That, in turn, drove stocks down and sparked some early selling of dollars.

In recent months, currency dealers have increasingly watched the prices of dollar-denominated assets in order to gauge demand for the US currency.

"People are really looking at the investment flows. Capital markets now seem more important than trade flows," said David Durst, a vice president at Bear, Stearns and Co. "The question is whether funds are going to the deployed in dollar, yen or mark assets."

Few dealers were willing to make major bets on the dollar in advance of Friday's employment data, which could spark either a rally or a sell-off in bonds if the number surprises the market.

David Gilmore, a partner at Foreign Exchange Analytics in New York, said expectations are for net creation of 240,000 to 250,000 jobs last month, down from 259,000 in July, with unemployment holding at 6.1 per cent.

A lower number would indi-

cate slower economic growth and help ease concerns about inflation, while a sharply higher figure might prompt the Federal Reserve to raise short-term interest rates a sixth time this year to cool the economy. A rate hike could benefit the dollar by increasing returns on US currency deposits.

"It's a coin toss," said Gilmore. "The currency market is going to have its eyes on the bond market."

The German central bank's decision Thursday to leave key interest rates unchanged appeared to have little impact on currency trading, although some market participants said the Bundesbank central council's lack of action helped support the German mark. There had been speculation the

Bundesbank might lower rates, which would have tended to make mark-denominated assets worth less.

In late New York trading, the dollar was quoted at 1.5750 marks, down from 1.5815 late Wednesday. In London, the dollar fell to 1.5745 marks from 1.5795.

The dollar also was changing hands in New York at 99.63 Japanese yen, down from 100.18. In London, the dollar fell to 99.65 yen from 100.10.

The British pound advanced in New York to 1.5455 dollars from 1.5345 dollars after rising in London to 1.5445 dollars from 1.5365 dollars.

speculation that the Bank of England will raise interest rates to cool the British economy, and from optimism for an end to decades of strife in Northern Ireland.

Other late dollar rates in New York compared with late Wednesday: 1.3225 Swiss francs, down from 1.3325; 5.3905 French francs, down from 5.4135; 1.583 Italian lire, down from 1.589; and 1.3662 Canadian dollars, down from 1.3671.

Gold closed in London at \$386.00 dollars per troy ounce, up from \$385.90 dollars late Wednesday. In Zurich, the metal rose to \$386.00 from \$385.90 dollars.

On the New York Comex, silver for current delivery fell 1.5 cents to 5.425 dollars per troy ounce.