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Lankan business community welcomes Chandrika's victory

## Foreign investors awaiting strong signals on economy

COLOMBO, Nov 12: Sri Lanka's business community welcomed Chandrika Kumaratunga's record victory at presidential polls as an end to political instability, but foreign investors were awaiting strong signals on the economy, reports AFP.

The steamroller majority at Wednesday's election brought the focus back to economic issues sidelined since Kumaratunga's People's Alliance (PA) narrowly won the August parliamentary vote, business leaders here said Friday.

The government should now concentrate on economic issues and get on with the business of governing, said Mano Tittawela, the Chief Executive of local broking house Lanka Securities Ltd.

We are relieved that the political uncertainty is over. But there is no sense euphoria because people to see what the new government

Barisal traders, UP chairmen, members meet Biswas

President Abdur Rahman Biswas stressed the need for carrying forward the on-going development programmes in the country by maintaining peace and order at all levels of society, reports UNB.

Peaceful law and order situation is prerequisite to achieving progress through increasing infrastructural facilities in the rural areas, he said.

The President was exchanging views with an 18-member delegation consisting of business men, chairmen and members of union parishes of Mehdiganj thana in Barisal district when they called on him at Bangabhaban yesterday.

He said overall development of the country largely depends on building the rural infrastructure like road links, bridges, supply of electricity and expansion of mass education programme among the people.

President Biswas advised them to set up more educational institutions to help common man become literate, self-reliant and improve their quality of life.

The delegation submitted to the President a memorandum demanding setting up of a new thana headquarters at Kazirhat, electrification of Andamanik, Lata, Bidyasunder and Bhasan Char unions as these areas are isolated from the mainland.

Among others, A S M Shahidul Islam, Anisur Rahman Chowdhury, A K M Shahabuddin Ahmed, Shajahan Ali, Shamsul Haq, A M Mizanur Rahman, Shubash Chandra and Mahbubur Rahman were present in the meeting.

The World Bank report on Bangladesh of 1994 'From Stabilisation to Growth' prescribes that our investment must rise to 18.20 per cent related to GDP for accelerating the growth of the economy and reducing poverty. It further suggests efficient public resource management and trade and industrial policies for the purposes of accelerating investment. The purpose of this paper is to highlight that presently the savings of the private sector which is reflected in the bank deposits are not being utilised appropriately because of the dualistic nature of the economy as reflected in formal and informal credit markets and to focus on the importance of integrating the formal and informal credit markets so that the economy as a whole can achieve an equilibrium between the demand and supply of credit. The last household expenditure survey conducted in 1992 revealed that about 50 per cent of the people live below the poverty line. They all belong to what we call the informal sector.

The formal sector credit market consists of the commercial banks, the agriculture banks, the co-operative banks, the specialised banks like BSR and BSRS etc. The Bangladesh Bank generally monitors the activities and performance of the formal sector institutions. However, under the Financial Sector Reform Programme, a good deal of autonomy has been given to formal sector credit institutions, e.g., they can now set their own deposit and lending rates. The formal credit institutions can also borrow from the Central Bank through the process of rediscounting. As such deposit alone does not determine the fund availability of the formal sector credit institutions. At the going bank rate, they can borrow from the Central Bank to augment their loanable funds if suitable investment opportunity exists.

The other spectrum is the informal credit market which has been characterised by chronic excess demand, in relation to supply of credit as is reflected in the price that is the interest rate. While there has been continuous monitoring of the formal sector credit there is little information on the functioning of the informal credit market. An important study was published by the Bangladesh Bureau of Statistics (BBS) in 1989 which showed that the share of informal sector credit was about 64 per cent of the total credit transactions. The proportion of credit granted by the banks was only 26 per cent, the rest was accounted for by the co-operative societies, Bangladesh Rural Development Board (BRDB) and Grameen Bank (GB). As a matter of fact, the share of informal credit market could be higher than revealed by the rural credit survey which omitted trade finance including cash advances like 'Dadon' and credit sales. It is estimated that the inclusion of 'Dadon and credit sales' would mean that the share of the informal credit market in the total rural credit would be around 70 per cent.

ment is going to do (about the economy)', Tittawela said.

He said Kumaratunga's 1.99 million-vote majority, which is seen as an overwhelming mandate to end ethnic bloodletting on the strife-torn island, sent a 'very positive signal' to the local business community.

Despite the Tamil separatist war in the northeast that has left 30,000 dead since 1972 and costs the government a quarter of its revenue, the economy has been growing at an annual six-to-seven per cent in recent years.

Kumaratunga in a victory speech said she will pursue peace, but not at any price. She had earlier vowed to continue free-market policies introduced in 1977 by the previous administration and promised further liberalisation.

'Local investors are active in the stock market these days but we won't see the market going ga-ga until the Novem-

ber-end vote on account of the first (national) budget by January-end,' Tittawela said.

Similar sentiments were expressed by Ajit Gunawardena, a director of John Keells Holdings, one of Sri Lanka's biggest business conglomerates involved in manufacturing and services sectors.

The foreign investor is awaiting some clear indications on policy in the form of actual action,' Gunawardena said, adding: 'we are relatively confident that the government will continue with the same policies (as before).'

However, a leading ex-

porter, Lyn Fernando, said the

war was concern about growing

labour unrest since Kumaratunga's left-leaning PA assumed office in August and the

rise of union action in export

processing zones.

'We want to see how they arrest the labour problems. It is uppermost in our minds.

## Microsoft Chairman buys Da Vinci manuscript for \$30.8m

SEATTLE, Nov 12: Microsoft Corp Chairman Bill Gates won the bidding war for a Leonardo da Vinci manuscript, paying a record 30.8 million dollars for 72 pages of notes and diagrams exploring the mysteries of the cosmos.

The spokeswoman for Waggener-Edstrom of Portland, Ore., who refused to be quoted by name, 'I think that's why he is of such interest to Bill Gates.'

The manuscript contains Leonardo's distinctive backward handwriting and meticulous drawings, and includes his explanation for why the sky is blue and his advice on building dams.

Gates plans to tour the work in museums around the world, the spokeswoman told the Post-Intelligencer. Gates was unavailable for comment.

Leonardo represents the fusion of art and science,' said

the spokeswoman for Waggener-Edstrom of Portland, Ore., who refused to be quoted by name. 'I think that's why he is of such interest to Bill Gates.'

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