

Indian analysts' observation

# Foreign investment flow will depend on nature of coalition govt

**NEW DELHI**, Apr 27: Foreign investment will continue to flow into India after elections, drawn by attractive returns and the eagerness of individual states to woo investors, analysts said here. reports Reuter.

They said how much foreign investment will flow in will depend on the nature of the coalition that comes to power in an election which all major opinion polls say will end in a hung parliament.

But there is little fear of a reversal of reforms begun by Prime Minister P V Narasimha Rao's Congress Party after the last elections in 1991 and which opened up India's protected and centrally-dominated economy.

Foreign portfolio investment has soared in recent weeks with the 30-share index of the Bombay Stock Exchange touching a peak of 3,950.82 on Thursday.

Analysts said stock markets had discounted the possibility of a coalition government making profound policy changes.

The world's most populous democracy starts voting on to-

day (Saturday). All but six constituencies will have voted by May 7, and a clear picture of the outcome is expected by May 11.

Many critical economic decisions were now being taken by India's 26 states and that trend would only increase, no matter what government came to power in New Delhi, the analysts said.

"The states are competing with each other to woo foreign investment and this trend will continue even after the elections," Alok Sethi, an analyst at Croasby Securities told Reuters.

Analysts cited examples of opposition-led provinces, like Karnataka, Maharashtra and Marxist West Bengal, which have cut red tape and implemented liberal economic policies to attract foreign investors.

"Most of the foreign firms see long-term opportunities and are here for the long haul," said policy analyst Jairam Ramesh.

"Stability of the government rather than its colour is important to the business," said S

Subramanian, director of Hoare Govett (India) Securities.

In the past five years, we had a minority government and still so much of the reforms has been pushed through," said Ramesh Sobti, chief of ABN Amro Bank in India.

Rao had only 232 seats when he launched his economic reforms. He later boosted that to 253 through defections from opponents.

Under a stable Congress-led government the flow of foreign investment would rise sharply to three to four billion dollars in the 1996-97 financial year ending March 31 from two billion dollars in the previous year, Subramanian said.

If there is a stable government formed by either the Bharatiya Janata Party (BJP) or a left coalition, then foreign investors may adopt a "wait and watch attitude," he said.

But, he added, even under a stable coalition led by the Hindu nationalist BJP or national front-left front (NFLF), a flow of two to three billion dollars was expected in the

1996-97 year.

But the left coalition is less known quantity and not understood, Sethi said. "There will be more uncertainty under a left coalition," he said.

Indian SC orders politicians to pay rent

**NEW DELHI**, Apr 27: India's Supreme Court has ordered the Housing Ministry to collect back rents running into hundreds of thousands of dollars from 58 politicians and bureaucrats occupying government bungalows, reports AFP.

Justices Kuldip Singh and S P Kudukar also criticised Prime Minister P V Narasimha Rao's administration Thursday for waiving the rent of some of the occupants of Palatial government bungalows and ordered them to pay up.

Among those named as being behind in their rent payments were Election Commissioner GVG Krishnamurthy, former minister HKL Bhagat, who owes 43,000 dollars, a high court judge, bureaucrats and leaders of the ruling Congress (I) Party.

The most senior woman in Rao's Congress resigned as governor of a northern state this month as revelations surfaced of irregularities while she headed the housing department.

President Shankar Dayal Sharma forced Sheila Kaul to quit as governor of the state of Himachal Pradesh after the Supreme Court urged her to step down from her post to face prosecution.

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Southeast Asia is the fastest growing economic region in the world. But as countries in the area transform themselves from agrarian to industrial societies, they have paid scant attention to issues such as labour rights, child labour and workplace safety.

The United States and some European countries have tried to make trade privileges conditional on progress on such issues, and have raised them at the World Trade Organisation and the International Labour Organisation.

In a joint communiqué, the labour ministers from the Association of Southeast Asian Nations said they "will continue to oppose any such linkage," and said that many ILO conventions on child labour and collective bargaining are "outdated."

ASEAN is a regional economic bloc comprising Thailand, Brunei, the Philippines, Singapore, Malaysia, Indonesia and Vietnam.

They called on the ILO to "adopt a more flexible approach," to review its conventions on so-called fundamental workers' rights" and to provide more funding to member countries so they could solve the problem.

Some of the ministers were adamant in their view that Western countries were using the issue unfairly.

**Mexican Senate allows foreign investment in pension funds**

**MEXICO CITY**, Apr 27: Mexico's Senate has voted to overhaul the nation's retirement savings system, allowing foreign investors to take part in privatized pension funds, reports AP.

The decision Thursday sends the bill to President Ernesto Zedillo, who is expected to sign it into law. The Chamber of Deputies approved the bill last week.

The government news agency, Notimex, reported that the vote was 82-23.

Despite earlier threats to vote against it, legislators from the ruling Institutional Revolutionary Party, or PRI, voted overwhelmingly for the measure. It was opposed by the conservative National Action Party and the centre-left Democratic Revolution Party.

The PRI lawmakers claimed the new pension funds would stimulate economic development and job growth, while giving workers more voice in managing their retirement savings.

Critics said the measure allowed too much foreign control over the funds.

The law limits foreign investment to 49 per cent of any pension fund administrator, excepting the US and Canada, whose investors can hold up to 100 per cent due to provisions of the North American Free Trade Agreement.

The law is scheduled to take effect January 1997. It is part of Zedillo's initiative to increase the country's domestic savings rate.

# Japanese share prices hit new highs

**TOKYO**, Apr 27: Japanese share prices hit new highs for the year during the week led by buying from domestic institutional investors, with market sentiment buoyed by expected better corporate earnings, reports AFP.

The upward trend in the market would remain unchanged as business corporations are seen announcing better results and the dollar-yen rate has been stabilised, an official from an investment trust said.

The key Nikkei Index of 225 selected issues on the Tokyo Stock Exchange closed the week at 22,235.03, up 351.19 points or 1.6 per cent from a week earlier.

The broader Topix Index of all first section issues was up 38.6 points to finish at 1,718.00.

Daily turnover on the major board average 560.1 million shares down from 576.8 million shares the previous week, while average value of transactions day came to 581.1 billion yen (5.4 billion dollars) up from 578 billion yen.

Sony pushed ahead to 6,900 yen, up 240 yen from a week earlier, and NEC up 50 yen to 1,360 yen.

Nippon Telegraph and Telephone (NTT) advanced 11,000 yen to end the week at 11,000 yen.

# Dhaka Stock Prices

At the close of trading on April 27, 1996

## Index continues to rise

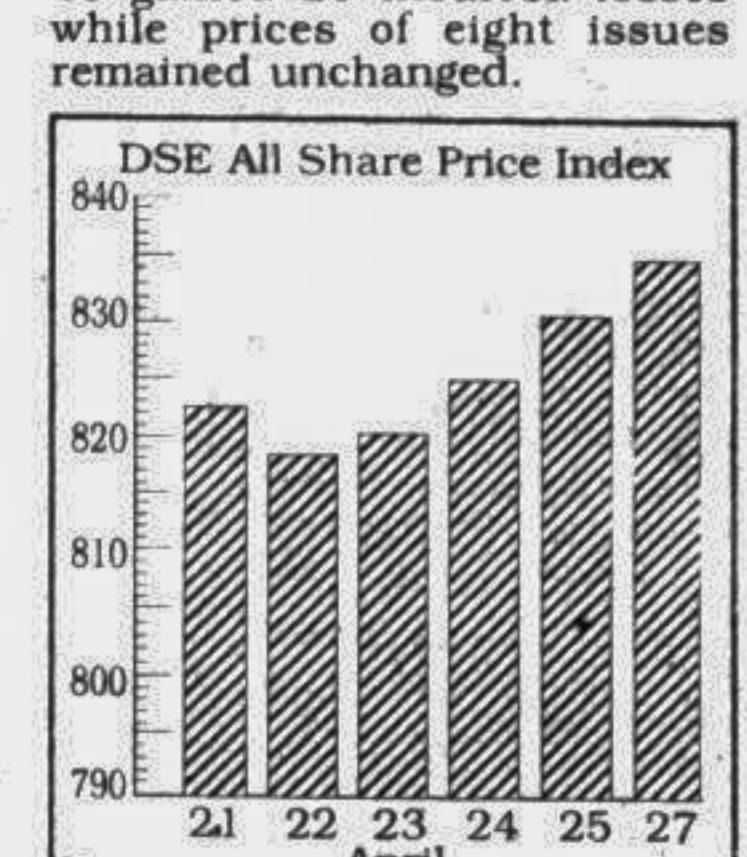
### Star Report

The Dhaka Stock Exchange All Share Price Index continued to rise on Saturday.

The Price Index gained another 4.45 points reaching a height of 834.94 from 830.49.

day were: Beximco Pharma (247550), Reckitt & Colman (18400), Apex Weaving (16700) and BOC Bangladesh (10850).

A total of 79 issues were traded during the day of which 48 gained 23 incurred losses while prices of eight issues remained unchanged.



### Trading at a glance

Company	change	number	number	number
DSE All Price Index	834.94			
Market capital Tk	5667.63	cr		
Transaction in volume	350959			
Transaction in value Tk	5.75	cr		
Total issues traded	79			
Issues gained	48			
Issues incurred losses	23			
Issues unchanged	8			

### Shipping Intelligence

#### Chittagong Port

Berth position and performance of vessels as on 27.4.96

Berth No	Name of Vessels	Cargo	L Port Call	Local Agent	Date of Leaving
J/2	Guang Ming	GI	Sing	Prog	6/4 27/4
J/3	Voyager	GI(Bit)	B Abb	USTC	19/4 27/4
J/5	Bangler Urmi	Rice(P)/GI	Kara	BSC	23/4 5/5
J/7	Regina-II	GI	Sing	BBA	21/4 27/4
J/8	Dai Jin	Cont	Col	BDSHIp	25/4 28/4
J/9	Bangler Baani	Urea	CTPL	R/A	28/4 28/4
J/10	Mikhail Stenko	Cont	Col	Bardhi	26/4 28/4
J/11	Fong Soon	Cont	Sing	BDSHIp	22/4 27/4
J/13	Meng Lee	Cont	Sing	AML	23/4 1/5
CCT/1	Padma	Cont	Sing	RSL	24/4 28/4
CCT/2	QC Pintal	Cont	Sing	QCSL	22/4 27/4
CCT/3	Kota Bintang	Cont	Sing	Pil(B)	24/4 30/4
CCJ	Safar	Repair	P Kelu	ASLL	23/4 6/5
RM/4	Bangler Jyoti	Repair		BSC	R/A 5/5
RM/5	Eburna	HSD	Sing	MSPL	26/4 30/4
DDJ/1	Tanary Star	Idle	Para	PSAL	7/6 30/5
RM/7	Bangler Shourabh	Repair	BSC	R/A	5/5
RM/8	Bangler Kiron	Repair	BSC	R/A	10/5
RM/9	Sea World	Repair	Littmond	R/A	10/5
SM/10	Tug Britoil-17		Chand	Karna	R/A

#### Vessels due at outer anchorage

Name of Vessels	Date of Arrival	L Port Call	Local Agent	Cargo	Loading Port
Marianne Schulte	22/4 27/4	Mong	Baridhi	Cont	CBO
Stuart 15/4	27/4	Mong	BDShip	Cont	
Sylla 17/4	28/4	Sing	BDShip	Cont	Sing
Shenton 16/4	28/4	Sing	APL(B)	Cont	Sing
Pacific Arius (Roro/24)	4/5	Yang		Vehi	
Chao Yang	28/4	Sing	USTC	Cement	
Danakos	28/4	Rainbow		Cement	
Island Princess	30/4	Cal	Sunshine	GI	
Ikan Selar	29/4	Kaki	MSA	D Peas/Rice	
Herculus	30/4	Mong	UMTL	Scraping	
Tug Nilgiri	30/4	Mong	UMTL		
Hai Woo No 2	1/5	Sing	SBS	Cement	
Bangler Moni 22/4	1/5	Sing	BSC	Cont	
Meng Kiat 22/4	2/5	Sing	AML	Cont	
That	2/5	PKL	ANCL	GI	
Tug Indonesia Eagle	1/5	Kari	Karna		
Tug Britoil-16	2/5	Kaki	Karna		
Hang Fu	2/5	PSAL	Cement clinker		