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# Proposed budget indicates no new direction: Economists

By Staff Correspondent

A number of economists of the country have criticised the current budget saying there is nothing new in it.

They said the budget has failed to give any direction to the national economy based on which the country might go for a higher growth rate.

Praising the government's decision to take necessary action against the bank defaulters, the economists said the government should remain strict about the bank defaulters.

Abu Abdullah, Director General of the BIDS, said the creation of a subsidy fund for the farmers does not mean anything until it is used properly.

He suggested for increasing the price of urea fertiliser to a 'break even point' while giving subsidies to the importers of TSP and MP fertilisers. 'Our farmers might afford high price for urea fertiliser,' he said adding a low price of TSP and MP might encourage the tillers to use chemical fertilisers in a proportionate way.

Abu Abdullah said our farmers were using more urea due to higher prices of TSP and MP fertilisers.

Abdullah put emphasis on reaching the fruits of subsidy to the farmers level. He also appreciated the government initiatives to boost dairy and poultry sub-sectors.

Quoting a decision of the first five-year-plan, the BIDS Director General said the government wants to do profit

from urea business. Abdulla haled the idea of giving subsidy to the farmers who will be affected due to natural calamities.

Omar Haider Chowdhury while talking to The Daily Star said, 'I found nothing new in this budget.' He said, 'being a new government, Awami League could make an aggressive budget but from the very beginning they adopted a soft line. Chowdhury said, 'to achieve 100 per cent literacy within 10 years as not a realistic view.'

The government, as it seems to me, does not have a long term vision,' Chowdhury said.

Talking about the subsidy in the agricultural sector, he said it would have been better if the government could supply inputs at the right time rather giving subsidies to the farmers.

Anu Muhammad, Professor of Economics of Jahangirnagar University, said the budget has no direction to breakthrough the present rates of growth, investment and savings that help the economy take off.

The main loopholes of the budget, according to Muhammad, were insufficient allocation for education and human resources development sectors. 'Even the budget does not have any direction to improve the quality of education and HRD.'

The highest allocation claimed by the Finance Minister is not correct,' he said adding including various im-

plicit expenditures and allocations, the defence sector always ranked top at the end of the day.

Pointing out to the losing state concerns, he said, budget could give an outline how the government would try to find out the problems of these sectors. 'It is a problem of the public sector management, or will the government actually take any action against the person responsible for economic losses of these organisations?' he asked.

The budget does not include the share of black money in the national economy, observed the economist. He said the real entrepreneurs must be rewarded and unproductive entrepreneurs must be discouraged to encourage the professionals, businessmen and industrialists.

Binayek Sen, another BIDS researcher said, the budget did not give any detail about what to do with the bank defaulters.

Sen said, although some positive approaches have been included in the national budget regarding losing State Owned Enterprises, but it has not given any outline about how to make these SOEs profitable.

He said, a 'deliberation council' could be formed to formulate strategies to reverse the default cases. Dwelling on agricultural subsidy fund, Sen said the budget has not indicated how the fund would be used. The credit mechanism is as such that only 10 per cent

of the farmers are now getting loans,' Sen said adding the present credit system should be changed to ease the credit accessibility for the farmers.

Talking about foreign aid utilisation, the BIDS scholar said there was also a 'system loss' in utilising the foreign aid. 'Some 50 to 60 per cent of the aid flows go to the non beneficiary groups,' noted Sen.

Sen was also critical about the 'Food for Education Programme' and urged the government to review the programme immediately because there are reasons to believe that the funds are not properly utilised.

Atur Rahman, another BIDS researcher, said 100 crore taka subsidy fund is not enough to help the poor farmers. 'If we consider the total allocation (Taka 300 crore) for poverty alleviation, credit to the poor and agricultural subsidies, the amount seems to me quite negligible,' he said adding, it was a good start.

Rahman said the price of diesel could be reduced as its price is higher than that of the international price.

The researcher said, quota allocation for IPO in the stock market for the small investors of the country could also be done besides the wage earners living abroad.

He put emphasis on improving the quality of education. 'Modern technology should be used and curriculum should be improved,' he said.

## Iran appears unfazed at new US trade sanctions

DUBAI, Aug 4: After 17 years of US sanctions, Iran appears unfazed at the prospect of fresh US legislation designed to squeeze Tehran even further, reports AP.

President Clinton is expected to sign legislation on Monday allowing the US government to penalise foreign companies investing in oil and gas in Iran and Libya. Both are on Washington's list of countries that sponsor terrorism.

But Iran, buoyed by European and Russian opposition to the US law, is confident it will survive the move.

Iranian officials said Washington imposed limited trade sanctions on Iran shortly after the country's 1979 Islamic revolution replaced a staunchly pro-American monarchy with fundamentalist clerics hostile to the United States.

## BIBM workshop on lending risk ends

A four-day workshop on 'Lending Risk Analysis and Decision Making', conducted by Bangladesh Institute of Bank Management, concluded yesterday, says a BIBM press release.

The main focus of this workshop was to equip the executives of banks and financial institutions with requisite skills for analysing credit risks and making proper decision in giving credit.

The workshop also discussed topics like interpretation and application of financial spread sheet, credit scoring system, business risks and security risks etc.

The concluding session of the workshop was chaired by A H M Nurul Islam Choudhury, Director General, BIBM.

Addressing the workshop as chairman of the session, Choudhury expressed the hope that knowledge and skills gathered from the workshop should be utilised properly for improving the quality of loan portfolio.

Delegates were taken aback by the fact that stocks held in warehouses owned by the London Metal Exchange (LME) rose this week, after a period of steady decline which followed a rise in demand.

**COPPER:** Dull. Copper prices eased this week in quiet trading, with dealers nipping off to the sidelines as the notoriously sleepy summer season reached its height. Prices fell by more than 50 dollars to 1,940 dollars per tonne.

**SILVER:** Jump. The price of silver jumped this week, fuelled by speculative buying and the generally sparkling performance on the precious metals market.

After a rally of almost 10 per cent, after investment funds launched a wave of buying, silver retreated slightly, but the metal still managed to end the week above the previous week's levels.

Silver prices closed at around 5.09 dollars per ounce up from 5.05 dollars last week.

**PLATINUM:** Shining. Platinum prices took off, exceeding the previous week's gains.

Despite this increase in copper stocks, forecasts of a downward spiral in copper prices over 1997 and 1998, because of oversupply as new production comes on-stream, were dismissed by a leading metals analyst this week.

**LEADS:** Flat. Lead prices rose by one dollar to about 805 dollars per tonne amid quiet trading.

**LME:** Stocks rose by 1,650 tonnes to 99,950 tonnes.

**ZINC:** Fall. A welcome fall in stocks on the LME, which have been building up for some time, was not enough to lift zinc prices, which fell by about two dollars to 1,037 dollars per tonne. LME reserves fell by 450 tonnes to 568,725 tonnes.

**GNI:** Warned of weak demand for the metal during the summer months.

**ALUMINUM:** Rise. Aluminum prices rose by about six dollars to 1,515 dollars per tonne, although a speculative rally fizzled out as buyers eschewed

New Chairman of Delta Life Insurance Co Ltd



The Board of Directors of Delta Life Insurance Company in its meeting held on July 31 unanimously elected Kazi Faizul Rahmat as the Chairman of the Board, says a press release.

The meeting was presided over by Shafat Ahmed Chaudhuri, Managing Director and Acting Chairman of the company.

Rahman served as a secretary to the government and a member of the Board of Directors of the Asian Development Bank.

He was an Advisor to the Acting President in the caretaker government headed by Justice Shahabuddin Ahmed.

He is also well known as a writer and columnist.

## New MD of Krishi Bank



Mosharraf Hossain took over as Managing Director of Bangladesh Krishi Bank on Saturday, says a BKB press release.

Mosharraf Hossain joined as an officer in the erstwhile UBL in 1963. He was promoted as General Manager in 1988 and held various responsible positions in Janata, Sonali and BSB. On promotion as Deputy Managing Director, Mosharraf Hossain joined Agrani and Sonali Bank respectively.

Prior to his present assignment, he was Managing Director of Sonali Bank.

## New MD of Agrani Bank



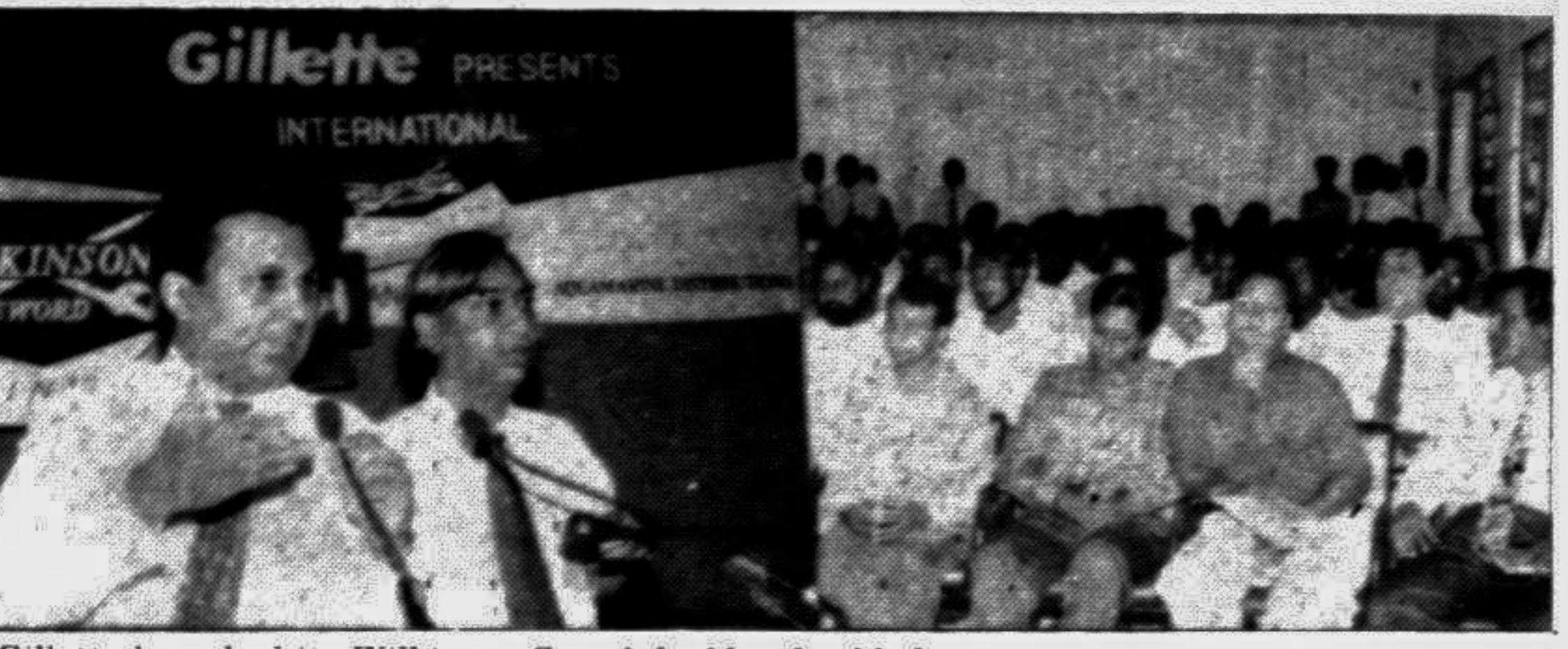
Khondker Ibrahim Khaled has joined as Managing Director of Agrani Bank on Saturday, says a press release of Agrani Bank.

Prior to his present assignment, he was the Managing Director of Bangladesh Krishi Bank.

Born in 1941 in Gopalganj, Khaled graduated in science and subsequently obtained Masters in Business Administration from Dhaka University.

After completion of his education he joined the then Habib Bank Ltd. in 1963 as Probationary Officer.

The study notes that Pakistan's economic growth rate of about 5 per cent is enviable, but 61 per cent of the popula-



Gillette launched its Wilkinson Sword double-edge blade at a conference at a local hotel yesterday. Anis Ahmed, Managing Director of Aquamarine Distributions Ltd., seen addressing the launching ceremony.

## Hilsa scarcity at its home

CHANDPUR, Aug 4: Popular fish hilsa for which the district is famous has disappeared from the local hats and bazaars in the current peak season.

Local markets usually remain flooded with the fish from the beginning of July. But the situation has abruptly changed as it has become scarce in the locality in the current rainy season.

According to local fish traders at Chandpur ghat, in the peak season, about 10,000 maunds of hilsa are available per day at that ghat and the whole area remains busy with the brisk business involving over a thousand day-labourers.

But, only about a thousand maund a hilsa are available at the ghat every day causing its abnormal price hike. Per kg hilsa is now being sold at Tk 100 while a medium size is selling at Tk 150.

Besides, scarcity of the fish also caused losses to the fish merchants and ice factory

owners who used to spend busy time sending the fish in different parts of the country in ice boxes.

There are about 70 fish merchants at the ghat and 37 ice factories in the port city.

Two experts of Fisheries Research Institute of Chandpur M Shahidullah and M Anisur Rahman said hilsa fish which are migratory nature may have changed their way in the river Padma and Meghna thus creating acute scarcity in the catchment areas of the district.

Moreover, this time less rainfall and less thunder shower and lightning which have close link with the availability of the fish, are responsible for the scarcity, they said adding that the peak season from July-October thus delayed.

However, the experts expressed hope the fish might be available in plenty in the local hats and bazaars early this month.

## Tanzania suspends economic ties with Burundi

DAR ES SALAAM, Aug 4: Tanzania said Friday it was suspending all economic ties with strife-torn Burundi following a decision by African states to impose an economic blockade on the central African country, state-run Tanzanian radio said, reports AFP.

Seven African nations met on Wednesday in the northern Tanzanian town of Arusha and decided as a result of a coup d'etat on July 25 by Burundi's Tutsi-dominated army to exert 'maximum pressure' to Bujumbura, including 'the imposition of economic sanctions'.

The radio did not say what kind of economic links Tanzania had suspended, but Burundi relies heavily on the port of Dar es Salaam for its oil imports and for the export of its coffee.

Leaders and officials from Tanzania, Zaire, Rwanda, Kenya, Ethiopia, Uganda and Cameroon, who attended the Arusha meeting, did not immediately specify their sanctions, nor did they set up any committee to coordinate them.

Each country would be free to use its own discretion on which sanctions to apply, sources said.

## Approval given to 85-storey skyscraper

HONG KONG, Aug 4: A consortium has gained approval to build Hong Kong's tallest building on reclaimed land in the central banking district, local reports said Saturday, reports AFP.

The consortium, led by property giant Sun Hung Kai Properties Ltd., will construct a 400-metre (1,320-foot) skyscraper in the northern part of the central land reclamation area, the Hong Kong Standard said.

The town planning board Friday gave approval for the 85-storey skyscraper, which will house central station for the new railway link to the territory's new airport at Chek Lap Kok.

An 88-storey building has been proposed for the Kowloon station airport railway development but work on the building is not scheduled to start for six years by which time the central building is due to be completed.

## US unemployment increases

WASHINGTON, Aug 4: Unemployment in July edged up to 5.4 per cent from 5.3 per cent in June, with the market creating just 193,000 jobs, the Labour Department said yesterday, reports AFP.

Analysts had been expecting about 275,000 new jobs.

Household spending in June meanwhile slipped by 0.2 per cent after a 0.8 per cent increase in May, the Commerce Department reported. Household income was up 0.9 per cent from a 0.5 per cent rise in May.

The rate on the benchmark 30-year treasury bond fell to 6.727 per cent Friday following the figures' release from 6.84 per cent late Thursday.

reigning over cash deals while speculators piled into the futures market.

In London, sugar prices (for delivery in December) rose by one dollar to 345.7 per tonne.

**GRAIN:** Sprouting. Forecasts of soaring weather conditions in American wheat-producing regions and hefty export figures from the United States cause cereal prices to rise slightly on the US market.

Metreological worries contrasted with last week's weather, which dealers said was perfect for grain crops.

Cancellations of Chinese orders had little impact on the market.

On the Chicago Board of Trade (CBOT), the September wheat contract rose to 4.47 dollars per bushel (27.216 kg) from 4.43 dollars last week.

In London, wheat prices dipped slightly amid quiet trading. They fell to 110.70 pounds from 112 pounds.

**COTTON:** Shrunken. A sharp drop in demand for this fibre dented cotton prices amid volatile trading this week.

**WOOL:** Soft. The British wool index for high quality fibres fell to 420 pence per kilo from 430 pence.

Study Group (IRSG) said that global rubber consumption was to grow by 3.7 per cent in 1996, which would be a little less than last year's gains.

It predicted demand would grow by 3.9 per cent in 1997.

**COCOA:** Weak. Speculative selling by American Investment Trusts sent cocoa prices down to their lowest level for four months midweek before they picked up slightly at the week's end to 965 pounds per tonne.

Tin reserves on the LME fell by five tonnes to 10,530 tonnes.

**OL:** Slumber. The oil market lay dormant this week as the United Nations and Iraq procrastinated over implementation of an oil for food deal.

Brent North Sea crude prices rose slightly to 1,530 dollars per ton