

Electricity supply to Bihar, Orissa, W Bengal rationed

NEW DELHI, Sept 13: India's largest state-owned power company Tuesday announced it was rationing electricity to three eastern states for failing to pay their bills, reports AFP.

The National Thermal Power Corp. (NTPC) began cutting supplies to Bihar, West Bengal and Orissa at the start of September after the three failed to pay up tens of millions of dollars in outstanding payments.

"We cannot keep on giving electricity to them, because we have our commitments to the World Bank and other funding agencies," an NTPC spokesman said.

The three states owe a total of 304 million dollars to the NTPC, he said.

The company, with a daily generating capacity of 17,000 megawatts, is main supplier to a network of regional grids.

The spokesman said the mountainous border states of Sikkim had also defaulted.

Company Chairman Rajinder Singh said: "We are now driven to the wall which leaves us with no option but to regulated generation. We will reduce the power supply to these regions until they cough up the money."

The Bengal government last week lodged a protest with the NTPC, saying partial black-out would compromise the region's security, other official said.

But the company spokesman dismissed the complaint as "unacceptable."

S Korea offers to sell tanks to Malaysia

KUALA LUMPUR, Sept 13: South Korea offered Thursday to sell tanks and armoured personnel carriers to Malaysia, reports AP.

Deputy Prime Minister Han Seung-soo made the offer in a meeting with his Malaysian counterpart, Anwar Ibrahim.

Anwar said Malaysia would consider the offer but didn't make any purchase commitments, said Finance Ministry Secretary-General Clifford Herbert, who attended the meeting.

Armed forces officials say Malaysia wants to buy tanks and APCs, and is considering models from Britain, the United States, France and Germany.

Anwar also asked Korea to send Korean language teachers to help train Malaysian tour guides.

UK's jobless rate falls to five-year low

LONDON, Sept 13: The unemployment rate fell to a new five-year low of 7.5 per cent, or 2,110,400 people, in August, the government said Wednesday, reports AP.

It was the sixth straight monthly drop, beating the rate for July, when the number of jobless dropped to 7.6 per cent, or 2,126,200 people, the lowest figure since March 1991.

The government said steady growth in the economy is stimulating the creation of new jobs.

Palestinian police crack down on illegal imports

GAZA CITY, Sept 13: Palestinian police have seized thousands of cigarettes in a crack-down on goods imported from Israel into Palestinian autonomy areas without proper customs clearance, officials said Wednesday, reports AFP.

Samir Heleyla, a deputy economy minister in the Palestinian Authority (PA) self-rule government, said police had been ordered to confiscate all Israeli and other foreign cigarettes which do not bear PA Customs Tax stickers.

"Cigarettes cannot be imported into the Palestinian areas without passing through a Palestinian agent and receiving an official PA sticker," he told Voice of Palestine Radio.

Officials were unable to say how many illicit cigarettes were seized, but Palestinian police were seen Tuesday and Wednesday confiscating cigarettes at shops through the Gaza Strip and PA-controlled areas in the West Bank.

Heleyla has been meeting with Israeli businessmen over the past week to explain a new tougher policy on imports entering Palestinian-controlled areas from or through Israel.

"We have asked for a quality lab in Arabic on Israeli products and for an Israeli agent to be responsible for dealing with the Palestinian Authority," Heleyla told AFP earlier this week.

"These technical limits are exactly the ones that Israel requires from countries looking to sell on its market," he said.

Israeli imports to the Palestinian territories stood at 2.3 billion dollars in 1995, he said, compared to PA's 400 million dollars in exports.

Before the meeting, Moshe Nahum, a member of the Israeli Employers' Federation, expressed fears for the future of Israeli exports to the West Bank and Gaza Strip.

"There are rumours that the Palestinian Authority will pull out of stores all products not meeting the new standards, and that has created a lot of tension," he told Israeli public radio.

Rice hurdle cleared

ASEAN to institute dispute settlement system

JAKARTA, Sept 13: Capping tortuous negotiations, ASEAN forged a compromise yesterday on freeing trade in rice and decided to institute a system to settle disputes on the road to closer economic integration, reports AFP.

The compromise, capping several rounds of painstaking talks here and in the past suggested that more negotiations would be required to decide what the end-tariffs should be, but ASEAN negotiators downplayed the issue.

"There are 15 years to go. Anything can happen," said Thai official Krirk-Krai Jirapat.

The compromise was reached just a day after trade ministers from the seven-nation grouping tasked the Jakarta-based ASEAN secretariat to mediate after failing to reach an agreement on liberalising trade in rice.

The dispute arose mainly because of differing interpretations of the 2010 deadline set by the groping. Indonesia and the Philippines took it to mean that rice and sugar would begin to be integrated in the free-trade process from 2010.

It was the spirit of ASEAN goodwill that prevailed," said Thai Deputy Prime Minister Amnay Virawan, whose country has been most insistent on ASEAN sticking to the 2010 deadline.

The agreement provides for an ASEAN panel to hear and

ing the spirit of free trade and its commitment to liberalisation by delaying it.

ASEAN, which groups Brunei, Indonesia, Malaysia, Thailand and Vietnam, is targeting the creation of an ASEAN Free Trade Area (AFTA) by 2003 which would lower tariffs on almost all products trade among member states to zero-to-five per cent.

Unprocessed agricultural commodities like rice and sugar have been exempt until 2010 from the plan.

Liberalising trade in sensitive agricultural products including rice and sugar has been the main stumbling block in ASEAN's ambition of creating one of the world's largest free trade areas.

Barring trade-driven Singapore and oil-rich Brunei, ASEAN members have a sizeable rural base and face pressure from powerful domestic lobbies opposed to opening up the farm sector too quickly.

ASEAN also decided Thursday to sign an agreement in November setting up a "dispute settlement mechanism."

The agreement provides for an ASEAN panel to hear and

resolve disputes within a 290-day limit, delegates said.

Economic ministers would serve as an appeals body and disputing parties given the option of approaching the World Trade Organisation (WTO) for arbitration in case they disagree with their verdict.

The ministers also agreed to turn the region into a low-tariff investment area to boost ASEAN's attractiveness for foreign investors and asked the ASEAN secretariat here to prepare a paper on the scheme.

They decided on a June 30, 1997 date for ending negotiations on opening up the tourism and telecommunications sectors and a December 31, 1998 deadline for concluding talks on freeing the financial services, maritime and air transport, construction and business services sectors.

With a collective external trade of 700 billion dollars ASEAN is the world's fourth largest trader after the United States, Japan and the European Union.

Intra-ASEAN exports last year amounted to 68.8 billion dollars, up 19.7 per cent over 1994.

WB loan to Bosnia

WASHINGTON, Sept 13: The World Bank Thursday authorised loans of 90 million dollars to Bosnia to help rebuild government institutions and reorganise the banking sector, reports AFP.

The loans from the bank's international development agency, used to help the poorest countries, include 20 million dollars from the Netherlands. The loans have a 10-year grace period and are due in 35 years.

Coming just ahead of the planned Bosnian elections, the credits are aimed at rebuilding government agencies affected by the long war in the Balkan country including tax and customs administration, bank licensing and pension and health administration.

Some of the funds will be used for privatisation, mainly in the banking sector.

Since the signing of the Bosnia peace accords, donor countries have pledged 1.8 billion dollars for Bosnian reconstruction. Of that, 684 million dollars has been pledged and 405 million dollars released.

The World Bank's share of the total sum is 325 million dollars.

Five of the 13 projects financed by the World Bank are for the Serb Republic within Bosnia.

India, the world's second

most populous nation, attracted only 2 billion US dollars in foreign direct investment last year.

Chidambaram did not give details of the changes on the equity limits. He did not also specify the list of non-core sectors in which foreign shareholdings could be increased to 74 per cent.

"We are raising the limit (on Foreign Direct Investment) up to 74 per cent for non-core, non-strategic industry," Chidambaram told a conference on banking and investment. The current limit is 51 per cent.

Industry leaders welcomed the move, saying it would lure more foreign investors and bring in more foreign capital to help the economy.

But in the consumer goods industries, foreign equity participation should be increased in stages, Srivastava said.

"Policies in the infrastructure and financial sector must be liberalised along with this to attract more foreign investment," Reghuraman said.

Dhaka Stock Prices

Price fluctuation of issues

By Staff Correspondent

The share market of Dhaka Stock Exchange boomed last week when prices of most of the issues rose.

Name of issue	Closing price	Difference
	September 5 '96	September 12 '96
Islami Bank	Tk 5636	(-) Tk 636
National Bank	Tk 209	Tk 51
Al Baraka Bank	Tk 1225	Tk 225
ILDC	Tk 3948	Tk 537
ULC	Tk 1982	Tk 200
BD Lamps	Tk 3889	Tk 711
Aziz Pipes	Tk 1461	Tk 136
Eastern Cables	Tk 632	Tk 95
Karim Pipe	Tk 551	Tk 204
Singer BD	Tk 11003	Tk 1699
Monno Jutex	Tk 3700	Tk 616
National Tubes	Tk 2169	Tk 31
Alpha Tobacco	Tk 178	Tk 18
Apex Food	Tk 5284	Tk 395
Gemini Sea Food	Tk 786	Tk 35
A M C L Pran	Tk 933	Tk 190
Modern Industries	Tk 190	Tk 20
BOC Bangladesh	Tk 296	Tk 32
Padma Oil Co	Tk 496	Tk 39
National Oxygen	Tk 208	Tk 12
Ashraf Textile	Tk 25	Tk 11
Monno Fabrics	Tk 105	Tk 15
Ambee Pharma	Tk 40	Tk 27
Beximco Pharma	Tk 90	Tk 38
Glaxo	Tk 165	Tk 115
ACI	Tk 126	Tk 29
BCIL	Tk 441	Tk 9
Beximco Infusion	Tk 489	Tk 61
N Polymer	Tk 1073	Tk 167
Square Pharma	Tk 671	Tk 201
Imam Button	Tk 230	Tk 43
Eastern Housing	Tk 115	Tk 20
Shine Pukur Holdings	Tk 105	Tk 13
GQ Ball Pen	Tk 874	Tk 315
Monno Ceramics	Tk 874	Tk 116
Usmania Glass	Tk 1074	Tk 309
Ctg Cement	Tk 3365	Tk 336
Confidence Cement	Tk 1241	Tk 253
Meghna Cement	Tk 745	Tk 87
Green Delta	Tk 959	Tk 141
United Insurance	Tk 552	Tk 142
Phoenix	Tk 576	Tk 49
Central	Tk 342	Tk 361
Eastern	Tk 300	Tk 15
Karnaphuli	Tk 332	Tk 25
Rupali	Tk 680	Tk 61
Sandhani	Tk 380	(-) Tk 8
Delta Life	Tk 1489	Tk 211
Purabi	Tk 504	Tk 298

(-) Tk 206

Tk 298

Chinese retail prices rise

BEIJING, Sept 13: Retail prices in China rose 5.8 per cent in August from a year earlier in a further sign that inflation has been tamed, China Central Television reported Wednesday, says AP.

The Labour Department said Thursday the increase in its Producer Price Index was the largest since it jumped 0.5 per cent last March. The PPI was unchanged in July.

A tight credit policy, a government prohibition on large capital expenditures and price controls on staple foods have been credited with wresting inflation down from its high in 1994.

The rise in the retail price index, which does not factor in the costs of energy and services, reached 21.7 per cent that year. Last year, the index's climb averaged 14.8 per cent and this year the government has set a target of 10 per cent.

The PPI measures cost pressures before they reach the retail level. The department reports on consumer inflation on Friday and many analysts are predicting a 0.2 per cent increase.

Still, wholesale prices were rising at a seasonally adjusted annual rate of just 2.1 per cent during the first eight months of 1996. The PPI rose 2.2 per cent during all of 1995.

The report was the latest to show little sign of inflation emerging in the economy.

The Federal Reserve released a survey on Wednesday showing that although there are widespread signs of wage pressures, they have yet to be translated into substantially higher prices.

Still, a growing number of economists expect the Fed to raise short-term interest rates later this month to slow the economy in a pre-emptive strike against inflation.

The request for more will run into trouble with member governments, although the need comes up regularly and contributions to the IMF do not count against national budgets. The money remains the property of the governments and earns interest from the countries that borrow it.

But the economy-minded US Congress and other countries' parliaments are wary of anything that looks like foreign aid distributed by international bureaucrats.

Last year the fund was committing money faster than its sister organization, the World Bank, which is mainly concerned with raising the standard of living in poor countries.

In light of the increased sensitivity of capital markets and the magnitude of capital flows with which we've had to deal in the Mexican case, bank officials are more concerned about the amount of money the government said Thursday, reports AP.

That compared to a year-to-year increase of 2.2 per cent in July.

The August rate reported by the Office for National Statistics was above economists' forecasts of 2.0 per cent.

regular savings accounts to cover his stock investment losses.

KUALA LUMPUR: Malaysia

Thursday put on display and

started taking orders for a new version of a mini car made here in collaboration with Daihatsu of Japan.

Kancil 2 has a 850 c.c. engine compared to Kancil 1, which has a 66