

Vajpayee announces string of steps to revive sagging economy

NEW DELHI, Oct 25: Indian Prime Minister Atal Behari Vajpayee yesterday announced a string of long-awaited measures to revive the sagging capital market and a sluggish economy, reports AFP.

Vajpayee told a meeting of industrialists here the government would shortly launch an ambitious seven billion dollar highway project to boost investment in the infrastructure sector.

He also announced the government's intentions to formulate fresh telecom and Internet policies, construct two million houses each year and steps to lift the capital market from its present depression.

Vajpayee told the Federation of Indian Chambers of Commerce and Industry (FICCI) his government was also examining a proposal to allow an "appropriate level of minority foreign equity in the insurance sector."

"Opening up the insurance sector will be a major step in mobilising long-term resources for funding long-gestation in-

rastructure projects."

It was the first firm commitment by the Hindu nationalist Prime Minister that the state-run Indian insurance industry could be opened up despite opposition from powerful trade unions.

Vajpayee said work would start at 20 different locations this year on a six-lane, 7,000-kilometer (4,375-mile) highway, which would connect the north, south, east and west of India.

The project had tremendous job potential and would also boost "our cement and also (help) the construction industry," he said.

As part of measures to boost market confidence, Vajpayee said private companies would be allowed to buy back shares and make inter corporate investment without waiting for government permission.

He also pledged support to the giant state-owned mutual fund Unit Trust of India (UTI), which is facing redemption concerns after admitting a negative balance in the reserves of

its flagship scheme.

"Restoration of vibrancy to our capital market is an important component of the government's strategy to (boost) the economy," he added.

The Prime Minister's announcements were hailed by industrialists and stock brokers. Prices surged in off-market stock market deals in Bombay.

"The market has been waiting for this for a long time," said broker Ajit Ambani.

Industrialist Ram Gandhi said: "These measures are long overdue... we have been hearing of these measures for about a year. Implementation is what we are looking for."

"Once a few big projects get started, there will be a multiplier effect, boosting demand for steel, cement, vehicles. This will percolate down to the small-scale sector," added his colleague Vijay Kalantri.

Vajpayee, who heads a fragile coalition government, admitted that earlier sales of shares in state-run firms had not enthused the economy.

He promised a more transparent mechanism for disinvestment within a month as "restructuring of public sector units and credible disinvestment is critical for improving the productivity of our economy."

Vajpayee said the government would launch a new telephone service on November 1, announce a new telecom policy within three months, and quickly approve new private projects.

He also pledged to increase spending in the infrastructure sector, and offer high potential areas in the oil sector for international bidding.

Five Indian cities, he added, would also be identified to construct "world class international airports with a maximum of 100 per cent foreign equity investment."

Vajpayee also used Saturday's meeting with industry leaders to call for international consensus for restructuring the global financial system to avoid a recurrence of the south-east Asian financial crisis.

India, Russia to explore joint ventures in oil, gas

By Arun Mohanty

MOSCOW, Oct 25: A high-level Russian team is to visit India shortly to discuss joint ventures between the two countries in the oil and natural gas sector.

One of these proposed joint ventures include possible construction of a pipeline from Iran to the west coast of India for supplying much needed gas, which promises benefits to all three countries.

Addressing a press conference in Moscow at the end of his three-day official visit to Russia, Indian Petroleum Minister V.K. Ramamurthy said his country was also negotiating for a long-term contract for importing crude oil for meeting its growing domestic demand.

"But it will not be a rupee contract as it used to be in the past," said Ramamurthy, the first minister from the Bharatiya Janata Party-led coalition government to visit Russia. India used to import nearly five million tonnes of crude oil annually from the former Soviet Union to meet its domestic requirements.

"We have invited leading

Russian companies to participate in exploration, exploitation and supply of petroleum and gas products in India as well as to supply spare parts and participate in joint training programmes," Ramamurthy added.

While expressing happiness over growing ties between India and Russia in many areas, Ramamurthy regretted that cooperation in the petrol and gas sector, which was an important component of bilateral ties in the past, had declined over the years.

"The objective of my visit to Russia was to provide an impetus to the process of revival of our cooperation in this vital sector," said Ramamurthy.

Recalling the cooperation between India and Russia in the past, the Indian minister said that while western experts had concluded that there was no oil under Indian soil, Soviet geologists had discovered many offshore and onshore oil fields in India.

— India Abroad News Service

Exchange Rates

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to clients.

Currency	Selling TT & OD	Buying TT Clean	Selling BC	Buying OD Sight	Buying TT & OD
USD	48.7050	48.3100	48.7450	48.1570	48.0850
GBP	82.6280	81.2333	82.6659	80.9760	80.8549
DEM	29.8804	29.3678	29.9049	29.2748	29.2310
JPY	0.4147	0.4061	0.4150	0.4049	0.4042
FRF	8.9577	8.6901	8.9651	8.6626	8.6498
SAR	13.0217	12.8467	13.0324	12.8060	12.7869
MYR	12.8174	12.7135	12.8280	12.6732	12.6543
AED	13.2976	13.1160	13.3065	13.0744	13.0549
KWD	167.1988	155.1381	167.3361	154.6468	154.4155
QAR	13.4192	13.2320	13.4320	13.1901	13.1704
SFR	31.7296	31.1677	31.7557	31.0690	31.0226
CAD	31.8959	31.0777	31.9221	30.9095	30.8633
ITL	0.0320	0.0281	0.0323	0.0280	0.0279
AUD	30.6598	29.4208	30.6850	29.3276	29.2838
BEF	1.4444	1.4284	1.4456	1.4239	1.4218
HKD	6.2977	6.2221	6.3029	6.2024	6.1931
SGD	30.4406	29.4035	30.4656	29.3104	29.2666

Bill buying rates:

TT Doc	30 Days	60Days	90 Days	120 Days	180 Days
48.2112	47.9074	47.5048	47.1023	46.6997	45.8945

US dollar London Interbank Offered Rate (LIBOR) as of October 25, 1998

Buying	Selling	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
Cash	48.0850	USD	5.21875	5.1875	4.98875	4.84375	4.75
T/C	48.0850	GBP	7.375	7.125	6.875	6.625	6.525

Exchange rates of some Asian currencies against US dollars

Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
42.285	55.15	37.475	3.7999	7400	1315
42.290	55.25	37.675	3.8002	7700	1316



Piyal International Ltd, local agent of Eveready Battery Co Inc, USA, recently organized a competition among Dhaka city retailers for display, purchase and empty box return of Eveready and Energizer batteries. The competition evoked keen interest among 300 participants. Prizes given were Dhaka-Cox's Bazar-Dhaka air tickets (for a family of three), including stay at Bangladesh Parjatan Corporation Hotel 'Shaibal' for two nights and VCP and Sony music system. Prize winners were entertained at a dinner at Sonargaon Hotel last night. Company Managing Director Zahid Husain distributed the prizes.

Baby food prices register sharp rise in Patuakhali

PATUAHALI, Oct 25: Prices of baby food have registered a sharp rise following the remarkable increase in the price of cow's milk in the markets of Patuakhali and Barguna districts, reports APB.

Sources said that price of cow's milk had increased sharply over the past few months due to fodder scarcity and outbreak of various cattle diseases.

Local suppliers said the price has increased owing to the decline in the supply of milk in markets of the region. One litre of cow milk is now selling at Tk 25, they said.

Floods have caused the paucity of fodder and outbreak of various diseases like khura (infection inside the hoof) in the districts, which are well-known as milk-surplus areas, they added.

ANZ regional GM in city

Arun Nangia, Regional General Manager, Middle East and South Asia of ANZ Grindlays Bank, arrived in Dhaka Saturday on a three-day official visit, says a press release issued yesterday.

During the visit Nangia will meet the finance minister and other high-ranking government and Bangladesh Bank officials. He will also visit the branches of ANZ Grindlays Bank in Dhaka and Chittagong and meet the staff.

Nangia has a career spanning over 21 years with ANZ. Most recently he was the Chief Manager-Corporate Banking for Victoria and Tasmania, Australia. Prior to that he worked as the Assistant General Manager for Asia.

BEA workshop begins Saturday

A two-day workshop on 'Labour Management Cooperation' will begin at the conference hall of Bangladesh Employers' Association (BEA) at Chamber Building here on Saturday, says UNB.

Labour and Manpower Minister MA Mannan will inaugurate the workshop as chief guest, said a press release.

About 40 representatives from owner-group, government officials and plant-based union leaders will take part in the workshop, to be organised by BEA in collaboration with ILO.

'Asian states ill-equipped to handle capital flows' Howard calls for 'steadfast' steps to avert credit crunch

CANBERRA, Oct 25: Special "steadfast" measures may be needed to bolster the world's financial systems to prevent lenders "stampeding" out of developing Asian countries, Australian Prime Minister, John Howard said Thursday, reports AP.

In a speech to an international conference of banking supervisors, Howard said Australia would also push hard at the Asia Pacific Economic Cooperation forum meeting in Kuala Lumpur next month for advances in free trade.

Howard said many Asian countries had been ill equipped to handle the big capital flows which had triggered the present crisis, but that careless lenders had also contributed to the region's troubles, he said.

It is not the case that these economies got what they deserved," he said. "Rather they got a whole lot more than they deserved," Howard said.

"We must focus on what can be done now to ensure that growth resumes to avoid a major credit crunch."

Howard suggested a three-step approach to Asia's problems.

The first was "better targeted" disclosure requirements, the second development of measures to better manage future crises; and the third, to involve the private sector in crisis management.

"These (measures) might include standfast arrangements to prevent lenders from exiting economies in a destructive stampede," Howard said.

They might also include collective action clauses, orderly workouts involving rollovers, reschedulings and debt-equity swaps.

Howard said he was not in favour of "unnecessarily burdensome controls," but the private sector must be included in

discussions on how to improve the international financial system.

He called for better international understanding of what he called the huge and sometimes devastating problems that Australia's regional neighbours now face.

"I continue to be astonished sometimes by the lack of comprehension of the scale of the impact of the crisis on a country like Indonesia," Howard said.

He said that countries in the region now face a long and difficult task to rebuild their prosperity and much international help would be needed.

He said the region's troubles would increase protectionist pressures, but these must be resisted.

"APEC must stand against that view. Open markets provide the opportunity for economic growth and the enormous benefits from it," Howard said.

Howard will Friday head the first meeting of a special task-force he has set up to devise measures for Australia to pursue in international forums, with the aim of boosting growth in the region.

"The international debate about the ways to return to higher growth, improve standards of living, create jobs and prevent future crises must be brought to practical conclusions as soon as possible," Howard said in a statement issued before his speech.

The group includes senior Australian banking and financial services figures as well as the heads of several government departments and Reserve Bank Governor Ian Macfarlane

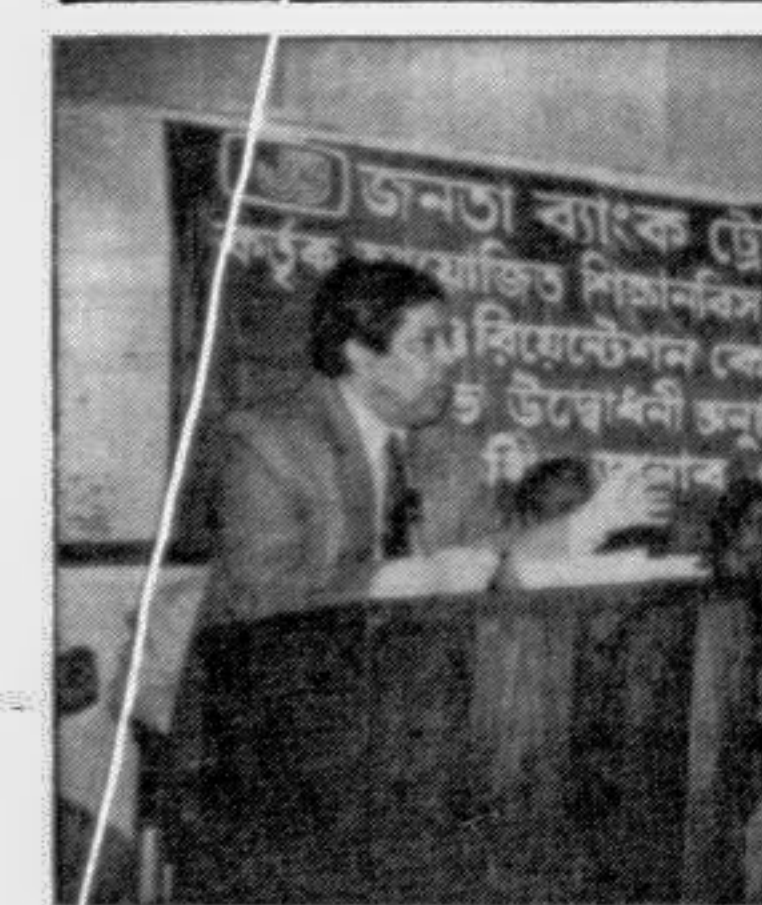
Orientation course for JB officers begins

M A Hashem, Managing Director of Janata Bank, inaugurated the orientation course for the newly-recruited Probationary Officers at the bank's training institute in the city yesterday.

The MD in his speech said bankers are the custodians of the public money for which he advised them to be sincere, honest and dedicated to their services.

As staff of a nationalised commercial bank it is our duty to participate in nation-building activities and perform some social responsibilities," he said.

A F Nurul Azam Khan, AS M Emdadul Hoque, Anis Hamed, Shamsul Islam Bhuiyan and Md Nurul Islam Mollah, general managers, and other executives of the bank also spoke on the occasion.



M A Hashem, Managing Director of Janata Bank, speaks at the inaugural ceremony of an orientation course for the newly-appointed Probationary Officers of the bank in the city yesterday.

Weekly currency

Most Asian units save yen gain ground

HONG KONG, Oct 25: Several Asian currencies strengthened slightly against the US dollar over the past week but the yen lost ground amid fading hopes of a further US interest rate cut, reports AFP.

JAPANESE YEN: The yen tumbled against the dollar after a strong start in the past week as the prospect of an additional cut in US interest rates faded.

It fetched 119.12-15 to the dollar late Friday, down from 116.42-46 a week earlier and its lowest level in six trading days.

The Japanese unit touched a 15-month high of 113.81 to the dollar at one point on Monday as US hedge funds led yen-buying on prospects of easier monetary policy in the United States, dealers said.

But, after falling back on Tuesday as market players adjusted positions, the yen kept on sliding. Investment trusts and foreign brokers led yen-selling on Wednesday and Thursday.

On Friday the yen slipped further on renewed concerns over Japan's financial system as the troubled Long-Term Credit Bank of Japan asked to be put under state control.

AUSTRALIAN DOLLAR: The Australian dollar is likely to be buffeted in the week ahead by shifting perceptions about the outlook for Japan and the rest of Asia and movements in major currencies, dealers said.

However, the balance of risks of the Aussie have shifted to the upside.

"The relative absence of Samurai bond maturities and improved confidence through Asia buoy the outlook for the local currency," the Colonial State Bank said.

The missing ingredient, economists said, was firmer commodity prices.

The Aussie lost 1.02 dollars over the week, closing Friday at 62.54 US cents following a 1.99 US cent gain in the previous week.

The Commonwealth Bank said the market would also be watching Wednesday's release of September-quarter inflation

figures rather than any indications of an easing in interest rates.

On the Reserve Bank's trade weighted index, the Australian dollar closed the week at 54.4 points.

HONG KONG DOLLAR: The Hong Kong dollar closed Friday at 7.7494-7.7499 to the greenback compared to 7.746-7.747 the previous week.

INDONESIAN RUPIAH: The Indonesian rupiah strengthened to close the week Friday at 7,300 rupiah to the greenback, compared to last week's closing of 8,470 rupiah.

The rupiah touched a high of 6,900 mid-week, but dealers said it was pulled down by a comment by Coordinating Minister for the Economy, Ginjar Kartasasmita, who put the ideal level for the rupiah at 7,000 to 8,000 to the dollar.

NEW ZEALAND DOLLAR: The New Zealand dollar closed Friday worth 52.81 US cents, down from the 53.86 cents closing of a week earlier.

PHILIPPINE PESO: The Philippine currency closed marginally higher at 42.05 pesos to the dollar on Friday from 42.32 pesos a week earlier.

SINGAPORE DOLLAR: The Singapore dollar fell to 1.6273 to the US dollar from 1.6198 a week earlier, partly due to the weaker Japanese yen.

SOUTH KOREAN WON: The won strengthened slightly from 1,323 won per dollar a week earlier to 1,320 won on Saturday as South Korea's foreign exchange reserves continued piling up.

TAIWAN DOLLAR: The Taiwan dollar fell marginally against the greenback over the week to settle at 32.898 Friday amid central bank intervention. The central bank was expected to continue tight controls over the currency's movement in the week ahead, analysts said.

THAI BAHT: The Thai baht strengthened slightly against the dollar during a holiday-shortened week, closing Thursday at 37.63-72 baht to the dollar compared to 37.86-93 a week earlier.

Switch to capitalism proves no good for Laos

VIENTIANE, Laos, Oct 25: Laos, one of Asia's poorest countries, is suffering its worst financial downturn since it shifted from a centrally-run economy to a market-oriented system about a decade ago, says AP.

"Laos has, since mid-1997, experienced the highest exchange rate depreciation and highest rate of inflation in Asia," Wayne Camard, the International Monetary Fund's representative to Laos, said earlier this month.

Laos' currency, the kip, has lost more than half its value over the past 18 months, and inflation has virtually doubled prices over the past year, demonstrating that even a small, non-industrialised economy is not immune to the regional economic contagion.

After Maoist-style agrarian socialism in the late 1970s and

the early 1980s left the economy stagnant, Laos moved back toward capitalism in 1986 with its "New Economic Mechanism."

It loosened certain market mechanism and encouraged foreign investment while maintaining strict one-party political control.

The nation's gross domestic product grew by an average 6.9 per cent from 1993 to 1997, with that success based on the "twin pillars" of tight fiscal policies and strong inflows of foreign investment, Camard said.

"The Asian crisis has knocked down both of these pillars," the English-language Vientiane Times quoted him saying at a seminar for local business leaders.

As the kip fell, so did central bank reserves, from 143 million dollars at the end of 1997 to 122 million dollars now.

A distorted economic landscape, meanwhile, may be pushing many businesses close to bankruptcy.

So far this year, the Anglo-Dutch petroleum giant Royal Dutch Shell has posted losses in excess of \$1 million, owing largely to foreign exchange liquidity problems and a government-directed policy forcing suppliers to subsidize gasoline that is sold at a price that is half that charged in neighboring Thailand.

Camard, calling for structural reform, said one solution lies in allowing prices to send corrective signals through the economy.

Forcing Laotians to pay the true cost for public utilities would put a halt to the country "living beyond its means."

But such a concept could be difficult to implement in a country with a per capita annual income of about 300 dollars and where the average civil servant is paid a monthly wage of roughly 10 dollars.

The high level of inflation is already biting deeply into people's purchasing power, noted World Bank liaison officer Linda Schneider speaking at the same seminar.

"The most widespread and noticeable effect of the crisis has been on prices, particularly for basic commodities on which most of the population, especially the poor, depend for survival," Schneider said.

Fixed-wage civil servants and those without land to produce food for themselves have been hardest hit.

Police makers are offering mixed signals in the fight against inflation.

Prime Minister Sisavath Keobounphanh suggested taxing companies in foreign currencies

rather than the local kip, the Vientiane Times reported.

This is precisely what the government should not do," said IMF representative Camard, explaining that it would send the wrong signal to international investors and Laotian citizens about the government's confidence in its own currency.

"The fund stood ready to initiate structural adjustments wherever the Laotian authorities were," Camard said.

More promising in the eyes of Camard and other economists, is a currency reform announced Oct. 16 by the Bank of Laos' economic research director, Dethphouang Moularat.

He said that in the first quarter of 1999, Laos will switch from its current managed-float exchange rate to a market-determined inter-bank exchange rate.

Shipping Intelligence

Chittagong port

Berth No	Name of vessels	Cargo	L Port call	Local agent	Date of arrival	Leaving
J/1	Coral Trader	GI	-	AASS	21/10	29/10
J/2	Milennium Majestic	Wheat(P)	Bend	OTBL	16/10	30/10
J/3	Lilac Island	R.Seed	Swice	Seacom	12/10	24/10
J/4	Albatross-III	Rice(P)	Kand	SMSL	21/10	29/10
J/6	Jan azka	Wheat(P)	Rapt	Rainbow	19/10	31/10
J/8	Malika Naree	R.Seed	Sord	Litmond	7/9	21/10
J/9	Jiang Chuan	GI	Sing	Bdship	15/10	27/10
J/10	Banga Biraj	Cont	Sing	Bdship	22/10	26/10
J/13	Kota Cahaya	Cont	Sing	PH(BD)	20/10	26/10
CC/1	Manasa	Cont	Sing	RSL	15/10	25/10
CC/2	Dak	Cont	Sing	RSL	21/10	27/10
CC/3	Banglar Shikha	Cont	Sing	BSC	20/10	24/10
RM/14	B.J.Energy	Cement	P.Kel	USTC	23/8	20/10
RM/15	Lestari Indah	Cement	Kand	USTC	11/10	26/10
CCJ	Banglar Shobha	Idem	Jaka	Seacom	9/10	30/10
CSJ	Anangai Eagle	Wheat(G)	Tib	LSCP	13/10	27/10
TSP	Makron	Idem	P.Sayed	Seacom	7/10	29/10
RM/3	Sotec Excel	GI(Bitumen)	Sing	ESCL	18/10	21/10
DDJ	Banglar Shourabh	C.Oil	-	BSC	R/A	21/10
DOJ	Banglar Kallid	Repair	Idem	PSAL	R/A	21/10
DDJ/1	Tanary Star	Idem	Para	PSAL	R/A	21/10
RM/8	Al Salamas	Repair	Visa	ASLL	29/8	17/10
RM/9	Banglar Mamata	Repair	-	BSC	R/A	22/10
Kafco(U)	AA Venture	Repair	Sing	CLA	21/10	28/10

Vessels due at outer anchorage

Name of vessels	Date of arrival	L port call	Local agent	Cargo	Loading port
Spring 19/10	30/10	Mong	OWSL	E/L	P.Sudan
Qc Pintall (Cont) 13/10	26/10	Sing	QCSL	Cont	Sing
SS SingaPore 19/10	26/10	-	ISL	Cont	Sing
Fortunate Star	26/10	-	-	-	-
Banglar Gourab	27/10	-	BSC	GI	-
Sea Pioneer	30/10	-	Oil	GI	-
Hunter	30/10	Pira	JF	Scraping	-
Kota Singa (Cont) 16/10	27/10	Sing	PH(BD)	Cont	Sing
Berge Duke	27/10	-	JF	Scraping	-
Sea Bird	27/10	-	JF	Scraping	-
Prudent Challenger	28/10	Kand	OTEL	Rice(P)	-
Banga Birol (Cont) 11/10	31/10	Sing	Bdship	Cont	Sing
Banglar Moni 12/10	28/10	Sing	BSC	Cont	Sing
Banglar Robi 18/10	28/10	Sing	ESC	Cont	Sing
Kota Berjaya	28/10	Sing	PH (Bd)	Cont	Sing
Makassar Express 19/10	29/10	-	Baridht	Cont	-
Yong Jiang	28/10	-	Bdship	GI	-
Richmond 21/10	29/10	Sing	QCSL	Cont	Sing
Bunga Mas-II	1/11	Sing	ESCL	Cont	Sing
Kota Na	1/11	Sing	PH(BD)	Cont	Sing
Orange Moon 20/10	3/11	-	BDA	Vehi	-

Vessels at Kutubdia

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
Seabull Command	-	-	IBS	R/A(2/8)
Romina-G	C.Oil	Rast	ASTA	18/10
Banglar Jyoti	C.Oil	-	BSC	R/A

Vessels at outer anchorage

Ready on	Name of vessels	Cargo	Dunk	Lams	21/10
Bunga Orkid Satu	Wheat(G)	Dunk	PSAL	Lams	21/10
Abuja	Cont	Col	Baridht	Cont	22/10
Hibiscus	Cont	Sing	QCSL	Cont	22/10
Qc Teal	Cont	Sing	ESC	Cont	22/10
Bunga Mas Enam	Cont	P. Kala	BSC	Cont	23/10
Corall	GI	Sing	Prog	Cont	24/10
Beatnavis	Wheat(G)	Satu	LSCP	Cont	24/10
Banglar Asha	Wheat(G)	Mong	BSC	Cont	24/10

Vessels awaiting instruction

Name of vessels	Cargo	Local agent	Date of arrival
Karya Sentosa	Rice(G)	USTC	R/A(18/9)
Rong Jiang	Rice(G)	OWSL	R/A(9/9)
Eka Lestari	Rice(G)	Kara	MHCSL
Shong Chong Gang	Rice(G)	Kakti	MHCSL
Kota Berjaya	Rice(G)	Kakti	Cross
Sibel Deval	-	Seagory	R/A(16/10)
Delta Star	-	RSA	