

Jyoti Basu blames reforms for economic woes

NEW DELHI, Dec 20: India's best-known Communist leader Jyoti Basu yesterday said the country's economic woes were a result of the market reforms of 1991 which opened protected sectors to foreign investment, reports AFP.

Basu, Chief Minister of the state of West Bengal, which borders Bangladesh, said liberalisation had not yielded the "desired results" and warned of a "serious crisis" if corrective steps were not taken.

"We have been repeatedly proposing an alternative approach to tackle the economic problems," the Press Trust of India quoted him as saying in the state capital Calcutta.

"Foreign capital can be allowed in some specific areas for mutual benefit, but indiscrimi-

nate opening up will have disastrous consequences," he said.

Basu's Communist Party of India (Marxist), the main leftist grouping, blames spiralling inflation and a sharp annual decline in economic growth to the 1991 measures, which ended four decades of socialistic policies.

Prices of vital staples nearly doubled during the year while onions, a favourite vegetable across the country, shot up to nearly 70 rupees (1.6 dollars) a kilogramme from 10 rupees due to shortage before climbing down.

Even the presidents of the International Monetary Fund and the World Bank have said that there is a need for inspection," Basu said.

He claimed "nearly 80 per cent" of India's 975 million

people, mainly the working class and the poor, had been badly hit by inflation.

India's economy grew 5.1 per cent in the year to March 1998, down from 7.5 per cent the previous year.

The government has targeted growth of six per cent in the current fiscal year but analysts say it is not likely to be met.

India's economic slowdown began in October 1996, about the time when political instability hit New Delhi. The country has been ruled by weak coalitions since then.

The fiscal deficit is about six per cent or 20 billion dollars of Gross Domestic Product (GDP) and the government is aiming to limit it to 5.6 per cent of GDP in the current fiscal year to March 1999.

Uncertainty about US economy

Yen surges while other Asian units end mixed against dollar

HONG KONG, Dec 20: The yen rose against the US dollar over the past week amid US-led air strikes against Iraq, with dealers no longer treating the greenback as a "safe haven" currency in times of crisis, reports AFP.

Uncertainty about the prospects for the US economy and the threat of impeachment against President Clinton depressed the dollar.

Other Asian currencies ended mixed against the dollar but the Iraqi situation was not seen as a major market moving factor.

JAPANESE YEN: The yen rallied against the dollar in the week on mounting concern about the US economic outlook and caution over the Iraqi crisis and impeachment moves against President Clinton, dealers said.

Uncertainty about the US economy pushed the yen to a five-week high Monday but it fell back to the 117 level Tuesday as investors followed up on the previous day's dollar buying in New York.

NEW ZEALAND DOLLAR: The New Zealand dollar closed on Friday worth 52.25 US cents, barely changed from the 52.36 of a week earlier.

AUSTRALIAN DOLLAR: The Australian dollar's fate will be determined in the week ahead by commodity prices after losing almost half a US cent over

the week, dealer said.

The Australian dollar closed on Friday at 62.000 US cents from 62.40 the week before.

The dollar is weathering the bearish commodity story but analysts question how long this can last, said colonial state bank chief economist Craig James.

"We believe the local currency will drift towards 60 US cents in coming weeks."

COMMONWEALTH: Bank economists said the Christmas week would be quiet with more attention focused on the launch of the euro in January which could destabilise currency markets.

"We think the dollar will edge higher, although still-low commodity prices and apprehension of slower international economic growth will limit the extent of Australian dollar appreciation," said Commonwealth Economist David Moore.

On the reserve banks trade weighted index, the currency ended the week at 53.9 from 54.1 the week before.

THAI BAHT: The baht fell against the dollar over the week, closing Friday at 36.65-75 compared to the previous week's close of 35.79-80.

The depreciation was due to the failure of the financial sector restructuring authority auction at which loans seized from closed finance firms were put up for sale, dealers said.

On Monday, before the auction, the baht registered its highest level of the year at 35.59.

The US-led air strikes on Iraq also hit the value of the baht as investors headed for the safe haven of the dollar.

HONG KONG DOLLAR: The Hong Kong unit closed on Fri-

day at 7.746-7.747, to the greenback, unchanged from the previous week.

INDONESIAN RUPIAH: The rupiah weakened to close the week at 7.800 to the dollar compared to the previous weeks close of 7.480.

BANK INDONESIA: Governor Sjahri Sabirin attributed the drop partly to a seasonal increase in corporate and individual demand for foreign currency, "one may say the rupiah has weekend but I don't think it is significant," he said.

PHILIPPINES PESO: The peso fell 0.4 per cent against the dollar week-on-week, closing at 39.20 pesos on Friday from 39.04 the previous Friday.

TAIWAN DOLLAR: The Taiwan dollar rose 0.1 per cent against the greenback over the week to settle at 32.265 Saturday, dealer said.

They expected it to rise further amid increasing local demand before the end of the year.

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