

Bid to tackle economic doldrums

Beijing plans to ramp up deficit spending

BEIJING, Mar 6: Calling for special measures to stoke economic growth and counter soaring unemployment, China's government on Saturday proposed a massive expansion in its deficit to finance a public works spending campaign, reports AP.

Without the planned 56 per cent increase in the deficit — to 150.3 billion yuan (\$18.16 billion) — economic growth will falter even as unemployment worsens and government revenues wither. Finance Minister Xiang Huaicheng said while outlining the 1999 budget to the national legislature.

Overall, the government plans to spend 738.9 billion yuan (\$89.4 billion), 14.7 per cent more than last year, with increases targeted for infrastructure projects, grain subsidies, unemployment relief and the military, Xiang said.

The People's Liberation Army, the world's largest military, will get a 12.7 per cent spending increase to 104.65 billion yuan (\$12.7 billion). The hike continues the double-digit increases the PLA has enjoyed for most of the decade and demonstrates its political influence.

Xiang provided no details about the defence budget. West-

ern analysts believe China's actual defence spending is as much as three times higher than the published figure.

The Defense Department acknowledged last year that the budget covers basic operating expenses, maintenance and salaries. Purchases of sophisticated weapons at home and abroad are not included.

Some of the funds for the military are earmarked to make up for revenues lost when the PLA relinquished its commercial businesses. Xiang told the legislature. Communist Party head Jiang Zemin ordered the divestment last year in part to cut down on rampant corruption and smuggling.

Corruption has plagued the government's reform programme. In opening the annual session of the National People's Congress on Friday, Premier Zhu Rongji said punishing corrupt officials was key to staving off popular unrest.

Smuggling alone is estimated to have cost China \$12 billion a year in lost revenues and business. Xiang earmarked 3 billion yuan (\$363 million) to help the military, customs authority and other agencies fight smuggling.

He warned local governments to stop trying to hide

funds in unauthorised accounts and squander public money on high living and bad investments.

These problems have severely disrupted economic order, given rise to corruption, impaired the image of the party and the government and caused strong resentment among the people," Xiang told the delegates inside the main chamber of the Great Hall of the people.

Outside the government building, police took away a young steel worker after he unfurled a poster. It bore the Chinese character for "grievance" writ large in black ink and accused officials at the Anshan Steel Works in northeastern Liaoning province of refusing him disability pay after an industrial accident.

Xiang and Zeng Peiyuan, the minister for state planning, both expressed worries about growing unemployment as more state industries lay off workers to cope with free-market reforms.

They spent much of their time explaining to the 2,807 deputies, most of them provincial power brokers, the need to go deeper in debt.

Deficit spending will continue the public works programmes begun last year to

make sure the economy grows at 7 per cent and generates jobs, they said.

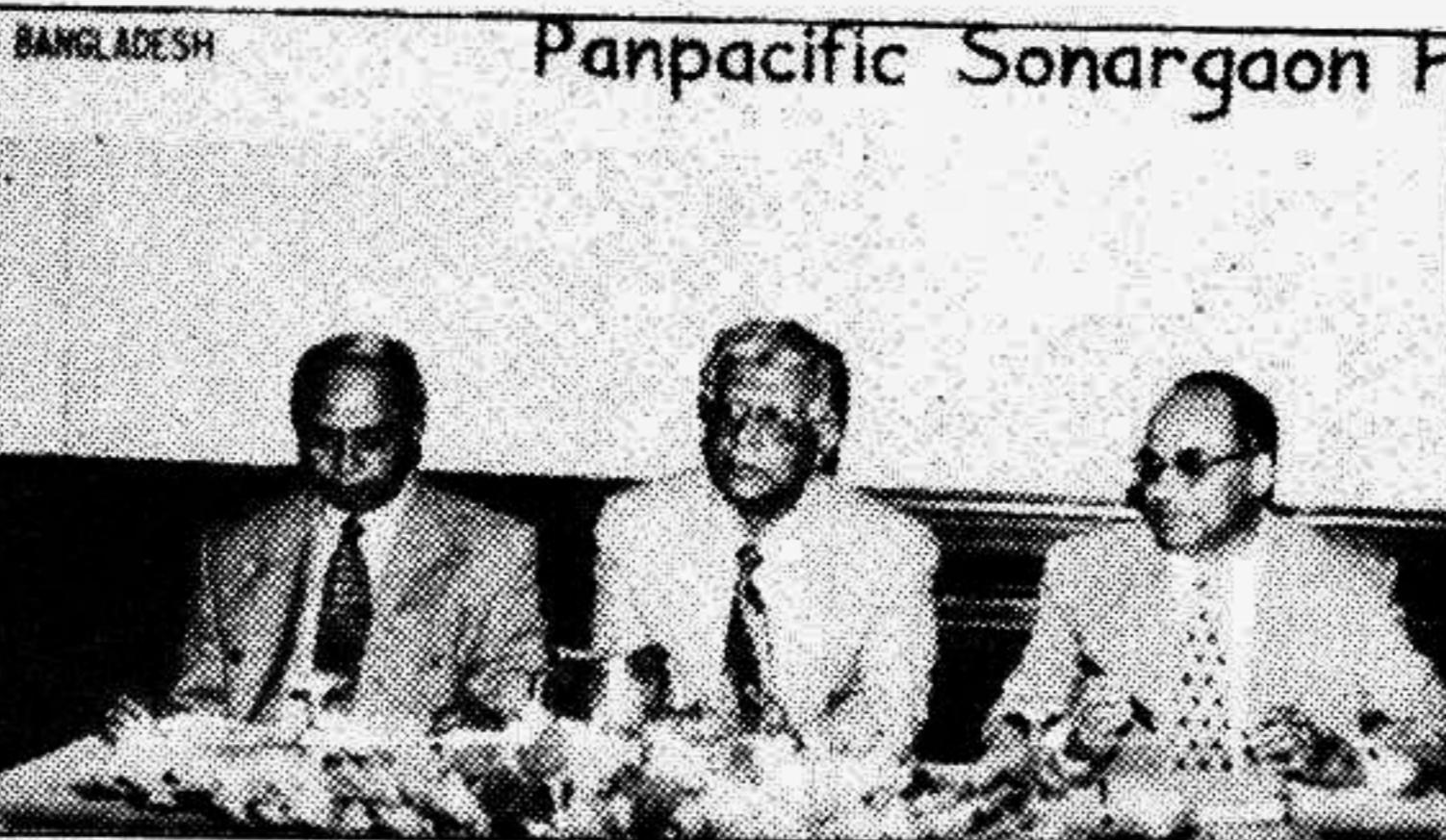
"We have the capacity to attain this target, but we will have to work very, very hard," Zeng told the delegates.

Crippling debts at state industries, saturated markets, slowing foreign investment exacerbated by Asia's financial crisis and a public fearful of the changes and reluctant to spend their savings have slowed China's economy. Last year, China managed 7.8 per cent growth, although the US State Department pegs the actual rate between 3 and 5 per cent.

Adopting a pro-active financial policy, increasing financial investment and building more infrastructure facilities to stimulate economic growth constitute special measures taken in a specified period," Xiang said.

To alleviate the fiscal pain, Xiang said the central government will bear the burden, issuing 341.5 billion yuan in bonds both overseas and at home.

He promised that Beijing would cover any local budget shortfalls from social security spending — a move to ensure officials set aside enough money to care for the growing numbers of unemployed.



Prof Hafiz G A Siddiqi speaks at the 1st AGM of the Institute of Management Consultants Bangladesh (IMCB) held recently. M Saidul Haq MBA, President of IMCB, and Prof M Shamsul Haque, Treasurer of IMCB, are also seen in the picture.

— IMCB photo

Ukrainian parliament votes against WB loan

KIEV, Mar 6: Ukraine's leftist parliament voted down two loan agreements with the World Bank, including a deal to modernise Kiev's decrepit heating system, a news report said Friday, reports AP.

The parliament also opposed a \$16.4 million loan to purchase computer equipment to develop a national treasury, but did ratify a \$22 million loan to modernise plants that use ozone-destroying substances.

President Leonid Kuchma approved the 20-year, \$200 million heating loan in November. The credit was intended to repair and build boiler houses, improve the capi-

tal's power plants and provide for better management of the heating system.

Kiev's outdated heating system is the third-largest in the former Soviet Union after Moscow and St. Petersburg, providing heat and hot water to most of the capital's 3.5 million residents and its industries.

It was not immediately clear why parliament voted down the World Bank deals, though the leftists who dominate parliament have said before they believe foreign aid does more harm than good for Ukraine's economy.

Several other World Bank projects in Ukraine never got off the ground because parliament failed to ratify them.

Monthly Currency Roundup

Local Forex Market

The major part of last month witnessed subdued activities in the local forex market was due to strikes called by the opposition parties. Although the interbank forex market was quiet during the strike, demand for US dollar remained high. This phenomenally high demand for dollar was mainly due to increased import liabilities by different banks and thin inward remittances. During the first week of February dollar traded at 2 to 3 paise above the central bank's selling rate of BDT 48.65 in the interbank market. A number of banks had to purchase dollar funds from the central bank after failing to manage it from the interbank players. During the last part of the month, most of the authorised dealers were forced to buy USD funds from the central bank to square their short position. Dollar buying from the central bank also exerted pressure on the money market due to cash outflow of local currency.

In the first week, dollar traded in a range of BDT 48.65 and BDT 48.6580, but in the second week, it traded in a high but narrow range of BDT 48.68 to BDT 48.78.

In the interbank market, the daily average foreign exchange turnover for the month was USD 51.82 million (Source: Bangladesh Foreign Exchange Dealers' Association).

In the kerb market, demand for cash USD declined and it traded in a steady range of BDT 48.50 and BDT 48.80.

Movement of Major Currencies against Taka (mid rate)

Currency	Feb 1	Feb 7	Feb 14	Feb 21	Feb 28
US Dollar	48.67	48.67	48.68	48.73	48.73
GB Pound	80.0548	78.8138	79.4239	78.9280	77.8803
DEU Mark	28.3220	29.0713	28.0698	27.3457	27.4427
Ind Rupee	1.1444	1.1465	1.1462	1.1487	1.1487

Money Market

Bangladesh Bank accepted treasury bills worth BDT 22267 million; BDT 16041 million for 28 days at the rate of 7.6275 per cent, BDT 2130 million for 91 days at 8.5875 per cent, BDT 860 million for 182 days at 9.215 per cent, BDT 2303 million for 364 days at 9.6875 per cent and BDT 932.50 million at 10.3625 per cent. A total of Tk 1799.20 million treasury bills matured in February.

Treasury Bill Acceptance Status

Tenor	Feb 1		Feb 7		Feb 15		Feb 23	
	Accepted	Yield	Accepted	Yield	Accepted	Yield	Accepted	Yield
28	756	608	759	3940	764	3340	772	
91	180	855	150	86	150	855	300	865
182	20	918	160	92	160	919	500	929
364	553	96	650	965	110	97	730	98
	2	300	1032	240	1044	110	1027	2835
								1042

Treasury Bill Outstanding as on Feb 28

Amount	28 Days	91 Days	182 Days	364 Days	2 years	Total
	In Mio	1,394.50	230.35	131	2515.8	567.85
Yield in percent		7.673	8.7546	9	9.8165	11.01

Earlier in the month, the call rate dropped and ranged between 6 to 7 per cent as funds withdrawn during Eid started flowing back to banks accounts. Later, the call rate stood high at 10 to 10.5 per cent due to payment against treasury bills.

— Standard Chartered Bank

Government of the People's Republic of Bangladesh

Office of the Executive Engineer

PWD Division, Rajbari

Notice Inviting Tender

No Raj-46 (Forty-six) of 1998-99

- Sealed tenders in Bangladesh Form No-2911 are hereby invited from enlisted Contractors/Firms under PWD according to their eligibility and financial limit for the undermentioned work and will be received by the undersigned as well as by the Executive Engineer, PWD Division, Faridpur/Magura/Kushtia/Narail/Jhenidah/Meherpur, Chuadanga and Jessore up to 12.00 Noon of 22/3/99 and will be opened on the same day at 12-15 PM in presence of the intending tenderers who may like to remain present. Each tender shall be in a sealed cover with the name of work superscribed on it. The tender form will be sold up to 21/3/99.
- Name of work
- Estimated cost
- Earnest money
- Time allowed for completion of the work
- Tender papers and other connected papers where available

: Construction of District Jail at Rajbari (Sub-head: Construction of 800 Sft Quarter (One-storied building) each floor one unit in the District of Rajbari).

: Tk 9,98,072/-

: Tk 20,000/-

: 5 (Five) months from the date of the work order.

: The tender papers and other documents can be purchased during the office hours from the office of the U/S and all the Executive Engineers under PWD Circle, Jessore on cash payment of usual charges (Non-refundable) up to 21/3/99.

Rukun Uddin Ahmed

Executive Engineer

PWD Division, Rajbari

Government of the People's Republic of Bangladesh

Office of the Executive Engineer (RHD)

Ferry Division, Topkhana

Sylhet

Tender Notice

40 (98-99) dt. 22-2-99.
As per group list.
1. A to C General Category of (RHD).
2. D General of Dhaka Ferry Circle.
3. E General of Ferry Division, Sylhet.
4. Executive Engineer, (RHD), Ferry Division, Sylhet.
2. Executive Engineer, (RHD), Ferry Construction Division, Dhaka.
3. Executive Engineer, (RHD), Ferry Maintenance Division, Dhaka.
4. Sub-Divisional Engineer, (RHD), Ferry Sub-Division, Sylhet.
2. Executive Engineer, (RHD), Ferry Division, Sylhet.
3. Executive Engineer, (RHD), Ferry Construction Division, Dhaka.
4. Executive Engineer, (RHD), Ferry Maintenance Division, Dhaka.
21-3-99 up to office hours.

22-3-99 up to 12.00 noon.

24-3-99 at 12.30 PM.

To be announced later.

Group list :

Group No.	Name of work	Estimated cost	Earnest money	Time allowed for completion of work	Tender Form No
1.	Supplying brand new spare parts for different engines and machineries under Ferry Division, Sylhet during the year-1998-99.	Tk. 2,35,00/-	Tk. 4700/-	15 (fifteen)	2908
2.	Repairing 3 (three) nos of fuel pump of 75 HP Ford Engine of different ferries and supplying spare parts under Ferry Division, Sylhet during the year-1998-99.	Tk. 1,97,150/-	Tk. 3943/-	-do-	2911
3.	Supplying brand new spare parts for 110 HP DAF Engine Model-615 under Ferry Division, Sylhet during the year-1998-99.	Tk. 1,			