Pakistan needs IMF funds tied to its domestic reforms

More focus on reaching targets

KARACHI, Feb 25: Debt-strapped Pakistan needs to tie any new or expanded IMF financing programme to a set of domestic reform targets to ensure the targets are met, one of the country's leading economist said yesterday, reports Reuters.

Hafiz Pasha, a member of the top economic advisory board of the military-led government, said Pakistan should implicitly state that any lags in the reforms would allow the fund to withhold the financing.

Speaking at a conference a day before the advisory board meets in Islamabad, Pasha said past governments had passively accepted International Monetary Fund and World Bank recipes for economic change without having any plans in place to implement them.

"Virtually all IMF programmes (since 1988) in Pakistan have floundered on the grounds of partial, delayed and defective implementation," he said.

The IMF's current $1.56 billion loan programme has been on hold since last July after Pakistan failed to hit IMF targets such as expanding the tax base and resolving a bitter tariff row between the state utility and mostly foreign-backed power producers.

Pasha said that since Pakistan needed financial assistance from the IMF, the military-led government had to seize the initiative by pursuing its own economic reforms.

"The best way to assert sovereignty is to get agreement on programme targets and then develop a truly homegrown reform package to achieve the agreed targets after careful analysis and evolution of a national consensus on the package," he said.

"Of course implicit in this approach is the assumption that if the Fund does not think that the reforms are adequate then it can withhold programme financing ... Once agreed, the programme will have a greater chance of successful implementation," he said.

But Pasha, who in the past has been an adviser to the prime minister on finance, said a set of reforms proposed by the military government lacked the strength to revive an economy dogged by structural weaknesses.

"Areas which have not been accorded sufficiently high short-run-priority include measures for restoration of investor confidence, export promotion and resource mobilisation," he said.

Investment sentiment has still not recovered from the freezing of foreign currency accounts following Pakistan's nuclear tests in May 1998, and has been further crippled by the ongoing fight over electricity tariffs.

Pasha said a lack of effective governance and implementation of reforms were also key problems.

"Clearly, if Pakistan's economy is to emerge once again as a relatively high-growth performer, the quality of economic governance will have to be of the highest level.

Pakistan's gross domestic product growth slipped to 3.1 per cent in the fiscal year that ended in June 1999, after remaining above five per cent in the 1980s and early 1990s.

Prices seen sharply overvalued

US shares need long correction: IMF

WASHINGTON, Feb 25: US shares are probably more sharply overvalued than in 1987 and they may need a larger and more prolonged correction than took place then, a senior International Monetary Fund official said yesterday, reports Reuters.

But Michael Mussa, the IMF's chief economist, said in testimony to a congressional commission that monetary and fiscal policy should be able to avert the risk of major economic disruption from any share price drop.

He said he expected the dollar to decline, perhaps even before the Federal Reserve finished its current round of interest rate increases — the Fed has raised rates four times since June and is expected to continue on that path.

"Once it becomes clear that the Federal Reserve has done enough to curb potential overheating risks for the US economy — and perhaps before — I suspect that we will begin to see some downward correction of the dollar," Mussa said.

Mussa is a key author of the IMF's twice yearly World Economic Outlook, which assesses the economic risks and prospects facing IMF member states.

The fund, which last October forecast would growth of 3.5 per cent this year, has long been warning about rapid US growth and problems from high stock price valuations here.

"When the US stock market crashed in 1987, it posed an immediate threat of broader market collapse and potentially of deep recession," Mussa said, referring to the market crash of October 1987, when the closely watched Dow Jones industrial average dropped 25 per cent in a single day.

A I Aminul Islam, Chairman of Sonali Bank, addresses an emergency conference of the senior executives of the bank held at its Head Office conference room Thursday. M Enamul Huq Chowdhury, MD, is also seen in the picture. — Sonali Bank photo

Japan banking reform chief resigns

TOKYO, Feb 25: Japan's banking reform chief Michio Ochi resigned today after he allegedly told bank managers to contact him if state inspections were too tough, his office said, reports AFP.

"He offered his letter of resignation" as chairman of the Financial Reconstruction Commission, said an official in Ochi's office, who declined to be named.

The letter was handed in during a meeting with Chief Cabinet Secretary Mikio Aoki, the official told the agency.

The scandal erupted Thursday when the largest opposition Democratic Party of Japan leaked a tape recording of a speech Ochi gave to about 40 bank managers in Tochigi, north of Tokyo.

"If the Financial Supervisory Agency's inspection is strict, please let me know without any hesitation," he said on the tape.

"If you give me documents and other materials, I will give it utmost consideration."

The comments were widely interpreted as a return to the days when Japanese banks could use their connections with officialdom to ensure an easy inspection.

সোনালী ব্যাংক

নারায়ণগঞ্জ কর্পোঃ শাখা, নারায়ণগঞ্জ

পুনঃ নিলাম বিজ্ঞপ্তি

নং নারা/শিক্ষবি তারিখঃ ৬-২-২০০০ ইং

সোনালী ব্যাংক, নারায়ণগঞ্জ কর্পোঃ শাখা, নারায়ণগঞ্জ-এর ঋণ গ্রহীতা মেসার্স করিম মেটাল ইন্ডাঃ ডিএন্ডডি রোড, পঞ্চবটি, ফতুল্লা, নারায়ণগঞ্জস্থ কারখানা এলাকায় প্লেজ গুদামে রক্ষিত মালামাল এমএস ব্লেড রড ½" ৩৪৮১৫ কেজি, ঋণের বকেয়া আদায়কল্পে যেখানে যে অবস্থায় আছে সে ভিত্তিতে নিলামে বিক্রয়ের নিমিত্তে সীলমোহরকৃত দরপত্র আহ্বান করা যাচ্ছে।

১) সীলমোহরকৃত দরপত্র আগামী ১৫ই মার্চ/২০০০ইং তারিখে রোজ বুধবার বেলা ১.০০ ঘটিকার মধ্যে সোনালী ব্যাংক, নারায়ণগঞ্জ কর্পোঃ শাখা, নারায়ণগঞ্জ-এর উপ-মহাব্যবস্থাপক সাহেবের কক্ষে রক্ষিত দরপত্র বাক্সে দাখিল করতে হবে এবং একই তারিখে বিকাল ৩.০০ ঘটিকায় দরপত্রদাতার সম্মুখে (যদি কেহ উপস্থিত থাকেন) টেন্ডার বাক্স খোলা হবে। প্রতি কেজি ব্লেড রড ½" এর দর উল্লেখপূর্বক মালামালের মোট মূল্যের ৫% (পাঁচ শতাংশ) আর্নেষ্টমানি (ফেরতযোগ্য) উপ-মহাব্যবস্থাপক, সোনালী ব্যাংক, নারায়ণগঞ্জ কর্পোঃ শাখা-এর অনুকূলে যে কোন তফসিল ব্যাংক হতে ব্যাংক ড্রাফট/পে-অর্ডারের মাধ্যমে দরপত্রের সাথে জমা দিতে হবে। আর্নেষ্টমানি ব্যতীত কোন দরপত্র গ্রহণযোগ্য হবে না।

২) আগ্রহী দরপত্রদাতাগণ নিম্নস্বাক্ষরকারীর সহিত যোগাযোগ করে ব্যাংক চলাকালীন (শুক্রবার ও শনিবার ব্যতীত) সময়ে মালামাল দেখতে পারবেন।

৩) সর্বোচ্চ দরপত্রদাতাকে ব্যাংক হতে দরপত্র গৃহীত হয়েছে মর্মে পত্র প্রাপ্তির তারিখ হতে ১৫ (পনের) দিনের মধ্যে দরপত্র-এর অবশিষ্ট টাকা জমা দিয়ে মালামাল ডেলিভারি নিতে হবে। অন্যথায় আর্নেষ্টমানি বাজেয়াপ্ত হয়ে যাবে।

৪) মালামাল যেখানে যে অবস্থায় আছে সে ভিত্তিতে বিক্রয় করা হবে।

৫) কোন কারণ দর্শানো ব্যতিরেকে দরপত্র গ্রহণ/বাতিল এবং তারিখও পরিবর্তন করার ক্ষমতা ব্যাংক সংরক্ষণ করে।

নং-১৬/৭৮/২০০০ মইনুল ইসলাম
জিডি-১৭৭ উপ-মহাব্যবস্থাপক

DCCI President Aftab ul Islam addresses the certificates awarding ceremony of a training workshop on Software Export Marketing on Thursday at DCCI Auditorium. Resource Persons Ahmed Shahid (4th-L), Dr Khan Monzoor-e-Khoda (3rd-L), DCCI Secretary Mirza A Matin (R), Additional Secretary Momtazul Islam (2nd-L), Deputy Secretary Shahazada Basunia (L) were present. — DCCI photo

SB holds confce of senior executives

Star Business Report

An emergency conference of the senior executives of Sonali Bank was held at its Head Office Conference room in the city yesterday to discuss the recovery of classified loans of the bank.

The conference was presided over by Deputy Managing Director of the bank Md Yousuf Ali Howlader.

The meeting was arranged in the context of recent concern of the finance minister on the position of classified loans of the nationalised commercial banks.

Speaking on the occasion, Chairman of the bank, Dr A I Aminul Islam, said the existing alarming condition of classified loan recovery will have to be overcome promptly in order to bring the situation under control.

Md Enamul Huq Chowdhury, Managing Director, advised strategic and technical changes for recovery of loans.

The conference was attended by the General Managers of different divisions including Dhaka, heads of Principal Offices in corporate branches of Dhaka city.

বাংলাদেশ ব্যাংক

প্রশাসন বিভাগ
প্রধান কার্যালয়
ঢাকা

নিয়োগ বিজ্ঞপ্তি

বাংলাদেশ ব্যাংকের পরিসংখ্যান বিভাগে সহকারী পরিচালক পদে নিয়োগের নিমিত্তে প্যানেল প্রস্তুতির জন্য বাংলাদেশী নাগরিকদের নিকট হইতে দরখাস্ত আহ্বান করা যাইতেছে। উক্ত পদে আবেদনের জন্য আবশ্যকীয় শিক্ষাগত যোগ্যতা, বেতনক্রম, বয়স ও অন্যান্য প্রয়োজনীয় তথ্যাদি নিম্নে উল্লেখ করা হইলঃ

০১) বেতনস্কেল ঃ ৳৪৩০০-১৮৫×৭-৫৫৯৫-ইবি-১৯৫×১১-৭৭৪০/- টাকা এবং তৎসহ প্রচলিত নিয়মানুযায়ী প্রদেয় বাড়িভাড়া ভাতা ও অন্যান্য সুবিধাদি।

০২) শিক্ষাগত যোগ্যতাঃ ঃ পরিসংখ্যান বিষয়ে কমপক্ষে ২য় শ্রেণীর স্নাতকোত্তর ডিগ্রি। বোর্ড/বিশ্ববিদ্যালয়ের যে কোন ২টি পরীক্ষায় ১ম বিভাগ/শ্রেণী থাকিতে হইবে। তবে কোন পরীক্ষায় ৩য় শ্রেণী/বিভাগ গ্রহণযোগ্য হইবে না।

০৩) বয়সসীমা (২০/০৩/২০০০ তারিখে) ঃ ক) বয়স সর্বোচ্চ ৩০ বৎসর।
খ) মুক্তিযোদ্ধা/মুক্তিযোদ্ধা ও শহীদ মুক্তিযোদ্ধার সন্তানের ক্ষেত্রে সর্বোচ্চ ৩২ বৎসর।

০৪) ইচ্ছুক প্রার্থীদেরকে নিম্নবর্ণিত জীবন-বৃত্তান্ত, সকল শিক্ষাগত যোগ্যতার সত্যায়িত সনদপত্র/প্রশংসাপত্র, সম্প্রতি তোলা তিন কপি পাসপোর্ট আকারের সত্যায়িত ছবি, স্থায়ী ঠিকানার সমর্থনে সংশ্লিষ্ট ইউনিয়ন পরিষদ চেয়ারম্যান/পৌরসভার চেয়ারম্যান/ওয়ার্ড কমিশনার কর্তৃক ইস্যুকৃত জাতীয়তা সনদপত্রের সত্যায়িত কপি এবং মহা-ব্যবস্থাপক, প্রশাসন বিভাগ, বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, ঢাকা এর অনুকূলে ৳ ১০০/-(একশত) টাকার ব্যাংক ড্রাফট/পে-অর্ডারসহ (অফেরতযোগ্য) **স্বহস্তে লিখিত দরখাস্ত কেবলমাত্র ডাকযোগে** মহা-ব্যবস্থাপক, প্রশাসন বিভাগ, বাংলাদেশ ব্যাংক, প্রধান কার্যালয়, ঢাকা এই ঠিকানায় আগামী ২০/০৩/২০০০ তারিখের মধ্যে পাঠাইতে হইবেঃ

(ক) পূর্ণ নাম ঃ
(খ) পিতা/স্বামীর নাম ঃ
(গ) বর্তমান ঠিকানা ঃ
(ঘ) স্থায়ী ঠিকানা (বিবাহিতা মহিলাদের ক্ষেত্রে স্বামীর স্থায়ী ঠিকানা) ঃ
(ঙ) জাতীয়তা ঃ
(চ) জন্ম তারিখ ঃ
(ছ) বয়স (২০/০৩/২০০০ইং তারিখে) ঃ
(জ) শিক্ষাগত যোগ্যতা ঃ

পরীক্ষার নাম	প্রাপ্ত বিভাগ/শ্রেণী	বোর্ড/বিশ্বঃ নাম	পাসের সন

(ঝ) ব্যাংক ড্রাফট/পে-অর্ডার নম্বর (ইস্যুকারী ব্যাংক শাখার নাম ও তারিখ) ঃ
(ঞ) প্রার্থীর স্বাক্ষর ঃ

০৫) প্রার্থীদের লিখিত ও মৌখিক নির্বাচনী পরীক্ষায় অবতীর্ণ হইতে হইবে।

০৬) মুক্তিযোদ্ধা প্রার্থীদের ক্ষেত্রে মুক্তিযোদ্ধা সংসদের চেয়ারম্যান কর্তৃক স্বাক্ষরিত এবং উক্ত সংসদের প্রধান উপদেষ্টা কর্তৃক প্রতিস্বাক্ষরিত সনদপত্রের সত্যায়িত কপি দরখাস্তের সহিত দাখিল করিতে হইবে। মুক্তিযোদ্ধা/শহীদ মুক্তিযোদ্ধার পুত্র/কন্যা হিসাবে চাকরি প্রার্থীকে চাকরির আবেদনপত্রের সহিত মুক্তিযোদ্ধা/শহীদ মুক্তিযোদ্ধা পিতার/মাতার মুক্তিযোদ্ধা সার্টিফিকেট (যাহা যথাযথভাবে উপযুক্ত কর্তৃপক্ষ কর্তৃক স্বাক্ষরিত ও প্রতিস্বাক্ষরিত) এর সত্যায়িত কপি দরখাস্তের সহিত দাখিল করিতে হইবে। আবেদনকারী মহিলা মুক্তিযোদ্ধার সন্তান হইলে আবেদনকারী যে মহিলা মুক্তিযোদ্ধার সন্তান এইমর্মে ইউনিয়ন পরিষদের চেয়ারম্যান/ওয়ার্ড কমিশনার কর্তৃক প্রদত্ত সার্টিফিকেটের সত্যায়িত কপি আবেদনপত্রের সহিত দাখিল করিতে হইবে।
উপজাতীয় প্রার্থীকে সংশ্লিষ্ট উপযুক্ত/যথাযথ কর্তৃপক্ষ কর্তৃক প্রদত্ত সনদপত্রের সত্যায়িত কপি আবেদনপত্রের সহিত দাখিল করিতে হইবে।

০৭) চাকরিরত প্রার্থিগণকে তাহাদের স্ব-স্ব নিয়োগ কর্তৃপক্ষের মাধ্যমে দরখাস্ত প্রেরণ করিতে হইবে।

০৮) দরখাস্তের খামের উপরে পদের নাম স্পষ্টভাবে লিখিতে হইবে।

০৯) প্রার্থীদের শিক্ষাগত যোগ্যতা উৎকর্ষের ভিত্তিতে সীমিত সংখ্যক প্রার্থীকে নির্বাচনী পরীক্ষায় আহ্বানের ক্ষমতা কর্তৃপক্ষ সংরক্ষণ করে।

১০) অসম্পূর্ণ দরখাস্ত কোন প্রকার যোগাযোগ ব্যতিরেকেই বাতিল করা হইবে।

১১) কোটা সংক্রান্ত সরকারী নীতিমালা অনুসরণ করা হইবে।

জসওপ্রবিঃ ৪৮/২০০০-২২৫
তাং-২৪/২/২০০০ শেখ আব্দুল আজিজ
জিডি-১৭৬ মহা-ব্যবস্থাপক

Government of the People's Republic of Bangladesh

Inspection, Development & Technical Services
Directorate General of Food
16, Abdul Gani Road, Dhaka

Notice Inviting Tender

Memo No IDTS/Dev-952/98/59 Dated: 16.02.2000

Tender in sealed covers are hereby invited in Bangladesh Form No 2911 from the pre-qualified contractor (renewed up-to-date) under Maintenance Branch for the following work:

Sl No	Name of work	Estimated amount	Time for completion	Class of contractor
1	Repair of District Controller of Food Office at Tangail (FY-1999-2000).	3,28,651.38	45 (forty-five) days.	Class-1 & 2.

The tender will be received in the office of the Project Director, Food Godown Maintenance Project (Dutch-2), Khaddya Bhaban (5th Floor, Room No 511), at 12-00 Noon on 09.03.2000 and will be opened on the same day at 12-30 PM in presence of tenderers who may like to remain present at the time of opening. The tender documents will be sold up to 08.03.2000.

2% (two per cent) of the estimated amount in the form of Bank Draft/Pay Order from any scheduled bank of Bangladesh in favour of "Director General, Directorate General of Food, 16, Abdul Gani Road, Dhaka" must be enclosed with the tender as earnest money.

Tender documents may be obtain on payment of non-refundable amount of Tk 450/- (four hundred fifty) showing the up-to-date renewed pre-qualification document from the Cashier of the Accounts and Finance Department of Directorate General of Food (Room No 419 of Khaddya Bhaban, 16, Abdul Gani Road, Dhaka) on all working days during office hours. Money receipt should be enclosed with tender.

Award of contract will be given after receiving approval from the competent authority.

Authority is not bound to accept the lowest tender and reserves the right to reject any or all the tenders received without assigning any reason thereof.

The tender notice will be treated as a part of the contract document and will be binding upon the contractor.

Nazim Uddin Ahmed
Project Director
Food Godown Maintenance Project,(Dutch-2)
Directorate General of Food, Dhaka.

DFP-3865-20/2
G-335

Voting system may help German Koch-Weser win top IMF post

BERLIN, Feb 25: The International Monetary Fund's voting system should help Germany's Caio Koch-Weser to become its new managing director despite the arrival overnight of two non-European candidates, his backers said yesterday, reports Reuters.

The race to succeed Frenchman Michel Camdessus for the high profile job was thrown open on Wednesday when acting IMF boss Stanley Fischer, a naturalised American, and former Japanese finance minister official Eisuke Sakakibara were nominated.

But Koch-Weser's backers say their man still has a strong chance of winning the job, which has traditionally been held by a European.

The quiet confidence in Berlin rests on the knowledge that the IMF's voting system favours the European countries which — however reluctantly — have lined up behind the German deputy finance minister's bid.

The new chief of the global lender will be elected by the IMF's 24-member Executive Board, where several large countries like the United States, Japan and Germany can cast votes in their own right, reflecting their economic power.

Things get interesting when it comes to the so-called "constituencies" of countries which are represented by a single board member. European countries have the majority stake in several groups and Germany hopes Koch-Weser can capitalise.

"We are certain that we will win the votes of many blocs," one German government source told Reuters, speaking on condition of anonymity.

Germany is confident that Koch-Weser, 55, will secure the full backing of European Union finance ministers at a meeting next Monday. "There is no alternative candidate in Europe to Koch-Weser," a Finance Ministry spokeswoman said.

The succession at the IMF could then be discussed as early as Tuesday in Washington with a possible three-way vote on Wednesday or Thursday.

With Washington sceptical about Koch-Weser, the United States could abstain or cast its 17.35 per cent share of votes in favour of Fischer, who was nominated by an African bloc and enjoys support from emerging market countries.

Fischer, who was Camdessus's deputy before taking charge on a caretaker basis, is a naturalised American who was born in Zambia.

Sakakibara could win backing from some Asian groups and Russia. But the man dubbed "Mr Yen" for his influence on currency markets is the weakest of the threesome and would probably fall at the first hurdle.

Koch-Weser, meanwhile, may not win an outright majority in the first round, but in a best-case scenario could come first with a score of at least 40 per cent.

That total would include Germany (6.08 per cent), France and Britain (both with 5.02 per cent) and blocs led by Belgium (5.21 per cent), the Netherlands (4.92 per cent), Italy (4.23 per cent), Denmark (3.56 per cent), Switzerland (2.66 per cent).

China, with 2.2 per cent, has also declared for Germany, and Francophone Africa (1.17 per cent) could also follow the lead set by France.

Project-04
Government of the People's Republic of Bangladesh

Directorate of Non-Formal Education
Primary & Mass Education Department
2/6, Block E, Lalmatia, Dhaka-1207
No DNE/Logi/P-4/Fax-6/99/33 Dated: 01.11.1406 BS/13.02.2000

সুন্দর জীবনের জন্য শিক্ষা

Tender Notice for Purchase of Fax Machine

Tenders in sealed cover are invited as per terms & conditions stated in the tender schedule from bonafide suppliers/respective traders/ manufacturers/dealers/local agents/respective trading firms for purchase of Fax Machine with finance of Non-Formal Education Project-4 under Directorate of Non-Formal Education under Primary & Mass Education Department. Respective documents as supplier/ trader/manufacturer/dealer/local agent/respective trading firm (trade licence, turn over/VAT registration, income tax clearance certificate, bank solvency certificate etc) should be enclosed with the tender. Tenders can be submitted in the tender box kept at Logistics Section at the ground floor of this Directorate up to 12-00 Noon of 09.03.2000 and the tenders received will be opened on the same day at 12-05 PM in presence (if any) of the tenderers. 2.5% of the quoted amount as bid security/ earnest money should be submitted with the tender through Pay Order from any commercial bank in favour of Director General, Directorate of Non-Formal Education. Tender schedule can be collected against cash payment of Tk 1000/- (one thousand) from this office's Finance Section/Logistics Section/ Primary & Mass Education Department/Directorate of Primary Education, Dhaka any day during office hours (except weekend & holiday) up to 08.03.2000. Other information regarding purchase, if necessary, can be known from the Logistics Section.

The authority reserves the right to accept/ reject all tenders in part/full without assigning any reason.

DFP-3492-16/2 **ASM Abdul Halim**
G-340 Director General

Bangladesh Forest Industries Development Corporation

Rubber Division
Modhupur, Tangail

Tender Notice

No: 04/99-2000 Dated: 12/02/2000

Tenders are invited from contractors/suppliers establishments interested in supply/transport of produced products in the rubber estates of Pirgachha, Chandpur and Santoshpur-Kamalapur under Rubber Division, FIDC, Madhupur, Tangail:.

1. Rubber transport (from Pirgachha Rubber Estate to sales center at Mirpur, Dhaka).
2. Firewood supply.
3. Supply of small bowls made of clay.
4. Supply of taping tub.
5. Supply of GI wire and plain sheet.
6. Supply of Formic acid.

Each set of tender schedule containing detailed description will be available on payment of Tk 50.00 (fifty) (non-refundable) till 7-3-2000 during office hours from the office of the General Manager, Kakraid, Madhupur, Tangail and Account Section, FIDC Headquarters, 73, Motijheel, Dhaka. Tenders will have to be dropped in the tender box kept at the office of the General Manager, Kakraid, Modhupur and the General Manager (Rubber), FIDC Headquarters till 1:00 PM on 8-3-2000 and will be opened on the same day at 1:15 PM before the tenderers (if anyone remains present). The authority reserves the power to accept or reject any tender without assigning any reason.

FIDCOR- 93/99-2000
DFP-3745-17/2 **M Akhtaruzzaman**
G-342 General Manager.

Indian reform to face setback if kerosene price hike scrapped

NEW DELHI, Feb 24: India's decision to postpone a rise in kerosene prices is of little concern now but would be a setback for the reform process if the government gave in to pressure groups and scrapped the rise altogether, analysts said, reports Reuters.

Officials said the government may delay the controversial increase in prices of kerosene and liquefied petroleum gas until March 16, the last working day before parliament adjourns for a one-month recess.

Today the government decided to postpone the increase in the domestic price of kerosene after key constituents of the ruling Bharatiya Janata Party (BJP)-led coalition government blocked the decision.

"At the moment it looks like a minor irritant because the decision has been postponed for only about 10 days," Saumitra Chaudhuri, economic adviser at Investment and Credit Rating Agency, said on Wednesday.

"But it could emerge as big obstacle for the reforms process if it is never carried out," he added.

On Tuesday, at least two pricing options were suggested to the government — the price could either be raised to five rupees per litre from the current 2.76 rupees (six cents), or it could be increased to seven rupees.

Both options were turned down because of resistance from the Trinamool Congress, Janata Dal (United) and the Telugu Desam Party who feared the hike would have an adverse impact on their prospects in forthcoming municipal body elections in the states of Andhra Pradesh and West Bengal.

Analysts feel the BJP, which leads a multi-party coalition government, cannot afford to annoy Telugu Desam chief N. Chandrababu Naidu and the other allies without whose support the Bharatiya Janata Party cannot take any significant decisions.

Political parties — both within the ruling coalition and outside — realise that the fiscal situation is alarming but are trapped between economic realities and political expediency.

Finance Minister Yashwant Sinha has been warning of a potentially harsh 2000/2001 (April-March) budget to be presented in parliament on February 29.

India's efforts to rein in its fiscal deficit at four per cent of GDP in 1999/2000, down from 4.5 per cent in the previous year, have been upset by unexpected expenditure on last year's clash with Pakistan, general elections and a cyclone in Orissa state.