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SOUTH AND EAST ASIA REPORT

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STATISTICS FROM BANGLADESH ECONOMIC SURVEY GIVEN

Rise in GDP

Dacca THE BANGLADESH OBSERVER in English 1 Jul 82 pp 1, 12

[Text] The Gross Domestic Product (GDP) recorded an increase of only 0.1 per cent against the targetted figure of 7.2 per cent during the fiscal year 1981-82.

This is the poorest GDP growth rate since the independence of the country. The GDP growth rate in the fiscal year 1980-81 was 6.1 per cent.

This was revealed in the Bangladesh Economy Survey of 1981-82 published by the Finance-Division of the Ministry of Finance and Planning on Wednesday.

During the year under review the per capita income is estimated to have declined by 2.2 percent compared to an increase of 3.5 per cent during 1981-81.

The Economic Survey said unfavourable weather and past attack affected the production of 'Aus' 'Aman,' wheat and jute crops. As a consequence the agricultural production may decline by 2.2 per cent during the year under review compared to an increase of 7.1 per cent during the previous year.

It is estimated that the foodgrain production during 1981-82 will not exceed 141 lakh tons which is four per cent lower than the production in the previous year.

In the manufacturing sector the value added is estimated to have increased by 5 per cent, power and gas by 17.9 per cent, construction by 3.9 per cent and other services by 4.5 per cent.

It has been that 12.42 lakh tons of foodgrains would be procured from external sources during 1981-82 compared to 10.60 lakh tons procured during the previous fiscal year.

The production in the industrial sector during 1981-82 will increase by five per cent as compared to 8.8 per cent in the previous year.

The target for distribution of chemical fertiliser in the ADP of 1981-82 was fixed at 9.80 lakh tons, out of which 6.78 lakh tons were distributed upto March 1982. It has been estimated that an additional quantity of 2.16 lakh tons of fertilizer will be distributed during the next few months.

The total actual distribution of fertiliser in 1980-81 was 8.75 lakh tons.

The distribution of total paddy, wheat and potato seeds during July-March of the current fiscal year stood at 0.46 lakh tons, 2.95 lakh tons and 0.83 lakh tons respectively compared to 0.42 lakh tons of total paddy seeds, 3.79 lakh tons of wheat seeds and 0.92 lakh tons of potato seeds in the previous year.

During 1981-82 (upto April) the excavation and re-excavation of 697 canals were taken in hand, out of which the excavation and re-excavation of 191 canals have been completed. In order to complete the projects about 3237.41 crore cft of earthwork were needed and 117.12 crore cft of earthwork was completed upto April 30, 1982. It has been estimated that about 14.08 lakh acres of land will be brought under irrigation after completion of the projects. During 1980-81 the excavation and re-excavation of 955 canals were taken in hand. Out of these projects, the excavation and re-excavation of 875 canals were completed and 15.28 lakh acres of land were brought under irrigation.

Jute Exports Decline

Dacca THE BANGLADESH OBSERVER in English 3 Jul 82 pp 1, 8

[Text] The share of non-jute items in the total export earnings has been rising steadily over the past years and has reached 35.67 per cent during 1981-82 fiscal year, reports BSS.

According to Bangladesh Economic Survey for 1981-82, though jute goods and raw jute which are traditional export items have earned Taka 772 crore or contributed 64.33 per cent of the total foreign exchange earnings during the period, the export earnings on account of jute goods have declined by about 7.01 per cent from that of 1980-81 level.

However, the export earnings of raw jute has registered to increase by about 10.66 per cent during last fiscal year compared to the preceding year.

The highest export growth rate of 42.42 per cent has been attained in the export of fisheries and fish preparations during 1981-82 the export growth of the fisheries and fish preparations was followed by growth of 24.19 per cent by leather, hides and skin items and 15.82 per cent by team.

The export earnings of fisheries and fish preparation leather hides and skin and tea during 1981-82 have been estimated at Taka 93 crore Taka 115 crore and Taka 77 crore in comparison to Taka 65.30 crore Taka 92.60 crore and Taka 66.48 crore respectively in the previous year.

Export earnings on account of export of paper and newsprint has suffered decline by 20.90 per cent during 1981-82 in comparison to the level earned in the preceding year.

Similarly earnings from export of naptha and furnace oil and handicrafts have also decreased by 10.94 per cent and 9.58 per cent respectively.

The export earnings of paper and newsprint also suffered a sharp decline of 46.36 per cent in comparison to the level of earnings of 1980-81. The earnings on this account in 1980-81 was Taka 22.37 crore and fell to Taka 12 crore in the last year.

The earnings from export of non-traditional items other than broad-group items during 1981-82 has been estimated at Taka 55.90 crore which represent growth of 30.36 per cent over the level of the previous year. The highest growth rate in this sector was attained in 1980-81 which registered a substantial growth of 90.90 per cent.

Agriculture, Other Contributions

Dacca THE BANGLADESH OBSERVER in English 3 Jul 82 pp 1, 8

[Text] The contribution of the agriculture sector to the Gross Domestic Product (GDP) at 54.16 per cent is still the highest considering the broad based sectoral contributions during 1981-82 fiscal year, reports BSS.

The Bangladesh Economic Survey observed that though reigning as the highest contributor to GDP, the share of agriculture sector has been declining gradually over the years since the emergence of the country.

On the other hand the share of industry, construction and administration has an increasing trend over these years.

During 1981-82, the value of GDP is estimated to have increased in the industrial sector by about five per cent power and gas sector by about 17.9 per cent construction by 3.9 per cent and other services by 4.5 per cent while it has declined in the agriculture, transport and trade sectors by 2.2, 1.3 per cent respectively.

The sectoral contribution of agriculture sector to GDP in 1972-73 and subsequent fiscal years up to 1981-82 was 60.09, 58.70, 56.98, 56.73, 55.57, 54.91, 55.43 and 54.16 per cent respectively. Similarly, the contribution of industrial sector from 1972-73 to 1981-82 fiscal years gradually rose to 7.28, 7.38, 8.24, 8.43, 8.46, 8.23, 8.45 and 8.85 respectively.

The sectorwise contribution to GDP in 1981-82 fiscal year has been estimated at: agriculture 54.16 per cent, industry 8.85 per cent, construction 5.28 per cent, power and gas 0.38 per cent, transport 5.27 per cent, trade 7.28 per cent, housing 4.74 per cent, administration 6.28 percent, banking and insurance 0.84 per cent, and other services 6.92 per cent.

The agriculture sector on which about 75 per cent of the total population depends directly or indirectly is still the mainstay of the country's economy.

The agricultural sectors of livestock and fisheries which have wide scope to develop rapidly contributed about 6.4 percent and about five per cent to the GDP during 1981-82 financial year.

The livestock sector which employs about 14 per cent of the population, either partly or wholly contributes about 30 per cent of the inputs used for crop production. About ten per cent of the total foreign exchange earnings comes from this subsector.

The fisheries subsector of agriculture sector gives about 80 per cent animal protein.

The value of export of fish and fish preparations stood at Taka 93 crore during 1981-82 which represents 7.75 per cent to the total export earnings during the period.

The yearly requirement of fish in the country has been estimated at 12 lakh-tons while the production is about six lakh tons.

The forestry subsector of the agriculture sector contributed about five per cent to the GDP.

CSO: 4220/7614

MORE REPORTS ON BANGLADESH ECONOMIC SURVEY

Cost of Living Up

Dacca THE NEW NATION in English 1 Jul 82 pp 1, 8

[Text] The cost of living increased by an average 19.07 per cent during the 12 months ending March this year, according to the Economic Survey of Bangladesh published yesterday.

The cause of rise in the index was attributed to price increase of the consumption basket--food, fuel and lighting, housing and household requisites, clothing and footwear, and miscellaneous.

The highest increase of 22.53 per cent was registered for the industrial workers of Narayanganj followed by Chittagong where the index rose by 19.48 per cent. The index for Khulna industrial workers rose by 18.75 per cent while for the middle class in Dacca city by 16.21 per cent.

The reason behind the rising prices is also the increased money supply in the last year 1980-81, which seems to be a causative factor in deteriorating price situation during 1981-82.

However, the rise in the prices of foodgrains was due to the decline in the production of Aus and Aman paddy and also decline in the volumes of imports of foodgrains and increase in the international prices of petroleum, wheat, edible oil, billets, fertiliser, cement and other raw materials as well as upward revision in the issue prices of foodgrains, fertiliser, newsprint, electricity water & POL etc.

Apart from this, the upward revision of exchange rates during the year was directly responsible for the rising trend of prices in the country.

The average wholesale price index of agricultural and industrial products increased by 12.16 per cent during 1981-82 (July-March) compared to an increase of 7.70 per cent during the corresponding period of 1980-81.

The wholesale price index for agricultural products rose by 13.83 per cent during July-March period of the last year over the preceding year while the industrial products increased by 9.18 per cent.

Per Capita Income Declines

Dacca THE NEW NATION in English 1 Jul 82 pp 1, 8

[Text] The per capita income declined by 2.2 per cent during fiscal 1981-82 compared to an increase of 3.5 per cent during the previous year.

According to the Bangladesh Economic Survey released by the Government yesterday, the gross domestic product (GDP) was estimated to have increased by almost zero i.e. 0.1 per cent during 1981-82 compared to the growth rate of 6.1 per cent achieved during the previous year. The GDP was estimated at constant factor cost of 1972-73.

The growth rate in all the major sectors of the national economy excepting power and gas declined during the fiscal year ended yesterday compared to the previous year. Production in the agricultural sector registered a fall by 2.2 percent during the last fiscal year compared to an increase of 7.1 per cent during 1980-81. Unfavourable weather and pest attack affected the production of Aus, Aman, wheat and jute crops, the survey said.

The industrial sector recorded an increase of 5 per cent in the production in 1981-82 against 8.8 per cent increase in 1980-81. The estimate was made reviewing the performance in the sector for last nine months from July to March.

The Government, however, expressed the hope that the new industrial policy providing incentives to the private sector would play a significant role in the overall industrial growth in the country, the survey report said.

The deficit balance of trade of Bangladesh of the past years widened further in 1981-82. The deficit balance of trade was attributed to lower prices for most of the exportable items due to depressed demand in the developed market and higher import value of petroleum, industrial raw materials, food grains and other consumer and capital goods.

The revised revenue receipts during 1981-82 was estimated at Taka 2,553.81 crore which was 8.99 per cent higher than the revised estimate of the previous year. The total nondevelopment revenue expenditure was estimated at Taka 1849.68 crore, 24.84 per cent higher than the revised estimate of 1980-81.

The survey report said that the total foreign exchange earning by way of export during 1981-82 was estimated at Taka 1200 crore as against the total value of imports worth Taka 4,778 crore during the same period. The deficit in the balance of trade during the year 1981-82 stood at Taka 3578 crore as compared to Taka 1966.70 crore in 1980-81.

During the first nine months (from July to March) of the fiscal year ended yesterday the average general cost of living index for the middle class people in Dacca (base: 1969-70-100) increased by 14.24 per cent from Taka 617 to Taka 704.86 compared to the increase of 11.17 per cent during the corresponding period of the year 1980-81. The survey report said that the rise in the general cost of living index was due to the rises in all the subindices, namely food by 17.39 per cent, housing and household requisites by 6.59 per cent, fuel and lighting by 34.40 per cent, clothing and footwear by 12.20 per cent and others by 7.8 per cent.

Money Supply Down

Dacca THE NEW NATION in English 1 Jul 82 pp 1, 8

[Text] Money supply (narrow money) during the first 10 months of the current financial year (July, 1981 to April, 1982) recorded a substantial decline of Taka 71.16 crore or 3.30 per cent to 2,079.06 crore, reports BSS.

The narrow money at the end of June 1981 was Taka 2,150.22 crore.

This was due to the tight and cautious monetary policy pursued by the government in order to keep the bank liquidity within limits and channel bank credit in desired direction.

The Economic Survey of Bangladesh released yesterday said that this restrictive policy had been followed on a selective basis so as to accommodate the credit needs of the productive and essential sectors of the economy and "thus avoiding the use of bank funds for unproductive and speculative purposes."

During the corresponding period of the last financial year there was an expansion of narrow money worth Taka 317.13 crore or 18.75 percent.

Broad money, on the other hand, recorded an expansion of Taka 31.10 crore or 0.71 per cent from Taka 4372.53 crore at end, June 1981 to Tk 4403.63 crore at end April, 1982 compared to an expansion of Taka 558.58 crore or 16.28 per cent during the corresponding period of 1980-81.

Of the components of broad money, demand deposit declined by Taka 69.74 crore or 5.73 per cent to Taka 1145.36 crore and time deposit increased by Taka 102.26 crore or 4.60 per cent to Taka 2324.57 crore during the period under review.

The Economic Survey said that both narrow money and broad money during the first half of the current financial year (July to December 1981) excepting substantial decline in August 1981 showed rising trend.

During July-December, 1981 narrow money and broad money increased by Taka 43.63 crore to Taka 2193.85 crore and Taka 113.19 crore to Taka 4485.72 crore respectively. Thereafter, amidst fluctuation, narrow money declined to Taka 2079.60 crore and broad money declined to Taka 4403.65 crore by April 30, this year.

CSO: 4220/7618

FINANCE MINISTRY SURVEY STATISTICS PUBLISHED

Bank Credit Rise

Dacca THE BANGLADESH OBSERVER in English 5 Jul 82 p 1

[Text] The total bank credit increased by 16 per cent in 1981-82 compared to 23.22 per cent in 1980-81. The bank credit increased by Taka 587.01 crores to Taka 4186.57 crores during the last financial year up to April last as compared to the rise of Taka 643.37 crores in the corresponding period of 1980-81.

The economic survey of 1981-82 reveals that of the components of bank credit, advances increased by Taka 583.62 crores to Taka 3761.33 crores while bills purchased and discounted went up by Taka 3.39 crores to Taka 225.24 crores.

A break up of the total bank credit into private and public sectors reveals that out of the total expansion of Taka 687.16 crores during the period under review, a sum of Taka 391.35 crores was accounted for by the private sector and the rest by the public sector. This expansion was mainly due to the extension of financial help to the new borrowers, new projects and meet the increasing operations of the existing borrowers.

The total Government borrowings from the banking system during the 10 months of the last financial year recorded a decline of Taka 92.09 crores to Taka 1365.66 crores as against substantial increase of Taka 524.98 crores to Taka 1457.75 crores during the year 1980-81. This fall in the total borrowings during the period under review was accounted for by the decline of Taka 19.59 crores in investment in Government securities and treasury bills followed by Taka 19.28 crores, Taka 24.05 crores and 15.82 crores advances from Bangladesh Bank Government debtor balances with the bank and advances to Government Food Department respectively.

During the financial year 1981-82 a tight and cautious monetary policy was pursued in order to keep the bank liquidity within limits and channel them to productive sectors. This restrictive measures were followed on a selective basis so as to accommodate the credit needs of the productive and essential sectors of the economy and thus avoiding the use of bank funds for unproductive purposes. As a result money supply in the broader sense recorded a slight rise during the first 10 months of the last year.

During the first 10 months of 1981-82 financial year money supply in the narrower sense recorded a substantial decline of Taka 71.16 crore from Taka 2150.22 crores at the end of June 1981 to Taka 2079.06 crores. Which shows a decrease of 3.30 per cent over the corresponding period previous year. Broad money on the other hand recorded a rise of Taka 31.10 crores or 0.71 per cent from Taka 4372.53 crores to 4403.63 crores at the end of April in 1982.

Debt Service Up

Dacca THE BANGLADESH OBSERVER in English 5 Jul 82 p 1

[Text] The debt service of the country amounted to an approximate figure of 616 million US dollars by the end of the fiscal year 1981-82. The actual debt repaid during 1979-80 was the highest amount since the independence of the country, which totalled 108 million US dollars. The actual debt servicing of Bangladesh started from 1973-74 with the disbursement of the loans contracted in 1972-73. The economic survey of 1981-82 published by the Ministry of Finance and Planning revealed that the amount of debt servicing fluctuated widely between the period 1974-75 and 1979-80 due to acceptance of substantial quantum of the past debt liability and repayment in the form of principal and down payment of credits which were contracted just before the independence of the country.

An amount of 17.50 million US dollars was the first instalment on account of debt-servicing which was disbursed in the fiscal year 1973-74. The amount of repayment marked a sharp rise in 1974-75 when the figure of disbursement stood at 70.87 million US dollars. During 1975-76 '76-'77, and '77-'78 the repayment declined to 55.62 million US dollars, 50 million US dollars and 61 million US dollars respectively. The figure marked a slight rise to 89 million US dollars in 1978-79 and still made a steeper rise in 1979-80. During 1980-81 and '81-'82 (estimate) the amount of debt-service repayment was 70 million US dollars and 90 million US dollars respectively.

The average debt servicing ratio of total export earning of the country on an average was 13.06 per cent during the period 1973-74 and 1981-82 (excluding '75-'76 and '77-78. With a low export earning and high import bill the external debt policy of the country called for measures ensuring the debt servicing liability to limit within 18 to 20 per cent of annual export earnings on an average which is the saturation point. The debt-service repayment which started from 1973-74 accounted for 4.69 per cent of the total export earnings in terms of debt-service ratio. The ratio marked a sharp rise to 19.96 per cent in 1974-75 and declined to 12.31 per cent in 1976-77. The ratio continued without much variation till 1981-82 when it was estimated to be 13.84 per cent. In 1987-79 '79-80 and 80'81 the ratios were 14.83 per cent 14.53 per 79-80 and 80-81 the ratios tively. [as published]

The different (loans under foreign economic assistance received between 1971-72 and 1981-82) amounted to 4262.5 million US dollars.

CSO: 4220/7620

ECONOMIC SURVEY SHOWS INDUSTRIAL OUTPUT UP

Dacca THE BANGLADESH TIMES in English 6 Jul 82 p 1

[Text] Production of most of the industrial items has gone up during the 1981-82 fiscal year, according to the Bangladesh Economic Survey.

The survey said, "from the production trend of the last nine months it is expected that industrial production during the year 1981-82 will be satisfactory. Though production of some items decreased due to some reasons production of most of the items increased during the year under review."

From the actual production figure of July-March and estimated figure of April-June, it shows that production of most of the items increased compared to 1980-81.

The items and the percentage of rise are: sugar by 37.76 per cent, matches by 8.59 per cent, paper by 6.67 per cent, newsprint by 32.35 per cent. TSP by 41.79 per cent, urea by 14.16 per cent, ammonium sulphate by 33.43 per cent, cycle by 4.27 per cent, shrimps and froglegs by 24.05 per cent, timber extraction by 3.53 per cent, pole, post and sleeper by 25 per cent and raw rubber by 19.40 per cent.

On the other hand production of some items declined. These were: yarn by 6.41 per cent, cloth by 5.74 per cent, cement by 8.41 per cent, caustic soda by 7.56 per cent, bus, truck and car by 33.61 per cent, radio by 57.77 per cent, diesel engine by 68.57 per cent, steel ingot by 19.12 per cent, and television by 51.79 per cent.

The production of television yarn, cloth etc declined due to sales constraints of respective productions, stock pile up, power failure and machinery breakdown, repair and maintenance etc.

There have been decreases in production of yarn by 60.35 lakh pounds and that of cloth by 19.05 lakh yards due to power failure during the year 1981-82. The production of cement clinker has been below the target due to irregular supply of imported clinker and other multiple reasons. The production of caustic soda fell due to power disruption and mechanical trouble.

CSO: 4220/7621

ERSHAD SPEAKS ON INTERNATIONAL COOPERATIVE DAY

Dacca THE BANGLADESH OBSERVER in English 4 Jul 82 pp 1, 12

[Text] The Chief Martial Law Administrator Lt Gen H.M. Ershad on Saturday called for consolidating the country's independence through economic emancipation ending all forms of injustices and exploitations to uphold the spirit of the War of Independence, reports BSS.

The people and the members of the Armed Forces, he added, who fought unitedly to win the independence of the country should once again come forward, hand in hand, to achieve that goal.

Speaking as the chief guest at the 60th International Cooperative Day function in Dacca at the Shilpakala Academy auditorium the CMLA said that the co-operators had an important role to play in attaining these objectives.

Held under the auspices of Bangladesh Jatiya Samabaya Union, the function was addressed, among others, by the Minister for Local Government and Cooperatives, Mr Mahbubur Rahman, and Vice President of the Union, Mr Lutfur Rahman.

General Ershad said, united endeavour is the main theme of cooperative movement and added, its prime objective is to combine and unite the scattered efforts of the private, social and state levels to bring about greater welfare of the society.

The CMLA said, cooperative movement is the most effective method for improving the lot of the poor working people in our country. There is no alternative to cooperative in a developing country like ours he pointed out.

General Ershad said that the Government has been contemplating to change the rules, laws and structure of the cooperatives. We can increase our production level if we adopt modern production methods in every sector through cooperative, he added.

General Ershad reminded his audience that to achieve the objectives of the cooperative movement organisational discipline efficiency and honesty were needed and hoped that they would be able to make bold contributions in their respective fields with honesty and hard work.

The CMLA told the cooperators that the Government would extend all cooperation to their honest and proper programmes and hoped that they would come forward to solve the national economic problems by increasing production in the Agriculture, small and cottage industry and fisheries sectors through organising cooperative societies in the rural areas.

General Ershad said that the Government has given top most priority to the development of agriculture and rural areas as the question of economic freedom will be a far cry without attaining self-sufficiency in food. He said that a separate rural development and cooperative division has been created under the Ministry of Local Government aimed at hastening the development of rural areas and increase agriculture production through cooperatives.

General Ershad said, begging and subsidy are contradictory to independence and self-reliance and are disgraceful for an independent nation. We have heard enough high-sounding words on self-reliance in the past, but failed to take any resolute and practical decision to stand on our own feet for enhancing our national consciousness and pride.

As a result, the CMLA pointed out, different Government, Semi-Government and autonomous organisations have incurred a loss of Taka 900 crore and the quantum of deficit in the Government's own budget surpassed Taka 1,000 crore.

He said on the hand tremendous price increase and inflation continued unabated for years together and on the other it was not possible to generate required domestic resources for investment. This situation cannot be allowed to continue, he added.

The CMLA said that the Government had made a fervent call in the new Budget for 1982-83 for sacrifice and austerity to face unitedly the frustrating economic condition the nation had inherited. There is no alternative to this if we want to live as an honoured nation in the world, he added.

General Ershad said that the cooperative movement had failed to attain any success though crores of Taka were being spent every year by the Government for its development.

In reality a few corrupt cooperators had been stabbing at the back of the cooperative movement by grabbing the facilities extended by the Government for the development of the movement. The CMLA said, nonprofessionals have been providing leadership to various professionally based cooperative societies and added the cooperative movement could not contribute significantly to the achievement of economic freedom of the poor working people because of these profit seeking and fake cooperators.

General Ershad recalled the situation under which the Armed Forces had to take over the administration of the country and said, the previous Government had failed to tackle the unlimited corruption, collapsing administration, economic disaster and inevitable famine.

The CMLA asserted that the country's patriotic Armed Forces were determined to play a bold and historic role in maintaining internal peace and discipline and

to build the country while discharging their responsibility without fear and compromise in protecting national independence and sovereignty in the face of foreign aggression, if any.

Speaking on the occasion, the Local Government Minister Mr Mahbubur Rahman said that the cooperative movement would be reorganised so that this forum could effectively be utilised for the betterment of the people.

He urged the cooperators to remain vigilant so that corrupt elements could not exploit the movement for their personal benefit.

The Minister pointed out that there were 66 lakh cooperators in the country and said, their dedicated work could ensure a happy future for the nation.

The function was attended, among others by DCMLAs Rear Admiral M.A. Khan and Air Vice-Marshal Sultan Mahmud members of the Council of Ministers and high military and civil officials.

CSO: 4220/7617

IMPORT POLICY FOR 1982-83 COMES INTO EFFECT

Chief Controller's Announcement

Dacca THE BANGLADESH TIMES in English 1 Jul 82 pp 1, 8

[Text] A Taka 2,910 crore import policy for the year 1982-83 was announced on Wednesday.

The Government has approved the policy and it would come into effect from today (Thursday).

Announcing the import policy over radio and television, Mr K.M. Rabbani, Chief Controller of Import & Export said that the import policy aimed at creating a strong export base and reducing imports of commodities which were sufficiently produced locally.

He said that the total import bill would be supported by Tk 1,255 crore coming from domestic cash foreign exchange and the remaining amount would be met through commodity assistance, barter and wage earners scheme.

Giving salient features of the import policy, Mr Rabbani said that the free import of certain items under OGL scheme had been cancelled. Items listed in the commercial imports had been restructured and some of these had been made importable under Wage Earners Scheme.

Certain items importable under 'actual users' scheme had been cancelled due to the shortage of foreign exchange. However, importers would be entitled to import these items under Wage Earners Scheme.

Mr Rabbani said that import list for the industrial sector had also been restructured. Pharmaceutical industries would get 130 per cent of their annual import entitlement. Other industries were listed in three categories. Of them, first and second categories would get 100 and 50 per cent import licence respectively while the third category would have to depend on Wage Earners Scheme.

In spite of shortage of foreign exchange, necessary steps were taken to import certain essential items in order to keep adequate supply. These included fuel oil and petroleum products, cement, coal, edible oil and powdered milk.

The Chief Controller of Import & Export said that import of certain items were totally banned and restrictions were imposed on certain items in the import policy in order to give protection and encourage local industries and in view of adequate supply. On the other hand, restrictions imposed earlier on import of certain items were liberalised due to the shortage of local production.

List of items importable by eligible commercial importers:

Books, maps, charts and globes; dyes and chemicals including insecticides and excluding mosquito coils.

Drugs and medicines including veterinary medicines; electromedical apparatus and appliances and spares thereof; medical, surgical and dental equipment and apparatus. Scientific instruments and apparatus; survey equipments and laboratory glasswares, X-ray films and plates; homeopathic and biochemic medicines; medicinal herbs and crude drugs;

Milk food: gas in cylinders, ball, roller and taper bearings; tools and workshop equipment; machinery and Mill works; nonferrous metal;

Cement, photographic films, plates and equipment, hardware, all sorts.

Needles.

Slate and slate pencils, and

Spares for engines, tractors power tillers and low-lift pumps.

List of items to be exclusively imported under Wage Earners Scheme (WES) and under Export Performance Licence (XPL).

Accumulators (storage battery) specially used for aircraft, railway locomotives and T&T department only.

Artificial eyes and artificial limbs.

Agarwood including its cuttings.

Agricultural machinery and implements--(a) Tractors; (b) power tillers; (c) engines for low lift pumps and shallow tube wells; and (d) hand sprayers for tea gardens requiring special automisation.

Air conditioner and parts thereof; aluminum scrap; auto rickshaw (three wheel-er) without body; automatic voltage regulator (voltage stabiliser).

Bamboo (Importable by public sector only), Betelnuts; Binocular.

Bicycle, complete, without accessories; Bath tubs, all sorts including curtain rods and rings; glazed and unglazed ceramic tiles; and Mosaic materials n.o.s., mosaic chips and powder.

Books (fictions only); Journals on scientific, technical, economic), medical and legal subjects, but excluding cinema and film journals.

Newspapers, weeklies and other periodicals (specified items only).

Brake fluid; cement, portland (grey), white and coloured; cinematographic films exposed (in English language without subtitle and in other language with subtitle). Import of films in subcontinental languages with or without subtitle shall not be permissible.

Coconut oil; cigarette (filter-tipped only) whose c & r value is above Tk 300 per thousand sticks.

Cotton yarn, 21 count and below (single) and 70 count and above (single).

Cotton and synthetic blended and mixed yarn, 32 count and above.

Dictaphone; Domestic sewing and knitting machines and parts thereof; Drugs and medicines (allopathic); Dry cell batteries, all sorts, excluding standard and medium size batteries; Dry fruits including dates and raisins (kismirsh).

Duplicating ink including special type of ink for franking machine, addressograph machine, cheque writing machine and other office machines.

Edible oil, refined only, including--soybean oil; palm oil; butter oil; and vanaspati.

Electric iron and parts thereof.

Electric bulb including--(i) auto bulb; (ii) mercury bulb with or without choke, but excluding--(i) electric bulb of 15 to 100 watt; and (ii) fluorescent tube light.

Electroplating polishes and composition and electroplating salt.

Electric motors including variable speed motors and belts thereof but excluding induction type, synchronous speed electric motors from 1 to 25 hp.

Electric table and pedestal fan only.

Electric accessories, the following only--(i) tumbler switch above 15 amp; (ii) Iron connector; (iii) adapter holder; (iv) goliath holder; (v) electric main switch above 60 amps; (vi) circuit breaker, all sorts; (vii) starter; and (viii) multi-plug.

Electric insulating material including insulating tapes and porcelain insulators but excluding low tension insulators.

Feeding bottle made of glass or plastic; and Feeding bottle nipples made of rubber.

Fountain pen (above c&f value of Tk 10.00 each and up to Taka 35.00 each) and parts thereof; Fountain pen nibs, Ball point pen above c&f value of Taka 4.00 each and refills thereof.

Fountain pen ink;

Fresh fruits;

Fish hooks;

Gas operated water heater;

Gas in cylinder, including nitrous oxide gas but excluding ammonia gas;

Gramophone records;

Playing cards;

Hair clipper including electric hair clipper;

Helmets, all sorts;

Immitation jewelry;

Intercommunication sets for office purpose;

Instruments, apparatus, appliances and parts and accessories thereof, the following only (i) weighing scale; (ii) industrial thermometer; (iii) fire extinguishers excluding carbon dioxide fire fighting equipment/fire extinguishers up to 2 (two) gallon capacity; (iv) instruments and appliances for quality control of industrial products;

Live animal and birds;

Lifts and parts thereof;

Locks, all sorts, including combination and special locks, but excluding pad locks up to 2-3/4" size;

Lubricants;

Machinery and engines (new or reconditioned);

Marble stone and marble stone slabs; Stone boulders and chips;

Medicinal herbs and crude drugs;

Metal nonferrous and ferroalloys;

Methylated spirit (denatured); Milk food (in powder form with fat contents in retail packing;

Milk condensed, preserved and powdered including nonfat dried milk;

Marine diesel engine spares;

Motorcycle and motor scooter (two wheelers only);

Motor vehicles--(i) Petrol motor car up to 1300 c.c. (new or reconditioned); (ii) Diesel motor car up to 1600 c.c. (new only) for use as Taxi; (iii) Trucks, buses, four wheeled drive vehicles--(New only); import may be allowed in CKD built up condition or for engines for these vehicles; (iv) Motor van, pick up, micro-bus and ambulance (built up, new, secondhand or reconditioned);

M.S. Billets.

M.S. Wire rod.

Musical instruments and parts thereof;

Needles, all sorts;

Office machine and office equipment and parts and accessories thereof; Duplicating stencil and its accessories; Optical instruments, apparatus and appliances and accessories thereof;

Optical frames (finished);

Oil seeds (mustard and rape seeds only);

Onion;

Painter's materials;

Patent and farinaceous food, all sorts, including infant food but excluding corn flakes.

Parts and accessories of automotive vehicles.

Parts and accessories of bicycle excluding--(i) frame; (ii) mud-guard; (iii) fork; (iv) chain stay/back stay, (v) chain cover, (vi) bell,; (vii) carrier; (viii) stand; (ix) pedal; (x) spoke; and (xi) metal and paper transfer of all foreign bicycle;

Photographic instruments and photographic chemicals; power pumps and parts thereof; paper all sorts (permissible items of paper only); pressure lamps and parts thereof;

Pulses, all sorts (including masoor, moong and chola dal); P.V.C. floor tiles; and Prussian blue; Road rollers; Razor blades, ordinary and stainless steel, of c&f value of above 50 poisha per piece only and razor sets; Rubber scrap excluding rubber coated and rubber belting scrap;

Re-rollable steel scraps and used rails certified to be so by any surveyor of international repute; Requisites and accessories for games and sports; Rubber contraceptives; Saccharin (in tablet form only).

Servicing and repairing equipment --(i) for automotive vehicles; (ii) for radio; and (iii) for television;

Spare parts for wireless receiving instruments; Silbatta; sheet and plate glass above 4 mm; wired glass; safety, figured and coloured glass sheet;

Spare parts for earth excavating and grading machines; Sound projectors (16 and 35 mm) and other equipment for cinema industry; Standby power generators;

Secondhand clothing. (Letter of credit through designated bank only); Smoker's requisites, the following only--(i) smoking pipe; (ii) pipe tobacco; (iii) cigarette paper in booklet form; (iv) cigarette lighter including lighter flint and gas refills thereof;

Spices including--(i) dry chillies, and (ii) ginger; but excluding--(i) Tej-patta; (ii) turmeric; (iii) coriander seeds, and (iv) black cumin seed;

Stationery, the following only--hand and spring operated stapling machines, staple remover, pins, paper pins, erasers, pencil sharpeners, clips, tags, eye-lets, looseleaf binders, paper punchers, adhesive papers in rolls and strips and adhesive tapes, Salt; Refrigerators--(i) of household or commercial type; (ii) deep freezer; (iii) parts of all the above;

Tape and cassette recorder and parts thereof; New unrecorded magnetic tapes and cassette tapes; Telex and teleprinter machine and ribbon thereof; Tin plate, secondary quality; Toothbrush (above c&f value of Taka 6.00 each only);

Television receiving sets and parts and accessories thereof; Tyres and tubes of--(i) bicycle excluding cycle tyres of 2 ply and tubes; (ii) scooter; (iii) motorcycle; (iv) motor vehicles; and (v) tractor;

Typewriter and parts thereof (new); Typewriter ribbon, Textiles--(i) textile fabrics--permissible items only, (ii) fents of synthetic and mixed textiles only whose length shall not exceed 1-1/2 yds;

Unframed optical lenses and rough blanks; Vacuum flasks and refills thereof; Vegetable seeds; Watches and clock and parts thereof; Watch bracelets made of metal including stainless steel but excluding watch bracelets made of precious metal and engraved with stone, jewels and pearls.

Wood pencil (above C&F value of Taka 1.00 each only) excluding red and blue pencil; wood and timber; water sterilizer/water filter.

Water transport vessels--(i) oil tankers, coasters, cargo vessels and barges (new or secondhand), (ii) Tugs and passenger vessels for inland and coastal water transport; (iii) Old and condemned ship (for scrapping purposes only);

Trawlers and other vessels, factory ships used in activities directly connected with fishing operation (new/reconditioned or secondhand);

Waterproofing agent like pudlo and snowcem; Electric mosquito and other flying insect killer with electric heater not exceeding 5 volt.

Press Conference on Policy

Dacca THE BANGLADESH OBSERVER in English 4 Jul 82 pp 1, 12

[Text] Mr S.M. Shafiul Azam, Minister for Industries and Commerce said in Dacca on Saturday that the procedures and formalities for imports had been simplified under the new Import Policy for 1982-83. This has been done in keeping with the demands made by the private sector for a long time and the Government has now reposed more trust and confidence in the private sector by way of meeting their demands he observed.

Expressing the salient features of the new Import Policy for 1982-83 at a Press conference at the Cabinet room of Bangladesh Secretariat the Minister said that any item which is not banned and is placed in the list under the Wage Earners Scheme (WES) can be imported by any importers, industrial or commercial under the new policy.

This is a great improvement in matters of procedures and formalities in the import trade sector and should be treated as a part of the government's current efforts for freeing the economy from the clutches of control he felt.

The Minister noted that the Government has provided an additional import allocation in the new policy for 1982-83 over the level of allocation in 1981-82 for the import of industrial raw materials and spares. This reflects both earnestness and seriousness on the part of the government to provide a total thrust on expanding the domestic base for industrial production he stated. He felt that the additional import allocation for industrial raw materials and spares coupled with the ban imposed on import of certain items for which the domestic manufacturing capacity already exists will encourage and promote industrialisation in the country.

Mr Shaiful Azam pointed out that the allocation for essential and sensitive items like petroleum oil & petroleum products, cement medicines, edible oil, powdered milk etc had also been made at adequate levels in the new Import Policy.

Replying to a question what would be increase of import allocation in real terms in 1982-83 over the related level of 1981-82 the Minister said that it would be difficult to assess this now. He however admitted that the depreciation of the currency Taka and the rise in import prices would adversely affect the real worth of import allocation notwithstanding the fact that the import allocation at Taka 2910 crore for 1982-83 reflected an increase of Taka 155 crore over the available resources of Tk 2755 crore for import trade in 1981-82.

He stated that the import trade in real terms had recorded a decline in 1981-82 over that of the previous year in 1980-81 as a result of the depreciation of the currency and the rise in prices of imported goods. He however, could not give off-hand the figure by what percentage the import trade in real terms declined in 1981-82 over that of the preceding year.

Mr Shafiul Azam observed that the commercial import list under the new import policy has been recast and the licencing facilities for industries included in three lists for industrial licensing have also been liberalised.

Referring to the import trade under the Wage Earners Scheme he pointed out that the expansion of the import list under the WES by way of inclusion of additional items in it under the new policy would make the import trade under the WES more attractible. Answering a question he felt that the new measures under the Import Policy for 1982-83 would lead to higher premium earnings on remittances by Bangladeshi nationals working abroad and consequently induce more such remittances from abroad. The recent slacks in the import trade under the WES would soon be overcome he observed.

Giving a break-up of the funding arrangements for Taka 2910 crore allocation under the Import Policy for 1982-83 he said that the total import bill would be supported by Taka 1255 crore coming from cash resources of the country. The commodity assistance for the import trade in 1982-83 has been projected at Taka 655 crore and the imports under the WES have been estimated at Taka 750 crore for the year. The quantum of trade under barter in 1982-83 will be worth about Taka 250 crore.

Replying to a question the Minister said that the funds available for the country's import trade in 1981-82 were Taka 2755 crore and the utilisation during the year should for all practicable purposes be considered at par with the quantum of funds made so available for the import trade during the year. About the sources of funds for the import trade in 1981-82 he pointed out that cash resources had provided Taka 1255 crore commodity assistance Taka 66 crore and WES Taka 608 crore. Besides the import trade under barter arrangements in 1981-82 was sized at the level of Taka 226 crore.

Mr Shafiul Azam said that the industrial imports including Petroleum Oil & Lubricants (POL) would account for 86 per cent of the total allocation of Taka 2910 crore for 1982-83. The allocation for commercial imports under the new policy stands at 14 per cent of the aggregate allocation he added.

He pointed out that the shares of industrial and commercial imports in the overall import trade in 1981-82 were 83 percent and 17 percent respectively.

He maintained that the higher allocation for industrial imports in 1982-83 was certainly reflective of a greater commitment of funds for progressive utilisation of the country's industrial capacity to the optimum level.

In replying to a question, the Minister said that the share of the public sector i.e. Trading Corporation of Bangladesh (TCB) in the overall commercial imports for 1982-83 would amount 15.5 percent. About the relative shares of public and private sectors in the industrial imports for the year he said that the share of private sector in such imports is projected to rise to 51.5 percent in 1982-83 from 42.60 per cent in 1981-82. The public sector industrial imports are estimated at 48.5 per cent of the aggregate industrial imports in 1982-83 as against 48.5 per cent in 1981-82.

Mr Shafiul Azam said that a total of 317 industrial subsectors are covered under three separate industrial schedules for licencing purposes. Asked about the POL import bill the Minister said that an allocation of Taka 1113 crore has been made for POL in the Import Policy for 1982-83. The POL import bill stood at Taka 1000 crore in 1981-82 he added.

REPORTAGE ON ANNOUNCEMENT OF 1982-83 EXPORT POLICY

Dacca Press Conference

Dacca THE BANGLADESH OBSERVER in English 29 Jun 82 pp 1, 8

[Text] The Export Policy for 1982-83 with a target of earnings at Taka 1550 crore was announced on Monday. The export target for the next financial year represents increases of about 26 per cent in nominal terms i.e. at current exchange rates over the earnings of Taka 1230 crore during the financial year, 1981-82.

Announcing the new Export Policy at a Press conference at the Cabinet Room of Bangladesh Secretariat, Mr S.M. Shafiul Azam, Minister for Industries and Commerce, said that the policy envisaged a new dimension and a greater thrust to the country's overall export promotion. "The successful implementation of the policy and its programmes call for a national approach and a total commitment on the part of all concerned to achieve the desired goal," he felt.

Under the Export Policy for 1982-83, the contribution of the Jute Sector to the target has been projected at Taka 975 crore which is 62.9 per cent of the target. The nonjute sector is projected to contribute the rest of the export earnings i.e. Taka 575 crore.

The policy focuses on a special programme to achieve the target of Taka 1550 crore in view of the worldwide recession and difficult market access. The special programme will concentrate its attention on areas of product and supply development, diversification of export markets, provision of additional export incentives and improvement of infrastructure and support services.

The Minister for Industries and Commerce said that a national council for exports headed by the Chief Martial Law Administrator would be constituted to provide the necessary thrust and boost to the export trade on a national scale. He stated that a unit would also be set at the Export Promotion Bureau to provide "one-stop service" to the exporters to meet their day-to-day problems.

Reviewing the country's export performance over the years, Mr Shafiul Azam felt that two factors had been responsible for a tardy growth of the export trade sector. The factors, as identified by the Minister, are lack of proper growth of a dynamic export mentality and absence of an effective national will to promote exports. The Minister observed that while the export trade sector in some of our neighbouring countries as in South East Asia had flourished over the years it had not shown much of any expansion in the case of Bangladesh."

Mr Shafiul Azam said that the export earnings in nominal terms during 1981-82 would be around the level of Taka 1230 crore falling short of the target by Taka 270 crore. The country's actual export earnings in 1980-81 totalled Taka 1159 crore.

The sectorwise export performance in 1981-82 shows that while the jute sector is expected to fall short of the target of Taka 1000 crores by Taka 218 crore, nonjute items are likely to fall short of the target of Taka 500 crore by Taka 52 crore. Jute and jute goods which are the main foreign exchange earners have been adversely affected by worldwide recession. Although the prices of raw jute goods declined substantially. Despite marketing and supply difficulties export of leather and frozen food are expected to exceed their respective targets of Taka 110 crore and Taka 82 crore by Taka 12 crore and Taka 16 crore respectively.

The export of readymade garments in 1981-82 is expected to exceed its target of Taka 12 crore by about Taka two crore. Naptha furnace oil and bitumen are also expected to exceed their target of Taka 63 crore by about 15 crore. The exports of paper and allied products and handicrafts will fall short of the targets of Taka 27 crore and Taka nine crore respectively by Taka 16.5 crore and Taka 3.5 crore respectively.

The item wise target in the Jute Sector under the export policy for 1982-83 will be as follows: raw jute Taka 244 crore, jute goods Taka 690 crore, jute carpet Taka 11 crore and jute yarn and twine Taka 30 crore. In the nonjute sector the export of leather goods will be around Taka 130 crore and that of frozen food at Taka 108 crore. Tea including packet tea is projected to earn Taka 82 crore through export. Exports from naptha furnace oil and bitumen have been estimated at Taka 74 crore and those from chemicals and pharmaceutical products at Taka 36 crore.

The export target of other products have been fixed as follows: paper and allied products--Taka 30 crore, readymade garments--Taka 50 crore, agricultural products--Taka 20 crore, engineering products--Taka eight crore, handicrafts--Taka eight crore, hosiery specialised textile and household linen--Taka three crore and others--Taka 25 crore.

Delineating the landscape for the incoming year Mr Shafiul Azam pointed out that the new export policy provided for the inclusion of a new item, urea fertilizer in the country's export list. Stressing the need for making positive efforts to increase supplies for exports through increased production, he observed that although jute and jute goods would continue to constitute the mainstay of the Export Sector for a further period it was of vital importance to continue efforts for the rapid expansion and diversification of non-jute products. He pointed out in this connection that emphasis would now be placed on developing substantial export and additional production capacities for such items as readymade garments, hosiery products, household linen, agricultural products, shrimp, frog, etc.

The ban on export of ginger and turmeric will be withdrawn under the new export policy.

The Industries and Commerce Minister said that the additional incentives in the form of export credits at concessional rates of interest extended XPL facilities introduction of a notional system of duty drawback extended operations under export credit guarantee scheme establishment of a separate credit line for the Export Trade Sector etc were all aimed at boosting the country's exports. The private exporters should now come forward to avail themselves of the impressive catalogue of incentives provided to them under the Export Policy.

Mr Shafiul Azam disclosed that Bangladesh would take part in 12 export fairs abroad in 1982-83. Besides three single country export fairs will be organised in Australia Saudi Arabia and the UAE during the year.

The Minister said that liberal foreign exchange facilities for travel abroad by exporters would be provided in 1982-83. Improved infrastructure sup- transportation and communications will be ensured for the exporters he added. [as published]

Incentives Offered

Dacca THE BANGLADESH OBSERVER in English 29 Jun 82 pp 1, 8

[Text] A number of additional incentives has been offered by the government in order to boost the export trade of the country and to facilitate the exporters to help achieve the target of Taka 1550 crore.

Announcing the Export Policy for the fiscal year 1982-83 at a Press conference held at the Secretariat on Monday, the Minister for Commerce and Industries, Mr S.M. Shadiul Azam outlined five major incentives added with a similar number of extra facilities.

The existing Export Performance Licence (XPL) which is offered at two different rates of 40 per cent and 60 per cent of free on board (FOB) value, has been revised to three different rates under the new policy. The new XPL rates of 40 per cent 60 per cent and 80 per cent would be payable on FOB value of export on value added principle. Apart from jute, jute goods (excluding carpet) and loose tea, the commodities grouped on the basis of the principle along with other additional products entering the export market would be automatically entitled to 40 per cent XPL.

The notional system of duty drawback which has already been approved by the government will be implemented phasewise. The items which are not covered by the notional system of duty drawback will be brought under fixed percentage of FOB value in order to simplify the procedures of duty drawback. The duty drawback under fixed percentage of FOB value will serve as an interim measure till all exportable items are brought under the notional system of duty drawback.

The Minister while announcing the policy said that the indifferent attitudes of commercial banks in handling the affairs of the exporters were unfortunate and in this respect a few positive measures on the part of the banks would be ensured. In this connection the Bangladesh Bank will fix a time limit to all the commercial banks for the disposal of the credit applications of the exporters. The Bangladesh Bank itself will establish a separate credit line for

meeting export financing needs of all nontraditional items, and as the last financing measure the export credit for nontraditional items would be made available at a concessional interest rate which will not exceed the bank interest rate by more than one per cent.

Due to the prevailing general apathy on the part of the banks and insurance companies in settling the claims of the exporters, a four-member management committee will be set up to streamline the export credit guarantee scheme effectively. The managing director of Shadharan Bima Corporation will be the Chairman of the committee with one member each from the Ministry of Finance Bangladesh Bank and Export Promotion Bureau. The refinancing facilities for export credit guarantee scheme would be allowed at a reduced rate of 8.5 per cent as against the existing rate of nine per cent. This reduction in the rate would be applicable only when the bulk/blanket cover is taken by the banks.

Exporters need to visit various countries of the, the Minister agreed and in order to continue the process government will provide extra facilities for foreign exchange to travel abroad. In this respect the exporters with export earnings of Taka 2.50 million or more during the preceding year will be entitled to one per cent of the FOB value of exports subject to a maximum of US dollar 10 thousand.

Those exporters with export earnings of less than Tk. 2.50 million during the preceding year will be entitled to an allowance of US dollar 80 each day for a maximum stay of 30 days abroad in a year. Regarding other facilities, the Minister announced that import licence/permit fee for import of capital machinery for export-oriented industries will be abolished. The electricity/gas charge under the existing system of guaranteed minimum fare for export-oriented industries will be changed to the rates on the basis of actual units of consumption.

The import of specified plant and machinery related to readymade garments, hosiery, specialised textiles, tanning (crust and finished), boot and shoemaking, leather garments and gloves export-oriented industries will be permitted for balancing, modernisation and replacement at a concessional rate of import duty.

Highlighting the sectoral incentives the Minister said that concessional duty arrangements will be made in case of export duty of jute, tea and leather through budgetary instrument.

In the case of the tea sector, the export of packet tea will be allowed on consignment basis as is applicable to loose tea export. In the leather sector, the concessional rate of interest of bank credit for the nontraditional items will be extended to crust/finished leather and the excise duty paid on finished leather used for manufacture of export products will be made refundable. It may be mentioned that all sorts of leather were categorised as traditional export items previously but the Minister announced that from henceforth leather will be treated as nontraditional export item.

Speaking on inadequate support services, the Minister said the infrastructure as a whole will be reconstituted as a back-up for a successful export performance. The infrastructure services which include transportation, communication and warehousing would be sufficiently improved in order to remove the current

inadequacies. The container facilities will be expanded at Chittagong and Chalna. Regarding transportation, the requirement of using national flag vessels for carrying at least 40 per cent of the export cargo will be waived in case the Bangladesh Shipping Corporation (BSC) is unable to provide cargo space.

In this respect the BSC will issue such waiver within 48 hours of the receipt of the request for cargo space. Cold storage facilities or perishable export item will be made on a priority basis at the sea and airports. The BSC will provide adequate refrigerated and mechanically ventilated space on a regular and prenotified basis for export of perishable and frozen items. The Minister emphasised that legislation will be made to provide strict quality control for export of perishable and frozen items. The Export Promotion Bureau will render 'One-Stop' service to all exporters for meeting their day to day problems connected with the export business.

Apart from these additional incentives, all other existing incentives and facilities available with the exporters will remain unchanged, the Minister concluded.

Text of Policy

Dacca THE BANGLADESH TIMES in English 29, 30 Jun 82

[29 Jun 82 p 3]

[Text] Following is the text of Export Policy 1982-83:

The Government is pleased to announce the Export Policy for 1982-83. The policy envisages a new dimension and a greater thrust to the country's overall export promotion. The successful implementation of the policy and its programmes call for a national approach and a total commitment on the part of all concerned to achieve the desired goal.

Export Performance 1981-82

The export target for 1981-82 was set at Tk. 1,500 crore. Export earnings during the year under review are expected to reach Tk. 1,230 crore which fall short of the target by Tk. 270 crore. This estimate has been made on the basis of actual exports of Tk. 1,145.54 crore for the period July 81 to May 82 and the projection made for June 1982.

Sector-wise export performance shows that while the jute sector is expected to fall short of the target of Tk 1,000 crore by Tk. 218 crore, nonjute items are likely to fall short of the target of Tk. 500 crore by Tk. 52 crore.

Jute and jute goods, which are the main foreign exchange earners, have been adversely affected by the worldwide recession. Although the prices of raw jute were slightly higher than last year's prices, the price of jute goods declined substantially. While raw jute exports are expected to earn Tk. 205 crore during the current year, jute goods will contribute Tk. 577 crore.

Despite marketing and supply difficulties, exports of leather and frozen food are expected to exceed their respective targets of Tk 110 crore and Tk 82 crore by Tk 12 crore and Tk 16 crore respectively. The readymade garments sector is also expected to exceed its targets of Tk 12 crore by about Tk 2 crore. Naphtha Furnace oil and Bitumen are also expected to exceed their target of Tk 53 crore by about Tk 15 crore. Paper and allied products and handicrafts are, however, expected to show a decline from targets of Tk 27 crore and Tk 9 crore by Tk 16.5 crore and Tk 3.5 crore respectively.

The major constraints which contributed to the overall shortfall are the continuing worldwide recession which has caused decline in demand and consequential fall in the prices of some of the country's main export products, inadequacy of supplies for export, high production costs and inadequate shipping facilities.

A comparative statement of export earnings during 1980-81 and the expected earnings for 1981-82 is given below:

	(Value in Crore Taka)	
	1980-81 (July-June)	1980-81 (July-June) Estimated
1. Raw jute	194.28	205.00
2. Jute products (all sorts)	598.96	577.00
3. Leather	92.60	122.00
4. Tea (incl. packet tea)	66.48	77.00
5. Frozen food	65.30	98.00
6. Naphtha, furnace oil and bitumen	78.59	78.00
7. Chemical and pharmaceutical products	17.67	1.88
8. Paper and allied products	15.17	10.50
9. Readymade garments	5.30	14.00
10. Agricultural products	3.92	20.00
11. Engineering products	0.05	0.12
12. Handicrafts	5.64	5.50
13. Hosiery, specialised textiles and household linen	1.27	1.00
14. Others (dehydrated and salted fish, animal feed/casings, crude fertilizer, molasses, bamboo, etc.)	14.67	20.00
	<u>1,159.90</u>	<u>1,230.00</u>

Export Target 1982-83

The target for 1982-83 has been fixed in Tk 1,550 crore. The contribution of the jute sector to the target will be Tk. 975 crore (62.9%) and that of nonjute sector Tk 575 crore (37.1%)

Item-wise details of the target are given below:

S1. No. items	Value in Crore Taka Export Target
1. Raw jute	244.00
2. Jute goods	690.00
3. Jute carpet	11.00
4. Jute yarn and twine	30.00
Subtotal (jute items)	975.00 (62.9%)
5. Leather	130.00
6. Frozen food	108.00
7. Tea (incl. packet tea)	82.00
8. Naphtha, furnace oil and bitumen	75.00
9. Chemical & pharmaceutical products	36.00

[30 Jun 82 p 3]

[Text] The following is the remaining part of the text of export policy announced by Mr Shafiul Azam, Minister for Commerce and Industries on Monday in Dacca (earlier part was published in our yesterday's newspaper).

S1. No. Items	Value in Crore Taka Export Target
10. Paper and allied products	
a) newsprint	27.00
b) paper (all sorts), cellophane, rayon, pulp, hardboard, partex, etc	3.00
11. Readymade garments	50.00
12. Agricultural products (tobacco, fruits & vegetables, betel leaves, potato, spices, raw cotton, etc).	20.00
13. Engineering products (telephone cable, electric wire, super enameled copper wire, M.S. Plate, G.I. Pipe, Transformer, etc)	8.00
14. Handicrafts	8.00
15. Hosiery, specialised textiles and household linen	3.00
16. Others (Molasses, dehydrated fish, animal feed/casings, leather goods, bamboo, etc.)	25.00
Total	575.00 (37.1%) 1550.00

In view of the continuing worldwide recession and difficult market access, it has been considered necessary to mount a special programme to achieve the target of Tk 1550.00 crore. This programme will focus on the following 4 areas:

- (i) product and supply development;
- (ii) diversification of export markets;
- (iii) provision of additional export incentives;
- (iv) improvement of infrastructure and support services.

Product and Supply Development

Although jute and jute goods will continue to constitute the mainstay of the export sector for a further period, it is of vital importance to continue efforts for the rapid expansion and diversification of nonjute products. As a first step in this direction the following measures will be undertaken to expand the export base:

- (a) Substantial export capacities will be developed in selected products such as readymade garments, hosiery products, household linen, specialised textiles, silk fabrics, hand loom products and spices;
- (b) Setting up of tetron-cotton cloth manufacturing units will be encouraged in order to meet the requirements of readymade garments industry;
- (c) Back to back L/C facilities will be extended to exporters of specialised textiles and household linen;
- (d) Additional capacities will be created for agricultural products with export potential, such as, fresh fruits and vegetables, cut flower and animal bi-products. Available lands in the agricultural estate of BADC will be utilized for increased production of fruits and vegetables and spices to be produced either by the Corporation or through contract growers, for export. In order to facilitate marketing, linkages will be established between the TCB/Private sector exporters and BADC agricultural estates for export.
- (e) Private growers will be encouraged to identify and grow in selected areas agricultural products such as turmeric and ginger and arrange for exports of these products through the help of TCB/Private sector houses;
- (f) Supply of shrimps/frogs will be augmented by encouraging setting of farms for culture of shrimps and frogs on commercial basis;
- (g) Khas land will be allotted for shrimp/frog culture and the same facility will also be extended to exporters of dehydrated and salted fish to facilitate higher export. The lease of khas land will be for a period of five years, subject to annual review to monitor utilization.
- (h) Trawling will be recognised as an export-oriented industry and all facilities will be extended to increase the catch.
- (i) Steps will be taken to improve the quality and supply of handloom and hosiery products both for export and supply to the local readymade garment industry;

(j) Measures will be taken to improve the quality of processed leather through proper flavoring, curing and preservation of hides and skins;

(k) Ban on export of ginger and turmeric will be withdrawn.

Diversification of Export Markets

While efforts to increase our exports to the traditional markets will continue to be intensified, steps will be taken to explore additional/new markets particularly in areas where market penetration so far has been poor. The following steps will be taken:

(a) greater emphasis will be given on holding of single country exhibitions;

(b) collection of updated market intelligence directly or through our Trade Offices abroad will be strengthened;

(c) visits to potential market by exporters will be encouraged.

Provision of Incentives

Since our export base is still narrow and our exporters have not yet developed the resilience and capacity to survive periodic fluctuations in world market conditions, it is necessary that we continue to support their efforts. As a new entrant in the field of export of finished and semifinished products, our exporters are greatly handicapped because of their lack of expertise, higher cost of local production, inadequate production base and poor infrastructure facilities. In order to overcome these constraints exporters will be provided with the following incentives.

Central Incentives; Export Performance Licence (XPL):

The existing XPL will be revised to make it more attractive. Instead of two rates of 40 per cent and 60 per cent of FOB value of exports, there will be three different rates of XPL namely 40 per cent, 60 per cent and 80 per cent payable on FOB value of export on value added principle.

The list of commodities grouped on the basis of this principle is an Annexure 'A.' Any additional product entering the export market, except jute, jute goods (excluding carpet) and loose tea will automatically be entitled to 40 per cent XPL until its value added component is determined.

Duty Drawback:

The Government has already approved the principle of notional system of duty drawback to be implemented in phases. In order to further simplify the procedure of duty drawback system all the items not covered by the notional system of duty drawback be brought under fixed percentage of FOB value. This is intended as an interim measure until all the items are brought under the notional system of duty drawback.

Export Finance:

- a) The Bangladesh Bank will fix a time limit to the Commercial Banks for the disposal of the credit applications of the exporters;
- b) A separate credit line will be established by the Bangladesh Bank for meeting export financing needs of all nontraditional items;
- c) Export credit for nontraditional items will be made available at a concessional interest rate which will not exceed the Bank rate by more than 1 per cent.

Export Credit Guarantee Scheme (ECGS):

In order to streamline the Export Credit Guarantee Scheme and to make it more effective, a four-member Management Committee, with Managing Director, SBC as Chairman and one member each from the Ministry of Finance, Bangladesh Bank and EPB will be set up and vested with full powers to settle claims.

Refinancing facilities for Export Credit Guarantee Scheme will be allowed at a reduced rate of 8.5 per cent as against present rate of 9 per cent, provided bulk/blanket cover is taken by banks.

Facilities for Travel Abroad:

Foreign exchange facilities for travel abroad by exporters will be provided as under:

- a) Exporters with export earnings of Tk 2.50 million or above during the preceding year will be entitled to 1 per cent of the F.O.B. value of exports subject to a maximum of U.S. \$10,000.00;
- b) Exporters with export earnings of less than Tk. 2.5 million during the preceding year will be entitled to an allowance of U.S. \$80.00 per day for a maximum of 30 days in the year.

Other Facilities

- a) Import licence/permit fee for import of machinery for export oriented industries will be abolished.
- b) Export oriented industries will be charged electricity/gas rates on the basis of actual units of consumption as opposed to the existing system of guaranteed minimum rate.
- c) The import of specified plant and machinery will be permitted for balancing, modernisation and replacement of the following export oriented industries, at a concessional rate of import duty to be notified later.
 - (i) Readymade garments, hosiery, specialised textiles including household linen.

(ii) Tanning (crust and finished), boot and shoemaking, leather garments and glove manufacturing.

Director, Textiles/Director, General Industries will specify the plant and machinery to be imported and fix a time schedule for its installation.

Incentives to Jute, Tea and Leather

Government is considering certain steps to make our jute and tea more competitive in a declining and difficult world market. Similarly Government is also considering certain incentives to leather exporters.

These steps will be announced later.

Sectoral Incentives:

Tea:

(i) Export of packet tea will be allowed on consignment basis as applicable to loose tea.

Leather:

(i) The concessional rate of interest for Bank credit for on traditional items will be extended to crust/finished leather;

(ii) Excise duty paid on finished leather used for manufacture of export products like handicrafts will be made refundable.

Provision for Improved Infrastructure Support Services:

Infrastructure services such as transportation communication and warehousing constitute the vital back-up for a successful export promotional effort. In order to remove the current inadequacies in this field the following steps will be taken:

(i) Container facilities will be expanded at Chittagong/Chalna port;

(ii) Requirement of using national flag vessels for carrying at least 40 per cent of the export cargo will be waived in case B.S.C. is unable to provide cargo space requested for B.S.C. will issue such waiver within 48 hours of the receipt of the request for cargo space;

(iii) Provision will be made on a priority basis for cold storage facilities at the seaports and airports for export of perishable items;

(iv) B.S.C. will provide adequate refrigerated/mechanically ventilated space on a regular and prenotified basis for export of perishable and frozen items;

(v) Legislation will be made to provide strict quality control for export of perishable frozen items;

(vi) 'One stop' service will be provided by the Export Promotion Bureau to all exporters for meeting their day to day problems connected with their exports;

(vii) National Council for Export will be set up with the CMLA as the Chairman.

All other existing incentives facilities available to the exporters will remain unchanged.

Proposed List of XPL (IEC) for 1982-83.

Group 'A'

List of Items With Entitlement of XPL (IEC) at the Rate of 80% on FOB Value of Export

1. Shoes:

- (a) Leather with sole leather
- (b) Leather with sole made of crap/rubber.

- 2. Handicrafts
- 3. Leather goods
- 4. Comilla cotton
- 5. Packet tea
- 6. Books, periodicals and newspapers
- 7. Animal hair
- 8. Animal casings
- 9. Processed, salted and dehydrated fish and shrimps
- 10. Powder and curry spice
- 11. Crust and finished leather
- 12. Human hair
- 13. Handloom and handloom products
- 14. Bees wax
- 15. Crude fertilizer
- 16. Medicinal herbs and crude drugs
- 17. Coir and coir products
- 18. Rayon yarn
- 19. Animal hooves and horns
- 20. Tortoise meet and other parts
- 21. Rape seeds meal powder (oil cake)
- 22. Fruits and vegetables (including potatoes)
- 23. Shark fins and fish maws
- 24. Tamarind and tamarind seeds
- 25. Tobacco leaves
- 26. Frozen shrimp
- 27. Frozen fish
- 28. Wheat and rice bran
- 29. Betel leaves
- 30. Rice and wheat bran extract
- 31. Hosiery goods
- 32. Silk fabrics and produces
- 33. Pink pearl

Group 'B'

List of Items With Entitlement of XPL (IEC) at the Rate of 60% on FOB Value of Exports

1. Canned fruits and fruit juice
2. Tanned leather
3. Hard board
4. Partex
5. Rayon yarn
6. Flush door
7. Straw board
8. Kapck
9. Cigar and tobacco products
10. Glass sheet
11. Honey
12. Musical instruments
13. Packing papers
14. Porcelain, and ceramic goods
15. Safety matches
16. Agar wood and agar products
17. Readymade garments
18. Knockdown furniture and parts thereof (nontek)
19. Frozen frog meat and frog legs
20. Bricks
21. Cellophane papers
22. Frozen frogs
23. Carpet (all sorts)
24. Electric fan and motor
25. Light engineering products including machine tools
26. Detergent
27. Glycerine
28. Door locks
29. Grey cloth
30. Telephone, electric cables
31. Newsprint
32. Specialised textiles and household linen.

Group 'C'

List of Items With Entitlement of XPL (IEC) at the Rate of 40% on FOB Value of Export.

1. Cutlery
2. Cosmetics
3. Cigarette
4. Coloured publication materials
5. Paper cartons (all sorts)
6. Cotton waste
7. Household electric appliances
8. Fish meal
9. Hurricane lanterns

10. Feature film
11. Medicine
12. Paper pulp
13. Used postal stamps
14. Wet-blue leather
15. Sun hemp
16. Seasoned and treated timber (nontek)
17. Clean and sized cane
18. Melamine products
19. Aluminium capsules
20. Gramophone record
21. Paper (all sorts)
22. Footwear made of P.V.C. and rubber.

Note: Any item outside this list excluding raw jute, jute goods (excluding carpet) and loose tea will have automatic entitlement of 40 per cent XPL (IEC) of f.o.b. value of export until the value added component is determined.

CSO: 4220/7610

FREE SECTOR EXPANDED TO ENCOURAGE INDUSTRIALIZATION

Dacca THE NEW NATION in English 30 Jun 82 pp 1, 8

[Text] Government have expanded the list of free sector by 19 more to provide greater thrust to industrialisation of the country. A total of 41 sectors will now require no formal permission for setting up industries based on indigenous raw-materials provided required amount of foreign exchange for import of capital machinery is arranged by the entrepreneurs themselves under Wage Earner's Scheme or under Nonrepatriable Investment by Bangladeshi nationals or Supplier's Credit on acceptable terms. The entrepreneurs will have to receive prior clearance from the Finance Division or the Bangladesh Bank for the purpose, says a PID handout.

The forty one sectors are: Cold Storage; Ice Plant; Processing and Seasoning of Timber; Tobacco Curing and Re-drying; Hotels and Motels; Cinema Houses; Rice Milling; Coir products; Automatic Brick Manufacturing; Fish Processing; Food and fruits Processing; Poultry Farming and Poultry Products; Shrimps and Frogs Farming and Processing; Salt; Jute Handicrafts; Processing of Sand and clay; Livestock Feed; Cultivation and Processing of Mushrooms; Industries based on Slaughter House Wastes including recovery of Tallow; Sports and Athletic goods; Hospital and Clinics; Printing and Publishing; Dairy farming and dairy products (except icecream); Dehydration of fruits and vegetables; Dry and salted fish for export; Fishmeal, fish oil and fish protein concentrates; Packaging for tea for export; Beekeeping and honey refining; Spices processing for export; Sericulture, reeling and filature including sericulture; Industry based on cotton wastes; Jute-felt for export; Cane and bamboo manufactures; Hand-made paper; Essential oil including essences (based on locally available raw materials); Gas appliances; Light engineering workshop; Industries based on agricultural products; Footwear; Finished leather goods and jute beling and jute products.

CSO: 4220/7612

FOOD MINISTER SAYS FAMINE SITUATION AVERTED

Dacca THE NEW NATION in English 30 Jun 82 pp 1, 8

[Text] Food Minister Air Vice Marshal (Retd) A.G. Mahmood said here yesterday that a package of measures undertaken by the government had saved the country from a "near famine situation due to complete mismanagement and corruption of the past regime in the food sector," reports BSS.

Informally talking to the press on the overall food situation in the country at his Secretariat chamber, the Minister cited innumerable examples of 'Misdeeds of the previous government' in handling public foodgrains.

Mr Mahmood, who recently returned from Mexico after attending the eighth ministerial session of the World Food Council, listed the logistic and administrative steps which he said, had helped in stabilising the current food situation in the country.

The Minister said the food gap of the next financial year was being estimated around nine lakh tons and added 8.18 lakh tons of foodgrains would arrive in the country by December next under Food Aid and Purchase Programme. He pointed out that since the change of the government in March over 5.26 lakh tons of foodgrains had reached Bangladesh of which 95 percent had been moved to the distribution centres in interior parts of the country.

Expressing his optimism Mr Mahmood said, with the arrival of the foodgrains in the pipeline the situation will stabilise further.

He said the Government has distributed 37,400 tons of foodgrains for open market sale during the months of April, May and June. In this connection he said the previous Government distributed only 8,400 tons of foodgrains during the period from July to December last year.

As regards the present food stock, the minister said we have adequate quantity of foodgrains to meet the country's demand.

Referring to food procurement the Minister said the government procured 1 lakh from Pakistan and 50 thousand tons from Burma. Of the total foodgrains Pakistan delivered 90 thousand tons while Burma 20 thousand tons. He said Japan has signed an agreement to supply one lakh tons of foodgrains. Another agreement will be signed with Japan on July 5 for another 45 thousand tons, he added.

CSO: 4220/7612

BANGLADESH

JAPAN GIVES GRANT ASSISTANCE FOR RICE PURCHASE

Dacca THE BANGLADESH TIMES in English 6 Jul 82 pp 1, 8

[Text] Bangladesh will receive 2.99 billion yen (about Taka 24.9 crore) as grant assistance from Japan for procurement of 45,000 tons of rice from Burma, Pakistan and Thailand under an exchange of notes signed in Dacca on Monday between the two countries, reports BSS.

The grant, which is under Kennedy Round Food Aid Programme for the fiscal 1982 includes transportation cost of rice for import from these countries. The foodgrains are expected to reach Bangladesh by the end of August, it was learnt.

Out of the total grants Taka 20.4 crore will be utilised for the purchase of 45,000 tons of rice--about 22,000 tons from Burma, about 17,000 tons from Thailand and about 5,000 tons from Pakistan. The remaining portion of the grant amounting to Taka 4.5 crore will be utilised towards the cost of transportation of rice to Bangladeshi ports.

The grant was in response to Bangladesh government's request made early this year to meet the shortfall of foodgrain production. Japan had earlier pledged to supply one lakh tons of white rice on a long-term deferred payment and an agreement to that effect was signed last month in Tokyo. This rice is expected to arrive in Bangladesh by the middle of next month.

Kazi Fazlur Rahman, Secretary, External Resources Division and Mr Hirohiko Otsuka, Ambassador of Japan, signed the notes on behalf of their respective government.

With the signing of the present Exchange of Notes, Japanese total aid to Bangladesh reaches Yen 268.10 billion (approximately \$1116.66 million).

Total Japanese food aid comes to Yen 51.96 billion (\$216.49 million) out of which Yen 17.24 billion (\$71.80 million) is grant and Yen 34.73 billion (\$144.68 million) is long-term loan.

It may be mentioned that Japan has also offered one lac tons of rice tons of rice to Bangladesh during the current fiscal year on deferred payment basis and an agreement to this effect was signed in Tokyo on June 18, last.

CSO: 4220/7621

AUTONOMOUS BODIES FACE DEFICIT IN 1982-83 BUDGET

Dacca THE BANGLADESH OBSERVER in English 2 Jul 82 pp 1, 8

[Text] The Budget estimate of 50 autonomous bodies for the fiscal year 1982-83 will mark an operational shortfall of more than Tk 82.28 crore. The estimated receipts have been earmarked at nearly Tk 6555.04 crore against the estimated expenditure of more than Tk 6637.32 crore.

The 50 autonomous bodies include six major sectors like the productive sector commercial and trading sector, transportation sector, banking and financial institution sector, insurance corporation sector and development organisations sector.

The revised budget estimate of the autonomous bodies under review during the fiscal year 1981-82 also projected a deficit of more than Tk 124.66 crore. The new fiscal measures aimed at reducing the subsidies to a number of organisations will cover 66 per cent of the deficit in nominal terms.

Of the six sectors under review the banking and financial institution insurance corporation and to a very small extent the productive sector will mark budgetary surplus. The rest three sectors will however incur budgetary deficit to the tune of nearly Tk 353.83 crore.

Sectorwise the receipts of the productive sector according to the Budget has been estimated at more than Tk 3006.03 crore against the estimated expenditure of more than Tk 2999.76 crore. The revised Budget estimate of the fiscal year 1981-82 however showed a receipt of more than Tk 2575.71 crore against an expenditure of more than Tk 2628.35 crore. The productive sector comprises Bangladesh Jute Mills Corporation, Bangladesh Textile Mills Corporation, Bangladesh Steel and Engineering Corporation, Bangladesh Sugar and Food Industries Corporation, Bangladesh Chemical Industries Corporation, Bangladesh Small and Cottage Industries Corporation, Bangladesh Forest Industries Development Corporation, Bangladesh Freedom Fighters Welfare Trust, Bangladesh Mineral Exploration and Development Corporation and Petrobangla.

In the commercial and trading sector the receipts have been sized at more than Tk 1658.69 crore against an expenditure of more than Tk 1913.13 crore in the light of the budget estimate of 1982-83. On the other hand in the revised Budget estimate of 1981-82 the receipts of the sector amounted to nearly Tk 1665.64 crore against an expenditure of nearly Tk 1863.86 crore.

The commercial and trading sector includes the Bangladesh Jute Trading Corporation, Bangladesh Jute Marketing Corporation, Bangladesh Jute Export Corporation, Trading Corporation of Bangladesh, Bangladesh Fisheries Development Corporation, Bangladesh Parjatan Corporation and Bangladesh Petroleum Corporation. The Budget estimate of the current fiscal year projected receipts amounting to more than Taka 416.02 crore of the transportation sector against an estimated expenditure of more than Taka 436.90 crore.

The revised Budget estimate of the previous fiscal year totaled more than Taka 350.42 crore on account of receipts against the expenditure amounting to more than Taka 394.91 crore.

The transportation sector includes the Bangladesh Shipping Corporation, Bangladesh Inland Water Transport Corporation, Bangladesh Biman Corporation and Bangladesh Road Transport Corporation (Bus and Truck Division).

The receipt in the current budgetary estimate of the Insurance Corporation sector comprising Jiban Bima Corporation and Shadharan Bima Corporation was sized at more than Taka 79.09 crore against an expenditure of nearly Tk 42.80 crore.

The revised Budget estimate of 1981-82 of the sector showed receipts to the tune of nearly Tk 68.79 crore against the estimated expenditure of more than Tk 38.15 crore.

The banking and financial institution sector in the light of the Budget estimate 1982-83 earmarked an amount of more than Tk 989.53 on receipt account against an estimated expenditure of more than Tk 762.55 crore. The revised Budget estimate of 1981-82 of the sector however accounted for more than Tk 889.49 crore as receipt against an expenditure amounting to more than Tk 691.43 crore. This sector comprises all the ten nationalised banks alongwith Bangladesh House Building Finance Corporation and Investment Corporation of Bangladesh.

The development organisation sector projected receipts amounting to more than Tk. 482.16 crore. The revised Budget estimate of the sector showed a receipt of more than Tk 363 crore in 1981-82 against the expenditure totalling more than Tk 421.01 crore. This sector comprises 14 organisations viz; the Bangladesh Agricultural Development Corporation, Bangladesh Film Development Corporation, Bangladesh Inland Water Transport Authority Chittagong Port Authority, Chittagong WASA, Chittagong Development Authority Bangladesh Water Development Board, Bangladesh Power Development Board, Dacca WASA, Dacca Improvement Trust, Khulna Development Authority, Bangladesh Tea Board Port of Chalna Authority and Rajshahi Town Development Authority.

Bangladesh Petroleum Corporation has incurred the single-largest operational shortfall which is to the tune of Tk 249.65 crore. On the other hand the Bangladesh Bank has earned the maximum surplus totalling more than Tk 124.24 crore.

CSO: 4220/7619

RAILWAY BUDGET FOR 1982-83 SUMMARIZED

Dacca THE BANGLADESH OBSERVER in English 1 Jul 82 pp 1, 12

[Text] The Railway Budget for 1982-83 with revenue receipts estimated at Taka 148 crore was announced by Rear Admiral Mahbub Ali Khan, Deputy Chief Martial Law Administrator (DCMLA) and Minister for Communication, on Wednesday.

The estimates about revenue receipts of Bangladesh Railway is inclusive of Taka 13 crore to be realised as the effects of enhanced freight traffic at the rate of twenty per cent.

The revenue earnings of the Railway on the basis of existing rates of freight traffic and passenger fare at Taka 135 crore in 1982-83 would represent a growth of eight per cent over the revised estimates of Taka 125 crore for 1981-82. The revised estimates about the revenue earnings of the Railway for the outgoing financial year were Taka 8.72 crore less than the original target of Taka 133.72 crore.

The revenue expenditures of the Railway which includes operating expenses, contribution to depreciation reserve fund, improvement fund, payment of interest and principal of foreign loans, return on government investment and advances to the Railway employees (net) have been fixed at Taka 147.98 crore in 1982-83 as against Taka 138 crore in the Revised Budget of Bangladesh Railway for 1981-82.

Under the original Railway Budget estimate for 1981-82, the revenue expenditures were projected at Taka 128.47 crore. The excess expenditures of Taka 5.25 crore in the Revised Budget for the year was due to increase in the price of fuel oil, medical allowance to the employees, excess payment of interest and principal of foreign loans.

With revenue earnings at Taka 148 crore and revenue expenditures at Taka 147.98 crore under the new Budget for 1982-83, there would remain a nominal surplus of Taka two lakh in the revenue account of Bangladesh Railway. The Revised Railway Budget for 1981-82 showed a deficit of Taka 13.95 crore.

Accounting for the reasons in the estimated rise in the revenue expenditure of Bangladesh Railway to the tune of Taka 9.30 crore over the revised estimates for 1981-82, Rear Admiral M.A. Khan said that increase in debt servicing liabilities and payment of increments in the time scale of the pay of the employees would mainly be responsible for the rise in revenue expenditure.

The DCMLA stated that the government had decided not to enhance the passenger fare under the new Budget keeping in view the overall economic condition of the country and the purchasing capacity of the common man. He stressed the need on the part of the Railway administration to take appropriate steps to meet the increased expenditure due to enhancement of price of fuel oil and other reasons, without putting the members of the public to any serious inconvenience.

Under the Development Budget from the Annual Development Programme for 1982-83, an amount of Taka 174.96 crore inclusive of local currency component of Taka 124.76 crore will be provided for Bangladesh Railway. In the revised ADP for 1981-82 allocation for Railway stood at Taka 118.83 crore including a local currency component of Taka 52.38 crore.

The important projects covered under the Development Budget of Railway for 1982-83 will include procurement of 38 shunting diesel engines, manufacturing of 120 wagons and twenty-four passenger carriages in Railway's own workshops, import of 37 M.G. passenger carriages, gradual replacement of the marine vessels for transportation of passengers and goods across the river Jamnua, replacement of railway tracks, sleepers, rails, other fittings and boulders in selected sections, initiation of works on "reinforced concrete sleeper project," completion of the projects for two diesel maintenance work, shops, additional working capacity of the workshops at Saidpur and Pahartali, and improved signalling arrangements," and construction of additional station platforms and sheds.

CSO: 4220/7614

ORDINANCE INTRODUCING METRIC SYSTEM PROMULGATED

Dacca THE BANGLADESH OBSERVER in English 1 Jul 82 pp 1, 12

[Text]. Government has decided to introduce the metric system of weights and measures in the country from today and to this effect the standards of Weights and Measures Ordinance, 1982 (Ordinance XII of 1982) has been promulgated, says a PID handout.

The changeover from the existing system to the metric system will be completed in phases.

The new system which is followed throughout the world will facilitate local trading as well as international transactions. The Ordinance will also provide for standardisation of weights and measures all over the country.

The units of weights and measures to be introduced are known as System International (SI) units as recommended by the General Conference of Weights and Measures and such other additional units as may be recommended by the International Organisation of Legal Metrology.

The base units shall be the "kilogram" and "metre" for mass and length respectively and "second" for the unit of time. The other base units will be the "ampere" (for electric current), "kelvin" (for temperature) and "candela" (for luminous intensity).

Government, from time to time, depending on the necessity, may alter or adjust base units of weights and measures in relation to units defined by the General Conference of Weights and Measures.

National Prototypes of primary units will be prepared which will be certified in terms of international prototypes of kilogram and metre. Secondary units will also be prepared which will be integral positive or negative power of ten of the relevant primary units.

The existing weights and measures will be converted or modified to conform with the new system and necessary steps will be taken in this direction. Conversion tables will also be printed for use by the business community as a temporary measure.

Reference standards will be prepared and kept under the custody of the Bangladesh Standards Institution. For transaction of business, working standards

will be manufactured and for verifying the correctness of working standards secondary standards will be prepared.

Standards of weighing instruments and measuring instruments will also be prepared in order to verify the correctness of weighing and measuring instruments used in trade and commerce. The reference instruments will be kept in places where the secondary standards of weights and measures will be kept.

Government will arrange certification of weights and measures and also the weighing and measuring instruments by inspectors to be duly authorised to perform these functions.

The weights and measures and the measuring instruments will be manufactured by authorised persons only. Manufacture and imports of non-metric weights and measures will be prohibited after the introduction of the new weights and measures.

Violation of any provision of the Ordinance is liable to penal action.

CSO: 4220/7614

PETROLEUM PRICES REPORT UP ALMOST 50 PERCENT

Dacca THE BANGLADESH OBSERVER in English 1 Jul 82 pp 1, 12

[Text] The Government has increased the prices of petroleum products on average, by 40.98 per cent with effect from today (Thursday). The prices of petroleum products were last revised in September 1981.

The revision of prices was marginal and did not even provide for full recovery of the then prevailing procurement costs according to Bangladesh Petroleum Corporation (BPC). The position further aggravated due to increase in the price of crude oil in October 1981 and also due to the gradual adverse effect of Taka/dollar parity during the period, the BPC said.

Bangladesh Petroleum Corporation continued to suffer heavy deficit due to the cumulative effect of these factors.

The present Government has therefore, most reluctantly decided to revise the prices of petroleum products to meet this shortfall. This revision is a part of overall measures taken by the present Government to put the economy on a sound footing the BPC, said.

The Government is fully conscious of the impact of this increase of prices of petroleum products on the economy. It is, however, hoped that the country will be able to sustain this strain through its natural resilience the BPC added.

The revised prices of petroleum products per gallon at Chittagong main installation will be as follows:--octane Tk. 69.30 as against Tk. 56.59 of September 1981, petrol Tk 63.80 as against Tk 52.20 of September, 1981, kerosene Tk 32.81 against Tk 24.32 of September, 1981 and diesel Tk 32.81 as against Tk 23.63 of September 1981.

The ex-pump prices of petroleum products per gallon with effect from today (Thursday) for Chittagong, Dacca and Khulna will be as follows:--Chittagong octane Tk 70.72, petrol Tk 65.17 and diesel Tk 33.63, Dacca octane Tk 71.25, petrol Tk 65.68 and diesel Tk 33.63, Khulna octane Tk 71.49 petrol Tk 65.91 and diesel Tk 33.63. The above prices include dealers commission and also transportation cost.

The retail selling prices of kerosene from agents will be at the rate of Tk 33.43 per gallon in Dacca, Chittagong and Khulna and from push cart vendors the price will be Tk 33.90 in Dacca, Chittagong and Khulna, according to Bangladesh Petroleum Corporation.

TEXT OF FINANCE MINISTER'S 30 JUNE BUDGET SPEECH

Dacca THE BANGLADESH OBSERVER in English 1 Jul 82 pp 7-9

[Text] Following is the text of the Budget speech delivered by A.M.A. Muhith Minister of Finance and Planning:

Dear fellow Countrymen

As I rise to take up my onerous task of presenting before the nation the revised budget for 1981-82 and the new budget for 1982-83 I ask for your goodwill and blessing on this afternoon of the Holy month of Ramadhan.

2. For us the month of Ramadhan is a very sacred month in which our constant endeavour is for self-purification. This is a month for schooling oneself in self-sacrifice and the practice of austerity. I am fortunate in being able to present the Budget at this time and in this state of mind. An annual budget is not a mere account of receipts and expenditure nor is it a mere catalogue of taxes and investments. The budget determines the outline of the entire economy, signals the dictates of the socioeconomic order, and reflects the economic hopes and aspirations of the people or their sacrifices and pains.

The Economic Environment of 1981-82.

3. Against this background, I will begin with a few words about the recent economic environment. The year 1981-82 opened in an atmosphere of political and economic uncertainty. The process of political transition had a heavy impact on administration. The Government failed to provide the necessary directions in economic and financial matters. The imbalance between the previous year's total revenues and expenditure contributed to severe inflationary pressures, while the external economic environment continued to be extremely adverse.

4. The deep recession that emerged in 1980-81 had hardly been equalled in the post-Second World War era. Recessionary forces in international trade, export markets, economic growth and investment, and in employment combined with simultaneous inflationary pressures turned the vision of the industrial world inwards. The index of our export prices suffered a decline of 16 per cent, while the index of our import prices went up by 15 per cent. The flow of external assistance also declined simultaneously. All this combined to increase the pressure on our balance of payments, and caused an acceleration in the rate of expansion

of credit as well as total liquidity leading to a rise in consumer prices towards the end of the last year.

5. The international economic environment did not change significantly in 1981-82. Restrictive policies in the industrial world and the downward trend in external assistance continued, while trends in international trade did not exhibit any significant growth.

6. In order to maintain financial stability in this environment, we had to adopt strong restrictive measures in the field of credit and monetary policy. These were reflected in various areas, such as the determination of credit ceilings, margin requirements for import letters of credit and the provision of refinance by the Bangladesh Bank to commercial banks. Government's budgetary operations were also regulated with special attention to the position of money supply, and the Annual Development programme was restricted with an eye to the need for ruling out deficit financing. Following these various restrictive measures the rates of credit and monetary expansion have declined gradually. While credit was expanding at an annual rate of above 38 per cent, and total liquidity at an annual rate of above 27 per cent at the start of the year by end May the rate of credit expansion came down to below 21 per cent and the rate of liquidity expansion declined to less than 9 per cent.

7. But the annual rate of price inflation continued to rise fairly fast during the first nine months of the current year. Two factors were at work here. First, as a result of a shortfall in the production of foodgrains this year, the price of food items increased substantially although the annual rate of price increases in respect of other essential commodities was either stable or declining. Secondly, the quantum of subsidy on certain important items produced and distributed by the public sector increased substantially and this subsidy had to be financed either from Government revenue or through bank credit. The losses of various public sector agencies, besides adding fuel to inflation also eroded the availability of funds for investment. The Government's inability to take realistic and hard decisions left an unhappy legacy for us.

8. During the year, investment will not exceed the level of last year; it would not even be possible to maintain it at last year's level. Besides, the trend of investment was neither timely nor properly directed. In agriculture adverse weather affected the Aman crop; production declined to 71 lakh tons from the previous year's level of 78 lakh tons. However, it has been possible to recover part of the losses through winter irrigation. Area under a Boro cultivation increased by 3 lakh acres and production of around 2-1/2 lakh tons. A happy development has been the increase in the number of shallow tube-wells fielded from 25 thousand to 46 thousand. Overall, grain production declined by over 4% from the last year's level. The jute crop has not been satisfactory either. However, there have been increases in the production of tea, sugarcane, tobacco potatoes and oilseeds. The overall decline in output in the Agriculture Sector would be around 2.2%. There has not also been any substantial increase in industrial output, because of demand constraints both at home and abroad as well as inadequacy in the supply of some imported raw materials in the second half of the year. In transportation and trade, output compared to the previous year would be near 4% and for gas and electricity, it would be about 17.9%. However, because of the decline in the Agriculture Sector, which constitutes the bulk of

domestic output, there appears to be no likelihood of any overall growth in Gross Domestic Product this year.

9. Our average export prices during the current year are estimated to have declined by 17 per cent below last year's level, while import prices are estimated to be higher by about 7%. According to estimates prepared by the World Bank because of decline in terms of trade during the last two years, our purchasing power has declined by about Tk. 200 crores. Two years back in October-December 1979, the average export price of a ton of jute goods was US\$829; it declined to US\$553 during the same period in 1981. The resultant loss could not be made up through any foreign assistance. Such persistent decline in terms of trade over a continuous period of more than two years has not been observed before in the history of the external trade of the country. But in the past the country did not make the difficult adjustment effort required by the situation. The heavy pressure on our balance of payments carried over from the previous year, was further aggravated, during the current year, resulting in a decline in our import volume and also of our foreign reserve. Besides, in order to sustain the level of essential imports, we were compelled to resort to short-term commercial borrowing. I need hardly add that such borrowing is costly.

10. For a poverty-stricken country like Bangladesh whose population is increasing by more than 2% annually, a zero rate of economic growth in a particular year is indicative of a serious situation. The seriousness of the situation increases further when we find that for the poorer countries of the world trends in export, import and the inflow of foreign assistance are much more adverse than at any time in the past. For an adjustment of the national economy to this adverse internal and external situation there is no other alternative before the nation but to make a bold effort towards increase in domestic savings and resources, involving a great deal of sacrifice and hardship. The revised budget for the current year and the new budget for the next year as well as the associated new measures have to be viewed against the grim background of these realities.

Revised Budget for 1981-82

11. In the original revenue budget total estimated tax receipts stood at Tk 2177 crores, including Tk 1348 crores on account of customs duty and sales tax, which almost entirely depend on dutiable import. Due to considerable reduction in volume of dutiable import, following shortfall in export earnings and in the inflow of foreign assistance in an adverse international situation, the total revised estimate for these two taxes stands reduced at Tk 1135 crores. It is mainly due to this reason that the estimate of total tax receipts declined from Tk 2177 crores to Tk 1968 crores.

12. In the original revenue budget, total non-tax receipt was estimated at Tk 678 crores. In the revised, the estimate of this receipt stands reduced to Tk 586 crores. This reduction in receipt is mainly attributable to shortfalls in interest and profit receivable by the Government from the various nationalised industries, following deterioration in the financial position of these industries due to and adverse economic environment.

13. The revised estimate of total revenue expenditure stands at Tk 1850 crores as against Tk 1662 crores in the original budget. This variation is the net effect of increases and decreases of various expenditures. The reasons for increases in expenditure under various heads have been mentioned in the publication containing the Supplementary Budget.

14. The Food Budget constitutes the most important component of our nondevelopment capital budget. This year, due to decline in internal production of foodgrains, the revised food budget has radically changed from the original. On the one hand, the quantum of internal procurement of foodgrains has declined considerably, and on the other hand the volume of sale of foodgrains through the rationing system has gone up substantially. Mainly due to this change, the original estimate of a cash deficit of Tk 109 crores in the original food budget has changed to a cash surplus of Tk 243 crores in the revised estimate which would facilitate the financing of the Annual Development Programme included in this year's revised budget.

15. The revised estimate of net outlay in non-development capital budget stands at Tk 28 crores excluding food budget and receipts of foreign loans and grants. After meeting this expenditure of Tk 28 crores from the surplus of Tk 704 crores in the revised revenue budget, the surplus of the nondevelopment budget stands Tk 676 crores. After taking into account the self-financing by autonomous bodies, unspent balances of development funds released in the past and funds raised by floating debentures the domestic resources available for financing the revised Annual Development Programme works out at Taka 744 crores, which is short of the original estimate of Tk 1099 crores by Tk 355 crores.

16. As a result of adverse foreign aid situation and in the light of progress of actual receipt the estimate of counterpart funds of commodity aid stands reduced from Tk 850 crores in the original budget to Tk 760 crores in the revised budget. The revised estimate of project aid remains unchanged at Tk 1000 crores as in the original budget estimate. The revised estimate of foreign aid on account of sale proceeds of foodgrains received under US PL-480 (Title III) stands at Tk 78 crores which is higher than the original budget estimate by Tk 12 crores. The resources from project, commodity and US PL 480 (Title III) assistance in the revised budget along with the cash surplus of Tk 243 crores of the food budget, bring total resources from foreign assistance for financing the Annual Development Programme in the revised budget to Tk. 2082 crores.

17. With domestic resources of Tk 744 crores and resources from foreign assistance amounting to Tk 2082 crores, the total resources available for financing the Annual Development Programme of the revised budget works out at Tk 2826 crores. Due to the substantial decline in the surplus of the revised nondevelopment budget and in the generation of counterpart funds the size of the Annual Development Programme in the revised budget was reduced by Tk 300 crores to Tk 2715 crores from Tk 3015 crores in the original budget. This leaves an overall surplus of Tk 110 crores in the revised budget, which will go towards repayment of past loans from the Central Bank to the Government.

The Background to the Budget for 1982-83

18. When the growth rate is down to zero, the production process is hampered, employment opportunities are limited, investment is in decline, the balance of payments is in disequilibrium, and foreign assistance is decreasing the steps towards recovery have to be very bold and firm. No sudden and dramatic change is to be expected in the international economic environment. There are some signs of an abatement of price inflation, but there is no possibility of an early end to recession.

19. In the light of this situation, it is appropriate to assume that in the coming year, the severity of our external problems may lessen somewhat but there is no chance of any substantial improvement. Our export performance may improve to some extent, the quantum of foreign aid may increase somewhat but on the whole, the balance of payments will continue to be under heavy pressure.

20. Consequently, we will have to tackle several problems simultaneously. For this, a package programme is needed. This action programme would include the following steps:

*To start with, bold efforts would be needed towards mobilization of domestic savings and resources. In a country where only 15% to 20% of the total population lives above the poverty line, such an effort necessarily involves sacrifice and austerity. Where resources for present consumption are inadequate savings for future consumption are extremely difficult indeed.

*All-out efforts are needed to increase investment. Excess expenditure on current account and wastage must be checked and resource mobilization and investment must be mutually matched.

*A qualitative change has to be brought about in investment. The proportion of investment in productive ventures has to be increased, while infrastructure investment should receive lesser priority.

*Efficiency and quality in the production process have to be ensured. The impact of efficiency on the cost of production and on output is decisive. Efficiency is needed in the operation of mills and factories in the administrative departments, and in the management of public and private sector organizations. Efficiency does not consist solely in operating skills. It also involves the maintenance of a decent working environment free of corruption.

*Reduction of deficits or enhancement of surpluses by rationalization of subsidies in the public sector have to be ensured. Resources have to be mobilized for investment through reduction of subsidies on food and fertilizer.

*By covering losses of various public sector agencies their Bank borrowing has to be brought down. The purchase cost of petroleum products will have to be fully recovered. The losses of the Power Development Board will have to be met. The losses of various transport agencies or industrial organisation will have to be prevented. To achieve this prices will have to be increased

consistently with the cost of production, and at the same time the cost of production has to be brought down by increasing the efficiency of the production process.

*All-out efforts have to be made to increase exports. For this, various types of incentives alone are not enough. Emphasis should be laid on the production of exportable surplus.

*Investment in the private sector should be encouraged. Where the managerial capacity of the Government is limited, entrepreneurial effort in the private sector and development of free enterprise should receive priority.

*To encourage production, demand will have to be increased, and for that it is necessary to pay attention to rural development particularly through increased expenditure on rural works and in the agricultural sector.

*In the filed import, it has to be borne in mind that the limited resources should be spent in such a way that the supply of basic needs is ensured and priority is given to inputs, namely raw materials. It is extremely necessary to increase import but due to foreign exchange constraint it would not be possible to meet the import requirement in full.

*Efforts at reduction of subsidy and meeting of losses would influence the price level temporarily. But with restraint or increase in money supply and bank credit and with a check on budget deficits price inflation can be brought under control. With reduction in losses, the burden of bank credit would be reduced. With reduction in subsidy there will not be any likelihood of budget deficits. With a realistic development programme, money supply in relation to production will remain under control.

*Lastly, the Annual Development Programme will have to be recast. Allocation to the various sectors will have to be made on a realistic basis. Emphasis will have to be given on production. Priority will have to be given to agriculture rural development, fuel and primary and technical education. In the population sector, the limit of allocation will be the capacity for implementation. Priority will have to be given not only to these specified sectors but also to specific projects. Besides judging the productive capacity of each project the possibility of implementation will need to be gone into.

21. I have nothing special to add regarding efforts towards increased investment under private ownership. Some time ago the Government announced the basic policy in this connection. I hope the opportunity given for declaring undeclared incomes would increase the scope for investment substantially. We also hope that foreign capital would be forthcoming in the fields of manufacture of chemical fertilisers & exploration of oil and gas where the requirement of technology and capital is heavy.

22. The export policy for 1982-83 has been announced already and you will be apprised separately of the import policy. Perhaps it is necessary to note that our export possibilities during the coming year have been assessed at Tk 1550 crores. Many incentives and facilities will be available for expansion of export trade. But our export earnings are modest compared to our import

payments. Next year, our requirement for import of goods comes to about Tk 6500 crores. But we do not have resources to that extent. So we hope that our expenditure on import would be around Tk 5000 crores. We must arrange the full financing for this. Our compatriots abroad have assisted us a great deal in financing our import. We hope foreign exchange remittances by them next year would exceed the level of Tk 1000 crores.

23. In the past, we have shown restraint in our monetary and credit policy. Next year also, in the context of other policies a flexible policy of restraint will be maintained in this area. Credit and monetary control will be facilitated if an overall sense of financial responsibility and discipline prevails at all levels of the Government.

24. I would like to invite your special attention to a specific matter in the area of bank credit. Two credit projects for the rural landless have been in progress for some time. From a review of the rural banking and rural experimental credit projects, it appears that credit facilities can contribute to the creation of employment opportunities for the rural unemployed and landless. A recent survey of rural cottage industries reveals that about 40% of the rural population are engaged in some kind of trade or productive work other than agricultural activities and their major problem is the source of credit. For creation of employment opportunities for such people with modest incomes, increased credit will be arranged next year. It is worthwhile to note that individual credit requirements of these cases are very small, ranging from several hundred to fifty thousand Takas. Hence the cost of administering these credits is substantial. The provision of these credits therefore, demand a very high degree of social consciousness and a spirit of service.

25. In the past Government did not succeed in providing a clear cut, pricing policy for goods, and commodities distributed or produced by Government or public sector agencies. All our petroleum products are imported but their sale prices are not consistent with their import costs, and consequently our cumulative losses so far amount to Tk 332 crores. The loss of the Power Development Board this year alone would come to Tk 55 crores in principle, the sale price of these items should be determined on a commercial basis. Therefore, the price of the products of these agencies should generally be determined on a profitable basis so that it becomes possible to generate the necessary surplus for new investments. But, in the past, this policy has not been followed properly. For a long time, various types of subsidy have been deeply embedded in different areas of the public sector. Some of these subsidies are explicit and some are hidden. Some are being given on the basis of recognised principles while others have been continuing for a long time after having arisen from administrative considerations. But a common characteristic of all the subsidies is that for financing these either substantial amounts are being paid from the Government budget or the bank borrowing of the agencies concerned is increasing day by day. Further, interest on bank borrowing added to the principal is creating distortions in the profit and loss accounts of the concerned agencies. This and several other factors are complicating the correct appraisal of their financial performance. Simultaneously, as a result of unplanned credit, the financial structure of the banks is weakening and overall credit and monetary control is adversely affected. Another bad effect of many subsidies is that while the

Government supplies really costly and scarce commodities at cheap prices, after passing through various stages in the distribution channel, these are being sold in the black market at prices determined by the interaction of supply and demand or even at higher prices. Consequently the resources foregone by the public exchequer or even higher amounts are being extracted by middlemen from the public at large.

26. I will now pass on to the bold decisions that Government have taken in this respect. Keeping in view our socioeconomic goals the subsidies on food and fertilizer will be withdrawn gradually. Of course, there will be provisions for special projects for the distressed. In other areas where subsidies have arisen, the sale price would be determined at commercial levels with a view to meeting the past losses and clearing the way for profits in future. With this end in view, definite decisions have been taken in the case of certain items. It has also been decided that the nationalized corporations will have specific authority to adjust prices in line with increases in the cost of raw materials or changes in exchange rates. As a result of this decision, the problem of unplanned or uncalled for credit or monetary expansion will remain under control. I am now to announce Government decisions on the determination of prices of some important items:

(a) Petroleum Products--The sale prices which were determined on September 26 last are causing losses arising from present import costs. Changes in the exchange rate of the Tk is a major factor contributing to this. In order to eliminate further losses next year and recover past losses, the prices of petroleum products is raised by a weighted average of 41%.

(b) Electricity Tariff--The electricity charges which were determined in October, 1980 are also much lower now compared to the cost of generation and transmission. It has accordingly been decided to increase these charges of a weighted average of 40%. Despite this, the losses of the Power Development Board will continue for some time.

(c) Chemical Fertilizer--The present subsidy on chemical fertilizer is about 30% of the actual cost per unit. On the basis of subsidies at this rate the expenditure next year on a distribution of above 10 lakh tons would stand at Tk 125 crores. With a view to reducing this expenditure to the level of Tk 100 crores, it has been decided to raise the sale price of different types of fertilizer by a weighted average of 14%. The increased prices will be:

Urea	: Tk 148 per maund, as against Tk 132 per maund at present.
D.A.P.	: Tk 148 per maund, as against Tk 132 per maund at present.
M.P. (Murate of Potash)	: Tk 110 per maund, as against Tk 90 per maund at present.
T.S.P. (granular)	: Tk 140 per maund, as against Tk 115 per maund at present.
T.S.P. (powder)	: Tk 110 per maund, as against Tk 95 per maund at present.

Even after these increases in the prices of fertilizer, the prices in Bangladesh would remain substantially lower than those in some of the neighbouring countries.

(d) Irrigation Equipments--The import costs as well as the cost of domestic production of power driven pumps, deep tubewells and shallow tubewells have gone up. Accordingly, in pursuance of the policy of progressive reduction of subsidy, it has been decided to increase sale prices of these items at different rates.

(e) Foodgrains--A substantial amount of subsidy is involved in the distribution of rice and wheat through the rationing system. With a view to reducing the burden of subsidy and having regard to market prices, the ration prices of rice and wheat are being raised as follows:

Rice--From Tk 175 per maund to the increased rate of Tk 195 per maund.

Wheat--From Tk 124 per maund to the increased rate of Tk 134 per maund.

Simultaneously the procurement price for the next Aman crop has also been determined. The procurement price of Aman paddy is raised from Tk 124 per maund to Tk 135 per maund, and that of Aman rice is raised from Tk 190 per maund to Tk 210 per maund. In order to keep the amount of subsidy unchanged the ration price will undergo another change at the time of Aman procurement.

(f) Gas--The price of gas was last determined on 7th June 1981. It is difficult to maintain this price in the face of increase in the cost to the gas distributing agency. Besides, the price of gas is very low compared to the price of alternate sources of energy. Accordingly, it has been decided to increase gas prices by a weighted average of 13.3%, so as to eliminate the company's losses and generate revenues for the exchequer.

(g) The prices of commodities (fertilizer, paper, etc.) and transport services (buses, trucks, launches, air services) affected by these pricing decisions will go up proportionately.

Budget Estimates for 1982-83

27. On the basis of existing taxes, total receipts in the next year's Revenue Budget have been placed at Tk 2638 crores, comprising Tk 2123 crores of tax receipts and Tk 515 crores of non-tax receipts. Keeping in view the likely balance of payments difficulties of the next year to which I have referred earlier only modest increases over the revised estimates have been assumed in Customs duty and sales tax on imported goods. Taking into account the need for the rescheduling of debt repayments and interest payments to Government by various autonomous bodies, interest receipts from them next year have been estimated at a lower level than that of this year.

28. Total revenue expenditure in the next year's Budget has been estimated at Tk 2038 crores, or 10% higher than in the revised estimates. The total allocation under the Head for "Unexpected Expenditure" in the Revenue Budget stands at Tk 200 crores, including an estimated amount of Tk 110 crores for the payment of Dearness Allowance to Government employees.

29. Five years have gone by since the introduction of New National Pay Scales with effect from 1 July 1977. Price inflation over this long period, of time has significantly eroded Government Servants' fixed salaries and wages in real terms. The present Government is keen to relieve them of their privation as far as possible so as to promote their efficiency.

30. Keeping in view the cumulative effect of several years of inflation, and in consonance with the limited resources at Government disposal, it has been decided that with effect from 1 June, 1982 civil and military Government servants and employees of autonomous and semiautonomous bodies drawing their pay in the New National Scale/National Scales will be granted dearness allowances in proportion to their basic pay. Accordingly, those drawing basic pay up to Tk 1000 per month, will be entitled to a dearness allowance at 30% of their basic pay per month. Those drawing basic pay above Tk 1000 will be entitled to a dearness allowance at 20% of their basic pay per month, subject to a maximum of Tk 400 and a minimum of Tk 300 per month.

31. The next year's Food Budget is primarily based on an internal procurement of 7.60 lakh tons of foodgrains. After reflecting the effect of various changes in procurement prices and ration sale prices, the net cash-deficit in the Food Budget comes to Tk 188 crores. It has been assumed in the Budget that this deficit will be financed to the extent of Tk 85 crores through bank borrowing and Tk 103 crores from Revenue Surplus.

32. Excluding the Food Budget and receipts from external assistance, the net outlay in the Non-development Capital Budget for the next year stands at Tk 73 crores. This includes the effect of an allocation of Tk 100 crores for investment in the share capital of various nationalized industrial and commercial enterprises. This provision has been kept in consideration of the need for improving the debt-equity ratio in the balance sheets of many of these entities so as to improve their financial position.

33. After providing from the revenue surplus in the next Budget Tk 103 crores for the partial financing of the cash deficit in the Food Budget and Tk 73 crores to meet the net cash outlay in the nondevelopment capital budget, the available surplus of the nondevelopment budget on the basis of existing taxes stands at Tk 424 crores. Taking account of receipts to be raised through the issue of debentures amounting to Tk 25 crores and self-financing by autonomous bodies to the extent of Tk 15 crores, total domestic resources on the basis of existing taxes available for financing the Annual Development Programme stands at Tk 464 crores.

34. Total external resources for the Annual Development Programme in the next year's Budget stands at Tk 2106 crore comprising Tk 1120 crore of Project Assistance, Tk 880 crore of counterpart funds of Commodity assistance and Tk 106 crore out of the sale proceeds of foodgrains received under the U.S. PL 480 Title III programme.

35. Domestic sources of Tk 464 crore on the basis of existing taxes and external resources of Tk 2106 crore together amount to an availability of Tk 2570 crores.

Annual Development Programme for 1982-83.

36. Based on a proper appreciation of the estimates of available internal resources, expected flow of foreign assistance, additional revenue mobilization through new measures, the need for maintaining financial stability, and the capability of the nation for implementing the development programme, it has

been decided to adopt an Annual Development Programme of Tk 2700 crore for 1982-83. Some time back, an Annual Development Programme of Tk 3000 crore was prepared. The government subsequently set up a High Level Committee for the rationalisation of the 1982-83 Annual Development Programme. On the basis of the considered recommendations of this Committee and a careful re-examination of the changing prospects of external and domestic resources, it has been decided to limit the Annual Development Programme to a size of Tk 2700 crore. The preparation of the rationalized programme of Tk 2700 crore involved detailed changes in the project-wise allocations in the programme of Tk 3300 crore. But the projectwise allocations of fund need further scrutiny and analysis. In particular it is necessary to ensure that matching local resources for aided projects provide for the best possible disbursement of foreign assistance. The examination of these details would take some more time. In the annual Financial Statement a block reduction of Tk 600 crore has been shown in the programme of Tk 3300 crore.

37. Special attention was given this year to the preparation of the Annual Development Programme. Initially an Interministerial Committee examined all projects to be included in the ADP and decided on their individual priority. Projects given high priority were duly processed for approval. Thereafter when in the light of assessment of the resources it was felt that the preparation of a realistic programme required a reexamination of priorities, the Rationalisation Committee was appointed.

The various issues which this Committee considered were: physical and financial progress of individual projects, resource position and particularly status of aid, economic impact and the place of individual projects in the context of accepted national priorities. This examination resulted in reduction of the number of projects in the Annual Development Programme. In fact, in the ADP for 1982-83, the projects included are about one-third less than those included in the ADP of 1981-82 and it has been possible to identify about half of these projects as those enjoying high priority for the purpose of implementation. Work on projects identified in the priority list will commence in full-swing right from the start. For these projects the total allocation is about Tk 2200 crore with a local currency requirement of Tk 1261 crore. Even though the local currency requirement of the other projects would be about Tk 100 crore in excess of currently estimated availability, it is not likely to present any problem as Tk 195 crore of this local currency requirement relates to unapproved projects. While approving these projects the value of individual projects can be better assessed. Therefore even though some more time will be required to finalise the ADP, the year can begin with an expenditure plan of Tk 2700 crore out of which Tk 1580 crore will be in terms of local currency.

38. I would now like to discuss a few points about the Annual Development Programme:

(i) Because of resource constraints we have been forced to limit the size of the Annual Development Programme. The amount of project aid in the pipeline would enable us to envisage a higher disbursement target. But insufficiency of commodity or programme assistance has created serious problems in the achievement of higher levels of investment. In the current economic situation of Bangladesh our friends may consider converting available project aid into commodity aid or providing additional balance of payment support.

(ii) We have also observed as we subjected the projects to careful scrutiny that many components are either inessential or difficult to justify. These questions have arisen also about some aided projects. We would hope that donors would understand the situation and come forward to rationalise project components and costs.

(iii) Projects which have been included in the Annual Development Programme have a directly productive investment component of about 53%--a noticeable improvement over the previously attained level of below 40%.

(iv) The allocation for Agriculture, Water Resources and Rural Development in the programme amounts to over 36% of the total allocation. It has been envisaged that in tune with the attempt at devolution of administration, projects of the rural sector could be transferred for planning and implementation to local levels of administration.

(v) The target for food production stands at 155 lakh tons. Emphasis has been placed on the supply of irrigation equipments, fertilizer and seeds.

(vi) Special attention has also been paid to Rural Works and Food for Works Programme.

(vii) There is a special programme for improvement in the power and gas sector. Generation and transmission will be substantially improved.

(viii) In the Industry Sector the emphasis is on management improvement and capacity utilization.

(ix) It is expected that because of the shift towards productive investment and improvement of efficiency in the implementation process, it will be possible to achieve an overall growth rate of 6% even though investment will be limited.

39. I have stated earlier that the resources available on the basis of existing rates and taxes for financing the Annual Development Programme in the coming year is Tk 2570 crore. This leaves a gap of Tk 130 crore for the implementation of the programme of Tk 2700 crore. Increase in Railway freight-rates is expected to yield an additional revenue of Tk 13 crore. This will still leave a gap of Tk 117 crore. I will now pass on to the measures required in order to fill in this gap.

Second Party

Fiscal Measures

Now I would present the policy and decisions regarding fiscal measures for the coming financial year. The role of foreign aid in the development of the economy is undoubtedly very important, but for bringing about economic transformation of an economy, the overall fiscal policy of the Government is a fundamental element. For increasing the investment for productive purposes with reduced dependence on foreign aid, increased mobilisation of internal resources is necessary. But it is to be borne in mind that we have a very limited number of people having surplus income and the vast majority of the people can hardly make their both ends meet and languish in miseries.

2. The following basic principles have been adopted in formulating proposals for the fiscal measures of the Government:

*To provide relief to the poor people as far as possible from the burden of taxes.

*To help the domestic industry to expand and augment production and introduce measures in conformity with this policy.

*To bring about rationality and equity in the tax administration.

*To simplify the method of tax collection making it comprehensible to the common tax payers.

*To reduce the area of discretion with a view to ensuring logical and rational approach thereby saving the tax payers from avoidable harassment.

*Multiplicity of taxation points to be reduced. Customs duty and sales tax should be realised at import point, excise duty should be realised at production premises and similarly all direct taxes should be realised at one point.

*Tax policy should be geared up as a tool for accelerated mobilisation of internal resources.

*All surplus and taxable income should be brought under tax net. While there is a necessity of effective and equitable tax administration, there should be inducements for increasing the willingness on the part of the tax payers to pay taxes.

3. For formulating a correct and balanced fiscal policy, I have received suggestions and advice from different sections of the society. Chief Martial Law Administrator, his Ministers and other advisors have also offered guidelines and suggestions. In many cases, in harmonisation of different objectives the ideal solution could not be achieved. Formulation of a fiscal policy is not a matter of few months, it requires continuous study and exercise throughout the whole year. We have decided to utilise the newly formed Consultative committee for Mobilisation of Internal Resources more fruitfully in future. For simplification of the principles and procedures adopted or applied in realising tax, considerable time is required. My effort was to make a beginning of the process of simplification and rationalisation and to widen the process in those areas where the work of simplification has already initiated.

4. We believe that, for changing the lot of the people, establishment of new industries and increase of industrial production side by side with increase in agricultural produces is a must. In order to simplify the process to achieve this goal, decisions have been taken for rationalisation and simplification involving major changes in customs duties. In taking those decisions, the rate of augmentation of internal resources, ability to pay tax by the people, overall need of the country, stabilisation of the price level and steady flow of commodities have been taken into account.

Customs Duty:

5. In order to eliminate the existing stagnation in the field of production of the domestic industries and to transform it into a viable, productive and income generating sector by utilising the idle capacity, the duty on many imported raw materials have been reduced quite substantially. In the cases of those commodities where domestic production is not adequate to meet the requirement of the economy, the duty rates on such imported finished goods have been adjusted reasonably. These measures, it is hoped, will protect the interest of the domestic industry in the one hand and ensure adequate availability of goods within the country on the other. I believe that the industrialists of the country will take full advantage of these facilities and make an all-out effort to augment the domestic production of these articles. The increase in production will have a favourable effect on the efficiency of the production method bringing about reduction in the cost of production and increase in profit. The policy of protecting the interest of the domestic industry has not been kept confined in the sphere of customs alone, but has also been equally applied in the fields of excise and the price control. The facilities thus given are quite substantial and the nation expects that the industrialists of the country will take full advantage of this policy not only to advance their own interest but also extend the benefit to the vast masses of the country. Government shall expect from the producers of the essential commodities to fix the retail price of their products and notify those to the general public:

(1) In consideration of the fact that thermoplastic moulding compound is a raw material for a wide range of industries and extensive use thereof is capable of having a salutary effect on the economic development of the country, the duty on the item is reduced to 40% from the existing 75%. Duty on shoe and cable grade PVC however has not been changed in view of their domestic production. On the same ground duty on Urea Formaldehyde adhesive has been raised to 100%.

(2) In order to help domestic industry produce more at a reasonable cost, the duty on bright, medium and high carbon steel wire and wire rods have been reduced to 40% from the existing 60%. On the other hand, duty on pipes, tubes, nuts, bolts, screw, rivet, welding electrodes, etc. have been enhanced from 35% and 100% to 50% and 150% respectively.

(3) In order to protect the interest of the domestic producers, the duty on sanitary wares of iron and steel has been raised to 150% from the existing 100%.

(4) The existing duty differential between the imports of CKD and finished trucks and buses being not adequate, the duty on built-up trucks and buses has been raised to 50% from the existing 35%. However, in order to ease problems of transportation in the urban area duty on mini-buses has been reduced to 20%.

(5) In order to save the domestic industry engaged in production of pumps from the uneven competition with the imported goods, duty on pumps have been raised and unified at 50%.

(6) With a view to encouraging the domestic assemblers, duty on CKD refrigerators and deep-freezer is reduced to 75% from existing 100% and that on build-up sound recorders and reproducers has been raised to 100% keeping the duty rate on CKD imports of the same at 75%.

(7) There is a sizeable capacity within the country for production of milk and milk products which remains underutilized because of the uneven competition with the imported goods. In order to provide advantage to the local dairy products, duty on aluminum foil and polythene film is reduced to 10%, from the existing 50% and 100% on certain conditions. Further, duty on imported liquid and semi-liquid milk is raised to 20% from the existing 10% and that on cheese and butter to 40% from the existing 25%.

(8) For the benefit of the domestic film industry, the duty on the imported exposed cinematographic film has been raised and fixed at Taka 5.00 per metre.

(9) With the commencement of domestic production of the items, duty on acetyle salicylic acid B.P. and piperazine citrate has been raised to 50% from the existing 10%. This will be applicable to the imports of pharmaceutical industries also.

(10) To help attain self-sufficiency in its domestic production the duty on mosquito coil and naphthalene ball has been raised to 50% and 75% respectively.

(11) It is in the interest of the economy of the country to take necessary measures to protect the interest of the domestic textile industry. In order to achieve this objective, duty on wool and synthetic tops and nylon chips has been reduced to 20% from the existing 75%, on the other hand duty on imported cotton yarn has been reduced to a unified rate of 20% from the existing 25% and 35%. In order to help domestic spinning industry to reduce its cost of production, the total incidence of duty and sales tax on raw cotton has been reduced and fixed at 10% customs duty with no sales tax.

(12) Measures have also been taken to help the ailing cycle industry of the country by way of increasing the duty on imported built-up bicycle to 75% from the existing 50% and rationalising the duty on the components and parts of bicycle by fixing it at 20% in lieu of the existing 15% and 50%. Duty on writing and duplicating ink has also been enhanced to 150%.

(13) In order to boost up the production of tar obtained from petroleum it is necessary to refix the duty on the imported coal tar. As such the duty on the later has been raised to 50% from the existing 25%.

(14) Encouragement of assembling of cassettes domestically is necessary for saving foreign exchange spent on account of import of cassettes. To help this industry, duty on parts and components of cassettes has been reduced and fixed at 50%.

(15) In order to encourage domestic production of pesticide and insecticide in a greater scale, duty on the raw and packing materials of the industry engaged in its production has been fully exempted in case of raw materials and reduced to 20% in case of packing materials.

(16) Pulp is the basic raw material of the domestic paper mills, for safeguarding the interest of which, duty on the item is reduced to 10% from the existing 15%. Similarly, the duty on the imported finished spectacle frames has been enhanced to 100% from the existing 75%.

(17) With a view to protecting the interest of the steel mill, the customs duty on imported billets has been raised to 50% from the existing 40%.

(18) Duty on copra, which is a raw material for production of coconut oil is reduced to 10% from the existing 40%.

(19) Duty on finished medicines and allied goods has been raised to 20% from the existing 10% in view of their local production.

6. It is the declared policy of the Government to simplify, rationalise and modernise the tariff structure. In order to achieve this objective, a number of steps have been taken in this year's budget. I believe that these steps would go a long way in alleviating many anomalies, disputes, misunderstandings paving the way for introduction of a smooth, simple and understandable customs administration:

(1) At present there are more than 23 rates of customs duties which have now been reduced to 12. There, however, remain a few exceptions which could not be removed because of revenue consideration or protection to domestic industry. In due course, further simplification will be considered.

(2) Vegetable oils excepting palm kernel, coconut and crude degummed soybean oil which attracted the duty rate of 25% have now been subjected to duty @ 40%. Duty on coconut and crude degummed soybean oil has been reduced to 20% while that on palm kernel oil has been enhanced to 50%. Duty on Horlics and ovaltine has been rationalised to the rate of 40% from the existing 5%.

(3) Medical, surgery and hospital equipment attracting duty rates of 10%, 15% and 25% have now been subjected to a unified duty rate of 20%.

(4) Fabrics in which the total content of cotton is 85% or more at present attract different rates of duties of 30%, 75%, 125% and 150% depending on various factors. These rates have now been unified at 75%.

(5) The shipbuilders in the nationalised sector enjoy a conditional duty free facility which has been abolished bringing them at par with the shipbuilders in the private sector. Now they will have to pay the duty on their imports and on production of proof of the use of their imported materials in the building of ship, shall get refund of duty paid in excess of 20%. M.S. plate, however, shall not be entitled to this refund facility.

(6) The duty on man-made fibre has been rationalised and up-dated at Taka 2.20 per kg from the existing Tk 1.00 per lb. and 150%.

(7) Duty on essential oils and its mixtures has been made uniform at 200% from the existing 125%, 150% and 200% depending on its tariff classification.

(8) The duty rates of factory ships and trawlers have been rationalised and made uniform at 2.5% from existing 15% and 2.5% respectively.

(9) The tariff values on coloured and black and white television and refrigerator and deep-freezer have been enhanced and up-dated at Taka 500.00, Taka 200.00 per inch and Taka 500.00 per cft. respectively.

(10) The duty on scraps of iron and steel, re-rollable scraps and ship for breaking purpose have been enhanced and unified at 20% from the existing 12.5% and 17.5%.

(11) The conversion rate between the foreign currency and Bangladesh currency often gives rise to the necessity for raising demand subsequent to the clearance of the goods because of the nonavailability of day-to-day exchange rate by the customs authority. With a view to removing this nagging problem, necessary amendment to law has been made enabling the customs authority to accept the average monthly exchange rate of the preceding month. Certain other amendments in law have also been made to rationalise and modernise certain provisions of law.

(12) From now on, in case of the machinery imported for the initial installation of an industry, the transaction value will be accepted by the customs authority for assessment purpose. It is hoped that this measure will remove lot of dispute and misunderstanding.

7. The wide imbalance in the export earnings and import bills of the country is one of the biggest problems faced by us. All possible efforts should be made to reduce the import by increasing the industrial capacity to produce more within the country, by restricting the import of nonessential articles. The steps that have been taken in this regard are aimed at achieving this objective. The efforts that have been initiated in the Export Policy have been stated in details by the Minister of Commerce and Industry a few days back. I would like to mention only about three steps taken in the budget to boost up the export. Total exemption of duty has been accorded on the exports of tea and raw jute. In order to give a boost to the export of finished leather, a system has been devised under which the exporter of the finished leather who has been able to raise his export by 20% over that of the previous year will be entitled to export wet blue leather also at a special concessionary rate of 2.5%. Further, with a view to augmenting export of frozen fish, duty on imported factory ships has been reduced to 2.5% from the existing 15%.

8. While the need for mobilisation of domestic resources remains paramount, duty on many nonessential goods are comparatively quite low. In consideration of greater national need for mobilization of domestic resources, duties on these articles have been raised:

(1) Duty on petrol motor-car having engine capacity of over 850 c.c. but not over 1000 c.c. has been raised to 100% from 75%, duty on petrol motorcars up to 1300 c.c. has been raised to 150% from existing 125%. Motorcars having engine capacity over 1300 c.c. will now be dutied @ 300%. The luxury cars having air conditioners and other luxury gadgets will continue to attract higher rates of duty.

(2) For the benefit of thousands of villagers producing betelnuts, the duty on this item has been increased to Taka 20.00 per kg. from the existing Taka 11.00 per kg. The duty on plants and parts of trees required for pharmacy has been fixed at 10% withdrawing the existing full exemption. Duties on fishing hooks, grease and lubricating oil have also been enhanced respectively from existing 30% and 20% to 100% and 40%. In view of the ban imposed on the import of dry-cell batteries, the tariff value fixed earlier on the item has been withdrawn.

(3) Duty on cigarette paper has been raised to 150% from the existing 100% but at the same time the sales tax on the item has been reduced to 10% from the existing 20%.

(4) Last year in order to meet the deficit in the budget, development surcharge @ 1% was imposed on all dutiable imports. This year also similar necessity exists for which this rate of surcharge has been enhanced to 2%. This measure is likely to yield an additional revenue of Taka 30 crores.

9. The fiscal measures which have been discussed above are likely to yield a gross revenue of Taka 62.83 crores and would entail a revenue loss of Taka 21.08 crores giving a net revenue gain of Taka 41.75 crores in customs-duty.

Sales Tax:

10. Sales tax law has been completely recast. The new Ordinance will invest the Customs Department with the administration of sales tax in its entirety. From the coming financial year, sales tax will exclusively be levied on the imported goods and there will be only two rates of sales tax, i.e., 20% and 10%. In the present budget substantial exceptions and reductions of sales tax have been accorded as a result of which the revenue loss of the exchequer on this account will be Taka 36 crores. On the other hand, sales tax have been imposed on certain items of raw-materials which enjoy exemption from excise duty. Besides, as a consequence of the decisions taken in respect of customs-duty, the collection of sales tax on certain items will also increase. The total gain in sales tax as a result of the aforesaid measures has been estimated at Taka 44 crores bringing the net gain on this account at Taka 8 crores.

Excise Duty:

11. I would like to draw your attention to a few of the steps that we have taken with regard to excise duties. A number of changes has been made in the rates of duties and their underlying principles are as follows:

In the first place, to stop harassment of small traders and producers excise duty has been withdrawn from autogarages, wooden furniture, services rendered by decorators and caterers, tanned leather and leather products (excepting footwear), syrups, squashes and fruit juices, banking services excepting cheques, bottling of unscented coconut oil, ultramarine blue and dyes. To encourage cottage industries the range of excise duty exemption has been widened. The ceiling of capital has been raised from Taka 10,000 to Taka 50,000 for such cottage industries. For purposes of income tax assessment the same definition will be applicable.

Secondly, for administrative efficiency excise duty has been withdrawn in some cases, and in some other cases duties have been merged. For example, duty has been withdrawn on cellophane, plastic and resin materials excepting four items. These four items are--PVC pipes, Resin cloth, insulation boards and telephone sets on which duty @ 30% and ad val. has been retained. In case of rubber products duty has been retained @ 30% ad val. on three items rubber belt, pipes and foam, and duty has been withdrawn from the rest of the items. On glass and glasswares three rates have been fixed--30% for glass sheet, 5% for amber glass bottles and 10% for others by replacing the different rates of duty (5%, 10%, 20% and 30%). The existing exemptions will, however, continue. The other aim of allowing such concessions is to help boosting of production. Duty rates on metal containers used in production process have been merged and reduced to 10% ad val.

Thirdly, duty has been exempted or reduced on some items for the convenience of the people, especially the lower income group. Duty on paper has been reduced from 15% to 10% ad val. and on motorcycle from 7.5% to 5% ad val. Duty is also withdrawn from bitumen emulsion and Alkatra made out of local bitumen.

Fourthly, after complete abolition of sales tax on locally produced or manufactured goods, arrangements have been made to maintain Government revenue through excise duties. Cutlery, stainless steel crockeries, steel pipe, G.I. pipe, asbestos pipe, sheet and other asbestos products, oxygen and other gases, Sodium Silicate and glycerine will now be subjected only to excise duty at the rate of 20% ad val. The other four items, viz., mechanically propelled four-wheeled vehicles, tarpauline, steel billets and steel ingots will be subjected to excise duty at the rate of 10% ad valorem.

Fifthly, as I have already stated all sales tax will be collected at the import stage. Some raw materials are now exempted from payment of sales tax. With the change in this condition excise duty has been reduced to lighten the burden of tax:

(a) Excise duty on vanaspati ghee and edible oil payable, respectively, at the rate of Taka 50 and Taka 5 per cwt. is completely withdrawn.

(b) Duty on paints, pigments and varnishes has been reduced from 30% of the retail price to 20% of the retail price.

(c) Duty on mechanically manufactured soap has been reduced from the existing 20% and 10% to 5% of the retail price, and that on non-mechanically produced soap payable at the rates of 20% and Taka 20 per maund has been fully exempted. Duty on detergents has been reduced from 20% to 10% of the retail price, and that on jute batching emulsifier has been fixed at 5% of the retail price.

(d) Duty on electric bulbs has been reduced from Taka 12, 15, and Tk 36 per dozen to Taka 6, Tk 7.80 and Tk. 18 per dozen respectively. Similarly, duty on fluorescent tubes has been reduced from Tk. 10.75, Tk. 8, Tk. 8.50 and Tk. 5.50 per tube to Tk. 5.50, Tk. 4, Tk. 4.25 and Tk. 2.75 per tube respectively.

(e) The existing duty of Tk. 9, Tk. 7.20 and Tk. 6 per dozen of primary cells and batteries has been reduced to Tk. 4.80, Tk. 3.60 and Tk. 3 per dozen respectively.

(f) Various rates of excise duty on man-made fibres and yarn have been totally withdrawn and this item has been made fully exempted from excise duty.

(g) Duty on perfumery, cosmetics and toilet preparations has been reduced from the existing 35% and 25% to 20% of the retail price, and in some cases it has been reduced from 25% to 10% of the retail price.

Sixthly, steps have been taken to simplify procedure in certain respects. For example, the duty and licence fee which used to be collected on narcotics and liquors has now been merged into duty. The excise duty and Development Surcharge on petroleum products have been merged. Duty on diesel oil, kerosene and furnace oil has been raised by five poisha per gallon. In place of the existing four rates of 2.5%, 5%, 10% and 15% on hotels and restaurants, two rates of 10% and 20% have been fixed. The exemption ceiling of duty in case of hotels and restaurants has been made realistic. If the rent per room per day exceeds Tk. 50 in place of Tk 10 and if the gross sale exceeds Tk. 50,000 per month in case of hotels and restaurants respectively, they will be assessable to duty.

12. Some steps have been taken to increase revenue:

(i) Existing excise duty of Tk. 1 per lb. on tea has been refixed at Taka 3 per kg. Additional duty of 10% and 15% which is leviable on relatively costlier packet tea will, however, continue.

(ii) Duty-rate on sugar has been fixed at 10% ad val. in place of the existing Tk. 70 per cwt.

(iii) Duty-rate on matches has been fixed at Tk. 3 in place of the existing Tk. 2 per gross.

(iv) In case of gold jewellery the capacity duty rates have been revised in place of--

- (a) Tk. 15,000 + Tk. 1000 for every 100 tolas or fraction thereof a Tk. 24,000 + Tk. 1,000.
- (b) Tk. 15,000 at Tk. 24,000,
- (c) Tk. 10,000 at Tk. 15,000,
- (d) Tk. 6,000 at Tk. 9,000,
- (e) Tk. 3,000 at Tk. 4,500,
- (f) Tk. 1,000 at Tk. 1,500,
- (g) Tk. 500 at Tk. 700.

Similarly, in case of bullion dealers the rates have been revised in place of--

- (a) Tk. 15,000 + Tk. 2,000 at Tk. 25,000 + Tk. 2,000,
- (b) Tk. 15,000 at Tk. 22,500,
- (c) Tk. 10,000 at Tk. 15,000,

- (d) Tk. 6,000 at Tk. 9,000,
- (e) Tk. 4,000 at Tk. 6,000,
- (f) Tk. 2,000 at Tk. 3,000.

(v) At present natural gas is used in a few cities and industries. Gas users are getting a lot of advantages in respect of price in comparison to those to whom gas is not available. As such duty on gas has been raised from Tk 14.00 to Tk. 17.50 only per one thousand cft., and for power generation and fertilizer production the rate has been refixed at Tk. 9.00 in place of Tk. 6.00 per 1000 cft.

(vi) Pharmaceutical industry has reached a stage where the question of its remaining untaxed no longer seems justified. Excise duty has been imposed on allopathic medicine (except vaccines and contraceptives) at the rate of 5% on the retail price.

(vii) Duty has been imposed on insecticide, pesticide, germicide and antiseptic other than those used for agricultural purposes at the rate of 5% of the retail price.

(viii) Glucose, dextrose and starch are being produced in the country on a large scale and these industries have become quite profitable. It has therefore been decided to impose excise duty at the rate of 10% ad val. on these products.

(ix) Welding electrodes used mainly in industries, are being produced in the country on quite a large scale and its remaining out of tax net does not appear to be reasonable. Excise duty at the rate of 20% ad val. has therefore been imposed on welding electrodes.

(x) Chinawares and porcelainwares are paying excise duty at the rate of 30% ad val. at present. But glazed claywares, similar in appearance and use to Chinaware and porcelainware, are offering a good enough competition to China and porcelain products. But there is no duty on this item. As such, excise duty at the rate of 30% ad val. is imposed on glazed potteries.

(xi) A regulatory duty on comparatively higher quality cigarettes is imposed at the rate of 5% of the retail price if such price exceeds Taka two and poisa eighty per packet of ten sticks of cigarettes.

(xii) Duty on foreign liquor, country liquor, Mritasanjibani Sura, Ganja, Bhang and Opium has been enhanced slightly over the present rate. The rate of duty on rectified spirit has also been enhanced slightly. But the concessionary duty rate on rectified spirit, used in Homeopathic and Allopathic medicines, has been retained. At the same time, steps have been taken to stop the tendency on large-scale misuse of this concessionary rate.

13. Sales tax has been exempted fully on the following items, viz.,--

- (a) Brass and Copper sheet and Zinc sheet, (b) Table lamp, (c) Wall-clock and time piece, (d) Musical instruments, (e) Chocolates, toffees and lozenges, (f) Sweetmeats, (g) Slacked and unslacked lime, (h) Brass and Copper handicrafts, (i) Industrial chemicals, (j) Ice-cream, (k) Decorated brass and copper light

fittings, (l) Tea trolleys, (m) Torchlight, torchlight case, and hook rings, (n) Printing ink, (o) R.C.C. pipe, (p) Conduit pipe, (q) Electrical fittings.

14. There is some talk on entertainment tax. It is said that the arrangement is really old-fashioned and there is no correlation between the duty-rates and reality. It is possible to fix entertainment tax on the capacity of Cinema Halls. We want to have discussions with the Cinema hall owners and the film exhibitors. Under these circumstances, no change in the rates of duty on entertainments has been considered.

15. An amount of nearly Tk. 22 crores will be collected less on account of exemption and reduction in the rates of excise duty. Of course, for new impositions and few enhancements of the rates of duty, nearly Tk. 45 crores will be collected. As a result, there will be a net increase in revenue of Taka twenty-three crores approximately.

Income-Tax and Other Direct Taxes:

16. At present there are only two lakh eighty thousand assesseees in our country. The direct taxes constitute only a small portion of the total revenue earnings. The corporate sector contributes nearly 75% of the income tax.

The income-tax laws are complex and the Act itself is outdated. The procedure of determining income is complicated. The system of tax collection is not particularly streamlined. The improvement of the system will be both difficult and time consuming:

*We hope to rewrite the Act in the near future and public opinion in this regard will be solicited.

*Last year, attempts were made to bring new assesseees into the tax-fold through the introduction of self-assessment scheme and reduction in the rates of tax.

*The same effort will continue this year also. Proposals have been taken for the simplification of the method of calculation of tax.

*A number of measures have also been taken to encourage investment.

*The Estate Duty Act has been repealed.

*The responsibility of collection of income-tax, gift-tax and wealth-tax will be entrusted to the same authority.

*Stamp duty leviable on the transactions in the share market has been exempted.

*Rates of scope of gift-tax, wealth-tax and Urban Immovable Property tax have been substantially reduced.

*Efforts to merge Urban Immovable Property tax with other prevalent rates will be taken up in the near future.

17. In order to reduce the burden of tax the following measures have been adopted:--

(1) In the context of inflationary situation, the maximum exemption limit of income seems to be low. It is, therefore, decided to enhance the present limit from Tk. 15,000 to Tk. 20,000 to alleviate the hardship of the lower income group.

(2) In order to reduce the burden of tax the personal taxation rates have been substantially scaled down. As a result, an individual having income of Tk. 50,000 will now pay tax of Tk. 2,750 only as against Tk. 4,000 payable under the existing rate provided the benefit of maximum investment is allowed in both the cases. But without any investment allowance the tax on the same income will be Tk. 8,500 and Tk. 6,750 under the old rates and new rates respectively. The tax rates in the case of registered firms have also been reduced. The maximum rebate of tax on export sales has been enhanced.

(3) In order to remove the difficulties of the small investors, the restrictive provision regarding the initial allowance of Tk. 5,000 and 60% on the balance of investment has been withdrawn.

(4) Consider the increase in the cost of conveyance, the rates of conveyance allowance in the case of salaried persons have been raised from Tk. 1,800 to Tk. 2,400, Tk. 2,400 to Tk. 3,200 and Tk. 4,200 to Tk. 6,000.

(5) The rate of tax on capital gains arising from the sale of assets after 2 years but within 5 years of acquisition and after five years of acquisition have been reduced from the existing 35% and 30% to @ 25% and 20% respectively. Besides, the rate of tax on capital gains arising after 15 years of acquisition of the asset has been fixed at 15%. It has also been decided to withdraw the provision of exempting of capital gains from sale of assets required before the 14th August, 1947.

(6) Gratuity has been totally exempted from the payment of tax in line with the exemptions already granted to pensions.

(7) A new provision has been made in the act for exemption on payments made to Zakat Fund and contributions made to the Charitable Fund established under the Zakat Fund Ordinance, 1982.

(8) By the Finance Act, 1980, a provision was made for obtaining licence on payment of Tk. 100 by all persons carrying on business, profession or vocation from a premise, whether their income is below or above the exemption limit. This provision has been withdrawn for the benefit of traders and professionals with income.

18. The following measures have been taken with a view to facilitate investment:

(1) In the interest of the country's industrialisation the capital gains arising out of sale proceeds of land and buildings have been exempted from payment of tax provided these are invested in the setting up of new industrial undertakings.

Royalty and technical know-how fee have also been exempted from payment of tax in order to encourage industrialisation.

(3) The conditions required to be fulfilled for the admissibility of bonus as an expenditure have been waived in the case of festival bonus.

(4) The provision of accelerated depreciation introduced by the Finance Ordinance, 1977, which expires on the 30th June, 1982, is extended for another five years in the interest of industrialisation.

(5) For the purpose of exemption of cottage industry the maximum investment limit has been raised from Tk 10,000 to Tk. 50,000.

19. The measures taken for the rationalisation and simplification of assessment procedure are as follows:

(1) In order to simplify the assessment procedure earned income relief, children education allowance and personal allowance have been withdrawn. However, the consequential loss has been made good through adequate reduction in the tax rates.

(2) To widen the scope of self-assessment, the present maximum limit of Tk 25,000 has been raised to Tk 50,000. The salaried directors of limited companies have also been made eligible for self-assessment.

(3) The provision of presumptive assessment introduced by the Finance Act, 1980 has failed to achieve the desired result. It has also become redundant after the reintroduction of self-assessment scheme. Hence, the provision of presumptive assessment has been withdrawn.

(4) In order to alleviate the hardship of the lower income group the present limit of income for advance payment of tax has been raised from Tk 25,000 to Tk 50,000.

(5) In order to exclude the lower income group from the requirement of filing a statement of assets and liabilities along with the return of income, the present limits of income for this purpose has been raised from Tk 25,000 to Tk 50,000.

(6) The rate of interest payable by the Government on the excess payment of advance tax has been raised from 10% to 13.5% per annum.

(7) In view of the rising prices of real estate the present requirement for obtaining clearance certificate where sale value exceeds Tk 50,000 has been raised to Tk 1,00,000.

(8) The restrictive provision regarding the date of commencement of construction for the purpose of exemption of newly constructed residential building has been withdrawn.

(9) In order to simplify the calculation of annual value of self-occupied property, a suitable amendment has been made in the Act.

(10) In future income from bus, truck and launch will be computed on the basis of capacity of each transport. This will remove a lot of misunderstanding.

(11) A new system will be evolved for realisation of taxes from the travel agencies. Airlines having business transaction with the travel agencies will be made responsible for deduction of tax at source at the time of making payments to such agencies.

(12) The Income-tax Appellate Tribunal will hear appeals in the concerned districts where necessary.

Gift Tax:

20. As regards gift tax, the following measures have been taken:--

(1) In order to rationalise the present provisions of tax free gifts to father, mother, real sons and daughters up to Tk 3,00,000 and to spouse up to Tk 1,00,000 it has been decided to merge these two exemptions into one. The maximum limit has been fixed at Tk 4,00,000.

(2) Considering the rising cost of living, it has been decided to raise the exemption limit of gift from Tk 20,000 to Tk 25,000 per year.

(3) In order to simplify the existing rate structure, it has been decided to reduce the number of slabs from 6 to 4. The rate of tax on each slab has also been modified.

Wealth Tax:

21. The following measures have been taken with a view to reducing the burden of wealth tax:--

(1) The present exemption limit in the case of self-occupied residential house has been raised from Tk 15,00,000 to Tk 25,00,000 in view of the present inflationary situation and to alleviate the hardships of the persons of limited means.

(2) Under the present provisions the aggregate of income tax and wealth tax cannot exceed 60% of the total income of an assessee, only if his taxable income exceeds Tk 1,50,000. This restrictive provision is unnecessary and hence withdrawn.

Advertisement Tax:

22. At present employment and tender notices published in daily newspapers are exempt from advertisement tax. It has been decided to extend this exemption so as to include any notice connected with employment and also advertisements made by the educational institutions such notice of admission, notices of commencement of examinations, academic sessions, etc.

Urban Immovable Property Tax Act:

23. At present holdings with annual value not exceeding Taka 6,000 are exempt from Urban Immovable Property Tax. In order to give some relief to the owners

of small holdings the ceiling of exemption has been raised to Tk 18,000 for holdings within the Dacca Metropolitan area and to Tk 12,000 for holdings in all other areas. Moreover in order to reduce the tax burden on the owners of holdings the rate of tax has been reduced in the case of holdings not being self-occupied from 4% to 3% of the annual value and in the case of self-occupied holdings from 2% to 1.5% of the annual value.

24. The reduction in the burden of tax and the simplification of the collection procedure have been made with the hope that these will motivate larger number of taxpayer to pay their taxes. These are also expected to curb the tendency and the scope of evasion of tax and also to augment the revenue collection. The provision of declaration of untaxed income is also expected to yield additional revenue. It is, therefore, estimated that the total collection of revenue only from income-tax will amount to Tk 300 crores.

Stamp Duty:

25. At present the rate of share of transfer fee under Stamp Duty Act, 1899 is 1.5% on the value of the shares. This transfer fee acts as a deterrent to the transactions of shares in the Stock Exchange. It is decided to remit the duty chargeable under the said Act on the shares of Public Limited Companies listed in the Stock Exchange with effect from 1-7-82. A separate order will be issued in this respect.

Motor Vehicles Tax:

26. The existing rates of Motor Vehicle taxes and fees are very low. Tolls are collected from a very few bridges. Hence it has been decided to enhance the rates of tax on Motor Vehicles and to abolish the system of collection of toll from bridges. An additional collection under this head is estimated to be Tk 2.25 crores.

Foreign Travel Tax:

27. In order to remove the burden of the wage-earners, it has been decided to exempt return tickets purchased abroad in foreign currency from payment of Foreign Travel Tax.

Land Development Tax:

28. The provision of tax collection introduced by the Land Development Tax Ordinance, 1976 is unrealistic. Agricultural development has been the mainstay of our economy during the last decade. The present pace of development leaves scope for further improvement and requires increased investment in the agricultural sector. Land is our main asset. Unless we can tap adequate revenue from this sector it would not be possible to generate enough savings for further investment. Agriculture contributes nearly 56% of our gross Domestic Product. It would not be possible to accelerate development process unless savings are generated from this sector. Most of the landed properties are controlled by a limited number of people. Farmers having four to six bighas of land are considered to be self-sufficient, while those having land exceeding fifteen bighas are considered to be surplus farmers and fairly rich. But a

person owning lands upto 25 bighas is required to pay land Development tax at Tk 1 only per bigha. This state of affairs needs a radical change. The rate of tax on land should be progressive and the landowners should pay tax at an increased rate. The best way is to impose tax on the basis of productivity of land. But this cannot be done because of the dearth of necessary documents and administrative machinery.

29. We have long been talking about raising the rate of land development tax. We also believe that this will ensure efficiency in the use of land. We have therefore, decided to increase the rate of land development tax with effect from 1-7-82. Measures have been taken to realise more revenue from both urban and rural lands. The revenue yield from urban land will be about Tk 13 crores. There will be three rates of tax--one for Dacca, Chittagong and Khulna, another for the District towns and yet another for the rest of the towns. The rate of tax will also be different for residential and commercial lands. Different slabs have been prescribed for agricultural land namely, upto 6 bighas, then 6 to 15, in excess of 15 to 30, in excess of 30 to 45, in excess of 45 to 75 and exceeding that quantum of land being highest slab. The rate of tax has been made progressive. The tax on 15 bighas, 30 bighas, 45 bighas, 75 bighas and 100 bighas of land will be Tk 51, Tk 231, Tk 531, Tk 1,481 and Tk 2,641 respectively. This new rate is expected to yield Tk 49 crores. Revenue collection from Land Development tax would be around Tk 45 crores. The introduction of this new measure will usher in a new horizon which, I am sure, would lead to gradual development in the agriculture sector and increased savings therefrom.

Turnover Tax:

30. People frequently talk about value-added tax. This tax is very reasonable and progressive. But its administration is rather complex. Particularly in our socioeconomic context, it is difficult to introduce the system of value-added tax. Hence, we have introduced a new tax called the Turnover Tax. The application of this tax will be easy and, to begin with, it will cover a limited number of goods and services. It will be realised from specified big establishments. And it will extend to both manufactured goods and sales of goods. It will be imposed on such goods and services which are exempt from excise duty. This tax is leviable only on those individuals or establishments who are income-tax assesseees or where the capital investment exceeds Taka 1 lakh. after the initial experiment, this tax will be levied on the basis of capacity. We want to impose this tax initially on four types of establishments, namely; workshops, sweetmeat, manufacturers and dealers, printing industries and dockyards. To start with, this tax will be limited to establishments in the big towns. We hope to get a total revenue of Taka 5 crores from this source. I believe that in the near future, this tax will emerge as a popular tax resources and all the manufacturing and selling concerns of the country will contribute to increase the domestic savings, through this tax.

31. In determination of the size of the Annual Development Programme we have adopted a very conservative approach this year. This is due to severe strain on our balance of payments position. Restraint has also been exercised in non-development expenditure. Attention has been given to estimation of non-tax receipts on an objective and rational basis. Care has been taken in projection

of foreign aid disbursements. Our taxation system is such that its quantum is substantially dependent on external aid and foreign exchange earnings. In spite of these constraints we have estimated tax receipt of Taka 117 crores from new measures out of which about 50 crores are expected from imports on account of customs duty and sales tax.

32. Dear fellow-citizens, in this crucial period of our history I am presenting before you the budget for the next year. You would observe that a serious endeavour has been made to be realistic in preparation of this budget. An earnest call has been made for utmost sacrifice by the nation, particularly by the well-to-do section of the society. For increasing production, investment and efficiency are needed. More employment will have to be generated both in the public and private sectors in order to increase production through creation of demand. This means that significant change in the size and direction of investments is needed.

33. Lifting ourselves from the present difficult situation is not easy and will take time. To this end it is essential to bring about transformation of the social and economic structure. For achieving this objective what is needed is decision at national level embracing policies relating to income distribution, administrative decentralisation and determination of the scope and size of the plan.

34. It has to be admitted that reliance on external resources in our development efforts will continue for quite sometime due to inadequacy of domestic resources. But it will be difficult to move out of this situation unless the ratio of savings for investments from domestic resources can be increased steadily. Also the growth rate will stagnate thereby endangering social stability if use of foreign aid is not appropriately determined on the basis of national economic priorities. Stagnation in production and inflation will be permanent features of our economy in the absence of sense of realism and improved efficiency in formulation and implementation of development scheme.

35. We have taken steps to bring about some order and discipline in our financial management. We have made endeavours to explore new areas for mobilisation of domestic resources so that revenue collection can be increased from Taka 2553 crores to Taka 2757 crores. It is expected that the public sector organisations will be able to reduce losses so that private sector will get more of bank credits thereby expanding investments in this sector. The Annual Development Programme has gone through a series of scrutinies and exercises which are still continuing. Steps have been taken for introduction of procedural improvements for its implementation and more efforts in this direction are being made. Emphasis has been laid on improvement of management efficiency--be it in implementation of development programme, or production in the mills and factories, in administrative field or improvement of skill and technology. For development of a nation one prerequisite is development of skill and entrepreneurship the lack of which is equally observed in both the public and the private sectors. Some administrative and economic measures have been taken for improvement in this area but success primarily depends on total dedication of the whole nation.

36. The main objective of this budget is to give a boost to the production process. But we are unable to do so without consistency with resources availability.

We would have very much liked to increase investment in the public sector. But inability to mobilise domestic resources beyond tolerable limits and strain on the balance of payment position stood in our way. However, our strategy is to channelise the available resources to productive and useful sectors. Every step has been taken and will be taken to revitalize productivity in the agriculture and industrial sectors. Special attention has been given to rural development and rural credit policy in order to enhance employment and income. Along with that all possible facilities and incentives have been provided for the private sector so that it can move forward on its own momentum.

37. The road ahead of us is extremely difficult and our forward movement will depend on united endeavour, unflinching sacrifice, cooperation of the private and public sectors with complete mutuality of understanding and efforts and unrelenting pursuit of efficiency and fairness.

38. I am grateful to the nation and indebted to my colleagues for giving me this opportunity of preparing and presenting the national budget. I also express my respectful thanks to the Chief Martial Law Administrator for giving me this great and heavy responsibility.

CSO: 4220/7613

PLANNING MINISTER HOLDS POST-BUDGET NEWS CONFERENCE

Dacca THE BANGLADESH OBSERVER in English 2 Jul 82 p 1

[Text] Finance and Planning Minister Mr A.M.A. Muhith said in Dacca on Thursday that the policy measures under the new Budget were aimed at speedy economic recovery through raising productivity and containing inflation.

Addressing a post-budget Press conference at the CMLA's Secretariat Mr Muhith observed that the choice before the nation was whether to continue the burden of direct and indirect subsidies through budgetary deficits or credit expansion from the banking system or to phase out the subsidies to overcome the adverse effects of such subsidised operations. The government has now opted for the second choice in the interests of better discipline and operational efficiency within the economy from a long-term perspective he felt.

Replying to a question about the cumulative effect of the reduction of subsidies and imposition of new taxes under the Budget for 1982-83 on the prices, he estimated that the overall price increase as the net results of the new policy measures would not exceed four per cent. About the impact of the reduction of subsidies on fertiliser he said that this would lead to an increase of 30 to 40 paisa in cost of production of rice per maund.

About the rise in the price of ration rice and wheat the Planning Minister said that this would not have any effect on the normal market operations. The public distribution programme under rationing covers only ten per cent of the population and the quantum of foodgrains distributed under rationing was only about 12.5 lakh tons, he added.

Mr Muhith said that 95 per cent of the tax burden would be borne by the well-to-do people and the urban population. About the shifting of the incidence of taxes onto the poor people, he observed that while formulating the taxation policy the Government had taken adequate note of the nature of goods on which the taxes had been levied so that there remained little scope for shifting of the incidence of the tax burden onto the commonman. Besides the investment programme in the public sector has been chalked out in such a manner so that the benefits of such investments reached the poor people more effectively, he added.

Replying to another question the Minister estimated that the rise in the prices of petroleum products would lead to a hike in transportation services like road services, inland water transport services and air services by only six to ten per cent.

When asked whether the hike in the power tariff and in the prices of gas along with the effects of the new tax measures would generate a cost-push inflation and induce a labour-retrenchment policy in the industrial sector in contradiction to the avowed policy goals of the Government to contain inflation raise productive potentials and generate more employment opportunities, Mr Muhith felt that he did not visualise such an impact. The new policy measures are aimed at raising the efficiency of the production process through improvement in management mobilising more internal resources and curbing uncalled for monetary expansion to enable the related public sector bodies to meet their operational shortfall. He categorically asserted in this connection that the liquidity expansion through the banking system would not be encouraged at all to meet the losses of the public sector organisations. This itself will act as a positive measure containing inflation and achieving the goal of efficiency in production operations, he observed.

He felt that the interest accruals on account of bank borrowings by the public sector utility bodies and industrial enterprises had been adversely affecting their pricing and efficiency.

Answering another question, the Minister said that the aggregate private sector investments in 1982-83 are projected at the level of Taka 1400 crore.

Mr Muhith said that the major thrust in the annual development programme for 1982-83 would be placed on increased rural investments for generation of more purchasing power.

CSO: 4220/7619

BRIEFS

AMBASSADOR TO SWEDEN--The Government has decided to appoint Mr Mustafa Kamal at present Bangladesh Ambassador to Poland, as Ambassador to Sweden, says PID hand-out. [Text] [Dacca THE BANGLADESH OBSERVER in English 29 Jun 82 p 1]

NEW INFORMATION MINISTER--The Chief Martial Law Administrator, Lt Gen H.M. Ershad on Friday appointed Syed Najmuddin Hashim former Bangladesh Ambassador to Burma as member of Council of Ministers, reports BSS. Mr Hashim has been allocated the portfolio of Ministry of Information. Syed Najmuddin Hashim was born in 1925 in Faridpur district. After his graduation with honours in English language and literature from Presidency College, Calcutta in 1946. He worked as a journalist in Calcutta and Dacca. He had been Chief of Public Relation Industrial Development Bank of Pakistan head of External Research and Reference and Executive Director of the Pakistan Council. He was Director General External Publicity in the Ministry of Foreign Affairs. He was appointed Minister (Information) in the Bangladesh High Commission London before being appointed as Bangladesh Ambassador to Burma in August, 1980 and High Commissioner to Singapore in August, 1981. Mr S.N. Hashim has traveled extensively. Besides serving in Diplomatic Missions in France and the United Kingdom he has been a delegate to the UNESCO general conference in Paris in 1968, delegate to the RCD Conference in Geneva in 1969, leader of the Bangladesh Press and Media team at the tripartite Foreign Ministers' Conference in Delhi in 1974 and a member of the Bangladesh delegation to the Non-aligned Summit Conference in Colombo in 1976. Besides being a poet, some of his works has been published at home and abroad, he has translated into English the work of major Bengali poets and authors. Mr Hashim is married and has two sons. [Text] [Dacca THE BANGLADESH OBSERVER in English 3 Jul 82 p 1]

AMBASSADOR TO OMAN--The Government has decided to concurrently accredit Mr M. Mohsin, at present Ambassador of Bangladesh to Jeddah, as Ambassador to the Sultanate of Oman says an official announcement. [Text] [Dacca THE BANGLADESH TIMES in English 6 Jul 82 p 8]

CSO: 4220/7622

BEIJING SEEN SUPPORTING BURMESE COMMUNISTS

Calcutta THE STATESMAN in English 3 Jul 82 p 6

[Text]

IF recent events along Burma's north-eastern frontier are anything to go by, it is evident that the Government forces are locked in a fierce encounter with units of the Burmese Communist Party. Viewed together with earlier incidents, it is also clear that the Chinese have something to do with the latest round of fighting—by association, at least. Clearly, the Chinese support for the BCP has given a new dimension to the Communist movement in Burma, and observers have already started hinting at the possibility that a major showdown—bigger than anything yet seen in Burma's anti-insurgency struggle—is likely to break out before the end of the year.

Communism in Burma took root unintended, without any direct or indirect control by the International Communist Movement. This unique factor set the movement on a stormy course, plagued by rivalry, dissension, lack of sound organizational base, and devoid of cohesive leadership and international legitimization. Moreover, the early leaders of the Communist movement—Kodaw Hmaing, Thakin Soe, Ba Hein, Pe Htay and Than Tun—failed to synthesize their revolutionary ideology to fit indigenous conditions, as was done by Tan Malakka in Indonesia and Ho Chi Minh in Vietnam.

UNITED FRONT

From 1944 to 1946, the Communists under the leadership of Thakin Soe, collaborated with Aung San's Anti-Fascist People's Freedom League and sought to dominate the coalition in order to capture the freedom movement. But when the Socialist

Party, the core of the AFPEL, decided to negotiate with the British, Thakin Soe not only withdrew from the united front, but also broke away with the BCP. He then formed a group called the Red Flags and, with a band of militant followers, went underground to organize insurrections.

Shortly afterwards, Than Tun, who cooperated with the Government until August 1947, formed a new Communist group called the White Flags and, after forming a guerrilla force, followed Thakin Soe underground. In 1951, these two insurgent groups were followed by another—the People's Volunteer Organization (PVO), an ex-militia led by the rurally oriented politicians who quarrelled with U Nu over the distribution of Cabinet posts. Between 1948 and 1954, these insurgent groups, along with thousands of Karen rebels, dominated the countryside and small towns in central Burma and established sectors of control for taxation purposes. But in 1954, the Burmese Army under the control of General Ne Win cut off the insurgent forces from their economic bases and temporarily kept them at bay.

Despite this setback, the insurgents continued to show a bold front and even to this day constitute the most formidable problem facing the Government. The strength of the Communist insurgent forces lies in the fact that, since the early 1950s, they have been successfully exploiting the secessionist sentiments of other rebel minority groups—Karens, Kachins and Shans. All these ethnic groups are fighting for the right to secede from the

Union and command thousands of men under arms.

During the turbulent 1950s, Red Flags, under Thakin Soe's leadership joined hands with the Karen nationalists who formed the Karen National Defence Organization (KNDO) and went underground in 1949. Thakin Soe reportedly converted Mahn Ba Zan, the Karen commander, to Communism and used Karen rebels for Red Flag operations against the Government. Similarly, the White Flags also sought to use the Kachin Independence Army (KIA) for their own ends. Many of the KIA leaders received military training in Yunnan and obtained huge quantities of arms from China. Kachin agents also purchased a great variety of U.S. arms, captured in Vietnam and sold in Thailand. Although there is no evidence of collaboration between Shans and Communists, the emerging Shan leadership is believed to have established a close liaison with the KIA and White Flags.

REBEL GROUPS

In addition to these insurgent forces, there are two other rebel groups—the Mons and Muslim hostiles of Arakan. Both these minority groups have been demanding the right to form autonomous States within the Union. The Muslim hostiles style themselves as Rohingya Muslim Independence Revolutionary Force (RMIRF) and are active along the Burma-Bangladesh border in the Arakan region.

These insurgent activities created a situation which might be termed a law and order problem. But the real threat to the Revolutionary Council came

when, in 1970, former Prime Minister U Nu sought to unite the disparate rebel groups under the banner of the National United Liberation Front in an attempt to overthrow the Ne Win regime. He offered the minority groups autonomous status if and when he came to power. The NULF claimed the allegiance of about 50,000 men under arms. Although the Government described this claim as a "bluff to keep up the sagging morale of his followers", there is no doubt that U Nu's attempt to stage a "Castro-type revolution" caused profound concern to the Revolutionary Council.

In 1963, General Ne Win announced a general amnesty and tried to end insurgency by a negotiated settlement. But four months' peace talks failed to produce any agreement and the rebels returned to their jungle hideouts. The Government responded by arresting a large number of Communists and launching an all-out offensive against the insurgents. All political parties, except that in power, were banned. These strong-arm measures, however, not only failed to produce the desired effect but only served to steel the rebels' determination to fight to the last.

CHINESE MILITIA

The BCP and associated insurgent groups now operate in various parts of the country, but it is in the north-east Sino-Burmese frontier region that they are the most active. And it is in this region, now known as Burma's "Red Shoulder", that the heaviest fighting ever seen in the two-decade-old insurgency took place in 1972. The locale of the main encounter was the outskirts of the Wa Region capital of Ho-Pang, on a road that follows the Nandenghe River valley as it snakes southward from China into north-east Burma. In this battle the Government fielded at least three crack divisions to fight a 1,500-strong insurgent force, allegedly supported by units of Chinese militia. The Burmese Generals were surprised that three divisions of tough fighters were held up and badly mauled by a small band of insurgents.

But, whatever the truth about the suggestion that the Chinese militia was involved, what irked the Ne Win Government was that the rebels were armed with M-22 rifles (the Chinese equivalent of the Russian AK-47), M-21 bolt action rifles, B-40 rocket grenades, 60 mm mortars and

anti-aircraft guns—all of Chinese manufacture.

Moreover, much to its chagrin, the administration found that Beijing did not take any serious view of such major military operations so close to its borders. In his frequent meetings with the Chinese leaders, Ne Win could not evoke anything more than discreet silence or only a sympathetic murmur which made it clear that the Chinese had no intention to seal off the borders in order to deny the rebels the convenience of a sanctuary. The upshot of all this is that the BCP upsurge has given rise to a diplomatic war of nerves between Beijing and Rangoon.

As the surging tide of insurgency is rising higher and higher, the Burmese leaders, their patience now sorely tested, still hope to win some measure of "understanding" from China. But to their great dismay, they find that many Communists, who surrendered under several amnesties announced by the Government, agreed that their party did not have any ideology but acted according to the instructions broadcast over Radio Beijing.

GANDHI ADVISER OPTIMISTIC OVER VISIT TO U.S.

Calcutta THE STATESMAN in English 25 Jun 82 pp 1, 9

[Text] Mr L. K. Jha, Mrs Gandhi's chief economic adviser, now here, is charged, among other things, with what he described as "getting a feed-back on how people feel" about the Prime Minister's visit to the USA at the end of next month.

After two days and a few luncheons, he told a Press conference at the Indian Embassy that he certainly did not have a complete picture. But, from seeing some of the Congressional friends he had cultivated when he was India's Ambassador here a decade ago, he found: "Generally, the atmosphere for the P.M.'s visit is positive; the feeling is that this will be a constructive visit". To which India's current Ambassador, Mr K. R. Narayanan, added that there was a desire on the part of President Reagan's Administration "to promote goodwill and understanding".

Mr Jha said that when he left New Delhi Mrs Gandhi had told him that she thought a good many Indo-American tensions in the past had been caused more by "misunderstanding" than actual conflicts in interest.

Mr Jha insisted that the prime reason for his current trip was to try to "unsnag" some of the difficulties which had kept Indian scientists and technologists living abroad from contributing their talents and expertise, and sometimes their venture capital, to assist development work back home. Accordingly, he had been meeting Indian nationals in West Germany, England, and now the USA and hearing of their frustrations in writing to various Ministries in New Delhi volunteering their services--only to receive "routine or negative responses", unquotes after long delays--or no responses at all.

He was trying to improve that situation by seeing if Indian Embassies abroad cannot help as clearing houses for such voluntary offers. He was also looking into the tax situation so that those Indian nationals who brought their talents back home for limited periods were not too severely penalized financially. And, from the home perspective, he wanted to see if there could not be better coordination among Ministries so that projects which were offered from abroad were not so bandied about from one building to another that original cost estimates mushroomed before a decision was ever reached.

Mr Jha said that he had found that in the private sector, Indian industrialists seemed intent on recruiting Indian nationals abroad who had gained "MBA's" (the master of business administration degree), which meant an emphasis on management, rather than technology. He was convinced that, eventually, Indian industrialists would find they need technological expertise from abroad as well.

While in the American capital, Mr Jha will be seeing Mr A. W. (Tom) Clausen, President of the World Bank, "to try to get a better view of how India's share of the IDA funds will be shaping up in the coming years, especially after China starts claiming her share", Mr Beryl Sprinkel, the U.S. Under-Secretary of the Treasury for Monetary Affairs and the Reagan Administration's hardliner on cutting back on U.S. contributions to such international organizations as the World Bank's IDA; and the Secretary of State, Mr Alexander Haig, the key figure in preparing for Mrs Gandhi's visit.

Mr Jha already has had a session with Mr Robert Homats, the Assistant Secretary of State for Economic Affairs and coordinator for the U.S. presentation at the recent economic summit at Versailles.

Mr Jha said he had two other objectives during his current foreign tour: looking into the effectiveness of India's commercial representations abroad; and the furtherance of the goals of the new international economic order, particularly from the perspective of the Willy Brandt commission, of which he was a member. While in Washington, he will also be lunching with Katharine Graham, the head of the Washington Post-newsweek journalism empire, who also was a member of the Brandt Commission.

Mr Jha leaves here tomorrow for a New York meeting with Indian scientists and technologists, and then another stopover in Britain before returning to New Delhi.

CSO: 4220/7557

JOINT COMMISSION PROPOSALS SENT TO PAKISTAN

New Delhi PATRIOT in English 29 Jun 82 pp 1, 12

[Text] India has forwarded to Pakistan a document detailing the scope and tasks it wants to set for the proposed Indo-Pak Joint Commission.

The document was handed over by Foreign Secretary M K Rasgotra to Pakistan Charge d'Affaires in India S K Dehlavi in New Delhi on Saturday.

The suggestion to set up such a commission had come from Prime Minister Indira Gandhi during her talks in the Capital with Mr Agha Shahi last January and it was welcomed by the latter.

Giving this information to newsmen on Monday, the External Affairs Ministry spokesman said the document was India's detailed proposal on the joint commission in its final form, but if Pakistan wanted to treat it as a draft it was free to do so.

"It is our hope," he said, "that the joint commission will be an active one and will contribute to relations between our two countries in all fields--commercial, cultural, etc."

In a simultaneous announcement in Islamabad, the Pak Foreign Office spokesman said the draft on the joint commission would receive the Pakistan Government's 'earnest consideration'.

The External Affairs Ministry spokesman informed in New Delhi that the Pakistani draft on the no-war pact offer was currently under the Government of India's consideration, and India's response to the draft, in written and comprehensive form would be taken by the Foreign Secretary when he visits Islamabad on 7 August to attend a meeting of South Asian Regional Cooperation. Mr Rasgotra will overstay after this meeting for talks on Indo-Pak bilateral relations with the Pakistani leaders.

Pakistan's draft of the proposed agreement was handed over to Secretary in the Ministry of External Affairs Natwar Singh when he visited Pakistan on 1 June, the spokesman said.

The Government of Pakistan, he said had been informed that the draft is receiving careful and serious considerations of the Government of India.

It may be recalled that India and Pakistan decided to resume their suspended dialogue after Mr Natwar Singh brought a letter from the Prime Minister to President Zia-ul-Haq.

CSO: 4220/7568

REPORT ON IRAQI FOREIGN MINISTER'S VISIT

New Delhi PATRIOT in English 3 Jul 82 pp 1, 7

[Text] Iraq's Foreign Minister Sadoun Hammadi called on Prime Minister Indira Gandhi in New Delhi on Friday and delivered a personal message to her from Iraqi President Saddam Hussein.

Mr Hammadi, who later left the Capital, told newsmen in the presence of External Affairs Minister P V Narasimha Rao at Delhi airport that Mrs Gandhi had accepted the invitation from Mr Saddam Hussein to attend the Seventh Non-Aligned Summit (to be held in Baghdad from 6 to 10 September, 1982).

The invitation is learnt to have been conveyed in the message from the Iraqi President who is also learnt to have sought India's help to make the Summit a success.

The External Affairs Ministry's spokesman informed that Mr Hammadi acquainted Mrs Gandhi with the arrangements Iraq was making to host the Baghdad Non-Aligned Summit.

Mrs Gandhi and Mr Hammadi also discussed the present situation with regard to the Iraq-Iran war, and the Prime Minister thanked the Iraqi Foreign Minister for having personally come to India to deliver President Saddam Hussein's message.

Earlier in the day, the delegations of the two countries (led by Ambassador Al-Khadouri of the Iraqi Foreign Office and Additional Secretary in the External Affairs Ministry Shilendra Kumar Singh) met for some time to discuss the draft position papers for the Summit.

The spokesman said that during Thursday's meeting of the two Foreign Ministers, Mr Hammadi explained to Mr Rao why Iraq did not consider Iran's additional demands (besides that of withdrawal of Iraqi troops to the international border which has already been met) as justified.

He disclosed that while discussing the latest developments in Lebanon, the Iraqi Foreign Minister characterised the situation there as dangerous and unpredictable, an assessment shared by India as well.

Asked to clarify India's position with regard to the forthcoming Summit in Baghdad, the spokesman said according to the statutes and practice of the non-aligned movement the Summit should be held as scheduled at Baghdad and India was proceeding on that assumption. He underscored that at the Non-Aligned Bureau meeting in Havana both the Iraqi and Iranian positions on the question of holding the Summit at Baghdad had been heard but in the final document only the Iraqi view incorporated.

But he said India was well aware of Iran's stand on the matter. Teheran has repeatedly stated that countries attending the Baghdad Summit would, in the opinion of the Islamic Republic of Iran, condone Iraq for its naked aggression on Iran.

The Non-Aligned Summit will be preceded by a preparatory meeting at the level of Foreign Ministers of the non-aligned countries as well as a session of the Non-Aligned Coordinating Bureau spanning from 31 August to 5 September.

CSO: 4220/7584

FOREIGN MINISTER INTERVIEWED BY HONG KONG JOURNAL

New Delhi PATRIOT in English 3 Jul 82 p 7

[Text] India wishes to improve relations with China and solve all outstanding bilateral problems so that relations between the two countries can truly be called normal.

Expressing this view in an interview with a Hong Kong weekly, Far Eastern Economic Review, External Affairs Minister P V Narasimha Rao, said "cooperation with China through contacts and exchanges in different fields is growing".

"A programme of exchange has been agreed to in the scientific and cultural fields", Mr Rao was quoted as saying by the Review's diplomatic correspondent in its latest issue.

On Sino-Indian border question, Mr Rao said that two rounds of talks between officials have been held so far and in the last session of talks (in May) the two sides addressed the differences between them on the boundary question more directly than it has been possible to do for two decades.

Mr Rao said that as far as specific proposals for the solution of the boundary question are concerned, both sides have expressed their views in some detail.

"Among the possibilities explored with the Chinese side is the full implementation of the (1962) Colombo proposals. Various ideas are under consideration and cannot, therefore, be debated publicly at this stage".

Asked to comment on Vietnam's reported assurance to India that it would soon withdraw part of its troops from Kampuchea as proof of its good will, Mr Rao said that he found (during his visit to Hanoi in February) Government of Vietnam willing to cooperate in a political solution of the question, including considering partial withdrawal from Kampuchea.

"They (Vietnam) have also indicated their keenness to establish a relationship of trust and cooperation with the ASEAN countries".

CSO: 4220/7584

REPORTAGE ON VANDALISM AT U.S. CENTER LIBRARY

CPI-M Leaders Disapprove

Calcutta THE STATESMAN in English 26 Jun 82 p 1

[Text]

THE CPI(M) leaders do not approve of destruction of furniture and other property during a demonstration by members of any organization. On Thursday the American Center on S. N. Banerjee Road in Calcutta was ransacked by a group of young men belonging to the Democratic Youth Federation, the youth wing of the CPI(M).

Commenting on Thursday's incident the Marxist leader, Mr Promode Dasgupta said that every organization had a democratic right to hold a demonstration. "But we do not approve of destruction of property during a demonstration."

A Staff Reporter adds: Mr George Sherman, the U.S. Consul General in Calcutta, met Mr A. K. Sen, Chief Secretary to the West Bengal Government, at Writers Building on Friday and lodged a protest with the State Government against Thursday's violent demonstration at the American Center. According to Mr Sen, the Consul General requested him to tighten security arrangements at the Center as well as at the U.S. Consu-

late in the city. He also pleaded that communications between the U.S. establishments and the city police headquarters at Lalbazar be improved.

Security arrangements at all establishments belonging to the USA and the U.K. in Calcutta including the Consulates and the libraries, were strengthened after the ransacking of the American Center Library on Thursday. Mr S. K. Ramachandran, Joint Commissioner of Police said on Friday that no arrests could be made in connexion with the incident. A case had already been started and the Joint Commissioner had asked the officers of the Special Branch to submit a report.

Meanwhile, there were demonstrations on Friday before the U.S. Consulate and the U.K. Deputy High Commissioner's office. The demonstrations were organized by Leftist trade unions in protest against the British aggression on the Falklands and American imperialism.

Incident Termed 'Wanton Vandalism'

Calcutta THE STATESMAN in English 26 Jun 82 p 8

[Editorial]

ASPECTS of U.S. foreign policy in relation to Israel and its neighbours are in our view indefensible; we have repeatedly criticized American support for, connivance at, or condonation of, aggressive Israeli acts. Further criticism is contained in today's leading article on Israeli action in Lebanon in the name of retaliation for PLO terrorism. Some may legi-

timately feel still more strongly, and express themselves so. But it becomes an entirely different matter when this takes the form of attacks on U.S. property or personnel in foreign countries. On diverse issues in the past there have been demonstrations against American policy in front of the offices of the U.S. mission in Calcutta, as there have been

elsewhere in this country and abroad. But what occurred at Calcutta's American Centre on Thursday was not so much a show of protest as wanton vandalism. That the group involved was bent upon destruction rather than expression of disapproval was clear from the way in which its members secured entry into the American Library individually and then went on the rampage. Let alone show any respect for the immunity enjoyed by offices of diplomatic missions, they thought nothing of destroying or damaging facilities of considerable value to the Calcutta public.

Judging by their conduct, one cannot even be sure whether they knew exactly what they were supposed to be protesting against or what they expected to achieve by their action. It is also intriguing that they did not seem to want any

public record to be made showing them in their heroic action; a Press photographer trying to take pictures was savagely beaten up. However, a festoon left by them bore the initials of the Democratic Youth Federation, an organization of the CPI (M). Neither the DYF nor the CPI (M) disclaimed association with the incident; nor did the State's Marxist leaders condemn it. If the DYF was involved in the dastardly outrage, it suggests a shocking irresponsibility on the part of the CPI (M) itself, which can only strengthen an impression of growing indiscipline and violent militancy in the party's ranks. This is all the more deplorable and disturbing at the beginning of the Marxist-led Left Front's new term in office. Even if it is now claimed that the party's members or supporters were not involved, the initial silence will need some explaining.

CSO: 4220/7560

BASIC DIFFERENCES IN U.S. FOREIGN POLICY CONDUCT SEEN

Madras THE HINDU in English 28 Jun 82 p 8

[Text] The men who helped the United States President, Mr. Ronald Reagan pick the members of his Administration had infinite faith in "team-players", but almost from the start Mr. Alexander Haig, his Secretary of State, had trouble adjusting to the concept. During the 17 months of his crisis-crossed career in Washington Mr. Haig had several highly publicised quarrels with other senior members of the Government. When Mr. Reagan named his Vice-President, Mr. George Bush, as a sort of special crisis manager, Mr. Haig felt his position as chief foreign policy-maker had been usurped. He was at odds with the Defence Secretary, Mr. Caspar Weinberger, from the time he himself leap-frogged the chain of succession to declare himself the "man in command" on the day Mr. Reagan was shot; their recent, and the most acute, differences were over Lebanon with Mr. Weinberger preferring a much less permissive policy towards Israel. Mr. Haig also fell out with other figures close to Mr. Reagan such as Mr. William Clark, National Security Adviser, Mr. Edwin Meese, the White House Chief of Staff and Mrs. Jeanne Kirkpatrick, the U.S. Representative at the United Nations. Mr. Haig's frequent complaint that people in the Administration were trying to stab him in the back or "steal his turf" was hardly calculated to boost the image of a soldier-administrator with presidential ambitions that he was credited with. Mr. Haig has said he is resigning because U.S. foreign policy has shifted away from "consistency and compassion". This does not reveal much, and the guess is that Mr. Haig who regards himself a "Europe firster" did not like Mr. Reagan's recent decision to get tough with the West Europeans who do not want to give up their lucrative trade connections with the Soviet Union.

Mr. Haig's prickly relations with other members of the U.S. Administration alone may not have contributed to his sudden departure--even where he was a loyal executor of Mr. Reagan's policies, his actions were not exactly crowned with success. His short-lived Falklands peace shuttle, a pale shadow of his one time boss, Mr. Kissinger's journeys in West Asia, proved such a fiasco that it was thought prudent not to let him get similarly involved in Lebanon. In the event, even his long distance handling of that crisis only served to put the U.S. in the dock with murderous Israel. Where a more imaginative approach to the Soviet Union on the question of arms reduction might have advanced the quest for peace, Mr. Haig, following Mr. Reagan's cue, preferred to be the blunt end of his battering ram. That such

stances did not pay has been amply demonstrated by the fact that the Reagan Administration has since been compelled by public opinion at home and abroad to reverse its earlier notions on nuclear disarmament. The U.S. is supposed to have a sophisticated decision making process which is immune to such things as personality conflicts. If, despite this, one of the principal members of the Reagan team has had to drop out in the manner he did, it can only mean that the differences in policies are basic.

CSO: 4220/7565

UN ENVOY ADDRESSES SESSION ON PALESTINE

Madras THE HINDU in English 28 Jun 82 p 5

[Text] India's permanent representative to the United Nations, Mr. Krishnan, has called on the international community "to raise its voice in unison" against Israel's massive aggression in Lebanon and demand an immediate withdrawal of the invading forces.

Addressing the resumed U.N. seventh special emergency session in the General Assembly on Palestine on Friday, Mr. Krishnan said the world community should force Israel to halt all hostilities forthwith.

He said Israel had scornfully ignored resolutions of the Security Council and the indignant outcry of the international community in the past three-and-half weeks.

Mr. Krishnan told the session that even while efforts were under way to bring an end to the hostilities and the senseless slaughter of innocent people, Israel had remained unrepentant and had intensified its aggressive acts.

The Indian representative warned that unless firm and united action was taken immediately, the tragedy of West Asia would reach new and unprecedented proportions.

The special session was debating a resolution by number of non-aligned countries calling for the immediate withdrawal of Israeli forces from Lebanon.

"The inalienable right of the Palestinians to life, liberty and homeland under the leadership of the Palestine Liberation Organisation can never be extinguished by Israel," Mr. Krishnan stressed.

He called for the preservation of the unity and the territorial integrity of Lebanon at all cost.

"Israel cannot safeguard the rights of its own people by defying the rights of the Palestinians. It cannot ever hope to build peace by destroying all peace in the region", he observed.

The Indian envoy urged the General Assembly to achieve what the Security Council had failed to do so far--to bring about a total withdrawal of Israeli forces from Lebanon.

He said that only after the "stopping of the bloodshed, withdrawal of Israel forces, and restoration of peace in Lebanon" that the parties concerned could start negotiations for a comprehensive, just and lasting solution to the conflict in West Asia.

CSO: 4220/7565

GANDHI ADDRESSES CONGRESS-I GROUP ON SESSION EVE

Bombay THE TIMES OF INDIA in English 8 Jul 82 pp 1, 9

[Text]

THE Prime Minister, Mrs. Indira Gandhi, today described the resignation by the former Karnataka PCC (I) chief and revenue minister, Mr. S. Bangarappa, and his colleagues from the Congress (I) as a "small incident" unduly magnified by the press.

She reacted to the resignations during her customary eve-of-session address to the Congress (I) parliamentary party this afternoon. She utilised the occasion also to appeal to the MPs to be present and vote for the party's presidential candidate, Giani Zail Singh.

Mrs. Gandhi alleged that the press never gave the same treatment as the Bangarappa episode when people from other parties joined the Congress (I).

In her 40-minute speech, the Prime Minister dwelt at length on the "propaganda" by the opposition about the mini-general election results, atrocities on the Harijans, minorities and women, and the party's attitude to the farmers.

HITLER'S TACTICS

She accused the RSS and the BJP of adopting the same tactics as Hitler of Germany for tarnishing the image of the Congress (I). They, as well as other opposition parties, were propagating that most of the incidents of atrocities had taken place during the Congress (I) regime, and that the ruling party was "anti-farmer."

The most reprehensible of all was the "rumours" being set afloat about her family matters. As far as she was concerned, she had always upheld principles. "But there is a limit to tolerance."

She said that there was nothing to be ashamed of in regard to what the Congress (I) and the government had done for the uplift of the Harijans. They had also done "a lot" for the farmers by land reforms and welfare schemes. The opposition, by indulging

in false propaganda, was only trying to alienate the party from the people.

Mr. G. Lakappa, secretary of the CPP(I), briefing the press on the meeting, said that Giani Zail Singh also made a short speech, pledging to uphold the dignity of the high office if he was elected President.

Mrs. Gandhi ridiculed the opposition claim that Mr. Justice H. R. Khanna was the most suitable person for upholding the constitution. She said she did not understand the meaning of such "propaganda" when the Congress (I) was doing everything to uphold the constitution and the principles of socialism, secularism and democracy.

She described Giani Zail Singh as a "great soldier in the struggle for independence," who had suffered and made many sacrifices for the country. As regards the propaganda that he did not know English, she pointed out that the criticism was being made by those who were known to be "Hindi protagonists."

When Giani Zail Singh was the chief minister of Punjab, she said, he had handled the problems of the state tactfully with a commonsense approach. He had always dealt with complicated problems with a "good-humoured approach."

Although the opposition was trying to make much out of the results of the mini-general elections, the Prime Minister said they did not indicate the "defeat" of the Congress (I). In fact, the party had not done worse in these elections than in the earlier elections. In some places, its performance was better. It was only the press that had magnified the losses.

Mrs. Gandhi claimed that in West Bengal and Kerala the election results had showed that the party's image had improved in these states.

Mrs. Gandhi also ridiculed the opposition efforts at unity and said that the objective was only to defeat the

Congress (I). The opposition parties spoke of socialism, secularism and democracy, but they did not have a policy of their own.

In a reference to her forthcoming visit to the U.S., Mrs. Gandhi said that she would put across to the American President India's attitude to various issues. She said though India was a developing country "we are proud of our achievements." "We are ahead of many other countries."

She condemned the Israeli aggression as "uncalled for" and pointed out that even the Jews living in the U.S. had begun to condemn Israeli activities. India's sympathies were with the Palestinians.

CSO: 4220/7595

COMMERCE MINISTER OPENS UNCTAD REGIONAL WORKSHOP

Bombay THE TIMES OF INDIA in English 8 Jul 82 p 5

[Text]

CAN the stalemate in the North-South negotiations on various economic and trade issues be attributed to the current economic difficulties of developed countries?

This question was raised here by Mr. Shivraj Patil, Union minister of state for commerce, in his inaugural address at the third Asian regional workshop on UNCTAD studies, organised by the Indian Council for Research on International Economic Relations and Marga Institute, Colombo.

One could well argue, Mr. Patil said, that the North was still not reconciled to any fundamental change in economic relations and not prepared to look to developing countries as equal partners in the progress of mankind.

Mr. Patil asked for a critical examination whether past approaches to negotiations were correct. The negotiating techniques also needed a closer examination.

Often, rhetorical solutions were found which concealed the differences among the various groups involved and problems arose in the implementation of so-called "agreed measures." Negotiations in key economic areas could succeed only if they were preceded by required changes in perspectives and perceptions.

Mr. Patil suggested that a South-South linkage could not be considered a substitute for North-South relations

and global economic cooperation. At the same time, there had been some developments in the recent past to enhance South-South cooperation. After the historic Arusha declaration, the concept of economic cooperation among developing countries had gained some momentum. Steps for co-operation among developing countries had also been outlined at the Caracas meeting last year.

Mr. Patil noted that, though South-South trade formed only a relatively small part of the global trade, this segment had the fastest growth rate in the past few years. In the trade sector, the concept of a globalised system of tariff preferences which would move towards reduction of tariff and non-tariff barriers among developing countries, had now come to be recognised as an important vehicle for South-South cooperation.

INCREASING PACE

Joint ventures, technology transfer and exchange of skilled manpower among developing countries were proceeding at an increasing pace, Mr. Patil remarked. It would be necessary to consciously support these mechanisms so that the world economic system, over a period of time, was reoriented to meet the needs of the developing countries.

It was evident to Mr. Patil that the movement witnessed in the sixties and during the first years of the seventies to adopt measures to assist

the development of the South had received a setback. The North-South dialogue in most areas was deadlocked. It was unfortunate that it had not been possible to launch negotiations on the global round of negotiations, adopted by the U.N. general assembly in 1979. The frustration of developing countries with the North-South dialogue had enhanced their conviction in economic cooperation among themselves.

Mr. K. B. Lal, chairman, Indian Council for Research on International Economic Relations, pointed out that the population of Western countries was going to be stable or might decline and the dynamics for growth would be provided by vastly populated developing countries. "The engine of growth of Western countries has to be fuelled and sustained by the purchasing power of the developing world."

Mr. Godfrey Cunatilleke, director of the Marga Institute, Colombo, noted the rather gloomy picture that the developing world found itself in the eighties, with prices being the lowest, and suggested that a new leadership was called for to face the challenges of the next decade.

CSO: 4220/7595

NEW FARMERS PARTY LAUNCHED IN TAMIL NADU

Madras THE HINDU in English 6 Jul 82 p 9

[Text] The new political party, sponsored by the Tamizhaga Vivasayigal Sangam led by Mr. C. Narayanaswami Naidu, came into being today.

The launching of the Indian Farmers and Toilers Party, as the new organisation is called, was marked by a procession and a public meeting addressed by Mr. Naidu and farmer-leaders from the districts.

Followers of Mrs. Naidu, who had earlier converged on the city from various parts of the State, marched from Island Grounds to the Marina, carrying placards and shouting slogans against distraint action to recover loan overdues from farmers.

Sporting green headgear and scarves, they proceeded along Anna Salai (up to Thousand Lights), Whites Road and Bharati Road (Pycrofts Road) to reach Seerani Arangam, where the public meeting was held.

A resolution urging the Government to treat agriculture as an industry and extend to the farmers all concessions available to industrialists, was adopted at the meeting.

Another resolution said the cost of agricultural produce should be linked to the cost of production and to safeguard the interests of consumers, the price of agricultural inputs and implements should be reduced by 50 per cent. It asked the Tamil Nadu Government to charge Rs. 50 per annum for one horse power for farming operations, as in Karnataka.

The meeting urged the Government to write off all the loans of farmers as per the assurances given by the Chief Minister during the last Assembly elections. It appealed to the Government to scrap the multi-point sales tax for merchants.

The Vivasayigal Sangam, which decided to go political in May last, chose July 5 for launching the new party in view of the importance it attached to that day. For the last five years, it has been observing the day as 'Farmers Day' to pay homage to those who had laid down their lives for the agricultural community.

The party has set before itself a 10-point policy and programme, which lays accent on making agriculture a "remunerative venture" and setting up agro-based labour-intensive industries.

Apart from promising to abolish the practice of distraining and auctioning property to recover loan arrears, the party proposes to link the price of farm produce with cost of production, as in the case of industrial products.

At the same time, to ensure that the interests of consumers are not affected by this pricing policy, it will bring down the cost of agricultural inputs and implements, as also of electricity supplied for farming operations.

By doing away with intermediaries, the yawning gap in price between production and consumption points will be narrowed down and essential commodities made available at cheap rates. The multi-point levy of sales tax will be scrapped.

The party has adopted the Sangam's flag with some modifications. Between two broad horizontal stripes of green, a ploughing-farmer, a spade and a wheel are depicted against white background.

Decision criticised: The birth of the political party set off waves of dissent in the Indian Farmers' Association (IFA), of which Mr. Naidu is the President.

"Mr. Naidu's decision to form a farmers' political party is unilateral and against the basic principles of IFA to remain non-political", said Major Ishwardayal Tyagi, Vice-President and Mr. Balbir Singh Rajewal, Secretary, in a joint statement.

The statement said the leaders and office-bearers of other State units were committed to remain non-political and a national meeting would be called shortly to elect a new President for the IFA.

CSO: 4220/7592

UTTAR PRADESH CHIEF MINISTER QUILTS OVER DACOIT 'MENACE'

Calcutta THE STATESMAN in English 29 Jun 82 p 1

[Text] The Uttar Pradesh Governor, Mr C. P. N. Singh, tonight accepted the resignation of the Chief Minister, Mr Vishwanath Pratap Singh, who decided to quit earlier in the day, admitting his Government's failure to put an end to the dacoit menace in the State, reports PTI. He has been asked to continue till alternative arrangements are made.

Shocked at the two carnages in Kanpur and Mainpuri districts during the last two days, in which 17 people were massacred, the Chief Minister told reporters that he and his Government had miserably failed to control the law and order situation.

The Chief Minister said that he had not consulted the Congress(I) High Command because his conscience did not permit him to continue in office because of the recent brutal killings in the State.

He said that no Government could continue to be in office once the confidence of the people had been shaken. During the last 1 1/2 years a number of massacres had taken place in Uttar Pradesh and he held himself and the Government responsible.

He recalled that last year he had offered to resign following the Deoli carnage, but stayed on in office because the gang of dacoits responsible had been liquidated.

The two massacres in Kanpur and Mainpuri districts during the last two days had once again highlighted the Government's failure.

The Chief Minister said that his resignation would have no impact on the forthcoming presidential elections and all the Congress(I) legislators would vote for the party nominee, Mr Zail Singh. He would continue to work for the party.

The Union Industry Minister, Mr N. D. Tiwari has been deputed by the Congress (I) High Command as its observer to the meeting of the Congress(I) Legislature Party of Lucknow tomorrow.

Mr Tiwari met Mrs Gandhi soon after Mr Singh submitted his resignation.

Mrs Gandhi is understood to have conferred with the Finance Minister, Mr Pranab Mukherjee.

Our special representative in Delhi adds: Party circles feel that Mr Singh should not have resigned at this juncture, when the process of the presidential election had begun.

Mr Vasantryao Patil, AICC(I) secretary, who was trying to get in touch with Mr Singh over the telephone this evening, told reporters that he was trying to ascertain the facts. After that, the Central leadership could decide on the next step.

The Central leadership will probably begin the search for a successor and reach a decision on it in the next two or three days.

None of the AICC(I) general secretaries was aware of the resignation and they were taken by surprise when the news came on the news agency ticker.

CSO: 4220/7566

GOVERNMENT PLANS STEPS TO STOP DUMPING

Bombay THE TIMES OF INDIA in English 26 Jul 82 p 5

[Text]

ADEQUATE and proper measures are being taken by the government to prevent the dumping of some commodities by other countries into India, which has been hampering the domestic producers.

Talking to captains of industry at a meeting organised by the Indian Merchants' Chamber in Bombay today, Mr. Pranab Kumar Mukherjee, the Union finance minister, said he had already asked the finance and commerce ministries to identify these commodities.

He, however, warned industrialists that they had to maintain the prices in the event of reduction in imports and not take advantage of the sheltered market. Mr. Mukherjee said that the industry did not pass on the reduction in the excise granted by the government to the consumers. He was obviously referring to viscose staple fibre.

He said the balance of trade position was causing anxiety. In 1976-77, India had a trade surplus of Rs. 72 crores, while in 1979-80 it was saddled with a trade deficit of Rs. 2,083 crores which was expected to rise to Rs. 5,700 crores in 1981-82.

Mr. Mukherjee said India would have to depend more on borrowing from world markets, since its share of the IDA credit had been going down from year to year.

Referring to the demands made by the industry for further liberalisation of credit curbs, he said, he had stop-

ped the earlier proposal of taking the banks' cash reserve ratio (CRR) to 8 per cent. Instead, it had been brought down in two stages to 7 per cent.

Mr. Mukherjee said the government's efforts to improve the investment climate had started bearing fruits. Besides the rise in new issues from Rs. 70 crores in 1979-80 to Rs. 543 crores in 1980-81, debentures issues had become popular with investors.

Mr. J. R. D. Tata said India should not be a dumping ground for other countries. Mr. N. A. Palkhivala urged the finance minister to be the first amongst the developing countries to throw open the direct tax proposals for public discussion. He said this was expected to be done in the U.K. from the ensuing year.

Mr. Shriyans Prasad Jain advocated introducing anti-dumping legislation, as was done by several countries. Mr. Choudhury, president of the Bombay Chamber of Commerce, advocated bold, clear policy towards large business houses.

Mr. Kesliwal, president of the Maharashtra Chamber of Commerce, said export policies should be stable and for long periods. Mr. J. H. Doshi advocated value-added-tax instead of excise duties. Mrs. Sharayu Daftary, past president of IMC, stressed the need for flexible policies for containing inflation.

Mr. Kantikumar Podar, president of IMC, welcomed the guests and Mr. Sudhir Thackersey proposed a vote of thanks.

BENGAL DROUGHT WORSENS

Manila BULLETIN TODAY in English 23 Jul 82 p 3

[Text]

NEW DELHI, July 22 (UPI) — Severe drought has gripped the Indian state of West Bengal and the specter of the Great Bengal famine of 1943 — the worst in the country's history — is haunting the state of 54 million people again, Indian newspapers reported from state capital Calcutta today.

State Chief Minister (head of the administration) Jyoti Basu told newsmen in Calcutta the other day that the state government's food stocks had been virtually exhausted, while unofficial reports quoted by the Hindustan Times newspaper said food riots had broken out in certain parts of the state.

Basu admitted that

tension was building up in the affected areas where food stocks have been depleted to the minimum.

West Bengal state is ruled by a left party alliance led by the independent Communist Party of India-Marxist. It faces serious problems for it will have to depend entirely on Prime Minister Indira Gandhi's federal government, with which it has poor relations, to rush food grains from the central government stock to the drought stricken areas. In addition it will be unable, in this case, to blame central government for its predicament.

According to official reports, over 15 million people have already been affected in eight districts of the state.

Forty per cent of the state's paddy and jute crops have been affected by the drought leading to losses of RS.1,000 million (approximately \$111 million).

Villagers in the affected areas have started migrating to nearby towns and the capital city of Calcutta in search of food and drinking water.

"Their number is now limited to a few thousands, but it will jump to tens of thousands if we do not get rains in two or three days," a state government official said when contacted on phone.

In the 1943 famine, tens of thousands of people died and it took several months for the then British adminis-

tration to return the situation to normal.

Meanwhile, the delayed monsoon has caused havoc with the sowing of the monsoon crop in nine of India's 21 states, federal government sources said. They are Gujarat, Rajasthan, Punjab, Haryana, West Bengal, Uttar Pradesh, Madhya Pradesh, Maharashtra and Bihar.

A total 76.5 per cent of the agricultural land in these states has already been hit by the drought which will become severe if no rain is experienced within a week. Conservative estimates put the number of people affected at between 50 and 60 million, although the government is yet to admit to drought-related deaths.

CSO: 4220/259

INDIAN DELEGATE SPEAKS AT COLOMBO CONFERENCE

Bombay THE TIMES OF INDIA in English 28 Jun 82 p 5

[Text] The leader of the Indian delegation, Prof. K. P. Saksena, of Jawaharlal Nehru University, has crossed swords with the representatives of the United States and the Soviet Union at the United Nations sponsored seminar on human rights in Asia and the Pacific.

The issue relates to the establishment of regional inter-governmental machinery to promote and protect human rights.

Mr. R. Schifter, co-chairman of the U.S. delegation to the U.N. commission on human rights, has been pushing hard at the seminar, now in session, for the establishment of the machinery on the lines of the European convention and the Organisation of American States. He is backing representatives of Britain, Australia, New Zealand, Pakistan and Nepal in this regard.

The leader of the Soviet delegation, Mr. V. Sofinsky, and the Vietnamese delegate, Mr. Anh Kiet Le, have apposed any such creation on the ground that it could lead to interference in the internal affairs of member-states. They have claimed complete respect for human rights in their respective countries.

Prof. Saksena pointed out that the European convention had not been able to do anything about violation of human rights by the Greek military junta between 1967 and 1975 and the Turkish military rule of part of Cyprus since 1974. The OAS has become active on human rights only after Dr. Fidel Castro overthrew the pro-U.S. regime in 1959.

The Indian delegate said he could not help recalling U.S. Congressional hearings in 1977, when a member of the "inter-American commission on human rights" said there was a "gentleman's agreement" between the U.S. and other OAS members "which meant simply not to talk about atrocities and violations of human rights, of course, with one exception that of 'gross violations' by Cuba."

Amidst interruptions by the U.S. representative, Prof. Saksena waved a copy of a leading local newspaper, "Daily News", and said it carried a report that the American government had opposed the creation of world food buffer stocks.

At the same time, the U.S. was spending billions of dollars as subsidies to American farmers who cut down production. "So much for American concern for human rights," he said.

The Indian delegate, who spoke immediately after the Soviet representative talked of the human rights record in his country and the need for non-interference, said: "I wish that nations practise what they preach. I have in mind the situation in Afghanistan."

The statement seemed to have nettled the Afghan delegate, Mr. E. Nabel, who walked up to Prof. Saksena for clarification and also asked permission to reply. But he seemed satisfied when the Indian delegate said the allegation was that a "number" of countries were interfering in the domestic affairs of Afghanistan.

"Asia Hopeless"

After analysing systems in the other regions for promotion of human rights, Prof. Saksena said the institutions had been created after inter-state political co-operation. But group efforts were politically non-existent in Asia.

Whatever institutional arrangements existed had been "foisted" by outside powers. This applied to the Economic and Social Commission for Asia and Pacific (ESCAP), the Colombo plan, the South-East Asia Treaty Organisation (SEATO), the Central Treaty Organisation (CENTO), and even the Association of South-East Asian Nation (ASEAN).

In none of the organisation had there been any initiative regarding promotion of human rights. "This is because the necessary political will does not exist. Hence, a regional or sub-regional framework at inter-governmental level is not feasible."

Prof. Saksena said Asian countries had the "most disappointing record in regard to acceptance of legally binding international obligations for the observance of human rights. For instance, only four countries--India, Sri Lanka, Mongolia and Japan in the ESCAP region--had signed the international convention on civil and political rights".

"Also in terms of authoritarian states, Asia far surpasses other continents. Thus any organisation set up is likely to contain the overwhelming majority of those representing authoritarian regimes. So the result could be counter-productive."

Mr. R. Abhyankar, deputy Indian high commissioner in Sri Lanka, and Mr. Cherry George, first secretary of the high commission, are the other members of the delegation.

CSO: 4220/7564

SECURITY STEPPED UP AT INTERNATIONAL AIRPORTS

Madras THE HINDU in English 3 Jul 82 p 1

[Text] The Civil Aviation Security Directorate has installed 76 units of door frame metal detectors at 47 civil aerodromes in the country, including the international airports in Bombay, Calcutta, Delhi and Madras to make the pre-embarkation security checks foolproof. Steps are being taken to install this equipment at Port Blair, Bagdogra, Ranchi, Bhuj, Bhubaneswar and Silchar airports also.

Announcing this here today at a meeting of the MPs' Consultative Committee attached to his Ministry, Mr. A. P. Sharma, Minister for Tourism and Civil Aviation, said action was being taken to procure more door frame metal detectors so as to modernise security checks at the feeder service airports also.

He said 293 units of hand-held metal detectors had been provided to all the 68 airports in the country, including the international airports. Besides, four units of the X-ray baggage inspection system — two each at Bombay and Delhi airports — had been installed. By the end of September 1983, thirtytwo units of X-ray baggage inspection system would be provided at 15 airports, including the other international airports.

Push-button alarm: At Palam airport, a push-button type alarm system was being provided to the airport security staff to assist the police in dealing with any emergency in cooperation with the police control room.

The members expressed concern over the recent hijacking of the Alitalia plane by a Sri

Lankan. The Minister said he was awaiting a report on the incident.

To questions about the Air-India Boeing crash at Bombay airport, he said a judicial enquiry had been ordered into it.

Beach resorts: The Minister said environmentalists had suggested that beach resorts should be located at least 500 metres away from the high tide mark in the beaches. But this might affect tourism since tourists did not wish to stay too far away from the beaches. At present there was no restriction on the location of beach resorts. A committee had been constituted to examine the possibility of imposing a restriction of 100 metres from the high tide mark, he said.

The Minister said airports would be constructed at Calicut and Pondicherry.

To the demand that the type of aircraft for Vayudoot must be finalised soon, Mr. Sharma said a committee headed by the Defence Secretary was examining this since the Defence Ministry also needed types of aircraft similar to those suitable for Vayudoot.

Invitation accepted: Mr. Sharma told the members that the executive council of the world tourism organisation had accepted India's invitation to hold the fifth session of its general assembly here during October 1983. Nearly 500 delegates were expected to attend this session, representing 105 member-countries of the world tourism organisation.

CSO: 4220/7583

EXTREMIST VIOLENCE 'ASSUMING DISTURBING PROPORTIONS'

Bombay THE TIMES OF INDIA in English 28 Jun 82 p 8

[Editorial] In much of the north-east, especially in Mizoram and to an only slightly lesser extent in Manipur, extremist violence is fast assuming disturbing proportions. The insurgents there, whose aims are frankly secessionist, have been engaging the security forces for years. Occasionally, as during the negotiations between Mr. Laldenga, the leader of the banned Mizo National Front, and the Union government, the level of violence temporarily subsides, only to rise rapidly again. With the failure of those negotiations and Mr. Laldenga's subsequent departure for West Germany, where he now lives, the extremists have once more begun to run amuck--with a vengeance. They have, as "official" orders intercepted by the army make plain, called on all non-Mizos in the Union territory to quit by June 21 (a deadline that has lapsed) or be killed. Since their murderous plans were unveiled prematurely, thanks to army vigilance, they have set about carrying out their threat. Between June 14 and June 24, they murdered 12 people, ten non-Mizos and two Mizos, one of the latter being a freshly elected MLA of the ruling People's Conference. Although the MNF cadre strength is estimated at 600 and although they are said to have some 370 weapons only, their capacity for harm is much greater than those low figures suggest. It is impossible for the security forces to protect every non-Mizo in the territory, not to speak of guarding those Mizos whom the extremists consider to be "collaborationists". The spate of killings has already created some public panic. What is worse, Mizos outside Mizoram, for instance in Assam's Silchar district, could be the victims of retaliatory action, as happened in 1980. Even now, tension there is reportedly growing. The rising militancy of hostile Naga and Manipuri extremist groups can only compound the problem.

It now looks as if those elements among the Mizo insurgents who did not see eye to eye with Mr. Laldenga used the interregnum while he negotiated with the Centre to reorganise themselves. Reports suggest that they have since all but repudiated his leadership and have decided to go on the offensive by mounting a campaign of terror against non-Mizos as well as Mizos opposed to them. They seem to have safe sanctuaries in Burma and Bangladesh to which they go when pursued by the army. For the time being, the security forces must strike at them as hard and as swiftly as they can. The infiltration routes from Burma and Bangladesh must be rigorously policed to prevent them

from slipping back into Mizoram. Above all, the administration must seek to win over the Mizo people. The systematic murder of Mizos and non-Mizos by the insurgents cannot endear them to the bulk of the Mizos who know as well as anyone else that violence begets violence. While cracking down on the extremists and their supporters, the security forces must take care not to alienate the people at large.

CSO: 4220/7564

PROBLEMS OF INDO-BRITISH TRADE RELATIONS TOLD

Madras THE HINDU in English 25 Jun 82 p 5

[Text] The Union Commerce Minister, Mr. Shivraj Patil, suggested that Britain intervene to arrive at a suitable bilateral textile agreement with EEC. He was speaking at the opening session of the Indo-British trade talks which began here on Tuesday.

The current Indo-British trade talks, highlighted by a two-day seminar to explore further prospects of trade and collaboration between prominent Indian and British industrialists, symbolise a genuine quest for a more productive and lucrative economic relationship.

The latest trade figures showing an imbalance of Rs. 390 crores in Britain's favour (compared to only Rs. 36 crores in the previous year) prompt Indian officials and industrialists to tell their British hosts that not enough attention is being paid to quota restrictions and tariff barriers, particularly textiles and garments and other problems.

The British feel that there are serious problems at this end, particularly when the country has just crossed three million unemployed mark.

Change in perspectives: But these are matters monotonously discussed at all Indo-British economic gatherings. It is also encouraging to note that there are changes in perspectives on both sides.

Mr. Pail, who heads the Indian delegation for example goes out of his way to reiterate his firm belief that nothing can be achieved by dissent or acrimony. He is fully aware of the plight of the British commercial community and at the same time feels convinced that the basic goodwill and understanding are there at all levels.

The British are also aware of the fact that the Indian market has been neglected. Britain today is no more India's leading trading partner and has slipped to the third position.

On the other hand, Indian officials--particularly Mr. Abid Hussain, Union Commerce Secretary and Mr. S. M. Ghosh, Secretary, Department of Industrial

Development--feel that British companies in India should show more endeavour to improve the volume of trade and investment in India.

For example, most business by foreigners is done through collaborations. The Government has approved about 5,700 such ventures in the past 20 years and 1,250 of them are with British companies. But Britain's share of Indian trade and investment is every year diminishing, as Indian needs diversify and Indian businessmen learn to deal with other nationalities.

In fiscal 1981, for example, 525 collaborations were approved (against 289 a year earlier) of which 128 were with Americans, 106 with British, 95 with Germans and 32 with Japanese.

Mr. Hussain told this correspondent last night, that the British were fast losing out to more determined rivals like the Americans, West Germans and the Japanese.

The purpose of the current round of talks, is to acquaint British officials and industrialists with the vast prospects and possibilities in India.

Attractive change: It was also pointed to the British commercial community here that there are fundamental policy and bureaucratic changes in India, geared to attract and accelerate investment. Apart from the market, and skilled manpower, India has a highly sophisticated financial system. The country also needs high technology and capital goods in most industrial sectors and is still a long way from developing its own indigenous capacity.

There are exceptions in all fields, but in a minority. But there is a genuine will and desire to seek the best and most modern in the world.

The British industrialists--particularly those who have collaborations in India, fully agree with this view point and hence the seminar will mainly explore ways of expanding trade, investments and productivity, all round.

Few representatives: Very few Indian export or industrial companies have their representatives permanently based here to promote sales, Indian companies still rely on antiquated methods of trying to establish contacts by correspondence. Indian businessmen have to learn a great deal about sophisticated marketing.

CSO: 4220/7558

PROCEEDINGS OF INDO-BRITISH COMMITTEE REPORTED

Calcutta THE STATESMAN in English 30 Jun 82 p 9

[Text]

NEW DELHI, June 29.—Britain has shared India's concern about this country's adverse trade balance and has said it is willing to respond positively to proposals to boost India's exports to the U.K.

This was indicated by Mr Peter Rees, Britain's Trade Minister, at the Indo-British economic committee meeting in London last week. He led the British delegation while Mr Shivraj V. Patil, commerce Minister led the Indian side.

Mr Rees noted that most of the proposal made recently by India for spending up to £250,000 for technical assistance from Britain were likely to be acceptable. He also indicated that the proposal for promotion of Indian products through British departmental stores might come through.

The British Minister said that help might be forthcoming for an Indo-British conference on engineering ancillaries, exchange of trade information and training. The decision to hold an industrial exhibition in London in November was very welcome to Britain. This would serve to reveal the skills of Indian industry and promote them in the British market, he said.

Reviewing the growth of Indo-British trade, Mr Patil expressed concern at the rapidly increasing trade imbalance in favour of the U.N. While accepting India's responsibility to market its exports successfully, he suggested that the British Government provide a practical measure of assistance, such as encouraging its nationalized industries to buy from India.

Mr Patil hoped a suitable bilateral agreement in textiles could be finalized with Britain, which was a major buyer, exercising a helpful influence within the European Economic Community.

On possible measures to reduce the imbalance in Indo-U.K. trade, Mr Patil felt that British nationalized industries might be encouraged to make increased purchases from Indian suppliers. He felt there was scope for India and the U.K. to establish joint production facilities.

It was indicated by Britain that its industry was keen to share its technology as was demonstrated by its position as a major collaborator with Indian industry. Indian and British companies working together more often could form the basis for satisfactory arrangements for joint ventures in Third World markets.

UNI adds: The Indian side suggested that the future pattern of partnership involving technology transfer should progressively be on a production-sharing basis. With costs of production and transport going up, India could provide a new base of production which could be shared by the two countries and could also be exported to Third countries, particularly in south and southeast Asia.

The likely areas mentioned by the Indian side for import of technology included electronics and telecommunications, cokeless cupolas for foundries, effluent treatment plants, automobile ancillaries, bimetal strips and bearings, heavy-duty cranes, and air pollution control equipment.

Both sides noted the potential scope for joint participation in Third countries, based on mutual complementarities. It was stressed that with an appropriate sharing of spheres of responsibility, preferably decided at the pre-tender stage, Indian and British firms could more successfully compete in Third countries.

CSO: 4220/7570

CONGRESS-I OFFICIAL INTERVIEWED ON ELECTIONS

New Delhi PATRIOT in English 27 Jun 82 p 1

[Text]

The Congress-I organisational elections are likely to be held in October-November this year after a lapse of 10 years.

At present, the party is functioning through ad hoc committees.

AICC-I general secretary Vasantrao Patil told newsmen on Saturday that party president Indira Gandhi was also in favour of early elections at all levels so that the new bodies could function with new vigour and enthusiasm.

Mr Patil said the elections could have been held earlier but for the impending monsoon.

He indicated reorganisation of the PCC-Is in Gujarat, Maharashtra, Andhra Pradesh and West Bengal. In UP, party president Bishambhar Nath Pandey has expressed his desire to resign. But

no changes would be made till the 12 July Presidential poll.

Organisational elections have not been held since 1972 when the Congress was undivided. Even when the Congress-I came into being in 1978, the party had been functioning through ad hoc committees at the State and district levels. No elections could be held during the last four years due to political and Governmental changes.

Mr Moopanar ruled out any change of Chief Ministers in some of the States as suggested by newspaper reports. There was no question of replacement of Mr Vishwanath Pratap Singh in UP and Mr Gundu Rao in Karnataka, he said.

According to informed sources, Mrs Gandhi is also thinking of having a full-time Congress-I president in order to reduce her burden, adds UNI.

CSO: 4220/7563

CSO SURVEY REPORTS RISE IN FACTORY OUTPUT

New Delhi PATRIOT in English 27 Jun 82 p 7

[Text]

Registered factories in the country increased by 3.7 per cent in a year, from 84,918 in 1977-78 to 88,077 in 1978-79, according to the summary results of "Annual Survey of Industries 1978-79" released by the Central Statistical Organisation of the department of statistics, Ministry of Planning in Delhi on Saturday, reports PTI.

The fixed capital employed by these factories registered a growth rate of 13.6 per cent. The gross output rose by about 14 per cent during the year while total inputs, comprising fuels, materials and components and payments made for industrial and non-industrial services rendered by others, etc., registered a growth rate of 12.6 per cent against 15.2 per cent recorded last year.

The value added, which is the net increase in output over inputs after allowing for depreciation, recorded a rise of 17.7 per cent in the current year as against 11.4 per cent recorded last year.

Total employment in these factories rose by 2.2 per cent as compared to 6.1 per cent in previous year while emoluments paid to employees increased by 10.3 per cent as compared to 15.0 per

cent last year.

According to the survey, the 88,077 registered factories at the end of March 1979 had a total fixed capital investment of Rs 22,886 crores. These factories employed 72.5 lakh employees, produced gross output worth Rs 44,344 crores and thereby contributed Rs 9,554 crores to the national income of the country.

About 7.7 per cent of factories belonged to the public sector (including joint sector). These factories, though representing a small fraction of the total number, controlled about 74 per cent of the total fixed capital and employed nearly 32 per cent of the employees in the registered industrial sector. Their contribution to gross output and value added was of the order of 31 per cent and 35 per cent respectively.

As against this, the remaining factories constituting the private sector were far less capital intensive and employed only 26 per cent of the total fixed capital.

They employed a little more than two-thirds of the total employees and contributed about 65 per cent of the value added.

As in the previous years, Maharashtra continued to maintain its lead in industrialisation by accounting for nearly one-sixth of the total registered factories in the country and contributed

nearly one-fourth of the total value added originating from this sector.

It had nearly 15 per cent of the fixed capital to work with and employed about 17.6 per cent of the total employees. The next position, by virtue of contribution to value added, continued to be occupied by West Bengal although its share in gross output had fallen from 10.5 per cent in 1977-78 to 9.8 per cent in 1978-79 and that in total employment from 13.2 per cent to 12.9 per cent during the same period.

Out of the 23 major industry groups including power generation into which the establishments have been classified, Maharashtra claimed the first position in 16 of such industry groups.

Besides cotton, wool, silk and synthetic textiles, it had also forged ahead in production of electrical machinery, transport equipment and power generation. West Bengal continued to be the primary producer of jute textiles. Bihar of basic metals and alloys and Andhra Pradesh of tobacco and tobacco products.

Over 90 per cent of the factories covered in the survey belonged to the relatively small units having an investment not exceeding Rs 10.00 lakhs in plant and machinery.

FINANCE MINISTER REPORTS TO PARLIAMENTARY GROUP

Calcutta THE SUNDAY STATESMAN in English 4 Jul 82 p 1

[Text] The Finance Minister has indicated that the Government was not keen on taking over sick units which were not potentially viable. But the industrial investment activity was showing an upward trend, with a 400% rise in capital raised by the corporate sector in 1981-82.

Mr Pranab Mukherjee, who was addressing members of the Consultative Committee of Parliament attached to his Ministry, said this in response to the concern expressed by some over the sick industry.

He said that while industries, which were potentially viable would deserve support by the banking sector and financial institutions, it would be unwise to siphon money into projects which were not potentially viable. He said that the banks would have to use their discretion in advancing funds to sick units.

Mr Mukherjee referred to the good investment climate and the increase of 400% in the capital raised by the corporate sector in 1981-82. Later when members asked whether the capital boom of 1981-82 would continue, the Minister said that the previous rate of growth in capital issues would not be maintained. But he hoped that there would be no downward trend in absolute amounts.

Some members criticized the poor efficiency of the public sector as evidenced by the large cost and time overruns the increasing capital output ration and poor capacity utilization.

The Minister agreed that increasing the efficiency and effectiveness should be a major objective. But he pointed to the increase made in certain areas like the generation of power, production of coal, fertilizers and crude and movement by rail.

Some members wondered if the absence of a price check on goods in the private sector did not go against the objective of controlling inflation.

Keeping prices artificially low meant reducing profits through artificial means. Moreover, the budget could not bear any further burden of subsidies that would be necessary because of unrealistic pricing.

Some members feared that the monetary policy pursued by the Government might inhibit production, but the Minister said that the policy was to control inflation without unduly restricting the credit needs of the industry and the commercial sector. While the restrictive policy had had a healthy impact on the price situation, the Government was carefully monitoring the situation and had been deploying policies in a flexible manner. As evidence he referred to the reduction in the cash reserve ration, stepping up of refinancing support by the Reserve Bank to the banks to improve their liquidity position and provision of requisite credit to individual industries experiencing difficulties.

Later, a spokesman of the Ministry, who briefed reporters on the deliberations of the meeting, said in reply to questions that in 1982-83 the Government would draw from the International Monetary Fund SDR 1,800 million, including SDR 300 million which was a spillover from last year. The IMF board was expected to meet on July 11 to approve the programme drawn up for the next tranche.

UNI adds: The Minister said that the industries were showing a great deal of interest to grow and investing public to put more money in the issues for capital and issues for debentures.

The capital raised by the corporate sector in 1980-81 was Rs 110 crore, while the figure for 1981-82 was Rs 450 crore (both equity and debentures).

CSO: 4220/7586

PLANNING MINISTER MEETS WITH PARLIAMENTARY GROUP

Bombay THE TIMES OF INDIA in English 2 Jul 82 p 9

[Text]

AN outlay of Rs. 8,374.48 crores will be made available for implementation of the new 20-point programme during the current year, the minister of planning, Mr. S. B. Chavan, disclosed today.

Additional funds needed due to increase in physical targets envisaged in the programme, outdated cost norms or inadequacy of outlay on existing cost norms for accepted physical targets would be kept in view while finalising the remaining two annual plans of the sixth plan, he told parliament's consultative committee attached to his ministry.

Generation of employment during the sixth plan was estimated by Mr. Chavan at 34 million standard persons. The organised sector, he said, was currently generating employment to the tune of 800,000 per year.

Also, besides setting up of district man-power planning and employment generation councils, the states were being encouraged to implement special employment programmes. This was being implemented in Maharashtra, Gujarat, Madhya Pradesh, Andhra Pradesh, Jammu and Kashmir and West Bengal.

The members noted with concern the cost and time overrun of major and medium irrigation projects.

Mr. Chavan informed them that in the sixth plan, 48 major irrigation projects had shown time overrun of five years or more and 31 major projects had shown cost overrun of 500 per cent or more. A large number of medium schemes had also shown time and cost overruns.

Various measures initiated by the planning commission and the ministry

of irrigation to correct the position were indicated by the minister.

These included setting up of special units in the Central Water Power Commission to monitor major irrigation projects, advance planning of scarce construction materials and ensuring their timely supply and advising states to accord high priority to early completion of on-going projects.

Slippages in power generation was also considered by the committee. Mr. Chavan indicated that during the current year, 3,482 Mw. was likely to be added to capacity.

Against the target of 19,666 Mw. of new capacity targeted during the sixth plan, anticipated achievement in the first three years was expected to be 7,480 Mw, leaving a balance of 12,186 Mw for the remaining two years of the sixth plan.

While every effort was being made to commission as many projects as possible, still, roughly 5000 Mw of capacity was likely to spill over to the first two years of the seventh plan.

Major factors contributing to slippages were identified by Mr. Chavan as delays in supplies of plant, weak project management in some electricity and project implementing agencies, shortage of cement and steel and shortfall in flow of funds to state electricity boards due to increase in cost and shortfall in additional resources.

UNI adds: The minister told the members that the states were being asked to stop the practice of holding back for "public purposes" surplus land meant for distribution among the landless.

He said land reform was an important component of the anti-poverty programme. In view of the big gap between the land declared surplus and land, distributed, the states were being asked to expedite distribution of surplus land.

CSO: 4220/7576

COMMERCE MINISTER MEETS WITH PARLIAMENTARY GROUP

New Delhi PATRIOT in English 7 Jul 82 p 5

[Text] Commerce Minister Shivraj Patil on Tuesday forcefully refuted the hue and cry made by the trade and industry in the country regarding dumping in wake of liberalised import policy.

Mr Patil told the consultative committee of his Ministry that though there was quite an uproar about the dumping in of certain items, particularly, in the field of man-made fibres, 'it was not a fact.'

Mr Patil informed the members that a committee headed by the Commerce Secretary has been constituted to see that there was no flooding of domestic markets in such fibres or in other fields.

Stating that dumping implied non-monitoring of imports in such matters, Mr Patil said on the contrary constant monitoring was going on. In respect of man-made fibres and yarns, a special procedure has also been evolved under which all import contracts have to be registered with the Textile Commissioner before imports could take place, he added.

Giving facts, the Minister said that imports of all other fibres and yarns, except polyester filament yarn and viscose staple fibres, had decreased.

Moreover, the increase in import of polyester filament yarn and others had not adversely affected the indigenous industry.

He said that import of polyester fibre had come down to about 1,265 tonnes in 1981-82 as against 9,421 tonnes in 1978-80. On the other hand indigenous production had increased, he added.

Thus, Mr Patil asserted, allegations in the matter were not tenable either on count of dumping or on the ground of its detrimental effect on indigenous producers.

However, he assured the members that the situation was under constant watch and fiscal measures would be considered to see that due to fall in international prices of man-made fibres since April, the domestic manufacturers did not suffer.

Regarding export import scene he said there was marked improvement in exports and substantial curtailment in the growth rates of both imports and deficit of foreign trade during 1981-82, adds UNI.

He said that India's overall exports during 1981-82 provisionally amounted to Rs 7557.5 crores and the imports stood at Rs 13271.29 crores, leaving a deficit of Rs 5,713.82 crores.

Mr Patil said exports registered a rise of about 13.3 per cent compared to the previous year which stood at four per cent. The achievement of a growth of 13.3 per cent in 1981-82 was very encouraging he added.

The imports during 1981-82 indicated an increase of 9.6 per cent over 1980-81 as against a successive rise of 32.4 per cent and 38.8 per cent in 1978-80 and 1980-81 respectively he said.

CSO: 4220/7594

DEFENSE MINISTER REPORTS TO PARLIAMENTARY GROUP

Bombay THE TIMES OF INDIA in English 27 Jun 82 p 1

[Text]

NEW ordnance factories are being set up to achieve self-reliance and self-sufficiency in defence preparedness.

Mr. R. Venkataraman, defence minister, informed members of the defence consultative committee that among the units commissioned were a grey iron foundry as a captive unit for the production of vehicles, a TNT plant and facilities for the production of heavy calibre artillery ammunition.

A new factory had been set up for the production of illuminating ammunition. Production was also being established of a new weapons system to replace the world war II vintage anti-tank system along with connected ammunition.

A factory equipped with modern machinery had been set up for the manufacture of indigenously developed 105 mm. field gun. An improvised version of the gun was in an advanced stage of development.

IMPORTS NECESSARY

Mr. Venkataraman said a certain amount of imports was necessary because India had to constantly update its weaponry and keep abreast of the weapons technology in the rest of the world to meet any threat to its security.

Mr. Venkataraman disclosed that the gross value of production in ordnance factories had gone up from Rs. 675 crores in 1980-81 to Rs. 760 crores in 1981-82.

The defence minister said that considerable progress had been made in the development of the main battle tank. The new tank would have better mobility, survivability and fire-power. Progress had also been made in the field of missiles, including their guidance systems.

With the commissioning of the Mishra Dhatu Nigam at Hyderabad, the country would be in a position to establish production of special alloys for aircraft manufacture and several other applications.

Replying to questions from members, Mr. Venkataraman said that the government's policy was to encourage the production of items of common use in the private sector.

Some members expressed concern over thefts and pilferages of defence stores. The defence minister replied that a working group had been set up to look into the problem of security of weapons. The group would submit its report at an early date.

CSO: 4220/7561

RAO REPORT TO PARLIAMENTARY COMMITTEE REVIEWED

Calcutta THE STATESMAN in English 26 Jun 82 p 1

[Text]

NEW DELHI, June 25.—The External Affairs Minister, Mr P. V. Narasimha Rao, said here today that India and Pakistan would resume talks some time in the second week of August when the Foreign Secretary, Mr M. K. Rasgotra, visits Islamabad for the meeting on South Asian cooperation.

He told the Parliamentary Consultative Committee attached to his Ministry that Mr Rasgotra would go to Islamabad on August 7 and stay back for a few more days after the South Asian meeting to pick up the threads of the bilateral talks with Pakistan.

He said that very soon India would forward to Islamabad a draft on the proposal to establish a joint commission to promote relations between the two countries. Meanwhile, Pakistan's draft for a non-aggression pact was being examined in depth by India. Mr Rao made it clear that the Indian draft for a joint commission was not in the nature of a counter-draft to Pakistan's non-aggression agreement draft.

A spokesman of the External Affairs Ministry, who briefed reporters on the occasion, said that Mr Rao also disclosed at the Consultative Committee meeting that during the second round of the Sino-Indian talks held in New Delhi last month, various principles and working propositions were made relating to the approach to be adopted for negotiating a settlement on the border issue. These included the possibilities of fully implementing the Colombo proposals, Mr Rao stated.

Mr Rao told the committee that it was recognized by both China and India that a common basis and approach had to be evolved as a first step towards solving the boundary problem in each sector.

The two sides agreed that an atmosphere conducive to the conduct of negotiations needed to be maintained. The main result of the

exercise, Mr Rao said, had been a greater engagement of minds on points of difference and the extent of these differences between India and China on the boundary question.

Regarding the third round of talks, the External Affairs Minister said that this would be held at a time to be decided in consultation with the Chinese Government. He assured members that thorough preparatory work would be undertaken before the next round, according to the spokesman of the External Affairs Ministry who briefed reporters on the deliberations of the committee.

Besides China and Pakistan, the committee members also discussed the situation in Lebanon and the Indo-Bangladesh talks on sharing the Ganges waters.

On the Israeli aggression in Lebanon, which received unanimous condemnation from members, Mr Rao expressed regret that those who were in a position to restrain Israel at least to some extent were taking a line that was somewhat unclear and perhaps dubious. He acquainted members in detail with measures being contemplated within the framework of the U.N. to seek a solution.

In response to a suggestion by a member that India stand by the Palestine Liberation Organization and its chairman, Mr Yasser Arafat, Mr Rao confirmed that India's permanent representative at the U.N. had been instructed to work in close cooperation with the PLO representation.

ENERGY MINISTER MEETS WITH PARLIAMENT COMMITTEE

Calcutta THE STATESMAN in English 8 Jul 82 p 9

[Text]

NEW DELHI, July 7.—The target for coal production for the current financial year has been increased from 133 million tons, as fixed in consultation with the Planning Commission, to 135.5 million tons. The increased of 2.5 million tons will come entirely from Coal India.

This was stated by the Energy Minister, Mr A. B. A. Gani Khan Choudhury, while addressing members of the Parliamentary Consultative Committee attached to his Ministry here yesterday.

In the case of power, 3,500 MW of additional capacity had been targetted for this calendar year. In the first six months, an additional capacity of 1,900 MW had been added.

Mr Khan Choudhury said that during the first quarter of the current financial year, coal production had been 29.65 million tons, which was nearly 8% more than that during the first quarter of the previous year. Coal despatches during the quarter had also recorded an increase of 6.2% over the corresponding quarter last year.

The Minister informed the members that the procedure for release of coal under the free sale system had been simplified further and a new scheme for off-the-shelf sale of coal had been introduced. The new scheme aimed at making coal available all over the country near the consumption points and providing single contract service for consumers for lifting coal from the coalfields. In all, 85 mines in different coal companies had been made available under the new scheme.

According to him, consumers' response to the new scheme had been good and daily lifting had increased from 440 trucks a day, before the scheme was introduced, to more than 855 trucks a day. Clear-

ance of new coal projects had been ensured to maintain the increasing trend in coal production. In 1981-82, 18 new projects had been sanctioned, and nine more projects had been sanctioned till now during the current year.

The Government had decided to give equal importance to production from underground and open cast mines. There had been significant improvement in the quality of coal.

Regarding thermal power, Mr Chowdhury said: "Our target is to achieve as quickly as possible the plant load factor of 56%. A target of 19,666 MW of additional capacity had been decided on for the sixth Plan. For the seventh Plan, techno-economic approval of 27,000 MW had already been accorded and, out of this, the Planning Commission's approval for about 20,300 MW had been obtained.

Mr Choudhury said he intended to call a conference of State Power Ministers after the Parliament session get the views of the State on the Rajadhyaksha Committee report. "If we are unable to reach some consensus on this, I think we may have to get some amendments made in the Electricity (Supply) Act, he added.

Mr Vikram Mahajan, Minister of State for Energy, who participated in the deliberations, said the power shortages had been reduced. Efforts were being made to maintain a balanced growth of power in different regions.

HAIG SAID TO LEAVE OFFICE 'AT INOPPORTUNE MOMENT'

Bombay THE TIMES OF INDIA in English 28 Jun 82 p 8

[Editorial] Mr. Alexander Haig's resignation as U.S. secretary of state has come all too suddenly. But it cannot possibly be called a surprise. Indeed so badly and for so long has he been harried by bitter in-fighting in the Reagan administration that a less buoyant man would have gone much earlier. In their initial statements, both President Reagan and Mr. Haig himself have been vague about the reasons. But it is clear that most of the differences relate to West Asia and Western Europe. As the only member of the Reagan administration with some experience of international affairs, Mr. Haig was appalled by the continuing friction between the U.S. and its European allies over both the nuclear issue and reaganomics. But he evidently has had to yield ground to the national security adviser, Mr. William Clark. During President Reagan's recent European tour, his two principal foreign policy aides were engaged in frequent "shouting matches." On West Asia, Mr. Haig's total commitment to Israel's egregious aggressiveness has been under attack for some time from his principal adversary, the defence secretary, Mr. Caspar Weinberger. It is no mere coincidence that Israel has expressed its dismay over the departure of a "loyal friend" while the PLO has greeted the event with glee. It holds Mr. Haig to be a partner of Israel in the "biggest and most savage crime in modern history", and this view is shared by even moderate and usually pro-American Arabs. They will be well-advised, however, to realise that an individual's departure can at best change the nuances of Washington's West Asia policy, not its substance.

President Reagan has picked on Mr. George Schultz as Mr. Haig's successor. He has experience of running the treasury but not of conducting foreign policy. No wonder America's European allies are worried because they think he might lack the feel for European concerns that Mr. Haig had acquired during his tenure as the NATO commander-in-chief and earlier as Mr. Nixon's chief of staff. The Russians are watching the situation and keeping their own counsel, wondering whether the mildly moderating influence on U.S. policy towards the Soviet Union that Mr. Haig had exercised will endure. Altogether, Mr. Haig's departure, even if inevitable because of internal strife in the Reagan administration, has come at an inopportune moment for the world at large. The irony of it all is that by sending out Mr. Haig, or allowing him to go, President Reagan has resolved only the least damaging part of the disarray in his cabinet. Both the attorney-general, Mr. William French Smith, and the labour secretary, Mr. Raymond Donovan, have embarrassed the U.S. President a lot more by their unsavoury conduct. But both are continuing in their crucial jobs.

INDIANIZATION OF FOREIGN FIRMS REPORTED COMPLETE

Calcutta THE STATESMAN in English 1 Jul 82 p 9

[Text] The process of Indianizing the ownership of foreign firms under the Foreign Exchange Regulation Act of 1973 is now complete, and directives under the guidelines framed have been issued to 483 branches of subsidiaries.

An official study says that practically all the companies have complied with the directives and have reduced their foreign holdings to either 74%, 51% or 40% depending on the activity they are engaged in.

The last major case to be decided was that of Hindusthan Lever, which has been allowed to retain a 51% foreign holding because of its undertaking to export 10% of its production, combined with diversification into sophisticated technology areas.

A few firms are still to comply with the directives issued under FERA. The most prominent are those in the pharmaceutical industry, which have decided to resist orders to them to dilute their foreign holdings. Their cases are expected to be finalized shortly, but at present the Government has no intention of revising its decisions.

During the process of Indianization, about a dozen foreign firms preferred to wind up their operations rather than follow the Government's directives. The most prominent of these were IBM and Coca-Cola.

Under FERA, foreign holdings in manufacturing, commercial and trading companies were required to be brought down to 74% in the case of high-priority industries listed in the Appendix 1 of the Industrial Licensing Policy, 51% in the case of industries predominantly engaged in the manufacture of sophisticated items or exporting their products, and 40% in the case of other manufacturing trading and commercial companies.

Fresh Investment

Fresh direct foreign investment is no longer to be allowed to exceed 40% of the equity in any company and is usually much less than this, being limited in most cases to around 15% to cover the value of the machinery imported.

In extraordinary cases, this could be increased but the prospect of this occurring is remote, since foreign technology imports are being allowed only in partnership with an Indian firm through a collaboration agreement of limited duration.

The total investment in the country until March 31, 1976--the last date for which figures are available--was estimated at Rs 2,232 crores. Since then, it is thought to have increased only marginally, despite the large increase in collaboration agreement. The total estimate now is well under Rs 2,500 crores and fresh foreign investment in the past decade has been less than Rs 100 crores.

Taking into account the total investment in the corporate sector of over Rs 20,000 crores, the foreign investment as a whole is, thus, proportionately very small. Although foreign firms are being encouraged to invest within the framework of the Government's policy, no major change in the amount of fresh foreign investment is expected.

In fact, the only new substantial foreign investment to be made in India in the past two decades will be by Suzuki Motors of Japan, which is to contribute 25% of the equity, or a maximum of \$25 million, in the project to make a car in collaboration with the public-sector Maruti Udyog.

CSO: 4220/7572

GANDHI DISCUSSES ECONOMY WITH INDUSTRIALISTS

Madras THE HINDU in English 1 Jul 82 p 1

[Text] Several leading industrialists told the Prime Minister, Mrs. Indira Gandhi, today that recent policy decisions had created a buoyant climate for industrial growth, but often the implementation of these measures was tardy and the hidebound attitude of bureaucrats was sometimes a bottleneck.

The meeting was held at short notice at the Prime Minister's instance. She wanted to acquaint herself with the views of industrialists on the current economic situation. The informal setting free from rhetoric facilitated a frank exchange of ideas.

There were references to the credit squeeze, signs of recession in certain segments of the economy, import liberalisation, dilatoriness in the industrial licensing procedure as well as to a variety of other problems.

But by and large the participants in the meeting presented an optimistic assessment of the emerging situation, and the younger ones among them felt that the era of protectionism for Indian industrialists should end and they should compete on an equal footing with their counterparts elsewhere in the world.

Mrs. Gandhi herself posed the question on whether it was not time that Indian industries stood on their feet rather than depend on the Government or others for props and crutches. It was noted that the country's capital market was more buoyant during the past one year than ever before.

The Prime Minister said like all other countries India too had its problems, but India's problems were of a special kind. It was at a developing stage and "we have to get over the hump".

The young industrialists, according to an official spokesman, expressed the view that the time had come to end the subsidisation of exports. Instead of subsidies the need was for better technological inputs so that India could compete in the international export market.

Those who attended the meeting were Mr. G. K. Devarajulu, Mr. H. S. Singhania, Mr. Ashok V. Birla, Mr. Sanjay Dalmia, Mr. M. V. Arunachalam, Mr. Suman Patel,

Mr. Rahul Bajaj and Mr. Jit Paul. Several others were unable to participate for one reason or another.

Even though some of them are key functionaries of different organisations, the views expressed by them were all in their individual capacities. The discussion covered almost the entire gamut of problems and issues facing the economy.

While liberalisation of imports was welcomed, it was also pointed out that in granting import licences care should be taken to ensure that the capacity already built up in the country was not hurt. Some felt that far too much fertilizer, soda ash and paper imports had been permitted.

R and D Efforts

At the same time the industrialists stressed the need for continuously updating technology without which India could not keep in step with other countries. While pleading for greater investment in and encouragement to indigenous R and D efforts, they said technology import should be allowed liberally.

It was also suggested that the import of technology in certain spheres--transport and electronics among them--should be placed under OGL.

Another suggestion made was that since Indians were now going ahead with joint ventures in third countries in a big way, not only transfer of knowhow and machinery but also remittance of funds should be allowed wherever necessary.

In order to end the current stagnation in certain sectors of the economy, hire purchase and leasing out of industrial equipment, was suggested.

It was pointed out that certain industries--particularly consumer durable industries--were unable to market their products and stocks were piling up. This could be averted and a stimulant provided if credit was made available for hire purchase. The same facility could also be extended for hiring machinery and equipment which otherwise the entrepreneurs were unable to buy.

Some industrialists complained about high interest rates and the wide difference between borrowing and lending rates of banks as well as the gap between the selling and buying rates of hard currency. The archaic procedures still followed by the banking industry came in for criticism.

The industrialists were near unanimous in expressing the view that while policy measures had been liberalised much remained to be done to tune up the administrative machinery to hasten their implementation. Regulation rather than promotion was still the predominant culture of the bureaucracy.

This was the first informal exchange of views between the Prime Minister and the captains of industry in two years. It will be followed by meetings with economists and others.

Some of the participants said that in granting industrial licences not only should the demand of the indigenous market but also of the export market should be taken into account. The definition of large and medium industry should be reviewed. Banks should give priority to export in the matter of allocating credit. A plea was also made for lightening the excise duty burden on small-scale industry.

It was pointed out that Indian products were not generally competitive in the world market because industrial enterprises in this country had not attained economies of scale. They wanted the MRTP Act to be administered by the Industry Ministry so that it was inspired by a promotional rather than a regulatory attitude.

The difficulties faced by the traditional industries like jute, tea and textiles were mentioned at the meeting. The Government was told to deal firmly with the six-month old strike in Bombays textile mills.

The need to utilise the talent as well as funds at the disposal of Indians living abroad to promote industrial growth, especially in sophisticated areas, was suggested by some.

The industrialists offered to participate in the programme of rural development and family planning and congratulated the Prime Minister for the bold steps taken by the Government to stimulate economic growth.

CSO: 4220/7573

AID TO BE SOUGHT FROM EUROPEAN INVESTMENT BANK

Bombay THE TIMES OF INDIA in English 3 Jul 82 p 13

[Text]

THE Indian mission to the European Economic Community here has formally approached the European Investment Bank, a major source of concessionary long-term finance capital, to open its doors for Indian borrowing.

Last year, the bank lent some 3,850 million ECU (roughly equivalent of the same amount in U.S. dollars) to finance industrial, energy and infrastructure development projects in the ten community countries as well as 35 other countries linked to the EEC through co-operation agreements. This compared with about 3,500 million ECU lent in 1980 calendar year.

Though the poorer countries of the EEC accounted for the lion's share of the total loans, the 35 other countries took 485 million ECU last year for their small-scale industrial projects, energy and mining.

ECONOMIC TIE-UP

In a note presented to the executive commission of the EEC and the bank president, the mission has pointed out the growing economic co-operation between India and the EEC culminating in the conclusion of the economic co-operation agreement.

Under article 6 of the agreement, there is provision for the financial institutions of India and the EEC to

co-operate. A request was in fact made while the agreement was signed in January for EIB aid to India but the EEC commission felt that they could be done only after necessary amendment of the bank's mandate.

The EIB statute has been amended several times to provide for loans to associate countries, the Mediterranean countries and Spain and Portugal. As the Indian case for aid is strong, the officials expect the next procedural steps to proceed smoothly.

The next step would be for the commission to recommend favourably the Indian case to the council of EEC ministers, which will then give the necessary direction.

Arguing for newer sources of funds, the note pointed out that as the World Bank said resources constraint could be one major difficulty in fulfilling the development strategy for the 1980s, the rising import bill caused by the oil price hike might result in a huge trade deficit of over Rs. 6 billion for 1981-82. In the context of dwindling sources of concessionary aid, and despite India planning to borrow around \$ 9 billion in the commercial markets for 1981-82, the debt servicing burden would reduce available funds for development projects.

India wants the EIB finance mainly for energy projects.

CSO: 4220/7580

STUDY NOTES IMPROVEMENT IN INVESTMENT CLIMATE

Calcutta THE STATESMAN in English 2 Jul 82 p 9

[Text]

NEW DELHI, July 1.—Measured in terms of the number of industrial licences and letters of intent issued, the investment climate has improved significantly in the past two or three years, giving rise to the hope that the revival of industrial economy will be maintained.

The number of letters of intent—showing an intention to set up new industrial units—has increased to 946 in 1980 and 916 in 1981, compared with 550 in 1979, showing a 100% rise.

The number of industrial licences rose by 30% in 1980 and 1981 (to 475 and 476, respectively). Indications are that the trend is being maintained, since the number of letters of intent issued up to March 1982 was 233 and industrial licences 146.

An official study points out that this trend was matched by the increase in the number of industrial licences granted for location of new units in the backward areas, special concessions for which are given. The number of letters of intent in the backward areas increased from 181 in 1978-79 to 459 in 1980-81 and industrial licences to 137, respectively.

A similar improvement in the investment climate is indicated by the increase in the number of registration applications as well as actual registration of medium entrepreneurs (those which have a maximum investment of Rs 3 crores in their units).

In fact, the registrations have risen phenomenally to 2,277 in 1981 from 1,384 in 1980 and 859 in 1979, with a proportionate rise in the backward areas (where the figures were 963, 600 and 409, respectively). The registration in the backward areas indicates that the policy of dispersal of industries is having an impact.

INVESTMENT LEVEL

The level of investment in registrations is of the order of Rs 3 crores or less in fixed assets (land, building and machinery), within which is included the cost of plant and machinery exceeding Rs 20 lakhs.

Other broad criteria for this registration—which entitles them to facilities and protection by the Department of Technical Development—is that the value of imported raw material and components after three years of production should not be more than Rs 40 lakhs or 15% of the turnover. It should also not compete with items reserved for the small sector or the public sector. The increase in their number is, thus, considered encouraging.

This is thought to have been achieved following the enunciation of the Industrial Policy in July 1980, which laid emphasis on optimum utilization of installed capacity and expansion of industries as part of a wider strategy for revival of the industrial economy.

The object has been to remove basic deficiencies and to provide for an integrated structure which will enable industry to advance on a broad front from the "tiny" sector to the large sector, with each segment of industry inter-linked with its next segment, so as to achieve the benefits of industrial development over a wide front, in terms of the basic approach to industrialization laid down in the Industrial Policy Resolution of 1956.

CPI-M POLITBURO ISSUES STATEMENT ON LANGUAGE

New Delhi PATRIOT in English 1 Jul 82 p 7

[Text] The CPI-M Polit-Bureau has expressed grave concern over the Karnataka Government and Legislature's adoption of a language policy opposed to all democratic principles and protested against the imposition of Kannada on linguistic minorities while continuing to keep English in its predominant position in the State.

The Polit-Bureau issued a statement on Wednesday following discussions with the leaders of the Karnataka State unit of the party in New Delhi. In the statement the CPI-M has called for replacement of English by Kannada alongside due protection of minorities in Karnataka, and protection of Kannadiga minorities in other states.

According to the PB, all these could be brought about if the principles on the issue as laid down in the CPI-M Party Programme were implemented. These were embodied in a paragraph that read: "English, in the fields of administration, legislation, judiciary and as the medium of instruction in education shall be discarded, replacing it with the national languages."

The statement hoped that all other parties and organisations in Karnataka would put pressure on the State Government to abandon the course of confrontation with minorities and solve the language problem in a democratic way.

Giving the background of the present crisis, the PB blamed the Karnataka unit of the Congress-I for placing classical Sanskrit language on a higher pedestal even than Kannada or any minority language of the State.

After this had roused the natural resentment of the Kannadigas, interested parties and ruling party factions opposed to the Gundu Rao Government diverted the agitation into "chauvinist anti-minority language channels". It was deplorable, according to the CPI-M, that "instead of directing the people's anger against the foreign language still continuing to dominate the administration and education, they turned their guns against sister languages spoken by minorities in the State".

Eventually, the Karnataka Government and Legislature succumbed to chauvinist pressure to impose Kannada on linguistic minorities and kept English in its predominant position it was occupying for years.

CSO: 4220/7574

BENGAL CLAIMS 'ALMOST ALL' TOP NAXALITES HELD

Bombay THE TIMES OF INDIA in English 3 Jul 82 p 9

[Text]

A STATE government spokesman claimed today that almost the entire effective leadership of the pro-Charu Mazumdar and pro-Lin Piao extremist groups of the CPI (M-L) had been arrested. They included not only the top ideologues, Nishit Bhattacharyya and Azizul Huq but also several central committee members of regional committees.

All of them numbering over 50, had been kept in custody against specific charges. For example, one of them had allegedly killed a former Naxalite suspecting him to be a police informer in the early seventies. Some others had been held for gun snatching and other similar offences.

The police are said to have recorded a 10-hour-long interrogation on tape of Bhattacharyya which is believed to have provided the authorities with the much-needed intelligence breakthrough. The arrest of Azizul Huq and others in Khardah, in North 24-Parganas early this week, followed in quick succession.

Among the dozen or so different groups representing the old Naxalites, this has been the only one stubbornly following Charu Mazumdar's tactical methods — individual annihilation. The others are believed to have given up violence and carrying on organisational efforts in their own way, partly openly and partly underground.

Renewed efforts to bring all the

groups, except the Azizul Huq faction, have been unsuccessful mainly because after the exit from the scene of leaders of the early seventies, none acceptable to all could be found.

In that sense, the arrest of the CPI(M-L) leadership, comprising mostly newcomers, must have been a severe blow to the organisational network.

While the government does not claim that the party has now been liquidated, there is no doubt that the arrests will be disastrous for the party and it may take a very long time to regroup, if at all.

Till last year, the state government's attitude had been to meet the Naxalite challenge politically rather than through police means, but the murder of a police officer in Baranagar in mid-1981 made the administration to wake up and order a systematic police drive to track down the activists. The state CID was pressed into service at that stage.

Success was minimal till the arrest of Bhattacharyya in Bihar, which the police now admit was through a stroke of luck. Progress since then more or less has been easy and the administration is keeping up the pressure. Huq also is said to be responding well to police interrogation.

Gora, one of the Naxalite leaders now in custody, it seems, denied he was the person by that name when questioned by the police. But when the police asked Bhattacharyya who the other person was, Bhattacharyya promptly identified him as Gora.

CSO: 4220/7580

INDIANS PESSIMISTIC OVER WORLD BANK POLICY

Calcutta THE SUNDAY STATESMAN in English 4 Jul 82 p 5

[Text] The World Bank announced yesterday that, beginning this month, it would start borrowing some of its capital at floating, or "variable" rates short-term markets. It would then issue all new loans to developing countries at a slightly higher variable rate, with the interest subject to review and change every six months, and a new 5% surcharge tacked on.

This new policy does not necessarily mean that developing countries will henceforth have to pay more for their World Bank loans. Actually, the first loans for the balance of this year will carry a slightly smaller interest. But the new bank policy does introduce an uncertainty on future interest charges.

While the World Bank's officialdom was optimistic, Indian sources familiar with the new policy, were not. They expressed themselves as "very unhappy". "This will completely upset our debt scheduling and budgeting" one Indian source said. He explained that, until now, when the World Bank granted India a loan for, say, 20 years, both bank disbursements of the loan money and the project itself often were completed within the first five years. This meant that the interest payments for the remaining 15 years of the loan would be paid at a known and agreed upon rate. But, under the new system, if the current trend of interest rates continues to go up, this will mean that developing country repayments on completed projects will become more costly.

This is the pessimistic view. World Bank officials are betting that interests rates will be coming down, and that then the Bank, with short-term borrowings on its part, will be able to take advantage of cheaper money and pass this on to its own developing country borrowers. "This is to insure the flow of resources and to give us more flexibility", Mr Moeen A. Qureshi, the World Bank's Senior Vice-President for Finance, told a Press conference at the bank headquarters here. "The short-term and variable set markets have grown rapidly in recent years, while the growth of the longer-term, fixed-rate markets has been constrained".

Mr Qureshi said the new policy had been approved 'unanimously' by the World Bank's executive board, which is composed of directors representing both borrowing and lending country members.

Indian sources said "unanimity" was not quite the right expression. It was reported that almost all board members, including Japan, had misgivings, and had sought to have at least the post-disbursement period of bank loans stick with the old fixed-rate system.

Only the USA which, under President Ronald Reagan, has been trying to reshape the World Bank into a profit-making, no-nonsense, private-sector bank, pressed for the new policy. But the USA with the biggest single voting bloc, has a powerful say.

There was no deal with the USA, Mr Qureshi declared in response to an accusatory Press question. "The suggestion to make these changes came from the financial staff of the bank, not from any member".

And, in fact, it was explained by developing country officials, the only reason the other members of the board went along with the new Bank policy was because the Bank's professional staff argued that it would not be able to raise enough capital to expand the Bank's loan programme unless it began tapping the short-term, variable-rate market to supplement the Bank's traditional medium and long-term fixed-rate borrowings. India and other developing country borrowers are very anxious to have the Bank expand its loan programme, particularly with China about to assert its new membership rights and put in for a very large share of the pie.

Mr Qureshi said that the new policy would have no effect on the Bank's choice International Development Association loans which carry no interest, only a handling charge, and are repayable over the long term of 50 years.

But here again India has a concern since, because of the drying up of loan money generally, and China's new claims on India's traditional lion's share, India already is having to accept more of its World Bank loans on conventional Bank terms, rather than on the more favourable IDA terms. In the World Bank fiscal year, which ended last month, for instance, India originally had assumed it would get \$1.6 billion of its loans from IDA and \$430 million in the interest-bearing, shorter-term (15 to 20 years) World Bank conventional loans. Instead, this was just about reversed--under U.S. pressure--to only \$900 million in IDA money, and some \$1.25 to \$1.26 billion in conventional Bank money.

Conventional World Bank loans, during the past year, had their basic interest charges raised from 9.6% to 11.6% and with a new "front-end" fee, the interest on World Bank conventional loans actually has been a little over 13%.

The new "variable-rate" World Bank loans will have their interest based on a pool of all existing loans to developing countries. And to get the programme going for the final six months of this year, the Bank, taking stock of its overall interest charges for the past year on its own borrowings, is setting an initial "variable rate" of actually 2% less than the current charges.

Mr Eugene Rotberg, the World Bank's Vice-President and Treasurer, told reporters yesterday that \$1.5 billion of the \$9 billion the World Bank expects to raise in borrowing funds from private and public capital markets this current fiscal year (which ends next June 30) would be in variable, short-term rates. But, taking note that long-term borrowing in today's markets now costs the World Bank 15% to 16% in interest, Mr Rotberg declared: "we don't think it is wise or prudent for us to borrow at that cost when that cost ultimately will be passed on to the developing country borrowers".

As was reported in The Statesman last March, even though the World Bank is the biggest private institutional borrower there is, and an organization with the highest credit rating, (AAA), it now finds it has to raise a lot more money just to keep up with its present commitments to give loans to developing countries. This is the underlying reason for the change in its policy to forsake sole reliance on long-term, fixed-rate borrowings and now dilute them with short-term, variable-rate money which is more readily available.

CSO: 4220/7586

THIRD WORLD ECONOMIC EXPERTS MEET IN DELHI

New Delhi PATRIOT in English 2 Jul 82 p 5

[Text]

A three-day meeting of economic experts from ten countries began in New Delhi on Thursday to consider the proposal for a project facility for economic cooperation among developing countries reports UNI.

The decision to hold the meeting was taken at the New Delhi consultations earlier this year to formulate a precise scheme for multilateral facility based on voluntary contributions by interested developing countries to undertake feasibility studies and provide technical consultancy services for developing nations.

The meeting was inaugurated by Mr Romesh Bhandari, secretary (economic relations) in the External Affairs Ministry.

Delegates from Algeria, Bangladesh, Cuba, Mexico, Nigeria, Peru, Philippines, Tanzania and Venezuela are attending.

Mr Bhandari in his inaugural remarks said over the years de

veloping countries had built up amongst themselves a vast reservoir of technological capabilities and skilled manpower in various fields.

He stressed the need for developing countries utilising these resources for mutual benefit through joint efforts.

Mr Bhandari pointed out that a major inhibiting factor in the implementation of ECDC activities was the lack of proper mechanisms and modalities.

He said the establishment of the proposed project facility would provide developing countries with the means of obtaining suitable and cost-effective technology from one another.

The paper on the proposed project facility which will be finalised at this meeting is expected to be forwarded to the chairman of the Group of 77 for consideration and endorsement.

CSO: 4220/7578

SOVIETS TO AID IN REVIVING DEAD OIL WELLS

Bombay THE TIMES OF INDIA in English 6 Jul 82 p 9

[Text]

ABOUT 25 Russian oil experts are coming to India this year to "revive 120 dead oilwells" in the western region, according to Dr. N. P. Lesykh, chief of the Russian oil experts at the Ahmedabad project of the ONGC.

The hazardous well-repair work would go on for about two years at the end of which every revived well would yield, on an average, five tonnes of oil. The 120 abandoned wells would thus produce about 600 tonnes of oil, Dr. Lesykh said in an interview with PTI.

Dr. Lesykh said that the artificial lift system under which water was injected into the oilwell would be employed to extract the remaining recoverable oil from these wells.

Dr. Lesykh expressed the view that India could step up its oil production from the present level of 15 million tonnes per annum to 20 million tonnes by intensifying the use of the artificial lift system, which is at present being used at the Ankleshwar and Kalol fields in the western region.

Extensive use of this method was one of the reasons for Russia producing as much as 600 million tonnes of oil per annum as compared to America's output of 400 million tonnes, Dr. Lesykh said.

He said that Russian experts were already working with the ONGC institute of geology at Dehradun to explore the possibility of increasing oil production in India.

Dr. Lesykh pointed out that the

Siberian region of his country alone was producing eight times more oil than the entire production of India. Russia had 100,000 oilwells, while America had seven times that number, he revealed.

INDIAN DRAWBACKS

The Russian expert declined to give his estimate of the total oil reserves in India, saying it was a "secret". He, however, said that among the 37 oilfields in India, north Gujarat in the western region, the Bombay offshore area and Tripura in the east were rich in oil deposits.

When asked to pinpoint the drawbacks of the Indian oil industry, Dr. Lesykh said the oilwell repair work was being delayed and the artificial lift method used rarely. He said the water injecting operation could be taken up fruitfully in Kalol, Ankleshwar, Sanand and Cambay oilfields in Gujarat.

Dr. Lesykh expressed the view that the Ankleshwar oilfield—the first and the finest onshore oilfield discovered by the ONGC with Russian assistance in 1961—could last only six to seven years more as the lifespan of an oilfield was normally considered to be 25 years.

He suggested that the Koyali refinery at Baroda which was initially based on the Ankleshwar crude supply need not close down after the abandonment of the Ankleshwar field as it could get its supply from other fields already discovered or expected to be discovered.

CSO: 4220/7589

DRASTIC REDUCTION IN STEEL IMPORTS EXPECTED

Bombay THE TIMES OF INDIA in English 5 Jul 82 pp 1, 9

[Text]

THERE is going to be a huge saving of over Rs. 240 crores on steel imports this year. A latest official assessment has revealed that the country needs to import about 1.2 million tonnes of steel only instead of 1.8 million tonnes envisaged at the beginning of the year.

The official optimism regarding drastic cuts in steel imports is based on the assumption that the domestic production will be higher compared with last year while the demand may not reach the anticipated levels.

Although during the past one month or so Rourkela and Bokaro steel mills have been facing serious production constraints, including availability of power, Steel Authority of India Ltd (SAIL) is confident that the current year's target of 8.02 million tonnes would be achieved.

Official sources point out that the steel availability would continue to be easy even if the government imports barely one million tonnes. Apart from the current year's import, sizable quantities of steel would come from the import contracts concluded in the preceding year.

In fact, what is worrying the policy-makers is the shrinkage in demand for steel which has led to the piling up of inventories. The magnitude of this problem could be judged from the fact that in spite of the fact that the production at Rourkela and Bokaro has been substantially less, there has been no appreciable depletion of accumulated stocks.

The steel stocks, which stood at 1.1 million tonnes as at the beginning of June, have remained unchanged. It may be interesting to note that following shrinkage in demand for steel, the inventories had grown gradually—from 640,000 tonnes in April last year to 1.08 million tonnes till April this year. The stocks had swelled further to 1.16 million tonnes on May 1. These are exclusive of TISCO inventory.

The surplus is mainly in respect of bar, rods and billets. It is stated that accumulation had taken place because of a slump in building activity, particularly of multi-storied structure.

The sluggish offtake is also being attributed to the recessionary trends in the engineering industry. Official circles, however, believe the demand for steel will pick up in the coming months because of the recent relaxation in credit facilities.

To relieve the industry of huge accumulated stocks of certain items such as hot rolled coils of varying sizes, the government is also exploring possibilities of exports.

The production plan for 1982-83 is 8.02 million tonnes of saleable steel (6.47 million tonnes from SAIL and 1.55 million tonnes from TISCO). With the installed capacity remaining at the 1979-80 level, this represents a growth rate of 11.6 per cent over last year.

Even though the expansion of Bokaro and Bhilai to 4.0 million tonnes each is under implementation, this additional capacity, official circles concede, will become available only

from 1982-83 onwards. There will thus be no additional capacity in Bokaro this year while in the case of Bhilai two LD converters and a part of continuous casting shop and plate mill area 1 are to be commissioned this year.

The private sector TISCO is expected to complete its phase of modernisation in 1983-84 thereby increasing its capacity of saleable steel to 1,740 million tonnes by the end of next year from the present level of 1.5 million tonnes.

Since no further addition to the capacity is envisaged during the sixth plan period, the total capacity of saleable steel in the country is expected to be static at 11.3 million tonnes. The fresh investment decision in this crucial sector will fructify only towards the end of the seventh plan.

Meanwhile, official circles hope that MECON would submit the feasibility and the project report for the proposed steel mill at Daitari in Orissa by September. When asked whether the financing of this project outside the plan would be difficult in view of the termination of letter of intent of Davy McKeil a top official of the steel ministry asserted that there would be no difficulty in financing the project.

The government would start looking for appropriate sources for financing this project after MECON submits the feasibility report.

Numerous parties, including bankers, had shown interest. Each offer, however, would have to be considered in depth before finalising the arrangements.

RESERVE BANK NOTES BETTER PERFORMANCE BY 433 FIRMS

Calcutta THE STATESMAN in English 6 Jul 82 p 9

[Text]

NEW DELHI, July 5.—A Reserve Bank analysis shows that the overall performance of 433 selected companies during 1980-81 registered an upward trend in sales, value of production and capital formation, compared with the previous year.

As the rates of growth in profits were lower there was a decline in the return on total net assets and margin on sales.

The value of production at Rs 16,656 crores and sales at Rs 16,345 crores, in 1980-81 registered a growth of 17.8% and 17.2% respectively, against 14.8% in the previous year. Total expenditure (excluding interest) went up by 18.5% against an increase of 17.7% in total income (excluding non-operating surplus).

All the main heads of expenditure increased, manufacturing expenses rising by 20% and remuneration to employees by 15% against 14.2% and 11.6% respectively, in 1979-80.

As the rate of increase in total expenditure was more marked than in total income, the growth rate in gross profits, which had gone up from 3.7% in 1977-78 to 16.1% in 1978-79 and further to 21.3% in 1979-80, declined to 10.7% in 1980-81.

Since, out of the rise of Rs 165 crores in gross profits, the increase in interest payments accounted for Rs 130 crores, operating profits at Rs 1,106 crores rose only by 3.2% in 1980-81, compared with 24.6% in the previous year. Despite an increase of Rs 42 crores in non-operating surplus, profits before tax improved by just 6.9% compared with 25.9% the previous year.

PROFITS

As the share of tax provision in pre-tax profits declined to 42.3% from 46.8%, the post-tax profits showed an increase of 16% in 1980-81, against 33.8% in 1979-80. With dividend payments rising by 10.8% to Rs 263 crores from Rs 238 crores, the growth rate in profits ploughed back into business, which was around 55% in the previous two years, declined to 19.4% in 1980-81.

Whereas the return on total net assets (gross profits as percentage of total net assets) declined from 12.8% in 1979-80 to 12.2% in 1980-81 and margin on sales (gross profits as percentage of sales) from 11% to 10.4% the return on shareholders' equity (as measured by profits after tax as percentage of net worth), improved from 14.2% to 14.7%.

Against this, the interest paid during the year as a proportion of the average outstanding borrowings at the beginning and end of the year (which can be considered as a rough estimate of the cost of borrowings) increased from 12.4% to 13.8%. However, even with this increase the interest element constituted only 3.6% of the value of production in 1980-81, against 3.3% in the previous year.

GROSS ASSETS

The gross assets formation of the 433 companies during the

year amounted to Rs 2,360 crores, against Rs 1,907 crores in 1979-80. The rate of gross assets formation maintained the uptrend observed during the past four years and was 14.5% in 1980-81, compared with 13.3% in the previous year.

More than half the total assets formation during 1980-81 was financed by external sources of funds (Rs 1,402 crores), their share increasing from 52.1% in 1978-79 to 55.5% in 1979-80 and further to 59.4% in 1980-81. Trade dues and other current liabilities constituted the most important source of external sources of funds, accounting for Rs 720 crores or 51.4% of total external sources. The share of borrowings at Rs 656 crores was 46.8%. Among the internal sources amounting to Rs 958 crores in 1980-81, depreciation provision alone contributed to Rs 466 crores.

CSO: 4220/7590

PROTOTYPE OF INDIGENOUS TANK EXPECTED BY 1983

Madras THE HINDU in English 7 Jul 82 p 9

[Text]

The first prototype of the Main Battle Tank, (MBT) which is being developed indigenously, is expected to be available for evaluation by the Army by the end of next year. A proposal for development of a Light Combat Aircraft (LCA) is under consideration.

These were disclosed at the Defence Research and Development Council meeting held here yesterday under the chairmanship of the Defence Minister, Mr. R. Venkataraman.

Dr. V. S. Arunachalam, Secretary, Defence Research and Development, informed the Council that all sub-systems of the MBT, including the armament system, the sighting and fire control instrumentation, and the armour were progressing satisfactorily. The chief of the Army Staff, General K. V. Krishna Rao, had expressed full confidence in the success of this programme.

Dr. Arunachalam highlighted the progress made in other important development programmes like early warning radars for the Army and Air Force and a sonar system for the Navy.

The Council was informed that the programme for development of an LCA was being considered. This would involve several agen-

cies in the country. The Defence laboratories had also taken up development of a gas turbine engine for powering a future military aircraft, advanced airborne radar, pilotless target aircraft and aircraft training simulators. Mr. Venkataraman and members of the Council complimented scientists for the progress made in developing indigenous technology for defence purposes. The Council advised the Defence Research and Development Organisation to work in close cooperation with other scientific institutions in building up indigenous expertise.

The Council also stressed the need to involve production agencies in development activities from early stages so as to facilitate the transfer of technology from development to production without undue loss of time.

The meeting was attended by the Deputy Defence Minister, Mr. K. P. Singh Deo, the three Service Chiefs, the Defence Secretary and the Secretary, Defence Production. Eminent scientists, including Prof. M. G. K. Menon, Member, Planning Commission, Dr. Raja Ramanna, Director, Bhabha Atomic Research Centre and Secretary, Department of Atomic Energy, and Dr. P. P. Gupta, Chairman, Electronics Commission, also participated.

CSO: 4220/7593

BRIEFS

WEST GERMAN INVESTMENTS--West Germany has emerged as the main investor in India in 1981 accounting for 49.80 per cent of the total Rs 108.70 million new foreign investment approved by the Indian government. The United States with 20.70 per cent ranks second and the United Kingdom with 6.50 per cent is third in the order. During the same period 15 collaborations with financial participation were sanctioned for the United States, 14 for Germany and nine for the United Kingdom. According to a release of the Indo-German Chamber of Commerce, considering only the EEC investment approved by the Government in 1981, Germany absorbed Rs 54.2 million or 79 per cent of the total EEC investment, UK accounting for 10.4 per cent and France for 9 per cent. [Text] [New Delhi PATRIOT in English 29 Jun 82 p 12]

ENVOYS TO SWITZERLAND, SRI LANKA--Mr. Thomas Abraham, at present High Commissioner of India to Sri Lanka has been appointed Ambassador to Switzerland succeeding Mr. Narendra Singh. Mr. Surbir Jit Singh Chhatwal, at present Ambassador to Kuwait, has been appointed High Commissioner to Sri Lanka, according to an official release. [Text] [Madras THE HINDU in English 29 Jun 82 p 9]

ITALIAN AGRICULTURAL AID--Italy will supply to India agricultural machinery, chemicals, fertilizers and trucks under a \$13 million aid pledged to this country. A memorandum of understanding was signed here on Saturday by the Italian Ambassador, Mr. Emilio Paolo Bassign and the Additional Secretary in the Union Agriculture Ministry, Mr. K. C. S. Acharya. The understanding was arrived at following the six-day talks here. [Text] [Madras THE HINDU in English 27 Jun 82 p 3]

INVITATION TO AUSTRIA--Austrian Chancellor Dr Bruno Kreisky has invited Prime Minister Indira Gandhi to visit his country, reports UNI. Dr Kreisky made the invitation through Lok Sabha Speaker Balram Jakhar, who arrived in Vienna on 30 June for a two-day visit, according to an official release. Mr Jakhar met Federal President of Austria Dr Rudolf Kirchschalager and presiding officers of the two Houses in the Austrian Parliament, Dr Anton Benya and Dr Anton Berger, during his stay. He left for Rome on Friday. [Text] [New Delhi PATRIOT in English 4 Jul 82 p 1]

ZAMBIAN CONTRACT--An Indian engineering firm has been awarded contract for feasibility study for establishing two integrated State farms in Zambia. An agreement to this effect was signed between a representative of the Indian firm and director-general of National Commission for Development Planning in the Government of Zambia at Lusaka last week, according to an official release here today. Nearly Rs 25 lakhs will be paid as technical and consultancy fees study which will analyse physical and human resources and establish cost and socio-economic benefits of the proposed State farms. [Text] [New Delhi PATRIOT in English 3 Jul 82 p 7]

FOREIGN AID FOR ORISSA--The proposed second steel plant in Orissa at Daitari will be financed by export credit and international market borrowings Union Finance Minister Pranab Mukherjee said here today. Mr Mukherjee told newsmen there will be no doubt about setting up of the plant as the Union Cabinet had already taken a decision on it. A separate company, the Neelachal Ispat Nigam has since been set up to undertake the construction for which land acquisition has already started. The slump in the steel market of developed countries, has made them eager to sell their equipment to India on credit. There was also an aid element in their offers by which the foreign suppliers of machineries and equipment "are not obliging us, he said, adding "rather we are obliging them". [Text] [New Delhi PATRIOT in English 2 Jul 82 p 5]

GANDHI TO MAURITIUS--Prime Minister Indira Gandhi will visit Mauritius at the end of August on her way home from a visit to the United States, the Mauritius Government announced today. Mrs Gandhi will spend three days on the Indian Ocean island, as the first head of Government to visit Mauritius since the 11 June elections that brought a left-wing coalition to power. The Government said the visit was confirmed in a letter from Mrs Gandhi to Prime Minister Aneerood Jegnauth. The Government spokesmen described Mrs Gandhi's visit as a diplomatic success and a sign of Indian interest in the new administration's non-aligned foreign policies. Foreign Minister Jean Claude de L'Estrac said India will play a privileged role in the foreign affairs of Mauritius. [Text] [New Delhi PATRIOT in English 30 Jun 82 p 1]

REDDY ON ISRAEL--President Sanjiva Reddy on Wednesday made a strong demand for a halt to Israeli aggression in Lebanon without further delay. "Our voice joins out forcefully with the voices of others all over the world calling upon Israel to implement the Security Council resolutions which call for an immediate ceasefire and withdrawals", he declared at Rashtrapati Bhavan while speaking at a ceremony following acceptance of the credentials of the new Iraqi Ambassador to India, Mr Adnan Jamel Mohammed Al-Obadi. The Ambassador conveyed greetings to President Reddy from Iraq's President Saddam Hussein and greeted India for its stand on the Palestinian issue. He said that Iraq was keen to further strengthen relations of friendship and cooperation between the two countries. [Text] [New Delhi PATRIOT in English 1 Jul 82 p 1]

AMBASSADOR TO POLAND--Mr Surender Kumar Arora, Joint Secretary in the External Affairs Ministry, has been appointed India's Ambassador to Poland, it was announced here today, reports PTI. He succeeds Mr M. R. Sivaramakrishnan. Mr Sivaramakrishnan has been posted High Commissioner to Canada. He succeeds Mr G. S. Dhillon. [Text] [Calcutta THE STATESMAN in English 6 Jul 82 p 7]

PLO PARTICIPATION DENIED--An official spokesman today categorically denied that any Indian national was working in any armed capacity with the Palestine Liberation Organisation anywhere. When his attention was drawn to a report from Tel Aviv that Israel had captured documents relating to Indian nationals working in the ranks of the PLO, the spokesman said: "we have no such information that Indian mercenaries were working as armed forces officers or in any other armed capacity with the PLO." He said if India got any documentary evidence "certainly we would look into the matter." [Text] [Bombay THE TIMES OF INDIA in English 3 Jul 82 p 9]

CSO: 4220/7585

EDITORIAL: PRIME MINISTER'S POSITION WEAKENING

Kathmandu THE MOTHERLAND in English 9 Jul 82 p 3

[Editorial: "Absolute Majority"]

[Text]

Prime Minister Surya Bahadur Thapa may well survive even if a vote of no confidence against him is brought at the current session of the Rastriya Panchayat. A shrewd politician that he is, Thapa will resort to manipulative tactics which may stand him in good stead now, like in the past. The support he garnered in the last session is itself an indication of the fact that he can act when the crunch comes. The Prime Minister's position cannot therefore be considered shaky to the extent that he could be humbled out of his post now. Yet the barrage of criticism he is facing at the house makes one thing clear: Thapa cannot now repeat his performance of the last session which won for him an absolute majority in the house.

Thapa will find it difficult to take

the RP members for a ride this time. As the members themselves point out, the Prime Minister has miserably failed to fulfil the assurances given to them. His promises have not been kept, nor are there any signs of him doing so in the near future. He has belied their expectation of an effective and strong government capable of redeeming the people from their socio-economic maladies. His bunglings in many sectors that have further compounded the difficulties of the people, are too large to be ignored. The RP members are disillusioned now as much as the people with the Prime Minister and as such it will be simplistic to expect them to continue lending unequivocal support to him. Even if Thapa will emerge unscathed out of this session, he is sure to lose considerable support.

CSO: 4220/244

BUDGET OUTLINE REPORTED

Kathmandu THE RISING NEPAL in English 10 Jul 82 p 1

[Text]

	(In thousands of Rs.)		
	1980-81 Actual	1981-82 Revised Estimates	1982-83 Estimates
Total Expenditures	4,092,264	5,783,159	9,187,203
Regular	1,361,185	1,709,400	2,228,448
Development	2,731,079	4,073,759	6,958,755
Sources of Financing			
Revenue	2,419,172	2,920,918	4,042,500
Existing Sources			3,592,500
Tax Proposals			450,000
Foreing Aid	868,914	954,730	1,608,328
Bilateral	707,118	789,950	1,277,304
Multilateral	161,796	164,780	331,024
Surplus (+)			
Deficit (—)	—804,178	—1,907,511	—3,536,375
Other Sources			
Foreign Loan	693,323	1,104,261	2,019,701
Bilateral	151,040	133,759	256,770
Multilateral	542,283	970,502	1,762,931
Internal Loan	250,000	500,000	1,000,000
Cash Balance			
(Surplus —)	—139,145	303,250	516,674

CSO: 4220/245

NEW BUDGET CRITICIZED

Kathmandu THE MOTHERLAND in English 12 Jul 82 p 3

[Editorial: "The New Budget"]

[Text]

The most disturbing aspect of the budget estimates for the next fiscal year is that it brings no relief, immediate or for the foreseeable future, to the common man. It only pays lip service to him by making casual references to scarcity and price rise which has hit hard the common man today, more than ever. But there is no programme for redeeming him from it. Nothing to check his fast eroding purchasing power and nothing to save him from the bungs of unscrupulous businessmen. If it has brought anything, it is the additional burden which will be felt now with the rise in the prices of cigarette, cement and other stuffs. The Finance Minister's contention that price hike of these items will have only a minimal impact on the general price situation is fallacious. The market mechanism of the country being what it is, a slight increase in the price of any item results in an upward trend in the general price situation. And the government cannot do anything about it, like in the past.

The budget is full of promises which however cannot be kept. The government has no machinery, administrative or other to do the job for it. So once again, the government has treated the people with vague generalisations which cannot be expected to give any sense of direction to the economy, nor mitigate their hardship. RP member Lokendra Bahadur Chand, commenting on the budget said the other day that it was "just a package of hollow assurances". We will go one step further: it is an exercise in metaphysics.

CSO: 4220/244

BUDGET FOR AGRICULTURE REPORTED

Kathmandu THE RISING NEPAL in English 10 Jul 82 p 1

[Text] Kathmandu, July 9: Minister for Finance, Commerce and Supplies, Dr Yadav Prasad Pant presented a budget estimate of 9,187.2 million rupees for the fiscal year 1982-83 at the Rastriya Panchayat today, reports RSS.

Of the total budgetary allocation, 2,228.4 million rupees fall under the regular expenditure and 6,958.8 million rupees under development expenditure.

Likewise, of the total budgetary allocation, 3,592.5 million rupees will be met from the existing sources of revenue, 1,608.3 million rupees from grant in aid and 2,019.7 million rupees from loan assistance. The budget deficit is 1,969.7 million rupees.

Expenditure of the next fiscal year under the regular head has been upped by 30.4 percent and development expenditure by 70.8 per cent as compared to the revised estimates of the current fiscal year.

On regional basis, 855.3 million rupees have been allocated to the Eastern Development Region, 1,714.5 million rupees to the Central Development Region, 819.3 million rupees to the Western Development

Region, 7,12.1 million rupees to Mid-Western Development Region and 511 million rupees to the Far Western Development region in fiscal year 1982-83.

The budget estimates has earmarked a total of 2,348.4 million rupees for big national level projects in hydro electricity, civil aviation and industry sectors that can not fit specific categories.

Under the regular head, 60.2 million rupees have been allocated to the constitutional organs, 332.6 million rupees to general administration, 59.2 million rupees to revenue administration, 36.8 million rupees to economic administration and planning, 39.9 million rupees to judicial administration, 68.5 million rupees to foreign service, 402 million rupees to defence, 353.2 million rupees to social service, 185.5 million rupees to economic services, 324.8 million rupees to loan and investments, loan repayment and interest and 365.8 million rupees to

miscellaneous.

Similarly, under the development expenditure, 4,910.2 million rupees has been earmarked for economic services, 1,786.2 million rupees for social services and 262.4 million rupees for general administration, fiscal administration and projects and miscellaneous.

Under the economic services, 1,638.2 million rupees has been allocated to agriculture, land reforms and irrigation, 264.2 million rupees to forest and soil conservation, 1,190.2 million rupees to transport, 943.8 million rupees to electricity, 622.8 million rupees to mines and industry and 251.1 million rupees for other headings under it.

Under social services, 89.4 million rupees has been allocated to education, 426.4 million rupees to panchayat and local development, 285.5 million rupees to health, 236.2 million rupees to drinking water and 148.7 million rupees to other social services.

HIGHLIGHTS OF BUDGET REPORTED

Kathmandu THE RISING NEPAL in English 10 Jul 82 pp 1, 6

[Text] Kathmandu, July 9:

The budget for 1982/83 is primarily based on new economic programme of His Majesty's Government, reports RSS.

The main thrust of the budget is directed towards the felt needs of the common people. Therefore, its guiding objective has been to make it a people oriented budget.

The strategy adopted by the budget is to develop an effective decentralised system for strengthening local leadership in mobilizing active participation of people in development projects. Thus, *sajhas*, local development and so forth have duly been emphasized.

Due emphasis is given to productive sectors such as agriculture and industry. The Sixth Plan targets of agriculture are to be realized in coming two years.

The long term objective aimed at by the budget is restructuring the economy by effectively utilizing water

resources.

Logistic support will be made available to all productive projects. Inspection from the centre will be made more effective and regular.

With a view to bridge inter — regional disparities, substantial amount has been earmarked for less developed and remote areas.

This budget aims at creating more employment opportunities by mobilizing resources through the banks in productive sectors.

New tax proposals are proposed to increase burden on those who have ability to pay.

Total expenditure for fiscal 1982/83 is estimated to be Rs. 9187.2 million. As compared to the estimated and revised estimates of the current year the proposed expenditure has been increased by 29.15 per cent and 58.86 per cent respectively.

Development expenditure has substantially been increased to Rs. 6958.8 million which in comparison with estimates and revised estimates of the current year increased by 23.35 per cent and 41.46 per cent respectively.

Regular expenditure is estimated to be Rs 2,228.4 million which has been increased by 20.14 per cent and 23.29 per cent in comparison to the current year's estimates and revised estimates.

Revenue for the coming year is estimated to be Rs. 4042.5 million. In comparison to the actual expenditure of 1980/81 this estimate has increased by 67.1 per cent and in comparison to estimates and revised estimates of current year it has increased by 30.4 per cent and 38.4 per cent respectively.

Of the total development expenditure Rs. 3330.8 million is estimated to be met

from domestic resources which has been increased by 55.2 per cent and 65.3 per cent in comparison by current year's estimates and revised estimate respectively.

Out of the total estimated development expenditure of 1982/83, Rs. 3628 million is proposed to be met from external assistance, which has been increased by 13.8 per cent and 76.2 per cent in comparison to current year's estimates and revised estimates.

Of the total external resource mobilization, Rs. 1608.3 million is estimated from grants while loan component is proposed to be Rs. 2019.7 million. In comparison to the current year's estimates and revised estimates, external loan has been increased by 13 per cent and 82.9 per cent respectively.

Domestic borrowing is estimated to be Rs. 1000 million and Rs. 516.7 million will be met from cash reserves. These account for 10.9 per cent and 5.6 per cent of total expenditure and 24.7 per cent of revenue collection respectively.

In line with the guiding policies of new eco-

nomie programme this budget accords high priority to productive sector. Accordingly, Rs. 1609.6 million has been allocated for agriculture and irrigation, while allocation for industry and mines comes to Rs. 622.8 million.

As compared to revised estimates, of current year the proposed allocations have been increased by 75.8 per cent and 155.3 per cent respectively.

The combined expenditure for agriculture and industry comes to 32.1 per cent of total development expenditure.

In accordance with the policy of restructuring the economy Rs. 943.6 million or 13.6 per cent of the development expenditure has been allocated for power sector.

Rs. 126.4 million or 6.1 per cent of development expenditure has been earmarked for local level development projects.

Because of the policy that no region should be neglected in regard to transport facilities, Rs. 1,190.3 million or 17.1 per cent of total development expenditure has been earmarked for transport sector.

PRINCIPLES OF BUDGET ESTIMATES EXPLAINED

Kathmandu THE RISING NEPAL in English 10 Jul 82 pp 1, 6

[Text] Kathmandu, July 9:

Finance Minister Dr. Yadav Prasad Pant today said that the need today was to create a hope in the people for future as well as confidence by putting an end to the difficulties of the people in general, reports RSS.

Presenting budget estimates for the fiscal year 1982-83, the finance minister said the country was left with no alternative except doing away with the anomalies seen in the economic and social fields for the advancement of the country.

He said, "The panchas, administrators and industrialists should understand the urgency to further consolidate the economic infrastructure. This is the challenge facing the country today.

Expressing confidence that the march on the path of development can be made possible reshaping

the existing economic structure of the country, the finance minister said that priority had been given to agriculture, industries and other productive ventures in the distribution of resources.

Even within the productive sector, he continued, greater budgetary allocation had been made for projects which were directly productive and added that stress had been laid on the use of infrastructure in which investment had already been made so that production could be raised in a shorter period of time.

AGROBASED INDUSTRIES

He said that overall importance of productive agrobased industries was kept in view and other programmes related to such industries were also included with a view to launching them in a coordinated manner.

He said that taxation

policy had been designed in such a manner so that the available limited resources which instead of being utilised for productive purpose were being used for importing luxury goods could be used for projects which promoted the national interests.

Noting that fact that the aspirations of people in general could adequately be reflected in the developmental works if they could be launched in all the centres, the finance minister said that provision had been made to enable local leadership to undertake such projects as embodied the aspirations of the people. This could also enlist participation of people in the developmental works and for this more resources were also provided for the districts, he added.

In order to boost the morale and instil a sense of trust in the people, the finance minister said, the

efforts of the country should reflect their hopes and aspirations and viewed in this context the budget estimated could be described as people-oriented.

He also informed the House that with this objective in mind the centre would provide only technical assistance to districts in order to enable the local leadership to do all the works locally.

Stating that the only way to raise the standard of living of people in general is to augment the production, the finance minister observed that for this purpose the infrastructures which had already been developed would be put to maximum use and stress would be laid on raising production for agrobased industries.

He expressed the confidence that this could be done by allocating proper amount of money and making necessary arrangement.

Referring to the need for releasing the forces of development in remote and inaccessible regions disadvantaged geographically, the finance minister said that considering the condition of the Far Western Development Region, special arrangement had to be made for extra developmental projects and

additional allocation for the region.

Likewise priority is to be given to implement the projects under local development and integrated rural development project for the development of the rural regions, he added.

The budget for the coming fiscal year, he continued, was designed in such a manner as would give enough of room to private sector for undertaking developmental works. The objectives of the new industrial policies and the recently published trade policies were also the same, he further added.

He said that supervision and technical aspects would be made more effective to stop misuse of credits to be received from banks for the priority sector.

The finance minister also made it clear that Sajha enterprises would be made to function as the backbone for rural economy and as such the Sajha enterprises would provide rural credits and market rural products.

He added that such measures should definitely help restructure the economy which would be conducive to the health of the nation in the years to come.

The finance minister then called upon all the panchas to expedite the

process of economic development by making use of the changed political context and situation of the partyless panchayat democracy.

EDIBLE ITEMS

He said that concrete steps would be taken in the future to alleviate the periodic uncertainty in the availability of essential daily consumer items and construction materials required for development activities.

Presenting the budget estimates for the fiscal year 1982/83, at the Rastriya Panchayat today the minister said that efforts would be made toward fixing proper prices of those items taking into account the interests of the producers as well as the consumers.

Controlling prices in an unnatural manner through the administrative machinery, notwithstanding the hardship facing the people, would lead to sudden disappearance of goods from the market on the one hand and discouragement to the producers on the other, he added.

Sajha cooperatives would be made active in the rural areas to ensure fair prices for the producers and export of foodgrains

would be kept open except in unusual circumstances, Dr. Pant noted further.

He also informed that foodgrain stores would be set up in the next fiscal year to cope with the foodgrain shortage in the districts resulting from adverse weather conditions and natural calamities and the imbalance in production consumption.

Pointing out that HMG was vigilant against price rise as the fixed income group would suffer from an unprecedented rise in the price of edible goods, the minister said price control would be sought through increased supply of essential items.

He also made it clear that His Majesty's Government would not lag behind in initiating action against those seeking to create artificial scarcity.

CONCESSIONS

Industries with greater productivity are to be given some additional concessions in the 1982/83 budget with a view to boosting industrialisation and productivity.

No excise will be levied on production in excess of the highest annual production figure for the past three years or 50 per cent of installed capacity whichever is higher.

The finance minister said that the excise on cement has been fixed at Rs. 320 per metric ton in order to organise supplies in view of the discrepancy in prices between local and foreign cement and the great demand and pressure.

Excise for rice and oil mills of up to 30 B.H.P. in power which run on crude oil and tend to be established in the rural and remote areas has been waived by 30 percent.

Hoisery works using artificial silk and steel furniture works are to be levied a reduced excise of 5 per cent to make them more competitive.

Excise for rectified spirits produced in the country and used for producing medicines and other items on which excise is levied has been fixed at Rs. 2 per litre while excise for molasses and sugar is Rs. 30 per quintal.

The excise on cigarettes and alcohol has been raised, and as part of the process of making the excise duties scientific the excises on some items have been changed from a quantity oriented to quality oriented basis without affecting the prices, it is also stated.

The proposed new excise rates will yield an estim-

ated additional revenue of 40 million.

BANK CREDIT

Concessional loans will be made available from banks to buy machinery for cottage industries, raw materials, push-carts, bull-carts, tempo and rikshaws with a view to helping the weaker sections of society in the use of their skill and labour.

Credit thus to be provided to the weaker sections will be made more practical and the procedures simplified. Priority will be given to open branches of commercial banks in remote regions. Provision has been made to make up losses incurred by commercial banks for a period of ten years while doing transactions in remote regions.

The finance minister also said that intensive banking development programme had been launched from this year in order to make the credit to be given priority sector productive specially for the weaker sections of the society.

From the coming fiscal year, he said, ten per cent of the total deposits with the commercial banks will be provided as credit to such priority sectors.

Agricultural credit will be provided in the rural areas and the procedures for the same will be simp-

lified so that agricultural credit can flow to the rural areas in a greater measure.

The working procedures of banks and financial institutions will be given a new direction to step up the economic activities of private sector so that the stipulated target of the Sixth Plan can be met.

CORPORATIONS

The activities, objectives and field of action of the government owned corporations will be redefined and specified so as to run them as effective media for development, the finance minis-

ter said.

Noting that while on the one hand the weaker sections of the society had not been able to derive benefit in practice from the subsidy policy of the corporations, on the other, it had caused unnecessary burden to the national economy, the minister said a policy of gradually reducing the subsidy except in the services and facilities provided to the weaker sections of the people of the remote areas would be adopted.

CSO: 4220/245

CHAMBER OF COMMERCE HAILS BUDGET

Kathmandu THE RISING NEPAL in English 14 Jul 82 pp 1, 6

[Text] Kathmandu, July 13:

The budget estimates for the fiscal year 1982/83 is ambitious and development oriented, the Chamber of Commerce stated in a communique here, reports RSS.

The communique also lauded as praiseworthy the basic concepts of the budget of the fiscal year that aimed at promoting the agricultural and the industrial sectors, controlling the imbalances in foreign trade, allocation of more funds for the less developed and the remote regions with the view of achieving a more balanced development of all regions and utilization of the vast water resources.

Certain measures followed in the budget such as the exemption of 25 percent sales tax and the excise duty actually aims at promoting the industries.

The communique also

states that the upward revision of import duty on the goods manufactured in the country and the changes effected in the import and export duty rates of processed and semi processed goods is also conducive to the growth of the industries.

The new customs rate levied to some of the processed and semi processed goods could adversely affect some industries, it also added.

It also pointed out that the customs rate levied to the goods to be exported from the country and the increase in the import duty of some consumer goods could also affect the consumers adversely, the communique noted.

Increase in the import duty of ready made garments as compared to the cloth would give an impetus to the knitting industry in the country.

The Chamber of Commerce also welcomed as noteworthy the 25 percent duty imposed on the import of calendars allowed free of cost entry so far.

Although the import duty rates were levied keeping in view the interest of the market places in the border areas it is less likely to achieve the objective, it also noted.

Although facilities were provided at the policy level for the promotion of the cottage industries reform in the prevailing acts was necessary for solving their problems, the communique added.

Sales tax collected at the customs on imported goods by marking up the value of the goods upto three percent would entail payment of sales tax three times more, it said and added the practice should be discarded and sales tax should be collected on the actual price of the commodity.

INCENTIVES FOR INDUSTRY IN TAX BILL

Kathmandu THE RISING NEPAL in English 10 Jul 82 pp 1, 6

[Text]

Kathmandu, July 9:

Customs policy of the budget estimates for the fiscal year 1982/83 aims at providing incentives to domestic industries, says RSS.

Customs duty has been increased on luxury items such as cars, video, refrigerators and cosmetics.

Import duties on raw materials have been lowered while it has been increased on semi-processed goods.

Export duties on unprocessed primary products have been increased while on finished goods it has been lowered.

Additional incentives are provided to industries. Accordingly, excise duty will be proportionately lowered to factories utilizing more than 50 per cent of installed capacity and or producing more than highest level of production of last 3 years.

Excise duty on cigarettes, liquor, brown sugar and cement has been increased.

Road/bridges, maintenance tax has been introduced for motorcycles, scooters, and all other vehicles at major bridge heads.

Income tax has been slightly increased for higher income strata.

Airport tax on domestic flights have been increased from Rs. 15 to Rs. 25.

In selected town panchayat areas, registration fee will be charged to both the parties.

SALES TAX

The present classification of goods on which sales tax is levied has been changed into five categories.

Sales tax will be 1 per cent for materials used by printing presses and for development and construction materials like tar and bitumen, and 20 per cent for ultra luxury goods like cars, video and refrigerators.

The budget has also reduced the sales tax on some unprocessed, semi processed, essen-

tial and consumer goods.

The five categories into which the goods have been divided are to be levied sales taxes of 1, 5, 10, 15 and 20 percents respectively.

Provision has been made to waive 25 percent of the sales tax on all indigenous industrial production except that specified under the Industrial Act as not eligible for sales tax waiver.

The changed sales tax rates will bring an estimated additional revenue of 100 million rupees.

DEVELOPMENT TAX

His Majesty's government has adopted the policy of permitting any district to implement the panchayat development and land tax with the recommendation of the village panchayat for local development.

Of the panchayat development and land tax raised by the district, 35 percent has to be deposited with His Majesty's Govern-

ment and of the remaining 65 percent 10 percent can be used for administrative expenses and the balance has to be spent on development projects.

The tax revenues and expenditures are to be audited.

LAND TAX

Revenue and land tax rate remains as it is in the budget estimates for the next fiscal year.

Similarly, the provision under which discount is given to small farmers as well as the provision concerning revenue rebate in the hilly districts would continue.

Sales tax on materials used in the printing industry such as ink, newsprint and paper and flat film for making blocks is to be levied at the rate of one percent and all the concessions given to this industry are to continue.

GOVERNMENT ASKED TO MEET NEEDS OF PEOPLE

Kathmandu THE RISING NEPAL in English 14 Jul 82 pp 1, 6

[Text]

Kathmandu, July 13-

Rastriya Panchayat member Ek Raj Sharma of Dang district participating in the House debate on the budget today, said that the new budget is regressive and asked how far it provides for education health, drinking water and other facilities in the far western and mid western development regions, reports RSS.

Stating that a budget should above all address the actual needs of people, he claimed that the budget includes sums that will not be spent.

Remarking that agricultural investment had been non productive, he said the budget was unable to cope with the projects under the Sixth Plan and it was fair to cut allocations for the far western and mid western regions.

Criticizing the budget for relying primarily on foreign aid, he said that

the burden of indirect taxes would fall on the poor; that the budget contains disguised allocations and that suggestion made earlier that RP members should be consulted in budget formulation had been ignored this time also.

RP member Mrs Saraswati Rai stressed that the budget should have provided for removing unemployment and made no allocations for telephones either.

Pointing out that a more equitable distribution of allocations would have been welcome she called for the encouragement of rural industries and asked how people could keep quiet when rice was being exported in the face of hunger.

Complaining that although fertilisers are rotting in the warehouse farmers have to put up with hassles in getting their supplies, she said the tax on urban property sale is improper as such sale is usually

compelled by adversity.

RP member Karna Prasad Hyoju of Bhaktapur said the budget was silent about transferring ownership of national wealth from individuals to the society and was not people oriented.

Pointing out that the budget admits failure to reach the targets set, he said the people's purchasing power had actually declined and investment in the agriculture had gone into unproductive rather than productive areas.

It would be better to concentrate on stepping up productivity rather than controlling population growth he said and added that even 18 years after land reforms certificates for tillers were not being properly issued.

Stating that foreign aid and loans figure prominently in the budget he called for fundamental reforms in it and refuted allegations of conspiracy regarding a press confe-

rence given by likeminded RP members.

RP member Labaru Rana Tharu of Kanchanpur district said the budget deficit may lead to inflation and the budget was not geared to creating an exploitation free society.

Complaining that the budget makes no provision for the depressed classes or for the upliftment of backward districts in the hills and terai, he asked that the allocations for the far western region be properly utilized.

Excise tax should not be levied on small industries, he said, adding that the country should not be made dependent on imports. He also called for reconsideration of the land tax law and for special attention to the security of Kanchanpur district which has boundaries on many sides.

Once while he spoke the House fell short coram.

RP member Chandra Dev Chaudhari said the new budget was not people oriented as RP members had not been consulted during its formulation and added that it has ignored the projects included in last year's budget.

Claiming that the budget was not realistic as it was formulated by bureaucrats in Singha Durbar, he said it makes no clear provision for dealing with the food-grain problem and control of rising prices.

RP member Rudra Prasad Giri said that the budget described to be people oriented should incorporate the aspirations of the people and for this provision should be made to make greater allocation for providing more facilities in the field of irrigation, education, health and such other things.

Mr. Giri said that political and economic strategies were complementary to each other and added since the economic strategies immediately affected the people, the budget should be made more people-oriented.

He welcomed the budgetary allocations but warned failure to spend the money earmarked for various projects would have adverse impact.

However, Mr. Giri added that the very structure of the budget should be changed in order to provide relief to the people.

He continued that the impact of the budget should

be felt immediately because people could have no patience to wait for two, three years.

He congratulated the government for the provision made in the budget about the land revenue and said that the kind of provision would be of great help for the development of the districts.

He noted that the rise in the price could have been arrested and said that the Finance Minister did not perhaps have time to do so because he was looking after too many ministries.

RP member Padam Sundar Lawati remarked that the deficit budget had not been able to give a picture of the state of general frustration caused by the rising prices, dearth and starvation and added that the budgetary provision provided no solution to the obtaining problems.

He noted in what sense the budget could be said as people oriented as it had not reflected the aspi-

rations of the hungry and naked people and ignored the suggestions given by district panchayats, Rastriya Panchayat members and the National Pancha Convention.

He said that the budget was impractical, undemocratic and was also of the kind which could spell disaster for the poor.

Mr. Lawati said that the government had not been able to spend the budgetary allocations made last year and the elite of the country were skeptical that it would be able to utilise the budgetary allocations.

He pointed out that 43.4 million rupees was allocated for Dhankuta district and only 23.2 million rupees for Jhapa district which was more densely populated than Dhankuta. This showed that the budgetary allocations were made in a biased manner.

Mr. Lawati said that a couple of learned people could do nothing in the

country which suffered from lack of leadership and added that the present kind of politics in which the leaders insisted on having their own way would not be able to enlist popular participation.

He said that the panchayat and land tax was waived during the time of national referendum and now it was again revived. He added that this only showed that one could do here anything and every thing at one's sweet will.

Mr. Lawati said that big talks were held about democracy but when a few members held a press conference, they were looked upon with suspicion.

He added that 87 members of the Rastriya Panchayat had submitted a memorandum before the House to draw attention to the grave situation the country was passing through and asked whether such an action on the part of the members could be described as a move meant for opposition only.

GOVERNMENT ISSUES RULES FOR NEWSPAPERS

Kathmandu THE RISING NEPAL in English 13 Jul 82 p 3

[Text] Kathmandu July 12--His Majesty's Government has decided to give permission to run newspapers on condition that they abide by the regulations pertaining to press and publications act, reports RSS.

According to the existing regulations, an applicant seeking permission for registration of daily newspapers should produce documentary proof of one hundred thousand rupees as its capital before the authority concerned.

Similarly, the application for weekly or biweekly or triweekly or fortnightly should carry documentary proof of Rs 15,000 as its capital, while application for monthly newspaper should bear documentary evidence of Rs 15,000/- as its capital.

The capital is defined as any permanent investment made for the publication of newspapers, journals, etc.

According to the press and publication registration regulation, 2034, the term "capital" denotes printing press, registered in the name of editor or publisher or newspaper or owner of journal, and other related things.

A daily newspaper should publish at least one edition of four pages measuring 10 inches by 15 inches and have a daily circulation of at least five hundred copies.

Likewise, weekly, biweekly, triweekly, fortnightly newspapers and journals should have minimum circulation of five hundred copies and bring out their issues regularly.

Any newspaper or journal, except daily paper, which has a format of 10 inches by 15 inches or more than that should carry not less than eight pages. If the format of any such paper measures less than 10 inches by 15 inches then it should carry at least sixteen pages.

According to the regulations, irrespective of the size, number of pages and circulation, a daily should bring out 240 issues a year while a triweekly should bring out 120 issues a year. A biweekly should bring out 80 issues a

year, a weekly 40 issues a year, a fortnightly 18 issues a year, a monthly nine issues a year, and a quarterly three issues a year.

A bill seeking necessary changes in the Press and Publication Act upon the recommendation of the Royal Press Commission is to be presented at the current session of the Rastriya Panchayat.

It may be noted that Prime Minister Surya Bahadur Thapa replying to points raised during RP debate on the His Majesty's Government's policies and programmes on July 8 had said that a situation has been created wherein the newspapers could be run by remaining within the limits of the existing rules and regulations and works were in progress towards implementing the recommendations of the Press Commission.

CSO: 4220/245

BRIEFS

SPECIAL POLICE ROLE CLARIFIED--Kathmandu, July 11--Prime Minister Surya Bahadur Thapa today clarified that the Special Police Department was not used for vengeance, nor for political purposes and not for harassing anybody, reports RSS. The Prime Minister made the remark while replying to the question raised by RP member Pasupati Shumsher Rana as well as other members alleging it that the special police were used for settling political scores. The special police has acted only in cases of complaints and in situations which warranted inquiry, he said and added that it was not used with any political motive. He also assured the RP members that he would acquire information about the issues to which HMG's attention was drawn by them and reply to the questions in a satisfactory manner. [Text] [Kathmandu THE RISING NEPAL in English 12 Jul 82 p 1]

CSO: 4220/245

MINISTER SAYS NO PAKISTANI TROOPS IN LEBANON

Karachi MORNING NEWS in English 21 Jul 82 p 8

[Text]

QUETTA, July 20: Pakistani troops or volunteers are not involved in war against Israel in Lebanon.

This was stated today at Sanjavi by the Federal Health Minister Dr Naseeruddin Jomezai while addressing a large crowd of local councillors and other notables of Sanjavi town. Rumours of Pakistan's involvement in the Lebanese war are floated by "our enemies who want to create confusion for us". The Minister made it clear that "our participation, for the time being was restricted to the extent of moral political and medical support. However, all our resources were available to the organisation of Islamic countries which was to take a unanimously agreed action in a bid to bring an end to the Zionist aggression."

The Minister explained the policy of the Government regarding Palestinian cause and made an appeal to the people for generous contributions in the President's fund for relief of Palestinians.

The Minister said Pakistan has always fervently extended its support to all Muslim cause. Pakistan was the first country which accepted the Afghan refugees on its soil, provided them all possible facilities and took up the issue at UN, and other international forums but never interfered in neighbouring Afghanistan. How we can intervene? in remote Lebanon at this time? he asked.

To strengthen Muslim unity we have been trying to bring to an end hostilities between brother countries like Iran and Iraq but unfortunately the Islamic Ummah Committee has not succeeded in bringing the hostilities to an end, so far. Despite this we are optimistic the Minister added.

Talking about elections in the country the Minister said. "Let the atmosphere be congenial for holding of election. We lost our one wing in 1970's premature elections and we cannot afford another risk. We must learn from experience and let us wait for restoration of peaceful conditions in and around Pakistan."

—PPI

CSO: 4220/260

INDIA ACCUSED OF DUPLICITY ON NO-WAR PACT

Lahore THE PAKISTAN TIMES in English 19 Jul 82 p 4

[Editorial: "Myth and Reality"]

[Text]

Indian Prime Minister Mrs. Indira Gandhi never tires of playing up the mythical military threat from Pakistan, although Indian defence experts themselves have, quoting facts and figures, more than once debunked her propaganda. Her latest salvo on the subject comes in the course of an interview with an American news magazine in which she has said that India feels threatened by the projected acquisition of F-16s by Pakistan. As always, India's Deputy Defence Minister has promptly taken up the refrain and told the Rajya Sabha that India was taking all steps to meet what he claimed as the threat caused by the acquisition of sophisticated weapons by Pakistan. It needs no great flight of imagination to understand why the Indian leadership has reverted to the "threat from Pakistan" theme at this juncture. The motive behind India's hullabaloo on the F-16s has been to generate enough pressure for the stoppage of arms supplies to Pakistan. The latest outburst, coming on the eve of Mrs. Indira

Gandhi's visit to the United States, has the same purpose in view. More significantly, it shows the sale of F-16s will be high on Mrs. Gandhi's priority list of topics. She will in probability plead strongly against arms supplies to Pakistan. But has India really a case in the matter?

It is one thing to make capital out of the Pakistani bogey in internal politics or to throw empty verbal thunderbolts to secure more favourable terms in the context of super-power rivalry. But it is quite another when it comes to a serious discussion of the subject on the basis of facts and figures. From all accounts India enjoys a clear superiority over Pakistan in terms of armed manpower and weaponry. India's army is three times the size of the Pakistan army, and its air force is even bigger. Whereas Pakistan has been subject to arms sales ban from its major supplier for long years, India has received an interrupted flow of weapons from the Soviet Union. It has been an active pipeline over the last two decades through which have passed the latest MIG

planes, missiles and tanks. Lately Delhi has contracted to buy Jaguars from England and Mirage-2000s from France. What is more, India has a large network of ordnance factories which produce the bulk of its arms needs. By contrast, Pakistan has neither an adequate indigenous manufacturing capacity nor has it received an open-ended supply of weapons as India. As for F-16s, over which India has kicked up such a big row, they are yet to be delivered to Pakistan, whereas India has already in its arsenal Jaguars and MIG-27s and will soon get Mirage-2000. Where is then the threat from Pakistan? More pertinently, if India feels so concerned about the threat of war in the Sub-Continent why did it make such a diffident and delayed reply to Pakistan's offer of a no-war pact and has yet to respond to the Pakistani proposal for a proportionate reduction in arms so that more funds can be diverted towards development? It takes two to make peace. Pakistan is ready to co-operate to make this area a haven of peace. What about India?

SOVIET THREAT ON WAKHAN CORRIDOR DISCUSSED

Karachi DAWN in English 18 Jul 82 p 1

[Text]

NEW DELHI, July 17: While world attention is reveted on the explosive situation in Lebanon and the renewed Iran-Iraq war, the eyes of the Soviet Union are set on the Wakhan corridor in Afghanistan bordering on Pakistan and China, Indian newspaper "Hindustan Times" reported on Saturday.

The report with London date-line said the Soviet Union is, from all accounts, utilising the opportunity to ferry fresh units into Afghanistan for a revived offensive in the Panjshir Valley.

The Panjshir Valley is situated some eighty miles north of Kabul and is said to have a strategic bearing not only for access from the north on the

Aghan capital, but also after crossing the Oxus River, to the Wakhan corridor in Afghanistan. The wakhan corridor is the thin strip of mountainous Afghan territory which separates Azad Kashmir from Soviet Controlled central asian territory and touches the Chinese-controlled Central Asian territory on its east.

Soviet control of the Wakhan corridor in effect makes the Soviet-controlled Central Asian territory contiguous with the sub-continent, the report added.

Quoting Mr Hassan Gailani, leader of a guerilla group in Afghanistan, the report said that not only was road-construction under way towards the Chinese territory and Azad Kashmir now, but also Tajikistanis were being moved in to replace the local population in the Wakhan corridor. Last May, the Soviet assisted Afghan Army attempted to clear the strategic Panjshir Valley of guerrillas but met strong resistance. The Soviet-Karmal troops were said to have been tactically withdrawn early June, but renewed and more determined offensive is evidently now impending, with reports of troop transport and helicopter gunships being flown in from the Soviet Central Asian military district, the report said.—APP

CSO: 4220/264

WORLD SEMINAR ON INVESTMENTS IN PAKISTAN PLANNED

Karachi DAWN in English 18 Jul 82 p 6

[Text]

A high level international seminar on "Investment and Trade Opportunities in Pakistan" will be organised in London on Nov.1 to guide foreign and overseas Pakistanis in investing in this country and in promoting trade with Pakistan.

This was stated by Mr. Muazzam Ali, Adviser to the President for Overseas Pakistanis and Islamic Affairs while talking to newsmen in Karachi on Friday. He disclosed that the proposed seminar will be held under the auspices of Pakistan Chamber of Commerce (U.K.) of which he himself is the Chairman.

Mr. Muazzam Ali said top ranking Pakistani bankers, businessmen and officials and leading members of the Confederation of British Industries and other European chambers of commerce have been invited to attend the seminar.

Mr. Muazzam Ali said the seminar will focus attention on specific

fields of industry and trade with a view to producing concrete results in this connection, he further said British and other foreign investors who had in the past invested in this country would also be invited.

The Adviser to the President said there was a big scope for attracting the prospective foreign and overseas Pakistani investors.

He also disclosed that soon after the seminar, a delegation of Pakistani businessmen and financiers will visit Pakistan to have discussions with Government officials and representatives of trade and industry.

Mr. Muazzam Ali said many Pakistani businessmen and financiers living in UK are quite keen to invest in industry in this country and he hoped that many projects would materialise as a result of the seminar and the follow-up visit to Pakistan of the delegation of Pakistani businessman. From UK—PPI

CSO: 4220/264

PAKISTAN ELECTED WHO VICE-PRESIDENT

Karachi DAWN in English 18 Jul 82 p 12

[Text]

QUETTA, July 17: The World Health Organisation is fully satisfied with Pakistan's performance in the field of health, and as a mark of recognition, Pakistan has been elected Vice-President of WHO.

This was stated by the Federal Health Minister, Dr. Naseeruddin Jomezai, while talking to newsmen at Quetta railway station on arrival here this afternoon from Islamabad on a five-day tour of Baluchistan.

Dr. Jomezai, who represented Pakistan at the WHO Assembly held at Geneva from May 1 to 18 last, said Pakistan had been taken on the Executive Board of the Organisation for a period of three years.

WHO Assembly, he said, had fully appreciated the targets fixed and achieved by the Government of Pakistan. WHO was convinced that Pakistan was doing a lot in the field of health services, he stated.

The Health Minister said he would represent Pakistan in the World Assembly of Aging (WAA) being held at Vienna on July 26. This assembly, he said, would con-

sider ways and means of providing greater facilities to the aging people so that they could spend the rest of their lives in a better way.

Dr Jomezai said Saudi Arabia had placed a demand for manning its medical institutions with Pakistan doctors and other technical hands in the field. Their Health Minister, he said, would visit Pakistan to hold discussions with Pakistan authorities on the subject. He did not agree with a correspondent that by sending Pakistan doctors outside the country itself would face the shortage, "at present we are producing 4000 doctors annually," he added.

Replying to a question on a new national health policy, the Minister said it formed part of the nation's five-year Development Plan, which would be launched next year. In the current plan, the extended programme on immunisation (EPI) had been added this year. An amount of Rs. 600 million had been allocated for the purpose, and it was to be completed in a phased programme extended to five years.

The Health Minister told another questioner that at present the Government was spending 3.5 per cent

of the total Budget in the health sector. Health cover had been provided at the ratio of one doctor for 12,000 people.

Replying to yet another question, he said the Government was working out a procedure for banning the open sale of medicines under the scheme. Medicines had to be sold on prescriptions to be issued by registered doctors.

The Government, he said, was making all out efforts for provision of greater medical facilities to the rural population, with the available resources.

The Health Minister said the Government was actively working on doctors' career structure so as to improve their condition. Dr. Mehboobul Haq, the chairman of the committee appointed for the purpose, had called a meeting of the provincial Health Secretaries to meet at Islamabad on July 20 next to thrash out doctors' problems and find out ways and means of solving them.

There was no justification for doctors' strike when the Government was already tackling their problems, he stated.—APP

LIFTING POLITICAL RESTRICTIONS CALLED 'FIRST PRIORITY'

Lahore VIEWPOINT in English 1 Jul 82 p 6

[Text]

ON MONDAY the country will complete its fifth year under Martial Law. There has been speculation, at home and abroad, that on the occasion of the anniversary the CMLA-President will take the people into confidence about plans to a return to civilian rule. Whether or not these speculations come true, the subject will be uppermost in the minds of all Pakistanis and should be before the custodians of authority. Half a decade —

has passed since the armed forces set out to give the country a genuinely representative government. The factors that have caused the promises of 1977 to remain unfulfilled are now history and need not be recounted. What matters is that the promise of return to democracy has not been abandoned. This was again made clear by Gen. Ziaul Haq when he addressed the Majlis-i-Shoora the other day. His declaration that the amount earmarked for the holding of elections would surely be utilised, "if not this year, then next year", suffered from no ambiguity. And when he said that nobody should be allowed to trample the people's fundamental rights, one could only concur with him, with the addition of a phrase — "without exception".

However, while a consensus on a representative and responsible government being the nation's goal has somehow survived, there has been considerable rethinking on the conditions that should precede the return to civilian rule. It will be recalled that in the beginning Martial Law was envisaged as a brief transition till public peace and order was restored. Subsequently, it was declared that the armed forces could not possibly relinquish control until the economy had been revived, foundations of an Islamic system laid, the threat to the country's integrity averted, the role of the armed forces in the future Constitution determined, and positive results of elections guaranteed.

While it is not possible for us to examine, much as we would like to, the conditions prescribed as pre-requisites to a return to normalcy, we would reiterate our view that all of them ought, at best, be treated as ideals realisable only after sustained effort spread not over months and years but decades. It should be enough that a process in the chosen direction has been started. To wait for the culmination of the process will be contrary to prudence as well as historical evidence. Indeed, the longer a people are kept in the stage of initiation into new

concepts, the lesser become the chances of those concepts striking root. The most effective way of taking society forward is to cultivate healthy values through people's conscious and willing participation.

In any case, whatever difficulties the regime has in redeeming its pledges it should be prepared to put the matter in the hands of the people. The CMLA-President is right when he says that the whole nation must help him in finding suitable answers to the questions formulated by him. The difficulty is that no answers, at least no acceptable answers, can be formulated unless a climate conducive to a free exchange of ideas and a frank debate on them is created; As things stand, the CMLA and his advisers have been carrying upon themselves a much greater burden and a more awesome responsibility than their countrymen would like them to shoulder

alone. The process of easing the situation should begin with the lifting of restrictions on political activity. This will help the regime in another way, too. Since the ban on political activities was imposed in 1979, the Government has had no means of ascertaining the wishes of the people except for what some of the leaders of the defunct parties have had to say. It is possible their pronouncements do not indicate that politics has been restored to 'sanity'. But it is possible that revival of political activity would reveal the political scene to have changed so dramatically that positive results would no longer be in doubt. We would, therefore, earnestly suggest that the existing restrictions on political activity be dispensed with as superfluous. This appears to be the foremost priority before the nation.

CSO: 4220/254

RHETORIC OF PIETY CRITICIZED

Lahore VIEWPOINT in English 1 Jul 82 p 27

[Text]

SUDDENLY, after 5 years of Islamic reform and revival in Pakistan, the men of God have begun to shout 'fahaashi'. They are telling us that the society is shameless, indecent and given to the satisfaction of sexual lust.

Minister of Information Raja Zafar-ul Haq, famous for his metaphor 'TV is our F-16', has arisen to the bait and forced the Urdu newspapers to give up their cinema-coverage pages. The editors, no less subject to the rhetoric of the mullah, volunteered to discontinue their film pages in order to end 'fahaashi', but the effective device of persuasion behind this action was the government's threatened removal of patronage in the domain of ads.

The cleric wants the focus of attention on himself. Dr. Israr has been in the limelight for the past several months because of his verdict against women: criminals guilty of outrage against women should not be punished unless women first abide by the Islamic principles of modesty. He also gives a weekly sermon on TV which was not taken off despite women's protests. After CMLA-President Ziaul Haq reassured the women that Dr. Israr was not in control, the cleric resigned from the Shoora and began to take 'bait' in Lahore which many other clerics have declared to be a political strategem. 'Bait' is an oath of allegiance taken on the hand of a leader.

Unforeseen developments

The furore about 'fahaashi', the

charge of the satisfaction of sexual lust, would not have arisen after these developments but for certain unforeseen developments which stole the limelight. A popular TV star became fatally ill and the newspapers seemed to give her a daily column to satisfy public curiosity. The Government was forced to announce some kind of help for Tahira Naqvi provided initial contributions were made by the public. The clerics began to prepare a list of their own disease-stricken members of the community who they thought should be bailed out financially by the Government. The campaign against 'fahaashi' was stepped up and the government was asked to tell the newspapers not to highlight the show-biz people.

Then Pakistan's most well-known retired film-actor died. Pages and pages of 'fahaashi' on Santosh Kumar began to appear in the newspapers. The sermons against the satisfaction of sexual lust became more intensified. In the city of Lahore, totally devoid of entertainment, and called the Calvary of the foreign tourist, loud-speakers are blaring about the satisfaction of sexual lust.

'Noora' wrestlers

Another disturbing interlude were the 'noora' wrestlers who came to Pakistan and distracted the populace with rigged fights. The cleric was put off and a spate of 'fatwas' against the 'nakedness' of the wrestlers filled the newspaper columns. One divine, however, allowed wrestling provided the wrestlers wore trousers instead of the shamelessly brief loin-cloth. This insti-

tution of the individual 'fatwa' or holy verdict is in vogue for the past few years. It has been applied against sports, described as pursuit of pleasure, against children's puppet show, and against Madam Nur Jehan whose funeral has been declared outside the pale of Islam. One will have to wait and see after her death what kind of funeral she gets.

Dr. Tanzeelur Rahman, who earned the opprobrium of widows and pensioners for imposing zakat on less-than-year-old bank deposits, also gave a 'fatwa' since it is in vogue. Speaking with the authority of Islamic Ideology Council, he held that under Islam one could not donate one's eyes. This was in reaction to the rage, imported from Sri Lanka, about pledging ones retinas to the eye bank. The learned cleric was not very lucky because a few days before his fatwa the President of the State himself made the donation to the eye-bank in Rawalpindi.

Yet, this 'Fatwa-baazi' is not all theatrics meant to attract public attraction to the man of God. Since the population is longer consulted on

law-making, these fatwas or holy verdicts serve as guidelines. Some-time ago the federal court of Islamic jurisprudence in Islamabad had ruled that stoning-to-death as a punishment had not been mentioned in the Quran and therefore should not be enforced in cases of adultery. A barrage of fatwas against it compelled the Government to appeal against the court decision as a result of which the court took its verdict back. The 'fatwas' tend to uphold practice in the past than the letter of the Quran; the same applies to the current method of divorcing one's wife by shouting 'talaq' three times.

The fatwa is exclusively directed at the oppressed middle class.

Their issues and problems do not concern the holy men, the lower middle class is also marginal since no mullah spoke up against the imposition of the helmet. Dr. Israr does not care if poor people get run over by cars inside Bagh-i-Jinnah where he gives his sermon. It is more important for him to get rich clients by waiving the park ban against entry of vehicles for the duration of his Friday sermon.

CSO: 4220/254

ANTI-OBSCENITY MOVES CALLED 'FOOLISH', INSUFFICIENT

Lahore CHATAN in Urdu 7 Jun 82 p 15, 16

[Article by 'The Innocent Heart': "Are We Entering the Civilization and Culture of the Age of the Righteous Caliphs?"]

[Text] Though there were perhaps some selfish motives involved, the owners of the newspapers also played an important role in the decision that in the future the weekly film editions would not be published in the daily papers. The background for this step is said to be that as the government wishes to establish a healthy Islamic society and is rapidly moving in that direction it was essential to stop those obscene trends which were gaining popularity among the readers because of the publication of colorful pictures of half naked actresses and their enticing glances and vulgar writings in the newspapers.

It was doubtless in view of this pious goal that the owners of the newspapers have not only shown respect for the government's wishes but have also to a great extent demonstrated courage in bearing this material loss. Thus the gaudy glitter and sexually enticing nature of the film editions of the daily newspapers has been obliged to cease. In this regard, the government has placed the greatest emphasis on the fact that the types of pictures of actresses which were being published were besmirching the honor of women and ruining the demands of propriety.

Well, since this step toward tradition has been taken with a pious goal in mind, we too would not wish to bring any kind of disgrace upon ourselves by opposing it. Rather, we praise the role which both the newspapers and the government have played in this regard, and it is our heartfelt wish that such efforts for the rejuvenation of society may be successful in whatever corners of life they are brought to bear, but the question is whether this step has made Pakistan free of every kind of indecency and obscenity or whether this step can be given the status of a cure-all to end every kind of defect.

Another fast spreading rumor we have heard in this regard is that after next month no film advertisements can be published in the daily newspapers which have the body or face of any woman or actress in their 'layout'.

Well, if in view of the greater goal we tolerate this extreme action too, will we see the complete features of an Islamic society shine forth in Pakistan after this? We feel that the people who think this are victims of a ludicrous and ironic stupidity.

The modern values of civilization and society have already been dissolved in the veins of our society like a poison. Perhaps there may be greater danger of our suffering negative rather than positive results from such restrictions. Along with the preservation and promulgation of Islam, a healthy Islamic society will also come into existence here by degrees, so our first necessity is that an Islamic system of government and system of life be put in force here.

This would result in the spontaneous generation of such fruits and leaves on the branches of society as would of themselves dispel those evils of civilization and society which have been produced over the years. Those values which everyone has today clasped to his bosom are the results of the continuous actions and conditions of a century. We cannot expel them from our life in one movement. For this we need an effective program and behavior on the basis of which we can obtain favorable results. If the government thinks that by stopping film editions in the daily newspapers and erasing the existence of women from the layouts of film advertisements they have made Pakistan a holy example of the culture and society of the Muslims of the golden age of Islam, this can only be called a frightening false optimism.

With great meekness and humility we would like to bring to the notice of those monopolists of the values of Islamic civilization and society who have made conditions favorable for the decision described above, the following facts. Innumerable films whose subjects clash with the values of Islamic civilization and society are even now being shown in the cities of Pakistan and are being produced by our film industry. Leaving aside Pakistani films, it should be mentioned in regard to foreign films that the government itself has given complete authority without any outside interference to an institution named NAFDEC [National Film Development Corporation]. And this is the institution which even today imports notoriously indecent and obscene films like "Ryan's Daughter" and "Spy Holiday" and with great pride shows them in the important cities of Pakistan.

Liquor stores are totally prohibited, but, as things go, prohibition is just another name for expensiveness. That is, a 100 rupee bottle of alcohol can now be found on the blackmarket for 300 rupees. What's more, the liquor dealers' stills are established in the outlying areas of every city. Nor can anyone deny that traditionally some minor officials of the police in some areas have been in charge of gambling dens and have been the protectors of whore houses. We have heard that in Lahore and other large cities, especially Karachi, women have put up signs saying 'art gallery' or 'dancing company' on their houses in order to sell their bodies.

In what city of Pakistan do women by law get a license from the government to have a market for prostitution and dancing girls? Those in the know say that the singing and dancing have fallen off, and now these markets are

nothing but brothels. Aside from this, the societal disease of stage dramas is rapidly spreading from town to town. The details of the indecent spectacles displayed in these plays in the name of art and culture are commonly reported in the columns of newspapers. On the VCR's imported legally or illegally, in every house people consider it a part of fine art to watch not only Indian but also foreign, indecent and obscene (blue) films. Indian and foreign films cannot legally be imported into the country but there are great quantities of them in every city and town. It is obvious that they are being smuggled without obstruction.

There is no concept of any national music here. Folksongs have become an outdated story, and listening to them is considered a sign of being ignorant and oldfashioned. The new generation especially is caught up in the flow of the Western trends of civilization and culture gyrating to the tunes of disco. Very important publishers and writers are involved in the creation and publication of sex literature. In some sections of society the immodesty and unveiling of women is called the civilization of women.

If we hide our eyes from all these truths and consider that by prohibiting the publication of film editions in the newspapers we have entered the kind of civilization and culture of the era of the rightly-guided Caliphs, won't this self-deception and false optimism put us into great danger? By God, our purpose in giving these examples is absolutely in no way whatsoever to restore the film editions in the newspapers. Rather the true purpose of this presentation is that some dam also be built against the flood of cultural evils which we have pointed out above.

9914

CSO: 4203/150

OFFICIAL SAYS PUBLIC APPROVAL TO BE SOUGHT FOR NEW POLITICAL SETUP

Karachi DAWN in English 18 Jul 82 pp 1, 6

[Text]

The future political setup of the country will not be superimposed, the Federal Information Secretary, Lt-Gen. Mujibur Rehman, said in Karachi yesterday.

He explained that when the framework for the Islamic democratic system took a concrete shape it would be placed before the nation for any possible improvement and then adopted with a broad, national consensus.

Gen. Mujib was talking informally to senior media representatives at an Iftar party-cum-dinner he gave for them at the Hotel Intercontinental.

Studies at present were going on this regard by various agencies, including the Council of Islamic Ideology, he pointed out. Various proposals concerning the principles as well as the mechanism will have to be sorted out first and a framework will then be evolved for soliciting public opinion, he added.

"The Government will not do anything (in regard to the new political setup) against the wishes and aspirations of the people", assured Gen. Mujib in reply to a question.

Asked how long will the exercise take, the Information Secretary said he would not like to commit himself.

To another question he said that at no stage had it been stated that the Western democratic system was Islamic or un-Islamic. This system, as such, had not been discarded, but that structural changes were considered necessary to tailor the Western system to Pakistan's own conditions.

Gen. Mujib ruled out any discussion on the religion and the ideological basis of Pakistan. For the first time, he said, the nation has evolved its own identity based on "Pakistaniat" (Pakistanism) and it takes due pride in it, he said.

ASSESSMENT

Asked to assess the five-year tenure of the present Government, Gen. Mujibur Rehman said that first and foremost there has been a fundamental change for the better in the thinking of the people. This "revolution of the mind" has been made possible by the Government's persistent projection of Islamic precepts, Pakistan ideology, and national identity.

As a proof, he pointed to the mass participation in the Independence Day celebrations last year when the nation amply demonstrated its full commitment to the country's ideological unity, territorial strength and economic solvency. He advised the media to play its role in the projection of "Pakistaniat".

The Information Secretary said that today the people took pride in Islam and in Pakistan's cultural values and traditions.

He said the law and order situation on the whole was satisfactory. Crimes may continue to be committed, but the point to note was that they had no "official sanction". Unlike the past, today the honour and self-respect of a law-abiding citizen was safe, he pointed out.

Likewise, the economy was moving forward and performance of the various sectors

had been quite good.

Internationally, Pakistan's image had risen, and the foreign policy, despite several constraints, was being conducted well, he said.

RELATIONS WITH PRESS

Gen. Mujib was closely questioned on Government-Press relations, in particular on the need to do away with extraordinary laws such as the Press and Publications Ordinance. Censorship apart, he maintained that relations between the Government and the Press were "good". Constructive criticism had always been welcome, he said, adding that at no stage the punitive provisions of the Press and Publications Ordinance had been invoked.

President Mohammad Zia-ul-Haq, he said had lately issued instructions on making a framework for the press "more credible, effective and positive". He said that before 1979 efforts were made to find an alternative mechanism to replace the Press and Publications Ordinance and an idea was mooted to have a Press Bench and a Code of Ethics. However, he said that it seemed difficult to adopt a new Press mechanism in view of censorship. It will be too much to expect of a Martial Law Government to remove the Press and Publications Ordinance imposed for the last 20 years and which had been applied so rigorously during the previous so-called democratic regime, Gen. Mujib pointed out.

DISPERSION OF NDP MEETING BY POLICE 'ENGINEERED'

Lahore CHATAN in Urdu 7 Jun 82 p 7

[Article by Abdullah Malik: "Is this Restriction Only for the Defunct NDP?"]

[Excerpt] The National Democratic Party, which now is commonly called the NDP, has been an important topic in the newspapers recently. But it is the kind of topic which is perplexing for people even today. A meeting of the NDP working committee was held in Lahore at the end of May. The news that the meeting was to be held was published in the newspapers in great detail. The leaders of the NDP will arrive in Lahore on such and such a day. The meeting will be at such and such a place. Khan Wali Khan will stay at such and such a place. That is, no item of the program was secret. If the government had any objection to the meeting being held it could have prohibited it. If Khan Wali Khan could be told before he even came to Lahore that "It is forbidden that the gentleman come to Lahore," Sher Baz Mazari and other leaders could have been given such an order. But no such order was given. They were allowed to come to Lahore with quite a lot of pomp and circumstance. This was taken to mean that the government had no objection to the working committee meeting being held. Even when the meeting began and the members of the working committee began to arrive at the home where the meeting was being held they were not obstructed. The police did not interfere. In fact it is said that the meeting had actually begun and there had even been a couple of speeches in regard to the business of the working committee, but as soon as a working committee member from Sind stood up to express his thoughts and to review some remarks in the press by the President and the Secretary of Information, the police suddenly arrived. It is also said that at that time a telephone call was made, and then suddenly, there were arrests and cases established under Martial Law. But no cases under Martial Law were lodged against the NDP President Sher Baz Mazari, nor against the Party General Secretary, although if any crime was committed then it was these two gentlemen who had invited its perpetration.

But this is not all. There are other things which are perplexing. There are meetings of the working committees of various defunct political parties all the time. Leaders gather from all over the country and the government overlooks it. Recently there has been a working committee meeting of the Jam' 'at-e Islami, a working committee of the Muslim League, a meeting of the Tahrik-e Istaqli, and there was a meeting of the Muslim League working

committee going on in Islamabad then. There is a group which is quite offended and upset by Wali Khan's recent statements and position. It had given Wali Khan a long rope for quite some time. Now it had started to try to rein him in by means of the NDP President. Thus when Sher Baz Mazari made the statement that Wali Khan should be called to account for his statements regarding Afghanistan, those people interested in the politics of the NDP had a feeling of forboding. Of what stature is Sher Baz Mazari and of what stature Wali Khan that Sher Baz Mazari should question Wali Khan? In fact, those in the know are aware that it was Wali Khan and his wife who put Sher Baz Mazari in the presidency of the NDP, and for a long time Sher Baz Mazari was nothing but a puppet whose strings were in the hands of Wali Khan. That is why people now say how could Sher Baz Mazari become so high and mighty as to question Wali Khan? Sher Baz Mazari thought that Wali Khan would be afraid of him and would change or modify his position, but a large number of the members of the working committee turned out to be supporters and seconders of Wali Khan's position. So before a resolution regarding this position could be passed by the entire working committee, this drama was enacted so that there would remain neither the material to make the instrument nor the instrument to play the music.

9914

CSO: 4203/150

ANOTHER INDUSTRIAL ESTATE IN KARACHI PLANNED

Karachi BUSINESS RECORDER in English 20 Jul 82 p 1

[Article by Ghulam Nabi Mughul]

[Text]

A new industrial estate, spread over 317 acres, is being established in the KDA Scheme No. 33, Karachi by the Sind Government, it was reliably learnt here yesterday.

All the necessary formalities have almost been finalised and the Provincial Government is expected to formally occupy the land, within the next few days.

The new estate is reserved for setting up service and light engineering industries.

These industries come under the purview of the 28 categories which are permissible to be erected within the boundaries of Karachi.

According to the details, known about the new estate, about 350 light and medium size industrial units will be accommodated there and the process of allocation of land for various units will be completed in the next two years.

A period of five years will be allowed to all the newly set up industrial units to achieve hundred per cent operation.

The industries, which are proposed to be set up in the KDA Scheme industrial estate, will include packing, garments, electronics, finishing etc.

WELFARE ATTACHES LIST FINALIZED

Karachi DAWN in English 18 Jul 82 p 10

[Text]

ISLAMABAD, July 17: The Director-General, Bureau on Saturday of Emigration and Overseas Employment, Brig. Muhammad Akbar, on Saturday said that a list of 20 candidates for Welfare Attaches, to be sent abroad, has been finalised and will shortly be submitted to President Muhammad Zia-ul-Haq for final approval. The candidates, he said, will also be later interviewed by the President before the assume jobs.

The Director-General told "Dawn" the Bureau of Emigration has proposed six candidates for Welfare Attaches but the Ministry concerned has recently agreed to increase the number of Attaches, in order to solve the problems of Pakistanis working abroad more effectively. The selected candidates, he said will be stationed at Middle East

where majority of Pakistani immigrants were settled.

Brig. Akbar ruled out any possibility of mass retrenchment of Pakistanis working abroad. He said he had recently visited various Arab countries and met Pakistanis working there, but no such move, he said, was reported from any quarter.

Libya, he said, had made certain changes in its overall policy, cutting down the existing number of Asian workers, hailing from India, Bangladesh, Burma, Sri Lanka and Pakistan.

To a question the D.G. said the relevant quarters in Pakistan, as well as abroad, had been contacted for legal action against the owners of "Al-Murtaza Associates", who had reportedly smuggled a large number of Pakistanis to Libya a few months ago.

CSO: 4220/264

CONCILIATION COURTS TO HAVE MORE POWERS

Karachi DAWN in English 19 Jul 82 p 1

[Text] ISLAMABAD, July 18--Syed Fakhar Imam, Federal Minister for Local Government, has said that under the Conciliation Courts (Amendment) Ordinance, 1982, the powers of the Conciliation Courts in civil and criminal cases have been enhanced considerably. Now the Union Councils, Town Committees and each ward/electoral unit in the Municipal Committees and Municipal Corporations would be enabled to constitute a separate Conciliation Court for each civil or criminal case instituted.

Explaining the salient features of the Ordinance, promulgated by the President on Sunday, the Minister, in a statement here, said a Conciliation Court would comprise Chairman of the Union Council, Town Committee or in the case of Municipal Committees/Corporations, the member of a ward/electoral unit. Each party to the dispute would nominate two representatives on the Conciliation Court. Thus a Conciliation Court constituted for each case would comprise five persons.

The Conciliation Courts, the statement continued, can hear cases of unlawful assembly, riotings, committing affray, voluntarily causing hurt, wrongfully restraining or confining any person, assault or use of criminal force, misappropriation of money and property etc.

Criminal Cases

In criminal cases, however, the Minister added, the Conciliation Courts would not be able to levy fines or sentence the accused to imprisonment. Instead, a Conciliation Court would award compensation to the aggrieved party from Rs 500 to Rs 1000, depending upon the nature of the case. In civil cases, the Conciliation Courts constituted in Union Councils would adjudicate cases of up to Rs 1000 while in the Town Committees or in the municipal areas, they would be able to adjudicate cases involving Rs 10,000 in compulsory jurisdiction. However, the optional jurisdiction of Conciliation Courts in civil cases has been enhanced to Rs 25,000.

The cases which are pending in ordinary civil and criminal courts would continue to be heard and disposed of by such courts, the statement added.

CSO: 4220/255

'TALENT FARMING' PLAN LAUNCHED; BASIC SCIENCES TO BE EMPHASIZED

Karachi DAWN in English 19 Jul 82 pp 1, 12

[Article by Hasan Akhtar]

[Text] ISLAMABAD, July 18--The University Grants Commission has launched a President's "talent farming" scheme to promote studies in basic sciences, which have remained neglected in Pakistan because of preference, among students, to go to medicine and engineering after completing intermediate-level college education.

President Mohammad Zia-ul-Haq is believed to have expressed his serious concern over the state of basic sciences and economics at the university levels, which has consequently led to serious deficiencies in national development, because of dearth qualified post-graduates in physics, chemistry, mathematics, biological sciences and economics.

The studies, undertaken by the University Grants Commission in the past year and a half, revealed that the standard of and facilities for teaching of economics and basic sciences in our universities call for major efforts. The most crucial question is said to be how to attract more students with distinction to the departments of basic sciences and economics.

About the present status of basic sciences in different universities, an official report prepared at the behest of the University grants Commission, stated, that they suffered a great deal because of non-availability of qualified teachers, who apparently find more lucrative and attractive opportunities abroad. Brain drain has obviously seriously struck at the growth and promotion of studies in basic sciences and economics, according to that report.

The President, who has been emphasising the need to development, is said to have blessed the University Grants Commissions scheme for talent farming, under which the Commission has set up a consortium of various autonomous and semi-autonomous bodies, and sought help of universities and secondary and higher secondary boards to make available suitable scholarships for students pursuing studies in basic sciences.

Scholarships

Dr. M. Afzal, Chairman of the University Grants commission, and the Presidents Adviser on Higher Education, told "Dawn" that the President's talent farming scheme is expected to provide an adequate number of attractive scholarships to students of basic sciences. The scheme will also offer liberal assistance to attend proposed summer school, where the participants will be "exposed" to distinguished national and international intellectuals including, it is hoped Nobel laureates, who will be invited by the Commission on short lecture trips.

Under the scheme, 20 scholarships will be initially offered on the basis of merit, to students qualifying after Intermediate, to study basic sciences and economics. After graduation 15 of such students will be paid scholarships for their M.Sc. studies. The consortium of various autonomous and semi-autonomous bodies, including Pakistan Atomic Energy Commission, Pakistan Science Foundation, Fauji Foundation, Banking Council, Pakistan Steels and the OGDC, are expected to offer about 100 scholarships to Meritorious students in basic sciences and economics. At a lower level, the secondary and higher secondary boards are expected to offer scholarships to 100 matric-level and 50 intermediate-level students. Each university will also offer a minimum of two scholarships.

Dr. Afzal said that besides promoting basic sciences, the Commission is also paying due attention to promotion of social sciences and humanities. A Department of Policy Analysis is being set up in Islamabad with the cooperation of Quaid-i-Azam University and Mr Agha Shahi, a former Foreign Minister and a one of the senior-most civil servants, is being associated with it. The Social Sciences and Humanities Centre is expected to be headed by Prof. Akbar Ahmad, of Harvard University.

CSO: 4220/255

COUNTRY BECOMING MAJOR FOOD SUPPLIER

Karachi DAWN in English 19 Jul 82 p 9

[Text]

WASHINGTON, July 18: Pakistan, a long receiver of food aid from the United States, is becoming a major supplier of rice and other food to its neighbours, Dr. Mahbubul Haq, Deputy Chairman, Planning Commission, said here the other day.

Last year, for the first time, Pakistan had 600 million dollars worth of food to sell, he told the National Press Club here. This year, it hoped to have 700 to 800 million dollars, with more poultry, fruit and vegetables.

"We have a very good market in the Gulf States", he said. "It helps pay for our oil. The only problem is they want so much more than we can supply a billion dollars worth of this, half a billion of that. So far, our poultry sales are only a trickle. That's all we can produce."

India — which also used to be a big importer — now also has food for export but depends heavily on

good weather to produce a surplus. Pakistan also depends on the weather, and Dr. Haq said it was developing reserves to cushion it against bad seasons.

He said Pakistan had no major problem of malnutrition, but it did have a big illiteracy problem.

"This year, we are trying to spend five times as much on primary education as we did in the past", Dr. Haq said. "We don't need a new university in every province. We have too many people with a general education who can't get jobs. We need plumbers and other artisans, and with the help of the World Bank we're setting up a new programme to get them."

Dr. Haq, currently here to talk about spreading out repayments of Pakistan's debts, said, "We get about 1.5 billion dollars in aid every year, we pay back 1.2 billion dollars."

CSO: 4220/255

LAWYER'S PROTEST RESIGNATION REPORTED

Karachi DAWN in English 19 Jul 82 p 12

[Text]

LAHORE, July 18: Another member of the Punjab Bar Council Mr Aitzaz Ahsan has resigned from the Council as a protest against the recent amendments made in the Bar Councils and Legal Practitioners Act.

The resignation will, however, be submitted to the Council after approval by the MRD.

In a Press statement issued here today Mr Aitzaz Ahsan said that he had sent his resignation to the MRD, Punjab, and he would continue to strive for the restoration of democracy and Constitution from and through the forums of the Punjab Council and the High Court Bar Association until such time as the MRD decided that it was essential for its members to resign.

Mr Aitzaz is a member of the defunct Tehrik-i-Istiqial. Deploing the amendments, he said, the Bar Council and Bar associations must continue undeterred to carry on their own positive policies in furtherance of the struggle for the restoration of democracy and funda-

mental human rights.

Punjab Bar Council, he said, was a democratically elected body and, therefore, the lawyers community owes it to its conscience and the nation to continue its struggle for democracy from its platform.

He deplored the reported role of the Pakistan Bar Council in making recommendations for the promulgation of amendments in the Act and demanded that either the members of the Pakistan Bar Council should vindicate their stand or should resign forthwith from the Council. The forum of the Punjab Bar Council could not be abdicated in favour of the forces opposed to democracy, he said, and added that community of lawyers must continue to strive for the restoration of democracy and constitution.

He proposed to call an emergent meeting of the Punjab Bar Council to consider the effect and purport of the amendments and to coordinate the activities of all the Bar associations.

CSO: 4220/255

POOR DEVELOPMENT PLANNING BY RAILWAYS CRITICIZED

Karachi DAWN in English 7 Jul 82 p 7

[Text] , Congratulations on your critical editorial on the subject.

The nation can ill afford paying out and financing recurring losses of Rs.10 crore per year as has happened during the past two financial years for the Pakistan Railways.

At the time of partition, we inherited our part of the old NWR. This meant only about half of its original mileage. And, yet to operate it, we have now more than double the number of officers on the PR pay rolls.

For the last 35 years, we have not yet rehabilitated even one track of this railway. We still run steam locomotives which should be in the museum and not on the main line. The newest of these oil gluttons are 38-year-old, and some are more than of 60 years. Nobody in the PR counts the cost of running these "museum pieces".

Even after 35 years, the line capacity of the PR has not yet been sufficiently increased to cope with all the traffic offered to the railways. A long distance railway should rule supreme in the field of long haul bulk carrier. But even in this sector, the road traffic despite its higher costs, has cut into the goods traffic of the PR. The National Logistics Cell is running, according to you, more than 5000 trucks of its own to meet the deficiency of our railways.

We have not enough double line

capacity on our main lines, and yet we must maintain a double line rail track between Gulistan and Chaman where there is only one train per day! Also, we must still maintain the famous railway track between Peshawar and Landi Kotal, just for running one train per week!

Even after using automatic couplers for about 100 years on metre gauge lines, we still send men in between coaches and wagons just for coupling and uncoupling them!

The most effective department of the PR is its PR (Public Relations). The promises of more locomotives, more coaches, more wagons, better service to railway travelling public and better facilities to good transporters remain unfulfilled.

Leakage of revenue, pilferage of railway property, pilferage of goods in transit, discomfort to travelling public and harassment of goods transporters, continue unabated.

The occasional import of new locomotives and the re-engining of old ones (as pointed out by you) cannot improve the service on the PR for the simple reason that the poor maintenance standards of the PR takes a much bigger toll of the locomotives than can be replaced in a given time.

D.D. JANGALWALA
Rubella Hotel, 61-C, McLeod Road,
LAHORE

CSO: 4220/255

STUDY SAYS FARM-TO-MARKET ROADS HIGHLY INADEQUATE

Karachi BUSINESS RECORDER in English 20 Jul 82 p 1

[Text]

ISLAMABAD July 19: The existing farm-to-market roads in the country are highly inadequate and it would take 269 years to meet even the basic minimum requirements of rural roads, according to a recent official study.

Hardly 0.12 kilometre of serviceable roads are available today as against the minimum requirement of 0.64 kilometers of roads per square kilometer of the rural area, the study revealed.

It has been estimated that only 16 per cent of the villages are situated on all-weather roads and about 30 per cent have an all-weather connection with the markets. The remaining villages are either totally cut off from the rest of the country or are dependent on fair-weather connections to the outside world.

According to conservative estimate, 450,000 kilometers of rural roads of all kinds are required, out of which 135,000 kilometres may be non-paved and 175,000 kilometers of single lane paved roads. The remaining are the primary arterial roads of higher geometrics and quality.

Against this, the total availability of roads in the country is limited to less than 100,000 kilometers leaving a net deficit of 350,000 kilometres. The rate of new construction of rural roads during the past few years has been 1,300 kilometers per year out of which about 300 kilometres per year has been added by local governments and one thousands kilometres by provincial Highway departments.

The government has devised a special programme to expand the rural roads network which is a pre-requisite for accelerating the pace of socio-economic development of rural areas.

The programme envisages provision of road construction machinery for local governments. About 92 units of construction machinery has been worked out during the current financial year only 24 units will be imported while the remaining units will be developed during 1982-83.

The total cost of the project is estimated at Rs 503 000 million with foreign exchange component of Rs 483,000 million.—PPI.

PIRKOH GAS PROJECT'S FIRST PHASE SOON

Karachi BUSINESS RECORDER in English 20 Jul 82 p 1

[Text]

QUETTA, July 19: The first phase of Pirkoh gas field integration projects expected to be completed in Marri Bugti areas of Baluchistan next year at an estimated cost of over Rs. 704 million including foreign exchange component of over Rs. 409 million.

The Asian Development Bank will meet the foreign exchange component of the project.

Official sources said today that with the completion of the first phase 77 million cubic feet of gas daily would be available from Pirkoh.

A 74-kilometre long high pressure natural gas transmission pipeline from the Pirkoh gas field to Sui will be laid out and a booster compressor station at Sui would be installed for continuous injection of Pirkoh natural gas into the natural Sui gas transmission system to meet the increased energy demand for boosting industrial and agricultural production of the country. 1

Work on the transmission line and booster station would be taken up in about three to four months time.

Meanwhile, under the first phase of development programme six wells are to be drilled at Pirkoh gas field, drilling of gas wells has already begun.—PPL.

CSO: 4220/260

FIRST PRIVATE UNIVERSITY APPROVED

Karachi BUSINESS RECORDER in English 20 Jul 82 p 1

[Text]

ISLAMABAD, July 19: President Gen Mohammad Zia-ul-Haq, has approved the charter of the Aga Khan University which will start functioning here by the middle of the next year, says a press release of the University Grants Commission today.

The Aga Khan University is the first private university ever approved in Pakistan will be fully autonomous. It will be supported financially by the Aga Khan Foundation. In a personal letter to the President, the Aga Khan has assured him that as long as the university exists and operates within the terms of its charter, it will neither seek finances from the University Grants Commission nor from the Ministry of Education.

The President of Pakistan will be the patron of the university with the Aga Khan as its Chancellor. A pro-Chancellor and a Chairman of the board of trustees will be nominated by the Aga Khan. The board of trustees of the university will consist of four nominees of the Aga Khan Foundation, a judge of the High Court of Sind, a member of the University Grants Commission, a member of the Pakistan Medical and Dental Council and three prominent persons qualified by their experience and achievements.

APP.

CSO: 4220/260

BUREAUCRATIC WAYS CRITICIZED

Karachi BUSINESS RECORDER in English 21 Jul 82 p 2

[Editorial: "How Very Bureaucratic!"]

[Text]

We seem to specialise in converting ordinarily law-abiding citizens into law and rule breakers. We promulgate orders without any consideration as to the possibility of their implementation and so often they pertain to activities or use of gadgets or instruments commonly possessed by, if not every Tom, Dick and Harry, at least a great majority of the nationals in foreign countries as also Pakistani residents abroad. We ban the imports or use of these gadgets after a substantial quantity of them becomes available in the country and then grudgingly allow their use after levy of import duties, licence fees etc. Airconditioners, washing machines, vacuum cleaners and VCRs etc. have all figured in this list at one time or the other.

A very recent example is that of the cordless telephones. These telephones are now in use in varying numbers in almost every city of Pakistan where telephone facilities are available, and permanent residents of which or their relatives are working or studying abroad. That the Post and Telegraph Department should issue a warning on July 19, 1982, that the use of cordless telephones violates the provisions of law and unless the subscribers refrain from use of cordless sets, appropriate action under relevant provisions of the Telegraph Act would be initiated against the defaulters, is rather late in the day and is likely to be widely ignored. For, this gadget is mostly in use at the residences of comparatively important and influ-

ential personalities both of the official and the private sector. It will be treated in a similar manner as a ban on the various other telephone attachments and instruments — which are now openly on sale in the Pakistan markets.

It is time that our bureaucrats realised that in the present day and age no one can keep the people away from the facilities that scientific advance has made available to them. At best they can just slightly delay or restrict the availability of these facilities to the people while making use of the innovations themselves. One can understand the worry of the Telephone Department in so far as increase in the load on exchanges is concerned. But the adverse financial consequences can be none too

great because every call that one makes will have to be paid for even if one telephone is to be used as a party line by various neighbours since the cordless telephones can operate within a fairly large radius. Would it not have been much better and sensible to prescribe a licence fee for the use of cordless telephones to offset the loss on the line rental rather than issue warnings which everyone knows are not possible of being carried out since the Department has neither the facility nor the personnel to do the job. Were such facilities available to them, our telephones system would have been in a much better shape. It is time that money earning departments of the Government adopted a commercial instead of the bureaucratic attitude.

CSO: 4220/260

LEANING TOWARD PRIVATE SECTOR DISCUSSED

Lahore VIEWPOINT in English 8 Jul 82 p 13

[Text]

IN YET another rob-Peter-pay-Paul exercise, Dr. Mehbubul Haq, the Deputy Chairman, Planning Commission, announced on Saturday the details of the Rs. 32,595 million Annual Development Plan for fiscal 1982-83, which "aims at accelerating private investment significantly and a notable shift in priorities".

The private sector will get the lion's share of Rs. 20,500 "as part of the Government's policy to induce it to play its fullest role in national development".

Dr. Mehbubul Haq, who was once a strong critic of the private sector, not only stressed the need for a much larger role for the private sector, but also put forward a scheme to decentralise public sector development activity.

The new development plan appears to have followed a 'five-point socio-economic formula', presented by Dr. Mehbubul Haq in April this year soon after his appointment as the Deputy Chairman of the Planning Commission. The main feature of this formula is to reduce subsidies and to encourage the wealthier sections of society — a necessary piece of advice by the IMF and the World Bank to all loanees.

Sectoral role

The Rs. 20,500 million to be invested by the private sector include: agriculture, Rs. 3,269 million; manufacturing, Rs. 6,000 million; transport, Rs. 2,750 million; housing, Rs. 53,000 million and services and miscellaneous Rs. 2,830 million.

Private investment will be financed

through transfer of resources from the public sector, from non-bank financial institutions, commercial banks and, of course, through foreign private investment.

Out of the total private investment, nearly 9.3 per cent will be financed through foreign loans and equity which have already been lined up.

Priority areas in industrial investment will be textiles, beverages, pulp and paper, wood and rubber products, electric machinery, metal products, electronics, non-metallic mineral products, engineering goods and agro-industries.

As a whole, the size of the plan is 23 per cent larger than that of the 1982 plan. (15 per cent in real terms).

The annual programme covers primary education, primary health care, rural water supply, rural electrification, rural roads, small tractors, low-income housing and accelerated development of Baluchistan and tribal areas in all.

Priorities

The priority programme in the 1983 plans seeks opening of over 10,000 new primary schools, enrollment of an additional 600,000 boys and girls in primary schools, a drastic reduction in the annual loss of 700,000 lives of children and 25,000 mothers during child-birth and in infancy, provision of electricity to over 3,000 villages, construction of 2,200 kilometers of farm-to-market roads, provision of safe drinking water to 1,200,000 people and import of small tractors worth Rs. 100 million to

step up farm production.

On Sunday, Dr. Mehbubul Haq left for Washington to negotiate with the World Bank and the IMF the terms for new loans and the question of payment of previous loans.

Talking to newsmen, he said that Pakistan wanted long-term credit from the United States which would be partly used to repay the previous loans, and partly for financing development programmes.

Meanwhile, some observers have expressed concern over Pakistan's dependence for its economic development on foreign funds — of the development expenditure in fiscal 1982, \$1.4 billion (47.96 per cent of total development outlay) came from external sources.

CSO: 4220/254

CAUTION VOICED OVER DECENTRALIZATION

Lahore VIEWPOINT in English 8 Jul 82 p 6

[Text] WITH effect from July 1 three new Commissioners' Divisions and six new Deputy Commissioners' Districts have been created in the Punjab. The development could only be welcomed by the residents of the towns raised to the level of District and Divisional headquarters because of the facilities and conveniences that should now become available to them. The civil services, too, have a reason to welcome the substantial increase in their cadres and the chances of promotion that the move has provided. The possibilities of public good, in theory at least, also cannot be denied. That small, compact and uniformly developed or uniformly backward administrative units can be helpful in ensuring administrative efficiency is a recognised principle. But it is plain that guarantees of a responsible administration, responsive to people's needs and aspirations, cannot be issued at District and Divisional levels. Nor should one try to discover the advantages of decentralisa-

tion in what may turn out to be merely a territorial readjustment. Decentralisation does not mean shifting of officials from one place to another but delegation of authority down the administrative hierarchy. Only time will show whether the hopes expressed by the sponsors of the experiment are legitimate. One does not know whether the example set by the Punjab will be followed by the other provinces or whether the sizes of Divisions and Districts there are happily manageable. However, one sincerely hopes that the increase in Punjab's Divisions from five to eight — two less than the Divisions in the three other provinces put together — has nothing to do with the hair-brained ideas reportedly put forward by the Council of Islamic Ideology because its plea to raise Divisions to the Status of provinces would surely be interpreted as a move towards a highly centralised, even unitary, government.

CSO: 4220/254

BRIEFS

INFORMATION MINISTER TO MEET NEWSMEN--Raja Zafarul Haq, Federal Information and Broadcasting Minister, said in Karachi yesterday that he would soon meet the Council of Pakistan Newspaper Editors (CPNE) and the representatives of the working journalists to exchange views with them in order to give concrete shape to the proposal to repl[ace] the West Pakistan Press and Publications Ordinance with an alternative system. He was talking to newsmen at Karachi airport on his arrival here from Islamabad on a day's visit. Replying to a question, Raja Zafarul Haq said that his Ministry was examining the issue of giving increased dearness allowance, as announced by the Federal Finance Minister last month, to newsmen and workers of the Press industry. He was non-committal as to its application to newsmen and Press workers, and said that the last Wage Board Award for Press workers had to be studied in details before taking a final decision in this regard. Replying to a question about the Associated Press of Pakistan's future status, the Minister said that the Government was fully alive to the issue. The matter would come up for discussion before a Cabinet meeting, he added. [Text] [Karachi DAWN in English 19 Jul 82 p 1]

DEVELOPMENT GRANT FOR UNIVERSITY--The Government has sanctioned Rs 11.6 million as the development grant for Karachi University for the current fiscal year (1982-83), according to a communication from the University Grant Commission. The estimates given by the University authorities for development amounted to Rs. 19.247 million. The grant given is, therefore, Rs. 7.647 million less than the amount asked for. The recurring grant of the University for the current financial year will be released shortly, sources said. Meanwhile, the third and fourth quarterly instalments, amounting to Rs. 2.9 million for the 1981-82 financial year, have been made available to the University authorities. This amount is less by Rs. 1.6 million from the original grant of Rs. 4.5 million due to 6.23 per cent out effected by the Federal Government. According to sources, the total development grant of Karachi University, during the last fiscal year, after deductions in third and fourth quarterly instalments, had amounted to Rs. 9.3 million. The on-going development projects of Karachi University include the third phase of Faculty of Arts, a building for the Commerce Faculty, development of the Faculty of Science, building of the Examinations Department and the Sewerage Disposal Scheme. The projected were started in July, 1980, and are scheduled to be completed by June, 1983, at an estimated cost of Rs 38,644 million. [Text] [Karachi DAWN in English 19 Jul 82 p 1]

PLEA FOR JOURNALISTS' RELEASE--The office-bearers of Karachi Committee of All Pakistan Newspaper Employees Confederation (APNEC) and Karachi Union of Journalists (Barna Group) have urged the Government to release the arrested journalists

and newspaper employees in Sind, Punjab and other parts of the country before Eidul Fitr. In a joint statement, the Chairman and Secretary of Karachi APNEC, Mr Mahmood Ali Asad and Mr Baseer Navaid and President and Secretary of KUJ Mr Abdul Qudoos and Mr Mohammad Sabihuddin Ghansi have drawn the Government's attention towards the detention of a number of journalists. [Text] [Karachi DAWN in English 19 Jul 82 p 10]

CONSPIRACY CASE TRIAL REPORTED--A CRYPTIC news has appeared in the local Press that 15 detainees of a 'conspiracy case' were brought (on June 30) before Summary Military Court No. 18 and were sent back to judicial custody. The 15, plus one more, were arrested some 18 months ago by FIA from different places in Rawalpindi and Islamabad for allegedly 'conspiring' against the Government and indulging in 'subversive' activities. They reportedly had links with the so-called PLA of Khalid Usman, a retired army officer and brother of a former V.C. of the Quaid-i-Azam University. They had allegedly received training in subversive activities in a foreign country. (The country has not been named). The accused will now be brought before the court on July 13. One of the detainees is a lawyer, Mahboob, who has moved a bail petition, alleging that they had been kept under detention for the past 18 months without trial. There are other detainees from among the intellectuals who have been behind bars without trial or charges for months now. [Text] [Lahore VIEWPOINT in English 8 Jul 82 p 16]

MAGAZINE DISTRIBUTOR PUNISHED--A Summary Military Court in Peshawar has sentenced one Gul Pasand for one year's rigorous imprisonment for distributing a banned magazine 'Surkh Parcham'. The magazine, it was claimed, contained "anti-State" material. [Text] [Lahore VIEWPOINT in English 8 Jul 82 p 17]

KHOKHRAPAR INDIA-PAKISTAN ROUTE--Khokhrapar, July 20--Khokhrapar route between India and Pakistan is expected to be opened to visitors from Sept 1. Reliable sources said that the foreign secretaries of India and Pakistan participating in the meeting of Pakistan-India commission next month will give final approval to this route during their talks.--PPI [Text] [Karachi BUSINESS RECORDER in English 21 Jul 82 p 1]

IMPORT OF MAGAZINE PROHIBITED--The import of magazine 'Stardust' printed in England is not importable by any private sector unit. The Chief Controller of Export and Imports has informed all the Collectorates of Customs in the country that Stardust printed in England, being of Indian origin, was not importable vide provisions of sub-para (3) of para (8) of Import Policy Order, 1981. Such importations constitute contravention of ITC regulations, a communique of the Chief Controller of Exports and Imports said.--APP [Text] [Karachi BUSINESS RECORDER in English 21 Jul 82 p 2]

DIVISION STATUS FOR KOHAT--Peshawar, July 19--The districts of Kohat and Karak shall cease to be part of Peshawar Division with effect from Aug 1, 1982 and shall constitute a new division to be known as Kohat Division.--APP [Text] [Lahore THE PAKISTAN TIMES in English 20 Jul 82 p 10]

HANDOUT ON TRIBAL CLASH--Peshawar, July 17--An official handout issued here today said that six to ten persons are reported to have died in a clash between two tribes of Kala Dhaka in village Shingal Dar in remote part of Black Mountain tribal area of Hazara division. The handout described the report published in a section of the Press about the casualties in the clash as highly exaggerated with its display as unwarranted. The handout added that Assistant Commissioner Batagram and Political Tehsildar Oghi, along with two platoons of Frontier Constabulary, have already proceeded to the venue of the clash. [Text] [Karachi DAWN in English 18 Jul 82 p 10]

RCD HIGHWAY INAUGURATION--Lahore, July 17--The Governor of Baluchistan, Lt-Gen Rahimuddin Khan, will formally inaugurate the Regional Cooperation for Development (RCD) highway on July 25 in Lasbela district, constructed between the towns of Wud and Kunar. According to Mechanised Construction of Pakistan (MCP) sources here the Organisation has completed construction of 110-kilometre-long portion of the highway three months ahead of schedule. The MCP is a concern which bids for international tenders for construction and other works. According to sources, the construction of this portion of the RCD highway would link the city of Karachi with Quetta through an alternate highway, considerably reducing the distance between the two cities. Moreover, the MCP has also decided to undertake the construction of a 16-kilometre long and 24 feet wide dual carriage way between Taxila and Hasanabdal. This road will be completed at an estimated cost of Rs 31.8 million. An agreement was signed recently between the Director-General of National Highway Board and the Executive Director of the MCP for the construction of the road, the sources added. [Text] [Karachi DAWN in English 18 Jul 82 p 6]

ACTING GOVERNOR OF BALUCHISTAN--July 17--Lt-Gen Khushdil Khan Afridi, Corps Commander, was today sworn in as acting Governor of Baluchistan at a simple ceremony held in Governor House here this morning. Oath was administered to him by Mr Justice Zakauallah Lodhi, Chief Justice of Baluchistan High Court. Lt-Gen Khushdil Khan Afridi will be officiating as acting Governor of Baluchistan in the absence of Lt-Gen Rahimuddin Khan, who has gone to Saudi Arabia to perform Umra. [Text] [Karachi DAWN in English 18 Jul 82 p 6]

SRI LANKAN PRESIDENT INVITED--Colombo, July 17--President Zia-ul-Haq has extended an invitation to his Sri Lankan counterpart, President Junius Jayewardene, to visit Pakistan. The invitation by President Zia is for President Jayewardene to meet 3,000 Pakistanis who have regained their sight following the grafting of 6,000 corneas sent by Sri Lanka, "Khaleej Times" said in a report from its Colombo correspondent. Sri Lanka's eye donation society, a voluntary non-profit making organisation, sends out corneas to many countries and Pakistan has received a bulk of the corneas. The invitation for the Sri Lankan President was extended when Sri Lanka's Minister of Lands and Land Development, Mr Gamini Disanayake visited Pakistan recently.--PPI [Text] [Karachi DAWN in English 18 Jul 82 p 10]

POLICE RELUCTANCE REPORTED--The police try to sweep crimes committed in their respective areas under the rug whenever the Press contacts them. However, it is not known whether they do so of their own accord or under the specific instructions of their superiors. Yesterday in two cases one of armed robbery in the Brigade area and another mysterious murder of a young woman in the Bahadurabad area, the police of both the stations declined to give details till late in the night although an armed robbery of cash Rs. 1,20,000 was committed by four persons when Abdul Haleem, reportedly owner of a garment factory, was going in a car with cash in a brief case, in broad daylight. In the incident of Bahadurabad, a partly decomposed body of a woman with several knife wounds was found in a flat on the Stadium Road in the late hours of Wednesday. But the area police, whenever contacted, either drew a blank about the incident or said that the Station House Officer (SHO) was the only competent officer to give the detail. He could not be available till late in the night. One wonders whether the police are trying to "burk" the crimes after a string of armed the crimes. [Excerpt] [Karachi MORNING NEWS in English 16 Jul 82 p 7]

RURAL ELECTRIFICATION MASTER PLAN--The National Engineering Service of Pakistan (NESPAK) has been engaged by WAPDA to prepare a Master Plan for rural electrification that will cover 18 different districts in the country. According to a Press release the preliminary proposals of the master plan envisage that it will include all such villages as have a population exceeding 1000 persons in the concerned districts of Sind and the Punjab and more than 300 people in the NWFP and Baluchistan. The districts selected for the rural electrification plan are: Punjab: D.G. Khan, Multan, Muzaffargarh, Vehari and Rahimyar Khan; Sind: Hyderabad and Nawabshah, NWFP, Abbottabad, Manshera, Malakand, Dir Swat and Bannu; Baluchistan: Quetta, Sibi, Nasirabad, Kachhi and Khuzdar. Preparation of the complete master plan will take survey pertaining to it will extend to 450 villages. Mapping work for the Master Plan will include suggestions for updating the existing transmission and distribution system and proposing extensions there in so that it can cater to the future demand for the next 10 years. The plan will also deal with socio-economic environmental analysis and the likely economic benefits to be derived from electrifying these areas.--APP [Text] [Karachi MORNING NEWS in English 16 Jul 82 p 7]

AMBASSADOR TO UNITED NATIONS--Islamabad, July 15--The Government of Pakistan announced the appointment of Mr S. Shah Nawaz presently Secretary-General in the Ministry of Foreign Affairs Islamabad, as Ambassador and permanent representative of Pakistan to the United Nations, New York, in place of Mr Niaz A. Naik, says a handout of the Ministry of Foreign Affairs here today. [Text] [Karachi MORNING NEWS in English 16 Jul 82 p 8]

JUTE, DATES RESEARCH CENTERS--Thatta, July 17--Research centres for jute and dates will be set up in Sind this year, it was stated at a meeting held on Thursday under the chairmanship of the Sind Agriculture Minister, Sardar Ghulam Mohammed Mahar. Jute research centre will be established at Thatta for which 300 acres of land have been allocated. The date research centre is being set up at Rohri with the assistance of Pakistan Agricultural Research Council. The whole of Sangi Farm, over 100 acres, has been earmarked for the centre. Reviewing the performance of other agriculture farms, the Minister set up a committee which will submit the report in two months. The meeting also decided that a scheme of training gardeners will be introduced this year to meet the demand of trained hands for the promotion of fruit and vegetables in the province.--APP [Text] [Karachi DAWN in English 18 Jul 82 p 4]

CS0: 4220/265

PHILIPPINES SEEK NEW IMF LOANS

Manila PHILIPPINES DAILY EXPRESS in English 18 Jul 82 p 10

[Text]

THE Central Bank is negotiating about \$140 million worth of standby credit and a similar amount of compensatory financing from the International Monetary Fund (IMF), CB Gov. Jaime C. Laya said the other night.

The standby credit is currently being negotiated with the IMF, while the compensatory financing will be proposed shortly.

The IMF credits are being sought because of the growing deficit in the country's balance of payments (BOP) which is expected to reach about \$360 million this year.

According to the CB, the BOP deficit during the first three months this year already reached \$530

million, only \$30 million short of the payments shortfall last year which amounted to \$560 million.

BOP data for the first semester of 1982 are still being finalized and will be announced shortly by the CB.

The CB tapped the IMF's compensatory financing several years ago when the country's major exports suffered a major slump.

The compensatory financing is granted by the IMF to countries that suffer major payments deficits caused by a sharp drop in the prices of its export products.

Laya also disclosed that the CB has generated \$61.3 million worth of dollar deposits

from the public through its 'Operational Greenback', which allowed authorized agent banks to buy dollars at higher rates competitive with those offered by blackmarket traders.

Among the top producers are Allied Bank, the Philippine National Bank and Equitable Bank, Laya said.

MEANWHILE, the CB announced that nine companies classified as non-trade foreign exchange earners have been granted 'export-oriented' status, making them eligible for incentives and other assistance from the bank.

The nine firms are: International Center for Technology Transfer

U.S. SUGAR QUOTA MAY HELP NATION

Manila BULLETIN TODAY in English 14 Jul 82 p 26

[Text] President Reagan's imposition of import quotas on sugar could be a "saving grace" for the Philippines--not only helping its economy but also putting a lid on a potential "social volcano."

Analysts say Reagan's move could provide the Philippines a market for its sugar with a guaranteed price. They say it may prove a "saving grace" for a country that depends on sugar as its major dollar earner amidst a slump in the world sugar markets.

With its other traditional export products, such as coconut and copper, battered by the recession in the west, the nation's economy has been floundering.

As for the nation's sugar market, the government of President Ferdinand Marcos has done a creditable job in easing the impact of the depressed sugar economy.

Since post-World War II years, all of the sugar the Philippines produced went to the United States until 1974 when the US Sugar Act lapsed and import quotas were scrapped. That forced the Philippines to sell on world markets, where prices have been erratic.

The price of raw sugar has ranged from a high of 64 US cents a pound just after the US Sugar Act expired in 1974 to about 6 US cents a pound at present.

Last May, Reagan announced the United States was temporarily reviving import quotas to protect American farmers. Traditional US sugar suppliers were given a fixed share with the Philippines getting 13.5 per cent, the third largest after the Dominican Republic and Brazil.

CSO: 4220/243

COCONUT EXPORT DROP REPORTED

Manila BULLETIN TODAY in English 19 Jul 82 p 28

[Text]

The Philippines exported 1,005,983 metric tons of coconut products worth \$356 million during the first six months of this year, customs figures showed.

Volume was down by 2.3 per cent compared with the January-June, 1981 shipment. Value also fell by 16.2 per cent.

Coconut exports in June totalled 155,834 metric tons worth \$51.9 million, down 25.9 per cent in volume and 35.2 per cent in

value compared with the June, 1981 figures.

Main buyers were the United States, Europe, the Soviet Union, China and Japan.

Meanwhile, coconut oil supply problems have set back a plan to use "coco-diesel" fuel for vehicles, reports said.

An official of the government Philippine National Oil company told reporters the United Coconut Oil Mills (UNICOM) cannot keep its pledge to make available 40,000 met-

ric tons of coconut oil for the program this year.

The plan to mix coconut oil with diesel oil as fuel for passengers buses was scheduled to be implemented beginning July 1.

The program was aimed at reducing by three per cent the demand for diesel oil and ease the nation's high oil import bill while the world's coconut oil market remained depressed.

CSO: 4220/257

COUNTRY TO DEPEND MORE ON EXPORT OF NONTRADITIONAL ITEMS

Manila BULLETIN TODAY in English 16 Jul 82 p 25

[Text] Exports of nontraditional products being made by the country's small and medium enterprises and the earnings of Filipino workers overseas are the remaining hopes to overcome the country's balance of trade and payment deficits in the 1980s.

Thus, Economic Minister Placido Mapa, Jr. batted for the full development of the small and medium-scale industries (SMI) as he spoke before a symposium on small and medium industries in national development held at the Philippine International Convention Center yesterday.

For the 1980s, Mapa said, "the prognosis for SMIs is bright" in spite of rising prices, consequent problems generated by the energy crisis and the general economic slowdown.

He said that without the exportation of nontraditional products such as garments, electronics and other manufactured products, the country cannot sustain its present balance of trade deficit.

The country has had deficits in its trade balance in the last few years estimated to be more than \$1 billion yearly. Meaning, the country imports more products than what it exports. Last year, its exports reached more than \$2 billion.

Trade and Industry Deputy Minister Romulo Lumaig who was also one of the symposium's speakers, shared the same view with Minister Mapa that nontraditional products will perform well in the 1980s as they had in the past.

Lumaig reported that cottage products alone earned \$666 million last year, surpassing such traditional export items as sugar, minerals, logs and lumber. Last year's export of these items, he said, increased by 19.83 percent over the \$555.8 million in 1980 level.

Garments, he said, have expanded 1,755 per cent from \$39 million in 1972 to \$685 million last year. Likewise, electronics increased from under \$100 million six years ago to \$811.57 million last year.

While the strength of these products have been manifested by statistics, he said, the country has a long way to go compared with some of its neighboring countries like Hong Kong, Taiwan and Korea.

The government has recognized the need to draw on the support and participation of the private sector and the entire citizenry in order to succeed in the development of the small and medium scale industries.

CSO: 4220/243

PHILIPPINES

MEXICO BUYS NATION'S COCONUT OIL

Manila PHILIPPINES DAILY EXPRESS in English 16 Jul 82 pp 9, 10

[Text] The United Coconut Oil Mills, Inc. (Unicom) has closed a deal to supply coconut oil to Mexico after almost two years of negotiations.

Felix Duenas, Philippine Coconut Authority (PCA) administrator, told the EXPRESS yesterday that Unicom will ship an initial volume of 6,500 metric tons either late this month or next month.

Unicom's selling price was not disclosed but it is expected to be hit lower than prevailing market prices because it is the "maiden transaction" between the two countries on coconut oil supply.

Coconut oil's price at present ranges from \$502 to \$512 per ton. Futures prices, however, for the months of January and February next year are a bit higher at \$515.

Unicom negotiated the deal with Conasupo, Mexico's state trading firm, represented by Jose Iturriaga who was in the country three weeks ago to finalize the deal.

Duenas said that Unicom can make subsequent deliveries to fully tap the vast market potentials of Mexico which mainly uses soybean, coconut oil's principal rival.

He also said that Conasupo decided to deal with Unicom after it was convinced that the Philippines is a reliable coconut oil supplier.

Conasupo, according to Duenas, believed in the soundness of the government's coconut industry development programs, particularly the hybrid replanting project.

CSO: 4220/244

JORDANIAN INVESTORS EYE OPPORTUNITIES

Manila BULLETIN TODAY in English 19 Jul 82 p 26

[Text]

A trade mission from the Kingdom of Jordan recently concluded business discussions with Philippine International Trading Corporation (PITC) and Filipino trading and construction firms on expanded participation on trade, infrastructure and developmental projects in the Middle East.

The mission was arranged through Consul Minister Cesar Pastores of the Philippine Ministry of Foreign Affairs, and was received in Manila by PITC. The Jordanian mission was headed by Ziad Mango, chairman, DOC group of companies, and included Barry J. Crowe, Hamzeh M. Swaweesh, and

Ms. Eschi Warwick.

PITC invited local business firms to meetings with the mission for possible Philippine participation in the infrastructure projects in Jordan and Saudi Arabia's oil refinery tanks, power generation and transmission line, middle to high-income housing program, road network, buildings, and rail network.

The mission likewise looked into foreign trade and investment possibilities in the following areas: steel products, food production technology, mining, and industrial plant construction.

Among various local firms, the mission had detailed negotiating

meetings with San Miguel Corp., First Philippine Trading Corp., Construction Development Corp. of the Philippines, Atlantic Gulf & Pacific Co. of Manila, Engineering Equipment, Inc., Land-oil Resources Corp. Marsteel Consolidated, Erectors, D.M. Consunji and Filipino Contractors International Corp.

The group also held discussions with government agencies including the Philippine overseas construction board, Central Bank, Philippine Export and Foreign Loan Guarantee Corp. and the National Development Co.

CSO: 4220/257

EXPORT ZONES ATTRACT NEW INVESTMENTS

Manila PHILIPPINES DAILY EXPRESS in English 19 Jul 82 p 9

[Text]

SEVEN foreign companies are putting up new factories in the country's export processing zones at a cost of more than P100 million, Deputy Trade and Industry Minister Gerardo Espina disclosed yesterday.

Espina, who is also administrator of the Export Processing Zone Authority, said the new zone enterprises will manufacture items ranging from footwear to electronic batteries to medical products.

According to Espina, five more foreign firms are expected to register with the zone authority this week.

At present, he said, there are 15 applications of various companies to set up their projects in the various processing zones.

The upsurge of new investments in the zones is the result of intensified promotions campaign launched by EPZA since early this year, Espina added. Under the new promotions strategy of EPZA, the concept is to target specific groups through seminars as well as individual contacts, Espina explained. In

addition, the program involves also advertising in selected international business periodicals and the intensive follow-up of responses. Espina said that the two trips made by him to Japan in March and June this year is in implementation of this intensified promotions approach. Other investments missions are scheduled this year for Europe, United States, Hongkong and Taiwan.

Espina, who assumed the position of EPZA administrator in September last year, said further that the decision of the government to expand the zone concept as a tool for the growth of our export trade should have a corresponding impetus to the promotions drive to bring in more investors. He said that the performance of EPZA last year, where only four investors came in, primarily due to the recession that has engulfed most industrialized economies, had indicated to the Authority the need to prioritize and fully support its promotions program.

BALANCE OF PAYMENTS DEFICIT SOARS

Manila PHILIPPINES DAILY EXPRESS in English 20 Jul 82 pp 10, 9

[Article by George T. Nervez]

[Text]

THE deficit in the country's foreign exchange transactions (balance of payments) soared to \$675 million during the first six months this year, according to Central Bank Gov. Jaime C. Laya.

The amount exceeded the overall payments deficit worth \$260 million for the entire 1981.

Laya said in his quarterly report to President Marcos that the BOP deficit in the first six months included the second quarter shortfall of \$136 million and \$539 million in the first quarter.

He explained that the first semester's BOP performance reflected the continuing international business slowdown and poor commodity prices.

Like other developing countries, the Philippines' traditional exports have suffered from falling prices, the CB head said.

Laya noted that this has been true for sugar, coconut products, copper and gold exports.

TOTAL merchandise exports during the first six months reached \$2.74 billion and merchandise imports, \$4.05 billion, resulting in a deficit of \$1.3 billion.

Non-merchandise trade and transfers accounted for an added \$115 million deficit.

The overall deficit on current accounts amounted to \$1.426 billion, Laya said.

Exports of non-traditional manufactures such as garments, electronics and furnitures and fixtures continued to grow, increasing by 17.6 percent between the first semester of 1981 and 1982.

Imports grew at a slower pace, 3.1 percent between the first halves of 1981 and 1982.

The non-merchandise trade or services account recorded a net outflow of \$352 million. Non-merchandise trade inflow came to \$1,343 billion and outflow \$1,695 billion.

The outflow included interest payments on foreign debt of \$721 million.

Receipts from tourism, remittances of overseas workers and construction activities abroad reached \$644 million, a 28 percent improvement over the same period in 1981.

THE semester's net capital inflows, were accounted for by long

term loans (\$419 million), direct investments (\$140 million), and short-term capital (\$385 million).

Net capital inflows were higher in the current year by \$263 million compared with the first semester of 1981.

Laya also reported that the peso declined by 3.3 percent during the first semester. It reached P8.47 per US dollar on June 30, 1982, compared to P8.20 per dollar on December 31, 1981.

This was due to the strengthening of the dollar against all currencies,

brought about by various factors notably the increase in US interest rates.

On the other hand, the peso gained against many other currencies, including Hongkong dollar, the pound sterling and the German mark. Despite the unfavorable performance in the first semester, Laya has said that the overall BOP deficit for 1982 will be about \$60 million or similar to last year's record.

Export receipts are expected to pick up during the second half of the year when copper firms are expected to boost production and shipments because of the subsidy program recently adopted by the government.

CSO: 4220/256

CENTRAL BANK CURBS CAPITAL FLIGHT

Manila BULLETIN TODAY in English 14 Jul 82 p 26

[Text]

The Central Bank has reportedly clamped down on the outflow of domestic capital in view of the present weakness in the country's balance of payments position.

Sources at the CB disclosed yesterday that Governor Jaime C. Laya has directed a freeze on the processing of applications for equity investment by Filipino firms and individuals in business overseas.

Previously, the CB acted on a case-to-case basis on the applications for equity investment by Filipino enterprises abroad.

Most of the investments remitted abroad by local firms over the past few years were made by banks and construction companies which formed the paid-in capital of their subsidiaries and affiliates overseas.

Repatriation of capital by Filipino enterprises, under present rules, have to be first approved by the CB. These rules were promulgated by then Governor Gregorio Licaros. In general, in-

vestment of capital by Filipinos in overseas projects was not banned. However, the investing companies were required to remit to the Philippines a portion of their earnings.

Under this policy, many banks and financial institutions set up deposit-taking subsidiaries in Hong Kong. An estimated \$200 million was believed remitted abroad by Filipino banks in their overseas subsidiaries during the last 10 years.

Moreover, a number of wealthy individuals has invested heavily in the past years in real estate properties and other development projects mostly in the United States.

No estimate was available for capital used by Filipinos in acquiring real estate properties in the U.S. but it is common knowledge that Filipinos own substantial real estate properties in San Francisco, Los Angeles, California city, New York, Chicago, Florida, etc.

COLUMNIST REPORTS ON POLICE MORALE, MUSLIMS, CRIMINALITY

Manila PHILIPPINES DAILY EXPRESS in English 21 Jul 82 p 4

[Article by Teodoro F. Valencia]

[Text]

There will be fewer dishonest policemen if we pay them better and assure them that if they behave, they can retire with a comfortable pension. As it is, the policeman, armed with a gun and a badge, is often unable to resist the temptation of making a few pesos to tide him over or to be able to afford the vices that he sees other government officials are enjoying.

Police morale is low because the policemen know that if they tried to do their duty as they see it, they could get into trouble. Trouble means arresting the compadre of "Mr. Big" or someone under the protection of a police superior. Many policemen have been shot by members of the military who did not like their way of doing things -- like arresting someone who happens to be a friend of the military. Policemen also know that if charged in court or before NAPOLCOM, they could be suspended and would have to spend their own money. To be honest is almost an assurance of being charged.

At Rizal Park, policemen on detail have our protection. They are given lawyers if they're falsely accused by the myriads of vendors whom they must arrest. If suspended because of a fabricated accusation, the park continues to pay the salary of the policeman. As a general rule, these policemen do their jobs right. They also know that when they retire, they can have the first available job in the park. All the ingredients for honest performance of duty are given. Despite these, we encounter dishonest and abusive policemen too -- but the other policemen point them out to protect themselves.

The policemen need a better salary. They need a decent pension plan. They have a right to a fair hearing against abusive superiors. Most of all, they need protection against those who prevent them from doing what is just and fair to all. They could use the cooperation of the public, specially of those who profess that they are guardians of peace and the law. We used to have policemen who did their jobs right and gained public respect. We can have them again if we know how.

TIMBER HARVEST TO BE HALVED

Manila PHILIPPINES DAILY EXPRESS in English 21 Jul 82 p 10

[Article by Resty Perez]

[Text]

THE Bureau of Forest Development (BFD) will reduce by nearly 50 percent the volume of logs wood firms can cut this year to further conserve existing forest resources.

BFD Director Edmundo Cortes said yesterday that the reduction in the allowable cut from last year's roughly 10 million cubic meters will be effected through corresponding cuts in the authorized volume of production of individual companies.

Cortes said that firms which were allowed to cut 100,000 cubic meters last year will be allowed to cut only about 40,000

cubic meters this year.

CORTES added that the reduced volume of log production will not adversely affect the operations of existing saw mills.

He explained that the sawmilling industry has a capacity of 11-million cubic meters half of which is idled by the combination of obsolescence, poor market and peace and order problems.

Cortes added that the reduction measure is one of several reasons why BFD can not process the applications of wood firms for renewal of their logging permits at a fast pace.

It also takes time, he added, to make sure

that the firms granted renewals have sound reforestation and timber management programs throughout the 25-year duration of the renewed permits.

THE Philippine Wood Producers Association (PWPA) has assailed BFD for slow processing of applications.

About 30 wood firms have been told by BFD to stop operations while their applications for renewal are being processed.

Cortes explained that his bureau is being very "cautious and thorough" in renewing some permits because of noticeable and repeated violations of forestry rules by some

firms

EARLIER, BFD reported that logging, both licensed and illegal, is now more destructive than *kaingin*.

In 1980, BFD said that a total of 32,639 hectares of forest lands was destroyed. Of this, *kaingineros* destroyed 6,302 hectares compared to logging's 7,348 hectares. The rest was destroyed by forest fires, diseases and pests.

In 1979, the *kaingineros* were more destructive than logging. Out of a total of 62,196 hectares destroyed, *kaingin* accounted for 32,916 while logging accounted for only 8,140 hectares.

PHILIPPINES

MNLF, NPA REBELS SLAIN

Manila PHILIPPINES DAILY EXPRESS in English 23 Jul 82 p 3

[Text] Eight rebels were killed and seven civilians were wounded in separate encounters with government troops the past three days.

The first incident took place at Barangay Karibpuan, Talayan in Maguindanao Monday between 20 heavily armed terrorists under a certain Commander Buagas and army troopers deployed in the area.

Four of the terrorists identified with the Mor National Liberation Front were killed when the rebel band clashed with army troopers led by Cpl Alex Limba of the 35th Infantry Battalion.

No casualty was recorded on the government side.

The troopers recovered nigh-powered guns and live bullets at the scene.

Hours later, PC troopers patrolling barangay San Jose in Pudtol, Kalinga-Apayao encountered armed men identified with the New People's Army. Two of the rebels were killed.

One of the slain rebels was identified only as Joaquin Gagarin alias Ka Berting. His companion was not identified.

The troopers recovered an armalite rifle, one carbine, several bullets and four jungle packs containing medicine, acupuncture needles and documents at the site.

The following day two more suspected NPA members were killed and another captured in a gunfight with elements of the 234th PC company at Barangay Mabini in Malunay, Quezon.

CSO: 4220/257

TOP MNLF MEN KILLED IN PALAWAN

Manila PHILIPPINES DAILY EXPRESS in English 17 Jul 82 p 2

[Text]

THREE top commanders of the Moro National Liberation Front, including the chairman of the Palawan revolutionary committee, were killed in a raid by marine commandos on their hideout a week ago.

This raised speculations that the MNLF secessionist movement in Palawan has been broken up.

Military authorities were at first not aware of the stature of the MNLF men killed during the attack until their identities were verified yesterday.

* * *

THE MNLF leaders killed were identified as Abusember Sabdani, Palawan revolutionary committee chairman; Commanders Toledo and Buaya, known chiefs of MNLF liquidation squad

They were among a nine-man strike force manning the MNLF hideout in Quezon town which tried to repulse but was overrun by marine commandos in the dawn raid last July 7.

Others killed in the commando attack were the wife of Commander Buaya and five MNLF terrorists who were not identified in the report by the Western Command to Gen.

Fabian C. Ver, AFP chief of staff.

* * *

SKETCHY REPORTS received earlier said that Sabdani was only a minor MNLF officer for Palawan but further verification showed he was the top MNLF man in the area.

Sabdani's group was tagged as responsible for several murders and kidnappings in Palawan, Commodore Gil Fernandez, Wescom commander, said.

The marines uncovered the MNLF Palawan base "Bangcodo" located at upper Itulos river at the vicinity of Salongsong, Quezon, early this month.

The marines encircled the base at dawn of July 7 and tried to make the MNLF terrorists surrender.

Instead, Sabdani and his men replied with automatic gunfire.

Heavy fighting erupted for half an hour, during which Sabdani and his men were killed.

The troops hit a terrorist ammunition depot, setting off a huge explosion

The troopers also seized vital MNLF documents, equipment and supplies.

PHILIPPINES

MARCOS ORDERS JUDICIAL REFORM

Manila PHILIPPINES DAILY EXPRESS in English 21 Jul 82 p 1

[Text]

JUDGES, fiscals, and other government prosecutors who show indifference to the anti-crime campaign will be weeded out of the service.

President Marcos requested yesterday the Supreme Court and the Ministry of Justice to participate in the effort to remove members of the judiciary and the national prosecution service "who hamper the judicial processes through their apathy or indolence."

The President said that delays in deciding cases enable the accused to harass police officers prosecuting them through counter suits.

CSO: 4220/256

COLUMNIST DISCUSSES GRAFT, PILIPINO LANGUAGE, GOITERS, DIABETICS

Manila PHILIPPINES DAILY EXPRESS in English 19 Jul 82 p 4

[Article by Teodoro F. Valencia]

[Excerpts]

Radio broadcasting in Pilipino is gaining ground in the provinces. The University of Mindanao Broadcasting Network has announced that as of July 18, this station in Davao City will only broadcast in Pilipino, even in giving out station identifications. On the other hand, many Metro Manila stations won't play Filipino music or announce in Pilipino unless under compulsion. The meaning is that in the provinces, stations broadcasting in Pilipino have a higher chance of survival.

Goiter prevention has emerged as a public health program. Schoolchildren suffer from goiter at an alarming average of 60 percent. Goiter is due to lack of iodine in our food and drinking water. . . Since the population control program is meeting resistance, the Cabinet is studying how to take care of the excess population if we can't avoid unwanted births.

There are more than one million diabetics in the country. Early detection and prevention are necessary if we must control this disease.

THE ANTI-graft drive is indeed making progress, but the government had better change nets. They're catching only the small fry so far.

CSO: 4220/258

EDITORIAL PROMISES OBJECTIVITY

Manila PHILIPPINE COLLEGIAN in English 21 Jun 82 p 1

[Editorial]

[Text]

So scarce is the opportunity to save the *Collegian* from the malaise of close-minded partisanship that we assume the burden of running it with an unhappy combination of zeal and apprehension. For we seek nothing than a return to reason and sobriety, forswearing the ossified intolerance for legitimate opposition and the unwillingness to test the validity of an idea solely on the strength of its power to persuade. It is a change that is dictated by prudence as it is ordained by necessity. It is a change that aims to break away from a damaging image of the student paper as a mere fount of extremist political propaganda — a slightly imprecise image, to be sure, but nonetheless reflective of a decline in credibility so serious as to imperil the paper's role as a vehicle for social change.

We accept this burden aware of the paper's long tradition of commitment to the truth. But we do so also with a loathing for the excesses, nay the perversions, that have been perpetrated by political interests from either ends of the political spectrum whose only notion of truth is to reject any idea which emanates from those who disagree with them.

We hope to initiate a tradition of tolerance for the dissenting view. "The best test of truth," Justice Wendell Holmes once said, "is the power of the thought to get itself accepted in the competition of the market" of ideas. For the truth is least likely to be perceived from the narrow view.

So are we aware, also of the *Collegian's* settled function as a fiscalizer of the powers-that-be. For it is a dictum which we fully subscribe to that the campus press is not isolated from the daily transactions of government, especially where state power is exercised either beyond the bounds of law or against the interest of the greater society. It has the duty, like the national mass media of which it forms a part, of raising a hedge against the abuses of authority through the sheer force of reason and incessant criticism.

In the smaller realm of the university campus, it is a duty that owes equally in regard to the actuations of Quezon Hall on matters affecting student interest and welfare — a duty which in no way discords with working out a harmonious relationship with the university administration whenever prudence demands so.

And this is no less applicable to the acts of the University Student Council which, understandably because its control remains the object of local partisan politics, ought not to be accorded the presumption that its own interests as a governing body or that of the political party which dominates it are identical with that of the students. For the same reason that we detest the thought of the national mass media kowtowing to every whim of the government, we shall never allow the *Collegian* to be used as a mere mouthpiece of the University Student Council. For in criticizing the policies of the latter, we will enable it to see its own weaknesses and mistakes and monitor more accurately the needs and problems of its constituency, without which knowledge it cannot carry out any meaningful program for advancing student interest and welfare.

We realize that the change we envision will be met with some resistance from those who would regard the student paper as a propagator of their own hidebound versions of what the truth is. This might well explain our apprehension in carrying out the task that faces us. But lessons that ring with reason are easily learned. For some it takes just a bit more time.

CSO: 4220/258

ROLE OF COLLEGE PRESS EXPLAINED

Manila PHILIPPINE COLLEGIAN in English 21 Jun 82 pp 8, 2

[Article by M.C. Lambino]

[Text]

Last May 14, 161 campus editors and writers from 79 campus publications nationwide gathered once more to reaffirm a longstanding vow: an unswerving commitment to students' and people's rights and welfare.

In what was to become the biggest congregation of campus writers and editors ever, newly elected president of the College Editors' Guild of the Philippines (CEGP) Oscar Campomanes declared, "We intend to fill the vacuum left by the dailies and other forms of media which have been muted by years of government repression." The occasion was the 17th national congress of the CEGP.

The new breed of writers gathered for the occasion unitedly swore to take up the cudgels of fighting for genuine press freedom, while the rest of Philippine media is handcuffed, silenced, and still struggling.

The occasion was witness to the evolution of the campus paper — from being an ordinary publication recording student activities, to one taking active part in the reshaping of society. The campus writer is slowly becoming aware of his strategic role in activating concrete social change where just reforms remain to be pure paper reforms for the majority...

The campus paper is a student paper simply because it is published and established by and for the studentry. It cannot carry any other interest but the students' — not the administration's or any political aggrupation's, but the students'.

But comes a time when the campus press is confronted with greater challenge, greater responsibility. Comes a time when we have to leave the constricting limits of our campuses and participate in the larger social arena.

When we hear of thousands being massacred, raped, and salvaged in the countryside for standing up for their rights. When children and infants just wither away of sheer starvation, when a whole tribe is uprooted and washed away by dams constructed for "progress", when workers asking for just wages are simply gunned down, it becomes imperative for the campus press to direct attention to such pressing issues.

And when even the local mass media refuses or fails to give space and time to such tragedies, it becomes moral for the campus paper, or any other publication with relatively more freedom, to expose such crimes perpetrated by the regime. This is a social responsibility.

It is not enough that the campus press be limited to student issues. It constricts the students' view of what Philippine society really is. The larger world outside is not made up only of carnivals, jazz concerts, premieres, and balloons. There is injustice, hunger, disease, greed, and poverty which need to be exposed.

In a regime where all other fiscalizers of the status quo have been silenced, the campus press serves not only as chronicler of events and journal of information, but more importantly, as critic of the establishment. In exposing the misdeeds committed by the regime, the campus press is transformed into an agent of truth committed to social change for the people.

This is when the campus paper transcends its role as student publication, and assumes a national character.

It becomes a social conscience.

Of course, school administrators would impose their view of what a campus paper should be: divorced from Philippine society. Such a stand would insist that students be limited to campus activities and not "meddle" with national affairs. Such a policy would embark on building walls around the university to isolate the students from the social mainstream.

In fact, this view is shared by school administrators from as far as Baguio and Davao, as delegates in the CEGP related "harrowing" experiences of being censored by the school administration.

It also very well concretizes the infamous words of erstwhile UP

president, father of the Education Act, and minister of education and culture, OD Corpuz: "We are here in the University to learn, not to govern."

The view that the University can be an ivory tower and students can and should be confined to campus issues smacks either of political naivete and inexperience, or a cunningness ready to downplay raging national controversies in favor of student activities.

It ignores the fact that the University cannot be isolated and insulated from society; the fact that the University itself has been handmaiden of the ruling class by yearly turning out technocrats, researchers, administrators, and apologists of the regime.

It further denies the student the capacity to transcend this designated function for him — to play his historical role as catalyst of social change to the fullest.

In this time of crises there will be writers, intellectuals, and school administrators who would want to think that they stand in the middle, not committed to any political belief or interest but committed only to the "truth". Years of miseducation have foisted the belief that the pursuit of truth can be detached from its socio-historical context, that truth can stand in a void, pure and absolute. The social consciousness that the state has infused into our minds could not see the world from a scientific point of view. It is consciousness which fails to perceive the different forces at work in society, and the interrelatedness of these forces. It is a consciousness which does not become conscious of itself, could not apprehend that it is only a product of the observer's socio-cultural position. It is a consciousness which would later claim to grasp the absolute truth, as if there were an absolute truth.

There is no absolute truth as truth changes

through time and space. Reality is in a constant state of flux as proven by science through the years.

But there is an objective truth — the concrete reality outside the perceiver. But its perception is determined largely by the consciousness of the observer. And since consciousness is a product of one's upbringing, one's socio-political interests come into full play in the perception and expression of truth.

Truth is therefore, always partisan, never neutral or absolute.

Simply stated, in the intense and critical turmoil Philippine society is in, any expression of truth becomes partisan. Not having a stand is a stand in itself. By pretending to be neutral and not doing anything, we allow the rampant exploitation of the Filipino people to continue unabated. Neutrality is a stand in favor of the exploiters. Such is the stand adopted by most school administrators.

While a scientific inquiry into the world would examine both the negative and positive aspects of society. And realizing that there can never be neutrality, it chooses to stand in favor of the oppressed majority.

A scientific standpoint does not tolerate purely rhetorical statements without concrete data to back it up. It criticizes the perverted socio-economic system with a complete grasp of the structure and substantiates it with hard data.

It is the other kind of consciousness, the unscientific one, which fails to delineate the difference. It is this consciousness which the regime tries so hard to foster, and which has unfortunately stifled so many of us so as to shirk from our social responsibility.

In the sharp conflict between the oppressed majority and the ruling elite, between the workers, peasants, students, and professionals on the one hand, and the wielders of power on the other hand, the policy of covering up or deemphasizing abuses of the dictatorship very clearly draws the line between writers committed to genuine social change and those protecting the interest of the ruling class.

For as long as innocent people are being sprayed with bullets in the countryside, as long as our natural and human resources are being ravaged by imperialist powers, and as long as there are writers courageous and committed enough to expose such atrocities, these truths — the rape of Philippine society — will cry out and pierce the pages of the campus paper.

LEAGUE OF FILIPINO STUDENTS LAUNCHES NATIONAL ALLIANCE

Manila PHILIPPINE COLLEGIAN in English 1 Jul 82 p 1

[Text]

The League of Filipino Students (LFS) convene a special session of the Third National Congress last June 25-27 at the Conference Hall of the UP Faculty Center. Eighty-five delegates from 45 schools all over the country attended the session, which had the theme "Build the LFS Into a National Mass Organization to Advance the Nationalist and Democratic Struggle of the Studentry and the People".

The session launched the LFS from an alliance of organizations into a national mass organization with chapters in different schools.

It also tackled the present thrusts of the LFS in defending and asserting democratic gains, broadening the national student protest movement and increasing student participation in the people's struggle.

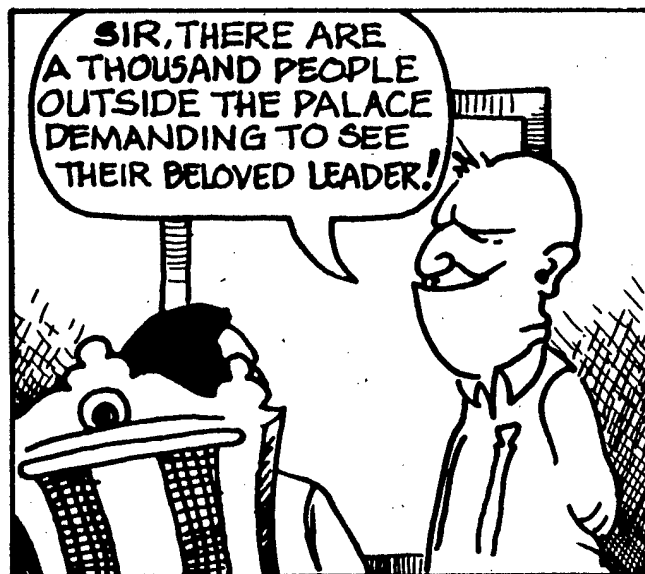
CSO: 4220/258

PHILIPPINES

CARTOON DEMANDS RELEASE OF POLITICAL PRISONERS, DEPICTS PRESIDENT AS OUT OF TOUCH WITH REALITY

Manila PHILIPPINE COLLEGIAN in English 1 Jul 82 p 3

[Text]





CSO: 4220/258

NEW LABOR LAW ANTI-LABOR FEATURES EXAMINED

Manila PHILIPPINE COLLEGIAN in English 1 Jul 82 pp 6, 7

[Article by Sonia G. Dipasupil]

[Text]

In the midst of widespread protest and strong opposition from various labor groups, Batas Pambansa Blg. 227, otherwise known as the "Anti-Scab and Picketing Law," was signed into law last June 1, 1982, thus sounding what seemed to workers across the country as the death knell for the local labor movement. The approval of the cabinet bill (CB # 49) by President Ferdinand E. Marcos ended some four months of deliberations and negotiations among representatives of labor, management and the government and came one month after its supposed signing on May 1, thereby forestalling what could have been an angrier nationwide commemoration of Labor Day.

Denounced by labor leaders as anti-labor, BP # 227 was nevertheless ballyhooed by the local press as the long-awaited manna for the oppressed workingman. Government and employers alike, the latter represented by the Employers Confederation of the Philippines (ECOP), welcomed the new law as an incentive for foreign investors "to follow their natural inclination to come to the Philippines and transfer their plants here," and as a positive move "towards ensuring industrial peace and harmony in the country."

But organized labor is far from cheerful with the turn of events.

"We were misled into thinking that they would even consider our alternative proposals because they were quite receptive of our arguments,"

Crispin Beltran or Ka Bel, vice president of the Philippine Association of Nationalist Labor Organizations (PANALO) recalls.

"We found out that instead of listening to our recommendations, lalong lumalala ang mga provisions ng batas until the time when the really objectionable portions were incorporated into the approved law itself."

When CB # 49 was finally enacted into law, labor won only one token concession: the provision on penalties was amended such that prosecution under BP # 227 would preclude prosecution for the same act under the Revised Penal Code, and vice versa.

"But all other provisions ay naging mas grabe pa as far as workers are concerned," Beltran says.

In what appeared like a "negative pregnant" committed by the legislature — a statutory omission loaded with implications — no anti-scab provision was to be found in the very law which professes to contain the same. Although the law prohibits, in its amended version of Art. 265 of the Labor Code, the escorting of scabs or replacements of strikers, nowhere is there in the entire text of BP # 227 any provision forbidding their hiring.

"Above all, we consider BP # 227 a misnomer," Ka Bel scoffs. "Sabi sa very title nito, it is an anti-scab and picketing law. But you will see that there is neither an anti-scab provision nor any sincere attempt to protect picketing workers. It amounts to only one thing: it is actually a law *against*

picketing and for the hiring of scabs."

Of their many objections to the new law, Ka Bel cites the provision on injunction as the most censurable.

"Historically, ang injunction ang enemy number one ng organized labor insofar as the exercise of the rights to self-organization and strike is concerned. Nariryan ang mga restraining orders, pagpapahinto ng welga, return-to-work order, etc. Despite the fact that the Labor Code (PD # 442) was enacted during Martial Law, mayroon itong isang provision na pabor sa manggagawa insofar as injunction is concerned and that is Art. 255. Ang sabi rito: No temporary or permanent injunction or restraining order in any case involving or growing out of labor disputes shall be issued by any court or other entity (other than the National Labor Relations Commission). Dito ngayon sa BP # 227, ang injunction e pinalaganap nila. Nagsimula sa napakaraming mga arbiters, ang NLRC at saka lahat ng mga miyembro nito, ang Minister at Deputy Ministers of Labor and of course, the President of the Philippines."

"There is also the matter of the prohibition of strikes where, in the mere opinion of the Minister of Labor or the President, these may adversely affect national interest. Now according to jurisprudence, these opinions are not subject to judicial review. Kaya masyadong laban sa manggagawa ito."

"Before Martial Law," Beltran reflects, "there was the Tañada Picketing Law or RA # 1167 and the old Anti-Scab Law or RA # 3600. These are companion statutes of the basic law, RA # 875 or the Industrial Peace Act. At that stage of development of the labor movement, these laws were substantially accepted although the more progressive sectors of organized labor rejected it as inutile during that time. This was because of their common underlying motive of concealing certain purposes of the State and the capitalists, namely, to convert legitimate unions into company unions."

Another provision which has caught the ire of the labor sector is Art. 265 (e), which prohibits the obstruction of the "free ingress to or egress from" the employer's premises.

Criticized by workers as counter-productive, this provision restricts the confines of the strike area and virtually reduces picketing into an academic exercise.

"The employment of these points of entry and exit by strikers as part of the strike area is crucial to the effective exercise of the rights to strike and to picket. Dito dinadaan ng management ang mga eskiról at mga produkto at makina ng-kumpanya. If management can continue business operations despite the strike, inutil na ang welga mo," says Beltran.

"Matayo lang ang manggagawa sa may pinto ng pabrika is already a ground for his arrest for blocking the free ingress to or egress from the company premises," he adds.

"What has really frightening implications, however, is the expansion of the coverage of the so-called vital industries," Beltran cries out. To the original listing of public utilities, banks, hospitals, companies engaged in the generation or distribution of energy and those within export processing zones. BP # 227 added "export-oriented industries" as among those establishments which workers are not allowed to strike.

"As defined in its implementing rules and regulations, export-oriented industries are those firms exporting at least 50 per cent of their products. The dimensions of this provision are far-reaching," Ka Bel shudders.

"Take the sugar industry. According to statistics, it employs around 200,000 workers. The export and local distribution of sugar products is fixed at 65:35. Sugar workers are therefore immediately exempted from the strike provision. Ganoon din sa coconut industry, which exports 80 per cent of its products. So definitely, this industry is also exempted."

Local labor legislation has traditionally been unkind to its intended beneficiaries. And with the enactment of BP # 227, close observers of the labor scene are inclined to believe that labor laws have indeed undergone a classic case of legislative retrogression, from bad law to worst.

"During the 19 years or so that these laws were in force and effect, about 95 per cent of all organized unions were company-dominated or assisted. Instead of serving the

workers' interests, these unions were in fact used by management to advance their own interests. Kaya na-expose at na-isolate ang mga batas na 'yan, at imbis na umasa' ang mga manggagawa rito, nagtatag sila ng mga tunay na unyon upang ipaglaban ang kanilang interes sa pamamagitan ng sama-samang pagkilos."

"Now compared to existing labor laws, these pre-martial law legislation were definitely better insofar as the protection they afforded to workers is concerned, even considering that these old laws were exposed as basically anti-worker," Ka Bel continues.

The day after Martial Law was proclaimed, General Order No. 5 was issued prohibiting strikes and picketing in vital industries enumerated in the law. PD # 442 or the Labor Code was later issued in 1974 and a year after, PD # 823. PD # 823 restricted the right to strike to establishments not covered by G.O. #5 and only on grounds of unresolved economic issues in collective bargaining. A strike notice had to be filed 30 days before the intended strike.

"Sabi ng gobyerno, itong PD # 823 raw ay 'limited restoration of the right to strike'. Sabi naman ng kilusang manggagawa, 'this is not a restoration. Ang suma total nito, bawal pa rin ang magwelga'. The point is, itong listahan nila ng vital industries under LOI # 368 was an exhaustive enumeration. Halos lahat ng industry, vital. Maski taho, vital industry na rin," Beltran quips.

"Even this required 30-day notice is very deceptive. For instance, nag-file ka ng notice of strike. Within these 30 days, nakagawa na agad ng certification ang Ministry of Labor and Employment (MOLE). Ito ang "susi" sa 30-day period. After the labor dispute is certified by the MOLE to the NLRC for compulsory arbitration, ang effect nito e, lifted na ang notice of strike. At kapag nagwelga ka matapos ma-certify, ilegal na kaagad ang welga mo."

"Then, in 1981, BP # 130 was enacted into law. Whereas PD # 823 contained only three restrictions on the right to strike, itong BP # 130, which was supposed to have been passed after the alleged lifting of martial law, mayroong 16 prohibitions. Ang conclusion ng manggagawa, this

is even worse than the martial law strike law, PD # 823. Ngunit kung ikukumpara mo ang PD # 823 sa batas ngayon, e mas grabe itong BP # 227," Beltran sums up.

"Grabe at laban na nga sa manggagawa itong PD # 823, papalitan pa ng mas grabeng picketing and anti-scab law, ano na ang mangyayari sa manggagawa? It would be almost impossible for any union now to strike legally! Lahat ng magiging strike, kung idadaan mo sa adjudicatory machinery ng MOLE, ay maidedeklarang ilegal. Specially so now na mayroon na silang jurisprudence by the leading case of La Carlota (NFSW vs. Ovejera), na kung saan ginawang mandatory ng Supreme Court ang required filing for the strike notice.

The enactment of BP # 227 is but one episode in the continuing saga of the workers' movement. A day before Labor Day on May 1, 1982, the Supreme Court denied a petition by the Pagkakaisa ng Manggagawang Pilipino (PMP v. Bagatsing and Cabrera Jr.) to hold a labor day rally at the Liwasang Bonifacio "in the interest of public order and safety." The petition was filed by the PMP following the denial of Manila Mayor Ramon Bagatsing to issue a rally permit to the labor group. The PMP, however, was allowed to hold its rally at any other place within Manila, but under stringent conditions (no marching, etc.).

Invoking the "clear and present danger" legal doctrine, the High Court said that a rally at the Liwasang Bonifacio "will create a clear and present danger to public safety and public order with which the authorities cannot cope." The constitutional rights of assembly and petition are guaranteed against prior restraint. But where there is a clear and present danger of a substantive evil, the State has a right to prevent, under its police power, the occurrence of such evil.

"The 'clear and present danger,' it turned out, was the possible infiltration of the rally by professional provocateurs and subversive elements," as intelligence reports conveniently showed.

"The workers were left with no alternative but to proceed with the rally as planned," Beltran relates. "Ngayon, hindi man sinasadya, nagkaroon ng

limited defiance ng order ng Supreme Court. Instead of 100,000 massing up for the rally, only 25,000 workers converged at the corner of EDSA and Quezon Avenue at nagmartsa papuntang Araneta Coliseum. Please note that according to the Court, there is a clear and present danger. Kahit raw 10,000 lang, magkakagulo na, hindi na pwedeng payagan. Ayon e 25,000 ang nagmartsa, wala namang nangyari sa mga manggagawa, ni kurot."

"Kaya pinatutunayan lang nito na walang batayan ang clear and present danger theory nila. Ayaw lang nilang malaman ng mga mamamayan ang tunay na kalagayan ng mga manggagawa. Gusto nila, nakakulong lang kami sa Araneta kung saan kami-kami lang ang magkikita."

* * *

The assault on the country's 18 million workers has hardly started. With BP # 130 and BP # 227, the La Carlota and May 1 rulings and a host of other major triumphs behind it, the government is readying itself for the big kill: trade union restructuring.

Article 211 of the Labor Code includes as one of the policies of the State, "to rationalize and restructure the labor movement in order to eradicate inter-union and intra-union conflicts". The idea is to divide the economy into industry groups and subgroups. Labor unions and federations, each represented by its respective collective bargaining agent, shall then be organized within this set-up on a one union-one industry basis and for the purpose of industry-wide bargaining.

Lurking behind its sophisticated wording and seemingly benign objective, is an underhanded scheme that promises to outdo previous labor legislation. Ka Bel elaborates.

"The restructuring will be carried out by the MOLE with the assistance of the Trade Union Congress of the Philippines (TUCP), the state-sponsored labor federation. Paghahatihatiin lang nila itong mga industries among themselves, at bibigyan ito ng sariling gobyerno na may internal disciplinary powers. Ito ay nakatago sa provision ng implementing rules and regulations na nagbibigay ng kapangyarihan sa bawat industry group or union 'to police their own ranks'. Ang mangyayari nito, ang mga

militant at tunay na labor leaders ay ihihiwalay sa ibang mga manggagawa by their own disciplinary machinery with the support of the State. In other words, this is a political weapon against the workers to systematize, lengthen, broaden and deepen State control of the labor movement."

"According to the Labor Code, the objective of restructuring is to minimize inter-union and intra-union conflicts," Ka Bel continues, "sapagkat ayon raw sa kanilang mga pagsusuri, ito raw ang mga predominant causes of strikes in the past. Kaya para maiwasan ito, kinakailangang gawing one union-one industry at industry-wide bargaining. Dahil raw dyan, mawawala 'yung mga intra-union rivalries at inter-union struggles. Sa ganoon, maitutuan ng mga manggagawa sa mga mas makabuluhang mga bagay ang energies nila, hindi yung sila-sila nagbabangayan. Iyon ang pagkaka-theorize nila."

"What the legislators fail or refuse to accept, however, is the historical truth that the interests of the capitalists are directly antagonistic to those of the workers, sa partikular at sa pangkalahatan. Ngayon, itong mga inter-union at intra-union conflicts, wala ni isa dyang mangyayari na walang instigation mula sa itaas. Sila mismo ang may pakana niyan upang guluhin ang mga manggagawa in order to divide and weaken them."

"Ang underlying political motivation nito," Beltran concludes, "ay alam nilang darating ang higit at mas matindi pang political at economic crises. Pagdating sa punto o stage na hindi na nila kayang kontrolin ang kilusang manggagawa sa pamamagitan ng conventional methods na ginagamit nila, even with the provisions of the Labor Code BP # 130 and BP # 227 and other anti-worker laws, dito na nila dudurugin ang kilusang manggagawa sa restructuring".

* * *

The La Carlota case was a petition for prohibition filed by the National Federation of Sugar Workers (NFSW) before the Supreme Court, to annul the decision of the respondent NLRC labor arbiter which declared illegal the strike of the NFSW at the Central Azucarera la Carlota and to restrain its implementation. The strike was

declared by the NFSW following a deadlock in negotiations with management for the payment of the workers' 13th month pay in addition to the Christmas, milling and amelioration bonuses and in accordance with the Supreme Court decision in the Marcopper case (Marcopper Mining Corporation vs. Hon. Blas Ople and Amado Inciong).

The Tribunal reversed its earlier ruling in the Marcopper case wherein it held that employees with a salary of less than ₱1,000 a month are entitled to the 13th month pay decreed in PD # 851 on top of other Christmas or mid-year bonuses they are already receiving.

The cooling-off periods (30 days for economic strikes and 15 in case of unfair labor practice strikes) and the seven-day strike ban after the filing of a strike vote report were deemed "reasonable restrictions" by the Court and declared mandatory because it would be "self-defeating for the law to imperatively require the filing of a strike notice and strike-vote report without at the same time making the prescribed waiting periods mandatory," the intent of the law being "to provide an opportunity for mediation and conciliation." The La Carlota strike was declared illegal by the Supreme Court.

Reacting to this ruling, Beltran volunteers: "Compared to other decisions of the Supreme Court in the past, kahit sa panahon ng martial law, katulad ng Almira vs. Goodrich case, mas liberal ang pagtingin ng Hukuman sa welga. Sabi ng SC doon (Almira case): Ang karapatan magwelga, bilang constitutional weapon ng mga manggagawa, ang paggamit doon is dependent upon the exclusive decision of the workers themselves, regardless of rules that have been set even by the government itself. Itong sinasabi nila ngayong mandatory, e directory lang noon. Immaterial ang strike notice kapag ang ipinaglalaman ng mga manggagawa ay mayroong 'just cause,' especially when it is ULP na security of tenure nila ang nakasalalay. Kanya sabi rito sa Almira, kapag just cause ang dahilan, ang mga rekisitos na 'yan ay hindi na

kailangang sundin. Kailangang gamitin na ng manggagawa kaagad ang kanyang karapatan magwelga."

"Sabi rin nila sa Almira case noong araw, itong mga tinatawag na violence sa picket lines — although proven na violent ang strike, proven din na may contributory provocation ang management. Sabi ng Supreme Court, hindi masisisi sa manggagawa 'yan. Mas malaki ang motivation ng kumpanyang guluhin ang strike kaysa ang mga manggagawa ang manggulo nito. With this, the Supreme Court ordered the reinstatement of the strikers and payment of their backwages.

"Dito sa La Carlota case," Ka Bel shakes his head, "totally illegal ang strike, walang sinasabi kung ibabalik ang manggagawa o hindi, o kung ano ang mangyayari sa kanila. Ang presumption diyan, bahala na ang management kung meron silang pabalik sa discretion nila. Mayroong very grave implications ito sa mga welga na nangyari noong 1981 after the alleged lifting of martial law and to present and future strikes, especially so at nandito na ang BP # 227."

"Nakikita ng mga manggagawa that it is almost impossible to stage a legal strike. It is our consensus, lalo na sa leadership ng Kilusang Mayo Uno (KMU), na ang strike ngayon ay prohibited, although the MOLE and other government functionaries will deny that there is no such thing as prohibition of the right to strike. But as it is now, by the Supreme Court decision of the Supreme Court in La Carlota, by the enactment of BP # 227 in addition to the basic law, BP # 130, strikes are almost totally prohibited."

"Sabi nga ng KMU, all these things taken together ay berdugo ng kilusang manggagawa. The point is, these laws, as well as the overall labor policy of the government is dictated by multinational interests, especially the World Bank-IMF, which controls to a great degree our political, social and economic life.

Considering how 257 strikes during the past year alone involved 76,555 workers and cost employers three million manhours, it is clear that the

latest developments in the labor scene are but the aftershocks of a stepped-up government campaign to curb the increasing militancy of workers throughout the country. As Ka Bel says, "Politically, insofar as the balance of forces in the labor sector is concerned, this is a direct reaction against the advancing struggle of the workers for their economic and political interests."

Dispelling doubts that the whole affair is already *fait accompli*, Ka Bel, with unflinching resolve, declares: "We will continue to expose the anti-worker character of BP # 227 and in the process, we will continue to educate the workers along this line. And of course, what is more important, we will continue to consolidate and expand our ranks and not rely so much on the laws."

"There is a big difference between now and former conditions because even during martial law, many workers still looked up to the Supreme Court as the final redeemer of the workers' interests, considering that there were definitely several decisions that were favorable to workers. So the workers looked up to the Court as their last hope in their struggle for better conditions of work. But now, these are all gone. I do not think that the workers will still turn to the Supreme Court for succor. And so politically, this will reinforce the struggle of the workers to rely on their own organization, on their own strength put together in order to advance their interests. Coupled with the existing and deepening economic crisis, naturally, this will rouse them to join in the struggle."

The struggle is indeed all but over. As the strike at the Bataan Export Processing Zone (BEPZ) shows, where some 27,000 workers walked out to sympathize the arrest of 50 strikers of the InterAsia Container Inc., the repression of people's rights either by naked force or by legislative means can only spell greater trouble for the Marcos government.

Ka Bel puts it quite succinctly: "Kapag bumanat ang manggagawa at tumpak ito, kahit ang strike ay ilegal sa mata ng batas, maski gobyerno ay aatras."

SQUATTERS TO GO BY YEAR END

Manila PHILIPPINES DAILY EXPRESS in English 17 Jul 82 pp 1, 6

[Text]

NATIONAL Housing Authority General Manager Gaudencio Tobias told Metro mayors yesterday that 8,000 squatter-families are in danger areas and their shanties must be totally dismantled before December.

Meeting with Vice Gov. Ismael A. Mathay and the Metro mayors and vice mayors at the Manila Hilton, he said these squatter families have built their shanties near railroad tracks and along esteros and riverbanks. The shanties obstruct these waterways placing their occupants in extreme danger during sudden downpour and floods.

TOBIAS said the NHA has appropriated P37 million for the relocation of squatters qualified for resettlement.

He told the mayors that some 8,000 homelots in resettlement areas will be made available to the local governments to accommodate the squatters.

Tobias said it is not the length of time that a squatter family has stayed in a certain place, but its level of income that determines if the family is qualified for resettlement.

Under NHA rules, a family which earns P500 or less monthly is considered indigent and qualified for assistance.

* * *

TOBIAS, Mathay and the Metro mayors and vice mayors agreed in the meeting to launch "The Last Campaign" to totally eliminate squatters in the metropolis.

Tobias and Mathay asked the mayors to prevent the entry of new squatters, while the NHA relocate the present squatters.

Tobias explained that the government has been relocating squatters for many years already, but many more come in from the rural areas. "We have to put a stop to squatting now," Tobias said, "otherwise there will be no end to this vicious cycle. Let this be our last campaign against squatting."

"We have made progress in the anti-squatting campaign," Mathay told the mayors and vice mayors, since the President and the First Lady, Metro Manila Gov. Imelda R. Marcos announced an all-out drive against squatting.

* * *

TOBIAS, on the other hand, urged mayors to combat squatting in all forms.

"Absolutely no squatters' structures should go up. This is our last campaign. We should be firm. Within the year, all squatters' shanties must be dismantled," he told the mayors.

"We must solve squatting now. This state of anarchy must be stopped," he said.

Tobias said "to stop squatting, we must create action teams to dismantle new structures" sprouting in open spaces and vacant lots.

* * *

MATHAY said the MMC is negotiating with the World Bank for financing of 40 priority areas for the relocation of qualified squatters.

He said aside from the World Bank assistance, the mayors can utilize the available resources within their means of fight squatting.

Mathay said this is the first time, under the leadership of President Marcos, that the administration is campaigning an all-out war against squatting.

As for the prosecution of professional squatters and landgrabbers, the police and the prosecution service of the government have an important role to play, he said.

* * *

MAKATI Mayor Nemesio Yabut, Metro Mayors' League president, cautioned the mayors that "The Last Campaign may be The Last Hurrah."

He said if officials do not keep watch, squatters will proliferate.

Yabut suggested that local governments borrow money directly from the World Bank to solve the relocation

facilities for squatters.

Mathay said this can be discussed with the World Bank people.

Yabut also noted that many politicians have allowed squatting during elections when we need votes.

He said squatters keep coming back like a song.

* * *

MAYOR Bagatsing said that in Manila, "nakapikit ang mata ng mga pulis." "We must have police support to make effective our anti-squatting campaign."

On the remarks of Bagatsing, a representative of the Integrated National Police pledged full support on the campaign.

He said Maj. Gen. Prospero Olivas, INP-Metrocom commander, has issued directives to all units to act as adjuncts to local governments which have problems with squatters.

Vice Mayor James Barbers asked Tobias what the NHA is doing about squatters in resettlement areas who sell their rights to the lots awarded to them. Tobias said the rate of abandonment is insignificant, and that the lots are repossessed by the NHA. Anyway, he said, "if we can catch these people, they will be put to jail."

* * *

PASAY officials asked Tobias about the issuance of clearances by the NHA, and ejectment proceedings by local governments.

Tobias said that under Presidential Decree No. 772, the law on anti-squatting, local governments can summarily eject squatters.

Clearances are meant for qualified squatters, Tobias said.

He said relocation sites are available for qualified squatters.

MINISTER FOR MUSLIM AFFAIRS INTERVIEWED

London ARABIA: THE ISLAMIC WORLD REVIEW in English No 11 Jul 82 p 30

[Interview with Rear Admiral Romulo Espaldon, minister for Muslim affairs]

[Text]

How would you describe the situation of Muslims in the southern Philippines?

The Philippines government has always been ready to receive any of our friends from abroad to come and see the southern Philippines for themselves. We realise that there has been a lot of misinformation that has been spread around by the members of the MNLF, who have been lying in order to gain the sympathies of their benefactors. They lie because if they tell the truth the aid or assistance that is being given to them will be stopped. It is said that there is jihad in the Philippines or that the Philippine government is committing atrocities against the Muslims. The fact is that the government in the south is being run by Muslims themselves. How can there be atrocities against Muslims when Muslims themselves constitute the government?

Are you saying that the grievances of the Muslims have been removed or alleviated?

In our analysis of the situation, we concluded that the Mindanao problem had three root causes. The first of these was the economic problem, the second the communication gap between the centre and the south, and the third, our claim to Sabah. This claim to Sabah was the immediate cause of the fighting in Mindanao.

The economic problem was the result of our colonial past and started when the Spaniards arrived in the Philippines. The Spaniards Christianised the north and the Visayas and organised armies of northerners against the south. The people of the south, for the last three, four hundred years, could do nothing but prepare for the invasions of the "Kaffirs" from the north. They could not attend to the economic development in the south and this

was the reason for the economic stagnation of the Muslims. When the Americans came, the same thing happened and the southerners again resisted the Americans. The reason why the people in the southern part of the Philippines lag behind in economic development is that they could do nothing else but prepare to fight the expeditions sent to conquer them.

As to the communication gap, there were a lot of misunderstandings between the people of the south about the motives of the government. The MNLF made use of these in its propaganda.

What were the factors which gave birth to the secessionist movement?

In the late 1950s, Nur Misuari, then a political science student at the University of the Philippines, came in contact with Jose Maria Sison, who was later discovered to be the chairman of the Communist Party of the Philippines. Misuari was influenced by Sison, who arranged a visit for him to Red China, where his orientation in Maoist doctrine was completed.

On his return from Red China, Misuari helped Sison organise the Kabataang Makabayan (Nationalist Youth) Organisation, whose rioting was the immediate cause of the declaration of martial law in 1972. With the success of the KM in the north, Sison asked Misuari to organise a similar organisation in the south. Misuari created an organisation with a Marxist orientation but it could not attract enough support. In fact, an organisation with communist roots could not succeed in the south.

Misuari sought election as a delegate to the Constitutional Convention in 1970 but failed: he was feared to be a Communist. Knowing that Communism could not prosper in the Islamic region of the south he came up with

another line – secession. He attracted support, but not enough, so he used another method.

He said that the Marcos government was planning to Christianise the Muslims with the help of the church. He also used incidents in the barrios (villages) to claim that the military was destroying mosques. What happened was that when the Constabulary went after bandits, they (the bandits) took refuge in mosques and were pursued. This was cited as Constabulary attacks on mosques.

Then he went to Muslim countries to enrol their support in the defence of the Islamic religion against atrocities. This is how the MNLF began. Our claim to Sabah had irritated the Malaysian government so the MNLF got support from there for the training of guerillas. President Marcos has insisted from the beginning that the rebels were misled by Misuari and other leaders and we have followed a policy of attraction and reconciliation.

What are the results of the policy of attraction?

As a result of our policy of attraction about 40,000 rebels have returned to the fold of the law. They have confirmed our view that the main problem in the south is economic. We asked each one of them what made them fight the government and each one said he was simply looking for a means of livelihood. The idea of secession and independence is far from their minds – it is just the idea of some of their leaders. The rank and file only wanted the attention of the government. They aspire to autonomy and more participation in the government and want more assistance and services from the government.

Your statement gives the impression that the Moro movement was instigated by the Malaysian government and inspired by the Communists...

Nur Misuari has changed the Communist line for the religious and secessionist line. Only he was Communist-inspired, not the others. Even now we suspect him of Communist links.

What are the prospects of a peaceful settlement of the conflict in Mindanao?

With or without talks you can have peace in Mindanao. If Misuari cooperated we could have peace much earlier. The government has been ready to talk with anyone, anywhere.

What is the size of the military presence in Muslim areas?

I cannot tell you that. It is less than before and many of the military units which were with me in the south when I was commander of the region have been recalled and distributed all over the country.

The MNLF takes a cynical view of the government's attempts to impress the Islamic countries with reports of achievements in southern Philippines...

Remember, the MNLF is just a small group when compared with the Filipino Muslims as a whole. The majority of Muslims do not respect the MNLF and in fact curse it for being responsible for the suffering and the destruction of the south. They do not agree with secession or independence. They agree with them (the MNLF) in getting more autonomy, more attention, more services and more participation in government.

The majority of Muslims are satisfied with what the MNLF has succeeded in getting for them. They have made the government aware of the problems of the south after the Muslim people had been neglected for the last three or four hundred years. Now the Christian brothers are complaining that they have become second-class citizens because most of the government services and resources are funnelled to Mindanao.

The president says the government wants to send more resources to the south so as to elevate the people there to the level of other Filipinos. Filipino Muslims are satisfied with the autonomy they now have, the shariah courts that are soon to be set up, and with the up-grading of the educational system. The thinking of the MNLF is not the thinking of the Muslims. The MNLF's support among the Muslim countries has also been dwindling because most Islamic countries are realising that they have not been told the truth.

SCHOLARSHIP GRANTS INCREASED FOR MUSLIMS

Manila PHILIPPINES DAILY EXPRESS in English 19 Jul 82 p 35

[Article by T. Pe. Rimando]

[Text]

ZAMBOANGA CITY — The national government has intensified its scholarship programs for young Muslim inhabitants in southern Philippines.

The programs, implemented by the Ministry of Education and Culture, were designed to improve the educational condition of local residents to help improve their economic, social and political life.

These programs are part of the government's policy to bring to a settlement the problem in the two regions of central and western Mindanao.

The special study grant for rebel-returnees or their relatives is the most effective scholarship plan.

MEC records re-

vealed that the scholarship program has extended study grants in both secondary and collegiate levels to a total of 4,260 surrenderees since it started in schoolyear 1975-76.

MEC added that 2,395 were chosen from western Mindanao while 1,865 came from central Mindanao.

Many of the grantees were immediately employed in the Middle East after graduation.

Another scholarship program, the national integration study grant (NISG) directed Muslim youngsters to courses appropriate to their aptitudes and the manpower needs of their communities.

The NISG has benefited a total of 9,024 grantees — 5,244 from Region 12 and 3,800 from Region 9.

MISUARI CHARGES ULEMA COMPLICATES ISSUE

London ARABIA: THE ISLAMIC WORLD REVIEW in English No 11 Jul 82 pp 31-32

[Interview with Professor Nur Misuari, chairman of the Moro National Liberation Front, in Saudi Arabia]

[Text]

● The negotiation of the Tripoli agreement involved the Organisation of the Islamic Conference, its secretary-general Habib Chatti and the quadripartite ministerial commission – composed of the foreign ministers of Saudi Arabia, Somalia, Senegal and Libya. Misuari told *Arabia* that the Tripoli agreement and the events which followed were “a very important lesson for us . . . The world knows what happened after the signing of the agreement in 1976 and the implementation of the ceasefire. All these things were used by Mr Marcos and his regime to further their campaign of deception in the world and to cover up their campaign of genocide against our people and the MNLF.”

Misuari said that in its latest formal discussions with Habib Chatti the MNLF had reiterated its intention to revert to its original objective of self-determination and independence, in view of Manila's violation of the Tripoli agreement and ceasefire. Chatti had conveyed this decision to President Marcos. Marcos had asked Chatti to arrange a meeting with Misuari.

The MNLF leader commented: “It is not suitable for us to meet President Marcos because of the war he and his government have launched against our people. They have already killed more than 100,000 of our innocent civilians and many more are dying every day. Asked whether King Khaled's interest in the Muslims of South Philippines would persuade President Marcos to move towards a settlement, Misuari said he was pessimistic. “We must always remember the sad experiences we have had in the past in our dealings with the Philippines government, particularly President Marcos. At one time

when the Islamic Conference was mounting mediation efforts President Marcos issued a statement saying that the Philippines government was ready to give everything except independence. At that time we were fighting for self-determination and independence and the people were unanimous in their support for our Front and our cause. Everyone was proud to say that he was a citizen of the Bangsa Moro Republic. However, the Philippines government statement affected the thinking of our brothers outside.

“Because of the assurances of the Philippines government, Indonesia attempted to mediate. It failed. The Islamic Conference sent a mission to the South Philippines and, influenced by the statement of the Manila government, persuaded us to tone down our demands. The mission's conclusions were reflected in the final communique of the Fifth Islamic Foreign Ministers Conference in Kuala Lumpur in June 1974. This recommended a just and peaceful solution but with the condition that it be based on the recognition of the territorial integrity and political sovereignty of the Philippines.

“Our people consider themselves an integral part of the Islamic movement and, besides, MNLF has always held the view that in order to win victory and freedom, it is necessary to have strong relations with the Islamic world, to mobilise support of the Islamic world. So we gave in to their pressure, and entered into a series of negotiations, which ended in the signing of the Tripoli agreement.

“We considered the Tripoli agreement a landmark. It should have been a turning point. But because of the treachery of President Marcos and his regime the gap between peace

and war has widened."

President Marcos said recently that the Muslim ulema in the Philippines were playing a "positive role" in calming the situation and bringing a return to normality. Misuari, however, believes that the ulema's role was not helpful: "The colonial powers have always used Islam and the Muslim people to destroy exactly what the Muslim people are fighting for, so by using the Muslim ulema, Marcos is thinking he can destroy us. They (the ulema) are not contributing positively to the solution; they are making the problem more complicated and prolonging the suffering in the South; whereas if the people are united, including the ulema, who constitute a very important sector of our society, in their just cause the Philippines government will be more receptive to our demands. But if Marcos has a sector such as the ulema, or part of the ulema, which he can use in his propaganda, especially abroad, then no solution will be forthcoming. However, it is not in Marcos's interests that the problem be solved - he is using it among other things to perpetuate his hold on power.

"Mr Marcos was entitled to only two consecutive terms of office according to the Constitution. That means eight years. But he has been in office for 18 years. He plans to remain in office for life; if he gives up power then the system of oligarchy in the country, in which his whole family is playing a very important role, might collapse before his eyes.

"Mr Marcos controls more than 300 companies, worth many billion US dollars. His companies are controlled by his family. He is one of the worst oligarchs in the world today. He wants to preserve himself in power to protect his vested interests and the interests of his family and of those who are collaborating with him. He is afraid that a new regime might confiscate the unlawful acquisitions he has made from the economy and the treasury of the Philippines government and the people. That is why he uses the problem in the south as an excuse to remain in office and exercise his authoritarian powers."

Misuari said that a peaceful solution to the conflict was impossible as long as Marcos remained in power. As to other efforts to find a solution the MNLF leader said that the role of the Islamic Conference was that of mediator. It was responsible for bringing the problem to the conference table and it had influenced MNLF's thinking as far as scaling down its demands for self-determination and independence. He was sorry that despite the honest and sincere intentions of the Islamic Conference nothing significant had come of their mediation. Indonesia had also tried to mediate in order to stabilise the situation in

southeast Asia but, Misuari said, the Philippines president had not responded to their overtures.

He continued: "Libya has been quite active in trying to persuade the Philippines government to implement the Tripoli agreement. The negotiations we had in Tripoli in December 1976 were an important contribution by the Jamahiriyah government in collaboration of course with the member states of the quadripartite commission and the secretary-general of the Islamic Conference. The Libyan government and Colonel Qaddafi in particular played a very important role in arranging the meeting. They did everything to ensure an amicable and peaceful solution to the problem but Mr Marcos did not reciprocate - instead he used the Tripoli agreement to enhance his own position."

At a press conference in Jeddah, President Marcos had put the number of Philippine Muslims at only "more than a million." Misuari denounced the statement as a "monstrous lie:" even on the government's figures, he said, in 1948 there were more than three million people in the southern Philippines - at a time when there were hardly any Filipino settlers there - and at least 90 per cent of that population was Muslim.

Misuari continued: "The number has been increasing. The latest 1970 statistics show that the population of our homeland was more than 10 million. Of course there have been many who came from the north, the colonial settlers, but it is well known that the rate of population increase in our homeland is one of the highest in the world, nearly 3.2 per cent a year. There are between 6.5 million and 7 million Muslims in our homeland."

The MNLF leader said that the Philippines government was engaged in "three forms of genocide:" cultural genocide in an attempt to destroy "our identity as a Muslim nation;" statistical genocide to make the numbers of Muslims appear small and their cause correspondingly less significant; and physical genocide.

"The regime is using all the weapons and instruments of death," Misuari said. "It has resorted to chemical warfare, to germ warfare, the techniques used by the Americans in Vietnam. The US has distributed the left-overs of the Vietnam war to its client states in south east Asia, and the Philippines has received large quantities of weapons. Americans have supported the efforts of Mr Marcos in his campaign of extermination against us.

"The motive behind Mr Marcos's campaign of genocide in our homeland is by now clear and well known to the world. We wish, we pray and we appeal to the peoples of the world to understand the truth of this matter."

VIEW FROM INSIDE GUERRILLA HEARTLAND

London ARABIA: THE ISLAMIC WORLD REVIEW in English No 11 Jul 82 p 29

[Article by Husain Haqqani]

[Text]

 Last January, the Philippine government lifted a longstanding ban on foreigners travelling to parts of the Muslim south. This has provided an opportunity for journalists to see for themselves how the government's "policy of attraction" in rebellious Mindanao is faring. A trip through the Muslim areas without official "guidance" is the only way to learn the other side of the story. Hospitable Manila officials present their version in impressive government publications.

Before I left for the south, a Philippine government media officer claimed that the government was using "more carrot than stick" in its approach to defeating the Moro guerillas. "When you go to Mindanao," he said, "you won't find much of a military presence. The soldiers hardly interfere with everyday life." Arriving in Mindanao, one's impressions were different: from the Iligan airport in Lanao del Norte to the Islamic city of Marawi (a distance of only 37km) traffic stops at nine military checkpoints, and soldiers of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP) can be seen in the towns. Signposts to their camps dot highways and roads.

Despite the government's denial, Moroland still suffers from "militarisation" – the term used so often by President Marcos's opponents. For instance, although martial law was lifted in the country last year, the writ of habeas corpus and most civil rights remain suspended in the Muslim south. However, there are several indications of an improvement, even if it is only marginal, compared to the last few years.

Soldiers still extract "tong" (unofficial passage tax) from goods vehicles at the checkpoints, for instance, but the number of such posts has been reduced. Residents say that three years ago there were as many as 32 checkpoints on the Iligan-Marawi road against the nine we encountered. Construction work is visible in parts of Mindanao, but rumours are rife of corruption and of competition between the numerous development agencies. Regional governments set up in 1979 have absorbed many unemployed young Muslims and rebel-returnees, but most Moros remain critical of the authorities to one degree or another.

Muslim supporters of the government say that more has been done for the Moros under the Marcos administration than under any other. They claim that the rule-by-decree powers that martial law gave Marcos paved the way for many reforms that would have been impossible under the Filipino democratic system.

Muslim festivals, for example, have been made holidays, and religious education is being provided through madrassahs supervised by the government and financed with Arab funds. The Philippine Amanah Bank has been established, exclusively for Muslims. Moreover, the Philippines is the first non-Muslim country to provide shariah courts to administer Muslim personal law.

Moro guerillas and their supporters dismiss the "reforms" as a mere public relations exercise aimed at the Islamic world. To visit any one of the many guerilla camps is to meet a determined group whose clear aim is the

establishment of a Bangsa Moro homeland – whether within or outside the framework of the Philippines' sovereignty.

"There is no future for Muslims under Marcos, or any other Manila dictatorship," said one rebel commander. "Under a corrupt system, only the corrupt among the Moros are happy. Our salvation lies in the recognition of our rights as a distinct nationality."

The MNLF appears to have the sympathy of Muslim professionals and even civil servants. Before the journey to a rebel camp in the jungle, we dined in the home of a middle-ranking government employee. Under the floor was hidden ammunition for an Armalite automatic rifle and MNLF leaflets. According to the government employee, the leaflets are sometimes duplicated in his office after working hours.

Muslim army officers are said to maintain contact with the rebels, and some even to exchange information on military matters. In the region I visited, the MNLF commander claimed the support of 30 Muslim military officers in the locally posted infantry battalion. Guerillas can sometimes "purchase" ammunition from government troops looking to make extra money, false reports of clashes with guerillas being filed to explain the missing rounds. On the whole, however, the armed forces are hardly lenient with the guerillas and their sympathisers.

In MNLF circles the army is "the enemy." The Moros tell stories of clashes with "the enemy" with pride and, where civilians were hurt, with anger. Along the way, in MNLF areas, my guide pointed to places where a military patrol was ambushed or a village was burned. The MNLF, he said, stopped establishing control over territory after it realised that the army's tactic of burning down a whole village or bulldozing a whole island dominated by the MNLF was causing the people too much hardship.

The guerillas now attack "the enemy" in isolated incidents: their strategy is to force Manila into recognising that Moroland cannot be effectively governed without a solution. The army, for its part, maintains that this is merely an excuse for reduced firepower.

Life in a guerilla camp is well disciplined, and organised around personal loyalty to a commander. In the early phase of the war the MNLF had well-defined command structures, from the Tripoli-based chairman at the top to the field squad commanders on the ground. Defections from the jungle bases and factionalism at the top have, however, weakened

the chain of command: quite often local commanders will act on their own initiative.

The absence from the field of all major Moro leaders, gone to the Middle East in search of a diplomatic solution, is resented by most men. Nevertheless, they continue to express their loyalty to one or other of the foreign-based leaders. Separate units loyal to two different leaders may operate in one region, but their factional differences do not interfere with tactical cooperation – and they never fight each other. The AFP and the INP, on the other hand, have had feuds over control of territory, and the military and the constabulary have often traded shots.

Most guerillas get their military training in the jungle or mountain hideouts, but some commanders have been trained abroad. Islamic education and prayer is part of the rebels' daily routine, as is political education. The Moro fighters are instructed in political economy and guerilla tactics and draw from a wide body of literature, ranging from PLO publications to works on Mao's strategy. However, they all seem to be clear on one point: while they may learn tactics from any source, their ideology is strictly Islamic.

Some rebels have taken up the government's amnesty offer, while new recruits still join the guerillas' ranks. In educational institutions in Muslim Mindanao, one cannot help noticing the preponderance of female students. The boys, it seems, are in the jungle preparing to fight; some are receiving Islamic education in Arab countries. Stories of irresponsible behaviour by soldiers and victimisation of Muslims help to swell the rebels' ranks, even as the government claims to have reduced their strength.

One area in which the guerillas have been badly hit is logistics. Manila's increased military deployment, and joint-patrolling arrangements with neighbouring Muslim countries along the islands in the far south of the Philippines, have made arms-smuggling difficult. Corrupt officers are said to be in the illicit trade, but the government has undoubtedly cut down on the arms flowing to the MNLF through Sabah and neighbouring islands.

As a result, the guerillas can no longer maintain the supply lines that enabled them to mount the 1972-75 offensive. Ammunition has to be conserved; captured guns are more important than ever. A cottage industry in weapons-making has also developed among Moro tribes known for their brass-work, and the guerillas proudly show visitors their locally-made M79s.

MUSLIM POPULATION PLANNING PROBLEMS NOTED

Manila BULLETIN TODAY in English 18 Jul 82 p 7

[Article by Nelly Sindayen]

[Text]

The government's birth control program is facing difficulty gaining roots in Mindanao because of strong opposition from some Muslims who believe that the population program is a form of genocide.

Rene Bautista, director of the Population Commission (Popcom) for Region IX, said this misimpression is the chief problem confronting Popcom officials in the South.

There is need to enlighten some Muslim sectors that the government's birth control program has no genocidal designs, Bautista pointed out.

In an effort to counter such belief, the Popcom has recommended that Muslim religious leaders or *ulamas* be tapped.

For Western Mindanao, Bautista said, *ulamas*

like Ustadz Abdulgani Yusop of Zamboanga, Imam Yahcob Ismi of Sulu, Amilhussin Jamaani who is also an assemblyman, and other religious leaders had been requested to convince some Muslim sectors that the population control program is not designed to decrease Muslim's birth rate and in effect kill them off, as some suspect.

Bautista said that among the birth control acceptors, the number of Muslims is very low and almost insignificant.

Of the 10,000 permanently sterilized (through tubal ligation for women and vasectomy for men), 99 percent are Christians, he said.

NPA KILLS CAGAYAN MAYOR

Manila PHILIPPINES DAILY EXPRESS in English 17 Jul 82 pp 1, 6

[Text]

A CAGAYAN town mayor, his wife and three companions were killed Thursday ambushed by heavily armed men on the highway in barangay Ilulu, Rizal, Cagayan.

The victims were identified as Mayor Ventura Balurar of Rizal, Cagayan, his wife Lion des, Pat. Petronilo Baligod, Mrs. Azucena Ramos and Manuel A. Wilba.

An employee of the local government ministry identified as Pedro Accad who was also with Baluran's party was seriously wounded. He was taken to the Cagayan Provincial Hospital.

TWO members of the mayor's party, Pat. Augusto Laguna (the driver) and Pat. Cesar Tagay escaped unhurt.

Based on the manner the ambush was staged, authorities believe that the killers are members of the New People's Army.

They did not rule out the possibility that Baluran was marked for liquidation by NPA death squads.

GOVERNMENT troopers have in the past uncovered NPA documents listing names of prominent persons — both in the government and the private sector — marked for liquidation. Those included in the list were mostly individuals who have posed problems to the dissident movement.

BRIG. GEN. Vicente Custodio, PC Region 2 commander, reported to Camp Aguinaldo that the victims were aboard a police jeep of the Rizal INP when attacked at about 1 p.m. on the national road in the isolated part of barangay Ilulu.

They were apparently caught by the first burst of gunfire from highpowered arms of the ambushers.

The INP jeep was heavily damaged.

NPA COMMUNICATIONS CODE EXPOSED

Manila BULLETIN TODAY in English 17 Jul 82 p 32

[Text]

Government agents were reported yesterday as having noted lately that medical prescription pads were being used to pass on "coded information" between communist terrorist camps or posts.

This information was gathered by the Bulletin from military intelligence experts who analyzed documents captured in raided camps and hideouts of dissident camps in the Bicol region, Samar and Cagayan valley in the north.

To complete the camouflage, assorted medicines are invariably stocked in the hideout. Or, some medicines to conform with the "code" prescription being carried by a dissident-carrier is in the possession of the messenger.

According to the Bul-

letin source, the latest of such seizure of revealing documents was made last July 6 when operatives of the Nueva Vizcaya Constabulary command under Lt. Col. Miguel Coronel raided the clinic in Bayombong of Dra. Aurora "Au-Au" Parong.

Assorted medicines and equipments, including medical prescription pads were among those seized by the raiders. The latest report said that an analysis of the confiscated documents showed among other things that medical prescription pads were being used by dissidents in the area to pass on information to other dissident camps or posts.

After the seized documents were decoded, intelligence operatives of the Nueva Vizcaya PC command and the PC/INP Region II con-

ducted follow-up raids, resulting in the arrest of 12 other suspected dissidents including a university professor and four students of the Nueva Vizcaya Institute of Technology in Bayombong and eight other alleged organization officers of the New People's Army.

The decoded documents seized from Dra. Parong's clinic, the source said, revealed names of prominent persons — both in government and private sector — who are marked for liquidation; and a list of establishments "targeted" to be blown up or sabotaged.

Meantime, security agents from Camp Aguinaldo were reported yesterday trying to verify a reported link between Dra. Parong and a slain doctor in Samar.

DEBT SERVICE TO TOP TWO BILLION IN 1982

Manila BULLETIN TODAY in English 18 Jul 82 p 11

[Text]

The country's debt service will for the first time surpass the \$2-billion mark this year, reaching \$2.313 billion, according to projections made by the Central Bank contained in the report of the International Monetary Fund.

Debt service includes interest payments on debts outstanding, principal repayments and payments to the IMF.

According to the projections submitted by the Philippine authorities, the debt service of \$2.313 billion this year was based on an outstanding debt of \$11.422 billion in 1982.

Actual debt service in 1981 amounted to \$1.65 billion based on

an outstanding debt of \$10 billion.

The IMF said that the projections of debt service by the Philippine authorities assumed a projected growth rate of exports and non-factor services of 18 per cent annually.

Said projections by the Philippine authorities likewise included only medium and long-term loans already disbursed. Until 1984, disbursements are assumed to grow at 5.0 per cent per year through 1987.

From \$2.313 billion in 1982, the total annual debt service is further projected to grow to \$2.7 billion in 1983, \$3.1 billion in 1984, \$3.43 billion in 1985, \$3.858 billion in 1986 and \$3.954 billion

in 1987.

In 1982 alone, some \$1.29 billion of the debt service constitutes interest payments, and only \$882 million is for the principal repayments and \$140 million payment to the IMF.

During the same period, exports and non-factor services will generate a total of \$8.14 billion in 1982; rising to \$9.67 billion in 1983, \$11.39 billion in 1984; \$13.44 billion in 1985; \$15.869 billion in 1986; and \$18.7 billion in 1987.

The Philippine government emphasized the debt service will be maintained at below the 20 per cent statutory ceiling during the entire period. (The percentage is reckoned from the total foreign

exchange the preceding year).

External debts, based on the same projections, will grow from \$11.4 billion in 1982 to \$17.7 billion by 1987.

The IMF presented two scenarios of its own on Philippine debt service payments on medium and long-term external debt.

The first scenario assumed a decline in interest rates through 1987 and growth in exports of goods and non-factor services of 17 per cent in 1983 and 15 per cent per year in 1984-1987. According to this scenario, the debt service would be almost the same as the projections made by the Philippine authorities for 1982, but the interest component will decline through 1983 to 1987.

KKK LOANS FOR 1982 REPORTED

Manila BULLETIN TODAY in English 19 Jul 82 p 26

[Text]

The Development Bank of the Philippines had already released ₱61.601 million to some 712 Kilusang Kabuhayan at Kaunlaran program loan beneficiaries as of June 30 this year, it was announced yesterday.

Extension of assistance to these KKK loan borrowers was started by the bank in the second half of 1981 when the program was launched by the government.

A DBP spokesman said that majority of KKK beneficiaries are engaged in livestock production activities such as cattle fattening, goat raising, hog raising and duck raising.

Other beneficiaries are engaged in such diverse activities as tree farming, onion production, garlic pro-

duction, bagoong making, oyster culture, hollow block making, food processing, garments, woodworking and sari-sari store operations.

The KKK is a national priority program launched by the government to promote economic and social development in the country. It aims to uplift the living standards of marginal fishermen, small farmers, out-of-school youths, low income family members and other marginal income earners through the establishment of various livelihood projects in the country's 42,000 barangays to be owned and managed by them.

It relies mainly on private initiatives and enterprise with the government providing the necessary funding and support services for the successful op-

erations of the projects.

An eight-man trade mission from Bangladesh studied possibilities of expanding trade between the two countries through the KKK.

The Bangladesh group, headed by M. Murugasu, expressed particular interest on the country's leathercraft industry. According to them, leather products from the Philippines such as bags, shoes and belts can compete well with those produced in other countries.

Although impressed with the progress made by the Philippines in leathercraft, the group, however, noted the lack of enough quality raw materials such as goat and ship skin, products from which are very much in demand in the international market.

FULL OPERATION COAL MINING AT SEMIRARA

Manila BULLETIN TODAY in English 21 Jul 82 p 21

[Text]

ILIOILO CITY, (PNA) — Semirara Coal Corporation has embarked on a large-scale mining operation in Caluya, Antique designed to produce 1,000 metric tons of coal a day.

The huge mining activities in the island has been going on for sometime at the island whose coal field reserve is estimated at 130 million metric tons.

The development operation is also expected to cover up last year's decline by 18,000 tons in coal production.

Coal extraction in 1981, according to officials of Semirara, was only 12,000 metric tons compared to the previous year's output of 30,800 tons.

The production decline was attributed to the delayed develop-

ment of the domestic coal market and the delay in implementing the coal conversion program.

At the same time, attempts to break into the export market was not successful, because Semirara coal is lower in energy content and higher in moisture than foreign coal in the export market, notably those from Australia and South Africa.

However, Taiwan and Korea were reported to be interested in Semirara coal, provided that long-term contracts could be arranged. This will enable them to recover investment, either in blending facilities to mix it with higher grade coal or to redesign those facilities to adopt Philippine coal.

On the domestic front, Semirara has

concluded two supply contracts with Atlas Consolidated Mining and Development Corporation (ACMDC) and National Power Corporation (NPC).

The contract with Atlas calls for the initial supply of some 240,000 metric tons of coal in 1982 and to continue deliveries until 1991 at the rate of 360,000 metric tons a year.

A contract with the NPC on the other hand, calls for the delivery of a minimum of 900,000 metric tons starting 1984 to its 300-megawatt coal-fired thermal plant at Calala, Batangas.

Mine preparations and infrastructure development have been accelerated in the island.

For the past two years, some 684,000

banks cubic meters from the same area were moved out and the waste materials used to fill an additional 17 hectares of land which now serves as buffer to protect the mine area from the sea.

Meanwhile, Semirara's 1.40-kilometer-long main pier at Dapdap is almost completed. The cause-way diversion, together with a conveyor facility, has already been completed.

The main pier, programmed to contain a ship loader with a loading capacity of 1,000 tons per hour will be operational by 1983.

The main coal stockpile area with a capacity of 120,000 metric tons is half-way finished with 500,000 cubic meters limestone.

PRESIDENT INAUGURATES OIL FIELD

Manila PHILIPPINES DAILY EXPRESS in English 22 Jul 82 pp 1, 2

[Text]

THE COUNTRY'S daily oil production increased by 13,500 barrels with the start of production by the **Matinloc Oil Complex** in Northwest Palawan.

President Marcos officiated in the symbolic opening of the production valve of the MOPC at ceremonies held in Malacanang.

IN HIS brief remarks during the ceremonies, the President cited the significance of the event not only in increasing local oil production but also in being a testimony to the "wisdom of the course we have pursued in national energy development."

The MOPC, which includes five oil wells, increased to three the country's oil fields in the Palawan area. The other two are the Nido Oil Reef Complex which started production in January, 1979 and the Cadlao oil field which started in June, 1981.

The start of production at the MOPC increased the country's daily production to 25,000 barrels.

THE PRESIDENT explained that the production of the new wells constitutes a major addition to the energy development program at a time when it is imperative for every nation to develop self-reliance in energy.

"But there is also in addition a deeper and fuller significance to this occasion," the President said. "What we dedicate today is more than just another oil field in our country. It is also in a sense a symbol, one among many, testifying to the wisdom of the course we have pursued in national energy development, and the efficacy of our policy to encourage cooperative effort between the Filipino and foreign enterprise in the development of our natural resources."

THE PRESIDENT added that every drop of oil produced by the new complex has more meaning and import because it is complemented by achievements in the other energy sectors.

"When all taken together, they show the progressive reduction of our country's dependence on imported oil, and they strengthen national conviction that we can indeed achieve a substantial degree of self-reliance in energy," the President said.

The MOPC consists of five wells, Matinloc 1, Matinloc 2, Matinloc 3, Pandan 1 and Libro 1.

According to the survey, the MOPC has high quality oil, and is better than Nido's rated 27 degree API (American Petroleum Institute).

Operated by Philippine-Cities Service, the consortium consists of Husky Oil (Philippines), Oriental Petroleum and Minerals Corp., Philippine Overseas Drilling & Oil Development Corp., Basic Petroleum & Minerals, and Landoil Resources Corp.

During the ceremony the President was presented with a replica of the Matinloc Oil Production complex by Charles H. Adams, executive vice president of City Service Co., and president of the Energy Resources Group.

Present during the ceremonies were representatives of the participating companies and officials of the Ministry of Energy led by Minister Geronimo Z. Velasco.

CSO: 4220/257

INDUSTRY REVEALS POWER CUT PLAN

Manila BULLETIN TODAY in English 16 Jul 82 p 24

[Text]

Some 1,000 industrial companies will voluntarily reduce their power consumption during peak periods by 100 to 200 megawatts under a scheme drawn up by one of two task forces created by Trade and Industry Minister Roberto Ongpin.

This will be done, according to the task force, by rescheduling work for certain days of the week at night and on Saturdays and Sundays when power usage is relatively low. At the same time, these industries will use standby generators.

The contingency plan, which was drawn up by private industry to minimize losses and inconvenience as a result of unscheduled "brownout" should large power interruptions occur.

Mario Camacho, president of Manila Electric company (Meralco) has mapped out the brownout sche-

duling for the industrial sector with the task force which is headed by Raul Concepcion, president of Concepcion Industries and chairman of the consumer durable industry sector.

Camacho assured the 25 industry sectoral groupings that predominantly industrial areas will be excluded from brownouts even if large power deficiencies occur, provided the industrial sector can voluntarily reduce its demand by as much as 100 to 200 megawatts during peak periods.

The industry sectors have responded enthusiastically to the proposed voluntary load curtailment program, according to Concepcion.

Among the many industry chairmen who have expressed optimism that the plan is workable are James Go of the textile manufacturing sector, Jake Saady of the electronics, Victor Guevarra of petrochemicals, Jose

Marcelo Jr. of iron and steel and Pete Darvin of the glass sector.

The Concepcion task force is one of two; the second is headed by Ricardo Guevarra, chairman of the energy committee of the Philippine Chamber of Commerce and Industry who is assigned to work with the government on the long-range aspects of energy.

The chairmen of the 25 industry sectoral groupings have distributed questionnaires to the industrial firms, answers to which are collated and analyzed by Meralco to determine the total megawatt load industry voluntarily agrees to curtail.

The task forces were created by Minister Ongpin following a multi-industry dialogue recently. This dialogue was attended by Geronimo Velasco, minister of energy; Gabriel Itchon, president of the national power corporation; and Camacho.

SUPREME COURT TO SACK THREE CORRUPT JUDGES

Manila BULLETIN TODAY in English 16 Jul 82 p 6

[Article by Jesus E. Bigornia]

[Text]

TWO provincial court of first instance judges in Luzon and a third presiding in a city court of a small city south of Metro Manila are due for dismissal soon by the Supreme Court. They all have been recommended for separation by investigating teams composed of justices of the Court of Appeals. The two provincial judges were accused of corruption, while the city court judge was brought to the carpet for alleged immorality.

As a prelude to the long-awaited reorganization of the judiciary, these dismissals should go a long way toward keeping the country's judges on the straight and narrow path. Their separation from the government service has, however, been a long and tedious process. Because corruption, inefficiency and moral depravity has become pervasive in the judicial system, retirement as provided in the Judiciary Reorganization Act of 1980 of the more corrupt, incompetent and morally depraved members of the bench is the less painful, less expensive but more desirable approach to a festering problem.

There is a world of difference

between dismissals of erring judges by the High Tribunal and retirement of other rascals in the judiciary under the revamp law. The first group are given their marching papers pursuant to decisions or resolutions promulgated by the Supreme Court, acting on recommendations of investigating members of the Court of Appeals following hearings featuring the adversary method of investigation, a process at once protracted, tedious, even expensive to victims of oppression. Retirement of the corrupt, the incompetent and the morally depraved in accordance with a screening conducted by the Integrity Council is the surgical removal of the decayed and rotten flesh from the judicial system.

It is this kind of remedy — drastic as it may seem to be — that the people expect and look forward to. To the masses, the impending forced retirement of the corrupt and incompetent dispensers of justice is the least tedious, less prolonged and less expensive process. Admittedly government will have to shell out millions of pesos in retirement pay for those who may have been dispensing injustice. However, the injury that they could inflict on the people and the damage they could do to the image of government cannot be equated with in pesos and centavos.

NPA SEEN CAPITALIZING ON ABUSES OF TOWN, BARRIO OFFICIALS

Manila BULLETIN TODAY in English 15 Jul 82 pp 6, 13

[Article by Jesus E. Bigornia]

[Text]

FOR Fernandinos, a two-year wait for a mayor of their own choice may soon be over. The Supreme Court has directed the Commission on Elections to call a special election at San Fernando, Pampanga, where, because of massive post-election terrorism, the 1980 election in that town failed to elect local officials. Public school teachers constituting the town's citizens election committees claimed they were forced, at gun point, by policemen and armed goons into falsifying election returns from key barrio communities in favor of the then reelectionist Mayor Armando Biliwang.

Unsure of its powers to call a special election under peculiar circumstances such as those that obtained in San Fernando polling, the Comelec withheld a call for a new election, opted for the Batasan Pambansa to make the move and, in the meantime, recommended appointment of temporary local officials. Meanwhile, Fernandinos chafed under the administration headed by a Philippine constabulary officer, then as now, in the active service, and later by the Pampanga provincial counsel. The

Supreme Court ruling, penned by Associate Justice Ameurfin M. Herrera, not only upheld the power of the Comelec to call a special election whenever and wherever there is a failure of the election process, it also cleared the air as it were so that citizens of San Fernando may exercise the right to choose their own local officials.

* * *

As Comelec senior Commissioner Domingo Pabalate points out, the Supreme Court ruling proved two vital points; namely, (1) vindication of the San Fernando teachers in their commitment to the conduct of free and honest elections; and (2) confirmation of the Comelec as the sole body empowered by law to call a special election. In this connection, this column joins Commissioner Pabalate in extolling the sacrifice, courage and vigilance of the San Fernando teachers who denounced entrenched politicians for violation of the Election Code.

* * *

That quite a number of Fernandinos were prejudiced by the failure of elections in San Fernando in 1980 cannot be denied. Expenditure of thousands of pesos by candidates for mayor and for the sanggunian pambayan may not be swept under the rug as it were. Teachers held incommunicado in the San Fernando town hall under the guns of

goons and policemen identified with the then town mayor suffered mental anguish beyond compensation. These are now revived so that the proper authorities may not forget them in the reckoning of what is due perpetrators of the crime against the people.

* * *

Abusive and arrogant local officials and corrupt lower court judges do not seem to realize that their conduct is so much grist for the propaganda mill of the New People's Army. Agit-prop (agitation and propaganda) teams composed of armed young, educated and highly politicized men and women are fielded throughout the Philippine countryside by the NPA to win "the hearts and minds" of the people to the communist cause. These roving bands are quick to capitalize on the abuses committed by municipal and barangay officials and quicker still to "right" a wrong according to their brand of justice.

* * *

The NPA concept of justice may invariably be nothing more nor less than retributive vigilante justice. But to the barrio folks, confronted with a choice between abusive and arrogant municipal and barangay officials or corrupt judges on one hand and bands of polite, respectful and articulate young men and women ready and able to mete out

swift and terrible punishment in redress of grievances, there can be no question where their sympathies lie. Abuses committed by local officials should, therefore, be the concern not only of the provincial governors but also of the national government through the Ministry of Local Governments and such other national agencies created to provide redress of grievances like the Tanodbayan and the Sandiganbayan.

* * *

Because of the inroads of the NPA in the countryside, it has become imperative for the Tanodbayan and the Sandiganbayan to prove to the people that ventilation before them of popular grievances is neither a slow, prolonged and agonizing process nor a useless ritual. They must show the people, particularly the unlettered, and the lowly, that the dice is not heavily loaded in favor of abusive officials and arrogant government functionaries. Prosecution and conviction whenever the evidence so warrants of such abusive

officials is the most convincing argument against the propaganda ploys of those elements committed to the destabilization and overthrow of the government by violent means.

COLUMNIST DEMANDS TRUTH FROM ARMY

Manila BULLETIN TODAY in English 15 Jul 82 p 6

[Article by Melinda Q. de Jesus: "Propaganda and Truth"]

[Text]

ONE can approach the issue as a philosophical problem. How do we know truth when different sources provide multiple, often conflicting versions of events.

Take for example the open letter of Assemblyman Reuben Canoy which sought government clarification of public reports about the alleged massacre of 200 people in barangay Sumuroy, Lope de Vega in Northern Samar. The reports appeared in the April 30 issue of the *Far Eastern Economic Review*, as well as in the *WE Forum*.

Comes now the denial of no less than the Defense Minister Juan Ponce Enrile who labelled the reports as "pure fabrication and . . . part of the pattern of deception waged by the propaganda arm of the New People's Army."

According to a news report, Enrile's letter to Canoy cited the negative findings from previous investigations conducted by the ministry. In response to Canoy's inquiry, however, Enrile had "again ordered the AFP Eastern Command to conduct a more thorough investigation." Enrile bewailed the con-

tinuance of the "propaganda scheme of the dissidents" in spite of official denial made by military authorities.

The exchange demonstrates the unfortunate situation in which the military finds itself. Minister Enrile's denial is based on findings of the Eastern Command (Eastcom) or AFP units based in Samar and Leyte.

At this time however, the Eastcom does not exactly project an unblemished image. It is the same Eastcom that members of the Leyte/Samar press have denounced to General Fabian Ver as responsible for the arrest of Rolando Raga, a radio announcer of DYMS in Catbalogan, Samar. It is the same Eastcom that has filed court cases of rumor-mongering against Guz Arnaiz and Elizabeth Jaime, publisher and editor respectively of *The Reporter*, a local Leyte publication, for reprinting the *WE Forum* article on the alleged Sumuroy massacre. Lulu Palencia, the president of the Tacloban News Media Organization has reportedly said that she would be willing to go to the jail if it will stop the Eastcom from further harassment of Leyte and Samar newsmen.

The same Eastcom failed to come up with any findings on the Bobby

de la Paz murder. Prompted by complaints that local authorities in Samar seemed reluctant to prosecute the case, the Defense Minister had to constitute a separate committee led by Deputy Defense Minister Carmelo Z. Barbero to conduct an inquiry.

The process that it seems to follow in dealing with accusations of alleged abuses places the military in a no-win position. Even in ordinary cases, we do not arrive at the guilt or innocence of the accused solely on the basis of his testimony. However groundless the accusations on the Sumuroy case may be, public doubts will remain as long as the only defense apparently offered is the testimony of the units under suspicion.

An independent inquiry conducted perhaps with the assistance of a Church of Human Rights group may be necessary to confirm the military's version of events — that the Sumuroy incident involved the killing of four members of the NPA during a counterinsurgency operation to dismantle an enemy camp of some 30 NPA terrorists.

In this case once again, the public, following Minister Enrile's note, must distinguish truth from propaganda.

LOAN FOR NATIONAL POWER CORPORATION

Manila BULLETIN TODAY in English 15 Jul 82 p 24

[Text]

A syndicate of five foreign banks is raising a new \$100 million loan for the National Power Corporation (NPC) for what may be the last Eurodollar commercial loan for the country's first nuclear power plant under construction in Bataan.

Banking sources confirmed yesterday that the five banks, consisting of Citicorp Group, Morgan Guaranty Trust of New York, Gulf International Ltd., Sumitomo Bank and Fuji Bank Ltd. formed the lead managers for the syndication of the \$100 million.

Terms of the loan, while still being finalized, reportedly involve a maturity of 10 years, including a grace period of four years. The interest spread was not immediately determined.

However, the sources said that generally the terms for this particular loan would be similar to the ones obtained by the Development Bank of the Philippines for the \$75 million Eurodollar loan it raised in Hong Kong recently.

Sources at the power firm said that the pro-

ceeds of the new loan for the nuclear power plant would be used to finance a portion of the \$765 million additional cost needed to complete construction of the 620-megawatt plant.

The additional cost represents cost overruns caused by the delay in its construction and the increase in the prices of materials, and equipment required for the final completion of the nuclear plant.

Construction of the nuclear power plant had been delayed by about 18 months after a Presidential commission conducted a thorough probe on the safety aspect of the nuclear plant.

Part of the \$765 million additional cost was also due to the added safety measures that were required by the commission to be incorporated in the plant.

Started in 1978, the project construction is now delayed by about two years. Completion will be in 1984. Its total output of 620 megawatt of electricity will make up about 15 per cent of the power supply of the Luzon grid by that time.

MNLF COMMANDER INTERVIEWED ON MILITARY SITUATION

London ARABIA: THE ISLAMIC WORLD REVIEW in English No 11 Jul 82 pp 32-33

[Interview with an unidentified MNLF commander from Mindanao]

[Text]

 **What is the current military situation in the south?**

South Philippines is now heavily militarised. Sixty per cent of the Philippine army operates in the south and 70 per cent of this is in the Muslim communities. Half of the Marines and Navy, a third of the Coast Guards and more than 6,000 Air Force personnel, including 200 pilots, are stationed there.

The Philippine Constabulary has 7,500 provincial command forces, and under its control are 11,900 Integrated National Police, 64,000 Integrated Civilian Home Defence Forces and 35,000 paramilitary elements.

The Muslim communities are the hardest hit by this militarisation. Government troops avoid military encounters with the MNLF forces because we always inflict heavy casualties.

Instead, they attack the Muslim communities, massacre innocent civilians, rape the women, destroy plantations and burn houses and mosques. They then report that they have overrun MNLF bases and killed so many MNLF forces to justify the spending of millions that actually went to line the pockets of the generals.

The war in the south is the biggest income-generating business for the army generals. The rift between Major General Delfin Castro of the Southern Command and Brigadier General Magno of the Central Mindanao Command is caused by conflict of economic interest.

Magno believes that Castro was responsible for sabotage of the Air Force plane that crashed after taking off from Awang airport in Cotabato City. Magno narrowly escaped death. The plane was sent by Castro after he had advised Magno not to travel on a commercial flight but on the plane Castro would send.

How do you analyse the much-publicised "return" of rebels belonging to the MNLF?

The surrender of some former MNLF leaders does not affect the fighting position of the MNLF. They were baggage to the revolution. Their surrender helped in one way or another to weed out the undesirables in the rank and file of MNLF.

It cannot be denied that they took some followers over to the government side. But their followers are now disgruntled and many of them are back in the MNLF after discovering that their leaders were only after personal enrichment.

The government morally corrupted them. Upon their surrender they were showered with luxuries – billeted in plush hotels, entertained by beautiful hospitality girls and encouraged on spending sprees.

Those who capitulated to the government failed to change the oppressive and exploitative system. They have not brought to justice the perpetrators of the heinous crimes committed against our people.

They have not implemented a programme that would improve the economic condition of our people. The funds for the much-publicised projects went into their pockets and to the bank accounts of the generals. This proves that cooperating with the Manila government will not benefit our people at all.

Can you explain the factors leading to the breakdown of the Tripoli accord, particularly with reference to the necessary "constitutional measures" mentioned in Article 16?

The Tripoli agreement lays down the framework of autonomy for the Muslims in south Philippines. The provisions are broad and the details will be the subject of discussions later. The agreement cannot be im-

plemented until the details are spelled out and a final agreement, as provided in Article 14, is signed.

There were two subsequent negotiations to discuss the details after the Tripoli I talks – one was held in Tripoli from February 9 to March 3, 1977, and the other was in Manila on April 21-30, 1977. The two negotiations stalled.

The basic differences between the two sides concerned security forces, the number of autonomous governments to be established and the interpretation of the provision on constitutional processes.

The Philippine side maintained that the Internal Security Force should be under the direct control of the central government. The MNLF position is that maintenance of peace and order in the autonomous area should be the concern of the autonomous government, while defence from external threat and aggression should be the task of the national government.

The Philippine government insisted that two autonomous governments be established. This violates the Tripoli accord. The agreement provides for the establishment of one autonomous government. The Philippine insistence on this clearly indicates that the government has not abandoned the old colonial tactic of divide and rule. The Bangsa Moro people constitute one distinct nation. We cannot allow any colonial design to divide and dismember the Bangsa Moro people and nation.

The grave violation of the agreement is the exclusion of Palawan, South Cotabato and Davao del Sur from the area of autonomy. Part II of the Tripoli agreement is specific that the three provinces are part of the area of autonomy.

Another point of disagreement is the interpretation of the phrase "constitutional process." The autonomy envisaged in the agreement is not a part of the Philippine Constitution. It is the responsibility of the government to introduce the necessary amendments in order that the proposed autonomy shall become a permanent part of the Constitution. It is very clear that "constitutional processes" means amendments to the Constitution.

The Constitution provides that the creation, division, merging and abolition of provinces, cities, municipalities and villages shall be submitted to the people in a plebiscite. The president dispensed with the provision when he divided the former province of North Cotabato into the provinces of Maguindanao, North Cotabato and Sultan Kudarat, and when he created Basilan as a separate province from Zamboanga del Sur and Tawi-Tawi from Sulu. The holding of the plebiscite on April 17, 1977, was unnecessary and uncalled for.

What is the view of the majority of the Muslim people about the government's normalisation programme and the autonomous regions set up in Muslim areas?

The thrusts of the government normalisation programme are economic development and the establishment of the farce of autonomous governments. There is so much publicity about the government's economic programmes, but none of these is designed to develop the Muslim communities. The beneficiaries are the Filipino settlers and corporations. Our people view this so-called development programme as exploitation in another guise.

Government propaganda mentioned billions of pesos appropriated for the development of Mindanao. This money was spent on the construction of roads, bridges, ports and the development agency resources. These are for the benefit of Filipino and multinational corporations, not for the Muslims.

There are 198 significant industries in the south, and only one is owned by a Muslim family – the Dimaporo which, incidentally, is the henchman of Marcos. The Filipino and transnational corporations have been the most aggressive in exploiting the resources of the south. This explanation is euphemistically called "development."

To circumvent the Tripoli agreement the Marcos regime established the so-called autonomous regions 9 and 12. But these regions are not actually autonomous. They are adjuncts of Malacanang. The Legislative Assemblies are not empowered to enact laws. Since their formation no significant legislation has been passed except resolutions begging funds from Malacanang, recommending the appointment of Mr So-and-So and endorsing the candidacy of Miss So-and-So to a beauty contest.

Our people view the establishment of the so-called autonomous regions as a deception. What is envisaged in the Tripoli accord is a permanent autonomous government.

The so-called autonomous governments in regions 9 and 12 were created by Presidential Decree Number 1,618 which can be amended or repealed at the discretion of the president or the National Assembly. What our people want is an autonomy that will be a permanent edifice in the political structure of the Philippines.

How do you view the future of the Muslims in southern Philippines, both in political and ideological terms?

As long as the Bangsa Moro people are still part of the Filipino nation, their future, politically and ideologically, will always be precarious. No less than decolonisation will guarantee the free exercise of the political rights of the Moros as a people and nation.

FEAR DEBT SERVICE EXCEEDING 20 PERCENT LIMIT

Manila PHILIPPINES DAILY EXPRESS in English 22 Jul 82 p 10

[Article by George T. Nervez]

[Text]

CONTINUING high interest rates and the expansion of foreign borrowings are expected to raise the country's debt service burden this year to 23 percent, exceeding for the first time the self-imposed limit of 20-percent debt service ratio.

A recent World Bank paper on the Philippines noted that even with an improvement in export performance, the debt service ratio which increased from 17 percent in 1978 to 19 percent in 1981 is expected to be 23 percent in 1982. It is expected to stabilize at about 22 percent up to 1987.

The WB said there is a need to avoid a situation in which the need for foreign borrowings exceed the willingness of private sources to further increase their exposure in the Philippines.

It warned that "should such a situation materialize, there would be an unplanned reduction in imports and thereby a disruption of the growth process."

LATEST CB data showed that the country's foreign debt reached \$15.748 billion as of end-March 1982, down slightly from \$15.8 billion at the end of December 1981.

Earlier, during the week, CB Gov. Jaime C. Laya reported that as of end June 1982, interest payment on foreign debt had already reached \$721 million.

But the CB head has said that the country's debt service ratio in 1982 is estimated to be within the 20 percent ceiling prescribed under R.A. 6142 (Foreign Borrowings Act).

The CB estimates that this year the debt service (interest and principal repayments) will be about \$2.4 billion. The CB has also set an absolute ceiling of \$2.4 billion on new foreign loans.

ACCORDING to the WB, loans from official sources, which amounted to \$830 million in 1981, would increase by about \$100 million yearly.

It added that the medium and long-term loans from private sources would increase from \$1.2 billion in 1981 to as much as \$2 billion yearly in 1985.

The bank said that the willingness of private fund sources to lend to the Philippines would be influenced by efforts being made to maintain the balance of payments within manageable levels over the longer term.

EASTERN SAMAR COMMAND SHELLING REPORTED

Manila BULLETIN TODAY in English 14 Jul 82 p 36

[Text]

Barangay Somoroy in Lope de Vega, Northern Samar — The scene of the alleged massacre of 210 civilians, men, woman and children — has been abandoned by its residents and has become a virtual ghost town, according to latest reports received by Assemblyman Reuben Canoy.

Canoy said he was told by witnesses that barangay Somoroy was heavily shelled with M-105 howitzers by artillery units of the Eastern Samar Command during its military operations

against suspected hostile territories in the area.

The shelling incident and the massacre were denied by Defense Minister Juan Ponce Enrile and Armed Forces Chief of Staff Fabian Ver in separate press statements.

Enrile, however, promised to summon the local Samar commanders for an investigation and to look deeper into the reports.

In a letter to the defense chief, Canoy asked that "all efforts should be exerted to determine whether the massacre really happened or not, due to its seriousness."

Canoy warned that "unless this is done, the credibility of the government will not only continue to suffer but will worsen to the point where the people would

become easy prey for false propaganda."

Canoy reports that based on the latest information he has received from Northern Samar, there are evacuees from barangay Somoroy who are willing to testify on the reported shelling of their barrio, but they want assurance of protection from the authorities.

He said that there are other witnesses who have first-hand knowledge of the incident, among them Ros Escobar, a newspaper correspondent, who has pictures and details of the shelling and its victims; Fr. Apeng Gonzales, a parish priest of Lope de Vega; ex-baangay captain Beroy de Guia and one Mrs. Humadyao, a barangay captain of a nearby community in Lope de Vega.

CSO: 4220/243

NEW INQUEST FOR MORALES

Manila PHILIPPINES DAILY EXPRESS in English 23 Jul 82 p 3

[Text]

THE SUPREME COURT ordered yesterday a new inquest of the rebellion charge against two persons arrested last April for alleged tie-ups with the Communist Party of the Philippines.

The tribunal commissioned Quezon City Fiscal Sergio A. F. Apostol to re-investigate the rebellion case and receive for the court evidence on the claims of the two that they were tortured and were denied due process while under military custody.

The petitioners were Horacio Morales Jr., former vice president of the Development Academy of the Philippines, and Antonio Moncupa Jr., a certified public accountant.

THEIR LAWYERS sought their dismissal from military custody on the ground that they were physically abused by interrogators and that no charges have been raised against them (A report, however, said that Morales and Moncupa were formally charged the other day before the Quezon City CFI with rebellion.)

The defense lawyers also said that

Morales and Moncupa can no longer be prosecuted because the state, he said, has lost its right to prosecute by allowing the continued illegal detention of the two.

On the other hand, Solicitor General Estelito Mendoza, who argued for the military, denied the allegations of torture.

MENDOZA also said that the high court cannot inquire into the validity of the arrest and detention as the offense charged is one against national security.

Citing military reports, Mendoza identified Morales as head of the CPP National Democratic Front, which he said seeks an alliance for the overthrow of the government, and Moncupa as head of the NDF research group.

The military said that Morales had a hand in the entry into the country sometime in June last year of firearms from the Middle East destined for the CPP. Authorities added that Morales had confessed to the existence of a number of CPP underground houses in Metro Manila and Bulacan.

VOCATIONAL TRAINING PROGRAM FOR MUSLIMS ESTABLISHED

Manila BULLETIN TODAY in English 14 Jul 82 p 12

[Text]

The national manpower and youth council (NMYC) in a joint venture with the Ministry of Muslim Affairs have agreed on a training program involving vocational skills designed for out-of-school youth Muslims.

The pilot project geared on the Muslim manpower for employment scheme is dovetailed with the government policy of "promoting social justice and in pursuit of socio economic development program" for Muslim communities as envisioned in the Philippine Development Plan for 1983-1987.

One of the main causes for this special training program is the observed low skills level and competitiveness of the Muslim communities particularly those now settled in several Metro Manila areas.

An initial batch composed of 50 Muslim skills trainees is now undergoing training at

the Council's Office of Manpower Skills Development in Taguig, Metro Manila.

Bayani D. Sappari of NMYC and designated chairman of the Committee on Admission said that he and his group had drawn up an admission scheme that would effectively respond to the manpower development thrusts as spelled out in the recent accord forged between the governments of Saudi Arabia and the Philippines.

Admission to the program are restricted to Muslim out-of-school youth, Muslim rebel returnees, and Muslim unemployed and underemployed adults.

Applicants should at least be 17 years old, physically fit, with moral and security clearance certified by the MMA, and should have attained the elementary level. (ROP)

BRIEFS

MILITARY ORDERED 'PRODUCE PRISONER'--The Supreme Court yesterday ordered the military to bring on July 22 Horacio Morales Jr., who was arrested last April with two others. Morales, 37, disappeared in 1977 shortly before he was to receive an award as one of the country's ten most outstanding young men. At that time, he was vice-president of the Development Academy of the Philippines. The SC order was sent to Defense Minister Juan Ponce Enrile, Gen. Fabian C. Ver, AFP chief, and Col. Galileo Kintanar of the 15th Military Intelligence Group (MIG). The three are respondents in a habeas corpus case raised by the Mabini Legal Aid Committee, a lawyers group headed by former Sen Lorenzo Tanada, representing Morales. The court also allowed Morales, who is presently detained at the 15th MIG stockade in Quezon City, to confer with his lawyer "in an atmosphere of confidentiality, consistent with reasonable security measures which may be imposed." Morales' lawyers said their client has been held incommunicado since his arrest, and that no charges have been raised against him since April. Previous military reports have alluded to Morales as a candidate of the powerful Central Committee of the Communist Party of the Philippines. He is said to be the chief political adviser of the Samar committee of the CCP and the New People's Army. Military dossiers have also linked him to CPP-NPA activities in the Bicol region. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 14 Jul 82 p 2]

OIL BILL FALLS--The country's oil import bill for the first five months of the year dropped to less than \$1 billion (exactly \$999 million) from \$1.148 billion during the same period in 1981 because of lower import volumes and prices. The Ministry of Energy said yesterday the 13-percent drop in the country's oil import bill during the five-month period is due to the lower cost of crude which averaged \$33.90 a barrel (CIF cost) compared to \$35.38/barrel during the same period last year. Volume-wise, crude imports went down by 5.9 percent to only 30.8 million barrels, as a result of the continued drop in the domestic consumption of petroleum products. For the entire 1981, the country imported 72.5 million barrels of oil and paid \$2.5 billion. According to statistics from the energy ministry, domestic consumption of petroleum products from January to May this year totalled only 30.08 million barrels or lower by 1.9 million barrels from last year's level. Consumption of fuel oil declined by 10.9 percent during the five-month period largely because of maintenance shutdowns of the nickle refinery of Marinduque Mining and the lube plant of Philippine Petroleum Corp., as well as the low fuel utilization of some industries which have shifted to other energy sources. During the five-month period, demand for premium gas increased by three percent compared to its level from Jan-May last year while

demand for regular gasoline dropped by 19.3 percent. Diesel consumption increased by only 1.1 percent during the five-month period although for the month of May alone, diesel use went up by 7.3 percent as industries turned to diesel-run generators during brownouts. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 15 Jul 82 p 10]

PRESIDENT WARNS POLICE--President Marcos said yesterday the government has taken "very radical" steps against wayward police officers to purge the ranks of the police organization of undesirables. The President said the measures "are so salvage (elimination of erring policemen when they resisted arrest)." He revealed in an interview that special teams, including the military intelligence group and the PC Metrocom, have been instructed "to take all possible necessary measures" if the erring police officers show any resistance while being disarmed and arrested. "And this gave rise to the salvage charges," he said. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 16 Jul 82 p 7]

CSO: 4220/244

ONLY ONE CONSTITUTIONAL AMENDMENT PROPOSED

Colombo THE ISLAND in English 22 Jul 82 pp 1, 2

[Text]

PRESIDENT J. R. Jayewardene told the Government Parliamentary Group meeting yesterday that the only amendment to the Constitution would be the provision for an incumbent President to call for a Presidential election after four years in office.

He said that the Cabinet has approved this Bill and that no decisions have been made on any other amendments to the Constitution as spotlighted in the press on matters like those deprived of civic rights and cross over of MPs after an election.

Cabinet spokesman Ananda Tissa de Alwis said on July 7 after the Cabinet meeting that seven major amendments to the Constitution were approved by the Cabinet. But "The Island" reported last Sunday that the Government is rethinking on most of the proposed amendments.

President Jayewardene also told the Government Parliamentary Group meeting that under the Bill, if a Presidential election is held this year and he as incumbent President wins, he will take office for his new

term from February 4. However if another person wins, that person would take office immediately.

He said that under the present constitution the next Presidential election should be held at the end of 1983 or in early 1984. But he said they had not yet decided whether to call for an early Presidential election or not.

A Communique from the Chief Government Whip's office also said.

The Group also unanimously approved the Offences Against Aircraft Bill which was earlier approved by the Cabinet.

President Jayewardene said that the proposed Bill had nothing to do with Sepala Ekanayake. It is to honour an international obligation as Sri Lanka too has subscribed to the three conventions regarding offences connected with aircraft. This is intended to safeguard our aircraft as well. To make it operative every country has to enact laws.

After the law is passed the Attorney General can decide whether anyone had committed an offence and then decide whether action should be filed against that

person or not.

The law contemplated was essential as they have to honour an international obligation.

Mr. A. C. S. Hammed, Minister of Foreign Affairs answering a question said that Sri Lanka's Ambassador in Thailand had only given an assurance to Sepala Ekanayake that he would not be arrested on arrival in Sri Lanka. They had honoured that undertaking. If not they could have arrested Ekanayake the moment he arrived.

He said that the Bill had nothing to do with Sepala Ekanayake. The law was forthcoming even if the hijack incident involving Ekanayake took place or not because Sri Lanka has already become a party to the international convention regarding the safety of aircrafts from 3rd July 1979. The law was held up because of other important Bills that came before Parliament.

Mr. Hameed said that as he had pointed out earlier the constitution provided for resorting to retrospective legislation to fulfill an international obligation.

SRI LANKA

CABINET APPROVES CONSTITUTIONAL AMENDMENT

Colombo DAILY NEWS in English 22 Jul 82 p 1

[Text] Cabinet yesterday approved a Bill to amend the constitution, enabling an incumbent President to call a presidential election after four years in office.

Authoritative governmental sources said that the Attorney-General had examined this amendment and expressed the opinion that no referendum was needed to enact it.

After yesterday's weekly meeting of the Ministers, President Jayewardene told the government parliamentary group of the cabinet decision. A communique on the subject was also issued by the presidential secretariat.

Mr Jayewardene told his MPs that under the Bill, if a presidential election was held this year and he, as incumbent President won, he would take office for his new term on February 4.

But if another candidate won, he would take office immediately.

The President told the MPs that the present constitution required the next presidential election to be held at the end of 1983 or in 1984. They had not yet decided whether to call an early presidential election or not.

But it was better to have provisions for an early election in the constitution.

Mr Jayewardene said there had been no decision on any of the other amendments to the constitution that had been spotlighted in the press on matters like persons deprived of civic rights or crossover of MPs after an election.

Authoritative sources said that several proposed amendments to the constitution had been sent to the Attorney-General for his opinion. Some of these are considered to need a referendum.

The communique issued by the presidential secretariat read:

The Cabinet of Ministers approved a Bill to amend the constitution to enable the President at any time after the expiration of 4 years from the commencement of his term of office by proclamation to declare his intention of appealing to the people for a mandate to hold office by election for a further term and that such proclamation shall operate as a direction to the Commissioner of Elections to take a poll for the election of a President.

CSO: 4220/267

EDITORIAL DEPLORES CONSTITUTIONAL CHANGES

Colombo SUN in English 13 Jul 82 p 7

[Editorial: "Amendments"]

[Text]

Last week the Cabinet of Ministers approved a series of wide ranging constitutional changes.

The proposed amendments are not only controversial in character but appear at first glance to be motivated by Party considerations. Even a school-boy could detect that the underlining purpose of the proposed changes as a naked attempt to perpetuate the United National Party.

The latest exercise in constitution tinkering it appears, is an affront to the democratic traditions and to the philosophy that the United National Party leadership professes. These contemplated changes cannot by any stretch of the imagination be labelled 'Righteous'.

The protagonists of the constitutional changes argue that these are necessary in order to give a human face to the

constitution of 1978, particularly as regards the new fangled Proportional Representation electoral system.

With the vast majority at its command the government can of course bulldoze its way and ensure that these unpopular amendments are placed on the statute book.

If these changes were really necessary why were they not made before? Much misunderstanding could have been avoided. The government would then have avoided being exposed to charges of mala fide.

The propriety and the necessity to tinker with the constitution by bringing in frequent amendments are open to inquiry. The present exercise could even be construed as a blow to the sovereignty of the people which the self-same constitution boldly affirms.

It is lamentable that these amendments are sought by the persons that impeached the former gov-

ernment when it prolonged the life of Parliament through a two-third majority.

For this those responsible were voted out of office and live to rule their actions as constitutional lepers.

Perhaps the government is convinced that if the changes were not made during its current term of office, it may be impossible to do so after the PR system becomes operative. But is the eve of an election the proper time to bring these Draconian amendments. Hence the hurry.

We fear that even an overwhelming election landslide for the UNP, after these amendments would be a Pyrrhic victory and would be so claimed by the defeated.

We venture to think that even the 'Jupiter Effect' that is supposed to be shining on the administration may not be bright enough to ward off the people's derision.

EELAM DELEGATES AGREE ON TULF VIEWS

Colombo THE ISLAND in English 11 Jul 82 pp 1, 3

[Article by D.B.S. Jeyraj]

[Text]

The Leader of the Opposition Mr A.Amirthalingam and the President

of the TULF, Mr M.Sivasithamparam were of the opinion that the World Eelam Convention at New York had offered the TULF an opportunity to explain to the Tamil community at large the recent course of action taken by them regarding the problems of the Tamil Speaking people.

They said they had been able to convince the expatriate Tamil community that the steps taken by them like the on going dialogue with the Government and the moves to strengthen the DDCs were imperative in the present political context of Sri Lanka.

Mr Sivasithamparam told 'The Island' that Mr Amirthalingam made the keynote address while he delivered the concluding speech. He said that the dissident TELF representatives from Sri Lanka had expressed their disapproval of the TULF position but that the consensus of the Convention was favourable for the TULF.

The proposal to set up an International Liberation Council had been opposed by only two delegates from New York and West Germany.

The Opposition leader said at a press conference yesterday that

'The Convention had been a victory for the unity of the Tamil people and sanity in their political action'.

Mr Amirthalingam said that a communication gap between the TULF and the overseas Tamil community had led to the expatriates entertaining doubts about the TULF's present course of action. The Eelam seminar had afforded them an opportunity of justifying their action and they made use of it to win over the expatriate Tamils to their way of thinking. Although contrary opinions had been expressed by the TELF and a few others the majority of the delegates felt that the TULF's present line of action was correct.

He denied that he had been briefed by the President or any other Government personality before his departure to the USA.

He also said that the TULF had been accepted as the only authentic political party representing the Tamils of Sri Lanka at the Convention.

He revealed that a five man preparatory committee had been appointed to give effect to the proposal to set up a Liberation Council, but Mr Vaikunthavasan and two others being appointed to the Committee was incorrect.

TULF ACCUSED OF BETRAYING TAMILS

Colombo THE ISLAND in English 14 Jul 82 p 2

[Article by V. Varathasuntharam]

[Text] The Tamils cannot any longer have faith in the TULF due to its collaboration with capitalist forces that have throughout stood in the way of solution to the problems of the minorities in the country, said Dr N. Sathiyamoorthy, addressing a JVP rally at Anbuvalipuram.

He said that the Federal Party created an awareness among the people the minority problems and organized some form of resistance. But, the TULF had failed in its approach and strategy to solve these problems.

When the late SWRD strove in all sincerity to solve the problems of the minorities through the establishment of regional councils on the basis of this pact with Chelvanayakam, was it not the UNP that was responsible for the unilateral abrogation of the pact? When the late Dudley Senanayake strove for a solution through the formation of district councils, was it not the SLFP that opposed it vehemently? Did not the traditional Left Parties oppose the Tamil Language Special Provisions Bill?

What is strange is the alliance of the TULF at one time with the UNP and on another occasion with the SLFP both of which had always opposed any solution of the Tamil problems. This drives one to question the bona fide of the activities of this Tamil Front and whether they would deliver the goods, which they had failed to do thirty long years.

Therefore, the Tamils have to look forward to a genuine Left Front to solve their problems. Mr G. Fonseka, Mr Dissanayake and several others also spoke.

CSO: 4220/266

GOVERNMENT-TULF TALKS MAY BE ENDING

Colombo THE ISLAND in English 18 Jul 82 p 1

[Article by D.B.S. Jeyaraj]

[Text]

Speculation is rife in Northern political circles over the future relationship of the Government and the TULF. This is in view of the fact that the periodical high-level committee talks between the TULF and the Government has ended.

The highly controversial talks described as 'amity talks' and an 'on-going dialogue' were held regularly for almost ten months beginning from August 31 last year and ending on June 25.

The leader of the Opposition Mr.A.Amirthalingam said at a recent Press-Conference that 'the current session of talks has ended as discussion on all matters taken up at the talks were concluded'.

He also said that the TULF would always meet the Government and hold discussions if and when an issue arose in the future.

The Minister of Home Affairs Mr.K.W.Devanayagam told 'The Island' that the series of meetings had concentrated on working out a practical scheme of devolution whereby power could be shared at the periphery through the DDC's. Mr.Devanayagam also said that some decisions had been reached on this issue and that they would be implemented. The talks may continue if necessary at a later stage, he said.

Political observers, however,

say that the on-going dialogue initiated in the aftermath of the communal violence in August last year had outlived its usefulness. Although it had helped to diffuse the highly volatile situation prevalent at that time, it was now becoming a liability to both the Government and the TULF in political terms, say these observers.

The TULF has already been criticised by certain sections of the Tamils who felt that nothing tangible had been gained by the talks. There had been also pressure within TULF ranks to fix a deadline for solutions decided upon to be implemented and suspend the talks.

With elections drawing near, the Government, too, is said to be reluctant to continue the dialogue as it was bound to become an obvious target of certain political elements in the South.

In this context, political observers feel that the 'on-going dialogue' would end as both the UNP and the TULF may find themselves vulnerable targets when elections draw near.

They feel that the TULF would meet the Government on specific issues in the future while discarding the present pattern of high-level committee talks.

SLFP TO SET UP UNITED FRONT

Colombo THE ISLAND in English 18 Jul 82 pp 1, 3

[Article by Richard de Silva]

[Text]

The Working Committee of the Sri Lanka Freedom Party decided yesterday that common front of anti-UNP forces should be set up to defeat the UNP in the forthcoming Presidential and General Elections.

It also resolved that vehement protests should be registered against the proposed amendments to the constitution and election laws and that the party should institute legal action and also mobilise country-wide public opinion against these moves.

Two resolutions to this effect were passed unanimously by the All-Island Working Committee of the SLFP when it met yesterday at Horagolla.

Mrs. Sirima Bandaranaike, who presided at the meeting, said that dissident groups which had broken away from the SLFP should be taken back into the fold if they desired to return without laying down any conditions. She also said that defectors from other parties, too, should be taken in and stressed that personal squabbles and petty differences should not be allowed to thwart the primary purpose of

defeating the UNP at the polls.

The Working Committee sessions which started yesterday with several heated discussions, ended on a quiet note with two resolutions proposed by Mr. T. B. Illangaratne and seconded by Mr. W. L. Fernando being passed unanimously.

Mrs. Bandaranaike, in her address, called upon the Party to sink all personal differences and prepare themselves for the forthcoming elections. She said that party members should initiate a vigorous house-to-house and village-to-village campaign and meet the people, explaining to them the issues at hand.

Mrs. Bandaranaike also said that discussions had been held over the selection of a suitable SLFP candidate for the Presidential elections. Three names had been considered and the candidates named would be announced in due course. As far as she was concerned she was only interested in a person who was capable of winning the elections. She was willing to support any person who was acceptable to

the country at large.

She also stated that the application of former Panadura MP Dr. Neville Fernando would be accepted. The party must be put above self, she said.

Mrs. Bandaranaike said that the SLFP should be strengthened further in every way. The party should be organised and be ready to face any election and fight against any rival at short notice.

The progressive policies of the late S. W. R. D. Bandaranaike were the rallying point of the party, said Mrs. Bandaranaike. She said that large crowds were flocking to SLFP meetings because of these reasons. The late Mr. C. P. de Silva and Mr. Maithripala Senanayake had requested her to take over party leadership in 1960 as they had felt that there was no suitable person acceptable to the entire country then. Mr. Senanayake could have become the leader of the party then, but had not done so because he realised that he would be unacceptable. He could realise this now, said Mrs. Bandaranaike.

LEFTISTS URGED TO JOIN SLFP

Colombo THE ISLAND in English 15 Jul 82 p 3

[Text] Mr Maithripala Senanayake, leader of the Sri Lanka Freedom Party (M) invited leftists to join him.

"The doors of the SLFP led by him are open to all who wish to join," he added.

Mr Senanayake said so at a SLFP conference held at the Warakapola Town Hall presided over by Mr P.B.G. Kalugalla, deputy leader of the Party.

Nearly 500 SLFP branch delegates from the Kegalle district participated.

Commenting on the findings of the Select Committee of parliament, he said the SLFP led by him was the only constitutionally elected SLFP and there would be no SLFP groups any more. He requested party members to rally round him as he was the legally elected leader.

He also said that the SLFP was the only party that would serve and help the poor. If party members supported him, he would be able to capture power by defeating the UNP for the third time.

The SLFP, he said, was not the heritage of the Bandaranaike family. That party was built by the poor masses to safeguard and protect their privileges.

Mr Maithripala Senanayake, Mr Kalugalla said, was a veteran politician who dedicated his time and energy to build the SLFP. Due to their efforts the SLFP defeated the UNP thrice since 1956 and at the next general elections they would defeat it for the fourth time.

Referring to the socialist policies of the SLFP he said the late Prime Minister Mr S.W.R.D. Bandaranaike inaugurated that party to help the underprivileged classes of the nation. As the leader of the party he assured the masses to continue those policies.

Mr P.B.G. Kalugalla, deputy leader of the SLFP, said their party had open doors for anybody except Mrs Sirimavo Bandaranaike and Mr Felix Dias Bandaranaike. If those two supported any candidate at the next general election, according to the existing laws of the country those candidates would lose their rights.

Messrs. R.P. Wijesiri, MP for Harispattuwa, V.T.G. Karunaratne, Sena Jayasinghe and S.K.K. Suriyarachchie also spoke.

SLFP PROMISES REVERSAL OF UNP LAND POLICY

Colombo THE ISLAND in English 17 Jul 82 p 2

[Text]

The SLFP would when they come to power re-acquire all the land that had been given back to the imperialists and capitalists by the UNP government after they gained power and re-distribute among the landless people of this country said Mr. Hector Kobbekaduwa, former Former Minister of Agriculture and Lands at a mass meeting held at Pallepola in the Dambulla electorate recently.

Mr. K. R. B. Elikewela Dambulla chief organiser of the SLFP (S) group preceeded.

Mr. Kobbekaduwa further said that the SLFP government acquired 1,300,000 acres of land owned by foreign companies because that land belonged to the people of this country. The foreigners bought them for a trivial sum. What happened after the UNP regained power in 1977? They were compelled to give back that land to these imperialists again. So for 3,00,000 acres of land had been given back according to statistics available.

We would also take steps to relieve Mrs. Bandaranaike of the agony she had been undergoing all those years on account of her losing

the civic rights and persuade her to come before the masses for the Presidential elections. We are certain she would be elected the President of this country by the large majority of the people added Mr. Kobbekaduwa.

Mr. Vijaya Kumaranatunga, Deputy Secretary to the SLFP (S) group, said that the SLFP would take steps to replace the present constitution which was against the will and pleasure of the people. A new constitution would be passed to elect members to the Parliament by a general election and not by the "chit" system introduced by the President.

Mr. Monty Gopallawe, SLFP (S) chief organiser for Matale District said that the SLFP Government had rendered a yeoman services for the down-trodden masses of this country. But the UNP's services were only for the betterment of capitalists and the affluent people.

Mr. K. G. Samarakoon Banda SLFP Organiser for Laggala, and Mr. A. Bindusara organiser for Rattota and Mr. S.A.W. Bandaranayake and several others also spoke.

ANTI-LANKAN PROPAGANDA SCORED

Colombo SUN in English 20 Jul 82 p 7

[Text]

Now and then various self-appointed puritans and hot-gospellers in foreign capitals have embarked on smear campaigns to castigate Sri Lanka and its government.

The most common punching bag of these bigots has been the ethnic question. And some of the western countries entrenched as they are with a guilt complex of their own white supremacist outlook on the partisan treatment meted out to their own minorities, have not hesitated to encourage these fraudulent iconoclasts.

London, New York and Paris based Eelam — wallahs continue to have a field day living almost on the charitable handouts of the gullible westerners.

Fortunately there aren't many who take these anti-national elements seriously.

Now comes news from Down Under that a group of 'do-gooders' are carrying on a campaign of mud-

slinging against Lanka. Their weapon: Tea allegedly produced with slave labour.

What is most ludicrous is that the campaigners for a better deal for the exploited Lankan workers are exhorting the Australian housewives to buy a special brand of tea which they claim has been picked by well-paid workers employed by their own organisation in Lanka. They have also claimed that the profits from these 'Charity Teas' are being sent back to improve the lot of these victimised plantation workers in Lanka.

These are blatant falsehoods perpetrated on the unsuspecting consumers. These are nothing but immoral and unethical sales-gimmicks used to fatten the coffers of a cunning and ruthless group of people operating in Australia with apparent Lankan links.

The government must investigate and take ap-

propriate action against these treacherous local collaborators. They are not only guilty of anti-national activity but are also causing immense harm to Lanka's tea trade — a major revenue earner.

It is absolute sabotage that is being meticulously carried out with sinister motives.

According to information available some of the local agents who are involved here performing ostensible social services while the tea is provided by certain shady entrepreneurs.

Once these racketeers are hounded out they should face stringent penalties.

Meanwhile the government must endeavour to counter the false propaganda at the very source of it. Our mission in Australia in conjunction with the Tea Propaganda authorities should formulate such an offensive without delay.

EDITORIAL ASSAILS ATTACK ON PRESS FREEDOM

Colombo THE ISLAND in English 19 Jul 82 p 6

[Text] Readers of yesterday's issue of "The Island Sunday Edition" would surely have been startled to read our lead story about the new defamation laws that are being considered by the Government. These laws will make it mandatory for a newspaper publisher to cease publication immediately a defamation case is filed against the newspaper. The paper will remain closed until after the case is disposed of.

No further details of the proposed law are available but even this is enough to demonstrate the absolutely horrendous nature of the onslaught on the freedom of the press that is being hatched. Ever since we can remember, defamation laws have been on the statute book, cases have been filed, judgment delivered and we think of more than one eminent public figure who has done quite well out of the libel suits.

What then is the unseemly hurry to rush through new laws to cripple newspapers on the mere filing of plaint? This will virtually amount to judging and stifling a newspaper before the actual judgment in a defamation case has been delivered and flies in the face of the cardinal axiom that an accused is presumed to be innocent until proved guilty.

Has the Government considered the practical aspect of the absolutely hilarious situation which this can produce. Anyone can file a libel suit against a newspaper and that paper has to immediately stop publication even if at the end of the trial the case may be dismissed with costs. At this rate all the newspapers in the country can be closed down. Doesn't the Government realise that this kind of legislation can make us the laughing stock of the world?

It does not need much political acumen to realise that this can be a most potent weapon to stifle opposition criticism. What will the Government's grand boasts about press freedom and human rights be worth if a mere individual filing a defamation case (he can well be an eccentric) will be able to close down a newspaper? The Government periodically preaches about press freedom pointing to the existence of a virile opposition press as proof of the freedom of expression.

But under this new set-up it will be the opposition papers which will be the first to suffer.

If the Government goes ahead with these laws it could well be unleashing a Frankenstein monster. Mrs Sirima Bandaranaike took over Lake House and lived to rue the day. Now paradoxically Lake House has become the most powerful weapon in the campaign against her. The Government surely realises that it will not be in power always and that there is no divine wish that the UNP should always reign over the country. The laws that it frames can well be turned against it.

No Government should frame legislation to serve its own ends using state power to advance petty political ends. When these measures moreover strike at the very roots of the democratic way of life then they are doubly reprehensible.

What is paradoxical about it is that at the next elections it is planning to give Radio and Television time to recognise political parties. It is likely that this will be incorporated into the Constitution.

While on the one hand the Government thus appears keen to give access to the opposition parties to the hitherto Government-controlled media on the other hand it brings laws which will negate the whole concept of free expression. In such a situation which posture of the Government is the people to believe?

It must not be forgotten that any such laws will not exempt the Government-controlled press either. What of Radio and TV?

It will be in the Government's own interest to abandon these proposed laws--unless of course it wants the hilarious situation of all mass media to stop printing and broadcasting while the Courts decide on the defamation suits pending before them.

CSO: 4220/267

EDITORIAL URGES GREATER COMMITMENT BY POLICE

Colombo SUN in English 10 Jul 82 p 7

[Editorial: "Danger Stations"]

[Text]

The Defence Ministry has reportedly worked out a meaningful solution to the problem of appointing police officers to the so-called 'danger stations' in the north.

For understandable reasons the rank and file have shown visible reluctance to serve in this area where policemen are most vulnerable to Viet-cong style attacks from ruthless terrorists. A few days ago four of them were slain in cold blood.

Reluctance to serve in the northern stations, hardly speaks well for the service. It is also a serious problem indeed. Besides the terrorists themselves wish to ensure the least number of policemen in the region for obvious reasons.

That exactly is why the authorities must look for realistic solutions. What is now being envisaged in having a limited one-year term is a step in the right

direction.

It would make it mandatory for every officer their rank and file notwithstanding to serve in the strife-torn northern peninsula.

This will undoubtedly overcome the nonsensical notion that one is sent on 'punishment transfer'. For there should be neither favourites nor black sheep once the scheme gets underway. Else the entire exercise would become counter-productive.

What is needed right now is a new sense of discipline and a morale-boost up in the service particularly to those who are serving in the northern police stations.

The authorities have an inherent obligation to insist that the police who serve in these terror stricken areas do not falter or remain complacent about their own personal security. The recent tragedy could have been avoided if adequate precautions had been taken against the faceless enemy who is

literally omnipresent; waiting for the first available opportunity to attack in the most satanic manner.

It is therefore imperative that before a policeman is sent to the 'danger zone' he is well trained to overcome the sly and ruthless methods resorted to by the terrorists. They must themselves remain ever-vigilant and ready to face the enemy. For the attack would be made at the most unexpected time in the most surprising way.

The desperados are not only engaged in a dirty armed offensive against the law enforcers, they are also waging a 'psy-war' to confuse the policemen and keep them away from the north.

The new changes in the police hierarchy decided on are therefore commendable. These should not be delayed. Once in operation they must be reviewed periodically and improved. For the chameleon like enemy is bound to change its own offensive.

POLICE PAY REWARDS FOR INFORMATION ON TERRORISTS

Colombo THE ISLAND in English 19 Jul 82 p 1

[Article by D.B.S. Jeyaraj]

[Text]

The Inspector-General of Police Mr. Rudra Rajasingham approved the payment of Rs. 80,000 as a special reward to five Police officers and two informants on Friday.

The Policemen were responsible for the arrest of six hard-core terrorists from the North following information supplied by the two informants, Police sources said yesterday.

The six terrorists, presently at the detention camp at Elephant Pass, are supposed to be members of the group headed by Uma Maheswaran. They were arrested early this year in two dawn raids conducted at Ilavai and Puttur in the Jaffna district.

Police also recovered a 'Taurus' revolver, 2 S.L.R. rifles and a repeater shot-gun from the terrorists. The revolver had been taken from the Policeman shot at the Nachimar Kovilady election meeting last year, the repeater shot-gun from the Anaicottai Police Station and the two S.L.R. rifles from Army personnel at the Kiri-kadduvan Pier where a soldier was shot dead.

Police sources said that the information supplied by the two informants were of great value to the Police in their bid to arrest the terrorists. They also said that it was an indication of the new situation in the North where information and co-operation from the Public is more readily forthcoming.

Meanwhile, Police are trying to unravel the mystery behind a cyclo-styled pamphlet being circulated in the North. The pamphlet is said to be circulated by the killers of the four Policemen at Nelliaddy two weeks ago. The pamphlet has been printed on a roneo machine robbed from Vikneshwara College, Karaveddi, some time ago. Karaveddi and Nelliaddy are two adjacent areas in the North of Jaffna district.

The pamphlet says that the shooting of the policemen at Nelliaddy was a symbolic act of protest against the State and to demonstrate that the 'Tigers' of the North could not be curbed.

It also states that the prominent part played by the Police in the 1974 Tamil Research Conference killings, the '77 and '81 violence and the '79 emergency has made an indelible impression on the Tamil people.

The pamphlet which is supposed to have been circulated by the group headed by Prabhakaran states that it was not responsible for the killings at Alaveddi where two youths, Umaikumaran and Iraikumaran were shot.

Police sources said that the recent pamphlet was being circulated by post and that it was an indication that the feud between the Uma Maheswaran - Prabhakaran factions was far from being over.

WORLD BANK CALLS FOR AUSTERITY

Colombo SUN in English 12 Jul 82 pp 1, 3

[Article by Jennifer Henricus: "World Bank Calls for a Big Squeeze: Immediate Changes Imperative To Save Lanka's Economy"]

[Text] Immediate policy changes in government expenditure are imperative if government is to avert an increasingly precarious budget and balance of payments situation in 1983, the World Bank has warned.

The warning is contained in the World Bank's report on Sri Lanka's economy and its public investment programme, which was presented for discussion at the Sri Lanka Aid Group Meeting in Tokyo last week.

These policy changes will require that the entire investment programme be carefully scrutinised to establish investment priorities as well as the utmost restraint on the part of the government and donors in introducing new projects before 1985, the bank states in its summary and conclusions to the report.

Although the list of required policy measures to continue the country's economic adjustment momentum, achieved in 1981, implies difficult choices not only for Sri Lanka but also for the donors, these measures are imperative if Sri Lanka's ambitious development strategy is to eventually succeed, the bank states.

The bank warns that in the absence of further adjustment measures, Sri Lanka will find itself undertaking fresh borrowings to repay existing debt, seriously increasing total commercial debt, and interest payments, thus continuing to fuel a vicious circle of ever-increasing borrowings.

Sri Lanka, the report states, obviously cannot continue to finance balance of payment gaps of the present magnitudes, and immediate and comprehensive measures are needed to bring about significant improvement on the current account.

These policies should begin with the budget, the report state. As long as bank borrowings remain, these will put pressure on inflation and the balance of payments.

The more government's credit needs can be reduced, the less will be the need to squeeze the private sector within reasonable overall credit growth, it adds.

However reducing the need for bank borrowings must comprise policies to both increase revenues as well as reduce expenditures. An increased revenues effort, it adds, will also enable the government to eliminate the need for expensive Euro-dollar borrowings for general budget support. Use of such finance, the bank states, should be limited to specific investments which are clearly self-financing in foreign exchange.

The bank notes that it may not be easy to reduce expenditure, growth, but however painful, these steps must be taken.

The recurrent budget the Government must continue to reduce the burden of consumer subsidies and transfers, while means must be found to shift some of the investment bulge in 1982-84 into 1985-86 where there are large unallocated provisions.

The report also predicts the recurrent expenditures after 1982--will increase mainly due to the provision of drought relief, the decision to index civil servants' salaries; higher capital expenditures as well as the need for certain transfers, including transfers to cover the losses of Air Lanka, working capital requirements of the Urea factory and a commitment to loan funds to a commercial hotel complex.

If subsidies and transfer payments are not kept at nominal levels, and borrowings not controlled, the pressures of inflation and balance of payments could exhaust international reserves by early 1984 and force the Government into drastic economic measures, the bank warns.

The report states that a sound budget alone will not be sufficient to bring about the required improvement in the balance of payments. It will need to be accompanied by a realistic exchange rate policy which takes account of inflation in Sri Lanka relative to abroad. It will also mean more direct measures such as energy conservation and exports development.

The bank concludes that if early measures are taken it should be possible for Sri Lanka to regain the adjustment momentum of 1981, and begin moving once more towards sustainable deficits in the budget and the current account in the balance of payments.

In particular, Government and aid donors must exercise maximum restraint in introducing new projects to the investment programme before 1985.

The Bank recommended to the Aid Club project aid commitments of about 475 million US dollars in 1982 and only about 205 million US dollars for 1983. It also recommended food and commodity aid commitments of about 200 million US dollars in 1982 and 250 million in 1983.

Sri Lanka's aid needs have changes with a shift from project aid to food aid, the Bank says in making its recommendation.

WORLD BANK COMMENDS ECONOMIC PERFORMANCE

Colombo DAILY NEWS in English 14 Jul 82 pp 1, 13

[Text] While the World Bank and the donor community had been generally complimentary of Sri Lanka's economic performance during 1977-82, at last week's Tokyo meeting of the aid consortium, they had noted certain laxities creeping into the financial management and control structure this year.

Authoritative Finance Ministry sources said yesterday that tight economic management enforced since 1980 when inflation nudged 35 percent and the deficit in the budget and the current account balance of payment reached astronomical proportions had been warmly commended.

"But they have noted supplementary estimates from nine ministries coming in again this year," a ministry source said.

Inflation in 1981 was down to 18 percent and 2,7 percent in the first six months of this year according to official figures. The 1982 figures, though contested in some circles, has been accepted by the aid agencies and the donor countries.

Despite general acceptance of the country's economic performance and the pledge of continuing aid, the donor community signalled a strong warning that the period 1982-1986 was going to be economically difficult for Sri Lanka.

"We were told that every effort must be made to reduce government expenditure to reasonable proportions. Apart from this, we shall have to try very hard to increase revenue and mobilise as much local resources as possible. Budget deficits during this period will have to be contained to reasonable proportions.

"The deficit in the current account of the balance of payment was considered alarming and we shall have to make every effort to reduce it," these sources said.

Particularly significant was the belief of most donors that "a more realistic exchange rate was absolutely essential." In this respect a strong effort to increase production and step up exports will be necessary. Thinking at the Tokyo meeting was that it would not be possible to maintain the liberalised economy without stepping up exports.

Sources said the plantations had come in for some severe criticism. The need to strengthen their agricultural, financial and management structures had been stressed.

Other matters that had been emphasised included the need for urgent measures to conserve energy, the need to increase net foreign exchange earnings from tourism, the FTZ and investments with foreign companies and groups and the need to divert investment from long gestation to quick-yielding projects.

Attention had also been drawn to the increase in Sri Lanka's commercial borrowings and the government was alerted to keep a sharp check on this.

Other matters of importance emerging at the aid meeting included: emphasis on sound population programmes; projects for technical training to replace skills going away to the Middle East; the deterioration of the country's administrative structure and the need for reforms and a vigorous export drive and dynamic export techniques. Marketing had been considered one of the country's big failures.

The Scandinavian countries and the Netherlands had stressed that the country's social welfare measures and achieving distributive justice of the fruits of economic growth must continue to receive priority. They argued that big schemes like the Mahaveli were taking too many resources from social welfare.

These countries had argued that one of the major reasons for their increased aid was to help Sri Lanka to maintain its standards of an acceptably high physical quality of life.

"The entire community emphasised that no new projects be contemplated at least till 1984 when the present hump in expenditure will be cleared," these sources said.

CSO: 4220/267

FINANCE MINISTER ASKS FOR FOREIGN DONOR SUPPORT

Colombo DAILY NEWS in English 9 Jul 82 p 1

[Text]

Finance Minister Ronnie de Mel yesterday told the aid consortium meeting in Tokyo that Sri Lanka will require the understanding of the donor community to continue the basic thrust of the 1977 policy reforms.

"The management of the economy during the period 1982-86 is not going to be easy", he said.

Mr. de Mel said that for the next two years the country will not be able to undertake any new projects owing to resource constraints and urged donors to examine the possibility of filling financing gaps on on-going projects.

He also suggested provision of sector credits and additional quantities of commodity and food aid which he said would enable the country to tide over these two difficult years.

The minister stressed the excellent mutual understanding and close co-operation the government and people of Sri Lanka have had with the generous donor community. He was confident that these relations would prevail.

Reviewing the period

between the election of the present government in 1977 and the present, and the direction of the new economic policies, the minister said that the government had demonstrated an ability to stand up to the vagaries of an adverse international climate- as well as unforeseen developments within the country's own economy.

"We've had our economic problems like most governments during this period. It has never been smooth sailing" he said.

Mr. de Mel made the point that the government had taken many difficult political decisions, achieved a substantial growth rate and not neglected social welfare.

He admitted that exports had not been able to keep up with the demands of a liberalised economy and it was possible to sustain these policies only because of the generous assistance of the donor community.

"Indeed, without your support the liberalised economy and investment programme, would not have been viable at all", he said.

JAPAN PLEDGES MORE AID

Colombo DAILY NEWS in English 9 Jul 82 p 1

[Text]

Finance Minister Ronnie de Mel had a meeting with Japanese Prime Minister Zenko Suzuki, at the Prime Minister's residence in Tokyo, on Wednesday.

Ambassador Susantha de Alwis, Dr W. W. Tillekeratne, Secretary to the Treasury and officials of the Japanese Foreign and Finance ministries also participated.

The Finance Ministry said in Colombo yesterday that discussions covered the range of economic co-operation between Japan and Sri Lanka. Mr. Suzuki announced that his country would provide assistance totalling

16 billion yen in addition to the grant aid already pledged this year.

Mr. de Mel thanked the Japanese government for its continued assistance for Sri Lanka's development program and Tokyo

for hosting the Sri Lanka Aid Consortium Meeting for the second year in succession.

The Tokyo talks also covered world economic problems and issues raised at Versailles.

Mr. Suzuki conveyed his best wishes to President Jayewardene and Prime Minister Premadasa on behalf of the government and people of Japan.

In lighter vein the Japanese Prime Minister remarked that while his country had gifted a thousand-bed hospital to China they were giving a fully equipped thousand-and-one bed hospital to the new capital in Sri Lanka.

CSO: 4220/247

FOREIGN FUNDS APPROVED FOR DEVELOPMENT

Colombo SUN in English 10 Jul 82 p 7

[Text]

TOKYO, July 9, (Reuter) — Group of developed countries and international aid organisations today agreed to lend Sri Lanka 667.7 million dollars this year for its development programme, diplomatic sources said.

Sri Lanka is in the midst of a two billion dollar spending plan to establish irrigation schemes fed by four dams along the Mahaveli that are being built by British, German, Swedish and Canadian construction teams.

The 14 developed countries and three international agencies, including the World Bank and the Asian Development Bank, met here for two days as the "Sri Lanka Aid Group" to discuss its development plans and economic situation with senior Sri Lankan officials, including Finance and Planning Minister Ronnie de Mel.

Addressing the group, Mr. de Mel said Sri Lanka had faced difficult times recently, with the Government having to raise prices of essential commodities such as rice, flour, bread, sugar and milk foods.

"These are politically very difficult decisions which no Government likes to take, but the Government has been bold enough to take them. In addition, we have had to face the increasing barriers placed by developed countries against our relatively small industrial exports," he said.

He said Sri Lanka's problems were aggravated during the

last two years by severe droughts, which the Mahaveli project was designed to combat in future.

The project, started in 1980, is expected to take a decade to complete and the Aid Group funds form the basis of its financing. Aid last year was about 800 million dollars.

These funds have become even more vital to the country in the light of deteriorating world economic conditions, with Sri Lanka suffering from declining world prices for its main exports.

Said Mr. de Mel: "The performance of our traditional and most important exports of tea, rubber and coconut, has been most disappointing, partly due to the adverse movements in the world market prices and partly due to the neglect of these plantations in the past."

Nevertheless, he said, Sri Lanka's development programme needed to progress, having now gathered momentum.

"Men, materials and finance have been mobilised and it is well-nigh impossible to stop or slow down work especially after contracts have been awarded and agreements signed," he said.

Japanese Foreign Ministry sources, detailing the Japanese Government aid pledge, said 16 billion yen (61 million dollars) would be extended to Sri Lanka in the current financial year, a large part to help improve the Airport in Colombo.

ADB AID FOR RURAL CREDIT PROJECT

Colombo SUN in English 19 Jul 82 p 11

[Text]

The Asian Development Bank has agreed to grant Sri Lanka 10.9 million US dollars for the implementation of the Sri Lanka Rural Credit Project.

The rural credit project covers farm power equipment, irrigation and, rice milling facilities, supporting services and facilities, local expenditure for draught animals and a rural credit training institute.

The executing agencies according to the Central Bank will be the Bank of Ceylon, the People's Bank the Water Resources Board and the Central Bank.

The Monetary Board of the Central Bank has approved an allocation of Rs. 137.0 million for provision of refinance to the Bank of Ceylon and the People's Bank to operate a comprehensive credit scheme for financing the purchase of the necessary items.

All loans under the credit scheme will be repayable over five years except loans for four wheel tractors and sprayers which would be repayable in seven years and three years respectively

According to the Central Bank, the success of the scheme rests mostly on efforts of the agencies involved to motivate farmers to participate, and on the incentives offered to bring this about.

The Bank of Ceylon and People's Bank will provide credit facilities supported by Central Bank refinance, through their branch net work for the purchase of the items mentioned above. The two banks will set up special project units named "Asian Development Bank Rural Credit Project" manned by project managers to implement the project.

To co-ordinate the project and to liaise with the ADB, a project co-ordinating committee represented by the Central Bank, the two banks, the Water Resources Board, the Ministry of Agricultural Research and Development, the Ministry of Finance and Planning and the Ministry of Food and Co-operatives has been established at the Department of Rural Credit of the Central Bank.

The project area covers 10 districts, all of them in the dry and intermediate zone. The districts that will benefit by this scheme are Amparai, Batticaloa, Badulla, Hambantota, Jaffna, Mannar, Polonnaruwa, Puttalam, Trincomalee and Vavuniya. The Bank of Ceylon will commit a total of 78 of its main and ASC branches to this project while the People's Bank will commit 80 main branches.

IDENTITY CARDS PROPOSED FOR SECURITY ZONES

Colombo SUN in English 23 Jul 82 p 1

[Article by Aruna Kulatunga]

[Text] Lankans may be compelled to carry their National Identity Card (NIC) to areas designated security zones.

The lines on which this should be enforced is now receiving the attention of the Defence Ministry. It has already consulted the Attorney General to ascertain the legal implications and whether fresh legislation is necessary.

The move follows top level discussions at the Defence Ministry in which police top brass and officials of the Department for the Registration of Persons participated.

'SUN' learns that the problem has arisen particularly in regard to the identification of persons in the north where investigations into terrorist activity are being carried out.

The Ministry has been receiving complaints of mistaken persons being questioned or taken into custody in regard to investigations. Hence the possession of an identity card, it is pointed out, would obviate such a situation.

According to official figures, nearly 8.3 million identity cards had been issued up to last month.

However, according to top officials of the Department, only persons over 18 years of age are being issued with these identity cards. Officials figure that the number of persons who are eligible for these cards and who have sent in their applications may be around 500,000.

'SUN' learns that moves will be made to expedite the processing of these overdue applications before the new legislation is brought into effect.

Sources pointed out that much of the delay in issuing identity cards is because of the incorrect filing of the application forms and lack of all necessary documents.

CSO: 4220/467

EDITORIAL VOICES ALARM AT ECONOMIC SITUATION

Colombo SUN in English 17 Jul 82 p 7

[Text]

Over seventy per cent. of the people living in this so called "resplendant isle" do not seem to lead happy and contented lives. As far as their economic well-being is concerned, that is.

According to official estimates, several millions earn less than three hundred rupees every month. The figure seems to grow almost overnight.

For instance in 1979 only seven million people were entitled to have food stamps because their monthly income registered minus Rs. 300. But a recent survey had revealed that an additional two million people qualify for the food stamps scheme.

Proliferating economic destitution is certainly detrimental in a strict political sense to the party in office. That is why urgent measures are vital particularly in the light of an impending Hustings.

But the government is facing a serious crisis. It is akin to the much hackneyed "between the devil and deep blue sea" situation. For there seems to be no visible solution to its liquidity problem. It cannot afford to shower the poor (who are in a politically significant number) with subsidies. That will only create untold economic misery at national level sending all the development projections haywire. Besides it could generate an inflation from which the country will never recuperate in the years to come.

Resorting to welfarism cannot therefore be a solution to the crisis at hand. Even the international agencies including the World Bank and the IMF have cautioned Lanka against the consumption option as against that of development.

The latest Aid Group report underlines the need to prune down subsidies and expenditures if Lanka is to

survive the on coming crunch in the next year. This indeed is painful alternative. And how the government plans to overcome the malady is simply inconceivable.

A completely new economic crash programme has become imperative. This is the time for the eggheads and the thinktanks of the government to prove themselves not only with an idea to win the electoral support but to improve the lot of rural masses who are about eighty per cent. of the population.

Even if the next budget will be a "sunshine" one for obvious reasons, the government should be mindful of the budgeoning economic gap between the haves and the havenots in the country. Every effort should be made to reduce this menacing reality.

For experiences in other Third World countries that experienced similar conditions have culminated in political disaster.

FINANCE MINISTER REPORTS ON LOW EXPORTS

Colombo THE ISLAND in English 15 Jul 82 pp 1, 3

[Article by B.C. Perera]

[Text]

THE Minister of Finance and Planning, Mr. Ronnie de Mel, has told the Cabinet following his recent visit abroad, that while the GCEC should not lay too much emphasis on the quantity of goods exported but on the amount of foreign exchange earned, the tourism industry too should not emphasise on the number of tourists coming to the country, but the amount of foreign exchange that the country was earning.

The Cabinet spokesman, Minister of State Mr. Anandatissa de Alwis, said that Mr. de Mel reporting to the Cabinet about his recent discussions in Tokyo warned of the very great need for financial prudence in the circumstances of world prices for Sri Lanka commodities. Its export performance has been low, but unavoidable and this was understood by the Aid Group.

He said that the apportioning of priorities has to be considered very carefully. The allocation of money and attention on health and education, must be maintained because this has enabled to place Sri Lanka in very high esteem of the world where the quality of life was concerned.

The Minister had also pointed out that strict control had to be employed on supplementary estimates which contributed to

creation of larger Budget deficits.

Approval was given to a proposal made by the Prime Minister Mr. R. Premadasa to set up a Gramodaya Mandalaya Fund. This fund would assist in service facilities, strengthen village economy help in the village social development and assist in community development. These assistance would be given through the DDCs. A board of governors for the Fund would also be appointed and the Fund would be entitled to accept donations financially and in kind from local and foreign sources. The Government would make the Fund going with an initial contribution of Rs. 1 million.

On a recommendation made by the Minister of Lands, Land Development and Mahaveli Development, Mr. Gamini Dissanayake, the Cabinet decided to set up a Consulting Services body for Water Management under the Mahaveli Diversion Programme.

Mr. Dissanayake had said that with bigger reservoirs coming into operation efficient water management was necessary. If not water which was a national asset would go waste, nullifying the massive amounts of money spent on these projects. Countries such as Canada, Netherlands and United Kingdom have expressed interest in the scheme.

STORAGE KEY TO PADDY PROBLEM

Colombo DAILY NEWS in English 12 Jul 82 p 4

[Article by Lalitha K. Witanachchi]

[Text]

In the last decade, owing to improved irrigation facilities, there have been significant increases in paddy production.

The average national average has grown from 48 bushels per acre in 1971 to 58 bushels last year. Local production of rice under the Mahaveli and other schemes has increased so much that after meeting the national needs of rice, Sri Lanka may have to enter the export market.

While increasing harvests augur well for the country as a whole, the farmer who toiled is faced with the problem of storage.

Few farmers have homes large enough to have an 'Atuwa.' So most farmers store their grain in gunny bags. But the grain stored in these bags gets easily mildewed in rainy weather. They can also be attacked by rodents.

Protecting grain from rodents is a serious problem. A female rat propagates some 800 young in one year. Everyone of them eats 9 kilograms of grain per year. The losses are great.

Storage space in the Paddy Marketing Board warehouses is inadequate. Therefore the farmer is compelled to dispose of his crop at a low price at a time when there is a glut in the market.

At this stage the middleman steps in. He has the capital as well as storage facilities in his own warehouses.

The result is he can sell the rice at a high price during the off season.

On the other hand if the farmer could store some of his excess paddy, in the farm itself, he could get a better income during the off season.

To help the farmer with his storage problems at farm level, an evaluation of indigenous storage structures was undertaken by K.B.Palipane of the Rice Processing Development Centre at Anuradhapura.

A special study was made of the 'Bissa', a traditional storage structure that has been used by peasants for centuries. It is a damp-proof, wattle and daub structure with a straw roof, and can stand in the farmer's own compound.

The Bissa is a storage structure found in agricultural communities in Asia and Africa. Its design varies from community to community and with slight modifications, has been found to be an inexpensive means of storing grain. It can be made from jungle timber, mud and straw that are easily available in the village.

The storage capacity of a Bissa is 25 bushels to 500 bushels.

In the Anuradhapura R.P.D.C. study it was found that paddy could be stored for 6 months. The study showed that the structure was completely weather proof even during the heavy north-east monsoon rain in Anuradhapura. The grain was not attacked by rodents.

However the structure was found to be not entirely rodent proof, for rats could climb the poles that supported the Bissa.

There was also some damage by termites who had built nests on the inner surface. But if precautions are taken to prevent this, the Bissa is a good storage structure.

Traditional methods must not be discarded in a hurry. They are time tested. With modifications they can be employed in this modern age.

The inherent skill of the farmer is seen not only in his cultivation of paddy, but in activities that follow.

In all rice growing countries the grain is sun dried and cleaned of impurities such as harmful insects, roots and stalks.

The farmer has the experience to examine grain quality by his sense organs. When the paddy is spread out and sunned he feels the moisture by hand, sensing the odour by nose. He picks a handful of grain and as it slips through his fingers he knows if it is dried properly. The noise is clear and crisp. He bites a grain and from the feel of the kernel he knows that the moisture is low.

It will be a great incentive to the farmer if a loan could be provided for him to construct his own Bissa, with a few modern alterations.

These peasant-built silos are a simple but effective way to store paddy for a period of at least 2 years. Some Bissas have been known to store grain for longer periods.

It is important that our country should not only grow rice to feed her people, but should take every care to store it in good condition, not only at commercial level, but at farm level as well.

BRIEFS

MINISTRY EXPATRIATE AFFAIRS DIVISION--The Foreign Ministry has now set up a separate division under its purview to watch the interests of Lankan expatriates all over the world. The head of this Expatriates Division, Mr J. Nakkawita, said their specific task would be to find solutions to the various problems faced by Lankans now abroad. Our expatriates can now refer their problems and grievances direct to us, so that we may take speedy remedial action, he said. [Text] [Colombo DAILY NEWS in English 9 Jul 82 p 1]

JAFFNA STREETS DESERTED--Very few people are now seen on the streets of Jaffna after 7 p.m. Cinemas no longer screen a second night show. Though buses are keeping to schedule and plying their various routes after dusk, there are very few passengers. It is alleged that some men in uniform had assaulted a group of persons at the Jaffna bus stand who were waiting to go home after the first evening cinema show. [Text] [Colombo DAILY NEWS in English 12 Jul 82 p 7]

STUDENT SUBVERSION--The Intelligence Services Division (ISD) has informed the Ministry of Education that some people in the teaching profession belonging to a prominent left party were making subtle attempts to make use of school children to further their political ends. The ISD has said that it has observed that these elements had mapped out a long-term plan to make use of schoolchildren to further their objectives. This group did not make direct attempts to involve school children. Instead they involved school children indirectly, the ISD has noted. The modus operandi of these teachers is to establish a close relationship with children in lower grades by going out of their way to help these children in their school work. It has been observed that the teacher-pupil relationship is far stronger than it is normally. In a few years time, these close bonds would lead the children to getting involved with their teachers' political party, the ISD has noted. The ISD became alert and began investigations just after certain schools in these areas organised a boycott with regard to some of the recommendations in the White Paper which was debated in Parliament recently. [Text] [Colombo THE ISLAND in English 11 Jul 82 p 1]

CIVILIAN HARASSMENT COMPLAINTS--The leader of the Opposition, Mr A. Amirthalingam and the MP for Udupiddy, Mr T. Rasalingam are scheduled to meet Brigadier Ranatunge at the Army Headquarters at Gurunager over complaints of harassment of civilians at Nelliaddi. Members of the public travelling in buses, vans and coaches are subject to heavy search at Nelliaddi where four policemen were shot dead last week. Complaints have been received by the elected MPs that

women and young girls have been "handled roughly" by certain security personnel under the pretext of searching. Incidents have also been reported of civilians being assaulted uniformed personnel. There are no late night shows in Jaffna at present following the assault of people coming after a film from a theatre. Melliaddi is today a "ghost town" after 6 p.m. while Jaffna goes "dead" by 8 p.m. although there is no curfew in force. The reason for this is attributed to the spate of incidents of assaults on civilians all over Jaffna. The T.U.L.F. Parliamentary group which met at the office of the T.U.L.F. President Mr M. Sivasithamparam expressed grave concern about the situation prevailing in Jaffna and decided that representations should be made to Brigadier Ranatunge and even to the President Mr J.R. Jayewardene if necessary. The proposed amendments to the Constitution were also discussed at length at the meeting. [Text] [Colombo THE ISLAND in English 13 Jul 82 p 1]

KUWATI FUNDS FOR MAHAWELI--A soft loan of Rs. 880 million (44 million US dollars) has been granted to Sri Lanka from the Kuwaiti Fund for Arab Economic Development for the downstream development of the Mahaweli basin. The money has been set apart for irrigational facilities for the downstream development of the areas served by the Victoria and Maduru-Oya reservoirs. The total amount granted by the Kuwaiti Fund to India, Sri Lanka, Kenya and Zimbabwe stood at 38,460,000 dinars (142 million dollars) according to four agreements signed by the Fund with the four respective countries. Out of this sum, about 50 million dollars will be loaned to India to finance a fertilizer project. [Text] [Colombo THE ISLAND in English 15 Jul 82 p 1]

DEFAMATION LAW--Justice Minister Nissanka Wijeyaratne has proposed a package of anti-defamation laws under which a newspaper can be closed on the mere filing of a defamation plaint against it. Under the proposed laws, it will be mandatory of a newspaper, if an action for defamation is filed against it, to cease publication until the conclusion of the trial. To achieve this object, it is proposed to amend the existing provisions in the Civil Procedure Code pertaining to defamation. Another amendment proposed by the Minister was to make it obligatory for a newspaper sued for damages in a defamation case to furnish case security or mortgage its properties when it files answer. Amendments have also been sought to enable special judges to be appointed to hear defamation cases and ensure that hearing is continued without a break until the conclusion of the trial. According to informed sources, this package of anti-defamatory laws is before Government and is likely to be referred to a Ministerial sub-Committee. [Text] [Colombo THE ISLAND in English 18 Jul 82 p 12]

CSO: 4220/266

IRAQI CHARGE IN BANGKOK DENIES MERCENARY RECRUITMENT

Bangkok SIAM MAI in Thai 19 Jun 82 pp 24-28

[Interview with (Nu'aym) Al-Khalil, the Iraqi first secretary and acting charge d'affaires in Thailand; date and place not specified]

[Text] [Question] Concerning the reports about Thai volunteers being recruited to go fight in Iraq, why has the embassy said that this is just "propaganda aimed at harming Iraq?"

[Answer] These reports are in fact just propaganda. Those who are spreading these stories want to destroy the good relations between the Thai and Iraqi governments and between the people of Thailand and Iraq. As we have already pointed out, if the Iraqi government wanted volunteers to go fight, it would do things through the embassy. The reason that we have an embassy here is to support the various activities between the two countries.

Thus, how could the Iraqi government want to hire security units or mercenaries to fight Iran without the Iraqi embassy knowing about this? I think that those who have announced that they are recruiting such volunteers are doing so for personal profits, and they certainly do not have good intentions toward the Thai people. As far as I know, at present, there are approximately 25,000 Thai workers in Iraq. Each month, these workers send 300 million baht back to Thailand. I think that this is a large sum of money. Those who have spread such stories have harmed these workers and damaged the good relations between the two countries.

Another thing that I would like to mention is that, at present, there is not one foreigner helping the Iraqi army fight Iran. Why would we need to hire Thais to help fight? According to the reports, they want to recruit 50 Thais [now] and they need a total of 300 Thais. I don't think that this number of men would be able to help Iraq in any way in view of the fact that the war has been going on for 2 years.

This is why we have said that this is just propaganda that is of no benefit to the people of Thailand or Iraq. This is because relations between us have always been good and we have constantly tried to preserve the good relations. At the same time, the Thai workers in Iraq are doing a very good job. We

can say that the Thai workers are the best. Among those workers from Arab countries, we have 2 million Egyptian workers. And we have more than 50,000 Indians. In addition to these, there are workers from Pakistan, Bangladesh, Korea, China and many other countries.

As for the Thai workers, I do not think that there are any problems since we look after them well. I do not think they have any problems.

[Question] But concerning the recruitment of mercenaries to go fight abroad, in the past this has always been done secretly. Isn't it possible that some other sector in Iraq is doing this?

[Answer] There are no secrets between the Iraqi government and the Iraqi embassy. We need to know everything. I want to say that the system in Iraq is not like that in the other Arab countries. The government and Revolutionary Council are responsible for everything. We are the representative of the government and Revolutionary Council. The first one to know any secrets would be the Iraqi embassy in Bangkok. I do not think that our government would do anything secret without informing us.

[Question] Has the embassy conducted an investigation in order to determine definitely whether or not the companies that have announced that they are recruiting volunteers have a contract with the Iraqi government or some other sector?

[Answer] I do not know about these companies and I do not think that such companies exist. But if they really have contracts to hire people, why don't they show these contracts in their recruitment announcements? I hope that the Thai government is investigating this matter.

[Question] But from what has been learned from the Labor Department these companies have had contracts to hire people and they have in fact sent workers abroad.

[Answer] As for Iraq, if they really have contracts, they must show them to us. The important thing is, who will give them a visa? How can they leave Thailand without going through us?

[Question] I would like to ask about what is happening in the war between Iraq and Iran in this period, especially after Iran reoccupied the port city of Khorramshahr.

[Answer] Nothing has changed. Iran has retaken one of its cities. Khorramshahr is in Iran. At the same time, we want to return other areas to Iran without fighting. Our goal is peace. And another aim is that there not be interference in the internal affairs of any country. We do not want Iran to interfere in our affairs.

At the same time, we do not want to interfere in the internal affairs of Iran. What we do want is our territorial waters -- the Shatt Al-Arab River -- and our territory. I think that, at present, Iran is in a terrible situation, especially with regard to its internal political situation. But in Iraq, we are very strong. We want peace. Thus, regardless of whether Iran reoccupies Khorramshahr or some other city of theirs, we never intended to take possession of Khorramshahr or any other city of theirs. The only thing that we want is our border territory. And we are making every effort possible to end the war. We hope that Iran agrees.

[Question] Is there any hope for peace in the near future?

[Answer] We are doing everything we can and we hope that Iran agrees. They should have realized by now that war cannot solve the problems. And as I have said, Iran is well aware of the fact that we do not want any of [their] border territory since Iraq already has everything it needs. We are wealthy enough already. We do not want anything from Iran.

[Question] Is the only major problem in the dispute the Shatt Al-Arab River basin?

[Answer] That is only one of the basic problems. Another problem is the interference by the Iranian government, and Iran's system, in the internal affairs of Iraq. They have bombed some of our schools and universities. They have sent people to assassinate our political leaders. Six months before the war broke out, we sent diplomatic officials to discuss matters and to ask them to stop such actions. We sent more than 200 protests. They never answered us even once. And then on 4 September (1980), they started firing artillery into various border cities in Iraq. They fired at us from the 4th to the 22nd. We did not counter this in any way except to send five protests to their embassy requesting that they cease such actions. But, again, we did not receive an answer. Their response was to start firing on several other cities.

[Question] According to recent news reports, Iraqi fighter aircraft have penetrated to Tehran. Does this mean that the war is now expanding?

[Answer] Our fighter aircraft have penetrated as far as Tehran and other cities but we did not bomb these cities or destroy anything. This was a warning by us that if Iran does not stop firing on our cities, we have the capabilities to attack them everywhere. Our fighter aircraft have not dropped any bombs. We have just warned them to stop firing artillery into our territory.

[Question] Does this mean that Iraq can bomb various cities to the point where Iran will surrender?

[Answer] It is not our intention to end the war by bombing Iran since that would not mean the end of the war. What we want is for the two armies and the two countries to sit down together at the negotiating table and find a way to end the war. We do not want Iraqi or Iranian cities bombed.

[Question] According to recent reports, the Arab countries in the Persian Gulf have offered Iran \$25 trillion [as published] if Iran will stop fighting Iraq. Do you think there is any truth to this?

[Answer] That story appeared in the Thai press. We have not received any official reports about this. Thus, I cannot tell you whether Iran has accepted or refused this. However, we are not involved in any way with this money.

[Question] Concerning the 7th summit conference of the non-aligned countries that will be held soon in Baghdad, is there any chance that these countries will cooperate to solve this problem?

[Answer] We welcome the resolutions of the United Nations, of the Arab countries and of the non-aligned countries. We have accepted various resolutions before. But Iran has never accepted any proposal or resolution. If the non-aligned countries propose a new resolution, we will be happy to discuss it. Our president Saddam Hussein, is a man who wants peace.

Thus, at the last conference that was held in Cuba, the non-aligned nations issued a resolution choosing Baghdad as the site of the next conference in 3 years. This decision was made by the leaders of 90 non-aligned countries. This conference is about to be held in Baghdad. At present, over half of the member countries have issued resolutions to have the conference held in Baghdad. Why does Iran have to fear the decision of these countries?

[Question] A matter that has received much attention is the fact that Iraq has received much help from the Soviet Union. Would you please say something about this?

[Answer] We purchase weapons and necessities from all groups, with the exception of Israel. We have received military support from both the Eastern and the Western countries. We have good relations with the Soviet Union. We have good relations with both the Western and the Eastern countries. And we have good relations with the third-world countries. We accept help from all countries except Israel and South Africa.

[Question] Concerning Iraq's need for laborers, how much longer will this need exist?

[Answer] Speaking frankly, we like Thai laborers very much. They do a very good job, as I have said. They are polite. We still want and need many more Thai workers. But if such propaganda against Iraq continues, we will have to discuss this matter with the government. The stories in the newspapers concerning Thai workers going to help the Iraqi government wage war, concerning Thai workers dying in Iraq and concerning Thai workers having to lead very hard lives in Iraq are completely false. We greatly need Thai workers, as I have said. But we do not want to have problems with the Thai people or the Thai government just because of a few people who do not want Thailand and Iraq to have good relations.

I hope that the Thai government investigates this matter in order to discover the facts. We are doing everything we can to keep the Thais in Iraq out of danger. But in Thailand, just the opposite is said. There are people from more than 10 countries now working in Iraq. But no one has complained about the work and living conditions in Iraq. The stories about Thai workers started appearing last month. These stories have focused on Iraq; nothing has been said about other countries in the Middle East. There has to be some hidden motive for this. And after an investigation is conducted, I hope that the facts are printed in the newspapers so the Thai people learn the truth.

[Question] The stories have said that the lives of the Thai workers in Iraq are very hard. Would you please say something about this?

[Answer] A Thai delegation visited Baghdad for only 3 days. I do not think that they could have surveyed the living conditions of all the Thais living in Iraq. There may be problems in a few places that can be solved easily. But concerning the delegation's statement that there is a great shortage of food in Iraq, I do not think they could have said this. They also said that women cannot work in Baghdad. This is not true. I think that if they had wanted to conduct an investigation in order to discover the facts, they should have gone and talked directly with the workers at their places of work. They should not have talked to people who wanted to return home, since these people may have wanted to return home because of family problems or because of other reasons, and then printed what these people said as if it were the truth.

No one can survey all 25,000 Thai workers in just 2 days. In particular, the Thai workers do not all live in Baghdad. There are also Thai workers in nearby towns and in remote areas.

As for Iraq, we are glad to welcome all delegations. But we hope that they will tell the truth when they return. And they are welcome to stay in Iraq as long as they want in order to determine the facts. I think that if there are any problems, they can be solved by the two governments. Our countries can solve any problem if we help each other. And the 25,000 workers definitely have some problems. It is the same in Bangkok. Among that number of workers, there will be problems. This is true everywhere. This is common. But [the delegation] should not have returned and talked about the minor problems and then printed stories in the newspapers saying that the Iraqi government is not treating the Thai workers well.

One fact is that only 20 percent of the workers are working there on government-to-government contracts. The other workers are the affair of foreign companies in Iraq and employment agencies in Thailand. The Iraqi government has nothing to do with these work contracts. But if any of the workers in this 20 percent who are working with the Iraqi government have any problems, they can come to the embassy and file charges against the Iraqi government. I would be glad to provide help in order to have people go see the workers who are living in these terrible conditions.

We are making every effort possible to see to it that the Thai workers are protected by Iraqi laws. The problems are with the work contracts made between the employment agencies here and the foreign companies in Iraq. Thus, the Thai side must watch the employment agencies here to see if they are doing things in accord with the law. As for us, it is our duty to give them protection while they are in Iraq.

[Question] Concerning those workers who are not under direct contract with the Iraqi government, do you have any proposals for solving the problems?

[Answer] We are giving them as much help as we can. We have gotten involved in the internal affairs of the foreign companies many times in order to protect foreign workers who are working for them.

11943

CSO: 4207/110

POLITICIANS, EX-POLICY MAKERS COMMENT ON KHMER COALITION

Bangkok SIAM RAT SAPPADA WICHAN in Thai 4 Jul 82 pp 4-6

[Article: "The Policy Toward Kampuchea After the Formation of the Tripartite Khmer Coalition Government"]

[Excerpts] What Thailand's policy toward Kampuchea will be like after the formation of the tripartite coalition government is a matter that is being discussed widely and it has become such a major issue that people have started saying "do not speak for Vietnam."

SIAM RAT SAPPADA WICHAN feels that this is a matter that is just as important as the internal problems. And to show the importance we attach to this matter, we are presenting the views of people who are particularly knowledgeable about this.

Upadit Pachariyangkun, the Former Minister of Foreign Affairs

This is a delicate matter. Concerning uniting the three Khmer factions, as is known, efforts and negotiations to form this government have been underway for more than a year. In the end, the conference at Singapore failed to achieve any results. At the last minute, we thought that the attempt had failed, but after Sitthi (Sawetsila) returned from China, there were reports that the three Khmer groups had united. The Asean countries favored forming a tripartite government and Thailand played a very active role in bringing this about.

Concerning this idea, there are both pros and cons and both good and bad results. The good thing is that it was Asean's wish to help preserve Democratic Kampuchea's seat in the United Nations.

Conversely, if we expect help from various countries but do not receive such help, things will be worse. Because of the effect of the seat, there may be bad results. In implementing our policies, we must consider our national interests first. And we must take into consideration the fact that conditions in our country are different from those in Asean. We are a frontline country that borders the instigator (Kampuchea). We must give great attention to the question of whether or not what is done will affect our interests.

Don't forget that the Khmer coalition was formed in order to oppose [Vietnam] using any method. Opposing them politically has not succeeded. If success is to be achieved, they must be opposed militarily. Since the three Khmer factions have united, they may ask for weapons. We may tell them that we will not provide military support. Economic and political support have been given but they have not succeeded. Now, if we do not give them military support, the great powers may become involved in the conflict between Kampuchea and Vietnam and this would make things even worse.

Since the Khmer coalition has been formed, these people will look for help and the great powers will expand their influence. This has already happened, and it will affect Thailand, if not directly then indirectly. Why do we have to get involved in this! Something might happen. We don't know what Vietnam is thinking. They are certainly unhappy. But it depends on how strong Vietnam is and we cannot estimate this. If they really fight, this may not be good for us. If something happens, there will be great turmoil. There should be some other policy that will guarantee our security better. From now on, the government must be very careful in how it carries on its policies. If it makes a mistake, things will become very dangerous. It must be very careful.

We must be very careful about what help we provide. Providing military support is dangerous. If we consider things first and do not just discuss giving them things, I do not think that we will make a blunder. How much can we do?

It is very difficult to remain neutral at present. Speaking frankly, we should not have gotten involved at all. We are no longer neutral. All right, that is past now. If we provide them with military help, this will have a great effect. We should not do this. We cannot give them such help. If we do so, we will be directly confronting the occupiers.

Wong Phonninon, the Former Deputy Minister of Foreign Affairs and an MP From Nong Khai

Asean, China and the United States support the goals and policies of the Khmer coalition. Speaking frankly, there are two goals: The first is to carry on political and military actions in order to eliminate the Khmer group of Heng Samrin and drive the Vietnamese soldiers, who are said to number 200,000 men, out of Kampuchea. The second goal is to apply pressure in order to force Vietnam to withdraw its troops from Kampuchea in accord with the resolution of the United Nations and in accord with the view of Asean and, at the same time, to have the Khmer coalition recognized by foreign countries.

We have to consider the fact that, regardless of how the Khmer government in Phnom Penh came to power, it has now been in power for 5 years. This government controls most of the people in Kampuchea. But the Khmer coalition that has come into being is very weak. Sometimes, it has to depend on Thailand and flee here in the fight. Thus, concerning the way of fighting that stipulates

that force must be used to fight the Khmer government in Phnom Penh and the 200,000 Vietnamese soldiers, whether this is possible or not depends on the countries that provide support.

The United States has said that it will not provide the Khmer coalition with military support. This is in accord with the fact that the U.S. government and the American people will not allow any more Americans to die in this region. This is because the U.S. government and the American people well remember the Vietnam war.

China has given support to the Khmer resistance forces from the very beginning. But it has not provided much support and it has provided only outdated weapons.

As for Asean, Thailand's attitude, as expressed by the prime minister in the BANGKOK POST, is that Thailand will provide military support. If this statement is true, it shows that Thailand has now revealed this openly. And as for providing military support, from what I have observed, neither Malaysia nor Indonesia will stipulate a policy like Thailand's.

As for what the Khmer coalition will do since it has the support of Asean, China and the United States, it will probably use force, that is, armed force, in the struggle. And no one can say what will happen. There are several examples. For example, in the case of Lebanon and Israel, the United Nations was unable to do anything about the war that broke out.

This policy is not in accord with the United Nation's Charter, which calls for solving problems peacefully without the use of force. And I think that this method conflicts with the policy announced by the government.

The thing that has happened as a result of Thailand sharing a border with Kampuchea is that the country lacks security. And who can ensure that Thailand's security will not be endangered if a war breaks out. In my opinion, Asean will not be able to use force to solve the problems in this region because the other members of Asean will probably put the burden on Thailand. Besides this, there will also be economic damage. In particular, trade with Eastern Europe will suffer.

Another thing that is important is that the border between Thailand and Kampuchea has been disputed ever since the time of the French. The border is still disputed with each side having a different understanding. If force is used in the struggle or if we provide support in the struggle, this will lead to a violation of our sovereignty. I do not believe that Thais want such a policy.

As for the way to solve the problems, when I was in office before General Prem came to power, we felt that the correct way was to reduce the tension. And in that period there were many more problems than there are today. We had become involved in the Indochina war. Vietnam demanded reparations and asked for the weapons that had been left behind. We were able to solve these problems because we really believed in solving the problems by negotiating.

I don't think that the negotiations have to be bilateral negotiations. We must do everything possible to promote mutual understanding. We must play a leadership role in Asean because we are the country in danger. We are the frontline country. We must act in the interests of the country. If fighting breaks out, it will be in our country. We are the ones who will be shelled. Several people have already been killed. Thus, it is our duty to solve the problems in order to reduce the conflicts.

I want to think of the country before thinking of Asean. We should listen to Asean but we should not follow our friends. They must act in accord with our role and our views. Also, I would like to ask whether the Asean countries think about us at all. For example, Singapore has profited greatly from Thailand. Take smuggled ore, for example. We lose hundreds of millions of baht each year when ore is transported from Thailand and smelted in Singapore. If they really thought about being friends, they could talk with us and help solve the problem. But nothing has been done; they act as if they don't know anything since they profit from this.

The important thing is that Vietnam is ready to negotiate with us. And it is ready to withdraw some of its troops from Kampuchea. If we cannot negotiate with them, it will mean that there will be a conflict between us. But we can tell them that the troops that are stationed along the Thai border affect us. They must act accordingly. We can propose a condition that prohibits having troops within 25-30 kilometers of the border.

But to date, our policies, in which we have said that we will use peaceful means, have not been in accord with our actions. We must implement a policy of strict neutrality. We must give primary importance to the interests of the country. We must not side with anyone, regardless of whether it is the Khmer Rouge or the Phnom Penh faction. They cannot use our border area to fight each other. But are we doing things this way? We are carrying on a policy that is not at all in accord with our national interests.

When I say this, I am not speaking on behalf of anyone. I am not taking anyone's side. I am speaking out in order to protect and maintain the interests of all Thais. I am afraid that a disaster will befall the Thai people because of carrying out such a foreign policy. There are many examples. What I have said does not mean that we must "roll over and play dead." We must ready forces in order to maintain our independence and preserve our sovereignty.

As for the seat in the United Nations, this has little meaning for the socialist countries. An example is China. I personally saw that they were not interested. But what happened in the end was that they got a seat in the United Nations.

I think that the matter of someone getting a seat somewhere is their affair. I do not understand why this is our affair. It is claimed that we are helping the Khmer coalition in order to obtain a seat for them in the United Nations. But if a war breaks out, I don't think that the United Nations will be able to defend us.

Most of the officials working in the Ministry of Foreign Affairs are aware of the danger in carrying on the policy that has been implemented. It has been implemented only because high-ranking officials have ordered this.

Mr Kraissak Chunhawan, Professor of Sociology at Kasetsart University

First of all, I would like to discuss whether Thailand's and Asean's, especially Malaysia's, policy of supporting the Khmer coalition government is a policy that is based on the facts. I want to discuss this by looking at the events leading up to the formation of the Khmer coalition government.

Sihanouk is a leader without a power base and he is not very trustworthy since he once sided with the bureaucracy and military in order to suppress the left. At the same time, Sihanouk used international relations, especially relations with China, in order to increase his power. And he was able to survive because of the military conflict in Kampuchea. Besides this, in the eyes of the Khmer Seri, Sihanouk is a deceitful person. Son Sann once said something to the effect that he did not trust Sihanouk. However, Sihanouk has no base except for his relationship with Son Sann.

Son Sann is the most powerful person in the Khmer Seri group. A scholar once analyzed things and presented his findings to the U.S. Senate Foreign Relations Committee. He said that Son Sann was the person whom the United States should give the most support to. Son Sann's base of support was said to be 6,000 combatants in Laos. But data of reporters who had the facts showed that he had fewer than 3,000 men and they were not strong forces. At the end of last year, they clashed with Vietnamese forces. They were routed and had to flee into Thailand.

The Son Sann group is not very honest since it profits from the trade in smuggled goods along the border. In addition, there is a long history of things happening because of the trade profits from cheating the people. Thus, it is difficult for this group to win the support of the people.

As for the Khmer Rouge, I think that the Kampuchean people fear this group the most. Pictures of piles of bones are the symbol of this group that claims to be a revolutionary group. But actually, in the eyes of the Kampuchean people, the Khmer Rouge are just "common murderers. The Khmer Rouge is trying to cover up its bloody past with a superficial policy. For example, last year, it announced that it was dissolving the communist party and that it was no longer a Marxist-Leninist group. It also reduced the role of Pol Pot and Ieng Sary and increased the role of Khieu Samphan.

In any case, I do not think that the Kampuchean people have forgotten the atrocities of the Khmer Rouge. At present, neither the socialist camp nor the international progressive groups in the world recognize the Khmer Rouge and so they have had to rely on international right-wing groups.

Looking at such a history, it is impossible for Asean, China and the United States to hope that the Khmer coalition can serve as a force to liberate Kampuchea.

Concerning the thing that brought about the formation of the Khmer coalition, the Khmer Rouge had to sign the agreement because it realized that in voting to recognize [Kampuchea's] seat in the United Nations, many countries would no longer vote to recognize the Khmer Rouge.

In the past, 70 countries recognized the Khmer Rouge, 35 voted not to recognize them and 31 abstained. Next time, many of the countries that once recognized the Khmer Rouge will abstain. In particular, seven of the ten member countries of the EEC will abstain.

I think that Thailand's past policy has been very bad. And concerning the fact that the prime minister has announced that Thailand will support the Khmer coalition, this must be thought about and discussed with Asean first. Matters must be kept quiet. But what has happened to date shows that we favor a show of strength in solving this problem. This shows that we want the war to continue. And this conflicts with the attitude once expressed by Sitthi Sawetsila, the minister of foreign affairs, who once said that he wanted peace and independence and that he favored remaining neutral in the Indochina problem.

The bad results will be rather clear if we provide military help as in the past. That is, there will be a confrontation. This is a policy that supports war and tension.

Concerning the bad results that will follow, such as the fact that politics within the country will have to rely more on the great powers, it is known that we are already providing military support but if we do so openly, the [chances] of this leading to war are greater.

Economically, this will affect trade with Eastern Europe, especially with the Soviet Union, which last year purchased more grain from Thailand than any other country. Our exports have already been greatly affected.

The Thai government should recognize and give greater attention to humanitarian aspects. That is, it should recognize the various data that show that most of the Kampuchean people, under the leadership of the Heng Samrin government, a coalition government composed of former government officials from the Sihanouk, Lon Nol and Khmer Rouge periods, have helped restore important institutions, in particular, the family, which were destroyed during the time of the Khmer Rouge and the war. At present, at least trade and production in Kampuchea have been restored. Foreign organizations, including UNICEF and EKSAM, have admitted that the standard of living of the Kampuchean people has improved as compared with before.

I do not think that we should provide any more support. We should accept the fact that it is not the Thai government that will be the one to dictate what the Kampuchean people should do.

If Thailand continues to adhere to such a foreign policy, the Ministry of Foreign Affairs will be more concerned with security matters in maintaining a conflict than it is in the domestic economic situation. The Political Department will throw all the resources into security; the Economic Department in the Ministry of Foreign Affairs will not have any importance at all.

Special Colonel Thanat Khoman, the Deputy Prime Minister

Having a coalition group, or coalition government, is a political necessity for us that the entire world, with the exception of Vietnam, recognizes. This is because if the three groups -- Sihanouk, Son Sann and Khieu Samphan -- do not unite, the position of the government of Democratic Kampuchea (Khmer Rouge) in the United Nations will become very difficult. Providing help will reduce their problems. Thus, uniting these three groups was a political necessity.

At present, Vietnam does not have a [Kampuchean] delegate at the United Nations. The United Nations has not recognized [Kampuchea]. Whenever Vietnam has such a delegate to the United Nations, it will mean that Vietnam has been able to occupy Kampuchea both in fact and by law. It is necessary to prevent this from happening. Thus, Thailand wants there to be a coalition government.

What type of help will be provided is a matter for the future. At present, [I] don't know what the limits of our help will be. But we will probably provide food. It would be difficult for Thailand to provide other types of help since our strength is limited.

It would be good if we can avoid having to provide military support. We must build up our own power and will probably not be able to help others.

We face a constant confrontation because we are a frontline country. We do not want a confrontation. But Vietnam is trying to cause trouble. We were not involved in Vietnam's occupation of Kampuchea. When Vietnam sent troops into Kampuchea, they did not ask for Thailand's opinion. This is Vietnam's and Kampuchea's affair. But Thailand has been affected. Thais have had to be moved from the border area away from the fighting caused by Vietnam's occupation of Kampuchea. But Vietnam is trying to turn this into an affair between Thailand and Kampuchea.

There is no need to ask for permission. This is a matter concerning the administrative sector, not the legislative sector. Parliament, in its capacity as the sector that oversees the administrative sector, has already been able to express its views.

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