

**INDIA LIBERALISING AT OWN PACE, MINISTER SAYS.**By **Chaitanya Kalbag**

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MANILA, May 1, Reuter - India is loosening controls on industry, investment and imports but liberalisation must take account of existing conditions, Finance Minister Narain Dutt Tiwari told Reuters in an interview.

Tiwari, in Manila for the annual meeting of the Asian Development Bank, denied there had been a rollback of the liberalisation launched by Prime Minister Rajiv Gandhi in 1985.

"Some people say there is a slowdown. You cannot compare Hong Kong with India. You have to have certain regulations which are a must for conditions like in India," he said.

Tiwari said he had announced a package of surprise concessions to business last week to put new vigour into the depressed capital markets.

He restored investment allowances, withdrawn in 1987, which let companies plough back profits tax free, made export profits tax free and waived or reduced import duties on goods like computer software and selected raw materials.

The Bombay Stock Exchange index shot up 17.79 points to 467.09 last Wednesday as business hailed the incentives. "The stock market reacted very well," Tiwari said.

He said steps taken since 1985 to liberalise India's regulation-bound economy included allowing consideration of the economies of scale in many key industries for licensing, the delicensing of many industries, and modernisation of plant and machinery.

"Many things have been put under the open general licence system. We have also liberalised imports for modernisation, like machinery," said Tiwari, who is also Commerce Minister, pointing to the new three-year import-export policy announced in March.

The policy increased the number of items allowed easier entry under open general licence by 745 to about 2,500.

In his budget for 1988/89 ending March, Tiwari gave limited excise duty relief for some sectors, including textiles, electronics and telecommunications.

Tiwari said India's economy had been hit hard by last year's drought, the worst in many decades. Real gross national product grew by between one and two pct in 1987/88 after 4.1 pct growth in 1986/87, government figures show.

"Our food buffer stocks shrank to about 12 million tonnes from about 23 million. But we have recently imported about one million tonnes of foodgrains as a measure of abundant caution." He said a good rabi (spring) crop would boost agricultural output this year.

Tiwari said liberalisation was difficult because many Indian businessmen were scared of "industrial sickness".

"Those who are now living under a sheltered market will have to compete... Many of them are afraid of going sick," he said.

"Our industry also has to inculcate fully the culture of competition. But it will happen."

He said he was a committed socialist and believed strongly in India's industrial policy, under which "the commanding heights are in the public sector."

"We have a nationalised banking system. So the resources are in the hands of the public sector. Then you have the key core sectors like steel and power," Tiwari said, adding that small industries, many medium-scale enterprises and agriculture were entirely in the private sector.



Tiwari said Gandhi had pledged to loosen investment curbs to attract Japanese investors after a recent visit to Tokyo. "I think the government will consider some steps in the next few weeks," he said.

By Chaitanya Kulkarni

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MANILA, April 30, Reuter - Afghanistan requested on Saturday for the Asian Development Bank to help resettle refugees and repair its war-damaged economy.

Afghan Finance Minister Mohammad Kharl urged the Manila-based bank to resume lending to Kabul, suspended after Soviet troops moved into Afghanistan in 1979, and to send a mission to evaluate aid needs.

He said that the "masses of our people who are living abroad as emigrants" would return following the Geneva talks which saved Pakistan for a Soviet troop withdrawal starting on May 15.

An estimated 10 million people have fled the fighting to Pakistan and Iran while a further 1.5 million have had to move elsewhere in Afghanistan.

Kharl said Kabul had set up a ministry to handle reconstruction but added it did not have enough resources.

The Afghan minister also urged the bank to accept the Soviet Union as a member.

"In our opinion participation of... the Soviet Union would contribute considerably to the economic development of member countries," he said.

Vlad Mozhaikrov, one of two Soviet observers at the meeting, told Reuters on Friday that Moscow looked upon membership of the bank as part of its efforts to reconstruct its economy.

Bank officials said no formal applications had been received from Moscow, while U.S. officials added Washington would oppose a Soviet membership bid.

The bank's annual membership drive, started by about 1,500 investors from 42 member countries, was drawing to a close on Saturday.

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