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rupee-generating credits

By ASLAM SHAIKH

Pakistan seeking \$ 1500m

edge

While averse to taking any recourse to fresh debt relief or rescheduling of payments, Pakistan is likely to re-stress this year the need for such consolidation or restructuring of outstanding debt as may ensure sizeable increase in net receipts.

Notwithstanding increased gross availability of tied project assistance in the pipeline, Pakistan continues to confront a difficult multi-dimensional foreign-resource-management problem. While the main element is the mounting debt repayment problem, the rupee generation at home is not keeping pace with the disbursement requirement of tied foreign assistance. Another problem stems from the shrinking quantum of freely usable commodity assistance for emergency imports or for balance-of-payments backing.

Despite the illusory gross aid flows, the trend of real net aid

prices) sharply slumped from \$ 664 million in fiscal 1975 to only \$ 30 million in fiscal 1982. In case of certain donor countries, the net assistance is close to zero or even negative. This means such donors in reality are net importer of capital from Pakistan.

After the termination of the Extended Fund Facility this year, there will also be an outflow of \$ 380 million to IMF, compared to a new inflow of the same magnitude over the last two or three years from the same institution.

Last year, Pakistan's plea to the Consortium for the quickly disbursable commodity or programme loans, as well as rupee generating credits for social sectors, did not evoke adequate response. At the next Consortium session, this case will be apparently re-emphasized as the paucity of rupee resources is now being experienced in greater intensity.

To ease this situation, the aid package suggested by Pakistan's aid negotiators incorporates the following remedies:—

component of such projects is very low.

2. A large proportion of commodity, sector and programme loans to facilitate various policy reforms on the anvil to revive private sector activity. Counterpart funds generated from the sale of the imported commodities could be tied to funding projects.

3. Early commitment of aid pledges to enable disbursements of a large proportion of aid pledged within the fiscal year for which it is specified.

4. Adverse effects of aid-typing on the magnitude of resource transfer should be limited as the aid typing often leads to significant reduction in the grant component and accentuates the decline in net aid flows.

5. Development banks be extended adequate credits to assist private investment as well as to enable the government to relax some of its foreign exchange controls.

6. A foreign exchange account for private investment may be established. Against this, the private sector can freely import machinery on an internationally

U.S. Navy opens fire on Druze

SPECIAL REPORT

Feb. 26: The U.S. warship New Jersey today fired on Syrian positions as the U.S. marines completed their pullout from Beirut after 17 months stay, BBC reported tonight.

Last night another American destroyer had opened fire on Druze positions while the marines were being evacuated from the area.

In Beirut itself fighting broke out again around the Green Line dividing East and West Beirut and for the first time a shopping

MARINES LEAVE

The U.S. marines handed over their base to the Lebanese army but the Muslim militia 'Amal' flew their flag when they occupied the marines vigilance posts on the beach.

centre came under shell fire, people rushing to take cover in the basements.

AGENCIES ADD: Beirut and the surrounding mountains were relatively calm tonight, after yesterday's shelling of Syrian and Druze positions by U.S. Sixth

