

# India won't reduce subsidies to farming sector: Minister

AFP, New Delhi

India's Finance Minister Jaswant Singh said Saturday New Delhi will not reduce subsidies earmarked for the farming sector as food security and welfare were important to the country, a report said.

"Developed nations, which provide 320 billion dollars worth of subsidies to their agriculture, are asking us to reduce subsidy and open up our markets. We can't do it," Singh was quoted as saying on the state-run Doordarshan television channel by the Press Trust of

India (PTI) news agency.

"For India, agriculture is not a mere economic activity but a way of life. Our culture is linked to agriculture. We want subsidies to come down but at the same time ensuring food security is important," he said.

"If someone asks us to stop giving subsidies to agriculture, we will not listen to him," Singh said.

Singh's comments came as trade ministers of the 146-member World Trade Organisation (WTO) were meeting in the Mexican city of Cancun to find common ground on which to build a new multilateral

trade accord.

Poor countries -- many which face stiff tariff barriers in industrialized nations and are unable to compete effectively with subsidized Western exports -- are clamouring for concessions from their richer partners.

Seventy per cent of India's one billion people depend on agriculture and the vast majority of agricultural lands are held by small farmers, which is why New Delhi is pressing so forcefully at the WTO meeting for rich nations to cut back farming subsidies.

India is leading a coalition of developing nations, including Brazil and China, at the WTO meeting in a battle to push rich nations to slash their subsidies and ensure tariff protection for developing-world farmers.

But although the Indian government subsidises items such as fertiliser, seeds and electricity, critics say farmers often do not benefit as middlemen in the form of lower-ranking government officers or village officials pocket the funds.



PHOTO: HEIDELBERGCEMENT BANGLADESH

Kazi Zashimul Islam, managing director of Bappies Properties, and KM Zahid Uddin, general manager of Heidelbergcement Bangladesh Ltd, exchange documents after signing a contract between the two companies in Dhaka recently.

## Small nations round on France in budget row

REUTERS, Stresa, Italy

Smaller European Union nations and central bankers told France on Friday to respect rules limiting budget deficits, or risk creating trouble for a pact that underpins the euro.

The Netherlands and Austria led the charge against Paris as European finance ministers gathered in Italy, saying they were in no mood for a compromise allowing France to escape fines for breaking the rules of the EU's Stability and Growth Pact.

Dutch Finance Minister Gerrit Zalm said the very Maastricht Treaty which set up European monetary union was at stake.

"We gave up the sovereignty on our currency from a very good treaty. If this treaty is not applied, we would be in big trouble," he told reporters on arriving for the meeting in the northern lakeside resort of Stresa.

European central bankers also warned that the row strikes at the heart of monetary union with ECB Executive Board Member Otmar Issing called it a matter of "utmost concern."

France has angered EU colleagues, provoking one of the worst crises in at least five years for the economic and monetary union by repeatedly flouting EU rules to keep deficits below three per cent of gross domestic product -- the fiscal underpinning for the euro currency.

Germany is also breaking the pact but is working to get its budget

back in line.

European Monetary Affairs Commissioner Pedro Solbes took a tough line with Paris. France must honour its commitments and go further than the 0.5 per cent annual cuts to the large hole in its public finances, or structural deficit, he said on Friday.

"What we know is that France will have to do clearly more," Solbes said.

France expects to violate the budget pact until 2006 and is proceeding with tax cuts to stimulate growth. It is proposing cuts in its underlying structural deficit, which strips out economic swings.

Finance ministers were scouring for ways to avoid a showdown with the second biggest country in the monetary union and to save face for the pact. Belgium Finance Minister Didier Reynders said he and his EU peers were looking for a clear commitment that France balance its budget over time and an outline how it would do it.

Luxembourg's Jean-Claude Junker, who is prime minister and finance minister, also held out hope for compromise. He stressed that as a close neighbour of France, he has a close interest in the outcome. "I do not like Dutch drama," he said.

But Zalm held firm. "I'm not in the mood for a discussion about compromising," said the Dutch finance minister, whose country is threatening to go to court to get the pact enforced.

## IMF chief optimistic of gradual global economic recovery

REUTERS, Washington

The managing director of the International Monetary Fund said yesterday he expected a global economic recovery led by the United States based on what he sees in financial markets.

IMF Managing Director Horst Koehler, briefing reporters before the fund's annual meetings in Dubai next week, said he was optimistic for a gradual recovery but the world's economy was not out of the woods and there was no room for complacency.

"We are not out of the woods but we are also clearly in a better situation than earlier this year," he told reporters.

He said there was some concern that expectations of better economic times ahead could be dashed by weaker-than-expected corporate profits or a reversal in interest rates from lows.

"Altogether we feel the financial markets are on the upside looking forward," he said.

Global equity markets and business and consumer sentiment, anticipating an economic recovery,

have improved since March, factors that tend to prompt a stronger economy.

Koehler said a successful conclusion to the World Trade Organization's Doha trade talks by its 2004 schedule were critical to sustain the economic recovery, encourage growth and fight poverty.

The trade meeting marks the halfway point of the so-called Doha Round of trade negotiations that aims to break down barriers to global trade, something the IMF promotes.

## China vows stable yuan to stifle speculation

REUTERS, Beijing

China needs to keep its yuan stable in the short term to help stifle speculation which has brought billions of dollars into the country and increased pressure on the currency to appreciate, the banking regulator said on Friday.

Since a visit to Beijing by US Treasury Secretary John Snow at the beginning of last week in which he urged China to free up the yuan, Beijing has almost on a daily basis stood its ground, stressing the need for a "stable" currency.

"The government has made it very clear the renminbi (yuan) will remain stable," said Luo Ping, adviser to the international department of the China Banking Regulatory Commission.

"It has to be stable at this moment, because otherwise we give the hot money a chance to make a huge profit and cause a lot of havoc, that's something we have to avoid at this moment," he told Reuters in an exclusive interview.

Analysts say a tide of hot money -- between 20 billion dollar and 30 billion dollar by some estimates -- has flooded into China in anticipation of a yuan revaluation, which adds upward pressure on the currency.



PHOTO: NATIONAL HOUSING

Ansar Uddin Ahmed, managing director of National Housing Finance and Investments Limited, and Nuruzzoha, managing director of Sky View Foundation Ltd, sign an MoU in Dhaka recently. Under the deal, clients of Sky View Foundation will get 70 per cent of apartment price as loan from National Housing.

## CURRENCY

The following is yesterday's forex trading statement by Standard Chartered Bank

Sell		Currency	Buy		
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
58.7500	58.8000	USD	57.8200	57.6502	57.5812
67.2854	67.3436	EUR	64.3710	64.1819	64.1051
95.0986	95.1796	GBP	91.8586	91.5888	91.4792
39.7620	39.797958	AUD	37.6293	37.5187	37.4738
0.5051	0.5055	JPY	0.4879	0.4865	0.4859
42.9051	42.9416	CHF	41.5583	41.4352	41.3866
7.2707	7.2769	SEK	6.8544	6.8343	6.8261
43.3835	43.4205	CAD	42.0142	41.8908	41.8407
7.5422	7.5486	HKD	7.4043	7.3825	7.3737
33.7005	33.7291	SGD	32.8280	32.7316	32.6924
16.1264	16.1401	AED	15.6156	15.5698	15.5511
15.7909	15.8043	SAR	15.2959	15.2510	15.2327
9.2041	9.2120	DKK	8.5293	8.55042	8.4941

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringit
45.75	57.75	95.15	40.750	7.3421	0.5833	3.80

Local Interbank FX Trading:

The local interbank foreign exchange market was subdued on Saturday as the international market. Dollar was stable against the Bangladeshi taka and was unchanged.

Local Money Market:

Money market was steady. Liquidity condition remained stable in the market. Call money rate remained unchanged between 2.75 and 3.00 per cent.

International Market:

International market was closed on Saturday. US dollar tumbled against most major

currencies on Friday, as investors grew alarmed by a plethora of negative economic reports that seemed to quash expectations of rapid growth in the United States. But the greenback defied its overall weak trend as it rose against the yen amid market suspicions that the Bank of Japan was undertaking yen selling intervention. Euro was also firmer against the Japanese currency.

At the closing of New York on Friday, Euro was at 1.1263/69, GBP at 1.6027/32 and yen at 117.31/36 against dollar.

This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable. While all reasonable care has been taken in its preparation no responsibility or liability is accepted for errors of fact or any opinion expressed herein.

## ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw took place at ReadyCash Bangladesh office at Dhanmondi on last Saturday.

Prizes	Name of Winners	Card No
China Junction Chinese Free Lunch for Two	Md. Mizanur Rahman	5047980010021165
Meal in the Box Free Lunch for Two	Md. Akhter Farque	5047980010019211
Kena Kata free Gift Box White Castle free Lunch Package	Atiur Rahman Tom	5047980000048180
Liton's Snacks free Meal Box	Md. Abu Hanif	5047980000048215
Pabna Cloth Store free Gift Box	Md. Nazrul Islam	5047980000048239
Desh Karupannaya free Gift Box	Obaidul Karim Chowdhury	5047980010019357
Kamal General Store free Gift Box	Ad. Md. Shahiduzzaman	5047980010019254
Swiss free meal for Three	Md. Abu Kamal Hena	5047980020002780
	Ajoy Chowdhury	5047980010019346

Winners can collect their prizes from the Executive, Promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read The Daily Star and the Daily Prothom Alo on every Sunday or call our Customer Service at : 8123850, 8130497, and 8125294-7.

## STOCK