

## Remittance, export growth lessens trade deficit

### BoP still negative

REJAUL KARIM BYRON

The growth of remittance and export has lessened Bangladesh's trade deficit in the first seven months of the current fiscal year, resulting in surplus current account balance.

However, the overall balance of payment (BoP) showed a slight deficit during the same period due to declining net foreign direct investment (FDI) and foreign aid.

The trade deficit dropped by 6.27 percent during July, 2005-January, 2006 period, down from \$100 million during the corresponding period of the previous year and stood at \$1.49 billion.

The current account balance now shows a surplus of \$262 million, which was a deficit of \$209 million during the same period of the previous year.

Last year, the current balance account hit deficit for the first time in three financial years, following which the central bank adopted a cautious monetary policy. Following the tightened monetary policy the country's external balance sheet's position improved, although taka was depreciated against dollar.

During July-January period in the current fiscal year import grew by 11.3 percent which during the same period of the previous year was 24.50 percent.

Fresh opening of letters of credit (L/Cs) for import during the same period increased by 2.49 percent, which was 23.20 percent in the same period of the previous fiscal year.

On the other hand, export during July-January of FY'06 increased by

16.92 percent, which in the corresponding period of the previous year was 14.58 percent.

During July-February of the FY 06 remittance increased by 23.76 percent, which was 10.55 during the same period of the previous year.

The decrease in import growth and the rise in export and remittance resulted in a surplus of the current account balance.

But net FDI dropped by 6.78 percent over the first seven months of the current fiscal year and stood at \$371 million and net foreign aid shrank by 53 percent during the same period and stood at \$294 million.

Sources said though trade deficit dropped, the overall balance of payment showed a deficit of \$11 million during the first seven months of the current fiscal year due to the

decline in FDI and foreign aid.

**GOVERNMENT BORROWING**  
The decline in foreign aid has not only created negative pressure on the balance of payment but also forced the government to borrow from internal sources.

The government's borrowing from internal sources during the first seven months of the current fiscal year rose by 53 percent and stood at Tk 3343. Of the amount, the government's net borrowing from the banking source rose by 231 percent. This year the government borrowed Tk 1784 crore while the amount was Tk 538 crore during the same period of the previous year.

However, the government's borrowing from the savings instruments reduced by 5.11 percent during the period.

## Two-day job fair begins

STAR BUSINESS REPORT

A two-day job fair began yesterday at Bangladesh-China Friendship Conference Centre in Dhaka with 20 private firms offering job opportunities.

Science and Information and Communications Technology Minister Moyeen Khan formally inaugurated the fair. Yusuf Abdullah Harun, advisor to Saarc Chamber of Commerce and Industry, was also present.

Companies including Transcom Group, Radio Today, Businessland, Daffodil Computers, Maestro (Pvt) Ltd, Access Telecom, Oponin Pharmaceuticals Ltd and DNS Group are participating in the fair to recruit people.

Inpace Management Services Limited in association with SKYbd is organising the fair titled 'Skybd Job Fair 2006'. Channel i, the New Age, and the Samakal are the media partners of the fair.

The minister stressed the need for modern education to create adequate job opportunities for young people.

Kamrul Ahsan, managing director of Inpace Management Services Limited and M Shob Chowdhury, president and chief executive officer of SKYbd, were also present at the inaugural function.

The fair will remain open from 10am to 8pm today.

**CHAOS IN THE FAIR**  
Meanwhile, a section of job seekers staged demonstrations against the organisers, alleging that the participants were not giving information on the number of positions.

The demonstrators chanted slogans and sought minister's intervention to stop the fair. They said the organisers do not offer sufficient positions as mentioned in leaflets.

Rapid Action Battalion (RAB) and police were called in to quell the demonstrations, which continued from 12 noon to 2:30pm.

## Indian customs imposes non-tariff barriers on Bangladeshi betel nut

### Say Mongla EPZ-based exporters

STAR BUSINESS REPORT

Mongla Export Processing Zone (EPZ)-based exporters yesterday said Indian customs authorities have imposed non-tariff barriers on Bangladeshi processed betel nut, violating Sapta (South Asian Preferential Trading Arrangement) agreement.

They said the Indian customs officials demand 100 percent duty for betel nut products, hampering

Bangladesh's export to India.

"Due to imposition of the sudden duty on some 600 tons of betel nut remain stranded at Petrapole land port for one month," Sheikh Borhan Uddin, general manager of Golden Agro Products, told a press conference in Dhaka.

The exporters urged the government to initiate bilateral negotiations with Indian authorities to remove the non-tariff barriers.

Rumpa Chakravarty, managing

director of Bangladesh Betelnut Growers & Processors Pvt Ltd, and Touhidur Raman, general manager of Deximco, were also present at the press conference.

The exporters said they already invested around Tk 50 crore in the industry, employing more than 1,000 workers.

Mongla EPZ exporters earn around US\$2.0 million annually through export.

## Chartered accountants urge NBR to cut VAT rate

STAR BUSINESS REPORT

Chartered accountants at a seminar in Dhaka have urged the National Board of Revenue (NBR) to reduce value added tax (VAT) rate from existing 15 percent to 10-12 percent.

"A lower rate of VAT in the mid-term will generate more revenue," MA Baree, past-president of the Institute of Chartered Accountants of Bangladesh (ICAB), said as he was presenting a keynote paper at the seminar on VAT on Thursday.

However, NBR officials said with the changed global economic scenario, tariff wall is reducing day

by day. "For which, countries depend more and more on VAT and income tax for revenue collection," said Mohammad Alam, member (VAT) of NBR.

Responding to a query, Alam said the NBR is going to publish English versions of the VAT and income tax laws and rules soon.

"An expert committee has already submitted the draft of the publications to the NBR," he told the chartered accountants.

NBR Chairman Khairuzzaman Chowdhury and ICAB President ASM Nayeem also spoke at the function.

## ADB to lend India \$300m for power sector

AFP, Manila

The Asian Development Bank (ADB) said Saturday it would provide up to 300 million dollars in loans to help strengthen and expand the power sector in one of India's poorest states.

It would be extended through a seven-year financing facility that would cover part of the investment program including construction of needed infrastructure for the improvement of the northern state of Uttaranchal.

The Himalayan state has undeveloped hydropower potential, the ADB said, adding that India needed

about 12 billion dollars to harness this potential.

About five billion dollars would be needed over the next six years to fund projects to increase power generation and improve transmission and distribution and to finance policy reforms and improved financial management, the ADB said in a statement issued from its headquarters in the Philippine capital.

The ADB financing would cover the construction of small hydropower plants, expansion of the transmission system, and "support to enable government agencies to carry out the program's activities cost-effectively."

## Pubali Bank declares 1:2 stock dividend

Pubali Bank Limited has declared two bonus shares against each ordinary share as dividend for its shareholders for the year 2005.

The dividend was declared at the 23rd annual general meeting (AGM) of the bank held in Dhaka on Thursday, says a press release.

EA Chaudhury, chairman of the bank, presided over the AGM, which was also attended by directors Moniruddin Ahmed, Hafiz Ahmed Majumder, Syed Moazzem Hussain, Manir Ahmed, Ahmed Shafi Chowdhury, Mohammad Yaqub and M Faizur Rahman and Managing Director Khondkar Ibrahim Khaled.



PHOTO: PUBALI BANK

EA Chaudhury, chairman of Pubali Bank Limited, presides over the bank's 23rd annual general meeting in Dhaka Thursday. At the meeting, the bank declared two bonus shares against each ordinary share as dividend for its shareholders for the year 2005.

## Nokia gets new design chief

AFP, Helsinki

Alastair Curtis on Saturday started as new design chief at Nokia, replacing Frank Nuovo, who has been credited with being instrumental in developing mobile phones' sleek modern design.

## India's forex reserves up

PTI, Mumbai

India's forex reserves increased by US dollar 2.503 billion to stand at US dollar 148.662 billion during the week ended March 24, 2006 against US\$ 146.159 billion during the

week ended March 17, 2006.

The reserves had increased by US\$ 2.238 billion during the preceding week ended 17, 2006 compared to a week ago period.

Foreign currency assets increased by US\$ 2.506 billion to

US\$ 142.159 billion during the seven-day period ended March 24, according to figures released by the Reserve Bank of India.

Foreign currency assets in dollars include the effect of revaluation of non-US currencies such as euro, sterling, yen held in reserves. Reserve position in the IMF decreased by US\$ three million to US\$ 753 million.

Gold reserves and SDRs remained static at US\$ 5.747 billion and US\$ three million respectively.

## China's software industry earns \$48.75b in 2005

CEIS, Beijing

China's software industry earned 390 billion yuan (48.75 billion US dollars) in 2005, a year on year surge of 40.3%, according to latest statistics with the Chinese Ministry of Information Industry.

The software industry is still one of the fastest growing sectors in the country's electronic information field, with a growth rate that is 16.7% higher than that of the industry as a whole, said the ministry.

China's software industry witnessed a 40% annual growth rate over the last five years, expanding its share among the electronic information industry from 6.3% in 2001 to 11.2% in 2005.

The sale of software services and system integration have also become a new growth point for the software industry.

Statistics with the ministry show that the sale of software products were 206.65 billion yuan accounting for 55% of the industry's income, a decline of two percent over 2004. Earnings from software services surged 66.5% to 50.49 billion yuan and make up two percent more of total industry sales than it did the previous year.

The sales of system integration also increased 40.1% year on year to 132.9 billion yuan in 2005, said the ministry.

According to the ministry, China exported software worth 3.59 billion dollars last year, an increase of 28.2% over the previous year. According to the ministry, China has six major software exporting bases and 17 Chinese software companies have won CMM5-international certificates.

## EC seeks proposals for small projects in Bangladesh

BDNEWS, Dhaka

The European Community represented by the European Commission, for and on behalf of the government of Bangladesh, has sought proposals for small projects in Bangladesh to receive financial assistance from the EU-Bangladesh Small Projects Facility in Economic Cooperation of the European Communities (SPF).

The SPF is an initiative to support the private sector organisations directly through small grants to improve competitiveness and to cope with the challenges of the Post-MFA scenario, said a press release.

Private sector associations, non-governmental and governmental organisations can apply for the grants to support actions in the areas of vocational training, technology transfer and trade facilitation.

These are areas of great importance to strengthen the economic partnership between the EU and Bangladesh, while contributing to poverty alleviation.

The overall indicative amount available under the SPF programme is 3 million euros. For 2006, an indicative amount of 800,000 euros has been allocated under the call for proposals 2006.

The amount of the EC grant per project may vary from minimum 70,000 euros to maximum 100,000 euros, where the EC covers maximum 90 percent of the total eligible costs while the remaining 10 percent have to be funded by other sources.

The full guideline for application is available in the website, <http://www.eudelbangladesh.org> or <http://www.eudelbangladesh-spf.org>. The deadline for submission of if proposals is June 13.

## Wipro gets \$80m outsourcing deal

AFP, Bangalore, India

India's third largest software exporter Wipro Ltd has won a 80-million-dollar outsourcing deal from one of the country's top banks.

Wipro will manage the information technology network of the HDFC Bank, which has 535 outlets across India, the company said in a statement late Friday.

"The contract is valued at approximately 3.6 billion rupees (80 million dollars) over a period of 10 years," the statement said.

## Bailout fails to make China state banks healthy: IMF

AFP, Beijing

China's big four state banks are still far from operating healthily despite billions of dollars in government bailouts and changes to corporate governance structures, the International Monetary Fund has said.

The banks' way of doing business appears to have changed little, with loans made failing to reflect their corporate borrowers' level of risk, the IMF said in a working paper published Thursday.

"Important concerns about governance and internal controls remain," the IMF document said, citing high-level corruption cases at the China Construction Bank and Bank of China as examples.

"While the formal corporate governance structure has changed sub-

stantially, the way business is done may not have changed much just yet," it said.

The other two big state banks are the Industrial and Commercial Bank of China (ICBC) and Agricultural Bank of China.

The lending institutions, which China has been preparing for oncoming foreign competition, were supposed to clear their bad loans and move towards more rational lending.

However, there is little indication the banks have shed their decades-long bad habit of lending to mostly state-owned companies that are often unprofitable, according to the report's findings.

"In the 1997 to 2004 data, it is difficult to find solid empirical evidence of a strong shift to commercial orientation by state-owned commercial banks," the IMF said.

## GP opens service desk in Rajshahi

STAFF CORRESPONDENT, Rajshahi

GrameenPhone (GP), the largest cell phone operator in the country, has opened a full-fledged service desk at Index Plaza in Rajshahi.

Bidyut Kumar Basu, head of customer management division of GP, formally inaugurated the service desk on Thursday, raising the total number of such desks to nine in the city.

The desk will provide a wide range of after-sales services from SIM replacement to address change on five working days of a week from 8:00am to 8:00pm. GP officials said.

GP has already set up more than 600 service desks in 61 districts of the country.

Promod Ranjan Karmakar, deputy managing director, and Musfak Ahmed, head of programme office of customer management division, and SM Iskander Hossain, regional customer manager of GP, were also present at the function.

## RanksTel, Huawei Technologies sign deal

Ranks Telecom Limited (RanksTel), a private PSTN operator, recently signed an agreement with a Chinese telecom equipment manufacturer Huawei Technologies Co Ltd for expansion of RanksTel network in northwest and southwest zones of the country.

Under the deal, Huawei Technologies will supply telecom equipment to the RanksTel for its network expansion, says a press release.

Zakaria Swapan, chief operating officer of RanksTel, and Sudhan Kumar Roy, general manager, project finance of Huawei Technologies, signed the agreement on behalf of their companies in Dhaka.

Anwar Hossain, director, and Abul K Shamsuddin, general manager, engineering of RanksTel, which commenced its service in May 2005 with operation in the country's southeastern and north-eastern region, were also present at the signing ceremony.

## China to produce 98m computers this year

CEIS, Beijing

China will produce 98 million desktop and laptop computers in 2006, 58 million of which will be for export, the Ministry of Information Industry forecasts.

Chinese computer producers have tried to manufacture products that cater to different tastes of consumers, said an official from the ministry over the weekends.

According to the official, China's top home appliance maker Haier has entered the computer market with a new laptop.

Other computer manufacturers are also promoting new models including Asus which has launched a computer that can receive television broadcasts.

In China's domestic market, computer makers are dropping their prices. Dell launched its low-cost laptop computers that cost between 5,999 yuan (746 US dollars) to 6,999 yuan (871 US dollars), while other bit computer firms, including Acer and HP, have also cut computer prices to 5,999 yuan.