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Domestic borrowing to hit hard private sector credit: BEA

STAR BUSINESS REPORT

Dependence on domestic borrowing as envisaged in the proposed budget will have an adverse impact on the private sector credit besides a further rise in inflation, opined country's prominent economists yesterday.

The members of Bangladesh Economic Association also said government's desire for bank borrowing is now likely to grow a tendency of loan default on the government's part while such a culture already exists among a certain quarter of individuals.

The association gave an analysis on the budget for the 2006-07 fiscal at a press conference held at the National Press Club.

The economists observed that the government's planned borrowing of Tk 15,100 crore from the domestic sources to finance its overall budget deficit would also create a critical situation in a long run.

"The proposed budget reflects a narrow political and lacklustre attitude," said Abul Barkat, the BEA general secretary.

Dependence on domestic borrowing along with adjustment of fuel prices will put extra pressure on the general people, he added.

The association urged the government for allowing whitening of black money, which, they said, will encourage corruption.



President of Bangladesh Economic Association Qazi Kholiqzaman Ahmad speaks at the association's press conference at the National Press Club in Dhaka yesterday.

It also said the budget has overlooked some major problems the common masses are facing which include soaring price of essentials, unemployment, terrorism, corruption and power shortages.

"As there is no specific guideline to address these issues in the proposed budget, it proves that government is not worried about the crises," said the BEA general secretary.

The BEA termed budget 'as usual' and 'unrealistic' and said it has not been prepared with professionalism.

The organisation said a total of

Tk 10,000 crore was allocated as 'block allocations' in previous four years of the present government. The proposed budget also kept a block allocation for the next fiscal year.

Barkat said, "But such type of allocation without any particular objectives is obviously contrary to the constitution of the republic."

Referring to the reduction in import duties on some essential items, he said it will not help reduce the soaring prices unless syndication and hoarding are stopped.

Allocation in less important sectors and reduced allocation for

accelerating the pace of industrial and agricultural growth are other drawbacks of the proposed budget, the BEA said.

The apex body for economists also said that the new budget failed to highlight on how the government will bring down poverty in line with the donors-prescribed PRSP goals. "The allocation to reduce poverty seems to be a mere slogan. There is no projection when the poverty reduction goal could be achieved."

The association also criticised the government for higher and non-transparent allocation for defence sector. "It should be discussed in the parliament to ensure transparency in the allocation for defence sector," Abul Barkat said.

He further said mandatory tax amounting to Tk 5000 for the small enterprises will increase disparity while the burden of tax will hit the people hard as a large portion of revenue will be collected from VAT.

Termining the proposed budget 'as usual' Qazi Kholiqzaman Ahmad said, "As there are loopholes in the country's development vision and in administrative machinery, the proposed budget will not be able to meet the general people's demand."

He said the proposed budget is not meant for general people, it serves some people's interests who are involved with the government very deeply.

BB's new dept to check forex forgery

STAR BUSINESS REPORT

Bangladesh Bank (BB) has set up a special department to investigate forgery and fraudulence of foreign currencies in export and import.

This department will have a vigilance team under its command with an authorisation of probing irregularities in the buying houses, money exchangers, shipping lines, indenting organisations and liaison offices of foreign companies.

The BB is forming the department led by a general manager and it will have 58 officials in various capacities. The central bank yesterday made an internal circulation in this regard saying the officials will be given specialised training before induction into the department.

BB source said import has slid down recently while export and remittance have picked up, but the foreign currency liquidity is not rising in the market.

Sources suspect there must be some sort of leakages somewhere. In the wake of such suspicious transactions, BB has decided to form the special department.

Renata declares 50pc cash, 20pc stock dividends

Renata Ltd, a pharmaceutical company, has declared a 50 per cent cash dividend and a 20 per cent stock dividend for its shareholders for the year 2005.

The dividends were approved at the 33rd annual general meeting (AGM) of the company held on Saturday, says a press release.

Chairman of the company SH Kabir presided over the AGM, which was attended, among others, by directors Sarwar Ali, Md Ziaul Hoque Khondker, A Hasnat Khan, Sajida Humayun Kabir, and Managing Director Syed S Kaiser Kabir.

Banglalink offers free talk-time for new connection

Mobile phone operator Banglalink has announced a new offer styled 'Budget Bonus' under which subscribers will get Tk 100 free talk-time with every new connection.

The offer came in recognition of the government decision in the proposed budget for the fiscal year 2006-07 to reduce the taxes on SIM (subscriber identity module) cards and handsets by Tk 100, says a press release issued by the cellphone operator.

The free talk-time will come in two months at Tk 50 each and the customers will have to recharge the new connections within the offer period of one month to avail of the benefit.

Jakarta to ask for Yogya quake loans

AFP, Jakarta

Indonesia is expected to ask its main international creditors to redirect loans to help rebuild quake-devastated central Java, the World Bank said Monday.

Plans for the reconstruction of the quake zone in the provinces of Yogyakarta and Central Java, will be major topics when Jakarta meets them at the World Bank-chaired Consultative Group for Indonesia (CGI) on Wednesday.

"The government won't seek new loans but prefer to re-allocate existing loans," said the World Bank's governance expert, Joel Hellman.

He said the World Bank might divert existing projects in Indonesia to the region devastated by the 6.3 quake, which killed more than 5,800 people and left more than 420,000 people homeless.

"The key overall costs will be linked to housing," Hellman told reporters.

Form nat'l policy on child labour

Speakers urge govt

STAR BUSINESS REPORT

Speakers at a roundtable yesterday urged the government to formulate a national policy on child labour and include this issue in the Poverty Reduction Strategy Paper (PRSP).

The roundtable on 'Child Labour and National Development' was organised by the daily Prothom Alo in collaboration with the International Labour Organisation (ILO) in Dhaka to mark the 'World Day Against Child Labour'.

The speakers also said although it is possible to eliminate child labour from the country's formal sectors, mainly export-oriented ones, it will be difficult to get rid of the curse in the informal sectors.

The informal sectors such as agriculture, transport, light engineering, building construction, welding and tobacco industries involve a huge use of child labourers, they added.

They said by employing child labourers in different sectors, it will be hard for the country to achieve the targets of millennium development goals and poverty reduction programmes.

Syed Shujauddin Ahmed, secretary of labour and employment ministry, acknowledged that the use of child labourers cannot be reduced from some dangerous areas, especially transport, welding and tobacco industries.

He also informed the roundtable that a draft policy on child labour issue would be sent to the cabinet committee very soon.

Speaking at the roundtable, Bangladesh Employers Federation President Syed Manzur Elahi said the export-oriented sector is almost free from the use of child labour.

But, he said, there have been a huge number of child labourers engaged in the informal sectors. "If there is no alternative to child labour or way to reduce poverty of child workers, there is a doubt that how this practice of using child labour can be eliminated from the sector through enforcing law," he said.

He said it is a complicated issue. "We have to think about how this tradition can be removed from the informal sector and we need to create a mechanism to this effect," he suggested.

Shamima Siddiqui of UNICEF

said as the child labour issue in Bangladesh is quite alarming, the government with the support from different donor agencies and non-governmental organisations (NGOs) has started working on it.

Gopal Bhattacharya, director of ILO Office in Bangladesh, said all the stakeholders should contribute to eliminating child labour from the country.

Presenting the keynote paper at the roundtable, Abdul Hye Mondal, senior research fellow of Bangladesh Institute of Development Studies (BIDS), said there is a crucial need to address the child labour issue for overall development.

"Child labour is a potential threat to poverty reduction and national development. Its existence contributes to perpetuation of poverty in terms of low wage and low productivity by depriving unemployed adults," he said.

Among others, Shafiqul Islam, director of Dhaka Ahsania Mission, Shafiqur Rahman Majumder, president of Jatiya Sramik Federation, and Rashidan Islam Rahman, director of the BIDS, also spoke at the roundtable.



Anis A Khan

New chairman of BLFCA

Anis A Khan, chief executive officer and managing director of Industrial Development Leasing Company of Bangladesh, has been elected the new chairman of Bangladesh Leasing and Financial Companies Association (BLFCA).

The election was held at the sixth AGM (Annual General Meeting) of the association on Tuesday, says a press release.

LankaBangla Finance Ltd Managing Director Mafizuddin Sarker was elected vice chairman along with nine other members of the Executive Committee.

The executive members are G M Salehuddin, A Quadir Choudhury, Mahbubur Rashid, Q M Shariful Ala, Ferroz U Haider, Shah A Sarwar, Mohammad Hafiz Ahmed, Syed Ehsan Quadir and S M Shamsul Arefin.

Indian industrial output up

AFP, New Delhi

India's industrial output picked up in April, rising 9.5 percent after an increase of 8.1 percent in the same month a year ago, official data showed Monday.

According to previously released figures, industrial output for the year to March came in at 8.0 percent, down from 8.4 percent, while in March alone, output was up 7.7 percent.

The April gain was led by a 10.4 percent jump in manufacturing, compared to 9.2 percent a year ago, according to India's Central Statistical Organisation.

GP BCI Fair postponed

The GrameenPhone BCI Fair 2006, scheduled to be held between June 15 and 19 at Bangladesh-China Friendship Conference Centre, has been postponed due to some unavoidable circumstances, says a press release.

The BCI (Bangladesh Chamber of Industries), the organiser of the event, regretted the inconvenience the unintentional postponement might create.

The chamber is planning to reschedule the event in early August, the release added.

REDUCING THAI-BANGLA TRADE GAP

Businesses stress utilisation of duty-free facility

STAR BUSINESS REPORT

The trade deficit between Bangladesh and Thailand could be reduced through proper initiatives and utilisation of the already-existing duty-free access facility of a large number of Bangladeshi goods to Thailand, business leaders at a meeting said.

The Export Promotion Bureau (EPB) held recently a preparatory meeting, with the bureau vice chairman Mir Shahabuddin Mohammad in the chair, to organise a single country trade fair in Thailand aiming at promoting Bangladeshi goods.

The fair is likely to take place at the IMPACT Centre in Bangkok

between October 17 and 20, says a press release.

Mir Shahabuddin told the meeting Bangladesh's total export to Thailand stood only at US \$35.6 million in the 2004-05 fiscal while the country imported goods worth US \$327.40 million from Thailand during the same period.

He further said local business organisations should utilise the duty free access facility of 229 Bangladeshi goods, including knit and woven wear, jute and textile fabrics, shrimps and frozen fish and chemical fertilizer, to Thailand.

Bangladesh-Thai Chamber of Commerce and Industry President Rashed Maksud Khan emphasised

the need for organising such trade fairs in promoting local products to international market.

"It would not be tough to reduce the trade gap between the two countries if we can increase our exports. Moreover, Bangladeshi products are in great demand in Thai market," he added.

The meeting expressed its optimism that the October single country fair would play a vital role in narrowing the trade gap.

Representatives from different chambers and associations as well as manufacturers and officials of various export oriented business organisations attended the meeting.

Pakistan faces US aid cut

BDNEWS, Islamabad

Facing a cutback in financial aid from the United States for cited failure to usher in sufficient democratic reforms, Pakistan has denied the \$250 million reduction was aimed at it specifically.

Foreign Office spokeswoman Tasnim Aslam said there was an overall cut in U.S. budgetary allocations, and "as a consequence there will be some impact on the annual allocation for Pakistan."

Pakistan's allocation has dropped to \$300 million from the proposed \$550 million for the fiscal

year 2007, wire services reported.

Aslam said last year too there was a cut in the U.S. budgetary allocation but the reduction was compensated by subsequent allocations.

Pakistani authority said the appropriations bill that the U.S. House of Representatives passed also cuts Foreign Military Financing Funds for Pakistan in 2007 from the current \$300 million to \$200 million.

The bill reportedly cites the "increasing lack of respect for human rights, especially women's rights, and lack of progress in improving democratic governance

and the rule of law" as the main reason for cutting aid to Pakistan.

Foreign Office spokeswoman Aslam said it was "baseless" to ascribe the reduction to Pakistan's human rights record.

The U.S. gave Pakistan nearly \$3 billion in foreign aid assistance between 2001 and 2005.

Last year, U.S. President George Bush announced a \$3 billion assistance package for his frontline ally in the war on terror.

Spread over five years, the amount was to be split equally between Pakistan's defence and social sectors.



PHOTO: SINGER BANGLADESH

Magician Jewel Aich hands over the key of a brand new car as a prize for 'Singer Baishakhi Blast' campaign to Singer IPS buyer Fatema Tuz Zohora Nipa at a function in Dhaka yesterday. Marketing Director of Singer Bangladesh Ltd Sajidur Rahman Khan and Marketing Services Director Mokbul Ahmed were also present.

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