

Indian budget takes aim at accelerating reforms

IT industry says moves will boost growth

AP, New Delhi

The government unveiled its annual budget Wednesday, promising to accelerate economic reforms to jump-start the industrial and agricultural sectors and attract more foreign investment.

"This is a budget for a new beginning for the people of India," Finance Minister Yashwant Sinha said in his speech to Parliament. "This budget aims at the second generation of fiscal economic reforms."

Sinha said the calamity suffered by people in India's worst earthquake in 50 years would not derail the government from its path of development.

He raised by 9 per cent the 40-per cent limit on investment in an Indian company by foreign institutional investors.

Sinha also announced that Indian companies would for the first time be allowed to invest abroad up to US\$50 million annually without having to get government permission or other conditions.

He also said Indian companies would be permitted to list on foreign stock exchanges.

WEF, globalisation foes cross swords over benefits Both sides agree rich-poor gap widening

AFP, Cancun, Mexico

Representatives of the World Economic Forum and their fiercest critics crossed swords over the benefits of globalisation at an unprecedented debate yesterday, on the sidelines of a beachside gathering of bankers, industrialists and government ministers.

During the two-hour debate at a luxury hotel, one side claimed poverty was on the decrease, while the other, armed with an arsenal of statistics and sarcasm, said globalisation further impoverished the poor.

But both agreed the gap between rich and poor was growing.

The debate took place on the sidelines of a two-day meeting of the World Economic Forum that was to conclude later in the day at a seaside hotel in the tourist resort of Cancun, on Mexico's Caribbean coast.

Globalisation foes staged an alternative forum and a series of

protests against the meeting, that also accepted an invitation to participate in the debate that highlighted radically different views on globalisation.

Former Costa Rican president Jose Maria Figueres, who chairs the Forum meeting, said one of the crucial benefits of globalisation was the economic growth provided by an international market economy.

But speakers at the other end of the table ridiculed the motion, saying only the rich benefited from the current economic model.

"Things are going well for capital and its interests, but they are going badly for the people and their interests," said Gustavo Cerdas of the Workers Center of Brazil.

Forum participant Guillermo de la Dehesa, on the other hand, said poverty was on the decrease, while wealth was increasing.

"The poor are getting less poor, the rich are getting richer ... but

the gap between the two is increasing," said de la Dehesa, of the London-based Center for Economic Policy Research.

The debate between the two sides stood in sharp contrast with the violent protests that had marked previous encounters between advocates and foes of globalisation, notably at the World Economic Forum summit in Davos, Switzerland, last month.

Following the debate, anti-globalisation militants planned to stage a march across Cancun, where 1,600 police were deployed to protect the 450 Forum participants.

Organisation of the protest said they hoped to avoid violence, but pointed out they had no control over ultra left-wing students who travelled to Cancun from Mexico City.

Anti-globalisation militants had staged a number of protests ended a decade-long boom.

Sinha also extended a five-year tax holiday for telecommunication companies and included broadband and Internet service providers.

Profits from on-site software services were exempt from tax and the budget did not slap a service tax on the industry as was widely expected.

Arun Thiagarajan, president of Hewlett-Packard India Ltd, said Sinha's move to relax labour retrenchment policy was encouraging.

"We have to rejoice at the opening of the labour market. I hope the government will be able to drive through these measures," Thiagarajan said.

The software industry in its wish list had asked the government to slash red tape and reduce taxes in order to sustain a current annual rate of 50 per cent growth and achieve a 50 billion dollar export target by 2008.

The National Association of Software and Services Companies (Nasscom), a software trade lobby, had also urged Sinha to allow a five-year tax moratorium on e-commerce transactions.

Analysts have said they will study the statistics for a hint of the situation in the current quarter.

Most believe that a potential slowdown in US economic growth will only affect growth figures for the first three months of 2001.

"Export growth slowed down in the fourth quarter, but it hasn't spilled over into the domestic side yet," said Cicilia Leung, regional economist at IDEGlobal.com.

"Starting in 2001, this will impact the domestic economic investment, employment, consumption."

Malaysia's export figures for December declined 11.4 per cent from the same month in 1999.

On average, economists expect growth this year to be around 5.4 per cent, far below the central bank's optimistic projection of 7 per cent. Some analysts, however, note that the slowdown may prove to be less fearsome than expected.

"The slowdown in the US isn't encouraging, but I expect it to be short-lived," said Christopher Ng, regional economist at OCBC Investment Research in Singapore. "I'm still looking for a recovery in the second half of the year."

Shares on the Kuala Lumpur Stock Exchange finished lower Wednesday as investors awaited possible clues from the GDP data on how Malaysia's economy will fare in 2001.

The Composite Index, which tracks 100 key stocks, ended at 709.39 points, down 1.90 points, or 0.3 per cent. Decliners led advancers 437 to 173, with 171 shares unchanged and 238 untraded.

Thailand posts first trade deficit in 3 yrs

AP, Bangkok

Thailand's exports fell in January due to weakening global demand, resulting in the country's first trade deficit in almost three years, the central bank said Wednesday.

Exports fell 3.9 per cent on year while imports surged 31.3 per cent to result in a \$282 million trade deficit, the Bank of Thailand said.

Atchana Waiquandee, a director of the central bank, told a news conference that the US economic slowdown was the main reason for the exports decline during this period. The United States is Thailand's main export market.

She said the central bank would monitor developments over the next two or three months to see if the trade balance trend would continue.

"If the trend is prolonged it will affect overall economic growth," she said.

Thailand has witnessed sluggish economic growth since the 1997 Asian financial crisis that ended a decade-long boom.

The Annual Dealers' Conference of Eastern Tubes Ltd was held at Hotel Purbani International Ltd in the city recently. Mohammad Habibur Rahman, Chairman, Bangladesh Steel and Engineering Corporation, was present on the occasion as chief guest, while A T Lutfur Kabir, Director (Commerce), BSEC and Chairman, ETL Board, was present as special guest. The conference was presided over by Engr. M A Satter, Managing Director, ETL. Picture shows a dealer taking his prize for better performance for the year 1999-2000.

Govt forecast exceeded Malaysian economy grows 8.5pc in '00

AP, Kuala Lumpur

Malaysia's economy expanded 6.5 per cent in the last three months of 2000, bringing growth for the full year to 8.5 per cent, the government statistics agency announced Wednesday.

Growth in gross domestic product outran the government's forecast of 7.5 per cent for the year. Malaysia's economy throughout 2000 was strong, buoyed by the manufacturing sector.

But the data does not include effects of lower export demand displayed in December, linked to an expected slowdown in the United States, which is a major market for Malaysian electronics exports.

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The ceremony is held every year to mark the successful completion of 33, 25, and 15 years of dedicated services of employees.

M Anis Ud Dowlah, Chairman and Managing Director of the company, recognised 18 employees who have completed fifteen and twenty five years of services this year by presenting them with certificates and traditional gold ornaments.

The function was attended by the recipients, senior officials and the executives of ACI Sramik Karimachi Union.

The Long Service Award giving ceremony-2001 of ACI Limited was held at the training centre of the company on Saturday, says a press release.

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