Star
BUSINESS

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Small Indian IT firms target high growth

AFP, *Bangalore, India*

Sitting at his desk inside a three-storey building in India's technology hub of Bangalore, Sanjay Shah proudly demonstrates the software product that has earned him eight million dollars.

Shah, a former computer manufacturer, created Accware, a business enterprise solution for small and medium enterprises in 2001.

He has 1,200 customers in the US and expects his revenues this year will double to 16 million dollars.

His firm, Icode, which has its research and development facility in Bangalore, belongs to a small club of technology firms that have chosen a niche area and are growing at an amazing rate while bigger firms have fallen from triple digit growth rates.

"Icode is a product-driven company unlike others which focus on software services," Shah said. "When I was working in the US I saw a tremendous opportunity for selling accounting software."

Shah and three other Indian professionals set up the firm in 1991 and five years later moved the research and development operation of the Washington-based firm to Bangalore.

"Icode developed an application for DOS and later for Windows. This replaced about 20 different packaged software systems that were available in the US and in 2000 the company launched Accware Online for e-commerce," Shah said.

"In July 2001 a new version of this was released. There is a huge demand for our product in the US market and now a new version called Everest for large enterprises has been launched."

Argentina's new economy minister takes office

AFP, *Buenos Aires*

Argentina's new economy minister, Roberto Lavagna, was sworn in early Saturday, and the central bank announced that banks in the cash-strapped nation would be fully operational by Monday, following a week-long government-imposed bank holiday aimed at hindering capital flight.

Lavagna, 60, left a two-year assignment as the Argentine ambassador to the European Union and world finance institutions to replace outgoing minister Jorge Remes Lenicov.

Remes Lenicov resigned Tuesday after an unproductive visit to the IMF in Washington and the Argentine legislature's subsequent refusal to debate a plan to convert most bank deposits, partially frozen since December 3, into long-term government bonds in a bid to save a sinking banking system.

The rest of Duhalde's cabinet also resigned.

In statements to Radio Mitre early Saturday, President Eduardo Duhalde said his new minister would likely announce his economic program "Monday or Tuesday of the coming week," but gave no hint of what that program might entail.

Duhalde said he would be restocking the rest of his cabinet by early May.

For his part, Lavagna said he would get to work immediately and that his first concern was the closure of financial institutions, which "created enormous uncertainty and paralysis in the nation."

Call centres to become billion dollar business by 2006: IDC

AFP, *Singapore*

Call centres will evolve from a mere customer handling facility into a billion dollar business by 2006, an industry monitor said Friday.

International Data Corp. (IDC) said the sector should grow at a compounded annual growth rate of 19.2 per cent globally over the next five years from 415 million dollars in 2001.

IDC analyst Brian Bingham said: "The increasing strategic importance of contact centres is driven by trends both in the global business environment."

Call centres range from simple customer inquiry services to revenue-generating businesseses with highly-trained personnel who can sell additional products or services, the IDC said.

There are also market opportunities for software vendors and trainers for business and technical skills, it said.

Increase in FDI depends on gas export policy

ESCAP Economic and Social Survey Report-2002 says

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Any increase in foreign direct investment (FDI) in the country will depend on gas export policy, a United Nations agency said yesterday while releasing its survey report in the city.

The UN agency -- Economic and Social Commission for Asia and the Pacific (ESCAP) -- in its Economic and Social Survey Report-2002 said the flow of FDI decreased by 14.4 per cent from the previous year amounting US$ 166 million in FY 2001.

The report was released at a press briefing, which was presided over by UN Resident Coordinator in Bangladesh Jorgen Lissner. Centre for Policy Dialogue (CPD) Executive Director Dr Debapriya Bhattacharya presented the report. Former ESCAP chairman Dr Mirza Azizul Islam also spoke on the occasion.

The report said foreign aid in the last four years was less than the projected amount in the fifth five-year plan but hoped that the pace of donor lending would increase with the change in the government.

"Such increase may take place as it is much easier for a new government to adopt crucial policies in the early stage of the government," explained Dr Debapriya.

He said the cumulative total of foreign aid received over the last four years stood at $5.6 billion, lower than the projected $ 7.7 billion for the fifth five-year plan.

The report also observed that multilateral aid agencies have stressed need for carrying out reforms in the large and unprofitable public sector enterprises.

"Such large and unprofitable enterprises constrain the economic growth of the country as well as poverty alleviation efforts," the report said.

It said that Bangladesh economy maintained a stable growth at around six per cent in FY 2000 and FY 2001, mostly due to growth in agriculture, which allowed attainment of self-sufficiency in food production.

The report stated that expansion of industrial output increased by more than nine per cent in 2001 led by growth in cement production, cotton cloth, natural gas, paper and steel.

"The prices hike of cotton in the international market coupled with currency weaknesses were expected to raise costs and reduce competitiveness in the readymade garment industry in 2002," the report observed.

The survey noted Bangladesh's efforts to share its expertise in micro credit, population policies and rural development with other developing countries of Asia and Africa and to build capacity in these areas for regional development and cooperation in Asia and the pacific.

The report observed that inflation decelerated significantly from 3.4 per cent year on year in fiscal 2000 to 1.6 per cent in 2001 partly as a result of good harvest of cereals and liberal import of consumer goods and partly owing to weak demand.

In foreign trade and other external transactions in fiscal 2001, Bangladesh's export earnings registered growth of 12.4 per cent to reach $6.4 billion.

The report said Bangladesh readymade garments and hosiery accounted four fifths of total exports despite being adversely effected by loss of privileged access to the US market.

The report mentioned that the total official reserves excluding gold declined to just over $one billion in October 2001 from nearly $1.5 billion at the end of 2000 as a result of the widening current account deficit and reduced official capital inflows.

Sheba Telecom eyes 80,000 subscribers by year-end

$10m network expansion programme undertaken

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Mobile phone operator Sheba Telecom hopes to increase its subscribers to 80,000 by the end of this year after completion of a US$10 million expansion programme bringing Chittagong and Sylhet districts under its network.

Under the expansion plan, the company will increase its network and capacity by setting up 40 base stations to link the two districts, Sheba Telecom Managing Director Jefri Ahmad Tambi told reporters yesterday at a press conference organised to mark the launch of Standard Sheba World Cup Special Package.

The company launched the special pakage targeting the world cup soccer to create enthusiasm among soccer lovers by giving cell phones at lowest Tk 12,250.

The network expansion work will be complete by the end of July this year and the company is eyeing 13,000 new subscribers from the package, which will continue for a couple of months. Sheba presently has some 31,000 subscribers.

PHOTO: SHEBA TELECOM

Jefri Ahmad Tambi, Managing Director of Sheba Telecom Pvt Ltd, speaks at a press conference organised at the company's corporate office in the city yesterday to announce the launching of Sheba World Cup Special Package.

Tambi said his company had signed an agreement with Swedish hardware vendor Ericsson for procuring equipment.

He said as part of its plan to provide clients with value added products, the Bangladesh-Malaysia joint venture has introduced short messaging system (SMS) with support from Ericsson.

"We are committed to providing quality service to our valued customers. We believe that mobile phones should have access to fixed phones of the BTTB. That's why we are offering standard mobile phones having the BTTB incoming and outgoing facility."

Tambi said his company, which now covers Dhaka, Narayanganj, Tongi, Gazipur and Savar, will soon introduce pre-paid phones and sign contracts with foreign operators for international roaming early next year.

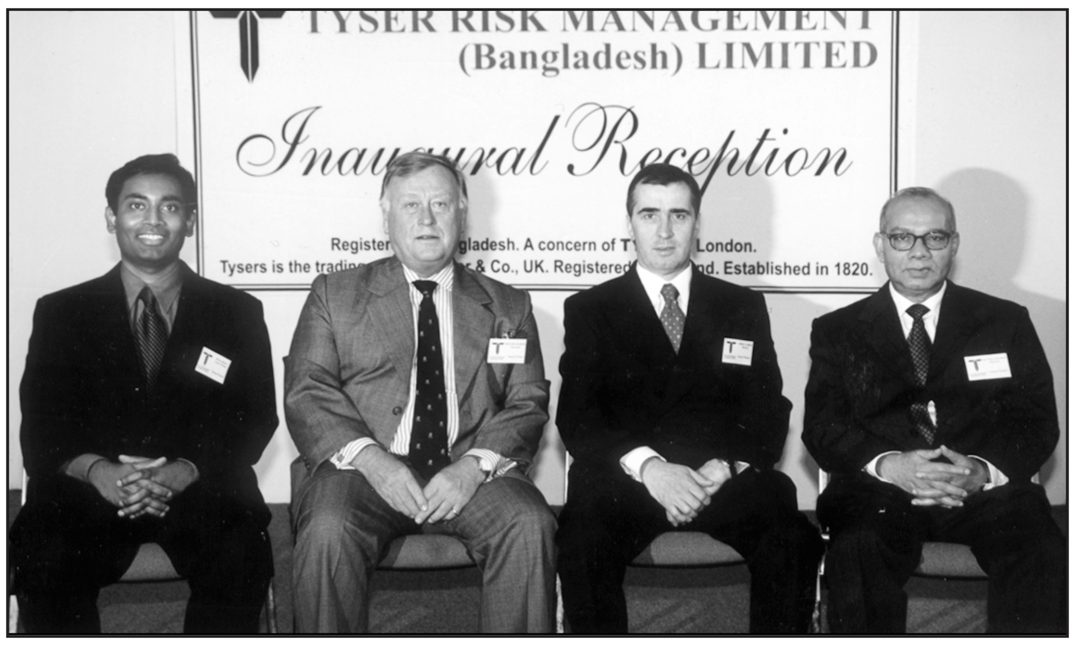

PHOTO: TYSER RISK MANAGEMENT

Tyser Risk Management (Bangladesh) Limited was inaugurated at BRAC Centre Inn on Saturday. Picture shows (from left to right) M R Khan, Country Manager, Roger Marsh, Chairman, Mike Cairns, Director, and S K Paul Chowdhury, Director of the company, at the inaugural function.

Risk management firm makes debut

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With a view to providing risk management services, Tyser Risk Management (Bangladesh) Ltd (TRMBL) made its debut on Saturday.

The company, a concern of Tyser Group of the UK, is aiming to provide services to local as well as multinational companies in Bangladesh.

Established in 1820, the Tyser group is based in London having a number of subsidiaries, joint venture companies and offices worldwide. At present the turnover of the company is approximately 600,000,000 US dollars.

The company made its debut through an inaugural ceremony in the city. During the inaugural session Chairman of Tyser Group, Roger Marsh, said that many companies in Bangladesh were operating without sufficient vigilance resulting fire incidents costing crores of taka.

"But such assets could become more secure if proper attention was given on risk management," Roger Marsh said.

Speaking on the occasion, Director (Claims) Michael J. Cairns of Tyser group said every commercial and industrial activity involve risk. "We are here to provide professional assistance to commercial community."

Michael Cairns informed that there are three stages of the risk management process identification of risk, measurement of risk and treatment of risk.

Initially the company will operate with skilled people from abroad and would recruits locals at later after proper training.

According to TRMBL officials the firm will focus on providing services in three separate, yet integrated, divisions Safety Management, Environmental Risk Management and Risk Consulting.

Speaking on the occasion country manager MR Khan said that he hope to create awareness regarding hazards and safety.

The company will conduct safety audits, electrical safety audits, hazard and operability studies, fire audits, environmental due diligence studies, environmental audits, and pre-risk inspection.

TRMBL will assess risk, environmental impacts and valuation of assets.

In addition to this TRMBL will also prepare disaster management plan and also develop and implement environmental management system

The company is equipped to deal with all aspects of the Bangladesh market from chemicals to fertiliser plants, textile to RMG factoires, tanneries to shoe manufacturers and edible oil to LPG/CNG, Tyser officials said.

While talking with The Daily Star, Michael Cairns said that Tyser group has already have business in India and Pakistan. " But in Bangladesh our business will be larger than India or Pakistan."

Bio-gas helps Hazipur villagers slash firewood bill

ABDUR RAHIM, *back from Manikganj*

Bio-gas comes as a blessing for Md Yad Mahbub Khan and his neighbours at Hazipur village in Manikganj who now will pay only Tk 200 for monthly gas burner charge instead of Tk 1000 for firewood.

Mahbub Khan is the lucky one among 20 house owners who got connection from a bio-gas plant, financed by Arab Bangladesh Bank Limitet. A local entrepreneur, Zakir Hossain, ventured the plant to make the best use of chicken excreta of his poultry firm.

Arab Bangladesh Bank sanctioned a Tk 35 lakh loan for the poultry firm and additional two lakh for the bio-gas plant.

The bio-gas plant generated huge enthusiasm among the villagers who wants expansion of the plant to have their household connected with the service.

The plant has now a capacity of 20 burners, enough for daily cooking of a five-member family. All the 20 connections have already been booked.

Encouraged by the facility of chicken excreta-based bio-gas plant, other poultry firm owners in Shaturia area are imitating the same on their premises.

Some villagers expected that time is not far away when all households of Hazipur would use only bio-gas for cooking replacing conventional firewood.

Inaugurating the Desh Bio-gas Plant and Desh Poultry Ltd yesterday, AB Bank Managing Director CM Koyes Sami said use of bio-gas is the most economical and environment-friendly way of cooking which can also save time of neglected village women.

Koyes Sami said, "The village entrepreneurs should be offered collateral-free loan at very competitive interest rate so that more investment goes to village to generate more employment."

Since overall economic development of the country largely hinges on development of villages, other banks should come forward to offer loans to village entrepreneurs at a lower rate of interest.

Speaking on the occasion, Proprietor of Desh Bio-gas Plant and Desh Poultry Ltd Zakir Hossain appreciated the role of AB Bank in the project.

Executive Vice-Presidents of the bank Md Shafiquddin and MA Rais Khan, Branch Manager of Elephant Road Branch Feroze Alam, and other high officials of the bank were present at the inaugural ceremony.

Pak oil pipeline project gets a $360m boost

AFP, *Karachi*

A consortium of Pakistani banks Saturday agreed to stump up a 360 million dollar loan to finance a cross-country oil pipeline project, officials said.

The state-owned National Bank of Pakistan (NBP), Habib Bank and United Bank will provide the money for the 817 kilometre (506 mile) White Oil Pipeline project, which will cost 480 million dollars.

An additional 102 million dollars has already been provided by the China Exim Bank, with the rest made up by project backers the Pak-Arab Pipeline Company, a consortium of Shell Pakistan, Caltex and Pakistan State Oil.

"This is the largest ever project-financing loan by Pakistani banks," said NBP chief Syed Ali Raza at the signing ceremony.

On completion the pipeline will carry eight million tonnes of oil-based products from the southern port city of Karachi to Multan in central Punjab province. Pakistan's annual petroleum consumption is around 18 million tonnes.

India reverses tough budget measures

AFP, *New Delhi*

Indian Finance Minister Yashwant Sinha, under pressure from members of his Hindu nationalist BJP party, on Friday backed down from tough measures unveiled in his budget two months ago.

Sinha told a parliamentary debate the planned roll-back included restoring some tax breaks to middle-income earners and dropping a service tax on life insurance premiums.

He said he would also exempt fixed-line telephone owners from filing income tax returns.

The changes were made "after considering the various representations received from different quarters and specially from members of parliament," Sinha told parliament.

According to estimates, the total budget roll-back revenue loss would be 28.5 billion rupees (590 million dollars).

"It is not a very significant sum of money," Sinha said.

Sinha has been under pressure from within the BJP party, which heads India's coalition government, to revoke unpopular proposals that affect domestic industry after a string of defeats for the BJP in recent provincial and local elections.

The party said it was happy with the reversal of the measures.

"We welcome the concessions announced by the finance minister, especially the increase in the investment limits for tax rebate," BJP party spokesman V.K Malhotra said.

He added that sops given to the insurance sector would benefit a large section of Indian society.

India's main opposition Congress party, however, said it was unimpressed with Sinha's U-turn.

"Sinha has made a mockery of the budget process," said Jairam Ramesh, the head of the Congress party's economic cell.

"The sanctity of the budget has been shattered. It is a repudiation of a budget, it is not a roll-back," Ramesh said.

VAT may net docs, engineers

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The incomes of doctors and engineers may come under VAT (Value Added Tax) network in the next budget.

This was decided at a pre-budget meeting between the finance minister and VAT officials.

The meeting also discussed possible amendment to the existing rules of VAT for eliminating various "discriminations" in service and commodity sectors.

There was a proposal to bring the professionals under VAT network in the 1998-99 budget but it was not implemented.

Talking to the reporters after the meeting, Finance and Planning Minister M Saifur Rahman rejected a suggestion of reduction of VAT rate from the existing 15 per cent.

The business community is demanding reduction of the rate to 10 per cent. The finance minister said there is no instance of reducing VAT rate in the world.

He also observed that if the poor consumers can pay VAT why the doctors and engineers will not pay it.

On possible amendment to rules, the minister said collection of VAT will increase tremendously if all discrimination are eliminated.

The meeting observed various distortions and discriminations in the exiting VAT rules are the main problem in collecting the tax.

According to National Board of Revenue (NBR) officials, there are at least 26 points in the existing VAT law, which create confusion among people.

The minister asked the NBR officials to come up with suggestions to bring amendment to the VAT Act 1991 for making it easy and simple.

NBR Chairman Dr Shoaib Ahmed and high officials of the board were present at the meeting.

Privatisation process now easier and speedier

Privatisation Commission chief tells FICCI meet

UNB, *Dhaka*

The government offered an easier and speedier privatisation process to sell off the state-owned enterprises, coming out of previous sloth caused by the duo of politics and bureaucracy.

"Some unforeseen difficulties arise in the process, but I can assure you that this time it would be easier. It should be possible to make the process speedy," Privatisation Commission Chairman Enam Ahmed Chowdhury told a meeting yesterday with foreign investors operating here, explaining recent policy changes.

Foreign Investors Chamber of Commerce and Industry (FICCI) president Wali Bhuiyan, delivering the address of welcome at the meeting at Sheraton Hotel, called for simply shutting down the loss-incurring SOEs as he estimated the state has been losing around Tk 35 billion every year for spoon-feeding them with subsidies.

Ahmed said the commission changed the policies to expedite privatisation of the SOEs aiming to strengthen the private sector of the country as a byproduct that would pay off.

"Not only the loss-incurring SOEs but also the profit-making ones should also be privatised to make the private sector the main vehicle of economic growth," he told the meet with foreign investors.

Offering a rewarding auction, the commission chairman said the prospective buyers would get 40 per cent cash discount on the contract prices of SOEs in case of full payment in foreign currency.

The rate will be 35 per cent if the payments are made in local currency, he said, listing few recent policy decisions of the new government to expedite the offloading of the mills and factories once the state acquired or built.

Some 78 SOEs have so far been listed for privatisation with most recent approval for 46 units. Out of them, the commission is expected to sell out 80 per cent by the year-end, he said.

"It's difficult to give a rigid timeframe, but we can have a target for privatisation," Ahmed said replying to a question from his business audience.

Replying to another question, Ahmed said not just politics or bureaucracy, but all else concerned caused slowdown in privatisation in the previous years.

"They (politicians and bureaucrats) are in the driving seat. But realisation was not there. That's why there was slow pace," said the former bureaucrat.

Making his observations on the status of privatisation of SOEs in Bangladesh, Wali Bhuiyan said the country could afford to construct several bridges like that on the river Jamuna with the money going to the SOEs in subsidy from the public exchequer.

"Saving such sums could make impressionable impact on the GDP of the country," he said.

He also stressed giving right kind of environment for business and investment in the country. "Road shows abroad is not enough to attract foreign investment."

Referring to the predicament of Adamjee Jute Mills that account for major chunk of the losses by the SOEs, the FICCI president said: "That's a place where you get terrorists only, nothing else."

PHOTO: FICCI

Privatisation Commission Chairman Enam Ahmed Chaudhury speaking at the monthly luncheon meeting of the Foreign Investors' Chamber of Commerce & Industry (FICCI) held at Dhaka Sheraton Hotel yesterday. Seated on his left are Chamber President Waliur Rahman Bhuiyan and Secretary Jahangir Bin Alam while on his right is FICCI Vice-President David E Rees.