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Indian software cos bag $400m outsourcing deal

Pallab Bhattacharya, *New Delhi*

Two Indian software companies have bagged their biggest-ever outsourcing deal totalling $400 million from Dutch bank ABN Amro.

India's largest software exporter Tata Consultancy Services (TCS) said in a statement on Thursday it won a five-year $260 million contract for outsourcing work on ABN Amro's strategic banking platform.

Besides, Infosys Technologies bagged a five-year deal amounting to $140 million -- its single largest ever -- to handle a wide spectrum of applications for the Amsterdam-based bank offices in North America, Europe and Asia Pacific.

Infosys said while it had won a minimum commitment of $140 million it could bid up for outsourcing up to $250 million.

The landmark deals bagged by TCS and Infosys are part of a $2.2 billion outsourcing plan announced by ABN Amro. Global giant IBM was awarded the biggest slice of the deal to the tune of $1.8 billion elating to infrastructure component of the deal while two other Indian companies Patni Computers and Accenture have been roped in to bid for application development.

A statement by ABN Amro said the deal will result in a new technology structure within the firm and 1,500 full time employees will lose jobs. Of the total of 5,000 full time information technology employees of the Dutch bank working worldwide, nearly 2,000 will be transferred to the outsourcing firms, mainly to IBM, it added.

Cellphone sets still pricey despite cut in tariff

UNB, *Dhaka*

The costs of cellphone sets are yet to come down despite tax reduction on their import three months back.

In the budget of FY2005-06 Finance Minister M Saifur Rahman reduced the import tax of cellphone sets to Tk 300 from Tk 1,500 each.

In his budget speech the minister said, "The demand for mobile phones has been growing steadily over the past few years. The existing duty rate is Tk 1,500 per mobile set at the importation stage.... I propose duty of Tk 300 per mobile set at the importation stage and Tk 1,200 for connection of each SIM card or similar technology at local stage."

High duty on cellphone sets resulted in their smuggling into the country. The finance ministry earlier said the smuggling deprived the government of huge amount of revenue from the sector.

Besides, many ruling party legislators said the masses will be benefited from the reduction.

But the masses are yet to reap the benefit of the government initiative.

However, the prices of cellphone sets still remain the same. The prices of the SIMs (subscriber identity module) or new connections, on the other hand, increased quickly.

The sellers at different city markets told the news agency that the prices of cellphone sets will not come down even in future.

Visiting different markets, it is seen that only the second hand and old sets are being sold at reduced prices.

The Nokia 1100 and 3310 model handsets are sold at Tk 4,100 and Tk 4,000 each. The prices were the same before the budget announcement. The traders said the prices will not come down in two or three months as they already imported enough cellphone sets.

Seeking anonymity a trader at Eastern Plaza, the country's largest cellphone market, told the news agency that cellphone sets are still smuggled into the country.

According to the National Board of Revenue (NBR), the government lost revenue more than Tk 125 core in FY2004-05 due to smuggling of cellphone sets.

Sources at the NBR said some 6,00,000 cellphone sets were imported through proper channel in the last fiscal year and the government earned about Tk 100 crore in revenue.

But according to the NBR officials, the country's five mobile phone operators -- GrameenPhone, AKTEL, CityCell, Banglalink and Teletalk -- gave 15,000,000 new connections (SIMs/RIMs) during the same period against only 6,00,000 imported cellphone sets.

"How it was possible that only 6, 00, 000 sets were sold against 15, 00,000 new connections? Where do the other sets come from? Doesn't it indicate that the subscribers are using smuggled sets?" NBR Chairman Khairuzzaman Chowdhury questioned when top executives of the mobile phone operators met him in mid June.

The NBR chairman said the government earlier had imposed Tk 3,000 to Tk 4,000 tax on each cellphone set. "The mobile phone operators sold connections along with sets and the government used to get the revenue of each set with every new connection," he said.

A couple of years back, the mobile phone operators urged the government to withdraw the provision of selling sets along with the new connections. They said if the government does so, the country's cellphone market will expand rapidly and the national exchequer will get a huge amount of revenue.

"When the government allowed separate sale of sets and SIMs, it was seen that the revenue earnings from cellphone sets import came down sharply," said a high NBR official, seeking anonymity.

He said the NBR reduced the tariff on cellphone sets and re-fixed it at Tk 1,500. Even then the traders considered it high.

Phoenix Leasing okays 24pc bonus share

Phoenix Leasing Company Ltd has declared a 24 percent bonus share for its shareholders for the year 2004.

The declaration came at the 10th annual general meeting (AGM) of the company on Monday in Dhaka, says a press release.

Deen Mohammad, chairman of the company, presided over the AGM, which was also attended by other senior officials.

Global Micro Entrepreneurship Award nomination invited

In a bid to commemorate the UN year of micro credit, the United Nations Capital Development Fund (UNCDF) has recently launched Global Micro Entrepreneurship Award (GMA) programme in Bangladesh.

The awards will be presented in four categories -- Best Micro Finance Institution (MFI) of the Year, Most Innovative Business of the Year, Best Woman Micro Entrepreneur of the Year and Best Micro Entrepreneur of the Year -- after the selection process ends in September, says a press release.

The objective of the GMA programme is to promote micro enterprise and increase awareness about financial service needs. Besides, the aim of the initiative is to recognise the success stories of the entrepreneurs and put the spotlight on local micro entrepreneurs who are helping lift the economic fortunes of their communities and bringing more capital into their developing economies.

The deadline of sending nominations for GMA award programme is September 7, 2005. The GMA programme is supported by the Citigroup Foundation, philanthropic arm of Citigrouop and the UNCDF. Citibank NA Bangladesh is also extending its local support to the programme. For more information and to get an application form, people concerned are requested to visit the website at www.asia.citibank.com/bangladesh/corporate.

Sirajganj Power Plant

Govt may invite fresh tender

UNB, *Dhaka*

The government is likely to invite fresh tender for installing a 450-MW combined cycle power plant in Sirajganj under private sector, after a lapse of over three years in procrastination, competent sources said.

This will be the third-time tender flotation within three and a half years time for a mega-infrastructure project such as this in the country's power sector, sweating under a high demand.

Sources said on different occasions of floating tender between 2002 and 2004, the government had to receive a single offer for the major project as many potential firms refrained from dropping offers for different reasons.

In the first tendering process, Summit Group, a local business house, offered to set up the project under a joint venture with the state-owned Bangladesh Power Development Board (PDB). The PDB is also the power purchaser of the project.

The Cabinet Committee on Public Purchases, a cabinet sub-committee headed by Finance Minister M Saifur Rahman, approved the project.

Thereafter, it had to pass through 41 levels in the perusal process -- stretching from the PDB to the Cabinet Division -- consuming more than two years. Finally, the scheme got a top-notch cabinet body's nod.

But when the Power Division was preparing to award the project to Summit Group, the entire process was cancelled showing corruption and irregularities as the grounds.

The higher authorities also had formed an inquiry committee that found 23 officials at fault. None was, however, booked.

On the other hand, officials of the World Bank and the Asian Development Bank, the financiers for the project, said they did not find such malpractice in the procedure.

Later, the government invited tender afresh for a second time in 2004. This time, the government asked the interested international firms to participate in the pre-qualification (PQ) bidding to set up the plant on Build-Own-Operate basis. Three local and international firms qualified in the pre-qualification exercise.

But when the firms were asked to submit their respective technical and financial offers in May, again it was found that only PHP-Essar Power, a joint venture of local and Indian firms, dropped offers for the project.

The other pre-bid qualifying firms backed out without assigning any specific reason, the sources said.

Recently, a tender-evaluation committee formed for examining the offers of the single bidder uncovered the technical proposal of the PHP-Essar Power. But the committee, in its final judgement, made the offer non-responsive.

Thereafter came an advice from a higher authority for the power ministry to cancel the second tender as well and go for a fresh one to seek new proposals for the project, competent sources said.

In compliance, the Ministry cancelled the tender and was now preparing to go for inviting tender over again for the project.

Indicating to the nemesis of the 450-MW Sirajganj power project, State Minister for Power Iqbal Hassan Mahmood told a seminar recently that 'a so-called note' of a bureaucrat is good enough for the death of a power project.

PHOTO: PHOENIX LEASING

The 10th annual general meeting (AGM) of Phoenix Leasing Company Ltd was held Monday in Dhaka. Deen Mohammad, chairman of the company, presided over the AGM, which declared a 24 percent bonus share for its shareholders for the year 2004.

US imposes extra curbs on Chinese imports

Reuters, *Beijing*

The United States imposed extra curbs on Chinese imports Thursday, hours after talks on a formula to deal with China's surging textile shipments ended in failure.

The limits on Chinese-made bras and synthetic filament fabric used to make clothing, upholstery and other everyday products underline the growing friction in Sino-American trade ties and cast a shadow over President Hu Jintao's visit to the United States next week.

Beijing and Washington had hoped that Hu and US President George W Bush could bless a textiles pact as a positive development in a relationship strained by political issues such as Taiwan as well as by China's swelling trade surplus.

But officials from the two sides met only briefly on Thursday morning after two days of haggling in the Chinese capital failed to narrow differences.

"Despite our best efforts we were not able to reach a broader agreement. The United States remains optimistic that we can continue to make progress on the remaining issues," David Spooner, the head of the US negotiators, said in a statement.

Not long after, the Commerce Department in Washington announced the new curbs but said it would delay until Oct 1 a decision on whether to restrict imports of sweaters, robes, wool trousers and knit fabrics.

EU envoy to China upbeat about textile solution

AFP, *Beijing*

The European Commission's ambassador to China said Friday he was confident that textile disputes with China would be resolved soon and that the upcoming EU-China summit would help move negotiations forward.

Talks aimed at ending the piling up of above-quota Chinese garments in European ports temporarily ended this week with EU delegates leaving China, although EU officials insisted that talks were still continuing.

Serge Abou told journalists that officials were hoping for a solution before the EU-China summit in Beijing next Monday, but it would not affect the forum even if no resolution was reached by then.

"The summit will confirm our will to preserve the integrity of the Shanghai agreement and will make a plea to continue our work," he said.

"The problem will be resolved, that's for certain."

The European Union and China narrowly avoided a trade war by agreeing to a deal in Shanghai in June to curb growth of imports of 10 Chinese textiles and clothing products to between eight and 12.5 per year until the end of 2008.

"I can confirm to you that both parties are fully attached to this Shanghai agreement, no one has the slightest intention to depart from this agreement," he said.

The 8th EU-China summit will be attended by British Prime Minister Tony Blair, EU Trade Commissioner Peter Mandelson, European Commission President Jose Manuel Barroso and European Union foreign policy chief Javier Solana.

Abou said the textile talks were taking a long time "simply because, technically, the problem is very difficult."

Mandelson said Thursday in Brussels that he hoped to convince EU member states before the weekend to release millions of imported textile products from China held by customs in EU ports.

ADB to lend India $6.5b in next 3 years

AFP, *Manila,*

The Asian Development Bank (ADB) said Friday it is ready to raise its lending to India to more than 6.5 billion dollars over the next three years.

ADB president Haruhiko Kuroda committed to the higher aid levels during his recent visit to India, an ADB statement said.

Kuroda said the ADB's annual lending program for India is expected to increase from about 1.5 billion dollars this year and could go up to two billion dollars annually in the next few years.

Lending will focus on infrastructure particularly transport, energy and urban development.

"The ADB attaches great importance to India and we will be happy to enhance the scale and scope of government assistance," Kuroda added.

Pakistan for jt ventures with Bangladesh

BDNEWS, *Dhaka*

With adoption of some liberal initiatives by Pakistan government, bright prospect has been created to promote joint ventures with Bangladesh in leather, textiles, pharmaceuticals and sports goods' sectors.

Local pharmaceutical companies such as Beximco, Acme and Square have already started opening plants in Pakistan, said an official of Pakistan high commission here yesterday.

Beximco has a plant in Lahore and Acme in Karachi according to the official. Local Hameem group is planning to establish a textile and also a ceramics factory in Pakistan.

A delegation of top business leaders from Pakistan is coming to Dhaka soon to negotiate about establishing textile factories in Bangladesh, according to a local business leader.

On the other hand, Pakistan has taken a number of initiatives to boost its foreign investment from Bangladesh, said Roubina Toufiq Shah, commercial secretary of Pakistan High Commission to Bangladesh.

The new scheme aims at investment and promoting transfer of technology, modern plant and equipment, according to the Pakistan High Commission sources.

The government of Pakistan has launched a scheme to encourage investment and joint ventures in several sectors in Pakistan that can be sustainable in the country with easy availability of raw materials, skilled labour and highly developed infrastructure for production and exports.

Pakistan took an initiative during last three years to improve its competitive position and boost investment in the country. Accordingly, import duties on industrial raw materials were reduced in consultation with stakeholders of various industrial sectors to 5 percent or 10 percent.

Schemes under the National Policy Initiatives, include establishment of textile cities in Karachi, Lahore and Faislabad, garments cities in big industrial cities such as Karachi and Lahore with complete infrastructure required for export, cluster development centres for leather, cutlery, jewellery, and Export Processing Zones in Karachi with an attractive investment policy.

Export Promotion Bureau of Pakistan is offering financial assistance to help joint ventures and new investments. It is also maintaining a list of Pakistani businesses that seek joint venture partnerships in the areas of textiles, leather and leather goods, hotel, tourism, steel, engineering, pharmaceuticals, food processing and fisheries.

"Pakistan is especially focusing on reducing the cost of doing business, rationalising the regulatory framework, providing necessary infrastructure and promoting an enabling business-friendly climate in the country," Roubina Taufiq Shah told the news agency.

She said, "Continuity, consistency and connectivity are the prerequisites for a stable policy environment. This has made a positive impact on the current account balance of the country, opening up of foreign investment and increased FDI, with foreign exchange reserves exceeding US$ 12 billion."

India to keep up 7pc growth rate

Says central bank

Staff Correspondent, *New Delhi*

The Reserve Bank of India said the Indian economy is poised to keep up the 7 percent growth rate in current fiscal on macro economic gains but cautioned rising crude prices could impact output, inflationary pressure and export competitiveness.

In its annual statement released on Monday, the bank warned that high oil prices remained the most critical factor influencing domestic inflation and any complacency in managing price stability could hurt growth.

It said inflation is expected to be at around 5 to 5.5 percent if normal circumstances prevail.

The central bank virtually suggested a hike in domestic fuel prices and aligning them to global trends.

The statement said by not aligning domestic oil prices with global trends, the government's fiscal burden is likely to go up and eventually hurt its finances.

"Spikes in crude oil prices could result in increased fiscal burden in terms of duty concessions, larger petroleum subsidies or lower dividends from oil public sector enterprises," it added.