

WB board today decides \$200m development loan tranche

STAR BUSINESS REPORT

A World Bank (WB) Executive Board meeting today will decide whether or not to approve the \$200 million third tranche of Development Support Credit (DSC) to Bangladesh.

A delay in approving the draft Public Procurement Law (PPL) by the cabinet prompted the WB to defer tabling the matter in its board meeting on November 17, as was previously scheduled.

With the High Court clearing the way for Rupali Bank's privatisation

and the government making written commitment to clear the procurement law, there is every chance for the DSC-3 to get approved by the WB board today.

The proposed procurement law was tabled at a cabinet meeting on November 2. But, in the face of strong opposition from some cabinet members, the cabinet did not okay the draft. Instead, it formed a subcommittee to scrutinise the clauses of the law and recommend modifications.

The subcommittee held a round of meetings on the draft law and

then sent it to the law ministry for vetting.

The WB meantime took a staunch stance on the issue and told the government if any fundamental change is made in the law, it will not approve the DSC instalment.

A government source said in response, the government assured the WB that it is going to make no major changes in the law and will soon get it passed by parliament. The government also informed the bank that the cabinet has already approved the law in principle.

12 business houses get Best IT Use Award

BDNEWS, Dhaka

A total of 12 business houses have received Bangladesh Best IT Use - 2005 Award yesterday for their contribution to the IT sector using local software.

Bangladesh Association of Software and Information Services (Basis) gave the awards to Saiham Cotton Mills Ltd, Jalalabad Telecom Ltd, Teletalk Bangladesh Ltd, Reliance Insurance Ltd, Standard Chartered Bank, Mindworking A/S, Denmark, Abashan Upodesta Ltd, Gas Transmission Company Ltd, British American Tobacco Bangladesh, Groupcare A/S, Denmark, Rupali Bank Ltd and Esack Brothers Industries Ltd.

Commerce Minister Altaf Hossain Choudhury distributed the awards at a function at Bangladesh-China Friendship Conference Centre. Dutch-Bangla Bank Limited (DBBL) sponsored the awards.

India may join Asean free trade area: Manmohan

PALLAB BHATTACHARYA, New Delhi

After free trade agreements with Saarc, Singapore and Thailand, India is likely to join Asean free trade area, which could lead to a major FTA in Asia, Prime Minister Manmohan Singh has said.

"We are on the verge of entering into one (FTA) with Asean next month," he told the World Economic Forum meeting on Tuesday evening.

"I am certain that in the next few years we may see the rise of a major free trade area in Asia", he said adding that this would cover all major Asian economies including China, Japan, South Korea and possibly extending to Australia and New Zealand.

This pan-Asian FTA could be the third pole of the world economy after the European Union and North

American free trade area and would open up new growth avenues for Indian economy, Singh said.

In addition to the pro-active role in WTO, where India was attempting to dismantle barriers to farm trade, the country is actively pursuing regional trade arrangements and concluded FTAs within Saarc and with Singapore as well as Thailand, Singh pointed out.

Asserting that tariff levels in India were coming down, he said the government was committed to bringing them further down to Asean levels.

Singh is slated to participate in the India-Asean Summit in the second week of December.

The prime minister's Trade and Economic Relations Committee cleared on Monday the negotiating guidelines for India-Asean FTA. These guidelines will define India's strategy at the next meeting of trade

negotiating committee for finalisation of the FTA, which is scheduled to meet on December 1-2.

Asserting that the FDI regime was liberal, the Indian prime minister said a group of ministers was examining ways of further rationalising the current FDI regime to cut red tape.

Barring the financial, retailing and coal mining sectors, India was extremely liberal in welcoming FDI, he said, adding that in retail "we are engaged in an intellectually stimulating exercise to understand the possibilities that exist in opening up this sector and how best we can harness it for our needs."

"Our ability to create bureaucratic hurdles in the way of enterprises amazes me. I think as far as FDI is concerned, it is not policy but badly designed procedures and poor infrastructure which are a constraint," he said.

Singh projected a 7.5 percent growth of Indian economy for this year and promised to take it to 10 percent in the next two to three years.

He said a ten percent growth was "eminently feasible if we have the expected increase in savings rate arising out of a young work force and make a quantum leap in growth rate in agriculture, industry and services."

Singh emphasised on the need to engage in infrastructure development including ports, airports, railways and power particularly in villages through greater public-private sector partnership.

Meanwhile, Finance Minister P Chidambaram urged investors from Japan to put their money in Indian infrastructure sector. He said Japanese investment in India was lower compared to that in China.



Habibullah Khan (2-R), president of Chittagong Stock Exchange (CSE), speaks at a press conference in the port city yesterday to mark the 10th founding anniversary of the bourse. Other senior CSE officials are also seen in the picture.

US, Pakistan to step up talks on bilateral investment pact

AFP, Washington

The United States and Pakistan agreed Tuesday to strive harder to forge a bilateral investment pact that could set the stage for negotiations to establish a free trade agreement.

United States Trade Representative (USTR) Rob Portman and Pakistan Commerce Minister Humayun Akhtar Khan "committed to redoubling efforts to conclude" the bilateral investment treaty, USTR spokeswoman Neena Moorjani told AFP after the talks.

She said the treaty "can play an important role in strengthening Pakistan's economy which creates new opportunities for exporters and investors in both economies as well as bolster our joint efforts on terrorism."

Pakistan President General Pervez Musharraf, who seized power in a bloodless coup in 1999, is a key US ally in its "war on terror" and has repeatedly spoken out against extremism in the Muslim world.

Minister Khan also raised with Portman Pakistan's desire to commence free trade negotiations, Moorjani said.

Both sides have been holding discussions on a plethora of trade issues under their Trade and Investment Framework Agreement (TIFA).

Khan told reporters that a possible visit by President George W. Bush to Pakistan next year could provide an impetus for signing the bilateral investment treaty.

"I think some VVIP movement" could prod the officials into speeding up the conclusion of the agreement, he said.

Craft goods makers need help to explore export market

Renowned home textile and craft products maker Gautam Saha, CEO of Sristy Hometex Ltd, talks to The Daily Star on the prospects and problems of the craft industry in Bangladesh. Following are the excerpts:

Q: As an exporter of home textile and other craft products what's your view about exporting these products?

A: The craft industry was given a little attention in the past. Despite bright potential at home and abroad, initiatives by the government, private sector and the voluntary agencies were not enough to promote the industry as a source of living for the poor. Government is often ambivalent towards this sector due to a perception that it is neither economically important to contribute to the development, nor sufficiently artistic to deserve significant attention to promote the country's culture and heritage. But there are signs that demands in the local and foreign markets are growing for the unique products made by the artisans and crafts people in Bangladesh. For this reason, the government should help craft products makers attend international trade fairs to explore export market.

Q: What are the problems you face as a home textile exporter?

A: We, the exporters, focus on different problems that prevail in this home textile and craft industry. For example, our government posted commercial counselors to different Bangladesh missions abroad but till date these commercial counselors did not take any scheme to promote this industry. Germany is the platform of buyer-seller meeting place where round the year businesspeople from different parts of the world come for business. Many Bangladeshi business organisations participated in different trade fairs in Germany with their products but the commercial section of Bangladesh mission in Germany never took any initiatives to promote these Bangladeshi products to German market whereas India, Thailand, Vietnam and some other countries are doing their best in this regard. Bangladeshi entrepreneurs cannot be able to



Gautam Saha

reap the benefits from the fairs due to government's unawareness. Besides, Bangladeshi commercial counselors in different countries have no proper background of trade and commerce and so they cannot understand what initiatives should be taken to help the country's exporters. Our Export promotion Bureau (EPB) also stands for helping the exporters but it also doesn't have enough expertise to implement proper development policies. It is very important to justify the activities of EPB and Bangladeshi missions abroad.

Q: Can you give some examples of good initiatives in promoting home textiles?

A: Most of the voluntary agencies or donor organisations working in Bangladeshi private sector development are busy with research

works and hardly do field-level activities. As a result, manufacturers or exporters seldom reap any benefit from those organisations. But definitely I can tell a successful story of Danida PSD (Private Sector Programme). Danida has a key person, Amarnath Reddy, who is contributing to private sector development, and runs its programmes successfully with Bangladeshi companies.

Q: What is needed for the development of the industry?

A: We would like to request the government to recruit personnel having appropriate background of trade and commerce as commercial counselors in Bangladesh missions abroad. And the EPB also should take proper initiatives to boost home textile export.

We strongly believe that huge investment with due government patronization in this sector will reduce poverty and also fetch increased foreign currency.

The government should ensure duty-free access of Bangladeshi home textile products to the world market. The government should also invest in human resource development for the craft industry.

Q: So, what's the prospect of home textile products?

A: Still the home textile industry is very prospective in labour-intensive Bangladesh. Proper utilisation of huge manpower can put the economy on a solid footing. Home textiles are less capital-intensive, environment-friendly with low labour cost and have huge demand in the global as well as local markets. This particular industry alone can create a large number of jobs.

Thousands of CVs puzzle bdjobs.com at IT job fair

BARNABY SKINNER

During the SoftExpo2005, bdjobs.com, the largest online job site of the country, could not cope with the number of CVs submitted, frustrating employers and employees.

Sitting in Hall 2 of the Bangladesh-China Friendship Conference Centre, waiting for his candidates to take interview, Ahsanul Islam, director of Digital Group, said yesterday: "I scheduled only three hours for these interviews. Now I've been waiting for an hour and I haven't seen a single applicant. This isn't working."

Like 30 other companies, Islam paid Tk 5,000 to take part in the IT job fair organised by bdjobs.com. It was supposed to be a highlight of this year's software fair, the largest of its kind in Bangladesh. In fact, with 4,000 CVs handed in for the 79 IT jobs on offer the numbers were so impressive and bdjobs.com could not handle them.

What went wrong? Before the

SoftExpo2005, employers looking for IT staff submitted their job descriptions. For the first two days bdjobs.com posted job ads on PCs at the fair and gathered CVs. Wednesday and Thursday (today), the final days of the SoftExpo, were scheduled for interviews with suitable candidates.

"The problem was that we did not account enough time to evaluate all the CVs and applications," said Fahim Mashroor, bdjobs.com CEO. His staff scanned CVs all the night on Tuesday and selected suitable candidates for interviews, but failed to inform them about their appointments in time. "Some people only left their email addresses," Mashroor explained, "if they don't check their mails regularly then we can't reach them."

On the next table, Fuad Bashar, director of Mitra Association, sighed and said: "I think the Tk 5,000 we paid was a waste of money. Our regular posting on the web edition of bdjobs.com was much more successful." He said the CVs he had

received during the IT fair were not as interesting as the ones he had received after posting the job description on the web site. Bashar is looking for three junior programmers to extend his team, currently working on outsourcing projects for the US.

"Next time round I'll just use the web. It was a nice idea, but it doesn't work", Bashar summarised his feelings.

Mashroor from bdjobs.com understood the disappointment of the employers. "We realise we have just scheduled too little time to do the job properly. We've learnt our lesson for the next year."

bdjobs.com was the first job web site in the country. The company started out with just two computers and three employees in 2000. Today 25 employees work for the site and 20,000 people have successfully found jobs using the service.

Looking at these numbers, the IT job fair at the SoftwareExpo2005 will only mean a minor setback for a surging online business.

Indian economy grows 8pc in Q2

AFP, New Delhi

India's economy expanded by 8.0 percent in the second quarter of the financial year, driven by a strong manufacturing and services sector, government data showed Wednesday.

The growth was only marginally lower than the 8.1 percent clocked in the first quarter of the year to March 2006. But it was way above the 6.7 percent logged during the same quarter a year ago.

The government has forecast that the economy will expand by 7.0-7.5 percent during this fiscal year.

The performance came despite a dip in farm sector output.

The agriculture sector accounts for nearly a quarter of India's gross domestic product and employs 70 percent of the workforce in the country of more than one billion people.

The farm sector grew by two percent during the second quarter, while the manufacturing sector expanded by 9.6 percent.

The buoyant economy has put more money in the pockets of consumers who have been buying everything from cars to refrigerators, increasing domestic corporate revenues.

Prime Minister Manmohan Singh said Tuesday the economy was expected to expand by 7.5 percent during the financial year and could attain 10 percent growth in three years if it made a "quantum leap" in agriculture, infrastructure and savings rates.

AFP, London

Finance ministers and central bank governors from the Group of Seven (G7) industrialised countries gather in London later this week for an extraordinary meeting to say goodbye to outgoing US Federal Reserve chief Alan Greenspan.

The G7 traditionally holds four meetings per year but has added a fifth to bid farewell to Greenspan. Top White House economist Ben Bernanke, 51, was poised to succeed him as US Federal Reserve chairman.

Greenspan, 79, retires at the end of January after more than 18 years as the most celebrated chairman of the world's most powerful economic

institution.

The veteran governor was to deliver a speech Friday at the Advancing Enterprise Conference, an event running alongside the G7 meeting and set to be attended by chief executives and chairmen from leading British companies, including the supermarket group Tesco and HSBC bank.

The G7 meeting was meanwhile likely to feature discussions on oil prices.

At its last meeting in Washington in September, finance ministers from the world's richest nations expressed concern over skyhigh oil prices and warned that fuel costs could derail global economic growth.



Minister Abbas, minister for housing and public works, inaugurates the 25th branch of Dhaka Bank at Shahab Bazar in Rajshahi recently. Mizanur Rahman Minu, Rajshahi city mayor, and Rokshana Zaman, chairperson of the bank, among others, were present at the inaugural ceremony.

Thai economy seen up 5pc in 2006

AFP, Bangkok

Thailand's economy is likely to expand by 5.0 percent next year, supported by strong exports, improving tourism and falling global oil prices, the finance ministry said Wednesday.

Exports, which account for more than 40 percent of Thailand's economy, are seen up 12.0 percent year-on-year to 122.8 billion dollars in 2006 with imports projected to rise by 8.0 percent to 127.7 billion dollars.

"External factors affecting our economy are world oil prices and economic growth of our trading partners. But we anticipate there will be few negative internal factors," ministry spokesman Somchai Sujjapongse said.

The government also expected Thailand's current account deficit to stay at 200 million dollars in 2006 while foreign reserves are likely to reach 52.0 billion dollars next year, up 7.7 percent from last year.

The government forecast the economy to grow by 4.3 percent in 2005 despite a drought earlier this year, high oil prices and an economic slowdown following last year's tsunami.

In 2005, exports are likely to rise 14.1 percent year-on-year to 109.6 billion dollars while imports are projected to expand a bigger 25.3 percent to 118.2 billion dollars.

"Thus the country will post a trade deficit of 8.6 billion dollars. It was due to high oil prices as the value of oil imports jumped 44.5 percent from last year to over 18.5 billion dollars," the ministry spokesman said.