

India unveils populist budget, aims for 10pc growth

AFP, New Delhi

India's government announced a populist budget Tuesday, targeting the nation's poverty-stricken masses at the same time pledging strong growth and "unrelenting" fiscal prudence.

Finance Minister P. Chidambaram forecast Asia's third-largest economy would grow by 8.1 percent this fiscal year ending in March after expanding by 7.5 percent the previous year, and would aim for 10 percent growth in the next few years.

"Growth is the best antidote to poverty," he told parliament.

The left-leaning Congress-led government, brought to power in 2004 by support from India's poor

rural masses and facing five state elections, announced a slew of social-spending programmes.

At the same time, it moved to boost the economy and rein in the fiscal deficit, steps that pleased the share market which jumped nearly one percent to hit a record high.

Social measures included more generous farm credit, a 32 percent hike in education spending and a 22 percent rise in health and family welfare outlays, plus a 54 percent increase in funds to improve infrastructure and bring basic amenities to rural India.

India's dilapidated roads, railways, ports and other infrastructure are cited as key stumbling blocks to attaining double-digit growth.

Helping the government spend

more was India's surging economy that has pushed up tax revenues by 20 percent tax "for an unprecedented three years running," said Chidambaram.

He held the line on personal and corporate incomes taxes but raised the tax rate on services to 12 percent from 10 percent. He also widened the tax net on services which accounts for 54 percent of GDP but just five percent to tax revenues to embrace such areas as advertising and management services.

Chidambaram, known as an arch economic reformer, said the budget was a bid to show investors the government had both its "head and heart in place."

"Growth will be our mount, equity will be our companion and social

justice will be our destination," he told parliament.

He announced the fiscal deficit would fall to a better-than-expected 4.1 percent of Gross Domestic Product (GDP) for the year to March 2006, instead of the 4.3 percent initially forecast, and then to 3.8 percent the following year.

"Last year, I reluctantly pressed the pause button on fiscal correction," he said. "I have redeemed my promise that the process of fiscal correction will be resumed in 2006/07."

Chidambaram said the government would maintain an "unrelenting emphasis on fiscal prudence."



PHOTO: BANK ASIA
Syed Anisul Huq, president and managing director of Bank Asia, distributes micro credit among the rural poor under its 'Poverty Alleviation Scheme' recently.



PHOTO: EXPRESSIONS

MA Khaleque, chairman of Fareast Finance and Investment Limited, presides over the fifth annual general meeting (AGM) of the company in Dhaka recently. The AGM declared a 20 percent dividend in the form of bonus share for the year 2005.



PHOTO: DUTCH BANGLA BANK

Abul Hashem Khan, deputy managing director (Operation) of Dutch-Bangla Bank Limited (DBBL), poses for photographs at a certificate awarding ceremony with resource persons and participants at a foundation training course for new recruits of the bank on Sunday in Dhaka.

India's fiscal deficit seen at 4.1pc of GDP in 2005-06

AFP, New Delhi

India's fiscal deficit will fall to a better-than-expected 4.1 percent of GDP for the year to March 2006 and 3.8 percent next year, the finance minister said Tuesday as he presented the budget.

"Last year, I reluctantly pressed the pause button on fiscal correction," said Finance Minister P. Chidambaram, who had estimated the revenue deficit for the current financial year at 2.7 percent and the fiscal deficit at 4.3 percent.

"I am happy to report I have been proved wrong," he told parliament, projecting the revenue deficit for this fiscal year at 2.6 percent and the fiscal deficit at 4.1 percent.

For the following financial year, he forecast the revenue deficit at 2.1 percent and the fiscal deficit at 3.8 percent.

"I believe that I have redeemed my promise that the process of fiscal correction will be resumed in 2006/07," he said.

CURRENCY

Following is yesterday's (Feb 28, 2006) forex rate statement by Standard Chartered Bank

TT/OD	BC	Currency	Buy		
			TT Clean	OD Sight Doc	OD Transfer
71.3500	71.3800	USD	70.2300	70.2066	70.1598
85.5201	85.5561	EUR	82.1902	82.1628	82.1080
124.9981	125.0506	GBP	120.9080	120.8677	120.7871
53.6124	53.6349	AUD	50.8606	50.8436	50.8097
0.6210	0.6212	JPY	0.5993	0.5991	0.5987
54.6032	54.6262	CHF	52.6999	52.6523	52.6172
9.3096	9.3136	SEK	8.4961	8.4933	8.4877
63.1919	63.2185	CAD	60.9265	60.9062	60.8656
9.2174	9.2213	HKD	9.0312	9.0282	9.0221
44.8629	44.8818	SGD	43.1018	42.0874	43.0587
19.5839	19.5921	AED	18.9662	18.9599	18.9472
19.1775	19.1856	SAR	18.5789	18.5727	18.5603
11.8010	11.4060	DKK	10.7367	10.7331	10.7260
240.8310	240.9344	KWD	238.7516	238.6743	238.5198

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
44.38	59.86	102.54	39.335	6.7869	0.6589	3.71

Local Interbank FX Trading

Local interbank FX market was active on Tuesday. Demand for USD continued to remain high in the market.

Local Money Market

Money market was active on Tuesday. Call money rate was almost unchanged and ranged between 10.00-12.00 percent.

STOCK

SHIPPING

Chittagong Port

Berthing position and performance of vessels as on 28/2/2006

Berth no.	Name of vessels	Cargo	L. port call	Local agent	Dt of arrival	Leaving	Import disch
J1	Yaa-e-mohammed	Gl (S.Ash)	Kand	Cla	4/2	4/3	1401
J2	Sarim	Wheat	Kersh	Litmond	16/2	6/3	2180
J3	Htone Ywa	Gl(Y. Ma/pul)	Yang	MTA	21/2	1/3	711
J4	Amanat Shah	Sugar	Tuti	Cla	7/2	3/3	1246
J5	Bang Long	Gl(R.Log)	Yang	Mutual	20/2	—	902
J6	Cheng Hao	Gl(Y.Ma)	Yang	Cosco	21/2	2/3	650
J7	Banga Borat	Cont	Sing	Bdship	20/2	28/2	—
J8	Vien Dong-2	Gl	Sing	Prog	25/2	1/3	2022
J9	Pu Trusty	Cont	Col	Seacon	23/2	1/3	—
J10	Lontec	Slag	Kimi	Move	14/2	1/3	2712
J11	Ocean Park	Cont	Col	Seacon	24/2	1/3	248
J12	Oel Wisdom	Cont	Col	PSSL	23/2	1/3	270

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. port call	Local agent	Type of cargo	Loading ports
Brave Royal	28/2	Thai	BRSL	C. Clink	Royal
African Star	28/2	Pkel	Everest	Cont	Sing
Herakles	28/2	Totikorin	Everett	Scraping	Cont
Mir Damad	28/2	Col	SSL	Cont	Col
Alkistis	28/2	Sin	Rainbow	Wheat	—
Taraman Bibi	28/2	Qatar	Nishat	Urea	BCIC
Kotaria	28/2	Sing	Pil(Bd)	Cont	Mong
Song Shan(liner)	1/3	Sirra	Cosco	Gl	—
Kota Berjaya	1/3	Sing	Pil(Bd)	Cont	Sing
Sagging (liner)	1/3	Yang	Everett	Gl(St. C)	Col
Phu Tan	1/3	Pip	PSSL	Cont	Sing
Pan Express	2/3	Lugait	ASLL	C. Clink	Holcim
Seat Mas	2/3	Sing	Vega	Cont	Sing

Tanker due

Al Barakat-1	1/3	—	MTCL	Cpol
Afrodit	3/3	—	SSST	Crude Oil
Adonis	3/3	Kuwa	MSTPL	HSD/Sko
Champion Pioneer	5/3	Kuwa	MSTPL	HSD

Vessels at Kutubdia

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
Outside port limit				

Wira Keris -- -- IBSA R/A (2/2)

Vessels at outer anchorage

Bunga Melati	CDSO	Selor	Rainbow	24/2
Banga				