

Govt borrows 10 times more from banks in 8 months as aid dips

STAR BUSINESS REPORT

The government's net borrowing from the banking system surged nearly 10 times more in July-February period of the current financial year over the corresponding period of the last fiscal year in the face of dwindling foreign aid.

According to official statistics, government borrowed Tk 1,717 crore in the first eight months of the 2005-06 financial year, which was only Tk 172 crore during the corresponding period of the last fiscal year.

On the other hand, net foreign aid dipped sharply to US\$ 339.4 million during July-February period of the current financial year from \$ 647 million during the same period of the 2004-05 financial year.

"Substantial decline in foreign aid during the period forced the government to borrow more from

the banking system," said a finance ministry official.

Government received a total of \$ 644.4 million foreign aid while made a repayment of \$ 305 million during the same period of current fiscal.

Total foreign aid amounted to \$ 940 million in the first eight months of the last financial year while repayment was \$ 293 million.

Huge amount of foreign aid is in the pipeline but rigid conditionality from lenders and donors along with institutional limitations of the government agencies in implementing foreign-aided projects is largely responsible for a poor performance in aid disbursement process, sources said.

Receiving loans from the banking system apart, government's net borrowing from non-banking system was Tk 1,956 crore during July-February period of the current financial year.

On the other hand, government's

net borrowing from non-banking system during the same period of last financial year amounted to Tk 1,984 crore.

"Borrowing from the non-banking system went down after the interest rates on saving instruments were cut. But the government was forced to push the interest rates up again after the International Monetary Fund's prescription. Hike in interest rates has helped the government in attracting small savers to buy more saving certificates," said the finance ministry official.

Total budget (deficit) financing of the government in the first eight months of 2005-06 stood at Tk 5,904 crore compared to Tk 6,060 crore during the same period of last fiscal.

On the other hand, government's

Eskayef plans massive market expansion in Sri Lanka

Eskayef Bangladesh Ltd, a leading pharmaceutical manufacturer and marketer, as part of its massive business expansion plan in the international market, has given special emphasis on Sri Lankan market.

During a recent visit to Dhaka of Sri Lankan Deputy Minister of Healthcare and Nutrition Vadivel Suresh, Eskayef Bangladesh Managing Director AM Faruque met him and expressed his vision regarding Eskayef's strong presence in Sri Lanka in the coming days, says a press release.

Suresh appreciated the quality and packaging standard of Eskayef products and showed his interest in importing more products from Eskayef. Acting High Commissioner of Sri Lanka to Bangladesh Vipulalheja W Aponus was also present at the meeting.

Faruque said "We are planning to be within the top three pharmaceutical companies in Sri Lanka by 2008. We have already got registration for 15 products and another 51 products are in registration pipeline. Due to multinational heritage and top quality products, Eskayef has already got tremendous response in international market."

"Considering the emerging threat of bird-flu worldwide and the scarcity of its treatment, Eskayef Bangladesh has launched Sk-flu (Oseltamivir) as a safeguard," he added.

Iran wants to invest \$600m in Indonesian energy projects

AFP, Jakarta

Iran wants to invest 600 million dollars in energy projects in Indonesia, the world's most populous Muslim nation, the Indonesian foreign ministry said Friday.

Iranian President Mahmoud Ahmadinejad will sign a memorandum of understanding on energy cooperation during his visit to Indonesia on May 10, said foreign ministry spokesman Yuri Thamrin.

"Iran has shown a serious intention to invest in the energy sector," Thamrin told a press briefing.

Tehran has offered to invest 200 million dollars in a project to improve offshore platforms and 400 million dollars to develop a gas pipeline linking South Sumatra to Batam island, just opposite Singapore, he said.

He said he hoped the deals could be signed during Ahmadinejad's visit.

A lack of new investment is blamed for Indonesia's declining oil production.

Indonesia is the only Southeast Asian member of the Organization of Petroleum Exporting Countries (Opec) but the country's oil output has fallen five percent annually over the last decade to less than a million barrels per day.



PHOTO: STAR

Cars are put on display at 'Dhaka Motor Show' at Bangladesh-China Friendship Conference Centre in the capital yesterday. The exposition ends today.



PHOTO: ESKAYEF BANGLADESH

AM Faruque (3-L), managing director of Eskayef Bangladesh Ltd, hands over a token gift to Vadivel Suresh (2-L), deputy minister of Healthcare and Nutrition of Sri Lanka, during the latter's visit to Dhaka recently. VW Aponus (L), acting high commissioner of Sri Lanka to Bangladesh, was also present.

RISING OIL PRICES

ADB may cut India's growth forecast

PALLAB BHATTACHARYA, New Delhi

The Asian Development Bank (ADB) may scale down the projections of India's economic growth for this year if the effects of rising crude oil prices are passed through, the Bank's chief economist Ifzal Ali has said.

"We will have to revise our projections downwards if oil prices remain at \$ 70 a barrel," Ali said at a function here on Thursday.

The ADB has projected Indian economy to grow at 7.6 percent

this fiscal and 7.8 percent in 2007. The GDP growth rate of India has averaged more than eight percent in the last three years.

Pointing out that high oil prices were a matter of concern for a number of emerging economies, including India, Thailand and Indonesia, the Manila-based ADB expects the Reserve Bank of India to further tighten monetary policy to contain inflation under the influence of surging crude prices, Ali said.

India imports about 70 percent of its crude oil requirement.

According to Ali, the current projection of ADB is based on oil

prices at \$ 62 per barrel and every ten-dollar rise in oil prices would result in 1.2 percent cut in the country's GDP growth.

However, government-managed prices in India have not increased despite an increase of nearly 20 percent in US crude prices now trading at \$ 72 a barrel.

On the Indian government's intention to move towards full capital account convertibility of rupee, Ali said full float of the Indian currency was important but not the defining condition to attract foreign

investment in the energy sector," Thamrin told a press briefing.

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New model cars launched at Dhaka Motor Show

STAR BUSINESS REPORT

As a large number of visitors flocked to the on-going Dhaka Motor Show at Bangladesh-China Friendship Conference Centre yesterday, local distributors of renowned vehicles introduced new model cars.

Besides, the dealers offered discounts varying between Tk 20,000 and Tk 200,000.

The distributors launched new models of Mitsubishi, Mercedes Benz, Nissan, and Subaru cars at the three-day show that ends today.

Mercedes Benz B Class and Mercedes Benz New M Class, Toyota Crown, BMW M 5, Nissan Presage are attracting a good number of visitors at the fair.

A Toyota Crown costs Tk 78 lakh, Nissan Presage costs Tk 26 lakh while BMW M 5 is priced at Tk 1.85 crore. Porsche Cayenne Turbo costs 2.5 crore.

Renowned brand car, bus, truck, motorcycle, auto parts, garage equipment, CNG (compressed natural gas) conversion tools, and

Mitsubishi is offering Tk 2 lakh discount for each unit of Pajero and Tk 1 lakh discount for each unit of Mitsubishi Lancer at the show while Hyundai and Toyota are not charging registration fees. Nissan is offering Tk 25,000 discount for each unit.

Participants expressed satisfaction over response from the visitors. "So far we have sold three vehicles," an official of Mitsubishi said.

A total of 60 leading vehicle distributors and dealers along with banks, insurance companies, lubricants companies and automotive component manufacturers and importers from home and abroad are showcasing their products and services at the show at about 250 stalls.

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