

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.

A 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.

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 Vipulatheja W Aponsu 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 Ahmedinejad 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 Sumatera to Batam island, just opposite Singapore, he said.

He said he hoped the deals could be signed during Ahmedinejad'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.

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 M5 is priced at Tk 1.85 crore. Porsche Cayenne Turbo costs 2.5 crore.

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.

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

lubricants are on display at the show.

Communications Minister Nazmul Huda formally inaugurated the show Thursday. Conference and Exhibition Management Services Ltd (CEMS), a local event management company, is organising the fair, which runs from 10am to 9pm.

Standard Chartered Bank is the partner of the auto show while Lucas, Castrol and Dunlop are the co-sponsors.

Gulf Air, Bangladesh Motor Sports, F1 Management, SouthAsia Enterprise Development Facility (SEDF) are the associate partners of the show while Banglalink is the telecoms partner. The Daily Star and Ntv are the media partners.

The entry fee of the fair has been fixed at Tk 20 a person.

Energy-hungry China clinches oil pact with Kenya

AFP, Nairobi

China on Friday inked an oil exploration deal with Kenya as visiting President Hu Jintao continued his African quest to quench China's insatiable demand for energy to fuel its booming economy.

Officials were tight-lipped about details of the agreement, which was not even mentioned in a joint communique released by the two sides, but Kenyan Foreign Minister Raphael Tuju said the pact had been concluded.

"A particular sector in which we have reached the stage of signing an agreement is in the energy sector," he told reporters after Hu and Kenyan President Mwai Kibaki held talks.

Tuju said the deal "for the prospecting for oil in parts of Kenya" was signed by acting Kenyan energy minister Henry Obwocha and the China National Offshore Oil Corporation (CNOOC).

Obwocha told AFP that the agreement would allow China free access to explore for oil in a number of Kenya's 12 prospective on- and off-shore blocks with payments to be made only if reserves are discovered.

"We have not made the agreement on money value," he said. "The Chinese will pay for the exploration expenses. If they don't find oil, they make a loss but if they strike oil, we go into a business production and sharing deal."

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

Nokia Nseries to encompass mobile multimedia

ABU SAEED KHAN, Back from HK

Nokia has unveiled a range of third generation (3G) cellular mobile phones that make DVD-quality video, play digital music and surf the internet without compromising advanced telephonic features.

The world's largest handset maker in terms of sales, market share and profitability has released three "Nseries" 3G devices on Tuesday in a press conference at Hong Kong. It believes the products will be equally popular in the markets where the 3G service has not launched yet.

Although Nokia calls the latest N72, N73 and N93 mobile devices as "pocketable multimedia computers", the computer industry has nothing to worry about them. These gadgets are rather poised to eclipse the digital audio and video device businesses.

Nokia's N93 mobile phone has a 3.2 megapixel camera that records 90 minutes of video at 30 frames per second. Users can hold it like a camcorder with the flick of the wrist and view the subject on-screen while the camera rolls. Its 3x optical zoom and video stabilisation guarantees "movie-like" video quality even if the photographer's hand trembles while shooting the scene.

The Nokia N93 also edits the raw

video. Combining and trimming the video clips, inserting images and sounds along with infusing slow-motion and injecting special effects make the personal audiovisual collection a professional multimedia production.

Its final cut can be viewed in the 2.4 inches colour screen of N93. This device can be also plugged with any television for a personal premier in large screen. One may transfer the video to a PC through USB, Infrared or Bluetooth and play them using Windows Media Player or QuickTime Player.

Nokia's N73 has similar capabilities with lesser memory while N72 doesn't have video camera. All the Nseries devices, however, take high resolution still pictures with a flash. It takes two seconds to capture six images of a speeding object with single click. Nseries also supports a wide range of audio formats including MP3, M4A, AAC and WMA.

These gadgets' QVGA screen with up to 16 million colours gives a compelling web browsing experience. Nseries users having GPRS can access to their Yahoo or Gmail accounts and retrieve emails with MS Office, pdf or ZIP attachments. The built-in Skype application offers free or cheaper telephonic conversation once the user is under Wi-Fi network.

The 3G mobile users with Nseries can download and share the multimedia contents while a GSM user cannot do that. "But the GSM users carry camcorder, digital camera, iPod etc. and Nseries relieves them from being overloaded with so many gadgets," says Steve Lewis, Nokia's Multimedia Computers' Director of Asia Pacific.

"Nseries is not a 'Swiss Army knife' where the scissors, screw driver, nail clipper etc are dwarfed and packed," clarifies Jawahar Kanjilal, Nokia's Multimedia Experience Director. "All the personal mobile devices are planted in the Nseries without compromising individual performance."

Prem Chand, Nokia's Customer Care and Operations' General Manager believes the Nseries offer outstanding value for money. "Tag duties and taxes with individual prices of camcorder, digital camera, portable music player and a futuristic mobile phone. That's a scary number while Nseries offers the best deal on earth."

Unsubsidised price of each N93 is US\$660 and it will hit the shelf in July while the \$480 N73 and \$380 N72 will follow suit. "I think the N72 and N73 will be successful phones that will sell well, but the N93 will be a niche product," said market research group Gartner's analyst

Carolina Milanesi to Reuters.

Currently 500 million people use camera phone while Nokia alone made 100 million last year and became the world's largest digital camera manufacturer. Konica Minolta has already shutdown camera business while film specialist Ilford and Agfa-Gevaert sold its photographic division.

Anssi Vanjoki, Nokia's head of multimedia products, expects similar corporate obituaries this year too. "The next to disappear will be the makers of music devices and then the manufacturers of video cameras," Vanjoki told the Financial Times last month.

Nokia made 40 million handsets fitted with digital music player last year and it wants to double that number in 2006. Nokia Nseries' media extravaganza in Hong Kong displayed a video where it showed a room full of dusty and cobwebbed gadgets like camcorders, digital cameras and iPod.

The message is clear: Nokia is ready to invade the digital audiovisual world with its Nseries "pocketable multimedia computers" arsenal. Nokia sold more than five million Nseries phones last year and it expects the multimedia phone market will grow to 100 million units in 2006 and exceed 250 million in 2008.

AFP, London

World oil prices drifted lower on Friday as concerns eased over tight US motor oil supplies, but traders remained alert as Iran looked set to defy a UN deadline to freeze its nuclear programme.

UN nuclear chief Mohamed ElBaradei was expected to report that Iran has failed to meet Friday's

deadline to stop enriching uranium, opening the door to possible sanctions against the world's fourth-largest crude producer.

New York's main contract, light sweet crude for delivery in June, fell 27 cents to 70.70 dollars per barrel in electronic deals before the market's official opening.

In London, the price of Brent North Sea crude for June delivery

lost 26 cents to 70.65 dollars per barrel in electronic trade.

This week, prices have fallen from record levels since US data showed better-than-expected gasoline or petrol stocks, easing worries over supplies ahead of the summer season when many Americans use their cars for vacation.