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BUSINESS

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# India steps up war on poverty as unveils budget

AFP, New Delhi

India stepped up its war on poverty in a budget on Wednesday that used revenues from robust economic growth to boost farm output and raise spending on education and health.

"The economy is in a stronger position than ever before," Finance Minister P. Chidambaram told parliament as he presented the left-leaning Congress coalition's budget for the fiscal year to March 2008.

The government, which has pledged to put the "common man" at the top of its agenda, will use tax revenues up nearly 17 percent "to promote inclusive growth, equity and social justice," said Chidambaram.

But quoting India's first prime minister Jawaharlal Nehru, he said: "The main challenge is agriculture-- everything else can wait."

He outlined plans to hike farm

output and rural incomes and pledged to wrestle down inflation hovering near two-year highs of 6.6 percent that has badly hit India's poor masses who propelled the government to power in 2004.

Both agricultural production and inflation have become urgent issues with polls looming in India's politically pivotal and most populous state Uttar Pradesh in two months and federal elections most two years away.

The pro-poor tilt of the budget disappointed the share market which like other markets was already reeling from forecasts of a US slowdown. The 30-share Mumbai stock exchange Sensex index plunged 540.74 points or 4.01 percent to 12,938.09, its lowest level in over two months.

Chidambaram displeased some in the business community by taxing stock options and raising the dividend tax.

"The budget is essentially populist, aimed at catching votes," said Surinder Choudhari, head of auto components maker Krishna Fabrications. But India's powerful Confederation of Indian Industry hailed its focus on education and agriculture as "most appropriate."

Chidambaram announced more spending on irrigation, fertiliser subsidies, seed development and cheaper farm credit along with duty cuts on a host of goods including cooking oils to combat inflation.

"There is no death of (agriculture) schemes, no dearth of funds. What needs to be done is achieve the intended outcome," Chidambaram said.

With over half of the 1.1 billion population dependent on the farm sector, low agriculture output has cast a shadow over "the India story" with critics saying the rural poor have yet to reap the fruits of strong economic growth.

In parts of India, the fight for greater economic and social rights has turned violent with leftist rebels staging deadly raids on government targets.

Weaker farm growth was cited as a key factor in data released Wednesday showing that Asia's fourth-largest economy grew by a lower-than-expected 8.6 percent in the third quarter, down from 9.3 percent a year earlier.

Farming is expected to grow just 2.7 percent this year, down from six percent a year earlier. That contrasts with manufacturing growth of 11.3 percent which has become the main driver of expansion.

Chidambaram still forecast, however, that economic growth would hit an earlier estimate of 9.2 percent for the full year.

The government hiked infrastructure spending by 40 percent in a bid to remove transport bottlenecks and improve erratic power supply.

The government is aiming to achieve a "sustainable growth trajectory" of around 10 per cent by 2012, the magic double-digit number economists say is necessary to make a significant dent in poverty.

"Faster growth is essential for faster poverty reduction. There is no other trick to it," Chidambaram said.

Chidambaram hiked education spending by 34 percent, announcing programmes to raise school attendance, build more schools and hire 200,000 more teachers.

India would only be able to benefit from "its demographic dividend" of a young population if they are educated, he said.

It set a target of 3.3 percent for the next financial year, down from 3.7 percent in the current year, slightly better than the 3.8 percent forecast.



PHOTO: EBL

Among others, K Mahmood Sattar, managing director, and Ali Reza Iftekhar, additional managing director, are seen at Eastern Bank Limited's annual consumer banking conference for 2007 at Jamuna Resort in Tangail recently.



PHOTO: MUTUAL TRUST BANK

Mosharraf Hossain, managing director of Mutual Trust Bank Limited, and VS Thampi, chief manager of Al-Ahalia Exchange of UAE, exchange documents after signing a taka draft drawing and electronic fund transfer agreement on behalf of their organisations in UAE recently. Other officials were also present.

## CURRENCY

Following is Wednesday's (February 28, 2007) forex trading statement by Standard Chartered Bank.

Major currency exchange rates			Exchange rate of some currencies		
	BC Sell	TT Buy	Per USD	BDT per	Currency
US dollar	69.40	68.05			
Euro	93.15	88.44	Indian rupee	44.05	1.56
Pound	137.84	132.00	Pak rupee	60.70	1.13
Australian dollar	56.03	52.18	Lankan rupee	108.73	0.63
Japanese yen	0.60	0.57	Thai baht	35.40	1.94
Swiss franc	57.89	54.72	Malaysian ringgit	3.51	19.59
Swedish kroner	10.37	9.33			
Canadian dollar	60.50	55.74	USD forward rate against BDT		
Hong Kong dollar	8.90	8.69		Buy	Sell
Singapore dollar	46.46	44.38			
UAE dirham	19.05	18.38	1M	68.15	69.52
Saudi riyal	18.65	18.00	2M	68.27	69.73
Danish kroner	12.88	11.56	3M	68.42	69.95
Kuwaiti dinar	236.66	233.74	6M	68.87	70.68
* All currencies are quoted against BDT			* The forward rates are indicative only and fixed		
* Rates may vary based on nature of transaction			dated		

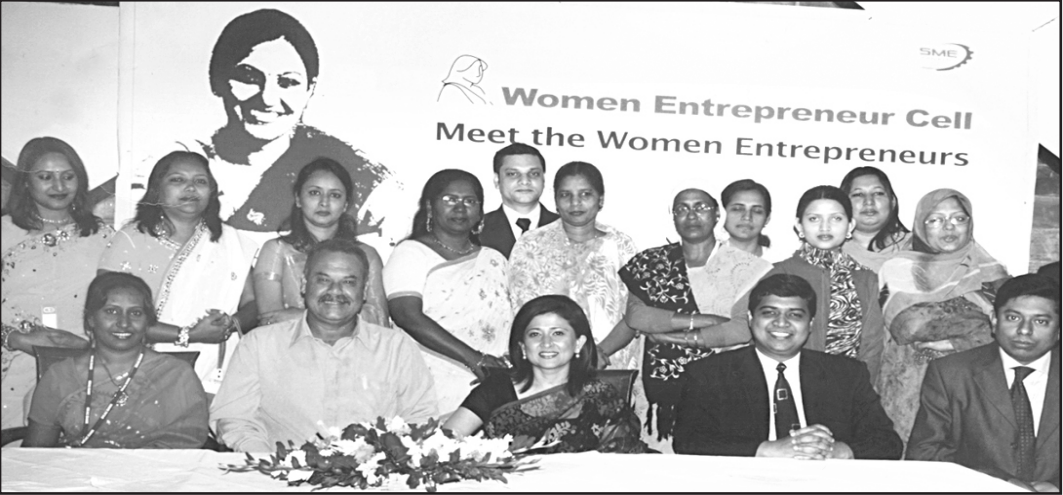


PHOTO: BRAC BANK

Dav Whatmore, brand ambassador of Brac Bank Limited, poses for photographs with successful women entrepreneurs recently at a function. The entrepreneurs took SME loans from the bank. Farzana Chowdhury, head of SME Banking, was also present.

SHIPPING

### Chittagong Port

Berthing position and performance of vessels as on 28/2/2007.

Berth No.	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch.
J/1	Splendor(72)	GI(St.c)	Sing	ASA	27/2	1/3	1492
J/2	Banglar Maya	GI(S. Ash)	P. Band	BSC	21/2	3/3	752
J/3	Shwe Thara Phu	GI(Y. Ma)	Yang	TCL	23/2	5/3	--
J/4	Mir Damad	Cont	Chenn	BSC	23/2	1/3	--
J/5	Asrar-a-mostafa	GI(S.ash)	Okha	Cla	18/2	1/3	897
J/6	Cape Bonavista	Cont	P. Kel	Bdship	23/2	3/3	111
J/7	Fu Wen Shan	GI(steel)	Para	Cosco	22/2	28/2	520
J/10	Oel Freedom	Cont	Ptp	PSSL	22/2	1/3	176
J/11	Oel Excellence	Cont	P. Kel	PSSL	21/2	28/1	178
J/12	Banga Bonik	Cont	Col	Baridhi	21/2	2/3	157

#### Vessels due at outer anchorage

Name of vessels	Date of arrival	L. port call	Local agent	Type of cargo	Loading ports
Phu Tan	28/2	Sing	PSSL	Cont	Sing
Hpaan	1/3	Yang	MTA	GI(Y. Ma)	--
Maria	1/3	Viza	Royal	Feldsper	--
Heng Tai	1/3	--	PSL	Urea(Boic)	--
Banga Bijoy	1/3	Col	Baridhi	Cont	CBO
Banglar Shikha	1/3	P. Kel	BSC	Cont	Sing
Sea Master One	4/3	Sing	PML	Cont	Sing
Kota Rukun	1/3	Sing	PI(Bd)	Cont	Sing
Rhone Borg	2/3	Ptp	QCSL	Cont	Sing
Xiang Jiang(liner)	2/3	Para	Cosco	GI	--
Dali	2/3	Col	Seacon	Cont	Col
Tina	2/3	Basu	Litmond	Urea(Boic)	--

#### Tanker due

Aurora	1/3	Kuwa	MSTPL	HSD/Sko
Pacific Shound	1/3	Dumai	Uslne	CPO(RM/3/8/4)
Al Sabyah	5/3	Kuwa	MSTPL	HSD

#### Vessels at Kutubdia

Name of vessels	Cargo	Last port call	Local agent	Date of arrival
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#### Vessels at outer anchorage

##### Vessels ready:

Josco View	Cont	Sing	RSL	21/2
Ja Vesta	Cont	Sing	Vega	25/2
Pacific Express	Cont	Sing	PI(Bd)	22/2
Kota Cahaya	Cont	Sing	PI(Bd)	23/2
Precious River	Cont	Sing	Vega	22/2
Banga Biraj	Cont	Sing	Bdship	25/2
Rio Lawrence	Cont	Ptp	QCSL	25/2
Vinashin Mariner	Cont	Sing	PSSL	23/2
Phoenix(cont)	Cont	Col	PSSL	26/2
Kissama	Cont	P. Kel	Vega	26/2
Mare Hibernum	Cont	P. Kel	Seacon	26/2
Yong You-8	Cont	Haid	Seacon	26/2
Zhe Hai-315	Cont	Sing	PML	27/2

##### Vessels not ready:

Brave Royal	C. Clink	Thai	BRSL	26/2
Al Badiyah	HSD/JP-1	Kuwa	MSTPL	27/2

The above are the shipping position and performance of vessels at Chittagong port as per berthing sheet of CPA supplied by Family, Dhaka.

## STOCK