Star Business

DHAKA WEDNESDAY JULY 8, 2009

Stocks

DGEN	▲ 0.44%	2,957.19
CSCX	▲ 0.49%	6,646.32

Asian Markets

MUMBAI	▲ 0.90%	14,170.45
TOKYO	▼ 0.34%	9,647.79
SINGAPORE	▲ 0.27%	2,272.26
SHANGHAI	▼ 1.13%	3,089.45

Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	93.71	98.86
GBP	109.47	114.85
JPY	0.70	0.79

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold ▲ $925.61 (per ounce)

Oil ▲ $64.60 (per barrel)

SOURCE: AFP

(Midday Trade)

More News

SMS alerts for natural calamities

Sorry debates follow every natural calamity over how early warning could have reduced the intensity of a damage caused. Sometimes, it is a matter of irony that weather forecasts a sunny warm day, while in reality it rains cats and dogs. This is the reason why no one takes weather forecasts seriously, and therefore, the damage exceeds estimation.

B-4

International

Lear files for Chapter 11 bankruptcy protection

Struggling automotive parts supplier Lear Corp said it has filed for Chapter 11 bankruptcy protection after receiving the support it needed from lenders and bondholders.

OECD suggests borrowers' protection from ignorance

Most consumers have little understanding of basic financial concepts and must be given increased protection and guidance when they take out loans, the OECD said on Tuesday. New OECD guidelines, intended to prevent a repetition of the subprime loan crisis and its fallout, also say that lenders should be made legally responsible for checking how much money a customer needs to borrow and whether borrowers "will be able to meet their payments."

B-4

Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Local firm gears up to grab US nursing jobs

SAJJADUR RAHMAN

A local healthcare professional recruiting firm has set a target to grab at least 10 percent market share of nurses in the US in the next 10 years.

As part of the firm's export plan, the first batch of 20 nurses will sit for US nursing board examination and an English test at the end of this year.

"We will be able to send nurses to the US from early next year," said Shaheen Faruque, president and chief executive officer of Momtaz Memorial Medical Services Bangladesh, a US-Bangladesh partnership.

She said they have been developing and training 20 nurses under a pilot project since 2007. The next batch has already been selected for training, she added.

The US is going through a severe shortage of professional nurses. According to statistics from the American Nursing Council, currently the US faces a shortage of 22,000 nurses per year and if the trend continues the figure will reach 80,000 in 2020.

India and the Philippines are currently holding the major share of nurses in the global market.

The two countries sent some 50,000 nurses between 2005 and 2007 to the US, Shaheen said. Of them India alone sent 40,000.

In today's globalised world nursing is considered as a highly skilled profession. A nurse can earn $4,000 to $10,000 a month, which a very few professionals can earn.

"There are other potential markets for nurses. Europe, especially the Scandinavian countries, has a huge demand for professional nurses," said Shaheen who is a US citizen and worked there as a doctor for 15 years.

The Middle East can also be a big destination for Bangladeshi nurses, she said.

But Shaheen thinks the business is not so easy and smooth as people think.

MMMSBD

An instructor trains nurses at Momtaz Memorial Medical Services Bangladesh (MMMSBD) in Dhaka recently.

There are stringent quality and standard compliance issues.

"At first we will have to gain international quality in nursing education," she said.

Shaheen said the government has to address three broad issues -- revision of curriculum, incorporation of computer training and introduction of English language courses -- before tapping the export markets.

"We request the government to revise the curriculum for nurses and add courses in line with international standards," she said.

Knowledge about modern equipment and technology is also vital, she pointed out.

India and the Philippines have already set stringent educational and regulatory requirements to maintain standards.

Kerala Nursing Institute in India is an international standard organisation that is training nurses and sending them to developed markets, Shaheen said, adding that the Philippines has quality hospitals and clinics to train nurses for sending them abroad.

According to government statistics, there are 53 nursing institutions in Bangladesh and the number of registered nurses is 25,000 against around 55,000 registered doctors.

Over 90 percent of the nurses are diploma degree holders and only 200 nurses with BSc (Bachelor of Science) degree are coming out a year.

"The export market has a comparatively high demand for BSc nurses than diploma degree holders," Shaheen said. Internationally, course duration for BSc nursing is four years, but it is 4 years for diploma course in Bangladesh, she added.

She said her firm would go for producing BSc nurses in the next three years.

sajjad@thedailystar.net

4 lakh PSTN users to lose links to mobile networks

STAR BUSINESS REPORT

Over four lakh private landline customers will be disconnected today from mobile phone networks, as six mobile operators have decided not to carry calls generated from and to PSTN operators because of a delay in payment of arrears by the PSTN operators to cellphone companies.

The PSTN operators owe Tk 48 crore to the mobile phone operators as interconnection charges.

The Tk 48 crore dues, which were accumulated by the landline operators for not paying interconnection charges, have been remaining unsettled for the last two years. Neither the telecom regulator nor the operators themselves solved it.

The 11 private landline operators have 5.45 lakh customers. The customers of Peoples Telecom and Onetel will be exempted from the call blocking as they cleared their payments. These two operators have 1.24 lakh customers.

"PSTN operators should comply with the interconnectivity agreements. They earn from the customers but are reluctant to pay mobile operators in time. This should not be continued anymore," said Zakirul Islam, president of Association of Mobile Telecom Operators in Bangladesh (AMTOB).

A Rouf Chowdhury, president of Association of PSTN Operators of Bangladesh, said: "Mobile operators did not send any notice to us about the issue. We will fight against the decision."

He said: "The last meeting between the two associations decided to solve the issue later. But without any discussion, the mobile operators have now decided to block the calls, which is unexpected."

In Bangladesh, a total of 46 million people are now enjoying mobile phone services, whereas only 1.4 million are linked with landlines. PSTN (public switched telephone network) customers' maximum calls are generated for mobile, while calls from mobile to PSTN are very nominal.

So PSTN operators have to pay a huge amount to mobile companies compared to what they get from cellphone operators as interconnection charge.

The interconnection charge was Tk 0.40 per minute until 2008. Then Bangladesh Telecommunication Regulatory Commission (BTRC) reduced it to Tk 0.18 in March 2009.

Since February 2007 the land phone operators have not been paying their dues to mobile operators up to first quarter of 2009.

The mobile operators had taken some initiatives to fix a roadmap for payment of these dues in easy instalments, said the AMTOB president.

BTRC also set some time limits for payment of these dues. But every time fixed phone operators reportedly refrained from paying the dues, said Islam.

BTRC finally requested mobile operators to give the PSTN operators time up to June 30, 2009. But most of the fixed phone operators did not pay the dues within the time.

However mobile operators said they would restore the interconnection service as soon as the dues are cleared.

Safta losing lustre, say analysts

STAR BUSINESS REPORT

Growing attention to bilateral free trade agreements (FTAs) among Saarc member states may dampen prospects for a faster realisation of Safta, observed trade analysts yesterday.

They said bilateral FTAs helped increase trade and investment between the parties but warned that the benefits to a weaker or smaller economies might be low, as they have limited bargaining power in comparison to the larger economy. They also said Safta may eventually become redundant if the focus on bilateral trade sharpens.

To reap increased benefits, analysts suggested that weaker economies strengthen the trade liberilisation process under Safta, which will give the least developed countries (LDCs) a collective voice for effective negotiations.

"Intra-regional FTAs take place due to factors like frustration of Saarc processes," said Ratnakar Adhikari of SAWTEE (South Asia Watch on Trade, Economics and Environment) at a regional conference on 'Managing Regional Integration in South Asia' at Dhaka Sheraton Hotel.

SANEM (South Asian Network on Economic Modelling) and Commonwealth Secretariat, UK, in collaboration with BICF (Bangladesh Investment Climate Fund) organised the two-day conference on issues relating to regional integration in South Asia.

Dr Rajesh Mehta, senior research fellow of RIS India, Dr Abid Suleri, executive director of SDPI Pakistan, and Nazneen Ahmed, research fellow of BIDS Bangladesh, spoke on the occasion chaired by Prof Bishwambher Pyakuryal of Tribhuvan University, Nepal.

The conference on managing regional integration takes place at a time when a trade liberalisation programme for the South Asian Free Trade Area (Safta) suffers mainly from disputes between the two major economies in the South Asian Association for Regional Cooperation (Saarc) bloc -- India and Pakistan.

Such progress in bilateral FTAs and an emergence of trans-regional trading blocs, such as BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), which includes five of the seven member states under Saarc, casts a shadow of doubt over relevance of the Safta.

Analysts at the discussion observed that a number of bilateral FTAs, such as India-Sri Lanka, India-Nepal, India-Bhutan, and Pakistan-Sri Lanka, now prevail in the Saarc. Recently, Pakistan even offered a free trade deal for Nepal.

Earlier, India and Pakistan offered to sign free trade deals with Bangladesh, but the latter is yet to respond positively.

Some other member states, such as India and Pakistan, are also moving towards trans-regional FTAs, they added.

Ratnakar said India and Pakistan's race to increase trade within the region, but outside Saarc contributed to increasing intra-regional FTAs.

The aspiration of the smaller countries to gain foothold in the two largest markets in the region is also another factor behind such FTAs, he added.

Nazneen Ahmed, research fellow of BIDS, said FTAs among member states might hurt the progress under Safta, which came into force in 2006.

Govt plans to turn Chittagong, Mongla into regional hubs

STAR BUSINESS REPORT

Commerce Minister Faruk Khan has said the government wants to see Chittagong and Mongla ports graduating to regional ones, promoting trade and cooperation among nations.

"There is a definite need to transform those ports into regional hubs to enhance trade," Faruk Khan told a two-day conference on Managing Regional Integration in South Asia, organised jointly by South Asian Network on Economic Modelling (SANEM) and Commonwealth Secretariat at Dhaka Sheraton Hotel yesterday.

Chaired by SANEM Chairman Dr Bazlul Haque Khondker, the conference was also addressed by Chairman of the Centre for Policy Dialogue (CPD) Prof Rehman Sobhan and Ambassador of the Commonwealth Secretariat Edwin Laurent as special guests.

The minister said trade has become an important development tool in today's world, but unfortunately the issue remains uncared for in South Asia because of the absence of political will and confidence among different states in the region.

Faruk Khan said it is the high time to adopt strategies to boost regional trade.

"This is the right time to go for enhancing regional trade, integration and cooperation," he remarked. "We need to discuss the issue holistically."

The minister categorically said the government has already decided to incorporate Bangladesh in the Asian Highway, which does not mean providing corridor to any particular country, and, similarly, Chittagong and Mongla ports should be shaped as regional ports for the economic growth of the country.

Prof Rehman Sobhan said regional integration remains a critical issue, so a number of steps are required to be taken immediately to ensure stronger cooperation.

"We should promote regional integration for trade," he said, endorsing the commerce minister's move.

The economist said Bangladesh needs duty-free access to the Indian market and suggested the commerce minister sit together with the authorities concerned immediately.

He emphasised integrated transport network, which remains disintegrated for years, to reap economic benefit for the country.

India trades growth with higher fiscal deficit

PALLAB BHATTACHARYA, *New Delhi*

With the objective of taking Indian economy on a high growth trajectory in the midst of worldwide recession, the budget for 2009-10 presented in parliament on Monday has traded growth with higher fiscal deficit, analysts said here yesterday.

Finance Minister Pranab Mukherjee himself admitted as much when he told state-owned Doordarshan news channel that he had taken a risk in boosting the economy by providing for big spending for farm, urban development and infrastructure sectors which would push up the fiscal deficit sharply.

Mukherjee's budget was devoid of big-ticket economic reforms and economic liberalisation as expected by a section of economists in view of the fact that the government of Prime Minister Manmohan Singh, the architect of India's reforms, is no longer dependent on Left parties for its survival.

Hoping to create more jobs and drive growth further, the budget will raise total spending by 36 per cent to Rs 10.3 trillion (214 billion dollars) for the financial year ending on March 31, 2010 as Mukherjee said the first challenge is to lead the economy back a high growth rate of nine percent.

The budget announced ambitious schemes for rural employment, infrastructure and health programmes, credit and tax sops to recession-hit exporters, income tax breaks for salaried class and drought-hit farmers plagued by unpaid loans.

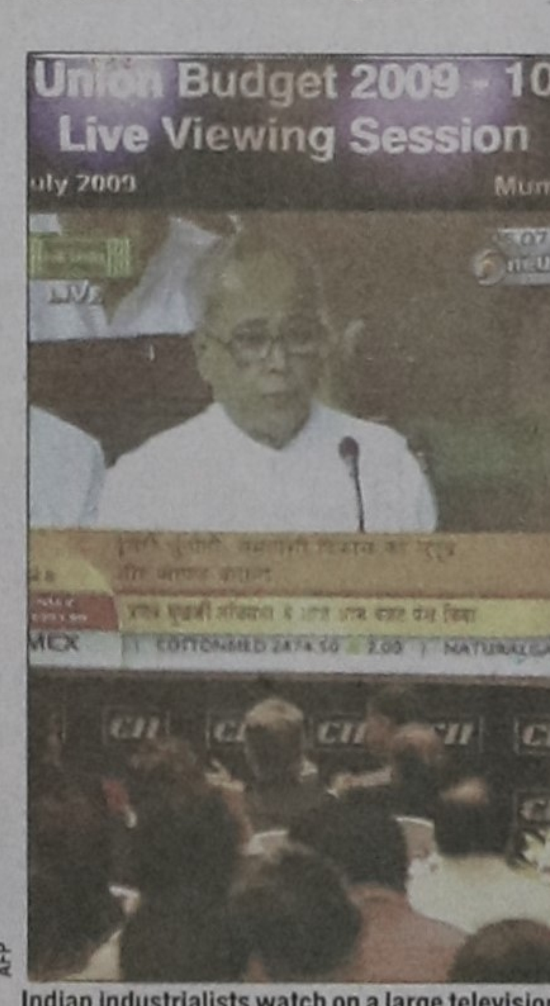
There was no significant increase in direct or indirect tax proposals in the budget. The direct tax proposals are revenue-neutral and only Rs 2,000 crore would be generated by raising some excise and customs duties, the finance minister said in his budget speech.

Mukherjee's roadmap for higher economic growth would push the ballooning fiscal deficit of the federal government in 2009-10 to 6.8 percent of the Gross Domestic Product (GDP) and the figure would be 10.4 percent if one has to take into account combine fiscal deficits of different state governments, say credit rating agencies.

The deficit proposed in the regular budget is much higher than the 5.5 percent pointed to by Mukherjee himself in his interim budget presented in parliament in February just before parliamentary elections.

Loan waiver for farmers, subsidies on fuel and fertiliser and food for the poor, pay hike for government employees and three separate stimulus packages in recent months have led to a sharp hike in India's fiscal deficit and the 6.8 percent mark projected by the full budget is the highest in nearly two decades.

Because of the huge gap between revenue and expenditure, the government will have to look at borrowing from the market, which is estimated to be at Rs 400,000 crore.



AFP

Indian industrialists watch on a large television screen as finance minister Pranab Mukherjee delivers his budget speech in parliament in Mumbai on Monday.

RMC makers seek VAT withdrawal

STAR BUSINESS REPORT

Ready mix concrete (RMC) makers have urged the government to exempt RMC from paying value added tax (VAT), saying the industry is still at a 'nascent stage' and the VAT will hinder its growth.

However RMC production started in the country in early '90s and it is in the VAT net as it is a finished product.

The government in June formally instructed the RMC producers to pay VAT, and revenue officials also took the last three years' sales documents from some companies to assess their due VAT.

RMC is the construction paste blended in a factory of batching plant in a controlled environment where proportionate use of raw materials such as sand, cement and crushed stone is ensured through a computerised system.

"RMC is a new concept in Bangladesh and now it accounts for less than one percent of the total concrete production of the country. If VAT is imposed at this stage, the sector will fail to flourish," said SK Lala, managing director of Concord Group, one of the some eight RMC producers in the country.

"Instead of imposing VAT at this stage the government should encourage the usage of RMC across the country and impose VAT later," said Towhid Bin Ahmed, chief operating officer of ABC Ready Mix and Building Products.

"Every finished product should pay VAT and there are rules in this regard that are also applicable for RMC," said a high official of National Board of Revenue (NBR), preferring not to be named.