

Star BUSINESS

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FOOD PROCUREMENT DRIVE 7 banks to keep branches open Saturdays

UNB, Dhaka

Branches of seven commercial and specialised banks across the country will remain open on Saturdays, one of the weekly holidays, to facilitate transactions relating only to the government's ongoing food procurement drive.

The banks will remain open as per the usual banking hours - 9 am to 5 pm -- on the day until the food procurement drive is concluded, according to a Bangladesh Bank circular issued yesterday.

The banks are Sonali, Janata, Agrani, Rupali, Krishi, Rajshahi Krishi Unnayan Bank and Pubali Bank.

Only 10pc of Myanmar's companies running

AFP, Yangon

Only 10 percent of the companies registered in military-ruled Myanmar are actually operating, the acting prime minister said Sunday.

"Although 40,000 companies were registered in the country, the number of companies that are really operating is just 4,000," Lieutenant General Thein Sein said in the official New Light of Myanmar newspaper.

Most of the companies that are operating have little capital and weak access to foreign markets, he added.

Outside the main cities of Yangon and Mandalay, most provinces have only one or two registered businesses, he said.

"The state is ready to render assistance to increase the number of companies that can do business globally," he said without elaborating.

Myanmar's economy has been driven into the ground under decades of mismanagement by successive military regimes.

The country formerly known as Burma is under US and European economic sanctions because of human right abuses and the detention of Nobel peace laureate Aung San Suu Kyi.

China's trade deficit with East Asia hits \$87.5b

ANN/ CHINA DAILY

Although China has an overall foreign trade surplus, it had a deficit of \$87.5 billion in 2006 with East Asian countries, said Liao Xiaoqi, vice minister of commerce, on Saturday.

Liao said at the 3rd East Asia Investment Forum that economic and trade exchanges between China and East Asian countries have been growing very fast, with the combined trade volume reaching \$502.4 billion in 2006, accounting for 32.5 percent of China's foreign trade for the year.

He said that China mainly imports raw materials and parts from East Asia, and exports the processed or assembled products to European and American markets.

China has become the largest export market for the Republic of Korea, the no. 2 export market for Japan, the no. 3 export market for Thailand, and the no. 4 export market for Indonesia, Singapore, the Philippines and Malaysia.

"China's development has brought about growth opportunities for East Asian countries," he said.

Brunei sultan urges SMEs to play bigger role

AFP, Bandar Seri Begawan

The sultan of Brunei called Sunday for small and medium-sized enterprises to play a greater role in the country, which observers say is debating how to secure its economic future amid dwindling oil and gas resources.

In a speech marking his 61st birthday, Sultan Hassanal Bolkiah, one of the world's longest-reigning monarchs, called on government agencies to eliminate obstacles that prevent SMEs from expanding their operations.

Government bodies should "prepare the way for (SME) growth and development," he said, standing in military dress uniform with a sword at his side in the palace throne room.

Tax on savings certificate income irks small savers

STAR BUSINESS REPORT

Small savers have expressed disappointment over the imposition of tax on savings instruments income.

A number of savers were found complaining about the new tax when they drew income from their savings instruments at the Bangladesh Bank's Motijheel office yesterday.

The government imposed 10 percent tax deductible at source on annual income exceeding Tk 25,000 from savings instruments in the current fiscal year's budget. The new tax is applicable to savings certificates, which were sold since January 1, 2004.

The small savers who bought

savings instruments after January 1, 2004 said they are not supposed to pay any taxes on income from the instruments.

The tax imposition with effect from 2004 is a breach of contract, added the small savers.

"I bought a savings instrument in July 2005 when the interest rate was comparatively lower than that in December the same year when the government increased the interest rate. But, the bank did not give me the higher interest as I bought in July," Ehsar Uddin, a lawyer, told journalists in the central bank's Motijheel office.

"So, why should I pay the tax since I bought the instrument in

2005 when there was no tax?" he questioned.

The National Revenue Board (NBR) on July 10 issued an order relating to the tax on savings certificates. The tax came into effect on July 1 this year.

The central bank on July 11 asked the commercial banks to execute the NBR order. The central bank also asked the commercial banks to follow the new tax measures in paying interest on income of savings instruments approved by the government.

Under the tax structure, small savers who earn an interest income less than Tk 25,000 annually will have to make a declaration.



Architect Mazarul Islam and singer Fahmida Nabi hand over a trophy to a winner of ICE Today-Aqua Paints Interior Design Award 2007 in Dhaka on Saturday.

IMF opens managing director race, but to a party of one?

AFP, Washington

The International Monetary Fund has opened the selection process for the next managing director, but it remains to be seen whether there will be more than one candidate.

Under an unwritten and increasingly scored agreement, Europe chooses a European for IMF managing director and the United States picks an American president of the World Bank, the IMF's sister institution.

To general surprise, the IMF managing director, Rodrigo Rato, announced on June 28 he would step down in late October, two years before the end of his term.

European Union finance ministers moved swiftly last week to throw their support behind France's Dominique Strauss-Kahn, a former finance minister and moderate socialist, to succeed him.

The IMF executive board, however, issued a statement a couple of days later outlining the selection process, stressing the contest was open to any national of the Fund's 185 member countries.

"The nomination period will commence immediately and will close on August 31, 2007," the board said Thursday.

The successful candidate would have a distinguished record in economic policymaking at a senior level, an outstanding professional background and proven managerial and diplomatic skills, the executive board said.

"In September, the executive

board will consider the candidate(s) who have been nominated on the basis of the above candidate profile, without geographical preferences," the board said.

The winning candidate "will be a national of any of the Fund's 185 members," the board reiterated, stressing the openness of a selection process that has come under fire for being anything but.

Analysts said the invitation was a positive move to improve the IMF but questioned whether other candidates would be proposed, and if so, if they would have adequate backing.

The board's call marks a "step forward" for the IMF, because it has formally adopted a process for the first time, said Lex Rieffel, a global economy and development expert at the Brookings Institution, a Washington think tank.

"It is conceivable a major step forward but that will depend on whether other legitimate, credible candidates come forward," Rieffel told AFP.

"I would say the most obvious sign that it's a step forward is if someone other than Mr. Strauss-Kahn is elected."

But the 27-nation EU is in a strong position to see the Frenchman succeed, and other countries would be reluctant to put forward another candidate who would be defeated, he said.

"The most likely outcome is that Mr. Strauss-Kahn will be selected by the board," he said, adding that other qualified candidates were at large.

"In September, the executive

Morris Goldstein, a senior fellow at the Peterson Institute for International Economics, agreed, saying there was no lack of strong candidates for the job.

"The French evidently tried to short-circuit the whole thing" by nominating Strauss-Kahn, who is "certainly qualified" but "not at the top of my short list," he said.

A number of nations, particularly the emerging countries such as China, India, South Africa, Brazil and Mexico, have called for an open, merit-based contest and argue for their right to head an organization of which they are the biggest customers.

The decision by the IMF is determined by the weight of shares of member countries. The United States is the largest shareholder with 16.79 percent, with other wealthy nations holding large stakes.

The board said it may select a successor to Rato by a majority of votes cast, but added its objective "is to select the managing director by consensus."

Brookings' Rieffel pointed to the "major, major problem" of arriving at a consensus among other countries to put forward an alternative candidate to anyone supported by the Group of 10 (G10) major industrialized countries, which carries the most clout within the IMF.

"The political odds against that happening are as large as the political odds against the G10 at this stage really intending to make this an open process," he said.



Elizabeth Gourlay, acting deputy chief of mission and first secretary of Embassy of the United States of America, and Ahmed A Shah, head of Client Relationships of Standard Chartered Bank, inaugurate the Non-Immigrant Visa Fee Collection Service of US Embassy at Gulshan North Branch of Standard Chartered Bank in Dhaka. Other officials were also present.

4 get ICE Today-Aqua Paints Interior Design Award

STAR BUSINESS REPORT

Four interior designers have won ICE Today-Aqua Paints Interior Design Award 2007 in two categories for their outstanding performance in interior designing.

The winner in the residential category is Mohammad Sazzad Hossain while the winners in the non-residential category are Abu Anas Faisal of Dcon Design, Mahmudul Anwer Riyad of KMNR Ltd, and Nasreen Zamir of Nasreen Zamir and Associates.

They were awarded at a prize giving ceremony jointly organised by ICE Today, a magazine, and Aqua Paints in association with Institute of Architects Bangladesh (IAB) held in Dhaka on Saturday.

Architect Mazarul Islam and singer Fahmida Nabi handed over a trophy to Abu Anas Faisal while artist Rafiqunnabi and model Faisal Ahsanullah handed over a trophy to Mahmudul Anwer.

Kaiser A Chowdhury, president and managing director of AB Bank, and Farah Sharmin, a model, handed over the award to Nasreen Zamir while ASM Ismail, chief architect of Department of Architecture, and Sharmin Lucky, a TV anchor, handed over the award to Sazzad Hossain.

The winners also got prize money of Tk 25,000 each.

Among others, Mobassher Hossain of IAB, Ziaul Karim, executive editor of ICE Today, and Ranjan Siraj, managing director of Aqua Paints, spoke at the function.

Videocon's semiconductor unit to be set up in India

PTI, New Delhi

Consumer electronics major Videocon has said it will set up a semiconductor unit in India with an initial investment of Rs. 25 billion and is currently working on finalising the location for the same.

"Indian labour, being cheapest in the world, combined with technological capability, creates scope for semiconductor unit here," Videocon Managing Director Venugopal Dhot told PTI.

He said currently the project is at a conceptualisation stage and details, including location for the plant, are yet to be worked out.

"It is just being conceived and it will be inappropriate to announce the details now but one thing is for sure that we will set up a semiconductor unit in India," Dhot said.

On the investment front, he said a full range fab would require a minimum initial investment of about Rs 25 billion. "That is the initial amount of investment we are looking at."

Asked about reports of the company setting up its semiconductor facility in West Bengal, he said the state government was offering attractive package but it has not been finalised yet.

"The state (West Bengal) is progressing very fast. We are having two units there and have never lost a single labour day. We think that it is very good proposal," he said refusing to divulge the exact location, but added the project would require only 100-150 acre of land.

On the possible technology partners for the project, he said Videocon was in touch with a variety of companies.

"We have done homework and have identified several companies who will be joining us in India," Dhot said, but declined to take names.

StanChart takes over US visa fee collection service

Standard Chartered Bank has taken over the Non-Immigrant Visa Fee Collection Service of US Embassy of US Embassy, says a press release.

With opening of the service, Standard Chartered Bank will be the exclusive bank for collecting of US visa fee for US Embassy.

The counter will be open to everyone for the payment of visa fee required for the US visa application.

Elizabeth Gourlay, acting deputy chief of mission and first secretary of Embassy of the United States of America, and Ahmed A Shah, head of Client Relationships of Standard Chartered Bank, inaugurated the service at Gulshan North Branch of Standard Chartered Bank.

DCCI concerned about tight monetary policy

STAR BUSINESS REPORT

Dhaka Chamber of Commerce and Industry (DCCI) yesterday expressed concerns over the tight monetary policy of the central bank.

The chamber said due to the tight policy announced by the Bangladesh Bank on July 12, rate of interest on bank loans would rise. "Such a measure would further increase the cost of doing business and may further slow down private sector growth," the DCCI said in a statement.

The chamber said the proposed price hikes of fuel, electricity and gas would also push up the burning prices of essentials directly.

It also said private sector enterprises, especially the SMEs, are already under pressure and affected by inadequate power supply, fragile and inefficient infrastructure, administrative bottlenecks, political uncertainty, shortage of skilled human resources and soaring energy prices. And above

all, shortage of capital at reasonable interest rate will hinder growth potential, the statement added.

"Ultimately this policy may hinder the achievements of PRSP and MDG goals," the chamber said urging the government to adopt a coordinated approach in this regard.

In order to curb inflation, the government should restore the supply chain and distribution channels, remove other supply side constraints, provide adequate inputs like fertilizer to farmers at proper prices, secure border to stop fertilizer smuggling, stop systems loss of power, gas and petroleum, and restore private sector confidence through public-private partnership.

The government should provide all possible policy supports and facilitate import of essential commodities rather than tightening monetary policy and raising interest rate, the DCCI added.

REB signs deals with 2 firms to buy electricity

STAR BUSINESS REPORT

Rural Electrification Board (REB) yesterday signed separate agreements with two private firms to purchase captive power from them.

Under the agreements, Sun Sheng Power Ltd will provide 2-4 megawatt of electricity to Gazipur Palli Bidyut Samity (rural electrification association) from August while Partex Energy Ltd will provide 3-5 megawatt of electricity to Narayanganj Palli Bidyut Samity (rural electrification association) from November.

SK Rayhan Ahmed, chairman of Sun Sheng Power, Aziz Al Mahmud, director of Partex Energy Ltd, and Matija Begum, secretary of REB, signed the deals.

REB Chairman Mohammad Habib Ullah Majumdar was present during the signing.

China to invest \$82b to expand urban rail systems

ANN/ CHINA DAILY

China will spend 620 billion yuan (82 billion U.S. dollars) building subways and urban railways in 15 major cities in the next ten years to ease traffic jams, according to the Ministry of Construction.

Around 1,700 kilometers of light rail systems will be built in the 15 cities, including Beijing, Shanghai, Guangzhou, Chongqing, Shenzhen and some provincial capitals.

Currently, there are only 22 urban rail lines with a total length of 602.3 kilometers in operation or in trial operation in China, mainly in Beijing, Shanghai and Guangzhou, according to ministry's statistics.