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Nov 30 new deadline for income tax returns

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has extended the time for submitting income tax return by another one month on poor response from taxpayers.

The deadline is now November 30, according to a circular the board issued yesterday.

This is the second time the government allowed more time for the income tax return.

NBR chairman Mohammad Abdul Majid said he was not satisfied with the income tax returns submitted so far. However he is hopeful of a significant rise in the number on setting the new deadline.

The NBR collected Tk 458.65 crore from 226,993 persons till October 25 against the target of Tk 10,838 crore revenue this fiscal from income tax.

The number of income tax returns submitted last year was 535,994 with the government earning Tk 252.11 crore for the national exchequer.

NBR has around two million tax identification number (TIN) holders in the country.

Warning for Rupali Bank's Saudi buyer

Privatisation Commission to cancel sale if prince fails to complete final deal in Nov

STAR BUSINESS REPORT

The Privatisation Commission will cancel the sale of Rupali Bank to a Saudi prince if he fails to complete final sales and purchase agreement (SPA) within the next month.

"We will wait until November. If the Saudi prince does not complete the final deal within the timeframe, the sale procedures to the prince will be cancelled," Abu Solaiman Chowdhury, chairman of Privatisation Commission, said yesterday.

When asked about what the privatisation plans would be for the bank if it was not sold to Prince Bandar Bin Mohammad Bin Abdulrahman Al Saud, the Privatisation Commission boss said: "We will disclose the strategy after the timeframe has expired."

Chowdhury made his comments to reporters after a seminar in the Dhaka Chamber of Commerce and Industry (DCCI) auditorium. The DCCI organised the seminar on 'Privatisation of State-owned Enterprises (SoEs) and Public-Private Partnership in

Public Undertakings'.

The Privatisation Commission has already completed all formalities for handing over more than 93 percent shares in Rupali Bank at a price of US\$458 million to Prince Bandar. The prince was the highest bidder in a tender last year.

Recently, the International Monetary Fund (IMF) suggested the government adopt a new strategy on Rupali Bank following delays by the Saudi prince in striking the final deal.

According to an IMF letter sent to Finance and Planning Adviser Mirza Azizul Islam recently, key steps are needed to advance the divestment programme of the nationalised commercial banks (NCBs), including the development of a new strategy for Rupali Bank's divestment.

Meanwhile, two representatives of the Saudi Prince arrived in Dhaka on Sunday to negotiate with the government on signing the final SPA.

In his speech to the seminar, DCCI President Hossain Khaled also mentioned the plight of the

Rupali Bank privatisation.

"The government can bring Rupali Bank into the capital market rather than selling it to foreign investors," he observed.

MH Sheikh Chowdhury, director of DCCI, said the dilly-dallying in the Rupali Bank's privatisation will ultimately impact badly the other privatisation activities in future.

He also said the government can privatise Rupali Bank through offloading its stakes in the stock market, which has grown rapidly in recent times.

Privatisation Commission Chairman Solaiman Chowdhury said SoEs were unfortunately performing badly, despite having its tremendous earning potential.

"To get them back on a profitable track,.....full preparations are now underway to transfer many of the SoEs to private entrepreneurs in order to obtain greater efficiency and higher production," he said.

Nasiruddin Ahmed, member of Privatisation Commission, said a new regulation for smooth privatisation of the SoEs may be gazetted in the next week.



Shahjalal Islami Bank gets new MD

Muhammad Ali has recently been appointed the new managing director (MD) of Shahjalal Islami Bank Ltd, says a press release.

Prior to his new assignment, Muhammad Ali was serving the bank as the MD (Current Charge). He joined the bank as a senior vice president in 2005.

A post graduate in Economics, Ali started his banking career with Sonali Bank in 1977 as a probationary officer, the release adds.

Dollar strikes another record low against euro

AFP, London

The dollar tumbled to a new record low against the euro on Monday, as the European single currency rose to 1.4438 dollars on speculation US interest rates will be lowered again this week, analysts said.

Record-breaking oil prices, which may help to slow the US economy, were also hurting the dollar.

The euro, which is just eight years old, stood at 1.4413 dollars in European morning trade after reaching a new pinnacle against the US unit.

Elsewhere, gold prices rocketed above 790 dollars an ounce to a level last seen in January 1980.

Traders were meanwhile expecting the Fed to cut its key rate by a quarter of a point at a meeting Wednesday, making the dollar less attractive to investors.

"There appears no end in sight to the euro's strength," Callyon economist Stuart Bennett said.

"With the Fed set to cut rates further this week, interest rate differentials are likely to weigh even more on euro/dollar."

Novartis to invest \$700m to build cell culture plant

AFP, Singapore

Swiss pharmaceutical giant Novartis will invest 700 million US dollars to build a cell culture production facility in Singapore, the government said Monday.

Construction of the facility -- Novartis' biggest investment to date in its manufacturing capacity -- is expected to start early next year and the plant should be operational by 2012, the Economic Development Board (EDB) said in a statement.

The plant will support clinical and commercial production of potential new products in biopharmaceutical therapies, the statement said.

On Monday, Novartis opened a 180 million US dollar facility in Singapore to manufacture tablets of existing Novartis brands.

Toshiba upbeat despite fierce price competition

AFP, Tokyo

Japan's Toshiba Corp. on Monday sharply raised its profit forecasts after strong sales of computers, memory chips and energy equipment lifted its first-half net earnings up by almost one-fifth.

The profit rise came despite a heated battle between Toshiba and rivals such as Sony and South Korea's Samsung in the crowded consumer electronics market.

Net earnings rose almost 18 percent to 45.66 billion yen (400 million dollars) in the six months to September, albeit at a slower pace than the five-fold surge seen in the first quarter of the business year.

Operating profit climbed by about 27 percent to 82.52 billion yen helped by solid demand for notebook PCs and NAND flash memory chips -- the technology vital to MP3 players such as Apple's iPod and other consumer electronics.

23 banks to face capital deficit under amended banking law

REJAUL KARIM BYRON

Twenty-three commercial banks will need Tk 1,651 crore to meet the minimum bank capital requirement that has been increased from Tk 100 crore to Tk 200 crore by a recent amendment to 'Bank Company Law'.

However banking sources say the banks will face a huge deficit of capital if the Bangladesh Bank (BB) does not give them an extended period to meet the requirements. "The commercial banks will face a huge capital deficit if the central bank asks them to increase the capital all at one time," said a senior official of a private bank.

BB sources said the central bank is now considering the banks' demand for more time. "As per the amended Bank Company Law, each commercial bank needs a minimum of Tk 200 crore of capital and we are considering giving the banks two years to meet the requirement," said a BB official.

Banking sources said at least 17 private commercial banks will face a deficit of Tk 1,306 crore and six foreign banks operating here face a deficit of Tk 345 crore.

Of the private commercial banks, Standard Bank Ltd has a capital of Tk 183 crore as of June 30 this year, while One Bank Ltd has Tk 150 crore, Mutual Trust Bank Ltd Tk 151 crore, Bank Asia Ltd Tk 194 crore, First Security Bank Ltd Tk 109 crore, Jamuna Bank Ltd Tk 132 crore, BRAC Bank Ltd Tk 125 crore,

United Commercial Bank Ltd Tk 112 crore, AB Bank Ltd Tk 134 crore, IFIC Bank Ltd Tk 106 crore, Eastern Bank Ltd Tk 165 crore, Uttara Bank Ltd Tk 92 crore, Trust Bank Ltd Tk 97 crore, Bangladesh Commerce Bank Ltd Tk 97 crore, Social Investment Bank Ltd Tk 91 crore, Dutch-Bangla Bank Ltd Tk 92 crore, and Oriental Bank Ltd has Tk 60 crore.

The rest of the private commercial banks have capital of more than Tk 200 crore.

Among the foreign banks, Commercial Bank of Ceylon has a capital of Tk 168 crore as of June 30 this year, while State Bank of India has Tk 136 crore, Habib Bank Tk 123 crore, National Bank of Pakistan Tk 139 crore, Woorl Bank Tk 136 crore, and Bank Alfalah has Tk 119 crore.

Export Development Fund raised to \$150m

STAR BUSINESS REPORT

Bangladesh Bank has increased the Export Development Fund (EDF) to US\$ 150 million from existing US\$ 100 million to help maintain the growth trend of the export-oriented industries.

The Foreign Reserve and Management Department of the central bank in a recent circular also announced raising the loan

limit for a single borrower from \$1 million to \$1.5 million for payment of importing raw materials for export products.

The decisions will be effective from November 1.

In recent times, the business leaders and trade bodies have been urging the government to raise the fund as the prices of raw materials have increased in international markets.

\$3.29m export orders from Tokyo fair

Japan assures Bangladesh of support for duty-free access

UNB, Dhaka

Bangladeshi companies have received export orders worth 3.29 million US dollars at the Bangladesh Single Country Trade Fair held in Japan last week.

The orders include handicrafts, jute products, home textile and ready-made garment (RMG) items.

At the inauguration of the exhibition, the Japanese vice-minister for Foreign Affairs assured active support and cooperation for giving Bangladesh products 100 percent duty free access into the Japanese market.

Export Promotion Bureau (EPB) with financial and technical support from Japan External Trade Organization (JETRO) and in close association with the Bangladesh

Embassy in Tokyo, organised the fair in the Japanese capital between October 22 and 25, according to a press release.

Bangladesh organised such single country fair in Tokyo after an eight-year gap amid huge enthusiasm among the local exporters.

A three-member official delegation from Bangladesh, headed by EPB Vice-Chairman M Shahab Ullah, attended the inauguration of the fair.

Bangladeshi products displayed in the exhibition created significant interests among the Japanese businesses and importers.

Meanwhile, a business delegation from Bangladesh Chamber of Commerce and Industry, Japan (BCCI) will visit Bangladesh shortly to organise Japanese Single Country Trade Fair in Dhaka.

Japanese watch Bangladesh situation before investment

Envoy hopes fair polls under roadmap to create right perspective

UNB, Dhaka

Potential Japanese investors are watching carefully the situation in Bangladesh as they always think of a long-term perspective on their investment, Japanese Ambassador Masayuki Inoue said, as the country is now at a crossroads.

"Direct investment from Japan to Bangladesh is very important. Japanese businessmen are watching very carefully what is going on in Bangladesh. I encourage them to come to Bangladesh, but the businessmen always think of long-term perspective," he said in an interview with the news agency yesterday.

Asked whether the Japanese investors will wait until the installation of an elected government, Inoue said steps announced by the Chief Adviser of the present caretaker government for elections are very important. "I sincerely hope a free and fair election would be

conducted after good preparations according to the announced roadmap."

The ambassador said what is important is stability and prosperity, and "an important agenda of our foreign policy is creating an Arc of freedom and prosperity."

Japanese investment in Bangladesh amounted to US\$ 127 million, as of June 2006, particularly in EPZs wherein 24 companies are currently operating.

Inoue stressed the need for quick repayment of L/C complying with international business practices and setting up comprehensive "One Stop Service" to attract investment from Japan, an economic powerhouse of Asia.

Asked about a new loan package of US \$ 312 million for Bangladesh, he said that the latest package of Yen loan is threefold, and all the three components are utmost important for future development of this country.

One is a \$154 million dollar credit for New Haripur Power Plant, Development Project; another is \$112 million Dhaka-Chittagong Railway Project and the third is \$46 million Water Resources Development Project conceived to increase agriculture and fishery production.

About development of Haripur power station, the envoy said, "We know electricity is a kind of rice for economic development." Despite developments here for last 5-10 years, he said, electricity demand-and-supply balance is not good in the country.

He said work on the Dhaka-Chittagong railway project would start in close cooperation with two major development partners--ADB and the World Bank--and in consultation with the Ministry of Communications.

"We think, for development of Bangladesh many things need to

be done--one is infrastructure and another is technical assistance and human resource development," he said, adding, "we like to cooperate for future development in Bangladesh."

Asked about a yawning trade gap against Bangladesh, the ambassador acknowledged the fact and said recently a Jetro (Japan External Trade Organisation) delegation came to Dhaka with main objective to increase exports from here to Japan.

Asked about relocation of sunset industries from Japan to Bangladesh, Inoue said small and medium industries of Japan should be relocated for their own survival because of lack of workforce and increased pay.

He suggested more dialogue and exchange of information between entrepreneurs of the two countries, which is important for every business.

WOMEN ENTREPRENEURSHIP

Removing barriers to business loans stressed

OUR CORRESPONDENT, Ctg

To remove barriers to business loans for women entrepreneurs, the traditional mindsets of such entrepreneurs and bankers should be changed, speakers observed at a seminar here yesterday.

They said motivational programmes are needed to make women aware about financial procedures, and to help bankers finance the small and medium enterprises (SMEs).

Chittagong Women Chamber of Commerce and Industries (CWCCI), Bangladesh Federation of Women Entrepreneurs (BFWE) and South Asia Enterprise Development Facility (SEDF), a multi-donors funded facility managed by International Finance Corporation (IFC) of the World Bank Group, jointly organised the daylong seminar 'Pathfinders 2007: Women in SMEs' at the Ichhamati hall of Hotel Agrabad.

BFWE President and former adviser to the caretaker government Rokia Afzal Rahman inaugurated it as chief guest.

Coordinator, Sustainability of

SEDF Knowledge Centre Afifa Raihana and IFC-SEDF Programme Officer Irina Niederberger and CWCCI Vice President Khaleida Awal also addressed the seminar.

Rokia Rahman said keeping the women, who constitute half of the country's total population, aside from any economic process, national economic development is quite impossible.

"Women in this country have already proved their capability of establishing small and medium enterprises through determination and hard working," she said.

Speakers pointed out that most of the women entrepreneurs have no idea about getting bank loans for their business while bankers also show less interest in such activities initiated by women entrepreneurs.

Later, an awareness programme titled 'Sharing Experience and Counselling for Development' was held.

The organisers said that they arranged such programmes at Bogra and would arrange two more programmes at Jessore and Dhaka.



Rokia Afzal Rahman, president of Bangladesh Federation of Women Entrepreneurs, speaks at a seminar styled 'Pathfinders 2007: Women in SMEs' in Chittagong yesterday.

IMPACT OF DONOR-FUNDED PROJECTS

Mechanism needed to ensure donors' accountability

Says research paper

STAR BUSINESS REPORT

A mechanism needs to be developed to ensure donors' accountability in the event of any adverse impact of projects funded by them on the economy, a research paper has recommended.

The research paper said adoption of donors' prescriptions to involve private sector in fertilizer marketing leads to a huge price fluctuation and artificial crisis.

The research titled 'Implication of Selected Policies of International Finance Institutions (IFIs) for Agriculture Sector and Rural Livelihood' was presented yesterday at a seminar organised by research organisation D.Net in cooperation with Oxfam, an NGO.

Chaired by Dr Assaduzzaman, research director of Bangladesh Institute of Development Studies (BIDS), Dr Shah Md Ahsan Habib, associate professor of Bangladesh Institute of Bank Management (BIBM), presented the research paper.

The research focuses on the impact of prescriptions of the international finance institutions on agriculture development.

The most important reforms in Bangladesh's agriculture began in 1980's when the sector witnesses reduction in farm subsidy and involvement of private sector in the procurement and distribution of agricultural inputs.

The Bangladesh government accepted the donors' recommendations in order to ensure greater reliance on private financial and managerial resources', the paper said.

The paper added reduction in fertilizer subsidy led to increase in fertilizer prices, reducing farmers' overall profits.

According to the research, the fertilizer distribution system introduced by the government recently appeared to be better to a section of farmers.

Under the system, farmers with authorized cards receive fertilizer. But in reality land owners, most of them do not cultivate, get cards, depriving mainly marginal farmers, who grow crops.

According to the paper, a section of farmers are disappointed over the import liberalisation of agriculture equipment.

Addressing as a panel discussion, Prof M M Akash of Dhaka University suggested a homegrown national policy for the development of agriculture sector.

He also suggested offering direct cash incentive to farmers instead of providing subsidy on prices.

Dr Assaduzzaman also pointed out the need for unified national programme to increase agricultural production.

Dr Ananya Raihan, executive director of D.Net, was also present.

BB REFINANCE SCHEME

DBH disbursing home loan

Delta Brac Housing (DBH) Finance Corporation Ltd has started disbursing home loans under its recently signed participation agreement of 'BB Refinance Scheme for Housing Sector', says a press release.

The 'Bangladesh Bank Refinance Scheme for Housing Sector' is aimed at enhancing homeownership among the middle and lower-middle income groups of borrowers through providing housing loans at an affordable interest rate.

Under the scheme, the DBH has started providing housing loans at 10 percent interest rate per annum for the eligible borrowers for buying/constructing apartment units (size not exceeding 1250sqft) in six city corporation areas (Dhaka, Chittagong, Rajshahi, Khulna, Sylhet and Barisal) and the municipality areas of Tongi, Gazipur, Savar and Narayanganj. The maximum repayment term for the loans is 20 years.

A borrower may receive as high as Tk 15 lakh as home loan facility under the refinance scheme. The borrower must have regular monthly income of less than Tk 30,000 to be eligible for the housing loan.

Besides, those who do not have any apartment or housing unit in their own wife's/husband's/children's name in the above-mentioned areas, and those who have not previously availed of any housing loan facility from any bank or financial institution are the eligible recipients of the loan. For salaried persons, individual employees not having any housing loan/housing scheme facility with



A DBH official is handing over documents of home loan under BB refinance scheme to a client.

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