

PHILIPS
sense and simplicity

LCD HDTV
42TA2800
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TRANSCOM ELECTRONICS 8855366-8, 01712-665463

Stocks

DGEN	0.23%
3,084.47	
CSCX	0.1%
5,580.61	

Asian Markets

MUMBAI	0.52%
15,832.55	
TOKYO	1.52%
13,389.90	
SINGAPORE	1.50%
3,171.55	
SHANGHAI	2.94%
3,446.24	

Currencies

	Buy TK.	Sell TK.
USD	68.38	69.38
EUR	105.41	110.04
GBP	134.16	139.34
JPY	0.66	0.70

SOURCE: STANDARD CHARTERED

Commodities

Gold	Oil
\$904.00 (per ounce)	\$104.50 (per barrel)

SOURCE: AFP

More News

Dhaka goes to Hollywood
From bloody wounds and oozing gashes, to false chins and devilish horns, Kryolan's small plant on Dhaka's Export Processing Zone is supplying the world's leading professional make-up artists. B-4

Power transmission woes
Bangladesh's power transmission equipment makers struggle to stay competitive due to lack of policy support. B-3

International

Motorola to shut Singapore mobile phone plant
AFP, Singapore

Struggling US telecom giant Motorola will close its mobile phone manufacturing plant in Singapore as part of the company's 500-million US dollar global cost cutting exercise, it said Thursday.
Motorola said the move, which will affect 700 employees, is aimed at aligning the company's operations to grow the business.

Privatization of major US airport attracts foreign interest
AFP, Chicago

Foreign investors are lining up to bid to operate Chicago's Midway International Airport, the first major US airport to be privatized under a federal initiative launched more than a decade ago.

City officials say six consortiums, which include firms from France, Australia, Germany, Canada and Spain, are vying to run Chicago's secondary airport. B-4

Contact Us

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

Industry, banks row over rates escalates

Companies complain about failure to cut interest rates, charges

SAJJADUR RAHMAN

Corporate Bangladesh has lambasted commercial banks for not delivering on their promises to reduce lending rates and charges on services.

In a meeting with Bangladesh Bank Governor Salehuddin Ahmed last week, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Anwar-Ul Alam Chowdhury Parvez said banks were yet to lower the cap on interest rate from 16 percent to 14.75 percent. Garments accounted for over three-fourths of the total exports of \$12.18 billion (Tk83,600 crore) in 2006-07.

Bangladesh Bank sources said the governor has conveyed the BGMEA concerns to the banking regulations and policy department for further action.

After a series of meetings between BB and banks' promoters in February, the chief executive officers of the commercial banks had agreed to lower the interest rate ceiling and also the charges on 30 different services offered to 11 sectors. But business houses claim there has been no follow-up by banks on the promise, with charges remaining the same as before.

When contacted, Parvez said, "The banks have neither reduced the charges nor the interests rates so far." "They have made a mockery of the issue," he added.

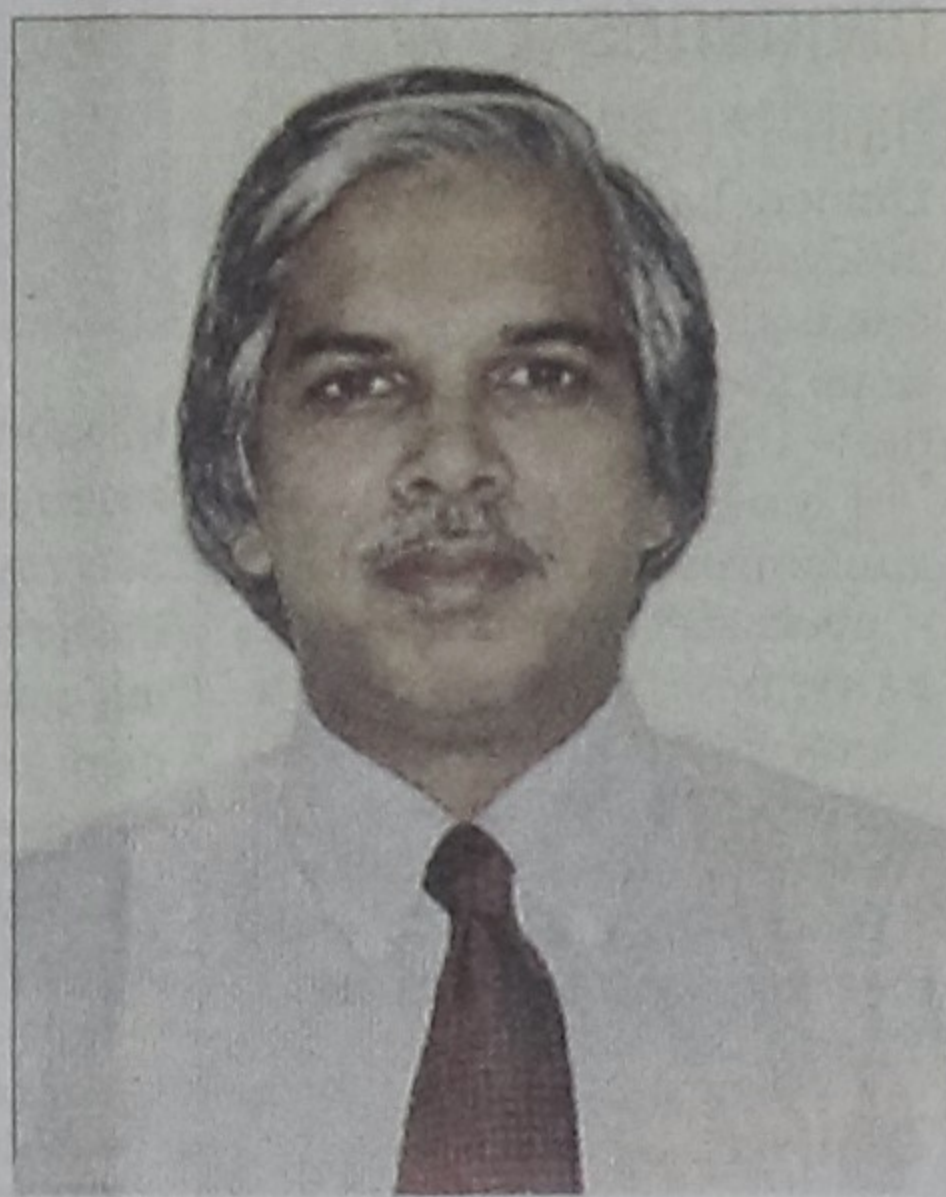
Tofazzal Hossain, chairman, National Credit and Commerce Bank Limited, however, said banks take time to implement a decision since it needs to be approved by their boards. "We have approved the proposal at today's (Thursday) board meeting."

According to a recent report by Bangladesh Bank, the average interest spread of commercial banks is 6.16 percentage points compared with the average international spread of 4-5 percentage points. While the spread is lower at 5.88 percentage points for state-owned banks, it is 6.17 percentage points for private banks, and significantly higher at 8.98



NCC Bank Chairman Tofazzal Hossain

"Banks take time to implement a decision since it needs to be approved by their Boards"



BGMEA President Anwar-Ul Alam Chowdhury

"Banks have neither reduced the charges nor the interests rates so far. They have made a mockery of the issue"

percentage points for foreign banks.

The BB report shows that private sector BRAC Bank has the highest spread of 13.47 percentage points. While its average deposit rate is only 6.51 percent, its average lending rate is almost 20 percent (19.98 percent to be precise). Standard Chartered Bank follows closely with a spread of 11.6 percentage points. Its average interest rate on deposits is 3.31 percent and on lending is 14.91 percent.

Commercial banks charge customers on 51 different transaction services that according to Bangladesh Bank (BB) increase prices of both export products

and local consumer items. Of these, 25 charges and commissions are on import related transactions, 14 on export transactions and 12 on local transactions.

The BB report observed that a government-owned bank did not charge clients for account closure while private commercial banks charge Tk 300-Tk 500 and the foreign commercial banks Tk 300-Tk 1,000. The banks also take negotiation commissions in case of opening letters of credit for exports. "A leasing company takes maximum 16 percent interest rates, so a bank's rate must be lower than that," Parvez said. Sajjad@thedailystar.net

Mittal wants to develop \$500m township in Ctg

ABDULLAH AL MAHMUD, Ctg

UK-based Mittal is exploring a \$ 500-million investment in Chittagong. It plans to develop a coastal township along the Bay of Bengal, which could house residential and industrial blocks besides having its own airstrip and shallow port.

Confirming the development, Chittagong Development Authority (CDA) Chairman Shah Muhammad Akhteruddin said, "The authority is prepared to extend its support to Mittal's plans."

A senior representative from Mittal, UK, Rakesh Biship, has already visited the potential site in March.

"A delegation is scheduled this month again to study the site in greater detail," another official in CDA said.

Guidelines for developing such townships are provided in the Chittagong Metropolitan Master Plan (CMMP). The investment in such projects would not be less than \$ 500 million (around Tk 3,500 crore), CDA officials said.

A composite township can be developed conforming to the coastal belt development guidelines of the CMPP along the coast stretching from Patenga to Kumira under the Sitakunda district.

A huge strip of naturally reclaimed land already exists along the coast to the west of

the port city. A 12-km long and 1-km wide township overlooking the sea could be developed there reclaiming more land with the help of artificial blocks, said the CDA officials.

The coastal township could accommodate waterfront residential blocks, environment-friendly industries, industrial blocks, an airstrip, a shallow port besides hotel and cruising facilities.

The authority would invite global investments in townships that create employment opportunities, said Akhteruddin.

The Mittal group has been scouting for investment opportunities in Bangladesh for more than a year now.

Business costs increase on constant power outages

REFAYET ULLAH MIRDHA

Businesspeople say doing business in Dhaka's major commercial hubs now costs much on extra consumption of diesel in generators to run corporate offices because of frequent power outage.

Country's main business hubs like Motijheel, Dilkusha, Purana Paltan, Old Dhaka, Karwan Bazar and Nilkhet are greatly affected by the errant supply of electricity.

"Our cost of doing business has gone up significantly as office maintenance turns expensive for purchasing diesel to run the power generators," said Khairul Alam, vice president of Eastern

Insurance Company, which is located at Dilkusha, country's main banking and insurance business hub.

Echoing Khairul's view, many more business executives working in this business area suggested the government prioritise the business areas in supplying power without interruption as businesses contribute considerably to the national economy.

While talking to The Daily Star, a businessman of Dilkusha said he has to spend an additional amount of Tk25,000 a month for purchasing diesel to maintain his office.

The Old Dhaka businessmen also spelt out a bitter

experience of severe power crisis in their business hubs.

Power Development Board (PDB) data shows country's power companies were capable of generating 3500 megawatt (MW) a day yesterday against the daily demand for 4400MW. It says the country-wide load-shedding recorded yesterday at 803MW.

A PDB official said 720MW of electricity could not be generated due to shortage of gas on the day.

The Wednesday's actual production was 3492MW against the 4302MW demand and the load-shedding was recorded at 810MW.

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Lanka banks on Myanmar rice



Protesters in Colombo yesterday angry over food prices.

AFP, Colombo

Sri Lanka's trade minister said Thursday he will travel to Myanmar at the weekend to negotiate terms for the import of as much as 100,000 tonnes of rice in the coming year.

"Myanmar has agreed to allow the export of 100,000 metric tonnes over a period of one year," trade minister Bandula Gunawardene told reporters here.

Sri Lanka has experienced sharp food price rises with year-on-year inflation hitting 28.1 percent in March, its highest level in the past decade.

Talks are also ongoing with India and Pakistan to boost local rice stocks after recent heavy rains in the east and south of the island destroyed harvests.

Sri Lanka and other Asian nations have been hit by record costs for imported oil and food in the past year.

Direct credit of IPO refunds now

STAR BUSINESS REPORT

The Securities and Exchange Commission on Tuesday made it mandatory for bankers to a public issue to refund IPO funds by directly crediting the applicants' bank account from now. This, it said, would not only stop the use of fake bank account numbers in IPOs, but also expedite the refund process.

At present, the 'issue manager' distributes refund-warrant certificates that are encashed by applicants by depositing these in their bank accounts.

The SEC had, on a pilot project, asked the issue manager of Fidelity Assets and Securities Company to deposit the refund warrants in the applicants' bank accounts with two particular banks, National Bank and First Security Bank. During the process, it discovered 151 fake bank account numbers in the IPO (initial public offering) applications.

It was alleged that one individual submitted several IPO applications with fake or fictitious bank account numbers, and later encashing the refund warrants in collusion with a section of bank officials.

The watchdog has decided to arrange for another experimental distribution of refund warrant certificates for the Delta Brac Housing IPO process. The SEC has already asked the issue manager of Delta Brac to deposit refund warrants to the IPO applicants' bank account numbers with four particular banks.

Govt loses Tk 5 crore on BCFCC mismanagement

SAYEDA AKTER

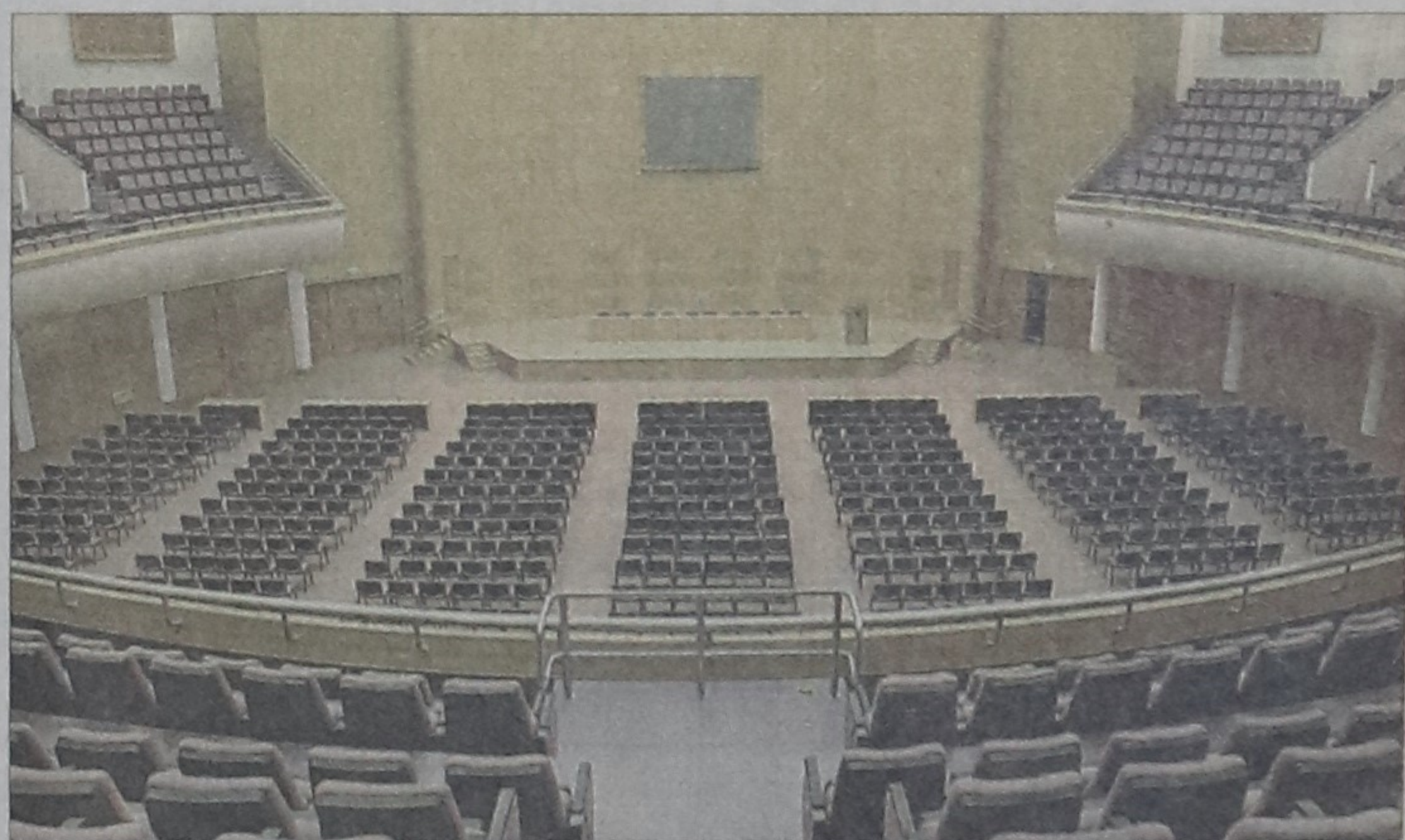
The government incurred a loss of around Tk 5 crore in the last four years besides missing out an opportunity to make a bigger profit on leasing out the Bangladesh China Friendship Conference Centre (BCFCC) to the Agrabad Accom-Consortium Ltd. (AACL), a sister concern of the financial scam-ridden Orion Group.

This group was awarded the job of maintaining the center under a lease agreement for a span of 10 years in 2005, three years after the government decided to hand-over the centre's management to a private sector firm.

As per the terms of the contract with the AACL, the government received Tk3 crore only a year from the firm, whereas Tk 4.2 crore was earned per annum by the centre during the period it was under direct government control.

Records suggest the centre under private management posted an operating profit of Tk 10 crore in 2007, which is 40 percent up from the previous year's.

The BCFCC's main users include corporate houses, banks and different fair organisers from home and abroad.



A file photo shows the inside of Bangladesh China Friendship Conference Centre in Dhaka.

plan was cancelled after the caretaker government took office.

This correspondent in a recent visit to the BCFCC, found the centre's drains full with used plastic packets, waste paper cups and glasses. Waste paper blocked many of the outflow sources and the building was filled with the stench of damp carpets and waste 'biriani' (traditional food). It is alleged that most of the venues upstairs are not cleaned everyday.

"This ill condition in the centre sometimes prompts us to arrange our programme outside it, but we have to compromise because of the scale

of events and the high prices charged by the five star hotels who also rent out their venues to event managers," said a

The govt received only Tk3cr a year from the firm, whereas it earned Tk 4.2cr when under direct govt control

senior official of an event management firm who recently organised the largest-ever motor show in Dhaka.

However, Tanveer Qamrul Islam, deputy general manager (sales and marketing) of

AACL, the BCFCC's maintenance authority, denying the allegation of poor maintenance said the people who rented the BCFCC also had a responsibility to clear up their mess.

"It's not always our responsibilities to look after all the issues, rather the bodies rent the space have some responsibilities to clean up," he added, pointing to the lack civic sense of some. He said the BCFCC spends Tk 10 lakh every month to maintain the centre. He also pointed out that there are only 74 staffers to look after the huge centre.

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