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Stocks

DGDN 0.25%
3,053.92

CSCX 0.16%
5,554.47

Asian Markets

MUMBAI 2.13%
17,378.46

TOKYO 0.2%
13,894.37
(Monday's closing)

SINGAPORE 0.91%
3,172.36

SHANGHAI 1.40%
3,523.41

Currencies

	Buy Tk.	Sell Tk.
USD	68.25	69.25
EUR	105.27	109.88
GBP	134.12	139.30
JPY	0.65	0.68

SOURCE: STANDARD CHARTERED

Commodities

Oil
\$117.82
(per barrel)

SOURCE: AFP

More News

Rationing system for RMG workers within a month

BKMEA will fix the price of its exportable items and introduce a food rationing for readymade garment (RMG) workers within one month, said the trade body for the knitwear sector.

DCC seeks cancellation of PSI system

Dhaka Chamber of Commerce and Industry sought a clear-cut policy on tax holiday for the next ten years in the coming budget. It also demanded cancellation of pre-shipment inspection (PSI) system.

B-3

International

Affluent Singapore feels pinch of inflation



From taking fewer taxi rides to eating out less and shortening shower time, residents of affluent Singapore are trying to cope with inflation, which has soared to 26-year highs.

Government figures show Singapore's annual inflation was at 6.7 percent in March, the highest since 1982.

Thailand to sell its entire rice stockpile

Thailand's premier said Tuesday the country would sell all of its 2.1 million tonnes of stockpiled rice at a cut price to relieve shortages and try to curb soaring domestic prices of the staple grain.

B-4

Contact Us

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

Govt, Tata re-start \$3b investment talks next month

JASIM UDDIN KHAN

The government and Tata are going to restart talks on the Indian conglomerate's stalled investment proposal sometime in the first week of next month.

Tata's Bangladesh project director S Manzer Hossain yesterday met Commerce Adviser Hossain Zillur Rahman. He also met Board of Investment (BoI) Executive Chairman Kamal Uddin Ahmed to set the schedule and agenda of the negotiation.

The US\$3 billion investment proposal from Tata remained undecided since August 2006.

In 2005 the Tata Group initially proposed to set up a 1,000MW power plant, a steel mill with an annual production capacity of 420,000 tonnes and a fertiliser unit with one million tonnes capacity in Bangladesh.

Official sources said the Ministry of Finance has made a directive to the BoI to invite any representative of Tata for a

dialogue afresh.

After the meeting with the Tata representative yesterday, the commerce adviser told journalists, "Definitely we make sure that the country's interests are protected when we welcome foreign investment."

Hossain Zillur Rahman said Tata's interest to invest here as well as interests shown by big investors like Mittal meant that Bangladesh is a good destination for investment.

About the scheduled investment talks with Tata, the BoI chief said something will happen soon. "You will see it if it is happened," Kamal Uddin Ahmed added.

Manzer Hossain, Tata's Bangladesh representative, said they still take interest in investing here and wait for a deal. A team from India will visit Bangladesh to start talk with the government next month.

Manzer, however, said, "Many things need to be reviewed because so many

changes took place in the last two years."

Sources said the government wants to wrap up the dialogue and settle the investment deal before December 2008.

Although the negotiations came to a standstill in 2006, significant progress had been made. Both sides provisionally agreed on a 15-year guarantee of 1.25 trillion cubic feet (TCF) gas and around 3 million tonnes of coal supply to Tata per annum and upgrading of gas pipeline from the current 24-inch diameter to 30-inch diameter. The Asian Development Bank (ADB) agreed to provide financial support for development of the gas pipeline.

During a year-long series of negotiations it was also agreed that Tata would enjoy a 10-year tax holiday facility and uninterrupted gas supply would be guaranteed. The two sides then agreed that a coal mine in the middle of Phulbari and Barapukuria coal fields would

be awarded to Tata for exploring around 3 million tonnes of coal a year. However the decisions never got endorsement at ministry level.

The previous BNP-led government was unwilling to make a decision before the scheduled general election, while the present caretaker government said it has other priorities.

In the meantime, Tata has launched major investment projects in other parts of the world. During the period from April 2006 till date, Tata Group bought the largest steel maker in Europe Corus at a cost of around US\$ 13 billion along with a soda ash plant in the US at a cost of \$1 billion.

The group has also invested for the production of a 4000-megawatt power plant in India, and is going to invest in a steel plant in Vietnam and to explore a coal plant in Indonesia.

jasim@thedailystar.net

Tata timeline



April 2005 Tata formally submits \$2.5 billion investment proposal, later revised to around US\$3 billion.

Proposal to setup 1,000MW power plant, 420,000 per yr tonne steel mill, one million tonne fertilizer unit.

August 2006, negotiations reach stalemate.

Feb/March 2008, exchange of letters prompts restart of dialogue.

Food price inflation on the rise

Overall inflation rate slightly down in March

STAR BUSINESS REPORT

Food price inflation has been on the rise, both in urban and rural areas, while the overall inflation rate on point-to-point basis decreased slightly by 0.10 percentage point from that of February and stood at 10.06 percent in March.

According to the Bangladesh Bureau of Statistics (BBS), food price index soared to 12.92 percent in March, showing an increase of 0.20 percentage point from that of February.

But, rate of inflation of prices of non-food items declined by 0.63 percentage point in March as compared to that of February. Non-food inflation in March stood at 5.63 percent, while it was 6.26 percent in February.

However, in rural areas the overall inflation rate has decreased by 0.08 percentage point and stood at 10.08 percent in March. On the other hand, the rate declined by 0.12 percent in urban areas and stood at

10.02 percent in March.

According to the BBS data, the rise in food price inflation has been more pronounced in urban areas in March compared to what it has been in rural areas.

Food price inflation in urban areas has increased by 0.22 percentage point compared to that of February, reaching 13.81 percent, while it has increased by 0.19 percentage point in rural areas and stood at 12.54 percent.

In case of non-food items, inflation rate in urban areas has decreased by 0.53 percentage point and stood at 5.70 percent. On the other hand, it has reduced by 0.32 percentage point in rural areas and stood at 5.60 percent.

"The decrease of inflation of non-food prices has affected overall inflation rate, but what is of concern is that the rate has been rising in case of food items," an official of the Bangladesh Bank (BB) said.

Bank branch without manpower

Opens today at Gulshan

SAJJADUR RAHMAN

It may sound quite alien to many in the country that a bank branch can be operated without any staff. But it's going to be true today.

BRAC Bank, a growing private commercial bank, will open a branch without staff. The bank calls it a virtual bank, offering normal financial services as provided by a regular bank branch.

"Virtual banking will deliver faster and real-time services to the customers and will reduce operational costs," said Abedur Rahman Sikder, head of marketing and corporate affairs of BRAC Bank.

Virtual banking provides convenient and secured banking services 24 hours a day.

Initially, the bank's virtual services will include deposit and cash withdrawal, inquiries about balance, transfer of funds from one account to another, statement of account, and provision of new checkbooks.

Telephone and online banking will also be available at that branch.

The virtual banking will offer videoconferences

within a couple of months so that clients can talk to bank officials in the event of any necessity, Sikder said.

There will be four ATMs, three cash deposit machines, and three telephone lines at the virtual branch on 98 Gulshan Avenue.

Many banks have gone for virtual banking with the growing commercialisation of the internet since 1990s. The system has replaced the traditional time-consuming banking in many countries in the last two decades.

The world's first fully functional virtual bank was the Security First Network Bank (SFNB), which began operations on October 18, 1995 at Atlanta, Georgia in US.

Some banks in India have already started virtual banking.

"We are the first to start on virtual banking by opening a branch," Sikder said. "Our objective is to push the customers to go for the new system, which is cost-effective," he said.

"We will be able to provide convenient banking for our clients," said Sikder.

sajjad@thedailystar.net



A computer-generated picture of BRAC Bank's virtual branch offering normal financial services to clients.

Chronology of Virtual Banking

- World's first fully functional virtual bank: The USA-based Security First Network Bank began operations on October 18, 1995.
- Europe's first full-service virtual bank: "First-e" launched by Enba, a Dublin-based company in late September 1999.
- Asia's first virtual bank: finatiQ a division of the Bank of Singapore was opened on April 3, 2000.

Moratorium on Oriental goes

STAR BUSINESS REPORT

The Bangladesh Bank (BB) issued a circular yesterday withdrawing its moratorium on the transactions of the once scandal-ridden Oriental Bank.

The decision will come into effect on May 5, the circular said. The BB lifted the moratorium following the request of the ICB Financial Group Holdings AG, which bought about 51 percent stakes in the bank at Tk 350 crore in

February this year.

The first tranche of the depositors' principal amounts will be given in six months starting from May 5.

The government in January last year imposed a moratorium (suspension) for six months on all activities of Oriental Bank except some kinds of transactions, including limited level of deposit withdrawal. Later, the BB extended the moratorium for twice.

The suspension was

imposed for the reconstitution of the bank following an acute financial crisis, including rampant corruption by a section of directors.

With the withdrawal of the embargo, some 200,000 Oriental Bank account holders will be allowed to withdraw and deposit their money from May 5 as per the latest decision of the central bank.

The new buyer has already proposed to rename the bank 'ICB Islamic Bank Ltd'.

Scrap sells at govt fixed price, ship breakers claim

Trade body warns of stopping import

KAWSAR KHAN

Ship breakers have claimed they began selling raw materials for MS rod at government fixed prices, but manufacturers find the prices still higher.

According to industry insiders, the price of melting scrap has been fixed at Tk 40,000 and re-rolling scrap Tk 52,000.

The government gave an ultimatum in a meeting in Chittagong on

Monday that ship breakers and rod manufacturers should start selling the raw materials at the fixed prices by Tuesday or face stern action.

Meanwhile, the committee that was formed on April 17 as per the directive of the commerce adviser to probe the abnormal hike in the prices of MS rod in the local market is supposed to submit its report today.

President of the of Bangladesh Ship Breakers Association Sufi Mizanur Rahman told The Daily

Star, "Now we sell scrap at Tk 52,000 a tonne against its purchasing rate of Tk 55,000 just to comply with the government fixed price, incurring a huge loss."

He, however, warned that ship breakers might stop collecting breakable ships from the international market, as no one would show interest in a business that faces loss.

On the other hand, Masudul Alam Masud, general secretary of the Bangladesh Re-rolling Mills

Association, complained, "The raw material that re-rolling mills are getting at Tk 52,000 per tonne is actually a blend of melting scrap and re-rolling scrap."

The cocktail of both the categories are being sold at Tk 52,000 per tonne, while its average fixed price is Tk 46,000 a tonne."

It means average price is Tk 6,000 more than the government fixed price, he pointed out.

Masud, however, is opposed to the

way the government tries to make a stable market for the raw material of the construction item saying that the government measures will rather create volatility in the already instable steel market as the ship breakers might stop importing ship to avert hazards.

The sector people also urged the government to allow imports by other businessmen. They said only the sufficient supply of raw materials will result in reduction in the price.

Now only 6-7 companies enjoy the right to import breakable ships, according to them.

Meanwhile, Alihussain Akberali, chairman of BSRM Group of Company, a major rod manufacturer of the country, feared a further rise in the rod price in the international market as the Indian government slapped 15 per cent export duty on billet. India is a major supplier of raw materials for rod in Bangladesh. kawsar@thedailystar.net