

Stocks

DGEN 1.83%
2,985.04

CSCX 1.66%
5,815.39

Currencies

	Buy TK.	Sell TK.
USD	68.20	69.20
EUR	104.96	109.68
GBP	131.24	136.35
JPY	0.62	0.65

SOURCE: STANDARD CHARTERED

Commodities

	Buy TK.	Sell TK.
Gold	\$907.50 (per ounce)	\$134.56 (per barrel)
Oil		

SOURCE: AFP (as of Friday)

More News

Share prices tumble

Panic gripped small investors yesterday as nearly all shares on the Dhaka Stock Exchange (DSE) slumped.

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Governor refutes 'liquidity crisis' in banks

Bangladesh Bank Governor Dr Salehuddin Ahmed yesterday refuted the allegation that banks are faced with liquidity crisis.

"Latest figures show that both deposits and credits in the banks increased as compared to that of the previous year's," he told reporters.

Software developers seek tax exemption

The country's software developers yesterday urged the government to exempt certain IT based services from income tax.

These services include digital data processing, computer graphics and animation, digital content management, and web enabled services.

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International

Indians fear repeat of 1990s as inflation soars



With inflation shooting to a dizzying 13-year high, Indians are wondering whether they're watching a rerun of an old horror movie they'd rather not see again.

Fed unlikely to boost rates

The tough talk on inflation from Federal Reserve chairman Ben Bernanke and his colleagues is unlikely to lead to a boost in interest rates -- at least for now, economists say.

Even as central bank officials step up hawkish rhetoric, base rates will likely be held steady at 2.0 percent at a two-day meeting opening Tuesday of the Federal Open Market Committee, most analysts predict.

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Contact Us

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

Quantity limit on packed consumer goods irks makers

JASIM UDDIN KHAN

A government decision to make a specific ceiling for the quantity in retail packs instead of a fraction amount evoked huge reaction among consumer product manufacturers.

Such manufacturers have been asked to follow a statutory regulatory order (SRO) made by the Ministry of Industries from July 1, which says all makers of consumer goods, ranging from juice to flour, sugar, edible oil and salt, are to put round figures in the product packs.

The ministry sources said it brought an amendment to the Standards of Weights and Measures Ordinance XII of 1982 in order to restrain manufacturers from deceiving retailers.

Although the amendment was made on January 18, 2007 with an aim to implement it from January 1, 2008, later the ministry stayed the execution of the order until June 30, 2008.

The producers from the first day of the next month will have to make a specific amount of goods and paste the quantity of the produce on packs, such as 100, 150, 200, 250, 500, 750 milligram or milliliter and 1 kg, 2 kg, 15 kg etc.

PRAN Foods Ltd Managing Director Major General Amjad Khan Chowdhury (rtd) said implementation of the decision will harm the agricultural product industry which supplies packs with a very small



Photo shows different brands of edible oil packed in 900ml bottles. A government decision to make a specific ceiling for the quantity in retail packs instead of a fraction amount has irked consumer goods makers.

amount of product.

"Some of our products carry a few grams. Marking round figures of the weight of the products packed will be harmful for the such first moving consumer goods industry and sometime it could be impossible to us."

He said many manufacturers have imported costly Tetrapak machines for 30, 65, 125 gram or milliliter small packs, which will be lying unusable if the new order is enforced.

Mahbub Jamil, the special assistant to the chief adviser for industries, warned against any lapses in manufacturers' compliance with the new rule. He said the government is firm to protect the consumers' products.

He, however, assured the manufacturers that the issue might be reviewed if the committee formed by the government recommends to do so.

Another top official of a leading consumer product

industry said when Bangladeshi consumers have limitations in their buying capacity and individual consumption, setting such specific quantity will hamper the growth of the industry.

The SRO also asked the manufacturers to mention some information like name of the producing company, detail address, ingredient, date of production and expiry and batch number in Bengali.

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Trading of ICB Islamic Bank resumes tomorrow

STAR BUSINESS REPORT

Trading of shares of ICB Islamic Bank, formerly known as Oriental Bank, will resume on the Dhaka Stock Exchange (DSE) tomorrow.

The Securities and Exchange Commission (SEC) has already withdrawn the trade suspension order on the bank.

Earlier in June 2006, when the central bank took over the control of the troubled bank after having detected massive corruption, the stock market regulator suspended trading of the bank's share.

The SEC suspended the trading to prevent the bank's former owners from selling out their shares in an effort to escape the probe of the investigators. However, the owners of Oriental Bank had allegedly taken a huge sum of money out of the bank in forms of loans.

According to DSE sources, initially the share trading of the bank will continue under its previous name 'Oriental Bank'. Afterwards the name will be changed to ICB Islamic Bank, the sources said.

Switzerland-based ICB Financial Group Holdings AG has bought majority shares (50.10 percent) of Oriental Bank in exchange of Tk 350 crore (\$51 million) early this year, while the remaining shares are to be distributed among depositors of the bank as per the BB guidelines. The central Bank transferred its management over the bank to its major stakeholder in March of this year.

Earlier, Bangladesh Bank (BB) completed restructuring of the Oriental Bank under a scheme in February. BB took about two years to complete the restructuring after the dissolution of the bank's board.

Govt fixes cotton waste price at \$1.60 a kg

REFAYET ULLAH MIRDHA

The government has fixed the minimum export price of cotton waste, a by-product from spinning mills, at US\$1.60 per kg.

The new move, taken as per recommendations by the Bangladesh Textile Mills Association (BTMA), is aimed at making the item available for local manufacturers and discouraging its export, according to official sources.

"All formalities have already been finalised and the Statutory Regulatory Order (SRO) in this connection will be circulated within two days as the law ministry also verified it through vetting," said a senior official of the commerce ministry.

Industry people said cotton waste prices have gone up by 15 percent over the last few days as the item turned scarce on hoarding by a section of manufacturers and traders.

According to M Anisuzzaman, chairman of the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association, Nimophil, a cotton waste, was selling at Tk 95 per kg yesterday, while it sold at Tk80-Tk85 a kg just 5 days back.

He hailed the government's new move to fix the minimum export price of this main ingredient of terry towel, home textile and denim fabrics. He thinks it will benefit the country.

"Definitely, the price fixation will discourage the unscrupulous traders from exporting this valuable item," Anisuzzaman maintained.

These unscrupulous traders export the item at US\$ 0.10 per

kg whereas local manufacturers are to buy it at \$1.25 a kg, the industry insiders alleged.

The Bangladesh Terry Towel and Linen Manufacturers and Exporters Association along with the BTMA has already had a number of parleys with the commerce adviser and other senior officials to resolve the issue.

As per a resolution of a recent meeting with the industry owners, the commerce ministry sought the opinion from the Bangladesh Tariff Commission (BTC) on the fixation of the minimum export price of cotton waste.

Commerce ministry data shows the deficit of waste cotton, used as a raw material in the open-end mills, is 75 percent of its total demand.

It also shows cotton waste worth \$10.99 million was exported during the July-March period of the current 2007-08 fiscal year (FY) against \$7.42 million exports in FY 2006-07.

Bangladesh Textile Mills Association President Abdul Hai Sarker said the local manufacturers can produce fabrics worth US\$ 250 million from the cotton waste a year but unscrupulous traders export this spinning-by-product worth less \$10 million.

Since the highly value added item is used for the production of exportable products such as denim, terry towel and home textile the government should also check any under use of cotton waste, he said.

"Our local industries will benefit from the government's latest decision to fix the price of cotton waste," Sarker said.

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NBR hunts for rogue vehicle importers

UNB, Dhaka

The Central Intelligence Cell (CIC) of National Board of Revenue (NBR) is investigating import of vehicles by five big importers to unearth a possible scam over a sudden influx of imported vehicles at Chittagong Port.

An NBR official familiar with the investigation told the news agency that of the five importers three are based in Chittagong while two others in Dhaka.

"We are now investigating from two aspects--- one from income tax and another from customs duty," the CIC official said on condition of anonymity because of the sensitivity of the investigation process.

The NBR has launched the investigation to find out whether there was any import of brand new cars through Chittagong seaport under cover of reconditioned vehicles just before the national budget.

In the proposed budget, the government has reduced supplementary duties from 60 percent to 20 percent on import of ordinary non-luxurious microbuses within the displacement capacity from 1500 CC to 1800 CC, which are used for transportation of industrial raw materials and passengers.

According to the sources, a special ship, "MV Lilac Ace", from Japan, carrying 1,988 vehicles, mostly cars and

microbuses worth around Tk 200 crore, arrived at Chittagong seaport just before the announcement of the new budget.

The CIC team has already collected necessary papers of the selected importers, the official said, adding that the officials are doing their homework before going for a detailed inquiry.

The CIC official said that from income tax aspect they would examine details of the importers' income tax payment and their total capital.

"For example, if we see that their total capital is Tk 1 crore, but they imported vehicles worth Tk 10 crore it means they have not declared their total money in the income tax documents," he said.

Asked about the importers' bank loans, he said the rule is that a bank would provide 70 percent of the amount that one stated in the time of L/C opening.

"Now calculate that 70 percent of the Tk 10 crore, it is Tk 7 crore. That means you have to pay Tk 3 crore at least from your own pocket," he added.

"But the importer in his tax documents has given statement of Tk 1 crore, which means there is something fishy," the CIC official said.

On the other hand, in the light of customs duty the investigating team will look at the selling prices of vehicles over 1600 cc.

ACU to take euro as second currency

UNB, Dhaka

Asian Clearing Union (ACU), a group of eight countries including Bangladesh, has decided to adopt euro as the second currency to settle bills of intra-regional trade with effect from January next year.

The ACU board of directors in a meeting in Myanmar on June 17-18 approved necessary amendment proposals to make the decision effective, Bangladesh Bank Governor Dr Salehuddin Ahmed, who attended the meeting, told reporters at his office here yesterday.

"The second currency would help Bangladesh mitigate the effects of currency fluctuation to some extent," he said, replying to a question.

He added that it would facilitate Bangladesh and Myanmar to go for trade transactions through letter of credit (LC).

Now the trade bills of Bangladesh-Myanmar are being settled through Singapore banks.

The governor said mainly two countries of the group proposed for euro as a currency to settle the trade bills.

Dr Salehuddin said the ACU Board also decided to quote interest rate for deferred payment of trade bills as per the British Bankers Association rate instead of Barclays Bank rate to reduce the interest rate.

It also decided that the member countries would provide their commercial banks some incentives to maintain a healthy provision for the ACU accounts, he said.

Consumer pressure exposes Opec divisions at oil summit

AFP, Jeddah, Saudi Arabia

Consumer nations pressed the main oil powers to increase production at an international summit here Sunday seeking a strategy against spiralling crude prices.

Divisions within Opec were exposed as Saudi Prince announced that his country has increased output to 9.7 million barrels a day and Kuwait said it was ready to follow, but the cartel's president insisted that opening the taps further is not the answer to the price crisis.

The summit was called by King Abdullah as the cost of a barrel of crude recently hurtled towards 140 dollars. Several countries have seen riots and protests against high fuel prices.

The meeting started with talks among the 36 countries and top international institutions and 22 major oil companies on the causes of the surge in prices.

The United States, Germany, India, Australia and other major consumers came to the meeting.

The summit hosts and other top providers were demanding action against "speculators" that they blame for the astonishing rise over the past year.

US Energy Secretary Samuel Bodman insisted that "there is no evidence that we can find that speculators are driving futures prices" to current record heights.

He said market fundamentals show that production has not kept pace with growing



Saudi Foreign Minister Prince Saud al-Faisal (R) meets with British Prime Minister Gordon Brown in Jeddah, Saudi Arabia yesterday. Leaders of global oil powers and consumer nations have gathered in the Saudi Red Sea port city yesterday, seeking ways to control spiralling oil prices seen as a mounting threat to the world economy.

demand for oil, resulting in increasing -- and increasingly volatile -- prices.

"In the absence of any additional crude supply, for every one percent increase in demand we would expect a 20 percent increase in price in order to balance the market," Bodman added.

German Economy Minister Michael Glos said: "We need more oil in the world market quickly to stop the spiralling prices at the gas pumps".

India's Finance Minister P. Chidambaram and Australia's Resources and Energy Minister Martin Ferguson also called for

increased output.

Saudi Arabia said it will step up production by 200,000 barrels to 9.65 million barrels a day from July. And Kuwaiti Oil Minister Mohammed al-Olaim said Opec members "will not hesitate" to increase production if the market needs it.

But Opec president Chakib Khelil insisted there is enough oil to supply the market.

"We believe that the market is in equilibrium. The price is disconnected from fundamentals. It is not a problem of supply," the Algerian oil minister told a briefing.

"Speculation, in its noble and not noble terms, has its impact," the Opec chief said.

Khelil said much of the price explosion can be explained by currency market turbulence. "A lot of people are talking about the uncertainties about the reserves. But what about the uncertainties on the dollar?" he said.

British Prime Minister Gordon Brown, the senior western leader at the summit, called for a "new deal" between consumers and producers.

He also said production shortages and speculation had to be studied.