

DHAKA FRIDAY JUNE 27, 2008

## Stocks

DGEN **▲ 0.07%** 3,024.47

CSCX **▲ 0.20%** 5,892.62

## Asian Markets

MUMBAI **▲ 1.42%** 14,421.82

TOKYO **▼ 0.05%** 13,822.32

SINGAPORE **▼ 0.19%** 2,980.95

SHANGHAI **▼ 3.16%** 2,901.85

## Currencies

Buy TK. Sell TK.

USD 68.10 69.10

EUR 105.26 109.88

GBP 132.69 138.19

JPY 0.63 0.66

SOURCE: STANDARD CHARTERED

## Commodities

**Gold** **▲ \$891.26** (per ounce)

**Oil** **▼ \$134.99** (per barrel)

(Midday London Trade)

SOURCE: AFP

## More News

ITES: A time to recognise



ITES, an acronym of IT Enabled Services, is a phrase that is not very well known in the business community and among policy makers. AKM Fahim Mashroor, the CEO of Bdjobs.com, argues that everything in today's modern and computerised world is IT enabled so it is important to introduce a new group of service titled 'ITES'.

B-4

DSE indices gain slightly

Price indices on the Dhaka Stock Exchange (DSE) gained marginally yesterday.

The DSE General Index slightly rose by 2.21 points, or 0.07 percent, finishing the last trading day of the week at 3024.46 points, while the DSE All Share Price Index marginally increased by 6.71 points, or 0.25 percent, at 2597.84 points at the close of the day.

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## International

Half of Chinese expect inflation to worsen

Half the people living in China's cities expect prices to continue to rise in coming months, state media reported Thursday, citing a central bank survey. The survey found that for the second quarter of the year 50.5 percent thought inflation would still go up in the next three months, the China Daily said.

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# Shipbuilding feels pinch of high bank guarantee for raw material import

JASIM UDDIN KHAN

A high amount of bank guarantee requirement for the import of raw materials under bonded warehouse and the cost for obtaining such a guarantee make the country's booming shipbuilding industry less competitive, according to industry insiders.

They pointed to the fact that the competitive shipbuilding nations like India, Vietnam, South Korea and Singapore do not pay any such charges for the import of such industrial raw materials.

The National Board of Revenue (NBR) last year imposed an additional 25 percent bank guarantee requirement on this sort of imports.

However the NBR clarified that the bank guarantee is required for those builders only who want to import raw materials through green channel to avert any lengthy customs procedure.

Ananda Shipyard Chairman Dr Abdullah Hel Bari thinks this 25 percent bank guarantee is too high. On importing through green channel, he said it is natural that every body prefers this channel to avert the lengthy customs procedure.

"It is a completely irrational that the government holds a huge amount of money from shipbuilders in the name of bank guarantee. How shipbuilders will continue business

if a portion of their funds gets stuck up with the government for a long time," Barilamented.

The industry people also expressed their dismay over the hassles they are to face in obtaining the bank guarantee from a foreign bank the raw material exporters seek to get advance payment of their buying orders.

The foreign bank guarantee is needed because the suppliers say that they are not satisfied with a guarantee from a local bank in paying advance.

The 6.7 percent charges payable for such bank guarantee are also a hurdle, the shipbuilders said.

"Entrepreneurs need to pay commission for a local bank guarantee and at the same time they have to take yet another burden of paying fees to foreign banks for the guarantee the foreign supplier asks for," said Mahmudur Rahman, chairman of Highspeed Shipbuilding & Engineering Co. Ltd, pointing to the high bank guarantee charges.

Shipbuilders have long been demanding that foreign banks should take a reasonable fee, but for the lack of a set policy most of the cases the banks impose irrational fees, Rahman added.

Meanwhile, the Export Promotion Bureau (EPB) has decided to ask for Bangladesh Bank's intervention in reducing such bank guarantee fees



Photo shows a dockyard of Ananda Shipyard and Shipways Limited. Costly bank guarantee for importing raw materials makes the shipbuilding industry less competitive, according to industry insiders.

taken by foreign banks.

EPB Director General Khalilur Rahman said a high-powered committee has been formed to find out the hurdles the potential shipbuilding industry is facing.

Currently, local shipbuilders, including Ananda Shipyard and Western Marine Shipyard, are working on about US\$ 400 million worth of orders for over 40 vessels for buyers from Germany, Denmark, Netherlands and Mozambique.

The success of these two companies have encouraged other local companies such as Meghna Group of Industries, Rangs Group, Khan Brothers and Narayanganj Engineering & Shipbuilding to jump on the bandwagon of global shipbuilding market.

Behind the current boom of the industry is the global rise in the demand for new ships, especially smaller ones with a capacity below 15,000 dead weight tonnes (DWT). This has helped Bangladesh attract the attention of international ship-

# Nat'l ID card allowed for BO account maintenance

STAR BUSINESS REPORT

From now on national identity (ID) card can be used as an alternative to the mandatory bank certificate for maintaining beneficiary owner's (BO) accounts.

The decision was taken at a meeting of the Securities and Exchange Commission (SEC) in Dhaka yesterday following allegation that the banks impose extra charge on the account holders for the certificate.

The stock market regulator also extended the deadline for submitting bank certificates or national ID card to the depository participants for existing BO accounts until September 30 of this year.

After the meeting, SEC Executive Director Farhad Ahmed said instead of a bank certificate a BO account holder could submit attested photocopies of both sides of his/her national ID card.

The commission in October of last year made submission of a bank certificate for opening a BO account mandatory, while asking the existing BO account holders to submit the bank certificate, which verifies personal information, within June 30 of this year.

Banks charge extra fees for providing the account holders with the certificate, which would enable them to continue with their BO accounts. It was found that different banks charge different fees for providing the certificate, ranging from Tk 100 to Tk 500.

Shafiqul Islam, an account holder at the Motijheel branch of Sonali Bank, said the branch management charged him Tk 500 for a statement and a certificate that he needed to keep his BO account.

Shafiqul is not the only one facing this problem of extra charge; there are hundreds of others who would have to pay the extra money as more and more people are inclined to invest in the stock market.

"Banks are exploiting the situation," another account holder at the AB Bank's Motijheel branch said. AB Bank has taken Tk 230 from him for the certificate, he said.

Bangladesh Bank said they have nothing to do with this, as they don't control the banks' charges and fees.

"We have received complaints from our colleagues, friends and relatives regarding imposition of extra charges by the banks on certificates for BO accounts," a senior official of BB's Banking Regulations and Provision Department, said.

Meanwhile, the SEC has extended the deadline for submitting bank certificate for the existing BO account to September 30 from June 30 of this year.

SEC Executive Director Farhad Ahmed said as the deadline expires BO accounts that do not accompany bank certificate or photocopies of national ID card of the account holders will be closed down.

Presently, there are around 15 lakh BO account holders in the country.

# India again top import destination for Bangladesh

SAJJADUR RAHMAN

Just after two years India is once again becoming Bangladesh's top importing source by beating China, the fastest growing economy in the world, official data for the first nine months in the current fiscal year revealed.

Bangladesh imported fresh fruits worth Tk 339.52 crore from India in the nine months. The figure was Tk 264.40 crore fruits were imported in FY 2006-07.

Bangladesh's import from India was Tk 15,373.25 crore or \$2,226 million in FY 2006-07 against Tk 17,523.25 crore or \$2,537 million from China. In FY 2005-06, the import from India was Tk 12,415.98 crore or \$1,846.91 million compared to China's Tk 13,751.23 crore or \$2,050.99 million.

According to government data, Bangladesh's import from India was higher than that from China during fiscal years 2001-02 to 2004-05. In terms of percentage China constitutes 15 percent of the country's total imports and India 16 percent.

BB data showed total import of the country was amounted to Tk 100,486 crore or \$14,644.47 million during the period.

Bangladesh has imported most of the essential commodities, including rice, from India this fiscal.

Rice import from India has cost Bangladesh Tk 5,037 crore during the July-March of FY 2007-08, which was Tk 1193.53 crore for the same

## Changes in mutual fund rules

STAR BUSINESS REPORT

The Securities and Exchange Commission (SEC) yesterday decided to make some changes in the mutual fund rules, barring new mutual funds from offering placement shares to existing mutual funds.

The decision was taken at a meeting of the stock market regulator in Dhaka presided over by its Chairman Faruk Ahmad Siddiqi.

Placement of shares is the sale of a security to one buyer or a few buyers, as opposed to offering the security to the public through a group of dealers.

After the meeting, SEC Executive Director Farhad Ahmed said the commission also decided that the mutual funds cannot increase their capital base through offering bonus shares or rights issues.

"We will publish the new changes in mutual fund rules in newspapers for public opinion and suggestions," he said adding that after scrutiny of the feedbacks new rules will be implemented.

## Clarification

In a clarification of a news item headlined 'Nat'l branding logo caught in red tape' printed on this page on June 25, Bangladesh Parjatan Corporation Chairman Shafiqul Alam Mehdi yesterday said he did not say that bureaucratic tangle is delaying the process of making a national logo. "Unfortunately the news item, completely different and contrary to what I said in that press briefing, is likely to create some unwarranted confusion in different quarters," he said.

# Oil price could hit \$150-170



Gasoline prices over 5.00 dollars per gallon are displayed at a Shell station on Monday in San Mateo, California. Gasoline prices continue to rise as the national average for regular unleaded is at a new record high of 4.10 dollars per gallon.

AFP, Paris

The president of Opec, Algerian Energy Minister Chakib Khelil, forecast on Thursday that oil prices could rise to 150-170 dollars a barrel during the northern hemisphere summer.

"I predict probably prices of 150 to 170 dollars this summer. (The market) will probably fall a bit towards the end of the year," he said in an interview with the France 24 television channel.

Khelil said he did not expect prices to hit 200 dollars a barrel, barring a major market crisis such as a halt in production in Iran.

In that case, he added, prices could possibly surge to "200, 300, 400 dollars."

In the short term, he said, "everything depends on the European Central Bank and a decision it could take to raise eurozone interest rates."

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"At that time, I think the price of oil will increase."

ECB policymakers are to meet July 3 when many analysts predict they will decide to raise their benchmark rate by a quarter of a point to 4.25 percent in the face of rising inflationary pressure.

A strong euro, and a weaker dollar, would drive up demand for oil, which is marketed in the US unit and becomes cheaper for holders of non-dollar currencies.

Khelil also cited "threats against Iran," where US and European officials suspect that authorities may be trying to develop nuclear power for military purposes.

"If they (threats) increase, I think the price of oil will rise further this summer as it would coincide with stronger demand for gasoline (petrol), particularly in the United States."