



## Stocks

DGEN ▲ 0.29% 2,844.66  
CSCX ▲ 0.60% 5,716.73

## Asian Markets

MUMBAI ▼ 0.30%  
14,900.76  
TOKYO ▼ 1.77%  
12,400.65  
SINGAPORE ▼ 0.88%  
2,673.21  
SHANGHAI ▲ 0.11%  
2,145.78

## Currencies

	Buy Tk	Sell Tk
USD	68.20	69.10
EUR	94.53	98.98
GBP	118.01	123.10
JPY	0.63	0.66

SOURCE: STANDARD CHARTERED

## Commodities

**Gold** ▼  
\$793.30  
(per ounce)

**Oil** ▼  
\$105.07  
(per barrel)

SOURCE: AFP  
(Midday London Trade)

## More News

Prepaid meters electrify path to foreign market



In 2004, Desco signed an agreement with the Institute of Information and Communication Technology ICT to purchase the right for using the technology and consultancy for installing prepaid meters. In 2005, it started installing the meters in Uttara.

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## Dhaka stocks end mixed

Dhaka stocks closed mixed yesterday with a slight rise in the benchmark index. The DSE General Index increased 8.25 points, or 0.29 percent, to 2844.66 points, while the DSE All Share Price Index marginally declined 1.77 points, or 0.07 percent, to 2410.51 points.

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## International

Work on Tata's Nano plant still not restarted

Construction of a factory to build the world's cheapest car hung in the balance Tuesday, as India's Tata Motors demanded stronger guarantees from a deal to end violent protests at the plant. The Marxist government in West Bengal state had announced Sunday the agreement.

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# Interest rate spread narrowed in June

## Average lending rate edges down to 12.29pc

REJAUL KARIM BYRON and SAJJADUR RAHMAN

The average lending rate decreased 0.36 percentage points and deposit rates increased 0.4 percentage points in June, compared to March.

The average lending rate, which was 12.65 percent in March, decreased to 12.29 percent in June. The average deposit rate increased to 6.95 percent in June from 6.91 percent in March, according to Bangladesh Bank statistics.

The reduction in the lending rate and an increase in deposit rates have narrowed the interest rate spread.

The spread edged down to 5.34 percentage points in June from 5.74 points in March, as a

result of continued pressure from the central bank and business leaders.

Bangladesh Bank threatened the banks with punitive measures -- including holding back permission for opening new branches -- if they did not cut the spread, especially by reducing the lending rates.

The interest rate spread is the gap between the interest rate a bank pays on deposits and the higher rate it charges for loans.

According to the BB statistics, all banks -- other than the government-owned specialised ones -- have slashed lending rates in June. At the same time, private and foreign commercial banks have raised their deposit rates. However, state-owned commercial banks

## Lending and deposit rates in June

Banks	Lending rates	Deposit rates	Spread
All banks	12.29%	6.95%	5.34%
State-owned banks	9.41%	4.93%	4.48%
Specialised banks	9.78%	6.58%	3.20%
Private banks	13.51%	8.42%	5.09%
Foreign banks	13.79%	5.25%	8.54%

Source: Bangladesh Bank

(SOBs) and specialised banks reduced the deposit rate slightly in June.

The average lending rate of SOBs, specialised banks, private commercial banks (PCBs) and foreign commercial banks (FCBs) were 9.41 percent, 9.78 percent, 13.51 percent and 13.79 percent respectively in

June, the rates being 10.96 percent, 9.66 percent, 13.60 percent and 13.87 percent in March.

Deposit rates of SOBs, specialised banks, PCBs and FCBs were 4.93 percent, 6.58 percent, 8.42 percent and 5.25 percent respectively in June. The rates were 5.11 percent,

6.78 percent, 8.24 percent and 4.85 percent in March.

"It is a good sign that the banks have finally reduced the lending rates, although the extent to which they have reduced the rates is not enough," a senior BB official told The Daily Star.

The central bank's directives aim to fix the interest rate spread at 5 percentage points, which means the current spread is 0.34 percentage point higher. The BB official said the PCBs had promised to bring the spread down by slicing the lending rates and downward adjustments of service charges.

"We will have a final assessment of the rates in December before going for any action against the banks," he said.

However, according to the regulations, the central bank cannot force any bank to reduce interest rates or increase deposit rates.

# GP shareholders promise to put IPO beyond dispute

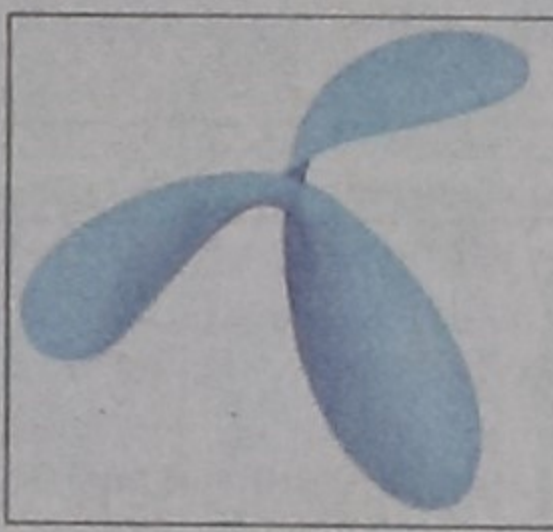
STAR BUSINESS REPORT

Grameenphone shareholders have committed to keeping the share-offloading issue beyond internal disputes, indicating that the process of largest-ever initial public offering (IPO) will get through.

In a joint statement, Telenor and Grameen Telecom yesterday dismissed the uncertainty over the \$300 million share offloading. Norway's Telenor owns 62 percent shares, while Grameen Telecom holds the remaining stake in Grameenphone, launched in 1996. Telenor controls the management of the country's largest cellphone company.

Both the parties had ended up in conflicts on a range of issues, which created some buzz of uncertainty over the IPO, scheduled to come through this month.

However, the capital market regulator expressed doubt over the Grameen IPO last week saying the stock market debut of Grameenphone is unlikely



this year, according to a media report.

"The information GP sent to the commission is not enough. We asked for more details," Securities and Exchange Commission Chairman Faruq Ahmad Siddiqi told the media last week.

Earlier in August, Grameenphone submitted its proposal to raise \$300 million (around Tk 2,058 crore), of which \$150 million from the stock market through IPO (initial public offering) and the rest through private placement or pre-IPO to the capital market regulator.

"We remain committed to our joint collaboration and our priority remains the continued success of Grameenphone as

the benchmark corporate in Bangladesh," said Dipal C Barua, deputy managing director of Grameen Bank and a board member of Grameenphone, and Per-Erik Hylland, senior vice president of Telenor and also a board member of GP, in the joint statement yesterday.

They also said: "Our commitment also extends to our stated objective of ensuring the seamless execution of the Grameenphone IPO by 2008 and in meaningfully contributing to the development of Bangladesh capital market and its positive profiling across the globe."

According to Grameenphone's IPO roadmap, the \$3.2 billion com-

pany was scheduled to list this month.

Grameen Telecom, the minority shareholder of Grameenphone, recently expressed its dismay over some "unlawful activities" practiced by Telenor in Bangladesh.

Dr Muhammad Yunus, chairman of non-profit Grameen Telecom, had even warned legal actions against Telenor to force it to honour the deal.

Grameen Telecom also said it was not ready to pay any fine for 'illegal' activities committed by the Norwegian firm.

About Telenor's alleged involvement in illegal internet telephony services, Yunus in a statement on Friday demanded that Telenor authorises ensure transparency in the matters, making public the investigation reports.

"We can't allow the name of Grameen to be tarnished directly or indirectly by inappropriate operations," Yunus said in the statement distributed through PR Newswire.

# Lone liquid rubber firm aims to cut import bills

## Latex Products Ltd meets 10pc of domestic demand

SAJJADUR RAHMAN

Bangladesh has started producing liquid rubber, enabling the country to save around Tk 170 crore in annual import bills in the next few years, said industry people.

Latex Products Limited, a joint venture company formed by Bangladesh and Swedish entrepreneurs, was set up in 2007 at Cox's Bazar. The company, first of its kind, went into limited production in November.

"We will be self-reliant in meeting demand for liquid rubber in the next three years if the industry gets attention of rubber garden owners and the government as well," said SM Harun-ur-Rashid, the company's managing director (MD).

Liquid rubber is used in

many products, including robots. However its common use is in balloons, condoms, shoes, masks, garment elastics, bags, electronics and seal products.

Bangladesh imports an average of 12,000 tonnes of liquid rubber a year from Thailand, Malaysia, Sri Lanka and India to meet domestic demand.

The Latex Products MD has claimed that around 10 percent of the local demand is met by the country's lone liquid rubber producing unit, aiming to grab the total domestic market in a span of three years.

"We have a plan to meet the country's 100 percent demand in three years," Harun-ur-Rashid said.

The official also pointed to a problem that rubber garden

owners, the source of his firm's raw material, sometimes show reluctance to supply the item because of the trouble in transportation.

"We are trying to convince the garden owners to give us latex," he added.

Monirul Hoque Bachchu, vice-president of Bangladesh Rubber Garden Owners Association, said it is tough to collect and sell latex.

He said the gardens are located in hilly areas where roads and other infrastructure facilities are nearly non-existent.

The liquid rubber sector has huge prospects in terms of its domestic use and exports, the two entrepreneurs said. Both recommended developing infrastructure and widening access to bank finance.

# Automation of Dhaka Customs House soon

## Deadline for income tax return likely to get extension

STAR BUSINESS REPORT

The government will automate the Dhaka Customs House and Kamalapur Inland Container Depot (ICD) soon to speed up customs procedures.

National Board of Revenue (NBR) Chairman Muhammad Abdul Mazid said this in Dhaka yesterday at the launching ceremony of Tax Guide 2008-09, published by the Dhaka Chamber of Commerce and Industry (DCCI).

The NBR chief said private sector's assistance would be

taken in automating the two customs establishments. Earlier, the government automated the Chittagong Customs House in collaboration with the private sector.

"If we can automate the customs houses successfully we will be able to bid farewell to the pre-shipment inspection (PSI) agencies," Mazid said.

He said the deadline for tax payment for the current fiscal year is likely to be extended as the month of Ramadan and Durga Puza falls within the

deadline.

"The time will be extended. But how many days will be decided by the Board meeting after reviewing the reality," UNB quoted Mazid as saying.

The submission of income tax return is an important task for the taxpayers, Mazid said. "They should get enough time to fulfill it."

DCCI President Hossain Khaled demanded a reduction in minimum tax rate from the existing Tk 2000 to Tk 1000, lauding government's deci-

sion to discontinue PSI services from 2009.

Khaled conveyed the NBR chairman DCCI's full support in government's effort to automate Dhaka Customs and Kamalapur ICD.

DCCI Director Sayed Moazzem Hossain said the bonded warehouse wing of NBR is plagued with corruption and no file moves there without money.

He said the top management of NBR should take immediate measures to improve the situation.



The liquid rubber sector has huge prospects in domestic use and exports, entrepreneurs say. They suggest developing infrastructure and widening access to bank finance.