

Stocks

DGEN ▲ 2.19%
2,807.57

CSCX ▲ 1.71%
6,261.00

(Week-on-week)

Asian Markets

MUMBAI ▲ 1.80%
14,521.89

TOKYO ▲ 0.85%
9,786.26

SINGAPORE ▲ 1.61%
2,273.18

SHANGHAI ▲ 0.93%
2,880.49

(Friday closings)

Commodities

Gold ▼
\$933.75
(per ounce)

Oil ▲
\$72.13
(per barrel)

SOURCE: AFP

(As of Friday)

More News

Competition law on cards

The government is going to enact a competition law within the next couple of months to ensure fair competition by breaking cartels or syndicates that often manipulate commodity market, Commerce Minister Faruk Khan said yesterday.

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International

Historic planes steal the show



Nearly hidden among the ranks of giant airliners, military transporters and sleek warplanes on display at this year's centenary Paris Air Show, an eclectic collection of historic aircraft has been drawing large crowds of curious onlookers. Its centrepiece is the Blériot XI, a rickety monoplane that was featured in the inaugural Paris air show in 1909, after its French constructor Louis Blériot had used it for the first flight across the English Channel.

Financial crisis sees social protest surge

The world financial crisis has produced an "alarming" surge in social protest and repression of activists in the countries hardest hit by economic upheaval, a human rights report said Saturday.

Canadian firm closes in Philippines, 1,000 jobs lost
Canadian electronics firm Celestica Inc. is shutting down its factory in the central Philippines, with the loss of about 1,000 jobs, the government said Friday. The company, which manufactures telecommunications equipment at the plant on Mactan island, just off the central island of Cebu, has informed the Mactan Economic Zone of its plans to shut down, officials of the zone said.

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

Outlook conservative in budget

Says finance minister at CPD dialogue

STAR BUSINESS REPORT

Finance Minister AMA Muhith said yesterday the budget for 2009-10 projected a "highly conservative" macroeconomic outlook -- an observation that falls in line with the Centre for Policy Dialogue's post-budget analysis.

"I agree that the macroeconomic framework has been shown highly conservative in the budget," Muhith said at a dialogue on the "State of the Bangladesh Economy and Budget Responses 2009-10" organised by the CPD at Dhaka Sheraton Hotel.

Economic growth has been projected at 5.5-6 percent for the coming fiscal year. Bangladesh experienced 5.9 percent growth in the outgoing year despite a volatile time both at national and international levels.

In its budget reaction on June 12, the CPD explained how growth and investment have been projected lower in the budget.

In percentage of GDP, gross investment has been shown at 23.7 percent for 2009-10, lower than 24.2 percent in the past two fiscal years.

The budget also predicted a lower capital productivity. Incremental capital output ratio (ICOR) has been shown at 4.4 for fiscal 2009-10, compared to 4.1 in 2008-09 and 3.9 in 2007-08 respectively.

ICOR is a metric that assesses the marginal amount of investment capital necessary for an entity to generate the next unit of production. Overall, a higher



Finance Minister AMA Muhith (3-R) attends a dialogue organised by Centre for Policy Dialogue (CPD) at Dhaka Sheraton Hotel yesterday. Former finance adviser AB Mirza Azizul Islam (2-L), former agriculture minister MK Anwar (2-R), and CPD Chairman Rehman Sobhan (3-L), among others, are seen.

ICOR value is not preferred because it indicates that the entity's production is inefficient. The measure is used predominantly in determining a country's level of production efficiency.

"Considering average ICOR for the last five years (3.9) attainment of investment target (23.7pc of GDP) will imply around 6 percent GDP growth," said Prof Mustafizur Rahman, executive director of CPD, in his keynote paper.

Muhith also concurred with a common view that the proposed

outlay for the annual development programme (ADP) for the next fiscal year is a big one. At the same time, he said the problem lies more with the implementation of ADP than with its size.

"We are committed. We shall take all necessary measures, including close watch over ADP implementation," Muhith said.

The minister also focused on mobile handset tax, stimulus package, district budget, public-private partnership and state-owned enterprises.

Muhith made apologies for proposing 25 percent duty on import prices of each handset. In the new budget, the government eliminated the present flat duty of Tk 300 irrespective of the prices of handsets.

"I am personally very apologetic. We should do something about it," said the minister.

Muhith made no comment on mobile phone operators' demand for a full waiver of Tk 800 tax on each SIM (subscriber identity module) card.

On the energy issue, Muhith said: "Unless we build coal-based plants we won't be able to improve the power situation in three years' time."

On the stimulus package, he said: "The taskforce will sit soon to discuss how could we re-fix and reconsider demands from different quarters."

"A stimulus doesn't mean only cash incentive. It also means policy support which we offered," Muhith told businesses, particularly BGMEA, BKMEA and BTMA leaders.

The government will take three months at best to settle the PPP issue, the minister said in a reply to a query. "We'll visit India and Philippines where PPP projects were implemented," he added.

Former caretaker government finance adviser AB Mirza Azizul Islam defended the finance minister on the ADP size and interest payment, saying ADP is the reflection of the need, but may not be synchronised with capacity.

Former agriculture minister MK Anwar criticised the government for lowering allocation for the farm sector in the budget.

Former finance minister M Syeduzzaman, Hafiz Ahmed Mazumder MP, economists Dr Mahbub Hossain, Dr Mustafa K Mujeri and Abu Ahmed, FBCCI President Annisul Huq, BGMEA President Salam Murshedy, BTMA President Abdul Hai Sarker and Grameenphone Chief Executive Officer Oddvar Hesjedal also spoke.

RELATED STORY ON PAGE 1

Nokia Siemens buys Nortel in \$650m deal

AFP, Montreal

Canadian telecommunications firm Nortel, in bankruptcy protection since January, will sell most of its wireless business to Nokia Siemens Networks for 650 million dollars.

Nortel also announced Friday it was making headway in discussions with other parties to sell its other businesses.

Nortel will apply to delist its common shares from trading on the Toronto Stock Exchange, the company said in a statement.

The agreement with Nokia also specifies that at least 2,500 Nortel employees can continue working with the new owner.

Nortel head Mike Zafirovski said the value of Nortel's wireless business was recognized worldwide and the agreement with Nokia represented the best path forward.

"We have determined the best way to do this is to find buyers for our businesses who can carry Nortel innovation forward, while preserving employment to the greatest extent possible," he said.

"This will ensure Nortel's strong assets -- technologies, customer relationships, and employees -- continue to play an important role in driving the future of communications."

Lives thrive on red chilli in Bogra villages

HASIBUR RAHMAN BILU, Back from Shariakandi

High demand for quality red chillies from Dhaka-based spice factories has created a window of opportunity for thousands of unemployed, especially women, in some remote villages under Bogra district.

Square, ACI and some other national and multinational companies have been purchasing a huge quantity of red chillies for spice production from local agents in Shariakandi upazila and adjacent areas of the district for the last five years.

Md Mozaffar Rahman of Amtoli village in Shariakandi upazila said he has been working as a local agent for multinational company Square for the last four years.

"I sell around 18 tonnes of high quality red chilli to Square per month and earn a handsome amount," said Mozaffar. "I have created at least 45 jobs including 35 for women in my purchase centre," he said.



Women workers sort red chillies at a purchase centre in Amtoli village under Shariakandi upazila of Bogra. Red chilli business in the area has provided many with works.

"At least 15 businessmen of Shariakandi have been working as local agents of ACI, Square, Pran and ACME for the last five years," Mozaffar said.

Around 1,000 jobs have been created in Amtoli and the adjacent villages centring red chilli business, he added.

"Before joining the purchase

centre, I used to work in a flour mill as a day labourer and earn Tk 1,500 per month," said Md Altaf Ali Mondol.

"Now I'm earning Tk 3,000 per

month as salary," he said.

Altaf of Amtoli village also said a huge number of day labourers including women are working at different red chilli purchase

centres in the upazila.

Housewife Alimon, 25, of the same village said she is earning Tk 1,500 per month as a worker of Mozaffar Rahman. "I have bought five decimals of land and three goats from my own earning," said a proud Alimon.

"I bought 27 decimals of land for cultivation and a house from my work at a purchase centre in the last three years" said another housewife Angur, 35.

"Before starting my job at a red chilli purchase centre, I was fully dependent on my husband," she said.

A huge number of women got works in several purchase centres in Amtoli and Fulbari villages of Shariakandi upazila, she added.

"I got a chance to survive by virtue of the red chilli business as I lost a big amount of money earlier in my business," said Abdul Khaleque.

He is now earning Tk 2,500 per month as salary for the post of a night guard at a purchase centre in Amtoli village.

Fixed land price pulls in undisclosed money

Realtors demand land survey

KAWSAR KHAN

Government-fixed prices of land in Dhaka, much below the market rate, help bring undisclosed money to the housing sector, sector people said.

They elaborate that the gap between the price of land most buyers show and the actual price creates a huge amount of undisclosed money. Such a malpractice will lead to a significant fall in government revenue earnings.

The minimum selling price of one katha of land has been fixed at Tk 10 lakh at Gulshan and Banani, Tk 3 lakh at Uttara, Tk 6 lakh at Mohammadpur and Tk 8 lakh at Mirpur.

But in reality, a katha of land is selling at more than Tk 1 crore at Gulshan and Banani and more than Tk 50 lakh at Lalmatia, according to developers.

They also pointed to the fact that the market price of land in all parts of the capital is three to 15 times higher than the prices fixed by the government.

Officials said the land-price fixing was aimed at raising government's revenue earnings by compelling the land buyers to pay a minimum registration fee to the national exchequer.

HIGHLIGHTS

Land prices fixed by the government are low, compared to existing market prices

A reduction in land registration fees to 8 percent from 16 percent in the proposed budget will cut government earnings

On the other hand, sector people believe land registration fees should be below 5 percent

In the new budget, the registration fee for land has been proposed to reduce to 8 percent from the previous 16 percent rate.

But the move has been proved counter-productive, as both the buyers and sellers do not show the land price more than the government fixed rate to evade registration fee and revenue collectors' harassment, said the sector people.

The government's readjusted land price for some areas is also very low compared to present market price, they added.

The low registration fee will result in

a sharp fall in revenue income from the real estate sector, unless land prices are reviewed in line with the present market trend.

"As land registration fee will be halved from the next fiscal, government's revenue income will reduce remarkably, if the land price is not adjusted with the present market price," said a realtor, preferring not to be named.

When asked about undisclosed money generated, Shaikh Aftab Ahmed, chief operating officer of Santa Properties Ltd, said, "If the cost of Tk 70 lakh land is shown Tk 30 lakh, the rest Tk 40 lakh remains undisclosed with which we have to face huge difficulty and often cannot do anything except keeping it idle."

"The government should conduct surveys in all areas in Dhaka and then to fix land price in line with the present market trend," he suggested.

The Santa Properties COO also suggested a below-5 percent land registration fee so that no one intends to hide land price.

"The present system is unnecessarily generating undisclosed and black money in the country. To get rid of the system it is very necessary to adjust land price and reduce land registration fees further," said Tanveerul Haque Probal, president of the Real Estate and Housing Association of Bangladesh.

kawsar@thedailystar.net

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