

Stocks	
DGEN	1.16% 3,382.87
CSCX	0.86% 7,355.30

Asian Markets	
MUMBAI	0.91% 16,696.03
TOKYO	0.68% 9,804.49
SINGAPORE	0.52% 2,726.24
SHANGHAI	0.07% 3,172.95

Currencies	
Buy Tk	Sell Tk
USD	68.50 69.50
EUR	100.93 106.22
GBP	111.84 117.32
JPY	0.75 0.81

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	\$1,233.38 (per ounce)
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Oil	\$80.81 (per barrel) (Midday Trade)
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SOURCE: AFP

News in Brief

Japan firm keen on RMG outsourcing

STAR BUSINESS REPORT

Japan's second largest apparel importer Shimamura Company Ltd showed keen interest in outsourcing readymade garment (RMG) products from Bangladesh.

A high-powered delegation from the company led by its president Masato Nonaka yesterday met with Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), to discuss the potentiality of bilateral trade between the two countries.

The BKMEA boss also said Shimamura, having 1500 stores in Japan, imports apparels worth \$2 billion in a year.

Hoque said Japan is a very potential market for Bangladesh as the number of buyers from this country is increasing rapidly.

Gold hits record high above \$1,123



AFP, London

The price of gold surged to an all-time high point above \$1,123 dollars per ounce here on Thursday, as trade was driven by buoyant stock markets and the weak US currency, analysts said.

On the London Bullion Market, gold jumped as high as \$1,123.38 dollars an ounce. "The metal remained supported by stronger equities and the weaker dollar," said James Moore, analyst at specialist metals website TheBullionDesk.com.

Gold has blazed a record-breaking trail in recent weeks on the back of the struggling US unit, which makes the dollar-priced precious metal cheaper for buyers holding stronger currencies, and therefore tends to boost demand.



Share investors take to the streets in Motijheel in Dhaka yesterday, seeking removal of a Supreme Court stay order on the mutual funds case. They also protested a recommendation by the consultative committee of the Securities and Exchange Commission to set uniform face value for shares at Tk 10. The protesters said the committee's latest move dampened Dhaka shares. DGEN, the general index on Dhaka Stock Exchange, declined by 1.16 percent yesterday.

Banks cold-shoulder fixed deposits

SAJJADUR RAHMAN

Fixed deposits are discouraged by private commercial banks (PCBs), as evident in the low interest rate they now offer.

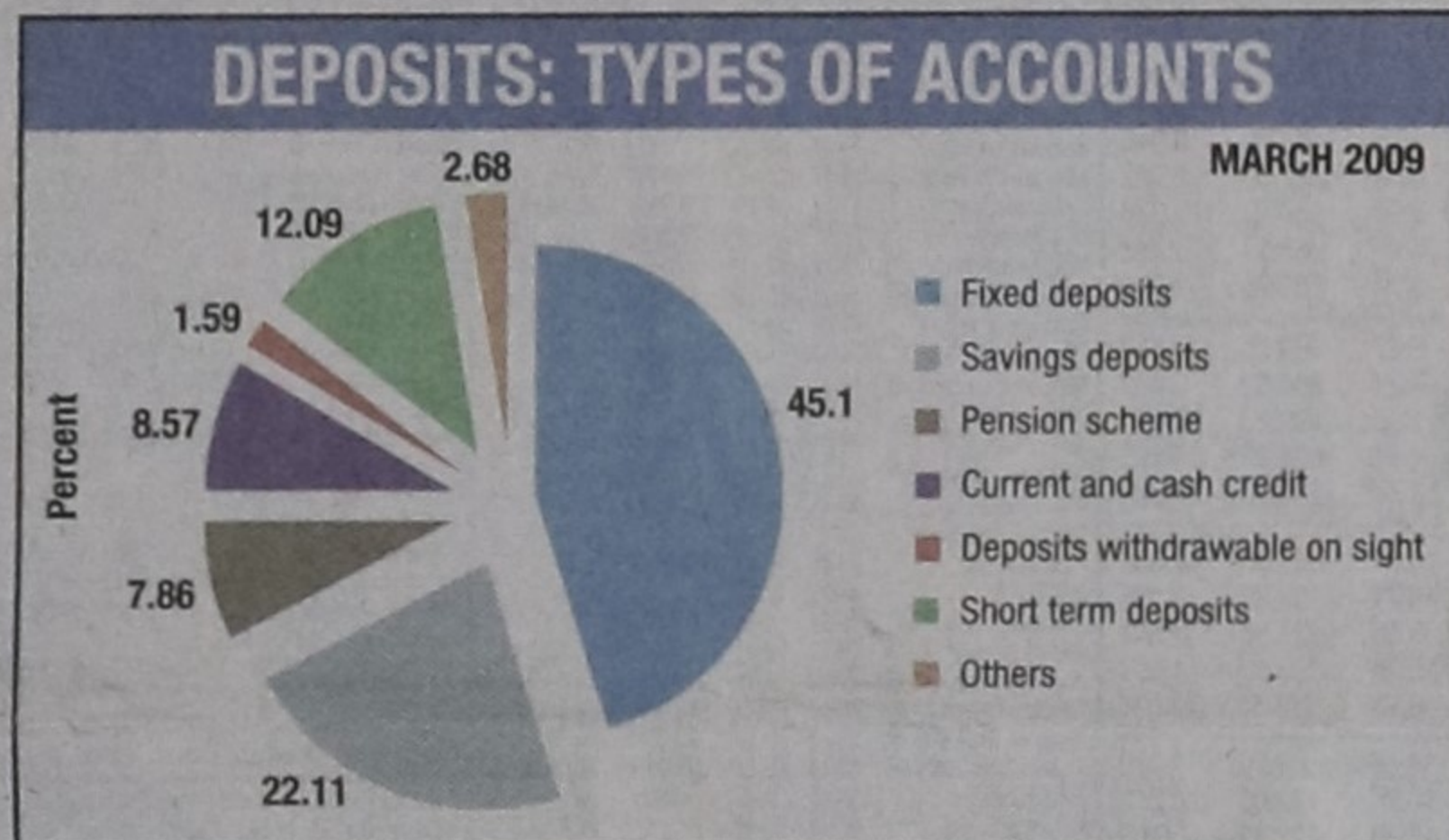
The banking sector thinks this is because of huge surplus cash and declining investment demand.

The interest PCBs offer its clients hardly crosses 8 percent on deposits, a reverse to the last year scenario when they had been in a race to lure deposits with as high as 13.5 percent rate.

"Presently, investment demand is at its lowest ebb. The high cost prompts us not to encourage fixed deposits," said Anis A Khan, managing director and chief executive officer of Mutual Trust Bank.

The issue came up recently for a Prime Bank board review, which concluded to discourage such deposits, a director of the bank said preferring anonymity.

The situation is more or less same with all banks operating here. Banks discourage because they are not in need of money, but the clients' point of view is the scope for high return,



for which they prefer depositing money for a period fixed.

Total deposits of the banking sector stood at Tk 259,495 crore at the end of March 2009 and fixed deposits still remain as a major source of bank funds.

The central bank data on different types of deposit accounts with the banks show a 45 percent share of the fixed type at the end of March. It was around 43 percent three months back. The amount of fixed deposits increased by over Tk 8,000 crore during the period.

Savings deposits slipped to 22 percent at the end of March 2009 from nearly 23 percent in December 2008. Short-term deposit constitutes over 12 percent and pension scheme nearly 8 percent of the total deposits.

Global economic slowdown and domestic energy crisis have caused a serious decline in investment demand since mid-2008. Gas connection to industries is fully stopped at the moment.

The situation has become so acute that banks are now over-

flowed with cash. Excess liquidity in the banking industry reached over Tk 35,000 crore up to June 2009, according to Bangladesh Bank statistics.

"What will we do with deposits, especially with the costly fixed deposits?" questioned Anis A Khan, pointing his finger at less than one percent gain from the fixed deposits.

Pubali Bank, the country's largest private sector bank, has directed its branches to boost up investment to absorb the excess liquidity.

"We are taking fixed deposits at only 8 percent interest rate," said Helal Ahmed Chowdhury, Pubali's managing director.

Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies (BIDS) said there is no other option than raising credit demand and improving investment climate.

"Virtually, there is no investment demand. If the situation persists, the rate of interest for deposits can go down further," said Mujeri, also the immediate past chief economist of the central bank.

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Tax payment goes online in January

STAR BUSINESS REPORT

The National Board of Revenue (NBR) will complete the tasks for introducing an online tax payment system within next month to streamline the existing tax return submission procedure, said the chairman of the board yesterday.

"We have already signed a memorandum of understanding (MoU) with the International Finance Corporation (IFC) to initiate the online tax payment system. In this process, taxpayers will be able to submit tax returns online from January," said Nasiruddin Ahmed.

"We are trying hard to enhance the board's transparency and accountability further by initiating 'digital NBR'. Once the system is introduced, the tax collection strategy of the board will be strengthened," he added.

He was speaking at a press briefing at the NBR office in Dhaka after signing the MoU.

The NBR and Bangladesh Investment Climate Fund (BICF) signed the MoU yesterday. The BICF is run by the IFC, the UK Department for International Development (DFID) and the European Union.

The BICF will also provide technical assistance to the NBR initiative.

In line with the MoU, there are two other methodological tasks to be done within the period to introduce the online tax payment system.

One of the tasks is to ensure online business registration of all companies and single registration number for income tax, VAT, customs and Registrar of Joint Stock Companies and Firms.

The other is introduction of an effective online system to resolve complexities and weaknesses related to 'tax at source'.

The NBR chairman said they would set up a national data centre and ensure that paying tax is no more a hassle.

He said the number of taxpayers has exceeded 6.45 lakh until November 8. Out of around 2.4 million taxpayer identification number (TIN) holders, 7,40,906 submitted their returns last year.

The NBR chief said a move is underway to set up 'dedicated benches' in the Supreme Court to handle NBR-related cases and promptly collect the revenues in due.

He also said the government plans to introduce Alternative Dispute Resolution to settle cases outside the court.



Dr Michael Otto, right, chairman of German company Otto Group, signs an agreement with Nobel laureate Muhammad Yunus, left, in Hamburg to create a joint venture social business for textiles in Bangladesh.

German company partners with Yunus over textile

STAR BUSINESS DESK

Germany's Otto Group has signed a deal with Grameen Trust to start a joint venture in textiles in Bangladesh, Yunus Centre said in a statement yesterday.

Under the deal, Grameen and Otto will jointly set up Grameen Otto Trust and Grameen Otto Textile Company.

Grameen Otto Textile Company will establish a factory in Bangladesh to produce readymade garments for the international market under "socially and ecologically sustainable conditions".

Otto Chairman Dr Michael Otto and Nobel laureate Muhammad Yunus signed the deal at the headquarters of the German company in

Hamburg.

Otto Group is a leading family-owned international trading and services corporation with 123 major companies and 50,000 employees in 20 countries.

Otto is the largest mail order company in the world and second only to Amazon to have the largest online marketing.

The signing ceremony was held at the end of Yunus' visit to several German cities to attend the 20th anniversary celebrations of the Fall of Berlin Wall, Nobel Peace Laureates' Summit, Vision Summit and Social Business Summit.

"Under the principles of social business, as developed by Prof Yunus,

investors cannot receive any profit beyond recouping the actual investment," the statement said.

"All profits from the joint venture will be used exclusively for reinvestment in the factory to provide modern technologies and humane working conditions," it said.

It is the first social business partnership in the textile business that aims to apply the highest ecological standards in production.

"Otto Group has committed to establishing more factories in Bangladesh, based on the success of the first factory, and also promote this new social business model to the countries in Africa," the statement added.

Aviation stalwart suggests Biman's capacity building

RASHIDUL HASAN

Biman Bangladesh Airlines will surely emerge as a leading airline in Asia and the Pacific region, provided it is equipped with the required number of aircraft, its safety issues resolved and capacity raised, said Captain Carlos Limon, the president of International Federation of Airline Pilots Associations (IFALPA).

"All planes are more or less similar but the difference is the service you can offer to your passengers. So if you are punctual, a very good handler of luggage and can ensure flight safety, I am sure passengers will like to fly with you," Limon told The Daily Star in an exclusive interview.

Limon is now in Dhaka on his maiden visit to attend IFALPA's regional conference at Sonargaon Hotel in the capital. The three-day meet kicked off yesterday.

The global pilots forum boss also pointed out that Bangladesh needs a strong civil aviation authority.

He suggested the government come up with investments to train the people involved in the aviation industry.

Offering his organisation's expertise for capacity building, Limon said, "We can train on airport safety aspects, traffic services and your pilots. We can also lobby with different entities to upgrade your organisations including the Civil Aviation Authority of Bangladesh."

Pointing his finger at the crisis the global aviation industry now passes through because of the financial meltdown worldwide and surge in fuel prices, he said a new trend emerges in the business, which is evident in making alliances these days by different airlines to survive.

"Alliances of airlines will control the market in near future. We have three big alliances including the Star Lions. They are controlling 60 percent of the market at this moment. And they are fighting to get other allies," observed the veteran captain of a Mexican airline who has been at the helm since March 2007.

Highlighting advantages of such an alliance, the IFALPA leader said the alliance can buy aircraft together to have big savings, establish same terminals and arrange the same first class launch.

IFALPA was created during a conference of pilots' associations held in London in April 1948 to have a single global voice of pilots.

Coming back to Bangladesh's national carrier, Limon said Biman needs to replace the old aircraft, which consume much more fuel. "This way Biman can cut its cost of doing business," he added.

On coming out of bad times the global aviation now faces, he said, "At this moment we can see a little recovery. But unfortunately the fuel price is going up again, but I am sure that the years to come--probably three or four years-- we will have a very good time for the aviation industry."

"We are looking to a single level of safety worldwide and also we provide services to our member associations," Limon concluded.

Garment stimulus next week: Muhith

STAR BUSINESS REPORT

Finance Minister AMA Muhith said yesterday the government would announce a stimulus package for the garment sector anytime next week amid falling exports of apparel items.

The stimulus is meant to revive shipments as the country's main export earning sector suffered a double-digit blow: apparel exports declined more than 27 percent in September compared with the same month last year.

Meanwhile, former finance minister M Syeduzzaman, chairman of the working committee of the national taskforce committee on recession, submitted the recommendations to Muhith yesterday.

At its last meeting on November 10, the working committee recommended that the government give 5 percent cash incentive to readymade garment exporters and their backward integration only for new export destinations.

Except the EU, US and Canada, all export destinations will be considered the new markets.

At present, more than 90 percent of apparel items are exported to these three major markets, according to Export Promotion Bureau.