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Currencies		
	Buy Tk	Sell Tk
USD	69.34	69.65
EUR	85.33	85.37
GBP	102.13	102.15
JPY	0.75	0.75

Commodities	
Gold	\$1,233.00 (per ounce)
Oil	\$77.07 (per barrel) (Midday Trade)

## News in Brief

### Real estate fair begins in Dhaka

**STAR BUSINESS DESK**  
A five-day real estate show kicked off in Dhaka yesterday. Sheltech (Pvt) Ltd, a leading developer, organised the show styled Sheltech Summer Fair 2010, said a statement.

Toufiq M Seraj, managing director of the real estate firm, inaugurated the show at the company's Panthapath office where Motiur Rahman, editor of the daily Prothom Alo, was present.

The fair will remain open for visitors from 10am to 7pm. Tanvir Ahmed, director (development), Jamal Ashraf, adviser (technical), and SA Shahriar, media consultant of Sheltech, were also present at the inauguration.

### BIA chief upbeat on insurance

**UNB, Dhaka**  
Bangladesh Insurance Association (BIA) Chairman AKM Rafiqul Islam says there is 'vast scope' for the development of the insurance industry.

"The industry is growing at 29 percent in Bangladesh," said Islam at the inauguration of a BIA training course on life insurance for officers of different insurance organisations.

# Savers in for less

## Interest rates on savings certificates to come down

REJAUL KARIM BYRON

The interest rates on almost all types of savings certificates will see a cut by more than one percentage point -- a move that will reduce interest burden on the government.

However, the scheme for the non-resident Bangladeshis will not come within the purview. Besides, a savings instrument will face closure.

The finance minister has already approved a proposal to lower the interest rates and a circular in this regard will be issued by the end of this month.

Earlier the government in the budget for the next fiscal year had proposed a 10 percent tax on the profit of the savings instruments.

The existing interest rate for five-yearly savings certificates is 12 percent, for three-monthly profit-bearing savings certificates 11.50 percent and for pensioner savings certificates 12.5 percent -- all to see a cut by 1-1.5 percentage points.

The three-yearly National Investment Bond, which has an interest rate of 8.5 percent, will be closed.

No change in the rate of interest is being brought in the US dollar investment bond and premier bond for the expatriates.

However, the government has imposed a 10 percent tax on any interest income from savings certificates.

In a similar move, the government has withdrawn the tax exemption facility for pensioners' savings certificates and imposed a 10 percent tax on the interest income from the instruments.

A 10 percent tax has also been imposed on

the interest income from deposits into savings bank accounts and post offices.

In the outgoing fiscal year, there was no tax on the interest income of up to Tk 1.5 lakh from such deposits.

The sales of savings instruments increased heavily after the proposed budget was announced on June 10 and it would give a rise to the government costs on paying interest, officials concerned said.

According to Bangladesh Bank statistics,

interest rates should be market-based and those can be set considering the interest rates of different bonds of same tenure.

The committee in its report also said the existing average rate of interest on the five-yearly bond is 7.85 percent, while the rate on five-yearly savings instruments is 12 percent. So, the expenditure for paying the interests on loans taken through the savings instruments is much higher.

The report said if the interest rates on the savings instruments are higher, the banks may suffer from liquidity crisis and not be able to increase the rate of interest on deposits.

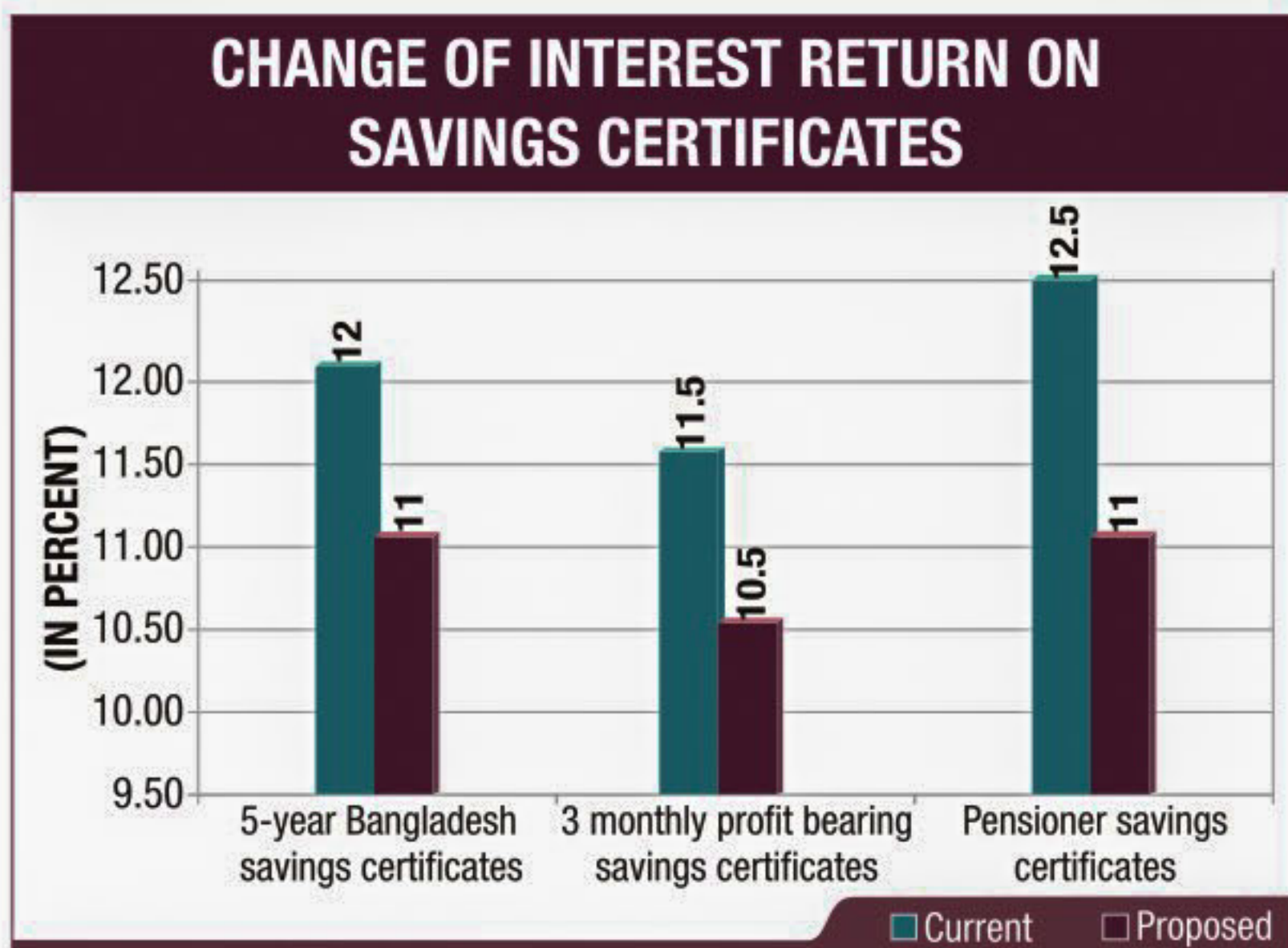
The new tax on the savings instruments and a cut in the interest rates may adversely affect the small savers, said Khondker Ibrahim Khaled, chairman of Bangladesh Krishi Bank and a former deputy governor of the central bank.

The Krishi (agriculture) Bank chairman said the government has proposed a pro-people budget this year, but such a tax contradicts the approach. Imposition of the tax and a cut in the interest rates at a time will not be right, Khaled added.

He said the interest rates can be reduced, but the proposal for imposing tax should be withdrawn.

In a budget analysis, the Federation of Bangladesh Chambers of Commerce and Industry said the new tax measure would hurt small and medium savers, housewives and retirees.

The apex trade body urged the government to reverse the decision.



the sales of savings instruments went up by 70 percent in the July-March period of the current fiscal year compared to the same period last year.

After March the government's total borrowing in the savings instruments stood at Tk 58,320 crore.

The finance ministry officials said the central bank earlier had formed a committee to reset the rates of interest on the savings instruments.

The committee recommended that the

## Mobile operators rope in 2m more customers



STAR BUSINESS REPORT

Bangladesh's six mobile phone operators added two million new customers in May.

The number of new customers acquisition marked an uptick, as most operators slashed their connection prices. Each SIM (subscriber identity module) of different operators now range between Tk 99 and Tk 149 in the market.

"New customers increased as maximum operators offered lower price for each SIM," said Zakiul Islam, president of Association of Mobile Telecom Operators in Bangladesh.

He said the operators subsidised the Tk 800 SIM tax on behalf of the customers. However, he said, if SIM tax goes, operators can use such amount of money for network development, especially in the untapped rural areas.

Operators are used to subsidise the SIM tax. But in May maximum operators came up with lower price package for a certain period of time as they expected a budget proposal for SIM tax cut. However, SIM tax remains the same, as the 2010-11 budget had not proposed any change in this regard.

According to Bangladesh Telecommunication Regulatory Commission statistics, Bangladesh's mobile customers reached 58.36 million as of May, 2010 from 56.36 million in April.

Grameenphone added one million customers in May, the highest addition in the market.

The company's customers in May reached 25.55 million. Banglalink is the second highest. It added 0.65 million customers in May to reach a 15.59 million subscription in May.

Robi's customer base touched 10.96 million in the month, with a 0.14 million addition.

The fourth largest operator Warid added 0.05 million while Citycell added 0.1 million and Teletalk 0.06 million in the month. The total number of Warid reached 3.08 million in May, while Citycell's 1.99 million and Teletalk's 1.19 million.

## Popular Life mutual fund gets nod

### SEC approves Maksons' rights offer

STAR BUSINESS REPORT

The stockmarket regulator has approved a Tk 200 crore closed-end mutual fund sponsored by Popular Life Insurance Company.

The Securities and Exchange Commission (SEC) yesterday gave the go-ahead to the fund at a meeting presided over by its Chairman Ziaul Haque Khondker.

The SEC at the meeting also approved the offering of rights shares by Maksons Spinning Mills, officials of the commission said.

Of the Tk 200 crore mutual fund, Popular Life Insurance will subscribe units worth 10 percent, or Tk 20 crore, as the sponsor. Of the rest fund, 50 percent, or Tk 100 crore, will be kept for initial public offering (IPO) and 40 percent, or Tk 80 crore, for pre-IPO or private place-

ment.

The face value of each unit of the fund is Tk 10. The market lot will be of 500 units.

Race Asset Management is the manager of the 10-year fund styled "Popular Life 1st Mutual Fund".

A mutual fund is a professionally managed collective investment scheme that pools money from many investors and invests it in stocks, bonds and short-term money market instruments.

Currently, 26 closed-end mutual funds and three open-ended unit funds are being traded on the bourses.

Meanwhile, Maksons Spinning Mills will offer two rights shares for one existing share at an issue price of Tk 25 per share, including a premium of Tk 15 each.

The company through offering more than 10.48 crore rights shares will raise Tk 262.20 crore.

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