

COMMODITIES		ASIAN MARKETS				CURRENCIES						
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
0.63%	0.32%	\$1,527.00 (per ounce)	\$95.28 (per barrel)	17,985.88	9,411.28	3,020.13	2,664.28	73.85	104.70	119.54	0.91	
5,776.17	10,331.35							BUY TK	73.95	104.87	119.72	0.91
								SELL TK				

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DHAKA FRIDAY JUNE 17, 2011, e-mail: business@thedailystar.net

Food imports soar as Ramadan nears

REJAUL KARIM BYRON
Opening of letters of credit for importing food products, including rice, has increased by 154 percent in the first 10 months of the current fiscal year.

A high-level meeting, chaired by Prime Minister Sheikh Hasina, yesterday directed Bangladesh Bank and commercial banks to take steps to see the imported goods enter the market fast to keep the prices stable during Ramadan.

At the meeting, the prime minister entrusted her principal secretary to monitor continuously so that the imported goods are quickly released from Chittagong Port, officials who attended the meeting told The Daily Star.

The central bank governor, Atiur Rahman, Banking Division Secretary Shafiqur Rahman Patwari, private commercial banks' owners led by Bangladesh Association of Banks (BAB) President Nazrul Islam Mazumder attended the meeting.

In the meeting, the prime minister stressed efforts to ensure that nobody charges more than 12 percent interest rate for importing food items. She directed the central bank to take punitive measures against anybody taking interest beyond it.

Thanking the BAB member banks for their cooperation in food import, Hasina called upon businessmen not to charge extra price during Ramadan, according to news agency UNB.

"I am seeking everyone's cooperation to keep the prices of essentials within the commoners' reach," the prime minister was quoted as saying by her Press Secretary Abul Kalam Azad.

According to BB statistics, in the July-April

period of the current fiscal year, the total opening of LC for import increased by 43 percent. The opening of LC for importing food items shot up by 154 percent during the period, while the rate was 19 percent during the same period last year.

On the other hand, during July-May of the current fiscal year, LC opened for import of rice was worth \$1.02 billion, while it was only \$192 million during the same period last year.

LC opened for import of wheat during the same period was worth \$1.03 billion, which was \$918 million during the same period last year.

The figures are \$961 million and \$717 million for sugar import, and \$1.28 billion and \$1.02 billion for edible oil import in the 11-month period this year and last year.

According to BB statistics, the goods waiting for entry into Bangladesh this time is two to four times higher than last year.

At the meeting, the BB governor said, if these goods hit market in time, there will be no crisis of the essentials during the month of Ramadan.

The governor also said, in recent times they have issued several directives to the banks so that adequate amount of essentials enters the country in time.

At the meeting, the bank owners demanded lowering corporate tax on banks from 42.5 percent to 40 percent.

They also demanded that at least 50 percent instead of 25 percent of the government deposit go to the private banks.

The prime minister said she would talk with the finance minister about the demands.

The meeting also asked banks not to give interest on deposit beyond 12 percent. In this regard, BAB said they will hold a meeting tomorrow and convey the directive to all banks.

Exports exceed target

Overseas sales rise 47.69 percent in May: EPB



Women work at a garment factory in Gazipur. Overseas sales, led by garment shipments, rose 41.61 percent in the first 11 months of fiscal 2010-11.

REFAYET ULLAH MIRDHA

Exports soared 41.61 percent in the first 11 months of the current fiscal year, buoyed by apparel, compared to the same period a year earlier, according to Export Promotion Bureau.

In the July-May period, Bangladesh exported goods worth \$20.54 billion, surpassing the period's \$16.58 billion target, according to EPB data.

In May alone, the country exported

goods worth \$2.30 billion, a 47.69 percent rise from the same month a year earlier. In May, the exports exceeded the target by 34.26 percent, according to official data.

Of major export items, knitwear products were worth \$8.44 billion and woven garments worth \$7.51 billion, registering 46.76 percent and 39.44 percent growth during the period compared with the same period a year earlier.

The export of some products such as frozen foods, agricultural products, rubber,

leather goods, fruits, specialised woven and knit fabrics, jute and jute goods, home textile, plastic waste, ships and boats and footwear also witnessed a significant export growth during the period.

As a new sector, exports of ships, boats and floating structures rose 337.66 percent to \$40.44 million in the July-May period, from a year earlier.

Jalal Ahmed, vice-chairman of the EPB, said the trend shows that the growth will continue in the near future. "The symptoms are good. The export might not decline in the near future," he said.

"Statistically, exports were high this year because the exports were low last year, meaning the growth has been calculated on a low-base," said Fahmida Khatun, research director of Centre for Policy Dialogue.

On a probable slowdown in orders, she said exporters are expressing their concern on the basis of orders from the international buyers. "But exports are growing all the same," she said.

The opportunity of exports, especially the apparel items, will increase further after the full economic recovery in Europe and Japan, Fahmida said. Japan has already turned into a good export destination for Bangladeshi apparel products, she said.

Shafiu Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association, said the country has performed well in exports this fiscal year, but in the coming year this trend might not continue.

The export of garment might see a slowdown in July-September period as the inflow of orders from the buyers is declining, he said. "Our export is depending on the financial recovery of the western economies," he said.

Spectrum fee to be finalised next month: Muhith

STAR BUSINESS REPORT
Finance Minister AMA Muhith yesterday said 2G licence renewal fees of four mobile operators would be finalised next month.

The chief executive officers of Grameenphone, Banglalink, Robi and Citycell discussed renewal fee, revenue sharing, SIM tax and telecom audit with Muhith at a meeting.

The operators will have to renew their licences for the next 15 years, after they expire in November.

"We are at a stage where the renewal issue must be finalised. It is an international system. There are a number of concerns to sort out," Muhith told reporters after the meeting.

Bangladesh Telecommunication Regulatory Commission and the telecoms ministry reviewed the renewal issue, Muhith said. "And the ministry has sought our (the finance ministry's) views on renewal fees."

The CEOs have complained that the proposed rate is too high and the operators were asked to pay the fees upfront, which they said is "too much" for renewal of a 15-year licence.

Muhith said the CEOs have made their arguments and presented some cases to show how the issue has been dealt with in other countries. The telecoms ministry was asked to look into similar cases in other countries, he said.

The CEOs raised the SIM tax issue with the minister, saying that the tax is supposed to be paid by the customers, not the operators by subsidising. They asked Muhith to withdraw the SIM tax or treat the tax as their expenditure.

The delegates also expressed their concerns over BTRC's audit of the operators. They said some of the terms of references are not clear and leakage of some information is ruining their reputation.

"The finance minister assured us that the licence-renewal guideline would be business- and investment-friendly," said Mehboob Chowdhury, CEO of Citycell and chairman of Association of Mobile Telecom Operators of Bangladesh.

Chowdhury hoped the guideline would be ready by September.

Tore Johnsen of Grameenphone, Ahmed Abou Doma of Banglalink and Michael Kuehner of Robi were three other CEOs, who met Muhith.

The four operators will have to pay a total of Tk 7,824 crore to the government in spectrum charge, according to the telecom ministry's proposal.

But BTRC put the figure much higher at Tk 12,118 crore in combined spectrum fees, according to its proposal published last year.

Stocks end lower

STAR BUSINESS REPORT

Stocks ended the week in the red with thin participation of institutional investors that remained almost inactive due to a credit shortage in the money market.

The general index of Dhaka Stock Exchange (DGEN) came down to 5,776 points, registering a fall of 36 points or 0.6 percent over the previous day. With yesterday's downtrend, the DGEN declined for a third day in a row.

The Selective Categories Index of Chittagong Stock Exchange (CSCX) also slid 33 points, or 0.33 percent, to 10,331.

Although the premier bourse opened with a positive mood in the morning and gained more than 40 points within 20 minutes, the indices moved between positive and negative territories several times throughout the whole session and finally closed negative.

"Trading at the bourses declined as the institutional investors remained inactive in the market," said Prof Salahuddin Ahmed Khan, a former chief executive officer of the DSE.

Khan said most of the institutional investors are facing a liquidity crisis and losing their buying power.

"The trends indicate that the investors are quite cautious after the central bank hiked policy rate," said Green Delta Securities Ltd.

The Bangladesh Bank on Wednesday hiked repurchase and reverse repurchase rates by 50 basis points in its continuous bid to control inflation and put a further squeeze on credit outflow from banks and financial institutions.

The banking sector performed well throughout the week, and yesterday most of them logged their highest trading in the last three months.

The sector lost 0.96 percent, consisting 30.5 percent of the total market capitalisation.

Of the total 254 issues traded on the DSE, 126 declined, 111 advanced and 17 remained unchanged.

Turnover on the DSE stood at Tk 485 crore, up 0.62 percent from the previous day's turnover at Tk 474 crore.

A total of 5.6 crore shares and mutual fund units changed hands at the premier bourse.

LankaBangla Finance Ltd topped the turnover leaders with 13.86 lakh shares worth Tk 27.97 crore traded.

GQ Ball Pen was the biggest gainer of the day, posting a 9.33 percent rise, while Intech Online Ltd was the worst loser, slumping by 4.96 percent.



Deadline for firms to fix sugar, oil prices

STAR BUSINESS REPORT

The commerce ministry yesterday directed companies to fix a rational price level of edible oil and sugar and send the offers to deputy commissioners' offices by June 30.

The ministry also hinted that all procedures for appointing distributors of companies will be completed this month, as the distributorship is coming into force to sell basic commodities, scrapping the delivery order system.

After a meeting with refiners and importers of edible oil and sugar at the secretariat, Commerce Secretary Ghulam Hossain also ruled out any crisis of sugar and edible oil during Ramadan as the supply of the two items is adequate.

Hossain said the stock of sugar in different companies stands at 2.25 lakh tonnes. There is also 2 lakh tonnes in the pipeline. The current stock of edible oil of different brands is 1.5 lakh tonnes, while another 75,000 tonnes will arrive soon.

During Ramadan, demand for sugar shoots up to 1.75 lakh tonnes and edible oil to 1.25 lakh tonnes, the secretary said. "So, there is no possibility of crisis of sugar and edible oil during the holy month."

Hossain said the distributorship system would come into force by June 21 this year. Different companies have already appointed 65 percent of all distributorship

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