

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 0.15%	▼ 0.18%	\$1,538.00	\$91.62	▼ 2.04%	Falt	▲ 0.28%	▼ 0.82%	73.95	102.26	117.22	0.92	
5,695.77	10,172.40	(per ounce)	(per barrel)	17,506.63	9,354.32	3,013.60	2,621.25	BUY TK	74.95	108.73	122.94	1.00



BUSINESS

DHAKA TUESDAY JUNE 21, 2011, e-mail: business@thedailystar.net

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Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry, speaks at a post-budget discussion in Dhaka yesterday. From left, Salehuddin Ahmed, former governor of Bangladesh Bank, AB Mirza Azizul Islam, former finance adviser, Monwar Hossain, president of Economic Reporters' Forum, and Mir Nasir Hossain, former president of FBCCI, are also seen.

BB gets more powers to curb money laundering

REJAUL KARIM BYRON

The proposed anti-money laundering law empowers Bangladesh Bank to cancel licences of organisations that provide false information or conceal facts from the central bank about siphoning of funds.

The cabinet yesterday approved the Money Laundering Prevention Act. Besides banks and other financial institutions, nongovernmental organisations, stock dealers, brokerage houses, asset managers and other organisations must regularly send

information about suspected transactions to the central bank, according to the draft of the law.

Under the law, a separate financial intelligence unit will be set up at Bangladesh Bank to monitor and take necessary action against money laundering activities.

If any organisation fails to provide information sought by the central bank, it can fine the agency as high as Tk 5 lakh at a rate of Tk 10,000 a day, according to the law. If any organisation is fined more than thrice in a fiscal year, the central bank can suspend registration or licence of the organisation, any of its branches,

service centres, booths and agents, according to the law.

As further punitive measures, the central bank can take action against the licensing authority of the organisation, the law says. Similar punitive action will be taken against any organisation if it fails to comply with any circular issued by the central bank.

If any organisation finds information about any suspicious transaction it can suspend transaction of the account for 30 days, and the timeframe can be extended to six months, if necessary, according to the law.

Budget lacks clear focus

Experts say it is not much friendly to private sector

STAR BUSINESS REPORT

The proposed budget for fiscal 2011-12 gives no clear-cut indication on how the government will address issues like employment, investment, price stability and exchange rate that pose a threat to macroeconomic stability, senior economists and businessmen said yesterday.

They have also termed the proposed budget as less private sector-friendly amid costlier credit, tight money supply, government's huge bank borrowing, uncertainty in gas supply and growing instability in politics.

Their comments came at a post-budget discussion organised by Economic Reporters' Forum (ERF) with its President Monwar Hossain in the chair. "Many issues remain unclear in the budget," said AB Mirza Azizul Islam, former finance adviser to a caretaker government.

Islam talked about investments required to accelerate growth, depreciation of the taka against the US dollar and a slowdown in remittance flow. "I don't know how the government will manage exchange rate," he said. He also criticised the finance minis-

ter for not giving an outline for raising non-tax revenue and controlling non-development expenditure.

"I've seen nothing specific about employment generation in the budget," said Salehuddin Ahmed, former governor of the Bangladesh Bank.

Ahmed said higher revenue mobilisation target would be quite tough in the face of a growing pressure on the economy from different sides.

"The budget could be more private sector-friendly," added the former governor.

Towfiq Chowdhury, general secretary of Bangladesh Economic Association, found vulnerability in economic assumptions, including growth and inflation rates.

"I don't see growth rate (6.7 percent) is predictable. Inflation rate set at 7.5 percent may not be achievable," said Chowdhury.

He said the capital market is not facing liquidity crisis, rather a lack of confidence is affecting the market much.

Two leading businessmen Mir Nasir Hossain and Amjad Khan Chowdhury said they are concerned with the growing problems in the economy.

"How will the economy grow by 7 percent when there are liquidity and energy crises? Government information on gas also makes me puzzled," said Hossain, former president of the Federation of Bangladesh Chambers of Commerce and Industry.

"Though the BB says there is no liquidity crisis, as a borrower I face it," he said.

Hossain said 1.5 percent tax proposed on exports is 'too high' at the moment when interest rate and cost of doing business have gone up significantly. Economists supported the businessmen in their demand for reducing the tax on exports.

Maj Gen (ret'd) Amjad Khan Chowdhury, president of Metropolitan Chamber of Commerce and Industry (MCCI), said the budget protects the interests of powerful lobbyists, not the smaller sections of businessmen.

He came down on double taxation - corporate tax and income tax -- that he said eat up more than half of the profits.

Chowdhury also criticised the government for increasing furnace oil prices several times since January.

Bank rates to come under sharp watch

STAR BUSINESS REPORT

Bangladesh Bank has moved to monitor banks' interest rates on deposits and loans strictly as many have been found charging abnormally high rates.

A statement of interest rates on deposit and credit have to be sent to the central bank by the first week of every month, the central bank said in a statement yesterday.

If any change is made in the stated rates later, banks must communicate with the central bank immediately, it said.

According to a BB report on the overall situation in the banking sector, there is no liquidity crisis in commercial banks. It however found banks have

engaged in a stiff competition to collect deposits. Some banks offered as high as 14.25 percent interest rate on deposits.

The report said only four banks faced a liquidity crunch. "In those cases, there was no liquidity deficit, but a marginal level liquidity," Bangladesh Bank said.

In May, three banks offered a 14 percent rate on term deposits while one bank offered 14.25 percent. Sixteen banks offered between 13.50 percent and 13.75 percent rates on term deposits.

In case of working capital, banks imposed a maximum rate of interest.

According to the BB report, 12 banks are imposing interest rates between 15.50 percent and 18 percent. However, most

charge 16 percent.

The high deposit rates offered by a few banks indicate stiff competition in the sector in collecting funds.

Owners of private banks have decided not to offer more than 12 percent interest rates on deposits. They have already made the commitment to Prime Minister Sheikh Hasina. They also informed the central bank governor about their decision yesterday.

The circular also said banks would announce rates for sectors for which the central bank has fixed a ceiling on the lending rate. They will also publish or display their total credit and deposit rates at head offices, branch offices and also on websites.

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Internet domains thrown open

REUTERS, London

Companies will soon be able to operate their own parts of the Web -- such as .apple, .coke or .marlboro -- if the shake-up in internet domains is approved. ICANN, the body that coordinates internet names, is expected to approve the move on Monday. Today, 22 generic top-level domains (gTLDs) exist -- .com, .org and .info are a few examples -- plus about 250 country-level domains like .uk or .cn. After the change, several hundred new gTLDs are expected to come into existence.

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