

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES						
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 1.14%	▲ 1.19%	\$1,508.00	\$92.83	▲ 1.09%	▲ 1.54%	▲ 0.95%	▼ 0.95%	74.15	104.72	116.99	0.91	
6,038.66	10,855.25	(per ounce)	(per barrel)	18,693.86	9,797.26	3,079.74	2,728.48	BUY TK	75.15	109.54	121.98	0.99



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Star BUSINESS

DHAKA THURSDAY JUNE 30, 2011, e-mail: business@thedailystar.net

Govt increases interest rates on savings instruments

REJAUL KARIM BYRON

The government has increased interest rates on six savings instruments by 0.38-1.07 percentage points, finance ministry officials said.

Finance Minister AMA Muhith said on Tuesday that the increase in the rate of interest this time is called "social security premium". The National Directorate of Savings will issue a circular on the new interest rates today.

At present, there is no tax on earnings from Parivar Sanchaypatra, Pensioner Sanchaypatra and Wage Earners' Development Bond, but the finance minister told the Jatiya Sangsad that 5 percent tax will be imposed at source on earnings from all savings instruments in the next fiscal year.

Presently, 10 percent tax is levied on earnings from only three types of savings instrument which will be lowered to 5 percent in the next fiscal year, the finance ministry officials said.

Though the rate of interest has increased the highest on Parivar Sanchaypatra and Pensioner Sanchaypatra, the tax levied on the interest earnings will pare down profits, statistics from National Directorate of Savings show.

For example, the interest rate on



Parivar Sanchaypatra has been raised from 11 percent to 12.07 percent. If a person invests Tk 1 lakh, he will get Tk 1,005.83 in monthly profits. But after a deduction of 5 percent tax on the interest earnings, his net profit will stand at Tk 960 in line with the new rate. At present, he gets a net profit of Tk 920 on an investment of Tk 1 lakh.

The rate of interest on Pensioner Sanchaypatra has been raised from 11 percent to 11.81 percent. The term of Pensioner Sanchaypatra is five years and the profit is given every three months.

Finance Minister AMA Muhith Tuesday told the parliament that there was demand for increasing the interest rate further but the government could not do so.

Five PSTN operators may get back licences

ABDULLAH MAMUN

The telecom ministry and the industry regulator have amended rules to return licences to five fixed-phone operators, who have been out of service for over a year due to a government ban.

Under the changes, the five public switched telephone network (PSTN) operators will now have to solve their payment disputes on interconnectivity charges with the mobile operators bilaterally before getting the licences, officials of both the ministry and the Bangladesh Telecommunication Regulatory Commission (BTRC) confirmed.

Earlier, the PSTN operators had to reimburse their dues to mobile operators before applying for re-licensing. Now the ministry says the disputes could be settled bilaterally by conflicting companies.

On June 15, the ministry sent a letter to the BTRC, informing the regulator about the changes. The ministry also recommended returning licences to the operators through the same procedure.

However, Telecom Secretary Sunil Kanti Bose said the dispute over interconnectivity charge is the matter of the operators, not related to the telecom law.

"We have asked the BTRC to return the licences to the operators after they fulfill the conditions," he said.

Still, the private land phone operators have to submit documents with dispute settlement certification before the BTRC before applying for a licence return, said an official.

In May last year, the BTRC scrapped the licences of Peoples Tel, National Telecom, WorldTel, RanksTel and Dhaka Phone for their involvement in illegal international call termination through VoIP technology.

The five landline telephone companies were serving around six lakh clients -- with



RanksTel half of them -- before the ban was enforced.

Officials said the PSTN operators will now have to abide by three conditions: withdrawing cases against the government, reimbursing the revenue shares to the government, and paying Tk 3 lakh fines to the BTRC.

Officials at the PSTN operators said they are happy with the modifications made by the telecom ministry. But the regulator has again made the situation tough for them, as it has suggested settling debts of interconnectivity charges before applying, they said.

A ministry official, however, said interconnection charge between the mobile and fixed phone operators is a bilateral issue. "They should address it by themselves; the government does not want to get involved."

RanksTel owes Tk 20 crore to six mobile operators, according to officials of the company.

"We are in the process of withdrawing the cases we have filed against the government," said Abul K Shamsuddin, chief operating officer of RanksTel.

He said the company owes Tk 2 crore to the government as licence renewal and revenue sharing fees. "Before re-launching the network we will have to assess the damage that have happened after it was closed last year."

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Black money news drives stocks

Dhaka benchmark index finishes up 1.14pc

STAR BUSINESS REPORT

Stocks gained yesterday with investors trading cheerfully as the government revived a plan to legalise undisclosed money in the stockmarket levying a 10 percent flat tax.

The benchmark index, DGEN, the yardstick of Dhaka Stock Exchange, gained 68 points or 1.14 percent to close at 6,038.

The port city's selective categories index, CSCX, the yardstick of Chittagong Stock Exchange, clocked up 127 points or 1.19 percent to close at 10,855.

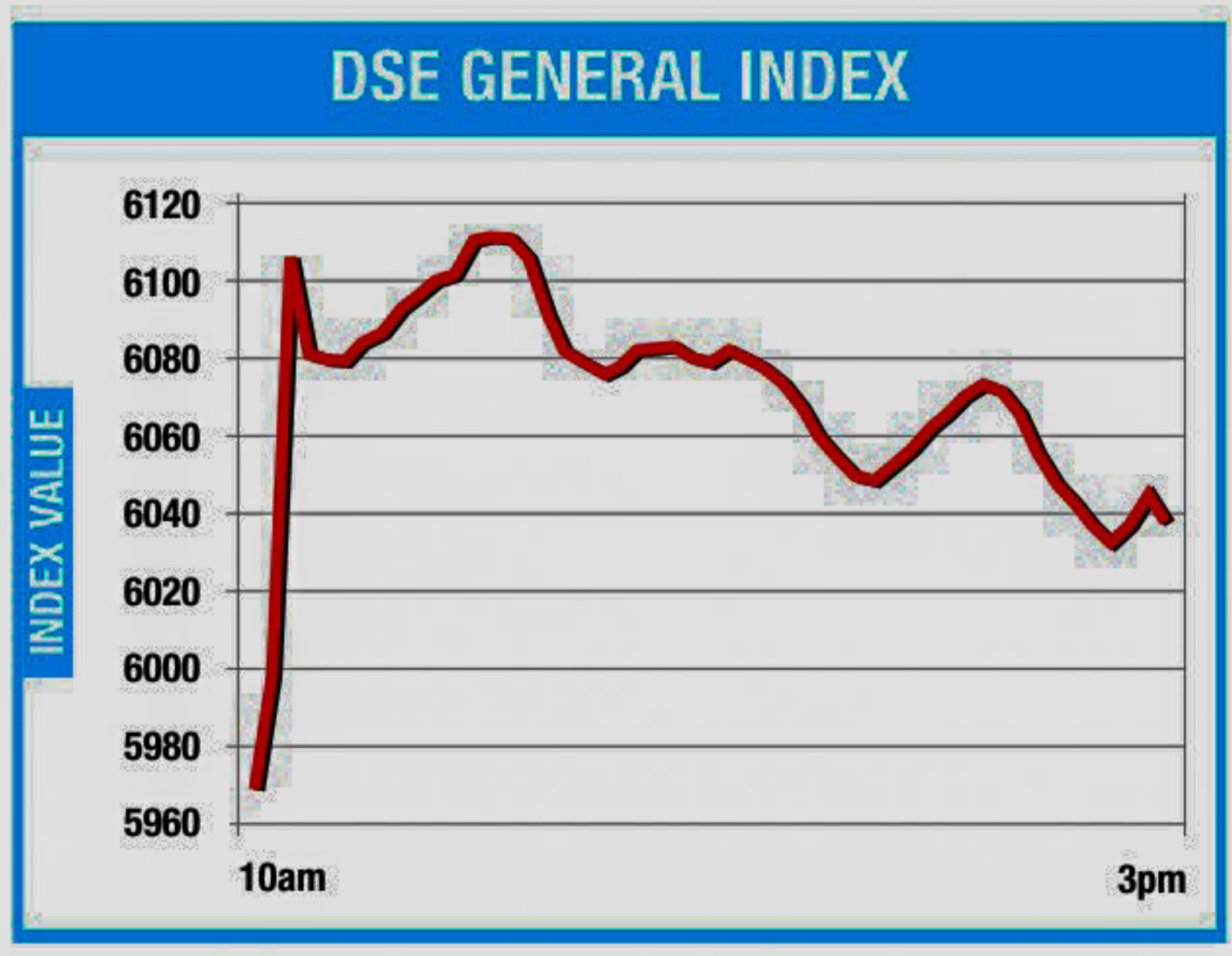
Turnover on the premier bourse increased the most in two and a half months. It stood at Tk 937 crore, soared 21.5 percent from the previous day's turnover Tk 771 crore.

The market jumped at the opening hour to gain 143.04 points or 2.4 percent and slightly retraced afterwards.

"The index and turnover moved positively based on the news that undisclosed money will be allowed to be invested in the stock market," said Prof Mahmud Osman Imam, who teaches finance at Dhaka University.

Imam, also a member of the index development committee of DSE, it is an initial push of the government as it is a political decision to stabilise the market.

He also said the market will "not be very stable" as long as the government does not concentrate on ensuring its well-being. The government ventures can be financed from the capital market instead of



the banking channel, Imam suggested.

Some big institutional investors also played an active role as the central bank has relaxed rules for the credit deposit ratio.

Shakil Rizvi, president of DSE, said new companies will now show interests in listings and new investors are likely to join the market.

Bankers are expected to act and the market will get some liquidity injections following the directive of the central bank.

The banking sector's turnover has been falling in the last two sessions, reaching 30 percent of total market capitalisation, compared to the previous day's 34 percent. The sector gained 1.16 percent, making 30.1 percent of the total market capitalisation.

Non-banking financial institutions gained 0.19 percent, while the fuel and power sector gained 1.81 percent.

Grameenphone, which represents the telecoms sector, gained 0.19 percent and 16.58 crore shares traded.

Of the total 260 issues that traded on the DSE floor, 197 advanced, 57 declined and three remained unchanged.

Aftab Automobiles topped the turnover leaders with 12.11 lakh shares worth Tk 32.82 crore traded.

Federal Insurance was the biggest gainer of the day, posting a 9.60 percent rise, while Monno Jute Staffers was the worst loser, plummeting 3.72 percent.

Govt to invite applications for new banks, life insurers

STAFF CORRESPONDENT

Finance Minister AMA Muhith yesterday said applications for setting up new commercial banks and life insurance companies will be invited next month.

He disclosed the government plan during the passage of the national budget for the upcoming fiscal year of 2011-2012 in parliament.

At present, there are 49 public sector and private sector banks in Bangladesh. Of them, the number of private commercial banks is 30. Among the banks, 31 are listed with the stockmarket.

The number of insurance companies stands at 62. Of them, 19 are life insurance and the rest general insurance companies.

Awami League in its previous stint in power between 1996 and

2001 approved setting up of 13 commercial banks. BNP-led government of Khaleda Zia in its first term between 1991-1996 okayed some new banks, but in its third tenure between 2001-2006 no such approval was given.

The present government led by Awami League has already given nod to a specialised bank "Probashi Kalyan Bank". Applications have been invited for setting up a NRB Bank, which will be owned by non-resident Bangladeshis.

Muhith also said there is no relation between bank's liquidity and bullish and bearish trends in the share market. He claimed the share market has remained stable for the last two months.

Biman sets passenger record

STAR BUSINESS REPORT

Biman Bangladesh Airlines carried a record number of passengers in fiscal 2010-2011, the national carrier said in a statement yesterday. The volume of cargo rose to its highest in Biman's four decades of flying history, it said.

The airliner carried 16.21 lakh passengers and 32,838 tonnes of cargo in fiscal 2010-2011, up from 14.29 lakh passengers and 28,748 tonnes of cargo in 2009-10, according to the statement.

"The airliner set this record by operating throughout its network of destinations, braving all odds like an unprecedented hike in jet fuel prices and steep competition from other operators and the burden of old and ageing fleet," Biman said.

Biman flies to 19 destinations across the Middle East, Europe, South and Southeast Asia and plans to cover more destinations in the coming days, including New York, according to the statement.

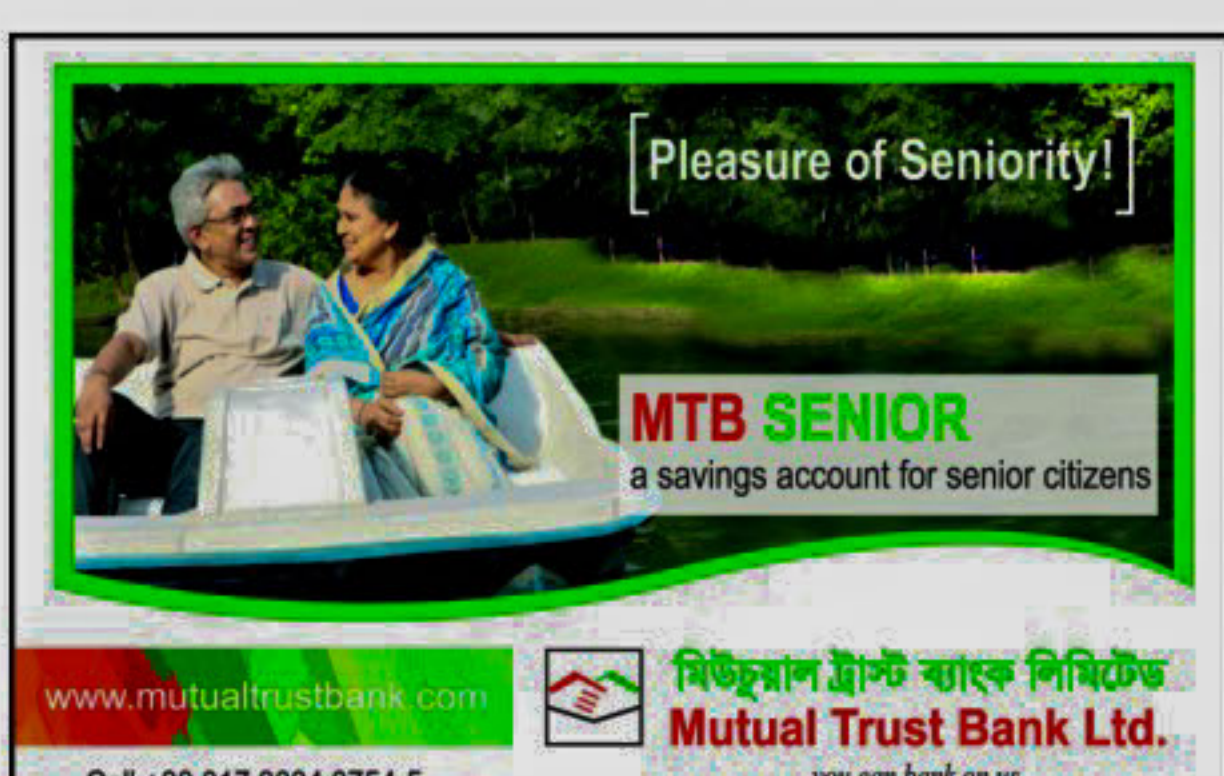
As part of Biman's fleet modernisation effort, two new aircraft, Boeing 777-300 ER, will join the fleet by October and November.

Australia-China trade tops \$100b

AFP, Sydney

Australia's two-way trade with China topped Aus\$100 billion (\$US105.64 billion) for the first time last year, data showed Wednesday, with surging coal and iron ore exports boosting national coffers.

Total trade with China, Australia's top partner, grew 23.6 percent in 2010 to \$105.3 billion, accounting for 19.1 percent of all imports and exports, the foreign office said in its annual trade report.



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