

# New domestic air passenger routes in the offing

Govt plans private shuttle services on Ctg-Sylhet, Sylhet-Rajshahi, Jessore-Chittagong and Rajshahi-Cox's Bazar routes

**M ABDUR RAHIM**

The government plans to allow private carriers to operate direct air passenger services on new routes to boost domestic air transportation.

The direct shuttle services on new routes such as Chittagong-Sylhet, Sylhet-Rajshahi, Jessore-Chittagong and Rajshahi-Cox's Bazar routes will boost the country's aviation sector and create scope for airlines to introduce budget services, industry people said.

Now, all domestic flights to Chittagong, Sylhet, Rajshahi, Cox's Bazar and Jessore take off from Dhaka.

In the initial stage, private carrier Best Aviation Services will start services on Dhaka-Sylhet.

He said Indian Jet Airways recently launched no-frills service offering low fare. The fare on Bangalore-Mumbai flight is only 500 rupees. Malaysia's budget carrier AirAsia and Singapore's Tiger Airways are also offering low fare, he said.

"If we can offer low fare, air transportation will surely become popular and emerge as alternative to train and bus service," Haideruzzaman said.

Talking to The Daily Star, Civil Aviation and Tourism Secretary Akhtar Hossain Khan said the direct air services between big cities can help develop the country's domestic aviation industry.

"The government is in principle agreed for shuttle service but it is

now in preliminary stage. However, if private sector takes lead, the service may start anytime this year," he said.

GMG Airlines, the country's lone operational private sector passenger carrier, welcomed the government move to allow shuttle service. "It will help develop air transportation sector. Currently, Biman and GMG operate domestic flights and if more companies launch domestic operations on new routes, the quality of service will increase," said Shahab Sattar, managing director of GMG Airlines.

At present, about five lakh passengers travel in domestic flights a year against three lakh a few years back.

**India-Bangladesh festival to be held in Dhaka Oct 10-13**

A four-day India-Bangladesh festival featuring handicrafts exhibition, cultural programme and food fair will be held at Dhaka Sheraton Hotel from October 10.

The festival titled "Parbon" will be jointly organised by High Commission of India in Dhaka, MAA (Mattra, Asiatic, Ardent) Consortium of Bangladesh, Real Concepts of India and Dhaka Sheraton Hotel.

This was announced at a press conference held on Thursday at the National Press Club, says a press release.

RR Das, minister (Economic and Commercial), High Commission of India in Dhaka, Anurag Bhushan, commercial secretary of Indian High Commission, Dhaka, Trevor McDonald, general manager of Dhaka Sheraton Hotel, Piyush K Servia of Real Concepts, India and Sanau Arefeen of MAA Consortium were present at the press conference.

Around 30 firms will participate in the festival from each country to promote handicraft products and traditions of both countries.



PHOTO: STAR  
Food and Disaster Management Minister Chowdhury Kamal Ibne Yusuf, Commerce Minister Altaf Hossain Chowdhury and Commerce Ministry Advisor Barkat Ullah Bulu visit a stall at the three-day Dhaka International Food Fair 2004 that began at Dhaka Sheraton Hotel yesterday.

## Islami Bank Bangladesh declares 20pc stock dividend

Islami Bank Bangladesh Limited (IBBL) has declared a 20 percent stock dividend for the shareholders for the year 2003.

The declaration was made at the bank's annual general meeting held yesterday in Dhaka with Shah Abdul Hannan, chairman of the bank, in chair, says a press release.

IBBL earned net profit of Tk 80.20 crore in 2003. The deposit of the bank increased to Tk 6,994.20 crore in 2003 from Tk 5,546.20 crore in 2002 showing 26 percent growth.

Investment of the bank stood at Tk 5900.70 crore in 2003 increasing 28 percent from the previous year as it was Tk 4,628.10 crore in 2002.

Earlier, an extra-ordinary general meeting of the bank was also held.

## IDB to increase its stake in Bangladesh's development: Saifur

**BSS, Dhaka**

Finance and Planning Minister M Saifur Rahman yesterday said the stake of Islamic Development Bank (IDB) in Bangladesh's development is likely to be increased as the bank has decided to change its "conservative outlook" and ease lending terms.

"IDB has decided to appear with a changed outlook and eased project lending and technical assistance terms discarding conservative attitudes," he told reporters at Zia International Airport on his return from Tehran after attending the bank's annual governors meeting that coincided with its 30th founding anniversary.

Saifur said the IDB's policy shift will directly benefit Bangladesh in importing petroleum from any country besides Muslim states under trade financing in floating rate and getting 60 to 100 million US dollars for installing submarine cable to be linked with international

ICT regime under the bank's eased lending terms.

The capital of IDB, which was established 30 years ago under the auspices of Organisation of Islamic Conference (OIC), now stood at nearly 20 billion US dollars.

Saifur said regarding concessional lending IDB so far did not offer more than an amount of 10 million dollars. But the governors meeting re-fixed it at 25 million dollars, he said.

The ordinary lending rate was also reduced for increased flow of fund for development activities in the Muslim countries, the finance minister said.

The minister said the IDB governors expressed deep sympathy for Bangladesh's flood victims while the bank decided to reinforce its damage assessment team in the country to fix its assistance for flood rehabilitation.

Under the changed IDB policy to increase support for health, human

resources and education, Bangladesh now may get its financial assistance for the development of these sectors, he said.

Saifur said one of the major decisions IDB took during the meeting under Tehran's initiative was to create an Islamic common market to increase trade volumes in the Muslim countries.

IDB, he said, so far thought that project lending was enough for development but the governors meeting decided that the bank has to focus on the internal governance issues of the recipient countries as other donors such as World Bank and IMF.

The minister said Bangladesh is highly praised for its financial transactions with IDB as "we never defaulted in repaying the loan."

Secretary of Economic Relations Division (ERD) Mirza Tosadeek Hossain Beg accompanied the minister in the IDB governors meeting.

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expressed deep sympathy for Bangladesh's flood victims while the bank decided to reinforce its damage assessment team in the country to fix its assistance for flood rehabilitation.

Central Bank Governor Zhou Xiaochuan told Reuters last week authorities would review August's economic data before deciding to ease or tighten credit.

That data has given a mixed picture, with inflation maintaining a seven-year high of 5.3 percent while the broad M2 money supply growth eased to 13.6 percent and fixed-asset investment growth slowed.

**IMF head warns of risk from US budget deficit**

**AFP, Madrid**

The head of the International Monetary Fund urged the United States Friday to limit its gaping budget deficit, which he said threatens the world economy.

IMF Managing Director Rodrigo Rato, in an interview with the Spanish radio network Cadena Ser, also predicted robust global economic growth next year and insisted that terrorism rather than the war in Iraq posed the greater risk to Middle Eastern stability.

Correcting "the budgetary expansion in the United States is indispensable," Rato asserted.

"This imbalance is one of the risks for the world economy," he said.

"But it's not the only risk. The lack of growth in Europe is another."

The US Congressional Budget Office reported earlier this month that the US government budget deficit would come to a record 422 billion dollars -- 3.6 percent of gross domestic product -- for the fiscal year to September 30.

**HSBC, Shanxi Trust to form joint venture in China**

**AFP, London**

British-based banking giant HSBC Holdings is to team up with Shanxi Trust and Investment Corp to form a joint venture fund management company in China, HSBC announced Friday.

The joint-venture is subject to final documentation and various conditions including obtaining regulatory and other approvals.

No other details were given but the company said a further announcement was expected to be made shortly.

HSBC is in the vanguard of a charge by foreign banks to tap the booming Chinese economy.

**India's communist parties block FDI hike in telecom, aviation**

**REUTERS, New Delhi**

India's powerful communist parties have blocked a government move to increase foreign direct investment caps in telecoms and domestic aviation, newspapers said Friday.

The Congress-led coalition was due to discuss the plan to raise foreign investment limits in the telecoms sector to 74 percent from 49 percent, and from 40 to 49 percent in aviation at a cabinet meeting on Friday.

But pressure from the left parties, led by the Communist Party of India (Marxist), who are the biggest allies of the minority government forced the issues off the agenda, the Economic Times said.

"We are expressing our concern.

**Japan-Mexico free trade pact has US implications**

**REUTERS, Mexico City**

Mexico and Japan were to sign a free trade pact Friday that will be a springboard for Japanese technology, electronics, heavy equipment and telecommunications equipment, much of which could then be exported to the United States.

The agreement which must be approved by each nation's legislative bodies, would be Japan's second ever after a limited accord with Singapore.

Among the benefits is zero tariff access to each other's markets for certain products.

Mexico, a significant agricultural producer, wins immediate preferential access to Japan for at least 22

**S'pore non-oil domestic exports up 29pc in Aug**

**AFP, Singapore**

Singapore's key non-oil domestic exports in August beat economists' forecasts, growing 29 percent year-on-year on the back of robust sales of electronics and pharmaceuticals, the government said Friday.

The growth rate is the strongest since a 30.7 percent expansion in December 2003 and was better than market estimates ranging between 20.3 and 24.4 percent.

Non-oil domestic exports for the month totalled 11,474 billion Singapore dollars (6.8 billion US dollars).

"Both electronics and non-electronics non-oil domestic exports continued to deliver sustained growth in the month," the government trade body International Enterprise (IE) Singapore said in a statement.

Electronics exports surged an annualised 24.2 percent, buoyed by increased shipments of semiconductors to the United States and China, personal computer parts to the United States, Malaysia and India and telecommunications equipment to the European Union.

Exports of non-electronics products, composed mainly of pharmaceuticals and petrochemicals, rose 34.3 percent.

"This strong performance was sustained by larger shipments of pharmaceuticals mainly to the EU and US, petrochemicals to regional markets such as China, Malaysia and Hong Kong, and electrical machinery mainly to China," IE Singapore said.

Total trade in August grew 28.1 percent year-on-year to 49,576 billion Singapore dollars.