

## 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-

Chittagong-Cox's Bazar route in November, making it the country's longest air route.

Best Aviation, now operates domestic and international cargo flights with its five chartered aircraft, will procure either Fokker 28 or Saad 340 for the shuttle service. Fokker 28 has the capacity to carry 80 passengers while the Saad 340 can accommodate 38.

Managing Director of Best Aviation M Haideruzzaman said air transportation has immense potential in Bangladesh if quality and affordable service are ensured.

"The country now needs budget air service. The fare has to be reduced to make it affordable. We will offer lowest fare in the market," he said.

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 service 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 (Mattrra, 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 Bhusan, commercial secretary of Indian High Commission, Dhaka, Trevor McDonald, general manager of Dhaka Sheraton Hotel, Piyush K Servaia of Real Concepts, India and Sanaul 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 Choudhury 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.

## India drafting policy to revive tea industry

REUTERS, New Delhi

India is working on a long-term policy and a suitable financial package to revive the country's ailing tea industry, a government minister said Thursday.

The tea industry in India, the world's largest producer and consumer of the brew, is beset with a host of problems including low returns due to a steep fall in prices, low productivity and the closure of some plantations that has left thousands jobless.

The industry provides more than a million people with direct employment and employs about twice that number indirectly.

"We will arrive at a package for the revival, sustenance and growth of the tea industry and a marketing strategy for India to have a global edge," Commerce and Industry Minister Kamal Nath told a tea conference.

Looking at the variations in taste in world markets and the demand for high quality, the industry must attempt to establish itself as an efficient processor and marketer, he said.

Indian tea production in 2004 is expected to fall to 830 million kg from 857 million kg in the previous year. Tea output declined to 384.5 million kg in January-July from 419.9 million kg a year ago because of poor climatic conditions in north India.

## Pakistan's forex reserves rise

REUTERS, Karachi

Pakistan's foreign exchange reserves rose by \$22 million to \$12.181 billion in the week ended Sept 11 mainly because of an increase in inflows to commercial banks, the central bank said Friday.

During the week, reserves held by commercial banks rose to \$2.176 billion from \$2.158 billion a week earlier, the central bank said.

The reserves held by the State Bank of Pakistan also rose slightly to \$10.005 billion from \$10 billion a week earlier.

The country's forex reserves have increased steadily since 2001, partly due to higher remittances from expatriate Pakistanis through official channels after a crackdown on money laundering that followed the Sept 11 attacks on the United States in 2001.

## 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 Tosaddek Hossain Beg accompanied the minister in the IDB governors meeting.



PHOTO: STAR

Visitors crowd a stall at the three-day My Loan Fair 2004 at Dhaka Sheraton Hotel yesterday. Organised by Hongkong and Shanghai Banking Corporation (HSBC), the fair ends at 8pm today.

## Loan fair pulls huge crowd

STAR BUSINESS REPORT

A huge number of visitors flocked to the HSBC loan fair at Dhaka Sheraton Hotel yesterday that coincided with the weekly holiday.

Visitors lined up on the footpath in front of the hotel to enter the fair venue. "I have to wait for half an hour to reach the venue," said Sumaiya Sultana, a student of Dhaka University.

Towfiqul Alam, officer (Marketing and Public Relations) of HSBC, said some 25,000 people visited the fair yesterday, which experienced a shiny afternoon after a six-day non-stop rains.

On the second day of the fair visitors submitted 1,800 loan applications, of which the bank found 1440 eligible, Alam added.

Hongkong and Shanghai Banking Corporation (HSBC) in collaboration with Conference and Exhibition Management Services

(Cems) organised the three-day My Loan Fair 2004 to familiarise customers with different loan schemes of the bank.

Sixty-two companies including real estate and construction material companies, electronic and computer equipment companies, automobiles and furniture firms, travel agencies and universities are showcasing their products and services at the show.

HSBC has set up a service desk at the fair to assist customers in processing and getting loans at one percent less interest rate against the usual rates charged on different products.

The bank is charging 13 percent interest rate for home loan and car loan, 15.5 percent for education loan. The bank is also offering professional loan, lifestyle loan, furniture loan and wedding loan under its Personal Installment Loan Scheme.

Visitors are showing interests in home loan, car loan and education loan, bank officials said.

Saira Jahan, a housewife, said she wanted to have a house, a car and enough money for her children's higher education. "But here I find the loan conditions hard for me," she said.

HSBC officials said they had to set such loan conditions as the bank is offering loans without any collateral.

HSBC is sanctioning loans within 24 hours for its clients and within 72 hours for others on confirmation of valid documents.

Organisers will arrange a raffle draw on all the entry registrations and visitors can win various prizes including Dhaka-Kuala Lumpur-Dhaka air ticket.

The fair is open to all until 8pm today.

## China unlikely to raise interest rates soon

REUTERS, Beijing

China is unlikely to raise interest rates in the near future due to fears of a worsening credit crunch, a former policy adviser to the central bank was quoted Friday as saying.

Worried that heated growth could set the economy up for a painful downturn, the government has clamped down on credit, banned lending to certain industries like cement and steel, and made it tougher to gain approval for industrial projects.

Many dynamic Chinese private businesses, which have created millions of jobs for laid-off state workers, are complaining about a lack of access to credit.

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 Cedena 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.

## Invest in agro-processing to help diversify exports

### Commerce minister asks entrepreneurs at int'l food fair inauguration

STAR BUSINESS REPORT

As a three-day international food fair began in Dhaka yesterday Commerce Minister Altaf Hossain Choudhury asked entrepreneurs to find export diversification in agro-processed products.

"Export volume is increasing day by day but high dependency on one or two items cannot ensure sustainable export growth," the minister said at the inauguration of Dhaka International Food Fair 2004, organised by Export Promotion Bureau (EPB), at Sheraton Hotel.

He said being an agricultural country Bangladesh has huge potential to emerge as a leading exporter of agro-processed food items if entrepreneurs make sizeable investment and use modern technologies.

A total of 45 companies engaged in production of agro-processed food items including one each from Pakistan, Bhutan and France are taking part in the fair to display food items and latest food processing machinery and equipment.

Commerce minister said the government has decided to set up a business council for agro-processed food sector to promote export. The council will help exporters maintain product quality and get international market access.

Inaugurating the exhibition, Food and Disaster Management Minister Chowdhury Kamal Ibne Yusuf said agro-processed food items can emerge as one of the prospective export items of the country.

"But capacity building and standard packaging of the food items are needed for ensuring product quality, which is essential to enter international market," he added.

Speaking at the function, EPB Vice-chairman Mir Shahabuddin Mohammad said exporters must comply with international sanitary and phytosanitary standards to penetrate global market in a big way.

"We are losing market access due to lack of compliance. Farmers sometimes unknowingly make great damage to agriculture products at harvesting stage," he added.

The exhibitors are showcasing food items such as biscuits, bread, sweetmeat, cake, jam, jelly, pickle, pastry, snacks, fried lentil, nuts, chips, vinegar, ketchup, chana-chur, fruit juice, potato sticks, milk products, soft drinks, mineral water and spices.

The exhibition will remain open to visitors from 10am to 8pm until tomorrow.

According to the EPB, Bangladesh fetched \$6.31 million in 2003-2004 by exporting dried and processed foods to 40 countries in Asia, America, Africa, Europe and Australia.

EPB expects export earning from the sector will rise to \$8 million in the current fiscal year.

Barkat Ullah Bulu, advisor to the Ministry of Commerce, Reaz Rahman, advisor to the Ministry of Foreign Affairs, and Md Aminur Rahman, secretary of the Ministry of Commerce, also spoke at the function.

## 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.

There is nothing secret about this. We have already made it public," the Hindustan Times quoted CPM leader Sitaram Yechury as saying after a round of meetings with Prime Minister Manmohan Singh and Congress chief Sonia Gandhi.

A cabinet nod on increasing FDI limits in the cash-guzzling telecom and aviation sectors would have helped Singh showcase his government's ability to push through reform during a trip to the United States beginning next week, newspapers said.

The government also plans to increase FDI limits in insurance to 49 percent from 26 percent, but this is considered to be even more difficult because it will require parliamentary approval.

## 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 and equipment aimed at the US market and provide an opening for Mexican farm goods bound for Japan.

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

farm products from unroasted coffee to wine, tobacco and eggs.

The treaty also opens the door in Mexico to Japanese technology, electronics, heavy equipment and telecommunications equipment, much of which could then be exported to the United States.

"We will see benefits from day one of the treaty," Mexican Economy Minister Fernando Canales told reporters this week.

The deal nearly two years in the making, was expected to attract about \$1.3 billion in Japanese investment annually over the next 10 years, from about \$350 million now.

## 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 27.4 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.