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## Mushrooming malls see fall in sales

M ABDUR RAHIM AND MD HASAN

As shopping malls are sprouting in Dhaka city, shops inside those sparkling and highly-rented commercial complexes are noticing lean transactions with frustration running among the shopkeepers.

Hundreds of shopping centres now figure on the arteries of Dhaka city and many more are under construction leaving the shopkeepers to see scant turnout of customers. Many of them started predicting that the sector might become a victim of over-investment.

According to industry insiders, about 200 to 250 shopping malls are in operation in the city, which have saturated the retail sales of a city of one crore people. Dhaka Shop Owners Association sources said there are two lakh shops excluding those in shopping malls in the metropolitan. However, investors continue to pour money into new ventures with the hope of guaranteed and regular return from their investment.

There are scores of shopping malls in different stages of construction. Shopkeepers fear that once these malls start operation, transactions will plummet further. However, industry sources say as investment reaches saturation point, the big, established and strategically located malls will elbow the odd others out from the business.

The shop owners have to spend from Tk 10 lakh to Tk 80 lakh to get a possession right in the decorative and posh shopping arcades. With monthly rent ranging from Tk 8,000 to Tk 50,000 besides utility and other expenses, running a retail shop in those malls hardly match the earnings nowadays.

"We have shops in different malls in Dhaka. As more and more shopping complexes are opening, daily transactions are decreasing. The established malls have some fixed loyal customers who keep business afloat but the new and small ones are battling hard just to survive," said Md Sazzad Hossain, a shopkeeper at Motalib Plaza.

He, however, said in spite of abnormal growth, the shopping malls may survive as income level of people is increasing and many people still come to Dhaka to do shopping during festivals.

As real estate companies tend to projects having both apartments and shopping centres, shopping malls are growing unbridled. However, the immediate financial effect of mushrooming growth of shopping malls does not reach the investors yet as they get possession right money and monthly rent regularly.

But the situation is quite opposite for the people doing retail business inside those air-conditioned malls. "We offer discounts, sell quality products, but we fail to



PHOTO: STAR

Toll of shopping malls is rising in Dhaka city but sale is falling.

attract customers. The transactions just do not match the high investment we pour in securing the possession right here," said a shopkeeper at a posh shopping centre on Mirpur Road.

He said the shops selling clothes are bearing the brunt of density of shopping arcade. "During Eid and other festivals the shopkeepers witness a brisk sale but that is not enough to compensate for the dull sales throughout the year," he

added. One will be astounded at the sight of uncountable shopping malls on a trip from New Market to Mirpur Technical. Almost all plots alongside the thoroughfares of the capital have been engulfed by shopping malls.

"We used to go shopping to Eastern Plaza, Elephant Road and New Market. As there are many malls near our neighbourhood, we now prefer buying from here," a

resident of Malibagh said. Another reason of shoppers preferring shopping in their locality is the restriction on rickshaw movement. As many malls cannot be reached by rickshaw now, the shopkeepers lose middle class customers. Market observers say the shopping malls appear to become the country's next cement sector, which witnessed shutdown of many factories due to production glut in the face of over-investment.

## 9-month revenue collection falls Tk 2,000cr short

STAR BUSINESS REPORT

The government's revenue collection in the last nine months has fallen about Tk 2,000 crore short of its target.

The shortfall was mainly due to a much higher increase in tax-free imports compared to taxable ones, tax officials led by National Board of Revenue (NBR) Chairman Khairuzzaman Chowdhury told Finance Minister M Saifur Rahman yesterday at a pre-budget review meeting at NEC conference room.

According to NBR report, the total imports in the last nine months grew by 33.68 percent, with import of tax-free items rising by 45.58 percent and taxable goods by only 27.60 percent.

So, at import level NBR suffered a Tk 1,214-crore revenue deficit in that period. Against a targeted import tax collection of Tk 11,776 crore, it could realise Tk 10,561 crore.

The revenue shortfall at local level was Tk 292 crore, with NBR realising Tk 5,628 crore against a Tk 6,655 crore target.

In July to March, NBR collected Tk

3,381 crore in income tax, which is Tk 487 crore less than its target of Tk 3,868 crore.

Despite the deficit, the finance minister at the meeting expressed satisfaction at the rate of growth in revenue collection, meeting sources said.

Compared to the previous fiscal year, the overall revenue collection in the first three quarters of the current year increased by 13 percent to Tk 20,470 crore.

NBR achieved a 24 percent growth in income tax generation in that period compared to only 3 percent rise in the corresponding period of the previous fiscal year.

Talking to reporters following the meeting, Saifur called the achievement of income tax department tremendous, noting it was possible due to adoption of some new techniques.

He said, "This year the income tax department cross-checked the information provided by taxpayers in their tax returns and that's why the collection has increased."

Saifur particularly appreciated the

NBR intelligence unit for its strategy of identifying new taxpayers through following mobile telephone numbers, websites and different directories and advised them to continue in this line.

He however was disappointed at the performance of revenue officials in collecting lifestyle statements along with the income tax returns. NBR so far has received some 600,000 income tax returns this fiscal year, of which around 3,000 returns were without lifestyle statements.

The minister asked the officials to make desperate efforts to increase revenue from income tax as well as the number of taxpayers. He said the number of taxpayers that rose to some 17 lakh this fiscal year from 11.6 lakh in the previous fiscal is still insignificant compared to what it should have been.

On the NBR move to call for bank statements of taxpayers, Saifur said the board would call for the statements only in cases of suspected crimes. Bankers at a meeting with Bangladesh Bank early this month protested the NBR move to call for bank statements of their clients.

## Local co to export potato flakes

UNB, Dhaka

Patwary Potato Flakes Limited (PPFL), an export-oriented agro-processing enterprise, is set to export potato flakes after meeting the country's existing demand.

The country has an annual demand for between 2,500 and 3,000 metric tons of potato flakes, according to PPFL officials.

Some 10 to 12 local firms, which manufacture potato chips, now use the imported flakes as primary raw materials for their products, they said adding that Patwary Potato Flakes Ltd will annually produce 7,500 tons of potato flakes to meet the local demand as well as export abroad.

"We have already made a number

of deals with some firms in Indonesia, Malaysia, Singapore and in the Middle East to export our potato flakes," General Manager (Marketing) of PPFL Sharif Khan told UNB.

He said his firm had received the Letter of Credit (L/C) against an export order worth US\$ 1 million from Indonesia.

Khan said his company has also been negotiating with the local chips manufacturers for using the PPFL potato flakes instead of the imported ones.

PPFL Chairman Abdul A Patwary said his company puts emphasis on maintaining international standard and quality while manufacturing the flakes. The PPFL has obtained vari-

ous international standard and quality certificates like HACCP ISO 9001:2000 and Halal Certificate, he added.

"We have set up two industrial units with technical collaboration of the Netherlands and Switzerland... We are producing potato flakes under the close supervision of European experts and specialists," Patwary said.

He claimed that his firm produces the flakes from dried potato grown in bio environments offering direct assistance to the growers' level.

The PPFL chairman said his company has a plan to introduce two more products -- banana and pineapple flakes.

## Commission to start Rupali Bank privatisation process soon

### Bids for 3 SoEs finalised

STAR BUSINESS REPORT

The Privatisation Commission will convene a special meeting within a month to start the privatisation process of the Rupali Bank.

"The financial advisory committee and working committee reports on the bank will be submitted within a few days and the bidding process will start after that," Inam Ahmed Chowdhury, Privatisation Commission (PC) chairman told reporters after a commission meeting yesterday.

The 29th PC meeting was held at

its conference room with Inam Ahmed Chowdhury in the chair.

The meeting decided to accelerate the sale of majority shares of Rupali Bank Ltd to the highest bidder -- a single organisation or a person -- in order to run the bank smoothly as per the company law.

A total of 74 per cent shares of Rupali Bank will be offloaded to the private stakeholders and the government wants to keep the remaining 26 per cent shares in its hand, the meeting was told.

As part of the ongoing denationalisation programme, the

commission also finalised the bids to sell out three state-owned enterprises (SoEs) at over Tk 86 crore at yesterday's meeting.

The three SoEs are Rangpur Sugar Mills Ltd in Mohimaganj, Sylhet Pulp and Paper Mills Ltd and Bangladesh Cold Storage Ltd in Khulna.

The meeting decided to sell Rangpur Sugar Mills to the highest bidder Ananda Eldorado Ltd at Tk 42.4 crore, Sylhet Pulp and Paper Mills to Niloy Motors Ltd. at Tk 42.2 crore and Bangladesh Cold Storage to Tusika Aqua-culture Ltd at Tk 1.6 crore.

It also decided to keep the

Dadnagar Tea State out of the privatisation process.

Finance Secretary Zakir Ahmed Khan, Commerce Secretary Siddiqur Rahman, Industries Secretary Md Nurul Amin, Chairman of the Securities and Exchange Commission Mirza Azizul Islam, President of the Federation of Bangladesh Chambers of Commerce and Industry Abdul Awal Mintoo, Md. Hafiz Ibrahim MP, Abu Yusuf Mohammad Khalidur Rahman MP, Mohammad Fazul Azim, among others, attended the meeting.

## ICC-B for latest int'l trade tools in foreign transactions

International Chamber of Commerce (ICC) -- Bangladesh yesterday urged the Bangladesh Bank to take necessary steps in introducing latest international trade tools in foreign trade transactions.

"We have to update our rules on international trade in keeping with the changing pattern of the world trade to be at par with the modern technology," said Latifur Rahman, ICC-B vice-president, speaking as chief guest at the concluding session of a two-day workshop on 'Moving into the New UCP' at Dhaka Sheraton Hotel.

Appreciating the role of the central bank for last few years in implementing banking sector reforms, Rahman observed that being the regulatory body of the country's financial institutions, BB has to continue to play its assigned role in further streamlining the operation and management of the banking sector, a press statement issued by ICC-B said.

"In view of the ever-increasing export and import transactions, it is absolutely essential, especially for the commercial banks, to ensure that all documentary credits are drawn strictly as per UCP rules so that businesses do not face problems subsequently leading to financial losses," he told the participants.

Mamun Rashid, chairman of ICC-B Standing Committee on Banking, and Gary Collyer, technical advisor to the ICC Banking Commission in Paris, also spoke at the concluding session.

## AKNET to launch Internet services soon

AKNET, a joint initiative between Ceylincio Internet Services Ltd (CISL) and AK Khan Group, is going to introduce Internet based application services soon for both individual customers and local corporates.

Being equipped with secure online storage, managed network services (MNS), IT resource management (ITRM) and disaster recovery, AKNET aims to provide the most expensive and latest technology at a minimal cost.

CISL is a subsidiary of Ceylincio Group of Sri Lanka, which provides Internet services to 200 companies worldwide at present and has links with IT giants like NCS of Singapore, VMC and Didasko of Australia, says a press release.



PHOTO: ICC-B

Latifur Rahman (C), vice-president of International Chamber of Commerce-Bangladesh (ICC-B), speaks at the concluding session of a two-day ICC workshop on 'Moving into the New UCP' in Dhaka yesterday. Gary Collyer (Right), technical advisor on ICC Headquarters, Paris, and Mamun Rashid (Left), chairman of ICC-B Standing Committee on Banking Technique and Practice and CEO of Citibank NA, are also seen in the picture.

## Protesters call for debt relief for developing countries

REUTERS, Washington

Bathed in bright sunshine, protests outside World Bank and IMF headquarters Saturday were colourful and at times noisy, but did little else to disrupt the institutions' spring meetings.

About 300 people demonstrated in a park across from the World Bank, demanding immediate forgiveness of multilateral debt for developing countries.

The demonstrators marched to Dupont Circle, past expensive condominiums, Starbucks coffee shops and Mercedes sport/utility vehicles, where crowds swelled to around 500 -- still far less than the thousands that organisers had predicted.

Protesters, many of them students, held signs with slogans ranging from raw obscenities aimed at the IMF and World Bank to criticisms of President George W Bush's choice of deputy US defence secretary Paul Wolfowitz as new World Bank president.

Many activists have misgivings about his role in shaping the invasion of Iraq. "We're not crying wolf, we're decrying Wolfowitz," read one placard.

"I'm here because the World Bank and the IMF make third-world countries safer for investors, but worse for the people in those countries who have to pay the taxes and repay the debts," said Rachel Wood, 20, a student at American University in Washington.

Protesters paraded giant paper

mache puppets in African dress while a folk singer crooned about the United States "liberating Iraq's soil."

Two men and a woman wearing dark suits and vampire fangs portrayed themselves as "World Bank Public Relations Officers" while a ramshackle brass band performed,

led by a green-haired flag-twirling majorette.

At one point, about 30 protesters wearing bandannas over their faces marched towards the IMF headquarters but were halted by police at the barricades. There were no clashes.

## Pubali Bank declares 100pc bonus share

Pubali Bank Ltd has declared one bonus share against each ordinary share as dividend for its shareholders for the year 2004.

The dividend was declared at the 22nd annual general meeting of the bank held yesterday in Dhaka, says a press release.

EA Chaudhury, chairman of Board of Directors of the bank, presided over the AGM, which was also attended by Managing Director Khondkar Ibrahim Khaled and other directors.

## Ban on oil tanker may boost local ship breaking sector

BDNEWS, Dhaka

A United Nations ban, with effect from April 5, on oil tankers that use a single layer of steel to separate their cargo from the sea is likely to hit the local ship breaking industry easing the price of mild steel (MS) rod.

According to the UN rule, all single-hulled ships will have to stop sailing by 2010.

The UN's International Convention for the prevention of pollution from ships was amended to accelerate the phase-out after a ship sank off the coast of Spain in November 2002 while carrying 77,00

tonnes of fuel oil. Ship owners must scrap 169 tankers with a combined capacity of about 6.9 million tonnes, this year or 2.1 percent of this year's global capacity.

By 2010, as many as 1402 ships carrying 104.6 million tonnes, or a quarter of global tanker capacity, would have to be scrapped, according to a report issued by the London-based ship broker EA Gibson on Friday.

Most of the ships abolished under the UN rules will be dismantled on beaches of Bangladesh and India, the world's two largest mar-

kets for ship scraps. Industry sources said local ship breaking industry is expecting some 25 crore tonnes of ship scraps in the country within 2010 because of the UN rule.

Ship scraps are the main source of MS rod in the country. In 2003-04 fiscal, 100 ships weighing 120,000 tonnes were imported against 95 ships weighing 1,172,339.53 tonnes in FY2002-03.

Ship breakers are not happy with the UN rule whereas the steel millers and re-rolling millers are excited with the rule because of the rising steel costs. They are expecting a relief with the steel cost.

Zahirul Islam, managing director of Al-Mukiddem Steel Mills Ltd, welcomed the UN rule terming it a 'blessing'.

He alleged that the ship-breaking industry seized the power of fixing price of steel and rod.

"We used to buy per tonne of steel that comes from round and flat bars of the ships for Tk 28,000 last week but on Wednesday ship breakers has increased the price to Tk 31,000," said Sheikh Masadul, secretary general of Bangladesh Steel Mills Association and Re-rolling Mills Association.

Ship breakers rejected the UN decision. "If we reject the UN rule what will they do? We will stop ship breaking," said Mohammad Mohsin, who is the managing director of PFP Ship Breaking and Recycling Industries Limited.

He said it will create an overflow in the country's ship breaking yards.

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