



## Shell ME & central Asia CEO arrives today

Quentin D'Silva, chief executive officer of Shell Middle East and central Asia, arrives in Dhaka today. During his tour, D'Silva will attend the launching ceremony of Shell Lubricants at Hotel Sheraton sponsored by Ranks Petroleum Ltd and Shell Middle East, says a press release.

He will also meet Rangs officials and inaugurate a dedicated shop for Shell Lubricants.

D'Silva has been associated with Shell for the last eight years.

## IDLC okays 35pc cash dividend

IDLC (Industrial Development Leasing Company) of Bangladesh Limited has declared a 35 percent cash dividend for its shareholders for the year 2004.

The dividend was okayed at the 20th annual general meeting (AGM) of the company in Dhaka on Tuesday.

Anwarul Huq, chairman of the company, presided over the meeting, which was also attended by Md Sirajul Islam, Khan Tariqul Islam, Ahmed Rajeeb Samdani, and Yongbok Jo, directors nominated by both local and foreign sponsor institutions. Anis A. Khan, CEO and managing director of the company, replied to the shareholders' queries.

IDLC, a multi-product financial institution, continued maintaining its growth in 2004 in terms of business volumes and profitability amid intense competition from existing and new entrants, including banks, into the leasing industry.

The year 2004 saw an impressive 15 percent growth in disbursements over the previous year. IDLC's equity grew by a healthy 13 percent over the previous year. Total assets of the company stood at Tk 6.8 billion at the end of 2004, which is 15 percent higher than that of the previous year, says a press release.

During the year, the profit before tax and after tax stood at Tk 246 million and Tk 134 million, showing a growth of 15 percent and 19 percent respectively.

# FBCCI proposes special fund, review body for robust RMG

## STAR BUSINESS REPORT

The FBCCI yesterday proposed to set up a special fund for developing backward linkage industries for the RMG sector and form a review committee to address present problems in the PSI system.

"A special fund for developing backward linkage industries for the readymade garment sector should be established to survive in the quota-free era," said Abdul Awal Mintoo, president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), putting forward the proposals of business community at a meeting.

Finance and Planning Minister M Saifur Rahman spoke as chief guest at the 26th consultative committee meeting of the National Board of

Revenue jointly organised by the FBCCI and the NBR in Dhaka. NBR Chairman Khairuzzaman Chowdhury and leaders of different chambers and associations also participated in the discussion.

Termining the present pre-shipment inspection (PSI) system faulty, The FBCCI president expressed the need to make it more effective.

He proposed to form a review committee to be headed by a tax commissioner, a secretary general from the members of duty evaluation committee of the NBR. Representatives from the FBCCI and PSI agencies constitute the other members of the proposed committee.

He said major competitors in the international RMG market have strong backward linkage industries and are able to feed their forward linkage industries within four to five days.

"Our backward linkage industries should be given a 25 percent cash incentive. And we need to reduce lead time to survive in the global market," Mintoo added.

Project scrutiny and approval process should also be improved, he said, adding that low quality projects under the annual development programme (ADP) should be closed down after mid-term review.

As the government pays the income tax for the public sector employees, they should have a separate tax identification number or code number, the FBCCI president said explaining that a section of dishonest government officials pocket a huge amount of money every year but such incomes are never brought under tax.

Regarding revenue increase, Mintoo said the government is losing revenue from mobile phone sets due to high duty on them. A huge number of handsets are brought in baggage evading revenue. Mintoo proposed a duty cut on this item and help increase revenue.

The country's apex trade body made 208 proposals for import duty, 32 proposals for value-added tax (VAT) and 90 proposals for income tax.

Saifur said it is not possible to consider all the proposals. He, however, added proposals having genuine reasons will be considered.

"We have to increase revenue income to implement the poverty reduction strategy paper (PRSP), generate employment and invest in building the infrastructure," he said appraising the proposals.



PHOTO: STAR  
Finance and Planning Minister M Saifur Rahman (2-L), state ministers Anwarul Kabir Talukder (2-R), Shah M Abul Hussain (R) and FBCCI President Abdul Awal Mintoo (L) pose for photographs at the '26th Consultative Committee Meeting' of the NBR in Dhaka yesterday.

# Leasing cos seek more time to go public

## STAR BUSINESS REPORT

Bangladesh Leasing and Finance Companies Association (BLFCA) has urged the central bank governor to extend the deadline for leasing companies to go public until June 2006 instead of June 2005.

The central bank has recently issued an order directing leasing and finance companies to raise paid up capital to Tk 250 million, and half of which (Tk 125 million) is to be raised through initial public offering (IPO) by June 2005.

Seeking extension of the time frame, A Quadir Choudhury, chairman of BLFCA, on Tuesday said it is

impossible for the companies to go public by the deadline.

Choudhury was speaking at a reception accorded to new Bangladesh Bank Governor Salehuddin Ahmed in Dhaka.

BLFCA chairman said such initiative may even stall the overall growth of the sector.

The BB governor praised the significant role of the non-banking financial institutions (NBFIs) in contributing to overall financial development.

The governor, however, assured the BLFCA leaders of looking into the matter.

Over the past few years, BLFCA

chairman said, NBFIs have emerged as an alternative source of finance and a well-sought-after arm for credit for the small and medium enterprises (SMEs).

He said the country's financial institutions have financed and disbursed loan amounting to Tk 20,440 million during January-December 2004 registering a growth of around 30 percent.

Choudhury said the industry penetrates of about 5 percent of the total credit in the country.

He said most of the NBFIs have diversified their products and services to new areas.

## Uttara Finance okays 15pc cash, 10pc stock dividends

Uttara Finance and Investments Limited has declared a 15 percent cash dividend and a 10 percent stock dividend for its shareholders for the year 2004.

The dividends were approved at the 10th annual general meeting (AGM) of the company in Dhaka yesterday. The first extra-ordinary general meeting (EGM) of the company was also held on the same day.

Rashid ul-Hasan, chairman of the company, presided over the AGM attended, which was attended, among others, by Matu Rahman, vice chairman of the company and former president of Dhaka Chamber of Commerce and Industry (DCCI), and SM Shamsul Arifin, managing director of the company.

In 2004, the company earned a net profit of Tk 158.41 million against Tk 100.22 million in 2003, showing a net profit growth of Tk 58.06 percent, says a press release.

## Mercantile Bank declares 25pc stock dividend

Mercantile Bank Limited has declared a 25 percent stock dividend for its shareholders for the year 2004.

The declaration came at the sixth annual general meeting (AGM) of the bank held recently in Dhaka.

Abdul Jalil MP, chairman of the bank, presided over the AGM, which was attended, among others, by shareholders, directors and sponsors of the bank, says a press release.



PHOTO: IDLC  
Anwarul Huq, chairman of IDLC of Bangladesh, presides over the 20th annual general meeting (AGM) of the company in Dhaka on Tuesday. Anis A Khan, CEO and managing director, Yongbok Jo, director and company secretary, and Khan Tariqul Islam, Md Sirajul Islam and Ahmed Rajeeb Samdani, company directors, are also seen in the picture. The AGM approved a 35 percent cash dividend for the year 2004.

# Indian civil aviation sees fresh fare war

PALLAB BHATTACHARYA, New Delhi

There is fresh excitement in the fare war in Indian civil aviation segment.

Spicejet, the third and latest entrant in low-cost airline business, will take the air on May 23 offering a promotional one-way domestic fare of as low as Rs 99 for the first 99 days of its operations connecting Delhi, Mumbai, Goa, Bangalore, Ahmedabad and Pune.

Spicejet Chief Executive Officer Mark Winders told reporters here on Tuesday that the airline would offer nine thousand tickets for Rs 99 during the offer period with a minimum of five and maximum of 20 seats on each flight.

However, passengers buying Rs 99 tickets will have to pay Rs 221 as tax besides the fare taking the total amount to Rs 320. The passengers can book these tickets through internet or call centers but if they want to book through a travel agent, they will have to pay Rs 50 extra.

The airline will offer five to 10 seats on Rs 99 fare on each of its daily 24 flights during the offer period of its service.

The Rs 99 fare announced by Spicejet came against the backdrop of Rs one fare unveiled by India's first budget airline Air Deccan for four seats in each of its 110 daily flights from this month-end.

One-way fares between Delhi and Mumbai will range between Rs 1,699 and Rs 4,899, Winders said adding that Spicejet fares in all sectors have been pegged at 60 percent of full economy fares in full service carriers like state-owned Indian Airlines and private Jet Airways and Air Sahara.

The Spicejet CEO said the airline will charge fares slightly above the

fares of air-conditioned three-tier trains as a "whole new market is coming up in low-cost air travel."

The Spicejet will launch its operations with just two planes and gradually expand its service adding another aircraft in June. "By January next year, we plan to add ten new Boeing 737-800 aircraft and target to have a fleet of 20-30 planes in the next two to three years," Winders said.

The airline, which has a start-up investment of 25 million dollars, aims at breaking even in the first half of its launch of operations. The investments will go up as fleet expansion plans take-off, the CEO said.

HSBC, Rupayan sign MoU on home loan

Customers wishing to purchase homes or apartments from Rupayan Housing Estate Ltd, an enterprise of Rupayan Group, will get home loans from HSBC with a reduced processing fee of one percent of the loan amounts.

A memorandum of understanding (MoU) to this effect was signed between the two companies on Monday in Dhaka, says a press release.

Under the MoU, customers of Hongkong and Shanghai Banking Corporation Ltd will also enjoy discount to purchase apartments from Rupayan.

Mamoon Mahmood Shah, manager (Personal Financial Services) of HSBC, and Hamidur Rahman, managing director of Rupayan Group, signed the MoU on behalf of their organisations.

# SingTel confirms talks to buy 60pc stake of CityCell

## BSS, Dhaka

Singapore Telecommunications (SingTel) Ltd yesterday confirmed that it is negotiating to buy a 60 percent stake in Pacific Bangladesh Telecom Ltd (PBT), the owning company of CityCell brand mobile phone, a Dow Jones report from Singapore said.

SingTel, which already has a strong presence in Australia, the Philippines, Indonesia, India and Thailand, said negotiations are going on.

SingTel's planned acquisition of the stake in Bangladesh's No 3 mobile phone operator is estimated to be worth around \$100

million, media reports say.

According to an OCBC Securities research note, the short-term impact of the acquisition is likely to be minimal as the subscriber base of PBT is small at only 320,000.

"However, SingTel has a good track record of acquiring up and coming regional mobile-phone operators and helping their turnaround," it said.

"In the event that SingTel does acquire PBT, this could form one of the growth catalysts that the group is looking for," the note added.

It is also looking to grow overseas by bidding for a 26 percent stake in Pakistan

Telecommunications Corp, estimated to be worth around \$1.5 billion.

SingTel has spent around \$20 billion in recent years to buy stakes in mobile phone companies in India, Indonesia, the Philippines and Thailand.

SingTel has a 21.46 percent stake in Thailand's Advanced Info Service, 28.46 percent shareholding in India's Bharti Tele Ventures Ltd, a 44.63 percent stake in the Philippines' Globe Telecom Inc and a 35 percent stake in Indonesia's PT Telekomunikasi Selular.

# Asia mulls investment bank to fill huge infrastructure gap

## AFP, Bangkok

Infrastructure in Asia lags behind the growth of the region's economies and needs to be improved, possibly by creating an Asian Investment Bank similar to Europe's, the United Nations said Wednesday.

"Asia is lagging behind not only infrastructure but also financial services," UN Economic and Social Commission for Asia and the Pacific executive secretary Kim Hak-Su told reporters at the conclusion of its 61st annual session.

"This Asian Investment Bank idea of the secretariat will benchmark the European Investment Bank in Brussels," Kim said.

A recent study by the World Bank, Asian Development Bank (ADB) and Japan Bank for International Cooperation estimated the Asia-Pacific region required an annual 200 billion dollars for infrastructure investment, but that just 50 billion dollars annually was available, Kim said.

The ADB lends 6.0 billion dollars annually, and while newly released Asian bonds can play a role, experts told the commission it would take 10 years to develop a bond market and reliable credit agencies, Kim said.

Some countries however feared a new bank would duplicate the roles of national investment banks and the ADB.

"It needs study, it is only an idea, so we welcome any financial intermediaries," Kim said, adding the commission would likely perform a feasibility study by late 2006 on creating an investment bank.

Kazakhstan Foreign Minister Kassymzhomart Tokayev, the commission's chairman, said the new initiative was worth supporting.

"Otherwise we'll be lagging behind in terms of creating very attractive infrastructure projects in the Asian and Pacific region," he said.

The United States opposed the plan, saying it did not believe it was

possible to justify a new institution solely on the basis of the UNESCAP's estimated 150 billion dollar financing gap, said Richard Behrend, the State Department's director of economic and development affairs.

The week-long session also addressed the recovery and redevelopment of countries hit by the December tsunami, noting that of the 6.7 billion dollars pledged, just 2.5 billion has been recorded as committed or paid.

The commission heard affected countries realised the importance of good governance to ensure money reached those in need and the effectiveness of relief co-ordination.

Delegates also agreed they valued the role of the private sector in the rehabilitation and reconstruction effort, and asked the UNESCAP secretariat to develop new roles for the sector in future disaster relief and rehabilitation.

# India's power crisis presses case for faster reforms

## REUTERS, Bombay

Thousands of neon lights and bill boards in India's gleaming metropolis of Bombay go off for four hours every night due to a crippling power shortage in the country's most industrialised state.

While turning off the lights is a token to alleviate a crisis for millions of Maharashtrians outside Bombay, it bodes ill for India's efforts to match rival China in luring foreign investors and pitching the city against Shanghai as a financial centre.

Analysts say the power woes plaguing the western Indian state of Maharashtra are symptomatic of the snail's pace of reforms in the country since they began in 1991.

Maharashtra faces a shortage of nearly 4,000 megawatts (MW) leading to power cuts of up to 10 hours a day in some areas.

Industry officials say other states are facing similar shortages, putting growth in manufacturing, which contributes 25 percent to gross domestic product, at risk.

"Both China and India currently suffer power deficits of around 10-15 percent. It is relatively new to China and it has made every effort to alleviate this by its massive programme of installing 60,000-80,000 MW per annum over the next few years," JP Morgan said in a

report.

"In contrast the development of new power generation projects needs more incentive or security from the government at both federal and state levels for India.

Analysts estimate India's airports and railways need \$55 billion in investment over the next decade, telecoms \$25 billion and power about \$75 billion over the next five years.

The \$600-billion economy's capital requirements are huge but a stubbornly high fiscal deficit of about 10 percent of GDP leaves the government with few resources and forces it to look to private and foreign companies for investments.

The latest crisis is especially galling for Maharashtrians as the 2,184 MW Dabhol power project, India's biggest foreign direct investment, has lain idle for four years.

The plant, which cost \$2.9 billion, has been shut since May 2001 after a billing dispute with its sole customer, the state-run electricity board of Maharashtra -- a dispute which has scared away potential investors such as AES Corp, Cogentrix Energy Inc and UK utility PowerGen.

# Bank holiday May 22

## UNB, Dhaka

Bangladesh Bank and all the scheduled banks will remain closed Sunday (May 22) on the occasion of Buddha Purnima, said a press release yesterday.

## KL, Tokyo fail to break FTA deadlock over autos, steel

AFP, Kuala Lumpur

Malaysian and Japanese officials have yet to resolve differences over the auto and steel sectors which are seen as major obstacles to progress towards a free trade agreement, an official said Wednesday.

"Nothing has been concluded," an official familiar with talks being held behind closed doors in the new administrative capital of Putrajaya told AFP. The talks began Tuesday and were due to end later Wednesday.

A new round of talks may resume in Japan next month, he said, adding that the two countries would have to come up with a new set of proposals.