

**PHILIPS**  
sense and simplicity

LCD HD TV  
52PFL7432

TRANSKOM ELECTRONICS

855366-8  
0172-665463

## Stocks

DGEN ▲ 0.44% 2,981.99

CSCX ▼ 0.39% 5,827.94

(Thursday closing)

## Asian Markets

MUMBAI ▼ 3.28%  
13,469.85

TOKYO ▼ 0.21%  
13,039.69

SINGAPORE ▲ 0.87%  
2,926.84

SHANGHAI ▼ 0.65%  
2,856.63

(Friday closing)

## Commodities

**Gold** ▲  
\$962.75  
(per ounce)

**Oil** ▲  
\$147.27  
(per barrel)

SOURCE: AFP  
(As of Friday)

## More News

### Smooth water supply to ensure food security

Food security cannot be achieved until smooth supply of water is ensured, said the speakers at a seminar in Dhaka yesterday. 80 percent of sweet water of the South Asian region is used in agriculture, so it is not possible to ensure food security of the region without ensuring water security, said Khandker Azhurul Haque, former managing director of Dhaka Wasa.

### Govt to award ConocoPhillips eight offshore gas blocks

The Bangladesh government is expected to award US company ConocoPhillips eight offshore blocks to explore for oil and gas in the hydrocarbon rich Bay of Bengal, an official said Saturday. State-run oil and gas giant Petrobangla made the selection after evaluating bids from seven companies including Chinese giant CNOOC, Australia's Santos and the Korean National Oil Corporation.

### B-3 DSE weekly: Bearish trend continues

Bearish trend continued on the Dhaka Stock Exchange (DSE) last week, despite the total turnover rose by 18.43 percent over the previous week.

B-2

## International

### Russian oil sector at 'critical juncture': Putin

Russian Prime Minister Vladimir Putin on Friday expressed concern over the country's declining oil production and said the sector was at a "critical juncture." Putin also said, however, that Russia would not engage in "economic egoism" and would continue to fulfill export contracts.

### India's industrial production slows sharply

India's industrial production slowed sharply in May to its slowest pace in six years, hit by rising inflation, high input costs and monetary tightening, official figures showed Friday.

B-4

## Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at [business@thedailystar.net](mailto:business@thedailystar.net)

# GMG in trouble to operate int'l flights

## Plane shortage forces carrier to suspend flights to four out of six destinations

SOHEL PARVEZ

The country's oldest private carrier GMG Airlines, which earlier this year eyed an ambitious Tk 1350 crore turnover, is in deep trouble to operate international operations as it has already suspended flights to four out of six destinations due mainly to plane shortage.

Now flights to Kolkata and Kuala Lumpur remain operational. But according to sources, the carrier yesterday asked its sales agent in Kuala Lumpur to suspend its flights on Dhaka-Kuala Lumpur route from July 17 until further notice.

But the chairman of the airline said it will continue flights on Kuala Lumpur route from July 20 as it is expected that one out of its two MD-82 (McDonnellDouglas) aircraft would return to regular flight on or after July 20 following maintenance from Jakarta, Indonesia.

"We will continue operating on the Kuala Lumpur route with the Boeing 747-300 until July 17 and hope to resume flights on the route by July 20," Abdus Sattar, chairman of about Tk 300 crore GMG Airlines, told over the phone.

The airline recently suspended its flights to Kathmandu and Delhi. Earlier, it suspended flights to the



A GMG aircraft waits at the Zia International Airport. GMG is in trouble to operate international flights due mainly to plane shortage.

lucrative Dubai and Bangkok. The GMG Airlines, which started operations in 1998, now has six aircraft in its fleet - two MD-82s, three Dash-8s and one Boeing 747-300.

Out of these, only one Dash-8 and leased Boeing 747-300 remain operational while the rest of the aircraft are grounded either due to routine maintenance or engine replacement.

The GMG chairman said it now wants to return the Boeing 747-300 to the lessor. The aircraft was leased from the Air Adanta early this year, mainly to operate flights on the Dhaka-Dubai route.

But flying with the jumbo

has become a burden for the carrier amid steady rise in the fuel costs and price war. The airline began flights on the Dhaka-Dubai route early February but suspended it by the end of May this year.

"We are unable to afford the rising costs of fuel. We had no way but to suspend Dubai flights to stop losses," said Sattar adding, "When we took lease of the aircraft the price of fuel each litre was \$0.56 cent. Now it is \$1.25."

Faced with working capital requirements, the carrier had earlier sought funds up to Tk 50 crore from a financial institution. Sattar claimed that the

fund has already been sanctioned and hoped the company would get the money within this week.

The rising prices of fuel have already pushed the global air traffic down and created concerns in the aviation industry.

"We may resume flights on the Dubai route after the market becomes stable," he said and hoped the flights to other destinations such as Delhi and Kathmandu could resume after the return of two aircraft - one MD-82 and one Dash 8 returns - to the regular fleet by the second week of August.

sohel@thedailystar.net

## Water transport workers' strike costs importers Tk 5.50cr

OUR CORRESPONDENT, Ctg

Importers had to bear around Tk 5.50 crore demurrage in the last two days in Chittagong following a strike enforced by the workers of lighter vessels since Thursday night demanding their pay hike, the importers claimed.

The strike suspended unloading of imported goods from 16 cargo vessels at the outer anchorage of Chittagong Port.

Although the countrywide launch strike was withdrawn Friday night, workers of the lighter vessels in Chittagong port did not join work until 7:30 pm yesterday.

Loading and unloading of goods from vessels and transportation of goods remained completely stranded due to the strike. Some 16 cargo vessels carrying over two lakh tonnes of imported goods including rice, wheat, yellow peas, raw sugar and raw materials like clinker, TSP and gypsum remained idle in the deep sea.

One of these cargo vessels MV Sea Power arrived on July 8 at the outer anchorage with 4,000 tonnes of rice imported by the government, sources said. Of which, 3,200 tonnes were discharged.

M/S Masud and Brothers imported 54,331 tonnes of wheat and yellow peas (pulses) through MV Noble Hawk that arrived on June 22. Some 83 percent of the imported goods have been unloaded.

"We have to bear Tk 34.5 lakh (\$25,000 per day) loss for the strike," Abul Bashar Chowdhury, managing director of Masud & Brothers, said.

## Private operators of govt jute mills make profit pledge

STAR BUSINESS REPORT

Private operators of government jute mills yesterday said they will make the lose-making ventures into profitable factories with quality goods.

"If we ensure full productivity with guaranteed quality the mills will generate profits from the very beginning," said Kazi Zahedul Hasan, managing director of Kazi Farms Limited that has taken over the management of Peoples Jute Mills.

"We can double the production to 150 tonnes per day from the previous 70 tonnes by introducing three shifts a day instead two shifts to make the mill more productive," added Hasan, describing his business plan at a press briefing at the jute and textile ministry conference room in the Secretariat.

Textiles and Jute Adviser Md Anwarul Iqbal, Textiles and Jute Secretary Abdur Rashid Sarker, and Chairman of Bangladesh Jute Mills Corporation (BJMC) Md Atharul Islam also attended the briefing.

Speaking at the briefing, the adviser said BJMC for the first time in its history now can pay bank loans from its own fund.

The present caretaker government closed eight state-owned jute mills on July 31, 2007 to minimise soaring operation losses. Five out of the eight jute mills were later handed over to private operators under lease agreement.

Kazi Farms got lease of Peoples Jute Mills, Nature Back got lease of RR Jute Mills and MM Jute Mills, while Saad Musa Fabrics got lease of Khamaphuli Jute Mills and FK Carpet Factory.

The government's bid to reopen other mills including Aleem Jute Mills under private management has run into troubles due to legal complications.

Chief Adviser Fakhruddin Ahmed is expected to hand over the operation of the Peoples Jute Mills to Kazi Farms Limited on July 15 in Khulna.

The government expects the operations of Peoples Jute Mills, Karnaphuli Jute Mills and FK Carpet Factory will resume this month under lease agreement.

According to the deal, the government will get a lease fee, apart from a share of profits if the private operators make the mills viable. The operators will bear all liabilities during the lease period. However, the government will have to shoulder the previous liabilities and loans.

Presently, there are 20 jute mills under the state-run BJMC.

The Council of Advisers' Committee on Economic Affairs approved the initiative last October to handover the loss making mills to private operators.

# BB's housing scheme now getting responses

SAJJADUR RAHMAN

Finally, the Bangladesh Bank's housing loan refinance programme has started getting responses after the central bank softened some conditions of the scheme in May this year.

"We have provided about Tk 12 crore refinancing loans for lenders only in June this year, while the total amount of refinancing loan was Tk 32 crore in the previous 11 months of the just concluded fiscal year," a senior official of BB said.

"The changes in the housing scheme have made the difference. We are getting good responses from borrowers now," said an official of the National Housing Finance

and Investment Ltd.

In May 15, the BB slashed the interest rate to 9 percent from 10 percent and raised the monthly income ceiling of borrowers at Tk 50,000 from Tk 30,000.

The BB in fiscal 2007-08 launched the Tk 300 crore refinancing scheme for housing loan. Borrowers are entitled to maximum Tk 20 lakh for a period of 20 years. But only Tk 7.79 crore was refinanced by the BB between July 2007 and April 15 2008 out of Tk 100 crore earmarked for the fiscal 2007-08.

But on June 30 2008, the BB's refinancing figure stood at Tk 46.34 crore.

Of the Tk 46.34 crore, Delta Brac Housing Finance

Corporation Ltd, known as

DBH, alone disbursed Tk 31.10 crore or 67.11 percent, according to BB statistics. The other major lenders are Industrial Development Leasing Company (IDLC) (Tk 4.55 crore), Peoples Leasing and Financial Services Ltd (Tk 3.87 crore) and Mercantile Bank Tk (1.11 crore).

According to the revised policy, any person with a monthly income of less than Tk 50,000 will only be eligible to loan highest Tk 20 lakh from 15 commercial banks and non-bank financial institutions either for buying or constructing an apartment of maximum 1,250 square feet in six divisional cities along with Tongi, Gazipur, Narayanganj and

Savar areas.

The scheme has barred government employees and others who are entitled to housing loans from their respective organisations from receiving the special housing loans.

People working with private companies, which have housing loan scheme for their employees, will also not get the loan. Moreover, the loan is only for those who or their relations (wife/husband and children) do not own any house or apartment in the designated areas.

If a person has already taken housing loans from a bank or financial institution will also not be considered under the scheme.



A file photo shows blocks of high rise apartments. Central Bank's housing loan scheme is becoming popular after recent changes in its terms and conditions.



A protestor wearing a mask of Philippine President Gloria Arroyo (L) stages an act using a fake gasoline nozzle to symbolise the citizens being taken hostage by the oil soaring prices during a protest against inflation in Manila yesterday.

## US Senate passes mammoth housing rescue bill

AFP, Washington

The US Senate on Friday passed a mammoth housing rescue bill aimed at helping thousands of Americans to keep their homes, amid a deepening mortgage foreclosure crisis.

The vote came as the government-backed mortgage giants Fannie Mae and Freddie Mac teetered on the brink of crisis, and went through after weeks of wrangling between Democrats and Republicans in Congress.

The measure, which passed 63-5 in a sparsely attended end-of-week session in the 100-member chamber, will now be sent back to the House of Representatives, which has passed its own version of the legislation.

# Star Business

JOIN THE DEBATE

Do you have views on what you read in Star Business? What do you think of the state of the economy? Should we be using more hybrid rice? Why do RMG workers riot? What are the new growth sectors? How do we encourage more foreign investment? Can we re-brand Bangladesh? Free trade or protectionism? Potatoes or rice?

So many issues, so little space. On every Wednesday Star Business runs a weekly letters column to make the space to hear your voice.

The new Star Business. Join the debate.

Write to: Biz Letters  
Star Business  
The Daily Star, 19 Karwan Bazar, Dhaka - 1215  
Email: [bizletters@thedailystar.net](mailto:bizletters@thedailystar.net)

