

Stocks

DGEN 1.02%
2,936.57

CSCX 1.07%
5,899.16

(Week-on-week basis)

Asian Markets

MUMBAI 7.07%
10,527.85

TOKYO 9.62%
8,276.43

SINGAPORE 7.34%
1,948.33

SHANGHAI 3.57%
2,000.57

(Friday closings)

Commodities

Gold \$900.50
(per ounce)

Oil \$77.29
(per barrel)

(As of Friday)

More News

Takeover: Lessons to learn



Western powers come down heavily on developing and least developed countries (LDCs) when they delay freeing state-owned banks from government control. Developed countries through the World Bank, Asian Development Bank or International Monetary Fund put pressure on them to speed up privatisation. The rich nations do not want to consider that these banks in the LDCs or developed states play a pivotal role in reaching credit to the poor and powerless.

B-4

International

Crisis sends Germans back to state savings banks

Germans are moving their nest eggs to the safety of state-owned banks, figures suggested Friday, despite Chancellor Angela Merkel's pledge this week to guarantee all savings and current accounts. In the past two weeks alone, Germans have put more than one billion euros (1.4 billion dollars) into accounts at the country's massive network of Sparkasse savings banks, according to a survey by the Bild daily.

Belgium announces measures to stabilise banks

Belgium announced a series of measures Friday aimed at reinforcing banks' stability and returning market confidence, including a plan to facilitate borrowing between banks.

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If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net

Local firms to shell out Tk500cr on shipbuilding

JASIM UDDIN KHAN

Six Bangladeshi business groups will invest over Tk 500 crore in a year to establish shipbuilding facilities across the country, sensing high export potential of the industry.

The business houses with expertise in real estate, steel sector and engineering works have already formed separate firms and acquired land for their shipbuilding projects.

The groups that started their shipbuilding projects are real estate company Rang Properties Ltd, steel maker PHP Group, consumer products leader Meghna Group, trading house Khan Brothers, engineering products maker Bengal Electric Ltd and automobile distributor Nitol-Niloy Group.

They initiated their projects mainly in Narayanganj, Munshiganj and Chittagong. Rang Group Director Major (retd) Abul Fatah said the group had formed a separate company styled Desh Shipbuilding that recently won a licence to start operation.

The group carved out an alliance with a Chittagong-based marine engineering consortium, Prantik Consortium, to set up their project at Sadar Ghat in the portcity.

"Desh Shipbuilding has its own land at Sadar Ghat where the project site has already been developed, and the com-



A file photo shows an ocean-going ship made by Ananda Shipyard. Six local firms are going to invest more than Tk 500 crore in a year to establish shipbuilding facilities.

pany planned to invest around Tk 100 crore to set up world-class dockyard and slipways," said Fatah, also project coordinator of Desh Shipbuilding.

If work goes in full swing, the project will be able to start making ships for export within one year, he said.

Asked why the company is joining shipbuilding industry, Fatah said Bangladesh has a broad chance to emerge as a leading shipbuilding nation as many established shipbuilders elsewhere in the world are no longer interested in building small ships.

PHP Group with a Tk 2,000 crore annual turnover is planning to develop a modern shipbuilding facility at its Bhatary

ship-breaking site in Chittagong. "The company has adequate and suitable land at Vhatiary for the project," said Ershadul Mostafa, manager (Commercial) of PHP Group.

An official involved with the project said the initial investment would be no less than Tk 100 crore.

Meghna Group having an annual turnover of Tk 4,000 crore will build the country's biggest shipbuilding facility at a cost of Tk 220 crore.

The group has already signed an agreement with South Korea's STX Heavy Industries to set up the state-of-the-art shipbuilding yard and slipways.

"We have started developing

land at Meghnaghat on the river Meghna initially to make around 10 ships at a time. The capacity will increase further depending on international orders," said Mostafa Kamal, managing director of the company.

STX is one of the top six shipbuilders in South Korea. Khan Brothers invested around Tk 16 crore to develop a shipbuilding infrastructure at Gazaria in Munshiganj near the Meghna Bridge.

Tofael Kabir Khan, managing director of the company, said his company had constructed four slipways but full development of the project was being delayed due to non-availability of bank loans it sought.

He said the investment would stand at Tk 100 crore if the promised funds from banks were available.

He said the company is negotiating with some international buyers who want to place orders for building four ocean-going ships.

Bengal Electric also acquired around 50 acres of land in Munshiganj to start shipbuilding for export.

The company's Chairman Abdus Salam yesterday said his company would start constructing slipways in a few months.

Salam said the country has become a new home for making small ocean-going vessels with traditional shipbuilding nations such as South Korea and China now focusing on building large ships.

A high official of Nitol-Niloy Group said the company would develop a large shipbuilding site soon.

The country came under the spotlight in April last year when Ananda Shipyard and Slipways Ltd signed \$100 million worth of deals with two German companies to build eight ships to be delivered by June 2010.

Local firms Ananda, Western Marine and Highspeed Group have already bagged export orders worth nearly \$500 million since the country emerged as a new global destination for shipbuilding last year.

jasim@thedailystar.net

Tk408cr equity investment fund flows in

SAYEDA AKTER

The local partner of a Swedish private equity investment company received a fund of Tk 408 crore (\$60 million) to invest in the country's public and private sectors with the aim to create an alternative source of capital for entrepreneurs.

"It's an equity investment fund and we want to invest it equally in listed companies, and private companies as well," said Khalid Quadir, CEO of Frontier Fund, the local partner of Brummer and Partners of Sweden.

Frontier Fund started its operations in July.

Brummer and Partners last year provided equity investment fund of around \$7 billion to the companies working mainly in the Scandinavian countries.

An equity investment fund is, generally, to be invested in firms by purchasing certain equity shares of those companies and sharing their profit with the investors. Investors can recover the fund only when the companies sell their shareholdings to other investors.

"We want to create a source of capital that will be an effective alternative to bank loans," he said.

"We hope to initiate our first investment by the year-end," Khalid said, adding that his company is conducting

necessary research on different potential sectors to identify the potential companies to invest in.

"We will buy equity shares of the companies we are going to invest in, instead of providing them with direct loan," he said.

The potential sectors to get such investment include banks, pharmaceuticals, healthcare, education and IT, according to Khalid.

However, he said they are giving priority to the banks and IT sectors.

Frontier Fund is also reviewing the track records of different entrepreneurs and companies to invest in them.

Khalid said the initial investment in any company would range from Tk 14 crore to Tk 34 crore (\$2-5 million).

He said the fund would increase gradually if the present initiative succeeds, and then they would consider other sectors, such as textile and small and medium enterprises (SMEs).

Earlier this year Asian Tiger Capital Partners announced that it would launch an equity fund of around \$100 million to be initiated by non-resident Bangladeshis (NRBs).

Terra Partners is another private equity firm to launch such fund.

sayeda@thedailystar.net

Financial crisis talks with G7 ministers open



From left: US Secretary of State Condoleezza Rice, British Chancellor of the Exchequer Alistair Darling, Bank of Italy Governor Mario Draghi, US Treasury Secretary Henry Paulson and Canadian Finance Minister Jim Flaherty (front) make their way to join US President George W Bush in Washington, DC yesterday.

AFP, Washington

US President George W. Bush and finance ministers from the Group of Seven rich countries opened crisis talks on Saturday, looking for a remedy to the global financial crisis.

After the White House meeting, Bush was scheduled to make public remarks at 8:05 am (12:05 GMT) flanked by the ministers of Britain, Canada, France, Germany, Italy, Japan and the heads of the IMF and the World Bank.

US Secretary of State Condoleezza Rice and Treasury Secretary Henry Paulson sat on either side of the US president, who was surrounded by other top aides including national security adviser Stephen Hadley.

The early morning meeting at the White House came after the Group of Seven finance chiefs agreed Friday to use "all available tools" to support

major banks and prevent their failure as they sought to dampen a financial firestorm threatening more mayhem.

The plan followed another day of massive falls on the markets as investors rushed to the exits, putting G7 officials under intense pressure to come up with a convincing accord.

Analysts said, however, there was a lack of substance and nothing that would calm the markets and so allow a more measured approach to the problems thrown up rather than the crisis mode of the past few weeks.

"The G7 agrees today that the current situation calls for urgent and exceptional action," a statement released by the US Treasury said.

"We commit to continue working together to stabilize financial markets and restore the flow of credit, to support global economic growth."

The G7 major advanced economies agreed to "take

decisive action and use all available tools to support systemically important financial institutions and prevent their failure."

The meeting came ahead of weekend gatherings of the Group of 20, International Monetary Fund and World Bank.

The G7 statement was "a set of noble goals, the sort of thing one should expect," said Peter Morici, business professor at the University of Maryland.

"There is nothing there to calm the markets, no substance (in the statement) to do that," Morici said, while adding that it did at least contain the things that needed to be done, if not the action to bring them about.

The G7 said they would take "all necessary steps to unfreeze credit and money markets and ensure that banks and other financial institutions have broad access to liquidity and funding."

Venue:
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Dhaka Sheraton Hotel

Date:
6-8 December, 2008

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NBR in 'intelligence game' to net tax dodgers

UNB, Dhaka

The National Board of Revenue (NBR) is now engaged in an 'intelligence game' with traditional tax dodgers and preparing plans to catch those evading taxes for long.

"We're now in an intelligence game with the tax evaders and it'll continue until the end of identification of all the dodgers," NBR Chairman Muhammad Abdul Mazid said while talking to the news agency over phone yesterday.

He said the tax dodgers would try their level best to evade taxes but the revenue collecting authorities would

also do their part to net them and bring them to book.

Explaining the tactics of the revenue authorities to catch the tax dodgers, the NBR chief said they have already collected the names and Taxpayers Identification Numbers (TINs) of all associations across the country. "We'll go after those whose income tax is not up to their lifestyle," Mazid said.

He said his organisation would also crosscheck the official papers of the employees of big business or corporate houses to have some ideas about their salaries, lifestyle and loan status.

"For example, if you take

loan from a bank, you have to submit all necessary documents to the bank. We'll crosscheck those submitted papers and the papers that a particular person submitted to us (NBR) with his or her income tax return documents," he said.

"From this we must get some clues about a person's tax evasion," Mazid described this process as the 'intelligence game'.

Currently, the government is allowing the undisclosed money holders to disclose their wealth earned by legal means, and this opportunity will continue until October 31 that started on July 1.

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