

## Stocks

DGEN ▲ 6.75%  
2,807.61  
(Week-on-week)

## Asian Markets

MUMBAI ▲ 0.55%  
9,958.22

TOKYO Closed

SINGAPORE ▲ 2.17%  
1,799.72

SHANGHAI Closed  
(Friday closings)

## Commodities

Gold ▲  
\$873.25  
(per ounce)

Oil ▲  
\$46.05  
(per barrel)

SOURCE: AFP  
(As of Friday)

## More News

### Biman poised for new take-off



It may be a gloomy year for global airline industry as it is feared to post losses on the back of recession. But local carriers like Biman Bangladesh Airlines is expected to remain immune from the meltdown since it has an ethnic passenger market where Bangladeshi workers abroad are the main travellers.

B-4

### GMG adds aircraft to fleet

GMG Airlines yesterday added an MD-83 aircraft to its fleet. Shahab Sattar, managing director of GMG, said the MD-83 aircraft with 150-passenger seating capacity and powerful engines, would help open new routes for the private airline. The destinations include Singapore, Bangkok, Karachi and Dubai.

B-3

## International

### Sri Lankan markets bank on early military victory

Sri Lanka has downgraded its growth forecast for 2009 in line with a global melt-down, but the local markets are hoping a quick end to the drawn-out separatist war will restore confidence.

### Russia, Ukraine in EU lobby blitz over gas fight

Envoys from Russia and Ukraine fanned out across Europe on Saturday in a lobbying tug-of-war for EU backing in their gas dispute that has already produced supply shortfalls in some EU states. The number two official of Russian gas giant Gazprom, Alexander Medvedev, was due in the Czech Republic, the current holder of the EU presidency, where he was expected to meet top political leaders to discuss the crisis, media said.

B-4

## Contact Us

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# Biman back in the black after four years

SOHEL PARVEZ

Biman Bangladesh Airlines returned to the black in fiscal year 2007-08 with a Tk 19 crore profit after four years, as the national flag carrier improved its overall efficiency in maintaining routes and flight schedule, and stopping pilferage, said a top government functionary yesterday.

"It's a remarkable achievement. We have been able to bring back Biman to the black. The main thing behind the profitability is improvement in its management," said Mahbub Jamil, special assistant to the Chief Adviser for the Ministry of Civil Aviation and Tourism.

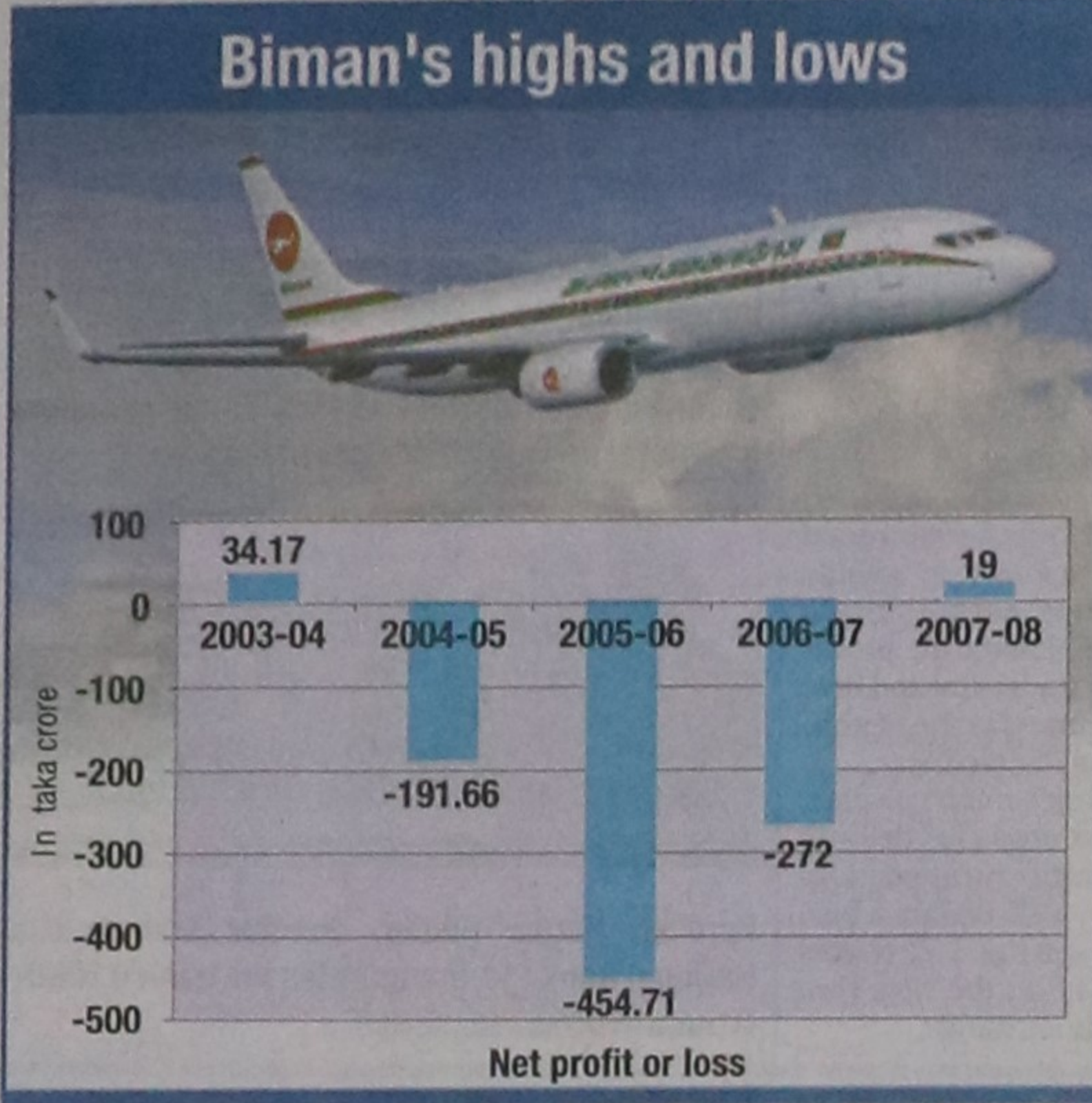
Jamil, who recently stepped down as Biman's board chairman, disclosed the profit figure at an interview with The Daily Star, saying the carrier's profit stood at around Tk 19 crore in fiscal year 2007-08, up from the estimated loss of Tk 98 crore in its budget.

In fiscal year 2006-07, Biman's loss stood at around Tk 272 crore, Jamil said.

The profit came for the first time in four years after FY 2003-04 when the carrier posted a Tk 34 crore profit.

Since then the carrier incurred losses, which stood at a record Tk 454.71 crore in FY 2006 due mainly to mismanagement, corruption and fuel-guzzling and decade-old aircraft in its fleet.

Jamil linked the profitability to improvement in efficiency in route planning such as flight reduction



on routes, temporary suspension of flights on unprofitable routes and flight schedule maintenance.

Reduction in maintenance costs and an overall return of discipline to the Biman administration contributed much to the profitability.

After FY 2006, according to officials, the carrier cut its operations to a number of international destinations amid aircraft shortage and losses. The airline now operates flights to 18 international destina-

tions out of over 40 routes.

Jamil said: "Except for aircraft's technical glitch or weather-related difficulties, we have been able to maintain majority of Biman's flight schedule in the last three months."

The about a dozen-aircraft carrier came to a positive territory after it was turned into a public limited company in July 2007, aimed at giving it a fresh look with overhaul.

The airline was also freed from

its liabilities to the tune of over Tk 1,700 crore from the Bangladesh Petroleum Corporation and the Civil Aviation Authority. In addition, it also retrenched over 1,800 employees that resulted in a drop in its overall operating expenses.

"We have not recruited additional manpower. Maintenance of flight schedule has also allowed Biman to save expenses for arranging hotels for travellers," said Jamil who headed Biman's reconstituted board for around 11 months.

Marked by decade-old aircraft, the carrier had to incur losses for using fuel-guzzling aircraft like DC-10 in the past, while aircraft shortage and technical glitches had also added to the difficulties in maintaining flight schedule.

To come out of the situation, the carrier also sealed deal worth around \$2.5 billion with US plane maker Boeing to procure 10 aircraft in June 2008. These planes are expected to join Biman fleet from the year 2013. In the meantime, Boeing is supposed to assist Biman to lease aircraft.

Officials also attributed Biman's profitability to operations of extra flights to certain destinations.

Since early 2007, Biman operated over 200 extra flights to Malaysia and 115 flights to one of its profitable destinations in the Middle East -- Dubai -- to ease the pressure of outbound Bangladeshi workers.

RELATED STORY ON B4

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# Search for Sheraton operator hits snags

SAYEDA AKTER

The government's search for a new company to operate and manage Dhaka Sheraton Hotel is stuck in an earlier plan to renovate the hotel without shutting it for a year.

A one-year closure means profit loss for the government and temporary joblessness for the hotel's 600 employees.

The government continues talks with Ramada Plaza, a three-star hotel of US-based international chain Wyndham Worldwide, and Marriott International. A Marriott team is set to arrive in Dhaka by the end of this week for negotiations.

The government has bargained with at least seven international hotel chains in the last six months mainly on renovating Sheraton without closing it.

"We are prioritising renovations by keeping the hotel open. Also, we are considering the costs of repair and returns we might get," said Civil Aviation and Tourism Secretary Syed Mohammad Zubair.

The cost of renovations will stand around \$20 million.

"We are open to talks. We'll go for whoever offers better management and renovates the hotel by keeping it open," he said.

Zubair, also the key person of Bangladesh Services Ltd (BSL) that owns Dhaka Sheraton, said the government was set to finalise the management deal by the end of the month for the next five years.

In November, Starwood, the management company of Dhaka Sheraton, extended its contract with the government up to March 31. Starwood's 25-year deal expired on December 31.

Zubair said the hotel, one of the oldest in the country, required renovations to get more customers in the now-competitive market.

"At the same time, one must say that the hotel is making profit with its present conditions," Zubair told The Daily Star in an interview.

"If we go for renovations, we will have to make sure the hotel is in operation during the period," he said.

"Apart from the government's revenue loss, we have to think more than 600 staffers now working at Sheraton may become jobless for a year," he added.

"Private five-star hotels are now doing very good business and brought competitiveness to the sector," said Zubair. "The state-run hotels should not be closed for a year if we want to stay in the race."

Sheraton that made an operating profit of \$4.16 million last year now expects a 10 percent profit rise this year, according to Trevor MacDonald, general manager of Dhaka Sheraton.

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# Developers pass unsteady time

## LOOKING BACK

KAWSAR KHAN

Developers passed an unsteady time in 2008, owing mainly to sharp rise in the prices of rod and vital raw material for construction work--enactment of a housing law and low volume of apartment sales.

In the first half of the immediate past year, the real estate sector experienced a low sale, driven by the government's anti-graft operation.

Also, the first half of 2007 marked such a sales-drop.

Industry people say their woes deepened on the unprecedented price hike of rod, which added around 30 percent to the total cost of apartment.

In May 2008, 40-grade rod price reached around Tk 70,000 a tonne from Tk 40,000 five months ago. The prices of 60-grade rod also increased during the period.

In April, the government formed a committee to monitor the prices of rod and made the imports of breakable ships open for all in a bid to stabilize the prices of this building material.

The realtors feared that the housing sector might collapse if proper measures to stabilize rod price were not taken by the gov-

ernment.

In May, the government also fixed the prices of melting scrap at Tk 40,000 and Tk 52,000 for rollable scrap.

In addition to the hike in rod prices, the realtors were faced with soaring prices of other construction materials such as brick, sand and aluminium, which forced them to review apartment prices as they found it almost difficult to hand over flats to customers at the prices that were fixed one or two years earlier.

This move also generated bitter altercations between customers and realtors.

However, rod prices began coming down the following months. This was because the rod manufacturers and raw material suppliers were made more accountable for their actions.

According to sector insiders, the most-talked-about issue was the approval of the Real Estate Management Ordinance 2008 in July. The government claimed that the new law aimed at protecting customers from any harassment.

The developers were strongly opposed to the new law. But the government was rigid on its stand, allowing a few minor relaxations.

Even though the first half of the bygone year was bumpy, the sector slowly picked up because



of some government initiatives and a rise in the number of apartments sold.

The government also took some budgetary measures to

reduce rod prices in the local market, in addition to relaxing the terms and conditions applicable to the rod imports.

In November 2008, the Real

Estate and Housing Association of Bangladesh (REHAB) organised its annual housing fair. The fair proved to be fruitful as the sector claimed apartment sales crossed Tk 1,400 crore. The sales volume in the 2007 fair was Tk 800 crore.

Meanwhile, the last quarter of the year experienced a substantial fall in the prices of rod. The 40-grade rod reached Tk 38,000 a tonne and 60-grade Tk 58,000 in October.

However, customers alleged that such a price-drop did not yield any positive results for them, as developers failed to reduce apartment prices.

In November, the Rajdhani Unnayan Karttripakhya (Rajuk) sought applications to allocate plots to those who presently do not own any apartment or land in the capital city. The announcement received enthusiastic responses from people and Rajuk finally extended the deadline for submitting the application forms.

Talking on the issue, REHAB President Tannvirul Haque Probal said the sector witnessed mixed episodes over the year.

"Despite troubles at the beginning of the year, the situation improved in the last half of the year, due to the changed environment," he told The Daily Star.

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# BB gets first female executive director



STAR BUSINESS DESK

Nazneen Sultana took over as the first female executive director of Bangladesh Bank (BB) on Thursday, said a statement.

Prior to the promotion, she was the general manager of IT Operation and Communication Department of the central bank.

An MSc in physics from Dhaka University, Sultana started her career as a first class officer at BB computer division in 1980. She took training from countries such as Germany, Japan, Singapore, Bahrain, Thailand and India, and attended a number of seminars abroad.

# Obama unveils stimulus

AFP, Washington

US president-elect Barack Obama Saturday unveiled a broad proposal to boost job growth and the troubled American economy, a top priority for the incoming administration.

"Economists from across the political spectrum agree that if we don't act swiftly and boldly, we could see a much deeper economic downturn that could lead to double digit unemployment and the American Dream slipping further and further out of reach," Obama said in his weekly radio address.

"That's why we need an American Recovery and Reinvestment Plan that not only creates jobs in the short-term but spurs economic growth and competitiveness in the long-term."

For several weeks Obama's economic team have been in talks over its recovery plan. The negotiations were almost wrapped up before Christmas, vice-president elect Joe Biden said in an interview.

To revive the world's largest economy, struggling amid global financial turmoil, Obama said "the number one goal" of his plan was to create three million jobs -- 80 percent them in the private sector.

"To put people back to work today and reduce our dependence on foreign oil tomorrow, we will double renewable energy production and renovate public buildings to make them more energy efficient," Obama added.

He also called for "long-term investments," such as infrastructure building, updating the American healthcare system and building "21st century" learning institutions, on top of "direct tax relief to 95 percent of American workers."

"This plan must be designed in a new way -- we can't just fall into the old Washington habit of throwing money at the problem," Obama said, calling for "strategic investments," "vigorous oversight and strict accountability" and "fiscal responsibility."

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