

Stocks	
DGEN	0.93% 6,882.12
CSCX	0.97% 13,016.65
IDLC Index	
IDLC 50	0.64% 6,964.37

Asian Markets	
MUMBAI	0.30% 19,941.72
TOKYO	0.37% 9,566.32
SINGAPORE	Flat 3,096.10

Currencies		
	Buy Tk	Sell Tk
USD	69.05	70.05
EUR	90.05	94.54
GBP	106.39	111.11
JPY	0.80	0.86

## HSBC chief threatens to quit

AFP, London

HSBC's chief executive Michael Geoghegan has threatened to quit if he is not promoted to chairman, as the battle for the top job at the bank intensifies.

Geoghegan was angered by the suggestion that he might be passed over for the role at the bank, the Financial Times reported.

The role of chairman at Asia-focused HSBC opened up when the incumbent, Stephen Green, was appointed Britain's trade minister earlier this month.

## Banks overcome fear of flying

SOHEL PARVEZ

Local banks are slowly shrugging off their shyness in lending to the aviation sector -- an area where financing was considered risky, partly because of the bankers' lack of familiarity with air-travel business.

"We had confusion in many areas in the past," said Ali Reza Iftekhar, managing director and chief executive of Eastern Bank, which led the financing of Biman and Regent Airways. "Now, our expertise is increasing, as well as our confidence."

A steady rise in Bangladesh air travel and strong growth prospects for local airlines have encouraged banks to finance the business.

This year, 10 banks collectively lent the national carrier, Biman, nearly Tk 800 crore (\$115 million) for a deposit on two new jets to be delivered next year.

Regent Airways, which is expected to launch flights this year, is finalising Tk 100 crore in syndicated loans to pay mainly for aircraft purchase. Two other private carriers that received financing are United Airways and the country's largest private carrier, GMG Airlines.

"This is a very positive development," said Shahab Sattar, GMG's managing director.

"We had to give a lot of effort to convince bankers in the first 10 years. They lacked understanding on various technical issues and our business models."

The banks and financial institutions worry about how to secure themselves in case of default. When the airline business slumps, many of its planes cannot be flown profitably -- and hence not sold easily -- anywhere in the world.

"Now, their understanding on these technical matters has increased. That's why their shakiness to finance to aviation sector has declined," he said.

Several bankers admitted that they were not confident enough to lend to local airlines because of lack of understanding of types of aircraft and route planning, which the borrowers use to make enough profit to repay their loans.

Fear of an asset-liability mismatch, lack of understanding aircraft insurance and reinsurance coverage bought by the airlines, and cyclical fluctuations in global air travel due to a rise in oil price and other factors also made them shy, bankers added.

Rising air travel among migrant workers, tourists and businesspeople, backed by a general expansion in economic activity, has given lenders more confidence.

Airlines operating out of Bangladesh handled about 40 lakh travellers last year, which is about 80 percent growth, compared to 10 years ago. Bangladeshi migrant workers account for bulk of the travellers.

"We see the huge growth prospects of local airlines. If local airlines can manage their business properly, ensure safety, maintain a flight schedule and select aircraft properly, there are huge prospects for them to grow on both domestic and international destinations," said Iftekhar of Eastern Bank.

One notable aspect of the aviation sector financing: no single bank lent on its own. All financing was syndicated.

"It has helped minimise the risks of banks," said Md Touhidul Alam Khan, executive vice president for the Corporate Banking Division of Prime Bank.

Khan handled 22 loan syndication deals of more than Tk 1,100 crore under the lead arranger, Prime Bank, while serving as head of Syndications and Structured Finance.

Khan also said banks' desire to diversify their loan portfolios contributed to their financing the aviation sector.

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## Hasina pushes duty-free bill

UNB, New York

Prime Minister Sheikh Hasina yesterday urged US lawmakers to pass the New Partnership for Development Act that will ensure duty- and quota-free access of Bangladeshi products to the US market.

"Bangladesh looks on US as a trusted ally, and a major development and trading partner," Hasina said at a meeting with the US Chamber of Commerce in New York.

She, however, said although around 27 percent of Bangladesh's exports amounting to \$3.2 billion entered the US market in 2009, it was a mere 0.24 percent of the annual import of the US.

The prime minister said the GSP



(generalised system of preferences) facility has been helpful. "We now look forward to its expansion to cover some more of our export items," she said, adding that the US remains the only devel-

oped country withholding these facilities to Asia's least developed countries.

About the increase in Bangladesh's apparel exports to the US, she said it is critical for economic development and empowerment of women.

"Women's employment has dramatically changed their lives, and brought visible improvement in children's education, health, and in the overall socioeconomic condition."

Hasina told the US businessmen that Goldman Sachs has included Bangladesh in its list of "Next Eleven" countries and JP Morgan in its "Frontier Five", while Standard and Poor's and Moody's have placed it ahead of all countries in South Asia, except India.

## ADB offers \$7m for tax service centres

STAR BUSINESS REPORT

Asian Development Bank (ADB) will provide \$7 million assistance to a project of the National Board of Revenue (NBR) to help set up 20 service centres across the country that will enable the taxpayers to pay their taxes without any hassle.

NBR Member Syed Aminul Karim said at least three service centres could be set up in Dhaka and Chittagong in the current fiscal year.

ADB will provide Bangladesh with a loan of \$25 million and a technical assistance grant of \$8 lakh for the Strengthening Governance Management Project that will ease taxation and digitise land records management, an ADB statement said yesterday.

The NBR project will get \$7 million, said tax administration officials.

The governance management project will introduce online filing of tax returns, digitise land records

management in selected districts, and set up 40 specialised tax and land information and service centres to ensure an easy access to information, ADB said.

The NBR officials said they will use the ADB technical assistance to install software for online submission of tax returns and to procure computers. Under the project, they will introduce e-payment and online tax return submission.

The officials also said NBR will set up one service centre in each of the divisional cities.

The service centres will help the taxpayers submit their tax returns online and collect all tax-related information. The taxpayers will also get information and various services from the centres over phone.

Karim of NBR said their aim is to minimise face-to-face interaction between the tax officials and the taxpayers. He said, if everything goes smoothly, the project will start in January.

The donor agency said Bangladesh now struggles to fund its development needs, with a limited resource base, compounded by low levels of direct taxes.

Weak governance hampers the delivery of public services, and poor land records management often causes lengthy court battles, ADB said.

"Enabling online tax filing and easy and accurate access to land records will reduce the scope for human interaction, and help reduce demands for illicit extra payments for services," said Hiranya Mukhopadhyay, economist (Fiscal Management) at the ADB's South Asia Department.

The donor agency also said electronic tax filing will increase compliance and boost government revenues, while digitised land documents will help reduce inaccurate records, which are a key source of land disputes.

"The project will improve transparency and accountability in tax and land record administration," Mukhopadhyay said.



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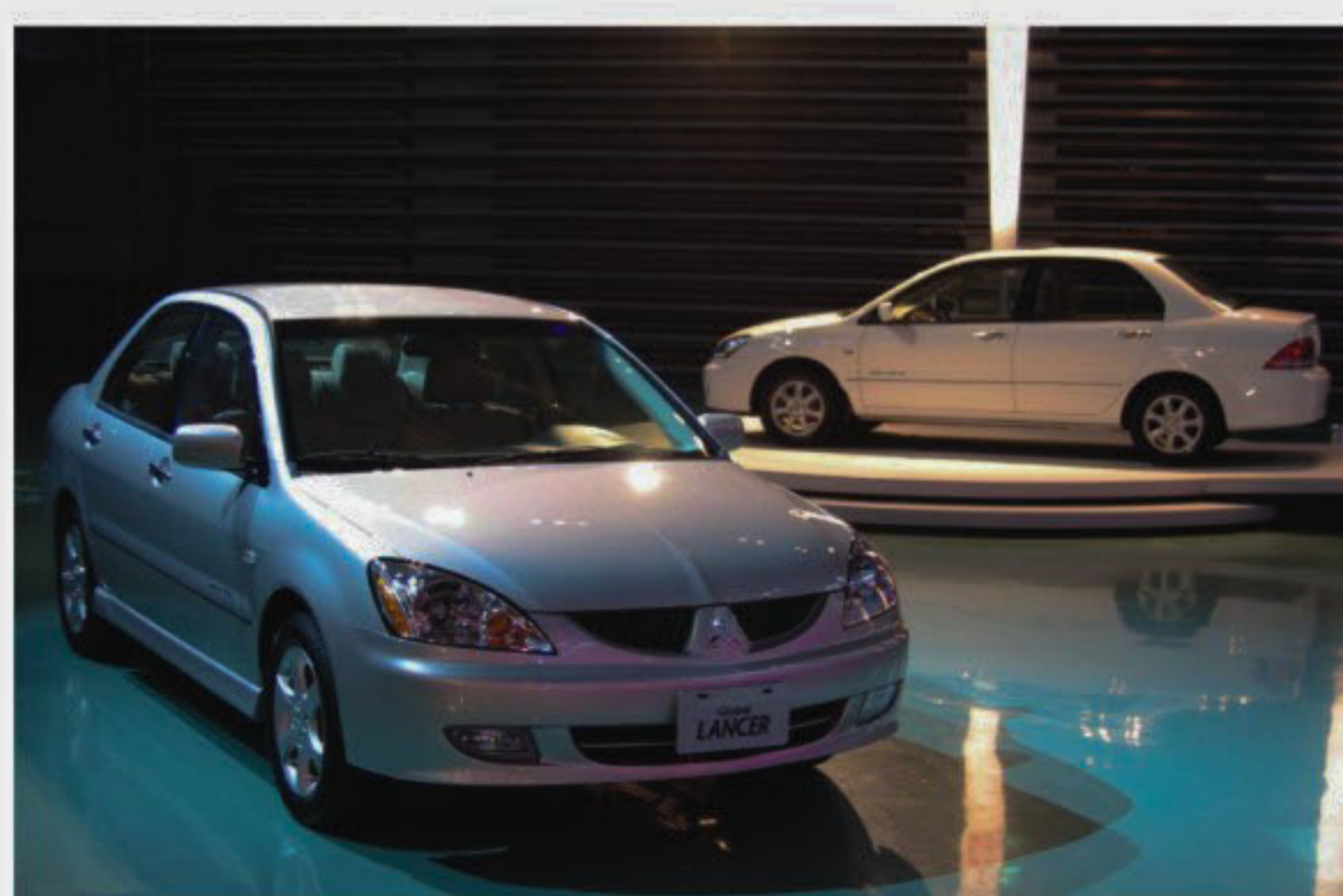
- Bangladesh Bank by its BRPD Circular No. 12 dated October 14, 2009 has issued a directive that the merchant banking/brokerage business of a bank company can only be operated through the formation of a separate subsidiary company of such a Bank company; and
- Bangladesh Bank has accorded its approval to the formation of such a subsidiary company of Mutual Trust Bank Limited under the name and style of "MTB Securities Limited", and which has been incorporated with the Registrar of Joint Stock Companies & Firms, Bangladesh; and
- MTB Securities Limited (MTBSL) has been duly incorporated as a private limited company with an authorized capital of BDT 2,000,000,000/- (Bangladesh Taka Two Billion only) and an initial paid-up capital of Tk. 1,000,000,000/- (Bangladesh Taka One Billion only) with the approval of the Securities and Exchange Commission, Bangladesh.
- MTB Securities Limited has been accorded consent by the Securities and Exchange Commission to function as a full-fledged Broker and the relevant Registration Certificate number is 3.1/DSE-197/2010/427 dated September 16, 2010.
- MTB Securities Limited has also been accorded consent by the Securities and Exchange Commission to function as a full-fledged Dealer and the Registration Certificate number is 3.1/DSE-197/2010/428 dated September 16, 2010.
- Pursuant to the formation of MTB Securities Limited, Mutual Trust Bank Limited hereby announces and confirms that effective from September 23, 2010, all its operations in the securities trading business including broker and dealer activities will be taken over by its fully-owned subsidiary company, MTB Securities Limited (MTBSL). The existing location(s) of MTBSL Corporate Head Office and branches, telephone and facsimile numbers and email addresses shall remain the same.
- The conversion of the Brokerage Business Division of Mutual Trust Bank Limited to MTB Securities Limited shall not, in any way, change/alter the status of any contract which has been executed between the Brokerage Business Division of Mutual Trust Bank Limited and account holders and other relevant parties, and will also not affect any right or obligation attached thereto.
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Please contact the Chief Executive Officer, MTB Securities Limited, Corporate Head Office, 7-8 Motijheel C/A, Dhaka 1000, Phone: (02) 957 0563, (02) 956 8163, Fax: +880 (2) 956 8175, e-mail: [brokerage@mutualtrustbank.com](mailto:brokerage@mutualtrustbank.com) for any queries or assistance.

Sd/  
Quamrul Islam Chowdhury  
Group Company Secretary  
Mutual Trust Bank Ltd.

Dated: September 23, 2010

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