

**NCC BANK**  
Where Credit and Commerce Integrates  
www.nccbank.com.bd

# star BUSINESS

DHAKA MONDAY JANUARY 31, 2011, e-mail:business@thedailystar.net

**Bangladesh to get Tk 441 cr from Kuwait Fund**

STAR BUSINESS REPORT

Kuwait Fund for Arab Economic Development will give Tk 441 crore to Bangladesh government for power generation and food security promotion in the country.

Two agreements were signed yesterday among the Economic Relations Division, Palli Karma Sahayak Foundation and Kuwait Fund in Dhaka.

Kuwait Fund will provide a soft loan of Tk 371 crore to partially finance the Shikabaha 225 megawatts combined cycle power plant in Chittagong, undertaken by the Power Development Board.

In line with another agreement, the Kuwait government will provide Tk 70 crore grants to assist Bangladesh's efforts to promote food security.

PKSF will utilise the grants through its partner nongovernmental organisations.

# BB discounts links to stock swings

The central bank defends firmer grip on monetary expansion

STAR BUSINESS REPORT

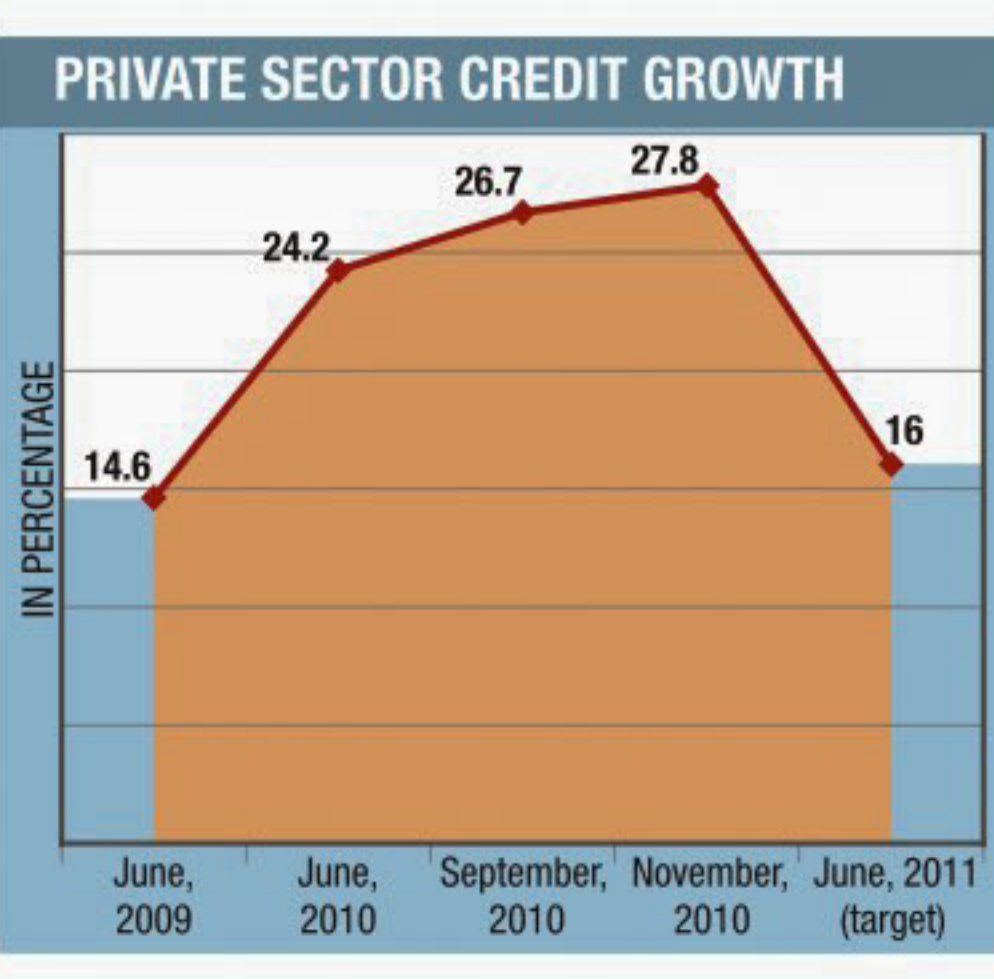
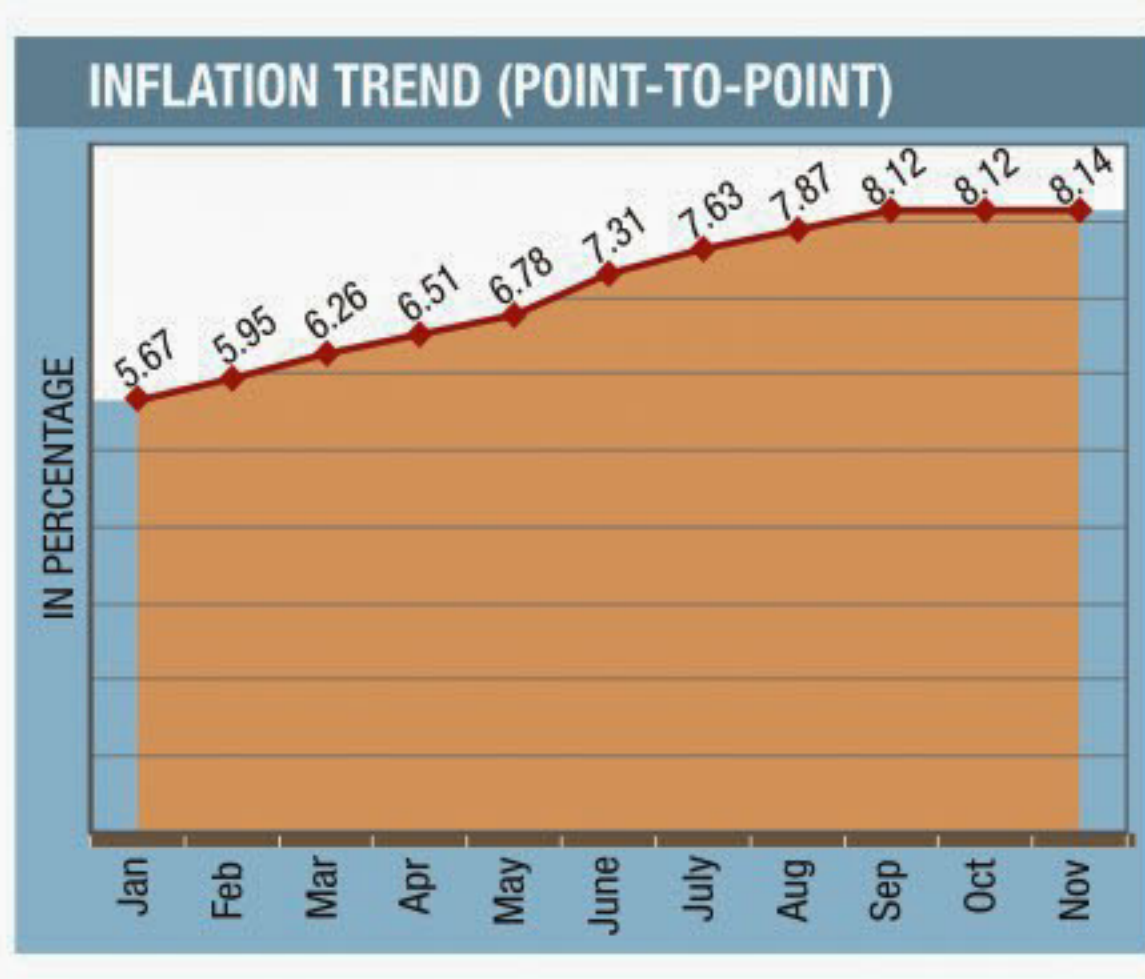
Bangladesh Bank (BB) yesterday played down links between stockmarket troubles and curbs on money market liquidity.

The central bank also defended its monetary policy and explained controls on the money flow as an "unavoidable necessity".

"Some quarters incorrectly attributed the sharp price movements on the capital market to the liquidity situation of the money market, following the mid-December CRR (cash reserve ratio) increase," the central bank said in its second monetary policy statement (MPS) for the current fiscal year.

"Selling pressures that forced the price movements had little if anything to do with the money market liquidity," it said.

In its monetary policy announced yesterday, the central bank said, having a firmer grip on monetary expansion is an unavoidable necessity. All central banks in the neighbour-



ing countries repeatedly hike both policy interest rates and CRR to curb inflationary pressure.

It said the investors offloading part of their existing stockholdings to raise cash for three upcoming initial public offering (IPO) subscriptions were apparently the proximate factors behind the selling pressure that triggered the price correction.

"In just one of the three IPOs, subscriptions worth Tk 2,640

crore were received against issue offer for Tk 610 crore. The few banks with capital market asset holdings beyond permissible limits were allowed extended periods to scale down [their exposure] to permitted levels gradually, and had no reason to cause abrupt selling pressure."

The BB said stability in the domestic markets is important to take the economy on a high growth path.

The policy statement said it

would be important to have properly priced capital and real estate markets to avoid instability and jitters. "Overheated and overpriced markets typically collapse in crashes hurtful for all; the crashes are more painful the longer the price corrections are delayed."

"Soft landings, always hoped for, are seldom achieved. The price correction is required to be steady and stabilised carefully."

It said while all possible

support measures from all quarters are defensible in handling a crisis situation, the post-crisis capital market should move ahead on a self-sustaining path with realistic and sensible valuations.

The central bank also called upon the regulatory regime to provide sufficient safeguards against creating bubbles by unscrupulous market players.

The BB also expressed concern about the country's booming real estate market. It said: "Appropriate cooling off interventions have assumed urgency also in the overheated real estate markets, to avoid eventual painful crash."

The BB admitted challenges like slowdown in manpower exports and slow recovery in exports to traditional Western markets. It, however, said there are opportunities to take advantage of the newer markets in the fast-growing economies in Asia and elsewhere.

The statement also said the private sector has acted quickly

in exploiting these opportunities, as was seen in the recent increases in exports to newer markets, and diversifying the export basket.

"Guiding hands of appropriate government policies will facilitate the initiatives of the private sector," it said.

The central bank attributed the slowdown in workers' remittance inflows to a decline in manpower exports and savings transfers by expatriates.

"During the uncertainties of the global financial crisis, workers abroad tended to send home their savings (alongside usual subsistence money for families at home). After restoration of the stability, the savings are being retained partly or wholly outside Bangladesh."

To attract these overseas savings, the government may consider revisiting the current features of Wage Earners Development Bond, and effectively promote sales of the USD Premium and Investment bonds, the central bank said.

# Budget airlines crowd Bangladesh skies

SAYEDA AKTER

All economy seats and budget meals are the key strategy of the low-cost carriers to win the air travel market of Bangladesh. Such an approach has reduced the cost of travel, mainly to different regional destinations such as Dubai or Sri Lanka.

When the question of low fare comes, many may raise eyebrows whether the services are as good as the plush airlines offer, or whether they are capable of satisfying the guests with enough entertainments.

Also many may ask why they charge less than others.

But, low-cost airlines steal the march on other conventional airlines these days. They use same category aircraft and crew with low maintenance and fuel costs, short-haul flights, limited onboard services like food and beverage.

Also they offer flexibility of fare on baggage weight. For example, one would only pay when they carry luggage and if they want meals.



"Otherwise it's just the airfare that one has to pay. For example, when a person goes as a migrant labourer, usually he or she doesn't have any bigger luggage. So there's no point to charge them a few extra dollars," said Ismail R Chowdhury, managing director of

Sky Air Services Ltd, general sales agent of Flydubai.

"In addition, we have only economy seats; we don't have business class at our carrier. And we don't include free meals within the fare, but if someone wants to have a meal,

they have to pay \$5 for that," he said.

"We have created an option to ease the fare that we are hoping will benefit our migrant workers in the United Arab Emirates. They will feel less burdened if they can save only even \$5-\$10 for a one way trip," he added.

Flydubai, a sister concern of Emirates, launched its operation at Chittagong Shah Amanat International Airport on January 17.

The carrier charges \$125 including taxes for one-way fare to Chittagong from Dubai, while the fare is \$200 for flying from Chittagong to Dubai. And the fares also include one piece of hand luggage weighing up to 7 kg for free.

"The Chittagong service gives our passengers even greater travel flexibility when it becomes a daily service in March," added Chowdhury.

He said the carrier is set to start flights from Dhaka from February 14.

At present, the carrier flies four times a week from Dubai to Chittagong on Monday, Wednesday, Friday and Sunday.

Chowdhury claimed that they can make

use of 85 percent of their carrying capacity on each flight.

Also, another budget airline, Air Arabia that started its operation in Bangladesh on June 2008, offers Middle East-bound Bangladeshi workers travel at a lower price.

Another low-cost carrier of Sri Lanka, Mihin Lanka, launched direct flights to Dhaka on December 12 last year.

"This is the first-ever direct flight between Sri Lanka and Bangladesh. We hope that this initiative will enhance business and leisure travel between these two countries," said Kazi Zahurul Qyym, director of Wings Aviation Ltd, the GSA of Mihin Lanka.

Mihin Lanka charges \$450 for a Dhaka-Colombo-Dhaka trip, while the fare would be \$510 for a Dhaka-Colombo-Male-Dhaka trip, including all taxes. The flights operate on Tuesdays, Thursdays and Sundays, he added.

He also said the carrier has 177 all economy class seats and offers budget meal during the journey.

sayeda@thedailystar.net

## Japanese firm to join Ishwardi EPZ

BSS, Dhaka

Japanese firm Nakano International Company will set up a garment manufacturing industry at Ishwardi Export Processing Zone in the country.

The company will invest over Tk 63 crore for the unit to produce denim and cotton pants and garments items for children and women. The firm will employ 1,570 people including five foreign nationals.

## Stocks get off to a nery start

STAR BUSINESS REPORT

Stocks opened the week in the black in step with the previous three days' recovery in prices that witnessed a massive decline during the recent debacle.

The general index of Dhaka Stock Exchange (DGEN) gained 186 points, or 2.5 percent, to 7,572, while the selective categories index of Chittagong Stock Exchange jumped 333 points, or 2.4 percent, to 13,896.

The indices started rising Tuesday, when the market resumed after a two-day shutdown.

The DGEN advanced 1,246 points in the last four trading sessions, showing signs of recovery.

Although many buyers took a "wait and see" approach to see the stability of the jittery pattern and many, including institutional investors, were becoming active gradually, insiders said.

Still, it would not be wise to make specific comments on the market behaviour and the market should be observed carefully for more days, said one of the insiders.

Financial sectors were the big movers yesterday -- banks gained 1.7 percent on average, while non-bank financial institutions jumped 4.3 percent, general insurances 3.7 percent and life insurances 2.4 percent.

Fuel and power companies advanced 2 percent and pharmaceuticals 1.2 percent. By contrast, the telecom sector, with lone GP, declined slightly by 0.5 percent.

Advancers beat losers 225 to 33, with three securities remaining unchanged on the DSE, which traded more than 8.1 crore shares and mutual fund units worth Tk 1,002 crore. On the CSE, 165 increased and 24 declined, with six remained unchanged.

**Elevate your home décor with designer furniture from**

**Kian**  
Malaysia

242 Gulshan Link Road, Dhaka 1208  
t: 8822511-2. m: 01713 186 770-1  
www.kubebd.com

**Opening soon**

**MTB EXCHANGE UK LIMITED**  
you can remit with us

@ 25 Whitechapel Road, London E1 1DU, United Kingdom

A fully owned subsidiary of Mutual Trust Bank Limited, Bangladesh

**Want to be in the business of LP Gas station?**

**Wesfarmers Kleenheat Elpiji Limited**, a joint venture company of Australia & Malaysia has been supplying Automotive LP Gas (Auto Gas) as vehicle fuel at 5 strategic locations in Bangladesh since 2005. To expand the coverage of this economic, environment-friendly, safe vehicle fuel; we will facilitate in establishing LPG refuelling stations in & around Dhaka. Interested individuals/organizations who fulfill the below eligibilities are requested to contact.

1. Owner of Petrol Pump/CNG Refuelling Station from Dhaka
2. Land owners having spacious lands next to highway & main road

A discussion with interested individuals/organizations will be held on **Feb 05, 2011** to be conducted by experts from Australia. To participate, please register on or before Feb 03, 2011:

**01711422900, 01730077087, 01713310410, 01730344355** (Limited seats only)

Wesfarmers Kleenheat Elpiji Limited  
Latif Tower (10th Floor), 47 Karwan Bazar, Dhaka 1215