

Private sector to take over power distribution gradually

State minister tells DCCI discussion

STAR BUSINESS REPORT

State Minister for Power Iqbal Hassan Mahmood yesterday said the government will gradually hand over entire power distribution system to private sector to bring down systems loss.

Systems loss breeds mainly from distribution process, he said, adding, "Apart from unbundling generation and transmission from distribution, the private sector will be engaged in distribution system."

The state minister was speaking at an investment promotion meeting on "Remote Area Power Supply Systems (RAPSS).

Dhaka Chamber of Commerce and Industry (DCCI) and the Infrastructure Investment Facilitation Centre (IIFC) jointly arranged the meeting to inform the businessmen about the prospects of

investment in RAPSS.

Mahmood also said the government should not do retail business in power sector, as it needs constant vigilance to make profit. "As private sector can ensure such vigilance they should be given the job," he added.

Inviting more private investment in power sector, the state minister said this could be one of the most profit-making sectors, if managed professionally and efficiently.

"Private sector can bring in competition which is needed to make electricity available at competitive price," he said.

Citing the example of Rural Electrification Board (REB), Mahmood said cooperative system of distribution in REB has set an example of efficient distribution management keeping systems loss under control.

"It is because of unbridled systems loss multilateral lenders and donors had stopped providing assistance in power sector," he said.

The state minister said power sector must make profit to sustain. "Because the profits can be reinvested to generate more power."

Pointing to low private investment in power sector, he said high rate of systems loss in public sector is discouraging them to come up with investment plans.

He mentioned that Bangladesh need \$2.8 billion investment to meet demand by 2007 for which private sector must invest in the sector.

The donor-funded IIFC identified over 25 remote areas under 14 districts as long-term business potential under on-grid and off-grid RAPSS programme. Tender has already been launched for two on-grid RAPSS

ventures.

The main philosophy of the government to encourage a programme like RAPSS is that retailing brings only losses, and so now the government is more keen on keeping its business only with wholesale character.

Addressing the meeting, Nazrul Islam, executive director and CEO of Infrastructure Investment Facilitation Centre, said full and rapid electrification requires private sector participation through RAPSS concessions.

Presiding over the meeting, DCCI President Matiuir Rahman said as electricity covers only 10 per cent rural population, remote area power supply systems will open new avenues for private sector in power sector.

Call money rate steady

BSS, Dhaka

The call money rate was steady in inter-bank money market yesterday amid low money demand from private sector, fund managers said.

The rate touched to its intra-high high at 5.50 per cent yesterday while in most deals the money rate ranged between 2.50 per cent and 4.50 per cent, fund managers of leading commercial banks said.

Bank Asia, BIFC sign Tk 50m lease financing loan agreement

Bank Asia Limited and Bangladesh Industrial Finance Company Limited (BIFC) signed a Tk 50 million lease financing loan agreement.

Syed Anisul Huq, president and managing director of Bank Asia Limited, and Hasan Iqbal, managing director of BIFC, signed the agreement on behalf of their organisations, says a press release.

Erfanuddin Ahmed, senior executive vice-president and head of operations of Bank Asia, and other senior executives of both organisations were present.

Proton eyes ambitious tie-ups

AFP, Kuala Lumpur

With just over a year left before Malaysia's auto market is forced open under a regional free trade pact, national carmaker Proton is aggressively expanding its reach and diversifying its product range with two ambitious tie-ups to prepare for greater foreign competition.

Proton last week inked a letter of intent to acquire a 50 per cent controlling stake in Italian motorcycle producer MV Augusta Moto SpA, which it said was acknowledged as the "Ferrari of motorcycles".

Proton already controls British sports carmaker Lotus and the August acquisition, if it pushes through, will give added prestige to the Malaysian manufacturer, which started out in 1985 with hand-me-down technology from Mitsubishi of Japan.

In another move marking a new phase in its 18-year history, Proton, long used to a cosy domestic market, also sealed a 16-year alliance that would pave the way for it to sell engineering expertise to Iran and access a booming auto market there.

Indian team to visit France for trade push

AFP, New Delhi

Commerce Minister Arun Jaitley will be leading an industry delegation to France on Monday for a visit aimed at giving a boost to French investment in India.

"India has a very close strategic political dialogue with France. Conditions are just right to extend this relationship into the trade and economic sphere," Dhruv Sawhney, a leading industrialist, told AFP.

"The level of trade right now is disappointing. Bilateral trade should go up by at least 50 per cent from the current level of 2.5 billion euros," he said.

Sawhney said the main reason for the low level of trade was that a majority of French investors still believed India was a difficult place to do business because of bureaucracy.

"India is certainly not what it was 10 years ago. We want to change the image of India," he added.

Walkout hits 20 airlines at Heathrow

AFP, London

Twenty international airlines operating from London's Heathrow airport were hit Sunday by a 48-hour strike by check-in staff and baggage handlers, officials said.

Employees of Swissport, which provides ground services to such carriers as Japan Airlines, Air China, Malaysian Airlines, Middle East Airlines and Kuwait Airways, walked off their jobs to back up demands for a 16 per cent pay rise.

Swissport serves 20 airlines at Heathrow which account for less than 10 per cent of the airport's daily schedule, airport officials said.

SEC to protect interest of small investors

New chairman tells The Daily Star

M ABDUR RAHIM

Putting emphasis on protecting interests of small investors the newly appointed Chairman of Securities and Exchange Commission (SEC), Mirza Azizul Islam, said such investors need to be encouraged to revitalise the flagging capital market.

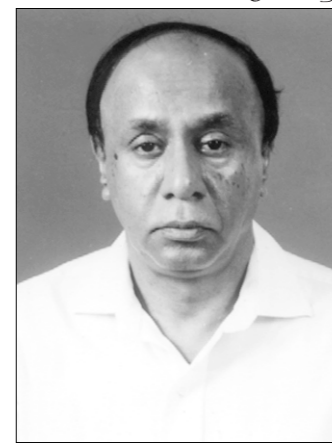
"Small investors are the heart of capital market. They should get priority in the initial public offering (IPO) while private placement should be discouraged," he said yesterday in an interview with The Daily Star.

SEC is going to discontinue the slab system in IPO distribution which will ensure that every individual applicant get at least one lot and if oversubscribed the remaining IPOs will be distributed through lottery, said Islam who took over as the chief of the capital market watchdog on Saturday.

Discontinuation of slab system alone will not bring remedy to problem-infested capital market as its performance depends on many other things. "SEC has to be meticulous in its screening, monitoring and enforcement activities," he said.

Commenting on the long list of low performing Z-category companies, he said before allowing a company to float IPO its management quality, track record, economic health and viability of expansion plan should be scrutinised scrupulously.

"Relaxation in such scrutiny leaves



Mirza Azizul Islam

scope for fake companies to enter capital market", said Dr Islam, who served 13 years as a director in Economic and Social Commission for Asia and the Pacific (ESCAP).

"Issuers, investors, auditors need self-regulation before going to capital market to ward off malpractice," he said assuring all of leaving no stone unturned to bring back investors' confidence on capital market.

"Nobody will be allowed to use capital market for raking in money by cheating general people," said Islam, a retired additional secretary.

SEC has to improve its monitoring capacity in examining account statements of companies and overseeing regular holding of annual general meeting, declaring and disbursement

of dividend, he said.

Islam said speedy trial tribunal can be set up for quick disposal of share market cases. "As we have to depend on judicial system to take legal action against law-breakers the system needs to be sped up to quickly hand over punishment."

He suggested amendment to the Companies Act for better performance of capital market. "We are now working on a proposal to be sent to commerce ministry for amendment to the act," he said.

Islam said SEC needs proper coordination with finance ministry, Bangladesh Bank and other offices concerned to overcome challenges and improve performance.

About central depository system, he said the electronic share trading system would bring an end to transaction of fake shares and debentures.

Comparing with bourses of neighbouring countries, he said performance of Bangladesh bourse is worse in the region. He attributed it to low scale investment and want of professionally-managed companies.

Mirza Azizul Islam is the fifth SEC chairman since its inception in 1993. His predecessors are Sultanuzaman Khan, Harun-ur-Rashid, MA Syed and Manir Uddin Ahmed.

Islam's appointment was made on contractual basis, which will be effective up to February 22, 2006.

Fixed phones in private sector shortly

STAR BUSINESS REPORT

To meet the growing demand of fixed phones Bangladesh Telecommunication Regulatory Commission (BTRC) will grant licence to private sector companies shortly, BTRC chairman Syed Marghub Murshed said yesterday.

The participation of private sector in fixed phone service, now mainly provided by state owned BTB, will create competition in the sector, he said at an investment promotion meeting on Public Switched Telephone Network (PSTN).

The meeting was jointly organised by Dhaka Chamber of Commerce and

Industry (DCCI) and Infrastructure Investment Facilitation Centre (IIFC) at the DCCI Auditorium.

The BTRC chairman said the age of monopoly in telecom service will soon be over with the advent of private sector. Private entrepreneurs including small and micro operators will be engaged in PSTN service in near future, he added.

For the benefits of subscribers, PSTN operators should adopt proper network engineering and service provisioning guidelines to perform well and ensure service quality, said SD Khan, IIFC field project manager, making a presentation at the meeting.

The registered telecom network demands in the waiting list in

Bangladesh totalled to over 2.55 lakh as of July 2002 and the estimated unmet demands in 2002 were around 10 lakh, Khan said in the presentation.

Former BTTB chairman MH Chowdhury said though the telephone infrastructure is "highly capital intensive" this sector has immense business potential for the private entrepreneurs.

DCCI President Matiuir Rahman said the BTRC must be made independent in licensing the private operators to meet the extensive demand for speedy and quality service in PSTN, which BTTB alone is unable to deliver.

Leading business personalities including the DCCI members were present at the meeting.



Bangladesh Telecommunication Regulatory Commission Chairman Syed Marghub Murshed and Dhaka Chamber of Commerce and Industry (DCCI) President Matiuir Rahman, among others, pose for a photograph at an investment promotion meeting on Public Switched Telephone Network jointly organised by the DCCI and Infrastructure Investment Facilitation Centre in Dhaka yesterday.

Singapore PM warns of trade struggle

REUTERS, Boao, China

Asia should create a free trade zone but must also reach out to other regions to avoid an Orwellian struggle for global economic supremacy, Singapore's Prime Minister Goh Chok Tong said on Sunday.

"In George Orwell's famous novel '1984', the world was divided into three competing blocks, Oceania, Eurasia and Eastasia," Goh told the Boao Forum, a yearly event begun by China last year to discuss regional issues.

"These blocks were locked in a struggle for ideological supremacy," Goh said, adding that the world had avoided Orwell's scenario of perpetual

military conflict with the end of the Cold War.

"It would be ironic if we fulfilled Orwell's vision in the field of trade," Goh said.

While Asia was moving toward a free trade zone stretching from Australia to South Korea, the United States was eyeing a trade bloc covering the Americas, and the European Union was set to expand to 25 member nations from 15, Goh said.

"If trade regions turn inwards and adopt an isolationist, beggar-thy-neighbor attitude, everyone loses," Goh said. "Political tensions will rise as each region competes for resources

like oil. Conflicts will result."

Goh said Singapore was taking initial steps to avoid such tensions by participating in a "P3" free trade trio of Pacific countries including Singapore, New Zealand and Chile.

That meant a "P5," bringing in the United States and Australia, was possible, Goh said.

Boao host China, the region's star economic performer, would play a key role in helping the rest of Asia to develop, Goh said.

"China has become the world's factory floor, while India has become its IT and back office," Goh said, referring to information technology.

Shambhuganj Jute Mill goes to private hands

UNB, Mymensingh

Shambhuganj Jute Mill, which was laid off 10 years ago, has been transferred to private ownership under the government's ongoing denationalisation programme.

Directed by the Jute Ministry, BJMC officials transferred the ownership of the mill to Mymensingh Jute Mill Sramik-Karmachari Kalyan Bahumukhi Samabaya Samity and Abbas Associates at a function on the mill premises yesterday.

Samity purchased the Shambhuganj Jute Mill, laid off on April 27, 1993, at a cost of about Tk 12.5 core as the highest bidder on July 12, 2001.

But Samity took Abbas Associates as its financing partner with permission from the authorities concerned as they failed to deposit the money.

BJMC Finance Director Kamaluddin, Secretary MA Sobhan, owner of Abbas Associates Abbasullah and Samity President Osman Gani, Senior Vice-president Shahjahan Sarker and General Secretary Abdul Matin were present at the occasion.

Dollar strong against taka

BSS, Dhaka

The US dollar remained strong against the Bangladesh taka yesterday in dull inter-bank trading as the demand for the dollar was strong from importers and traders, dealers said.

The dollar traded at 58.4400 taka and 58.4550 taka per unit in line with its previous closing on Saturday, dealers of leading commercial banks said.

The demand for the greenback remained strong as importers are under pressure to import goods to meet the consumers' demand during upcoming Eid shopping later this month, they said.

Exports from EPZs fetch \$1.2b in FY03

BSS, Dhaka

Exports from the country's Export Processing Zones (EPZs) fetched 1.20 billion US dollars during the 2002-2003 fiscal year.

The earnings during the fiscal years 2000-01 and 2001-02 were US dollar 1.06 billion and 1.07 billion respectively.

However, the export earnings during the last fiscal year were US dollar 123 million more than the previous years' income, BEPZA sources said yesterday.

They said the amount of exports from the EPZs during 2000-01, 2001-02 and 2002-03 constituted 16 per cent 18 per cent and 19 per cent respectively of

the total national exports.

BEPZA said the industrial units under the EPZs so far exported goods worth US dollar 7227.15 million including US dollar 5134.51 million till October in 2001.

The EPZs earned US dollar 2092.64 million since the present four-party alliance government came to power, registering an increase by 40.76 per cent over the last two years.

The sources said the average investment in the EPZs over the past 20 years was US dollar 31.70 million. Due to a conducive atmosphere created by the present government, the total invest-

ment rose to US dollar 637.28 million till July this year, representing an increase by US dollar 146.85 million.

The total investment in the EPZs stood at US dollar 490.43 till October 2001 with an increase by 29.94 per cent, the sources said.

The total investments during 2001-02 financial year in the EPZ was US dollar 58 million, which rose to 103.133 million in 2002-2003 marking an increase by 85 per cent.

The sources further said that as many as 17,341 new jobs were created in the EPZs that marked 15.35 per cent increase over the last two years.

Europe, Asia roll out red carpet for Indian firms

AFP, Bangalore, India

Hit by a wave of IT outsourcing, European and Asian trade missions vied with one another at a technology fair here Sunday to lure Indian firms to open offices in their countries to arrest the flight of jobs.

The push to lure Indian firms overseas is aimed at bridging a shortage of skilled software professionals in many other countries, the chief of India's top technology lobby said.

"Many of the European nations face shortage of skills in the IT area and they see this as an organised way to get in expertise as well as investment," said Kiran Karnik, head of the National Association of Software and Service Companies (Nasscom).

"It is a better way to create local employment. Getting companies from India will help," he told AFP.

During the tech fair, known as BangaloreIT.com, Hong Kong wooed Indian firms by pitching its proximity to Chinese markets and dangling a zero-tariff pact with Beijing which comes into force next year.

Meanwhile, Germany and Britain showcased their economic strengths and described themselves as a "gateway to Europe".

Both countries have sent large delegations to participate in the fair hosted in India's technology capital of Bangalore, home to more than 1,000 foreign IT companies including Cisco, Dell, General Electric, Hewlett-Packard, IBM and Oracle.

"Certainly, high qualification and quality young people, engineers and scientists are sought after not only in Germany but all over the globe in high technology development," said German Consul General Heinz Kopp.

India has the largest pool of English-speaking trained labour outside the United States. It churns out more than two million graduates every year and about 200,000 of them have engineering degrees.

India has also emerged as the "back office" to the world as global firms have shifted work to cities such as Bangalore, Hyderabad and New Delhi to take advantage of lower wages to slash costs.