

## Stocks

DGEN 1.08%  
3,052.61

CSCX 1.06%  
5,581.49

## Asian Markets

MUMBAI 2.21%  
17,353.54

TOKYO 0.94%  
14,251.74

SINGAPORE 0.28%  
3,207.43

SHANGHAI 0.55%  
3,637.32

## Currencies

Buy TK. Sell TK.  
USD 68.10 69.10

EUR 103.76 108.36

GBP 130.81 135.94

JPY 0.64 0.68

SOURCE: STANDARD CHARTERED

## Commodities

Gold Oil  
\$ 865.64 \$125.36  
(per ounce) (per barrel)

SOURCE: AFP

## More News

The weekend getaway



With Bangladesh's urban middleclass discovering the pleasures of domestic tourism, the number of tourist resorts has increased four-fold in the past five years. Industry experts estimate that in terms of turnover, the resort sector is worth around Tk100 crore a year. B-4

### Deal on 2nd phase study on deep-sea port

The government signed an addendum agreement with a Japanese firm to start the second phase of the feasibility study of the proposed deep-sea port to be built at Sonadia Island. B-3

## International

### Philippines to raise minimum wage amid food crisis

Philippine President Gloria Arroyo said Thursday her government will raise the country's minimum wage amid soaring food and energy prices that have pushed inflation to three-year highs.

### Indonesian poor to get \$1.5b to offset fuel price hike

Indonesia plans to transfer more than 1.5 billion dollars in cash to the poor to offset the cost of a planned hike in fuel prices.

The compensation programme would see 1.53 billion dollars transferred to 19.1 million poor families. B-4

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# New funding method for power plants

## WB to lend NCC Bank Tk190cr for financing

### STAR BUSINESS REPORT

A new way to finance the setting up of much needed power plants has been established, with the World Bank to lend directly to a commercial bank in Bangladesh for the first time ever.

The multinational lender normally lends to governments but will make around Tk190 crore available to the private National Credit and Commerce Bank Limited in order to finance three small power projects.

Under the project NCC will then lend Tk 345 crore to developers for three small power generation projects, each with 23-megawatt capacity.

In recent years Bangladesh has struggled to build new generating capacity and this failure has led to daily power cuts and load shedding.

"The WB will lend us Tk 193.2 crore out of the Tk 345 crore cost for three small power generation projects," Nurul Amin, managing director of National Credit and Commerce Bank Limited, told reporters at a briefing yesterday at its headquarters.

"This is the first time the World Bank is funding directly a private bank in Bangladesh," Nurul Amin said.

According to officials WB's rate of interest for the loan will be 9 percent and the bank will lend it at 11 percent rate. This compares with the World Bank's lending to government



Bangladesh's power sector will get a new funding method as World Bank will make around Tk 190 crore available to private NCC Bank Limited in order to finance three small power projects.

which is interest free under the International Development Association.

Amin said the central bank has mediated with the loan process with the WB under its Investment Promotion Financing Facility (IPFF) programme.

According to NCC top officials, the bank will fund Doreen Power Generation Company Limited for three small power generation projects; each will generate 23 megawatt of power.

Of the total Tk 345 crore cost for the three projects, WB will lend the NCC Bank 56 percent, 30 percent will come from equity partners and the remaining 14 percent from NCC Bank, Nurul Amin said.

Tofazzal Hossain, chairman of the bank said local banks are equipped enough to fund power generation projects to improve the poor power condition in the country.

"The government has to take a long-term plan (at least 10 years) to distribute target to

some 30 private commercial banks (PCBs) operating in the country," Hossain observed.

"If proper plan is taken, I see no reason to overcome the power crisis," he added.

Separately the bank lend Tk60 crore to Energy Prima, a subsidiary of Hosaf Group, to generate another 22-megawatt electricity under rental power generation scheme.

NCC Bank is one of the country's second-generation private banks started operation in May 1993.

# Potatoes rotting in storage due to erratic power

### KAWSAR KHAN

Erratic power supply and low voltage are hampering the smooth operations of cold storage facility, destroying a significant amount of the produce.

"My cold storage requires between 380 and 440 voltage to run smoothly but I also take the risk of running it on 370 voltage. This year I never got the required voltage that forced me to shut down my cold storage and take out potato from it," said Kamrul Alam Chowdhury, owner of Lakshmipur Cold Storage in Lakshmipur district.

He also said the local rural electrification authorities expressed sorrow for not being able to supply required voltage.

"It was not possible for us to store all the potatoes the farmers brought to us for storage," Chowdhury added.

The sector people said acute voltage shortage is damaging the quality of potato of 271 cold storages across the country.

"Sometimes we cannot run our cold storages due to load shedding and sometimes for low voltage," said Jasim Uddin, acting president of Bangladesh Cold Storage Association (BCSA).

The BCSA recently sent a letter to the government, urging it to ensure smooth power supply to save the industry, but there has been no action yet, Jasim added.

"Besides low voltage, the cold storages are also experiencing load shedding for between 4 and 6 hours every day. Sometimes the load shedding period prolongs," said Rezaul Haque, owner of Uttara Cold Storage Ltd.

"During load shedding I keep my cold storage operational with the help of captive power plants, but the power generators cannot run continuously for more than 3-4 hours. After 3-4 hours I have to shut down my cold storage," he added.

This year the country witnessed a bumper harvest of potato. The total production was 80 lakh tonnes but the cold storages of the country have a capacity of preserving 20 lakh tonnes of potato.

Around 40 percent of the total cold storage owners of the country are bank defaulters, the sector people said, blaming the government for its unfavourable policy towards the cold storage owners.

This year the government launched a potato campaign to make diversified and increased use of the produce, but the campaign did little to solve the long lasting problems of the farmers and the sector, the businesspeople said.

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## SHARE OFFLOADING

# BSRM Steels applies to SEC next month

### STAR BUSINESS REPORT

BSRM Steels Ltd will apply to the Securities and Exchange Commission (SEC) next month for approval to offload its shares.

"If everything goes fine I hope the trading of BSRM Steels Ltd will start by July," said Alihussain Akberali, chairman and managing director of the steel making company.

Akberali said two asset management companies are working as issue managers for the company.

BSRM Steels, the only manufacturer of 500 grade steel rod, plans to list in order to raise around Tk 20 crore to fund further expansion of its business.

The company, which started production in March at its new Tk 370 crore Chittagong plant, is part of the BSRM Group, the largest quality rod manufacturer in the country.

The plant currently has an annual production capacity of 3.75 lakh tonnes and is one of the largest mills of its kind in South Asia, according to the company.

The amount of current paid up capital of the BSRM Steel Ltd is Tk 145 crore while the amount of authorized capital of the company is Tk 200 crore.

The government's latest decision of cutting duty on import of ship scrap will not hamper the process of listing of the company, Akberali said.

In its latest move the commerce ministry Wednesday decided to reduce import duty on ship scrap, melting scrap and rod manufacturing chemicals to create a competitive domestic rod market.

# Telephone Shilpa Sangstha looks for partner to buy 49pc stake

### MD HASAN

State-run Telephone Shilpa Sangstha Limited is looking for a strategic partner to buy a 49 percent stake in the company in an effort to breathe new life into the country's sole telephone equipment manufacturer.

The Telephone Shilpa Sangstha has sought expressions of interest from local and foreign buyers to sell the shares valued at Tk200 crore.

Telephone Shilpa Sangstha board, which recently took the decision to forge a partnership, believes a joint venture can revive the obsolete technology-based company, which has an accumulated loss of Tk 35 crore since 1998.

The company basically supplies land phone sets and analog system equipment to state-run land phone operator BTB.

"The company's production has almost stopped since 1998 as demand for its analog equipment has dipped to almost zero in the wake of booming digital and mobile phone technology," AHM Bakhtiarul Huda, managing director of Telephone Shilpa Sangstha, said yesterday.

"The joint venture could be 49-51 basis," he said.

Telephone Shilpa Sangstha was established in 1967 as Telephone Industries Corporation under a joint venture agreement between the then the government of



A security guard walks on the premises of Telephone Shilpa Sangstha Limited headquarters at Tongi. The company supplies land phone sets and analog system equipment to state-run land phone operator BTB.

## Telephone Shilpa Sangstha at a glance

Authorized capital:	Tk 120million
Paid up capital:	Tk 86.824 million
Total number of shares:	86,824 (79,550 shares owned by government and the rest of 7,274 shares by Nokia Siemens)
Total floor areas:	1,16,680 sq ft
Total land:	29.03 acres (Uttara and Tongi)

Telephone Shilpa officials said the government introduced digital telephony in late 1980's but it did not update the company's capacity to make digital equipment.

"Telephone Shilpa has noth-

ing to do in the digital telephony market. Even the cannot make BTB's digital phone sets," said a high official of the company.

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Commerce Adviser Hossain Zillur Rahman, among others, is seen on the occasion of handing over two ships by local shipbuilder Ananda Shipyard and Slipways to a Danish buyer yesterday.

# Local ships attract foreigners, says Danish buyer

### STAR BUSINESS REPORT

The quality of shipbuilding is attracting European buyers to come and place their orders with Bangladeshi companies, said the chairman of Stella Shipping yesterday.

The comment was made at the handing over ceremony of the two multipurpose ships to their Danish owner built by Ananda Shipyard and Slipways, a local shipbuilder. The pair are the first major vessels produced for the first time in more than hundred years.

"Bangladeshi ships are really better in quality than Vietnam and Singapore, which helps to draw the attention of European buyers," he added.

Commerce Adviser Hossain Zillur Rahman, formally handed over the two ships and said Bangladesh needs to exploit the opportunity that many countries are not building small and medium ships anymore.

"Bangladesh has started drawing attention of the global shipping companies amid traditional shipbuilding nations' focus on building large ships," he said.

Yesterday two ships, Stella Maris and Stella Moon were handed over to the Danish shipping company. Stella Moon was delivered before its deadline in November. Einer H Jensen, ambassador of Denmark and Nurul Amin, secretary of ministry of industry were also present at the

ceremony.

Afruja Bari, MD of Ananda Shipyard and Slipways, at the ceremony demanded that the government reduce the amount of current bank guarantee of seven percent to one percent to encourage local entrepreneurs to invest in this promising sector.

"As South Korea and China are reluctant to build small ships and Bangladesh has proven its ability in building and delivering the product on time, this creates a bright future for the country," said Jan Fabricius, chairman of Stella Shipping.

Ananda is awarded with orders to build 24 ships including six ferries, from countries such as Denmark, Germany and Mozambique.