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High hope on infrastructure fund

REJAUL KARIM BYRON

The government pins high hope on an infrastructure fund by marking an authorised capital of Tk 10,000 crore for a company that will run the fund.

The company for Bangladesh Infrastructure Finance Fund (BIFF) will make long-term investment in projects including those of power and infrastructure.

A cabinet meeting presided over by Prime Minister Sheikh Hasina yesterday approved the proposal for formation of the company titled Bangladesh Infrastructure Finance Fund Ltd. The paid-up capital of the company will be Tk 1,600 crore.

"Such a big authorised capital is meant for giving a signal to the local and foreign investors that the government aims big for the fund. It will help grow confidence among the investors," said a finance ministry official.

According to the finance ministry proposal, the government will hold 100 percent ownership of the company at the beginning. After the private sector invests in equity they will also get ownership of

HIGHLIGHTS

1. The company will have an authorised capital of Tk 10,000 crore
2. Its paid-up capital will be Tk 1,600 crore
3. The company will attract local and foreign investments
4. The government will hold its entire ownership at the beginning, and later the private sector will also get ownership
5. The fund is expected to reduce the uncertainty of investment in PPP projects

the company.

The board of the company will comprise seven directors.

A Cabinet Division official said the finance ministry has also placed the company's memorandum of association and articles of association before the cabinet. The cabinet has in principle approved it.

The finance ministry proposal said the company would attract local and foreign

investments through internationally practised financing options like issuance of bonds and debt instruments and equity offering.

The finance ministry official said the formation of the BIFF will reduce the uncertainty of investment in the projects to be taken under public-private partnership (PPP) initiatives. He also said India formed such a company -- India Infrastructure Finance Company Ltd -- in

2006.

The Indian company has invested Rs 188 billion in 107 infrastructure projects till March 2009.

In the current fiscal year's budget there has been scope for whitening black money by investing in the BIFF fund by paying 10 percent tax.

Earlier in June this year the finance ministry issued a circular about creation of the Bangladesh Infrastructure Finance Fund.

Of the Tk 2,100 crore kept for the PPP projects in the revised budget for last fiscal year, Tk 1,600 crore will go to the fund as its initial capital and will remain deposited with Bangladesh Bank in the name of BIFF.

The finance ministry official said, after creation of the company the money will be transferred to it as the government's 'share subscription'.

Earlier, the government had planned to form Bangladesh Energy and Power Investment Fund in an effort to fix the shortage of finance in the power and energy sector.

A 12-member committee was formed in October last year for this purpose.

In its report submitted to the power and energy ministry in May, the committee said the government could form the fund of Tk 1,500 crore to Tk 2,500 crore under PPP.

Later the finance ministry and the central bank decided to create a fund for the entire infrastructure sector instead of the energy sector alone.

The committee recommended that the government have a 51 percent share in the fund, while the private sector the rest.

The government will appoint a professional fund manager from the private sector to run the fund.

An 'investment committee' of five members will be nominated by the fund manager.

The company may invest in listed or non-listed issuers or new projects with sponsors who have established operating track record and positive cash flow and projects sponsored by such type of entities.

The tenure of the company will be 12-14 years and after that it will be liquidated, according to the report.

Surcharges weigh on Ctg port users

Extra Tk 50 crore is counted a month

JASIM UDDIN KHAN, from Ctg

Chittagong Port users pay Tk 50 crore a month in surcharges mainly due to mismanagement and negligence by the authorities.

The users criticised the Chittagong Port Authority (CPA) for ignoring their opinion in resolving the crises of the premier seaport, which they said cost them Tk 100 crore in the last two months.

The CPA took the container handling operations at 12 jetties under its own management in May instead of appointing berth operators. But the port authorities do not have experiences in such a job, which has created a huge congestion of containers and doubled turnaround time.

The situation has led feeder vessels operators to impose Tk 3,476.25 in congestion surcharges on each empty container and \$100 on a loaded one.

handling operations under its own management.

He said the CPA should not have taken such a decision without consulting all the stakeholders.

The prices of essentials will go up because of the enhanced shipping costs, Chowdhury added.

AKM Akter Hossain, president of Chittagong Customs Clearing and Forwarding Agents' Association, said the CPA has curtailed communication with the stakeholders after the present government came to power.

He said the port authorities should consider the stakeholders' opinion before taking any port-related decisions.

CPA acting chairman Nazrul Islam said the port management had no intention to run the container handling activities on its own.

Dial 00 for overseas calls by mobile

STAR BUSINESS REPORT

Mobile callers will be able to use 00 as a uniform international dialling code, starting Sunday, at a cheaper rate.

Users will have to use the code before the country code for international calls.

The charge of the 00 code will be the same as the rate for 012, the previous low-cost code, also known as economy international subscribers' dialling (EISD).

"We will bring all outbound calls under one tariff plan," said Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC).

But subscribers of Bangladesh Telecommunications Company Ltd (BTCL), the state-owned landline phone operator, will have to use 012 for now.

EISD covers around 55 countries and charges Tk 6/min to Tk 16.5/min, according to the BTCL website.

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Containers pile up at the Chittagong port. Mismanagement and negligence by the port authorities cost users pay Tk 50 crore in monthly surcharges. Industry insiders say if the situation remains unchanged, the prices of essentials will surely go up.

The port operated around three lakh containers for both export and import during the last two months.

MA Salam, acting president of Chittagong Chamber of Commerce and Industry and a leader of Chittagong Port Users' Forum, said the authorities do not talk to the port users in solving any problem.

"But the CPA used to sit with the users during the past caretaker government regime when the port efficiency improved a lot."

Ahsanul Huq Chowdhury, former chairman of Bangladesh Shipping Agents' Association, said the present crisis emerged as the CPA took the container

"The High Court has stayed berth operation for three months. During the interim period, we had no other options but to introduce container handling by port management itself," said Nazrul Islam.

He said the CPA has already appointed six berth operators at six jetties and the rest will be appointed within the next month.

About consulting the stakeholders, he said the CPA does not take any decision on its own, but follows the government directives.

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(This is the second part in a series)

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