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star BUSINESS

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Five more global connectivity cables

ABDULLAH MAMUN

The government will provide licences for five more international connectivity cables -- two submarine and three terrestrial -- in the private sector.

The telecom ministry has recently taken the decision, as internet-based services are often disrupted with the country's lone undersea cable, said Sunil Kanti Bose, secretary to the telecommunications ministry.

The cables will facilitate the growth of information and communication technology (ICT) and telecom sector through uninterrupted telecommunication services.

Another ministry official said the demand for bandwidth will rise in every sector in Bangladesh, which now uses 17 gigabyte of its 44 gigabyte bandwidth capacity, as the government aims to bring the whole country under fast internet connectivity.

Moreover, the Access to Information (A2I) project of the Prime Minister's Office has initiated a move to connect the country's 1.5 lakh to two lakh offices.

Telecom experts said the demand will also peak up when the government would issue third generation (3G) mobile licences.

Currently, Bangladesh subscribes to one submarine cable -- SEMEWE-4 (South East Asia Middle East Western Europe) -- without any backup support.



The new five licences would be issued under guideline prepared by the Bangladesh Telecommunication Regulatory Commission (BTRC).

The licences would be issued to operators to build, operate and maintain high capacity optical fibre cable system to connect Bangladesh internationally, according to BTRC officials.

The licensees will be able to sell or lease their capacity to the International Gateway (IGW), International Internet Gateway (IIG), and International Private Leased Circuit (IPLC) users.

Monwar Hossain, managing director of Bangladesh Submarine Cable Company Ltd that handles the lone undersea cable from Cox's Bazar to Dhaka, said the licences

would be awarded on the basis of the "expression of interest" of the applicants.

Arif Al Islam, chief executive officer of Summit Communications Ltd, said, if the country is connected through terrestrial cables, the connectivity with the neighboring countries would be better.

According to the industry people, there are three terrestrial cables on India-Bangladesh borders in Jessore, Sylhet-Comilla and Kurigram.

"We need multiple connectivity with international fibre optic cables whether it is submarine or terrestrial," said Sumon Ahmed Subir, managing director of BDCOM, an internet service provider.

"Also, there should not be any wastage of bandwidth."

Govt shuts Jamuna Fertiliser to divert gas

STAR BUSINESS REPORT

In an effort to divert more gas to power plants, the government yesterday shut down Jamuna Fertiliser Company, the third company that faced closure after Chittagong Urea Fertiliser and Karnaphuli Fertiliser.

Officials said the factories would remain closed for nearly three months. Industries Minister Dilip Barua, however, said there would not be any crisis of fertiliser this season despite the shutdown of the major factories.

"We'll carry over some 5.5 lakh tonnes of fertiliser from the last season," Barua told The Daily Star.

The government closed down Chittagong Urea Fertiliser Ltd

(CUFL), and Karnaphuli Fertiliser Company Ltd (Kafco) last week to divert over 100 million cubic feet of gas per day (mmcf) to the power plants in the Chittagong region. Another 50mmcf will come from the Jamuna Fertiliser factory.

With the economy dependent largely on agriculture, Bangladesh is in equal need of electricity and fertiliser supplies. The annual requirement of fertiliser is around 30 lakh tonnes against the production of 16-18 lakh tonnes. Bangladesh has to import the rest to meet demand.

On the other hand, the shortage of electricity has been hampering production in many export-based enterprises, especially the readymade

garment industry. Bangladesh faces daily shortages of around 2,000 megawatts of electricity and gas is the source for 83 percent of the electricity generation.

Past experiences showed the closure of the fertiliser factories did not pay major benefits against a huge gap between supply and demand of electricity, but more shortfalls in fertiliser might cause big import spending, officials said.

"Import of a tonne of urea costs Tk 20,000-22,000, while locally produced fertiliser costs around Tk 10,000," said a CUFL official. The CUFL plant alone has the capacity to produce 1,700 tonne of urea and 1,000 tonne of ammonia a day.

Next budget to go big

REJAUL KARIM BYRON

The government may set a higher target for expenditure and income in the next budget to ensure food security and ease the power crisis which will swell the deficit.

Two separate meetings of the resources committee and the fiscal coordination council to be held today, with Finance Minister AMA Muhith in the chair, will discuss the budget size and macroeconomic challenges in the coming fiscal year.

It is the first day to discuss the preparation for the next budget. The meetings will also discuss the primary estimates of the budget, a finance ministry official said.

A number of suggestions that the International Monetary Fund put forward to the government included hiking energy, power and fertiliser prices to ease the pressure on the next budget.

The finance ministry has prepared an estimate, where the size of the total budget has increased by nearly 21 percent over the current budget, to make it about Tk 1,60,000 crore.

Non-development expenditures may go up by more than 20 percent, compared to the current fiscal year.

Finance ministry officials said the biggest pressure will come from subsidies in energy, fertiliser and food. The government in a bid to relieve people of power-crisis has taken an initiative to set up rental power plants quickly.

In the next fiscal year, the rental power plants are likely to go into operation in full swing. As a result, costs of imports of fuel for rental power plants will go up manifold.

Last week the IMF sent a report to the government saying if the government does not go for price adjustments, Tk 15,000 crore subsidies may be required in petroleum alone in the next fiscal year, which is almost double the current fiscal year.

Finance ministry officials said the subsidy will also go up in food, agriculture and fertiliser as the government will try to contain food price spirals at any cost.

To tackle the pressure of the additional cost, the government has fixed a target to collect about 22

percent higher revenue earnings, making the amount Tk 1,14,000 crore. A big part of the pressure will be on the National Board of Revenue (NBR), which will mostly try to earn through income tax and value added tax.

The government is already contemplating different measures including introduction of new laws to earn more revenues.

Centre for Policy Dialogue (CPD) Executive Director Prof Mustafizur Rahman said the budget deficit may increase due to subsidies. The important issue is how much deficit the government can sustain and how it will be filling out the shortfalls, he said.

Prof Rahman recommended that the government should make more efforts to get soft loans from development partners.

"The government must be careful about subsidies. It will have to take into consideration how much subsidies can be rationalised by increasing prices of electricity and other subsidised government products," Rahman said.



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