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DHAKA WEDNESDAY MAY 4, 2011, e-mail:business@thedailystar.net

Telcos may see cut in spectrum fees

ABDULLAH MAMUN

The telecoms ministry has proposed a revision in the spectrum charges for four mobile operators, by slashing the fees by more than Tk 4,000 crore from what the regulator had proposed earlier for their licence renewal.

According to the new proposal by the telecoms ministry, the four operators -- Grameenphone (GP), Banglalink, Robi and Citycell -- who have to renew their licences will pay a total of Tk 7,824 crore, while the regulator had proposed Tk 12,118 crore.

Last week, the telecoms ministry sent its proposed radio spectrum price policy to the finance ministry, said telecoms ministry officials.

They said the 900 and 1800 megahertz band's pricing would be the same at Tk 150 crore for the 3 GSM (global system for mobile communications) operators -- GP, Banglalink and Robi.

On the other hand, the CDMA (code division multiple access) mobile operator that is running on a band of 800 MHz will have to pay Tk 100 crore per MHz. Citycell is the country's only CDMA mobile operator.

But the utilisation factor (UF) is still the main aspect in the renewal process, for which the operators will have to pay different amounts on the basis of their subscriber base and revenue -- the more the subscribers, the more the operators will have to pay. However, the way the regulator calculated the UF is yet to be revealed.

However, leading operators have

Name of operators	Proposed charges in Tk (BTRC)	Revised charges in Tk (telecom ministry)
Grameenphone	5,504 crore	3,504 crore
Banglalink	2,994 crore	2,046 crore
Robi	3,000 crore	1,824 crore
Citycell	620 crore	450 crore
Total	12,118 crore	7,824 crore

appreciated the latest move.

Kazi Monirul Kabir, chief communications officer of GP, said he is optimistic about the revision.

Zakiul Islam, director (corporate and legal affairs) of Banglalink, also took the government move positively. He said: "We appreciate that the government has taken our recommendations positively."

According to the telecoms ministry proposal, GP will pay Tk 240 crore per MHz and its UF will stand at 1.60.

Banglalink's UF will be 1.10 and it will have to pay for 12.4 MHz of bandwidth, while Robi will pay Tk 1,824 crore for its renewable spectrum of 12.8 MHz with a UF of 0.95, according to the proposal.

Citycell is using 10 MHz of bandwidth and it will have to pay Tk 45 crore per MHz. Its UF is 0.45.

According to the regulator's draft guidelines, the four operators were supposed to pay a total of Tk 12,118 crore -- GP Tk 5,504 crore, Banglalink Tk 2,994 crore, Robi Tk 3,000 crore, and Citycell Tk 620 crore.

The telecoms ministry will take the final decision on the licence procedures, and will soon sit with the finance and planning ministries, where the pricing will be finalised, said officials.

Bourses reject MI Cement listing

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The bourses rejected the listing of MI Cement Factory Ltd in the stockmarket yesterday.

The bourses requested the Securities and Exchange Commission (SEC) to ask the company to return the initial public offering (IPO) money to the investors for the market's greater interest.

Ahasanul Islam, senior-vice president of Dhaka Stock Exchange, said: "We requested the SEC to ask the company to return money to the investors as per the section 20(A)."

Now the market is facing a credit crunch, so it will be best to return the money of the investors, said a director of MI Cement. After the SEC is restructured, the company could go for new IPO, he added.

Earlier, MI Cement proposed that sponsor directors will compensate the investors if share prices go below offer price within first six months of trading. The company was supposed to deposit Tk 5 crore in security funds to fulfil the compensation package before receiving the listing approval from the bourses.

WB projects 6.2pc growth

It says stockmarket volatility to affect banking sector

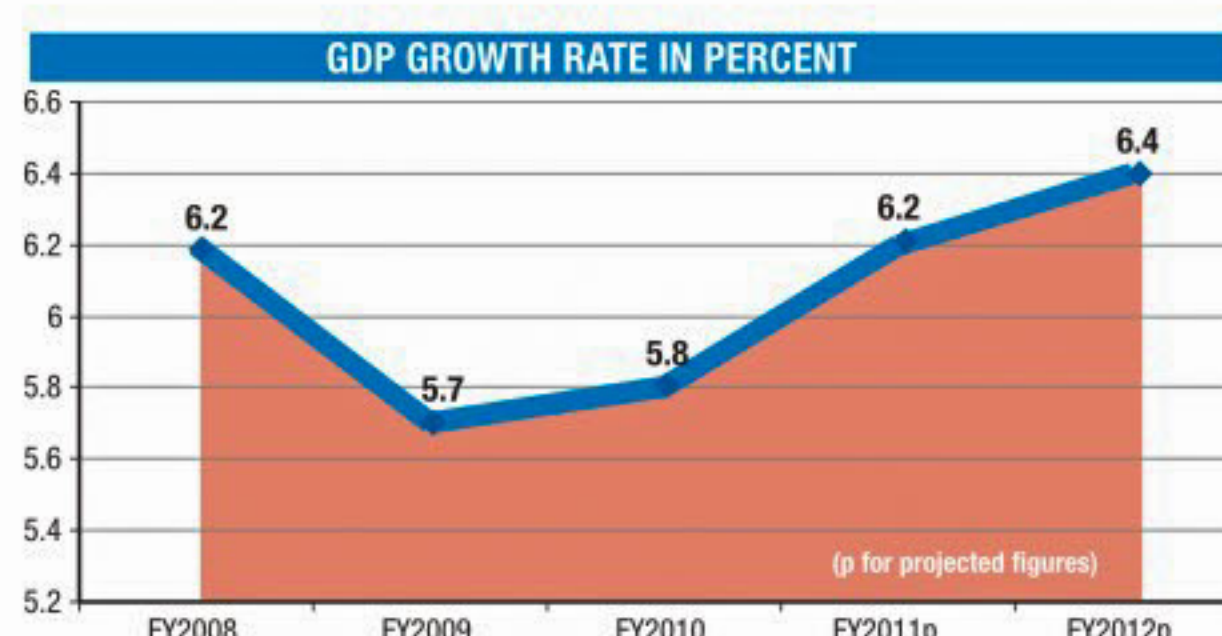
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The World Bank estimated Bangladesh's GDP growth at 6.2 percent for fiscal 2010-11, up from 5.8 percent in the previous year. The higher growth will come from a rise in exports and domestic demand, it said.

The global lender also forecasts a positive outlook (6.4 percent) for fiscal 2011-12, provided some short-term risks -- rising global food and fuel prices, and deteriorating remittance -- are managed prudently.

In the Bangladesh Economic Update, a half-yearly assessment of the economy, the WB said an increased reserve drawdown, growing quasi fiscal deficit, stockmarket volatility and its potential impact on the banking sector, could threaten the economy.

"In addition, power



shortages, raising public investment and removing bottlenecks for private investment are critical to ensuring long-term sustainable growth," said Lalita Moorthy, WB senior country economist for Bangladesh.

The country's growth has remained resilient as the macro stance moved towards normalisation and the economic outlook remains broadly favourable, mainly because of robust export growth and rising domestic demand.

The WB said there are no major supply-demand imbalances in food grain stocks, and the recent food price hikes were driven mainly by the upward trend in international prices.

"If these trends continue through the fiscal year, the current account balance is likely to slip from a surplus to a deficit."

The WB found growing energy and food subsidies stressing the budget.

The report said the high broad money growth may have been a factor in the

stock price surge that was built after July 2009. The regulator's efforts to deal with the price surge and the subsequent reversal of these policies may have increased stock index volatility in the past months.

"Developments in the stockmarket could potentially affect the banking sector through the commercial banks' exposure to the stockmarket, as well as the exposure of the Investment Corporation of Bangladesh and state banks," said Zahid Hussain, WB senior economist for Bangladesh.

Sanjay Kathuria, WB lead country economist for Bangladesh, said there are concerns on proposed amendments relating to telecommunications policy, anticorruption commission and policy responses to stockmarket volatility.

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