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Michael Kuehner, managing director of Robi, speaks on the company's second-quarter financial report at a press conference in Dhaka yesterday. Mahtabuddin Ahmed, right, Robi's chief financial officer; and Bidyut Kumar Basu, left, chief marketing officer, are also seen.

Govt okays seven power plants with overseas credit

REJAUL KARIM BYRON

The government yesterday approved setting up seven power plants partly with hard-term loans from abroad to lessen pressure on foreign exchange reserve and lower dependence on the private sector.

The approval came at a meeting of the cabinet committee on economic affairs with Finance Minister AMA Muhith in the chair.

According to a Power Division proposal, the plants with a total capacity of 1,455 megawatt will cost Tk 10,230 crore, of which Tk 6,770 crore or \$900 million will come from overseas as supplier's credit.

A supplier's credit is extended to a buyer by a seller or supplier. It has a higher interest rate than soft loans and is required to be repaid within eight to 12 years.

The projects will be implemented through inviting open tenders. The successful bidders will collect foreign credit from the international market, according to the proposal.

The proposal also said, since February last year the Power Division has issued work orders to build 41 power plants with a total capacity of 4,504 MW. Of them, 14 units have already gone into production.

These plants will cost about Tk 38,510 crore, of which around Tk 28,000 crore or \$3.97 billion will be spent from the country's foreign reserve.

The power plants will put pressure on the foreign exchange reserve, said the proposal, adding that the pressure would mount after work orders are issued for the new projects.

The production ratio of the existing public and private sector power plants is 53:47. After commissioning of the new plants, the ratio will be 45:55, the proposal said.

More power plants should be set up in the public sector soon to reduce dependency on the private sector, it said.

The proposed power plants are Shahjibazar 300 MW combined cycle power plant, Bibiyana III 450 MW combined cycle power plant, Barapukuria coal fired 250 MW thermal power III unit, conversion of Baghabari 150 MW gas turbine power plant to combined cycle, conversion of Shahjibazar 150 MW gas turbine power plant to combined cycle, Dohar 100 MW furnace oil based power plant and Chapainawabganj 100 MW furnace oil based power plant.

The cabinet committee also gave a nod to the proposal of giving the responsibility of overall evaluation of the benefits of the project on allowance for the elderly to Bangladesh Institute of Development Studies (BIDS).

The committee also approved a high-tech park under public private partnership at Kaliakoir in Gazipur district.

After the meeting of the economic affairs committee, a meeting of the cabinet committee on purchase okayed a proposal for importing 2.15 lakh tonnes of urea fertiliser. Of the amount, one lakh tonnes will be procured at \$572 per tonne, while another one lakh tonnes will be bought at \$584 per tonne, and 15,000 tonnes at \$519 per tonne.

2G roadmap out: confusion over VAT

ABDULLAH MAMUN

Confusion surfaced over a provision for value-added tax in the telecom renewal guidelines released by the regulator yesterday.

Four mobile operators -- Grameenphone, Banglalink, Robi and Citycell -- will have to pay all fees and charges along with 15 percent VAT, in line with the renewal guidelines posted on the website of Bangladesh Telecommunication Regulatory Commission (BTRC).

Last year, BTRC submitted the draft guidelines to the telecom ministry. The spectrum fees have been finalised after a series of consultation meetings among operators, the regulator, telecom ministry, finance ministry and prime minister.

But the telecom operators say the VAT provision was never discussed in any meeting.

The government will now receive a total of Tk 8697.45 crore in spectrum charges from the mobile operators, up from Tk 7,563 crore earlier declared by the telecom ministry.

"I can see there are many issues which are beyond the telecom law and purview of telecom regulation," said Abu Saeed Khan, secretary general of the Association of Mobile Operators of Bangladesh.

The government should take these issues off the renewal guidelines to ensure good health of the sector, Khan said.

The operators said they would sit with BTRC, telecom ministry and the National Board of Revenue on the issue. Officials of the companies said they were not prepared to pay the hefty amount of fees and VAT.

Robi seeks more time for spectrum fees

STAR BUSINESS REPORT

Mobile operator Robi seeks a six-month extension to pay spectrum fees as it is trying to acquire most of its required funds from foreign financial institutions, said an official yesterday.

The government set four telecom operators a November deadline for the first installment of payment, said Mahtabuddin Ahmed, Robi's chief financial officer, while releasing the company's second-quarter financial report.

If the government does not extend the deadline, the company will have to seek the funds from local banks which are facing a "huge liquidity crisis", Ahmed said at a press conference at Robi's Gulshan corporate office.

In a recent meeting with the telecom ministry, Grameenphone, Banglalink and Citycell also urged the government to extend the deadline as 49 percent of the amount must be submitted by November.

Robi will have to pay Tk 1,900 crore in spectrum fees.

Ahmed said Robi has received approval from the central bank to seek \$30 million from foreign banks to expand its network capacity.

Robi's revenue earnings rose 22 percent to Tk 762.8 crore in the second quarter of 2011, compared to the same period a year earlier. The company has added 12 lakh subscribers to its network in Q2 this year, a 9 percent rise from the previous quarter, it said in a statement.

"EBITDA (earnings before interest, taxes, depreciation, and amortisation) margin for the Q2 was down by 3 percent from Q1 due to high subsidy for acquisition," Ahmed said.

"ARPU has declined by 2 percent, hit by high competition among the operators in providing quality service with minimum cost," he said.

In Q2, Robi has introduced a single rate roaming service. Subscribers can talk a minute with only Tk 15 while roaming in Malaysia, Sri Lanka, Indonesia and Cambodia.

"We are providing good data service. Concurrently, demand for data is growing and the challenges of voice and SMS data substitution is accelerating in the market," said Michael Kuehner, managing director and CEO of Robi. "We are focusing on data initiatives in order to gear up the data network."

Bidyut Kumar Basu, chief marketing officer, said: "The company increased network capacity and coverage."

Robi's geographical coverage increased from 86 percent to 87.4 percent, population coverage from 96 percent to 97.5 percent. It set up 297 new BTS in the second quarter, taking the number to 7,521, according to Basu.

Stocks slip into the red as investors lose appetite

Some angry investors take to the streets as benchmark index of Dhaka bourse loses 59 points

STAR BUSINESS REPORT

Shares on the twin bourses declined for a second day as investors lost appetite for new shares amid fears of further instability in the stockmarket.

The benchmark General Index, DGEN of Dhaka Stock Exchange, the indicator of the premier bourse, closed at 6,017.96, after plummeting 59.36 points or 0.98 percent. DGEN lost 77.58 points in two days.

Some angry investors gathered in front of the Dhaka Stock Exchange in Motijheel to protest the market fall.

Institutional investors feared a further liquidity crisis in the stockmarket after the central bank tightened key policy interest rates, said an institutional investor.

Hossain Ahmed, a retail investor, said: "My portfolio is going to be empty as most shares have been declining for a month."

"I will leave the market after recovering my investment," said Ahmed.

Lack of active participation of investors pushed down the market, said Reaz Islam, chief executive officer of LR Global, an asset management company.

Some big institutional investors adopted wait-and-see policy, said Islam.

A total of 208 issues out of 253 that traded on the DSE declined, while 31 advanced. Fourteen issues remained unchanged.

Turnover on the DSE floor rose 17.7 percent to Tk 283 crore, compared to the previous day's value.

All major sectors went down: banks 1.03 percent, non-bank financial institutions 1.25 percent, telecoms 1.63 percent, pharmaceuticals 0.79 percent and power 0.84 percent.

Lafarge Surma Cement topped the turnover chart with 5.11 lakh shares worth Tk 33.68 crore changing hands as it was the most active share in the four-hour session.

Bd Autocars was the biggest gainer of the day as it posted a 4.16 percent rise. Monno Jutex was the worst loser, slumping 19.43 percent.

Guidelines issued for RMG exports to India

REFAYET ULLAH MIRDHA

Garment items -- made of imported or local fabrics -- will qualify for duty-free exports to India, an official said yesterday.

There is one condition: exporters must add at least 30 percent value to the manufacture of the apparel item inside the country to get duty benefits, the official said.

Garment exporters will get duty benefits on the exports of 46 items to India: 24 are knitwear products, 21 woven garment items and one silk fabric item. Shirts, trousers, blouses, children's clothes, nightwear, T-shirts and jeans are on the list.

The commerce ministry issued a set of guidelines yesterday on the duty-free exports of garments to India.

The ministry prepared the guidelines in line with a circular issued by the Indian government on September 6. The new circular by the Indian government replaces the one issued in 2008 when India gave a duty waiver on the exports of 259 products from Bangladesh. Of the total 259 products, 27 were garment items.

NOTICE

We bring out today four pages instead of our regular eight, as business activities are yet to pick up after the Eid-ul-Fitr holidays.



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