

STOCKS		COMMODITIES		ASIAN MARKETS		CURRENCIES	
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	USD	EUR
▼ 3.03 %	▼ 2.72 %	▼ \$1,620.60 (per ounce)	▲ \$101.82 (per barrel)	▼ 0.22%	Closed	82.50	102.85
5,253.47	9,632.53			15,814.72		125.35	1.03
						SELL TK	83.50 107.06 129.71 1.13
							GBP JPY



# BUSINESS

DHAKA TUESDAY JANUARY 10, 2012, e-mail:business@thedailystar.net

## BB asks govt to buy fuel oil on credit

SAJJADUR RAHMAN

The central bank suggested the government should take special credit from oil exporting countries to buy fuel to reduce mounting pressure on the country's foreign exchange, a top official said yesterday.

"We've already conveyed the message to the government for the special credit for Bangladesh Petroleum Corporation (BPC)," the official said, asking not to be named.

However, BPC Chairman Abu Bakar Siddique said he was not aware of any new move.

Siddique said BPC received special credit from the Islamic Development Bank and a syndicate of three foreign banks operating here. "I have no further information."

Bangladesh Bank is in trouble trying to maintain a benchmark reserve of foreign exchange.

The local currency has been depreciating fast and reached nearly Tk 83 for the dollar Sunday from around Tk 70 a year ago.

The BB said the government may initiate talks to Qatar, Kuwait and other oil exporting countries to give it a credit line or a deferred facility to support its oil imports.

This kind of credit facility is not new. Many countries take such credit when in need. Sri Lanka got interest-free credit in 2009 and 2010 for crude oil import from Iran.

The pressure on the economy now stems from oil imports to feed rental power plants. The import of fuel oils rose by 92.44 percent to \$2.20 billion in the first five months of the current fiscal year from \$1.15 billion in the same period the previous year, according to BB data.

The oil import bill would cross \$6 billion at the end of this fiscal year compared to less than \$3.5 billion last year.

"We fear if the oil prices go up due to the Iran issue, things will worsen further," said the BB official.

Iran has threatened last month to shut the Strait of Hormuz, a transit point for a fifth of oil traded worldwide, if sanctions are imposed on its crude exports. The BB fears the fiasco may fuel oil prices and pile pressure on its reserve.

Bangladesh raised fuel prices last month, which was the fourth such hike since May in a bid to reduce subsidy burden, ignoring that it would add to the rising inflation.

## Robi takes VAT on licence to court

### Court asks NBR to explain why VAT in telecom licensing and revenue sharing would not be declared illegal

ABDULLAH MAMUN

The High Court on Sunday asked the National Board of Revenue (NBR) to explain why the provision for VAT on telecom licensing fees, revenue sharing and spectrum assignment fees would not be declared illegal.

The rule came after mobile phone operator Robi Axiata filed a writ petition with the HC, challenging a statutory regulatory order by NBR that imposed value-added tax on telecom operators for licence renewal.

Now the NBR, the finance ministry and other agencies will have to respond to the court rule by January 29.

The court directed Robi to pay all sorts of dues to NBR in five days.

"We have challenged the provision for VAT on licence renewal as a licence is neither a product, nor a service. Only products and services are subject to VAT," Barrister Fatema Anwar, a lawyer for the operator.

Also, the HC has directed the Bangladesh Telecommunication Regulatory Commission (BTRC) to consider licence renewal for Robi in five days, Fatema said.

Another issue tied to licence renewal is pending with the HC, said Barrister Khandaker Reza-E-Raquib, a lawyer for BTRC.

Due to a legal dispute between

the BTRC and the telecom operators over the payment of VAT, Grameenphone, Banglalink, Robi and Citycell's licence renewal is still pending, which was supposed to be complete by November 10 last year.

The dispute arose when the BTRC asked the four operators to pay their licence renewal and spectrum fees without deducting tax at source. Currently, all the operators pay or share their revenue with the regulator after deducting 15 per cent VAT at source.

Meanwhile, challenging the regulator's demand, Grameenphone in October filed a writ petition with the HC on the VAT issue, and the telecom watchdog put licence renewal on hold until the court decision comes.

However, the case is pending with the HC and the four operators are running their operations under a special order of the regulator.

Grameenphone has challenged the regulator's decision of taking the tax without any deduction, while Robi has challenged the entire process of VAT for the telecom operators.

A Robi official said the licence itself cannot be within the purview of VAT because licence does not add any value to the company.

At the same time, there is no

mention of spectrum assignment fee in the VAT related SRO of the tax administrator, he added.

But the government is asking for VAT on spectrum assignment fees as well, he said.

Again, he said spectrum or frequency is provided to the operators by the regulator or the ministry. Using the spectrum, the companies earn money and pay VAT to the government. Spectrum is not a service or product. So spectrum fees should be out of any VAT regime, the official said.

Robi's another concern is related to VAT on revenue sharing.

The Robi official said the telecom operators share 5.5 per cent revenue with the BTRC which is a kind of tax. VAT cannot be applicable to any other tax, he said.

Referring to clause 21 (1) and 25 of the Bangladesh Telecommunication Act of 2001, Robi lawyer Fatema said the BTRC will collect all shorts of fees and charges from different operators which is exempted from tax.

She also said, according to the VAT Act of 1991, VAT is applicable to services and goods. Licence or spectrum is neither services nor goods.

Fatema said an SRO of the tax administrator cannot conflict with VAT and telecom laws.

## Foreign stock investors were in a buying mood last year

### MONTH-WISE FOREIGN TRADE ON DSE IN 2011

MONTH	BUY	SELL	NET POSITION
January	91.02	247.01	- 155.98
February	51.59	42.98	8.61
March	34.02	18.37	15.65
April	50.22	10.59	39.62
May	125.10	7.19	117.91
June	174.56	144.90	29.65
July	265.06	282.65	- 17.59
August	32.14	230.23	- 198.09
September	64.34	59.12	5.22
October	110.80	7.10	103.69
November	126.10	64.73	61.36
December	91.83	23.47	68.35

SARWAR A CHOWDHURY

Foreign investors in Bangladesh's stockmarket were mostly in a buying mood last year.

The foreign investors bought shares worth Tk 1,216.83 crore, while they sold shares worth Tk 1,138.40 crore last year, according to Dhaka Stock Exchange (DSE) statistics.

The buying tendency by the foreign investors, most of whom are actually global fund managers, can be attributed to lower value of securities due to massive corrections in share prices throughout the year, local brokers said.

The overall market PE (price earnings) ratio came down to a five-year low at 13 last year, a level that indicates a good time for investment, they said.

The investors were, however, a bit cautious in stock trading due to high volatility in the price curve, they said.

The banking shares were the top choice of the foreign investors, while they also had interest in power, pharmaceuticals and multinational companies.

"The stockmarket did not receive a significant amount of portfolio investment in 2011, but the foreign investors took the market positively," said Khaled Yusuf Farazi, chief executive officer of BRAC-EPL Investment.

BRAC-EPL is one of the leading portfolio managers that give stock brokerage services to foreign fund managers.

The investment figure could have been higher had the market not passed through a high volatility throughout the year, he said. "There is a huge opportunity of foreign investment to come in our stockmarket in future," he added.

The month-wise portfolio or foreign investment figures showed that the global fund managers were in a buying mood throughout the year, except for three months -- January, July and August.

But the situation was opposite in 2010, when sell-offs by the global fund managers outpaced the buying pressure on the premier bourse. They were in a selling spree for eight months in 2010, the year the price index rose to its peak.

In 2010, the foreign investors bought shares worth Tk 1,079.15 crore, while they sold shares worth Tk 1,755.74 crore.

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## Tripura traders to demand more border haats

PTI, Agartala

Indian traders in Tripura will demand for opening of four border haats (markets) and transshipment through Ashuganj port in Bangladesh, said the president of Tripura Chamber of Commerce.

The businessmen, exporters and importers of the state decided to place such demand during the visit of Bangladeshi Prime Minister Sheikh Hasina in Tripura tomorrow, said ML Debnath.

"Bangladesh recently made experimental transshipment of Indian goods from Kolkata through Ashuganj port that benefited the Indian traders immensely, as the experiment was successful," he said.

"We demand immediate introduction of this facility," Debnath told reporters.

Bangladeshi prime minister will arrive there tomorrow in a two-day trip and Tripura Central University will confer an honorary Doctorate of Literature on her.

During the visit, Hasina will also hold a discussion with the businessmen of both sides at Prajna Bhavan to know the ways to improve bilateral trade.

## 11 Social Islami Bank directors face HC bar

STAFF CORRESPONDENT

The High Court yesterday restricted functions of 11 directors of Social Islami Bank Ltd (SIBL) for allegedly holding the offices for 16 years defying the law.

In response to a writ petition, the court also issued a rule upon the Bangladesh Bank to explain in three weeks why it should not be directed to remove the 11 directors from the offices of directors of SIBL.

The restriction on functioning by the directors will continue till disposal of the rule, the court said.

The directors of SIBL against whom the order was passed are -- Anisul Haque, Abdul Awal Patwari, Sultan Mahmud Chowdhury, Nasir Uddin, Sheikh Md Rabban Ali, Sayeedur Rahman, Jabbar Mollah, Faisal Ahmed Patwari, Noor-A-Alam Chowdhury, Lily Amin and Md Azam.

Rakimul Al Mamun, a share holder of SIBL, yesterday filed the writ petition with the HC saying that the 11 directors have been holding their offices for long 16 years violating the Banking Company Act 1991.

As per provisions of the law, no director can hold the office for more than six years continuously, the petitioner said.

He said the directors are allegedly involved in misappropriating the bank money.

He prayed to the court to direct the central bank authorities to remove them from their offices.

The HC bench of justice AHM Shamsuddin Choudhury Manik and justice Jahangir Hossain Selim came up with the order and the rule after holding hearing on the petition.

Advocate Manzill Murshid appeared for the petitioner, while Deputy Attorney General ABM Altaf Hossain represented the government.

## Muhith sees an end to gas crisis in 2013

### GTCL signs \$71.5m pipe deal with Indian company



Ramesh C Mansukhani, standing second from right, group chairman of Man Industries (India) Ltd, and Mohammad Yunus, standing second from left, company secretary of Gas Transmission Company Ltd, pose with documents after signing a deal at Ruposhi Bangla Hotel in the city yesterday. Seated from right, State Minister for Power Muhammad Enamul Huq, Finance Minister AMA Muhith, Energy Adviser Tawfiq-e-Elahi Chowdhury and Chairman of parliamentary standing committee on energy Mohammed Shubid Ali Bhuiyan are also seen.

STAR BUSINESS REPORT

Bangladesh could strike a balance between demand and supply of gas by 2013 as the government is moving ahead with a raft of measures to boost production, the finance minister said yesterday.

"At present, we are not being able to get out of the gas crisis, as we still need an additional 500 million cubic feet of gas a day," AMA Muhith said.

"But we have to keep in mind that demand will go up when we implement all the projects," he said. "We hope we will be able to strike a balance in 2013."

Currently, Bangladesh produces about 2,000mmcf gas a day against demand for more than 2,500mmcf.

Muhith said the government has taken up projects to augment gas production, import liquefied natural gas and construct pipelines in the last three years.

The minister said the government has learnt a lesson from the gas crisis that the country cannot continue to depend on a single source of fuel to produce electricity. "It is not right to depend on gas alone," Muhith said.

Bangladesh is heavily dependent on natural gas, which accounts for 76.42 percent of its daily electricity production of 5,000 megawatts, according to Power Development Board.

Muhith said the government plans to increase electricity generation from renew-

able energy sources to at least 250 megawatts in the next two to three years from the existing production of 40MW to 50MW.

The minister spoke at the signing of a deal at Ruposhi Bangla Hotel in Dhaka.

Gas Transmission Company Ltd, a company of Petrobangla, signed an agreement with Man Industries (India) Ltd, a line pipe maker, for supplying pipes worth \$71.5 million for the Bibiyana-Dhanua gas pipeline project.

Sanjeeb Dev, chief marketing officer of Man Industries, Mohammad Yunus, company secretary of GTCL, and Mahmud Khan, the project director, signed the deal.

The largest pipeline of the country will transport additional gas to be produced by Chevron Ltd at Bibiyana and Jalalabad gas fields as well as potential new gas field of Sunetra, said Md Aminur Rahman, managing director of GTCL, during his presentation.

"The pipeline will ensure additional gas supply to Dhaka and the country's western region," he said.

Petrobangla, with the help of its sister organisations, will bear the cost of the project fixed at Tk 1,650 crore, said the prime minister's energy adviser Tawfiq-e-Elahi Chowdhury.

Petrobangla Chairman Professor Md Hossain Monsur said Chevron would supply about 500mmcf additional gas through the pipeline.

The Sylhet region can produce additional gas, which cannot be brought to Dhaka and other parts of the country due to a lack of pipeline, said Energy Secretary Mohammad Mejbahuddin. "This pipeline will now help us a lot."

He said the government is adding the storage capacity of Bangladesh Petroleum Corporation by another 5.13 lakh tonnes. The state-run oil importer can only store 9.35 lakh tonnes of oil.

"We are also increasing the storage capacity for jet fuel as we can only store 29,000 tonnes of fuel that can meet the consumption for only 8 to 10 days," he said.

Mejbahuddin also said the country's coal policy would be finalised once the technical committee submits its recommendations on issues such as mining method and rehabilitation of the people to be affected by any coal project.

Muhammad Enamul Huq, state minister for power, Mohammed Shubid Ali Bhuiyan, chairman of the parliamentary standing committee on energy, and Ramesh C Mansukhani, group chairman of Man Industries, also spoke.

With the completion of the project, expected by June 2013, 660 million cubic feet of gas will be added to the national grid a day.

About 4.5 kilometres of the pipeline will go through a river and the circumference of the pipeline will be 36 inches, according to the planning ministry.

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