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From left, Robi Chief Executive Officer Michael Kuehner, Banglalink's Chief Technical Officer Ahmed Fady, Grameenphone CEO Tore Johnsen and Citycell CEO Mehboob Chowdhury pose for photographs after their companies received renewed 2G licences from Bangladesh Telecommunication Regulatory Commission at a ceremony at the regulator's office in Dhaka yesterday. Story on page 1

Privatisation Commission looks to lease out state mills

STAR BUSINESS REPORT

The Privatisation Commission has drafted rules on leasing out state mills and firms -- a first step to hand over the operations of government-owned entities to the private sector.

The leasing-out of state enterprises will encourage small and medium entrepreneurs and ultimately contribute to industrial development.

"Privatisation laws allow for leasing out an entity or part of its assets, and the draft rules were framed in line with that," PC Chairman Mirza Abdul Jalil said in a press briefing yesterday.

The commission's rationale for leasing out is that the factories would continue with their operations, without shutdown.

The rules allow for leasing out state enterprises on a short-, medium- and long-term basis, for a minimum of 10 years and a maximum of 35 years, with provisions for extension.

The lessee will have to continue manufacturing the same products as before, while bearing the operational expenses of the mill.

In case of damage to the machinery due to events other than natural disasters, the costs will have to be borne by the lessee.

The draft rules, however, do not allow the lessee to transfer liability or the operations of the mill to a third party.

Jalil said the government had previously handed over nine mills to factory workers to run and eventually gain ownership by clearing liabilities and dues to the government, but they failed to honour their commitments.

"Since they did not own these mills, they were unable to get loans from banks. As a result, they transferred these factories to third parties," said Jalil, who also favours regaining those privatised mills.

Of the 75 state enterprises privatised to date, 44 are profitable, 15 remain closed and another 16 are preparing to start operation.

Jalil blamed the failed ventures on a lack of government support to the parties who took over those mills.

"We were supposed stand beside them," he said, adding that the commission was working with the entrepreneurs to reopen these privatised factories.

Jalil revealed a list of nine asset-valuation firms who would be assessing the value of the state enterprises and their assets for privatisation.

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Call money market stays calm

Call money rate hovers around 10.5 percent

SAJJADUR RAHMAN

Unlike previous years, the inter-bank call money market looks stable ahead of this year's Eid-ul-Fitr festival.

Treasury officials said, though cash withdrawal from banks has been increasing for the past two weeks, the call money rate did not rise proportionately due to the central bank's prudent role.

Most of the deals in the call money market were settled at 10.50 percent yesterday, down from Monday's 10.70 percent, officials said.

The total turnover in the market also showed a declining trend, according to Bangladesh Bank (BB) data.

The turnover in the market was Tk 7,521 crore yesterday, down from Tk 7,605 crore on Monday and Tk 8,218 crore on Sunday.



"The market looks very stable this year with no significant liquidity shortage," said Motiur Rahman, head of treasury at Prime Bank.

"The central bank's active role, including pumping money into the market, helps the market remain calm," said Rahman.

The BB on Monday injected fresh funds worth Tk 14,208 crore

According to BB data, the central bank has bought nearly \$900 million from the market during the period between the last week of June and Monday, and the market got liquidity of more than Tk 7,300 crore.

"We see no problem with liquidity this year," said a treasury official of Jamuna Bank.

The inter-bank call money market is an overnight market, which mainly serves commercial banks and non-bank financial institutions (NBFIs) in meeting their immediate liquidity needs and reserve deficiencies.

Generally, call rate shoots up during the Eid festival due to a rush in withdrawal of deposit. The demand for cash forces banks and NBFIs to borrow from the overnight money market during the festival.

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Australia to buy more products from Bangladesh

DIPLOMATIC CORRESPONDENT

Australia will buy more products from Bangladesh as the Bangladeshi products are of good standards and prices are competitive, Greg Wilcock, Australia's new high commissioner to Bangladesh, said yesterday.

He was meeting Foreign Minister Dipu Moni at her office in Dhaka.

Termining the bilateral relations between Bangladesh and Australia excellent, the foreign minister thanked the government of Australia for assisting Bangladesh in human resources development and capacity building.

She recalled with thanks the recognition of Australia, as the first OECD country, immediately after the independence of Bangladesh.

Dipu Moni also requested the high commissioner to tap the enormous trade and investment potential that is unexplored between the two countries.

Australia considers Bangladesh as one of the most important destinations for investment, Wilcock said.

Netas wins HC backing to take part in telecom bidding

STAR BUSINESS REPORT

The High Court yesterday directed the state-owned telecom company to allow an Istanbul-based firm to participate in bidding for the construction of an optical fibre transmission network as per a purchase review panel's decision.

The court delivered the verdict after endorsing a writ petition filed by Nortel Networks Netas Telekomunikasyon, the Turkish firm.

Netas had challenged the legality of moving another writ petition by acting managing director of Bangladesh Telecommunications Company Ltd (BTCL) against the purchase review panel's decision.

The HC bench of justice Naima Haider and justice Muhammad Khurshid Alam Sarkar also rejected the writ petition filed by the acting managing director of BTCL, Azizul Islam, as he filed the petition without an approval from the BTCL's board of directors.

Abdul Matin Khasru, counsel for Netas, said the BTCL has to allow his client to participate in bidding following the HC verdict.

Netas took part in a pre-qualification bidding, but the BTCL had disqualified the firm and moved on with two other bidders, ignoring the decision by the review panel.

The quasi-judiciary panel, which reviews all public purchases on the basis of any complaint, asked the state-run telecom company to allow Netas to take part in the bidding on March 18 this year.

Netas had lodged a complaint to the review panel against the BTCL's decision after it was removed from a pre-qualification evaluation.

The panel, after a hearing, said the removal of Netas from the pre-qualification bidding was illogical and unilateral. It further alleged that the BTCL has done improper activities during the evaluation.

After more than 40 days of the review panel's verdict, the BTCL opened the financial offers on May 3.

The BTCL even disobeyed the telecom ministry and its board order as well.

The ministry asked the BTCL to follow the review panel's decision on March 18, while the BTCL board directed the same on March 21.

Ignoring their orders, Azizul Islam in May this year filed a writ petition with the HC challenging the review panel's decision.

Barrister Fida M Kamal appeared for Islam.

BTRC making ready 700 MHz spectrum for mobile operators

ABDULLAH MAMUN

The telecom regulator is reviewing the options for allocating 700 Megahertz (MHz) spectrum -- considered the most valuable at present -- for mobile operators.

"We want to make the most out of the in-demand 700 MHz spectrum," said Zia Ahmed, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC).

The 700 MHz band will enable service providers to deploy higher-performance mobile broadband services over greater distances than the services they offer today. As a result, the operators will be able to roll out their service network with less equipment or investment for more people, according to analysts.

In line with the suggestions of the International Telecommunica-

tion Union (ITU), a UN body, Bangladesh will allocate 700 band for fourth generation (4G) mobile technology -- Long Term Evolution (LTE) -- which provides far more speedy data transfer than 3G technology.

The 700 spectrum band was originally intended for analogue television broadcasting, but the switch to digital broadcasting made the band redundant.

But due to its broadcast-attractive physics -- like its ability to penetrate walls -- the spectrum has become desirable yet again for broadband communications, particularly mobile broadband.

But the band is not in a usable situation and the regulator is refreshing it.

The BTRC allocated 6 MHz spectrum (6 uplink and downlink each) to AlwaysOn Network Bangladesh Ltd (AlwaysOn), an

internet service provider, in July 2006 for five years -- at free of cost.

But the segment of the frequency given to AlwaysOn is at such a location that it is impeding the functionality of the rest of the band.

The BTRC has now asked AlwaysOn to report on how they are using the spectrum, to study the options left to the regulator with regards to the band, Ahmed said.

When asked, Reaz Shaheed, managing director of AlwaysOn, said, "We are using the spectrum according to the licence conditions."

"The commission is now examining if the allocated frequency can be shifted in such a way that it does not interrupt the band," said the BTRC official.

The official added that the regulator now plans to shift

AlwaysOn to the corner of the band with an allocation of 5 MHz frequency (5 uplink and downlink each).

Another BTRC official said the regulator wants to allocate the 700 Mhz airwave, via an auction, for mobile technology.

But due to the delays in the 2G licence renewal and 3G auction, the 700 band auction has been postponed too.

The 2G licence renewals of Grameenphone, Banglalink, Robi and Citycell were supposed to have been completed by November last year, while the 3G auction should have taken place this year.

"The current situation suggests that the 3G auction would not be possible this year, so the auction for 700 MHz spectrum has been set back further," said the official.