

DHAKA FRIDAY APRIL 19, 2013, e-mail:business@thelaststar.net

United Power's roadshow for price discovery

STAR BUSINESS REPORT

United Power Generation & Distribution Company has organised a roadshow for price discovery under book building method to be listed on the bourses.

The roadshow was designed to attract institutional investors to participate in the bidding at Lakeshore Hotel in Dhaka on Wednesday.

The indicative price will be set on Monday, said M Shakil Islam Bhuiyan, chief executive officer of Lanka Bangla Investments, the issue manager of the company.

More than 100 institutional investors participated in the show, Bhuiyan said.

United Power will be the first company to be listed on the bourses under the amended book building rules of Bangladesh Securities and Exchange Commission.

Md Abdul Mubeen, chairman of the company, and Moinuddin Hasan Rashid, managing director, were present at the roadshow.

The company, set up in 2007, ensures power supply mainly to export processing zones.

GDP growth to slip below target

UN survey says the rate would be around 6pc due to poor infrastructure, political instability and global shocks

STAR BUSINESS REPORT

The United Nations yesterday said Bangladesh's economy is likely to grow at around 6 percent in the current fiscal year, much lower than the government's target of 7.2 percent.

"The government has set an ambitious growth target, which will be difficult to attain," said United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

Infrastructure shortages, global economic uncertainties and political instability at home would remain as the key challenges, the UN said.

Bangladesh logged a GDP (gross domestic product) growth at 6.3 percent last fiscal year.

The forecast came as the UN body launched its Economic and Social Survey of Asia and the Pacific 2013 report at IDB Building in Dhaka.

The ESCAP said the countries in South Asia would have to overcome a number of development challenges, including large concentrations of poverty and hunger, rising inequality, poor levels of human development, and wide infrastructure gaps.

The countries will also have to address widespread food and energy insecurity and high risk of disasters.

The region faces the dual challenge of raising productivity to ensure that incomes are going up and poverty is falling, and creating enough jobs for a growing working-age population, the report said.

"With almost 60 percent of the population under the age of 30, the govern-

ments have to take advantage of this demographic bulge. Otherwise, the consequence can be social unrest, conflict and insecurity," the report said.

Speaking at the launching ceremony, AB Mirza Azizul Islam, a former finance adviser to a caretaker government, said: "The economic growth could go down by 0.5-0.6 percentage points this fiscal year due to the recent political instability."

This year the GDP growth will be less than 6 percent, he added.

"Bangladesh is in the right direction. In some areas we need to scale up. Bangladesh is still a country of low income compared to many other countries. So, we need growth, reduced inequality and enhanced poverty alleviation."

He said Bangladesh should boost its revenue generation performance. "At 13 percent, our revenue-GDP ratio is the lowest in South Asia, and lower than even Nepal although per capita income of the Himalayan country is two thirds of ours."

Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, who presented the synopsis of the report, said Bangladesh is not growing at the pace as everybody expected.

Neal Walker, UN resident coordinator in Bangladesh, said the country needs to strengthen tax collection and improve political stability.

The country should continue to make investment in health, education and infrastructure, eliminate corruption and ensure sustainable management of natural resources, Walker said.

READ MORE ON B3

Election in mind, govt speeds up ADP spending

REAJUL KARIM BYRON

Eyeing the upcoming national election, the government accelerated its development expenditure, especially on the power sector and construction and repairs of rural roads, bridges and culverts, in the first nine months of the fiscal year.

Between July and March, some Tk 27,219 crore was spent, which is 49 percent of the fiscal year's allocation for a annual development programme.

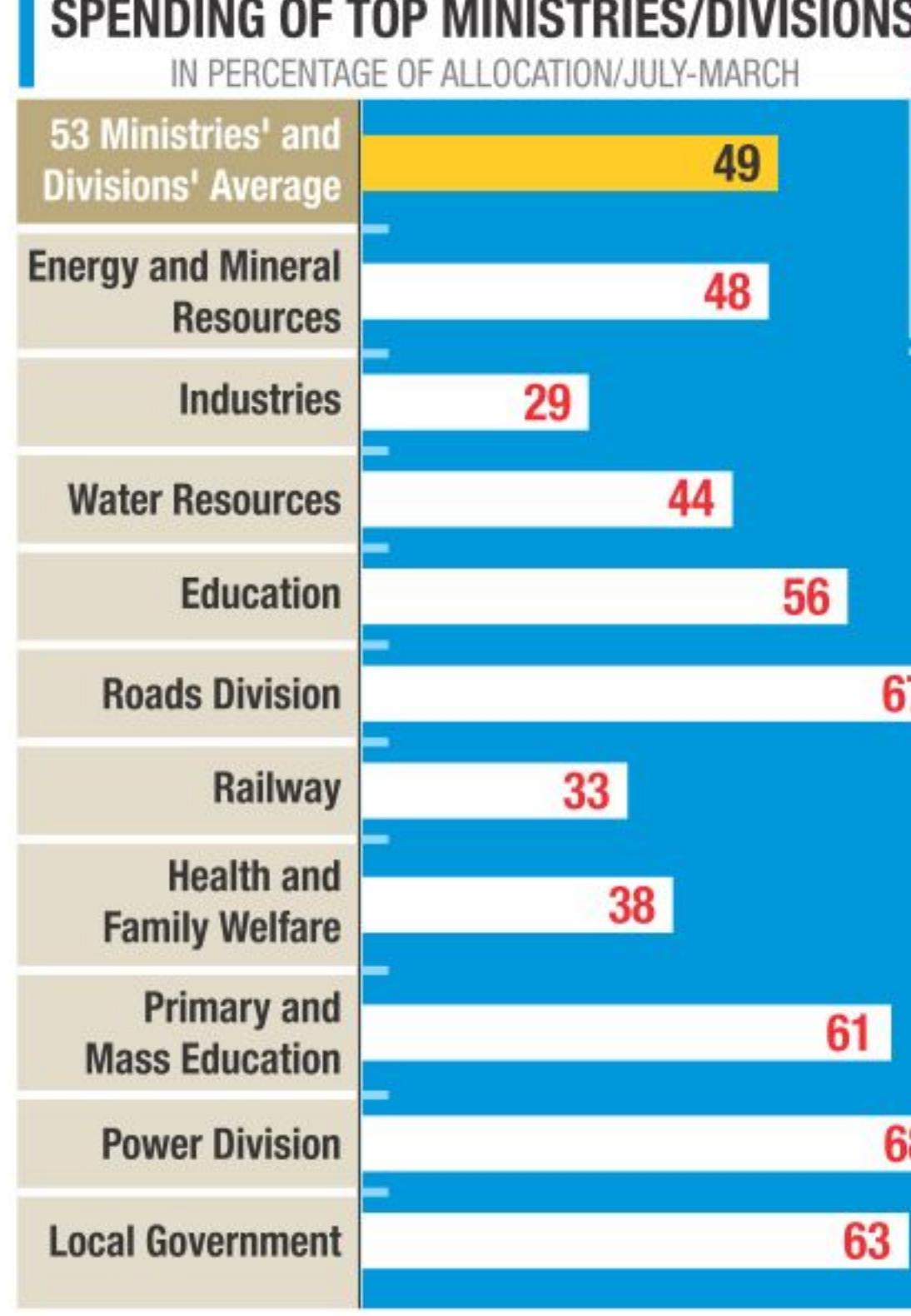
The expenditure at this point is four percentage points higher than in the same period a year ago, according to data from the planning ministry.

Of the total expenditure, 54 percent came from the government's own funds, up from 53 percent in the previous fiscal year. There has been a substantial increase in utilisation of foreign funds: 42 percent versus 33 percent a year ago.

"The ministries concerned and the development partners jointly took an initiative to increase the spending of foreign funds, and it bore fruit," said an official of the Economic Relations Division.

Among the 10 large ministries and divisions, power division, local government and roads divisions and primary and mass education ministry, were the highest spenders, using up 61-68 percent of their allocations.

"With the national election in sight, the government increased the spending of these ministries, as it tends to swing voters directly towards the ruling party during polls," said a planning ministry official preferring not to be named.



Conversely, the implementation of projects under the health and family welfare ministry, railways ministry, water resources ministry, industries ministry, energy and mineral resources division, was slower.

"These ministries do not directly attract voters to support the incumbent party," added the official.

In line with the traditions, the rate of expenditure is increasing in the last half of the year.

"The ministries are told to make their purchasing plans ahead of the start of the fiscal year, but they never listen," said the official.

Economists say hurried spending towards the end of fiscal year not only waste public money but also have a detrimental effect on the quality of the completed projects.

Internet bandwidth to get cheaper

ABDULLAH MAMUN

The government is set to slash the internet bandwidth price by 37.5 percent in a bid to take the service to grassroots level, officials said.

The Bangladesh Submarine Cable Company last month decided to cut the price for 1 Megabits per second (Mbps) from Tk 8,000 to Tk 5,000.

The proposal is now awaiting the green light from Bangladesh Telecommunication Regulatory Commission, said Md Monwar Hossain, managing director of BSCCL.

An official of the telecoms ministry said they are on board with the idea, to support the government's "Digital Bangladesh" campaign.

Earlier in August 2012, the government cut the bandwidth price by 20 percent to Tk 8,000 from Tk 10,000.

Industry people said mobile penetration shot up because of its low-cost nature; the same could be true for internet penetration.

They also demanded withdrawal of the 15 percent value-added tax on top of the reduction in bandwidth prices.

At present, there are around 31.5 million internet users in the country, which could be increased at the same rate as the mobile users, according to industry people.

Tea planting faces bleak future

STAR BUSINESS REPORT

Tea planting in Bangladesh is trapped at almost zero percent growth as the decades-old trees and poor soil-quality have reduced yield, experts said yesterday.

Planting saplings of new tea varieties, soil rehabilitation and extension of tea areas into new lands can be ways to overcome the situation and increase production of the popular drink in the days ahead, they added.

They fear that tea exports from Bangladesh will face difficulties as local consumption and tea production are almost at similar levels.

The suggestions came up at a roundtable on 'Bangladesh Tea Industry: Problems and Prospects', organised by Bangladesh Institute of International and Strategic Studies at its auditorium in Dhaka.

About 16.51 percent or 9,447 hectares of land have become old and uneconomic, where annual tea production is 482 kilograms a hectare a year, well below the average of 1,250 kilograms, said Abdus Salam Khan, chairman of Bangladesh Tea Board.

"If this area can be replanted with improved tea varieties after soil rehabilitation, then an additional 1 crore kilograms of tea can be produced," he said.

Around 6,090 hectares of suitable land is available in 106 tea estates to expand tea plantation, he added. "Moreover, we have ample scope to increase our tea plantation through the small tea growers."

Khan said BTB has submitted 10 development projects worth Tk 350 crore to the commerce ministry for inclusion in the 'Sixth Five Year Plan'.

The planning ministry has endorsed two of the projects -- one to extend the existing tea estates on new lands

drawing world on a single line

NCC BANK
Where Credit and Commerce Integrates
www.nccbank.com.bd



RUPOSHI BANGLA

Ruposhi Bangla set for wholesale renovations

STAR BUSINESS REPORT

The government-owned Ruposhi Bangla Hotel, the country's first five-star hotel, is set for a major facelift next year, in a bid to upgrade the iconic property to global standards.

The hotel will also be rebranded to InterContinental Dhaka, following an agreement between InterContinental Hotels Group (IHG) and Bangladesh Services Ltd (BSL), Ruposhi Bangla's owner, to manage the property for 30 years.

"We have designed the hotel keeping its iconic and historical aspect in mind," said Christopher Cribb, project director of inProjects, which is overseeing the hotel refurbishments, at a media presentation yesterday on the conceptual design of InterContinental Dhaka.

The guest rooms will be enlarged and fitted with all modern amenities, while the number of rooms would be brought down to 231 from the exist-

ing 272.

A show kitchen is to be added to the all-day dining restaurant, along with construction of specialty and themed restaurants.

New meeting rooms will be built with contemporary décor and facilities, with the banquet halls renovated.

The swimming pool will be relocated to the upper level, and will be accompanied with a health club and spa with the "finest" equipment.

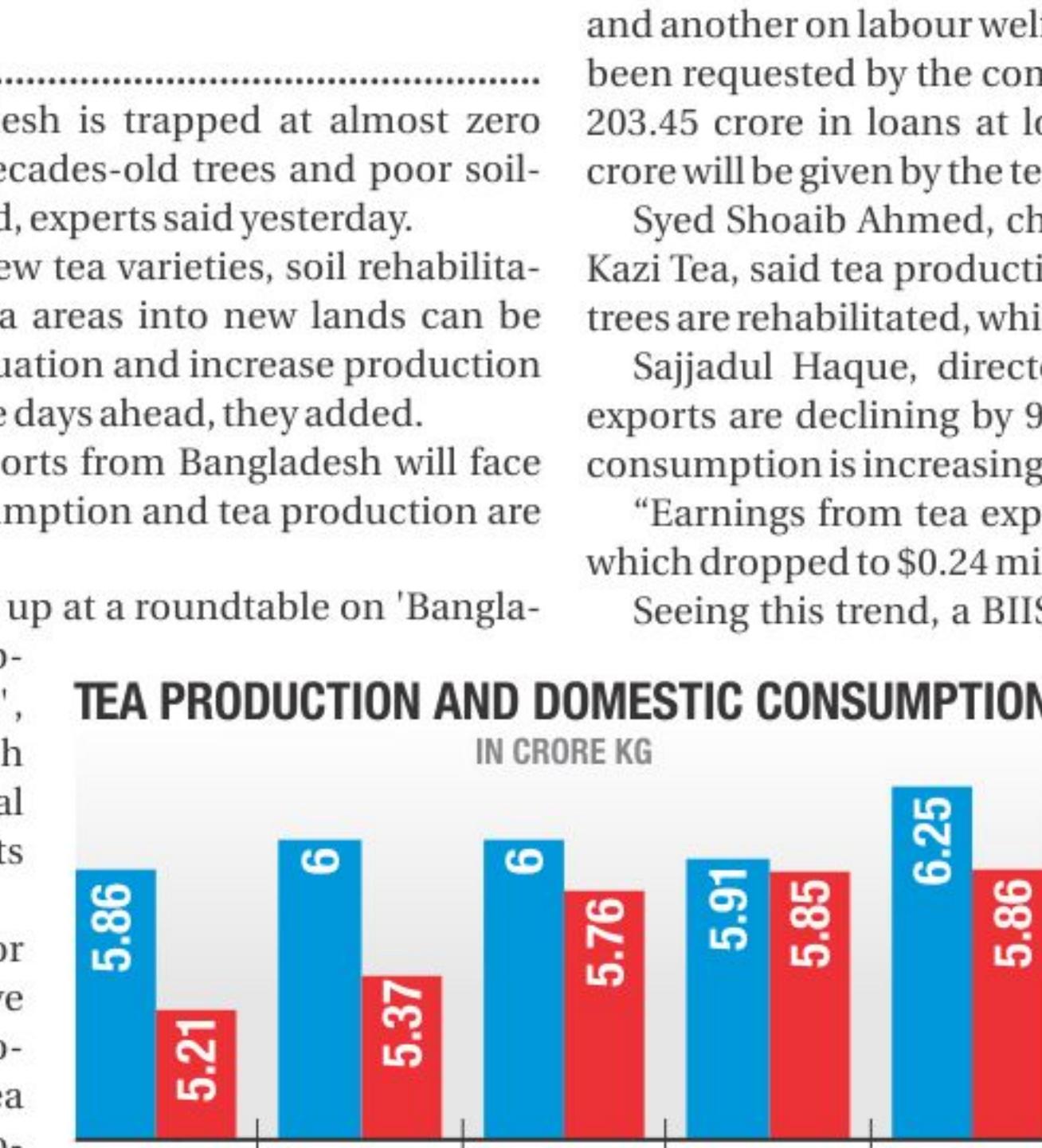
The hotel will remain closed during the overhaul as part of the agreement with IHG, said Rahman.

"The full closure of the hotel is needed to achieve the most cost-effective and speedy renovation," he said, adding that renovation is expected to be complete in 2015.

READ MORE ON B3

TEA PRODUCTION AND DOMESTIC CONSUMPTION

IN CRORE KG



and another on labour welfare. "The finance ministry has been requested by the commerce ministry to provide Tk 203.45 crore in loans at low interest rates, and Tk 1.55 crore will be given by the tea board," Khan said.

Syed Shoaib Ahmed, chief operating officer of Kazi & Kazi Tea, said tea production can be doubled if the aged trees are rehabilitated, which is a difficult task.

Sajjadul Haque, director general of BIISS, said tea exports are declining by 9.3 percent a year as domestic consumption is increasing at a higher rate.

"Earnings from tea exports in 2000 were \$2.31 crore, which dropped to \$0.24 million in 2010."

Seeing this trend, a BIISS research team conducted a study on the tea industry and yesterday's discussion was part of that, he said. BIISS will submit a set of recommendations to the government, he added.

Presenting a keynote paper, M Jashim Uddin, senior research fellow of BIISS, said domestic consumption is increasing at a rate of about 5.6 percent a year, while tea production is increasing marginally.

He said tea production in 2012 was 6.25 crore kilograms and domestic consumption was 5.85 crore kilograms.

Nazmul Arifeen, research officer of BIISS, said the tea industry needs to be included in the government's annual development plan, as it was excluded from the annual development programme after 1982.

He also identified land disputes, difficulty in getting loans on easy terms, shortage of labour and skilled managers, low labour wages and a lack of high quality tea varieties as some of the major problems of the sector.

Shah Alam, vice-chairman of Bangladesh Tea Association and a director of Duncan and Brothers, said the rains have come in late this year and it has affected tea production.

CIMA CHANGES PEOPLE'S LIVES
Chartered Institute of Management Accountants
www.cimaglobal.com
+8801771778944

recharge your mobile
MTB internet banking
Prepaid Postpaid
16219 or 88 096040 16219
Mutual Trust Bank Ltd.
you can bank on us
www.mutualtrustbank.com