



BUSINESS

DHAKA THURSDAY MAY 23, 2013, e-mail:business@thedailystar.net

Japan's Docomo shrinks stake in Robi

Company suspends further investment due to regulatory and political uncertainties

KOWSHER JAHAN KHALED and ABDULLAH MAMUN

Japan's NTT Docomo, the minority shareholder of mobile operator Robi Axiata Ltd, will not invest further in the company, squeezing its stake to 8 percent from 30 percent, a move that sends a bad signal to potential foreign investors.

The Docomo decision comes in the face of what it cites as an unfriendly regulatory environment and business uncertainties.

Robi fights a legal battle with the telecom regulator and the National Board of Revenue over a 15 percent VAT rebate on 2G spectrum fees. Robi has found about \$35 million stuck in the court battle.

With Docomo's latest move, uncertainty deepened over Robi's participation in the 3G auction slated for July 31.

"An unpredictable regulatory environment dented Docomo's expectations," Mahtab Uddin Ahmed, Robi's chief financial officer and acting chief executive officer, told The Daily Star.

"The volatile political situation also eroded its confidence," he added.

Axiata Berhad of Malaysia, the majority shareholder, will increase its holding to 92 percent in its Bangladeshi subsidiary as soon as the adjustment is made after the completion of legal and regulatory processes, Robi said in a statement.

However, the processes await approval from the government.

The industry is at a critical juncture with many issues pending with government agencies, related to licensing rules.

The issues were not addressed even in the recent notices of the NBR, Ahmed said at a media briefing at Robi's corporate office in Gulshan.

Robi also said the recent NBR circular is well short of the commitments made by the government in addressing treatment of additional VAT on spectrum and its expectations.

Robi brought in Tk 1,757.7 crore from shareholders to the country as foreign direct investment in 2012, while no dividend was proposed for the same business year.

The operator has not paid any dividend to its shareholders since 2006, while investing Tk 2,677.4 crore in the same period.

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Mahtab Uddin Ahmed, second from right, chief financial officer of Robi, speaks at a press conference at its office in Dhaka yesterday. From left, Pradeep Shrivastava, chief market officer; Matiul Islam Nowshad, chief human resources officer; and Mahmudur Rahman, executive vice president, are also seen.



YUNUS CENTRE

Third from left, Nobel Laureate Professor Muhammad Yunus poses with, from left, Rushanara Ali MP (Labour), vice-chair of All-Party Parliamentary Group for Bangladesh; Baroness Uddin (Labour), member; Pauline Latham OBE MP (Conservative), chair of All-Party Parliamentary Group for UN Women; and Baroness Hussein Ece OBE (Liberal Democrat), secretary; at a meeting to discuss measures to improve and strengthen the garments industry in Bangladesh and protect the right of women workers.

Biman sets target to fly into profit

STAR BUSINESS REPORT

A two-year strategy to make Biman Bangladesh Airlines profitable by fiscal 2014-2015 was unveiled to the prime minister yesterday.

Kevin John Steele, managing director of Biman, rolled out a plan to double the airline's number of aircraft to 16, expand its network and improve ground-handling and other services, at a meeting at the Prime Minister's Office.

The government appointed Steele as the managing director and chief executive of

the carrier on March 18 to turn the loss-making airline into a profitable one. Last year, it suffered a loss of \$75 million.

"The prime minister has approved the two-year plan, but obviously, added some suggestions as well," Steele said.

Prime Minister Sheikh Hasina further asked Biman officials to explore new destinations and increase flights to the neighbouring countries, including China and Thailand.

She also suggested gradually adding cargo carriers to the Biman fleet.

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Budget size hinges on revenue target

Finance ministry and NBR are yet to decide on the target for the next fiscal year

REJAUL KARIM BYRON

The size of the next budget depends on the earnings target of the National Board of Revenue, but the government and the tax administrator are yet to reach an agreement on the target.

The revenue target is usually set at the start of the budget preparation, but this time the target could not be finalised yet although a series of meetings took place between the government and the NBR officials.

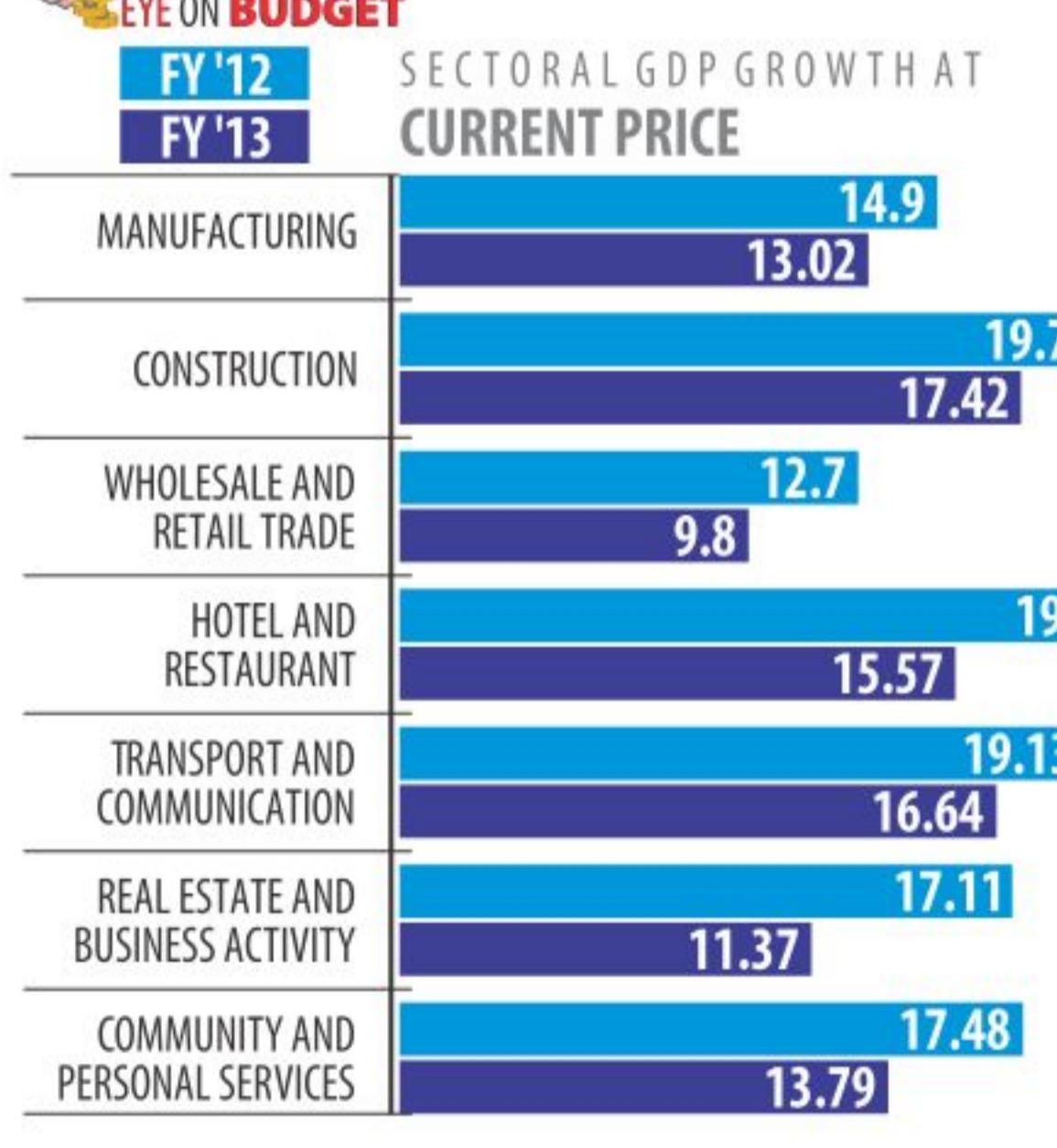
The finance ministry initially increased the target for the next fiscal year by 19.89 percent to Tk 167,460 crore over the current year.

Of the amount, the NBR target was hiked by 21.23 percent over the current year and set at Tk 136,100 crore. The proposed target for VAT collection is around 23 percent higher compared to the current year.

The targets for income tax and import duty could be raised by 21 percent and 16 percent.

But NBR officials said achieving the target will be impossible due to the ongoing political unrest and slow economic growth.

The government plans a higher revenue target for the next fiscal year at a time when the tax collecting agency, for



the first time in five years, is facing difficulties in reaching the target set for the current year. The NBR had crossed the targets in the last five years.

Since fiscal 2007-08, the NBR target had been revised upwards in every June and the tax collector had beaten the final target.

Against the target at 21.64 percent for the current fiscal year, the NBR could achieve only 15.73 percent in the first nine months.

An NBR official said, in the first nine months, the collection shortfall was more than Tk 3,000 crore compared to the target.

The agency collected Tk 73,217 crore in the July-March period with an average collection at Tk 8,135 crore a month.

To reach the target for the entire year, the NBR will have to collect Tk 39,042 crore in the next three months -- at Tk 13,014 crore a month, which the tax officials said is quite impossible.

At the current price, gross domestic product fell by about 3 percentage points in the hotel and restaurant sector and will stand at 15.57 percent this fiscal year, according to Bangladesh Bureau of Statistics.

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HARRIS POLL-BLOOMBERG SURVEY

Bangladesh deaths may change US shopping habits

BLOOMBERG, New York

About 70 percent of Americans have heard of the building collapse in Bangladesh that killed more than 1,000 people, and for some it means they'll probably buy fewer goods made in the country.

Among those who learned of the deaths, 39 percent said they would probably buy fewer products produced in Bangladesh, according to a survey by Harris Poll of more than 2,000 adults from May 14-16.

Women are more likely to change shopping habits than men, 42 percent to 34 percent, the poll showed. The Rana Plaza building in Savar that housed garment factories, collapsed on April 24, killing at least 1,127 people.

As rescuers searched for survivors in the following weeks the rising death toll brought increased media coverage. The incident, which is one of the world's deadliest industrial accidents, has prompted more calls for reform in Bangladesh after a fire in an apparel factory there killed 112 people in November.

Apparel accounts for 80 percent of the country's exports and employs about 3.4 million people. As wages rose in other apparel-producing countries such as China, companies have turned to the cheaper labour in Bangladesh.

Since the collapse, companies that buy clothes made by factories in Bangladesh have announced plans to improve safety.

Rice imports fall to 16-year low

SOHEL PARVEZ

agriculture and rural economy.

Imports started falling in the last fiscal year amid better production than the previous year. Rice output increased nearly 1 percent to 3.38 crore tonnes in 2011-12 from the previous year, according to data from Bangladesh Bureau of Statistics.

In the current fiscal year, total rice output of aus and aman stood at 1.5 crore tonnes, nearly 0.52 percent down from the previous year.

The production of rice rose in the last couple of years, and many large

farmers kept their stocks on hold due to low prices in local markets, Hossain said.

"Supply has exceeded demand," he said, adding that a reduced per capita consumption of rice also curbed its rising demand.

Per capita rice consumption fell to 160 kilogram a year in 2010 from 170 kilogram in 2000, he said, citing Household Income and Expenditure Survey.

"It indicates that demand is not growing. We may not need to pay too much attention to rice. It is rather necessary to focus on diversifying the crop basket to produce nutritious foods," Hossain said.

The government did not sign any deal to import rice this fiscal year so far due to higher local production, said Badrul Hasan, director for procurement at the Directorate General of Food.

The government may not need to import any rice the next fiscal year either, Hasan said. "But we have sought an allocation in the upcoming budget so that we can import in case of emergency."

Private companies imported around 87 percent of the rice that arrived until May 2.

The imported grains are mainly aromatic rice, not the parboiled one."



Stocks slip ahead of long weekend

STAR BUSINESS REPORT

Share prices on the Dhaka Stock Exchange declined for the second day due to investors' selling spree amid political volatility.

DSEX, the benchmark general index of the Dhaka bourse, closed the day at 3,762.08 points, after shedding 70.53 points or 1.84 percent.

"With profit-booking activities speeding up further, the bourse again backtracked," IDLC Investments said in market analysis.

Ahead of a three-day closure and volatile political scenario, investors opted for realising gains as the session started, creating a drag on the indices, the investment banker said.

"Over last session's decline, buyers acted cautious on the day regarding fresh positioning, causing a slowdown in participation."

However, budgetary and regulatory expectations seemed to play a role in scrip-wise movements, the merchant bank added.

"The profit-taking spree continues for the second day," Lankabangla Securities said.

Turnover, the most important indicator of the market, declined 25.11 percent to Tk 31.3 crore from the previous day.

Investors executed 1.05 lakh trades with 9.4 crore shares and mutual fund units changing hands on the Dhaka bourse.

Of the 278 issues that traded on the DSE floor, 233 advanced, 36 declined and nine remained unchanged.

Among the major sectors, banks declined 2.74 percent followed by non-bank financial institutions 2.42 percent, pharma 1.45 percent and power 0.76 percent.

However, the heavy weight telecoms accelerated 2.28 percent.

Orion Pharma featured in the most traded stocks chart with 38.79 lakh shares worth Tk 30.19 crore changing hands.

United Airways and Pubali Bank were the next popular stocks of the day.

Heidelberg Cement posted the biggest gain of 7.54 percent, while Sonar Bangla Insurance was the worst loser, slumping 16.30 percent.

The Chittagong Stock Exchange also closed in the red. Its selective categories index, CSCX, declined 171.27 points or 2.26 percent, to close at 7,410.13 points.

Losers beat gainers 165 to 20, with nine issues unchanged on the port city bourse that traded 1.3 crore shares and mutual fund units with turnover of Tk 40.57 crore.

