CURRENCIES STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.00	100.12	121.28	0.79
SELL TK	78.00	104.13	118.29	0.93

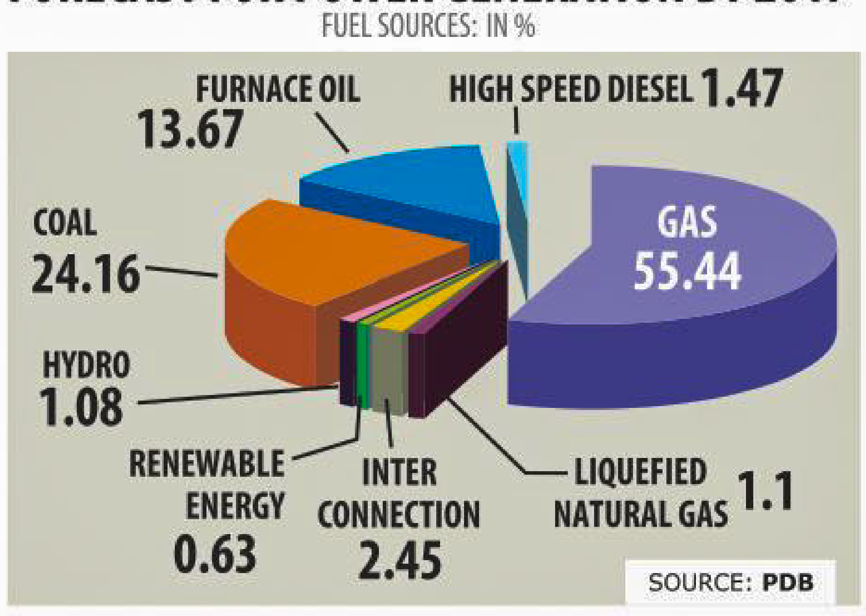
Star BUSINESS
DHAKA FRIDAY JULY 19, 2013, e-mail:business@thedailystar.net

Tax break for coal power plants

Govt announces waiver to lure in investors

SOHEL PARVEZ

FORECAST FOR POWER GENERATION BY 2017
FUEL SOURCES: IN %



SOURCE: PDB

The National Board of Revenue has given a 15-year tax waiver for electricity generation through coal in a bid to encourage private investors to establish coal-based power plants.

Companies that will sign contracts with the government by June 30, 2020, to establish coal power plants will receive the tax break on income from electricity generation, the NBR said in a notice.

Companies that will begin producing electricity after June 30, 2023, will not get the facility, it added.

Foreigners working in those private coal power plants will also receive a three-year tax waiver from the day they arrive in Bangladesh.

Companies will not require paying taxes on interest payment on foreign loans.

Payment by companies as royalties, fees for technical know-how and technical assistance will also be eligible for the waiver, according to the notice.

The NBR also offered tax benefits for private power generation firms that produce electricity based on other types of fuels, except coal.

The revenue administration's move coincides with the establishment of a 1,320 megawatt coal-fired power plant under a joint venture in Rampal, 14 kilometres from the Sundarbans.

Left-leaning organisations and green activists oppose setting up the coal power plant near the world's largest mangrove forest, on grounds that the coal-power plant will threaten biodiversity.

The tax incentive comes as the government plans to gradually cut dependence on gas-based power generation by increasing electricity production from coal through the use of domestic deposits and imports.

Coal now accounts for 2 percent of total power generation capacity with the government aiming to raise the share to 24 percent by 2017.

By 2030, coal is projected to produce half of total electricity demand at 38,700 megawatts, according to the Power Sector Master Plan.

Presently, Bangladesh has a reserve of 2,797 million tonnes of coal in five coal mines in the north and northwest. Of the mines, electricity generation has begun at Boropukuria in Dinajpur.

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Local firm to import 250 taxicabs

PANKAJ KARMAKAR

The Bangladesh Road Transport Authority (BRTA) has permitted a local firm to import 250 taxicabs to revamp the city's dying taxicab service.

Toma Construction got the approval on July 11 to introduce its taxicab services by the next four months.

The company will introduce more taxicabs in phases, said Saiful Haque, director (engineering) of BRTA.

Only 1,500 of the 11,260 taxicabs which got BRTA approval during 1997 to 2006 are currently in operations, according to the industry insiders.

"Along with introducing new services, we have plans to replace rundown taxicabs, if the operators demand," said Haque.

Earlier in 2011, BRTA had signed contracts with two companies to introduce 1,000 cabs, but both failed as they could not fulfill the mandatory fleet requirement of minimum 1,000 cabs.

Later, BRTA eased the conditions and scaled down the minimum fleet size to 250 cabs.

"As there is huge scarcity of taxicabs in the city, we have a plan to increase the number of cabs to 18,000," ALM Abdur Rahman, BRTA chairman, told The Daily Star.

MJL Bangladesh forms joint venture in Myanmar

SAJJADUR RAHMAN

MJL BANGLADESH

Models pose with Mobil brand lubricants at its launch at Yangon on July 2.

MJL Bangladesh has become the first local company to explore the untapped Myanmar market by setting up a joint venture company in the once isolated country.

The company got the chance after the central bank recently allowed capital investment outside Bangladesh, a long-awaited demand of the Bangladeshi businesspeople.

The joint venture company -- MJL & AKT Petroleum Ltd -- formally started marketing Mobil brand lubricants on July 2 in Yangon with an initial investment of $1 million.

MJL Bangladesh owns a 51 percent share and Aung Kyun Thar (AKT) Co of Myanmar the rest in the new company.

Bangladesh Bank has allowed MJL to take $510,000 (equivalent to around Tk 4 crore as on yesterday's exchange rate) as its equity investment in the company. The remaining $490,000 has been invested by the Myanmar's AKT.

"Initially, we will import Mobil brand lubricants and distribute those in the Myanmar market," Azam J Chowdhury, chairman of MJL & AKT Petroleum Ltd, told The Daily Star.

MJL & AKT Petroleum will also import some lubricants produced by MJL Bangladesh, he said.

Chowdhury said he has a plan of building a plant by the end of the next year to manufacture lubricants in Myanmar, subject to the approval of the authorities concerned.

Many Bangladeshi businesspeople visited Myanmar since the country has opened up its economy after remaining isolated for long from the rest of the world.

Businesses from China, India, the US and Europe are considering the country as their next potential investment destination.

Also, the Myanmar parliament last year passed a foreign investment law, clearing the way for overseas companies to invest in the country.

"We have allowed MJL Bangladesh to invest in Myanmar for market exploration," said Ahsan Ullah, executive director of Bangladesh Bank.

Initially, businesses can get the opportunity from their export retention quota with the central bank, he said.

Yet, not everyone will be allowed to invest in foreign countries, he added.

"We will decide on a case-to-case basis," the BB official said, adding that the sectors, which have export potential such as pharmaceuticals, will get preference.

MJL Bangladesh Ltd, formerly known as Mobil Jamuna Lubricant Ltd, is the first and only joint venture company established by ExxonMobil in the downstream petroleum sector of Bangladesh.

EC Securities Ltd, an investment wing of East Coast Group, owned by Chowdhury and his family, holds the majority stake after ExxonMobil's divestment in 2003.

Later, MJL Bangladesh commissioned a lube oil blending plant, the first of its kind in the country, in May 2003.

Half-hearted labour reform in Bangladesh

THE NEW YORK TIMES

Under increasing international pressure to address problems in its clothing industry, legislators in Bangladesh this week changed the country's labour law to make it easier for workers to form unions. But the changes fall far short of what is needed and are unlikely to do much to prevent the fires, building collapses and other tragedies that have claimed hundreds of lives in recent years.

Since the collapse of a factory building killed more than 1,100 workers in April, the Bangladeshi government led by Prime Minister Sheikh Hasina has been trying to show that it is cracking down on lax safety standards that plague its garment industry, which is a major supplier to Western retailers like Wal-Mart, Gap and H&M. More unionised workers can bring greater pressure on factory owners to improve safety.

The new law denies factory owners the ability to veto unions -- an important and positive change. But it also sets ridiculously high hurdles for workers who want to unionise. For instance, the law requires that the union's leadership be drawn from the workers' ranks -- a union cannot, in other words, hire outside leaders -- which means that owners can weaken their opponents simply by firing people they don't like. It also says that the government will not recognise a union unless 30 percent of a company's total workers vote for one. A company may have plants many miles apart, so rounding up that many votes could be hard. (In the United States, 30 percent of workers at an individual factory can petition to establish a union.)

The laws are restrictive in other ways, too. Unions will not be permitted in factories in special export zones, where many plants that cater to Western companies are based. More than two-thirds of union members would have to authorise a strike (in the United States, a simple majority usually suffices). The government would also have the right to stop any strike it determines to be a "serious hardship to the community" or is "prejudicial to the national interest," according to Human Rights Watch.

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GB employees to protest commission report

STAR BUSINESS REPORT

Employees of Grameen Bank will wear black badges on Sunday in protest of the government commission's final report on the bank and 48 other associated organisations due next week.

In a statement, Grameen Bank Employees Association yesterday said employees of the bank's headquarters in Mirpur would stage protest in front of the bank from 1:30pm to 1:45pm on the same day.

The commission led by a former bureaucrat will submit its final report to the government by Saturday, Finance Minister AMA Muhith said earlier.

But the submission could be delayed, as Muhith left the country for Japan on Wednesday for a weeklong official visit.

A finance ministry source said the report might be submitted after he returns home.

The government set up the commission last year to review the operation of Grameen Bank and the associated organisations founded by Nobel laureate Prof Muhammad Yunus, and to make recommendations about their future structures.

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***From right*, Vivek Sood, chief executive officer of Grameenphone, and Fridtjof Rusten, chief financial officer, attend a programme at Sonargaon Hotel in Dhaka yesterday to release the mobile operator's Q2 financial report.**

Grameenphone struck by tax provisioning

Net profit drops 86pc in second quarter

STAR BUSINESS REPORT

Grameenphone's net profit dropped an astronomical 86.67 percent year-on-year to Tk 60 crore in the second quarter of 2013 due to huge provisioning requirement for tax expenses and deferred tax liability.

Finance Minister AMA Muhith in his budget speech raised the corporate tax for listed telecom companies from 35 percent to 40 percent for fiscal 2013-14.

The company, the country's lone listed mobile operator, reserved a sum during the quarter in anticipation of the announcement.

The Q2 earnings per share of GP slipped to 0.43 from 3.31. The news sent the stock plummeting 14.84 percent to Tk 198 on the Dhaka Stock Exchange yesterday.

"The decline in profit for this period was mainly due to higher corporate tax imposed on listed mobile companies and increased market spending, partly offset by lower subscriber acquisition cost for SIM tax reduction," Fridtjof Rusten, chief financial officer of Grameenphone, said.

READ MORE ON B3

Regulator fails to stop spread of stock info through SMS

GAZI TOWHID AHMED

The stockmarket regulator has failed to identify a group of manipulators who had sent SMS to investors, saying the share prices of Beximco and GBB Power would generate abnormal return.

Though the market watchdog formed a two-member committee in December last year to trace the manipulators, the panel is yet to make any headway as the culprits used SIMs registered with fake documents.

As the committee failed to submit a report on time, Bangladesh Securities and Exchange Commission also restructured the panel by excluding a member.

The BSEC has also taken help from Bangladesh Telecommunication Regulatory Commission, the telecom regulator, to track down the manipulators, said Saifur Rahman, executive director of BSEC.

"We have worked on it for six months but failed to identify the manipulators as the numbers were registered with fake information," said Rahman, also the spokesman for the securities regulator.

However, Faruk Ahmed, an investor, said: "I can't believe that the regulator failed to trace the manipulators in the age of modern technology." The regulator should investigate the matter again, said Ahmed, also an advocate at Dhaka Judge Court.

Investors are still receiving price-sensitive information through short messages and Facebook, but spreading such information is prohibited by the securities rules, he said.

The regulator has no mechanism to stop such practices, Ahmed added.

In its latest directive in September last year, the BSEC warned of legal actions against those who spread rumours or price sensitive information of listed companies through different social media networks, including Facebook.

The BSEC also cautioned investors against gathering information from the social media or any unconfirmed source as it may cause financial losses to investors.

The prices of Beximco and GBB Power were Tk 55 and Tk 30 in December and stood at Tk 40.90 and Tk 28.80 yesterday.