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BUSINESS

DHAKA

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Shipbuilders seek support to compete with Asian rivals

They call for a Tk 2,000cr refinancing scheme

STAR BUSINESS REPORT

The shipbuilding industry has sought an incentive package from the government to make the country's shipyards competitive against those of Vietnam, India and China.

The proposal was made yesterday by the leaders of the Association of Export Oriented Shipbuilding Industries of Bangladesh at a meeting with Finance Minister AMA Muhith.

Md Sakawat Hossain, the association's general secretary, urged the minister to make the cost of finance for shipbuilding similar to those of other competing countries in Asia.

Precisely, the shipbuilders demanded consolidated bank guarantee issuing cost as 1.5 percent a year and long-term funding at 7 percent interest and working capital with single digit rates.

The industry now gets short-term loans, so a minimum duration of 8 to 10 years would help in repayment, Hossain said.

If the cost of financing cannot be brought down to their desired levels, they called for the cash incentive on export of ships to be increased from the existing 5 percent to 15 percent in the budget for fiscal 2015-16.

"If the incentive is granted, we are confident of securing more international orders and thereby add more values to the economy," he said.

At present, the industry employs more than 1 lakh and its value addition exceeds 40 percent. Furthermore, quite a few backward linkages such as manufacturing of marine cable, furniture, paint and so on have developed from the sector.

The association also proposed a refinancing scheme of Tk 2,000 crore that would be re-loaned to the shipbuilding industry at single digit interest rate.

This would facilitate the shipbuilders to develop their businesses further and progress their ongoing work orders for 20-25 ships.

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Garment workers paid in full before Eid, BGMEA claims

STAR BUSINESS REPORT

Garment owners yesterday completed the payments of salaries and bonuses to workers ahead of Eid.

Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, in a press conference yesterday said all members of the association, except for Swan Garments, have paid the workers.

Islam said the labour ministry has taken charge of the Swan Garments issue.

The owner of Swan Garments, which employs about 1,300 people, has been absconding the last few months. Situated at the capital's Mollartek, the factory has remained shut since April.

Over the last few days, some Swan workers have been demonstrating in front of the National Press Club in the capital for prompt payment of all dues from April to June.

It is impossible to pay the workers of Swan Garments before Eid as the factory owner remained traceless in the last few months, said Mikail Shipar, labour secretary.

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Workers of Swan Garments stage a sit-in in front of the National Press Club in Dhaka yesterday to demand due wages and festival bonuses. The factory that employs about 1,300 workers has remained closed since April.

Call money market remains calm

STAR BUSINESS REPORT

The call money market, which usually gets volatile during the Eid, has remained calm this year, indicating that the financial institutions are sitting on excess funds.

On Tuesday, the highest rate in the call money market was 6 percent and the lowest 5.25 percent, according to Bangladesh Bank. The weighted average rate dropped to 5.65 percent, the lowest in six years.

The rate has gone down further to 5.5 percent yesterday, the last working day before the Eid.

The turnover in the call money market, which usually stays above Tk 5,000 crore a day, declined to Tk 1,500-2,000 crore. "The market is more than stable. Banks have enough surplus money," said a senior treasury official of a private commercial bank.

The call money rate, which is the rate at which a bank or non-bank financial institution gives short-term loans to other banks and NBFIs, hit the lowest since 2009. Even the rush for Eid spending could not revive the market.

Bankers said the government's decision to postpone the auction of bonds further has squeezed out

investment scope for banks.

In May, the finance ministry asked the BB not to auction bonds until further notice, as the government does not need to borrow for now. As a result, the banks were left with more liquid money in their hands.

The market felt the impact of the government decision instantly.

The call money rate, which was 6.79 percent on May 4, went down to 5.84 percent on May 13, just a week after the postponement of the bond auction. It was over 8.5 percent in January this year.

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Teletalk again faces allegation of call tampering

MUHAMMAD ZAHIDUL ISLAM

For the second time in a month, the top three mobile operators have jointly filed a complaint with the telecom regulator, alleging that state-owned Teletalk tampered with international calls, an illegal activity that caused them revenue losses.

When an international call is received, the local operator gets Tk 0.27 for each minute from the caller's end. For a local call, it gets Tk 0.18 per minute.

Grameenphone, Robi and Banglalink allege that Teletalk has been hijacking the international calls meant for them from the gateway and placing them to the receivers' end as a local call.

In so doing, they are receiving Tk 0.18 per minute for the calls instead of Tk 0.27, and Teletalk is pocketing the difference in part or in entirety.

Given no resolution to the issue after their first letter to Bangladesh Telecommunication Regulatory Commission last month, the three operators sent in a follow-up letter on July 12.

This is not a new complaint, but the telecom division has taken this allegation seriously and will open a probe shortly, said Md Faizur Rahman Chowdhury, secretary of the division.

Between June 1 and June 30, Teletalk's call minutes to Grameenphone increased 46.1 percent, to Banglalink 40.62 percent and Robi 34.67 percent, according to the recent letter.

Furthermore, the calls from Teletalk were of abnormal duration, which supports the three operators' complaint, they said.

In case of local calls, the duration is less than two minutes on average, but all three operators found that calls from Teletalk lasted more than three and a half minutes.

The average duration of calls from Teletalk to Banglalink was 3.35 minutes, to Grameenphone 4.16 minutes and Robi 4.41 minutes, according to the letter.

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Siemens wins Tk 151cr order from Power Grid Company

STAR BUSINESS REPORT

Siemens India has recently won a crucial turnkey order worth about Tk 151 crore from the Power Grid Company of Bangladesh (PGCB), the country's leading transmission company.

The scope of work for the project involves design, procurement, supply, installation, testing and commissioning of 230/132kV GIS substation at Shyampur and 132/33kV GIS substation at Dhamrai.

Siemens made the disclosure on Bombay Stock Exchange yesterday, where the company's shares traded at Rs 1,488, up 1 percent from the previous day. The stock hit as high as Rs 1,489 and as low as Rs 1,475.4.

Meanwhile, PGCB traded between Tk 39.2 and Tk 41.1 each share, before closing at Tk 40 on the Dhaka Stock Exchange on Tuesday, the last trading day before the Eid holidays.

GE to invest more in power projects

John G Rice, vice chairman of the US conglomerate, shares their plans for Bangladesh

SARWAR A CHOWDHURY

General Electric plans to invest more in gas-based electricity generation projects in Bangladesh as the US conglomerate wants to boost its revenue growth from industrial business.

GE sees the government's target to achieve 39,000MW power generation capacity by 2030 as an opportunity and plans to support new projects.

"We have invested significantly in our core business schemes in Bangladesh, including power, healthcare, aviation, transportation and energy," said John G Rice, vice-chairman of GE.

"Of these sectors, power, healthcare and aviation have brought some of the biggest projects for us."

He said the emerging economies in South Asia, including Bangladesh, will play a key role in the growth of GE's industrial business.

GE's partnership in Bangladesh started three years ago with local business conglomerate Summit Group's Meghnaghat power project that has recently been commissioned.

GE also has a 20 percent equity stake in the 341MW Bibiyana II gas-based power project. The projects together have a generation capacity of 681MW.

Apart from the equity, GE also provided equipment and undertook installation and testing activities in the projects.

"We believe that there is a need to continue investing in gas-based power plants as opposed to liquid fuel since power generation using LNG is more cost effective and creates less pollution," Rice said in an interview with The Daily Star in Dhaka.

Max Power is another local company with whom GE is now in talks to set up more power plants using gas from domestic production and Floating Storage Regasification Unit (FSRU).

State-run Bangladesh Power



John G Rice

Development Board is also a partner of GE by way of procurement and construction contracts.

Currently, gas-based power plants account for 65 percent of Bangladesh's electricity generation, which is expected to increase with the renewed focus of the government to develop offshore blocks and open onshore blocks for exploration and production activities.

GE has a sizeable presence in Bangladesh with 29 gas turbines already installed and four major power projects that are currently under commissioning.

"We are also in discussions to set up more power plants with Summit Group using gas from both domestic production and FSRU," Rice said.

The 58-year-old said Bangladesh is an important market for GE where it has good presence.

"We see lots of opportunities to work with local companies, who can support our efforts, provide services and be distributors for us and be partners in power projects. From almost every angle, Bangladesh is a good market for us to do business for a long time."

With presence in 170 countries,

GE is focused on technology and leadership development and aims to bulk up footprint and tap growth opportunities.

The GE official praised Bangladesh's economy as it is growing twice the global GDP rate.

"It is clear that the government has set priority for the power sector. The aspiration of adding more megawatts onto the power grid can happen only if fuel is available," he said.

Apart from the power sector, GE is also committed to improving the healthcare services in Bangladesh. It has partnered with United Hospital for the country's first molecular oncology and digital mammography centres.

"We are keen to work with the government for the proliferation of healthcare services. Our affordable products are well-suited for use in remote locations of the country," Rice said.

GE has a dedicated segment focused on creating cost effective solutions in healthcare, including services, technologies and capabilities, to reach people who cannot afford high cost of treatment and live away from cities.

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Italian firm backs off from bandwidth import as govt dithers

MUHAMMAD ZAHIDUL ISLAM

Telecom Italia Sparkle, an Italian company, took back its offer to import internet bandwidth from Bangladesh as the government was taking too long in giving the final approval.

The company sought to lease 10 gigabits per second (Gbps) of international bandwidth from the unused capacity of Bangladesh Submarine Cable Company.

At present, the state-owned company is using only 32 Gbps of its total capacity of 200 Gbps.

The Bangladesh Submarine Cable board had approved the proposal from Sparkle for 10 Gbps for \$14,000 a month and forwarded the proposal to the telecom division for final approval.

The division then placed it before Prime Minister Sheikh Hasina in the last week of May, as she is in charge of the telecom ministry.

The Bangladesh Submarine Cable authority has now got the final confirmation but Sparkle is refusing to ink the one-year deal, having already made alternative arrangements due to the delay in Bangladesh's end.

Monowar Hossain, managing director of Bangladesh Submarine Cable, confirmed Sparkle's retraction from the deal.

Earlier in February, the Italian company offered to buy half of Bangladesh Submarine Cable's capacity but the government turned down the offer due to the low price.

Sparkle wanted to buy four million MIU*km (minimum investment unit) bandwidth -- which would be about 90 Gbps -- of the state-owned firm's total 8.9 million MIU*km for Tk 16 crore for the rest of the cable's lifetime.

A submarine cable usually lasts 20-25 years, and this cable has been in operation since 2006.

The Italian company then came back with a fresh proposal in May, in which it raised the offer price but cut back on the bandwidth demand to 10 Gbps.

Md Faizur Rahman Chowdhury, the telecom division secretary and chairman of Bangladesh Submarine Cable board, refused to comment on the matter.

In February 2014, the government took the decision to export half of the country's unused bandwidth.

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