

## Mega projects to get a separate budget: Muhith

**STAR BUSINESS REPORT**

The government plans to formulate a separate budget for transformational mega projects in the next fiscal year, Finance Minister AMA Muhith said yesterday.

"We are thinking to prepare a capital budget for the mega projects. In the first year it will be started with four to five projects," Muhith said in his first pre-budget meeting with economists at the National Economic Council auditorium in the capital.

He said the government has to go for transformational projects with expenditure running into billions of dollars.

"We will not rely on concessional loans only for these transformational projects," he said, adding that four countries, including China, are interested in financing them.

The interest rates though would be a bit higher for non-concessional loans.

The finance minister said the capital budget will be somewhat non-concessional but its terms and conditions will be fairly reasonable.

For instance, China offers loans with reasonable terms: the interest rate is 2 percent and repayment period 20 years.

The high non-concessional borrowing would not be a problem for the economy, as the debt burden of the country stands at \$24 billion now.

"The debt burden will go up slightly but it will remain at a comfortable level."

Among the mega projects, the government is borrowing \$12.5 billion from Russia for the Rooppur nuclear power plant, he said.

Muhith said the budget will be prepared with the government's own resources and concessional funds from the government mostly takes from the multilateral donor agencies such as the World Bank and the Asian Development Bank.

On an average, Bangladesh receives \$4 billion in concessional loans per year.

The finance minister said the budget size for the upcoming fiscal year will be about Tk 340,000 crore, which is 15 percent higher than the current year's.

The minister, however, regretted the sluggish development expenditure, saying the spending in the first six months of the fiscal year has been the lowest since 2009.

"There is a reason for this. The growth of development expenditure is much higher compared to the previous years. We are failing to keep [the expenditure] in touch," he added.

Wahiduddin Mahmud, chairman of the Economic Research Group, supported the government's emphasis on transformational projects.

Although the big picture of the mega projects is looking good, there is a need to look at the finer details such as the project design, their quality, the priorities and the projects' social goals, he said.

"Once a large project is implemented it is tough to rectify."

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Visitors look at cosmetics displayed at a stall at the three-day US trade show that started at Pan Pacific Sonargaon Hotel in Dhaka yesterday.

## Regulator warns DSE on breach of rules

**STAR BUSINESS REPORT**

The Dhaka Stock Exchange has failed to properly comply with the demutualisation scheme and rules, the stockmarket regulator has said.

Demutualisation was meant to establish good governance, protect investors' interest and separate the bourse's management from ownership.

But some deviations by the bourse's board and management were observed recently.

"These are not expected," Bangladesh Securities and Exchange Commission or BSEC said in a letter to the DSE yesterday.

The regulator also directed the DSE board and management to properly comply with the law.

The issue of non-compliance came to light after the DSE terminated one of its general managers without citing any reason in December last year.

Prior to terminating the general manager's appointment, the DSE did not put the issue on agenda at any board meeting. The DSE board had taken the decision without following rules.

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## Remittance falls to four-month low

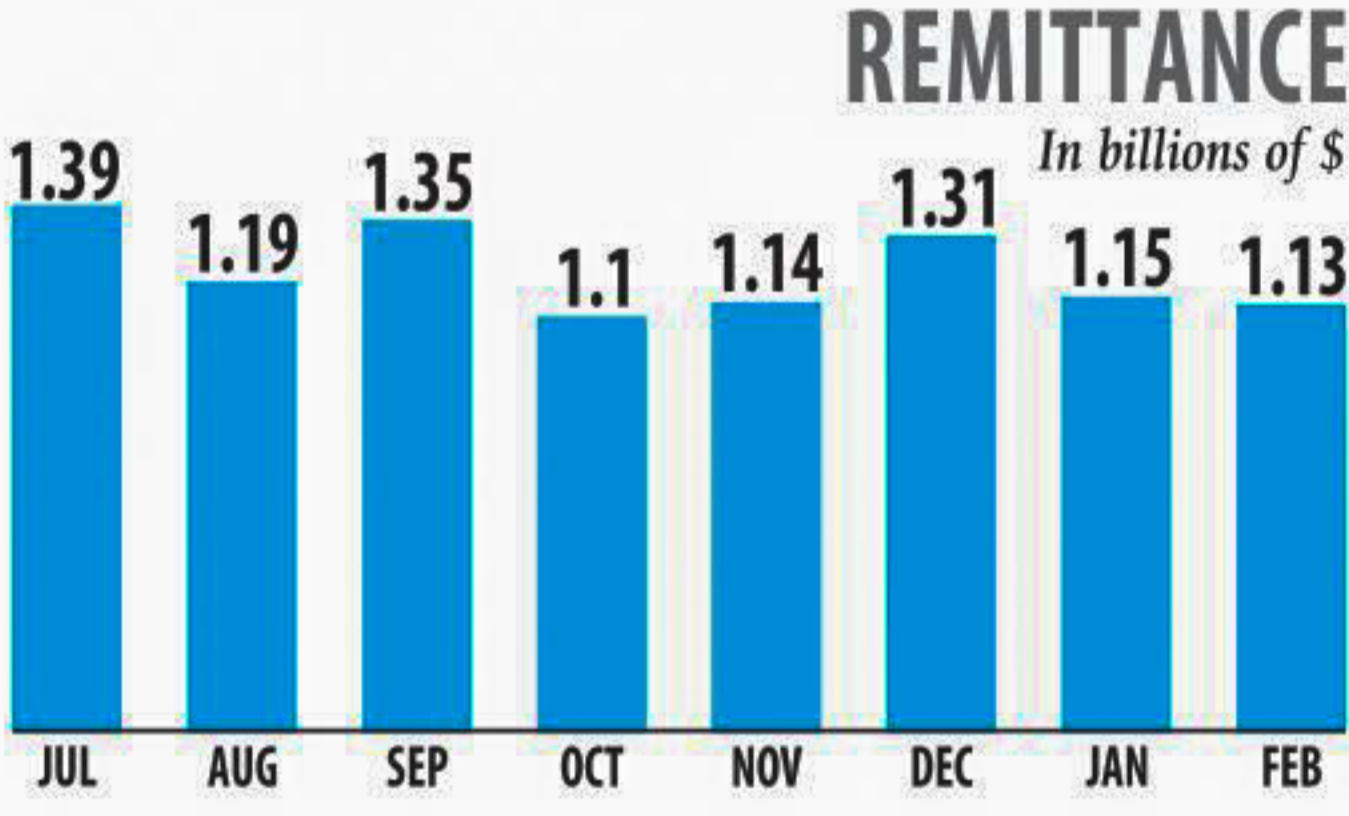
**STAR BUSINESS REPORT**

Remittance continues to slide with February's inflow of \$1.13 billion -- the lowest in four months.

February's receipts were 4.2 percent lower year-on-year and 1.73 percent month-on-month, according to central bank statistics. In January, remittance stood at \$1.15 billion, down 7.23 percent from a year earlier.

The slide in remittance has been blamed for the low global oil prices, which hit the incomes of Middle Eastern countries where most of Bangladeshi migrant workers reside.

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## ICT expo kicks off in Dhaka

**STAR BUSINESS REPORT**

A three-day exposition on information technology -- Bangladesh ICT Expo 2016 -- kicked off in Dhaka yesterday.

Planning Minister AHM Mustafa Kamal inaugurated the event, organised by the ICT division and Bangladesh Computer Society, at Bangabandhu International Conference Centre.

ICT is currently a \$3.1 trillion market across the globe and Bangladesh has great potential to be a strong contender to grab the market, the planning minister said at the inaugural session.

Kamal also emphasised the availability of low-cost labour and creativity of the local youth that he said will help flourish the market. In the last two years, the government spent a huge amount of money on developing ICT infrastructure, he said. "We expect it to bring good results."

State Minister for ICT Zunaid Ahmed Palak said Bangladesh will become a digital device manufacturing country within the next two to three years.

Organisers are expecting 400,000 visitors at the exhibition, which will remain open from 10am to 8pm every day.



Laptops are on display at a stall at the three-day ICT expo that began at Bangabandhu International Conference Centre in Dhaka yesterday.

On the sidelines of the exposition, local and international experts will share and exchange knowledge on ICT advancements and challenges in seminars, said BCS President AHM Mahfuzul Arif.

Sonia Bashir Kabir, managing director of Microsoft Bangladesh, and senior officials of BCS and the ICT division were also present.

The fair has 59 pavilions and 70 stalls displaying different ICT related products such as laptops, tabs and gaming devices.

## United Power merges two of its units

**SARWAR A CHOWDHURY**

United Power Generation and Distribution Company acquired two of its power generating units at Tk 652 crore in a move to cut costs and boost profits.

The company acquired United Ashuganj Power Ltd for Tk 556.8 crore and Shajahanullah Power Generation Company for Tk 95.2 crore. The merger received the final approval from the High Court on Wednesday.

United Power's total power generation capacity will increase about 50 percent to 240MW -- and revenues are projected to rise about 25 percent.

Net profits will swell about 23 percent and the earnings-per share 22 percent, according to the amalgamation scheme. The total assets of United Power will expand by 51 percent.

The merger will result in a reduction in the cost of capital and production per unit, and ensure proper deployment of human resources leading to greater operational efficiency of the company.

As three companies are amalgamated into one, it will now have one common supervisory management.

"The amalgamation will bring in further integration in values and strategies to increase total shareholder returns," the company said in the mergers scheme.

United Power was listed on the stockmarket in 2015. Its net profit stood at Tk 246.46 crore and basic EPS Tk 8.3 at the end of 2014, up from Tk 177.44 crore and Tk 5.98 crore respectively a year earlier.

The completion of the merger put a little impact on its share prices. On the Dhaka Stock Exchange yesterday, each United Power share traded between Tk 163.1 and Tk 167.1, before closing at Tk 164.2. Sponsors hold 90 percent stakes in United Power, while institutional investors own 5.5 percent and the public 4.5 percent.

The trend of merging sister concerns started in Bangladesh in 2005 when Beximco Group amalgamated

two of its units -- Beximco Pharma and Beximco Infusions -- into one.

In 2006, Beximco Textiles, Beximco Denims and Beximco Knitting merged with Padma Textile Mills, which was later renamed Bextex and again merged with Beximco.

Bangladesh Online merged with Beximco in 2009. Besides, Dhaka-Shanghai Ceramics, Shinepukur Ceramics, Shinepukur Holdings and Beximco Fisheries were amalgamated with Beximco in different times.

Tripti Industries merged with Olympic Industries in 2008, Keya Detergent with Keya Soap Chemicals in 2010, and Ocean Containers with Summit Alliance Port in 2012.

In 2014, Keya Cosmetics initiated the process of merging its associated companies: Keya Knit Composite, Keya Cotton Mills and Keya Spinning Mills.

In all cases, the companies announced that the merger would enhance their profits. But the profits of the entities declined or failed to maintain the momentum in most cases.

## BTRC gets more time to comment on Robi-Airtel merger

**STAR BUSINESS REPORT**

The High Court yesterday extended the telecom regulator's allocated time to prepare recommendations on the proposed merger of Robi and Airtel by fifteen days, taking the new deadline to March 22.

The government's deadline to make the decision on the same issue is now April 10.

A High Court bench extended the deadline for Bangladesh Telecommunication Regulatory Commission, said Khandaker Reza-E-Raquib, a legal consultant for the regulator.

"BTRC needs more time to make proper recommendations as it is a huge task," Raquib said.

Robi and Airtel, which are currently the third and fourth largest operators in the telecom market respectively, opened talks on a possible merger in August last year.

They formally applied to the BTRC for the merger on September 17, 2015.

The merger will make the new entity the country's second largest operator.

The operators had hoped to complete

the merger by January this year, but the regulator is yet to give its decision.

This delay by the regulator has held up many important business decisions of both operators, a senior official of Robi said.

BTRC gave its preliminary approval to the merger on September 29, with some conditions attached.

Since then, the BTRC has arranged a public hearing and conducted two separate market studies to understand the socio-economic implications of the merger.

According to the plan, 70 percent stakes of the merged entity, which will operate under the Robi brand in Bangladesh, will belong to Malaysia's Axiata Group.

About 25 percent of the remaining shares will belong to Bharti Airtel, and the stake of Japan's NTT Docomo in Robi will dilute down to 5 percent from the current 8.41 percent.

As of December 2015, Robi's active subscriber base stood at 2.84 crore and Airtel's at 1.07 crore.

Market leader Grameenphone has 5.66 crore subscribers, according to the BTRC.



### Solutions for Reliable & Efficient Power

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