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# Star BUSINESS

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## Kunming Steel in talks with BSRM to invest \$2.2b

REFAYET ULLAH MIRDHA

Chinese company Kunming Steel is in talks with BSRM to invest \$2.2 billion to form a joint venture and serve the fast growing domestic market, said a top official of the local steel giant.

Negotiations between the two companies have been underway for a few months now, said an official of BSRM.

Chairman and managing director of BSRM could not be reached over phone as they are abroad now.

Representatives from Kunming Steel are coming to Bangladesh later this month for further negotiations with the Chittagong-based local steel mill, according to the official.

The factory would be set up at Mirsarai in Chittagong, if the Bangladesh Economic Zones Authority (BEZA) allocates land to the new venture.

The mill will produce basic steel products primarily for the local market, and for export as well, the official said. Both the companies held meetings with BEZA for land allocation.

The BSRM official said many steel products and raw materials have to be imported as local millers do not have the capacity to produce those. "We will make the goods as

**KEY POINTS**

- Officials are in talks to form a new company
- A factory will be set up on 600 acres at Mirsarai in Chittagong
- The companies held meeting with BEZA
- BSRM meets 30% of the local demand at 4.5m tonnes a year
- Domestic steel market grows 10% a year
- The proposed company will produce 2m tonnes of basic steel a year

import substitutes," he added.

With the robust growth of the economy, demand for steel products is rising at more than 10 percent a year, industry players said.

Currently, BSRM meets more than 30 percent of the local demand estimated at about 4.5 million tonnes per year, the official said. BSRM also began exporting steel products to the Northeastern region of India a few years ago.

## Govt spending up 25pc, propped by development works

STAR BUSINESS REPORT

Total expenditure of the budget was 24.64 percent higher in the first half of 2016-17 than a year earlier thanks to an increase in development spending.

Between the months of July and December last year, total spending stood at Tk 95,503 crore, according to a report from the Finance Division.

Development spending rose 27.67 percent and non-development expenditure 23.74 percent during the period.

The report, which provided the up-to-date picture of budget implementation and the economy, was presented in parliament on Monday by MA Mannan, state minister for finance and planning, in the absence of Finance Minister AMA Muhith.

Muhith was in Japan to attend the Asian Development Bank's annual meeting; he left a written speech that Mannan read out in parliament. The total size of the budget is Tk 340,604 crore for 2016-17.

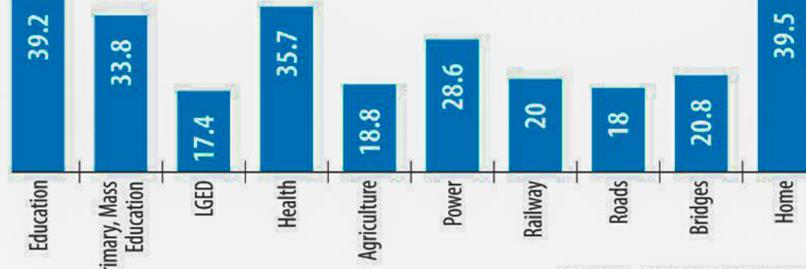
Although development expenditure picked up from a year earlier, the actual amount spent is still low when viewed against the total allocation, said a finance ministry official.

The ministries and divisions could implement only 20 percent of their total budgetary allocation in the first half of the fiscal year.

"At the beginning of the fiscal year, development expenditure tends to be unhurried. It is only in the second quarter that it goes to full steam," the official added.

Muhith emphasised increasing regular visits

### Spending by top ministries, divisions against allocations Jul-Dec of FY2017 (figures in %)



for the completion of projects on time.

In case of non-development expenditure, the ministries spent about 32 percent of their total allocation in the first six months, thanks in part to low fuel prices.

Fuel prices have remained low and stable on the international market in recent years, meaning expenditure on subsidy was at a comfortable level this fiscal year, Muhith said.

Some 76 percent of the total development budget has been allocated to 10 large ministries and divisions, according to finance division statistics. But they managed to spend only 29.2 percent of their total allocation in the first six months.

The government's revenue earning performance also improved in the first six months

thanks to strong efforts from the National Board of Revenue.

The NBR collected Tk 76,008 crore between July and December last year, up 17.10 percent year-on-year.

The NBR's six-month takings though amount to 37.41 percent of the full-year target.

Though the government receives a big amount of revenue from non-NBR sources, this time the performance is very poor on that front.

In the first six months of the fiscal year, non-NBR tax collection declined 0.69 percent.

Non-tax revenue crept up 6.51 percent in the July-December period.

"The revenue collection growth is good but to achieve the target the NBR and other concerned will have to intensify their efforts," Muhith said.

## First Security to buy floor space in Italy for exchange house

STAR BUSINESS REPORT

At a time when many are closing down their foreign exchange house operations for mounting losses, First Security Islami Bank has decided to spend a hefty sum to buy a little space in Rome to put up its exchange house.

The bank will purchase a floor space measuring 90.30 square metres (nearly 972 square feet) in the Italian capital for €360,000 (equivalent to Tk 3.20 crore), according to a statement posted on the Dhaka Stock Exchange website yesterday.

The exchange house, which is named First Security Islami Exchange Italy, now has to take approval from the Bangladesh Bank to transfer the sum.

The bank got the approval from the central bank to open the exchange house for €600,000 (Tk 5.31 crore) in 2009, the first Bangladeshi bank to do so.

State-owned Janata Bank followed suit in 2010, expending €268,300 euro (Tk 2.37 crore), according to central bank data.

Bangladesh received \$396 million in remittance from Italy in the first ten months of the fiscal year.

The BB has so far allowed banks to open 67 exchange houses overseas to facilitate remittance.



People write about their expectations from the upcoming national budget at an event at Sylhet Shaheed Minar yesterday. Idea and Democratic Budget Movement—the organisers of the two-day event—will place the demands to the authorities concerned.

## Policy on use of state mills' idle lands on cards

STAR BUSINESS REPORT

The government is preparing a policy to facilitate investors to set up factories on unused lands of state mills and commercial entities, said the Bangladesh Investment Development Authority yesterday.

The move would go some way towards addressing the land scarcity issue, often touted as one of the main reasons behind the stagnant investment scenario.

The BIDA, which started its journey in September last year by merging the Board of Investment and the Privatisation Commission, said a policy is being finalised by consulting with related ministries and stakeholders.

## Mobile money to flourish if stakeholders collaborate: analysts

STAR BUSINESS REPORT

Digital financial services are yet to flourish in the country for the lack of a participatory approach from the regulators and operators, which ultimately deprive customers from advanced services, experts said yesterday at a roundtable.

"Bangladesh Bank needs to look from a wider angle and focus on modern technology to attract more investment in this sector," said Muhammad A (Rume) Ali, chief executive of Bangladesh International Arbitration Centre.

The dialogue -- Role of digital financial services in promoting inclusive growth: challenges and opportunities -- was organised by UN Capital Development Fund (UNCDF) at Pan Pacific Sonargaon Hotel, Dhaka.

Ali, also a former deputy governor of Bangladesh Bank, said the time has come to declare the mobile financial sector as a different entity.

"The way banks are serving their customers is not fit to help flourish digital financial services," said Ali, former chairman of the bKash board.

Mustafa K Mujeri, executive director of Institute for Finance and Development, said in a keynote presentation that this is a huge untapped segment as less than 2.5 crore MFS accounts are active. The total number of accounts is 5 crore.

"For expansion of this service, coordination between Bangladesh Bank and Bangladesh Telecommunication Regulatory Commission is a must. Negotiation for mutual benefit participation between banks and mobile operators is also important."

Bangladesh achieved a lot in this field but the lack of interoperability is a challenge, he added.

16<sup>th</sup> Bangladesh Business Awards

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