

# Lanka-BD JV formed to cater corporate, retail, SMEs

STAR BUSINESS DESK

A joint venture of Sri Lanka and Bangladesh yesterday launched a new company to provide innovative financial services to corporate, retail and SME sectors in the country.

People's Leasing and Finance PLC, the market leader in the non-bank financial institution sector of Sri Lanka, is the major sponsor of the new entity Lankan Alliance Finance Ltd.

Local sponsors include representatives from companies such as Summit Group, Rangs Group, Alliance Holdings, Green Delta Insurance Company, Rabab Fashion Industry and MASCO Group.

In a statement, the new firm said it would enable expansion and business activity.

It said Lankan Alliance Finance has a unique combination of proven expertise



Jowher Rizvi, chairman of Lankan Alliance Finance Ltd, and Romesh Elapata, CEO, attend the launch of the newly-formed company at the Westin Dhaka yesterday.

in the financial sector coupled with unparalleled knowledge of the market.

"Our aim is to be a lead-

ing partner in Bangladesh's growth story and we shall do that with our pioneering IT systems and strong cus-

tommer-oriented culture adopted from Sri Lanka."

Jowher Rizvi, chairman of Lankan Alliance Finance,

and Romesh Elapata, chief executive officer, attended the launch at the Westin Dhaka.

# Govt spending rises 4.8pc

STAR BUSINESS REPORT

The government's spending rose by 4.8 percent year-on-year to Tk 46,654 crore in the first quarter of the current fiscal year, Finance Minister AMA Muhith said in parliament yesterday.

The government presented a hefty Tk 400,267 crore budget for the current fiscal year, but the pace of implementation was slower than the last year. Year-on-year, non-development expenditure increased by 2.3 percent to Tk 36,129 crore while the development expenditure rose by 39.1 percent to Tk 10,528 crore.

In 2016-17, the actual expenditure of the budget was Tk 261,503 crore, down from the revised estimate of Tk 317,172 crore, he said. In the same year, the development expenditure was Tk 77,256 crore while the revised estimate was Tk 110,700 crore.

However, the expenditure, according to the Implementation, Monitoring and Evaluation Division (IMED), touched Tk 100,839 crore in the year, which means the difference between the two government

agency figures was Tk 23,474 crore.

The total revenue in the first three months of the current fiscal year rose by 17.1 percent to Tk 51,127 crore. During the same time last fiscal year, the growth was 14 percent. The non-NBR revenue collection increased by 69 percent and NBR revenue 19.3 percent.

During the period, six out of the top 10 large ministries spent less than they did in the last fiscal year.

The expenditure of the public safety division fell by 23 percent to Tk 2,720 crore while that of primary and mass education ministry plunged by 14.67 percent to Tk 2,802 crore and secondary and higher education division by 18.75 percent to Tk 4,089 crore.

Expenditure of the health service division also fell by 11.23 percent to Tk 2,134 crore, agriculture ministry by 10.52 percent to Tk 848 crore and railways ministry by 91.46 percent to Tk 85 crore.

However, expenditure of roads and highways division increased by 218 percent to Tk 2,229 crore.

# AiIB okays \$60m for Bangladesh's power project

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The bank had earlier given loans amounting to \$225 million to two power projects.

AiIB is investing in the project as it will be one of the most efficient power plants delivering low-cost power in Bangladesh, said its Director General Dong-ik Lee.

Bangladesh's acute power shortage is impacting its economic growth and its effort to reduce poverty, said DJ Pandian, AiIB's vice-president and chief investment

officer, in a statement.

"This investment will help Bangladesh increase its power supply to support industries that are vital to growth," he added. Ostfield also touched upon Bangladesh's projects that are in the pipeline and AiIB's focus area and its expertise. AiIB is considering five more projects worth \$885 million that Bangladesh has approached it for.

Yuanjiang Sun, principal communications officer of AiIB also present at the briefing.

# Electricity trade win-win for India, Bangladesh: report

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These are the reference scenario (imports through the current infrastructure); the Power Sector Master Plan (PSMP) 2016 (Bangladesh achieving 15 percent electricity import in its supply by 2040); and enhanced electricity import scenario of 30 percent in the total supply (Trade-30).

For 2012-45, the cumulated cost for power sector will stand at Tk 32.5 trillion for the reference scenario. This is Tk 35.7 trillion for the PSMP and Tk 27.6 trillion for the during the Trade-30 reference.

The trade-30 scenario needs less domestic power generation capacity and hence less investment not only in power generation capacity but also in fuel infrastructure development.

Enhanced electricity trade reduces fuel import for power generation, in particular that of gas, which has a more volatile market.

Bangladesh would be able to reduce carbon dioxide emissions significantly by adopting the enhanced import option, according to the report.

For India, export revenue earnings make Indian households gain in the form of increased consumption, which is higher when trade is higher.

The report said a 30 percent share of electricity may be within the limit of Bangladesh's way of ensuring energy security by restricting import dependence on a single fuel or source and diversifying the sources of power supply.

Trade with Bangladesh also gives India the opportunity to exploit its large hydro potential in the North-East, which could be evacuated through Bangladesh.

Bangladesh now imports 600 megawatts of electricity from India and more imports are on the cards.

Another 500MW will start to roll in from June this year, said Harsh V Shringla, high commissioner of India to Bangladesh.

He said Bangladesh was now importing 100MW of electricity from Tripura, but there was a huge scope to increase it significantly.

The high commissioner said among all

the areas of bilateral cooperation, the power sector cooperation has seen faster growth. "We have seen some tangible cooperation," he said.

Shringla said India was committed to partnering with Bangladesh's goal to ensure electricity for all by 2021.

He said India has agreed in principle to allow Nepal to use its land to pave the way for exporting electricity generated from hydropower to Bangladesh.

He said both Bangladesh and northeast India can benefit from the north-eastern region's huge hydropower reserves.

Farooq Sobhan, president of Bangladesh Enterprise Institute, praised the government's initiative that facilitated the import of power from India as an important step.

He said power trade with India, Bhutan, and Nepal could help Bangladesh achieve its ambitious targets set for 2021 and 2041.

In fact, regional cooperation in the power sector would help all participating countries, he said.

The former secretary said as Bangladesh was trying to diversify its energy sources, countries like India could be of enormous importance for Bangladesh.

"What is imperative is that this has to be structured on a win-win basis."

Gowher Rizvi, international affairs adviser to the prime minister, said all countries in South Asia were suffering from an electricity shortage and power trade could help them overcome the shortfall.

In the concluding session, Nasrul Hamid, state minister for power, said Bangladesh would require \$40 billion by 2020 to develop its power sector.

Kirit Parikh, chairman of the IRADe, Kerry Reeves, deputy director for environment and economic growth at the USAID Bangladesh, and VK Kharbanda, project director of the SARI, spoke in the inaugural session.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, Mohammad Hossain, director general of the power cell, and Mamun Rashid, managing partner of PwC Bangladesh, were also present.

# Chinese consortium to get nod to be DSE's strategic partner

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In exchange, the consortium has sought a seat on the DSE board and assured that it would not ask for any return on its investment for 10 years, according to the DSE.

Another consortium led by the National Stock Exchange of India had offered to purchase the same number of shares but for Tk 15 each. It also offered technical support but it did not give a monetary value.

Rahman said the selection of the strategic partner put the investors in dilemma. Besides, the impact of the conservative monetary policy has impacted the market. But both the monetary policy and the strategic partnership are policy-related issues and should not affect the market, he said.

The broad index DSEX tumbled below 5,800-level yesterday after losing 327 points in the last seven sessions.

Retail investors remained cautious amid various confusing issues circulating in the market. Besides, institutional investors could not support the market more because of the liquidity crisis, said Rahman. Though the central bank has extended the deadline for lowering the loan-deposit ratio, banks made some adjustment creating the cash crunch for merchant banks, he explained.

The Bangladesh Bank's calculation of the capital market exposure on the consolidated basis instead of solo basis led to the liquidity crisis, causing the market to fall, said Khairul Bashar Abu Taher Mohammed, secretary general of the Bangladesh Merchant Bank Association.

Banks can invest up to 25 percent of its capital in the stockmarket under the solo basis calculation. The consolidated calculation takes into account all investments through a bank and its subsidiaries and the limit is the highest 50 percent.

Yesterday's market: The DSEX declined 57.56 points, or 0.98 percent, to 5,774 yesterday. Turnover fell 8.70 percent to Tk 350 crore from the previous session.

The market started the session on a negative note and continued downward trajectory throughout the session as selling pressure kept on.

Engineering sector led the turnover list contributing 17.42 percent to the total. Most of the prominent sectors witnessed moderate correction. Telecoms lost 1.24 percent and banks 1.22 percent. Olympic was the highest traded share with securities worth Tk 21.53 crore changing hands, followed by Ifad Auto with its shares valued Tk 16.43 crore transacted.

# Electronic KYC by June

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They can also invest in savings certificates and other government securities worth Tk 5 lakh. The banks can disburse Tk 2 lakh in SME loans to an e-KYC account holder.

The e-KYC will eventually eliminate the need for hard copy document management, said the BB official.

"It will reduce the risk of identity fraud," he said.

The service will completely be automated and the e-KYC data will be furnished in real-time, without any manual intervention. Digitally signed e-KYC data will be machine readable, meaning the service provider can directly store it as customer record in their database for purpose of service and audit etc.

# Banglalink's 4G to reach all district HQs by June

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"We had serious quality issue last year and have made a remarkable advancement in ensuring better customer experience by upgrading network capacity this month," he said. The initial target is to provide customers with the latest service by Ramadan in June, he added.

Banglalink has recently increased the amount of its total spectrum by 53 percent by acquiring 10.6 MHz spectrum at over Tk 3,000 crore, which will give the operator a huge mileage, he said. "Now we are focusing on digital services which will also push customers to empower their digital life."

The 4G services will play a vital role in boosting socio-economic growth of the country by facilitating healthcare services, remote education, transportation

and financial services, he said.

The super-fast mobile internet provided by 4G network will enable the users to enjoy zero-buffer high definition (HD) video streaming, HD quality video calling, high-fidelity music streaming, online gaming, social networking and all sorts of other internet services.

Banglalink also reiterated that they would invest \$1 billion over the next three years which would give a huge boost to their customers. "Not only Banglalink, no operator has profited from the 3G business and it will take time to get returns from the 4G investment as well," said Aas.

Providing 4G requires a very expensive network to build but at the same time, this will give users a huge boost in availing different digital services. Mike Michel, chief marketing officer, and Taimur Rahman, chief corporate and regulatory affairs officer, were also present.

# NBR freezes Robi's bank accounts over unpaid VAT

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The total amount of VAT was Tk 18.72 crore, which Robi did not pay timely, according to the LTU.

The field office then employed a provision of the VAT Act 1991 that empowers a VAT official of the rank of an assistant commissioner and above to freeze bank accounts for certain days.

"The VAT law that the NBR has referred to in the letter they sent to us clearly mentions that a hearing must be organised prior to applying this particular law. It is very unfortunate that no such hearing was organised prior to NBR's drastic measure against us," Kabir said.

It is also interesting to note that the letter refers to certain issues that are being contested before the court of justice, he added. The NBR move comes at a time when Robi started providing 4G services after making investment of about Tk 2,114 crore.

Robi, which became the second largest mobile operator after its merger with Airtel in 2016, posted Tk 280 crore losses in 2017.

The NBR found that Robi avoided Tk 10.35 crore as SD on sales of new SIMs and replacement SIMs and usage.

The operator showed payment of Tk 45.83 crore as SD in its return against its payable SD amount of Tk 56.18 crore for December 2017, according to the field

office.

The field office also found that Robi sold 94.42 lakh SIMs from October last year to January this year but it showed sales of 93.61 lakh SIMs and avoided Tk 81.06 lakh tax on SIMs, according to the report.

The mobile phone operator also did not pay Tk 81.71 lakh as VAT on interconnection service given to the BTCL from January to December last year.

Robi has collected VAT from consumers but are not depositing them to the exchequer. "This cannot be," Rahman said.

The LTU VAT also found that Robi did not pay Tk 6.75 crore that was payable as VAT from July to December last year on space rental.

Commercial entities have to pay 15 percent VAT on the rented amount if the space is more than 150 square feet and Robi has not paid the amount for the second half of the year.

Md Bodruzzaman Munshi, deputy commissioner of LTU, said they detected the anomaly after examining the documents of the mobile phone operator.

Earlier this month, the LTU VAT demanded Tk 924 crore as unpaid VAT from Robi from January 2013 to December 2016.

"The Tk 18.72 crore unpaid VAT is not big -- the LTU has several VAT disputes with Robi. If the operator does not respond, we will take steps in phases," Rahman said.

# Job ads failing technical graduates: expert

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The government has a target to produce one lakh graduates from polytechnic institutes, Alam said.

Every year 2.1 million people enter Bangladesh's job markets but not all can be recruited due to a lack of opportunities and skills. The public and private technical education institutes are filling the skills gap of job expectants, Alam added.

"The government has taken a number of

steps to meet the SDGs in line with the 7th Five Year Plan. Skills development will play a vital role in helping us attain inclusive economic growth and create job opportunities," said Abul Kalam Azad, principal coordinator for SDG Affairs at the Prime Minister's Office.

The NSDC in collaboration with the International Labour Organisation's Canada-funded B-SEP project and the European Union-funded Skills 21 project jointly organised the workshop.



Mahmood Malik, executive director and CEO of Infrastructure Development Company Limited (Idcol); Nazmul Haque, director for investment; Tarique Ekramul Haque, managing director of Acorn Infrastructure Services Unit-2 Ltd (AISLI), and M Jahangir Alam, group CEO, attend a ceremony at the head office of Idcol in Dhaka recently. Idcol will raise \$63 million as a term loan for a power project of AISLI. Story on B1



Md Shahood Mustansir, head of sales at Navana Limited Toyota Bangladesh, and Isa Abrar Ahmed, vehicles and property head at Bikroy.com, exchange documents after signing a deal at The Daily Star Centre in Dhaka yesterday. Customers will get Tk 50,000 cashback when booking Toyota Corolla Altis at Bikroy.com.