

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.96%	▲ 1.87%	\$1,569.80	\$54.34	▲ 0.58%	Closed	▲ 0.39%	▲ 0.39%	BUY TK 83.95	91.76	107.75	11.89
4,471.51	8,226.76	(per ounce)	(per barrel)	41,216.14		3,175.57	2,901.67	SELL TK 84.95	94.56	111.55	12.59

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# Star BUSINESS

DHAKA WEDNESDAY FEBRUARY 12, 2020, MAGH 29, 1426 BS starbusiness@thedailystar.net

## Teletalk's mega project goes against rules

Ecneec sends back proposal of the Tk 3,279.05cr scheme to build towers, network

MUHAMMAD ZAHIDUL ISLAM and REJAU KARIM BYRON

The Executive Committee of the National Economic Council (Ecneec) yesterday sent back a proposal of state-run mobile operator Teletalk for building towers and network at a cost of Tk 3,279.05 crore as the move goes against telecom rules.

According to telecom guidelines, no mobile operators are allowed to set up towers as four companies were awarded exclusive rights in 2018 to do so. Since then, the Bangladesh Telecommunication Regulatory Commission has not allowed any mobile phone operators to establish towers. In spite of that, Teletalk proposed to install 3,000 new towers to expand its network in villages and ready its network for upcoming 5G services.

Senior ministers who attended the Ecneec meeting were critical of the matter and said tower licences were issued to bring down the mobile operators' capital expenditure.

The ministers also raised questions why Teletalk was planning to spend a huge amount of government money.

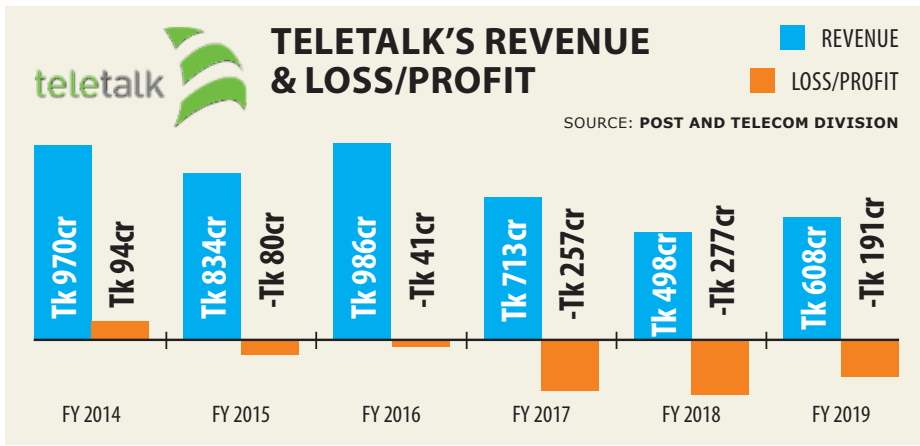
### NETWORK EXPANSION IN RURAL AREAS & 5G READINESS PROJECT

- Proposed project costs: Tk 3,279.05cr
- Govt to provide: Tk 3,155.50cr
- Operator's own fund: Tk 123.52cr
- Project tenure: Jan'20 to Jun'22
- Plans to establish 3,000 new towers
- Teletalk currently have 4,864 towers
- Requires 18,160 towers to cover Bangladesh
- Transmission capacity will increase 10 times to 100 Gbps
- 50,000 govt offices will get inbuilt coverage

They expressed doubts over the acceptability of the Teletalk's feasibility study on the project and called upon the telecom minister to make a fresh move.

"We will appoint a reputed firm to conduct the feasibility study and send a fresh proposal to the Ecneec as soon as possible," Telecom Minister Mustafa Jabbar told The Daily Star, terming the project a lifeline for the state-run carrier.

Currently Teletalk has 4,864 towers, which is only 26.78 per cent of their total demand and account for only 3 per cent of the



### 15 YEARS OF TELETALK

- Received licence Sep 1, 2004
- Service launched Mar 31, 2005
- Rolled out 3G in 2012, a year earlier than others
- Launched 4G in Dec 2018
- 48.68 lakh active users as of Aug 2019, with 2.94% market share
- Set up 4,864 towers, which is one-fourth of GP
- Network expansion project worth few thousand crore taka ongoing
- Courting investment from 5 Arabia and other countries
- Enjoys exclusivity on different govt services, esp. exam fees payments

total towers in the country. In the project proposal, the operator said they required about 18,160 towers to cater to the existing demand. Teletalk has an ongoing project to add about 1,000 new towers.

"Some of my colleagues think we need to go for a third-party feasibility study," Jabbar said, adding that the project can be implemented in several phases.

But all the ministers were on the same page over the necessity of fresh investment to make the state-run operator stronger and modern, he added.

According to the proposal, Teletalk has a plan to increase its data transmission capacity to 100 Gbps as part of its efforts to embrace 5G technology.

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## BB to appoint bank directors

REJAU KARIM BYRON and AKM ZAMIR UDDIN

The Bangladesh Bank will form an interview board which will appoint directors and managing directors of private banks in an effort to ensure better corporate governance in the financial sector.

The interview board will also nominate additional and deputy managing directors of the banks as they eventually go on to become the chief executive officer, according to the first draft of the Banking Companies Act.

### Proposed amendment to BCA

- Directors and top officials of private banks to face BB's interview for appointment
- 1/5th of board members will be independent directors
- Directors will not be allowed to take stay order to show default loans as unclassified
- Habitual defaulters and their photos to be published in newspapers

However, the provision will not be applicable for state run banks.

To get the public's opinion on the draft act, it was uploaded to the finance ministry's website on Monday. All stakeholders have been requested to provide their opinions within 21 working days of the publish date.

If any individual applying for one of the top posts has ever been involved in any fraudulent activity or financial crime, then that person's application will not be accepted.

Besides, if any financial regulator made a negative observation on the applicant, then that person will become ineligible for the post.

Directors who show default loans as unclassified by taking stay-orders from the High Court will also lose their position on their respective bank boards.

However, such a provision will not be applicable for people who reschedule their default loans as per the banking norms.

The number of directors of a bank will be capped at 20, of which one-fifth will have to be appointed as independent directors.

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## Revenue shortfall giving sleepless nights to govt

SOHEL PARVEZ

Revenue shortfall against the target, which is a common occurrence nowadays, is getting wider as the fiscal year nearing its end, much to the concern for the government that has already ramped up its borrowing from the banking sector.

Provisional data showed the National Board of Revenue (NBR)

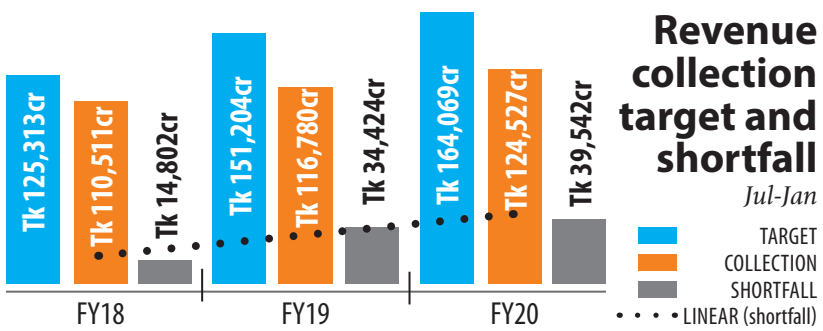
The amount of shortfall remained low in past years, but the gap from target increased to more than Tk 50,000 crore last fiscal year.

"The current pace of revenue generation is hurting budget implementation this fiscal year," said Towfiqul Islam Khan, senior research fellow of Centre for Policy Dialogue (CPD). Bangladesh's fiscal discipline is now at risk.

"Awarding tax exemption on an ad hoc basis in the name of growth stimulation is now hurting. At the same time, we need to take a closer look at the performance of the overall economy," he added.

Other than VAT, the collection of income tax, the second biggest revenue source, increased 15 per cent year-on-year to Tk 38,960 crore in the seven months to January.

### EXPECTATIONS VS REALITY



could log in Tk 124,500 crore in the first seven months of the fiscal year, missing the target by Tk 39,500 crore for the period.

This suggests the government will have to either increase its borrowing from the banking sector or cut back on its expenditure plans for the fiscal year.

In the first half of fiscal 2019-20, the government borrowed Tk 49,000 crore, which is 63 per cent of the year's target. Of the sum, Tk 43,600 crore from banks, which is eight times more than a year earlier.

The NBR, the main collector, fell short of Tk 31,500 crore from its revenue goal in the first half of fiscal 2019-20.

And the target is likely to be missed by more than Tk 80,000 crore, according to Ahsan H Mansur, executive director of Policy Research Institute (PRI) of Bangladesh.

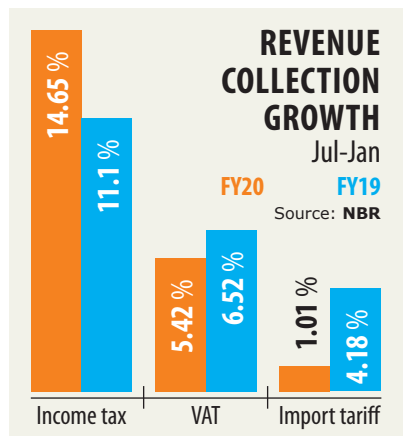
"There is a need to make an honest assessment regarding the reasons behind this small growth. Surely, there is a scope for improving administrative capacity," Khan added.

During the July-January period of the fiscal year, the NBR recorded 7 per cent year-on-year growth, according to its provisional data.

The indirect tax, value-added tax (VAT) paid by consumers, is the biggest source of revenue and the NBR collected 5 per cent higher VAT during the period than a year earlier: Tk 48,400 crore.

"Receipts from VAT might increase in the final count," said a senior official of the NBR asking not to be named as he is not authorised to speak with the media.

Implementation of the new VAT and SD Act definitely did not translate into higher revenue mobilisation, Khan said.



Customs officials could post only 1 per cent higher collection of Tk 37,000 crore thanks to declining machinery, petroleum and motorcycle imports.

"There is definitely more challenging times ahead in terms of revenue mobilisation," Khan said.

Uncertainty in the global economy in view of coronavirus does not indicate any quick recovery.

"The government will need to be proactive. There is a need for early revision of the national budget," Khan added.

Revenue collection growth will continue to remain sluggish if the NBR goes business-as-usual, said Mansur, also a former economist at the International Monetary Fund.

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## Coronavirus puts int'l expos on hold

Could cause missed revenue to the tune of Tk 250cr

JAGARAN CHAKMA

About seven large-scale international expositions and corporate conferences to be held in Bangladesh have been postponed following the coronavirus outbreak in China, denying organisers and other vested parties from about Tk 250 crore in revenue from the events.

Chinese companies are major participants at the exhibitions in Bangladesh.

And given the coronavirus pandemic in their home country they have withdrawn their participation, said Meherun (Kanka) N. Islam, president and group managing director at CEMS-Global, a professional multinational exhibition organiser.

More than 34,800 people have been infected with the new coronavirus worldwide, the vast majority in China.

And the number of coronavirus deaths has overtaken that of the Sars epidemic in 2003. In 2003, 774 people were killed by Sars (severe acute respiratory syndrome) in more than two dozen countries.

CEMS was compelled to postpone three of their international exhibitions to be held between February and April due to the novel virus.

"I will not get even \$ 3 million in revenue from these exhibitions. The exhibition is directly related to hotel and tourism businesses. So, the



REUTERS/FILE

People walk in an empty shopping mall in Beijing yesterday.

industry will feel an impact," Islam said.

By impact, she is referring to a fall in revenue.

One such event that has been postponed is the Bangladesh Plastic, Packaging and Printing Industrial Fair 2020, which was scheduled to take place between February 12 and 15 at the International Convention City Bashundhara (ICCB).

Its organiser, the Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), previously announced that the event would be

postponed citing the World Health Organisation's declaration of the coronavirus epidemic as a global emergency.

The BPGMEA also said that many international and local exhibitors wanted to the fair to be postponed as public gatherings could spread the virus.

This was one of the five international expositions that the ICCB, a popular venue for trade fairs for its 7 lakh square feet space, was scheduled to host during the February-April period.

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