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Mobile operators cool down on investment plans

Inhospitable regulatory regime to blame

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MUHAMMAD ZAHIDUL ISLAM

The mobile industry's combined investment fell 19 per cent year-on-year to Tk 3,695.72 crore in 2019, the lowest in recent years, as the regulatory regime continues to spook the foreign owners of the top three carriers.

Mobile carriers are not investing adequately into their network, a development that is directly hampering their service quality and customers are getting substandard service, industry insiders say.

The scenario was totally depressing last year because of the restriction on the top players that prevented them from setting up new towers. Under the new licencing regime, only

dedicated tower companies can establish mobile network infrastructure; mobile operators are barred from getting into the

Mobile operators say the regulatory situation has become unbearable and if it persists, the country will suffer and customers are already suffering.

"Last year was a very dim year for vestors," said SM Farhad, general secretary of the Association of Mobile service quality as well, he added.

TOP 3 MOBILE OPERATORS' INVESTMENT OVER THE YEARS Grameenphone Robi Banglalink

MOBILE OPERATORS' INVESTMENT OVER THE YEARS 2016 2017 2018

Telecom Operators of Bangladesh.

With the restriction on the two top operators -- Grameenphone and Robi -- coupled with the fact that the tower companies are yet to be operational, the carriers could not expand network during the period and this affected investment and

Regulation is the single most important driver in the telecommunication sector, said Shahed Alam, chief corporate and regulatory officer of Robi, the second-

largest operator.
"Any action by the regulator can have a positive

impact or a dire impact." investment the most last year: about 32 per cent.

In 2019, it invested Tk 1,421.3 crore and had planned to put in another Tk 1,200 crore but could not do so because of the regulatory restriction centring on its audit claims of Tk 867.23 crore by the Bangladesh Telecommunication Regulatory Commission.

Following a High Court order recently, Robi has paid two instalments of Tk 27.60 crore each to the BTRC and got noobjection certificate from the regulator after seven months, during which time its network expansion and maintenance came to a halt.

Robi's investment previously surpassed all other telecom investors', making it the leading foreign direct investor for five Robi has cut back on its consecutive years to 2018, Alam said.

"It is unfortunate that regulatory

actions disrupted our 2019 investment plan, pulling us and the industry down by a few years. It was an irrecoverable loss. We were unable to increase the capacity of our network or resolve the issues of customer complaints," he said in a statement.

Robi requested for a more cohesive approach and the formation of a coherent industrial policy for the telecoms sector, so that it is able to provide much-needed boost to the vision of the government, in terms of investment ability, innovation adoption, network capability and attractive unit pricing, Alam added.

Grameenphone's investment declined more than 13 per cent in 2019 from the previous year, while Banglalink's investment grew 4.37 per cent.

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Rustle up an action plan for coronavirus

Businesses urge govt

STAR BUSINESS REPORT

The government should draw up an action plan to counter the impact of the raging coronavirus on the local economy and trade and commerce, said businesspeople yesterday, on the day Bangladesh confirmed the presence of the novel virus in the country.

"The finance minister should immediately sit with the stakeholders, including the private sector, to outline an action plan," said Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and

Yesterday, Bangladesh confirmed three cases of COVID-19. Of them, two recently returned from the coronavirus-stricken Italy. A family member of one of the

two is the third person struck by the virus. The Daily Observer and TV channel DBC News organised the roundtable on the current state of the economy at the

InterContinental Dhaka. The comments from the businesspeople came a couple of days after an Asian Development Bank analysis said Bangladesh's gross domestic product may contract by as much as 1.1 per cent in the hypothetical worst-case scenario

of a significant outbreak of coronavirus in the country. That means the novel virus could wipe \$3.02 billion off the \$300 billion-plus economy.

The garment sector accounts for 80 per cent of the national exports. And 70 per cent of the raw materials for woven garments come from China, the epicentre of the virus.

"A crisis may be created in this sector. This is a challenge for the economy. The government should formulate a plan to weather off the impacts," Hossain added. The coronavirus has had a toll on trade and commerce,

said Md Shahidul Ahsan, chairman of Ahsan Group. Many garment factories are on the verge of closure and the government should take steps immediately, he said.

Corruption and irregularities in the banking sector have snowballed into a major problem, said AKM Aftab ul Islam, a director of the central bank.

"The central bank is not being allowed to work independently. Decisions are being changed through pressures from various quarters. We have read such allegations in the newspapers, but I have also observed it."

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NBR toughens up on power plants

Tightens rules for duty-free import of equipment

The National Board of Revenue (NBR) has tightened the rules regarding dutyfree import power plant equipment in a bid to curb abuse of the privilege through import of materials not directly related to power plant construction.

The revenue administration listed 20 items -- including steel sheet, rod, cement, household goods, office furniture, dredger, anchor boat and vehicles -- that are outside the purview of zero-duty import benefit for power plants, according to a notification issued at the end of last week.

recommendation from a panel formed by the NBR last year as items as random as dredger, boulders, steel sheets and pipes were imported duty-free in the name of power plant construction.

This gave rise to fears of revenue loss among customs officials.

Subsequently, the revenue authority has decided to barricade items unrelated to power generation from the exemption benefit.

Since 1997 the customs authority has been offering the privilege to public and private power producing companies to import machinery,

The list comes based on a spare parts and materials needed for erecting the plants.

However, no specific list of products was mentioned in the notification.

And in the absence of clarity, products not directly related to power plants were being imported by firms based on recommendations from the

"The new rules have already become effect," said a senior official of the NBR on condition of anonymity as he is not authorised to speak with

And apart from the restriction of import items not directly connected to power plant materials, the NBR has also eased rules to facilitate speedy release of machinery and equipment related to power plants, he added.

In the notification, the revenue authority cancelled previous orders regarding tariff privilege for bringing in power plant equipment from abroad and slapped the new conditions.

Public and private companies will have to import plant and equipment before commercial production of electricity begins and notify the power division and customs about commencement of power generation. Once commercial production

starts, power plant operators can import spare parts worth up to 10 per cent of their import value duty-free for up to 12 years. Erection materials, machinery and spare parts that are imported on a

commercial production. temporarily imported materials cannot be sold, rented or handed over without payment of import tariff and taxes, the notification

temporary basis should be returned

abroad within six months of start of

With a total generation capacity of 22,787 megawatts, Bangladesh now has 137 power plants and six of them have been put out to pasture.

Another 50 plants are underconstruction, according to the latest annual report of the power division

The government is building 16 of them, whose combined generation capacity would be 8,745MW.

Private sector players are building the other 34, whose total generation capacity would be 6,404MW.



Third from right, Commerce Minister Tipu Munshi launches the latest edition of International Commercial Terms, or Incoterms 2020 at the InterContinental Dhaka yesterday. Second from right, ICCB President Mahbubur Rahman, third from left, ICCB Vice President Rokia A Rahman, second from left, ICCB Banking Commission Chairman Muhammad A (Rumee) Ali, extreme right, Mutual Trust Bank CEO Syed Mahbubur Rahman, and extreme left, ICCB Secretary **General Ataur Rahman were present.**

Munshi remains optimistic amid coronavirus fallout

STAR BUSINESS REPORT

Bangladesh will face major challenges if coronavirus drags on as the local business community, especially those from the garment sector, is dependent on Chinese fabrics and raw materials, said Commerce Minister Tipu Munshi vesterdav.

The government has been observing the situation closely and so are the business community.

"We are hopeful that the situation will improve soon as the ratio of new patients worldwide is declining," he said while replying to queries from journalists at a programme held at the InterContinental Dhaka.

At the event Munshi unveiled the latest edition of Incoterms®, a set of rules published by the International Chamber of Commerce with the view to guiding individuals participating in the import and export of global trade

on a daily basis. Different practices and legal interpretations between traders around the world necessitated a common set of rules and guidelines. As a response, ICC published the first Incoterms® rules in 1936 and has

introduction of After the Incoterms® in 1936 the first revision occurred in 1957 and thereafter in 1967, 1974, 1980, 1990, 2000 and 2010. The latest version of Incoterms® has become effective globally from January 1.

The flow of work orders into Bangladesh's garment factories is yet to dry up as the manufacturers are still capable of catering to orders with their stock of raw materials, Munshi said.

"It is a matter of pleasure that the workers in China have started to return to factories defying the fear of

coronavirus. China is the main source of fabrics

and other raw materials for the country's garment sector that rakes in 84 per cent of the country's total export receipts. Many factory owners in Bangladesh

have been running their units with their old stock of raw materials and now they are looking forward to the return of normalcy in the supply

Regarding the massive amount of money laundering through over-

been maintaining and developing invoicing and under-invoicing, the minister said he does not have the accurate data of capital flight from Bangladesh through trade to take punitive actions.

The minister also said Bangladesh has been following all international trade tools for its export and imports.

Incoterms (International Commercial Terms) rules are one of them. The rules, which are internationally accepted standards, define the responsibilities of sellers and buyers for delivery of goods under

sales contracts "As Bangladesh's trade is expanding every year, the practice of Incoterms®

2020 will be essential," Munshi said. Bangladesh's export earnings in 2019 was \$39.33 billion, up 0.20 per cent year-on-year. Import payment in 2019 was \$59.09 billion, down 2.31 per cent from the previous year.

Global economic growth has given most businesses greater access than ever before to markets all over the world, said said Mahbubur Rahman, president of the Bangladesh chapter of the International Chamber of Commerce (ICC-B).

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GOODS THAT CANNOT BE IMPORTED