

TAMING CORONAVIRUS RAMPAGE

Telecom sector can galvanise economic recovery

Grameenphone CEO tells The Daily Star in an interview

YASIR AZMAN AT A GLANCE

- Appointed as CEO of Grameenphone on Feb 1, 2020
- Served as deputy CEO from May 26, 2017
- Became CMO of GP on Jun 15, 2015
- Served as Telenor Group's Head of Distribution & eBusiness
- Previously worked for British American Tobacco in Bangladesh & Pakistan
- Holds an MBA degree from IBA

an interview to mark his 100 days as the CEO. "Digitalisation is not only about the benefit of the operators. We want it in the entire ecosystem to create a positive impact on our economy."

The overall economic growth will not be praiseworthy in the current year but hopefully, it will start picking up next year.

"I don't think we will be able to return to our previous growth momentum by 2021. But we may make a comeback in 2022. And telecommunication and digitalisation will play a great role in that."

Though the pandemic has dealt a big blow to the telecom sector, Azman said their services enabled many people to work from home and meet through digital platforms like Zoom, MS Teams and Google Hangout.

"We have realised that our connectivity benefitted entire Bangladesh. This is our achievement."

He, however, said their investment priorities could be changed due to the present crisis. Investment decisions will depend on the next few days considering the usage pattern and economic recovery.

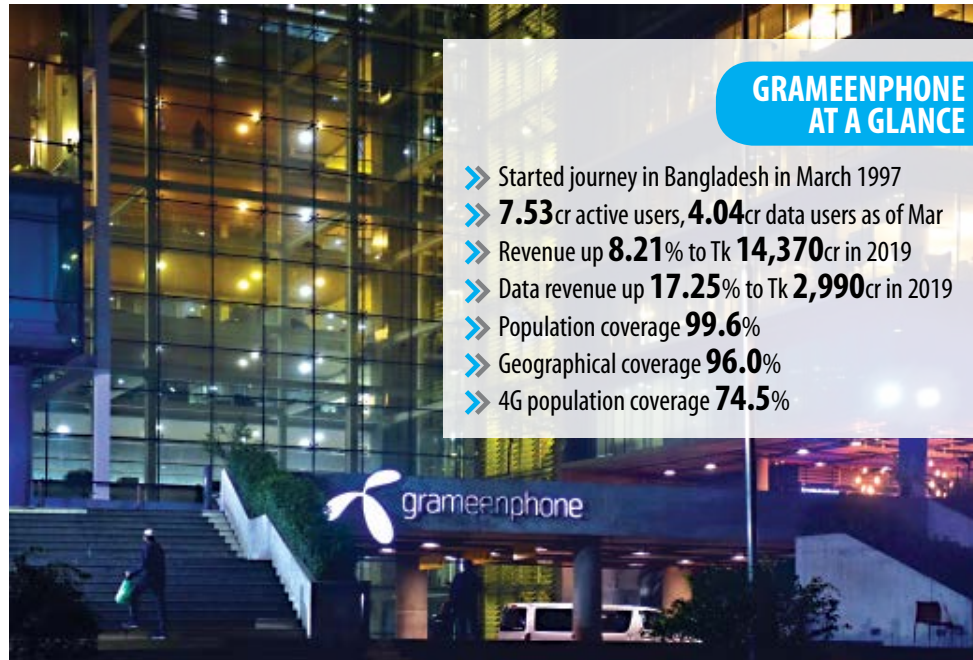
"If there is a need, we will invest even more. If not, we will wait."

The telecom industry has already seen that data use has increased and hopefully, it will be more in the coming days, said Azman, who has also served as head of distribution and e-business of Telenor Group, the Norway-based telecom giant that has a 55.8 per cent stake in Grameenphone.

The operator also observed that customers' behaviour was changing rapidly with a 40 per cent increase in activation through their digital channels.

"Think about how fast the change was, how people are using different platforms. It is a huge change for people. And it has allowed me to know where to focus on as a CEO and as a company."

However, he said currently mobile penetration is only 60-65 per cent in the country and among them, only 50 per cent use



GRAMEENPHONE AT A GLANCE

- Started journey in Bangladesh in March 1997
- 7.53cr active users, 4.04cr data users as of Mar
- Revenue up 8.21% to Tk 14,370cr in 2019
- Data revenue up 17.25% to Tk 2,990cr in 2019
- Population coverage 99.6%
- Geographical coverage 96.0%
- 4G population coverage 74.5%

the internet while their average internet usage is about 2GB.

But the regional peers like Myanmar and Thailand have more than 75 per cent smartphone penetration and their average internet usage has risen to 10GB per user.

"Vast opportunities lie here," Azman said, adding that they are hopeful about the market and expect that companies like Grameenphone can also get double-digit growth in the coming years.

About the tussle with the Bangladesh Telecommunication Regulatory Commission over an audit claim of Tk 12,580 crore, the Grameenphone CEO said the regulator has told them that stakeholders will sit together to find an amicable solution.

The carrier already paid Tk 2,000 crore in line with a court order.

"I do not see any solution regarding this issue unless we can have a reasonable

discussion. Based on that, I hope there will be an amicable solution," he said.

When asked if the battle with the regulator has impacted the share price of the listed company, Azman said: "lots of things depend on market dynamics".

"All the indices of the market went down as a whole, not only the Grameenphone stock price. There were other factors as well."

Azman thinks none should give up their legitimate rights, even if there are temporary losses, and in the long run, matured investors appreciate this process.

He also criticised the way the regulator has declared the operator a significant market power (SMP). The BTRC has named Grameenphone an SMP operator as it has more than 40 per cent revenue and market shares, but restrictions are yet to be imposed effectively.

Referring to global practices, Azman said

SMP implication should reflect the alignment between the right process and the competition law.

In this case, it is mentioned that the evidence should be submitted whether any party is destroying the market by playing dominance over others. Based on that evidence, corrective actions need to be defined, he said.

Azman also mentioned the spectrum price and allocation process as a challenge. He said they have long been requesting the government to bring down spectrum prices.

"Operators are heavily investing in equipment and managing network capacity. You can either manage this with the spectrum, or you can bring modern equipment."

When operators buy modern equipment, the money goes out of the country but it can be minimised by lowering spectrum prices, he added.

The official also urged the government to withdraw SIM tax.

"When the SIM tax was implemented last year, the number of new subscribers fell drastically and the government cannot be benefitted if the subscriber base of operators weakens."

As a CEO, Azman also wants to focus more on contributing to society.

"What we do here has a great impact on our economy. We are a commercial organisation, no doubt. But the purpose of it is very strong."

For the sake of the industry and the betterment of the country as a whole, he would like to see issues related to spectrum and towers be solved within the next six months.

Within the next one and a half years, he wants to see the readiness of 5G and its ecosystem aligned with the regulators, device owners and the digital service providers.

And by 2022, 5G services will be launched in Bangladesh, he said.

"I want to see that people acknowledge and endorse the contribution of the telecom sector to the development of our economy. We want to help unleash the potential of every individual and enterprise," Azman said.

PPE a silver lining for ailing garment industry

STAR BUSINESS REPORT

The country's garment industry could benefit from the ongoing coronavirus pandemic due to the soaring demand for certain products, said KI Hossain, president of the Bangladesh Garment Buying House (BGBA), yesterday.

Soon after the coronavirus outbreak in Wuhan, China last December, the global demand for personal protective equipment, hospital bed sheets, masks and other isolation fabrics rose sharply.

Similarly, the domestic markets also saw a sharp increase in demand for these goods. Therefore, garment manufacturers should exploit this opportunity to make better business, according to the BGBA president.

"The market size for these goods is now worth several billion dollars and we can easily grab this market as we already can produce those items at our garment factories," Hossain said while addressing a press conference held at the Economic Reporters Forum office in Dhaka.

Besides, local companies further down the supply chain such as spinners, weavers and dye factories, could also greatly benefit if this industry is exploited at home and abroad, he added.

Bangladesh's garment industry has suffered greatly because of the novel coronavirus. With governments all over the world declaring nationwide lockdowns to curb the spread of the deadly pathogen, there was a drastic fall in the demand for apparel products.

Buyers from the US and the EU, two of Bangladesh's biggest export destinations, then began to cancel or hold their orders. Subsequently, local manufacturers and other businesses related to the industry were hard-pressed to maintain their operating expenses with almost zero sales.

However, in response to a query, Hossain said that he is not in favour of terminating the workers of buying houses. About four lakh people are employed by the 826 buying houses in Bangladesh, he said.

The BGBA president also criticised a few foreign companies, such as Debenhams, which laid off all 69 of its staff members at its Bangladesh office.

"I suggest the government to investigate how certain foreign buying houses have been conducting their business here while violating the country's regulations," he said.

There have been cases in the past when a foreign buying house suddenly terminated a good number of its skilled workforce before closing its operations without making any payments to suppliers.

Most of those suppliers are unable to force the foreign companies to make their payments and so, it is a big loss for the country.

However, Hossain urged the authorities concerned not to blacklist any international retailers due to order cancellation as it will merely ruin Bangladesh's 'bright image'.

"Despite the situation, the solution is not to cut off our ties with the retailers with whom we have a warm relationship just to punish a few bad buyers," he said.

The total value for cancelled or deferred work orders has amounted to \$800million so far.

To help the garment industry survive the coronavirus pandemic, Hossain demanded that the government allocate an easy loan service for apparel buying houses from the previously announced Tk 20,000 crore bailout package.

Hossain also urged the government to reduce advanced income tax from 10 per cent to 5 per cent in the upcoming national budget for fiscal 2020-21.

'Please bring down bike registration fees'



JAGARAN CHAKMA

The motorcycle makers' association has demanded an 81 per cent cut in bike registration fees in next fiscal year's budget as the purchasing power of the general mass has seen a sharp fall due to the pandemic.

The registration cost of a

Previously, the sales figure used to hit Tk 600 crore a month, he said in BMAMA's proposals for the national budget.

"Motorcycles not only save time and money but also help people travel by maintaining social distance," said Shah Muhammad Ashequr Rahman, head of finance and commercial at Bangladesh Honda.

So a cut in registration fees will encourage people to buy motorcycles at a time when they are struggling with falling purchasing power and disposable income, he added.

Besides, the registration cost in

government exchequer in taxes and duties, of which about Tk 1,000 crore comes from registration fees.

In fiscal 2019-20, in line with the Value Added Tax and Supplementary Duty Act 2012, the government imposed 10 per cent supplementary duty on the registration fees, which increased the cost of registration.

The demand for motorcycle may see a 40 per cent drop this year because of the ongoing economic crisis caused by the pandemic.

"That's why we would like to request an immediate reduction in registration fees, road tax, supplementary duties



MOTORCYCLE INDUSTRY AT A GLANCE

- 5 lakh motorcycles sold last year
- Registration fee 24% of price, which is Tk 22,000 at least
- Motorcycle makers' body demands registration fee set at Tk 4,000 a bike
- Govt earned Tk 1,000cr in registration fees in 2019
- Tk 8,000cr investment so far in the sector
- Sector pays Tk 2,000cr in duties every year
- Direct and indirect jobs 200,000
- Major brands are Runner, Hero, Bajaj, Honda, TVS, Yamaha and Suzuki

motorcycle, including registration fees, road tax, supplementary duties and other charges, is about Tk 22,000 on an average, which is about 25 per cent of the price of a 100cc motorcycle, the best-selling engine capacity.

The association wants the fee to be fixed at Tk 4,000.

"The pandemic has taken a heavy toll on the earnings of customers. We didn't sell a single motorbike since the coronavirus outbreak," said Matur Rahman, president of Bangladesh Motorcycle Assemblers and Manufacturers Association (BMAMA).

Bangladesh is almost four times more than in the neighbouring countries, according to Himihiko Katsuki, managing director and chief executive officer of Bangladesh Honda.

If the registration fees are not cut, people will not be able to afford motorcycles and the manufacturers will not be able to maintain factories, which will ultimately cause massive job cuts, said Rahman, also the chairman of Uttara Motors, the sole distributor of the Indian Bajaj brand's two-wheelers.

The motorcycle industry pays about Tk 2,000 crore every year to the

and other charges on every new motorcycle for the sake of our survival," Rahman added.

Meanwhile, the association appreciated the promulgation of the 'Motorcycle Industry Development Policy 2018' that aims to increase the sector's contribution towards GDP from 0.5 to 2.5 per cent by 2025 and facilitate the establishment of a world-class motorcycle industry in Bangladesh.

This has elevated the industry to a better position than ever before.

READ MORE ON B3

Professional accountants can help govt in managing pandemic purse strings

Commerce secretary says at ICMAB webinar

STAR BUSINESS REPORT

Professional accountants can play a big role in the government's efforts to tackle the damages done by the coronavirus outbreak in Bangladesh, said Commerce Secretary Md Jafar Uddin yesterday.

He shed light on the stimulus package initiative taken by the government and said the government will take the necessary steps to implement cost audit in all public limited companies. He expressed his hope that a new conceptual framework will emerge from this pandemic situation.

The secretary spoke on Friday at an international webinar organised by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) on "the challenges and role of professional accountants amid and post COVID-19 era".

The global leaders and professional bodies of accountants should work together in a combined platform to tackle the Covid-19 outbreak, said ICMAB President Md Jasim Uddin Akond.

It is very unfortunate that the cost audit in all public limited companies has not yet been ensured although notice was issued in this regard in 2001, he said.

The post-COVID-19 situation will be a different and complicated situation and professional accountants will be able to give big services at that moment and they will need support from relevant sectors also, he added.

The global economy might be far worse than the 2008 global economic crisis as almost all organisations and all sectors of the economy, including professional accountants, auditors and consultants, had been facing unexpected, unprecedented and extreme challenges to survive amid the pandemic, said ICMAB's past president and present Council Member Abu Sayed Md Shaykhul Islam.

READ MORE ON B3

Prime Bank gets new chairman

STAR BUSINESS DESK

Tanjil Chowdhury has recently been elected the new chairman of Prime Bank.

At 36, Chowdhury, who is succeeding his father Azam J Chowdhury, is the youngest chairman of any private bank in Bangladesh, the lender said in a press release yesterday.

He previously served as a member in the bank's board and the chairman of its executive committee.

Chowdhury is the managing director of East Coast Group, a business group that has a presence in downstream hydrocarbons and energy sector for more than 42 years.

He completed the bachelor degree in accounting and finance and a master's degree in international management (finance) from King's College London, the University of London.

