

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.18%	▲ 0.22%	\$1,777.16	\$41.01	▼ 0.13%	▲ 1.33%	▲ 0.61%	▲ 0.78%	BUY TK 83.95	93.12	102.15	11.71
3,989.08	6,862.14	(per ounce)	(per barrel)	34,915.80	22,288.14	2,589.91	2,984.67	SELL TK 84.95	96.92	105.95	12.31

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First SMP restrictions come into effect after nine years

GP to withdraw writ petition

MUHAMMAD ZAHIDUL ISLAM

Today will be the first time a restriction will come into effect on Grameenphone since the Bangladesh Telecommunication Regulatory Commission (BTRC) started working on Significant Market Power (SMP) guidelines nine years back to enhance competition and bring balance to the market.

A mobile network operator can be labelled an SMP, thereby paving the way for restrictions, if it controls more than 40 per cent share of any parameter, according to the guidelines.

Grameenphone holds 45.64 per cent share of the subscriber base and more than 50 per cent revenue share.

Declaring the dominant operator as an SMP is a common practice in the developed world and such regulations are also in place in India, Thailand, Singapore and Malaysia.

The BTRC first started the process to enact the SMP guidelines in 2011. It was finalised in 2018.

The commission declared Grameenphone

an SMP operator in February last year and came up with four restrictions twice. But Grameenphone managed to put those on halt challenging the processes at the High Court.

However, on December 15 last year, the High Court cleared the way for the telecom regulator to bring the SMP guidelines into effect.

The BTRC has recently issued three directives under the SMP guidelines, two of which comes into effect today and the remaining one from July 16.

From today, Grameenphone will have to secure prior approval from the BTRC before rolling out any packages or offers, according to a directive issued on June 21. Existing packages and offers will have to be validated by August 31.

The carrier would not be able to change or amend any of the conditions of approved packages or offers without consent from the commission.

The second guideline coming into effect from today makes it easier for subscribers to leave Grameenphone under the mobile number portability (MNP) facility.

Currently, if a user wants to switch to another network, they will have to stay with the new carrier for at least 90 days. But subscribers can now abandon Grameenphone after just 60 days.

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LONG ROAD TO SMP RESTRICTIONS

- » BTRC working on the SMP issue since 2011
- » In 2018, BTRC formed committee and placed guidelines
- » On 10 Feb, 2019, GP declared as the country's first SMP carrier
- » Four restrictions imposed on 18 Feb, 2019 on GP
- » GP challenged the process to HC
- » BTRC revised the restrictions
- » GP again moved to HC
- » On 15 Dec, 2019, HC cleared the way for BTRC
- » On 12 Apr, Robi, Banglalink and Teletalk bid BTRC to enact SMP restrictions
- » On 21 Jun, BTRC imposed two restrictions, asked GP to implement from July 1
- » On 28 Jun, another restriction was added
- » GP filed writ petition against the move; hearing yet to be held

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Beximco, Indian Oil team up to grab a slice of fast-growing LPG pie

AHSAN HABIB

At a time when most companies are grappling with the economic fallout of the global coronavirus pandemic, local giant Beximco Group, it seems, is doing rather well for itself.

Its subsidiary Beximco LPG has teamed up with the Indian state-owned Indian Oil Corporation to profit off Bangladesh's fast-growing liquefied petroleum gas market and supply the cooking gas to northeast India.

The LPG market in Bangladesh has seen a five-fold growth in the past five years and is expected to grow at a compound annual growth rate of 12-13 per cent, according to Sanjiv Singh, chairman of Indian Oil.

The new venture is a 50-50 partnership between Dubai-based IOC Middle East FZE, a wholly-owned subsidiary of the neighbouring country's largest refiner and marketer of petroleum products, and RR Holdings, the parent firm of Beximco.

As per the business plan, the JV will begin functioning by acquiring Beximco's existing LPG assets.

It aims to set up a large LPG terminal at a deep-water port in Bangladesh, which would facilitate receipt of LPG in very large gas carriers, leading to a reduction in the cost of imports, Singh said.

"Reduction in cost of import would help make LPG available at an affordable price to the people of Bangladesh," he said, adding that the JV will draw strength from the core competencies of Indian Oil and the local expertise of Beximco.

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NBR walks back on order seeking info to sniff out VAT evasion

SOHEL PARVEZ and REJAUUL KARIM BYRON

The VAT Intelligence yesterday withdrew its directive that had asked banks to provide information on discrepancies in turnover figures shown by potential borrowers in returns and annual financial statements.

The move came less than two weeks after the directive was issued, apparently because of pressure from certain businesses.

Hours after the development, the National Board of Revenue (NBR) transferred nine commissioners of VAT and customs, including Syed Mushfequr Rahman, the director-general of the VAT Audit, Intelligence and Investigation Directorate (VAIAID). Rahman signed the letter.

Rahman has been transferred to the VAT Commissionerate Dhaka West. He had headed the VAT Online Project before his assignment as the DG of the VAT Intelligence at the end of last year.

The NBR field office had asked banks to examine documents from loan applicants and alert them if any discrepancies are found.

On June 18, the VAT Intelligence office issued the letter to the central bank and copied the letter to chief executives of banks in a bid to detect evasion and increase collection of the indirect tax, the biggest source of revenue for the government.

In the letter, the wing said businesses furnish their purchase-sales as well as data of financial transactions in their

returns submitted to the field offices of VAT. And the government becomes aware of payable and deposited amounts of VAT through the returns.

"So, the return is a very important document under the VAT law and consistency between information provided in the VAT returns and annual financial statements is vital," said the letter.

However, the letter said, during an audit of commercial activities by firms, a discrepancy between annual financial statements/audit report and sales data shown in VAT returns is often found.

"As a result of such activities by taxpayers, actual turnover remains undeclared and the government is deprived of a proper amount of revenue which is undesirable," said the letter, adding that these sorts of activities are a clear violation of the VAT and Supplementary Duty Act 2012 and the Financial Reporting Act 2015.

The VAT Intelligence office cited the anomalies between VAT returns and financial statements and called on banks to examine the documents while considering loan applications of taxpayers.

Similarly, it asked lenders to inform it instantly in case of detection of any dissimilarity in turnover figures and warned that bankers would be responsible if any anomalies are detected later.

Yesterday, the VAT Audit Intelligence office said the previous directive

was issued as a part of its strategy to increase revenue collection.

However, it is important to keep the wheel of the economy rolling during the pandemic. It is also important for all to be cautious so that taxpayers do not face any problem, said the VAT intelligence office.

The field office of the NBR said it cancelled the previous directive given the coronavirus pandemic so that businesses could avail the government-declared stimulus package easily and trade and economic activities can return to normalcy.

Rahman refused to comment.

However, Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said revenue flow would have increased significantly had the initiative been successful because firms would have to show the actual picture to get loans.

He, however, said it is not the responsibility of banks to do what the VAT department needs to do.

"They (NBR) have to do their own jobs. They need to do their own homework. If needed, they can ask banks for information on selected cases, not on a wholesale basis. And this can be done based on permission from the Bangladesh Bank."

"A strong lobby might have worked against the move. They might have exerted pressure on the NBR to stop the move even before a clarification comes from the central bank."

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Bank Asia ushering in the future of banking this year

Lender to set up neobank

AKM ZAMIR UDDIN and AHSAN HABIB

Bank Asia is set to form a neobank, a thoroughly novel concept for Bangladesh, within December, in a move that can change the face of banking in the country.

A neobank is a kind of digital banking operation where no branch is required as the service would totally be delivered online, said Arfan Ali, managing director of Bank Asia.

"And we have taken decision to introduce the banking model in the country for the first time," he said.



Neobanks can be called fintech firms that provide digital and mobile-first financial solutions payments and money transfers, lending and different other banking services.

The customers of the platform will settle all transactions by way of using apps and online modules, he said.

Although clients now do banking by way of using the internet and apps, their accounts are with the branches.

Under the neobank platform, accounts will not have any attachment to the branch.

Developed nations have already embraced the method in order to build a cashless society. The platform will accomplish all types of microcredit and small lending, deposit, fund transfer and card payments.

"Bank Asia will attract the tech-savvy youths to popularise the service," Ali said.

The coronavirus pandemic has already created a strong habit of banking through the use of online platforms and app-based solutions for many people.

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BB came to small businesses' rescue with a Tk 20,000cr package. But they are not seeing the money.

AKM ZAMIR UDDIN

Last week, Jerome Powell, the Federal Reserve Chairman, waved the red flag on what is increasingly looking to be a legacy of the ongoing coronavirus pandemic: a wave of small business failures.

"The pandemic is presenting acute risks to small businesses. If a small or medium-sized business becomes insolvent because the economy recovers too slowly, we lose more than just that business. These businesses are the heart of our economy and often embody the work of generations," he told the Senate Banking Committee.

This prospect is also staring at the Bangladesh economy, which would be a devastating outcome given that the small- and medium-sized enterprise

(SME) sector contributes to about 25 per cent to the country's gross domestic product and accounts for 86 per cent of the industrial workforce, according to the Bangladesh Institute of Development Studies.

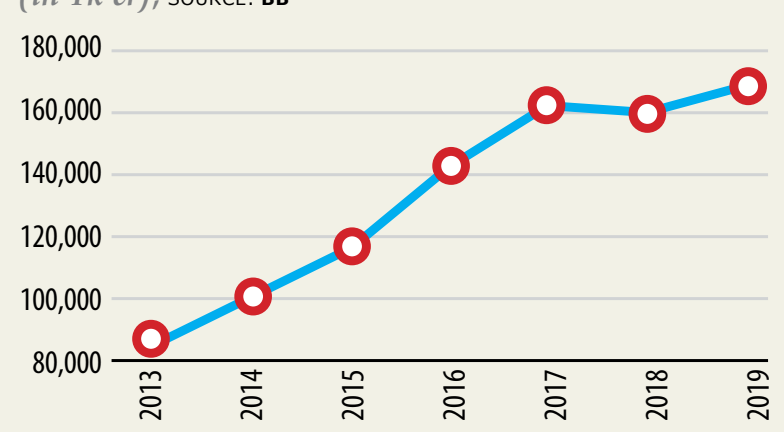
The sector incurred losses of about Tk 92,000 crore since the onset of the pandemic-induced economic slowdown, said the think-tank recently. Given their importance, the Bangladesh Bank on April 13 announced a Tk 20,000 crore-stimulus package for the sector.

The package has to be implemented by banks but they will get 50 per cent of the fund disbursed to the borrowers from the BB.

And yet, funds continue to elude the cottage, micro, small and medium enterprises (CMSMEs) for banks'

SME loan disbursement over the years

(in Tk cr); SOURCE: BB



reluctance to disburse loans to them for fear of losses.

In short, this is a perfect catch-22 situation.

As per the guideline of the stimulus package, the CMSMEs can take working capital at 9 per cent interest. Of the interest, 4 per cent will be borne by the borrowers and 5 per cent by the government.

But only five banks have so far given out Tk 200 crore in loans under the package.

The central bank should revise some articles of the stimulus guidelines such that banks and non-bank financial institutions will disburse loans to the SMEs, said Syed Abdul Momen, head of SME at Brac Bank.

Brac Bank, one of the pioneers of SME loans, disbursed approximately

half of its total loans of Tk 20,206 crore to the CMSMEs.

"We have already submitted a set of proposals to the central bank to make the stimulus package more vibrant."

Banks are allowed to disburse loans in the form of working capital, whose maximum repayment tenure is 12 months, but clients of the SME sector are used to taking out a term loan from lenders, he said.

The BB asked banks to disburse 50 per cent loans of the stimulus package in the manufacturing sector, 30 per cent in the service sector and 20 per cent in the trading sector, which is not favourable for lenders, he said.

Besides, a client of the trading sector will get a maximum loan of 25 per cent of its annual turnover from a bank.

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