

Star BUSINESS

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Bangladesh may receive \$150m from IMF by June

REJAUL KARIM BYRON

The International Monetary Fund may extend about \$150 million credit to Bangladesh by June to help the country ease pressures on the balance of payments.

It will be the first installment of the \$1 billion loan that Bangladesh is due to receive from the Washington-based lender in three years.

An IMF mission led by David Cowen is expected to arrive next week to hold final discussions on the loans. Negotiations will begin on February 7, said a finance ministry official.

During its last visit in December 2011, the IMF mission recommended the government take some actions before negotiations start in March.

The government took steps to implement the conditions, which pleased the IMF, the official said. "As a result, the visit has been moved forward," the official said.

If discussions are fruitful, the mission could place the loan proposal at the IMF board in March to disburse the funds.

The government has implemented all but one IMF conditions, including raising fuel and electricity prices and withdrawing the cap on lending rates.

Garment leaders call for political calm

STAR BUSINESS REPORT

Garment and textile entrepreneurs yesterday urged political leaders to shun activities that may put the economy in trouble.

A vested quarter is trying to push the country's main foreign currency earning sector -- the readymade garment (RMG) sector -- and its backward linkage industry -- the textile sector -- into a crisis, the businessmen alleged.

But they did not name any specific group or people "trying to create anarchy".

They spoke at a joint press conference on "the current situation of garment and textile sectors" at Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in Dhaka.

Leaders from two other associated bodies -- Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and Bangladesh Textile Mills Association (BTMA) -- also attended the programme.

"Those who want to destabilise the democracy are considered as conspirators in the country," said Shafiul Islam Mohiuddin, president of BGMEA.

Mohiuddin also said economy and politics are inter-related. If the politics passes through a troubled time, the economy will suffer, he added.

"So, we hope the political leaders will not launch any such activity in the country that will harm the economy."

The business leader also said the two sectors are passing through an uncertain period for slowdown in the global economy. Some recent government policies have also affected the sectors.

The government's excessive



Shafiul Islam Mohiuddin, middle, president of Bangladesh Garment Manufacturers and Exporters Association, speaks during a joint press briefing at his office in Dhaka yesterday. Jahangir Alamin, right, president of Bangladesh Textile Mills Association, and Mohammad Hatem, acting president of Bangladesh Knitwear Manufacturers and Exporters Association, are also seen.

borrowing from the banking system has created the liquidity crisis, which is also affecting the RMG sector seriously, Mohiuddin said.

The garment sector is losing its global competitiveness due to the spiralling production cost imposed by high bank interest rates, he said.

"We urge the government to keep the lending rates at a tolerable level considering the long-term global competitiveness of the sector."

The BGMEA chief also demanded reinstatement of the premium insurance rates for garment exporters that the country's insurers recently scrapped

and introduced a standard rate as per the recommendations of the Insurance Development and Regulatory Authorities.

"Introduction of such standard rate without consulting with exporters is not right."

Similarly, the authorities of Chittagong port did not reduce the charges on garment export, although Prime Minister Sheikh Hasina assured to do so in her Bateexpo speech in 2009, he said.

Mohiuddin urged the government to construct central effluent treatment plants (CETPs) in different industrial zones as entrepreneurs cannot set up such costly facilities individually.

Officials of the Department of Environment fine garment owners irrationally for not having ETPs at the factories or for partial operations of water and chemical treatment at their premises, he said.

Jahangir Alamin, president of BTMA, said poor supply of gas is hampering production in factories seriously.

"I need 10 PSI (per square inch), but I receive only 3 PSI during the peak of production. But owners have to pay the government at the rate of 10 PSI," he said.

He urged the government to introduce electronic gas metres at the factories for measuring gas pressures correctly.

Indian court scraps telecom licences

REUTERS, New Delhi

India's Supreme Court ordered telecoms licences issued under a scandal-tainted 2008 sale be revoked, striking a decisive blow against corruption that plagues the country and roiling the world's No.2 cellular market.

The ruling applies to 122 licences held by eight operators but potentially affects fewer than 5 percent of users in a fiercely competitive market crowded with more than a dozen players.

Market leaders such as Bharti Airtel and Vodafone, which last month scored a big win when the Supreme Court ruled it is not liable for \$2.2 billion in tax, are poised to benefit from the ruling.

The licences affected include those held by Unitech Wireless, a joint venture of Norway's state-backed Telenor and Indian real estate firm Unitech, which has been the most aggressive of the newer operators and had more than 36 million subscribers in the country as of December.

"We have been unfairly treated as we simply followed the government process we were asked to," the Telenor joint venture, which operates under the Uninor brand, said in a statement.

"We are shocked to see that Uninor is being penalised for faults the court has found in the government process," it said.

Shares in Telenor fell 3 percent in early trade.

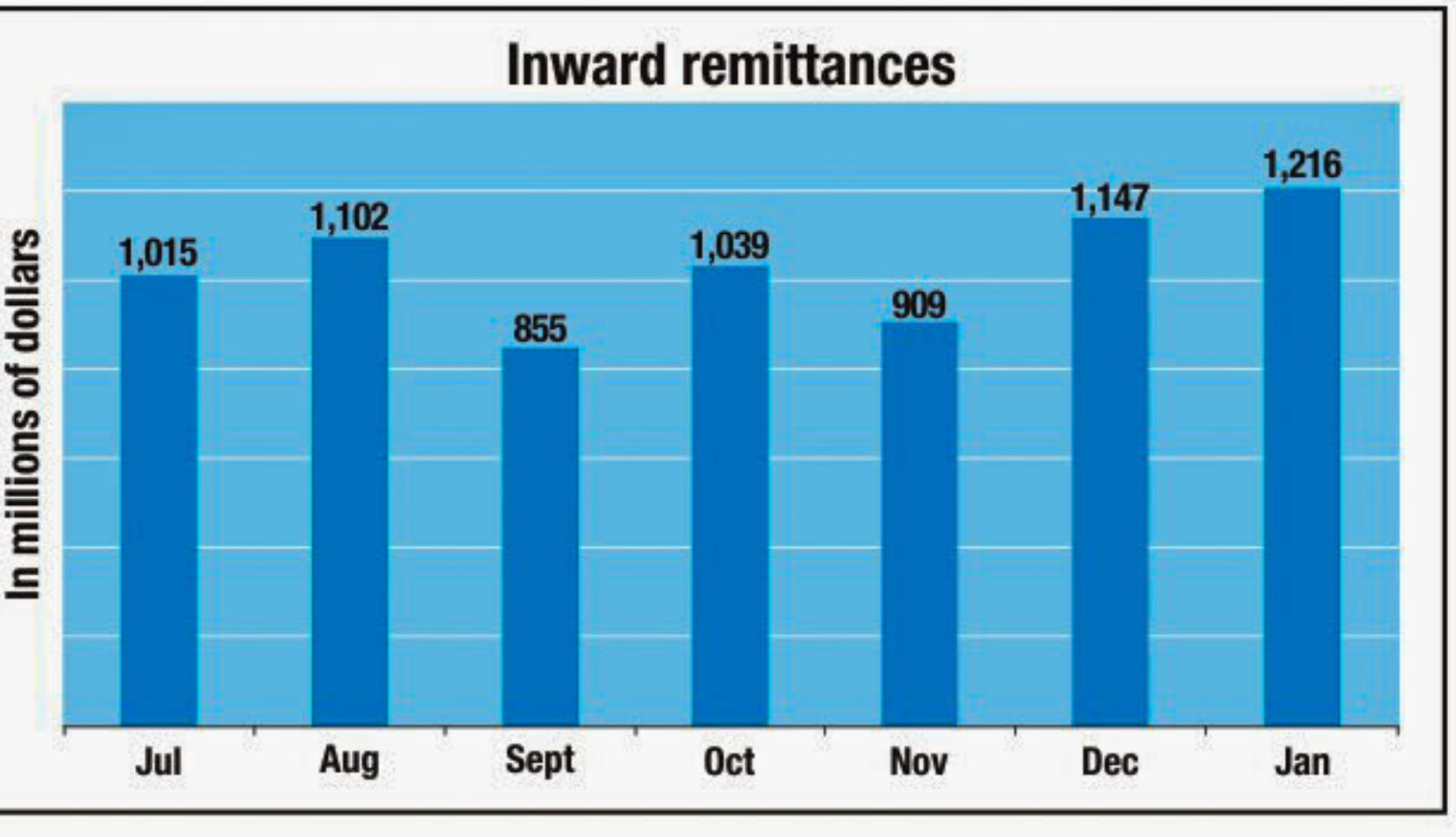
Affected licence holders can operate for four months, during which regulators will come up with new market rules.

The ruling is an embarrassment for Prime Minister Manmohan Singh's government, which oversaw the sale of the licences at below-market prices, costing the exchequer as much as \$36 billion in lost revenues and leading to political gridlock.

The telecoms scandal is the biggest of several that have emerged during Singh's second term and triggered massive street protests last year.

"This country is no longer willing to allow these corrupt corporations and these corrupt public officials to retain the benefits of their illegal and corrupt actions," said Prashant Bhushan, a lawyer and petitioner in the case.

Remittance shines as taka slides



STAR BUSINESS REPORT

Remittance rose 6 percent to \$1.21 billion in January, an all-time monthly high, compared to the previous month, Bangladesh Bank said in a statement yesterday.

The depreciation of the taka against the dollar inspired Bangladeshi migrant workers abroad to remit more money back home for the higher rates.

"A lot of funds, which used to come in through informal ways, were channelled through the banks due to the higher rates," said a treasury official of a private commercial bank.

Banks offered foreign exchange houses Tk 85 for a dollar in December and January to get the much-needed foreign currency to meet their import payments, and that effort worked, bankers said.

Depreciation of the local currency has turned out to be a bonanza for Bangladeshis working abroad, mostly in the Middle East. A lot of money also came from the UK, US,

Italy, Spain and Malaysia, according to treasury officials in private commercial banks.

The taka has devalued by nearly 20 percent against the greenback between January 2011 and January 2012.

On January 3, 2011, the exchange rate was around Tk 71 for a dollar, but the rate reached Tk 85 in January this year. The taka lost value by 10 percent in December 2011 alone because of a widening gap between demand and supply.

Remittance provides not only a lifeline to the rural economy, but also helps to meet the trade gap.

BB is pleased with the inflow of remittance despite the global economic slowdown that has impacted private capital flows across the world.

"I hope remittance will stand at \$12.5 billion at the end of the fiscal year," BB Governor Atiur Rahman told The Daily Star recently.

Bangladesh received \$7.28 billion in July-January, up 11.7 percent from the same period last year.

Tax row stalls telecom investment, says minister

STAR BUSINESS REPORT

Telecom Minister Rajiuddin Ahmed Raju yesterday said the delay in mobile licence renewal halted investment in the sector.

The setback stemmed from a disagreement between the tax administrator and the telecom regulator, private television channel NTV quoted the minister.

In the past, the National Board of Revenue (NBR) used to deduct 15 percent in value added tax (VAT) from mobile operators, but now Bangladesh Telecommunication Regulatory Commission (BTRC) says the total sum has to be deposited with BTRC -- a demand the operators refused to oblige, giving rise to the conflict.

The mobile operators took the issue to court.

Because of these developments in the sector, the investors did not invest in the last one month, Raju said.

"As soon as the court verdict comes out, we will hand over the licences to the operators," the minister said.

The minister said the government would do its best to maintain an investment-friendly environment in the country, according to the NTV report.

Four mobile operators -- Grameenphone, Banglalink, Robi and Citycell -- were supposed to receive licence renewal in November last year. But the process could not be completed after they went to court due to the dispute on VAT.

A Message from Our Specialists on World Cancer Day

Dr Ang Peng Tiam
 Medical Director and Senior Consultant
 Medical Oncology
 "Preventing cancer is possible. Regular health screenings can detect cancer at an early stage so do not delay nor forget your annual medical check-up. It increases your chances of detecting cancer early when treatment is most likely to be successful."

Dr Foo Kian Fong
 Senior Consultant
 Medical Oncology
 "Having a good healthy diet is essential in cancer prevention. We should always remember to eat our daily share of fresh fruits and vegetables and limit our intake of high-fat foods."

Dr Lee Kim Shang
 Senior Consultant
 Radiation Oncology
 "Boost your daily intake of antioxidants from sources such as fruits and vegetables, as well as dietary supplements including Vitamins C and E. Antioxidants are powerful vitamins that protect against cancer and help the cells in your body function optimally."

Dr Khoo Kei Siong
 Deputy Medical Director and Senior Consultant
 Medical Oncology
 "There is no better time for smokers to quit smoking than on World Cancer Day. You can prevent lung cancer and other related cancers just by avoiding smoking or exposure to second-hand smoke."

Dr See Hui Ti
 Senior Consultant
 Medical Oncology
 "Skin cancer is one of the most common forms of cancer so make sure you protect yourself from the sun. Avoid the midday sun as far as possible and if you enjoy outdoor activities, always remember to put on your sunscreen lotion."

Dr Anselm Lee
 Medical Director of Children's Haematology and Cancer Centre
 "It is proven that obesity is linked to cancer. Excess body fats may lead to health-related problems and is also a driving force behind cancer growth. As such, it is wise to maintain a healthy body weight."

Dr Teo Cheng Peng
 Senior Consultant
 Haematology
 "Regular exercises have been shown to reduce cancer risk. We should strive to maintain a work-life balance, and adopt an active, healthy lifestyle."

Dr Patricia Kho
 Senior Consultant
 Medical Oncology
 "Women should go for regular Pap smear to detect any early signs of cervical cancer, as well as Mammography Screening for early detection of breast cancer."

Dr Kok Jaan Yang
 Senior Consultant
 Palliative Medicine
 "Very often, we neglect the simple things which will make a cancer patient feel better - listen to them, acknowledge their feelings or give them a hug. It is often the simple things that are most appreciated."

Dr Lim Hong Liang
 Senior Consultant
 Medical Oncology
 "Cancer prevention also includes protection from certain viral infection like Hepatitis B. You should get yourself immunized if you belong to a high-risk group."

Dr Yang Tuck Loong Edward
 Senior Consultant
 Radiation Oncology
 "Knowing your family history of cancer is very important to properly assess your risk factor for certain types of cancer. We know that cancers like colon, ovarian, and possibly other types can be hereditary."

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