

# India slams 11 cement firms with \$1.1b fine

REUTERS, Mumbai

The Competition Commission of India (CCI) imposed a \$1.1 billion fine on Thursday against 11 cement companies for price-fixing, in the largest-ever penalty ordered by the increasingly assertive regulator.

The CCI said the companies colluded to push prices higher by underutilising their plants and creating an artificial shortage of cement, the government said in a statement.

UltraTech Cement, part of the diversified Aditya Birla Group, Holcim-controlled ACC and Ambuja Cement, India Cements and the Indian unit of France's Lafarge SA were among those fined the equivalent of 50 percent of their net profit for the fiscal years ending in March 2010 and March 2011.

"The act of these cement companies in limiting and controlling sup-

pplies in the market and determining prices through an anti-competitive agreement is not only detrimental to the cause of the consumers but also to the whole economy," the CCI said in the statement.

The ruling, expected for several months, came after the close of stock market trade in Mumbai.

The record penalty is reflective of a crackdown on illegal market practices by a three-year old regulator coming of age in Asia's third-largest economy, which has seen a spate of high-profile corruption cases in recent years.

"As economies get bigger there is a greater need for competition laws to regulate corporates that have grown with those economies from either abusing their dominance or cornering markets through cartels," Samir Gandhi, partner at law firm AZB Partners, said ahead of the ruling.

The companies have been ordered to pay the fine within 90 days.

CCI, which is the equivalent of the European Commission or the US Federal Trade Commission, is headed by Chairman Ashok Chawla, a former finance secretary.

"The CCI has demonstrated that it is willing to use its considerable fining powers which has made companies take competition law compliance particularly seriously," Gandhi said.

In April, the CCI heavily fined agrochemical companies United Phosphorous and Excel Crop Care, among others, after they were charged with colluding while submitting bids for a tender for a government project.

It is also expected to give a ruling next week on tyre companies including Apollo Tyres and CEAT over alleged price fixing, Chawla told TV channels on June 5.

## Emirates connects Kurdish capital Erbil

STAR BUSINESS DESK

Sheikh Ahmed bin Saeed Al Maktoum, chief executive of Emirates Airline and Group.

Known to be the oldest continuously inhabited city in the world, Erbil has a population of approximately five million people and is the fourth largest city in Iraq.

The Iraqi Kurdistan region has the sixth largest oil reserve globally with many of the world's large oil multinationals availing of offices there. The region is booming with new, large-scale construction projects.

Emirates SkyCargo, the freight division of Emirates, has been operating a freighter out of Erbil since February 2011.



Mohammed Shahin Hossain, chairman of Bangla China Telecom Ltd, attends the inauguration of the company's new cell phone brand SFONE at a press meet held in Ruposhi Bangla Hotel in Dhaka on Tuesday. Mohammed Shahabuddin, managing director, was also present.

## Global Insurance gets new chairman

STAR BUSINESS DESK

Md Abdul Muqtadir was elected chairman of Global Insurance Ltd recently, the company said in a statement yesterday.

Muqtadir was serving as chairman of the Claim Committee of the company before his election. He is also the managing director of Infrastructure Services Ltd and Kiriti Holdings Ltd.

Muqtadir is a civil engineer from Bangladesh Institute of Engineering and Technology and has a post-graduation from University of NSW in Sydney, Australia.

He started his career with the Roads and Highways Department and served for 33 years. He was involved with many important infrastructure projects, including the third Karnaphuli bridge project.



Tapan Kumar Ghosh, deputy managing director of Janata Bank, poses with participants of a training course on 'foreign exchange and international trade finances' held at the bank's training institute in Dhaka recently.



Terence K Cuddyre, managing director and Citi cluster head for Bangladesh, Brunei and Sri Lanka; Rashed Maqsood, Citi country officer for Bangladesh, and Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh Ltd (IBBL), pose with 21 IBBL executives honoured by Citi for achieving Certified Documentary Credit Specialists credentials at a ceremony held recently.

# Asia's digital divide poses challenge for music industry

AFP, Hong Kong

Technology is the new rock 'n' roll as smartphones and digital services transform the music industry. But for those companies helping change the way music is consumed, Asia presents big hurdles.

Apple's iTunes music store -- which has stamped its presence in the US and Europe as sales in traditional formats such as compact discs continue to fall -- is still a limited service in many parts of the region.

Other global players and streaming services popular in the West such as startup Spotify, a privately held firm launched in Sweden in 2008, are in the process of launching digital platforms in Asia, say analysts.

But together with the region's sprawl of very different cultural sensibilities, complicated licensing issues between record companies, publishers and groups holding performing rights, and piracy hotspots, digital growth has been mixed.

"Doing business in the so-called western world is a little simpler," Ruben van den

Heuvel, executive director of music, media and technology consultancy GateWay Entertainment told AFP from Brisbane, Australia.

"For western companies coming to Asia, it's like stepping onto a brand new planet and wondering how it works," he said. "The landscape for digital music is a bit of a piracy wasteland."

Globally the music industry remains in a period of dramatic change as it tries to reconcile the Internet's ability to grow audiences with the fact that this means people can easily get their music for free using peer-to-peer (P2P) software.

Recent data suggests the industry is starting to turn things around.

According to the International Federation of the Phonographic Industry (IFPI), digital music revenues grew 8.0 percent last year to \$5.2 billion.

"The music industry has grasped the opportunities of the digital world in a way few, if any, other businesses can claim to have done," IFPI chief executive Frances Moore said in a report released earlier this year.

"Our digital revenues, at one third of industry income (and now more than 50 percent in the US), substantially surpass those of other creative industries, such as films, books and newspapers."

The Asia Pacific region is set to play a bigger role in that progress.

A 2011 forecast from technology consultancy firm Ovum said the region will account for 35 percent of global digital music revenues to the tune of \$7 billion by 2015, out of a global figure of \$20 billion.

But it noted that growth in the region will be compromised by the amount of free music already available online.

One black spot is China, which has nearly twice as many Internet users as the US. But its digital music revenues per user are currently about 1 percent of that of the US, according to the IFPI.

An agreement last year between Internet search giant Baidu and major record companies Sony, Universal and Warner that saw the tech firm shut down infringing services and set up an authorised digital music service was seen as progress.

But China has seen an esti-

mated 99 percent digital piracy rate in recent years, meaning the legitimate market has operated at only a fraction of its true potential, according to the IFPI.

At \$67 million, its overall music sales were smaller than Ireland's in 2011. It is a similar story in India, which has more than 40 million smartphone users and 14 million broadband connected households.

"Extremely large countries like China and India have got social issues far higher up their to-do lists than piracy," said Van den Heuvel.

"So it will be some time before piracy is really addressed to the point where it is stopped and consumers are forced to buy legitimate content on the web."

One place in Asia seen as a guiding light for the rest of the region is South Korea, regarded as a pioneer of anti-piracy legislation.

In 2007 it began updating its copyright law to account for the sprawling digital world and legitimised pirate services by forcing them to register with the government and implement filtering.

## FBCCI proposes budget revisions to Muhith

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The FBCCI requested the government to cut corporate tax to 32.5 percent from the existing 37.5 percent for listed companies yielding 10 percent dividends; 25 percent corporate tax in place of the 27.5 percent for companies providing 10 to 20 percent dividends; and 22.5 percent tax from 24.75 percent for companies delivering 20 percent or more dividends.

And for non-publicly traded companies, the chamber would like the corporate tax to be at 32.5 percent for the manufacturing sector and 35 percent for non-manufacturing or trading businesses.

The FBCCI proposed to fix duties on imports of capital machineries and parts at 1 percent, instead of the 1 and 3 percent duties respectively at place, to spur industrialisation and job creation.

Additionally, the apex chamber recommended the government to withdraw all duties on imports of capital machineries for export-oriented industries.

About value added taxes, the apex chamber recommended that enterprises with turnover of up to Tk 60 lakh should be VAT-free, while 2 percent might be imposed on businesses between Tk 60 lakh and Tk 2 crore and 3 percent for those with turnover between Tk 3 crore and Tk 5 crore.

## Eurozone business activity falls to lowest level since 2009

AFP, Brussels

Eurozone private sector activity sank to the lowest level for three years in the second quarter as business sentiment deteriorated in the crisis-hit region, a key survey showed Thursday.

The Purchasing Managers Index (PMI) compiled by business research firm Markit was stuck at 46 points in June, the same level as May, indicating another month of contraction in activity.

"The flash PMI for June rounded off the weakest quarter for three years, indicating Eurozone GDP is likely to have fallen by 0.6 percent," said Markit chief economist Chris Williamson.

"Of particular concern is the near-record deterioration in business optimism, combined with marked falls in employment and purchasing by

## Administrator for freight forwarders to remain till re-election

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Following the court order, the BAFA was forced to postpone announcement of the election result.

Then the commerce ministry appointed Saidur Rahman, a deputy secretary, as the administrator for the association in March 2011. A section of freight forwarders filed a writ petition challenging the appointment of the administrator. But court issued an order in favour of the commerce ministry.

The BAFA has more than 1,000 members regis-

## Experts spur women on economic activities

STAR BUSINESS REPORT

Experts yesterday called for increasing participation of women in the economy.

"Female participation in rural levels, at 8 percent, is appallingly low," said Archana Nath of Helvetas Swiss Intercooperation at a seminar.

Sraboni Sarker of Catalyst said female workers tend to possess limited skills and hence gravitate towards poorly-paid occupations like farming.

"Enhancing women's access to income-generation is essential for business growth," Sarker said.

Experts further said that poverty alleviation projects need to be tailored purposely to enhance



Md Shirajul Islam Mollah, chairman of Prime Bank, attends 'Manager's Meeting 2012' organised by the bank at a city hotel in Dhaka recently. Md Ehsan Khasru, managing director, was also present.



Md Nurun Newaz Salim, chairman of NCC Bank, attends the inauguration of an orientation training course for the newly recruited management trainee officers of the bank recently. Mohammed Nurul Amin, managing director, was also present.



Deen Mohammad, director of Phoenix Insurance, attends the company's annual general meeting held at the Institute of Diploma Engineers in Dhaka on Wednesday. A 5 percent stock and 15 percent cash dividend was declared for 2011. Md Jamirul Islam, managing director, was also present.