

Telenor wants 50pc cut in Mumbai licence fee

REUTERS, Oslo

Norway's Telenor is unlikely to bid in an auction for mobile licences in Mumbai unless India halves the fee, its Chief Executive Jon Fredrik Baksaas said on Friday.

"It is nearly impossible to participate in the Mumbai auction at the current price level," the CEO of India's sixth largest telecoms operator said.

India is looking to reduce some prices for a new auction to be held by March after an overpriced sale in November failed, having attracted no bids for four areas, including New Delhi and Mumbai.

Telenor, which aims to have 55 million customers in India by 2016, has asked authorities to cut the licence fee by 50 percent, more than the 30 percent cut proposed by a panel of Indian ministers, Baksaas told Reuters after meeting with Indian officials in Davos.

"We expect the upcoming auction to be sub-optimal if the current price level is maintained - it will be comparable to the November auction, with limited participa-

tion," Baksaas said after the meeting which also included India's Union Commerce and Industry Minister Anand Sharma.

India is auctioning licenses after a court ordered the government to cancel 122 licenses granted in a corruption-tainted auction.

Telenor responded by downsizing its operations to six areas of the country from an initial 13, saying it would rather leave certain markets than overpay.

Telenor is now maintaining its Mumbai operations but made it clear it is ready to shut down as it is not willing to lift its self-imposed funding cap of 155 billion rupees for its loss-making Indian operations.

"If the funding cap stays, they must get both the reduction plus a 2 billion rupee refund on their original license," Espen Torgersen, an equity analyst at brokerage Carnegie said.

"It is encouraging that Telenor is actively working to influence the government," "There is little political prestige in trying to sell licenses again and not getting offers."

Southeast Asia nudges aside China as India's top raw cotton buyer

REUTERS, Mumbai

India's sales of raw cotton to southeast Asia are expected to more than double in 2013, toppling China from its position as the top customer of the world's second biggest producer of the fibre, traders and industry officials said on Friday.

To evade an import duty on raw cotton, textile mills in China prefer to buy yarn processed cheaply in Southeast Asian countries such as Indonesia and Vietnam, thus boosting the appetite for raw fibre in those countries.

"Higher cotton yarn imports by China boosted fibre consumption in Southeast Asian countries, which in turn stepped up raw cotton purchases from India," said A. Ramani, secretary of the Indian Cotton Federation (ICF), a traders' body.

Southeast Asian countries as a whole have imported more than 1.6 million bales of raw cotton from India in the marketing year that began last Oct 1, or more than 2.6 times the figure of 600,000 bales in the same period last year.

This year's higher purchases have partly compensated for lower demand from China, which is sitting on huge

stocks, and is trying to promote domestic cotton use by imposing a punitive 40 percent duty on imports.

To stay competitive, mills in China, the world's largest textile maker, have turned to the countries of south Asia, as well as Indonesia and Vietnam, whose cotton yarn is cheaper, thanks to low labour costs and geographical proximity. Imports of cotton yarn are free of Beijing's tough quota limits and cost less, traders said.

Cotton yarn imported from Southeast Asia is at least \$100 a tonne cheaper than that produced at home, said an official with a Shanghai-based trading firm, who asked not to be identified as he was not authorised to speak to the media.

"Higher cotton yarn imports by China could be an opportunity for Bangladesh, where labour is cheap," said Monsoor Ahmed, secretary of the Bangladesh Textile Mills Association, which groups 1,364 mills in the world's second-largest importer of cotton after China.

Indian traders said freight costs lower than those of US imports have helped boost Indian exports to Southeast Asia, which is gearing to satisfy China's growing appetite for yarn.



Muklesur Rahman, deputy managing director of Eastern Bank, and Shakti R Paul, medical adviser to Bangkok Hospital in Bangkok, exchange documents of a deal at the bank's head office in Dhaka on Thursday to provide special facilities to the bank's cardholders and employees at the hospital.

Sign TICFA with no delay

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Four core factors -- security, protection of investment, intellectual property rights and labour rights -- are widely discussed in TICFA talks.

Ahead of the US Secretary General Hillary Clinton's visit to Bangladesh in May last year, the Bangladesh government finalised a draft of the TICFA.

Although many issues were discussed, the draft was not signed during the visit.

The TICFA is now on Prime Minister Sheikh Hasina's table for her final approval.

Bangladesh, as a least developed country, enjoys duty-free access to the US market for 97 percent of its products -- but readymade garment items are not included in the scheme.

At present, Bangladeshi garment exporters have to pay 15.30 percent duty to enter the US market.

PLASTIC INDUSTRY

Bangladesh's growing plastic industry will be hit hard if the US withdraws its duty-free benefits under the GSP scheme for the country, said Md Jashim Uddin, president of Bangladesh Plastic Goods Manufacturers and Exporters Association.

Earnings from plastic exports stood at \$88.69 million in fiscal 2011-2012, and \$41.42 million in the first half of the current fiscal year.

Bangladesh exports plastic products worth \$8 million to the US annually, said Jashim Uddin, adding that 80 percent of the total plastic exports go to the EU.

"The government should take steps to resolve the matter quickly to keep the process of plastic goods export to the US and the European markets as smooth as possible, and help the industry grow

After Europe, IMF faces big challenge in Arab world

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Indeed, many people blamed IMF programs for the social and economic hardship that led to the revolts, he said.

Today, the IMF says it has got the message. It emphasizes that it is now developing reform programs that are "homegrown" -- developed with the backing of all stakeholders in a society, including civil society groups.

"As we engage more closely in the region, we find that we have to explain the role of the IMF and how we work with governments today," Lipton said in November.

"We know from experience that programs are much more likely to succeed if they are designed and owned by the national authorities and enjoy broad support within the country."

But as Egypt shows, that is not an easy thing.

Egypt's political groups have battled over what kind of reforms are needed following the revolt of early 2011. After elections last year established a new government, they entered discussions with the IMF over a \$4.8 billion loan program.

But as a preliminary deal neared in December, talks were suspended over fresh domestic political problems. In Tunisia, an IMF program also faces the challenge of elections later this year, which could spark a new wave of instability.

"These countries are presently facing the unenviable conflict," said Zubair Iqbal, a former IMF official now at the Middle East Institute.

"There is a dire need for painful economic reforms to get these economies growing and creating jobs for a sharply rising youth bulge."

Yet, he said, "the political climate in the post-revolution period is not ready for the needed reforms. Therefore any attempts by the IMF for reform will face severe resistance."

In Egypt, for instance, a number of religious and civil groups sent a letter late last year to the IMF opposing the loan talks with Cairo, condemning the lack of transparency around the negotiations.

This underscored the deeper challenge the IMF faces in the Arab region, according to Iqbal.

"The IMF will be in the eye of the storm and will be blamed for any national failures to implement their own programs and the consequent



Allan Bonke, chief marketing officer at Grameenphone, presents a donation Tk 7.5 lakh for the education of 50 underprivileged children to Korvi Rakshand, founder of Jaago Foundation, at a ceremony held yesterday.



Mohammad Lutfar Rahman, chairman of the executive committee of IFIC Bank, attends the bank's annual business conference held in Dhaka on Thursday. Shah A Sarwar, managing director, was also present.

P&G raises outlook

AFP, New York

Procter & Gamble reported Friday profit more than doubled in the fiscal second quarter from a year ago, beating market expectations, and raised its forecasts for the year.

The US consumer goods giant said profit jumped 140 percent due to strong productivity gains and the effects of cost-saving efforts.

Net income rose to \$4.1 billion, or \$1.39 per share, compared with the year-ago figure of \$1.7 billion, or 57 cents per share, the company said.

The results were well above analyst expectations. Core earnings per share, which strips out special items and other items not related to sustainable earnings, were \$1.22, sharply more than the \$1.11 estimated.

Revenues came in at \$22.18 billion, above the \$21.91 billion forecast by analysts.

Shares in the Dow member were up 3.5 percent at \$72.87 in late-afternoon trade in New York.

"Global market share trends improved as we continued to implement our growth strategy and made very good progress against our productivity and cost-savings goals," said chief executive Bob McDonald.

"Our strong first-half results have enabled us to raise our sales, earnings and share repurchase outlook for the fiscal year."

Procter & Gamble, which manufactures Pampers diapers, Head and Shoulders shampoo and other household products, said its growth was broad-based and that all five of its business segments grew organic sales by at least two percent.

The biggest growth came in the company's baby care and family care segment with 5 percent.

Tazreen families demand compensation

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"The investigation report submitted by the home ministry recommends the arrest of the owner. Alas, he remains at large," he said, while demanding the arrest of Hossain.

The speakers also said that many of the families who have claimed the bodies are yet to be compensated in full for their loss, and that there were discrepancies in the amount given to the families.

Prof Nasim Akter Hossain from Jahangirnagar University urged people to come together to hold the state and owners accountable for the deaths and destruction.

Amid applause for the crowd, she said: "Owners! Be warned! If you want to play with fire, you will be scorched -- by the fire of resistance."

Garments Sramik Oikko Forum's Shahidul Islam Sabuj said that the owners have categorically proved that they do not care about their workers' safety and security.

"It is time that they are held accountable."

The theatre troupe Prachyanat performed a street theatre act depicting the plight of Tazreen workers during the demonstration.

Representatives from different socio-political organisations and citizens groups were also present.

Experts suggest concerted CSR effort

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Shitangshu Kumar Sur Chowdhury, a deputy governor of Bangladesh Bank, said the CSR spending also brings in benefits for the companies.

The central bank top official said the CSR spending by banks and other financial institutions have increased four-fold to Tk 222 crore in 2011, from Tk 50 crore four years ago.

"But this is not enough -- we cannot be complacent."

He said the CSR efforts are sporadic in the country, while adding that the fund can be useful in ensuring sustainable spending.

"It will be a tough job as companies want to spend their CSR money on their own. If we can set up a fund, then it will be a milestone for the country."

Chowdhury said the companies are not as active as banks in spending for CSR activities.

Anis A Khan, chief executive officer of Mutual Trust Bank Ltd, said the corporate sector's CSR activities are not in proportion to their profits.

"Their CSR activities are not as much as the financial sector's," added Khan.

He said all CSR activities by banks should be institutionalised and brought under one roof to formulate a structured project which has a larger impact on the society.

"The endowment fund can also be helpful in setting up hospitals, schools, colleges or vocational training centres," he said.

Khan also called for more rebates on CSR activities to encourage companies to do more for social causes.

At present, companies get a 10 percent tax break for CSR activities.

Shaheen Anam, executive director of Manusher Jonno Foundation, said: "To me, there are two sides of CSR."

"In one part, the private sector needs to ensure compliance at the factories, give benefits to workers and guarantee good working environment."

"On the other hand, the companies are making lots of profits and they need to share some of the profits with their workers," she said.

The development activist also said the benevolent rich in Bangladesh have been spending a lot for social causes.

"But time has come to look at the results."

Anam, too, proposed an endowment fund so that the companies' CSR activities have a larger impact on the society.

She said the CSR spending also brings benefits for the companies.

"Their businesses flourish and the beneficiaries become their clients when their purchasing capacity and living standard improves."

She also said the companies need to structure projects under the CSR in a way that it becomes sustainable, and the beneficiaries do not need outside support to run it after a certain period.

Moazzem Hossain, editor of The Financial Express, and Hasibur Rahman Mukur, executive director of MRDI, also spoke.



Nazim Farhan Choudhury, managing director of Adcomm Ltd, and Md Ekramul Haque, managing director of Toufika Energy Co Ltd, exchange documents after signing a deal on strategic planning and advertising services in the capital recently.



Anwer Hossain Khan, chairman of Shahjalal Islami Bank, attends the bank's annual managers conference for 2013 in the capital on Thursday. Md Abdur Rahman Sarker, managing director, was also present.



Mohammad Abdul Mannan, managing director of Islami Bank Bangladesh, attends the business development conference of the bank's branches in Chittagong north and south zones in the port city on Friday. Md Mahbub-ul-Alam, deputy managing director, was also present.