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Star BUSINESS

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BTCL to lease out unused optical fibre cable

ABDULLAH MAMUN
 The government will lease a pair of optical fibre cables of Bangladesh Telecommunications Company Ltd to a third party as the state-run firm has failed to manage and utilise its countrywide infrastructure. Domestic Network Coordination Committee, a panel led by the Prime Minister's Office, took the decision last month and asked the telecom regulator to initiate the process. Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission and a member of the committee, said a pair of the unused cables will be leased to two nationwide transmission companies within November to deepen broadband penetration in the country. The BTCL has around 5,000 kilometres of fibre cables of which 2,800 km is leaseable. Earlier the regulator, in the same way, had leased optical fibre cable of Power Grid Company Ltd to two transmission companies, Bose said. Abubakar Siddique, telecom secretary and chairman of BTCL, had said in a recent seminar that the company might have inefficiency but has huge resources. In June, Power Grid's 3,600 kilometres of overhead cables were distributed among two transmission companies -- Fibre@Home, which got 1,900 km, and Summit Communications, the rest. Power Grid had installed the cables to monitor its electricity transmission and leased the unused portion of the cables.

Inflation slows to 7.39pc in Aug as commodity prices fall

STAR BUSINESS REPORT
 Inflation slowed 0.46 percentage points to 7.39 percent in August, compared with the previous month, on the back of stability in food and non-food prices and sluggish economic activities. Average inflation fell slightly last month because the taka remained stable against the dollar, said Zaid Bakht, research director of Bangladesh Institute of Development Studies. "Our imports from India were little bit cheaper due to the depreciation of the rupee. It has ultimately impacted the local market." The rupee, which sank to a record low of 68.845 on August 28, has weakened 16.8 percent this year, the worst performance after the South African rand among 24 emerging-market currencies.



On the other hand, the average exchange rate of the taka to the dollar yesterday was Tk 77.75, which has remained almost the same since June 30, according to statistics from Bangladesh Bank. Apart from this, lower prices of some imported commodities

helped contain food prices. In August, except for onion, prices of cooking oil and pulse slipped, according to Department of Agricultural Marketing. Food inflation stood at 8.09 percent, down from July's 8.14 percent, while non-food inflation saw a fall of 1.05 percentage point to 6.35 percent. Bakht said the prices of essentials normally go up during Ramadan, but it did not happen this year. "That has ultimately helped in stabilising the prices." "Though the onion prices went up last month, it did not impact the price basket," said Golam Mostafa Kamal, director general of Bangladesh Bureau of Statistics. The inflation figures this time were arrived at following the new base year of 2005-06, which replaced 1995-96 as the base year, he added.

Sonali's loans to GMG unlikely to be recovered

MD FAZLUR RAHMAN
 Sonali Bank Ltd's loans worth Tk 134.36 crore against inadequate collateral to GMG Airlines look unlikely to be recovered given the closure of the private carrier, government auditors found. The spot of financial irregularity at the country's largest state bank was unearthed by the Office of the Comptroller and Auditor General (OCAG) during an examination of the bank's books between February 3 and April 17. Initially in 2006, the bank in return for adequate collateral extended Tk 80 crore short-term over draft, Tk 12 crore term loan and \$52.89 lakh stand-by credit limit to the private carrier. Then in 2010, GMG sought for extension of the credit limit for the short-term loan to Tk 100 crore to lease two aircraft from a US company and operate them, which Sonali acquiesced to -- without securing the requisite collateral. As per rules, approval from the central bank is needed to increase the credit limit, but the OCAG found no document that proves the bank followed this procedure. The loans turned bad or classified in March 2012 after the airline closed following years of losses. A senior official of the audit department said the bank might not be able to recoup the loan as the airline was not operative. "As a result, the country will lose the funds," he added. Pradip Kumar Dutta, managing director of Sonali Bank, however, is hopeful. "We have rescheduled the loan after taking the required down payment as part of the recovery process," he told The Daily Star. Meanwhile, the audit report found that the bank had rescheduled the loan in December 2012 for three years, which, however, never took effect due to being in violation of central bank regulations. Bangladesh Bank rules stipulate that loans can be rescheduled for at most a year. When asked, Dutta said the loan has now been rescheduled according to BB regulations. "If the airline fails to pay us within a year, its current owners will." GMG started its commercial operation in 1998 as the country's first private carrier. The airline ran into choppy weather following the global recession in 2008 and the price hike of jet fuel on the international markets. Officials of GMG Airlines did not respond to the queries of The Daily Star.

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Govt bans pyramid marketing Ordinance issued to punish offenders

STAR BUSINESS REPORT
 The government has outlawed pyramid schemes offered through multilevel marketing (MLM), in a bid to check fraudulence by such companies. The move was made by promulgating Multilevel Marketing Activities (control) Ordinance 2013, which also suggests 10 years' imprisonment, at most, for running MLM business without licence. The gazette of the ordinance, which also banned trade of any nonexistent products by MLM companies, was published on Monday. Pyramid schemes offer money for simply recruiting people. This money can come as commission from the sale of starter kit or as a recruiting bonus. Most of the MLM companies in Bangladesh follow the pyramid model of business, which benefits the members at the top of the pyramid. Lakhs of people were cheated by MLM companies, such as Destiny 2000, Unipay2u, ITCL and many more, in absence of a law, since the business model was introduced in Bangladesh in 1998. The MLM companies will now be allowed to trade eight types of products -- household, electric and elec-

INSIDE THE ORDINANCE

- Maximum punishment: 10 years in jail and Tk 50 lakh fine
- Eight types of products specified
- Multilevel marketing firms must be registered under Companies Act
- Existing firms must take licences within 90 days of gazette notification
- Govt reserves the power of appointing administrators

tronics, home appliances, cosmetics and toiletries, herbal, telecommunication services, training-related products and services, and agricultural. If an MLM company is found selling nonexistent products, its operators will face a penalty of imprisonment for up to ten years and a fine of Tk 50 lakh at maximum, according to the ordinance. The ordinance also requires an interested individual to apply to the authorities concerned for opening an MLM company under the Bangladesh Companies Act-1994. "The interested companies will have to apply to the commerce ministry for licences," Commerce Secretary Mahbub Ahmed said. "The Destiny Group will also have to apply for licences under the new law," Ahmed said, adding that the new law has empowered the government to appoint administrators in any troubled company. If an existing MLM company fails to apply to the government for a licence within 90 days of the gazette notification, its operators will face imprisonment for up to 10 years and a fine up to Tk 50 lakh. A law ministry official said the ordinance will be placed in parliament in its next session for passage. MLM, which was first introduced by Global Guardian Network or GGN in Bangladesh, is also known as network marketing, direct selling, person-to-person marketing or matrix marketing.

Panama to recruit seafarers from Bangladesh

STAR BUSINESS REPORT
 The Central American country Panama will recruit seafarers from Bangladesh for Panamanian ships, said Panamanian Ambassador Aram B Cisneros yesterday. "Bangladeshi seafarers are able to work in Panamanian ships operated by South Korean companies. Panama is the world leader in shipping registry with a total of 9,000 ships worldwide," he said. He spoke at a press briefing in a city hotel. The Philippines, Myanmar, India and Malaysia have fast developed their economies through tapping the work opportunities in Panamanian ships and operating trades with the American country, Cisneros said. So, the seafarers of Bangladesh can also tap that opportunity, as they have the efficiency to work in ships, said the newly appointed Panamanian envoy to Dhaka. READ MORE ON B3

Rice prices on way to stability

STAR BUSINESS REPORT
 The rice price spiral came to a pause this week, thanks to the government's open market sales (OMS) and the beginning of aus harvest in some growing regions, traders and food officials said. The fine-quality rice is now selling at Tk 46-54 each kilogram in contrast to Tk 46-50 a month ago, according to data from the Department of Agricultural Marketing. The price of coarse rice, at Tk 34-45 a kg, is dearer than the previous month -- by 2.92 percent. The reduced supply from stockists and millers on rumours of low yield of aus and aman paddy and the rainfall which affected milling, account for the price rise. The prices of the staple, however, look to be on the descent, according to KM Layek Ali, convener of Bangladesh Auto Major and Husking Mill Owners Association. "The government's increased intervention in the market in recent times is set to put a damper on the price spiral," he said. The Directorate General of Food has continued the OMS operation since the third week of August in all divisional cities and some district towns. So far, some 2,500 tonnes of rice were sold at a subsidised rate of Tk 24 a kg, Ahmed Hossain Khan, director general of DG Food, said. "The beginning of aus harvest, too, has a role in the recent stability of the rice prices." The rice price spiral began early August due to drop in rice output and fear of low-yield of aman, the second biggest contributor to the rice basket, Ali said. The production of boro, which accounts for 55 percent of annual rice production, however, increased in the May-June harvesting period this year. The boro rice output stood at 18.77 million tonne, up 0.11 percent from the previous season, according to Bangladesh Bureau of Statistics' (BBS) provisional estimates. READ MORE ON B3

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