

DSEX ▲ 0.81% 4,826.51

CSCX ▲ 0.92% 9,493.35



Gold ▼ \$1,246.50 (per ounce)



Oil ▼

\$97.35

(per barrel)

MUMBAI ▼ 1.48% 20,209.26

TOKYO ▼ 1.98% 14,619.13

SINGAPORE ▼ 1.20% 2,990.95

SHANGHAI

Closed

USD EUR GBP JPY

BUY TK 77.20 103.62 124.94 0.74

SELL TK 78.20 106.63 128.94 0.78

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(ইস্লামিক ইসলামী শরীয়ার
মুদ্রার পদ্ধতি প্রযোজন)

DHAKA TUESDAY FEBRUARY 4, 2014, e-mail:business@thedailystar.net

Regulator's notice puts Citycell licence at stake

ABDULLAH MAMUN

BY THE NUMBERS

CITYCELL OWNERSHIP

SingTel 45%

Pacific Motors 31.43%

Far East Telecom 23.57%

NETWORK COVERAGE 89.6%

SUBSCRIBERS 13.65 lakh

The telecom regulator yesterday served notice on Citycell asking the mobile operator why its licence should not be cancelled over dues of more than Tk 255 crore.

The company will have to respond within 30 days to the notice posted on the website of Bangladesh Telecommunication Regulatory Commission.

The move comes after five letters were issued between December last year and January to Citycell, the country's oldest mobile operator, asking it to clear the outstanding money.

The company did not pay the dues, BTRC said.

Of Tk 255 crore, Tk 229 crore is a fee for 2G licence renewal, Tk 4.78 crore for the social obligation fund and the remaining amount is BTRC's share of revenues dating back to March last year.

Now, the regulator may appoint a

"certificate officer" to Citycell in line with the Public Demand Recovery Act of 1913 as the company overshot all payment deadlines.

Asked about the show-cause notice, Mehboob Chowdhury, chief executive officer of Citycell, said he did not receive any such letter.

Citycell is 45 percent owned by Singapore's SingTel, 31.43 percent by Pacific Motors Ltd and 23.57 percent by Far East Telecom Ltd.

SingTel stopped injecting funds into the company in 2012, and according to its 2013 annual report, it placed a nil value to its ownership stake in Citycell.

The company, which runs on the restricting CDMA technology, intended to move to the widely-used GSM technology to provide better handset options to its subscribers but was unable to, due to its pending amount with BTRC.

BB warns Mercantile Bank over outsiders in board meeting

STAR BUSINESS REPORT

The central bank yesterday warned that Mercantile Bank might face punitive action over the presence of seven outsiders in the board meeting.

The move comes after a Bangladesh Bank inspection team paid a random visit to the Mercantile Bank headquarters on February 2 when a board meeting was ongoing. The seven outsiders hurriedly left the room as soon as the inspection team entered the room.

Subsequently, the central bank sent two separate show-cause letters to M Amanullah, chairman of Mercantile Bank, and M Ehsanul Haque, the managing director, instructing them to respond to the notice within seven days.

In December last year, BB forbade all banks from letting any outsider attend board meetings, after it came to the central bank's attention that many directors' relatives and shareholders were taking part in the meetings.

A BB official said the outsiders interfere with the different activities of the meeting including loan approval.

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Remittance continues its slide in January

STAR BUSINESS REPORT

Remittance flow to Bangladesh continues to slide, dropping 5.3 percent in January on the back of declining numbers of migrant workers.

The country received \$1.25 billion in remittance last month against \$1.32 billion in January 2013, according to Bangladesh Bank data released yesterday.

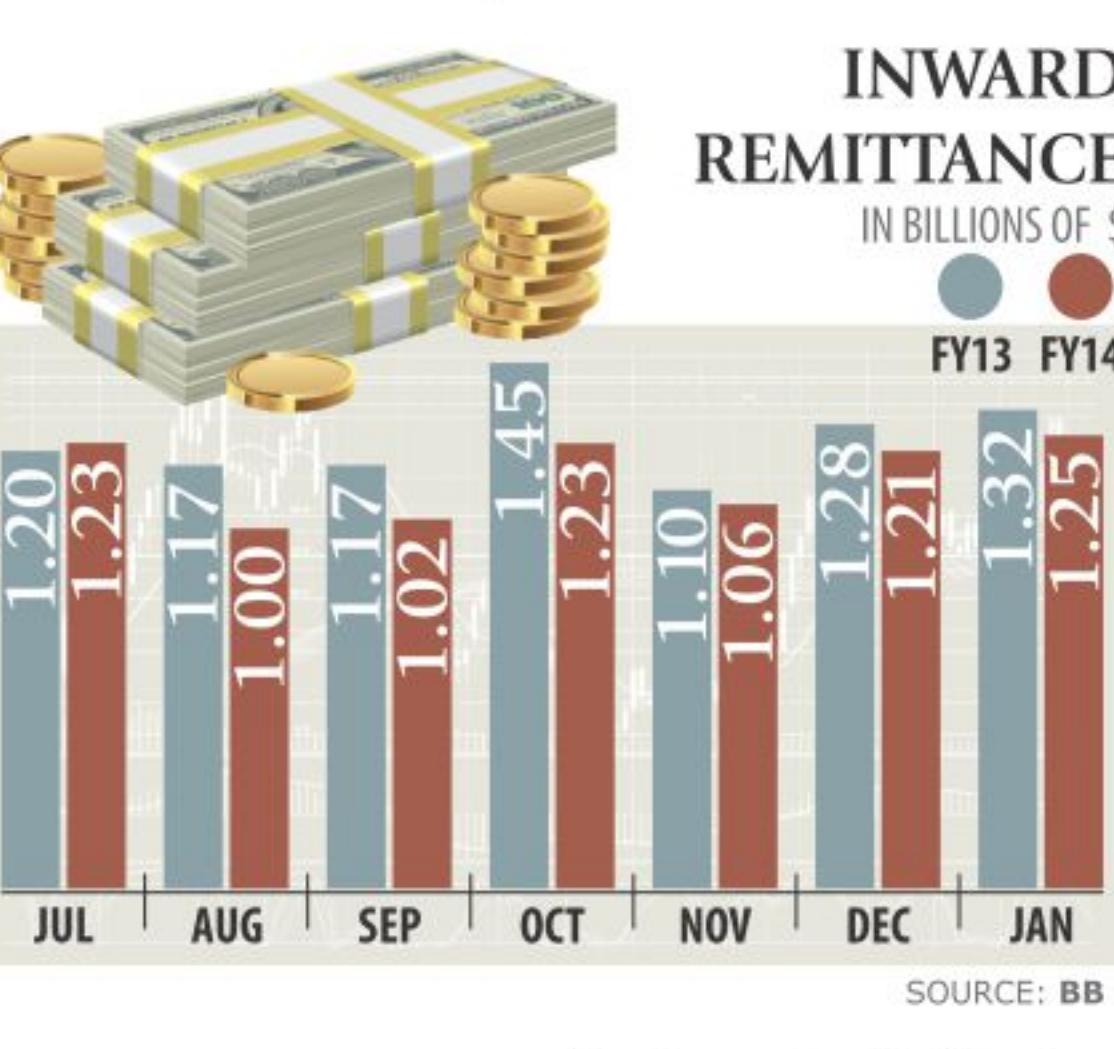
The drop is in keeping with the trend since last August, when it turned negative after slow growth since the first half of fiscal 2012-13. Only 4.5 lakh migrants managed overseas jobs in 2013, down by more than 33 percent from 2012, according to the Refugee and Migratory Movements Research Unit (RMMRU).

Moreover, the decline is accompanied by a large number of returning migrants.

The organisation accounted the fall to the government's failure in stimulating labour markets in Saudi Arabia, the United Arab Emirates and Kuwait through diplomatic channels into accepting Bangladeshi migrants.

Zahid Hussain, lead economist of the World Bank in Dhaka, said workers residing in countries such as Saudi Arabia, the UAE and Malaysia, whose visas have expired, are failing to send money home, which has affected the remittance flow.

Besides, the flow of the portion of remittances sent for



investment purposes might have fallen due to currency appreciation, as the value of taka rose 6 percent against the US dollar over the last one year.

In its monetary policy statement last week, the central bank projected an overall negative growth of 4 percent in remittance for the current fiscal year.

While the projected decline in remittance would not adversely affect the external sector stability in fiscal 2013-14, returning to a positive growth path would be a key factor next fiscal year, it said. "Starting from fiscal 2014-15 it will be important for remittance growth to pick up to retain external sector stability, as imports are likely to grow further following a year of import compression."

The central bank called for a coordinated effort to boost manpower export, upgrade skills of migrants and enhanced incentives to use formal channels to remit and invest funds.

Meanwhile, a number of analysts said Bangladesh should avail the opportunities offered by a number of Middle Eastern countries to have the illegal workers legalised, which will not only give the remittance flow a much-needed boost but will again open the doors to the countries for Bangladeshi workers.

They also called for efforts aimed at opening new markets and grabbing opportunities buoyed by the reviving global economy.

Muhith signals major changes in corporate tax

STAR BUSINESS REPORT

The government plans to bring major changes to the existing corporate tax structure within the next two years for greater efficacy, Finance Minister AMA Muhith said yesterday.

"Our corporate tax system is not effective at all. This will go through a change this time," he told a delegation of the Dhaka Chamber of Commerce and Industry (DCCI) at his office in the secretariat.

He said there would be "some fundamental changes" to the corporate tax structure by the second year of the government. "You should start thinking about it from now on."

The minister, however, did not elaborate on the planned changes.

The lowest corporate tax in Bangladesh is now 27.5 percent and the highest 45 percent. There are, however, tax rebates for listed companies that declare dividends at rates more than 20 percent.

Analysts said the country's corporate tax rate, the highest in the Saarc region, is a key factor warding off potential domestic and foreign investors.

The average rate of corporate tax is 42.5 percent in Bangladesh, which is 30 percent in India, 35 percent in Pakistan, 25 percent in Nepal, 30 percent in Bhutan, 20 percent in Afghanistan and 28 percent in Sri Lanka. In the Maldives, corporate tax is 25 percent for only commercial banks.

The Federation of Bangladesh Chambers of Commerce and Industry has already called for cutting the corporate tax, but in phases so that individuals feel encouraged to be part of the corporate culture.

READ MORE ON B3

Garment orders coming back on track

Retailers pledge to continue business with Bangladesh suppliers

REFAYET ULLAH MIRDHA

Work orders are flowing in from international garment retailers as steady economic activities are being restored after several spells of political violence, industry insiders said yesterday.

"Retailers are now placing a lot of orders. The situation is good now. I urge the government to maintain this stable situation to get more orders," Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, told The Daily Star.

As a prerequisite to continued work orders, retailers demanded a stable political scene, at a meeting with Commerce Minister Tofail Ahmed, leaders of BGMEA and other stakeholders at Westin Dhaka yesterday.

"Another reason for holding the meeting was to convey a message to retailers that

Retailers had faced uncertainty with their orders in the face of unrest when the country witnessed hartals and blockades for 74 days in 2013 and 11 days in January and February

Bangladesh is back in business after the political upheaval," Islam added.

Buyers are regaining confidence after the general elections on January 5 and they have a long-term business plan in Bangladesh, an official of Inditex, a Spanish clothing retail

giant, said asking not to be named. "We want a stable political situation."

"There was a ban on travelling to Bangladesh on our company officials in Spain. The ban has been withdrawn by our headquarters last month."

"A good number of high-ups of the company are scheduled to visit Bangladesh next month with a lot of work orders. If a stable economic situation prevails, we will not face any major crisis and Bangladesh will remain a lucrative destination for price competitiveness," the official said.

Retailers had faced uncertainty with their orders in the face of unrest when the country witnessed hartals and blockades for 74 days in 2013 and 11 days in January and February.

Garment makers could not transport goods to Chittagong Port from their factories due to a volatile political situation

across the country.

As a result, international retailers cut their travel plans to Bangladesh and in some cases, called the garment makers to their headquarters in Europe and the US for business meetings.

The commerce minister urged retailers to increase the prices of garment items as workers' wages was increased 77 percent from December last year.

The minister suggested the garment manufacturers implement the agreements inked with the Accord on Fire and Building Safety in Bangladesh and North American Alliance for improving safety standards and workers' rights in the factories.

"You will have to work to overcome the image crisis created from the volatile political situation. Bangladesh is back in business now after the elections."

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