AIRTEL

Extreme left, **PD Sarma, chief executive of Airtel Bangladesh, launches a flat-rate package, Shobai Ek, at a programme at Radisson Hotel in Dhaka yesterday.**

Airtel rolls out 'simple' tariff plan for users

STAR BUSINESS REPORT

AIRTEL Bangladesh yesterday launched a new package to add more value to its services through simple and transparent mobile tariff.

All prepaid customers under the package 'Shobai Ek' will be able to call any operator at one paisa per second anytime, without any hidden condition, said PD Sarma, chief executive and managing director of Airtel Bangladesh, at an inauguration ceremony at Radisson Hotel in Dhaka.

"Shobai Ek is the most affordable mobile plan in Bangladesh."

The package is a milestone in Bangladesh's telecom industry and part of Airtel's philosophy to simplify value proposition for the customer, Sarma added.

The total call rate will stand at 69 paisa, including 15 percent VAT.

"The packages will give a break to customers from 'conditions' and other hidden charges," he said, with hoping that it will help Airtel expand.

Customers get startled seeing advertisements of different packages with several conditions, he said. "Our package is transparent for users."

A total of 80 percent of customers do not know what their package is and 77 percent do not know what their tariff is, according to a survey conducted by research firm Nielsen for Airtel.

Only 18 percent customers, who know about the tariff plan, are not happy with the rates, the survey found.

The survey conducted last month included an aggregate of 3,000 mobile users of different operators.

The Airtel plan liberates customers from restrictions attached to their tariff plans and offers complete transparency and peace of mind, Sarma said.

"We are confident that this initiative will further strengthen the Airtel brand and contribute to the growth of mobile services in Bangladesh."

The plan is available to both new and existing customers.

All new Airtel customers will enjoy this package for 90 days by default, while existing customers will get validity for 30 days upon a Tk 24 recharge to enjoy this package.

Services sector deserves more attention

KAZI IQBAL

SOME economic issues always receive less attention from policymakers and researchers than they duly deserve. The services sector is one of them.

An article published on The Daily Star on September 18, written by my colleague Dr Abul Basher, rightly pointed out the role of the services sector in economic growth and advocated considering the role adequately in the upcoming Seventh Five-Year Plan. The objective of my piece is to complement Basher's article and also put the issue on a broader canvas.

While the discussions and debates on the services sector centre around only the ICT and IT-enabled services, this article argues that the focus should be on the overall services sector which generates half of total national income and employs more than one third of the total labour force.

Once dubbed as "unproductive of any value" by Adam Smith, the services sector has now become a fertile ground for technological innovations and a major source of growth in developing countries.

Currently, the services sector produces about 70 percent of the world output, and about a half of output of the developing countries.

The stage theory of growth suggests that an economy moves through several stages of development from pre-industrial phase (predominately agriculture) to industrial phase (predominantly manufacturing) to post-industrial phase (predominantly services).

However, current experiences in some developing and emerging economies suggest that an economy can bypass the pure manufacturing dominant phase with a hybrid phase where both manufacturing and services sectors can grow simultaneously to complement each other. India is a classic example of such hybrid growth unlike China, which saw purely manufacturing-led growth.

From the planning's point of view, there lies an equity-efficiency trade-off in choosing the optimal relative size of manufacturing and services sector for a developing country. The services sector is more labour intensive than the manufacturing sector because of the nature of technology it uses.

> *Wholesale and retail business, and transportation and communications constitute about half of the total services sector output and one-fourth of the total national income*

Therefore, growth of services implies creation of greater employment opportunities. On the other hand, it is also argued that total factor productivity or labour productivity is lower for services than manufacturing.

Therefore, transfer of labour from rural to low productive services sector more than the manufacturing sector will lower the growth of the economy.

Therefore, policymakers should ask if shifting labour directly from agriculture to services confers the same benefits in terms of productivity growth and living standards as the more conventional path of shifting labour from agriculture to manufacturing in a labour surplus country like Bangladesh.

The services sector is no longer a 'residual' sector; this sector has been growing at around 6.5 percent for the last one and a half decades. This growth rate is higher than the overall growth rate of the economy and is twice as large as the agriculture sector.

The contribution of the services sector is much higher than the industry sector in generating income and employment. It is important to note again that the services sector produces half of national income and employs about 35 percent of the total labour force as opposed to one-third of income and about one-fifth of labour force by the industry sector.

The services sector in Bangladesh is highly heterogeneous in terms of output, inputs, technology (such as capital and skill intensity), formality, tradability, scope for productivity improvement and potential for growth.

Wholesale and retail business, and transportation and communications constitute about half of the total services sector output and one-fourth of the total national income. The growth of the services sector and the economy critically hinges on the productivity growth of these two subsectors.

However, one can hardly come across any discussion on how to enhance the productivity of these sectors.

Growth rates of hotel and restaurants, financial institutions, education and health are also noteworthy, registering more than 7.5 percent growth. But contribution of these subsectors to the national income is hardly recognised.

The key policy documents such as Sixth Five-Year Plan, Perspective Plan (2010-2021) or older Poverty Reduction Strategy Paper 2005 hardly recognised the services sector as an important engine for growth and an effective tool for poverty reduction despite its huge potential.

Lack of recognition in the important policy documents partly explains why this sector has been paid little attention over the years.

Therefore, the first step is to recognise the significance of the services sector in promoting growth, generating employment and reducing poverty.

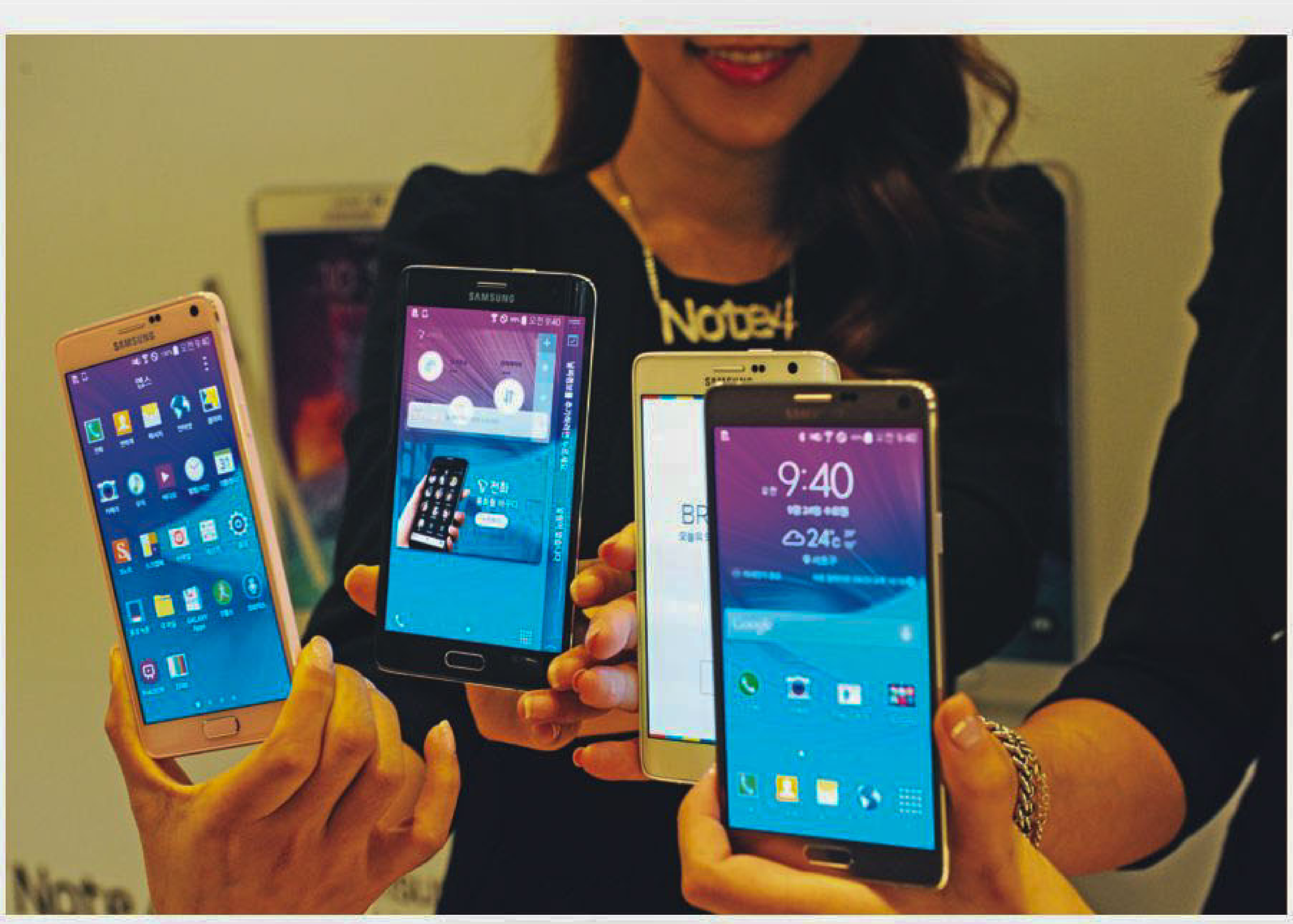
Second, better understanding of different subsectors of service and their potential for growth and employment generation is required. The need for a comprehensive study on the services sector is felt more now than ever before because of greater globalisation of the market of service.

A large number of services markets in the advanced economies have been opened up for competition and Bangladesh has to be prepared to claim its share.

Third, insights from the rigorous studies on the services sector should be translated into both subsector-wise policies and an overall sectoral policy.

While subsector-wise policy is important for promoting growth of a specific subsector, an overarching policy is required for the development of the whole services sector.

The writer is the research fellow of Bangladesh Institute of Development Studies.



AFP

Samsung Galaxy Note 4 tablets are displayed at a launch event in Seoul yesterday. South Korea's Samsung launched the latest version of its oversized Galaxy Note smartphone earlier than expected after US rival Apple reported record sales of its latest iPhone 6. Samsung said the Galaxy Note 4—initially scheduled for launch in October—would hit stores in South Korea and China this week before being sold in 140 nations by the end of next month. It would be the first time a flagship Samsung product has gone on sale in China ahead of other markets, reflecting the firm's desire to battle growing competition from cheaper Chinese-made rivals.

Infosys' new CEO allows staff to use Twitter, Facebook

REUTERS, *Mumbai*

INFOSYS Ltd's new CEO has come up with a novel approach to reviving the financial fortunes of India's trailblazing outsourcing firm: use Facebook at work, tweet, but get the job done.

Infosys has long been run as a conservative company known for keeping strict tabs on work hours and sometimes fining employees for not wearing ties on specific days. Such cheerless self-regard could not have come at a more challenging time, analysts say.

In the last few years, the former bellwether of India's outsourcing industry has lagged rivals in winning contracts from the West, torn between chasing high-margin projects and low-margin bread-and-butter IT deals.

To be sure, Infosys has been ploughing into new technologies such as cloud computing and smartphone app development to help return the firm to the forefront of the IT sector. But Vishal Sikka, the company's first CEO who is not a co-founder or a legacy employee, is setting his sights on employees first.

"These changes might not look big or material, but he's trying to tell people this is a start, bigger things are on their way," said Shreya Bajaj, a Bangalore-based head hunter who helps IT companies recruit senior level executives.

As the company's fortunes decline, attrition rates have increased, employee morale flagged and members of top management headed for the exits.

To retain talent, Sikka hopes to create a more employee-friendly workplace. Come October, the company's 160,000 employees will be gradually allowed to tweet from their personal devices at work.

Human resources are vital to India's $108 billion outsourcing sector. The bulk of IT engineers work to remotely manage clients' technology networks, provide business solutions and help write and service software that run their business.

While IT companies hire hundreds of graduates every year, it takes time for a new employee to settle into a project. Very high attrition could also force IT firms to constantly redeploy workers from project to project, potentially unsettling clients.

REUTERS

Newly appointed Infosys Chief Executive Officer Vishal Sikka speaks during a news conference at the company's headquarters in the southern Indian city of Bangalore, on June 12.

Infosys declined to comment for this story, saying it is in a "quiet period" ahead of its interim earnings announcement on Oct. 10.

The Bangalore-headquartered firm is likely to post a 21 percent rise in net profit in the quarter ended September as a global economic recovery helps bolster tech spending, according to a survey by Thomson Reuters.

Besides being given easier access to social networking sites such as Facebook, employees at Infosys are treated to team lunches and they also get frequent mails from their CEO, said 15 current and former Infosys employees interviewed by Reuters.

Infosys employees are also being solicited for new business ideas and are seeing location transfer requests go through more smoothly than before, they said, declining to be identified as they are not allowed to talk to the media.

The annualised attrition rate at Infosys stood at 19.5 percent at the end of June, a record for the company, and higher than that of its rivals Tata Consultancy Services Ltd and Wipro Ltd. A rate of 12-15 percent is seen as normal in this industry.

IT services companies traditionally see higher attrition among employees who have been around for three to six years. Since most of the firms are built on identical business models, it is easy for young workers to hop between companies for projects, promotions or salary hikes.

"Employees can be replaced, but they have to understand the project, know the client and be comfortable with the team and boss. That takes time," said R.K. Gupta, managing director of Taurus Asset Management, which owns Infosys shares.

Senior executives at Infosys said there was a push towards a more open culture, investing in personnel and getting managers closer to the ground.

"We must create an environment of empowerment, mutual support and trust," Sikka, a former senior executive at German software giant SAP AG, wrote in an email this month to employees seen by Reuters.

While some employees thought these symbolic changes were signs of good times to come, others are waiting for structural changes at the company.

"What will actually make a difference is pay hikes and better results. Access to Facebook and a dress code were never a concern when the company was doing well," said a former board member, who declined to be named.

Third of Australia-listed firms face 'financial uncertainty'

AFP, *Sydney*

MORE firms listed on Australia's stock exchange faced "serious financial uncertainty" last year than during the global downturn, an audit by a leading accountancy body showed Wednesday, highlighting underlying weaknesses in the economy.

The Certified Practising Accountants' chief executive Alex Malley said findings that nearly a third of firms were at risk were "extraordinary" and a "sobering reminder of the fragility of the Australian economy and the challenges many businesses face".

The CPA, a professional accounting organisation, said its analysis found there were more going-concern warnings raised by independent auditors last year than during the global financial crisis, when the warnings rose to 22 percent.

The analysis encompassed 15,855 annual reports from about 98 percent of companies listed on the Australian Securities Exchange (ASX) from 2005 to 2013.

A going concern is a business that is able to operate for the foreseeable future.

"We've been talking about the potential impacts of the slowdown in China, the strength of the Australian dollar and the effects of the tapering mining boom on the economy for some time," Malley said in a statement.

"Now, this report, compiled based on virtually all companies listed on the ASX, shows these economic factors are being felt across the market and are putting almost a third of ASX-listed companies at risk of financial catastrophe.

India cancels 214 coal field permits

AFP, *New Delhi*

India's top court on Wednesday cancelled 214 of the 218 government permits for coal mines allocated between 1993 and 2009 after the licensing process was deemed illegal.

Energy-hungry India's coal market has been in turmoil since the Supreme Court declared last month that the government-run procedure for awarding the coal blocks to private firms had been illegal.

On Wednesday the court cancelled 168 of the allocations with immediate effect and gave the remaining 46 six months' grace to continue operating.