

Mobile operators divided over inter-connection charges

STAR BUSINESS REPORT

Mobile phone operators stand divided over inter-connection charges, with two of them seeking absolute removal of the fees, and three others opposing it.

Airtel requested the telecom regulator to completely remove the inter-connection charges, and Citycell supported the proposal. However, Grameenphone, Banglalink and Robi want a decision on the matter after a market study.

The debate on inter-connection fees, which are charged to transfer calls between two operators, arose at a meeting of Bangladesh Telecommunication Regulatory Commission (BTRC) with the six mobile phone operators at the office of the regulator in Dhaka yesterday.

The BTRC asked the operators to come up with written proposals, not only on suitable inter-connection charges, but also on voice and data pricing.

"The commission asked the operators to submit their written proposals by August 31," said Md Sarwar Alam, BTRC spokesperson. "On the basis of their proposals, the commission will take a decision on the matter."

A cut in inter-connection charges may also reduce the overall price of voice calls, said industry insiders.

Presently, the inter-connection charge is Tk 0.22 a minute, of which Tk 0.04 goes to interconnection exchanges. The rates were set after a study by the World Bank in 2008.

After the study, the BTRC fixed the call rate at between Tk 0.25 and Tk 2 a minute, and inter-operator call rate at Tk 0.6 a minute.

At yesterday's meeting, Airtel argued that it is the number four operator in the country and hence, has to pay higher amounts to other leading operators, as the inter-connection charge is high.

Robi, however, proposed to increase the minimum price of voice calls to Tk 0.4 from Tk 0.25 a minute

in case of intra-operator.

The top two operators said that they are operating with the lowest tariff in the world and any further reduction in call charges may hamper service quality.

"We are operating in a highly competitive market with the lowest rate in the world. If the price has been cut again, it will be very challenging for us," said Mahmud Hossain, chief corporate affairs officer of Grameenphone, after the meeting.

"However, if there is a need for price revision, it should be based on a globally accepted cost modeling method."

A senior official of BTRC also disagreed with Airtel's proposal of withdrawing the inter-connection charge. It may inspire the operators to offer even free voice call services. Such services were available in the country before 2008 and had a negative impact, especially on the youth and students, he said.

BB to use technology to thwart scams

STAR BUSINESS REPORT

Bangladesh Bank has decided to use information technology to identify scams and thwart irregularities in banks.

The decision was taken at a high level meeting at the central bank yesterday with Governor Atiur Rahman in the chair.

Various decisions were taken to intensify the central bank's supervision on banks, BB Executive Director Mahfuzur Rahman told The Daily Star. "No laxity will be shown if any allegation of corruption by the Board of Directors or chief executives of any bank are found to be true," he said.

All deputy governors, executive directors and general managers of BB were present at the meeting.

Chinese minister to visit Dhaka next week

DIPLOMATIC CORRESPONDENT

Dhaka and Beijing expect holding comprehensive discussion on Chinese investment and support in commerce, agriculture, industrial and infrastructure development in Bangladesh during Chinese Commerce Minister Gao Hucheng's visit on August 25-26.

During the visit, several deals may be signed, including a memorandum of understanding, for construction of a convention centre with Chinese assistance at Purbachal, said Hedayetullah Al Mamoon, senior secretary to the commerce ministry.

The convention centre to be named as Bangladesh-China Friendship Exhibition Centre will be built on 20 acres of land at a cost of Tk 796 crore. China will provide 79 percent of the total cost as grant.

Once completed, the new venue will start organising annual trade fair instead of its present temporary venue at Sher-e-Bangla Nagar near Bangabandhu International Conference Centre in Dhaka.

"Apart from signing the MoU, we will also discuss different bilateral trade issues as China is an important trade partner for Bangladesh," Mamoon told The Daily Star.

Issues related to the signing of a free-trade agreement and establishment of a Chinese economic and industrial zone at Anwara upazila in Chittagong will get priority in the talks, diplomatic sources said.

In 2013-14 fiscal, Bangladesh imported \$7.54 billion worth of goods from China and \$6.32 billion in 2012-13, according to data from the commerce ministry.

In contrast, Bangladesh exported \$740 million worth of goods to China in 2013-14 fiscal and \$458.12 million in 2012-13 fiscal, the data shows.

Garment exports to China from Bangladesh accelerated by 73.48 percent year-on-year to \$241.37 million in 2013-14 fiscal.

Bangladesh Economic Zones Authority has already sought Tk 420 crore from the finance ministry for land acquisition to set up the proposed special economic zone for Chinese investment at Anwara.

The Chinese minister will lead a delegation to a meeting with Finance Minister AMA Muhith, Commerce Minister Tofail Ahmed, Foreign Minister AH Mahmood Ali and other high government officials.

He will also meet President Abdul Hamid and Prime Minister Sheikh Hasina as part of his visit to mark the 40th anniversary of



Md Ahsan-uz Zaman, managing director of Midland Bank, presides over the half-yearly business conference of the bank at its office in Dhaka. Khondoker Nayeemul Kabir, deputy managing director, was also present.

Top executives earn 183 times more than UK average

AFP, London

The average pay of chief executives in Britain's top companies is 183 times that of the typical worker, according to a study published Monday.

Research among the companies listed on the London stock exchange's FTSE 100 index found that average pay reached £4.96 million (\$7.75 million, seven million euros) in 2014.

The figure is 183 times the earnings of average full-time workers, and up from 160 times in 2010 at £4.13 million.

The study by the High Pay Centre think-tank found the 10 highest-paid chief executives received more than

£156 million between them last year.

"Pay packages of this size go far beyond what is sensible or necessary to reward and inspire top executives," said High Pay Centre director Deborah Hargreaves.

"It's more likely that corporate governance structures in the UK are riddled with glaring weaknesses and conflicts of interest."

Since 2013, big companies have been obliged to be more transparent about the earnings of their bosses, who generally receive a base salary, bonuses, stock options and other compensation.

"These reforms didn't do nearly enough to start building a pay culture where everybody is rewarded fairly and

proportionally for the work that they do," said Hargreaves.

Shareholders can make their discord known, which happened at luxury fashion brand Burberry last year, when a majority voted against the chief executive's pay packet.

However, only 6.4 percent of stockholders voted against chief executives' pay among the FTSE 100 companies.

"Inequality is reaching stratospheric levels," said Frances O'Grady, general secretary of the Trades Union Congress.

"After years of falling living standards it is a disgrace that top execs are taking an even bigger share of the rewards of growth."

Two jailed for share price manipulation

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Ashoke Kumar Ghosh, the lawyer of Islam, said they will file an appeal with the High Court challenging the verdict. The tribunal gave its first verdict in another case on August 3. Prior to the BSEC probe, the Dhaka Stock Exchange investigated the abnormal price hike in BD Welding shares.

According to probe reports, Karim communicated with BD Welding from the newspaper office through an email, pretending to be a representative of Saudi Arabia's Al Awad Group, and expressed his interest to invest.

BD Welding then informed the bourses that Al Awad had expressed interest via an email to set up a joint venture oxygen plant in Chittagong and the Saudi group would visit Bangladesh in March 2007.

The announcement had boosted prices of the company to Tk 42.5 in March from just Tk 6.9 three months ago.

Al Awad, however, did not make any such visit to BD Welding, according to the probe report. But Weekly Industry had published a report that Al Awad Group was interested to form a joint venture with BD Welding.

The probe found that the news was published in collaboration with the managing director of BD Welding, which was listed on stock exchanges in 1999.

Before the publication of the news and the email communication, Karim had bought 20,500 shares of BD Welding at Tk 6-7 between December 6, 2006 and February 4, 2007.

He also bought 1.72 lakh shares of the company at Tk 6-13 between December 14, 2006 and February 8, 2007.

Later, he sold the shares at Tk 33-34 on February 4, 2007, and at Tk 46 per share on February 8, making windfall profits.

BD Welding owns and operates manufacturing and marketing of welding electrodes, industrial gases, dissolved acetylene and other allied items. The company was established in 1983. On the premier bourse yesterday, each BD Welding share was traded between Tk 25.9 and Tk 24.2, before closing at Tk 24.4.

Brazil's currency nears fair value after dramatic decline

REUTERS, Brasilia/Sao Paulo

The Brazilian real is trading at or near fair value after losing one quarter of its worth since Jan. 1, economists said, suggesting a possible respite for one of the year's most battered currencies.

Emerging market currencies in general have been sliding, and unexpected domestic and international events could still cause the real to overshoot toward its all-time low of 4 reais per dollar. But even Brazil's political crisis, one of the main drags on the currency this year, does not look as bad as it did a couple of weeks ago.

Nine of 10 economists surveyed by Reuters estimate that, considering Brazil's economic fundamentals, the real is now fairly priced at between 3.20 per U.S. dollar and the current level of 3.50. So far this year, it is the fourth-worst performer among the 152 currencies tracked by Reuters, only outperforming those of Kyrgyzstan, Ukraine, and Azerbaijan.

Economists acknowledge the real could keep falling as a weaker China cuts back on commodity imports from Brazil. But additional losses are looking less likely following signs that President Dilma Rousseff may

be breaking a political logjam that has been blocking reforms.

"Could the worst be over for Brazil?" Brown Brothers Harriman emerging markets strategist Ilan Solot wrote in a research note. "Only time will tell. But the idea that we are approaching an inflection point is not as far-fetched as it was just a month ago."

A more stable currency comes at a crucial moment since it would help the central bank rein in inflation without a need for further rate hikes. It could also reassure Brazilian consumers, whose confidence has sunk to record lows.

Also shoring up the real is the central bank's decision to step up intervention in the foreign exchange market, as well as Moody's Investors Service's recent declaration that the country's investment-grade rating was safe for the next couple of years.

Luis Stuhlberger, one of Brazil's most influential investors and widely respected for making huge profits betting against the real, joined the chorus last week in his Verde Asset Management's monthly letter.

"There are still no relevant capital flights, flows are reasonably balanced," he wrote. "The current exchange rate, considering carry

costs, looks fairly priced."

Verde is Brazil's largest hedge fund, with about 30 billion reais (\$9 billion) in assets.

To be sure, a few banks, including Credit Suisse and Societe Generale, are still forecasting an all-time low of 4 reais per dollar in 2016.

Brazil's political crisis remains severe, and hundreds of thousands of Brazilians returned to the streets on Sunday to call for Rousseff's ouster.

"An impeachment (of Rousseff) is on the table," said Schroders emerging markets economist Craig Botham. "It's not an idle threat."

Botham, who oversees more than \$470 billion in assets, agreed that an overshooting to 4-reais-per dollar could not be ruled out because of the uncertain political situation.

Still, there are tentative signs that the political crisis might be subsiding. The number of Brazilians marching on Sunday in Sao Paulo and Brasilia was roughly in line with similar protests in April but more modest than the turnout in March.

Also, a Supreme Court ruling last week granted Senate President Renan Calheiros, a government ally, more powers to prevent impeachment proceedings against Rousseff in Congress.

Soured loans decline as political climate improves

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Besides, in continuation of the trend in the first quarter, default loans of most of the state-owned commercial banks increased in the second quarter.

Early this month, Bangladesh Bank also expressed dissatisfaction at the performance of these banks.

A high official of the central bank said the banks have a tendency to sanction large loans in violation of the prudential norms: they do not use the borrower's updated CIB report while granting loans. Also, at the time of rescheduling the loans they do not take down-payment, or even the partial amount, in clear violation of the central bank rules.

Defaults at private banks fell 1.12 percent to Tk 22,350 crore at the end of June. On the other hand, the foreign banks' bad loans increased 5.6 percent to Tk 1,942 crore.

In percentage terms, default loans of private banks were 5.6 percent of their outstanding loans, while that of foreign banks 8.75 percent. This means the overall performance of private banks improved markedly compared to foreign banks in the second quarter of 2015.

While the overall performance of private banks is very good, there are many banks where various irregularities are taking place just like in state banks, the BB official said. The central bank will intensify its monitoring of these banks, he added.

Forex reserves hit record \$26b

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The BB attributed this large reserve figure to export earnings, remittance, foreign direct investment and private sector's foreign-sourced loans. Declining import bills for food grains and petroleum oils also played an important role in fuelling the reserves, according to the statement.

Accessories used in the garment sector are increasingly being supplied by the local backward linkage industries, due to which imports in the sector went down.

New customs bill to be placed in parliament next month

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Finance Minister AMA Muhith said he was surprised that customs activities were based on a 46-year-old law.

"I was surprised today to find that we are still working on the basis of a customs law from 1969," he said at the programme.

He expected that both the practitioners and stakeholders will fix the issues that are currently bothering them.

The Customs Act 2015 has been prepared in light of the Revised Kyoto Convention (RKC), which was adopted in 1999 as the blueprint for modern and efficient customs procedures in the 21st century.

The RKC aims to ensure transparency and predictability of customs actions, standardisation and simplification of goods declaration and supporting documents and maximum use of information technology. Once implemented widely, it will

provide international commerce the predictability and efficiency that modern trade requires, according to WCO.

The new customs law has also been framed in line with Trade Facilitation Agreement at the WTO Ministerial in Bali, Indonesia, said NBR officials.

After the passage in parliament, the latest law will provide an opportunity to stakeholders to place their views and concerns before the customs authority make the rules to implement the law.

The current law authorises the NBR to make rules and place them in parliament.

The proposed law will require an advanced cargo declaration prior to arrival. It also seeks to offer preferential treatment to authorised traders with good compliance records and implement an electronic customs administration, among others.

The NBR said it consulted with the stakeholders while preparing the draft of the new law, which was approved in principle by the cabinet in September last year. A high-powered committee headed by the principal secretary also examined the draft law, said NBR officials.

Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, said the use of risk management-based standard operating procedure for assessment and clearance of goods will benefit the honest traders.

MA Mannan, state minister for finance and planning, said the purpose of the reforms to the customs law is to increase trade and reduce the cost of doing business in Bangladesh.

NBR Chairman Nojibur Rahman said ownership and partnership is important. "It will be difficult to implement the upcoming law with-



SM Abu Mohsin, chairman of NCC Bank, attends the half-yearly conference of the bank in Dhaka on Thursday. Golam Hafiz Ahmed, managing director, was also present.