

# Telcos' subscriber growth hits 16-month low

STAR BUSINESS REPORT

The telecom industry added 5.93 lakh active SIMs in September, the lowest in 16 months.

The government's move against fake mobile connections and illegal calls may have slowed subscriber growth, industry insiders said.

Bangladesh had 13.14 crore active connections as of September, up from 13.08 crore in August, Bangladesh Telecommunication Regulatory Commission said in a report published on Wednesday.

The industry had added 14.7 lakh connections a month on average from January to August, according to data from the telecom regulator.

In August, 20.74 lakh new connections have been added, while it was 19.03 in July.

Tarana Halim started a massive campaign against fake connections in August after taking the reins of the Telecom Division as state minister in July.

Her call to the deputy commissioners of 64 districts to run mobile courts against unregistered SIMs has also affected sales, industry insiders said.

"The number is not unexpected. The BTRC's October report will show a disastrous result," said a senior executive of a mobile phone operator requesting not to be named.

Roadside shops were not seen selling SIM cards in the last two months; even some authorised retailers stopped selling SIM cards, he also said.

In September, Banglalink lost 2.64 lakh customers while Airtel added 3.25 lakh new subscribers, according to the BTRC report.

Grameenphone, Robi and Teletalk have seen slight growth where Citycell continued losing subscribers.

In September, Bangladesh saw around 18.39 lakh new internet connections. The country has 5.41 crore internet connections, of whom 5.2 crore use the mobile internet.



Syed Ferhat Anwar, director in-charge of the Institute of Business Administration; Nasreen Ahmad, pro vice-chancellor (academic) of Dhaka University, and Md Mohiuddin, co-ordinator of the Advanced Certificate in Business Administration (ACBA) course, pose with the participants at the course completion and award giving ceremony of ACBA's sixth batch at Nabab Nawab Ali Chowdhury Senate Bhaban at Dhaka University last week.

## Robi-Airtel merger may be delayed

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It is imperative for competition-enhancement and long-term sustainability of the communication market in Bangladesh so that this dominance is matched by other competitors with sufficient resources, the CEOs said in the letter.

As of August, Robi's customer base stood at 2.83 crore and Airtel's around 93.92 lakh. The combined entity will have the second largest subscriber base in Bangladesh.

Grameenphone, the largest operator, has 5.5 crore subscribers. Grameenphone currently has 32 megahertz of spectrum, while the combined spectrum of Robi and Airtel will be 39 MHz.

Robi will have 75 percent holdings in the merged entity and Airtel the rest, according to the application.

Malaysia-based Axiata has 91.59 percent shares in Robi, which will be diluted to 70 percent after the merger. The shares of Japan's NTT Docomo in

Robi will be diluted to 5 percent from 8.41 percent now. On September 9, Robi and Airtel made public their ongoing merger talks.

Welcoming the merger, Sunil Kanti Bose, the outgoing chairman of BTRC, at a press conference on Wednesday said there should be a maximum of four operators in a country like Bangladesh. "Six operators will not sustain here. So, the other operators need to merge for their survival."

## Russia plans 3pc budget deficit in 2016: minister

AFP, Moscow

Russia's budget deficit is set to reach around 3.0 percent of gross domestic product in 2016, with plans to spend \$1 billion on a fund supporting key economy sectors, Finance Minister Anton Siluanov said Thursday.

"We have fulfilled the instructions of the government, by setting the budget deficit at 3 percent of the GDP," Siluanov said, quoted by Russian news agencies.



Mohammed Roshangir, deputy managing director of Bank Asia, inaugurates the bank's agent banking outlet at Sandwip upazila in Chittagong. Saiful Islam, first vice president, was also present.

## Bangladesh's GDP to grow 6.55pc, says Bloomberg

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Earlier this month, the International Monetary Fund upgraded Bangladesh's economic growth forecast to 6.8 percent from 6.5 percent in April. The Asian Development Bank said the country's GDP will grow 6.7 percent this year.

The country's economy grew 6.5 percent last fiscal year, according to Bangladesh Bureau of Statistics.

The government has targeted 7 percent economic growth in the current fiscal year that will end in June next year.

## South Asia's procurement officials to gather in Nov

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Speakers from France, the Netherlands, the US, Canada, South Korea and the Philippines will dwell on the latest developments and practices in the global public procurement landscape.

The conference will conclude with the adoption of a Dhaka Declaration.

Planning Minister AHM Mustafa Kamal will inaugurate the conference on November 1 and Finance Minister AMA Muhith will wrap up the event on November 3.

The World Bank and the Asian Development Bank are co-sponsors of the conference.

Faruque Hossain, director gen-

eral of the CPTU, said Bangladesh leads South Asia in introduction and implementation of comprehensive e-GP.

Nepal, Uganda and Zambia have already visited the e-GP system in Bangladesh, with Sri Lanka and Bhutan expected to visit in November, he said.

At the moment, 98 agencies of 24 ministries are operating the e-GP system for their procurement. Over 17,000 tenderers have registered with the digital platform. The number of registered government procuring entities is over 2,000.

By 2020, the CPTU will implement e-GP in all government procuring entities.

# Affluent consumers on the rise: study

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Currently, only 7 percent of Bangladesh's population of 160 million is middle-income or affluent, compared to 21 percent in Vietnam and 38 percent in Indonesia, the report added.

But the MAC population will be 17 percent of Bangladesh's population by 2025, due to a decade of stable economic growth, a growing working-age population and strong upward mobility.

"Massive upward mobility among households at the lower rungs of the economy is likely to assure that growth in Bangladesh's consumer class will remain robust for decades," said the report.

BCG said the country has a young and growing working-age population -- the median age in the country is 24 years -- and it will provide a strong base for rising consumption in the coming decades.

Currently 84 million people -- more than half of Bangladesh's population -- have incomes that classify them as being at the bottom of the pyramid. By 2025, this group will reduce to 48 million.

Around 80 percent of Bangladesh's MAC population is now concentrated in Dhaka and Chittagong. "We see a dispersion of wealth unfolding," it said, adding that the development will have significant implications for business.

"For the next few years, consumer

product companies will need to focus on scaling up their operations and service capabilities in Dhaka and Chittagong to meet surging demand."

Concentrations of buying power will emerge in other places across the country; the MAC population will be more than double in Dhaka over the next decade, more than triple in Rajshahi and Barisal, and sixfold in Khulna.

Within the next decade, 63 cities are projected to have MAC populations of at least 100,000, compared to 36 now.

The BCG analysed consumer's attitude and preference and said several traits stand out as distinctly Bangladeshi; one is, the high level of optimism and willingness to spend, but the desire to spend is tempered by wariness in taking on debt.

The BCG said 81 percent Bangladeshis believe that the future of their children will be better than theirs.

Sixty percent of consumers surveyed said they expect their incomes to rise over the next 12 months, and 69 percent said there are more things they want to buy.

"But they are restrained by concerns, due perhaps to social taboos or a lack of familiarity with debt instruments -- that they will run up debt that they won't be able to repay," it said.

On consumer buying decisions, the survey found that most Bangladeshis -- more than 80 percent in the case of

consumer durables -- cited 'brand' as a top factor influencing their buying decisions.

"These consumers work within a budget and price is often cited as a second priority over quality."

Munir said Bangladeshi consumers switch to foreign products from local ones as people make more money.

Bangladeshis are highly family-oriented in buying, the report added. Some 75 percent of Bangladeshi consumers surveyed agreed with the statement that they never spend money for themselves until the needs of their families are met, it said.

"It is really interesting that they believe that what is good for their families is good for them," said Munir.

The percentage is higher than countries such as Indonesia, Thailand and Myanmar, it said. Companies should expect that strongest growth will occur in categories that benefit the entire family, it added.

It also said Bangladeshis are increasingly using mobile internet.

To win for the long term, Munir suggested companies ensure product quality and win brand loyalty in product and marketing strategies. Companies should start fighting now to win brand loyalty among consumers by stressing high quality for money.

"Quality matters more in Bangladesh than prices," he said.

## IMF concludes loan scheme

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Bangladesh's already low tax-to-GDP ratio has declined steadily since fiscal 2012-13.

Boosting revenue is necessary to maintain fiscal sustainability and build fiscal space for public investment in critical infrastructure and stronger social safety nets.

To this end, the authorities should steadfastly implement the new value-added tax law for launch by July 2016.

The new VAT law will simplify the tax administration and lower the taxpayers' compliance costs, and it is designed to protect the poor and small businesses, Furusawa said.

Further reducing inefficient and regressive energy subsidies -- by aligning domestic fuel prices with international prices and strengthening financial management and reporting in state-owned enterprises -- would also open up space to increase well-targeted social spending.

He said another important priority is to continue to strengthen the resilience of the banking sector.

The state-owned banks, in particular, should be reformed and guided by good corporate governance practices, supported by complete branch automation by 2016.

To further boost inclusive growth, continued efforts are needed to remove infrastructure bottlenecks, particularly in power and transportation, improve business climate and ensure better labour rights and safer

working conditions.

The government has taken a number of major reforms in the economic sector to fulfil the conditions of IMF under the ECF programme.

One of them was the amendment to the Banking Company Act to heighten the power of the central bank. For instance, the central bank governor now has the authority to remove managing directors of state-owned banks.

After the Awami League-led government came in power in 2009, political appointments had been made in the board of all state banks, which resulted in various financial scams such as the Hall-Mark one.

The scams were being unearthed from 2012, when the IMF started the ECF loan programme for Bangladesh.

Finance ministry and Bangladesh Bank officials said IMF teams were monitoring the financial sector every three months and pressuring the government to take steps to improve the situation.

Now the situation has improved much, the officials said. The amendment to Banking Company Act also put a ceiling on investment by banks in the stockmarket, a major cause for the crash in 2011.

As per the IMF's advice, the government also brought about stockmarket demutualisation, a process that separated the bourses' ownership from their management.

To deter the government from

taking on too much high-cost external borrowing, the IMF set a ceiling for it.

And to increase the government's revenue earning potential, the IMF was insistent on implementing the VAT law, due to take effect from July next year.

Under the law, a 15 percent VAT will be imposed at any stage.

Besides, many other small reforms were carried out, including bringing the state-owned banks under a strict regulation.

The IMF did a mid-term review in 2013 and found that the reforms increased foreign currency reserves, decreased non-food inflation, raised tax revenue and curbed poorly targeted energy subsidies.

The country achieved GDP growth of above 6 percent during the period.

The finance ministry official said the IMF programme played a positive role in maintaining macroeconomic stability.

He said they will now move forward to seek another IMF loan programme to continue with the reforms in the macroeconomic and financial sectors.

The finance minister also indicated at different times that they will start negotiating with the IMF on another loan programme.

An IMF high official had also told The Daily Star earlier that they will consider the loan programme if the Bangladesh government wants.

## Bangladesh: a rising star in denim sector

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The investment in the denim sector also increased for the higher demand: it will cross the Tk 7,500 crore-mark soon, he added. Russell, who has been in the denim business for many years, also said 20 percent of Bangladesh's denim exports go to the US and 80 percent to the European markets.

Currently, Bangladesh is the third largest denim exporter to the US, after Mexico and China, with an 11.3 percent market share, according to the US Department of Commerce.

Bangladesh exported denim products worth more than \$529.53 million to Europe between January and June, up 23 percent year-on-year, according to data from the Bangladesh Garment Manufacturers and Exporters Association.

Recently, denim makers have also started shipping to some new destinations: China, India, Malaysia, Thailand, Japan and Russia. Among the global players in the \$60 billion denim market, Bangladesh stands behind China, the US, Italy and some other Latin American countries.

Bangladeshi entrepreneurs supply denim products to retailers such as H&M, Uniqlo, Levi's, Nike, Tesco, Wrangler, s.Oliver, Hugo Boss, Puma, Primark and JC Penney.



Md Rezaul Haque, chairman of Social Islami Bank, attends the launch of operations of SIBL Foundation Hospital, Diagnostic and Dialysis Centre on Panthapath, Dhaka on Monday. Md Shafiqur Rahman, managing director, was also present.



Rezaul Hoque Sirajee, director of Suvastu Development Ltd, speaks at the handover ceremony of company's Pearl project to its apartment owners at Hotel Lakeshore, Gulshan on Wednesday.