

Bangladesh on track to digitisation

Houlin Zhao, secretary general of ITU, and Augie K Fabela, co-founder of VimpelCom, speak on Bangladesh's growing digital footprints

MUHAMMAD ZAHIDUL ISLAM

THE international community is impressed with the progress made by Bangladesh in digitisation, said two top telecom experts.

Houlin Zhao, secretary general of International Telecommunication Union, and Augie K Fabela, co-founder of VimpelCom, Banglalink's parent company, sat down with The Daily Star for a joint interview on the sidelines of the inauguration ceremony of the country's first 'IT Incubator'.

The IT Incubator was set up by Banglalink at Janata Tower Software Technology Park at Karwan Bazar under a government project that promotes startups in information technology.

While Bangladesh is on track to becoming a digital country, it needs to increase the participation of small- and medium-enterprises and startups in economic activities, they said.

Even Facebook and Google were start-ups 15-20 years ago. "Now, they have become global tech giants," Zhao said.

"If they can get this much success then why not the developing world's youth? They can also develop the next Facebook or Google from their home."

Though Facebook and Google are big companies, they need support from small and medium companies and the bright youths of Bangladesh can serve them by sitting at home.

The Bangladeshi government is very supportive of the SMEs and startups, which is commendable, Zhao added.

The ITU secretary general said

it is not easy to establish big companies in developing countries.

"From ITU we can also present young startups on the global platform and place their success stories so that they can tie up with good partners."

Zhao has visited Bangladesh three times already and every time he saw positive developments.

"Bangladeshi people are doing extremely well -- better than our expectations."

Citing the case of 'Infolady', he urged the government to support projects of that kind in order to bring significant changes in society.

He also said the Bangladeshi government should give more importance to public private partnerships for building digital infrastructure.

Banglalink and VimpelCom have plans to groom local youths in cooperation with the ICT ministry to give the sector a boost, Fabela said.

More than 20,000 students participated in Banglalink's Grandmaster idea contest, which sought ideas for mobile applications that can change the lives of millions.

In another 'Digital Bangladesh' initiative, over 300,000 students across the country were educated through Banglalink's nationwide internet awareness campaign.

"I think the ecosystem is almost ready. If we get spectrum neutrality, service will be easier to get and more people will come on board the digital platform," he said, adding that 4G service will accelerate the process.



From left, Augie K Fabela, co-founder of VimpelCom, Banglalink's parent company, and Houlin Zhao, secretary general of International Telecommunication Union, are seen with Erik Aas, chief executive of Banglalink.

The VimpelCom boss said they plan to partner with the local authorities to accelerate the 'Digital Bangladesh' vision. "We believe that offering digital services is the path to the future."

To become a digital service provider, the right skills are a must.

"That is why the company will focus on building and attracting the right digital skills to better serve its customers and training its staff to be truly digitally savvy."

Fabela also believes that a digital culture and the right mindset are essential.

Employees of Banglalink, the second largest mobile operator after Grameenphone, will be encouraged not to shy away from going into uncharted territories to better serve its customers.

Fabela called upon the gov-

ernment to allow the mobile phone operators to offer financial services as well.

VimpelCom has operations in 18 other countries and in all of them they offer mobile financial services.

"If we get the chance to operate MFS the business processing sector will also flourish," Fabela said, adding that Banglalink can provide greater security to customers' money and prevent illegal fund transfers.

About the proposed merger of Robi-Airtel, he said they are welcoming competition and will keep on doing their best to secure their position in the market.

However, he believes the merger will change the landscape of the country's telecom sector. To secure its position,

VimpelCom will likely have to make further investments.

About the government move to introduce mobile number portability, Fabela welcomed it, saying it will give customers the freedom to choose their desired network.

Banglalink is expecting a good competition as once MNP starts the operators will have to attract customers by their offerings and benefits."

Zhao also appreciated the government's satellite initiative, saying it was a desperately needed equipment to make Bangladesh a digital country.

"Though there are some unresolved issues about the satellite orbital slot with Bangladesh and some other countries, ITU can help resolve it within a short time."

PwC must face \$1b MF Global malpractice lawsuit: US judge

REUTERS, New York

Afederal judge rejected PricewaterhouseCoopers' bid to dismiss a \$1 billion lawsuit accusing the accounting firm of professional malpractice for helping cause the October 2011 bankruptcy of MF Global Holdings Ltd, a brokerage once run by former New Jersey Governor Jon Corzine.

In a 69-page decision made public on Friday, US District Judge Victor Marrero in Manhattan said there remained open questions concerning whether PwC's alleged bad accounting advice was a substantial cause of MF Global's rapid demise.

"PwC has not satisfied its burden of demonstrating the absence of any genuine issue of material fact," Marrero wrote. Corzine is not a defendant in the lawsuit, which was filed in March 2014 by MF Global's bankruptcy plan administrator.

"PwC stands by its work for MF Global," James Cusick, a lawyer for the firm, said in a statement. "MF Global's collapse was caused by its own business decisions and adverse market events, not any accounting determination." Nader Tavakoli, director of the plan administrator, in a statement called Marrero's decision "a major victory for the MF Global estate."

The decision keeps alive one of the last remaining pieces of litigation relating to MF Global's Oct. 31, 2011 bankruptcy.

PwC in April 2015 reached a \$65 million cash settlement with former shareholders and bondholders, in which it denied wrongdoing. MF Global officials and bank underwriters have also settled with investors. Customers have been made whole.

MF Global sought Chapter 11 protection after investors grew anxious about Corzine's \$6.3 billion wager on European sovereign debt, a large quarterly loss, credit rating downgrades, margin calls, and the use of customer funds to shore up liquidity.

The administrator accused PwC of "extraordinary and egregious professional malpractice and negligence" in approving MF Global's accounting for "repurchase-to-maturity" transactions through which Corzine bet on sovereign debt.

It also faulted PwC's advice on some deferred tax assets, on which MF Global took a \$119.4 million write-off just six days before going bankrupt. That contributed to a \$191.6 million quarterly loss.

In papers filed under seal but summarized by Marrero, PwC said no reasonable jury could find that its advice proximately caused MF Global's bankruptcy.

It also said the administrator "stands in the shoes" of the company under the legal doctrine "in pari delicto," and could not prevail because MF Global had been an "active and voluntary participant" in the decision-making.

Corzine and former MF Global Assistant Treasurer Edith O'Brien still face a 2013 civil lawsuit by the US Commodity Futures Trading Commission.

Afghan tourism brings reward as well as risk; government urges caution

REUTERS, Kabul

WHEN police stopped a van that was travelling across central Afghanistan to the western city of Herat, they were in for a big surprise: it was full of Western tourists.

The visitors' presence in one of the world's most dangerous countries made headlines on Thursday after their vehicle, now under police escort, was caught in a suspected Taliban ambush.

It is debatable whether the presence of security forces endangered the tourists' lives or saved them - at least five foreigners were slightly wounded.

But their trip across a stretch of country widely seen to be risky underlined the dangers such travellers face, and the difficulty Afghanistan's stretched police force has in protecting them.

"Because of the police they're alive," said a senior Interior Ministry official, speaking on condition of anonymity. "Otherwise they would all be dead."

In the van, which was badly burned in the attack, were six Britons, two Americans and a German, part of a steady trickle of visitors lured by the stunning beauty of the landscapes and landmarks and, in some cases, by the thrill of danger.

In this instance, the group had set out from Bamiyan, once home to giant Buddha statues carved into the cliffs until they were destroyed by the Taliban in 2001.

They were driving west to Herat, an ancient city near the Iranian border renowned for its citadel and blue-tiled mosque.

The Afghan government welcomes travel to what it considers safe areas, where Taliban militants, seeking to topple the government and return to power, are not deemed a threat.

Even then visitors are encouraged to fly, rather than drive between destinations whenever possible, said Zardasht Shams, deputy minister of Information and Culture.

"The (convoy) in Herat was not coordinated with us," he said, adding that many tourists visited the country last year without incident. "We do encourage tourists to come and visit Afghanistan, but after checking with us first."

After an Indian woman was kidnapped from downtown Kabul in June, officials

sparked controversy by telling expatriate residents to hire guards or use police escorts.

Bamiyan, which also boasts Afghanistan's first national park, is seen as relatively secure, the Interior ministry official said.

"In such places we have no concerns," he told Reuters. "But when they go elsewhere, we expect them to take extra measures. Unfortunately some do not."

Several tour operators catering to Westerners said they had not made the drive from Bamiyan to Herat for several years because of concerns over security.

"The main issue over the last few years has been driving between cities," said James Willcox, a founder of British-based Untamed Borders.

The company offers hiking in the remote Wakhan Corridor in the northeast, horse trekking and even heli-skiing in the rugged Afghan mountains.

But the last time it offered the driving route to Herat was in 2009.

"When we first started, we could drive from Kabul to Herat along the central route ... but as time's gone on, security has gotten worse between cities," Willcox said.

The handful of operators who bring international tourists to Afghanistan say increasing violence has led them to curtail some travel in recent months.

Major suicide bombings have rocked Kabul this year, and areas of Helmand in the south and Kunduz in the north are regularly hit by fierce battles between troops and insurgents. Smaller, more sporadic attacks occur across the country.

Willcox said he had not had any cancellations yet since Thursday's incident. Untamed Borders took around 50 clients on trips to Afghanistan in 2015 and expects to escort another 60 this year, he added.

For Jonny Blair, who went to Afghanistan with Untamed Borders in January, the lure of the country's famous sites and natural beauty overrode any fears. "I grew up in Northern Ireland, so I'm used to seeing guns," he said.

Local residents were nothing but welcoming, Blair said, and he never felt threatened. "I definitely would go back."

Marc Leaderman, head of group tours at Wild Frontiers, another British firm, said his company had no plans to bring any visitors this year.

Why India's GST is one of the world's most complex tax reforms



It is not clear whether small businesses are ready for the tax.

BBC NEWS

WILL India, a \$2 trillion (£1.5 trillion) economy with 1.3 billion consumers, now become a truly single market?

Many believe the landmark goods and services tax bill - passed by parliament on Wednesday evening, after years of filibustering by the ruling BJP and main opposition Congress - is a key step in that direction.

It is also the most significant tax reform since independence for what is now Asia's third largest economy.

The GST subsumes India's messy plethora of indirect taxes, duties, surcharges and cesses into a single tax.

It is expected to:

- ease a cumbersome tax system
- help goods move seamlessly across state borders
- curb tax evasion
- improve compliance
- raise revenues
- spur growth
- stimulate investment
- make investing and doing business in India easier

Some 160 countries, according to consulting firm Deloitte, have some form of GST or value added tax.

The federal and state governments will jointly administer India's dual GST. This means it will be a set of 38 different taxes:

- a GST for each of the 29 states and seven federally administered union territories
- a federal GST
- an integrated GST on inter-state supplies of goods and services

It, as The Economist says, is "not quite an act of fiscal unification" but simpler than the thicket of taxes it will replace.

What promises to one of the world's most complex tax reforms is expected to be serviced by state-of-the-art technology.

Indian software giant Infosys is building a gigantic electronic infrastructure - a GST portal - where taxpayers can register, make payments and file returns. Some 7.5 million businesses will be covered by the tax.

Clearly, a successful GST in India will be a minor miracle.

"No country of comparable size and complexity has attempted a tax reform of this scale," says Harishankar Subramanian, of Ernst and Young.

The GST is also a potential game-changer as the burden of taxation moves from the state of manufacture to the state of consumption of goods and services.

Experts believe fears that revenues of manufacturing hubs - such as Gujarat and

Maharashtra - will be hit are unfounded as such states attract more workers, who make up a growing base of consumers.

But some of the biggest beneficiaries, they say, will be populous, manufacturing-weak states - Bihar and Bengal, for example - who have a large number of consumers.

"By and large, it is a win-win situation for both the centre and the states," says Subramanian.

Mihir Sharma, author of *Restart: The Last Chance for the Indian economy*, calls the GST "completely revolutionary, the sort of economic backroom plumbing that changes your life without you even noticing it".

But India's GST is also far from perfect.

For one, the tax will not be imposed on highly lucrative - and rent-seeking - alcohol, oil products and real estate industries. Shrinking the ambit of the tax means giving up a good chunk of revenues.

A steep tax could easily make some goods and services expensive - the government apparently favours an 18 percent GST rate - and stoke inflation.

Differences could easily flare up between the centre and the states over the rate and tax-sharing arrangements.

Implementing the complex new tax system could be fraught with glitches. Reports say only 20 percent of companies are actually getting ready for the tax. Also, more importantly, GST, by itself, is no magic pill.

India's debt-saddled state-owned banks need to clean up their books and ease lending. The government should move swiftly and imaginatively on creating jobs, boost agriculture and ensure social stability for long-term and inclusive growth.

India also needs to mop up a lot more income tax - only 1 percent of Indians pay the tax and evasion is pervasive. Successive governments appear to be helpless in reforming a corrupt tax-collection machinery. But most believe that even an imperfect GST law should be given a chance to succeed.

Revenue Secretary Hasmukh Adhia and economic adviser Arvind Subramanian say no country has claimed a flawless GST since inception, and further and better change in complex systems is incremental. Agrees economist Vivek Dehejia: "The perfect ought not

become the enemy of the good, especially as a less-than-perfect GST which can be improved down the road will be better than our current patchwork quilt of taxes, which prevents India from being stitched into a single market."