Star BUSINESS

DHAKA TUESDAY JANUARY 3, 2017, *POUSH 20, 1423 BS*

Internet, social media blackout costs $69m

Washington-based Brookings Institution releases report

MD FAZLUR RAHMAN *and* MUHAMMAD ZAHIDUL ISLAM

Bangladesh lost $69 million due to internet shutdowns spreading over more than four weeks in the year that ended last June, according to a report by the Centre for Technology Innovation at Washington-based Brookings Institution.

The estimate is conservative and considers only reductions in economic activity and does not account for tax losses or drops in investor, business and consumer confidence, said the century-old research organisation.

ECONOMIC COSTS OF INTERNET SHUTDOWNS (JULY 2015-JUNE 2016)

COUNTRY	NUMBER OF DAYS DISRUPTED	TOTAL COSTS (IN MILLION DOLLAR)
India	70.54	968
Saudi Arabia	45	465
Iraq	2.75	209
Brazil	5	116
Pakistan	3.83	69
Bangladesh	25	69
Turkey	2.75	35
Vietnam	4	11

The report, which highlights significant economic and social damage that internet service disruptions bring to countries, covered two internet shutdowns in Bangladesh between July 31, 2015 and June 30, 2016. The shutdowns lasted 25 days in total.

On November 18, 2015 the government blocked internet and social media networks Facebook and online messaging and calling services WhatsApp and Viber after the Supreme Court rejected pleas to review the death penalties meted out to top war criminals Salauddin Quader Chowdhury and Ali Ahsan Mohammad Mojaheed.

The shutdown on internet lasted only for an hour but the restrictions continued on Facebook, Viber and WhatsApp until December 12. Later in the same month, the government blocked Twitter, Skype and Imo for three days.

Industry people could not come up with economic losses immediately, but they said internet blocking always directly impacts the ecosystem of the country, while social media blackout harms businesses and social life.

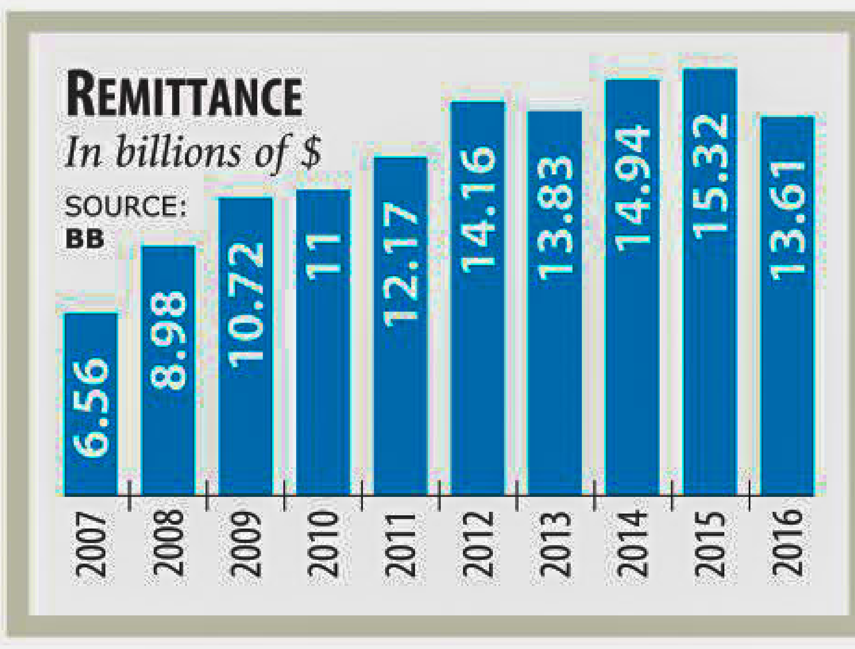
The Brookings paper analysed the economic impact of temporary internet shutdowns. It examined 81 short-term shutdowns in 19 countries, identified their duration, scope and the population affected, and estimated their impact on the gross domestic product.

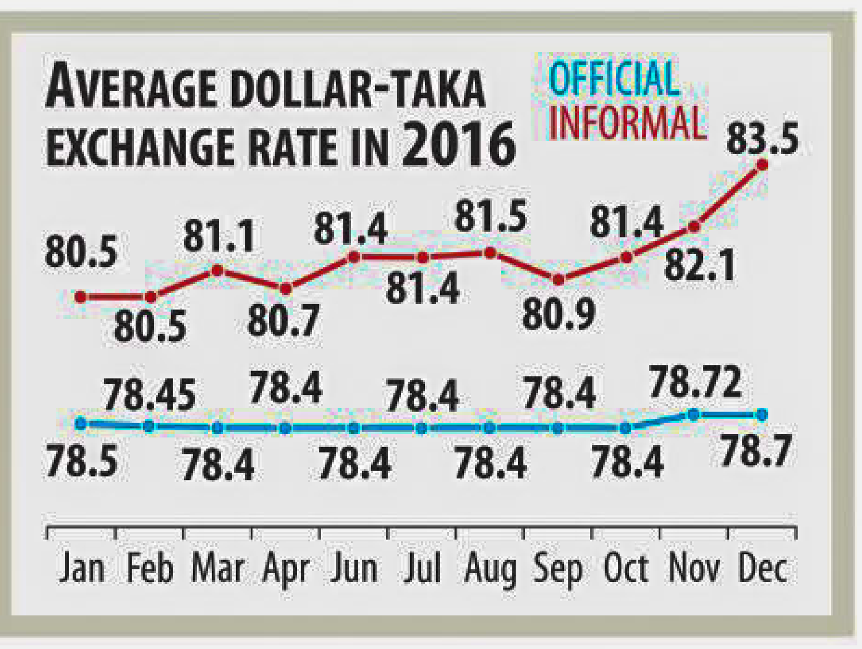
The analysis found that between July 1, 2015 and June 30, 2016 the shutdowns cost at least $2.4 billion in GDP globally.

Economic losses include $968 million in India, $465 million in Saudi Arabia, $320 million in Morocco, $209 million in Iraq, $116 million in Brazil, $72 million in the Republic of the Congo, $69 million in Pakistan, $48 million in Syria, $35 million in Turkey and $20 million in Algeria, among other places.

READ MORE ON B3

Remittance inflow lowest in five years





REJAUL KARIM BYRON

Remittance inflow slumped by about $2 billion in 2016 from a year earlier despite a 35 percent increase in migrant outflow during the period.

The low oil price on the global market and rising preference for hundi by expatriate Bangladeshis have been blamed for the slide in remittance.

In 2016, remittance inflow stood at $13.61 billion -- the lowest in five years, according to central bank statistics. The amount is lower than 2015's receipts by 11.13 percent.

Migrant outflow, which, in theory, is positively correlated to remittance, was two lakh more last year.

In 2016, 749,249 migrant workers went abroad for jobs in contrast to 555,881 in 2015, according to the Bureau of Manpower, Employment and Training.

"Though remittance inflow declined it is still quite good," Finance Minister AMA Muhith told The Daily Star.

Remittance fell mainly due to the decrease in oil price, he said.

"But still, the slide in remittance is not a challenge, as the number of expatriates returning home is not increasing. They are staying back where they are."

"In Saudi Arabia, the overall salary fell but the expatriates still feel they are well off there. They are remaining there," Muhith added.

Saudi Arabia accounted for the highest incremental share in manpower export figure for 2016, while a significant number of the workers went to Oman, Qatar and Malaysia.

There is anecdotal evidence that the real income of migrants is waning in the Gulf Cooperation Council countries: prices of staple goods and public services have increased, according to a World Bank report released in October.

Saudi construction firms have been hit hard due to the lower oil prices, which have curbed and, in some cases, delayed government spending on major infrastructure projects.

READ MORE ON B3

A water plant that brings jobs to people with disabilities

SOHEL PARVEZ

Drinking water, bottled in a state-owned factory that is run by physically challenged persons, will get priority in ministries, divisions and related agencies, officials said.

Branded as Mukta, the drinking water is bottled in the plant of Maitri Shilpa run by Sharirik Pratibandhi Surakkha Trust (a trust for physically challenged persons) under the social welfare ministry.

The brand is the official drinking water of Prime Minister's Office, Gono Bhaban, Parliament Secretariat, Secretariat and Bangladesh Parjatan Corporation, said Abdullah Al Mamun, executive director of Maitri Shilpa.

Md Zillar Rahman, secretary of the social welfare ministry, said he requested other ministries and divisions to use the drinking water for the benefit of the challenged people. He said the quality of the water is good, but the market did not expand much due to inadequate marketing.

The government set up the plant, having bottling capacity and equipment for making plastic products, in 2004 to create jobs for physically challenged people.

The plant bottles 10,000-12,000 litres of water a day in nine bottle sizes, including 250ml, 500ml, 1 litre and 1.5 litres, and sells water at prices equal to those offered by private bottlers.

For example, the retail price of a 500ml bottle of Mukta brand water is Tk 15, said Mamum.

READ MORE ON B3

Banglalink seeks to set up tower company

MUHAMMAD ZAHDIUL ISLAM

Banglalink has sought permission from the telecom regulator to establish a subsidiary company for its network infrastructure such as towers, energy equipment and civil work.

The new company will become an independent passive infrastructure provider.

Bangladesh Telecommunication Regulatory Commission received a no-objection certificate application from the country's third largest operator and is looking into the matter, a top official of BTRC said.

In its application, Banglalink said it is sharing some of its passive infrastructure such as towers, energy equipment and civil work as per the BTRC's guideline.

Given the BTRC's policy of encouraging infrastructure sharing, the operator now wants to establish the subsidiary, Banglalink Digital Communication Ltd, according to the application signed by Taimur Rahman, its chief corporate and regulatory affairs officer.

All of Banglalink's passive infrastructure will be transferred to the subsidiary, as well as the existing master agreements between Banglalink and any other licensee.

The lease agreement between Banglalink and relevant landlords for each tower will also be transferred to the new company.

The telecom regulator earlier allowed Robi to set up a similar subsidiary company, e.co, which has about 9,000 towers in its books.

Banglalink cited this move as an example in the letter but did not take Robi or e.co's name.

Currently, the government and the telecom regulator are working to separate the mobile service and the tower operation businesses.

They are planning to award two licences for tower operation, who then will serve all the mobile phone operators and other telecom service providers.

BTRC Chairman Shahajan Mahmood said they are serious about awarding the tower licences and the industry will see them this year.

"We have sent it to the government. They gave us some observations and we are now working on them."

Mahmood said the move will bring fresh investments into the country.

Currently, there are about 30,000 towers engaged in mobile phone operations.

If the two tower companies can operate properly, then the total number of towers will come down -- a development that will save valuable land, power and other operational expenses.

Banglalink also plans to improve its capital structure and increase investment for modernisation of telecom services, according to the letter.

Banglalink has around 8,000 base tower stations and of them 6,000 are connected with 3G services.

Earlier, market leader Grameenphone created a subsidiary company, GP IT, and later sold its majority share to American company Accenture.

Alliance condemns arrest of labour leaders

STAR BUSINESS REPORT

The Alliance for Bangladesh Worker Safety, a building inspection agency of 28 North American retailers and brands, condemned the arrest and detention of labour leaders after the recent unrest at Ashulia-based garment factories.

"We are deeply troubled by reports of the detention and interrogation of nearly a dozen labour rights leaders by the Bangladesh government," the Alliance said in a statement.

"The Alliance strongly supports the rights of workers to organise in accordance with the laws of Bangladesh. Our Member Agreement formally asserts the right of workers to refuse to work in dangerous conditions, and we support and encourage the right of workers to unionise in Alliance-affiliated factories."

"We consult closely with our Board Labour Committee—comprised of five trade union leaders—on all matters related directly to workers," the Alliance said.

READ MORE ON B3

NBR moves to prevent misuse of tax benefit for small businesses

STAR BUSINESS REPORT

The revenue authority is preparing a list of traders who pay trade VAT and package VAT, in a bid to prevent misuse of a tax benefit given to small and medium businesses, said officials.

The National Board of Revenue has already asked field offices, including those in Dhaka, to send the list of traders who pay package and trade VAT.

The NBR is taking the step as it considers reducing the rate of package VAT to lessen the pressure on small and medium shops.

"We want to ensure that large traders do not enjoy that privilege," said the NBR official, asking not to be named.

The plan was made following a demand from businesses after the package VAT was doubled to Tk 28,000 a year for shops in Dhaka and Chittagong city corporations from this fiscal year.

For shops in other city corporations, the package VAT rate was doubled to Tk 20,000. The NBR also raised the fixed amount of VAT for shops in municipalities.

Traders said the new amount is too high for small shops.

Insiders said the rate of package VAT, which is determined based on certain amount of value addition by shops, may be fixed 20 percent higher from the rate in the previous fiscal year, for example Tk 14,000 in Dhaka.

Revenue officials said the government gets less than Tk 20 crore a year from the package or fixed VAT collected from thousands of small and medium businesses, including stores and restaurants.

Many large shops and wholesalers also prefer to be in the fixed amount of VAT payment system despite logging in quite a handsome amount of turnover, they added.

Currently, shops with an annual turnover up to Tk 80 lakh are supposed to pay tax equivalent to 4 percent of their sales turnover.

But many large shops tend to pay package VAT instead, due to which they do not need to show their annual turnover to the authority, according to revenue collectors.

The government plans to scrap the package VAT system entirely in the new law, which would be in force from July 1 this year.

Under the new law, shops with an annual turnover of up to Tk 30 lakh would be exempt from VAT payment. Shops will have to pay 3 percent tax if their turnover stays between Tk 30 lakh and Tk 80 lakh a year.