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Star BUSINESS

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Earnings from incoming calls on the decline

MUHAMMAD ZAHIDUL ISLAM

The government's earnings from incoming international telephone calls fell 23.41 percent year-on-year to Tk 1,201 crore in 2016 because of a sharp decline in inbound voice traffic and a rise in the call routing rate.

Shahjahan Mahmood, chairman of Bangladesh Telecommunication Regulatory Commission (BTRC), said the regulator is trying to fix the issue by way of enacting regulation.

"We have formed a committee, which is working on the subject."

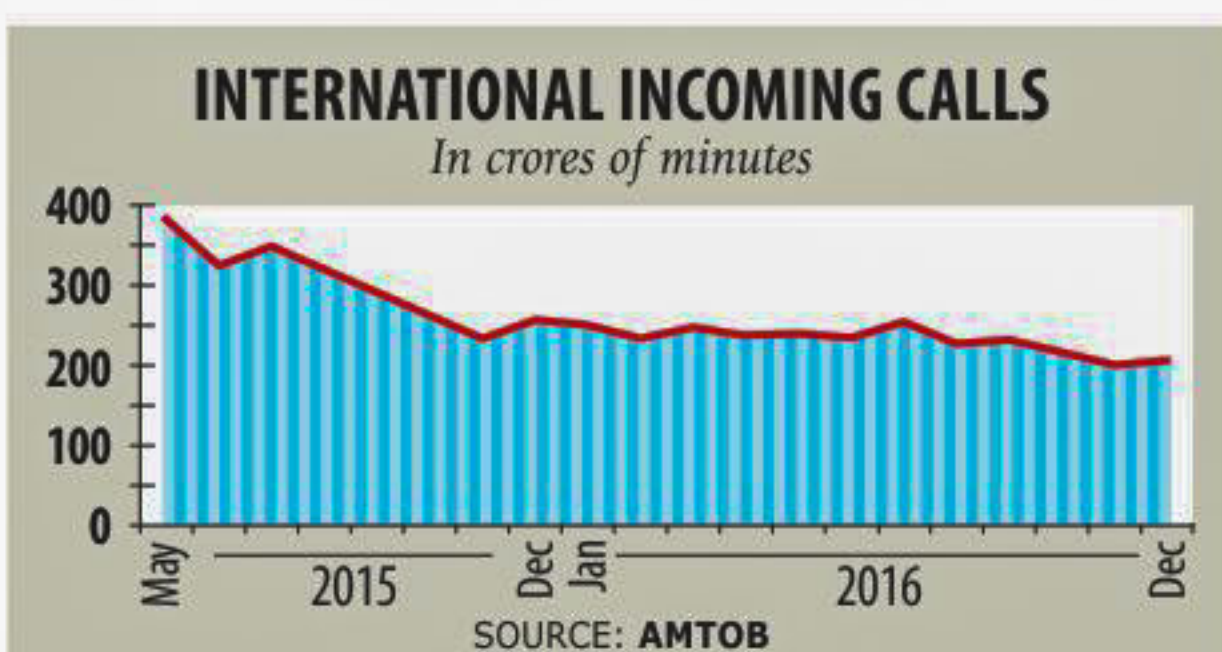
The government earned Tk 1,568 crore in 2015 from incoming international calls.

In 2013-14, the government's earnings from international incoming calls stood at Tk 1,851 crore, although the daily call volume was less than half then.

At that time, the call termination rate was 3 cents a minute, 51.75 percent of which went to the state coffers; the government reduced the floor rate to 1.5 cents in early 2015 and its share to 40 percent.

The telecom regulator found that the international incoming call minutes declined 46 percent within a span of 20 months. Total incoming voice calls stood at 383.2 crore minutes in May 2015, but it dropped to 205.7 crore minutes at the end of December 2016.

The international gateway operators (IGWs) formed a platform called IGW



Operators Forum (IOF) in early 2015. It raised the international incoming call rate by 33.33 percent to 2 cents a minute in August 2015.

But the IGW operators that route the incoming international calls have continued to share revenue with the government and other stakeholders based on the floor rate of 1.5 cents, said the Association of Mobile Telecom Operators of Bangladesh (AMTOB), in a letter to BTRC recently.

It said the government is being deprived of Tk 420 crore in revenue a year for the gap between the routing rate and the sharing rate.

Bangladesh is losing an additional Tk 1,368 crore in earnings a year due to the significant decrease in the international incoming calls.

Similarly, the mobile operators and inter-connection exchanges faced Tk 932 crore in lost earnings, according to AMTOB.

The letter said incoming call volumes declined as a result of the hike in the call rate.

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Ha-Meem Group bets big on denim

It will invest \$60m in one year for expansion

REFAYET ULLAH MIRDHA

Ha-Meem Group, a leading garment manufacturer, is going for massive expansion to double its export receipts to \$1 billion in the next six years, said its chief.

At present, Ha-Meem Group's annual exports stand at \$535 million, and it counts retail giants like Gap, Esprit, American Eagle Outfitters, H&M, Abercrombie & Fitch, Kohl's, Tommy Hilfinger, JCPenney, Mango, Zara, Next, Tom Tailor and Oshkosh as its major buyers.

The group will invest \$60 million in one year for the expansion, said its Managing Director AK Azad, adding that the expansion works will involve the denim plant in Maona.

As per the expansion plan, Azad said a denim unit with a produc-

tion capacity of 1.5 million yards a month has been set up and will go into operation from next month.

Another one with the same production capacity will go into operation from June.

Currently, the group produces 3 million yards of denim fabric in a month, so with the two new units the total production capacity would reach 6 million yards.

Ha-Meem chose to boost its denim production as the demand for the fabric is rising fast around the world.

"And denim would be the next big business opportunity for Bangladesh as China is losing its market share due to higher costs of production and a lack of skilled manpower," Azad said.

China exports more than \$270 billion worth of garment items in a year.

KEY POINTS HAMEEM GROUP

- Ha-Meem aims to export products worth \$1b in next 6 years
- It will invest \$60m in 1 year
- It will produce 6m yards of denim fabrics per month
- Ha-Meem now exports products of \$535m a year with 5% growth
- The group has 23 textile and garment factories
- Total employees 50,000

"If Bangladesh can grab even a minimum share of the shifted work orders from China, the country's

garment export will grow significantly."

Ha-Meem Group is also installing machinery to open a new factory in Maona to produce 2 million yards of woven fabrics in a month, he said.

The demand for woven fabrics is also high in Bangladesh as the local weavers can only meet 40 percent of the annual demand.

The rest of the demand for woven fabrics is met by imports mainly from China.

Bangladeshi garment makers spend more than \$4 billion for importing the woven fabric in a year.

Currently, Ha-Meem Group has 23 units, of which 13 are garment factories and the remaining are spinning, dyeing, garment accessories and finishing units.

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Salary payment into bank accounts spurs savings: study

STAR BUSINESS REPORT

Wage payment through electronic system, particularly to bank accounts, encourages workers to save, said a study unveiled yesterday.

"It also causes them to shift away from the informal system and into the formal one," said Emily Breza, assistant professor of economics at Harvard University, after presenting preliminary findings of the

study at a programme.

UK-based International Growth Centre and Brac Institute of Governance and Development jointly organised the event at the capital's Six Seasons Hotel. Over 3,000 workers of two garment factories were interviewed for the study.

The study found that the workers did not empty their bank accounts as soon as their salaries came. And the women tend to save more and

also prefer to get their salaries into their bank accounts, according to the findings.

"Across the board we see a pretty big increase in trust in the financial system. Workers get exposed to financial products and are better able to smooth shocks that happen," Breza said. The study found that people who had mobile banking accounts were better able to mitigate shocks.

"Savings responses are stronger

for banks while the shocks responses are stronger for mobile banking. And across the board, the trust improves for both bank and mobile," she added.

Mobile banking system has been around for a while now but it is yet to be treated as an instrument for savings, said Wahiduddin Mahmud, an economist. "It is just used for sending money," he added.

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Foreign funds shoot up in Dhaka bourse

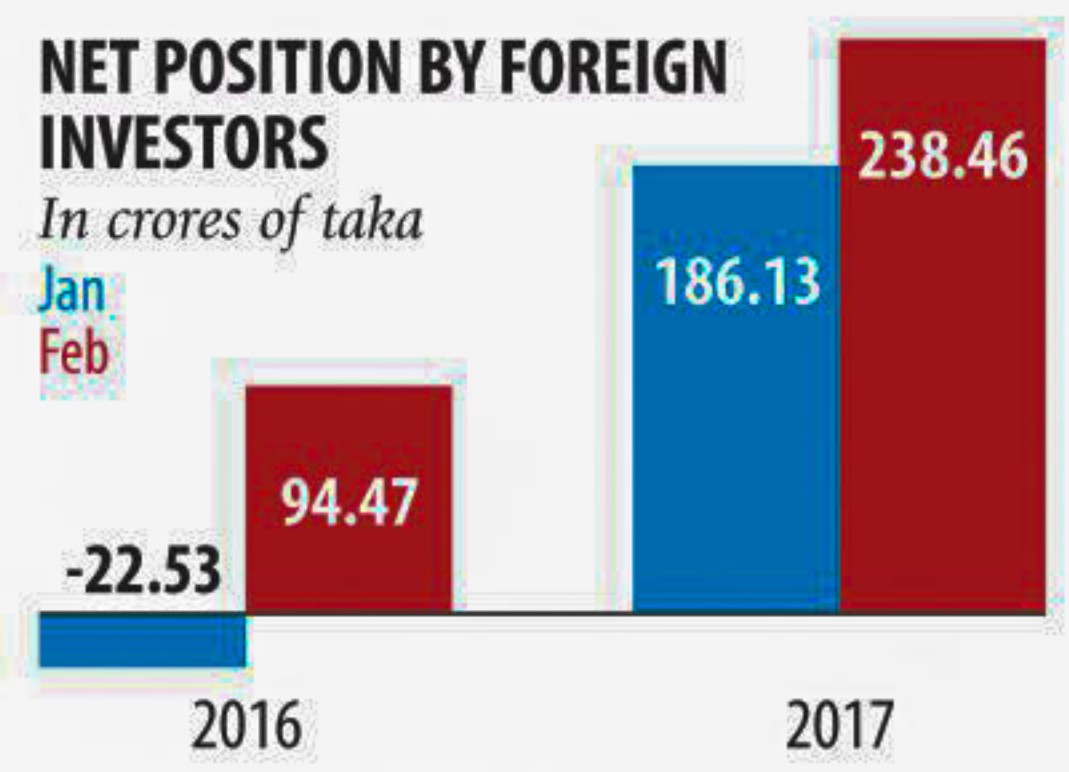
SARWAR A CHOWDHURY

Net foreign investment in Dhaka Stock Exchange soared two and a half times year-on-year to Tk 238.46 crore in February, as the Bangladesh stockmarket is gradually becoming lucrative for investment.

Overseas investors bought shares worth Tk 435.67 crore and sold shares worth Tk 197.21 crore in the month, according to Dhaka Stock Exchange.

Many international fund managers see the Bangladesh stockmarket as an emerging one in the region and that is why more funds are being injected here.

The Government Pension Fund Global, the world's



biggest wealth fund, invested \$112 million in the Bangladesh's stockmarket in 2016 -- a six-fold rise from the previous year. The Norwegian sovereign wealth fund invested in 15 companies that are listed on the premier bourse.

The wealth fund first made an investment in Bangladesh in 2015 with a modest amount of \$19 million, according to the Norwegian embassy in Dhaka.

"The Bangladeshi economy is maturing and companies are regarded as promising investments," Norwegian Ambassador Sidsel Bleken said in a statement last week.

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Online platform launched for technical service providers

STAR BUSINESS REPORT

A project for technical service providers in Dhaka -- Better Life Enterprises Development (BLED) -- was launched yesterday, aiming to bring marginal people to a virtual platform to support a better life for them.

Young Consultants launched the project for these people, supported by Business Finance for the Poor in Bangladesh, a fund of UK Aid.

Shamsul Haque, former vice chancellor of Northern University, inaugurated the project, while Chris August, team leader of challenge fund, attended the function at The Daily Star centre.

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Automatic pay rise for govt staff on the cards

STAR BUSINESS REPORT

The government has moved to introduce an automatic annual pay rise for civil servants keeping pace with inflation instead of increasing salaries through pay commissions.

"The new system will be put in place before we leave, and the next government will implement it," Finance Minister AMA Muhith said after a meeting at the secretariat.

Muhith chaired an inter-ministerial meeting which decided to form a nine-member committee led by the secretary for coordination and reform of the cabinet division.

The committee will submit a report within three months.

The government, at the time of

implementing the last pay scale, said that no pay commission will be formed in the future, said Muhith.

Instead an automatic system will be put in place to take care of the inflation factor. A cell will be formed to deal with the subject, he said.

"We sat to discuss how the pay will rise in the future," said Muhith. The nine-member committee will comprise representatives of ministries, including the ministries on finance, commerce, planning, and establishment, as well as Bangladesh Bank and the Office of the Comptroller and Auditor General.

The government increased the basic salary of civil servants in July 2015 and made effective the allowance in July last year.

China vows zero tolerance for faked data

REUTERS

China's top statistician said on Sunday anyone caught falsifying economic data would face zero tolerance and be punished under the law.

There has long been scepticism about the reliability of Chinese data, especially as the government has sought to reduce expectations of a protracted slowdown in the world's second-largest economy.

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