

**কিডনী ডায়ালাইসিস মাত্র ২,৩০০ টাকা!**

প্রথম বছরে ৯৯,০৯৮ ডায়ালাইসিস সম্পন্ন।

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# Star BUSINESS

DHAKA WEDNESDAY APRIL 5, 2017, CHAITRA 22, 1423 BS

## Regulator prepares 4G guideline for govt nod

**MUHAMMAD ZAHIDUL ISLAM**

The telecom regulator has finalised its proposed licensing guideline for 4G services, which will be sent to the government shortly for final approval.

Bangladesh Telecommunication Regulatory Commission has proposed 15 percent revenue sharing with the operators from fourth generation (4G) services.

Mobile operators are currently sharing 5.5 percent of their gross revenue from 2G and 3G services with BTRC, in addition to 1 percent as contribution to the social obligation fund.

"We have proposed Tk 15 crore as licence fees for 15 years and another Tk 7.5 crore as annual fees," BTRC Chairman Shahjahan Mahmood told The Daily Star yesterday.

"After getting the approval, we will offer 4G licences to the existing operators, who will be able to launch 4G within a couple of months as they are already enjoying technological neutrality in the 2100 band," said Mahmood.

The mobile operators already tested their network for 4G services in the 2100 band and got a reasonable 50 to 100 Mbps of speed for both uploads and downloads. At present, they are offering 3G services in this band, which they acquired in 2013 in an auction at a price of \$21 million per MHz.

BTRC also proposed Tk 150 crore for bank performance guaranty, which has to be paid in two separate segments. Operators will have to pay Tk 75 crore for the rollout obligation and another Tk 75 crore to clear future dues, if any.

Under the rollout obligation, operators will have to extend 4G services in all the divisional headquarters within the first nine months of getting the licence; they are also bound to

**4G LICENSING GUIDELINE AT A GLANCE**

Licence fees: Tk **15cr**

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Annual fees: Tk **7.5cr**

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Bank guarantee for rollout obligation: Tk **75cr**

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Operators will ensure service in divisional cities in **9 months**

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They will cover district headquarters within **18 months**

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Operators should cover whole country in **36 months**

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Bank guarantee for future dispute resolution: Tk **75cr**

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Technology neutrality charge: **\$7-\$8m** each MHz

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Floor price for spectrum auction: **\$25m** each MHz

rollout these services in the district headquarters within 18 months, according to the guideline. They will get a total of three years to rollout 4G services across the country.

If operators comply with these obligations, they will be eligible to get a refund of Tk 25 crore in each segment, said an official involved in the

guideline formation process.

The regulator recommends allowing the entry of one new player in the market; the entrant will have to purchase spectrum in the upcoming auction.

The commission also formed a committee on drafting the spectrum auction guideline and that will be completed soon, said the BTRC chairman.

BTRC has 15 MHz of unsold spectrum in the 2100 band, 10.6 MHz in the 1800 band and some spectrum in the 900 band that was released from Airtel after its merger with Robi.

Mobile operators use the 2100 band for 3G services and 900 and 1800 bands for 2G services. But after getting technology neutrality, they can use the latter two bands for 4G services, which will be cost effective.

For the auction, the government earlier approved \$25 million for each MHz of spectrum, but now they are planning to add \$7-\$8 million per MHz for technology neutrality, said the BTRC chief.

For their existing spectrum, operators have to pay an additional \$7-\$8 million per MHz for technology neutrality as well, added Mahmood. "The rate is yet to be fixed."

Technology neutrality allows the operators to offer any service in any band, which will reduce the operators' cost of doing business and improve service quality.

Earlier in February, Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy directed BTRC to introduce 4G services in the country as soon as possible.

He also approved technology neutrality, which operators have been demanding for a long time.

## Keep VAT low for gas and electricity: economists

**STAR BUSINESS REPORT**

Two economists yesterday suggested keeping the value-added tax rates low for electricity and energy instead of collecting 15 percent from commoners.

"It will be better if the VAT on electricity and fuel is withdrawn. But if not possible, it will be good to keep the rate as low as possible," said Wahiduddin Mahmud, a noted economist, at the pre-budget meeting organised by the National Board of Revenue.

Mahmud, also a former adviser to a caretaker government, said universal inputs like electricity and energy should not attract any VAT from a rational point of view.

"But VAT is collected from these areas for revenue collection."

Mahmud also suggested making the compliant and tax dodgers' names public to curb evasion and encourage compliance.

He said tax evasion is one of the main problems in Bangladesh.

"Some are not paying taxes for lack of awareness while some are dodging for self interest. But the main reason is social attitude where non-payment of tax is treated as normal. As a result, none feels guilty for non-payment."

A list of tax and VAT paying businesses can be put up at the open spaces of markets for motivation. Compliant VAT paying firms can also be given recognition, the economist said.

"Tax payment should be made part of social norm where non-compliance should be viewed as humiliation. Tax should be paid from the fear of social embarrassment."

He also suggested the revenue authority to continue with its awareness campaigns to motivate people to pay tax.

About the new VAT law, he said its implementation will make determine whether it is good or bad.

"Enforcement is the real test," Mahmud said, while stressing on the need for getting more firms to sign up for Business Identification Number.

Businesses should be encouraged so that they can maintain their accounts and records properly, he said, while recommending the taxmen to cross-check the statements submitted by businesses to the NBR for tax compliance and to banks for getting loans.

About the realtors' pleas for allowing investment of undisclosed income without any questioning, he said: "It is not the tax authority's concern if the income is legal or illegal -- it is the job of the Anti-Corruption Commission."

He also stressed on revising the minimum registration value of land, citing that a large portion of properties are transferred at prices much higher than the minimum value. As a result, many honest taxpayers become owners of illegal income.

"This cannot be," he added.

The cost of gas and electricity has already increased for the hike in rates by the government, said Towfique Islam Khan, research fellow of the Centre for Policy Dialogue.

In such a scenario, a hike in VAT rate to 15 percent will affect consumers.

At present, consumers have to pay 5 percent VAT on electricity bills.

## Govt declines WB funds for ensuring security of state firms

**STAR BUSINESS REPORT**

The government yesterday declined financing from the World Bank for a project on modernisation of state-owned financial institutions as the prime minister has reservations about external involvement in the matter.

The Washington-based multilateral lender was supposed to provide 70 percent of the funds for the Tk 1,580-crore project, under which the state-owned banks would be automated and cybersecurity enhanced among others.

The project was placed in yesterday's meeting of the Executive Committee of National Economic Council, which was attended by Prime Minister Sheikh Hasina.

Upon seeing the project proposal, Hasina said there is no need to improve the security of the country's own institutions with foreign money, according to meeting sources. The project was then withdrawn.

She said the institutions have enough money and their security has to be ensured by the local experts using those funds. Hasina then directed the Economic Relations Division to see if the WB money can be used in other projects.

After the meeting, Planning Minister AHM Mustafa Kamal told reporters that the government itself can do the work of enhancing the state banks' cybersecurity and hence no external involvement is necessary.

Agrani Bank Chairman Zaid Bakht said the country has acquired sufficient expertise to ensure cybersecurity.

## Janata weighed down by restructured large loans

**JEBUN NESA ALO**

Janata Bank is under trouble as some of its large borrowers whose loans were restructured under a special policy of the central bank are not paying installments regularly.

The state lender restructured the highest amount of credits among the banks since Bangladesh Bank introduced a separate loan restructuring policy for big defaulters worth Tk 500 crore or more in 2015.

Eleven corporate groups have availed the facilities. Of them, seven are the clients of Janata Bank. The seven clients are: Beximco, Jamuna, Thermax, SA Group, BR Spinning, AnnonTex and Ratanpur.

The total restructured loan stood at Tk 14,400 crore, of which 35 percent or Tk 5,000 crore were regularised by Janata Bank.

SA Group, BR Spinning and Ratanpur Group have failed to continue paying installments.

The three groups owe over Tk 800 crore to Janata Bank. These business groups had sought further extension



**KEY POINTS**

7 out of 11 corporate groups granted restructuring of loans are Janata clients

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Janata accounts for **35%** of all loans restructured

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Recovery rate of loans restructured is **11.48%** while it is **31.50%** under existing policy

The three groups had a total loan of over Tk 2,300 crore regularised by various banks. Of them, SA group has had loan of over Tk 900 crore restructured, BR Spinning over Tk 570 crore and Ratanpur over Tk 800 crore, according to BB data.

Of the seven groups, BR Spinning and Ratanpur have already become defaulters as they did not pay installments on time, said Abdus Salam, managing director of Janata Bank.

He said the grace period of BR Spinning was extended, but it still has failed to pay installments. The group is preparing to file a writ with the High Court so the default status is stayed.

"It is a big problem for the banking sector as defaulters are filing writ petitions against their default status to take fresh loan. As a result banks cannot take actions or reject their loan proposals," he said.

Salam said SA Group has paid a small portion of the loans.

"We have already served notice to these groups to pay installments regularly," he said.

## Crisis in apparel sector to be solved through discussion

**First meeting of tripartite council held**

**STAR BUSINESS REPORT**

The government, apparel factory owners and labour leaders yesterday agreed to resolve any crisis in the garment sector through consultations among the stakeholders.

The decision was taken at the first meeting of the tripartite council on the garment sector headed by Mujibur Haque, state minister for labour and employment, at his secretariat office in Dhaka.

"There might be some problems in the country's garment sector and those can be addressed internally," the minister said. Earlier, the government formed a 20-member council to address labour related issues that sometimes cause volatility in the labour-intensive readymade garment industry.

Nazma Akter, assistant secretary general of IndustriALL Bangladesh Council, suggested government handle labour-related issues carefully. "Trust and confidence between the owners and workers must be enhanced," she said.

## Revisit EPZ law to sustain trade privileges to EU

**REFAYET ULLAH MIRDHA**

There is no ignoring the contribution of the European Union's liberalised trade policy to Bangladesh's position as the second largest apparel exporter.

Everything But Arms (EBA) scheme. Bangladesh is a strong player among the 49 LDCs that are eligible for a trade privilege to the EU, accounting for the highest rate at 65.7 percent EBA utilisation last year.

Bangladesh has become the second largest garment exporter defeating giants like India, Pakistan, Turkey and Vietnam, despite not having one of the major components of the trade -- raw cotton.

Such a feat was possible for the duty benefit, whereas competitors have to bear a 12.5 percent duty on export to this 28-nations trade bloc.

According to Export Promotion Bureau, Bangladesh exported goods worth \$18.68 billion to the EU last fiscal year, which was 54.57 percent of total exports of \$34.24 billion.

Of the amount, apparel accounted for \$17.15 billion. The EU currently receives just over 62 percent of all Bangladesh's garment exports.

The EU recently sent a letter to the government threatening to temporarily suspend the trade privilege if labour rights are not improved, following a special paragraph of the ILO that was adopted in the ILO's International Labour Conference (ILC) in Geneva last year.

In the special paragraph, the ILO suggested four important factors -- amendment of the labour law relating to full freedom of association, freedom of association by the EPZ workers, investigation into anti-union discrimination and simplification of union registration.

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## Better Work forum applauds progress, calls for more actions

**STAR BUSINESS REPORT**

The Better Work Bangladesh programme held its second stakeholder and buyer forum in Dhaka yesterday where experts lauded its impact on the garment sector and also called for stepping up efforts to improve working conditions and increase factories' competitiveness.

Some 300 national and international garment sector representatives attended the forum, including partners from the government, employer associations and unions, as well as 80 members from international brands, according to a statement of the International Labour Organisation (ILO).

"We are here to unite diverse stakeholders, promote decent work for all and help the garment industry in Bangladesh thrive," said Louis Vanegas, programme manager of the Better Work Bangladesh programme, in the statement.

The Better Work Bangladesh programme is a partnership between the ILO and the International Finance Corporation. It aims to contribute to improving the life of the workers, their families and their communities, and increase the competitiveness of the ready-made garment sector in Bangladesh.

Vanegas said the Better Work programme is currently engaging 120 factories and helping shift the mindset of garment employers in Bangladesh from seeing compliance as an obligation to being a business necessity that makes them more competitive.

Srinivas Reddy, director of the ILO country office, said following its launch in 2014, the Better Work programme has introduced an entirely new concept of supporting garment factories to boost their compliance while at the same time enhancing productivity.

"I firmly believe that the Better Work programme can make a valuable contribution to the working conditions and competitiveness of individual factories. It can also help take the industry to the next level," Reddy said.

Bangladesh Employers' Federation Secretary-General Farook Ahmed said the programme could help achieve the 2021 goals and elevate the country's status to middle-income nation.

He said the programme needs to be flexible taking into account Bangladesh's ground reality.

Miran Ali, a director of Bangladesh Garment Manufacturers and Exporters Association, said Bangladesh's garment sector is on its way to becoming the most sustainable and transparent industry in the world.