

Govt needs to play the long game in telcos' audit dispute

Tussles paint an inhospitable picture to potential foreign investors



MAHBUB JAMIL

WHEN you want someone to put money in your project, what do you do? Well, you will try to highlight all the good things about your project and show the potential investors how their money will get the best return if they were to invest in your venture.

Unfortunately, the investment decision is not that straightforward; it has to cross a few more loops.

The potential investors would like to review your past record in handling investors. When a country tries to invite potential foreign investors to invest in the country, the same process applies at a national level.

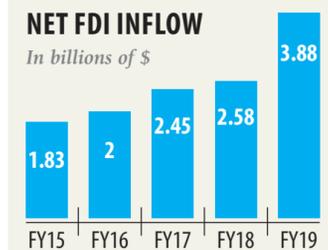
Simply put, a country's past record in dealing with foreign investors who have already been operating out of the country influence potential foreign investors.

When you consider that the foreign investors have plenty of options when it comes to investing their money, all the competing countries are trying to spruce up their image as a safe haven for foreign investment in every which way they can.

Bangladesh with a large population have for a long time grabbed the attention of foreign investors. But having a large population is not enough to entice foreign investment; one only needs to turn to India to see why.

It has come up in recent media reports that India is planning to introduce new law to protect foreign investment. You know why?

According to the Indian finance



ministry officials, the new law in the making will try to address the concerns the foreign investors have with regards to enforcement of contracts and speedy dispute resolution.

India is currently entangled in more than 20 overseas arbitration cases -- the most against any country -- brought by companies including Vodafone, Deutsche Telekom and Nissan Motor Co for disputes over retrospective tax claims and breach of contracts.

If India loses these cases, it could end up paying billions of dollars in damages. When you consider the poor shape of the Indian economy, you can see where the motivation is coming from for introducing such a law.

In comparison, one would have to say that Bangladesh is far ahead, as the country had enacted a specific law, named, Foreign Investment Protection Act, way back in 1980.

However, looking at the way the country has been dealing with the two leading mobile phone operators, Grameenphone and Robi, one may feel that Bangladesh has not been living up to the spirit of the law.

I think we need to put things into perspective when we observe the sorry state of affairs in the country's telecom sector.

Commercial disputes between the government and foreign investors are a common thing across the world.

Just because it puts these two entities against each other doesn't in either way indicate one's culpability. Either party could be at fault; no party enjoys a lower threshold when it comes to adherence to the rule of law.

Settling disputes out of the court through arbitration makes sense and the Bangladesh government rightly encourages the disputing parties to explore this option.

Hence, it was baffling to see the telecom regulator turn down the mobile operators' offer of arbitration to settle the audit claim dispute. The regulator cited that the telecom act does not support arbitration. Is it true?

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Industries Minister Nurul Majid Mahmud Humayun visits a stall of the INDEE Bangladesh 2020 at the International Convention City Bashundhara in Dhaka yesterday.

Indian FDI to reach \$9b in future

Industries minister says at INDEE Bangladesh opening

STAR BUSINESS REPORT

Foreign direct investment from India will likely reach \$9 billion in future as investors from the neighbouring country have set their sights on Bangladesh, according to Industries Minister Nurul Majid Mahmud Humayun.

At present, total Indian investment in Bangladesh is \$3.11 billion with a rising trend.

"During Prime Minister Sheikh Hasina's visit to India in April 2017, the private sector of India signed several agreements that are expected to increase investment in Bangladesh to upwards of \$9 billion in future," said Humayun during the opening ceremony of the INDEE Bangladesh 2020 at the International Convention City Bashundhara in Kuril yesterday.

The INDEE, or Indian Engineering Exhibitions, is one of the largest engineering expositions in the world.

The Engineering Exports Promotion Council (EEPC) of India, the premier trade and investment promotion organisation of the country, organised the three-day trade show in association with the commerce and industry ministry of India and the High Commission of India.

Indian investments in Bangladeshi products that could be exported back to India might help diversify Bangladesh's export basket, reducing the trade deficit in the process, said Humayun, adding that investment is a crucial aspect of bilateral relations.

With the signing of a number of memorandums of understanding, a new era of Indo-Bangla relations could be ushered in, he added.

Bangladesh has emerged as a major trading partner of India with bilateral trade exceeding \$10 billion. The value of Bangladeshi exports to India crossed the \$1 billion mark in 2019.

While addressing the programme, Indian High Commissioner Riva Ganguly Das said that Bangladesh's impressive 8 per cent economic growth rate presents a compelling case for trade and investment.

"Prime Minister Sheikh Hasina has announced 2020 as the year of light engineering products in Bangladesh and the INDEE 2020 provides an excellent platform to connect engineering equipment producers of India and Bangladesh," she added.

India and Bangladesh can jointly build a global supply chain and integrate in a host of sectors, the diplomat said. For instance, since Bangladesh has emerged as a leading exporter of apparel, India could be a partner in the supply of textile machinery.

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TIMELINE: OPERATORS' TUSSLE WITH REGULATOR



- 2015**
BTRC starts the process of auditing GP's accounts
- 2019**
Mar: First audit claims Tk **11,539.15cr**
- April 2:** BTRC seeks Tk **12,579.95cr**
- Jul 4:** BTRC slashes **30** percent bandwidth
- Jul 17:** Bandwidth restriction withdrawn
- Jul 22:** BTRC stops approval for new package and equipment import
- Aug 26:** GP seeks injunction against BTRC's claim of Tk **12,579.95cr**
- Sep 5:** BTRC issues show-cause notice over revoking licence
- Sep 5:** GP goes to HC against the move
- Oct 16:** Govt decides to appoint administrator in GP
- Oct 17:** HC issues two-month injunction on the BTRC's move
- Oct 23:** Proposal made to form neutral committee to revise audit
- Nov 24:** SC asks GP to pay Tk **2,000cr** to BTRC within three months



- 2015**
BTRC started the process of auditing Robi's accounts
- 2018**
Mar: First audit claims Tk **1,251.68cr**
- Jul 31:** BTRC seeks Tk **867.23cr**
- 2019**
Jul 4: BTRC slashes **15** percent bandwidth.
- Jul 17:** Bandwidth restriction withdrawn
- Jul 22:** BTRC stops approval of any new package and network equipment import
- Aug 25:** Robi seeks injunction against BTRC's claim of Tk **867.23cr**
- Sep 5:** BTRC issues show-cause notice seeking explanation why licence should not be cancelled
- Sep 6:** Robi goes to High Court against this move
- Oct 3:** Proposal made to form neutral committees to revise the audit findings
- Oct 16:** Govt decides to appoint administrator in Robi
- 2020**
Jan 14: Robi deposits Tk **27.60cr** in first installment as per HC order to pay Tk **138cr**

Bogura's foundries flourish against odds

Industries seek plots, technological support

MOSTAFA SHABUI, from Bogura

The foundry and light engineering industries in Bogura are thriving amid various challenges but they now need more land, easy loans and technological support to position themselves for the next phase of growth and fight off cheap imports, entrepreneurs say.

More than 80 per cent of the foundry industries of the country are located in the northern district.

They manufacture at least 85 per cent of agricultural equipment, including centrifugal pump, spare parts used in agricultural machinery, tube-well, lathe machine, saw mill, flower mill, machinery of textile mills and jute mills and grinding machine.

This has made Bogura the hub of the country's foundry and light engineering workshops. The owners of the industries have generated jobs, provide a handsome amount to the national coffers and export products.

"In Bogura, we are manufacturing agricultural machinery and spare parts for vehicles and agricultural machinery, which meet 90 per cent of the total national demand," said Mahfuzul Islam Raj, senior vice-president of the Bogura Chamber of Commerce and Industry.

The old estate of the Bangladesh Small and Cottage Industries Corporation (BSCIC) was established on 14.50 acres of land at the Fulbari mouza of the town in 1968. The BSCIC (extension) was built on 18.67 acres in 1983 in the same area.

There are 42 foundry industries, 800 agricultural machinery manufacturing industries and 745 agricultural equipment spare parts manufacturing workshops in the estate of the BSCIC.

Some 3,755 people, including 700 women, are working in the BSCIC industries, the BSCIC said in its annual report. Owners of the industries invested a combined Tk 3,600 crore.

The industries import raw materials such as pig iron, talcum powder, silicon steel, manganese, carbon block graphite power, fire bricks, waste and scraps cast iron, aluminium iron and hard coke coal.

They bought raw materials amounting to Tk 317 crore from the local market and Tk 476 crore from abroad in the last fiscal year.

They manufactured centrifugal pump, liner-piston, various spare parts of power tillers and agricultural machinery and jute mills, tube well, lathe machine, 350 types of motor engine-based filters, food items and potteries worth Tk 1,324 crore in fiscal 2018-19.

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MOSTAFA SHABUI

Foundry and light engineering industrial units in Bogura manufacture agricultural machinery and spare parts for vehicles, meeting 90 per cent of the national demand.