BTRC officials demand the regulator's independence

STAR BUSINESS REPORT

Officials of the Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday demanded the restoration of the commission's independence in line with the original Telecommunication Regulation Act 2001.

They placed this demand during a meeting with Mohammad Nahid Islam, telecom and ICT adviser to the interim government, during his first visit to the BTRC office in Agargaon, Dhaka.

Retired Major General Emdad Ul Bari, the commission's new chairman, and other officials were present at the meeting, sources said.

The telecom and ICT adviser assured that their concerns would be taken into consideration as the interim government seeks to implement reforms in the country.

A delegation from the Bangladesh Mobile Phone

Mobile phone users urged the BTRC to regulate internet services, control tariffs through public hearings, and reduce service costs by eliminating intermediaries

Users Association, led by its President Mohiuddin Ahmed, also met with the BTRC chairman at his office yesterday.

They presented a series of demands, including amending the Bangladesh Telecommunication Regulation Act to grant the BTRC full independence, ensuring transparent and merit-based appointments within the commission, and recognising internet access as a fundamental human right.

They also called on the BTRC to regulate internet services, control tariffs through public hearings, improve tower quality and reduce telecom service costs by eliminating intermediaries.

The association's primary focus was to strengthen the independence and accountability of the BTRC, which they argue currently operates under undue influence from the Ministry of Posts and Telecommunications.

They advocated for the commission to have full control over licensing, tariff setting and overall

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Meghna Automobiles is all set to roll out three models of KIA cars that are being assembled at its factory in Barmi of Gazipur. The three models are all sport utility vehicles with engine capacities of 1,500cc to 2,000cc. PHOTO: COLLECTED

Assembled by Meghna, three brand new KIA SUVs hit the road

JAGARAN CHAKMA

Meghna Automobiles, the automotive arm of Meghna Group, began selling three locally assembled sport utility vehicles (SUVs) of South Korean automobile manufacturer KIA recently.

According to officials, the official launch of the three cars is scheduled to be held soon.

The SUVs are the 1,500cc Seltos, 1,500cc Carens, and 2,000cc Sportage, said Anisuzzaman Choudhury, executive director of Meghna Automobiles.

The Seltos and Carens models were showcased at the Dhaka Motor Show in May this year.

Choudhury said Meghna Automobiles has already obtained type certification for the cars from the Bangladesh Road Transport Authority (BRTA).

Type certification is a mandatory specification for locally assembled cars to be sold in the market.

"We are now ready to launch the vehicles officially," he said. "Our goal is to provide brand-new passenger cars at a lower price than it would cost to import."

Meghna Automobiles established its assembly plant for completely knocked down (CKD) cars on 15 acres of land at Barmi union of Gazipur at a cost of Tk 275 crore, which is equivalent to

around $25 million.

According to Choudhury, the price of locally assembled Seltos is around Tk 43 lakh compared to around Tk 52 lakh for those imported as completely built-up (CBU) units.

Similarly, the locally assembled Sportage costs Tk 58 lakh while the CBU unit is priced at Tk 78 lakh.

Choudhury said prices of brand-new locally assembled cars are expected to be Tk 10-12 lakh lower than those imported as CBU units.

However, the sharp depreciation of the local currency taka against the US dollar has limited the price drop to only Tk 8 lakh per unit, he said.

As per Bangladesh's automobile policy, there are lower customs duties on importing various components of vehicles for assembly purposes, he added.

Regarding the quality of locally assembled KIA cars, Choudhury said Korean engineers and technicians would operate the Gazipur assembly plant for the first two years to ensure original quality.

By that time, local engineers and technicians will have built up efficiency and ensured quality, he said.

Currently, Hyundai, South Korea's leading automobile manufacturer, Malaysian automotive company Proton, and renowned Japanese manufacturer Mitsubishi assemble passenger cars in Bangladesh.

According to market insiders, imported reconditioned Japanese cars dominated the local automobile market while brand-new cars hold around 18 percent of the market share.

Referring to market assessments, Choudhury said brand-new cars would dominate the market by 2030 as user awareness and affordability increase.

He said customers do not need to renew the fitness certificate for five years after the purchase of a new car. In contrast, reconditioned cars require annual fitness certificate renewals.

According to BRTA data, an average of 22,000 to 24,000 passenger vehicles, have been sold per year since 2014.

Choudhury said KIA and Meghna Automobiles teamed up to assemble cars in Bangladesh after observing the growing market for brand-new cars, focusing on SUVs to capture the expanding market.

According to him, Meghna Automobiles has the capacity to assemble 7,000 cars per year but will initially assemble 3,500 units per year.

Besides, Meghna will ensure the availability of spare parts and sufficient service centres across the country.

Health insurance: prospects and challenges

MD KAWSER HOSSAIN

About 6.3 million people dropped below the poverty line due to healthcare spending in 2022, with 61 percent of the hospitalised patients finding themselves in financial trauma, according to the Bangladesh Institute of Development studies.

Not only did some have to sell their property, jewellery and other assets, many took on high interest loans in order to pay for healthcare.

And although the solution to mitigate this risk is health insurance, coverage in Bangladesh is lagging compared to neighbouring countries.

There are many barriers to expanding health insurance in the country, with the first being very poor awareness on the benefits of health risk management.

A majority of people in the private sector that are looking to make ends meet expect health insurance as a part of their employment benefits. As such, they typically do not feel inclined to get health insurance on their own.

Besides, endowment policies that provide maturity benefits have become extensively popular among the people, with most insurers now promoting these products more than health insurance.

This is because health insurance is a term policy that has no maturity benefit, making it less favourable for customers.

And unlike developed countries, Bangladesh has not imposed any policy that makes it mandatory for citizens to get health insurance.

Also, very few companies are providing health insurance as an employment benefit to their workers.

Moreover, there are not enough comprehensive policies in the market. Most life insurers only provide supplementary coverage, which is not sufficient to cover hospitalisation expenses.

Furthermore, Bangladesh does not have any standalone health insurance policy and the country even lacks a dedicated health insurance company.

Not to mention, health insurance advertising is poor as most insurers have no promotional activities.

Bancassurance is still a relatively new term in the country but surprisingly, many banks are not very intrigued to sell health insurance to their clients.

Meanwhile, only a few banks are promoting micro health insurance policies, but such schemes do not meet the clients' needs.

Insurance penetration in Bangladesh stands at just 0.5 percent of its annual gross domestic product while life insurance coverage is ever poorer at 0.2 percent.

Astonishingly though, there are no statistics about health insurance penetration.

Against this backdrop, it may be prudent to make it mandatory to get health insurance.

There are also several ways to popularise health insurance, such as by selling more comprehensive plans with attractive features at both private and state-run insurers.

It is also vital for both the insurance regulator and all other stakeholders to vigorously promote the benefits of health insurance through various media, such televised advertisements and social media.

Additionally, health insurance claims need to be paid out faster.

A tax rebate facility should be introduced for health insurance in order to make citizens more inclined towards getting coverage.

For example, insured individuals in India can get annual tax deductions of INR 25,000 under section 80D of their constitution while the benefit is INR 50,000 for senior citizens.

All information on insurance claims should be stored on a single central server, from which insurers would be able to access their customer's previous medical history and other pertinent information.

A platform called "National Health Claims Exchange" was recently launched in India for this purpose

In a nutshell, health insurance has tremendous potential in Bangladesh.

The author is the head of the health insurance department of Pragati Life Insurance Limited

India has potential to become $10tn economy by 2032

A report says

ANN/THE STATESMAN

Driven by strong GDP growth and robust manufacturing and emphasis on building infrastructure, India is on its way to becoming the third largest economy soon and has the potential to add $1 trillion to its GDP every 1.5 years to reach the $10 trillion economy mark by 2032, a new report showed on Saturday.

The country is expected to become a $4 trillion economy in 2024-2025, which would make it the world's fourth-largest economy.

According to a report by IDBI Capital, the country is on track to become a $10 trillion economy by 2032, positioning itself as the world's third-largest economy by 2030.

"By adding USD 1tn every 1.5 years going forward, India is forecasted to emerge as the third-largest global economy over the next six years," the report noted.

Ten years ago, India was the 10th largest economy in the world, with a GDP of $1.9 trillion at current market prices.

Key initiatives such as "Make in India" are expected to play a pivotal role in bolstering the nation's manufacturing capabilities and positioning India as a global manufacturing hub.

On Thursday, a report by S&P Global projected that India is on track to become the third-largest economy by fiscal 2030-31, driven by a robust projected annual growth rate of 6.7 percent.

Central banks may face volatile inflation for years to come

ECB President Christine Lagarde says

REUTERS, *Frankfurt*

Profound shifts in the world economy could make inflation volatile for years to come, complicating efforts to control prices, but sticking with inflation-targeting regimes is still the best option, European Central Bank President Christine Lagarde said on Friday.

Economic shifts from deglobalisation and protectionism to vast advances in technology have puzzled economists over the past decade, and most failed to predict the recent surge in inflation, leaving central banks behind the curve and rushing to control prices.

Lagarde, who took control of the ECB only months before the onset of the COVID-19 pandemic, argued that a more uncertain world lay ahead, so abundant flexibility and not new mandates are needed.

"If we enter an era where inflation is more volatile and monetary policy transmission more uncertain, maintaining this deep anchor for price formation will be essential," she said at an IMF event in Washington. "But that does not imply that the way in which we conduct monetary policy will remain the same."

One of the key changes relates to the dominance of "superstar" firms in the digital world, like cloud services, e-commerce, Internet searches and possibly artificial intelligence.

Extra-large firms are less dependent on external financing and have a lower share of labour, so they are less sensitive to interest rate changes and, as a result, erode a central bank's ability to steer the economy.

A reversal in globalisation could go the other way, enhancing central banks, if

A shopper buys pineapples at a fruit and vegetable market in Berlin. Most economists failed to predict the recent surge in inflation, leaving central banks behind the curve and rushing to control prices, Lagarde says. PHOTO: AFP/FILE

firms reduce their value chains through "nearshoring" or "friendshoring," Lagarde argued.

Setting up close to home would also increase capital needs, so firms could become more sensitive to interest rate changes.

"Capital deepening could increase the economy's sensitivity to interest rate changes, potentially enhancing the effectiveness of monetary transmission through the interest rate channel," Lagarde said.

The problem is that such changes could also come with increased inflation volatility, especially if IT supergiants are less sensitive to monetary policy and manufacturers are more affected.

The increasing share of fintech firms in lending will also add to central banks' troubles.

These firms are more efficient in extending credit to the economy, but they are also more sensitive than regular banks to changes in the environment, amplifying booms and busts.

"This responsiveness also means that fintech lending could be more procyclical in times of stress, amplifying credit cycles and volatility," Lagarde added.