# China opens $71b 'swap facility' to boost markets

AFP, *Beijing*

China's central bank boosted support for markets Thursday by opening up tens of billions of dollars in liquidity for firms to buy stocks as part of a raft of measures by Beijing to kickstart the country's flagging economy.

Authorities last month unveiled several stimulus policies -- from interest rate cuts to relaxing home-buying rules -- after struggling since the end of Covid restrictions to reignite growth and get business activity back on track.

The news lit a fire under mainland and Hong Kong equities on renewed hopes that officials would finally get a grip on the issues that have dogged the economy for years, particularly a property debt crisis and tepid consumer spending.

**Companies will be allowed to use equities, bonds and other assets as collateral for high-grade liquid assets such as treasury bonds and central bank bills**

That euphoria was dampened Tuesday as a much-anticipated news conference ended with just a pledge to meet the country's annual growth target but no more measures and no detail on those already announced.

But on Thursday the central bank fleshed out plans to encourage "the healthy and stable development of the capital market" by opening up a "swap facility" worth 500 billion yuan ($70.6 billion) that will allow firms to access cash to buy stocks.

Companies will be allowed to use equities, bonds and other assets as collateral for "high-grade liquid assets such as treasury bonds and central bank bills", it said.

The programme may be "further expanded depending on the situation", it added. Shanghai shares rose more than one percent in early trade and Hong Kong added more than two percent.

The measures were first announced last month alongside a raft of stimulus measures that triggered a blistering rally that sent markets up more than 20 percent.


Ratan Tata, *right*, chairman of Tata Group, and Natarajan Chandrasekaran, chairman of Tata Sons, pose during the launch of the Tata Nexon electric car in Mumbai on January 28, 2020. PHOTO: AFP/FILE

# Ratan Tata: Indian mogul who built a global powerhouse

AFP, *Mumbai*

Industrialist Ratan Tata, who has died aged 86, was credited with transforming India's Tata Group into a globally renowned conglomerate with a portfolio ranging from software to sports cars.

A painfully shy student, he planned to be an architect and was working in the United States when his grandmother, who raised him, asked him to return home and join the sprawling family business.

He started out in 1962, staying in a hostel for apprentices and working on the shop floor near blast furnaces.

"It was terrible at that time but if I look back at it, it's been a very worthwhile experience because I have spent years hand-in-hand with the workers," he recounted in a rare interview.

Tata took over the family empire in 1991, riding the wave of the radical free-market reforms that the Indian government unleashed that year. His 21 years in charge saw the salt-to-steel conglomerate expand its global footprint to include British luxury brands such as Jaguar and Land Rover.

His vaulted ambitions for the group, founded under British colonial rule, were not initially welcomed by older board members, he said, prompting him to institute a company retirement age policy.

Born in Bombay, now Mumbai, in 1937, the Cornell University-educated Tata was known for his willingness to take risks.

In 2004, he took the conglomerate's software outsourcing arm Tata Consultancy Services public at a time when many were nervous about investing in technology stocks.

That same year, he declared he wanted Tata Group to "spread its wings far beyond India" and become "at home in the world" -- prompting a world tour to buy up major brands, including Britain's Tetley Tea and Anglo-Dutch steel firm Corus.

Tata's 2008 decision to purchase the loss-making Jaguar and Land Rover brands for $2.3 billion put him on the map.

He had less success with the $13.7 billion Corus acquisition as demand for European steel plummeted due to Chinese competition.

**Tata took over the family empire in 1991, riding the wave of the radical free-market reforms that the Indian government unleashed that year**

And his pet project Tata Nano, billed as the world's cheapest car, stuttered to a halt after finding few takers in status-conscious India, where consumers flinched at owning a so-called "poor man's car".

But the losses paled before his triumphs, which saw the Tata Group's revenues rise from around $6 billion to $100 billion, as the company's reach grew to more than 100 countries.

A highly respected figure in India's often turbulent corporate world, Tata could not entirely escape controversy.

He was questioned in 2011 by a parliamentary watchdog probing a multi-billion-dollar telecom licensing scam. The group was later cleared of any wrongdoing.

When he stepped down the next year on his 75th birthday, praise poured in with fellow industrialist Rahul Bajaj lauding his reign as "outstanding".

For his part, the media-shy mogul said, "I have devoted my life, as best I could, to the welfare of the group."

His retirement in 2012 was to prove short-lived however, with Tata briefly retaking the reins barely four years later as India's largest group endured its worst crisis in decades over the acrimonious sacking of his young successor Cyrus Mistry.

The first chief appointed from outside the immediate Tata family, Mistry faced multiple challenges with lacklustre performance at several of the group's firms.

His focus on divestments to shrink the conglomerate's $30 billion debt was said to have frustrated Tata, who believed the group should hold on to its assets and not reduce its global reach.

Few anticipated Mistry's ouster and the bitterness it unleashed, with the two men engaging in furious public mudslinging, including accusations of corporate malfeasance.

Mistry also dragged the holding company Tata Sons to court over claims that he was unfairly sacked, as the feud hit the group's global reputation and hammered its stocks.

The conglomerate stayed strong after his second departure, with Tata in 2021 welcoming debt-laden Air India back into the family fold decades after it was nationalised.

The lifelong bachelor later devoted his time to running the group's charitable arm and funding some of India's hottest start-ups.

A pillar of India's proud but dwindling Zoroastrian Parsi community, Tata also joined Instagram at the age of 81, winning over followers with posts sharing his passion for cars, flying and dogs.

# Climate action not a burden, but an opportunity for businesses

## Experts say

STAR BUSINESS REPORT

Climate action is not a burden for entrepreneurs and businesses, rather it presents an opportunity to enhance competitiveness, according to experts.

"Climate action should be treated as a core business strategy issue, not just a matter of compliance where we meet minimum standards," said M Fouzul Kabir Khan, adviser to the Ministry of Power, Energy, and Mineral Resources.

He was speaking yesterday at the plenary session of the "Bangladesh Climate Action Forum 2024," organised by the Bangladesh Apparel Exchange (BAE) at the Radisson Blu Dhaka Water Garden.

Khan said the risks of climate transition, particularly physical hazards like the recent floods across the country, pose real threats.

Institutional investment is needed to build protective or adaptive structures, and the perspective of loss and damage should be taken into consideration after any climate hazard occurs, he said.

"It's not just about risks. Climate-related risks also present opportunities for the business community in the actions they take today," Khan said.

He also mentioned that global investors are creating new opportunities for businesses to stay competitive and opening up new sources of international investment.

**"Climate action should be treated as a core business strategy issue, not just a matter of compliance where we meet minimum standards," said M Fouzul Kabir Khan, power and energy adviser**

He urged businesses to take advantage of the alignment with the interim government's reform agenda. "Now is the time to lead by modernising, upgrading and making businesses more responsible and impactful."

Khan also highlighted the low penetration of renewable energy in Bangladesh, which stands at just 2 percent. "We aim to increase this and move towards larger and more sustainable systems."

Lutfey Siddiqui, the chief adviser's special envoy for international affairs, said the modern journey towards sustainability began about 35 years ago.

"As entrepreneurs and businesses, it's important not just to focus on producing things cheaply, but on how we produce them," Siddiqui said.

"Climate transition is a real risk, and we need to treat it as a strategic business issue, not merely a compliance requirement."

Michael Miller, the ambassador and head of the delegation of the European Union to Bangladesh, pointed out the importance of action needed to be taken for countries like Bangladesh, which is among the most climate-vulnerable nations in the world.

Every fraction of a rise in global temperatures matters, he said. Miller also mentioned that the EU's Global Gateway Initiative aims to mobilise up to 300 billion euros in public and private investments by 2027 through a combination of grants, concessional loans, and guarantees to de-risk investments.

Achim Tröster, the German ambassador to Bangladesh, mentioned energy security as a critical concern for both Bangladesh and Germany.

As Bangladesh emerges as a major regional economic power, it is essential to meet its energy needs in a sustainable, secure, and climate-resilient manner, he said.

Thijs Woudstra, chargé d'affaires of the Netherlands embassy, said Bangladesh's garment industry is moving towards decarbonisation and it is time to take positive climate action in response to the national and global energy crisis.

"I look forward to continued collaboration with the Bangladeshi garment sector and the broader private sector to advance sustainable and circular textiles," he said.

Mostafiz Uddin, founder and CEO of the BAE, encouraged entrepreneurs to prioritise the planet and the country.

"Climate action is no longer a burden for businesses—it's an opportunity," he said.

# Telecom reforms for a smarter future

MAHTAB UDDIN AHMED

The shift from "Digital Bangladesh" to "Smart Bangladesh" was like trying to drive a car without an engine — all talk, little substance. While we have made big claims on paper, the reality was far from impressive. While waving the "Digital Bangladesh" flag, we ranked 105 out of 132 in Global Innovation Index 2023 (Source: World Intellectual Property Organization).

For over a decade, our telecom policy had been mainly benefiting a few powerful business groups, favouring political allies over real progress. As president of the Association of Mobile Telecom Operators of Bangladesh, I had grave reservations against critical resources of mobile operators being given away to political allies by regulators. Instead of making policies to advance digital growth, the focus was more on facilitating a selected few. Many of these policies were as corrupt as the regime itself, prioritising personal profits over the country's digital future.

According to ICT Development Index (IDI) of International Telecommunication Union of the United Nations, Bangladesh ranks 62 out of 100. The average IDI score for the 170 economies is 74.8. For 91 economies, the score is above 80. That puts Bangladesh among the bottom 38 economies. Worse still, Bangladesh ranks 111 on the E-Government Development Index (United Nations Educational, Scientific and Cultural Organization), and 75 on "E-Participation Rank". Bangladesh scores below 60 percent in "Mobile Internet Subscribers" and 6.1 percent in "Fixed Internet Subscribers".

The wish of the interim government's chief adviser to reduce data prices is certainly achievable by modifying policies and eliminating political beneficiaries. It is crucial not to compromise on key principles, viz 1) no loss of government revenue, 2) attract foreign direct investment (FDI), 3) remove the influence of past beneficiaries to share that benefit with the government and other stakeholders, and 4) reset policies to regain lost momentum. Given the industry's crucial role in revenue, FDI, socio-economic progress, and transparency, any approach that reduces government revenue or FDI is unsustainable.

**Unified licensing for a better future: a three-tier model**

A new three-tier licensing model is proposed to address the evolving needs of the telecom industry and ensure better service delivery. This model aims to streamline services, improve quality, and align with regional best practices, and thereby potentially transforming the telecommunications landscape. The three licensing layers are as follows:

1. Access network service: This layer provides end-users access to telecom networks to meet their communication needs, including voice and data. Licensed operators such as mobile network operators (MNOs) and internet service providers (ISPs) would serve customers directly under this licence. Even mobile virtual network operators (MVNO) should be considered here.

Voice floor price should be eliminated to support the shift from voice-based to data-driven communication, says an expert. PHOTO: STAR/ FILE

2. Infrastructure service: This layer (nationwide telecommunication transmission network (NTTN), tower, submarine cable) would offer transmission services to MNOs, MVNOs and ISPs, ensuring the seamless flow of voice and data among customers. More will be discussed in Part 2 of this article.

3. Services and content: This layer would provide digital services beyond traditional voice and data offerings. It would encompass content providers, focusing on delivering enriched digital experiences to customers.

The above should facilitate optimising and licensing 2900+ licences in 29 categories. Licensees may be allowed to acquire multiple licences following regional best practices. Significant Market Power (SMP) should be implemented in each category for balanced growth.

**Immediate reforms and long-term strategy**

A swift reform could involve removing International Gateway Operators Forum (a forum of internet gateway licensees) within a month, eliminating discriminatory revenue-sharing and enabling call terminations at actual rates, benefiting all stakeholders. A more comprehensive reform, like restructuring licensing layers, would require cancelling or non-renewing licences, a complex process owing to existing conditions. Finalising the revised policy now would enable a smooth transition by 2027, fostering a more efficient and competitive telecom environment that enhances digital connectivity and consumer benefits. All these are only possible if the regulator is empowered and independent.

**Scrap voice floor price**

The voice floor price in Bangladesh should be eliminated to support the shift from voice-based to data-driven communication. While initially intended to help the MNOs, the floor price now hinders affordability and digital adoption. Most countries no longer charge for voice and SMS. With voice still making up 50-60 percent of the MNO revenue due to such support, the voice floor should be removed, and the MNOs should be given the same freedom as smartphone manufacturers and importers to drive data adoption.

Removing the voice floor price can drive competition, reduce communication costs, and make digital services accessible for all. Moreover, it will push everyone to focus on data consumption and penetration. The monthly data consumption in Bangladesh (5.5 GB) is one of the lowest in the region. India's Jio model proves that data & device inclusive packages can uplift both urban and rural communities without relying on voice revenue.

The government could consider introducing differentiated taxes on data and voice revenues to support this transition without losing revenue. The MNOs may strongly oppose this move, arguing that it would negatively impact low-income users. However, the reality is, such a policy threatens to leave the underprivileged trapped in the analog era, while the wealthy continue to enjoy the benefits of the digital age.

Hence, while the promises of telecom transformation sound fantastic, much of the groundwork is yet to be laid. It is time to trade the fancy slogans for real reforms, ensuring our progress is not just on paper. After all, it is always harder to glide into the future when we are held back by the past.

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