

Happy New Year

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# Star BUSINESS

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## 3G base price prohibitive: industry insiders

ABDULLAH MAMUN

Private mobile operators urged the government to reconsider the \$20 million base price for 2,100 megahertz spectrum auction to roll out 3G or 4G service, as it would affect users' affordability.

They also raised issues with the additional 15 percent value-added tax imposed over the spectrum price, unpredictable regulatory environment and existing laws that would discourage investors for the auction.

The absence of a VAT rebate will increase the operators' spending, and make 3G business less attractive, they said.

"The floor price is not based on the economic indicators and does not reflect the potential 3G uptake and revenue," said Michael Kuehner, CEO of Robi Axiata.

"The government should focus on end-users' benefit and affordability. But there are some 2G issues that should be resolved before entering into 3G bidding."

Abubakar Siddique, telecom secretary-in-charge, said the ministry will initiate a meeting with the operators before finalising the 3G guideline.

There will be similar meeting with the ICT ministry and the regulator before finalising the guideline, he said.

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# Banks pass a gloomy year

## Scams and dull stocks eat into their profit; state banks the worst sufferers

REJAUL KARIM BYRON

Banks ended 2012 on a gloomy note as the recent scams and a sluggish stockmarket brought down their operating profit growth to only 0.56 percent.

A total of 34 banks made a profit of Tk 18,660 crore, which was Tk 18,556 crore in 2011, according to the preliminary data of the individual banks.

Of the four state banks except Rupali, all saw a slump in profit, Sonali being the worst sufferer with a 30 percent fall due to the Hall-Mark scam.

In 2012, the four state banks' profit fell 19 percent, whereas their profit soared 46 percent in 2011.

Sonali made a profit of Tk 1,056 crore in 2012, down from Tk 1,506 crore a year ago.

Five firms including Hall-Mark siphoned off Tk 3,547 crore from Sonali Bank through forged documents. The Hall-Mark Group alone embezzled Tk 2,686 crore.

Sonali Bank officials said around Tk 400 crore of Hall-Mark Group was classified at the end of September and the amount rose further in December.

This led to a fall in profit of the bank, they said.

Krishi Bank Chairman Khondker Ibrahim Khaled said the banks' profit fell as a big portion of their investment in the stockmarket turned into defaulted loans due to a continuous slide in stock prices.

Khaled said, if Bangladesh Bank conducts a study, it will find that banks having higher stock exposure were the worst sufferers.

The former BB deputy governor also said banks became more cautious in

sanctioning loans after the recent irregularities in the banking sector, including the Hall-Mark scam.

He said credit growth of the banks was also slow last year, putting an adverse impact on their profit.

Khaled said deposit rates of the banks have gone up due to a competition, which, in turn, increased their cost of fund.

The amount of defaulted loans rose by about Tk 14,000 crore in nine months till September last year, according to BB statistics.

A BB official said the central bank has strengthened its supervision after the incidents of loan scams in some state banks.

The central bank also identified irregularities in some private banks that have already classified their loans, leading to a rise in the total amount of their bad loans, he said.

The central bank tightened its loan classification rules to raise Bangladesh's banking standards to the international level.

The rules took effect in December, which caused a rise in defaulted loans and a fall in their profit, bank officials said.

They also said the amount kept for provisioning will increase further at the end of December due to the new rules of the central bank.

Khaled of Krishi Bank said it would not be right to withdraw the central bank's new rules on loan classification under any pressure.

Though the owners of the banks may get less profit in the short term, the new rules will ultimately improve the banks, he added.

THE LIST OF BANKS ON B3

*Analysts say the new loan provisioning rules will benefit banks in the long run*

# Trade fair gearing up for crowds

SUMAN SAHA

Participants of Dhaka International Trade Fair (DITF) are expecting a huge crowd today, as it is the first public holiday after the launch of the month-long exhibition.

They have almost completed decorating their stalls and are waiting for visitors as most stalls are offering discounts on sales.

A total of 506 stalls have been set up at the fair that has stepped into its 18th year. Thirty-one organisations from 12 countries are participating in the fair along with Bangladeshi organisations.

"We have completed our decoration," said Md Ashequer Rahman, who is in charge of the pavilion of Satranji, a leading domestic brand of floor mats and home furnishings.

Satranji, a concern of Karupannya Rangpur Ltd, has



FOCUS BANGLA

Visitors look at furniture on display at a pavilion yesterday at the month-long Dhaka International Trade Fair at Sher-e-Bangla Nagar in Dhaka.

announced promotional campaigns such as 'buy one-get one' and cash discounts up to 25 percent on its products for the duration of the fair.

They are displaying different categories of products such as shaggy rugs, leather crafts and jute crafts at the show.

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# Tax receipts from stocks fall by half

SARWAR A CHOWDHURY

The government's earnings from stock trading declined by half in 2012, as the trading volume was on the decline with a downward trend in share prices continuing for the second consecutive year.

The government earned tax worth Tk 100.11 crore in the just concluded year, down from Tk 207.84 crore in the previous year, according to statistics from the Dhaka Stock Exchange.

The daily turnover on the premier bourse came down by almost 63 percent to the Tk 250-crore level at the year-end, from around Tk 670 crore at the beginning of 2012.

The daily transaction volume also declined by 45 percent to 6.92 crore shares and mutual fund units in December, from 12.69 crore at the beginning of the year.

The benchmark index of the premier

bourse, DGEN, went down by 21 percent to 4,219 points on December 30, from 5,351 points on January 1 last year.

The DSE, on behalf of the government, collects the tax as brokerage commission at 0.05 percent and deposits the amount to the state coffers.

The government's earnings from tax on sales of sponsor and placement shares also declined last year.

The government bagged Tk 82.38 crore in tax from share sales by sponsor shareholders and placement holders in 2012, against Tk 100.35 crore a year ago.

"The earnings are related to turnover. It's usual that tax will fall if turnover declines," said Shafiqur Rahman, deputy general manager of the DSE.

"The turnover marked a significant fall in 2012, so did tax," he added.

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## TAX FROM STOCKS

IN CRORES OF TAKA

Months	2012	2011
January	8.88	18.7
February	5.72	11.49
March	8.41	21.71
April	17.66	15.63
May	6.69	9.25
June	3.94	13.46
July	4.06	59.63
August	5.73	17.73
September	18.76	14.11
October	10.65	13.03
November	5.54	6.95
December	4.07	6.15
<b>TOTAL</b>	<b>100.11</b>	<b>207.84</b>

# Low prices pull down aus yield

SOHEL PARVEZ

Droughts and low prices of rice have affected both acreage and production of aus during the immediate past season, according to Bangladesh Bureau of Statistics.

The cultivation area fell by 7.49 percent to 10.53 lakh hectares in the season during fiscal 2012-13, from 11.38 lakh hectares in the previous season.

The output of the rice variety dropped 3 percent to 22.58 lakh tonnes this fiscal year from 23.32 lakh tonnes the previous year, said an official of the BBS, asking not to be named.

"We found many farmers, who usually grow aus on their upland areas, have cultivated early varieties of vegetables on those lands this time. Their shift may be due to the low prices of rice," said the BBS official.

Officials at the Department of Agricultural Extension had earlier blamed the falling acreage on droughts in the southwest, north and northeast districts in the aus season during March-August.

The production fell after it had hit a record high in two decades, thanks to the agriculture ministry's efforts to rejuvenate farming in the aus season.

The agriculture ministry also continued its support this year by distributing fertilisers and an African drought-tolerant rice variety to small and marginal farmers to promote aus farming.

The Department of Agricultural Extension had earlier targeted to ensure harvest of 28.98 lakh tonnes of rice from the aus season. However, the final data showed output is 22 percent lower than the target.

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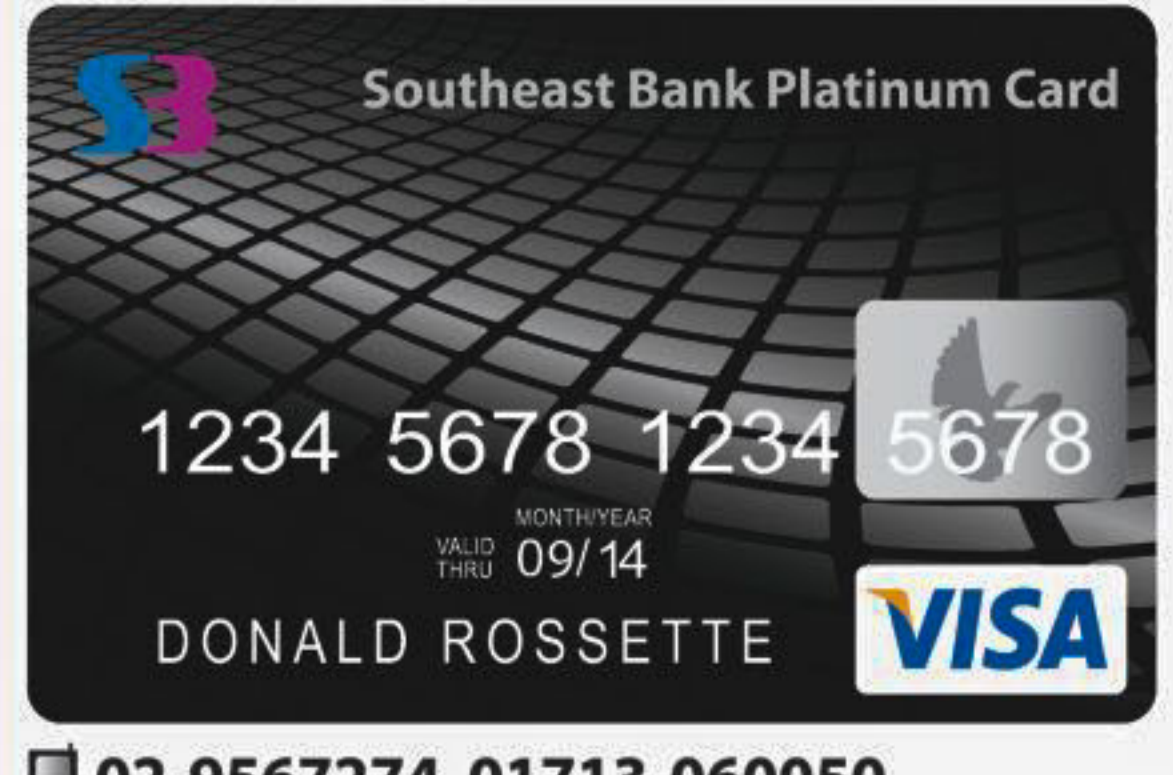


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