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Star BUSINESS

DHAKA TUESDAY AUGUST 13, 2013, e-mail: business@thedailystar.net

Telcos turn in 3G applications

BTRC chief says regulatory climate has improved

STAR BUSINESS REPORT

The dark clouds of uncertainty over the 3G fate seem to have started clearing as all the five private mobile operators yesterday submitted applications to participate in the September 8 auction.

Senior officials of Grameenphone, Banglalink, Robi, Airtel and Citycell said they submitted the applications to the legal department of Bangladesh Telecommunication Regulatory Commission.

However, the officials asked for resolving the disputed issues, including the tax administrator's claim for more than Tk 3,000 crore from four operators as value added taxes for SIM replacement, before August 26, when they will have to deposit the bid's earnest money -- \$20 million.

As no new entrants submitted applications to participate in the auction, the reserved licence for a new operator will now go to an incumbent operator, according to the 3G licensing guideline.

State-run Teletalk submitted its application on July 27 though it has been offering 3G services on a trial basis since last year. The operator will pay the licence price as per the auction.

The 3G auction date has so far been deferred twice. About the delay, BTRC Chairman Sunil Kanti Bose said the government had to revise the tax

3G FACTS

- 5 telecom operators to take part in auction
- State-run Teletalk has already launched the service
- Total spectrum to be sold: 40MHz
- Price: \$20m per MHz
- Auction date: Sept 8
- Deadline for auction's earnest money: Aug 26

The regulatory environment has also improved now," he said.

Four licences will be given to the successful bidders among the five private operators, Bose said.

To clear the tax-related disputes, a committee has already been formed with the participation of the National Board of Revenue, BTRC and the mobile operators.

The government recently waived a 15 percent VAT on the revenue the mobile operators will share with the telecom regulator under 3G licences.

The government also reduced VAT to 5 percent from the present 7.5 percent on the spectrum charges for 3G licences.

Banglalink CEO Ziad Shatara said they hope all the disputed issues would be resolved before August 26 to "pave the way for Banglalink to submit the earnest money and confirm participation in the auction."

Mahmud Hossain, chief corporate affairs officer of Grameenphone, and Mahmudur Rahman, executive vice president of Robi, also expected the same.

TIM Nurul Kabir, secretary general of Association of Mobile Telecom Operators of Bangladesh, said, "We are working hard to resolve the SIM replacement issues by August 26."

The operators also said the auction process is yet to be finalised and they will sit with the BTRC on August 19 to discuss the issues.

structures to meet the expectations of the operators.

"The previous tax regime was not business friendly for the operators.

BB reins in banks' real estate purchase

STAR BUSINESS REPORT

Banks will not be able to spend more than 30 percent of their paid-up capital on real estate, the central bank said yesterday.

A Bangladesh Bank official said some banks are extensively buying land and building properties in recent times and along the way, inflating the price beyond the purchasing power of ordinary people.

The central bank also said banks with properties valued more than 30 percent of their paid-up capital will not be allowed to buy any new piece of real estate unless they bring down their portfolio to the new threshold.

This was not the first time the central bank has moved to rein in banks from investing in properties. A directive last year banned banks from buying floor space for a branch or land for head office in city corporation areas.

Exports to China rising fast

Shipments to China rose 14pc year-on-year to \$458.11m in fiscal 2012-13

STAR BUSINESS REPORT

SOHEL PARVEZ

The country's exports to China are fast growing, thanks to the zero-tariff access extended in July 2010.

Currently, Bangladesh, as a least-developed country (LDC), gets duty free and quota-free entry for 4,788 products to the Chinese market, which, according to Bangladesh Tariff Commission, is 67 percent of the country's export basket.

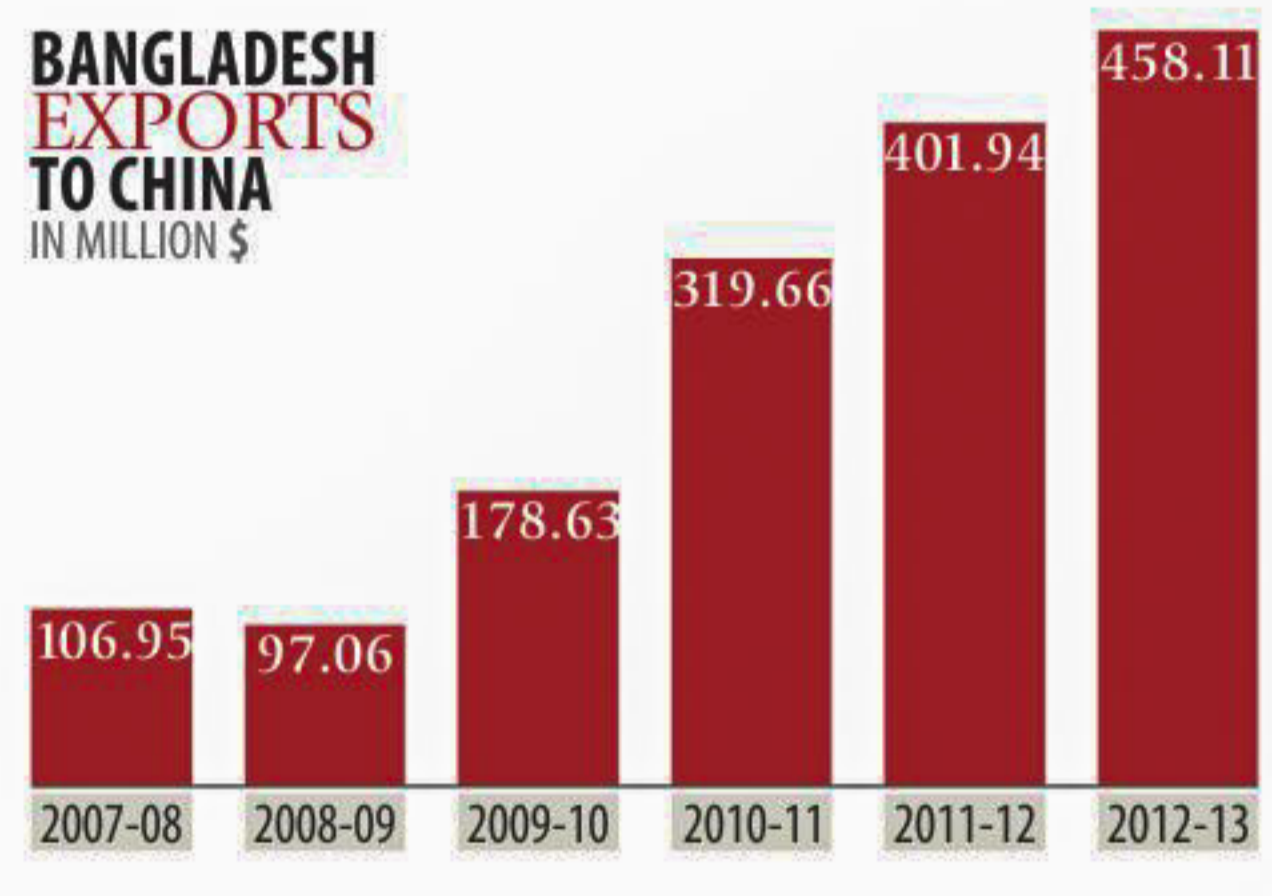
Exports to the world's second largest economy stood at \$178.63 million in fiscal 2009-10, the year before the duty privilege was extended. It shot up to \$319.66 million in the following year, according to data from Export Promotion Bureau (EPB).

In fiscal 2012-13, exports to China stood at \$458.11 million, up about 14 percent year-on-year.

"The growing export is a good sign. It means that confidence is building among Chinese buyers about Bangladeshi products," said Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association.

The popular export items to China include readymade garments and textiles, fish and crabs, leather and leather goods, jute and jute yarn, plastic waste, according to EPB data.

"But the amount of export earnings is meagre given the huge Chinese market. Both the public and private sectors have to take the initiative to



widen the market scope," Hoque said.

Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, said securing a good portion of China's \$310 billion apparel market would reduce the dependency of the garment sector, the main export earner, on Europe and the US.

"We are very optimistic that China will be our next market."

Mustafizur Rahman, executive director of Centre for Policy Dialogue, said the zero-duty access has enhanced the competitiveness of Bangladesh's products in the Chinese market.

"However, save for a small number of products, we are yet to reap the full benefits of China's duty-free and quota-free scheme," he said, while suggesting efforts to scale up exports of products other than garments.

Foreign investments targeting the Chinese market will also be helpful in boosting exports to China.

Wheat imports rise, driven by low global prices

SOHEL PARVEZ

Wheat imports soared in July on the back of low global prices and increased local consumption in the face of relatively high price of staple rice.

Last month, imports rose around 34 percent year-on-year to 1.73 lakh, according to data from the food ministry.

Asif Iqbal, executive director of Meghna Group of Industries, a major commodity importer and processor, linked the increased arrival to falling wheat prices on the global market.

"The favourable price of wheat is encouraging higher imports."

In the three months to July, the price of US soft red winter variety wheat fell to \$260.9 from \$279.3 a tonne, according to the World Bank's Commodities Price data.

Speculations of lower rice production in fiscal 2012-13 led to higher wheat imports, said Abul Bashar Chowdhury, chairman of BSM Group, a Chittagong-based commodity importer.

"Wheat consumption has increased because of the relatively higher prices of rice in the domestic market. As a result, wheat imports are up."

Currently, the unpackaged wheat flour trades at Tk 30-32 a kilogram, while its substitute, the coarse rice, sells at Tk 32-34 a kg, according to Trading Corporation of Bangladesh.

If the rice prices remain stable, wheat imports are bound to rise, according to Chowdhury. "A low aman output during the monsoon will also encourage more wheat imports," he added.

Most mutual funds announce zero dividends

SARWAR A CHOWDHURY

The majority of mutual funds are announcing zero-dividends for their unit holders due to the ongoing bearish trend in the secondary market that dates back to January 2011.

Of the 12 mutual funds that have so far disclosed their fiscal 2012-13 earnings, eight have failed to announce any dividend.

On the other hand, the dividends handed out by the four funds were far from impressive. In fact, they were lower than in the previous year.

DIVIDEND DECLARED BY MUTUAL FUNDS IN %	
ICB 1ST NRB	25
ICB 2ND NRB	10
ICB 3RD NRB	0
ICB AMCL 1ST	100
ICB AMCL 2ND	0
ICB ISLAMIC	20
PRIME1 ICBA	0
ICB EMPLOYERS	0
PF 1ST	0
IFIL ISLAMIC	0
DBH 1ST	0
GREEN DELTA	0

A mutual fund is a professionally managed investment scheme that pools money from many individuals and invests them in stocks, bonds and short-term money market instruments.

The net asset value (NAV) of a mutual fund shows its ability to give dividends to unit holders. When the NAV rises above the face value, the fund is able to give out dividends.

The zero-dividend by the mutual funds was expected as their NAV dropped below their face value, due to a 20 percent drop in share prices over the last two and a half years, said Reaz Islam, chief executive officer of LR Global Bangladesh Asset Management Company.

Yawer Sayeed, managing director of AIMS of Bangladesh, however, said it is unfortunate that many of the mutual funds are announcing zero-dividends. "The investors' confidence in mutual funds will severely be dented."

The stockmarket regulator allowed too many mutual funds in the last three years without evaluating the market capacity. "The quantity increased, but the quality did not."

Islam, however, said the country's mutual fund industry is still small compared to neighbouring India's.

In India, the mutual fund sector represents 35 percent of total market capitalisation, while it is only 3 percent in Bangladesh, he said. "Still the sector has great potential here."

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