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Gloom hits hotels as unrest sours New Year mood

MD FAZLUR RAHMAN

Plush hotels in Dhaka and other major cities have shelved plans to host New Year's Eve parties as occupancy has hit rock bottom due to all-pervasive political chaos.

Every year, hotel and resort owners go the extra mile to organise events so tourists and partygoers can usher in the New Year in style with great food, music and dazzling fireworks.

But bidding farewell to the current year will be different this time as hotels and resorts, which have already been pushed into a tight corner with sharp falls in business due to political violence, are not making extravagant arrangements.

Occupancy fell to as low as 50 percent in upmarket hotels in Dhaka and Chittagong and to less than 20 percent in Sylhet and Cox's Bazar.

"We planned to organise parties on the 31st night. But the event management firm, which organised New Year's celebrations for us in the last few years, instructed us against it this year, as the mood might not be that cheery," said Salman Kabir, a spokesperson of Sonargaon Hotel in Dhaka.

The hotel's occupancy has plummeted to 45 percent now from 85 percent on average.

Just like in previous years, Long Beach Hotel Group had also planned to host a musical night with live performances by Indian artists at its hotel in Cox's Bazar.

"But we have ditched our plans as neither the Indian team nor we are feeling secure," Sharif Sadi, the group's head of sales and marketing, told The Daily Star.

The Long Beach Hotel on the Kalatali beach has 50 percent of its 104 rooms booked now. "But bookings are being cancelled everyday," Sadi said.

"If we could do business in December alone, we could have recouped losses incurred throughout the year," he said. Occupancy at the hotel is now 10 to 15 percent.

Hotel owners are the worst affected by the opposition enforced blockades and strikes, industry insiders said.

Occupancy rates have dropped sharply, with Chittagong and Cox's Bazar being hit the most, as blockades were most visible there.

A dismal scene is also seen in Khulna, as no hotel or resort operator in the south-western city is organising any event on the New Year's Eve.

"We are not organising any event this time. Violence in Satkhira that is just 50 kilometres from Khulna has shattered the city's hospitality sector," said Kishor Kumar Das, manager of Hotel Royal International.

Das said only a third of his 54-room hotel is now occupied. It came down to 5 percent during the blockades; the hotel will incur a loss of Tk 15 lakh in December alone, he added.

Mermad Cox's Bazar, which has two resorts in the beach town, will also not organise any events this time, as there might be no returns on investment, said a senior official.

Seventy percent of its 30 rooms are booked, and some guests have already arrived by plane, the official added.

Officials at Hotel Agrabad in Chittagong said they are making preparations to host a New Year's party but everything depends on the presence of guests.

READ MORE ON B3

Govt agrees to close Tabani Beverage

STAR BUSINESS REPORT

Tabani Beverage, a long-time bottler of Coca-Cola in Bangladesh, is finally closing down after the government yesterday approved a proposal to shut its operation following a settlement with the US soft-drink company.

"Tabani Beverage is closing now. They [Coca-Cola] are compensating Tabani with \$16 million," Finance Minister AMA Muhith told reporters at the secretariat.

Coca-Cola cancelled its decades-old agreement with Tabani, a concern of the Freedom Fighters' Welfare Trust, in 2008 following years of losses and failure to maintain quality standard.

It agreed to pay \$16 million to clear Tabani's dues.

Muhith said the government had set up a committee with the Board of Investment (BoI) to resolve the issue, as it had been dragging on for years.

"The BoI came up with a recommendation, which we have accepted. The liberation war affairs ministry also agreed to the proposal," he said.

Muhith also said the closure was agreed upon on condition that it had to go through the cabinet committee on economic affairs.

The deal came after Coca-Cola made it clear that it did not want to do business with Tabani, the minister said.

Coca-Cola, the second largest player after Pepsico in the local beverage market, plans to expand its business under a \$50 million project.

"The BoI has approved the project, which is underway," said Muhith.

BTCL to go for wireless data service

Korea will invest around Tk 750 crore for LTE offloading

ABDULLAH MAMUN

State-run telecom operator BTCL is going for wireless data service, shifting its focus from landlines, as the operator has so far failed to provide wired internet services.

The company has asked for spectrum from the telecom regulator to set up a network for long term evolution (LTE), which is known as fourth generation (4G) technology and very efficient for wireless data service.

Korea's Economic Development Cooperation Fund is financing the LTE project with around Tk 750 crore for network development, according to BTCL website.

A BTCL official said signing of the loan agreement is at the final stage. However, the project proposal is yet to be approved by the government, he said asking not to be named.

Bangladesh Telecommunications Company Ltd (BTCL) has the capacity to provide around 50,000 broadband lines but it could only connect around 14,000 subscribers so far, mainly due to its poor maintenance.

The operator is losing its fixed-phone customers too; it had 935,760 subscribers in June last year, which came down to 903,299 in June this year, though it has the capacity to provide 14.28 lakh connections.

Telecom Secretary Abubakar Siddique said they have sent the proposal to Bangladesh Telecommunication Regulatory Commission for spectrum allocation.

He said the LTE network will be

developed outside the capital where other operators do not want to provide services.

The project will be completed within 2017 and the services will be meant for personal computers and laptops only.

BTRC Chairman Sunil Kanti Bose said the proposal for spectrum allocation will be discussed at the government's spectrum management committee.

BTCL is the oldest telecom operator in the country with more than 50 years of experience in various services such as landline, internet, backhaul and international gateway or call handling services.

But after the rise of private telecom operators for mobile, WiMax and international gateway or transmission services, customers were losing interest in BTCL, and as a result, the revenue of the company fell drastically.

The company incurred a loss of more than Tk 500 crore in fiscal 2012-2013.

The BTCL official said the company will not survive with the income from landlines or international gateway business only. The data business through the LTE could be a solution, he added.

Teletalk, another state-run telecom operator, also provides wireless internet service.

BTCL will be the fourth LTE service provider, while the other licensees are Banglalion, Qubee and Bangladesh Internet Exchange Ltd. Another company, Mango Teleservices, is also in the process to get LTE spectrum.

BB relaxes loan rescheduling rules for SMEs

STAR BUSINESS REPORT

The central bank yesterday directed all non-bank financial institutions to relax rescheduling rules and terms for repayment for small and medium enterprises and farm sector affected by political heat.

The facility, which will remain valid until June 30 next year, will allow non-banks to reschedule loans without down payment, Bangladesh Bank said in a notice.

But the privileges are subject to approval from the central bank.

"This is indeed a good move, a win-win situation for both the lenders and the clients," said Mafizuddin Sarker, managing director of BD Finance, a non-bank financial institution.

Sarker opposed the condition that approval was mandatory, saying "it will delay matters". "December 31 is our year-ending. If any financial institution wants to take up on the rescheduling facility, many of them will probably fail to use it with just one day in hand this year."

At present, lenders can reschedule a client's loan by taking 15 percent down payment for the first rescheduling, 30 percent for the second and 50 percent for the third. To do so, the lenders do not need to take approval from the central bank.

STOCKS HURT BY TURMOIL

Turnover falls to two-month low

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange dipped to a two-month low yesterday as investors adopted a wait-and-see policy to observe the market that has been hit hard by the ongoing political deadlock.

It dropped 28.09 percent to Tk 264 crore from the previous day.

However, DSEX, the benchmark general index of the Dhaka Stock Exchange, closed the day at 4,209.69 points, after surging 8.73 points or 0.2 percent.

The market started the day with a fall in the morning and lost 17 points. But it recovered toward the end of the day and ended in the positive territory.

"The market lacked interest of investors. Due to political tension regarding opposition party called 'March for democracy', investors could not freely go to brokerage houses for trading," LankaBangla Securities said in its daily market analysis.

"The indices ended flat, while turnover plunged 28 percent as most of the investors adopted a wait-and-see approach," stated IDLC Investments in its daily market analysis.

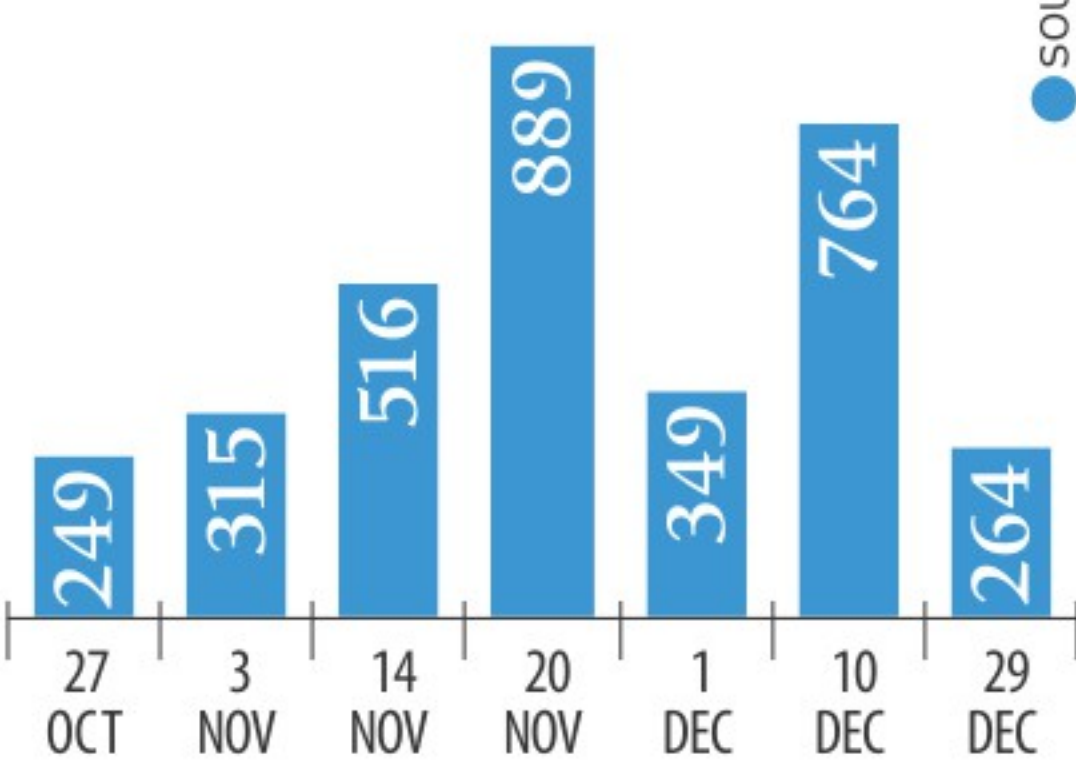
Amid the severe political crisis and miserable economic scenario, the cement sector gained 1.88 percent, the investment banker said.

Of the 280 issues that traded on the DSE floor, 127 gained and 124 declined and 29 remained unchanged.

A total of 0.73 lakh trades were executed with 6.64 crore shares and mutual fund units changing hands on the DSE floor.

Among the major sectors: non-bank financial institutions gained 1.9 percent and banks 0.30 percent in market capitalisation. Golden Son saw the highest liquidity flow with 24.49 lakh shares worth Tk 15.98 crore changing hands.

DSE TURNOVER IN CRORES OF TAKA



Union Capital was the highest gainer of the day, posting a rise of 8.9 percent, while Kay and Que was the worst loser, slumping by 8.69 percent.

The Chittagong Stock Exchange also gained yesterday with its selective categories index, CSCX, gaining 15.71 percent to close the day at 8,269 points.

Losers beat gainers with 115 to 65, while 25 issues remained unchanged on the port city bourse that traded 1.02 crore shares and mutual fund units with Tk 35 crore in turnover.

Sony to give up on sale of its battery unit

REUTERS, Tokyo

Japan's Sony Corp has decided not to sell its lithium-ion battery unit, media reported on Sunday, in a gamble that it can turn the business around with a weak yen and growing demand for smart phone batteries.

In addition to a weak yen, which can boost overseas earnings, the battery unit is also seeing increased demand for some of its new products, the Nikkei business daily reported.

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