**ASIAN MARKETS** 

**TOKYO** 

**1.39%** 

MUMBAI

**0.15%** 

As of Friday

\$113.18



DHAKA MONDAY JUNE 30, 2014, e-mail:business@thedailystar.net

COMMODITIES

Gold A

\$1,315.40

### BTCL to get terrestrial cable licence

ABDULLAH MAMUN

**STOCKS** 

**1.76%** 

DSEX

CSCX

**1.66%** 

The telecom regulator has recently approved the application of sateowned BTCL for an international terrestrial cable licence.

......

The licence will increase capacity of Bangladesh Telecommunications Company Ltd, which now depends on the country's lone submarine cable for providing data and voice services.

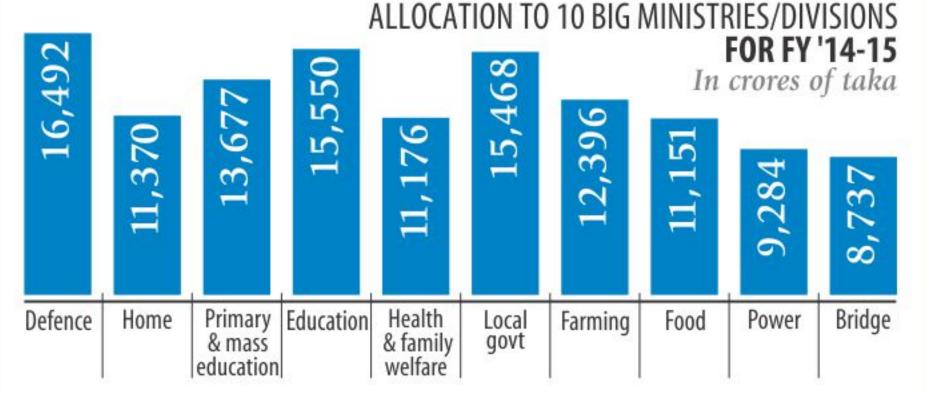
The telecom operator plans to develop a 10 Gigabits per second capacity link with India, while six private terrestrial cables provide around 35 Gbps capacity for internet and voice services, a BTCL official said.

The company has a low capacity cable link with India which is insufficient, he said.

The oldest landline company has also services in international gateway and transmission.

The BTCL applied for the licence in April last year, seeking waiver of more than Tk 3 crore in application fee, licence acquisition fee and performance bank guarantee fee, according to documents of a meeting of the regulator.

# Budget passed without opposition



STAR BUSINESS REPORT ......

The parliament yesterday passed the national budget for fiscal 2014-15 without any opposition from the Jatiya Party and independent members, a rare occurrence in the nation's history.

The budget outlines a gross expenditure of Tk 382,340 crore and net expenditure of Tk 250,506 crore. Like every year, the defence ministry received the highest allocation, of Tk 16,492 crore, among the 56 ministries and divisions.

The education ministry received the second highest allocation of Tk 15,550 crore, followed by the local government division at Tk 15,468 crore and the primary and mass education ministry Tk 13,676 crore.

Some Tk 12,396 crore has been allocated to the agriculture ministry, Tk 11,370 crore to the home ministry and Tk 11,176 crore to the health and family welfare ministry.

The GDP growth target has been fixed at 7.3 percent, and Finance Minister AMA Muhith said he is hopeful of achieving the figure as the political situation has returned to normal after the January 5 polls and credit to the private sector is

Muhith said the country's budget has consistently been the smallest among its South Asian peers. In the last several years, the size of the budget has been increased gradually, with the upcoming fiscal year's budget coming to 18.7 percent of GDP.

"With such a small-sized budget, a hunger- and poverty-free middle-income country cannot be built by 2021."

### Muhith praises media for reports on banking scams

**CURRENCIES** 

**BUY TK** 77.10

STANDARD CHARTERED BANK

0.75

Friday closings

SHANGHAI

**V** 0.11%

SINGAPORE

**V** 0.23%

STAR BUSINESS REPORT

...... Finance Minister AMA Muhith yesterday lauded the media for exposing irregularities in state banks, including BASIC Bank, saying the reports alerted the government to scams.

Muhith made the comment in parliament responding to criticism by Jatiya Party and independent lawmakers of irregularities in the state banks.

Members of parliament voiced concerns over banking scams, he said, as the parliament passed the budget for fiscal 2014-15.

"I think they wanted me to become more active in stopping the irregularities in the banks," Muhith said.

"I am very happy that the media and the lawmakers are very conscious and expressing appropriate comments."

"It's very good, and it not only alerts the government but helps identify those involved in frauds and corruption."

Sonali Bank and BASIC Bank were hit by corruption, and "unprecedented" steps have been taken to right the wrongs, Muhith said, adding the top officials of the state banks have faced trials.

READ MORE ON B3

## Banks' lending rates dip to a record low

SAJJADUR RAHMAN

...... Commercial banks' lending rates have gone down to a three-year low due to a poor demand for money and a decline in their cost of funds, bankers said.

The trend is also evident in the money market, which has been in a high degree of liquidity. "Our lending rates fell drastically and

are still on a declining trend," said Helal Ahmed Chowdhury, managing director of Pubali Bank.

Pubali's lending rate went down 1-1.5 offered 11-13 percent. percentage points on average in one year and stands at 13 percent now. "Businesses are still shy of making

investments; their confidence should be restored," said Anis A Khan, managing director of Mutual Trust Bank. Khan said lending rates for commer-

cial loans of Mutual Trust Bank fell to

13.5 percent now, from 16.5 percent a around Tk 110,000 crore. year ago. The weighted average lending rates of private commercial banks stood at 13.87 percent in April this year, which was 14.42

percent and 14.66 percent in April 2013 and April 2012 respectively, according to Bangladesh Bank data. Foreign commercial banks' weighted average lending rates fell to 13 percent in April this year from 14.31 percent in the

same month a year ago. Similarly, stateowned commercial banks' lending rates also declined and stood at 11.12 percent in April 2014, down from 11.19 percent a year ago. Some banks are now offering as low as 8

percent interest for fixed deposit receipts of different tenures, a decline from 12.5 percent a year ago.

Overall, the banks' lending rates declined to 13-14 percent now from 15-16

**AVERAGE LENDING RATES** 



percent a year ago. Premium borrowers are

decline since the beginning of 2013, due to a wait-and-see approach of investors centring the national elections. However, investor confidence is yet to

The demand for loans has started to

return even after six months of the elections. As a result, the banking sector is now sitting on an excess liquidity of Bankers said a scarcity of gas and

electricity and poor infrastructure, including roads, are some of the reasons behind the declining demand for loans.

"The government's policies are not bad and the new budget looks relatively positive. Yet, businesses are not coming up with investments due to a lack of energy and infrastructure," said Khan of Mutual Trust Bank.

Jamuna Bank's average lending rates fell to 13-14 percent now from 15-16 percent last year.

"Amid the sluggish demand, the banks are competing with each other for good clients," said Shafiqul Alam, managing director of Jamuna Bank.

"Borrowers are cashing in on the situation and negotiating rates with a number of banks at a time," he said.

READ MORE ON B3

### Stocks bounce back as capital gains tax goes

STAR BUSINESS REPORT

STAR BUSINESS REPORT

icence.

The High Court yesterday cleared the

the civil aviation authority allegedly

refused to renew the private airline's

Aviation Authority of Bangladesh

(Caab) said it would not renew United

Airways' Air Operator's Licence (AOC),

due to expire on June 29, due to arrears

of Tk 84.19 crore and detection of

director, filed a writ petition with the

court challenging the legality of

safety flaws during inspections.

Caab's decision.

Stocks gained 1.76 percent yesterday, the highest single day rise in the last one month, upon news of the government's withdrawal of the proposed capital gains tax on individual investors in the upcoming fiscal year.

DSEX, the benchmark general index of Dhaka Stock Exchange, gained 77.64 points, to close at 4,487 points, the highest in the last one and a half months.

Finance Minister AMA Muhith

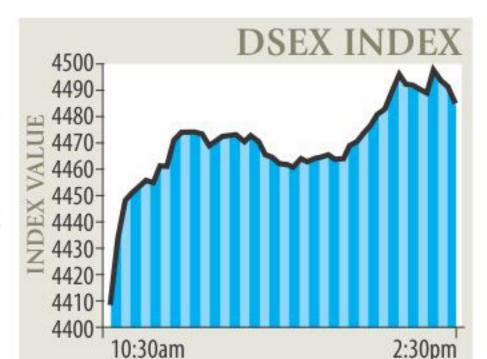
proposed a 3 percent tax on capital gains upwards of Tk 10 lakh and 5 percent for gains above Tk 20 lakh from the stockmarket in fiscal 2014-15, a move which left general investors on the back foot. The market lost 1.68 percent since the announcement

on June 5. The feature was ultimately crossed out in the Finance Bill 2014, passed in parliament on Saturday.

"The market got a boost as the government withdrew the capital gains tax on individual investors," said Mohammed Rahmat Pasha, managing director of BRAC-EPL, a leading stockbrokerage. The government also brought in some positive changes for listed companies as well as investors, all of which combined to boost investor confidence, he added.

The government raised the limit for tax-free dividend income to Tk 20,000 from Tk 10,000 and allowed a 10 percent tax rebate for listed companies that pay 30 percent or more dividends.

Since the market debacle of 2010, the government followed by Beximco, Grameenphone, United Airways



offered a number of stimulus packages but vibrancy in the market is yet to return. Turnover, one of the most

important indicators of the market, advanced 28.85 percent from the previous day to Tk 390 crore, the highest in the last two weeks.

Mostly financial, pharmaceutical and engineering stocks saw the buying interest of investors, said LankaBangla Securities.

A total of one lakh trades were executed, with 10.39 crore shares

and mutual fund units changing hands on the Dhaka bourse. The gainers took a strong lead over losers by 236 to 44, while 16 remained unchanged among the 296 issues that

traded on the DSE floor. Among the major sectors: miscellaneous gained 4.93 percent followed by service 4.18 percent, non-bank financial institutions 4.12 percent, foods 3.31 percent, paper and printing 2.80 percent, information technology 2.76 percent, ceramic 2.79 percent, tannery 2.59 percent, bank 2.19 percent, engineering 2.2.05 and power 2.56 percent.

Telecom, one of the heavyweight sectors, lost 0.80 percent. The pharma sector generated the highest turnover of Tk 52 crore yesterday, followed by cement 47 crore, banks Tk 38 crore, miscellaneous Tk 36 crore, engineering Tk 35 crore, textile Tk 30.1 crore, power Tk 30 crore and telecom 29 crore.

Lafarge Surma Cement topped the most traded chart with its transaction of 41.25 lakh shares worth Tk 34 crore,

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**HOW ALIVE ARE YOU?** 



United on different occasions,

outstanding arrears. The petitioner's lawyer said the

The regulator had also ordered

The airline did not fully comply with

the conditions, according to Caab.

United to submit a plan with pay-

airport charge and interest imposed by Caab in its June 26 letter is "unreasonable", since the airline has been requesting Caab to wave the interest

"United Airways operates 11 aircrafts to 18 destinations and the passengers of the flights have already bought tickets for their journey. If the flights are suspended, the passengers

Chowdhury, the airline's managing Caab at a meeting on April 6 instructed the carrier to pay Tk 5 crore outstanding charges in three instal-

ment dates and amounts to pay the rest of the dues by June next year.

of its AOC and Approved Maintenance way for United Airways to operate Organisation (AMO), two licences flights for the next one month, after required for flight operation. Justice Quazi Reza-Ul Hoque and Justice Akram Hossain Chowdhury also issued a rule upon the govern-

United free to operate flights after HC rule

create any obstacle in operating flights

of the airline and ordered the renewal

In a letter on June 26, the Civil ment to explain in four weeks why however, disagreed the amount of Caab's decision should not be declared illegal. The civil aviation secretary, Caab chairman and its director (flight

safety) have been made respondents to the rule, the petitioner's lawyer In response, Tasbirul Ahmed Ragib Rouf Chowdhury told The rate. Daily Star.

The court directed Caab not to ments along with all current dues by

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