**ASIAN MARKETS** 

**TOKYO** 

**V** 0.25%

MUMBAI

\$55.85

জীবনে প্রয়োজন আরো বোশ স্বাচ্ছন্দ্য সর্বাধুনিকপ্রযুক্তি সম্বলিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ। যে কোন প্রয়োজনে ০৯৬১২০০১১২২ সৈলামী শরীআহ'র মুদারাবা নীতির ভিত্তিতে পরিচালিত

DHAKA FRIDAY DECEMBER 26, 2014, e-mail:business@thedailystar.net

COMMODITIES

\$1,173.70

### Sales of savings tools soar

**STOCKS** 

DSEX

STAR BUSINESS REPORT

Sales of savings instruments more than trebled, year-on-year, to Tk 10,542 crore in July-November this fiscal year, mainly due to a dip in interest rates on bank deposits, according to government data.

In the five-month period, the government's borrowing from savings instruments crossed its target for the entire year --Tk 9,056 crore.

Bank officials said they had to lower interest rates on deposits because of a poor investment situation in the country. In comparison, interest rates on the government's savings tools are more attractive.

The average interest rate on bank deposits was 7.40 percent in October, down from 8.47 percent in the same month a year ago, according to central bank statistics.

As sales of savings instruments soared, the pattern of the government's domestic borrowing has also changed.

Between July and October, the government's net borrowing from banks was only Tk 107 crore, against a target of Tk 31,221 crore for the entire year.

# Realtors look to revamp sales with midsized flats

REHAB fair draws in huge crowd on second day

SUMAN SAHA

The rising middle class can become a beacon of hope for the ailing real estate sector, with increasing demand for affordable medium size apartments.

Many middle-income families flocked to the REHAB Winter Fair on its second day, mainly looking for apartments between 900 and 1,400 square feet (sq ft), within a budget of Tk 65 lakh to Tk 1.2 crore.

Real Estate and Housing Association of Bangladesh (REHAB) is organising the fair at Bangabandhu International Conference Centre in Dhaka that began on Wednesday.

"We are looking for a 1,200-1,400 sq ft ready flat in Adabor area. It has to be within Tk 70 lakh as that is the maximum we can afford, even with my easier access to home loans as a bank employee," said Mohammad Rafi Uddin, assistant vice-president of Social Islami Bank.

His family of four browsed through the different stalls at the fair to find a desirable home. "We do not want to buy any flat that is under construction as there may be complications or delays in the handover process."

Emdadul Huq, a Supreme Court lawyer, was also seen browsing for a flat within the 900-1,000 sq ft range. "I want to buy a small



**CURRENCIES** 

**BUY TK** 77.95

SHANGHAI

**3.39%** 

Visitors check out a stall of Assurance Developments on the second day of a real estate fair at Bangabandhu International Conference Centre in Dhaka yesterday.

apartment due to a budget limita-

Customers are mainly on the lookout for mid-sized apartments, said Mostofa Mohasin, an executive of Eastern Housing Ltd.

Eastern Housing now has ready apartments in Panthapath, Nawab Katra Road and Uttara. It is offer-

ing a 5 percent discount on the price of a ready apartment and 7 percent on ongoing projects, he added.

His company is offering flats within 1,039 sq ft and 4,000 sq ft at a price of Tk 6,600 to Tk 36,500 per sq ft; Eastern Housing has 150 ready apartments and around 350

under construction at the moment, he said.

Most visitors are preferring midrange apartments in areas such as Shantinagar, Malibagh, Mirpur, Uttara, and Dhanmandi, said AKM Taufiqul Haque, senior sales executive of Navana Real Estate Ltd.

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# Higher allowances proposed for govt employees

Farashuddin says commission did not recommend reimbursement of income tax for officials

REJAUL KARIM BYRON

The Pay and Service Commission has proposed to increase allowances of government staff, besides their basic salaries. However, dearness allowance (DA) is being withdrawn

from their pay packages.

For example, a secretary draws Tk 75,966 including a DA of Tk 6,000 now. In line with the proposed salary structure, a secretary's salary will rise 88 percent to Tk 142,833, but there will be no DA, according to a report submitted by the commission's Chairman Mohammad Farashuddin to Finance Minister AMA Muhith on December 21.

Besides the basic salary, a large portion of a government staff's salary is the house rent allowance; some changes have been made in that category this time.

Instead of the existing three areas for house rent, four have been created. One is Dhaka Metropolitan Area, where employees will get 50 to 70 percent of their basic salary in house rents, increasing from the existing 50-65 percent.

The divisional cities of Gazipur, Cox's Bazar and Savar have now been included; they will receive 45 to 65 percent of basic salary, instead of the existing 40 to 55 percent.

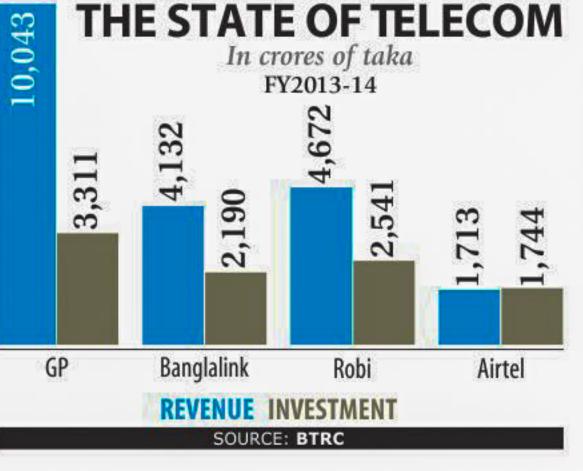
A new area has been opened for the district towns; the government staff will get 40 to 60 percent of their basic salary as house rent allowance there.

In other areas, the house rent allowance will be 35 to 55 percent of basic, which was 35 to 50 percent previously.

Employees who presently reside in government quarters do not get a house rent allowance. In addition, 7.5 percent is deducted from their basic salary as service charge. The commission recommended that the service charge be dropped, on a condition that the employees themselves will bear the maintenance cost of the house.

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### Telcos invested Tk 9,800cr last fiscal year



Abdullah Mamun

Four private mobile operators invested around Tk 9,800 crore in fiscal 2013-14 to develop their network for voice and data services, the telecom regulator said.

Grameenphone, Banglalink, Robi and Airtel made the investments mainly for 3G spectrum and equipment purchases, according to the annual report of Bangladesh Telecommunication Regulatory Commission for 2013-14.

The BTRC said private operator Citycell and stateowned company Teletalk did not invest during the year. However, Giasuddin Ahmed, managing director of Teletalk, said they made investment during the period.

"The BTRC did not seek any information from us on our investment," he said, but could not tell The Daily Star how much they had invested in the year.

In September last year, the four operators purchased 25 megahertz of bandwidth in the 2,100 MHz band for 3G rollout. The total price of the bandwidth was around Tk 4,000 crore, which was paid in instalments.

Teletalk also bought 10 MHz spectrum but it is yet to clear the payment -- around Tk 1,600 crore. The staterun operator has been using the spectrum since 2012.

However, the oldest but the smallest operator in terms of subscriber base, Citycell, did not purchase 3G spectrum. The operator is yet to pay around Tk 250 crore that comprises 2G spectrum renewal fee and a portion of its revenue to be shared with the govern-

The BTRC in the report said the six operators earned a total of Tk 20,765 crore as gross revenue through voice, data and other value-added services.

From 1997 to 2013, the operators invested more than Tk 71,870 crore, according to a newsletter of Association of Mobile Telecom Operators of Bangladesh.

TIM Nurul Kabir, secretary general of the association, said the operators mainly invested in voice services before 2013, but after the 3G auction, they are investing in data business as well.

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### Tk 1,000cr through IPOs despite slow markets COMPANY **IPO SIZE**

SARWAR A CHOWDHURY

Seventeen new securities went public on the Dhaka Stock Exchange in 2014, roping in about Tk 1,000 crore through initial public offerings.

Most of them were low-cap companies, and some even presented false financial data in their prospectuses, which raised questions about the quality of the IPOs. Bangladesh Securities and Exchange Commission

suspended the IPO subscriptions of Khulna Printing and Packaging (KPP), and fined FAR Chemicals and Shahjibazar Power Company for fabricating information. However, KPP later completed the process after a court order.

"Any company, large or small, is welcome to get listed

on the market, provided that it has strong fundamentals. But in recent times, many companies got involved in irregularities before and after the IPO," said Faruq Ahmad Siddiqi, a former chairman of BSEC. The regulator should check the company's fundamen-

tals before allowing an IPO, he said, as "Protecting investors' money is the primary concern."

He also suggested looking into the issues that keep big companies away from seeking stockmarket listings. "They are borrowing from banks, rather than using the capital market as an alternative source of finance."

The additional accountability that comes with a public listing might be a cause, but the IPO pricing policy is a major reason, he said.

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	DEBUT	- Company of the Comp
Mozaffar Hossain Spinning Mills	Jan 21	TK 27.50cr
AFC Agro Biotech	Feb 11	Tk 12cr
Emerald Oil	Mar 19	Tk 20cr
Matin Spinning Mills	Apr 8	Tk 126.17cr
Hwa Well Textiles	May 14	Tk 20cr
The Peninsula Chittagong	Jun 15	Tk 165cr
FAR Chemical	Jul 8	Tk 12cr
Shahjibazar Power	Jul 15	Tk 31.70cr
Khulna Printing & Packaging	Aug 18	Tk 40cr
Far East Knitting & Dyeing	Aug 28	Tk 67.50cr
Tung Hai Knitting & Dyeing	Sep 1	Tk 35cr
Shurwid	Sep 8	Tk 14cr
Ratanpur Steel Re-Rolling Mills	Sep 22	Tk 100cr
Saif Powertec	Sep 29	Tk 36cr
Western Marine Shipyard	Nov 2	Tk 157.50cr
Khan Brothers PP Woven Bag	Nov 18	Tk 20cr
Hamid Fabrics	Dec 4	Tk 105cr

## NBR to ease taxation for cooking oil traders

STAR BUSINESS REPORT

The National Board of Revenue is set to simplify taxation for soybean and palm oil processors by allowing them to pay value-added tax at one stage instead of three.

Once the plan, which is in line with a commerce ministry suggestion, comes into being, the cooking oil processors will pay 15 percent VAT at the import level only, an NBR official said, asking not to be named.

The commerce ministry put forward the suggestion as the processors said the existing system causes hassles.

Currently, there is no import duty for crude soybean or palm oil. The processors have to pay 10 percent VAT at the time of import, mainly from Indonesia, Malaysia, Brazil and Argentina.

The commerce ministry put forward the suggestion as the processors said the existing system causes hassles

Private sector processors import nearly 15 lakh tonnes of palm and soybean oil a year to feed the domestic market that requires 18 lakh tonnes. The rest of the demand is met through locally-grown mustard and rice bran

oil, according to processors.

After paying a portion of the 15 percent VAT at the import level, the processors have to pay Tk 4, 110 and Tk 3,700 for each tonne of soybean and palm oil, respectively, at the refining stage.

They have to pay around 4 percent VAT at the dealer's level.

"Hassles will ease if we are allowed to pay VAT only at the import level," said an official of a cooking oil processor and marketer.

But he said the adjustment may cause a spike in prices at the retail level

because most of the dealers and traders usually do not pay the 4 percent VAT at dealer's stage. However, the tax authority said the

move may distort supply chain and reduce scope for monitoring. The exemption may remain effec-

tive until June 2016, insiders said.

### Citi stays upbeat on economic growth

STAR BUSINESS REPORT

Improving political stability will help Bangladesh achieve higher economic growth in the current fiscal year, banking giant Citi said in its annual market update.

"The overall growth outlook for 2014-2015 is favourable

and the growth recovery has begun with the return of political stability," it said in an analysis on Bangladesh for 2014. The government has set an ambitious 7.3 percent GDP

growth target for the current fiscal year, Citi said, adding that Bangladesh needs to raise the total investment to GDP ratio by over 5 percentage points from 28.7 percent in FY14 to 33.8 percent to achieve the target. "Macroeconomic stability, better governance in the

banking system, development of markets for long-term finance, further trade liberalisation, and stronger attention to efficient implementation of infrastructure investments, with necessary changes relating to regulation and policy formulation remain key factors in this process."

Inflation eased and fell to 6.21 percent in November, the lowest in 24 months. Food inflation was the biggest driver behind the drop in overall inflation.

Non-food inflation, however, was on the rise. It reached 5.84 percent in November from 5.74 percent in the previous month, due to a rise in house rent, transportation costs, education and medical expenses and other non-food items.

If oil prices in the local market are adjusted to reflect the slump in global oil prices, then it may further contribute to reduce inflation in the economy, said the analysis.

However, the finance minister has already ruled out any oil price adjustment, although the price of oil has halved in global markets in the last six months. Bangladesh Bank has set a 6.5 percent inflation target for FY15.

"Inflation is expected to maintain a downward trend throughout FY15 on continued policy restraint. However, proposed salary hike of government employees and administered price adjustments pose upside risks to inflation,' according to the report.

"Achieving the FY15 inflation target will depend on international price trends as well as domestic demand and supply conditions. However, what will matter most for Bangladesh are domestic supply-demand conditions and macroeconomic management."

Although the country is still smarting from the impacts of twin industrial disasters of Tazreen Fashions and Rana Plaza, the outgoing year was a boon for the export sector, according to the report.

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