

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|----------|---------------------------|-------------------------|---------------|-----------|-----------|----------|---------------|-------|--------|------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | JPY |
| ▲ 0.03% | ▲ 0.04% | \$1,212.40 (per ounce) | \$66.33 (per barrel) | ▲ 0.53% | ▲ 0.30% | ▲ 0.30% | ▲ 2.83% | BUY TK 77.15 | 83.25 | 118.03 | 0.61 |
| 4,484.62 | 8,462.00 | | | 27,957.50 | 20,264.41 | 3,450.18 | 4,657.60 | SELL TK 78.15 | 87.25 | 122.03 | 0.64 |

Star BUSINESS

DHAKA MONDAY MAY 25, 2015, e-mail: business@thedailystar.net

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Abdul Matlub Ahmad

Matlub set to become FBCCI president

STAR BUSINESS REPORT

Nitol Niloy Group Chairman Abdul Matlub Ahmad looks all set to become the next president of the Federation of Bangladesh Chambers of Commerce and Industry.

Unnayan Parishad, led by Matlub, bagged the majority of the directorial posts in the biennial election to the apex trade body held at its office in Dhaka on Saturday.

Matlub's panel won 12 out of 16 director posts from the chamber group, and 13 out of 16 from the association group.

Shadhinota Babosayee Parishad, led by incumbent First Vice-President Monowara Hakim Ali, grabbed four director posts from the chamber group, while Babosayee Oikya Parishad led by Syed Moazzam Hossain, Kazi Ertaza Hassan and Shafquat Haider bagged three posts from the association group.

Lawmaker M Ali Ashraf, who conducted the polls at the election commissioner, announced the primary results yesterday. Voter turnout at the election for years 2015-16 and 2016-17 was 88.47 percent.

READ MORE ON B3; LIST OF DIRECTORS ON B3

Subsidy to be trimmed in next budget

REJAUL KARIM BYRON

The government is set to cut subsidy by 5.5 percent in fiscal 2015-16 from the current year, as it looks to reduce fuel subsidy amid depressed global oil prices.

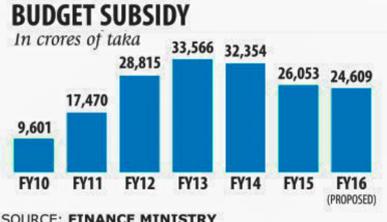
Some Tk 24,609 crore has been earmarked for subsidy in the draft in contrast to Tk 26,053 crore in the current fiscal year's original budget, which was later revised up to Tk 27,400 crore. But the share of power subsidy looks set to rise, as more electricity has to be purchased from quick rental plants.

In the draft outlay, Tk 8,000 crore has been allocated for power subsidy, whereas in the original budget for this fiscal year it was Tk 7,000 crore.

However, in the revised budget it is likely to cross Tk 9,000 crore: some gas-based power plants in the public sector were shut down due to mechanical faults, forcing the government to purchase electricity from the costly rental power plants.

Furthermore, the government's plans to hike electricity prices fell through, necessitating more subsidies for the power sector. In the next fiscal year, if price adjustments cannot be made and the low-cost government plants fail to come into production, the power subsidy may need to increase further.

Fuel subsidy will get the biggest chop in the upcoming budget owing to the oil price slide in the international



market.

It has been kept at Tk 800 crore, down from the current year's initial outlay of Tk 2,400 crore.

In the revised budget though, it has been slashed to only Tk 600 crore.

Since fiscal 2008-09, the government has spent a total of Tk 30,986 crore to keep the prices of petroleum products low in the international market starting last fiscal year also helped Bangladesh.

In fiscal 2012-13, the government set aside Tk 13,558 crore in fuel subsidy, which was the highest allocation in the history of Bangladesh.

A finance ministry official said the upward trend of oil prices in the international market and desperate efforts to fix the power crunch through quick rental plants meant that subsidy on fuel and power went up in recent years.

However, the government slashed energy subsidy by hiking retail prices. And a gradual fall in fuel prices in the international market starting last fiscal year also helped Bangladesh.

Bangladesh Petroleum Corporation bucked its five-year losing streak this fiscal year, making a tidy profit of Tk 3,455 crore on the back of sliding global oil prices.

Meanwhile, Tk 3,000 crore is being set aside for export subsidy in the upcoming budget. It was Tk 3,500 crore in the original budget for the current fiscal year, which was increased by another Tk 500 crore in the revised budget.

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Smartphone sales grow on low-cost handsets

MD FAZLUR RAHMAN

The smartphone market in Bangladesh grew 17 percent year-on-year in the first quarter of the year as local vendors continue to churn out low-cost handsets amid the fast expansion of 3G network coverage.

However, the market for the smartphones grew only 2 percent in the January-March period compared to the fourth quarter of 2014, according to a report by the India-based Counterpoint Technology Market Research.

Despite the growth of smartphone market, the overall mobile phone market declined 33 percent during the quarter from the previous one and only grew 4 percent year-on-year.

The dampened market was due to seasonality and a drop in feature phone shipments, the research firm said.

The high sell-in during the last

quarter of 2014 on account of Chinese New Year also led to the decline in shipments in the first quarter.

Smartphone shipments contributed 21 percent of the total mobile phone shipments, signalling that vendors now have a greater mix of smartphones in their device portfolio.

The total shipments of mobile handsets in the first quarter were 4.5 million units. Of them, smartphones were 0.9 million units and feature phones 3.6 million units.

Symphony leads by a distance in both the overall mobile phone and the fast-growing smartphone sub-segment, clocking in market shares of 37 percent and 38 percent respectively.

"It enjoys not only a healthy market share in Bangladesh but also a good mind share among its end consumer by catering to their needs and preferences," said Tarun Pathak, a senior analyst at the research firm.

Symphony V25, a \$60 retail 4" smartphone model, was the vendor's best-selling model in Bangladesh during the quarter.

Samsung however bounced back during the quarter and ended up in the second position in the overall mobile phone market. It has 7.2 percent and 23.4 percent share in the shipment of smartphones and feature phones respectively.

Samsung's Tizen-based Z1 expanded its reach beyond India and made inroads in Bangladesh. The initial sell-in remained healthy and was the number one smartphone model in the country, said the Counterpoint.

Local vendor Walton continues to target the market with its smartphone-only strategy, which, however, is paying-off, as the vendor occupied the third spot in smartphone segment with its 9.5 percent market share.

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Only 13pc subscribers use 3G services

MUHAMMAD ZAHIDUL ISLAM

A mere 13 percent of a total of 12.36 crore mobile subscribers are using 3G services as of April, though it has been one and a half years since the launch of the fastest mobile internet, according to Bangladesh Telecommunication Regulatory Commission.

The number of 3G users was much lower, barely 9 percent or 1.15 crore, until Grameenphone stepped up efforts to boost internet use in the last two months.

Around 1.61 crore SIMs are currently connected to 3G services, with the number being just 13.02 percent of the total active SIMs, according to the regulator.

"It is not a good number," said Abdullah Ferdous, the then consultant of BTRC's spectrum auction for 3G licence in September 2013.

But BTRC Chairman Sunil Kanti Bose said, "The number of 3G users is more or less satisfactory, and now we need to concentrate on quality."

When quality improves, the number of users automatically rises, he added.

Among the mobile phone operators, Grameenphone has taken the lead in 3G connectivity, with 87 lakh out of its 5.2 crore active SIMs, according to BTRC.

Grameenphone had 46.03 lakh 3G users in February, and added more than 41 lakh since then.

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Technical breakdown halts DSE

STAR BUSINESS REPORT

A technical breakdown halted trade on the Dhaka Stock Exchange for almost four hours yesterday, and the regulator asked the premier bourse to submit a report on it.

"We asked them to explain why and how the malfunction took place yesterday," said Saifur Rahman, spokesman and an executive director of Bangladesh Securities and Exchange Commission.

"DSE informed us about the matter from time to time," said Rahman, adding that the commission will take the next course of action after getting the report.

Trading resumed at 2:20pm, 10 minutes before the regular closing time, and continued until 4:00pm. The share transactions usually take place between 10:30am and 2:30pm on every working day.

The problem arose after the bourse's main engine failed to process the trading information uploaded by TREC (trading right entitlement certificate) to start the trading, officials said.

The TREC holders are required to upload information on their clients and portfolios everyday prior to the beginning of share transactions, they said.

"After discussing with the regulator we decided to keep the stock trading close until recovering the malfunctioning," Swapan Kumar Bala, managing director of the DSE, told reporters.

The IT professionals in assistance with NASDAQ OMX, which provided the matching engine, could solve the errors by 2:10pm, he said.

However, a DSE official said, the reasons for the malfunctioning are yet to be identified and it may take some days.

The DSE at a cost of around Tk 35 crore introduced the new and fast automated trading system in December last year to ensure smooth share transactions.

After yesterday's incident, stockbrokers expressed their dissatisfaction, as it was previously said by the management that the new system will ensure a flawless trading.

"But within six months we saw the problem that suspended the trading for almost four hours," said a stockbroker seeking anonymity.

This is not the first time for them, such technical glitches happened many times in the bourse with the previous trading engine.

READ MORE ON B3

Sixth Social Business Day on Thursday

STAR BUSINESS DEK

Yunus Centre will organise the sixth annual Social Business Day at Bangabandhu International Conference Centre in Dhaka on Thursday.

The daylong event, to be hosted by Nobel laureate Prof Muhammad Yunus, aims to connect global social business communities to develop effective solutions to various social problems.

The Social Business Day is observed every year on June 28, but it was brought forward a month keeping in mind the upcoming month of Ramadan, according to a statement.

There will be more than 1,600 participants, of whom more than 250 are international guests from 30 countries.

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