

WiMAX operators losing customers as tech shifts

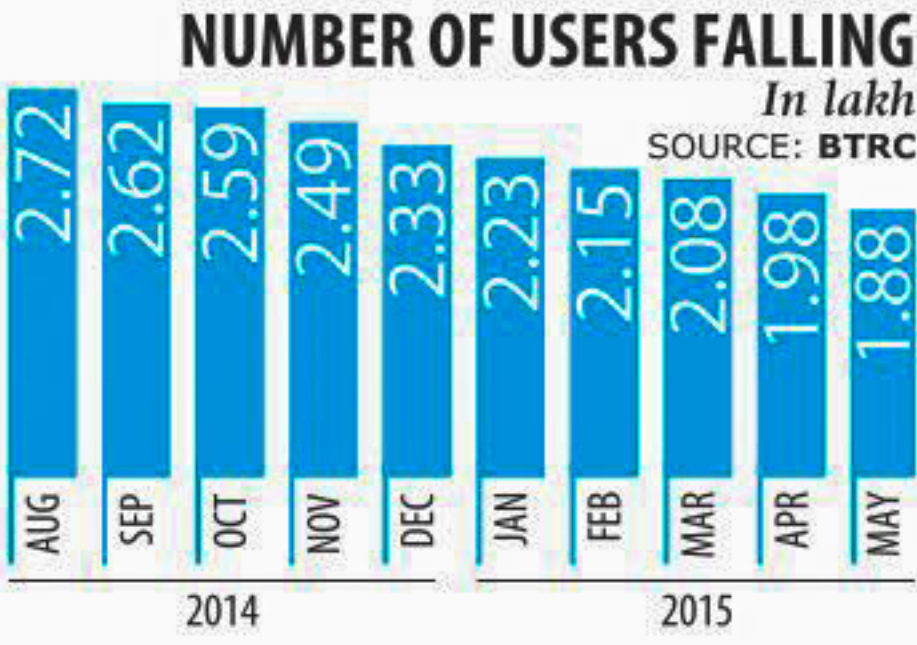
MUHAMMAD ZAHIDUL ISLAM

Operators of WiMAX, a wireless broadband system, lost 63.14 percent of their customers over the last two years as users opted for mobile internet for ease of use and greater connectivity.

At the end of May, the three WiMAX operators had 1.88 lakh active users, down from 2.91 lakh a year ago, according to the telecom regulator.

In the two years to May 2015, when the WiMAX operators saw their subscriber base shrink, the number of total internet users rose to 4.74 crore. About 97 percent of them use mobile internet.

The limited coverage of WiMAX (world-wide interoperability for microwave access) is the major reason why the operators are losing customers. The service is mostly



available in city areas, whereas 3G connectivity can be found in nearly all parts of Bangladesh.

The full-fledged introduction of 3G services by the four major mobile operators towards the end of 2013 cut into WiMax business, officials said.

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IPO funds rise 33pc

SARWAR A CHOWDHURY

Some 15 companies and one mutual fund entered the stockmarket last fiscal year, raising about Tk 1,246 crore through initial public offerings.

While the number of IPOs was the same as in the previous fiscal year, the raised amount was 33 percent higher. Some 16 companies raised Tk 934 crore in fiscal 2013-14.

But most companies were using the IPO proceeds to pay back loans instead of expanding their business, which prompted the regulator to put a ceiling on the amount that can be used for repayment.

Bangladesh Securities and Exchange Commission in November last year decided to bar companies from using more than a third of the funds raised in an IPO to repay loans.

Other than loan repayment, the IPO proceeds were used for business expansion, machinery purchase, new project implementation, arranging working capital, buying land and expansion of existing plant.

The funds raised from the primary market should be invested for business expansion or meeting the working capital requirements, said Faruq Ahmad Siddiqi, a market expert and a former chairman of BSEC.

But a part of the IPO proceeds may be allowed for loan repayment, as it means a reduction in financial costs for the company and an increase in profitability, he said.

However, no company should be allowed to use more than 30 percent of its IPO proceeds for loan repayment, the former BSEC chairman added.

Khandakar Kayes Hasan, chief executive officer of LankaBangla Investments, said many of the companies that used most of their IPO proceeds for loan repayment are not performing well in the secondary market.

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No bank borrowing by govt last fiscal year

Rise in sales of savings tools takes the credit

REJAUL KARIM BYRON

The government did not borrow from the banking system last fiscal year; rather it repaid a big portion of debts.

This was due to a rise in sales of savings instruments and slow implementation of development projects.

The government paid back Tk 6,869 crore to banks in fiscal 2014-15, according to provisional data from the central bank, in contrast to Tk 6,428 crore it borrowed in the previous year.

Initially the bank-borrowing target was set at Tk 31,221 crore, but the amount was later revised up to Tk 31,714 crore.

The government has two domestic sources to borrow -- from banks and through savings instruments.

Sales of savings instruments have been on the rise as they offer higher interest than banks do.

Though interest rates on savings instruments were lowered by around 2 percentage points last month, the rates are still above 11 percent for some savings tools, while the average interest on bank deposits was 7.04 percent in April.

The deposit interest rate was 8.61 percent in July 2013 and 7.79 percent in June last year -- the decline is blamed on huge excess liquidity in the banking system amid sluggish investment in the country.

As a result, the government's borrowing through savings instruments rose every month last fiscal year and stood at Tk 26,562 crore in the first eleven months, though the initial target was Tk 9,056 crore and the revised target Tk 21,000 crore.

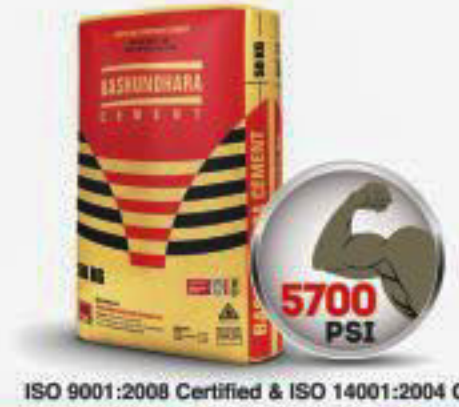
A finance ministry official said the cuts in interest rates of the savings tools could not contain sales of such instruments.

The earnings of the National Board of Revenue were higher than the revised collection target, which the official said is another reason why the government did not borrow from banks.

Historically, the government can never spend the entire amount allocated to its annual development programme, he said.

The revised ADP last fiscal year was worth Tk 75,000 crore, but the spend would finally be around Tk 65,000 crore, the official said.

Fiscal 2009-10 was another year when the government did not borrow from the banking system.



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