

# Internet connections cross 5cr mark

STAR BUSINESS REPORT

The number of active internet connections increased 5 percent to 5.07 crore in July from the previous month, according to Bangladesh Telecommunication Regulatory Commission (BTRC).

Of the connections, around 4.92 crore are linked with mobile networks, 1.47 lakh with WiMax and 12.93 lakh with internet service providers or land phones.

Since June, around 23.6 lakh new internet connections have been added, most of which are based on mobile internet connections, BTRC statistics show.

However, the telecom regulator has no data on the number of existing internet users.

The number of active internet connections crossed the four-crore mark in August last year, up from three crore in August 2012.

The growth in the number of connections is an indicator of development for the sector, said TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh.

Internet has become a basic need for the users, and the industry will see a good growth when the fall in bandwidth prices will start showing its impact, Kabir said.

The number of active mobile connections also increased 1.5 percent to 12.87 crore in July from June, as the tax on SIM card has been cut to Tk 100 from Tk 300, industry insiders said.

Market leader Grameenphone has the highest number of users, 5.39 crore.

# Eurozone unemployment lowest for three years

AFP, Brussels

Unemployment in the eurozone fell to its lowest level for three and a half years in July, raising hopes that economic recovery in the single currency area is taking hold, official data showed on Tuesday.

Joblessness in the 19-nation bloc fell to 10.9 percent in July from 11.1 percent in June, the first time it has dipped below 11 percent since February 2012, the EU statistics agency Eurostat said.

However youth unemployment was at a still high 21.9 percent.

As usual, the level of joblessness varied widely across the eurozone, but the sharp fall will boost hope that Europe is emerging from its prolonged debt crisis.

However, analysts cautioned that any improvement in the jobs market remained modest and came after disappointing second quarter economic growth data.

"We do not expect the eurozone's labour market recovery to gain much pace in the coming months," said Jessica Hinds, European economist at Capital Economics.

"The employment components of survey indicators... only nudged up in August and remain consistent with pretty weak annual employment growth in the near term," she said.

In contrast to the fall in joblessness eurozone-wide, unemployment rose in France to 10.4 percent, in Austria to 5.8 percent and Finland to 9.7 percent.

The highest rate was in debt-stricken Greece, at 25 percent in May, the latest data available, but down from 25.6 percent a month earlier.

Youth unemployment in Greece stood at 51.8 percent and at a still huge 48.6 percent in Spain, another country struggling to reignite job creation after the crisis.

The lowest rate in the bloc was in powerhouse Germany, unchanged at 4.7 percent.

In welcome news, Italy, the eurozone's third biggest economy, saw joblessness fall to 12 percent, snapping two consecutive months of increases despite a wave of job reforms. Youth unemployment in Italy still stood at a high 40.5 percent.

EU-wide, unemployment in the 28 member states fell by 0.1 percent to 9.6 percent in June, the lowest level since June 2011. Last month, data showed that growth in the eurozone slowed slightly in the second quarter to 0.3 percent, coming in at the bottom end of analyst forecasts.

The lack of a sharp improvement in the eurozone economy comes despite a massive European Central Bank stimulus programme.



Mutual Trust Bank (MTB) has recently opened its relocated Feni branch. Rashed Chowdhury, MTB group chairman, and Anis A Khan, managing director, visited the relocated branch.

# Legal overseas calls decline as fees jump

FROM PAGE B1

The Gateway Operators Forum or IOF is also planning to declare rewards for informing on illegal call traders, according to the official. A 'zero tolerance' policy has been started against illegal termination and legal calls will go back to normal shortly, said officials of IOF.

"We have started a joint initiative with the regulator and law enforcement agencies against illegal call termination," said Khandakar Muzharul Haque, deputy chief executive officer of the IOF.

There is also a special fund to boost efforts against illegal termination and more steps will follow shortly, he added.

There has been a sudden spike in local

calls of Teletalk since after the hike in termination fees, officials of top three private mobile operators said.

Some 23 IGW operators are currently active in the international call termination market, and six remain closed for not paying the regulator's dues.

The government halved international incoming call termination rate to 1.5 cents last September, but it approved a cartel -- the IOF -- to form in the incoming call termination market, with just seven cartel members terminating all legal international calls.

Other IGWs can only bring calls from international carriers to those seven, who can then terminate them.



Muhammed Ali, managing director of United Commercial Bank, and Mengitsu Alemayehu, a director for South Asia of International Finance Corporation, attend the signing ceremony of a deal at the bank's corporate office in Dhaka on Monday. IFC will provide the bank with \$75 million for garment industries.

# Foreign investors sell record amount of Indian shares in August

REUTERS, Mumbai

Foreign investors sold a record amount of Indian shares in August, offloading even more than in the midst of the global financial crisis, as turbulent markets in China led many funds to reduce their holdings in riskier emerging markets.

Foreign institutional investors sold a net 168.77 billion rupees (\$2.55 billion) in Indian shares in August, more than the previous monthly record of 153.47 billion rupees in October 2008, according to data from National Securities Depository Limited (NSDL).

The sales helped push the Nifty down 6.6 percent in August, its worst monthly performance since November 2011.

Analysts said the sales were largely a result of the overweight positions in India by foreign investors, who have been heavy buyers since 2012.

Foreign investors had been net buyers as early as July when India was seen as benefiting from outflows from China. They remain net buyers of 275.2 billion rupees this year.

"If people are selling India it doesn't necessarily mean they are negative on India. It could be the broader asset class is what they are negative on, in this case equities and emerging mar-

kets," Gautam Sinha Roy, vice president and fund manager at Motilal Oswal said.

Data on Tuesday showed India's economy grew 7 percent in the April-June quarter from a year earlier, much slower than expected, but a rate that matched expansion in China.

However, political wrangling has stalled crucial reforms, and investors are concerned that Prime Minister Narendra Modi's reform agenda will fall short.

Meanwhile, a delay in the recovery in earnings has led Macquarie, Barclays and Ambit to downgrade Indian shares over the last few days.

# In Bangladesh, investment returns outweigh risks

FROM PAGE B1

Brac Bank and Brac EPL were co-sponsors of the event, while DFDL was an associate sponsor. FinanceAsia, the continent's leading financial publishing company, organised the event.

Rizvi said all the elements that investors look for are present in Bangladesh.

"Great many things are happening in Bangladesh right now. The fundamentals are right. Your investment is safe. The returns proportionate to risks are very attractive. There is macroeconomic stability along with policy continuity and predictability."

Furthermore, the country is providing a host of incentives by way of fiscal concessions, tax holidays and so on, which, if not better, are on par with other countries, he said. Barring a few areas, there are no restrictions on investment in Bangladesh, with 100 percent ownership allowed in almost every sector. The country allows full repatriation of profits and easy exits.

Besides, as Bangladesh is a signatory to almost all international treaties and conventions, the investment is protected -- often a concern for foreigners when considering putting in money in a third-world country. Rizvi, an internationally renowned political scientist, also addressed the issue of political stability, another concern of foreign investors.

He said the economy was marred by political turmoil in the past couple of years. Still, economic indicators have improved year-on-year, instead of being deteriorated.

"Yes, we are noisy. Yes, we are excitable. We wash our dirty linen in public but please take it from me: political stability will not be affected. At the end of the day, we are a liberal, plural, secular, democratic society."

There are enough safety valves in the system to prevent things from getting out of hand, the foreign affairs advisor said. Mahfuz Anam, editor and publisher of The Daily Star, also touched upon the subject in a panel discussion, styled 'Bangladesh Today'.

He said the country has turned political stability into a growth factor, as it has expanded despite political instability in the past couple of years.

"We have never defaulted in paying our sovereign debt, on repatriation of investors' money or in any standard of financial consideration. If we can do with political instability, then what's your problem? You invest, make your profit, and take your money out."

Anam cited the narrative of Singapore which could very well be that of Bangladesh. Nobody expected Singapore

to succeed when it was thrown out of the Malaysian unity in the mid-1960s. "I remember this absolutely fabulous picture of Lee Kuan Yew taking up the challenge and saying, 'I'm going to show the world.'"

"We have huge population, limited land and resources, but that is half the story. We have already overcome those problems," said Anam.

Bangladesh has grown 6 percent for over half a decade now, which speaks of the magnificent nature of its economic stability. "Bangladesh is a country where honey is not pouring from the sky but it is growing from the ground," he added.

Abbar Anwar, chief executive of Standard Chartered Bangladesh, said the opportunities for investment in the country far outweigh the current challenges.

The British bank is a major investor in the country and is moving forward confidently by navigating around the challenges to continue to build a sustainable business for its shareholders, he said.

At the end of the day, investments need to make sense and investors look forward to a decent return, security of their investments and ability to repatriate dividend and capital when required, Anwar said.

"We have been able to do that, and I am sure, all of you who are contemplating investment in Bangladesh, you would also be able to do that in due course."

He said the country is at its inflection point of development. "If appropriate levels of investment can be channelled into the critical sectors, it can scale great heights."

The banker said there is huge demand for basic infrastructure like energy, power, ports, roads, bridges, highways, telecom and broadband in Bangladesh and foreign investors can do well by looking at those sectors.

"The current infrastructure is finding it difficult to cope with the demand generated by growth pressure. On the flip side, it is an opportunity too."

He particularly singled out the power sector, saying it needs \$25-30 billion of investment in the next 5-7 years. ICT and pharmaceuticals also hold great promise, Anwar added.

Pal Stette, director of project and corporate finance of Telenor that owns 55.8 percent of Grameenphone, shared the Norwegian telecom giant's experience in Bangladesh.

In less than two decades, Grameenphone, the largest mobile phone operator in the country, has logged in turnover of more than \$1 billion and is producing very good margins, with EBITDA (earnings before interest, taxes, depreciation and amortisation) in excess of 50 percent, he said.

# Cargoes pile up at Ctg airport

FROM PAGE B1

The warehouse has a capacity to store only 250 tonnes of goods. As a result, a large number of cartons are lying outside the warehouse under an open sky, including the airport apron and helipads, exposing them to damage.

Mobarak Hossain Pintu, a representative of a clearing and forwarding agent -- Oxford Shipping Ltd, said he failed to take delivery of 14 consignments of goods weighing one tonne that were sent by expatriates living in different countries in the Middle East in the first week of August.

Expatriates usually send household items such as cosmetics, milk powder and soaps for their families back home through cargo flights to save money.

But the customs authorities have not been giving permission to discharge such cargoes since July without the presence of passengers to claim the goods, Pintu said.

Till Monday, the demurrage for overstaying of a consignment weighing around 400 kilogrammes stood at Tk 52,000, he added.

Cargoes can be kept free of cost at the warehouse for five days, and then the airport authorities charge rent.

Belal Hossain, an expatriate in Oman who came home in July, said his brother, who also lives in Oman, sent some cargoes on July 6, but he is yet to get them delivered. He feared the goods might have been damaged as the boxes are kept outdoors.

According to Tourist Baggage (import) Rules, a passenger on arrival needs to submit proper documents and fill in a form in case of bringing unaccompanied luggage containing household goods that are supposed to arrive separately through another passenger flight or a cargo flight.

However, expatriates have long been sending goods through cargo flights while

C&F agents get delivery of the items on behalf of the senders, which is a breach of customs rules, said customs officials at the airport.

Hossain Ahmed, commissioner of Chittagong Custom House, said the rules were not followed strictly in the past in the interest of the expatriates.

But taking advantage of the lax monitoring, some people have been smuggling in goods for commercial purposes or contraband items, said the commissioner. Customs officials seized a good number of such items in the last few months, he added.

To prevent the malpractice, the customs authorities began strict monitoring in July and they are granting delivery of goods only after they receive required documents.

Amid the situation, Emirates Skycargo and Etihad Airways that operate two cargo flights each a week suspended several flights in August.

Emirates suspended eight out of nine scheduled flights, while Etihad suspended four out of nine flights last month, officials said.

On August 18, Sheikh Idris Ali, manager of Emirates Skycargo for Bangladesh, wrote to the airport authorities, requesting release of around 140 unit load devices such as pallets and containers that have remained stuck at the airport for over a month.

Airport Manager Wing Commander Nur-E-Alam have already sent separate letters to the commissioner of Chittagong Customs and chairman of Civil Aviation Authority requesting a solution to the problem.

Commissioner Ahmed said his office had asked the C&F agents to have the consignments cleared after submitting proper documents, but they have failed to do so.

The customs authorities may go for auctions of the cargoes to reduce the congestion, he said.



Suvastu Development organised a project handover ceremony at Lakeshore hotel in Dhaka on Saturday. Rezaul Hoque Sirajee, chairman of Suvastu Development, and Nazmul Haque Khan, managing director, attended the event.

# Banks' capital base shrinks

FROM PAGE B1

Capital shortfall at BASIC Bank was Tk 2,916 crore and its CAR was -15.53 percent.

State-owned specialised banks' capital deficit was Tk 6,417 crore in total.

The government-controlled Bangladesh Commerce Bank had a capital shortfall of Tk 245 crore and its CAR was 5.18 percent.

The capital base of the state banks shrank due to a rise in their default loans, a Bangladesh Bank official said.

The central bank has started holding meetings with the boards of the banks to improve the situation. "So far we have sat with the boards of Sonali and BASIC banks," he said.

In the current fiscal year's budget, the government kept aside Tk 5,000 crore for providing funds to the state banks to help them meet their capital shortfall.

An official of Sonali Bank said they have taken an initiative to realise default loans and their capital situation will improve by December.

International credit rating agency Fitch in a recent report said the banking sector of Bangladesh is vulnerable to shocks, as both asset quality and governance are weak, especially in state-owned banks.

The gross non-performing loans ratio of the sector increased to 10.5 percent in the first quarter of 2015 from 9.7 percent in the fourth quarter of last year.

Fitch also said Bangladesh Bank seems committed to strengthening governance in the banking sector.

However, private banks, except one, did not have any capital shortfall. In June, the private banks had a capital surplus of Tk 6,472 crore.

Foreign banks too had a huge capital surplus -- Tk 4,128 crore.

In June, the overall CAR of the private banks was 11.84 percent and that of the foreign banks 24.14 percent.

On June 30, banks in Bangladesh had a total capital of Tk 68,230 crore against a requirement of Tk 70,488 crore.

# Aman Feed flies high on debut

FROM PAGE B1

At present, the company's production capacity is 6,000 tonnes a month, and it reaches out to customers through more than 200 dealers.

Meanwhile, stocks extended the losing streak for the third day with DSEX, the benchmark index of the premier bourse, declining 44.14 points or 0.92 percent, before finishing the day at 4,724.51 points.

Investors were prompted to churn their portfolio on the day of debut of Aman Feed, said LankaBangla Securities.

The day's turnover, another important indicator of the market, however, rose 5.3 percent to Tk 421.33 crore with 10.49 crore shares and mutual fund units changing hands.

Losers beat the gainers 166 to 106, while 45 securities remained unchanged on the DSE floor.

Anwar Galvanising was the day's best performer, gaining by 9.83 percent, while Southeast Bank 1st Mutual Fund was the worst loser with a 9.78 percent fall.

Chittagong stocks also fell yesterday with the bourse's benchmark index, CSCX, declining 53.89 points or 0.6 percent to end the day at 8,827.76.

Losers beat the gainers, as 151 scrips declined and 61 advanced, with 25 securities closing unchanged on the Chittagong Stock Exchange.

The port city bourse traded 1.03 crore shares and mutual fund units worth Tk 43.89 crore in turnover.