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Star BUSINESS

DHAKA TUESDAY OCTOBER 20, 2015

Banks hit by crisis of cash dollars

Hajj and Eid holidays caused huge outflow: BB

SAJJADUR RAHMAN

Huge outflow of foreign currency during Hajj and Eid-ul-Azha has created a crisis of cash US dollar in Bangladesh, according to market players and the regulator.

The crisis has now forced the central bank to request the National Board of Revenue to withdraw tax on import of US dollar notes by local banks.

Hajj and the increase in the quota for cash when travelling outside the country have drained out the cash dollar reserves this year, said Nazneen Sultana, deputy governor of Bangladesh Bank.

Generally, the demand for cash dollar rises ahead of Hajj every year.

More than one lakh Bangladeshis performed Hajj this year, and each of the pilgrims was allowed to carry \$1,500 in cash.

If the pilgrims took \$1,000 on average each, the outflow of dollar with one lakh of them would come to \$100 million.

On the other hand, the BB in April last year increased the foreign exchange quota limit for private travellers to \$12,000 a year for an adult from \$5,000 previously.

Lots of Bangladeshis now go abroad for holidays. But the BB has no exact data on how much greenback flew out of the country during Eid-ul-Azha.

Spending for Pujā and rising medical tourism have created further strain on

the cash dollar reserves, according to a senior treasury official of Jamuna Bank.

Like many other banks, Jamuna is also facing a crisis of cash dollar, with its holding almost exhausted.

But the situation has become a boon for some people: hoarders and money exchangers are benefiting from the price hike of cash dollar, with the exchange rate for a US dollar exceeding Tk 82 in the curb market in recent days.

However, the rate remained almost unchanged at Tk 80-Tk 80.9 a dollar yesterday at banks and authorised exchange houses.

"What is the point of raising the price when there is no cash dollar in the market?" said a senior treasury official of Prime Bank when asked why banks did not increase their selling rate for the greenback.

Some bankers blamed supply-side constraints for the shortage of cash dollar in the market. They said that the source of cash dollar has been struck by the poor inflow of foreigners in recent days.

Primarily, there are two sources of cash dollar: non-resident Bangladeshis, who bring cash greenback when visiting their near and dear ones, and foreign nationals, including businessmen and tourists.

"The demand for cash dollar is there, but we see a shortage in supply," said the Prime Bank official.

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Tarana asks telcos to compensate for call drops

Tarana Halim

STAR BUSINESS REPORT

State Minister for Telecommunication Tarana Halim yesterday gave two months time to the mobile phone operators to improve their services quality and bring call drops to a minimum.

In a meeting at her office, she directed all six operators to compensate their subscribers for call drops and the poor network quality.

"Every subscriber is equally important and we need to give the highest level of importance to protect their rights," said the state minister.

"Operators must submit a proposal, describing how they want to compensate if any subscriber suffers. It can be money, voice minutes or data," she said in the meeting with the chief executives of the mobile operators.

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Transport sector gets priority in five-year plan

PROPOSED FINANCING FOR TRANSPORT AND COMMUNICATION (in billions of taka)



REJAUL KARIM BYRON

The government plans to almost double the funds for the transport sector each fiscal year until 2020 to achieve 8 percent economic growth.

The projection has been made in the seventh five-year plan, which will be placed at a meeting of the National Economic Council for approval today.

The draft plan recommended spending 3 percent of the gross domestic product, on average, on the transport sector including air, river and land routes each fiscal year during the five-year period.

In fiscal 2014-15, the financing in the transport sector was 1.6 percent of GDP.

Of the 3 percent, 2 percent will be through the annual develop-

MAJOR PPP-FINANCED PROJECTS

| PROJECT NAME | ESTIMATED COST (in millions of \$) |
|--|------------------------------------|
| Dhaka elevated expressway | 1,088 |
| Jetties at Mongla port | 50 |
| Dhaka-Ashulia elevated expressway | 1,471 |
| Flyover from Shantinagar to Mawa road | 313 |
| Joydevpur to Madanpur 4-lane | 117 |
| Hemayetpur to Manikganj road | 86 |
| Jatrabari to Tarabo road | 45 |
| Construction of Laldia bulk terminal | 60 |
| Construction of inland container terminal at Khanpur | 32 |

SOURCE: PPP OFFICE

ment programme and 1 percent through public-private partnership, according to the plan.

The government has already identified a good number of high-priority projects in the transport sector, such as completion of the Padma bridge construction by 2018 and setting up a tunnel underneath the Karnaphuli river in Chittagong.

Conversion of nationally important highways into four lanes gradually, connecting important economic activity hubs such as Payra Port and economic zones to national highways, and construction of circular rail track around Dhaka city have also been included.

Apart from these, the big plans include constructions of a third sea port at Payra in Patuakhali, a third terminal at Hazrat Shahjalal International Airport and a new one named Khan Jahan Ali Airport in Khulna.

Feasibility study for the construction of Bangabandhu Sheikh Mujib International Airport has also been put down.

However, different quarters in the government have indicated that the Sonadia deep-sea port project may not be taken forward, but the plan also proposed a government-to-government initiative for the port.

The plan said the aim of the new transport system is to increase communication between the remote and urban areas, which would increase the income of the people and reduce poverty.

On the other hand, trans-Asian road projects have been stressed to boost international trade.

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Tax dispute takes a toll on GP profits

The operator had to pay Tk 100cr to start out-of-court settlement procedure

STAR BUSINESS REPORT

Grameenphone has linked the SIM replacement dispute with the tax administrator, for which it had to pay Tk 100 crore to start out-of-court settlement procedure, to the decline in its net profits in the July-September period.

"We deposited the money during the third quarter, and this is a major factor behind the decline in net profit," said Dilip Pal, chief financial officer of Grameenphone, in response to queries at a press briefing at Sonargaon hotel in Dhaka yesterday.

Depositing that flat amount was a prerequisite to start negotiations with the National Board of Revenue over the long-pending tax dispute involving about Tk 1,000 crore.

In 2012, the NBR claimed about Tk 3,000 crore from the four mobile operators, arguing that they had resold SIM (subscriber identification module) cards and dodged taxes between July 2009 and December 2011.

Refuting the claim, all four operators went to court, which returned the issue to the NBR for an out-of-court settlement.



Grameenphone CEO Rajeev Sethi speaks at a press briefing at Sonargaon hotel in Dhaka yesterday.

Grameenphone's net profit dropped 22.53 percent year-on-year to Tk 414.12 crore in the July-September period, though its revenues grew 3.35 percent to Tk 2,647.42 crore.

"We are gaining momentum of performance revival from the headwind experienced from intense price competition and political turmoil during the first quarter of 2015," said Rajeev Sethi, chief executive officer of Grameenphone.

"Gradually we are observing healthy minutes' growth and our data performance is showing encouraging developments. Our clear focus on driving simplified customer centric market initiatives is helping us to create this momentum."

During the July-September period, revenue from data services grew 64 percent to Tk 230 crore, which was Tk 140 crore in the same period last year.

Grameenphone invested Tk 1,470 crore in the first nine months for further rollout of 3G sites, 2G coverage, capacity enhancement for catering higher volume of data and voice as well as enhancement of IT infrastructure.

"We are on the right track to deliver profitable growth amid

the subdued top line performance during the period. We shall continue with our planned operational excellence initiatives for the remaining part of the year as well," Pal said.

In the first nine months of the year, the operator's total revenues rose to Tk 7,794.21 crore from Tk 7,674.05 crore in the same period a year earlier.

The net profit, however, slipped to Tk 1,461.82 crore in the January-September period from Tk 1,592.24 crore last year.

With a 10.4 percent year-on-year growth, Grameenphone acquired 40 lakh new subscriptions in the first nine months to take its total subscriber base to 5.55 crore at the end of September.

Of Grameenphone's 1.52 crore data subscribers, 1.2 crore use 3G services. Grameenphone, the country's lone listed mobile phone operator, paid Tk 3,880 crore to the national exchequer, making it the largest contributor during the period.

On the Dhaka Stock Exchange yesterday, each Grameenphone share traded between Tk 241 and Tk 253.4, before closing at Tk 252.2.

Apparel makers urge buyers to accept local inspection certificates

STAR BUSINESS REPORT

Garment makers yesterday urged Accord and Alliance, two foreign factory-inspection agencies, to accept the inspection certificates issued locally to avoid repetition.

A delegation of International Labour Organisation's Direct Contacts Mission (DCM), led by Karon Moangan, deputy high court judge in the UK, held a meeting with BGMEA leaders to review the country's progresses in workplace safety and labour rights.

The other members of the team are Coen Kompier, Al-Wreidat Amin and Siska Dubbert.

More than 1,300 garment factories, which are members of the Accord and Alliance, were inspected under a national initiative, said Siddiqui Rahman, president of BGMEA, at the meeting at the association's office.

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Stocks return to black

STAR BUSINESS REPORT

Stocks returned to the black yesterday, after breaking a three-day losing streak.

DSEX, the benchmark index of the Dhaka Stock Exchange, rose 36.6 points or 0.79 percent, finishing the day at 4,644.63 points.

The index closed up with renewed buying interest in the heavy weighted stocks, said LankaBangla Securities.

"The market benefited from the rally of large-cap stocks, although subdued economic data was keeping investors watchful," it said, referring to the private sector credit growth that slowed in recent months due to a lack of demand for credit.

Credit growth dropped to 12.7 percent in August, compared to 13 percent in July.

After three straight sessions of sharp decline, the market finally found support and got condensed at the 4,600-point level, IDLC Investments said.

"The bourse started with buyers in control. Although trade was dented around mid-session, the indices kept on appreciating, riding on scrips that have faced severe correction recently," the merchant bank said.

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Pran gets good response at food fair in Germany

STAR BUSINESS REPORT

The fair is organised to see the progress the industry made, and spot new trends and emerging needs of the consumers around the world.

Pran displayed different kinds of products at the fair, including frozen foods, fruit drinks, noodles, biscuits, snack mix, chips, candy, sauce and jelly.

Kamal said a huge demand for juices, drinks, confectionery and bakery products were seen in the fair.

He said Anuga has played a significant role for the company's agro-processing food as it provides a valuable platform to showcase its products at the international level.

"We got a positive response from visitors. The response from visitors was beyond our expectation."

Pran representatives had one-to-one conversation with 200 visitors from different countries, including Mongolia, Bulgaria, Lithuania, Jamaica, Haiti, Seychelles, Mauritius, Morocco, the US and Portugal.

"Old customers asked about our new products. We shared our business plans with them and listened to their problems," said Kamal.

Pran started exporting in 1997, with canned pineapple to France. Now it exports its products to 118 countries, said Mizanur Rahman, chief of export of the company.

The company, which exported products worth \$144 million last fiscal year, produces more than 500 food items under 10 different categories and employs 75,000 people.

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