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# Star BUSINESS

DHAKA FRIDAY SEPTEMBER 8, 2017, BHADRA 24, 1424 BS

## Commercial spaces too expensive

Exorbitant rents send startups to residential areas

SOHEL PARVEZ

Many new and small entrepreneurs are now opting for residential buildings to set up shop after being daunted by the high rents of commercial spaces in the city, said some realtors and small business operators. Developers said the rents of commercial spaces vary from area to area, but in general the price of per square foot (sft) of commercial space is almost double the price of residential space in Dhaka.

### ASKING PRICES OF COMMERCIAL SPACES

AREAS	PER SQUARE FEET
Jigatola	Tk 37,500
Shantinagar	Tk 50,000
Khilgaon	Tk 40,000
Gulshan Avenue	Tk 28,000
Banani	Tk 60,000
Baridhara DOHS	Tk 35,000
Chittagong: Bandartila	Tk 25,000

SOURCE: BIKROY.COM AND LAMUDI

chief executive officer of one of the leading superstores chain Meena Bazar. "Sometimes, we have to give more than two years' advance to rent the space," he said, adding that the initial investment goes up due to the high rent. Given the exorbitant rent, many new and young entrepreneurs have turned to residential areas to house their offices or showrooms. Mounjurul Alam is one of them.

Early this year, Alam had to abandon his plan of opening his own clothing store on Dhanmondi road No. 27 after a landlord demanded rent of Tk 250 per sft area along with six months' advance.

"The rent was too high for me to bear and I had no other option but to look for space in residential buildings to start my business," he said.

Alam said he has to pay Tk 30,000 a month for nearly 700 sft area in the capital's Lalmatia neighbourhood, which is much below the amount he would have to pay had he rented the property on Dhanmondi-27.

"The authority should create facilities so that new entrants, small and medium businesses can get space at low-cost in commercial areas," he added.

Realtors linked the high rents to the high land prices and construction costs. Generally, commercial buildings are constructed on premium locations, empowering the land owners to demand a higher share of the property from developers.

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## CPA starts constructing new container terminal

DWAIPAYAN BARUA, Ctg

Ten years past the making of a container terminal, the Chittagong Port Authority (CPA) is set to inaugurate the construction of a new one today aiming to enhance its capacity to handle the ever-increasing number of vessels and containers.

Shipping Minister Shajahan Khan will inaugurate the construction of the terminal on 26 acres of land located at between Chittagong Dry Dock and Boat Club in Patenga.

Bangladesh Army's engineering core will build the Patenga Container Terminal (PCT), which will contain three 200-metre container jetties capable of annually handling over 7 lakh 20-foot equivalent units along with a specialised dolphin jetty for unloading oil.

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## Interest rate on deposits rises for the first time in 2.5yrs

JEBUN NESA ALO

The interest rates on deposit crept up in July, breaking a downtrend of two and a half years on the back of a rising private sector credit demand.

The weighted average interest rate on deposits stood at 4.89 percent in July, up from 4.84 percent in June, according to data from the Bangladesh Bank.

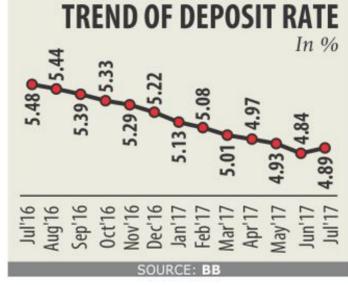
The interest rate had been on a descent since January 2015 -- when lenders provided 7.26 percent -- thanks to a slashing spree of state banks and the new ones.

But in July, most banks revised the deposit rate upwards upon expectation that the demand for money would rise amid growing imports, according to Mehmoos Husain, managing director of NRB Bank.

Private sector credit growth hit 16.94 percent in July -- the highest in five years and well above the 16.2 percent target set by the central bank for the first half of 2017-18.

The opening of letters of credit grew 30 percent year-on-year to \$5 billion in July. Particularly, the LC opening value for food grains trebled to \$334 million in the first month of the fiscal year from a year earlier, central bank data shows.

Husain said the private sector credit growth crossed the 16.5 percent-mark because of pressure from food grain imports by private businesses. Moreover,



road repair works following the recent floods will accelerate import expenditure.

"So, banks think that the credit demand will go up in the coming days," Husain added.

MA Halim Chowdhury, managing director of Pubali Bank, hinted that the interest rate on deposit would go up in the coming months riding on the rising credit demand.

Some banks are offering higher interest rate to attract depositors, he added.

In July, the average interest rate on deposits at state banks increased to 4.56 percent from 4.47 percent in June.

At private banks, it rose to 5.2 percent from 5.15 percent.

Of the nine new banks, seven have revised the rate upwards, with Farmers Bank offering the highest of 8.67 percent.

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## BGMEA seeks one more year to knock down office building

REFAYET ULLAH MIRDHA

The garment makers have requested the Supreme Court to postpone the demolition of the controversial BGMEA office for a year as they are not fully prepared to flatten such a big building.

On March 12, the court ordered to start the demolition of the 15-storey building within six months or by September 12.

On August 23, the garment makers' platform appealed to the court for the extension of the deadline, said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

"We respect the court verdict. But we need more time to complete the construction work of the new office building in Uttara," he said.

He said the association has already appointed consultants for the new structure on a 5.5-bigha land in Uttara Sector-17.

The demolition of such a sprawling building within six months is almost impossible as the BGMEA needs to do a lot of homework before starting the process, Rahman said.

"I am hopeful that the construction of the new office building would be completed by next one year."

The association paid Tk 11 crore to the government yesterday as the price of the land in Uttara. The original value of the land is Tk 22 crore but the BGMEA paid half because the government has reduced the price for the association.

After the court order, most of the offices of 40 different companies housed in the building have already moved to new places.

Out of the building's 266,000 square feet area, the BGMEA owned 1.40 lakh square feet and sold, leased or rented out 125,000 square feet to different individuals and companies.

The price of the space sold stood at Tk 62.5 crore a decade ago, as the BGMEA sold per square foot at Tk 5,000 at that time, according to the buyers of the space.

The main building, constructed on two bighas of land, contains amenities such as restaurant, gymnasium, swimming pool, conference rooms and a two-storey basement car parking.

The total value of the building is more than Tk 300 crore, according to the BGMEA.

Rahman said at the moment the association is working on many other issues such as factory remediation process prescribed by the Accord and the Alliance, two foreign factory inspection agencies.

The garment makers are going through a very tough time as the sector's growth fell to 0.2 percent in the last fiscal year, he said.

"So, I hope the court will consider our plea for the time extension."

In March this year, the Supreme Court dismissed a petition seeking review of its judgement upholding an April 2011 High Court order to knock down the structure illegally built in the capital's Begunbari canal and Hatirjheel lake.

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A view of the BGMEA building at Hatirjheel in the capital.

STAR/FILE

## BTRC revenue hits 6-year low

MUHAMMAD ZAHIDUL ISLAM

BTRC's revenue collection for 2016-17 declined about 10.79 percent year-on-year to Tk 3,754.64 crore, a six-year low, apparently for a decrease in earnings under its revenue sharing policy with mobile and international gateway operators.

Despite missing its annual target by Tk 305.36 crore, Bangladesh Telecommunication Regulatory Commission (BTRC) got Tk 366.30 crore in the form of two mobile operators' merger fee, something it did not have in its calculations.

The telecom regulator's main chunk of annual collections comes from the revenue sharing policy -- mobile operators share 5.5 percent of their gross revenue with the BTRC, while international gateway operators 40 percent of what they earn from international calls.

Under the policy, BTRC collected Tk 2,455.08 crore in the just concluded fiscal year whereas it was Tk 3,361.45 crore the year before, according to its annual report.

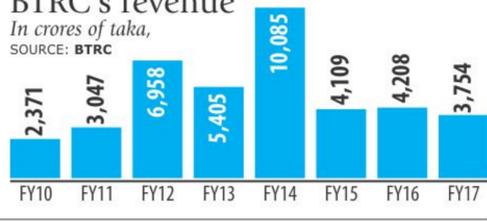
Earnings from international calls also dropped by a few hundred crore taka, said a top BTRC official requesting anonymity.

"Revenue from international calls is on the decline and there are a number of reasons behind it," said the official.

One is a cartel of international gateway operators formed a couple of years ago, he said.

Though the government has set a price for calls coming into the country, the cartel tends to fix higher prices for profits, leading to international callers shifting to illegal channels and mobile applications, he added.

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## New submarine cable goes live Sunday

STAR BUSINESS REPORT

Bangladesh's second undersea cable will finally start functioning commercially from Sunday after a one year delay.

Prime Minister Sheikh Hasina will inaugurate the cable through a video conference at her residence.

The cable built at a cost of Tk 660 crore will have an initial bandwidth of 200 Gigabits per second (Gbps), which will rise to 1,500 Gbps in phases, said Monwar Hossain, managing director of state-run Bangladesh Submarine Cable Company Ltd (BSCCL).

The country was connected with the second submarine cable -- South East Asia-Middle East-Western Europe 5 -- at the landing station in Kuakata on February 21.

But the BSCCL could not start the commercial operations because of the failure of another state-run company, Bangladesh Telecommunications Company Ltd, to set up an uninterrupted

### SECOND SUBMARINE CABLE AT A GLANCE

- Bangladesh got connected with the second submarine cable in February
- But its inland link was not ready to start commercial use
- Initially it will have 200 Gbps bandwidth
- Bandwidth will be raised to 1,500 Gbps
- Project cost Tk 660.64cr

inland link from Kuakata to Dhaka.

The project was supposed to be completed in two years, but the deadline was extended by a year due to the absence of the inland cable connectivity.

The undersea cable, owned by 19 companies from 16 countries, was inaugurated at a ceremony in Honolulu, Hawaii in January this year, and all the countries except Bangladesh have been using it for

commercial purposes since then.

On March 2, State Minister for Telecom Tarana Halim told reporters during a visit to the landing station that the commercial operations of the cable would begin in the first half of the same month.

Later July 31 was fixed as the launch date, but it was cancelled after the inland link was down for 12 hours just before the opening ceremony.

After the launch, Bangladesh will not need to import bandwidth from India, he added.

Bangladesh now uses 180 Gbps bandwidth from its first submarine cable, SEA-ME-WE-4, which was set up in 2006. Another 260 Gbps is imported from India.

Initially, the longevity of the new cable was fixed at 20 years, which may be increased to 25 years through optimum maintenance.

The BSCCL has borrowed \$44 million from the Islamic Development Bank for the project, the repayment of

## Another 2 lakh tonnes of wheat from Russia on way

STAR BUSINESS REPORT

The government is set to import two lakh tonnes of wheat from Russia under a state-to-state arrangement as part of an aggressive move to boost the country's food stock.

The development comes after the cabinet committee on purchase yesterday approved the import of wheat for \$252 per tonne, which the food ministry says is on a par with the international market price.

At present, the wheat price in Ukraine is \$252 per tonne, in the US \$251 and in Australia \$256, according to the proposal.

In the last three months, the government has moved to import 10.5 lakh tonnes of rice and wheat both through state-to-state arrangement

and open tender after rice production suffered major losses due to flash floods and fungal attacks.

The flash floods in six northeastern haor districts and the fungal attacks (rice blast) in 19 districts during the boro season led to the loss of 20 lakh tonnes of the staple, according to the food ministry.

In recent months, at least 20 districts in the north and elsewhere have been flooded, which will affect the aman crop.

In this context, the rice price rose, and on the other hand, the government's rice stock plunged to below two lakh tonnes.

Thanks to a number of recent government initiatives, food stock increased to 4.37 lakh tonnes -- rice stock 3.08 lakh tonnes -- on August 28.

The government is also working to immediately import more than two lakh tonnes of rice from Myanmar despite the tension centring the Rohingya influx from the neighbouring country.

Food Minister Qamrul Islam already left for Myanmar yesterday to sign a preliminary agreement for importing 10 lakh tonnes of rice per year, said a food ministry official.

"The food minister will return tomorrow. He is likely to brief the press in this regard on Sunday," the official added.

Meanwhile, a cabinet committee meeting last month decided to import 20 lakh tonnes of food grains -- 15 lakh tonnes of rice and five lakh tonnes of wheat -- this fiscal year.

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