



BUSINESS

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Wheat imports soar as consumers cut costly rice intake

SOHEL PARVEZ

Wheat imports soared as a section of people has switched to flour in the face of high prices of staple rice, said importers.

Wheat imports grew 28 percent year-on-year to 9.41 lakh tonnes from July to mid-September, according to data compiled by the food ministry.

"Many people have started eating wheat flour as a substitute of rice as prices of flour are much lower than the prices of the staple," said Bishwajit Saha, general manager of the City Group of Industries, one of the leading commodity importers and processors.

Rice prices hit record high mid-August, triggered by a rumour of India banning export, by a drop production owing to crop damage caused by recurrent floods, depleting public stocks and inadequate supply from millers and traders.

On September 16, retail prices of coarse grains, consumed mainly by the poor and low income groups, shot up to Tk 50-54 a kg in Dhaka city, according to the state-run Trading Corporation of Bangladesh (TCB).

Prices fell early last week amid increased imports and release by millers and traders following a meeting between millers and the government.

Yet, rice remains more expensive



than flour.

Yesterday, retail prices of coarse rice were Tk 48-50 a kg whereas flour was selling at Tk 28-34 a kg, meaning the average wheat price was Tk 18 or 38 percent less than the average coarse rice price.

Saha said the price difference has encouraged a section of people in both rural and urban areas to shift to flour. "This has fuelled demand for wheat further," he said.

Generally, prices of rice remain

higher than flour. But the price gap between the two grains remains normally less.

For example, prices of coarse rice were Tk 36-38 a kg on September 30 last year against flour prices of Tk 25-34, according to the TCB.

Importers and processors said wheat consumption is rising every year owing to a shift in consumers' diet preference and a flourishing bakery and processed food market.

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BGMEA signs pact for green production

STAR BUSINESS REPORT

The International Finance Corporation yesterday signed an agreement with the Bangladesh Garment Manufacturers and Exporters Association to implement the second Partnership for Cleaner Textile (PaCT) in the garment and textile sector.

Under the PaCT programme, which was launched in 2013, garment and textile makers are advised to adopt modern technologies in factories and changing attitudes to reduce water and energy consumption in the next four years.

Wendy Jo Werner, IFC's country manager, and Siddiqur Rahman, BGMEA's president, signed the agreement on behalf of their respective sides at the Radisson Hotel in Dhaka to implement the PaCT in 250 spinning, dyeing and finishing units.

The IFC will spend \$7 million for implementing the second phase of the programme. The first one was implemented in 215 factories at a cost of \$11 million.

"The factories have reduced their water consumption significantly thanks to the implementation of the first phase of the PaCT," said Rahman.

The PaCT is the largest textile-based resource efficiency



Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association, and Wendy Jo Werner, country manager for Bangladesh, Bhutan and Nepal at International Finance Corporation, exchange documents after signing a deal on the implementation of the second phase of the PaCT programme at Radisson Blu Dhaka yesterday.

programme in the world, said Alexios Pantelias, manager of energy and water advisory services of the IFC, the World Bank Group's arm that lends to the private sector.

"When the factories and brands commit to such a programme, it

shows that they have a vision to move beyond the identity of being the world's second largest apparel exporter."

Despite having one of the lowest per capita carbon dioxide emissions, Bangladesh has stepped up

its efforts to be known for its environmental sustainability initiatives, Pantelias said.

"The Bangladesh textile sector deserves credit for accelerating green uptake."

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BTRC earnings beat target

STAR BUSINESS REPORT

Bangladesh Telecommunication Regulatory Commission (BTRC) said it earned Tk 6 crore more than the target of Tk 4,060 crore set for 2016-17.

However, the telecom regulator's earnings declined 3.38 percent year-on-year to Tk 4,066 crore in the last fiscal year.

It earned Tk 4,207.94 crore in 2015-16.

Revenue sharing contributed the most to the regulator's earnings: it was Tk 2,647 crore in FY17, according to a statement from the regulator.

Mobile phone operators share 5.5 percent of their gross annual revenue with the BTRC, while international gateway operators share 40 percent of their earnings from international calls.

It earned about Tk 950 crore as annual spectrum fees from different

operators. The regulator received Tk 471 crore from the merger of Robi and Airtel.

Senior officials expect revenue income would set a record in 2017-18 as the government is going to award 4G licences and arrange a spectrum auction within a few months.

The BTRC collected the highest amount of revenue of Tk 10,085.35 crore in its history in 2013-14, thanks to the 3G spectrum auction and 2G licence renewal fees.



Bad loans cause dents in banks' profits

REJAUL KARIM BYRON

Bad loans ate up 51 percent of the operating profits of banks in the first half of the year -- a development that will not only bring down the dividends that shareholders get but will also have an impact on the interest rate.

Between January and June this year, the banks' operating profit edged up 11 percent but net profit slumped about 33 percent, according to central bank statistics.

As per central bank rules, banks have to keep provisioning for their classified loans from their operating profits. Thus, if banks' classified loans increase, their net profits fall proportionately.

In the first half of 2017, banks logged in operating profit of Tk 10,355 crore, up from Tk 9,325 crore a year earlier.

However, their net profits altogether came to Tk 1,845 crore, down from Tk 2,741 crore in the first six months of 2016.

The banks' net profit is calculated after deducting provisioning against bad debt and tax.

In the first six months of the year, the banks had to do provisioning of Tk 2,526 crore against their bad debts, in contrast to Tk 3,408 crore a year earlier.

The banks had restructured about Tk 16,000 crore of large loans of more than Tk 500 crore. But later, the bad borrowers did not maintain their commitment, due to which the loans turned sour, said a Bangladesh Bank official.

Because of poor governance in some banks, their overall indicators are in the negative, said various bank officials.

Most of the state banks are in a bad shape, but some private banks are vulnerable too.

The sliding net profits eat into the shareholders' dividends, and it also leads to an increase in the lending rate, the BB official said.

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To maintain the spread (the difference between lending

AT A GLANCE

Bad loans ate up 51pc of the operating profits of banks in the first half

Banks' operating profit edged up 11pc but net profit slumped 33pc

Banks had to do provisioning of Tk 5,256cr against bad loans

State banks logged in net losses of Tk 1,046cr

Private banks registered net profits of Tk 2,766cr, down 7.62pc year-on-year

and deposit rates) within 5 percent as per BB directive, banks, in most cases, lower deposit rates.

"As a result, the depositors are affected," he added.

Though the state-owned banks' operating profit was Tk 1,178 crore, due to provisioning against bad loans, they logged in net losses of Tk 1,046 crore for the first half of the year.

Overall, the profit situation of most of the state banks improved this year except for Sonali.

Sonali's net loss was Tk 1,257 crore but the five other state banks made net profit ranging from Tk 10 crore to Tk 127 crore.

Even the much-troubled BASIC Bank made a net profit of Tk 11.40 crore during the period, in contrast to a loss of Tk 48 crore a year earlier.

The private banks logged in operating profit of Tk 8,662 crore in the first half of 2017, which is more or less the same as in a year earlier.

But their net profit was significantly down as some of the banks' performance deteriorated. They logged in net profits of Tk 2,766 crore, down 7.62 percent year-on-year.

Of the nine new banks, all except Farmers Bank are still making good profit as their default loans are less.

Farmers Bank, which has been lending badly from the onset, registered a net loss of more than Tk 13 crore against the operating profit of Tk 24 crore.

In the same way, Bangladesh Commerce Bank and ICB Islamic Bank made net losses. Of them, the net loss of Bangladesh Commerce Bank was Tk 149 crore and ICB Islamic Bank Tk 18.25 crore.

Islami Bank typically registers profit growth every year but in the first six months this year, its operating profit was the same as last year. But its net profit fell 24.63 percent year-on-year to Tk 257 crore.

The foreign banks made operating profit of Tk 1,228 crore and net profit of Tk 625 crore.

MOBILE NUMBER PORTABILITY Licensing process turns dubious

MUHAMMAD ZAHIDUL ISLAM

The beauty contest for awarding the licence for the much-awaited mobile number portability (MNP) service turned into an ugly competition as the telecom regulator recommended a company that does not meet the conditions it set in the guideline.

A beauty contest auction is a procurement mechanism where considerations other than price are of importance to the buyer. Sellers submit multidimensional bids, including reputation and speed of delivery, and the buyer awards the contract to a seller of his choice.

The Bangladesh Telecommunication Regulatory Commission recently recommended Infozillion BD Teletel Consortium, a joint venture of a local and

foreign firm, for the licence by showing that they have gotten the highest marks from the technical evaluation committee.

But senior officials of the telecom regulator, who were also members of the evaluation committee, said Infozillion did not even meet up all the conditions.

Mobile number portability is a technology that allows customers to change their operators anytime without changing any single figure of its existing eleven digit number. The government has fixed Tk 30 as charge for the service.

The BTRC had first postponed and then cancelled the open auction scheduled for September 28 last year for awarding the MNP licence amid security concerns as all the selected firms had foreign partners.

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