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Bandwidth export to India grinds to a halt

BSNL to suspend deal in February

BANDWIDTH EXPORT: KEY POINTS

- Indo-Bangla sides signed deal on June 7, 2015
- BSNL had bought 10Gbps, but never used more than 8Gbps
- Transmission started to Tripura on Feb 8, 2016
- Price was \$10 per Mbps; later revised down to \$7.5 and \$6
- Bangladesh so far earned Tk 24cr
- Dues: Tk 6.39cr
- Meghalaya and Assam recently showed interest to buy bandwidth from Bangladesh



MUHAMMAD ZAHIDUL ISLAM

Bharat Sanchar Nigam Ltd (BSNL), a state-run Indian telecommunication carrier, is struggling to afford importing internet bandwidth from Bangladesh and will suspend its deal with the country in February after four years of doing business.

The carrier has been struggling with mounting unpaid staff salaries and

vendors' payments for nearly a year. Now it has decided to stop buying bandwidth from Bangladesh for its market in Northeastern India as a desperate austerity measure.

The ailing Indian company has recently informed Bangladesh Submarine Cable Company (BSCCL) that it would discontinue the business deal from February next year, Mashiur Rahman, managing director of BSCCL, told The Daily Star.

In June 2015, the Indian company signed the agreement to take 10 gigabits per second (Gbps) of bandwidth for Tripura from Bangladesh through Akhaura-Agartala point.

The bandwidth export began on February 8, 2016.

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J&J, Parachute among brands in huge haul of fake cosmetics

STAR BUSINESS REPORT

Bangladesh Standards and Testing Institution (BSTI) yesterday destroyed counterfeit cosmetics of various renowned brands namely Johnson & Johnson (J&J), Parachute and Kumarika.

The standards agency seized the fake products, including lotion and cream, coconut hair oil, olive oil and perfumes, through a mobile court drive led by Executive Magistrate Rashida Akhter in Chawk Bazar and Keraniganj of Dhaka.

According to a press release, the BSTI seized two trucks of fake cosmetics through the drives late night of Monday and destroyed the items at Demra dumping zone of Dhaka South City Corporation yesterday.

The approximate value of items would be Tk 4 crore, according to the statement.

The agency also slapped Md Robin, owner of the fake cosmetics firm, with a fine of Tk 100,000 and a three-month prison sentence for selling the products using BSTI's certification marks.



Counterfeit products of renowned brands valued at some Tk 4 crore seized by the BSTI from Chawkbazar and Keraniganj of Dhaka yesterday.

Private credit growth falls to nine-year low

STAR BUSINESS REPORT

Private sector credit growth dropped to a nine-year low of 10.04 percent in October as the majority of banks are unable to give out loans as expected because of the presence of a high volume of defaulted loans.

The growth was 3.16 percentage points lower than the central bank's target of 13.20 percent for the first half of the current fiscal year.

In September 2010, private sector credit growth stood at 6.09 percent

and since then the growth has never fallen below 10 percent.

It hit 15.61 percent in February 2017 and continued the upward trend to rise to 19.06 percent in November. But the credit growth started falling from December 2017 and has kept the downward trend since then, data from the Bangladesh Bank showed.

The banking sector has been facing a liquidity crisis for a few years, putting an adverse impact on the private sector, a central bank official

said.

A large amount of funds of banks has been stuck in the form of defaulted loans for long, eroding lenders' capability to lend to the private sector.

Defaulted loans surged 24 percent to Tk 116,288 crore in September compared to that in December last year. The delinquent loans now account for 11.99 percent of the total outstanding loans in banks, up from 10.30 percent in December 2018.

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Govt to go slow on fattening next budget

Revenue shortfall looms large

REJAUL KARIM BYRON

The government is likely to go slow in increasing the size of the national budget for next fiscal year owing to the sluggish pace of revenue collection.

The size of the national budget was initially planned at more than Tk 600,000 crore. It may end up at Tk 580,000 crore for the next fiscal year, up about 11 percent year-on-year from Tk 523,190 crore in the current year, said finance ministry officials.

The issue of the total outlay for the next fiscal year came at a meeting of the fiscal coordination council headed by Finance Minister AHM Mustafa Kamal at the secretariat last week.

"With revenue receipt growth remaining sluggish, we have to rethink the size of the next budget to keep deficit within a tolerable level," said a top finance ministry official who attended the meeting.

The GDP growth target too might see no significant hike, said the official.

Another participant of the meeting said the government was framing the 8th five-year plan for FY2021-2025

and broader macro targets which had initially been planned to be set at a higher level might be revised down because of the slow pace of tax collection.

Tax collection by the National Board of Revenue (NBR) rose 3 percent year-on-year to Tk 47,388 crore in the July-September period of FY2019-20.

The NBR, the main collector, stated to have posted 6 percent growth during the July-September period last fiscal year.

Significant gains in collection were seen in the first three years in the context of the government's Perspective Plan 2010-2021.

The buoyancy in tax revenue later disappeared and witnessed a declining trend in the following years until FY2017, causing the tax-GDP ratio to remain below 10 percent.

The tax-GDP ratio, a measure of the capacity of the state to finance its own expenditure, was 9.2 percent in FY2019.

The government assigned the NBR to collect Tk 296,201 crore in taxes last fiscal year, which was 46 percent

higher than the actual collection in the previous year.

The tax authority said it ended up posting a collection growth rate of 11 percent last fiscal year.

At the meeting, the finance minister expressed annoyance over the sluggish pace of revenue collection in the current year.

He inquired the NBR about reasons behind the delay in installation of electronic sales register machines, also called Electronic Fiscal Device (EFD), at stores and various other businesses, scanners at ports and hiring of additional manpower.

Responding to journalists' queries last Wednesday regarding the slow pace of revenue collection, Kamal blamed low collection of value added tax.

"I was assured that EFDs will be installed in shops from July 1. Unfortunately, it did not happen. Collection will increase once the devices are installed," he said.

At the fiscal coordination meeting, the NBR blamed tax breaks, exemptions and discounts in various sectors for the low collection.



Tractors are used in multipurpose activities in the rural economy.

Tractor sales drop

Reasons include falling prices of farm produce

AHSAN HABIB

Tractor sales declined 10 percent year-on-year to 6,287 units in the January-October period this year mainly because of the falling prices of farm produce and a government ban on such vehicles' movement on highways.

In 2018, sales of the vehicle widely used in ploughing of farmlands and carrying construction loads had fallen 3 percent year-on-year to 8,971 units, according to data of the top three tractor sellers.

Tractor prices range between Tk 10 lakh and Tk 22 lakh and the farmers can also purchase it on credit.

The economic life of a tractor is at least 12 years, according to the manufacturers.

"It is shocking to see the falling trend in sales," said FH Ansarey, managing director and CEO of the agribusiness division of ACI, which meets the country's 40 percent of annual demand of the vehicles and

markets Indian Sonalika branded tractor.

He said low paddy prices earlier this year were a major reason for the falling sales.

Low prices of agricultural products, especially paddy, have pushed many farmers to leave the sector, affecting the earnings of people who provide the growers with tilling and other cultivation services on rent, he said.

"If the tractor owners suffer from a shortage of money, how will they invest for mechanisation?"

Most of the tractors are purchased on credit, Ansarey said.

"If the tractor owners depend only on earnings from ploughing farmlands—a seasonal activity—they will fail to pay the instalments of loans that they have taken to purchase the vehicles."

That is why the tractors are used in multipurpose activities in the village economy, he said.

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Remittance rises 23pc as incentive pays off

STAR BUSINESS REPORT

Remittance increased 22.67 percent year-on-year to \$7.71 billion in the first five months of the fiscal year as the government's move to incentivise remitters from this fiscal year is paying off.

In the budget for fiscal 2019-20, the government introduced a 2 percent cash subsidy for remitters to encourage them to send money home through legal channels.

Remittance flow will get momentum in the months ahead, which will help the government mitigate the balance of payments crisis, said a Bangladesh Bank official.

In November, remittance also increased 31.74 percent year-on-year to \$1.55 billion.

The exchange rate of the taka against the US dollar is also favourable for remitters, which has encouraged them to send their hard-earned money through the banking channel, said a banker.

Yesterday, the interbank exchange rate was Tk 84.90 per USD, up from Tk 83.90 a year earlier, according to the website of the BB.

Besides, the Bangladesh Financial Intelligence Unit and other law enforcing agencies have recently stepped up their drive to prevent money laundering, including hundi, the central bank official said.

NEWS IN brief

Miracle Industries shut for lack of working capital

Plastic packaging manufacturer Miracle Industries yesterday said the company's board of directors is trying their best to restart operation from next month of the company which has remained shut for two months due to shortage of working capital.

The company shared the info in a posting on the website of the Dhaka Stock Exchange.

Alternative trading board regulations okayed

The stock market regulator yesterday approved Bangladesh Securities and Exchange Commission (Alternative Trading Board) Regulations, 2019.

Non-listed securities like bond, debenture, Sukuk, open-ended mutual funds, alternative investment funds and non-listed companies' share would be allowed to trade on the board.

De-listed companies also will be allowed to trade on the board by meeting some conditions.

DSE loses 65 points in two days

STAR BUSINESS REPORT

It took just two days till yesterday for the Dhaka bourse to lose 65 points of its key index. But gaining it had taken a dozen days.

Market insiders said the fall was drastic, resulting from institutional and foreign investors making more sales than purchases.

Moreover, most of the blue chip stocks fell as the investors usually put their money in the good stocks.

The Dhaka Stock Exchange (DSE) data shows that the drop of the DS-30, the index of the blue-chip stocks, was by 27.59 points or 1.68 percent.

Of the blue-chip stocks, Grameenphone and Square Pharmaceuticals fell the most. These two large listed companies were largely responsible for the impact on the index.

"Some investors are apprehensive of the economic growth of Bangladesh, so they are cautious about their investments," said a high official of a top brokerage house.

Already an economic contraction is being observed in neighbouring India, which fuelled their fears about the Bangladesh's economy, he said.

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