



PHOTO: MOSTAFA SHABU

Dyed thread being put out to dry at a village housing a cluster of some 50 weaving factories focusing mainly lungis and saris at Sirajganj sadar upazila, some 126 kilometres northwest of Dhaka. The weavers say prices of thread had gone up threefold in recent times. The photo was taken at the start of this month.

## Why investors not upbeat about bank stocks anymore

AHSAN HABIB

Bank stock prices have been low for several years now despite providing handsome annual dividends and this begs the question, why are investors less enthusiastic about buying shares in what was once dubbed the most attractive sector?

Bank stocks have the lowest overall price-to-earnings (PE) ratio among all 16 sectors in the market as it closed at 7.9 by the end of last week, according to data from Dhaka Stock Exchange (DSE).

When the PE ratio of a company or sector is low, it means shares in that company or sector have less value with respect to their profit.

Market players say that banks usually provide 10 per cent to 15 per cent dividend each year and to avail this benefit, investors normally buy shares in

the sector from December to February.

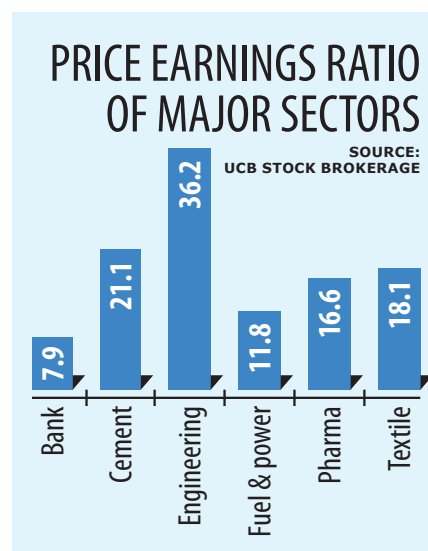
Still though, most bank stocks remained flat or moved slowly even in the December-February period for at least the past two years.

Analysts say the three chief reasons why investors lack interest in the sector are the low asset quality of many banks, huge pile up of non-performing loans (NPLs), and Bangladesh Bank's relaxed policies.

Interestingly, another reason for the low demand is that bank stocks are considered non-gambling shares.

Besides, investors are concerned about the sector's future as they believe the profits posted by banks in the country are fictitious, said a stockbroker on condition of anonymity.

"Their 'paper profits' may turn into losses anytime if their asset quality is properly audited," he added.



For example, the People's Leasing and Financial Services, a listed non-bank financial institution, was once a highly profitable company but it has since become a losing concern after failing to repay depositors due to its low asset quality.

Apart from this, banks suffer from huge amounts of default loans while the provision shortfall is also on a rising trend.

"So, the banking sector is not in a

good shape," said the stockbroker.

Bangladesh Bank has been taking various measures, such as relaxing the loan rescheduling and classification policies, to reduce the NPL rate but it still surged 16.38 per cent year-on-year to hit Tk 103,274 crore in 2021, as per central bank data.

The ratio of NPLs to outstanding loans and advances stood at 7.9 per cent last year in contrast to 7.6 per cent in 2020, the data showed.

Similarly, the provision shortfall widened to Tk 6,204 crore in September 2021, up 50 times compared to Tk 123 crore in December the year before.

"The full brunt of Covid-19's impact on the banking sector is also yet to be realised thanks to the central bank's policy support," the stockbroker added.

Borrowers enjoyed policy support in 2020 and 2021 as the government stepped in to help them withstand the coronavirus fallout.

For instance, Bangladesh Bank declared a moratorium facility for borrowers throughout 2020 that helped reduce NPLs to Tk 88,734 crore, down 6 per cent year-on-year.

The relaxed policy continued last year as well.

Under the policy, borrowers were allowed to avoid slipping into the default

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## Complaints against telcos piling up

Case pending at High Court

SUKANTA HALDER and ASIFUR RAHMAN

The stack of complaints against mobile phone operators is increasing everyday but the authorities are having to keep those aside because of a case pending at High Court (HC).

The Directorate of National Consumers' Right Protection is the authority dealing with the complaints.

The directorate started receiving complaints and fined the operators in 2017. After imposing a fine of Tk 9 lakh on three operators over eight complaints till May that year, they had to stop the process.

On May 28, 2018 mobile phone operator Robi Axiata filed a writ petition with the High Court after it was fined Tk 2.5 lakh on charge of cheating customers by not providing services promised under its internet package.

In the writ petition, Robi argued that they had been fined and that the directorate needed to have a judicial guideline to enforce laws against mobile companies. Later other mobile phone operators, including Banglalink, also filed petitions of a similar kind.

The HC issued an eight-month ban on the activities of the directorate regarding the complaints. Later hearing of the writ petition remained pending. The last hearing took place on November 5, 2020.

Taposh Kanti Baul, representing the directorate, said the hearing of the case was last scheduled to be held at Justice Md Mozibur Rahman Miah's bench in 2021 but that did not happen.

"After the bench was reshuffled, the case was not fixed for the next hearing. Maybe after this vacation (March 17 to 19), it will be refixed," he told The Daily Star on March 16.

In the meantime, the number of complaints against four mobile phone operators, Grameenphone, Robi, Banglalink and Teletalk, is increasing every day.

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| STOCKS |       | AS ON WEDNESDAY |
|--------|-------|-----------------|
| DSEX   | Flat  | 6,765.58        |
| CSCX   | 0.02% | 11,890.53       |

| COMMODITIES |                        |
|-------------|------------------------|
| Gold        | \$1,937.71 (per ounce) |
| Oil         | \$100.69 (per barrel)  |

| CURRENCIES |       |       |        |       | AS ON WEDNESDAY         |
|------------|-------|-------|--------|-------|-------------------------|
|            | USD   | EUR   | GBP    | CNY   | STANDARD CHARTERED BANK |
| BUY TK     | 85.05 | 93.15 | 110.52 | 13.11 |                         |
| SELL TK    | 86.05 | 96.95 | 114.32 | 13.78 |                         |

| ASIAN MARKETS |           |           |          |  |
|---------------|-----------|-----------|----------|--|
| MUMBAI        | TOKYO     | SINGAPORE | SHANGHAI |  |
| ▲ 1.84%       | ▲ 3.46%   | ▲ 0.97%   | ▲ 1.40%  |  |
| 57,863.93     | 26,652.89 | 3,322.71  | 3,215.04 |  |

## GP postpones eSIM launch for regulatory hiccups

STAR BUSINESS REPORT

Grameenphone (GP) has postponed the launch of their eSIM service. Initially announced to be launched on March 7, the service is not yet accessible to the public.

The postponement took place after Bangladesh Telecommunication Regulatory Commission (BTRC) withheld the launching of Grameenphone eSIMs last week.

Sources close to the National Board of Revenue (NBR) has informed that the NBR has voiced their concern to the BTRC about the impact on revenue collection from the issuance of new SIMs if the eSIM was launched.

"We at BTRC welcome new technologies but as a regulator, we have to evaluate the technology as well as the impact it will have on the user's end," said BTRC Vice-Chairman Subrata Roy Maitra. "That's why we have withheld the launch of eSIM," he said.

When asked when the service will be launched, he said, "We have a meeting with GP next week and after that discussion, maybe we will be able to fix a tentative date when eSIM can be launched."

"Despite system readiness, due to some unavoidable circumstance, Grameenphone has deferred the launch of eSIM," GP Chief Corporate Affairs Officer (acting) Hossain Sadat told The Daily Star.

"We are in discussion with the authorities to finalise the revised launching date," he said.

eSIMs are devices embedded inside mobile phones, with which users can use telecom services without physical SIM cards. Many countries including some of the neighbouring countries have already launched this service. If the service is launched, Grameenphone will be the first eSIM provider in Bangladesh.



An array of gold ornaments are seen on display at a stall at the Bangladesh Jewellery Expo-2022 at International Convention City Bashundhara in Purbachal, Dhaka yesterday. The tree-day fair will remain open to the public from 10:00am to 8:00pm, and visitors need not pay an entrance fee.

PHOTO: COLLECTED

## First jewellery expo kicks off at Purbachal

STAR BUSINESS REPORT

A three-day Bangladesh Jewellery Expo-2022 opened at International Convention City Bashundhara yesterday, organised by Bangladesh Jewellers Association (Bajus) to celebrate the birth centenary of Bangabandhu Sheikh Mujibur Rahman and the country's golden jubilee of independence.

Bajus hopes that the fair, the first of its kind in the country, would help develop the local gold jewellery industry by bringing in more buyers from home and abroad.

Echoing the same, Gulazar Ahmed, proprietor of Apan Jewellers, said the event was acting as a platform for introducing new products as well as scoping out the competition.

"We have relations with other traders but have no idea about the products they produce," he said.

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