

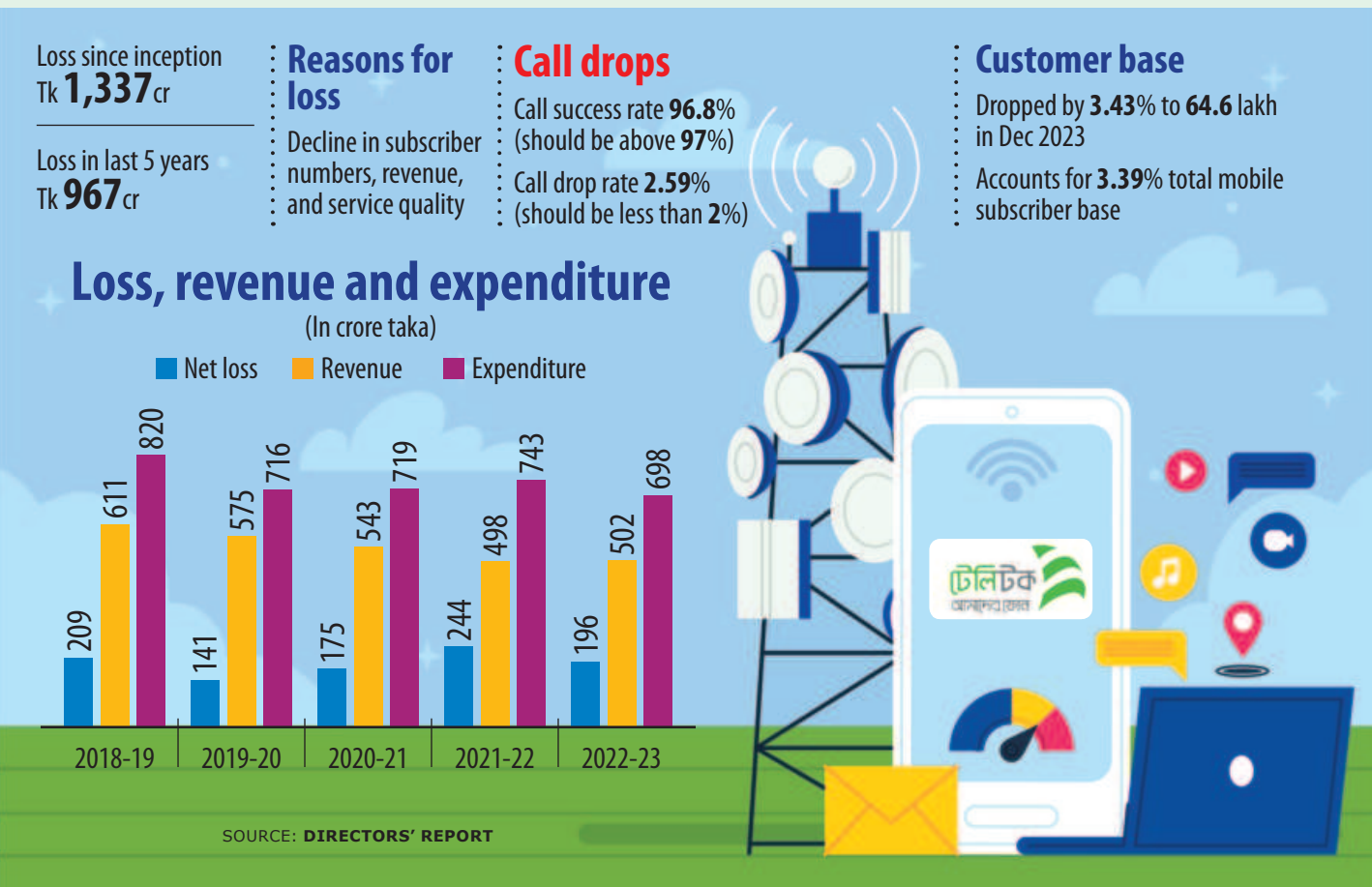
Star BUSINESS

Bangladesh has the potential to gain additional garment business worth \$489 million by 2027 from online markets in US, EU and Africa



Story on B4

Teletalk was born 19 years ago. It turned a profit only for two years



AKANDA MUHAMMAD JAHIID and MAHMUDUL HASAN

When Teletalk began its journey in December 2004, the mission was to acquire a significant market share of the booming mobile telecommunication sector of Bangladesh by providing countrywide network coverage.

The state-run operator made the debut amid much fanfare and generated a huge interest among the public in the early days by providing cost-effective packages.

There was a time when market leader Grameenphone charged Tk 6 per minute for voice calls whereas Teletalk set the rate at Tk 4.

The affordability extended to the price of Teletalk SIMs, which were notably lower than peers, leading to scenes of long queues at selling points as people sought to take advantage of the cost-effective service.

The government has injected funds to help it expand its footprint. Besides, the operator was given the opportunity to become the first operator to roll out 3G in



Bangladesh and pilot 5G.

But the support did not make any difference. And over the years, it has not only failed to live up to its expectations but also become a burden for the government owing to mounting losses.

As it keeps losing customers and its performance in various service metrics deteriorates, Teletalk's revival appears uncertain.

In the last financial year that ended on June 30, Teletalk's total loss amounted to Tk 1,337 crore, reflecting a persistent trend of net losses since its establishment. It only made a profit in 2010-11 and 2012-13, according to the financial report for 2022-

23. The company's condition, marked by a significant decline in subscriber numbers, revenue, and service quality during its journey, worsened to such an extent that the auditor cast doubt on Teletalk's ability to continue operations.

According to the audited financial report, the state-run operator suffered a loss of Tk 196.97 crore in FY23, down 19 percent from the previous year and up 12 percent from 2020-21.

The loss amounted to Tk 967.5 crore in the last five years. In contrast, in 2022, Grameenphone reported a net profit of Tk 3,010 crore in 2022 and second-placed Robi's profit stood at Tk 183 crore.

Banglalink, a non-listed company, did not publish its data on profits for the year. Its revenue rose 12.1 percent year-on-year.

Why Teletalk in the red

Higher expenses against the lower income have been the main reason behind the continuous loss of Teletalk although it received huge support and benefits as a

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Tax receipts rise but fall short of target by Tk 23,200cr

MD ASADUZ ZAMAN

Tax collection soared nearly 14 percent in the first half of the fiscal year (FY) 2023-24, helping the National Board of Revenue (NBR) reach above the minimum benchmark set by International Monetary Fund (IMF) as a condition for its \$4.7 billion loan.

The tax collector logged Tk 165,630 crore in total revenue in the July-December period of the current fiscal year, crossing the IMF's indicative targets of Tk 143,640 crore for the period, according to provisional data by the NBR.

The tax collector, however, missed the target it had set for itself for the period by over Tk 23,200 crore, the attainment of which, an analyst said, would enable the government to cut bank borrowing to meet public expenditure.

"The government would not have been required to issue special bonds to clear arrears of private power producers and fertiliser importers had the tax collection grown at higher pace," said Zahid Hussain, former lead economist at the World Bank's Dhaka office.

power producers and fertiliser importers that have remained unpaid for months.

Hussain said the government earlier committed that it would not create any new money. But now, monetisation is coming through back door, he added.

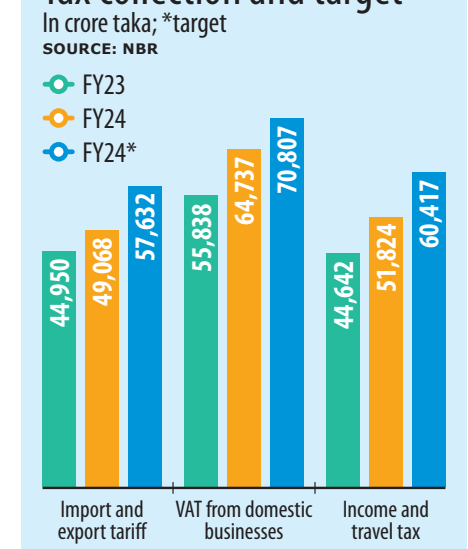
He said the NBR's collection would be below the structural target, which is additional revenue collection of 0.5 percent of Gross Domestic Product in the FY24 given by the IMF.

The government initially tasked the NBR with the goal of collecting Tk 430,000 crore in tax-revenue for the current fiscal year, before recently revising it down to Tk 410,000 crore.

Until the first half of the fiscal year, the tax authority managed to collect 40 percent of the total target, according to



Tax collection and target



the NBR data.

"Limited revenue collection will definitely constrain public expenditure. The sign was there. The policymakers could realise it from the very beginning of this fiscal year," said Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue (CPD).

"Now, with the new government in charge, it is time to prudently revise the budget," he said, adding that the IMF in its last review also revised the target for tax collection downward.

"The apprehension is that this revised budget may not be attained either," Khan added.

"In the past, good documents were produced. The problem is in implementation. There is a need to involve a broader range of stakeholders both from within and outside the government."

Data by the NBR showed that customs tariff collection grew 9 percent year-on-year to Tk 49,068 crore in the July-December period of the current fiscal year as imports fell.

Collection of Value Added Tax (VAT), the biggest source of revenue, soared 16 percent to Tk 64,737 crore in the first half of FY24 compared to a year ago.

Income tax receipts stood at Tk 51,824 crore in the July-December period of FY24, jumping 16 percent year-on-year, data from the NBR showed.

Berger to raise Tk 375cr thru rights shares to build factory

STAR BUSINESS REPORT

Berger Paints Bangladesh Ltd, the largest paint and coating producer in Bangladesh, plans to raise Tk 375 crore through rights shares to finance the construction of a third factory at Bangabandhu Sheikh Mujib Shilpa Nagar.

The revised project cost of the third factory is estimated at Tk 813 crore, the company said in a price sensitive information yesterday. Initially, its estimated cost was Tk 480 crore which was announced in 2022.

Berger expects that the third factory is expected to commence production in April 2026.

It has done some development including land purchase, drilling for building—and it has already spent around Tk 100 crore, said Khandker Abu Jafar Sadique, company secretary of Berger Paints Bangladesh.

As the project is being delayed and internal design has been changed so the costs will be higher, he said.

Most of the fund will be financed by the right share proceeds and internal sources. Bank borrowing may not be needed, he added.

In its first nine months period (April to December of 2023), the multinational company logged 0.58 percent higher turnover of Tk 1,878 crore while its profits rose 17 percent year-on-year to Tk 220 crore.

It has retained earnings of Tk 1,173 crore as of December 31 of 2023, according to the financial statements of the company.

Berger said in its filing to the Dhaka Stock Exchange (DSE) yesterday that the company intends to raise Tk 375 crore by issuing 27.28 lakh ordinary shares, including 25.91 lakh shares to be offered to J&N Investments (Asia), which holds 95 percent of the company.

As the Bangladesh Securities and Exchange Commission (BSEC) ordered the company in 2021 to

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Stocks tumble to 17-month low as real value emerges

STAR BUSINESS REPORT

The key index for measuring the overall performance of share prices in the stock market of Bangladesh slipped to a 17-month low yesterday, marking two days of consistent decline, while turnover also fell.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), shed 70 points to close the trading session at 6,156 points, down by some 1.12 percent from the day prior.

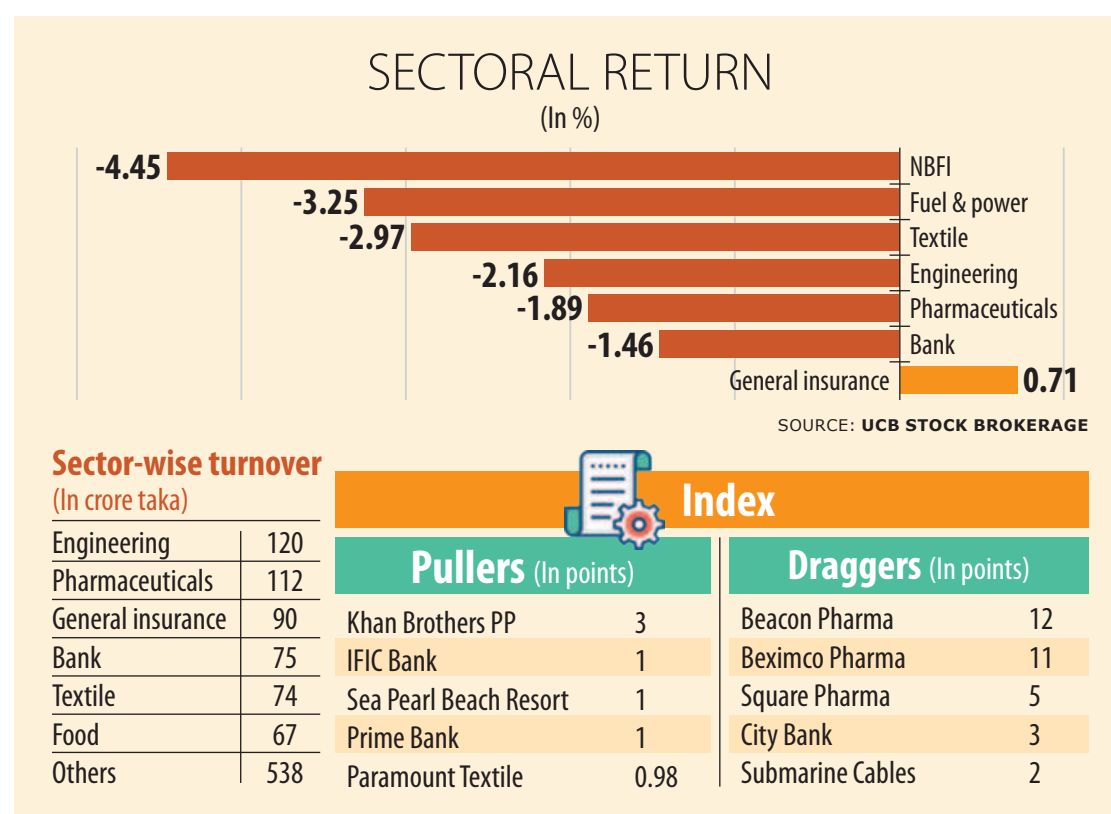
Similarly, the DSES index comprising shariah-compliant companies edged down 20 points, or 1.50 percent, to close at 1,352 points.

Even the DS30, an index that represents the share price performance of blue-chip stocks, was not safe from decline as it lost 24 points to close at 2,114 points, down 1.14 percent from the day before.

The market indices fell as some stocks of the engineering and pharmaceutical sectors faced colossal selling pressure, according to an official of a leading stockbrokerage.

Besides, the share value of some listed companies shrank as their performance is not up to the mark, he added.

However, this fall was expected as the floor price mechanism in place for the past one-and-a-



half years had kept share values artificially inflated by restricting their decline beyond a certain point.

The Bangladesh Securities and Exchange Commission had reintroduced floor prices in July 2022 to halt the free-

fall of market indices amid the lingering economic impacts of Covid-19 and Russia-Ukraine war.

But now that the mechanism has been removed, share values are adjusting to their actual level, he said.

Shares of Beacon Pharmaceuticals dropped 7.79 percent and thereby dragged down the DSEX by 12 points, making it the biggest contributor to the index's decline for a second day in a row.

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Chinese yuan included in RTGS

STAR BUSINESS REPORT

Bangladesh Bank has included the Chinese yuan in the RTGS system, allowing automated clearing in the currency.

The central bank launched the real-time gross settlement (BD-RTGS) system in 2015 to facilitate a safe, secured and efficient interbank payment system. Initially, the system was operated only in the local currency.

In September 2022, inland foreign currency transaction among banks was inaugurated, giving permission to carry out automated clearing in five currencies—US dollar, pound sterling, euro, Japanese yen and Canadian dollar.

Now, the yuan was added to the list of the currencies, the central bank said in a notice yesterday.

It asked banks to take necessary steps so that they can start performing automated clearing in the yuan under the RTGS system from February 4.

Transactions valued Tk 14,06,492 crore in the local currency, \$5.22 billion in the US dollar, 10.71 million euros, and 3,819 British pounds were settled through the RTGS between January and March last year, data from the BB showed.