Teletalk falls further behind amid overall rise in subscriber base

MAHMUDUL HASAN

Although private telecom operators excelled in expanding their subscriber base in 2023, state-run Teletalk saw its market share shrink to just 3.38 percent that year.

The number of mobile subscribers in the country increased by about 1.06 crore in the past 12 months till December thanks to the combined customer acquisition of Robi, Banglalink and Grameenphone.

This took the overall subscriber base to 19.08 crore that month, up 5.86 percent year-on-year, according to the latest data of the Bangladesh Telecommunication Regulatory Commission (BTRC).

The BRTC calculates subscriber numbers by counting each biometric verified customer or subscription that was active in using voice, data or other services at least once in the preceding 90 days.

But of the more than 19 crore SIMs now in circulation, the BTRC has not revealed how many are unique subscribers. Each individual can use as many as 15 SIMs.

Teletalk, which began its journey in December 2004, lost 2.3 lakh customers in 2023, bringing down its subscriber base to 64.6 lakh.

Its deteriorating performance in various service metrics contributes to customers snubbing the operator even though it offers cheaper voice and data services compared to private operators, according to industry people.

Teletalk lost 2.3 lakh customers in 2023, bringing down its subscriber base to 64.6 lakh

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

Meanwhile, Robi enjoyed a stellar performance last year by acquiring 42 lakh new subscribers, making it the highest gainer among the operators.

This took its total number of customers to 5.86 crore by the end of the 2023 from 5.44 crore at the end of December 2022.

Apart from Robi's substantial investment in network infrastructure, equipment and the deployment of the 2,600 band, revamping its distribution network made the most significant contribution to the operator's performance in 2023.

"This encompassed the enhancement of sales personnel, area managers, etc. and of course, we improved the overall quality of service," said Shahed Alam, chief corporate and regulatory officer at Robi Axiata.

"We consistently strive to provide a seamless video streaming experience for all customers," he added.

Alam also said the market has been challenging since the start of 2024, with factors such as the national election, cold weather and economic crises affecting the industry.

"However, we anticipate better growth in 2024 compared to 2023," he added.

Banglalink, the third largest operator, added 36.7 lakh new subscribers to its network, taking its total number of customers from 3.98 crore in December 2022 to 4.35 crore at the end of 2023.

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With huge discounts on offer, shoppers have been flocking to outlets of local clothing brands in shopping malls across the capital. This photo was taken at a Gentle Park outlet at the Bashundhara City Shopping Mall in Dhaka yesterday. PHOTO: PALASH KHAN

Winter discounts bring cheer to clothing brands, customers

AKANDA MUHAMMAD JAHID

Although there are only a few weeks to go before the biting cold all over the country makes way for the warm embrace of spring, customers are flocking to outlets of local clothing brands in a rush to secure the best winter clothes.

Buyers are usually unwilling to buy new winter clothes near the end of the season, but this time around the scenario is quite different as brands have drawn in customers with huge discounts, ranging from 10 percent to 70 percent, as they look to sell out their leftover winter stocks.

"I bought 10 items, including four shirts, two pants and two blazers, at a cost of Tk 17,000. I will buy more items," Abu Bakkar Siddiq, a higher secondary student, said while purchasing a blazer from Gentle Park at the Bashundhara City shopping mall in Dhaka yesterday.

Speaking to The Daily Star, Siddiq added that his purchases would serve him not only for the remaining days of the current winter season, but in the future as well.

"I am buying branded products at almost half their original value so that I can use them next winter," he said with a wide smile.

This reporter waited for more than half an hour seeking a window to approach Gentle Park branch manager Al Amin Khan for a conversation, but he could only spare a few minutes as he dealt with numerous customers at a time.

He said they had been offering a flat 30 percent discount on all products and 50 percent discount on some special products.

"Our sales increased by around 40 percent compared to normal winter days," Khan said, adding that they still had plenty of items from their winter collection in stock.

Visiting an outlet of Yellow on the ground floor of the same shopping mall, this reporter counted at least 100 customers sorting through the items as the brand was offering a flat 50 percent discount.

"I bought 10 items, including four shirts, two pants and two blazers, at a cost of Tk 17,000. I will buy more items," said Abu Bakkar Siddiq, a higher secondary student

Similar scenes were witnessed at outlets of different brands, which were offering New Year or winter discounts. Some launched month-long offers from January 1 while others were offering discounts for a certain period.

Nurul Islam, manager of an outlet of Richman, said they were offering discounts up to 40 percent for the month of January, adding that the offer had drawn a huge number of customers, boosting sales by about 25 percent.

"The joy of buying things at a discount is different. I literally wait to buy products until they are discounted," said Altaf Ahmed, a youth who bought six items from different clothing brands to use in the coming winters.

Alamgir Hossain, another customer, said he loves to wear branded clothes but could not usually afford them as prices are much higher than non-branded counterparts.

"This is why I have been waiting for discount offers from brands. It doesn't matter if winter ends within the next couple of weeks. I am buying the branded products for next winter," he added.

Abu Raihan Raiyan, a branch manager of an Infinity outlet, said they were offering up to 70 percent discounts on clothing items for babies, which had drawn huge attention from customers and boosted the sale of winter clothes near the end of the season.

Md Parvez Hossain, manager of an outlet of Easy Fashion, said they had already sold out 60 percent of their total stock of winter clothing items.

"Now we are offering a 10 percent discount to sell the rest of the winter items. Already 80 percent of the discounted products have been sold out so far," he added.

Among other local brands, Sailor is offering a flat 50 percent discount, Mbrella up to 50 percent, Rise up to 50 percent, Ecstasy flat 30 percent, Westeen 30 percent, Baby Shop 20 percent, BEAT 60 percent, and Artisan 30 percent.

According to a survey by the Bangladesh Fashion Entrepreneurs Association, a platform of fashion organisations, conducted in 2012, fashion houses across the country make sales of around Tk 6,000 crore throughout the year.

Capital market – looking forward

MAMUN RASHID

In 2023, Bangladesh's capital market faced a challenging environment characterised by internal constraints and external difficulties. It proved to be a tumultuous year for the stock business marked by unprecedented lows in average turnover and foreign investments, not seen since the collapse in 2010.

The Dhaka Stock Exchange's (DSE) primary index, DSEX, saw a modest gain of 0.64 percent, the lowest among comparable nations such as India, Vietnam, Indonesia, the Philippines, Malaysia, Sri Lanka and Pakistan. The latter rebounded strongly with timely policy support, with Pakistan's KSE All Share Index becoming the global best performer after receiving short-term loan support from the International Monetary Fund.

Approximately 60 percent of the total stock market value remained immobilised on the floor in 2023, with shares of 165 out of 392 companies listed on the DSE constrained by floor prices as of January 2, 2024. The extended stagnation negatively impacted investor confidence amid heightened market uncertainty, influenced by concerns related to the 2024 national election and recent macroeconomic turbulences.

The DSE's average daily turnover declined by 39.83 percent, dropping to Tk 578 crore in 2023 from Tk 960 crore in the previous year. The market capitalisation to GDP ratio decreased to 17.59 percent from 19.14 percent in 2022.

Foreign investors' interest waned due to the lack of liquidity, resulting in a continued decline in foreign portfolio investments. FTSE Russell downgraded Bangladesh's capital market rating from "restricted" to "not met" in the efficient trading mechanism criterion.

Foreign investment in the stock market almost halved over the last five years due to a confidence crisis, currency depreciation, and the introduction of the floor price.

Market governance issues were evident as non-performing companies experienced surges in share prices despite consistent losses and factory closure.

To revitalise the market, immediate policy interventions and regulatory adjustments are crucial. The removal of floor-price regulations by the regulator is paramount, allowing the stock market to trade freely and regain efficiency, even if it initially leads to index declines. A liberated market will restore liquidity and bolster confidence. As of January 21, 2024, the securities regulator lifted floor price curbs for all stocks except 12.

Simultaneously, addressing macroeconomic challenges, controlling inflation, stabilising the foreign exchange sector, and enhancing money market liquidity are vital government actions.

Economic revival will instill confidence, attracting both local and foreign investors. Stable foreign exchange rates are imperative to lure offshore investments, while an infusion of liquidity into the money markets is crucial for investor participation.

Long-term strategies, both in terms of supply and demand, are vital for the sustained growth of the capital market. Encouraging large, profitable and well-established businesses to seek capital from the stock markets through fiscal and regulatory incentives, including tax cuts, is a strategic imperative.

Concurrently, mobilising institutional capital from corporates, pension funds, and provident funds, and diverting these funds from stagnant banking deposits will augment market stability and liquidity.

A visionary approach also calls for the establishment of a robust bond market. This market not only serves as a source of capital for both corporations and governments but also acts as a benchmark for interest rates, influencing stock valuations and investment decisions.

The transparency and creditworthiness assessments inherent in the bond market can significantly enhance investor confidence, contributing to sustained financial market stability and robust growth.

The author is an economist

Eurozone inflation falling quicker than thought

REUTERS

Eurozone inflation could fall faster than expected this year as economic growth will remain anaemic, a raft of surveys and indicators showed on Friday, bolstering bets for an early start to European Central Bank interest rate cuts.

The ECB kept interest rates unchanged on Thursday and insisted that even a discussion about rate cuts was premature because prices pressures have yet to be fully extinguished.

But fresh figures show inflation is cooling quickly, growth is anaemic and lending growth is at best bottoming out after an exceptionally weak 2023.

A key ECB survey now sees inflation at 2.4 percent this year, down from 2.7 percent seen three months ago and well below the 2.7 percent projected by ECB staff.

In 2025, price growth could then average 2 percent, spot on the ECB's target, the Survey of Professional Forecasters, a key input in the bank's policy deliberations, showed.

"The further we go into 2024, the greater the chance of a rate cut," ECB Governing Council member Gediminas Simkus said.

"The increase in the odds is exponential, not linear," Simkus said, calling a 2024 rate cut a near certainty but, even if March was not the appropriate date to start.

This downgrade in the inflation outlook was consistent with the findings of a separate survey of the ECB's contacts with corporations and matches views held by many market economists.

Did central banks break inflation? Some economists have doubts

AFP, *Paris*

Central bankers who orchestrated the wave of interest rate hikes over the past two years, hoping to avoid a painful inflationary spiral, are now facing an uncomfortable question: Were their moves helpful?

The debate is heating up as European Central Bank policymakers meet this week, with many observers now expecting its benchmark lending rates to start coming down by this summer.

Governors at the US Federal Reserve are also weighing cuts for later this year, fanning hopes that the price surges seen in the wake of Covid-19 lockdowns and Russia's war on Ukraine have been brought under control.

But some economists argue that the spikes were only temporary -- and that inflation would have eased anyway, whether or not central banks tried to contain it with tighter monetary policy.

"It was not because of Fed action that the prices of cars, oil, food, or the host of other goods affected by supply-side interruptions came down, but because the underlying shortages were at least partially resolved," said Nobel Prize-winning economist Joseph Stiglitz.

Higher rates, however, are often the tool of choice by central bankers to increase borrowing costs for business, which can often spark an increase in jobless rates. Households, meanwhile, are suddenly confronted with higher mortgage and housing costs, leading them to curb spending and drive down inflation through a fall of demand.

In this file photo, protestors are seen holding a banner reading "Inflation inflammable" during a nationwide day of strike called by France's inter-unions representatives to push wages hikes in Nantes, western France. PHOTO: AFP/FILE

For Stiglitz and other critics, inflation was not being driven by increased demand -- which can be influenced more directly by the cost of credit -- but by supply constraints due to Covid and the Ukraine war.

"In many ways the Fed made things worse. It was more difficult to make the investments required to alleviate shortages," Stiglitz wrote in an essay for The American Prospect this month.

Alan Blinder, an economist at Princeton and a former Fed vice chairman, agreed that global economic shocks -- by nature temporary -- stoked the inflation they have now eased even as economic growth on both sides of the Atlantic remains relatively robust.

"What the central banks did went in the right direction for sure, but it was of secondary importance," Blinder told AFP.

"The irony is that they got more blame than they deserved for letting inflation get out of control, and now they are getting more credit than they deserve for bringing it down," he said.

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