

Star BUSINESS



Salehuddin Ahmed

Govt to incentivise companies to go public

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The interim government of Bangladesh will give incentives for encouraging both large private and public firms to get listed in the stock market, according to Finance Adviser Salehuddin Ahmed.

"This would boost the market base," he said while speaking during a discussion on the current market condition at the Dhaka Stock Exchange (DSE) yesterday.

Ahmed said good companies are typically uninterested to enter the stock market as their owners prefer to place close relatives in senior positions

The adviser said good companies are typically uninterested to enter the stock market as their owners prefer to place close relatives in senior positions

such as chairman and managing director to keep most profits for themselves.

Doing so would have been otherwise impossible if the companies were listed as their shareholders would then be able to vote on who to appoint.

"So, the depth of the stock market is very low," he added.

Ahmed also said that being listed with the stock market would mean these companies have to show good corporate governance.

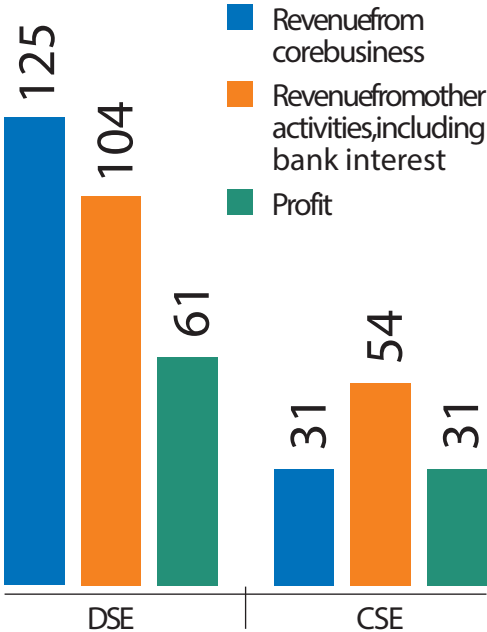
"But many of them do not want to face questions [regarding their management]. So, they are not interested to come to the market," he added.

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As trade dries up, stock exchanges turn to FDRs for survival

Revenue and profit of DSE, CSE in FY24

In crore taka; SOURCE: FINANCIAL REPORTS



AHSAN HABIB

The country's two stock exchanges logged operating losses in the last fiscal year thanks to sluggish trading activities, according to official data, compelling the markets to resort to their fixed deposit income to avoid a net loss.

The Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE) mainly generate operating income from their core businesses, such as commissions on daily turnover, fees from new issuances and sales of stock data.

In fiscal year 2023-24, all income streams for both exchanges declined remarkably compared to previous years.

For example, the country's premier bourse DSE generated Tk 125 crore in revenue from core businesses. But, operating expenses and depreciation costs surpassed this amount, resulting in an operating loss of Tk 20 crore.

The DSE's other income, particularly interest from fixed deposit receipts (FDRs), rescued the bourse from incurring a net loss in FY24.

Apart from core businesses, the DSE earned Tk 104 crore from other sources that year, including Tk 77 crore interest from FDRs. So, DSE's net profit was Tk 61 crore in FY24.

In the past 15 years, the two stock exchanges have generated enough revenue to cover operating costs in only three to four fiscal years, according to industry sources.

WHY STOCK EXCHANGES SUFFER



AGM Sattique Ahmed Shah, acting managing director of the DSE, said turnover in the last fiscal year dropped due mainly to unfavorable macroeconomic situations, which eventually reduced the DSE's transaction fees by around Tk 20 crore.

The premier bourse earlier projected an average daily turnover of Tk 1,200 crore in FY24. But the actual turnover turned out to be Tk 622 crore.

The turnover was Tk 792 crore and Tk 1,031 crore in FY23 and FY22, respectively, DSE



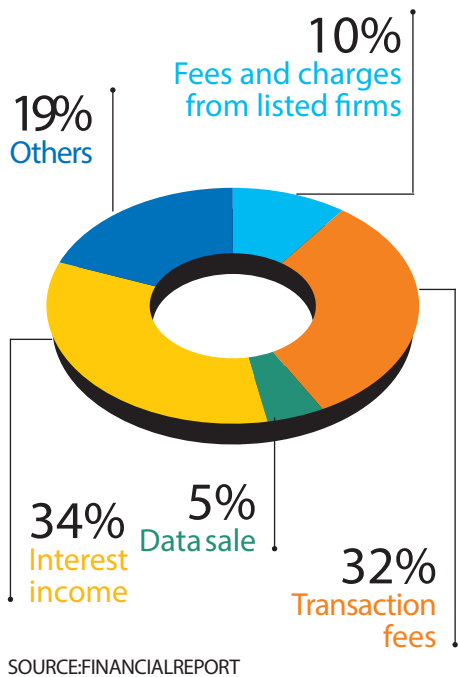
data showed.

The DSE acting managing director said the market had a floor price in the last fiscal year, which he said chained daily turnover.

The DSE also generates revenue when a company is listed on the market. However, the number of companies listed on the market was also low in FY24.

Moreover, only 18 initial public offerings

Sources of DSE revenue in FY24



(IPOs, including bonds and mutual funds) were approved by the DSE in the last two fiscal years, compared to 30 in the previous two fiscal years, according to official data.

On top of it, the DSE reported depreciation of its data centre from October 2023, increasing its costs in this area and eventually raising the bourse's overall expenses, Shah added.

The Chittagong bourse also represented a similar earnings pattern in FY24.

CSE's revenue from core businesses amounted to Tk 31 crore, putting the port city bourse to face an operating loss of Tk 10 crore.

But, CSE's revenue from other sources, including bank interests, was Tk 54 crore. This eventually rescued the CSE's net operating bottom line to Tk 31 crore in positive territory.

"This is a lone product-based market, which is equity. And this market growth is not favourable, so income from the core business is not high," said M Shaifur Rahman Mazumdar, managing director of the CSE.

He said both the bourses have huge assets, which show their solvency and ensure investor confidence. "Even though the market structure is weak, no stock exchange has failed to settle transactions," Mazumdar said.

But to increase revenue from core business, he recommended ensuring reasonable market growth, favourable policies, listing of good and well-performing companies and diversifying products.

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Beza to focus on 5 economic zones, attract \$5.5b in 2 years

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Bangladesh Economic Zones Authority (Beza) is focusing on making five economic zones fully functional within the next two years in order to attract \$5.5 billion in investments and create over 2 lakh job opportunities.

The economic zones are National Special Economic Zone, Sylhet Economic Zone, Jamalpur Economic Zone, Maheshkhali Economic Zone, and Japanese Economic Zone.

Chowdhury Ashik Mahmud Bin Harun, executive chairman of Beza, shared the targets at a press briefing at the Bangladesh Investment Development Authority yesterday.

The country does not need 100 economic zones right now and actually, this is not viable financially and technically to set up all of them, he said.

The country does not need 100 economic zones right now and actually this is not viable financially and technically to set up all of them, said Chowdhury Ashik Mahmud Bin Harun, executive chairman of Beza

"If we can fully start running 10 economic zones in the next 10 years, it is enough to fulfil the main goal of creating economic zones," he said.

"Especially, if we can start national special economic, Japanese and Jamalpur economic zone, it will make it easier to create more economic zones in the future," said Ashik.

After long consultations with stakeholders, Beza took the decision to provide necessary infrastructure and utility services at the five economic zones which have drawn the highest demand, he said.

Another five economic zones are also being assessed for development in the next phase, he said.

These five are the Chinese Industrial Economic Zone, Sabrang Tourism Park, Chandpur Economic Zone, Kurigram Economic Zone and Kushtia Economic Zone, he added.

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STOCKS	
DSEX ▼	CASPI ▲
0.15%	0.25%
5,190.78	14,502.89

COMMODITIES	
Gold ▲	Oil ▲
\$2,654.32 (per ounce)	\$76.98 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.30%	▲ 1.97%	▲ 0.17%	▲ 0.71%
78,199.11	40,083.30	3,828.17	3,229.64

FTA with UK can boost trade, investment

Says British parliamentarian

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Signing of a free trade agreement (FTA) between Bangladesh and the UK can help boost bilateral trade and investment, said Rupa Huq, a member of parliament (MP) in the UK with Bangladeshi origin, yesterday.

Now is the perfect time to sign the FTA as both countries have good business and investment potential, she said.

Exports to the UK must be expanded beyond garments as it is the dominant product in the list of shipments, she told a press conference in Hotel Sarina in Dhaka.

Huq came on a visit to Bangladesh with a trade delegation of the UK Bangladesh Catalysts of Commerce and Industry (UKBCCI), which represents British and Bangladeshi entrepreneurs in the UK and Bangladesh.

Amir Khasru Mahmud Chowdhury, a BNP standing committee member, also supported signing of the FTA, saying it was a good way to generate more business through the liberalisation of the economy.

The FTA does not mean the entry of goods would be free for all, rather it will help ease bilateral trade and investment, said Chowdhury, also a former commerce minister.

The first assignment of a bureaucrat should be to facilitate trade of the country and protectionism does not help trade anymore, he added.

Iqbal Ahmed, a British businessperson of Bangladeshi origin and chairman of the UKBCCI, READ MORE ON B3



Mobile internet users dropped by 44 lakh in November

MAHMUDUL HASAN

The number of mobile internet subscribers in Bangladesh witnessed a significant drop of 44 lakh in November, contributing to an overall decline in internet subscribers to 13.28 crore from

It also represents the fifth consecutive month of decline since July. Over those five months, internet subscriber numbers have decreased by a staggering 90 lakh.

Industry experts identified a VAT hike on SIM cards as the primary reason for this decline.

Larger operators like Grameenphone, with greater financial resources, have managed to absorb the tax hike.

This resulted in fewer new connections and increased competition imbalances.

The increased cost of SIM cards has also discouraged onboarding of new

of inflation is the primary reason for such scenario," said Shahed Alam, chief corporate and regulatory officer at Robi Axiata.

Besides, the increased rate of SIM tax decreasing mobile network operators' capability of providing subsidy in new customer acquisition resulted in an overall decline in the total number of subscribers, he said.

"The recent decline in mobile internet subscribers can be attributed to several factors," said Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink.

"The current economic challenges have likely slowed the entry of new users and the reactivation of inactive ones," he said.

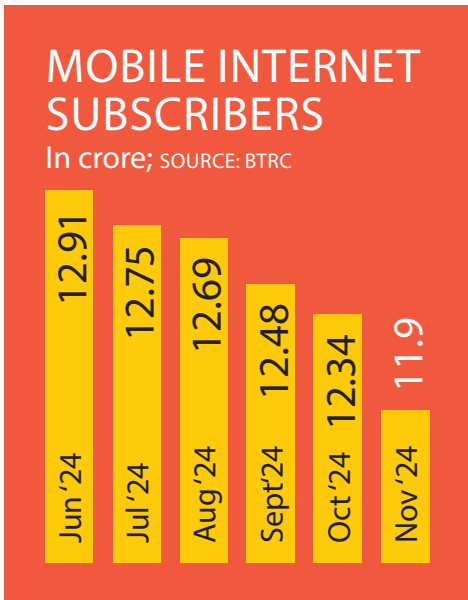
The increase in SIM tax in the last budget has made it harder for mobile operators to subsidise SIM cards – an essential driver of subscriber growth in the past, he said.

Smaller operators are particularly affected as larger ones can afford greater subsidies, which exacerbates competition imbalances in the telecom market, Rahman said.

To reverse this trend, policymakers should consider reducing the SIM tax to make connectivity more affordable, he said.

At the same time, government-led digital literacy initiatives could significantly boost mobile penetration, delivering wider socioeconomic benefits, he added.

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Keypoints

Bangladesh lost 44 lakh mobile internet customers in Nov

This is the highest monthly declines since August 2021

This marks the fifth consecutive month of drop

A total loss of 90 lakh subscribers in Jul-Nov

REASONS BEHIND THE DROP

- A 50% increase in SIM card VAT
- High inflation
- Reduced disposable income
- Cut in subsidy in customer acquisition



that in October.

This decline marks the highest drop in internet subscribers since August 2021, based on data available on the website of Bangladesh Telecommunication Regulatory Commission (BTRC).

In July, the VAT was raised by 50 percent, from Tk 200 to Tk 300.

This hike has made it difficult for mobile operators, particularly smaller ones like Banglalink and Robi, to continue subsidising SIM cards.

customers, especially amid ongoing economic challenges that have reduced disposable income.

"We have been observing the declining trend in a number of connections for the last couple of months. High rate