

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
0.17%	1.11%	\$1,884.30	\$43.34	38,128.90	22,751.61	2,579.51	3,196.77	83.95	96.66	106.28	11.74
4,129.07	7,122.98	(per ounce)	(per barrel)					BUY TK	SELL TK		

# Star BUSINESS

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## Lower prices for rawhide this Eid

STAR BUSINESS REPORT

Apprehending a recurrence of last year's discarding of rawhides en masse during Eid-ul-Azha, the government this year lowered its prices for the upcoming festival and allowed its export to rejuvenate the local market.

Commerce Minister Tipu Munshi announced the prices at a virtual meeting organised by the commerce ministry yesterday.

The price of cattle rawhide treated with salt has been set between Tk 35 to Tk 40 per square feet when being traded within Dhaka, which is 29 per cent lower than that last year, he said.

Outside of Dhaka, the price will range between Tk 28 and Tk 32, which is 20 per cent less year-on-year.

Similarly, it is Tk 13 to Tk 15 for the processed skins of male goats (down 27 per cent) and Tk 10 to Tk 12 for that of female goats (down 23 per cent).

The government, if necessary, will allow the export of rawhide alongside leather, which has gone halfway through processing so that citizens who sacrifice animals and small traders can get proper prices on the hides during upcoming Eid-ul-Azha, said Munshi.

"Allowing export of rawhide and wet blue (the partially processed leather) is our last weapon. We will allow rawhide export so that people and small traders can get the proper prices," he added.

Last year, nearly one crore pieces of rawhide worth Tk 100 crore were thrown away by citizens alongside small seasonal traders.

Rawhide merchants across the country blamed a section of tanners for creating the awkward situation citing their "irresponsible" business practices since 1990.

Merchants have traditionally supplied rawhide to tanners on credit. The tanners pay a significant amount of the arrears ahead of Eid.

The merchants lend this money to regionally functioning traders, who provide the same to seasonal traders for the collection of rawhide from citizens during the Eid when about half of the rawhide that Bangladesh produces annually is generated.

Hence, this seasonal business runs on a trickle-down effect.

However, the arrears have grown since 1990, coming to stand at some Tk 500 crore at present. The situation last year turned worse as tanners paid back about 40 per cent of their arrears, while usually, they do about 70 per cent.

This created a dearth of funds in the market alongside resentment among the merchants, leading to the discarding of rawhides.

By bringing down the prices this year, the government hopes to get tanners to inject more funds into the market to get the demand going for the sale of rawhides instead of those being discarded.

Regarding the decision for allowing the export of rawhide, the government had banned it in the first place seeking to retain it for value addition in the country's supply chain of leather and leather goods.

READ MORE ON B3

## Banks are slowly seeing back the cash withdrawn in panic in March

AKM ZAMIR UDDIN

Back in March, when the country was gripped by the fear of the novel coronavirus, people were streaming to banks to take out money from their accounts, in what was viewed as a puzzling occurrence.

Bangladesh; banks from all over the world were in the same boat.

Many countries are yet to get relief from the onslaught as currency held outside of banks in the US is still shooting up. In June, currency outside of banks in the US was 13 per cent higher than the same time one year

For instance, currency outside of banks in Bangladesh stood at Tk 192,384 crore in June, up from 19 per cent from February. But the figure in June declined nearly 1 per cent from May.

This indicates that deposits in banks are on the rise.

Deposits in the banking sector registered a growth of 2.07 per cent in June from May when the growth stood at 0.83 per cent. June's growth is the highest in the last fiscal year.

In March, bank deposits recorded negative growth of 0.65 per cent in March, which slightly increased in April and May. The outstanding deposit of the commoners excluding the government and inter-bank stood at Tk 11,810,251 crore as of June, according to data from the central bank.

Both the upward trend of remittance and the injection of reserve money or high-powered money by the central bank for the implementation of the stimulus packages have helped banks in getting funds from people.

"This means the economy has started to blast off from the financial fallout," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Expatriate Bangladeshis sent home \$1.83 billion in June, the highest in a single month, eclipsing the record \$1.74 billion that flowed in May last year. In most of the cases, the recipients of the remittance keep a good amount of money at banks after completing their monthly expenses.

Besides, the government's borrowing increased 109 per cent year-on-year to Tk 72,246 crore in fiscal 2019-20, which is an all-time high for a single year.

A large amount of the fund borrowed by the government has been deposited at banks, which is also responsible for the deposit growth.

The government has already taken an expansionary monetary stance since March in tackling the economic meltdown, boosting the deposit in the overall banking sector.

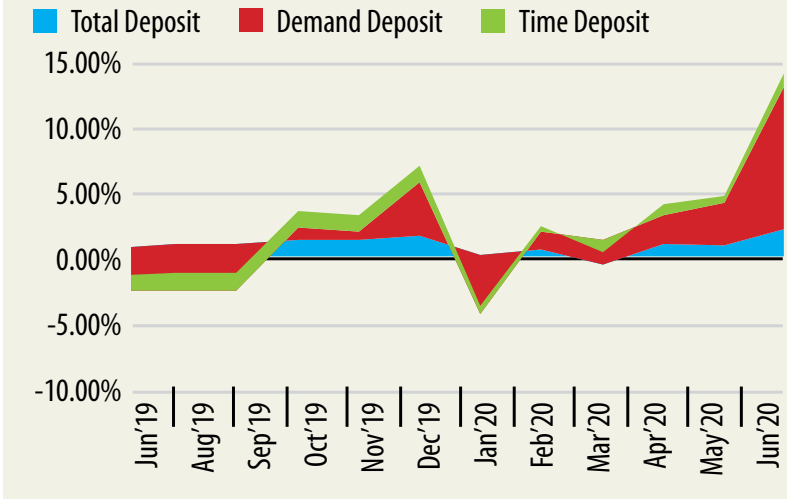
The growth of reserve money, which creates fresh currency in the financial sector, stood at 15.56 per cent in June against the growth of 5.32 per cent a year earlier.

Both the central bank and the government has already announced several stimulus packages of more than Tk 103,117 crore, which amounts to nearly 3.7 per cent of the country's gross domestic product, to cushion the possible economic shock stemming from the pandemic.

READ MORE ON B3

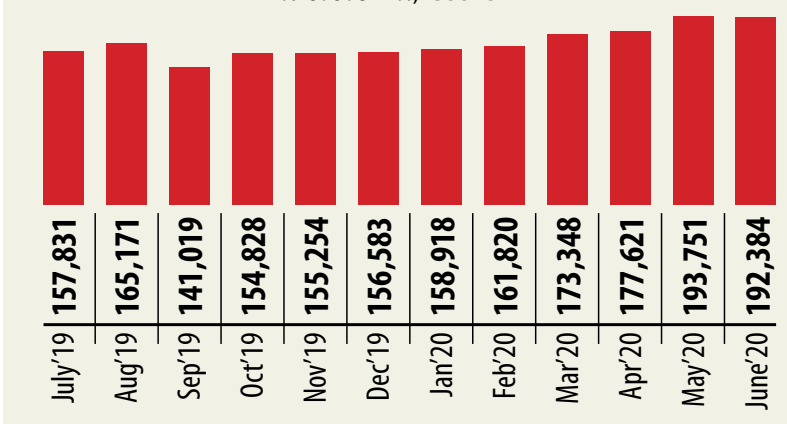
### How the banks' deposit base changed shape over the months (in %)

SOURCE: BB



### CURRENCY OUTSIDE BANKS OVER THE MONTHS

In crore Tk; SOURCE: BB



Cashless payment was encouraged then to limit the risk of catching the highly contagious virus. Still, people were withdrawing cash but not necessarily spending more of it.

The breathtaking spike in cash withdrawals left bankers restless: how they would run their banks in the days to come if the depositors continued to take out funds at this rate.

This fix was not unique to

earlier, and up 8 per cent from February.

Historically, the trend had been on the decline as the US nationals have long been opting for paperless transactions.

But banks in Bangladesh have started to get respite from the tremendous withdrawal pressure as people are now depositing their money once again, overcoming their fear of coronavirus.

# Lifting private investment would be a tall order

REJAUL KARIM BYRON

The government is aiming to lift private investment to GDP ratio to a record 25.3 per cent this fiscal year although the coronavirus-induced uncertainty showed no signs of abating and structural challenges are largely unaddressed.

The ratio is just doubling of the revised private investment-to-GDP ratio of 12.72 per cent in the just-concluded fiscal year.

In the wake of the devastating coronavirus pandemic, the government was compelled to revise down the private investment target, from 24.2 per cent, as the economy came to a screeching halt, rendering factories, industries and offices closed.

The target is only a percentage point higher than the actual private

investment ratio last fiscal year.

But private investment's historical trend even during normal times also did not show much hope: it has been ranging between 22 and 24 per cent for more than a decade.

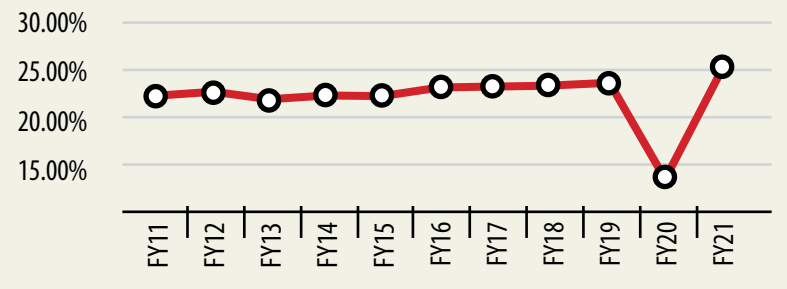
The Bangladesh Bureau of Statistics has not published the actual private investment figure for the last fiscal year. However, everything would depend on where the coronavirus rampage hits the brakes.

The infections from the deadly pathogen are growing rapidly in Bangladesh and many parts of the world. Some 2,275 people tested positive for COVID-19 in the last 24 hours, said the Directorate General of Health Services yesterday. Some 54 people died, taking the total death toll to 2,928.

"I think neither the public investment target nor the private

### Private investment to GDP ratio finally picking up

SOURCE: BUDGET DOCUMENTS



investment target would be achieved in the current fiscal year," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Revenue earnings have plummeted because of the pandemic, which is compelling the government to go for

slashing expenditure.

As a result, public investment would be lower than the target.

At the same time, there won't be much new investment unless the pandemic passes, said Mansur, a former senior official of the International Monetary Fund.

In Bangladesh, the job creation rate is lower than the proportion of the people entering the workforce.

The unemployment rate is 4.2 per cent, according to the Bangladesh Labour Force Survey of 2016-16.

Bangladesh has been maintaining the same unemployment rate for many years and it would remain the same in the coming years, said the macroeconomic policy statement of the finance ministry. The government has, however, taken some commendable steps to woo investment.

It has taken a plan to set up 100 economic zones to create about one crore new jobs. Development work on 93 economic zones has already been approved. Among them, permission was given to 11 EZs in the private sector, of which 8 have already commenced operations.

The government has brought in a major amendment to the Companies Act allowing setting up of single-member companies, a move that is expected to give a boost to entrepreneurship, draw investors and support the growth of SMEs.

The government has formulated the new Customs Act.

The One-Stop Service Rules 2020 has been issued to implement the OSS system so that investors can get different kinds of investment-related services easily and quickly from government offices.

Firms looking to establish a new business in Bangladesh must navigate a non-transparent and cumbersome regulatory space that includes services delivered by 34 different line agencies, the World Bank said recently.

READ MORE ON B3

## Kamal to return from UK early next month

Says finance ministry

STAR BUSINESS REPORT

At a time when the economy is going through stormy weather, its captain was missing in action -- an incident that has raised eyebrows.

Finance Minister AHM Mustafa Kamal had left for London earlier this month and has not returned to Bangladesh yet, which has only added to the bad press surrounding the trip.

Now, it turns out his return has been delayed because he could not get on with the purpose of his trip due to the mandatory 14-day home quarantine for arrivals to the UK to prevent a second wave of coronavirus



AHM Mustafa Kamal

infections in the country that was one of the worst affected by the rogue pathogen.

Now, he would return home on August 2 after completing health check-ups, which was the reason why he went to the British Isles, his ministry said yesterday.

His health check-ups began 14 days after he arrived in the UK on July 1.

While he was the president of the International Cricket Council, he had to receive health check-up in London under the supervision of the sport's governing body. He has still been receiving treatments from the same doctors.

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Md Matiul Islam, chairman of Industrial and Infrastructure Development Finance Company (IIDFC), and Md Golam Sarwar Bhuiyan, managing director, take part in the 225th online board meeting of the development financial institution, organised through a digital platform on July 22. IIFDC

# Marico Bangladesh's profit hits Tk 265cr

## The company announces 200pc cash dividend

STAR BUSINESS DESK

Marico Bangladesh posted a net profit after tax of Tk 265 crore with its sales figure hitting Tk 980 crore and it handed Tk 327 crore to the national exchequer in taxes, VAT and duties in the last financial year.

Saugata Gupta, chairman of Marico Bangladesh, shared the information in the 20th annual general meeting (AGM) of the company, which was held through a digital platform on July 22.

The major agenda of the meeting were: adoption of the director's report and auditor's report along with the audited financials of 2019-20, declaration of final dividend for the year ended March 31, 2020, re-election and appointment of the directors and appointment of statutory auditors.

The company announced a final cash dividend of 200 per cent (equivalent to Tk 20 per share) at the meeting, the company said in a statement.

This was preceded by three interim cash dividend of 750 per cent, declared and paid by the company quarterly in this financial year, bringing the total cash dividend to 950 per cent for the year ended March 31, 2020.

During the period, the company's earnings per share stood at Tk 84.01, according to the statement.

During the year, the company continued its social responsibility initiatives focusing on economic empowerment to partner in the development of Bangladesh, the company said.

Towards this end, Marico continued its partnership with UNDP and the government of Bangladesh for graduating 65,000 ultra-poor women from poverty by engaging them in sustainable livelihoods through SWAPNO programme.

Additionally, to support the country in the fight against Covid-19, Marico also launched Mediker SafeLife hand-wash and hand-sanitisers.

And the company also committed to donate first six months' profit from the sale of these products to the Prime Minister's Relief Fund.

Managing Director of Marico Bangladesh Ashish Goupal together with the members of the board, Independent Directors Rokia Afzal Rahman, Masud Khan (chair of the audit committee), Ashraf Hadi and directors Sanjay Mishra and Vivek Karve also joined the AGM.

A large number of shareholders also attended the virtual event.

# US new home sales shine in June

REUTERS, Washington

Sales of new U.S. single-family homes raced to a near 13-year high in June as the housing market outperforms the broader economy amid record low interest rates and migration from urban centres to lower-density areas because of the COVID-19 pandemic.

The upbeat report from the Commerce Department on Friday followed on the heels of data this month showing a surge in homebuilder confidence in July, and an acceleration in home construction and sales of previously owned houses in June.

The coronavirus crisis has led companies to allow employees to work from home. The emergence of home offices and schooling has fuelled demand for spacious homes in small metro areas, rural markets and large metro suburbs. Housing market strength could help to shore up the retail sector as homeowners buy furniture, garden equipment and other supplies "Housing has a strong immune system," said Michelle Meyer, chief U.S. economist at Bank of America Securities in New York.

"The shock disproportionately impacted the lower-income population who are less likely to be homeowners." New home sales rose 13.8 per cent to a seasonally adjusted annual rate of 776,000

units last month, the highest level since July 2007. May's sales pace was revised upward to 682,000 units from the previously reported 676,000 units.

New home sales have now recouped losses suffered when non-essential businesses were shuttered in mid-March to slow the spread of the respiratory illness. New home sales are counted at the signing of a contract, making them a leading housing market indicator.

Economists polled by Reuters had forecast new home sales, which account for about 14 per cent of housing market sales, rising 4 per cent to a 700,000-unit pace in June. New home sales accelerated 6.9 per cent from a year ago in June.

But a resurgence in new COVID-19 infections, which has forced some authorities in the hard-hit South and West regions to either shut down businesses again or pause reopenings, could slow the housing market momentum.

In addition, the labour market recovery appears to have stalled, with the number of Americans claiming unemployment benefits rising last week for the first time in nearly four months. A staggering 31.8 million people were receiving unemployment checks in early July.

Job losses have disproportionately affected low-wage workers, which could explain why the housing market is doing much better than other sectors of the economy, which slipped into

recession in February.

Sky-rocketing coronavirus cases are casting a shadow over business activity, though output is stabilizing. A separate report on Friday from data firm IHS Markit showed its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, rose to a reading of 50.0 this month from 47.9 in June. The increase ended five straight monthly declines.

A reading above 50 indicates growth in private sector output. IHS Markit said some service providers were struggling with the reintroduction of lockdown measures. The survey's flash composite new orders index slipped to a reading of 49.5 this month from 49.9 in June.

Stocks on Wall Street were trading lower as U.S.-China tensions and fears over mounting COVID-19 cases weighed on investor sentiment, erasing all gains for the benchmark S&P 500 index so far this week. The dollar slipped against a basket of currencies. U.S. Treasury prices fell.

Still, the fundamentals for housing, which accounts for just over 3 per cent of economy, remain favourable. The 30-year fixed mortgage rate is averaging 3.01 per cent, close to a 49-year low, according to data from mortgage finance agency Freddie Mac. There are more first-time buyers in the market, with the average age 47 years.

# SIBL comes with set of incentives for expatriates

STAR BUSINESS DESK

Social Islami Bank has come up with a set of incentives to encourage the expatriates to go for savings and make new investment in the bank.

The financial institution has decided to give 1 per cent additional profit along with the existing interest rate if a Mudaraba Savings account is opened with the bank with the remitted money.

Mudaraba Term Deposit accounts will also get 0.5 per cent additional profit, the bank said in a statement.

The Shariah-based Islami bank will also charge 1 per cent less interest if an expatriate takes loan from the bank to purchase house or flat.

Moreover, it will refund 10 per cent of the accrued profit at the year-end if repayment is made through remittance.

Any expatriates wishing to invest can avail 70 per cent of the investment facility from SIBL in 1 per cent less profit than the existing rate showing 30 per cent savings from remittance.

Besides, the expatriates will be rewarded with an air ticket of Biman Bangladesh Airlines to return home if Tk 10 lakh is deposited in savings account on an average every month and tickets of round trip if the amount hits Tk 25 lakh.

The bank will provide the service with its countrywide 161 branches, 40 sub-branches and 134 agent banking outlets.

# Lower prices for rawhide this Eid

FROM PAGE B1

Since only tanners are capable of processing the product, the ban left the ordinary citizens and small traders with no choice but to give in to minimal prices offered by tanners almost every year.

This vicious cycle of unpaid arrears and minimal prices in rawhide trade has been on repeat over the past three decades.

It has come to trap many victims, including poor students of orphanages, mostly madrasas, where ordinary people tend to donate the money gained through the sale of hides of their sacrificial animals.

With arrears lingering for such a long time, some 95 per cent of the merchants have either gone bankrupt, shuttered businesses or simply passed away.

"On the other hand, the tanners have been awarded industrial land at Savar Tannery Industrial Estate at subsidised prices with thousands

of crores of taka spent by the government," said a senior leader of the Bangladesh Rawhide and Skin Merchant Association asking not to be named. Still, the tanners are not paying the arrears to the small merchants, he said.

At yesterday's meeting, the minister also stated that the tanners should pay the arrears to the merchants so that they can run their businesses.

The minister said some teams have been formed from the top level of the commerce ministry to that at the union level, including four that would be active in Dhaka, to monitor the situation this Eid.

The current international prices of leather and leather goods, the pandemic and the quality of rawhides have been taken into consideration for fixing the prices, he said.

Tanners, leather and leather goods exporters, government higher-ups, salt traders and rawhide merchants took part in the meeting moderated by

Commerce Secretary Md Jafar Uddin.

Md Shaheen Ahmed, president of the Bangladesh Tanners Association, hoped that the dumping incident would not recur.

Like others, he suggested applying five to eight kilograms of salt on a rawhide to preserve the quality so that it can be sold even after one month, a hold-up that would enable the prices to rise. Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, suggested that even if the government allows rawhide exports, it should be for a brief period.

If the rawhide export is allowed for an extended period, the local leather goods manufacturers will face a crisis, he added.

Siddiqur Rahman, vice-president of the Federation of Bangladesh Chambers of Commerce and Industry, and Information Secretary Kamrun Nahar also spoke.



Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank Ltd, presides over the Half Yearly Managers' Conference-2020 of the bank organised through a digital platform on July 25. Branch managers from 195 branches took part in the conference. DBBL

# Banks are slowly seeing back the cash withdrawn in panic in March

FROM PAGE B1

Of the amount, the central bank has started providing a large portion of the fund from its own sources. This has given a boost to the deposit growth in banks as well.

"Money multiplier in the financial sector is still weak due to the ongoing economic fallout. But, this will get a gravity in the days ahead to keep up with the financial recovery," said Mansur, also a former high official of the International Monetary Fund.

The money multiplier describes how an initial deposit leads to a greater final increase in the total money supply.

It represents the largest degree to which the money supply is influenced by changes in the quantity of deposits.

The central bank should cautiously monitor the banking sector such that the additional fund could be prevented from investing in the speculative sectors, Mansur said.

People who withdrew money in March and April have deposited their funds back to banks, helping lenders to enjoy adequate liquidity, said MA Halim Chowdhury, managing director of Pubali Bank.

Emranul Huq, managing director of Dhaka Bank, also mentioned an

economic bounce from the downturn. But it is happening at a slower pace.

Businesses typically export products worth Tk 1,100 crore per month on average through Dhaka Bank, but the figure had gone down to Tk 256 crore in April.

But exports gradually increased to Tk 700 crore last month and the amount may be nearly Tk 1,000 crore in July.

"The exporters, on the whole, deposit the money in banks. But, we are facing a problem in disbursing credit as borrowers are reluctant to take loans," Huq said.

Nearly 80 per cent of banks' earnings traditionally come from the interest from lending. He, however, said lending is gradually increasing.

Banks hardly give out loans to the small- and medium-sized enterprises and retail sectors as the central bank has imposed an interest rate cap of 9 per cent since April, said another MD of a bank wishing not to be named.

The 9 per cent interest rate is not profitable for the SME and retail loans due to their high operational cost.

The economy will not get its full-fledged tempo if the central bank continues to force banks to maintain the cap for the two sectors, he said.

# Euro zone businesses bounce back in July as lockdowns loosen

REUTERS, London

Euro zone business activity grew in July for the first time since the coronavirus pandemic hit, as more parts of the economy that were locked down to curtail its spread reopened and people emerged from their homes to work and spend money.

Across the world almost 15.5 million people have been infected by the coronavirus but as the rate of infections has eased across much of Europe, governments have loosened some restrictions.

That unleashing of pent-up demand pushed IHS Markit's flash Composite Purchasing Managers' Index (PMI), seen as a good indicator of the bloc's economic health, to 54.8 in July from June's final reading of 48.5, its highest since mid-2018 and well ahead of the 51.1 forecast in a Reuters poll.

"The sharp rise... is an encouraging sign that the economic recovery continued at a decent pace. But we suspect that activity will remain below pre-crisis levels for at least the next couple of years," said Jack Allen-Reynolds at Capital Economics.

# Lifting private investment would be a tall order

FROM PAGE B1

As investors re-establish but also rethink their supply chains in the aftermath of the COVID-19 crisis, addressing the onerous administrative barriers to the business formation in Bangladesh is even more urgent, it said.

Job growth in the garment sector has come to a halt and overall employment creation have started to decelerate from 2013.

Slowing job creation has stunted the transformation of the labour market, where informality and poor job quality remain the norm.

Just one in five workers are wage employed, and both formal and informal workers experience vulnerability and poor working conditions. Exploiting the potential for diversified export-oriented sectors as job creators will require an improved capability to attract and service new FDI and domestic investors, the WB said.

The WB has approved \$250 million for Bangladesh to facilitate the implementation of key reforms to promote more and better jobs while supporting Bangladesh's response to the pandemic.

Bangladesh's private investment

hovers around the 23 per cent-mark even in normal times, so there is no possibility that it would go past 25 per cent during this difficult period, Mansur said.

It is unlikely that the pandemic would vanish this year and the situation may persist even in the second half of next year, he said.

Bangladesh's infection rate of 22 per cent is very high compared with other countries, he said. The rate has to be brought down to less than 5 per cent to say that the situation is under control.

"Under the current situation, new investment would not take place," he said, adding that there might be some investment in existing operations.

The country would have to get rid of structural challenges to take the investment to a new height.

Bangladesh would have to maintain macroeconomic stability, attract FDI, enhance the skill of workers, improve infrastructure and keep the price of electricity at a tolerable level, he said.

Private sector credit growth target was set at 16.7 per cent in fiscal 2020-21, which was 8.61 per cent in the last fiscal year.

The private sector credit growth would not accelerate much because of

the subdued demand in the economy. The banking sector has been suffering long from its own set of problems, including bad loans.

However, the expected disbursement of most of the stimulus packages amounting to Tk 103,117 crore may boost private credit growth. Most of the funds would be released through the banking channel.

# Kamal to return from UK early next month

FROM PAGE B1

The parliament passed the budget for the next fiscal year on June 30 and Kamal was supposed to travel to London much before that.

But because of the deteriorating coronavirus situation at home, his business in framing the new budget, presenting it in the parliament and getting it approved, he could not make time to go and receive the follow-up treatment.

He went to London after the budget was passed, the press release said.

Despite being in London, he has maintained contact with the ministry through online and has been carrying out regular official activities, it said.

# Real trouble brews for real estate, subsectors

AHSAN HABIB

The real estate sector and its subsectors are struggling to maintain their growth due to the economic slowdown induced by the coronavirus pandemic, exemplified by a slump in earnings by most of the listed companies connected to construction.

Cement makers fear that their sales tally for the first half of 2020 would showcase a fall of almost 45 per cent whereas the value was 50 per cent for paint producers as the construction sector was hit hard alongside the economy, according to industry insiders.

Heidelberg Cement Bangladesh and RAK Ceramics (Bangladesh) plunged into losses while LafargeHolcim Bangladesh booked slightly higher profits in the last six months compared to the same period the year before with cost cuttings.

Listed paint manufacturer Berger Paints also expects its sales to witness a reduction.

The real estate sector is one of those that have been impacted mostly from the pandemic and the impact is long-term, said Alamgir Shamsul Alam, president of the Real Estate & Housing Association of Bangladesh (REHAB).

"Because the real estate sector is interconnected with mental, economic and political stability, when all these factors are smoothly at play, people tend to invest here."



STAR/FILE

The real estate sector deserves incentives from the government because all of its 250 subsectors have been badly impacted by the pandemic, say industry people.

The real estate sector deserves incentives from the government because connected to it are almost 250 subsectors, all of which have been impacted along with more than 40 lakh of their employees due to the contagion, Alamgir said.

Heidelberg's earnings per share downed to Tk 2.54 in the negative in the January-

June period of 2020 whereas it was Tk 2.69 in the same period last year.

Meanwhile for RAK, the corresponding figures are Tk 0.09 in the negative and Tk 0.80, according to the Dhaka Stock Exchange (DSE) data.

The Covid-19 situation is an unprecedented challenge which has

impacted operations, so sales dropped, said Rajesh Surana, chief executive officer of LafargeHolcim.

The company's net sales dropped to Tk 776.9 crore whereas it was Tk 970.4 in the same six months last year, according to the company's data.

However, thanks to cost reductions, its profits rose to Tk 84.3 crore, which was previously Tk 79.4 crore.

"The company has been able to generate online orders even during the lockdown thanks to our investments in digital platforms," he said.

"We have also been successful in taking several initiatives quickly towards cost reduction and efficiency improvement projects," Surana added.

The pandemic's impact was clear on the ceramic industry too.

"Due to the Covid-19 pandemic, there was a countrywide lockdown in Bangladesh since March 26," said the RAK in its price sensitive information published in the DSE website.

"(This)...caused the closure of outlets or stores of the company's dealers, suspension of production in the factory and disruption of supply chain which caused a reduction in sales."

The ceramic maker's net sales dropped to Tk 197 crore whereas it was Tk 292 crore in the same period the previous year.

READ MORE ON B2

# Singer reports 42pc slump in sales

STAR BUSINESS REPORT

Singer Bangladesh recorded a 42 per cent slump in sales in the second quarter of 2020 (April-June) compared to the same period of the previous year due to the ongoing coronavirus pandemic, its officials said.

"The Covid-19 outbreak has impacted the country's macroeconomic performance as well as the company's operations and financial position," according to Singer Bangladesh's half-yearly report.

Singer, an electronics and home appliance producer and distributor, witnessed a Tk 219 crore drop in sales receipts for the second quarter while its half-yearly sales fell 23.79 per cent to Tk 601 crore year-on-year.

Listed on the Dhaka Stock Exchange, the company's profits plummeted 79.73 per cent year-on-year to Tk 7.89 crore in the April-June period.

Meanwhile, its half-yearly profits after tax dropped 62.89 per cent to Tk 19 crore.

**SINGER**

*There were virtually no sales between March 26 and May 10 due to the countrywide shutdown of all economic activities enforced by the government in a bid to curb the spread of coronavirus, the company says*

There were virtually no sales between March 26 and May 10 due to the countrywide shutdown of all economic activities enforced by the government in a bid to curb the spread of coronavirus, the company said.

Considering all the festivities surrounding Eid-ul-Fitr, one of the biggest Islamic celebrations of the calendar year, the government allowed shops to open on a limited scale and so, Singer was able to open just 60 or 70 per cent of its 407 showrooms.

During Ramadan however, a peak time for sales, the company could not keep its shops open following iftar, which is late in the evening and was traditionally rush hour for customers ahead of the Covid-19 outbreak.

However, Singer has secured 50 per cent of its sales target for May while its receipts in June were far better than preceding month.

Along with lower sales and profits, the company's trade receivables and provision for bad loans rose because it was unable to collect customers' instalments on purchases amid the pandemic.

Trade and receivables rose 44 per cent to Tk 355.94 crore as of June 30, 2020, compared to the same period of the previous year, while the provision for doubtful debts surged 82.75 per cent to Tk 8.37 crore.

The payment of instalments went down as customers are delaying payments either willingly or unwillingly due to reduced incomes. Besides, since the branches were closed, the managers were unable to enforce collection, the company said.

READ MORE ON B2

# Chinese chemical maker rebuffs pandemic fears, wants to invest \$300m

JAGARAN CHAKMA

Yabang Investment Holdings Group Co Ltd, a concern of Yabang Group of China, has expressed its willingness to invest \$300 million in textile and other chemical industries inside Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

This the highest amount of investment proposal received by Bangladesh Economic Zones Authority (Beza) during the pandemic.

Xiaochu Xu, chairman of Yabang Group, placed his proposal and sought 100 acres of developed land under an annual lease agreement yesterday, according to Beza officials.

A master plan was submitted which includes that on bringing about infrastructure development in the project.

They have also submitted the environment management plan to address environmental issues of the project. This will be a project owned 100 per cent by foreigners.

"The ongoing global trade situation is favourable for Bangladesh. And that is why the Chinese businesses are keen to invest

## INVESTMENT PLAN

- ▶▶ Land sought: **100 acres**
- ▶▶ Products to be made: **textiles, chemicals**
- ▶▶ Initial investment: **\$300m**
- ▶▶ Investment may reach: **\$1b**
- ▶▶ Annual export target: **\$146.4m**
- ▶▶ Domestic sales target per year: **\$97.6m**
- ▶▶ Jobs to be created: **2,200**

## YABANG GROUP AT A GLANCE

- ▶▶ It's among top **500** listed companies of China
- ▶▶ Employees: **15,000**
- ▶▶ Number of subsidiaries: **60**
- ▶▶ Annual sales: **\$10b**
- ▶▶ Profit: **\$500m**

in the South Asian nation," said Paban Chowdhury, executive chairman of Beza.

The investment of Yabang Group will help Bangladesh diversify its export basket as well as ensure technology transfer, he said.

"Basically, Yabang Group wants to take advantage of the global trade competitiveness."

"We will sign a deal on land lease agreement with Yabang Group just after Eid-ul-Azha, as they want to complete

the investment process rapidly to go into production as soon as possible," he said.

Foreign investment will come in fast to Bangladesh if responsible local organisations come forward to take advantage of the existing favourable global business climate, he said.

Earlier on June 5, Xu met with Bangladesh's Ambassador in China Mahubul Uz Zaman at his office in Beijing and discussed investment plans in Bangladesh. If things go according to plan, the initial investment may hit around \$1 billion and the focus will be given on printing and dyeing, pharmaceuticals and other chemical plants.

The investment holdings group is one of three leading companies in the chemical sector and among 500 top listed companies in China. It has more than 15,000 employees.

Its business covers dye, coating, pigment, medicine, veterinary, pesticide, photovoltaic, logistics, finance and real estate industries. It has more than 60 subsidiary (branch) companies.

The group's annual sales volume exceeds \$10 billion with a profit of \$500 million.

# Concerted efforts key to economic recovery



MOHAMMAD RASHEDUL ALAM

The ongoing Covid-19 crisis inspires plenty of comparisons to the 1918 flu, also known as the Spanish flu, that took place more than a century ago and is often referred to as the mother of all pandemics.

However, as per a scholar's opinion no other pandemic, be it of the past or future, has had such a brutal impact on the economy as the coronavirus, which triggered a near-total shutdown of social, business and economic activities worldwide.

The Covid-19 pandemic is first and foremost a human tragedy, infecting millions of people around the globe while the heart-breaking loss of human life is set to continue ticking upwards.

Considering the disastrous impacts it has had on the global economy while rampaging across the world, the coronavirus is fast becoming the worst pandemic till date.

Bangladesh, a growing South Asian economy, is no exception.

On March 8, the first Covid-19 patient was detected in Bangladesh and since then, the rate of infection has shot upward at an alarming rate.

The ongoing crisis, which is first of its kind for the country, is having a significant impact on public health, the overall economy, business and society.

In a bid to curb the spread of the novel disease, the government declared a two-week general holiday beginning

on March 26. However, as the number of coronavirus cases continued to rise, the nationwide closure of all businesses and restrictions on public movement were later extended.

Eventually, the general holiday was brought to an end on March 31 as businesses were allowed to resume operations on their own discretion in a bid to revive the country's economic activities on a limited scale.

Gradually, more and more factories and offices reopened their doors but when compared to the pre-coronavirus era, operations have still not returned to normal.

However, for a quick recovery from the damage that has already been done to the business sector, economy, society and life, we need a combined effort or else it could take a long period of time.

The ongoing crisis is an opportunity for companies and their employees to reinvent themselves. When it comes to a company's most valuable asset, a lot of areas come to mind.

R&D, brand value, distribution channels, heritage, business secrets or even a patent might take the top spot. However, this is not even close to a company's truly most valuable asset.

The answer is the tens or hundreds if not thousands of employees that make up a company's workforce. It goes without saying, but employees cannot be given a monetary value for the effort they put in to help the business earn profits.

It is their abilities, knowledge, and experience that can't be replaced. So first of all, business organisations should treat and value their employees as their most important asset and see spending money on their employees as an investment rather an expense.

While we all are passing through a very tough time, this is the perfect opportunity for any organisation to extend a helping hand and support its employees.



STAR/FILE

The government should take measures to reduce vulnerability of the farming communities to ensure food security amid the ongoing pandemic.

In-return, motivated employees will significantly enhance productivity that will, in the medium and long run, create competitive advantages in comparison to other organisations. Finally, it will have a positive impact on the organisation's profit and loss account.

Safe and healthy working conditions are fundamental for decent work so organisations need to take all necessary safety measures to ensure a safe working environment.

Secondly, those working in an organisation should also realise that it

is a tough time for businesses and so, everyone should work together with team spirit and go the extra mile to help their company recover as quickly as possible.

Thirdly, the government should identify the right sector and business organisations as well as their needs for faster execution and disbursements of funds from the stimulus packages.

The authorities also need to conduct very close monitoring and continuous reviews of the financial support provided.

Besides, constant reviews of the

process and policies are required to take faster action and ensure quick disbursements to the correct organisation in need.

Fourthly, special attention is required for the agriculture and SME sectors as in 2019, the combined contribution of the two sectors to the country's gross domestic product was 30.36 per cent with agricultural production during the same period being valued at Tk 107,392 crore.

Employment in the agriculture sector may stand at 27.40 million at the end of 2020 whereas the SME

sector accounts for 35.49 per cent of the total employment in Bangladesh, according to a study.

Various findings in the report shows that the impact of coronavirus on SME and agriculture is huge.

Therefore, the government should take proactive measures to increase economic resilience, enhancing its capacity to deal with situations associated with the pandemic.

Reducing the vulnerability of farming communities is crucial to sustain food security and socio-economic development.

Fifthly, the government should immediately take adequate measures, involving all relevant stakeholders, to tackle the ongoing flood crises or else it will add additional challenges to the economy's recovery.

Sixthly, the media can play a more active role in continuing a country's democracy, constitutional trends, national development and reduction of corruption through objective journalism.

Till the full economic recovery, the print media could publish special Covid-19 supplements on a regular basis. Similarly, other media outlets can broadcast special programmes. Here, private businesses and the government could play an active role in sponsorship.

As an individual, we can contribute significantly to reshape our own lives as well as indirectly impact economic recovery and, in some cases, directly too.

The novel coronavirus is impacting everyone, some more drastically than others. For a number of families, it could mean making big changes to their everyday routines due to financial hardships.

For others, it could mean increased anxiety among their children, tension in parenting relationships or general fear.

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