

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	▼ 0.03%	▼ 0.58%	▼ 1.26%	▼ 3.86%	83.95	96.66	106.28	11.74
4,129.07	7,122.98	(per ounce)	(per barrel)	38,128.90	22,751.61	2,579.51	3,196.77	BUY TK	SELL TK	84.95	100.46

# Star BUSINESS

DHAKA MONDAY JULY 27, 2020, SRABAN 12, 1427 BS • starbusiness@thedailystar.net

## 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.

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## 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.

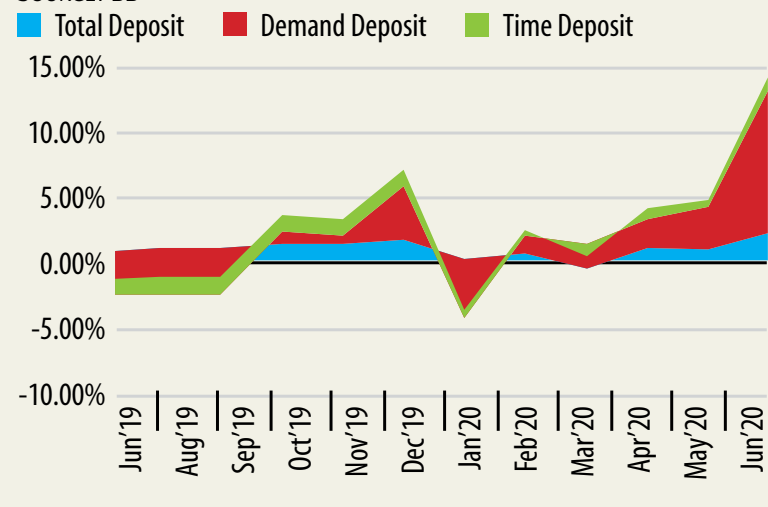
The growth of reserve money, which creates fresh currency in the financial sector, stood at 15.56 per cent in June against the growth of 5.32 per cent a year earlier.

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.

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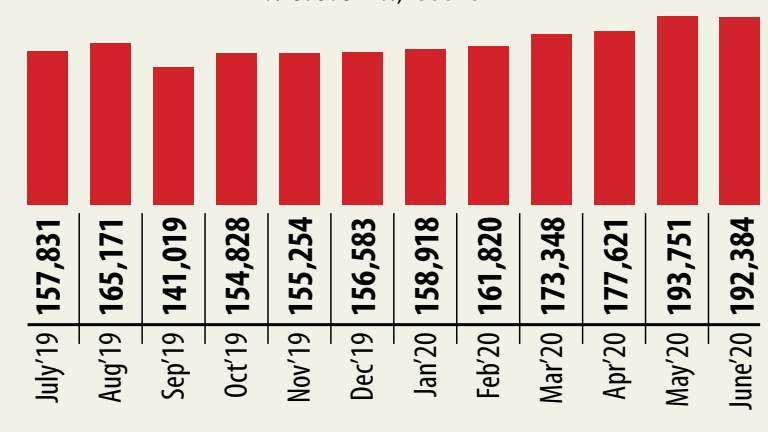
### How the banks' deposit base changed shape over the months (in %)

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.

## New leadership at Transcom

STAR BUSINESS REPORT

Shahnaz Rahman, the wife of late Latifur Rahman, the legendary founder and longtime chairman and chief executive officer of Transcom, has become the new chairman and managing director of the business group.

The decision was taken by the late entrepreneur and also approved by the board as well as the concerned government authorities, Transcom said in a corporate announcement yesterday.

Latifur Rahman, who was best known for his ethical business practices at home and abroad, breathed his last on July 1 at the age of 75.

At all material times, and notwithstanding anything contrary mentioned elsewhere, after the demise of Latifur Rahman, Shahnaz Rahman, a director of the company, would hold the position of chairman and managing director of Transcom and chairman of all of its subsidiaries and companies, the announcement said.



Shahnaz Rahman



Simeen Rahman



A longtime director of the board of Transcom, she will continue to hold the position until she retires voluntarily.

Shahnaz Rahman became the top taxpayer among women in the Dhaka City Corporation in 2019. In 2017, the National Board of Revenue honoured her family as tax icon in recognition of paying taxes for a long time.

Likewise, Simeen Rahman, also a director of Transcom, would hold the position of chief executive officer of Transcom and group CEO of the subsidiaries and companies. She would continue to hold the position until she retires voluntarily and will have all operational, management and controlling power of Transcom and its subsidiaries, the announcement said, which was signed by Md Kamrul Hassan, company secretary of the company.

Simeen Rahman is the daughter of Latifur Rahman and Shahnaz Rahman and executive committee member of the Metropolitan Chamber of Commerce and Industry, the country's oldest trade body.

One of the top business groups in Bangladesh, Transcom has been carrying out business activities for more than 135 years. Currently, it employs more than 18,000 people.

Transcom has 16 operational entities from medicine, foods, lighting, electronics to media. It is the local business partner of international brands Pizza Hut, KFC, PepsiCo and Philips.

The companies under Transcom include Eskayef Pharmaceutical, Mediastar, Transcom Beverages, Transcom Distribution, Transcom Foods, Transcom Electronics, Transcom Consumer Products, Bangladesh Lamps, Transcom Cables, Tea Holdings, Reliance Insurance, Transcraft and Bangladesh Electrical Industries.

Having an annual turnover of Tk 7,500 crore, Transcom Group is one of the highest of corporate tax and VAT-payers in Bangladesh.

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# 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.

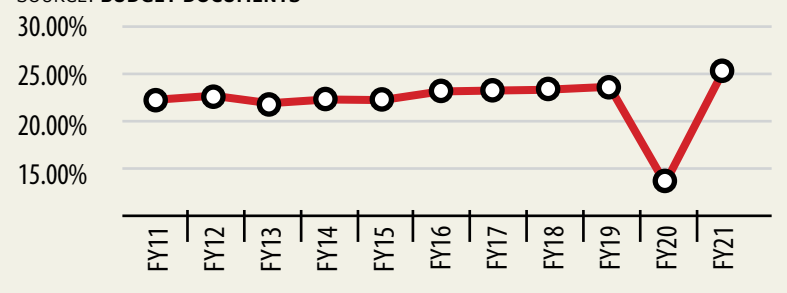
The Bangladesh Bureau of Statistics has not published the actual private investment figure for the last fiscal year. However, everything would depend on where the coronavirus rampage hits the brakes.

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.

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## 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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