



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.

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.

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.

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 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.