

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.11%	▲ 0.14%	\$1,882.74	\$41.54	▲ 0.77%	▼ 0.05%	▲ 0.36%	▼ 0.20%	83.95	97.43	107.21	12.22	
4,934.46	8,474.96	(per ounce)	(per barrel)	39,878.95	23,422.82	2,538.36	3,218.05	BUY TK	84.95	101.23	111.01	12.84

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Mighty taka puts BB in a bind

Experts call for measures to safeguard exporters as exchange rate stays near Tk 84.80 per dollar

AKM ZAMIR UDDIN

For exporters desperately trying to keep up the latest robust run of merchandise sales abroad and cement the recovery from the coronavirus pandemic, an old problem has raised its head: a rising taka against a falling US dollar.

The situation has prompted the experts to call on the central bank and the government to take initiatives to shield exporters from the appreciating trend of the local currency.

Although the export volume has increased in recent months defying the uncertainty stemming from the ongoing economic slowdown, exporters are still facing hurdles due to the relatively higher exchange rate of the taka against its peers.

As part of its efforts to halt the appreciation of the taka, the central bank has started purchasing the dollar from banks soon after the recession hit the country.

Between July 1 and October 4,

the Bangladesh Bank bought the dollar worth \$2.62 billion, up 200 per cent from the last fiscal year.

Still, the interbank exchange rate fell slightly to Tk 84.80 per US dollar in contrast to Tk 84.95 on March 25, a day before the country declared the countrywide lockdown to contain the coronavirus pandemic.

The central bank, however, has managed a bit of success in stemming the massive appreciation of the local currency by intervening in the foreign exchange market.

The inter-bank exchange rate has been hovering between at Tk 84.80 and Tk 84.90 since July.

Had the central bank not intervened in the foreign exchange market, the local currency would have risen to a great extent. But this is not good enough given the exchange rate in other countries.

For instance, the Indian rupee was at 73.26 per dollar on October 5, up from 71.37 on January 1, according to data from the Reserve Bank of India.

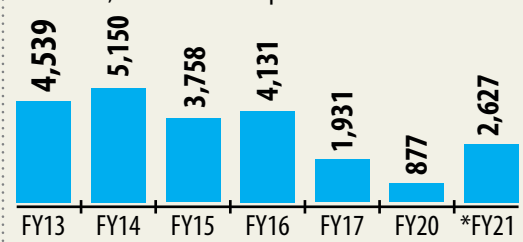
"The Bangladesh Bank will



DOLLAR PURCHASED BY BB

In millions of \$; SOURCE: BB

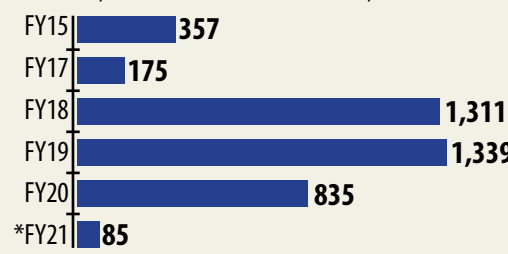
*Till Oct 4, ** No dollar was purchased in FY18 and FY19



SALE OF DOLLAR BY BB

In millions of \$

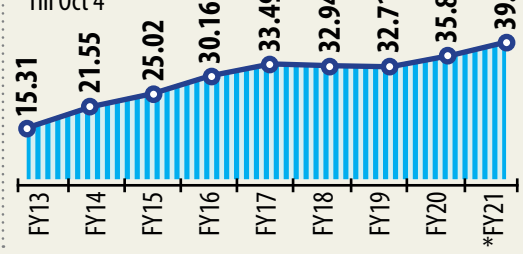
*Till Oct 4, ** No dollar was sold in FY13, FY14 and FY16



FOREX RESERVE

In billions of \$

*Till Oct 4



face a challenge to depreciate the local currency in the next couple of months given the ongoing global economic situation," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Export earnings have been on the rise in recent months, but the country will have to maintain the trend in the days ahead to keep the wheels of the economy moving, he said.

In the first three months of

the ongoing fiscal year, export earnings returned to the black as apparel shipments grew 2.58 per cent year-on-year to \$9.89 billion.

Also, the government has received a good amount of fund in the form of soft loans and grants from various multilateral lenders to tackle the economic slowdown amid a fall in revenue collection and rising expenditure.

These have given a boost to the foreign exchange reserve: it stood

at \$39.48 billion on October 4 in contrast to \$33.09 billion on May 5.

"Although the financial indicators are magnificent, these have indicated the weakness of the economy in the wake of a sudden drastic fall in domestic consumption," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

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Stock gamblers still on the prowl

Junk shares skyrocket without valid reasons; BSEC says will look into it

AHSAN HABIB

Shares of Zeal Bangla Sugar Mills increased by about 85 per cent over the past three months, a puzzling development given that the company has declared losses every year since its trading debut in 1988.

"There is no reason behind this jump other than rumours and gambling," said a senior official of a leading stock brokerage.

By the end of last year, Zeal Bangla's accumulated losses stood at Tk 370 crore while its paid-up capital was Tk 6 crore, according to data from the Dhaka Stock Exchange (DSE).

But despite this fact, the state-run company's junk stocks skyrocketed from Tk 31 to Tk 213 as of yesterday over a span of just two and a half months.

However, Zeal Bangla has repeatedly told investors that it does not have any undisclosed price sensitive information that could have caused the unusual price hike.

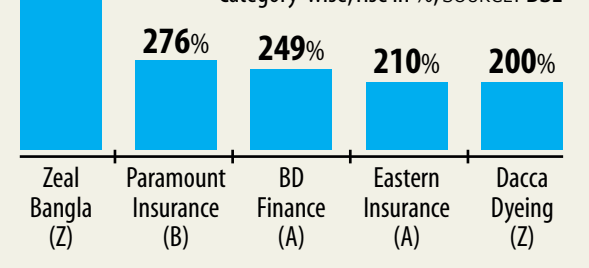
The sugar miller has been incurring losses for many years now and so, it does not make sense why investors would pour their money into such a company, the official of the stock brokerage said.

"Those who invest in these stocks do it with bad intentions. Therefore, the stock market regulator should investigate whether there was any breach in regulations," he added.

Zeal Bangla is not an isolated case though as another junk stock, Dacca Dyeing, featured in the top gainers' list as its share prices rose over 200 per cent over the past three months.

STOCKS THAT GAINED MOST IN THE LAST THREE MONTHS

Category-wise; rise in %; SOURCE: DSE



Dacca Dyeing, which has paid-up capital of Tk 87 crore, was first listed in 2009 but has not been disbursing dividends since 2016.

Paramount Insurance took second place on the gainers' list with a 277 per cent increase. The B category insurance stock rose from Tk 36 to Tk 136 over the last three months.

The insurer, with a paid-up capital of Tk 33 crore, made its trading debut in 2007 and disbursed 5 per cent stock dividends for 2018.

During the last three months, the stock market was bullish after remaining bearish for a long time.

As a result, most stocks rose during this period but junk stocks were ahead of the rise.

This tendency is not good for the market because it gives a negative message to the investors, said a merchant banker. So, the regulator should ask big buyers about why they are purchasing non-performing stocks even if they do not breach any rules or regulations by doing so.

The regulator should remain aware of them so that if it finds any irregularities in trading, then culprits can be punished accordingly, the merchant banker added.

BD Finance and Eastern Insurance also took place in the gainers' list with the former increasing by 249 per cent while the latter by 210 per cent.

Paid-up capitals of Eastern Insurance and BD Finance were Tk 43 crore and Tk 167 crore respectively.

While Eastern Insurance disbursed 20 per cent cash dividend in 2019, BD Finance disbursed 10 per cent stock dividend for the same year.

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Mobile phone subscribers nearly back to pre-pandemic level

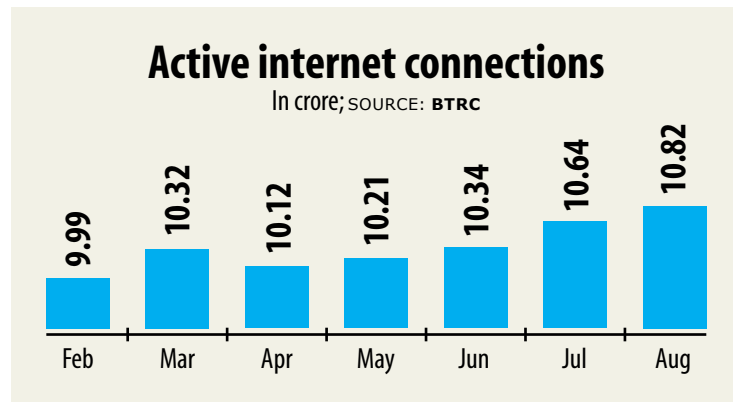
MD FAZLUR RAHMAN

The number of mobile phone subscribers in Bangladesh almost returned to the pre-Covid-19 level in August, signalling the strengthening of the economic recovery underway from the devastating crisis.

The number of mobile phone subscribers stood at 16.60 crore in August which is almost close to the February level when it was 16.61 crore, data from Bangladesh Telecommunication Regulatory Commission (BTRC) showed yesterday.

August's figure is also the highest among that of the last six months and 2.12 per cent up from that of the same month a year ago.

Grameenphone, the largest mobile phone operator in the country, had 7.7 crore mobile phone subscribers as of August, up 1.45 per cent from 7.59 crore



in February and 1.85 per cent from 7.56 crore in August last year.

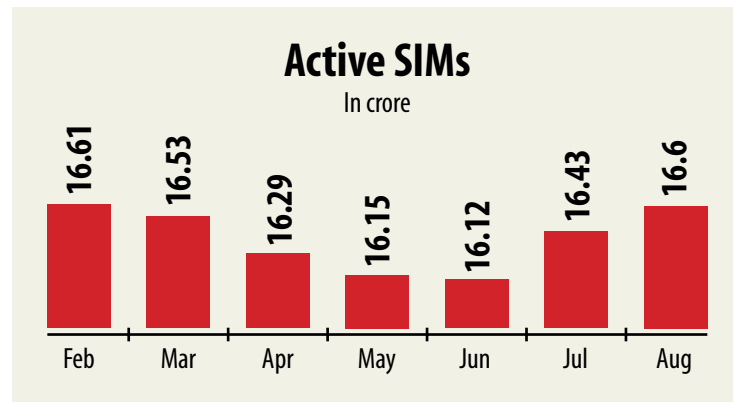
Second-placed Robi Axiata had 4.98 crore subscribers in August, which was 0.40 per cent higher from 4.96 crore in February and 4.18 per cent higher from 4.78 crore in August in 2019.

Banglalink and state-run Teletalk are yet to fully recoup

from the pandemic's detrimental effects.

Banglalink had 3.46 crore subscribers in August, down from 3.58 crore in February and 3.48 crore in August last year.

Teletalk had 46.55 lakh mobile phone subscribers in August this year, down 4.47 per cent from 48.73 lakh in February. It was, however, up



6.10 per cent from 43.87 lakh in August last year, the highest year-on-year growth among all operators.

Since the lifting of the nationwide shutdown, life has started returning to normalcy. As a result, economic activities have resumed gradually, said Taimur Rahman, chief corporate and regulatory affairs officer of

Banglalink.

"The industry is also trying to cope with the situation, which is a good sign. We are still assessing the effects of the pandemic and trying to provide customers with the digital facilities that can truly cater to their needs under the existing circumstances."

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Most Barishal dockyards flouting environment laws

SUSHANTA GHOSH

Over 60 per cent of the dockyards in Barishal division have been running for years with complete disregard to environment protection laws, not only damaging whole ecosystems and livelihoods but also depriving the government of revenue.

Building, repairing and maintaining water vessels require the use of a number of toxic chemicals. It also leads to the release of rust, welding and painting residues, impurities, used lubricants and oils, dust and generates substantial noise.

Such aspects of commercial activities which have an environmental impact and the methods of addressing them need to be delineated by industries in an environment management plan, which must be submitted for obtaining an environment clearance certificate.

The certificate is mandatory, similar to what a trade licence is, for each and every type of industry and project as per the Bangladesh Environment Conservation Act, 1995 (Amended 2010).

Moreover, shipbuilding is listed in the Red category of industries by the Department of Environment (DoE).

This means that dockyards need to first obtain a Location Clearance Certificate and then an Environment Impact Assessment approval before they can be issued the certificate.



TITU DAS

Just 13 out of the 37 dockyards present in Barishal sadar and Swarupkathi upazilas have obtained environment clearance certificates.

The environment clearance fees are based on the amount of investment an industry is making. The minimum is Tk 1,500 for investments of Tk 1 lakh to Tk 5 lakh. The highest is Tk 4 lakh for investments of Tk 500 crore to Tk 1,000 crore.

The certificate has to be renewed annually for a quarter of the fees.

Each of the dockyards has invested Tk 2 crore to Tk 5 crore that also includes land price.

After bearing the expenses that range from Tk 2 lakh to Tk 3 lakh per trip, big operators make a profit of around Tk 5 lakh to Tk 20 lakh from every launch per month, insiders said.

Just 13 out of the 37 dockyards present in Barishal sadar and Nesarabad (Swarupkathi) upazilas have obtained the environment clearance certificate, as per the DoE Barishal divisional office.

The Daily Star found five of the establishments on the banks of the Kirtankhola river and the rest by the Sandhya river.

Their owners blatantly deny the pollution resulting from their operations year round on watercrafts of all types and sizes, ranging from 20 to 200 feet and including passenger launches, cargo vessels and oil tankers.

Among them is Saidur Rahman Rintu, owner of one of the biggest passenger vessel operators, Sundarban Navigation, and vice president of the Barishal Launch Owners Association.

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