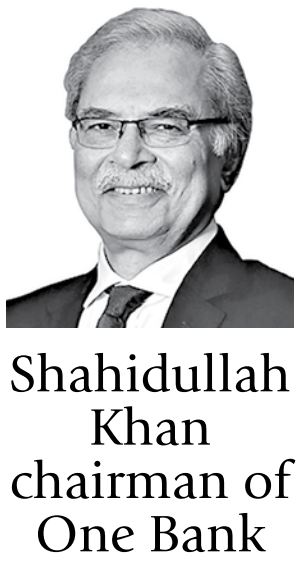




Quazi Osman Ali, CEO of Social Islami Bank, attends the bank's "3rd Quarter Business Conference-2020" through a digital platform recently.



Shahidullah Khan
chairman of One Bank

STAR BUSINESS DESK

ASM Shahidullah Khan has recently been elected chairman of One Bank for a one-year term. The bank re-elected Asoke Das Gupta and Zahur Ullah as vice chairman and chairman of its executive committee respectively. Khan is the managing director of Media New Age, publisher of English daily New Age, a director of Holiday Publication and a member of the board of trustees of Bangladesh Protibondhi Foundation, an organisation for the welfare of disabled children. A valiant freedom fighter, Khan graduated in physics from the University of Dhaka, says a press release.

China passes export-control law following US moves

China passed a law restricting exports of controlled items, allowing the government to act against countries that abuse export controls in a way that harm's China's interests, state media said. The Xinhua news report late on Saturday did not name any target countries, but the United States last month angered Beijing with curbs on exports to Semiconductor Manufacturing International Corp, China's biggest chipmaker, and it has taken various steps against Huawei Technologies Co and other companies. China and the United States have clashed over issues including trade, human rights, technology and the new coronavirus, which was first detected in China.

Construction of dumping yards faces delays

Of a total of 1,365 marks, some 200 should be obtained through compliance to standards by the government, including ensuring the presence of a dedicated site for tanneries, and the remaining 1,165 marks should be obtained by the tanners. However, most of the tanners are not yet ready to comply with the LWG standards. This leaves them with no choice but to sell leather and its associated goods such as footwear to some non-compliant Chinese factories and accept prices that are 40 per cent lower than international rates. So far, the government has allowed two tanneries to construct their own ETPs. The government shifted the tanneries from the city's Hazaribagh to Savar in 2017 aiming to give a formal outlook to the leather sector which has already invested Tk 7,000 crore so far and employed nearly 50,000 workers. But it seems the newly established SITE is still far away not just physically but also in case of proper functioning, bringing no good news for the leather business.

Fintech summit held

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Bangladesh Fintech Summit recently witnessed the staging of its second edition virtually, stating that it aimed to unlock the true potential of finance for people, community and society. The two-day summit was themed "Shaping Future of Finance for People", says a statement, adding that one objective was to provide collaborative space to fintech companies to share learning, success and failure with peers. Another was to initiate policy dialogues for a proper framework for future fintech companies to thrive

sustainably and nurture an ecosystem for Bangladesh to benefit from the associated global movement. The summit consisted of five keynote sessions, four insight sessions, three panel discussions and two case studies with international and local industry leaders. "Financial sector is the major part of an economy and Bangladesh is doing quite well in its development process," said Prof Shibli Rubayat Ul Islam, chairman of the Bangladesh Securities and Exchange Commission. "Bangladesh is gradually developing and we are experiencing a

remarkable growth," he said. "For the last couple of years fintech is gaining momentum in Bangladesh," said Shariful Islam, founder and managing director of Bangladesh Brand Forum. "Viable innovations are coming forward, solving problems in a very effective manner, and we hope this momentum will grow in the next couple of years," he said. An initiative of Bangladesh Fintech Forum, the summit was organised by Bangladesh Brand Forum. LankaBangla Finance was the title partner while the summit was powered by Guardian Life Insurance.

India's JK Tyre, other firms face antitrust scrutiny in bid-rigging case

REUTERS, New Delhi

India's antitrust regulator is investigating JK Tyre & Industries Ltd after a state government accused the company of bid rigging, and the probe has been expanded to other firms, according to sources and legal filings seen by Reuters. The Competition Commission of India (CCI) last year ordered a probe after the northern state of Haryana said JK Tyre employed unfair trade practices while bidding to supply tyres for public transport vehicles, a court filing showed. The case details and CCI's initial assessment were contained in a Sept. 19 state court filing made by JK Tyre contesting some of the watchdog's demands. The filing, reviewed by Reuters, has not previously been reported and the CCI does not disclose current probes into cartel cases. According to documents in the

filing, Haryana state told the CCI that JK Tyre was the sole bidder in a tender and quoted high prices. The watchdog in November ordered a probe saying "non-participation by other tyre manufacturers" was suggestive of a "concerted act to rig the bid". A JK Tyre spokesman declined to comment "as the matter is currently subjudice." In August this year, the CCI decided the role of other tyre firms should be examined and expanded its scrutiny to include Apollo Tyres, CEAT, MRF, and the Indian units of France's Michelin and Germany's Continental AG, two sources familiar with the case said. It was not immediately clear whether the CCI has approached those tyre firms with inquiries. The sources declined to be identified as details of the probe were confidential. The CCI and the Haryana state government did not respond to requests for comments. MRF, Michelin

and Continental also did not respond to requests for comments, while CEAT and Apollo declined to comment. A finding of bid-rigging could lead to a potential fine of up to three times the profit in each year prices were fixed by the companies, or 10 per cent of annual revenue, whichever is higher. JK Tyre, which has a market value of \$190 million, says it accounts for 30-36 per cent of the market for different types of tyre variants that is worth some \$9 billion annually. Haryana state has alleged JK Tyre was the sole bidder in the tender in 2018 and its prices were around 34 per cent higher than previous purchase rates, the documents show. "There appears to be some arrangement or understanding amongst the tyre manufacturers... The matter warrants a thorough and detailed investigation to unearth the entire modus operandi resorted to," the CCI's Nov. 2019 order said.



Rupali Chowdhury, managing director of Berger Paints Bangladesh, opens "Berger PPG Auto Refinish Training Centre" at the sales office of Berger at Tejgaon in Dhaka yesterday. The centre is stated to have an advanced auto-refinishing booth and world-class training facility for automobile painters.

General investors push stock index up

FROM PAGE B4

Turnover fell last week compared to the weeks before but if listed companies can earn profits despite the Covid-19 fallout, then the situation should improve in the coming days, he added. Nitol Insurance topped the gainers' list yesterday with a 10 per cent increase followed by Provati Insurance, Asia Insurance, Continental Insurance, and Northern Insurance. Bangladesh Submarine Cables traded the most with Tk 23.44 crore followed by Continental Insurance, Asia Pacific Insurance, Beximco Pharmaceuticals and Bangladesh General Insurance. Insurance companies continued to place in the top gainer and top turnover lists as people are still investing in these companies on the

back of rumours, a merchant banker said. The rumour is that gamblers are staying with the stocks and so, these shares will continue to rise. However, this is a very dangerous way to make investments. While the sponsors and directors of listed insurers are selling off their shares at higher prices, general investors are still buying the stocks, which might be disastrous for them, he added. Keya Cosmetics shed the most, dropping 6.66 per cent followed by Far East Knitting & Dyeing Industries, Vanguard AML BD Finance Mutual Fund One, C&A Textile, and Evince Textile. Of the total 356 traded companies, 113 advanced, 196 declined and 47 remained unchanged.

Italy approves new stimulus package to help virus-hit economy

REUTERS, Milan

Italy has approved a new stimulus package in its 2021 budget to foster an economic rebound from the recession caused by the coronavirus crisis, a government statement said on Sunday after a late-night cabinet meeting. The ruling coalition, led by the anti-establishment 5-Star Movement and centre-left PD party, agreed a preliminary version of the stimulus package, a government source said, leaving final details to be hammered out. Among measures to support the health and education system, the government will set up a 4 billion euro (\$4.7 billion) fund to compensate companies worst hit by coronavirus lockdowns. The budget also extends temporary lay-off schemes for companies with workers on furlough and offers tax breaks to support

employment in the poor south of the country. Italian Prime Minister Giuseppe Conte is expected on Sunday to also announce new measures to curb the steady spike in COVID-19 cases over recent weeks. One of the European countries worst hit by the pandemic, Italy has forecast a 9% economic contraction for 2020 and a budget deficit equating to 10.8% of gross domestic product. The expansionary package is expected to keep Italy's deficit next year to 7% of economic output, up from a 5.7% forecast in April, reflecting the additional spending. Italy has forecast economic growth of 6% in 2021. Expansionary measures next year will total 40 billion euros, including cheap loans and grants from the European Union's Recovery Fund, Gualtieri told lawmakers this month.



Empty tables are seen outside a restaurant in Rome as Italy tightens regulations in an effort to control rising Covid-19 infections, on October 14.

The never-ending debate over GDP growth

FROM PAGE B1

Parkash said the ADB prepared its GDP growth rate forecast for Bangladesh for FY2021 in early September 2020 using the available economic data and trend. Since the resumption of economic activities in June, economic indicators such as export earnings and remittances have shown positive signs though these were severely impacted during the March-May period. The export earnings in July to August were \$6,878 million, which was 246 per cent higher than \$1,985 million in April to May period and higher than \$6,732 million recorded in July to August period of 2019. More than 90 per cent orders that were cancelled in the garment sector have been reinstated. Consumption is increasing, and trade is returning to normalcy and jobs have also rebounded. Similarly, remittance inflow rose 76 per cent to \$4,562 million in July-August from \$2,598 million in April-May and 50 per cent from \$3,042 million in July-August in 2019. The positive trends in exports and remittances, the main contributors to growth, continued in September: overseas shipment stood at \$3,018 million, up 3.53 per cent year-on-year. Migrant workers sent \$1,477 million in the month, up 46 per cent compared to a year ago. "The exports and remittance increase in July-August of 2020 were healthy and these positive trends have been considered while forecasting growth numbers. The ADB predicts that the economic recovery in the first two quarters of FY21 is expected to be gradually followed by a rapid recovery in third and fourth quarters," Parkash said. CPD's Rahman said the economy is opening up but it has not reached its full capacity. The service sector, which is 52 per cent of the economy, is running at 80 to 90 per cent of the capacity. Compared to other countries, Bangladesh's GDP is more dependent on domestic demand. "About 85 per cent of the GDP relies on domestic demand. This is a strength of the country." He said the GDP growth would depend

on how far local demand picks up and the global recession deepens. "Another factor would be the implementation of the stimulus packages, the recovery of the loans being given out and whether the packages would be recycled," he said. Zahid Hussain said a critical factor in recovery is the state of mobility. The Google Mobility Report shows mobility has returned to the pre-pandemic state with the sole exception of retail and recreation, where it was still down by 9 per cent in early October. Production is up but not running at full capacity yet. The first-quarter data on exports, imports, tax revenue collections, and electricity generation suggest recovery overall, but the magnitude varies by indicators. Remittance has been a pleasant exception with a 48 per cent spike in the first quarter. The economies, where most remittances to Bangladesh originate from, are still not showing robust recovery. "The sustainability of such high growth in the rest of the year can't, therefore, be taken for granted," Zahid Hussain said. Both the IMF and the WB are projecting subdued consumption growth, the biggest driver of demand growth, in FY21. In addition, private investment is likely to remain depressed because of uncertainties relating to the dynamics of the pandemic locally and globally. The policy response will be most critical because the risks predominantly are on the downside, he said. "It is delusional to think that the pandemic is behind us in Bangladesh. Economic activity may return to normal levels despite the high positivity rate, but growth will falter with disruptions in supply chain and weak global demand for goods and labour." "Policy support to keep enterprises at risk afloat and protect the incomes of the poor and the vulnerable will need to complement a ramped-up response on the public health front to flatten the curve of the virus," he said.

BSRM Steel to set up Tk 700cr plant

FROM PAGE B1

Despite the news of the new investment yesterday, share price of BSRM Steel listed with the DSE since 2009 dropped 0.51 per cent to Tk 39.20. The steel maker also informed yesterday that its board of directors recommended 15 per cent cash dividend for the year that ended on June 30 of 2020. The company's earnings per share (EPS) was Tk 1.97 for the current year, down from Tk 4.60 in the previous year. The company blamed the fall in EPS on the reduced production and slow sales after the Covid-19 outbreak along with various tax issues.

Good corporate governance needed to fight financial anomalies: experts

FROM PAGE B4

The Financial Reporting Council (FRC) could take regulatory initiative to appoint independent director in the board based on his/her academic background and expertise. Chowdhury said the Financial Reporting Act (FRA) covers the compulsion of public interest entity besides financial courses. Three years after formation, FRC has not been strengthened with its full capacity. Referring to low auditing fees, he said, "Audit firms can't survive by only providing auditing services. Firms should be allowed to provide non-auditing services through necessary regulatory reform for the sector's survival." ICAB President Muhammad Farooq said the initiative has been taken to develop integrated audit software for the CA firms of Bangladesh for their capacity building. "Using the software, auditors will be able to retrieve the necessary information in a timely and efficient manner," he said. Md Hamid Ullah Bhuiyan, chairman of the FRC, also spoke while Javed Siddiqui, associate professor at the Alliance Manchester Business School, UK, presented the keynote paper.