STOCKS
DSEX ▲ 0.19% 4,928.01 | CSCX ▲ 0.42% 8,495.60

COMMODITIES
Gold ▲ $1,891.60 (per ounce) | Oil ▲ $40.07 (per barrel)

ASIAN MARKETS
MUMBAI ▲ 1.27% 40,261.13 | TOKYO Close | SINGAPORE ▲ 2.21% 2,497.22 | SHANGHAI ▲ 1.42% 3,271.07

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	CNY
BUY TK	83.95	96.76	107.51	12.36
SELL TK	84.95	100.56	111.31	12.99

Star BUSINESS

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Banks see their loss-making branches soar

Thanks to scams in the sector, popularity of digital banking

AKM Zamir Uddin

People's reluctance to secure financial services in person amid the coronavirus pandemic and a lack of corporate governance have driven up the number of unprofitable branches of banks in Bangladesh.

The number of loss-making branches rose 36 per cent year-on-year to 1,907 in June, data from the central bank showed.

This meant the banking sector has 18.22 per cent of their brick and mortar outlets in the red, up from 12.19 per cent among 10,450 branches in December last year.

People have embraced digital banking to avoid going to branches to keep the highly infectious disease at bay, dealing a major blow to the traditional banking operation.

"Agent banking and mobile financial service providers are offering financial services and this has discouraged clients from visiting branches," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Although the majority of banks managed to make a profit on papers in the six months to June, the number of loss-making branches for almost all banks rose. The branches that had earlier been at a break-even became loss-making, said Mansur, also the chairman of Brac Bank.

"Banks would have to accelerate their shift from the traditional branch-led model to digital banking."

Brac Bank has decided not to open any new branch in the days ahead as it has embraced branchless banking, he said.

Local banks are now following the path of their peers in the developed economies, where lenders began the move to digital banking more than a decade ago and their switch has received a shot in the arm during the pandemic.

For instance, Deutsche Bank, the largest lender in Germany, is planning to close one in five domestic branches as clients prefer online banking to brick and mortar outlets to avoid catching the flu, according to a recent report of the Financial Times.

This will help the lender return to profit as well. The bank has declared it would shut around 100 branches to bring down the total to 400 in Germany.

Banks in the UK shut 3,303 branches between 2015 and 2019.

Even before the pandemic-induced business slowdown, some banks in Bangladesh had a higher number of unprofitable branches and weak financial health due to a lack of corporate governance.

For instance, Padma Bank has 53 loss-making branches out of its 57. Weighed down by financial scams, the fourth-generation bank is yet to become a profitable lender.

"Padma Bank has taken several initiatives to reorganise the loss-making branches," said its Managing Director Md Ehsan Khasru.

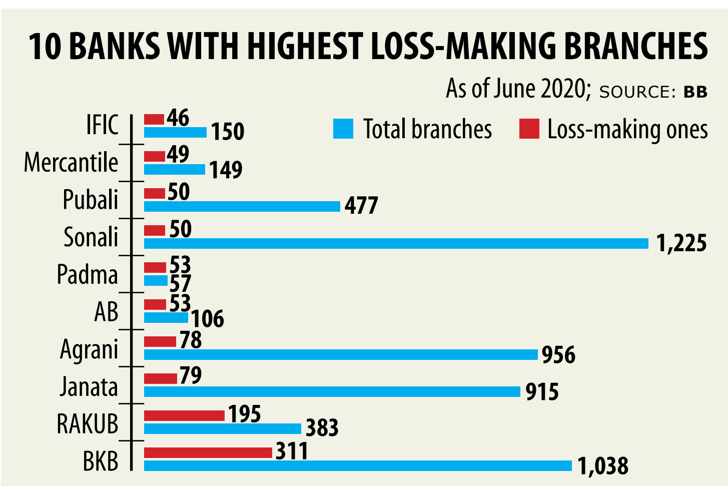
"As part of the move, we will close some branches and open agent banking booths in their places such that clients can avail required banking services," he said.

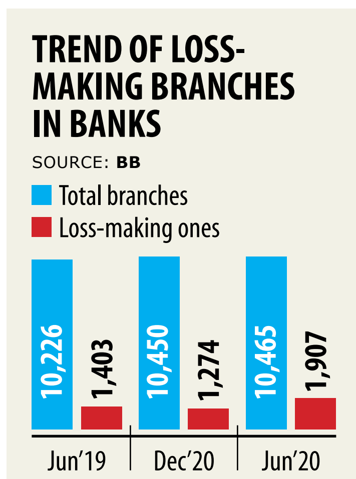
Also, the lender would open new branches in the potential areas to make profits, Khasru said.

AB Bank is another beleaguered lender in terms of unprofitable branches. Half of 106 branches of the lender, which also faced financial scams in recent years, turned into loss-making.

Tarique Afzal, managing director of the private commercial lender, said a significant number of branches of the bank incurred losses in the first half of 2020 because of the business slowdown caused by the pandemic.

READ MORE ON B3





Meghna Group setting up Tk 400cr ceramics factory

Jagaran Chakma

Meghna Group of Industries (MGI) is investing Tk 400 crore to set up a ceramics factory at the Meghna Economic Zone in Narayanganj as the conglomerate looks to establish its footprint in the country's burgeoning sector.

"We are installing the required machinery at the new unit, which is expected to go into commercial production by next March or April," said Mostafa Kamal, chairman and managing director of MGI.

The factory was supposed to begin operations in July but there were delays in developing physical infrastructure and installing equipment as the project's technical experts from Europe, Taiwan and China returned homes following the coronavirus outbreak.

Since most of the experts have come back now, the development work of the new unit has resumed.

Another impediment that delayed the implementation of the project is the lack of gas connection even though MGI has deposited all the necessary fees.

"Industrialists suffer to secure gas and power connections on time and this slows the rate of investment and production," Kamal said.

The new factory will generate at least 1,500 jobs, the entrepreneur said. The unit will have the capacity to produce 40,000 square metres of ceramic tiles per day.

Through the investment, MGI plans to produce world-class tiles that will cater to the country's ever-increasing demand for standard construction materials.

Kamal said the ceramics sector is rapidly rising in Bangladesh as people from both urban and rural areas use tiles.

READ MORE ON B3

Meghna Group of Industries

AT A GLANCE

- Total investment: Tk **400**cr
- Per day production capacity: **40,000** square metres of tiles
- Total employment: **1,500**
- Total land: **300** bighas
- Commercial operations may begin in March next year
- Equipment being used in the plant is from Europe, Taiwan and China

Govt may sign deal on Indian economic zone next month

Jagaran Chakma

Bangladesh could sign an agreement with India next month to begin construction of the India Special Economic Zone (ISEZ), where billions of dollars of investment are expected to pour in from the neighbouring country.

The deal between the Bangladesh Economic Zones Authority (Beza) and Exim Bank of India may be up for signing during a virtual meeting between the prime ministers of the two countries next month, Beza officials said.

The final draft of the agreement has been prepared and shared with the Indian side.

India approved $115 million for the project on June 11 under its third line of credit amounting to $4.5 billion. The Indian authority has sent a shortlist of consultancy firms to finalise the consultants.

The consultancy firm would design the zone and supervise construction.

Beza is ready to hand over the land to Indian developer Adani SEZ to start the development work at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram. The ISEZ, to be set up on 1,000 acres of land, will be exclusively for Indian investors.

Now, discussions are underway over whether Beza will go for a profit-sharing model with developers or charge them rent for land use, he said.

Beza expects the project to be ready for factory set-up by June 2021 and the factories to go into operation in full swing by 2023.

The number of companies that will set up shop at the ISEZ is yet to be finalised. The zone is expected to create about 3 lakh jobs directly, said Paban Chowdhury, executive chairman of the Beza.

"We will sign a commercial agreement with Adani Ports and Special Economic Zone Ltd (APSEZ) shortly to start the implementation work after completing necessary negotiations," Chowdhury added.

He also said Beza prefers the profit-sharing model.

The successful implementation of the ISEZ would reduce the trade imbalance between the two countries which is heavily tilted towards India, according to the executive chairman.

In fiscal 2018-19, Bangladesh's merchandise shipments to India amounted to $1.24 billion, crossing the $1-billion mark for the first time, as per data from the Federation of Bangladesh Chambers of Commerce and Industry.

Bangladesh imported goods worth $7.64 billion in the same year.

"Formalities have almost been completed as Adani Group does not want to waste time," Chowdhury said.

Adani, India's largest private port operator, wants to set up a dedicated port in the zone.

The group plans to invest $350 million in Bangladesh to establish an industrial park in the zone under a joint venture with Wilmar, a Singapore-based manufacturer of agro-based foods and allied products.

India also wants to set up an economic zone in Mongla, Bagerhat. But Chowdhury said his office has proposed the Indian side shift the project to the BSMSN as the industrial park in Chattogram would be able to provide more land.

Bangladesh has targeted to set up 100 economic zones to promote balanced development of multi-product industries in different parts of the country, create jobs and attract foreign investment.

KEY POINTS

- Agreement for infrastructure development to be signed in Dec
- Total land: **1,000** acres
- India to provide: $**115** million
- Jobs to be created: **3** lakh
- To be complete in: 2023
- The economic zone will have jetty/port facilities
- Major industrial units to be built: IT, automobile, textiles, engineering, leather

BB issues guideline for credit guarantee scheme

Aims to boost cottage, small and micro enterprises

AKM Zamir Uddin

Bangladesh Bank yesterday rolled out a guideline for the credit guarantee scheme (CGS) to give the much-needed boost to the cottage, small and micro enterprises (CSME) that are struggling to stay afloat amid the Covid-19 fallout.

Lenders will be allowed to avail 30 per cent of their total distributed loans from the CGS if the amount disbursed becomes defaulted, according to the central bank guideline.

The CGS will be applicable for loans given to firms in the CSME sector and both banks and non-banking financial institutions will be allowed to enjoy the CGS fund.

The board of Bangladesh Bank approved the scheme, worth Tk 2,000 crore, for entrepreneurs in the CSME sector to help them tackle the ongoing crisis brought on by the coronavirus pandemic.

The central bank formed the CGS by way of taking the government fund in the wake of continuous reluctance from lenders to give out loans under the stimulus package.

READ MORE ON B3

Mobile internet users cross 10cr mark

Md Fazlur Rahman

The number of people using internet on their mobile phones in Bangladesh crossed the 10-crore mark in September as customers' shift towards the digital sphere to carry out tasks made further gains owing to the coronavirus pandemic.

The number of internet users rose 13 per cent year-on-year to 11.11 crore in September, data from the Bangladesh Telecommunication Regulatory Commission showed yesterday. It was 9.84 crore in the same month last year.

Now, 10.25 crore subscribers use internet on their handheld devices and the rest rely on the services provided by internet service providers and public-switched telephone network operators.

In another milestone, mobile phone subscribers grew 2.26 per cent year-on-year to 16.71 crore in September to reach an all-time high. The number of active mobile phone users stood at 16.34 crore in the same month last year.

With September's uptick, the number of mobile phone users went past the pre-pandemic high of 16.61 crore posted in February.

Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink, said, "We are trying to make a recovery in the post-pandemic period as economical activities are regaining the normal pace especially after the lockdown."

He credited people's improving financial condition and buying capacity for the uptick in the number of mobile phone subscribers and internet users. Market leader Grameenphone's customers jumped 2.51 per cent to 7.76 crore in September from 7.57 crore in last year.

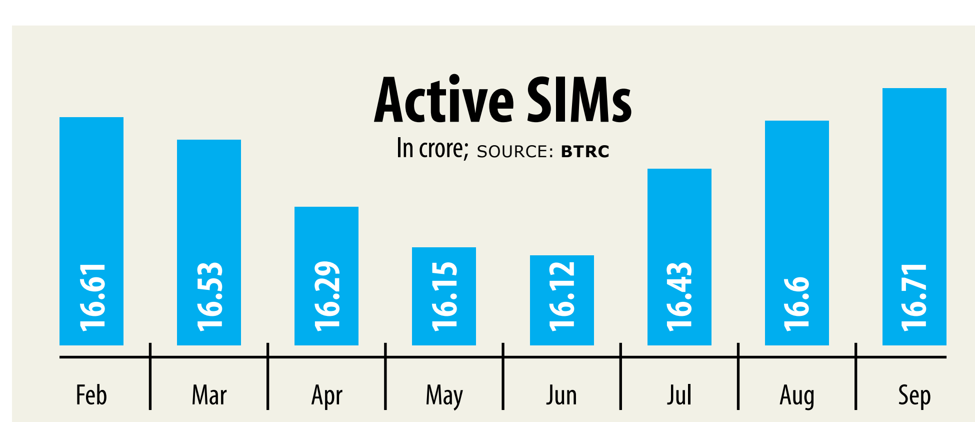
Robi Axiata, which went past the 5-crore landmark in September, took its tally to 5.01 crore at the end of the month, up from 4.82 crore in the same month last year.

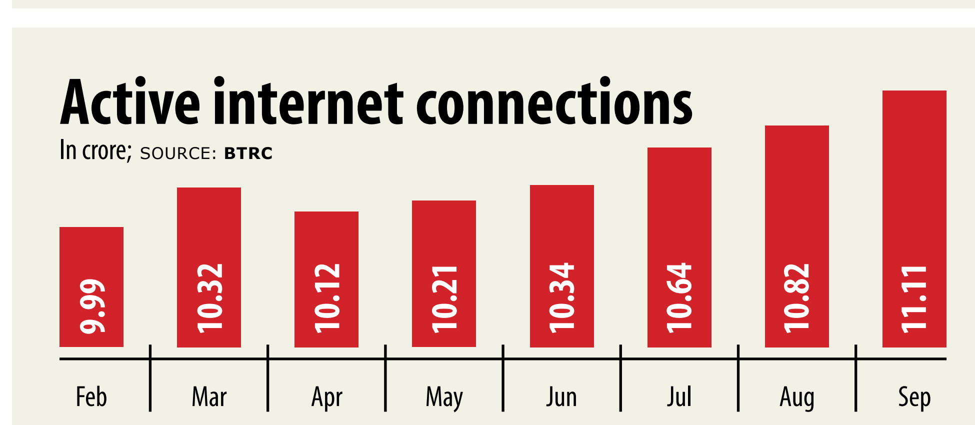
Third-placed Banglalink had 3.48 crore subscribers in September, down from 3.5 crore a year ago. The number of users of state-run Teletalk was 46.12 lakh in September compared to 45.27 lakh in the same month in 2019.

"As internet usage is increasing among people for their daily activities, we have lowered the prices of many of our data packages, and in some cases increased the volume of data while keeping the price the same," Rahman said.

He said Banglalink saw a rise in the usage of a few of its digital products such as Toffee and self-care app during this period.

Improving financial condition of people was behind the uptick in the number of mobile phone subscribers and internet users, an industry insider says. STAR/FILE





Fin or tech? China's Ant, biggest-ever IPO, says it's a tech firm not a bank

Reuters, *Beijing*

China's Ant Group , about to make the biggest public sale of shares ever, poses a basic conundrum: what kind of company is it - a financial colossus or a tech giant? That is important for investors before and after the initial public offering of $34.4 billion, surpassing Saudi Aramco's record $29.4 billion float last year. Shares are expected to start trading on Thursday in Shanghai and Hong Kong.

A spinoff from billionaire Jack Ma's Alibaba Group , Ant presents itself as a technology company, while financial regulators suggest the firm remains under their purview.

The Hangzhou-based giant benefits from the far richer valuations the market affords to tech firms than to financial institutions. It hopes to escape the closer scrutiny of financial regulators, analysts say.

China's central bank and financial regulators met on Monday with Ma and top Ant executives as Beijing published draft rules for online micro-lending.

One rule would require firms like Ant to shoulder default risks together with banks, while limiting leverage and lending amounts - all approaches used to regulate banks. An Ant spokeswoman said the company would "implement the meeting opinions in depth".

Ant launched in 2004 as Alibaba's payments processor. Its core Alipay app has more than 730 million monthly users in China.

It has also built an empire connecting China's borrowers and lenders, securing short-term loans within minutes. It has branched out, using artificial intelligence and other sophisticated techniques to facilitate not just payments and loans but products from insurance to wealth management.

This means, Ant says, it is chiefly a technology vendor for financial institutions. Ma has called it a "techfin" rather than a "fintech" outfit.

Sceptics find this argument unconvincing. They say financial regulators are unlikely to turn down the heat on a company that only this year changed its name from Ant Financial.

Ant Group declined to comment for this article.

Tech teams, not finance bankers, at most of Ant's underwriter banks are leading the IPO, people with knowledge of the matter told Reuters. They have secured tech-style pricing.

The dual listing values Ant at $312 billion, or 31.4 times its forecast 2021 net profit, in the same ballpark as Alibaba, trading at 27.6 times forward earnings and New York-listed peer PayPal at a 45 multiple.

Some investors think Ant should be valued at up to $400 billion or more in the IPO, two sources said.

Compare that with, say, Industrial and Commercial Bank of China, the worlds biggest bank by assets, at a multiple around 6.

Two or three years ago, Ant began its fin-to-tech shift as Chinese regulators heightened scrutiny to control financial risks in the system. Last year the company for the first time made most of its revenue from fees generated by its digital finance technology platform.

Ant executives regularly stress that technology is in the firm's DNA. "Since our inception over 16 years ago, digital technology has been part and parcel of everything we do," CEO Simon Hu said recently.

More than 60% of Ant's employees are engineers and programmers, its prospectus says. It provides high-tech risk analysis but leaves lending decisions to the banks, two sources said. And unlike banks, which traditionally rely on collateral to determine creditworthiness, Ant's risk-modelling algorithms leverage data it has collected, analysts say.

Patriarch Ma, who has propelled the shift to a tech identity, recently called financial regulation outdated, badly suited to companies trying to use technology to drive financial innovation.

But China's financial regulators are only growing warier about financial technology. They consider Ant's business model of matching borrowers and lenders mainly a financial service.

Ma's remarks on regulators point to a deep conflict between fintech development and financial regulation, said Ji Shaofeng, a former official at the China Banking and Insurance Regulatory Commission.

"Although Ant is trying to phase out of its financial identity and emphasise itself as a digital technology firm, the dominant part of its revenue, which comes from its credit business, and its high leverage ratio have always attracted the wide notice of both regulators and the capital markets," Ji wrote in a column for the financial news outlet Caixin.

Ant's most lucrative business, consumer credit, is based on interest income. The firm takes an average 30%-40% cut of the interest on loans it facilitates, analysts estimate.

"That's why the profit written in Ant's prospectus is so lucrative, even more lucrative than banks," one source said. "Business-wise, you can see Ant as the interbank counterpart of all the lenders." Vice Finance Minister Zou Jiayi told a recent conference, which Ma attended, that fintech must not be allowed to dodge regulation, conduct illegal arbitrage and bolster a winner-take-all style of monopoly.

"Fintech has not changed the nature of finance that relies on credit and uses leverage," she said.

China's cabinet-level Financial Stability and Development Committee, in a Sunday statement widely seen as responding to the debate over Ant's nature, said, "Innovation and entrepreneurship should be encouraged, but at the same time we need to strengthen supervision and include all financial activities into the regulatory framework by law.

REUTERS/FILE

A logo of Ant Group is pictured at the headquarters of the company, an affiliate of Alibaba, in Hangzhou, Zhejiang province, China.

UK businesses face 'devastating' new lockdown: CBI

Afp, *London*

A second coronavirus lockdown in England will deliver a "devastating" blow to British businesses, the country's biggest employers organisation said on Monday.

The Confederation of British Industry (CBI) warning came before the start of four weeks of stay-at-home restrictions on Thursday to try to halt spiralling infection rates.

CBI director-general Carolyn Fairbairn told the lobby group's annual conference the measures will be "truly devastating for businesses".

"The good news is we are better prepared" than before the pandemic struck, she said in an online address to delegates.

But she warned: "We need to keep as much of the economy open as possible. "Prime Minister Boris Johnson had previously resisted increasing calls for a short "circuit-breaker" lockdown, as cases mounted following similar rises elsewhere in Europe.

Britain has been among the worst-affected countries by the outbreak, with some 47,000 deaths from more than one million positive cases. He eventually announced the second lockdown on Saturday, after warnings that hospitals could be overwhelmed within weeks if nothing was done.

Johnson also announced a one-month extension of a furlough jobs support scheme, under which the government has paid up to 80 percent of monthly wages for about ten million workers during the emergency health crisis.

The government had been due to water down the furlough scheme on November 1.Fairbairn added that the business community wanted "clarity" over what would happen at the end of the extension.

She also warned it would be "unconscionable" to end the post-Brexit transition period on December 31 without a trade deal, given the chronic uncertainty caused by the pandemic. "I urge everyone to get a deal ... We need it desperately," Fairbairn added on Monday.

Britain left the European Union in January but a post-Brexit trade deal remains elusive, European sources told AFP over the weekend.

Talks continue this week but time is fast running out to strike an agreement for it to be in place for January 1.Johnson had been due to address this week's CBI gathering but cancelled his appearance.

Britain's first Covid-19 lockdown, which was implemented on March 23 and lasted until June, sparked a historic recession.

Bank of England governor Andrew Bailey stated earlier this month that UK economic output in the third quarter was between nine and 10 percent below its level at the end of last year.

Managing virus crisis, Malaysia's PM needs rivals to back budget

Reuters, *Kuala Lumpur*

Uncertain whether Prime Minister Muhyiddin Yassin's political rivals will resist the temptation to bring him down, Malaysia's government is set to unveil a 2021 budget on Friday aimed at cushioning the economic impact of the coronavirus pandemic.

Muhyiddin has appealed for cross-party support when parliament votes on the budget proposals on Nov.23. Defeat would amount to a no confidence vote, analysts say, and would plunge Malaysia into more political instability.

Malaysia's king has told squabbling politicians to prioritise passing the measures needed to help the Southeast Asian nation weather the crisis.

But having survived with a 2-seat majority since coming to power in March, Muhyiddin's position remains precarious as cracks became evident in his own coalition as the opposition made strong moves to replace him in recent weeks.

"Without the bipartisan support, it would appear that he risks sabotage from his supposedly friendly coalition partner, UMNO," said Oh Ei Sun, a senior fellow with Singapore's Institute of International Affairs.

The United Malays National Organisation (UMNO) is more used to running the country, and its leaders have become increasingly unhappy playing second fiddle to the premier's smaller Bersatu party.

Meantime, the opposition Democratic Action Party, a predominantly ethnic Chinese party that emerged as the largest party in parliament due to the split among ethnic Malay parties, has said its support for the budget would depend on whether the government acceded to six demands. Those demands include an expansion of social security, an extension of bank loan moratoriums and wage subsidies, and guaranteed job creation.

The government has narrowed the budget's focus to three key themes - public welfare, business continuity and economic resilience.

Finance Minister Tengku Zafrul Abdul Aziz said in an interview with Malay daily Sinar Harian on Sunday it would be a more expansionary budget than this year's 297 billion ringgit ($71.48 billion) budget.

But having already rolled out stimulus packages worth 305 billion ringgit as the coronavirus ruined the economy, economists question how much more the government can afford to spend.

Parliament in August approved a 5per cent hike in the government's self-imposed debt ceiling to 60per cent of gross domestic product, but economists see little, if any, leeway left for more borrowing.

Taking account of a 3.5per cent-5.5per cent economic contraction forecast for this year, the government expects the 2020 fiscal deficit to hit 5.8per cent-6.0per cent of GDP.

"With a potential nominal growth contraction of 5per cent in 2020 and a fiscal deficit of 6per cent, the debt-to-GDP ratio may have already reached 59.6per cent," Standard Chartered said in a research note.

If economic growth rebounds to around 8per cent in 2021 the government may have to reduce its fiscal deficit to 5per cent of GDP, or come up with alternative financing, like borrowing abroad, the bank added.


REUTERS/FILE

A woman passes by a mural depicting Malaysia's Prime Minister Muhyiddin Yassin in Kuala Lumpur, Malaysia.

Germany top for Brexit bank relocations: Bundesbank

Afp, *Frankfurt Main*

Germany is the most popular EU destination for banks leaving London following Brexit, with financial institutions expected to move 675 billion euros in assets and create 2,500 jobs, the Bundesbank said Monday.

The German central bank expects lenders to transfer 397 billion euros ($462 billion) more than the 278 billion euros it has already moved from Britain post-Brexit, it said in a study, as negotiations intensify surrounding the conditions for the UK's new relationship with the European Union.

The European Central Bank estimated in August 2019 that 1.3 trillion euros in assets would be transferred to the eurozone from Britain ahead of Brexit.

Britain left the 27-nation bloc at the end of January, but is currently negotiating its future relationship with the EU amid a transition period that ends on December 31.

The spectre of a "cliff-edge" no-deal Brexit, which would add more obstacles to cross-border business, has risen in recent weeks as negotiations stalled over fair-trade rules and fishing rights, with EU Commission chief Ursula von der Leyen saying last week that talks were in a "critical phase".

The Bundesbank study confirms banks' preference for Germany as a base for operations away from London, estimating a total of 675 billion euros in relocated assets.

By comparison, around 150 billion euros of assets will be moved to France by the end of the year, France's central bank governor said. Sixty-four financial institutions have applied for banking licences in Germany, with 40 so far having been approved, and the remainder pending.

Financial institutions moving operations out of the City of London should boost bank workforces in Germany by as many as 2,500 positions.

US bank JP Morgan said in September it would shift some 200 billion euros ($233 billion) from the square mile to Frankfurt, which would make it one of Germany's biggest lenders by assets.

The Bundesbank also said the financial sector was generally well prepared for Brexit, echoing ECB supervisory board chair Andrea Enria, who said that banks are "now ready to take the hit, to some extent."

UK aviation needs govt support for new lockdown pain: airport boss

REUTERS, *London*

Britain's airports and airlines need urgent support to survive the "very bleak future" posed by a new lockdown in England, warned the boss of one of the country's biggest airport groups.

Very low levels of travel in recent months have put airlines and airports under renewed financial strain after they were effectively shut during Britain's first lockdown, and they now face another month without income during its second.

"An urgent package of support must materialise," said Manchester Airport Group's (MAG) chief executive Charlie Cornish in a statement on Monday.

He said the new lockdown for England, due to start on Thursday and which bans international leisure travel, will make parts of the aviation sector unsustainable.

Before the pandemic, Britain had a thriving aviation sector. Air transport and related supply chain activity plus tourist arrivals supported 1.6 million jobs and accounted for 4.5% of UK GDP according to an IATA study.

But more than 20,000 jobs have now been lost at UK airlines like British Airways and easyJet, and Heathrow, once the busiest airport in Europe, has lost its crown to Paris.

Industry executives blame the UK government's 14-day quarantine rules, and the comparatively slow adoption of allowing testing to replace the need for isolation, for exacerbating the pain.

Industry bodies Airlines UK and the Airport Operators Association called on the government to bring in business rates relief for airports, waive the air passenger duty tax, and quickly bring in a testing regime to save jobs.

On top of job support schemes, Britain has provided extra help to train and bus operators and the hospitality sector during the crisis, but aviation has been ignored say bosses, despite promises made by the finance minister in March.

"Government has neglected UK aviation and the role it plays in our economy from day one of this pandemic," said Cornish, whose MAG owns Manchester, London Stansted and East Midlands airports.

France and Germany have both provided state-backed rescue packages to help Air France-KLM and Lufthansa survive the crisis.

Very low levels of travel in recent months have put airlines and airports under renewed financial strain.

REUTERS/FILE

Saudi Aramco profits dive in coronavirus-hit third quarter

AFP, *Riyadh*

Energy giant Saudi Aramco on Tuesday posted a 44.6 percent slump in third-quarter profit, as the coronavirus pandemic weighs heavily on the global demand for crude oil.

Aramco, seen as Saudi Arabia's cash cow, has revealed consecutive falls in quarterly profits since it began disclosing earnings last year, piling pressure on government finances as it pursues ambitious multi-billion dollar projects to diversify the oil-reliant economy.

The world's most valuable listed company said it was committed to a bumper dividend even as third quarter net profits dropped to 44.21 billion Saudi riyals ($11.79 billion), compared to $21.3 billion in the same period last year.

Aramco's net profit for the first nine months of this year also dropped 48.6 percent to $35.02 billion, the company said.

The latest results are in line with analysts' expectations but stand in contrast to the losses reported by Aramco's rivals, which are reeling from pandemic-driven economic shutdowns that have suppressed energy requirements.

Although the results underscore a downbeat market, Aramco's July-September results showed an improvement amid relatively steady crude prices compared to the second quarter, when it posted a profit of $6.57 billion.

"We saw early signs of a recovery in the third quarter due to improved economic activity, despite the headwinds facing global energy markets," Aramco's chief executive Amin Nasser said in the statement.

"We continue to adopt a disciplined and flexible approach to capital allocation in the face of market volatility. We are confident in Aramco's ability to manage through these challenging times and deliver on our objectives."

Nasser said Aramco was committed to delivering a dividend of $18.75 billion to shareholders for the third quarter -- an amount that exceeds the declared profit and the available cash flow.

The announcement is in line with the company's pledge to pay an annual dividend of $75 billion after it floated a sliver of its shares last year in the world's biggest IPO.

"Aramco's dividend payout is now much bigger than its income," said Tarek Fadlallah, chief executive officer of the Middle East unit of Nomura Asset Management.

"Not a problem if oil rebounds next year. But it will be a big problem if it doesn't," he added.

Amid weakening oil prices and flat output, Aramco may have to continue funding its bumper dividend by "borrowing in the short term", said investment research firm Bernstein.

Dividend payments from Aramco help the Saudi government -- the company's biggest share holder -- manage its ballooning budget deficit.

Last month, several oil giants including ExxonMobil and Chevron reported another quarter of red ink as uncertainty over oil demand forced the energy sector to rein in spending.

By contrast, Aramco's results reflected its "resilience", Nasser said.

But the Saudi giant is bracing for a possible further wave of coronavirus infections that could undermine a tentative global economic recovery and further erode the demand for crude worldwide, analysts say.

The company has cut its capital spending this year and also slashed hundreds of jobs as it seeks to reduce costs, Bloomberg News reported in June.

Saudi Arabia, the world's biggest crude exporter, has been hit hard by the double whammy of low prices and sharp cuts in production. A drop in oil income is expected to hinder Crown Prince Mohammed bin Salman's ambitious "Vision 2030" reform programme to overhaul the kingdom's energy-reliant economy.

US manufacturing near two-year high

REUTERS, *Washington*

US manufacturing activity accelerated more than expected in October, with new orders jumping to their highest level in nearly 17 years amid a shift in spending toward goods like motor vehicles and food as the COVID-19 pandemic drags on.

The survey on Monday from the Institute for Supply Management (ISM) was the last piece of major economic data before Tuesday's bitterly contested presidential election. But the outlook for manufacturing is challenging.

While the coronavirus crisis has boosted demand for goods complementing the pandemic life, a resurgence in new cases across the country could lead to authorities re-imposing restrictions to slow the spread of the respiratory illness as winter approaches, which could crimp activity. Government money for businesses and workers hit by the pandemic, which boosted economic growth in the third quarter, has dried up.

"Manufacturing rebounded strongly with fewer restrictions on economic activity and stimulus efforts, but the path forward will be more difficult as the economy continues to cope with the pandemic," said Gus Faucher, chief economist at PNC Financial in Pittsburgh, Pennsylvania.

The ISM said its index of national factory activity increased to a reading of 59.3 last month. That was the highest since November 2018 and followed a reading of 55.4 in September.

A reading above 50 indicates expansion in manufacturing, which accounts for 11.3% of the U.S. economy. Economists polled by Reuters had forecast the index rising to 55.8 in October.

The jump in activity, however, likely overstates the health of the manufacturing sector. A report from the Federal Reserve last month showed output at factories dropping 0.3% in September and remaining 6.4% below its pre-pandemic level.

Manufacturers and suppliers said last month they "continue to operate in reconfigured factories" and with every month were "becoming more proficient at expanding output." Though sentiment among manufacturers remained upbeat, there were two positive comments for every cautious comment, a slight decrease compared to September.

The outcome of Tuesday's vote is expected to lead to a brief period of uncertainty. President Donald Trump is trailing former Vice President and Democratic Party candidate, Joe Biden, in national opinion polls.

Stocks on Wall Street were trading higher following their steepest weekly loss. The dollar was steady against a basket of currencies. U.S. Treasury prices rose.

Fifteen industries, including apparel, food, furniture and transportation equipment reported growth last month. Textile mills and printing reported a contraction.

Manufacturing's continued recovery will likely keep the economy floating, with growth expected to slow sharply in the fourth quarter after a historic 33.1% annualized rate of expansion in the July-September period.

Growth last quarter, which followed a record 31.4% pace of contraction in the April-June quarter, was juiced up by more than $3 trillion in government pandemic relief. There is no deal in sight for another round of fiscal stimulus.

A separate report from the Commerce Department on Monday showed construction spending rose a moderate 0.3% in September, slowing after a 0.8% increase in August.

The coronavirus crisis has pulled spending away from services towards goods that complement the changed life-style. Spending on goods has surpassed its pre-pandemic level.

Meghna Group setting up Tk 400cr ceramics factory

FROM PAGE B1

The domestic demand for tiles, which is currently about 200 million square metres per year, has increased by 10 to 12 per cent annually in the last 10 years, according to the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA).

The market value for ceramic products was around Tk 35,000 crore in 2019, BCMEA data showed.

Ceramics is a capital-intensive product and setting up of a factory takes about Tk 150 crore to Tk 200 crore.

The industry's total production capacity has tripled in the last 11 years and Bangladesh currently holds 0.14 per cent of the global market for ceramic products. Local suppliers cater to around 80 per cent of the domestic demand.

Ceramic manufacturers in Bangladesh mainly produce three types of products: tiles, tableware and sanitary ware.

Of the 68 ceramic manufacturers currently operating in the country, 20 produce tableware, 32 make tiles and the remaining 16 produce sanitary ware.

More than a dozen new companies are preparing to make a foray into the market.

So far, around Tk 9,000 crore has been invested in the sector, which employs about five lakh workers, including two lakh women.

More than 25 crore pieces of tableware, 20 crore square metres of tiles and 83 lakh units of sanitaryware items were produced in Bangladesh in fiscal 2017-18, according to the BCMEA.

In February, MGI flagged off nine industrial units at its economic zone in a bid to meet the country's growing demand for consumer products and industrial raw materials.

The units are Meghna Sugar Refinery, Sonargaon Seeds Crushing Mills, Meghna Ball Pen and Accessories MFG, Meghna Noodles and Biscuit Factory, Sonargaon Printing and Packaging Industries, Fresh Welding Electrodes and Wire, Meghna Fresh LPG, Sonargaon Ship Builders and Dockyard, and the second unit of Fresh Cement.

MGI invested about Tk 4,000 crore to set up the new manufacturing facilities, which directly employ about 8,400 workers.

The group, which grew out of a trading company set up in 1976, has 48 operational industrial units. Currently, it has 35,000 employees.

MGI's annual turnover stood at $2.5 billion, according to the group's website. It exports products to 25 countries.

"I have a dream that MGI's Fresh-branded products will be found in every household of Bangladesh. MGI is committed to ensuring product quality," Kamal said.

Govt to build dried fish processing centre in Cox's Bazar

FROM PAGE B4

Now, power would be transmitted from Mongla to Aminbazar via a Gopalganj sub-station, according to the project brief.

The project implementing agency, the Power Grid Company of Bangladesh, would need to use 209 towers of higher elevation on the route to help the transmission line make it over the approach road of the Padma bridge, railways and flyovers.

Of the total cost of the project, scheduled to be completed by December 2021, Asian Development Bank will provide Tk 1,270 crore as loan. The government will bear the rest.

The Ecnec also gave the go-ahead to a Tk 560 crore project to protect Tk 4,344 crore-worth properties from the erosion of the Jamuna riverbank in some localities of Kazipara upazila under the northern district of Sirajganj.

The properties include residences, agricultural land, educational and religious institutions, bazars, union parishad office, health complex as well as public and private infrastructure.

The project, scheduled to be completed by June 2023, also aims to protect a flood protection embankment to protect Sirajganj district from flooding.

At the meeting, the prime minister gave a directive to formulate a permanent/long-term plan for dredging in order to ensure navigability of rivers, the erosion of which makes thousands of people homeless every year.

The premier suggested carrying out capital and maintenance dredging on a regular basis based on the plan, said Senior Secretary to Planning Division Md Ashadul Islam.

Oil prices extend rally on US election day

REUTERS, *London*

Oil prices extended their rally on US election day with a 3per cent gain as financial markets staged a broad recovery, but concerns over surging coronavirus cases around the world capped further gains.

Brent crude futures rose $1.13, or 2.9per cent to $40.10 a barrel at 1138 GMT on Tuesday, while US West Texas Intermediate (WTI) crude futures were up $1.13, or 3.1per cent, to $37.94 a barrel. Both benchmarks gained nearly 3per cent on Monday.

"The jump has borne all the hallmarks of a massive, logical and even inevitable short-covering prior to the US presidential elections," Tamas Varga of oil brokerage PVM said.

"It would be tempting to conclude that the recovery from last week's slump is now under way, but it is simply not a plausible scenario," he added.

Italy is the latest country in Europe to tighten Covid-19 restrictions, including limiting travel between the worst-hit regions and imposing a nightly curfew, which will limit fuel demand.

Benchmark prices, down sharply over the last week, had a brief reprieve on Monday after Russia's oil minister held talks with domestic oil companies on a possible extension of oil output restrictions into the first quarter of 2021.

The Organization of the Petroleum Exporting Countries and allies including Russia, a group called OPEC+, cut oil output from May to support prices and reduced the reduction to 7.7 million barrels per day (bpd) in August. They are due to shrink the cuts by 2 million bpd in January.

Banks see their loss-making branches soar

FROM PAGE B1

"The branches have improved their situation in the third quarter keeping pace with the ongoing economic recovery," he said.

The number of loss-making branches of Pubali Bank stood at 50 among its 477 outlets.

MA Halim Chowdhury, managing director of the bank, said the lender opened 10 new branches in the last quarter of 2019 and the outlets are yet to become profitable due to the pandemic.

"Besides, six to seven district branches are incurring losses as they have to meet the expenditure of the branches under the supervision," he said.

"At least 10 loss-making branches will start generating profits by this year," Chowdhury said.

BB issues guideline for credit guarantee scheme

FROM PAGE B1

The scheme will give coverage to the fund, which is being disbursed from the Tk 20,000 stimulus package for the cottage, micro, small and medium enterprise (CMSME) sector.

Lenders will get 80 per cent of their disbursed fund to a single enterprise if the amount turns classified.

However, a lender will not be allowed to get back more than 30 per cent of its disbursed fund from the CGS.

The guarantee scheme will cover potential CMSEs with viable business expansion plans that are suffering from a lack of collateral.

Women-owned CMSEs will get priority for availing this facility.

Existing CMSEs in the manufacturing, services and trading sectors can avail guarantee facilities if they have no collateral or insufficient collateral for their required bank finance.

Clients will have to pay 1 per cent commission on their loans to banks when they avail the fund while lenders will have to deposit the commission to the central bank.

Under the central bank stimulus package for the CMSME sector, borrowers will get loans in the form of working capital with a maximum repayment tenure of one year.

The desired lenders will have to ink a participation agreement with the central bank to enjoy the CGS fund, a central bank official said.

A fresh notice will be issued in this regard within a day or two, he added.

On April 13, Bangladesh Bank announced the stimulus package in order to help the CMSME sector tackle the economic slowdown brought on by the ongoing coronavirus pandemic.

Lenders have so far disbursed nearly 29 per cent of the package to beleaguered borrowers in the CMSME sector.

F-commerce start-ups should be made accountable: experts

FROM PAGE B4

In 2020, e-commerce experienced a significant 166 per cent growth and by 2023 the market size of this sector will reach $3 billion, he said.

"Before that we need to solve unreliable internet connection, ensure easy payment, user-friendly payment system, improve skilled IT professionals tackle unwanted cyber-attack, enhance technology adaptation…," he opined.

Moreover, the physical infrastructure needs to be built, fiscal and non-fiscal incentives made available and strong regulatory monitoring put in place to take out "bad players" from the market, he opined.

Moreover, he urged for formulation of an e-commerce marketing and advertising policy along with one on data privacy.

Gaining confidence of consumers and giving them a sense of reliability is a challenge, said Fahim Ahmed, president and CFO of ridesharing platform Pathao.

Dominant players may create monopoly in the market, he warned, urging to give benefits to local entrepreneurs so that they could compete with foreign entities.

F-commerce should be regulated as it is not the same as e-commerce, said Syed Mustahidal Hoq, managing director of online marketplace Daraz Bangladesh.

At present 33,000 merchants are working with Daraz, online sales are increasing day by day and the market penetration is quite good, he said.

The ICT division's flagship project Startup Bangladesh has a Tk 500 crore allocation, said Tina Jabeen, managing director and CEO of the state-owned venture capital company.

"We are working to finance the start-ups in Bangladesh. Bangladeshi start-ups are doing well and they need adequate financial support for their sustainable growth," Jabeen also said.

She also urged the local investors to finance and promote e-commerce start-ups as they have to compete with foreign players in the market.

Bangladesh Bank is trying to bring ease to the documentation process of micro merchants in the e-commerce eco-system, said Mohd Humayun Kabir, executive director of the central bank.

A fair, competitive e-commerce market needs to be ensured, said Md Abdur Rauf of Bangladesh Competition Commission.

Gaining customer satisfaction is difficult, said Bablu Kumar Saha, director general of the Directorate of National Consumer Rights Protection.

He underscored the importance of translating terms and condition of e-trading into Bangla to reduce the scope for fraudulence. "Simultaneously, we have to create awareness among the customers," he added.

Pandemic takes the shine off port city's luxury hotels

Business drops 60pc as threat of a second wave looms large

MOHAMMAD SUMAN, *Chattogram*

Luxury hotels in Chattogram has seen a 60 per cent drop in business due to the ongoing Covid-19 pandemic, according to industry insiders.

Hotel owners are struggling to remain optimistic amid the potential threat of a second wave of the virus in the upcoming winter, which could once again send the economy into a tailspin.

"If this situation continues, we will have no choice other than to close down," they said.

More than half of the rooms available at hotels in the port city remain vacant these days as most people prefer to stay at home to avoid being affected with the pathogen.

Besides, the number of business meetings, seminars and other programmes held at these venues has dropped to almost zero due to the government's instruction to avoid public gatherings.

There are six star-rated hotels in Chattogram -- the Radisson Blu Chattogram Bay View, Hotel Agrabad, The Peninsula Chittagong, Best Western Alliance, Well Park Residence and Hotel Saint Martin -- that have about 540 rooms between them.

"All our activities were on hold between March and July due to the pandemic," Shakib Nowab Ali, director for human resources and admin of Hotel Agrabad, told The Daily Star.

During the pre-Covid period, 70 to 80 per cent of the hotels were booked on any given day. But soon after the outbreak began in March, the business shrank by more than 5 per cent.

Hotel Agrabad has about 400 employees, including 270 permanent staff members.

The tourism and hospitality sector suffered the most amid the ongoing pandemic but the government is yet to provide any significant support for the ailing industry.

"Considering the current situation, we asked the commerce ministry to waive advance tax, electricity bills and other charges but we are not getting any kind of cooperation from the authorities concerned," Ali said.

Despite having next to no revenue at the moment, Hotel Agrabad still spends more than Tk 1 crore on operational costs each month.

"If this situation continues, we will have no choice but to close the business," he added.

Since investors, buyers, sailors and many other business entities from numerous countries travel to Chattogram to enjoy its commercial and port facilities, foreigners usually book 40 to 50 per cent of the hotels.

Now though, that number has come down to less than 10 per cent.

Ruhul Amin Babul, chairman of Best Western Alliance, told The Daily Star that on Monday, only eight of the 88 rooms available at his hotel were booked.

"We opened the hotel in February this year and had to close down at the end of March due to the pandemic," he said.

And although the hotel was re-launched in October, guests are yet to turn up in sufficient numbers.

"We started with 189 workers but we had to cut our manpower in half due to bad business," Babul added.

Similarly, the number of guests at Radisson Blu, the sole five-star hotel in Chattogram, The Peninsula, Well Park Residence and Hotel Saint Martin has dropped significantly.

Abdul Koium Chowdhury, executive member of the Bangladesh International Hotel Association, said the fear of Covid-19 has seriously harmed the tourism sector, leaving most hotels empty amid the pandemic.

"Most of these hotels are already concerned about paying the salaries and wages of their employees and staff," he added.

More than half of the rooms available at the hotels in the port city remain vacant these days. | PHOTO: COLLECTED

Govt to build dried fish processing centre in Cox's Bazar

STAR BUSINESS REPORT

The government is going to establish a dried fish processing centre in the southeastern coastal district of Cox's Bazar by spending nearly Tk 200 crore in order to facilitate increased production of the popular food for both local and export markets.

The Executive Committee of the National Economic Council (Ecnec) yesterday gave its go-ahead to the plan, which also bears the objective of creating jobs for 4,600 fishing-dependent families.

Once established at Khurushkul area, the plant will have a 14,000-tonne annual production capacity alongside storage and marketing facilities for local and international markets, according to a brief of the Ecnec meeting chaired by Prime Minister Sheikh Hasina.

"This project will play a role in increasing export earnings along with helping meeting demand for fish protein in the country," said the planning commission in its opinion.

The move comes amidst a gradual increase in the export of dried fish over the years.

In fiscal 2009-10 the export amount was 622 tonnes. The shipment figure rose to 2,339 tonnes in fiscal 2018-19, showed data from the Department of Fisheries.

Under the initiative, Bangladesh Fisheries Development Corporation (BFDC) will build a fish landing shed, a four-storied laboratory, an associated office, a training-focused dormitory and a cold storage of 100-tonne capacity.

The state agency will also establish 380 mechanical dryers, 350 of which will be of the greenhouse type, a packaging factory and 36 sales centres by December 2023. The project will begin from January 2021.

"Currently, fish are dried in an unhygienic manner in many areas. We will make dried fish in a hygienic manner in the processing industry," said Rashid Ahmed, director (finance) of the BFDC.

The Ecnec also approved a Tk 2,500 crore project to establish a 400-kV Aminbazar-Maowa-Mongla Transmission Line.

It would conduct electricity from coal-fired power plants at Rampal and Payra in the southern districts and some of that from the Rooppur nuclear power plant in the northern district of Pabna.

The cost of the project was initially estimated to be Tk 1,356 crore. Now it has risen by 85 per cent as the route of the under-construction transmission line has changed while its length also increased.

READ MORE ON B3

LOCKSMITHS: THEN AND NOW

The all too common jingling of keys signalling the passing of locksmiths through neighbourhoods on sultry afternoons of the '80s and '90s has faded since long. They have been replaced by the whirring of Chinese machines in roadside shops that now make spares in a minute or two. The photos were taken at Karwan Bazar in the capital yesterday.

ANISUR RAHMAN

F-commerce start-ups should be made accountable: experts

STAR BUSINESS REPORT

With online businesses witnessing rapid growth, the registering process for f-commerce or Facebook-based businesses need to be monitored and made accountable so that consumers' rights are well protected, experts said at a webinar yesterday.

The meeting on "e-commerce and consumer rights in the time of Covid-19" was organised by the Dhaka Chamber of Commerce and Industry (DCCI).

While f-commerce is flourishing, problems of the whole e-commerce sector of Bangladesh needs to be addressed to facilitate their success, said Ghulam Rahman, president of the Consumers Association of Bangladesh (CAB).

Along with the advancement of e-commerce, adequate rules and regulations should be in place, he said.

At present annual e-commerce sales in Bangladesh amounted to about $2 billion and it is increasing at a rate of 50 per cent every year, said DCCI President Shams Mahmud.

Though everyday trade witnessed a reduction during the Covid-19 pandemic in the country, trade of e-commerce has increased remarkably, he said.

Protection of consumer rights is a key factor for a sustainable e-commerce ecosystem in Bangladesh, he said.

Quality, conformity, liability, distribution, secured payment system and price of products are very much linked with consumer rights, he said, recommending bringing the e-commerce sector under the government's stimulus package.

Covid-19 came as a blessing for e-commerce, said Commerce Secretary Jafar Uddin.

In spite of the dissatisfaction arising among consumers from time to time, the market of e-commerce, which includes f-commerce, is growing manifold for its spiralling demand, he said.

In order to utilise its huge potential, a "Digital Cell" has been established under the commerce ministry, he said.

An advisory committee is also working under World Trade Organization Cell of the ministry to ensure consumer-friendly eco-system of digital commerce, he said.

"Through the Digital Cell and e-support centre, we will be able to face the existing challenges of this sector," he added.

While F-commerce is flourishing, problems in the whole e-commerce sector need to be addressed, says Ghulam Rahman, president of the Consumers Association of Bangladesh (CAB)

In a keynote paper, Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services (BASIS), highlighted that the number of internet users in Bangladesh had increased 5.9 per cent from that of last year.

When it came to the adoption of ICT, Bangladesh is ahead of India and Sri Lanka, he said.

There are 36 million active users of social media networks in Bangladesh and sales through f-commercein Bangladesh amounted to Tk 312 crore, he said.

He further urged to bring f-commerce traders under a registration process so that they could be monitored, regulated and financed.

READ MORE ON B3

CSE rolls out promotion to attract bulk, foreign investment

STAR BUSINESS REPORT

The Chittagong Stock Exchange (CSE) has rolled out a three-month promotional programme, under which foreign investments and bulk investments can be made free of charge.

"In order to encourage transactions through the bulk and foreign windows and increase the number of foreign portfolios in Bangladesh's capital market, the CSE declared this programme," the port city bourse said in a press release.

Bulk investment refers to trading through the CSE's bulk window with each trade being of at least Tk 5 lakh in value.

The promotional programme will be continued from November this year to January of 2021, according to the press release.

During the promotional period, bulk and foreign trades will be free of charge. This means that the bourse's TREC-holders (trading right entitlement certificate holders) will not be charged commissions for trades executed in the bulk or foreign windows.

The new offer is a major business opportunity for TREC holders and is actually going to motivate them to augment the amount of bulk/foreign turnover in the CSE, it added.

The CSE began its journey on October 10, 1995 with the promise to create a state-of-the-art bourse in the country.