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StanChart to play bigger role in Bangladesh

The lender's group chairman talks with The Daily Star

SAJJADUR RAHMAN and MD FAZLUR RAHMAN

Standard Chartered wants to play a larger role in fostering the economic, financial and social development of Bangladesh by promoting trade and investment and helping local companies go global, said the group chairman of the British lender.

"Bangladesh has tremendous potential," José Viñals, group chairman of Standard Chartered, told The Daily Star in an interview last week.

Viñals, who was appointed the group chairman of Standard Chartered in December 2016, was in Bangladesh last week on a four-day visit.

"We are very hopeful about the future of the country. And my visit is a signal to how important the market is for us."

During his visit, Viñals met with a number of the bank's clients in Dhaka and Chattogram and exchanged views with economists, diplomats, regulators and policymakers on how Bangladesh can continue on its high growth trajectory and reiterated the bank's commitment to driving commerce and prosperity in the country.

To realise the country's potential, appropriate government actions and collaboration with the private sector are needed, said Viñals, who began his career as an economist before spending 25 years at the Central Bank of Spain, where he rose to be the deputy governor.

"Of course, Bangladesh's achievement is encouraging. The country has been growing at more than 7 percent and has the capacity to grow at 8 to 9 percent in the future."

One should not expect the current growth rate would be sustained forever if the country does not improve on areas such as infrastructure, education and business-friendly environment.

"Any country -- and Bangladesh is no exception -- should think on how to improve the perception of foreign investors related to return and risks."

The economist said the bank already plays and will play the important role of being a bridge between Bangladesh and the rest of the world by bringing in foreign direct investment to the country, which is badly needed for many reasons.



José Viñals

tion in terms of communications and technology, the skills for the new economy are not the skills for the old economy, said Viñals, who was director of the International Monetary Fund's monetary and capital markets department prior to joining Standard Chartered.

So, there is a need to retool people to make them fit for the new production world.

"In the end, the most important asset of any country is its people. And Bangladesh has lots of people and they need to be equipped with the tools to deliver on the fantastic demographic dividend that the country has."

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United Airways shareholders in distress

Carrier vows to fly again

AHSAN HABIB

Over 95 percent shareholders of the once top private airline United Airways are in great anxiety because of the nose-diving share price and no tangible signs of resumption of services two and a half years on.

Stocks of the airline have become so cheap that a shareholder has to sell as many as 5,000 of them to buy a Dhaka-Cox's Bazar round ticket.

At present, each United Airways stock is selling at Tk 3.20 -- one-third the face value of Tk 10.

The sinking price is particularly concerning given that general public holds 70.42 percent of the airline's shares, institutes 13.24 percent and foreigners 12.18 percent shares.

Sponsors of the airline had long jumped off the sinking ship. In 2011-12, sponsors had 12.34 percent stakes in United Airways, according to data from the Dhaka Stock Exchange. That percentage now stands at just 4.16 percent.

"I don't know how I will get back the money I invested in the United Airways stocks," said a shareholder whose holdings of the airline's stock sank 50 percent in value within a year.

Another stockholder regrets buying the shares in July 2014, just two months before the airline's announcement of indefinitely grounding its fleet.

Within two months of the announce-



ment on September 25, 2014, he sold off all his stocks.

"I lost 40 percent of my investment. Had I waited longer, the loss would have been much bigger," he added.

The present management of the company blames the then management of the Civil Aviation Authority of Bangladesh (CAAB) for their current sorry state: the airline was given the stepsister treatment.

"We didn't get hanger space to maintain our aircraft and enough counters, which raised our maintenance costs and brought customer dissatisfaction," said Tasbirul Ahmed Choudhury, chairman of United Airways.

Not only that, there were intentional delays in inspection of aircraft and giving airline operating certificate (AOC) and so on, he said.

The absence of a level playing field for private operators is a great ailment of Bangladesh's aviation sector, he said.

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Subcontracting loses out to compliance

Fresh investment-bringing small apparel entities no longer sprouting

REFAYET ULLAH MIRDHA

A drought of fresh investment in opening small enterprises is sweeping across the garment sector, an outcome of stringent conditions set by retailers and brands for subcontracting parts of apparel production mainly to avert industrial accidents.

The once booming opportunities for subcontracting have nearly evaporated following the nation's deadliest back-to-back industrial disasters, the 2012 Tazreen

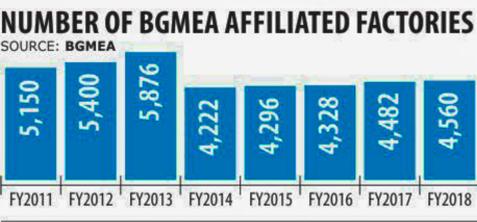
Fashions fire and 2013 Rana Plaza building collapse.

"Subcontracting in the garment sector is not banned but a subcontracting factory must be very compliant," said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), yesterday.

Subcontracting, a third party contract, becomes essential whenever there is an overflow of work orders in any factory. It also helps maintain shorter lead times set by international apparel buyers.

Now subcontracting is rarely allowed in garment factories because of the poor compliance records of the small units, Rahman said, adding that only when a buyer permits can a big factory subcontract its work orders.

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LankaBangla suffers huge loss

STAR BUSINESS REPORT

LankaBangla Finance posted negative earnings per share in the third quarter of 2018 after suffering huge losses in its operation in the capital market.

The company's consolidated EPS was Tk 0.24 in the negative for the July-September period, down from Tk 0.90 in the same quarter previous year.

The company had to keep a huge amount in the provisioning for the losses, which pushed the EPS to fall, said Khwaja Shahriar, managing director.

The non-bank financial institution had to keep Tk 25.53 crore in provision for diminution in values of share investment in

the third quarter, much higher from Tk 25.52 lakh in the same period a year ago.

Price of each share of the company also fell 14.55 percent in the last 10 working days to Tk 22.9 at the Dhaka bourse on October 25.

The company's third quarter report also showed a drastic fall in income from stock investment this year. The investment income also fell 61.49 percent year-on-year to Tk 6.57 crore in the quarter.

The earnings per share will post a good comeback if the stockmarket bounces back to the positive territory again, said Shahriar.

"LankaBangla Finance saw a slight decline in profit due to the liquidity crunch in the money market and the problem has already been solved," he said.

Chinese eye bigger share in construction machinery market



Construction equipment on display at a fair at International Convention City Bashundhara in Dhaka. The three-day show that drew huge crowds came to a close yesterday.

JAGARAN CHAKMA

The construction machinery market in Bangladesh is growing steadily given the fast expanding skyline and construction activities.

Last fiscal year, the construction sector grew 16.25 percent to Tk 73,594 crore and the real estate sector 15.14 percent to Tk 61,935 crore, according to the Bangladesh Bureau of Statistics.

The higher growth is luring Chinese companies to Bangladesh.

"Bangladesh has been growing faster among the Asian nations over the years, and this growth has attracted us," said Rambo Huang, department manager for international sales of Quanzhou City Sanlian Machinery Manufacture (SL Machinery).

Rambo was talking to The Daily Star at the 23rd

BY THE NUMBERS	
Construction sector's market size:	Tk 73,594cr
Real estate's market size:	Tk 61,935cr
Construction sector's contribution to GDP:	7.89%
Real estate's contribution to GDP:	7.82%
Construction sector's annual growth:	16.25%
Real estate's growth:	15.14%

in Bangladesh, according to Huang.

Huang sees good business potential for Chinese construction equipment manufacturers as Bangladesh is growing at a steady pace.

ConExpo Bangladesh 2018 at the International Convention City, Bashundhara in Dhaka on Thursday.

More than 20 Chinese companies that manufacture construction equipment took part in the exposition and they expressed interest in establishing business relations with Bangladeshi companies.

One of the largest professional construction machinery manufacturers in China, SL Machinery has supplied more than 80 units of cranes and different kinds of construction equipment to large businesses houses

in Bangladesh, according to Huang.

Huang sees good business potential for Chinese construction equipment manufacturers as Bangladesh is growing at a steady pace.

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Monno Jute declares 350pc stock dividend

STAR BUSINESS REPORT

Monno Jute Staffers announced an amazing 350 percent stock dividend—23 times higher than the previous year—for the year ending on June 30, 2018.

The low-cap company that produces spare parts and accessories for jute and textile mills reported Tk 8.74 as earnings per share (EPS), which is 15 times higher than the previous year's Tk 0.57.

The company's directors had decided to provide hefty dividends from last year's profit along with the undistributed profits of the previous years, Benoy Paul, company secretary, told The Daily Star.

The company's sales and production increased for overhauling of machinery and addition of new ones, leading to minimisation of the total expenditure and jump in the EPS, the company informed through the website of Dhaka Stock Exchange.

Paul also said the board of directors had decided to enhance the paid-up capital from Tk 1 crore to Tk 100 crore as the company was planning for factory expansion.

"Our machinery has become very old so we need to bring new ones to enhance production capacity."

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Robots to make robots

REUTERS, Zurich

Robots will make robots at a new ABB factory in China, which the Swiss engineering group said on Saturday it plans to build for \$150 million in Shanghai as it defends its place as the country's largest maker of industrial robots. The factory, located near ABB's China robotics campus, is due to be operating by the end of 2020 and will produce robots for China as well as for export elsewhere in Asia. China is ABB's No. 2 market after the United States.

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