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BB agrees to redefine banks' stock exposure

Banks to get more funds to invest in stocks

STAR BUSINESS REPORT

The central bank has decided in principle to exempt banks' investments in non-listed companies from capital market exposure, a move that can give banks plenty of room for fresh investments in the stock market.

The decision came at a meeting between the Bangladesh Bank, the Bangladesh Securities and Exchange Commission and the Financial Institutions Division (FID) of the finance ministry at the central bank headquarters in the capital yesterday.

The stock market regulator, stock exchanges and brokerage association have long been demanding the exclusion of banks' investments in non-listed companies from the definition of capital market exposure.

But the central bank resisted, saying it might hurt depositors' interest.

The Banking Companies Act 1991, which was amended in 2013, has limited a bank's stock market exposure to up to 25 percent of its capital. The capital includes paid-up capital, share premium, statutory reserve and retained earnings.

But the central bank gives exemption if the government provides loan or guarantee to the bank for investing in the stock market, according to the law.

Earlier in December 2015, the banks' capital given to their stock market subsidiaries were not counted as their exposure.

"The central bank has accepted the proposal positively to make the capital market more vibrant," SM Moniruzzaman, deputy governor of the central bank, told The Daily Star after the meeting.

BB Governor Fazle Kabir, FID Senior Secretary Md Ashadul Islam, BSEC Chairman M Khairul Hossain and other senior officials of the entities were present at the meeting.

The central bank has taken the issue positively as banks and its subsidiary companies' stakes with the non-listed companies are now not traded in the capital market, Moniruzzaman said.

"The decision will help ease the ongoing liquidity crunch in the capital market," said Rakibur Rahman, director of the Dhaka Stock Exchange.

The central bank's stance on the market is highly positive, which will subsequently improve the confidence of investors, he said.

The higher ups of the three entities have also taken a decision to use the capital market refinancing scheme at the earliest, Moniruzzaman said.

As part of the move, a monitoring committee of the refinancing scheme, comprised of officials from the central bank, the BSEC and the Investment Corporation of Bangladesh will hold a meeting on Sunday when it will select the beneficiaries of the fund.

FDI soars 71pc, hits record

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Bangladesh received its highest-ever foreign direct investment of \$3.6 billion in 2018, official figures showed yesterday.

The FDI flow is 71.43 percent higher than the \$2.1 billion the country drew in 2017, according to Bangladesh Investment Development Authority (Bida).

"Yet, the inflow hasn't met our expectation," said M Aminul Islam, executive chairman of Bida, at a press briefing at the agency in the capital's Agargaon.

"We will have to amend our rules and regulations to take the FDI flow to our expected level."

Of the FDI amount, \$834 million came from China, the highest from any country, followed by the Netherlands that brought in \$692 million.

Besides, \$371 million came from the United Kingdom, \$174 million from the United States, \$171 million from Singapore, \$170 million from Hong Kong, \$121 million from India and \$108 million from Norway.

Of the total, \$1.12 billion was in the form of equity capital, \$1.3 billion reinvested earnings and the rest \$1.18 billion intra-company loans.

Rising mercury fuels AC sales

JAGARAN CHAKMA

Sales of air conditioners have doubled year-on-year in April as people are seeking ways to get respite from the scorching summer.

Samsung posted 150 percent sales growth in April compared to the same month last year where Transtec raked in 100 percent sales growth since April 15.

The sales rose 91 percent for Walton last month, 90 percent for Esquire Electronics and 100 percent for Pran-RFL's Vision brand.

"The growth of AC sales was not impressive last year because of heavy rainfall during summer. The scenario is different this time," said Md Manzurul Karim, general manager of Esquire Electronics, authorised sole distributor of Japanese giant electronics brands General and Sharp.

April, May and June are the peak season for the outlets retailing ACs as temperature starts to rise from March. Nearly 90 percent of the ACs are sold during the months.

The rising mercury, which has been hovering around 35 degrees Celsius for a month, has brought a rising number of customers to the doors of retailers. The temperature has hit as high as 38 degrees Celsius for a number of times this month.

Market players are expecting that the sale of ACs will cross 7 lakh units this year, up 17 percent from a year ago. The market size will reach Tk 4,000 crore this year, from Tk 3,500 crore in 2018.

The annual demand for ACs has been rising 20 percent on average in the last six years, according to Uday Hakim, executive director of Walton, a local manufacturer.

"AC has become a mass product because of the rising spending capacity

of people," said Md Nahid Hassan, marketing manager of Transcom Digital.

In order to drive sales this year, manufacturers and retailers have come up with equated monthly installment (EMI), exchange offer, discount and cash back facilities for AC buyers.

"It is easy for customers to buy AC

premium Japanese brands.

Transtec Digital retails ACs of Hitachi, Panasonic, Whirlpool, Samsung and Transtec brands to meet the growing demand of all segments of customers.

Hassan said most manufacturers in Bangladesh and global brands import compressors and major parts



Potential customers get briefed on air conditioner brands and prices amidst the mercury threatening to cross 38°C this year. The photo was taken at Transcom Digital's showroom in the capital's Kawran Bazar a couple of days ago.

thanks to EMI facilities and exchange offer," Hassan said.

Just a decade ago only higher income people would buy AC, but now the lower middle-income people can afford it due to the introduction of EMI through credit card, according to Karim.

Customers prefer 1.5-tonne AC for residential use and the preferred price range is Tk 45,000 to Tk 80,000. High-end customers, however, like to buy

of AC and assemble the product in the country to keep the production cost low.

He said customers are shifting from non-inverter AC to inverter AC because of low energy consumption and better performance.

Hakim said Walton manufactures high quality air-conditioners using power-efficient inverter technology, keeping the products affordable.

IPO BID DSE to check Coppertech's papers again

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The Dhaka Stock Exchange is set to scrutinise the financial statement of Coppertech Industries after allegations surfaced that it had provided fake information to get approval for its initial public offering.

The decision, which came yesterday in a board meeting at the DSE office, was taken in response to a letter from the DSE Brokers' Association (DBA).

In the letter, the association said there are anomalies in the company's financial statement.

"This is very alarming for the market as well as investors," it said.

Investors are gossiping about the transparency and accountability of the DSE and its function, the letter added.

A board member said they instructed DSE officials to vet the statement and place a report within seven working days. The report will be forwarded to the Bangladesh Securities and Exchange Commission, which will then decide whether the company would be allowed to get listed or not.

Exports fetch \$3b in April



REFAYET ULLAH MIRDHA

Bangladesh also showed a positive trend between July and April, the first 10 months of the current fiscal year.

Exports grew 2.69 percent year-on-year to \$3.03 billion in April riding mainly on the higher shipment of apparel items, official data showed yesterday.

Last month's receipts, however, fell short of the government's monthly target of \$3.08 billion by 1.52 percent.

The overall export of merchandise from

12.59 percent year-on-year to \$28.50 billion.

Of the receipts from the garment sector, \$14.08 billion came from knitwear and \$14.40 billion from woven, registering 12.32 percent and 12.85 percent year-on-year growth respectively.

Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association, said although the increase in April seems higher, the growth in apparel exports is only 2.76 percent.

The entrepreneur said, since the implementation of the revised minimum wage, 13 factories have been closed and another 70 factories will also face the same fate.

"At the same time, orders have been diverted to Vietnam, Cambodia, and Pakistan because of their competitive currency advantage."

Ibrahim, however, says even if the low growth of April is used as a benchmark, the expected growth in the sector may be 10.92 percent in 2018-19.

Apart from apparel, some other sectors performed well between July and April.

Shipment of frozen and live fish like shrimp and crabs grew 2.65 percent to \$446.48 million and that of agricultural products such as tea, vegetables, fruits, spices, dry food and tobacco rose 45.61 percent to \$790.9 million.

Bangladesh to be among top global GDP contributors

Kamal says citing report

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Bangladesh will be among the top 20 contributors to the global GDP by 2024, said Finance Minister AHM Mustafa Kamal yesterday.

The country will contribute 0.9 percent to the world economy, which would be the same as Canada, a developed country, he said in a meeting with a World Bank delegation at his office on the planning ministry premises.

Kamal's proclamation is based on a Bloomberg report.

The global economy is expected to grow at 3.6 percent through to 2024, according to the International Monetary Fund's projections.

Bloomberg used IMF projections, adjusted for purchasing power parity, to dissect where this growth will come from. Referring to the Bloomberg analysis, the minister said the highest contribution to the world economy will be from China at 28 percent, followed by India at 13.7 percent and the US at 10.5 percent, he added.

Global growth will increasingly come from Asian emerging markets, according to Bloomberg.

Russia will play a larger role in global growth than many Group of Seven countries including Germany, Japan, the UK, France, Spain or Italy.

At the meeting, Dandan Chen, country director in-charge of the WB, appreciated Bangladesh's economic growth, support to the Rohingyas, financial sector reforms and women employment, according to a press statement issued by the finance ministry.

Freelancing platform Upwork mistakenly blocked for 14hrs

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The online platform currently has 60,000 accounts of Bangladeshi freelancers, around 3,000 of whom regularly avail work from it, said Saidur Mamun Khan, who heads the marketing and data operations of Upwork.

"From Upwork we have informed our customers and the freelancers of the problem but we are not sure how it occurred," said the industry veteran who earlier served as Upwork's country head.

None from the regulator was available for comment.

"Definitely there are some financial losses related with it but I think the foremost effect was the image crisis before the freelancing world," said Al Amin Kabir, founder of Marketever which works with Upwork.

"The whole world already knows that Bangladesh has problems with internet connection and there are also quality issues," he said.

Industry insiders said Upwork was blocked from around 9:30pm on Wednesday till 11:30am yesterday.

The period is a prime time for locals to avail work orders and deliver services due to the country's time difference with other zones, said freelancers.

The site's officials said thousands were affected locally and globally.

RAMADAN COMMODITIES

Retail prices go up despite a drop in wholesale

DWAIPAYAN BARUA, Cig

Ramadan commodities have seen a retail price increase in Chattogram this year although their wholesale rates remained a bit lower compared to those in the previous year.

Cheaper global prices of the commodities—edible oil, chickpeas, lentil, dun peas, sugar and dates—along with huge imports made in the last four months brought down the wholesale prices, businesses opined.

Moreover, a smooth supply chain ensured by the improved trading environment at the Chattogram port and the prevailing political stability also played a big role in keeping the local market stable, importers and traders said.

However, retail prices of a few items like lentil, chickpeas and packed sugar increased a bit due to a rise in demand, said businesspeople in Khatunganj, a trade hub of the port city.

According to Bangladesh Tariff Commission, around 3 lakh tonnes of edible oil is consumed in the holy



Businesspeople in Khatunganj, a trade hub of the port city, said retail prices of a few items increased a bit due to a rise in demand.

month of Ramadan alone against the country's annual demand of 18 lakh tonnes.

In the last four months till April, import of edible oil stood at 9.55

lakh tonnes.

In January and February this year, the global market prices of a tonne of soybean and palm oil were \$750 and \$650 respectively, down by around

\$100 a tonne year-on-year, according to the World Bank Commodity price chart.

Wholesalers at Khatunganj were found selling palm oil at Tk 1,920 per maund and soybean oil at Tk 2,800 per maund in the last few weeks.

Shahedul Alam, a leading wholesaler at the market, said the average prices of palm and soybean oil were much higher in the early weeks of Ramadan last year when the prices were Tk 2,400 and Tk 3,080 respectively.

Around 80,000 tonnes of chickpeas, a staple for iftar, is consumed during Ramadan while a total of 143,898 tonnes has been imported through the Chattogram port in the last four months since January, according to Chittagong Customs House.

The average price of chickpeas in the international market stood at \$650 per tonne in January and February this year while the price decreased to \$600 later.