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BB loosens the leash on banks' stock exposure

STAR BUSINESS REPORT

The central bank has widened banks' scope to invest in the stock market and infrastructural fund as the government looks to put a pause on the longer than usual bear run.

The DSEX, the benchmark index of the premier bourse, lost 774.55 points, or 13.07 percent, in the last three months.

In a notice yesterday, the Bangladesh Bank informed that banks' investment in non-listed securities -- such as equity, non-convertible preference share, non-convertible bond, debenture and open-ended mutual funds -- would not be counted as their capital market exposure.

In a separate notice, the BB also created a room for banks to invest in alternative investment funds, special purpose vehicles (SPV), or any other similar project-specific fund.

SPV is a "bankruptcy-remote entity" since its operations are limited to the acquisition and financing of specific assets as a method of isolating risk, the notice said.

The decision was taken to facilitate financing of infrastructure projects through bonds instead of bank loans.

In case of public infrastructure projects pertaining to power and fuel, roads and bridges, communication, tourism and digital sector, banks would be allowed to invest the lower of the two: Tk 700 crore or the single borrower exposure limit.

If the projects are taken through public-private partnership (PPP), banks would be allowed to invest the lower of the two: Tk 600 crore or the single borrower exposure limit.

It will be the same for private sector projects on power, fuel, tourism and digital

BB says banks' investment in non-listed securities would not be counted as their capital market exposure. BB also created a room for banks to invest in alternative investment funds and special purpose vehicles.

infrastructure.

The BB advised following some risk management system in case of SPV investment.

The fund's trustee and the invested bond and debenture should be approved by the Bangladesh Securities and Exchange Commission.

Banks can purchase a non-listed company's equity instrument worth up to 10 percent of the company's paid-up capital.

In case of private and PPP projects, the bond or debenture issuer should maintain a sinking fund that would be at least 10 percent of the issue.

Every year, the issuer should keep at least 3 percent of its yearly revenue in the fund.

Fruit prices double in Ramadan

STAR BUSINESS REPORT

Fruits, both imported and locally-produced, are pinching consumers' pockets harder in Dhaka with their prices rising by up to 100 percent since the beginning of Ramadan on May 6.

Imported fruits, including apple, grape, malta, pear, date and pomegranate, are consumed in urban areas and the demand for these fruits gets high during the month of fasting for Muslims.

"I have bought malta at Tk 130 a kilogramme just before Ramadan but now it is Tk 200 a kg at the same shop," said Rumana Islam, a homemaker in the capital's Mogbazar area.

Apple, another widely consumed imported fruit, is being sold at Tk 220 to Tk 300 a kg depending on the type and quality.

Golden Delicious, a yellowish-green skinned cultivar apple, is being sold at Tk 220 to Tk 240 a kg whereas it is Tk 300 a kg for Japanese Fuji apple, up from Tk 180 to Tk 200 just before Ramadan.

Small-sized pineapples, which are being produced locally, are being sold at Tk 40, up from Tk 25 a piece a week ago. Similarly, another popular fruit local banana is being sold at Tk 10 per piece.

Md Mohsin Mia, who sells fruits at Hatirpool area, said his costing price for apples just a day before Ramadan was over Tk 170 per kg.

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The increasing demand in Ramadan has fuelled the prices of fruits in Bangladesh. The photo was taken in the capital's Karwan Bazar on Wednesday.

Mitsubishi to invest \$100m to assemble cars in Bangladesh

STAR BUSINESS REPORT

Japanese automaker giant Mitsubishi has decided to invest \$100 million in Bangladesh to produce its branded vehicles.

Ryujiro Kobashi, vice president of Mitsubishi Motors, revealed the information after a meeting with Commerce Minister Tipu Munshi at the minister's secretariat office in Dhaka yesterday.

The company will invest the sum at the Mirsarai Economic Zone in Chattogram, initially for assembling cars, the commerce ministry said in a statement.

The company will gradually



Ryujiro Kobashi

upgrade the assembly plant to a full car manufacturing plant at the zone, the statement said. Kobashi sought policy supports from the government to set up the plant.

"Mitsubishi Motors wants to support the motorisation and industrialisation of Bangladesh. I am visiting Bangladesh to discuss the issue with the government of Bangladesh," said Kobashi.

He was speaking after a meeting with Kazi M Aminul Islam, executive chairman of the Bangladesh Investment Development Authority, at the latter's office in the city.

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Apparel waste fetching foreign currency

Hosiery units in Pabna make garments of Tk 1,500cr from jhut a year

AHMED HUMAYUN KABIR TOPU, Pabna

Abdul Momin used to work at a garment factory in Dhaka a couple of years ago. Now he runs a small factory at his Banglabazar village home and produces T-shirts that are exported to a neighbouring country.

Starting with Tk 10,000, his factory is now valued at Tk 5 lakh.

Like Momin, hundreds of small entrepreneurs in a number of villages in Pabna have created jobs for 25,000 to 30,000 people and annually produce 18 crore to 20 crore pieces of garments, mostly T-shirts, worth around Tk 1,200 crore to Tk 1,500 crore.

The primary source of raw material in the entire business is called jhut, the leftover fabrics and other accessories of export-oriented garment factories in Dhaka and Gazipur.

Initially, hosiery manufacturers used to sell their products in the local market. Now the T-shirts are exported to India, Malaysia and Bhutan, said Barik Hossain Jony, president of Pabna Hosiery Manufacturers Group.



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People make attires from apparel waste at a factory in Pabna.

Annual export earnings have risen to \$5 million.

There are more than 1,000 small and big garment factories in a number of villages in the

district.

Rasheduzzaman Rasel, a leading T-shirt producer, said he has been producing and selling products in the local market for

two decades.

Recently, he received orders to sell the products in Malaysia and expanded his factory in a rented building accordingly.

Most listed pharmas see rise in profit

AHSAN HABIB

Most of the listed pharmaceuticals companies posted higher profits in the first three quarters of the fiscal year on the back of better sales at home and abroad.

Thirty-one medicine makers are listed with the Dhaka Stock Exchange (DSE). Of them, 27 published data for the July to March period of 2018-19.

| TOP FIVE EPS EARNERS | |
|------------------------|-------------|
| COMPANY | EPS IN TAKA |
| Renata | 31.38 |
| Pharma Aids | 13.46 |
| Square Pharmaceuticals | 11.93 |
| Wata Chemicals | 8.45 |
| Ibn Sina | 7.95 |

Of the 27, earnings of only seven pharmaceuticals and chemicals companies fell while it rose for the rest.

Multiple factors affected the earnings of the sector.

The sales rose riding on peoples' higher medicine consumption, which fuelled revenue of the pharma companies and their earnings per share, said Jasim Uddin, chief financial officer of Ibn Sina.

Export earnings also rose for some companies. Pharmaceuticals exports fetched \$99.7 million in the nine months to March 2019, up 30.35 percent year-on-year, according to the Export Promotion Bureau.

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Govt to be tough on money laundering

Finance minister vows strong measures

STAR BUSINESS REPORT

The government will take strong measures to prevent money from being laundered through over-invoicing and under-invoicing, Finance Minister AHM Mustafa Kamal said yesterday.

Money laundering mainly takes place through banking and customs systems, he told reporters after a meeting of the national coordination committee related to prevention of money laundering.

Scanner systems will be strengthened in the customs to prevent laundering, Kamal said.

He said a separate cell similar to pre-shipment inspection companies would be set up at the National Board of Revenue to monitor prices to detect over and under

invoicing through letters of credit.

Additional penalties will be imposed on businesspeople found to be laundering money through fake declarations, he said.

Money laundering and terrorism financing have to be stopped by any means, the minister said. "If necessary, laws will be reformed to prevent money laundering."

He also touched upon the tax avoidance issue saying that many foreign companies were working in Bangladesh but the government does not get tax from them.

In future, foreign companies will have to establish partnership with local companies for business, so that the government gets at least half of that not being paid in taxes, he said.

Chinese firm to invest \$33m in agro-processing sector: envoy

UNB, Dhaka

A Chinese company plans to invest US\$ 33 million in Bangladesh's agro-processing sector, Chinese Ambassador in Dhaka Zhang Zuo said yesterday.

He spoke during a meeting with Agriculture Minister Abdur Razzaque at the secretariat.

Zhang said the Chinese firm will set up three agricultural processing industries in Bangladesh.

Praising Bangladesh for its development in health, education and economic sectors, he said China will import agricultural products from Bangladesh.

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Beximco launches DTH service Akash Will go on air Sunday

STAR BUSINESS REPORT

Beximco's direct-to-home (DTH) satellite service venture Akash is set to go on air on Sunday, with the company offering free installation for a limited period to lure people in to the new way of watching TV.

In DTH, TV channels are transmitted from the satellite to a small dish antenna mounted on the window or rooftop of the subscriber's home. So, the broadcaster directly connects to the user, doing away with middlemen like local cable operators, who tend to offer channels of their preference.

Not only is there a greater selection, the picture and sound quality is better for the DTH viewer since the signal is not split through a cable.

Many in Bangladesh are currently enjoying DTH service but of Indian providers, which is illegal as per transmission rules.

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Commerce Minister Tipu Munshi, Information Minister Hasan Mahmud and Beximco Communications Chairman Shayan F Rahman launch Beximco's direct-to-home satellite service venture Akash at an event at The Westin hotel in the capital yesterday.

BEXIMCO