Abdul Hai Sarker elected as chairman of Dhaka Bank

STAR BUSINESS DESK

Abdul Hai Sarker has recently been elected as the chairman of Dhaka Bank.

Sarker is the chairman of Purbani Group, founder chairman of Dhaka Bank, former president of Bangladesh Textile Mills Association, former vice chairman of Bangladesh Association of Banks and a former director of the Federation of Bangladesh Chambers of Commerce and Industry.

He completed his post-graduation from Dhaka University in 1970.

He is also the chairman of Education, Science, Technology and Cultural Development Trust of Independent University Bangladesh.

He is also a member of the board of trustees of Independent University of both Dhaka and Chittagong, a founder member of the board of trustees of Bangladesh Enterprise Institute and the associate director of International Cotton Association based in Liverpool, UK.

He has recently been elected as the executive board member of International Chamber of Commerce, Bangladesh.

Debt revamp proposal to prolong Indian banks' asset quality uncertainty: Fitch

REUTERS, *Mumbai*

A one-time debt restructuring allowed by the Reserve Bank of India (RBI) to help lenders and borrowers amid the COVID-19 pandemic will prolong uncertainty about the banking sector's asset quality, Fitch Ratings said on Tuesday.

The RBI said last week it will allow restructuring of corporate and personal loans to ease debt strains on companies and lenders, a move widely awaited by the banking industry.

"The policy could open a window for banks to build capital buffers while putting off full recognition of the coronavirus pandemic's impact on loan portfolios, but is reminiscent of a strategy adopted over 2010-2016 that delayed and exacerbated problems for the banks," Fitch said.

Indian banks are saddled with more than $120 billion in bad loans and the sector is ranked the third-worst among 13 major world economies in asset quality.

The central bank's experience with loan restructuring in the past hasn't been encouraging.

In several instances the restructuring method was used for evergreening of loans, a practice in which banks provide additional loans to stressed borrowers, often indirectly, to enable them to repay existing loans.

Fitch said it believes that the scheme may be designed to give banks more time to raise capital, which remains challenging in the current environment, to address the impact of the crisis on loan portfolios.

The central bank has set up a committee to oversee restructuring plans involving creditors with more than 15 billion rupees ($200.94 million) of debt, but that is likely to leave out lending to retail and small- and medium-sized firms, which Fitch said is likely to account for a substantial portion of future pandemic-linked asset quality stress.

Fitch saw downward pressure on banks' standalone 'Viability Rating' as the scheme could expose banks to higher balance sheet risks.

REUTERS/FILE

A labourer works on the sign of a bank building in the western Indian city of Ahmedabad.

Hong Kong goods for export to US to be labelled made in China

REUTERS

Goods made in Hong Kong for export to the United States will need to be labelled as made in China after Sept. 25, according to a U.S. government notice posted on Tuesday.

The move follows China's imposition of a national security law on Hong Kong and a U.S. decision to end the former British colony's special status under U.S. law, escalating bilateral tensions that were already rising over trade war tariffs and the handling of the coronavirus outbreak.

The latest step will see Hong Kong companies subject to the same trade war tariffs levied on mainland Chinese exporters, should they make products subject to these duties, said the U.S. Customs and Border Protection notice.

It said that 45 days after its publication, goods "must be marked to indicate that their origin is 'China'".

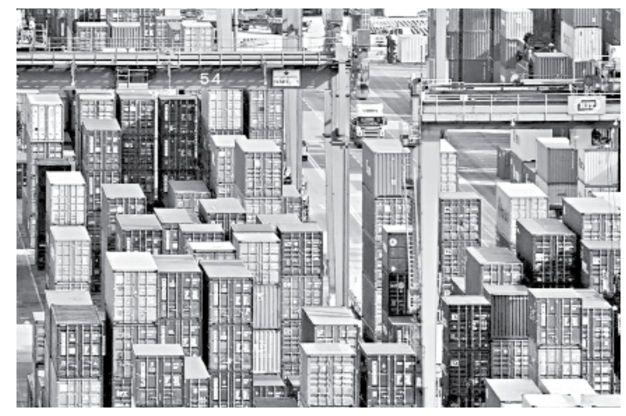
The step was taken after the United States determined that Hong Kong is "no longer sufficiently autonomous to justify differential treatment in relation to China".

Trump has made tough talk against China a feature of his campaign for re-election in November.

The United States on Friday imposed sanctions on Hong Kong Chief Executive Carrie Lam and the city's current and former police chiefs accused of curtailing political freedoms in the former British colony.

In retaliation, China imposed sanctions on 11 U.S. citizens including lawmakers from Trump's Republican Party on Monday.

U.S. Treasury Secretary Steven Mnuchin said on Monday that companies from China and other countries that do not comply with U.S. accounting standards will be delisted from U.S. stock exchanges from the end of 2021.



REUTERS/FILE

A general view of Kwai Tsing Container Terminals for transporting shipping containers in Hong Kong.

Most Asian markets rise with eyes on trade talks, stimulus

AFP, *Hong Kong*

Most Asian markets extended gains Tuesday as concerns about the US-China trade pact eased, while investors remain optimistic that lawmakers in Washington will hammer out a new stimulus for the crippled American economy despite talks struggling.

There was also some relief that China did not include any members of Donald Trump's administration in a group of 11 Americans hit with sanctions, in retaliation to a similar US move last week linked to the Hong Kong row.

And while Europe battles a worrying pick-up in coronavirus cases after weeks of lockdown easing, there are signs the virus is slowing in major states including New York and Texas, and World Health Organization boss Tedros Adhanom Ghebreyesus said it was "never too late to turn the outbreak around".

As the pandemic hustles economies around the world, the US-China stand-off has been a major headache, with the two sides butting heads on several issues that have fanned worries they could renew their damaging trade war.

However, there is some confidence they will stick to their commitments after talks at the weekend to review their January tariffs pact.

Observers have pointed out that Beijing has failed to buy certain products owing to restrictions caused by the coronavirus, but the head of the central People's Bank of China told state media the country would abide by the agreement despite tensions.

"No matter how the international situation changes, the most important thing is to get our own things done and to firmly deepen financial reform and opening-up," Yi Gang told the Xinhua news agency.

Meanwhile, Bloomberg News reported that China would increase buying of soybeans from the US and ditch expensive Brazilian purchases.

"The strong sense is that the Trump administration won't want to jeopardise the deal this side of the election for fear of alienating the important midwest farming constituency," said Ray Attrill at National Australia Bank.

Hong Kong rose more than two percent, with Macau casinos rallying on news that China would resume issuing tourist visas to Macau, reopening a crucial revenue stream for resorts that have been battered by a crash in tourist numbers.

Tokyo jumped 1.9 percent as investors returned from a long weekend to play catch-up with Monday's advances, while Seoul and Bangkok each piled on more than one percent. Sydney, Mumbai, Jakarta and Manila were all in the green.

But Shanghai dropped more than one percent and Singapore fell 0.8 percent after data showing the city's economy contracted more than first thought in the second quarter. Wellington and Taipei were also down.

In Hong Kong, Next Digital, the media company owned by Jimmy Lai, surged 668 percent at one point, a day after rocketing 183 percent, thanks to pro-democracy activists buying it following the anti-China tycoon's arrest under a new security law.

The stock, which ended Friday at HK$0.09, had soared more than 2,0000 percent to HK$1.96 at its Tuesday peak, before easing back to end at HK$1.10.US lawmakers remain deadlocked in their pursuit of a new stimulus, though observers say that with an election around the corner, Democrats and Republicans will likely reach a deal.

Trump's executive orders at the weekend deferring payroll taxes, providing $400 in weekly unemployment benefits and making it harder to evict people eased immediate concerns, though markets say a full deal is key.

The US Chamber of Commerce said the orders were "no substitute for Congressional action".

Uber calls for new deal for 'gig economy' workers

AFP, *New York*

Uber outlined proposals Monday for a new type of relationship with "gig" workers, including its own drivers, that would keep them as independent contractors but with some guaranteed benefits.

The ride-hailing giant described "a new model for independent platform work" in an 18-page document it hopes can be used as blueprint for Uber and similar firms relying on independent workers.

The move comes with Uber and other firms facing legal pressure to comply with a California law that would require its drivers to be classified as employees, eligible for unemployment, medical and other benefits.

Uber has backed a referendum in the state to overturn the law, while pledging to provide benefits for a social safety net that would keep gig workers independent.

Uber has argued that most of its drivers want to remain independent even if they also are looking for benefits.

The company seeks "to deliver certainty for millions of independent contractors who will increasingly rely on independent work to help them face the economic challenges that lie ahead," Uber said in its document.

"The current health and economic crisis has brought into sharp focus the need for everyone, regardless of their employment status, to be able to find good quality, rewarding work; be able to work in the way they choose; and have access to adequate social protections and benefits.

Pandemic doubles extreme poverty

FROM PAGE B1

The rice market is competitive while the current market trends show that the supply situation is tight even though agricultural officials claimed of a bumper harvest this season, Alam said.

"We had to buy onions at Tk 250 per kilogram for the mistakes of the agricultural department. We need to be ready to import to cool down the prices because a large number of poor and low-income people will be the hardest hit by an increase in the price of rice. Due to the political sensitivity of rice, it should not be ignored."

Import should be allowed at least to increase the government's stockpile to 20 lakh tonnes, Alam said, adding that the government should start the import process immediately.

Food stockpiles at public warehouses stood at 12.5 lakh tonne as of 8 August, down 31 per cent from a year earlier, according to data from the food ministry.

State firms call for guidelines on how to set the value for share money deposit

FROM PAGE B4

"The matter may take four months to be settled," the BSCCL official said.

On the other hand, it will need to take approval from stock investors and the government about the share issuance and setting share value.

Apart from these, an audited financial report, assets valuation, information memorandum to take approval from the stock market regulator and some other regulatory activities should be completed to issue the shares.

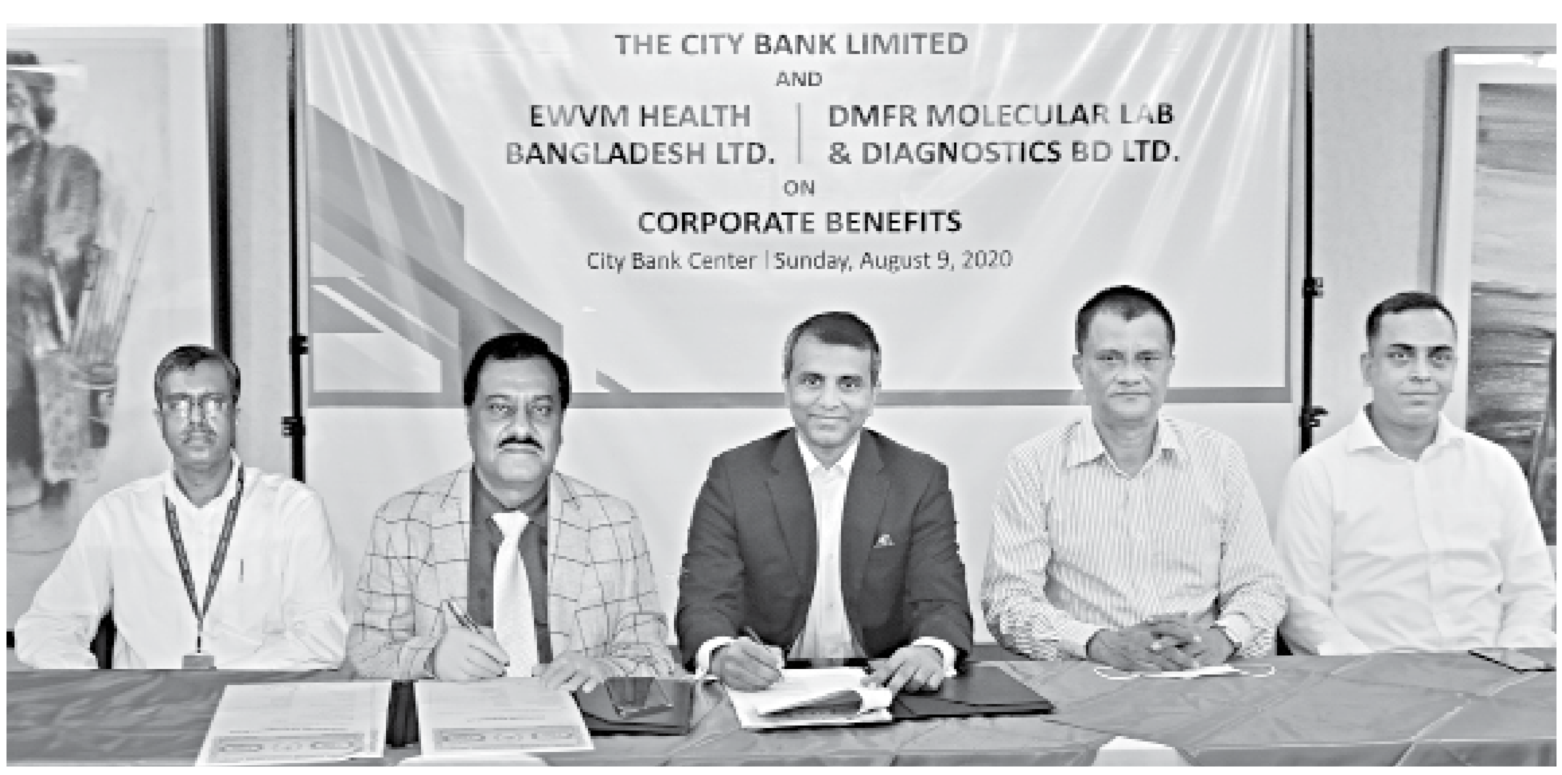
All the formalities will take 14 months, according to the official of the BSCCL, which has already appointed ICB Capital Management as its issue manager.

The FRC ordered the listed companies to count the share money deposit as potential share capital and count the earnings per share of the company based on the new capital until its share issuance.

Before taking approval from the stock investors, if the earnings per share are counted considering the share money deposit as potential share capital then the stock market will be impacted, the BSCCL said.

"We want to issue shares to the government but there was no directive as to what would be the issue price," said a high official of another listed state-run company, asking not to be named.

The shares were not issued mainly due to a lack of efforts from the government's side, he added.



CITY BANK

Md Abdul Wadud, deputy managing director of City Bank, and Md Faizur Rahman, managing director of DMFR Molecular Lab and Diagnostics BD Ltd and EWVM Health Bangladesh Ltd, sign the papers of a deal on August 9, to provide a number of health and lifestyle related services at special discounts to the bank's permanent employees along with their dependants and clients from different segments.

Ceramic industry breathes easier as sales start picking up

FROM PAGE B4

"Businesses are yet to return to the pre-pandemic stage despite the recent upturn in sales. It will take time for operations to return to full swing," Sangma said.

BCMEA General Secretary Irfan Uddin, also the managing director of FARR Ceramics, said the sector would face long-term challenges in its efforts to restore market trends as consumers tend to avoid purchasing luxury items amid the pandemic.

"It will take at least six months for things to return to normalcy. During this period, ceramic manufacturers will fall in serious trouble," he said.

According to the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA), the market for ceramic products was valued at around Tk 35,000 crore in 2019.

The industry's production capacity has grown by about 200 per cent 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 product: tiles, tableware and sanitaryware. Of the 68 ceramic manufacturers currently operating, 20 produce tableware, 32 make tiles and the rest 16 produce sanitaryware.

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 that employs about five lakh workers, including two lakh women.

More than 25 crore pieces of tableware, 20 crore square metres of tiles and more than 83 lakh sanitaryware items were produced in Bangladesh in fiscal 2017-18, BCMEA data showed.

Bangladesh is now almost self-sufficient in meeting the demand for ceramic products, which is quite a turn of events from the 1990s.

Even 15 years ago, the sector was import-reliant. Now, local manufacturers supply reliable products that meet international standards.

Decent GDP growth amid extraordinary circumstances

FROM PAGE B1

As people chose to stay at home in the initial days of the coronavirus breakout, hotels and restaurants paid a heavy toll as they grew 6.46 per cent against 7.57 per cent a year earlier. The transport, storage and communication sub-sector lost 1 percentage point to fall to 6.19 per cent.

Land transport grew by 6.43 per cent in contrast to 7.06 per cent a year earlier. Water transport edged up by 3.42 per cent from 3.63 per cent and air transport's growth slowed to 4.61 per cent from 6.37 per cent a year ago.

Because of the economic shutdown, the financial sector paid a heavy price as it grew by only 4.46 per cent, which was 7.38 per cent a year ago.

The growth of real estate, renting and business activities fell to 4.85 per cent, which was 5.23 per cent a year ago.

Because of the subdued growth, the share of agriculture to GDP fell to 13.35 per cent from 13.65 per cent and that of the service sector declined to 51.30 per cent from 51.35 per cent.

The share of the industrial sector, however, went up to 35.36 per cent from 35 per cent.

The latest numbers raised a few questions from economists.

"It is amazing that the GDP estimate has remained invariant to new data," Hussain said.

The 5.2 per cent growth estimate made before the budget, based on incomplete data, has not changed even though the country has data on agricultural production, exports, imports, tax revenue, credit and other areas for the whole year.

There are also various survey data on the post-coronavirus income and expenditure that could be used to check the consistency of the estimates arrived at based on the standard procedures the BBS uses to estimate the GDP in a normal year.

There are several inconsistencies in the estimates provided, he said.

Manufacturing contributed 2.2 percentage points to a total of 5.24 per cent growth. Large-scale manufacturing contributed the most, adding 1.35 percentage points. However, the contribution of exports to GDP growth was a negative 1.33 percentage points.

Large and medium-scale manufacturing dominates exports. Then growth must have come from domestic market-based manufacturing.

However, the import of intermediate goods declined 6.6 per cent.

It is widely known that the production of cement and steel was hit hard due to the disruptions caused by the virus.

"What then underlies the 5.84 per cent growth in manufacturing?" Hussain questioned.

Services growth is estimated at 5.32 per cent but this is the hardest hit sector due to the sudden stop of the economy caused by the virus. Yet, it is estimated to have made the highest 2.6 percentage point contribution to growth.

"Contributions within the sector are fairly broad-based with the highest contribution from the transport sector. This is hard to reconcile with what happened in the economy during March-June," Hussain added.

The finance minister, however, said the service sector, which accounts for more than half of the economy, came under some pressure after coronavirus arrived on the shores of Bangladesh.

"The service sector was affected in the initial days. Afterwards, it was almost as usual."

A record amount of remittance flowed to Bangladesh, giving people in the villages the money to spend, Kamal said, adding that revenue generation was almost the same in the last fiscal year from a year earlier.

In fiscal 2019-20, migrant workers sent home a record $18.20 billion in remittance.

Revenue generation stood at Tk 218,406 crore in fiscal 2019-20, down from Tk 223,462 crore a year earlier. The per capita income rose to $2,064 last fiscal year from $1,909 a year earlier, BBS data showed.