

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▼ 0.31%	▼ 0.44%	\$1,790.25	\$62.99	▼ 0.10%	▲ 1.28%	▲ 0.13%	▲ 1.43%	BUY TK	83.95	100.89	116.17	12.87
5,527.39	9,656.80	(per ounce)	(per barrel)	52,104.17	30,467.75	2,935.34	3,655.09	SELL TK	84.95	104.69	119.97	13.54



Star BUSINESS

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Business confidence ticking up: Sanem

STAR BUSINESS REPORT

Business confidence in Bangladesh improved in the last quarter of 2020 as the economy strived to recover from the devastating impact of the coronavirus pandemic, according to a study.

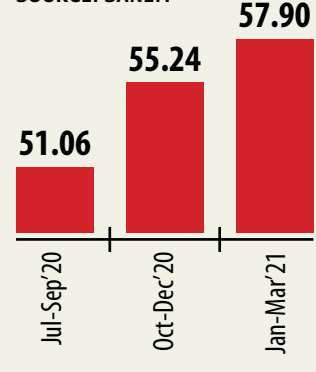
The Business Confidence Index (BCI) of the South Asian Network on Economic Modeling (Sanem) went up to 55.24 per cent in the October-December. It was 51.06 per cent in the previous quarter.

"The BCI, however, did not improve a lot because of the second wave of Covid-19 as the shipment of goods in major export destinations was severely affected," said Selim Raihan, executive director of the think-tank, while presenting the findings of the study at a virtual discussion yesterday.

He blamed the weak demand for goods in the domestic markets as income collapsed due to the fallouts of Covid-19 for the slow recovery of the business confidence.

Business Confidence Index

SOURCE: SANEM



Firms are hopeful about the first quarter of 2021 as the BCI is expected to rise to 57.90 per cent.

"Most of the firms said that they were very much hopeful that the economy and their business would recover soon," Prof Raihan said.

As much as 71 per cent out of 502

MAJOR FINDINGS OF THE BUSINESS CONFIDENCE SURVEY

- Improvement minimal in business situation in Oct-Dec '20 compared to Jul-Sep '20
- Situation is still worse compared to Oct-Dec '19
- 71% of the firms think that Bangladesh is on path to economic recovery
- Pharma, textile, and financial sectors see faster recovery
- Leather & tannery, light engineering, wholesale trade, transport, RMG and food processing need attention
- 16% consider recovery strong
- Firms have not got back to the pre-pandemic situation and it might take a while
- Profitability, employment and wage have improved slightly compared to the past quarter
- 69% of firms are yet to receive any stimulus package

SOURCE: SANEM

firms surveyed said the economy was on its way to recovery, unchanged from the second round of the survey, which covered the third quarter of last year.

The Sanem, in collaboration with the Asia Foundation, initiated the quarterly survey in July among the firms in the manufacturing and services sector. The third round was conducted in January.

Forty per cent of the respondents were expecting a moderate recovery of the economy, 16 per cent a strong recovery, and 15 per cent a weak recovery.

Firms were affected severely when the rogue virus hit the

country in March last year. Still, they are struggling to recover from the shock of the income and sales losses.

Raihan, a professor of economics at the University of Dhaka, said the business firms that availed loans from the government-sponsored stimulus fund had been recovering faster than the companies that could not. He suggested quick disbursement of the fund to eligible firms so that they could utilise the money when needed.

Of the firms, 22 per cent received assistance from the stimulus packages, according to the survey.

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PWC SURVEY ON FAMILY BUSINESS Local firms more optimistic than global counterparts

STAR BUSINESS REPORT

Some 93 per cent of Bangladeshi family-owned businesses are optimistic about seeing growth in 2022, which is higher than what those around the globe hope for, according to a survey by PwC Bangladesh.

In the year, 86 per cent of global family firms expect to see growth, the report shows.

In 2021, 74 per cent of Bangladeshi family-owned businesses expect to see growth while it is 65 per cent among those around the world.

The report on "Family Business Survey" was published online yesterday.

The survey was run among 54 Bangladeshi running family enterprises, mostly as CEOs, managing directors or board chairpersons. Over 2,800 family firms were surveyed across 87 territories.

The global market survey aims to get an understanding of what family businesses are thinking on key issues of the day.

"Bangladesh family businesses have seen mixed performance over the last financial year (pre-Covid-19), with 52 per cent experiencing growth and 17 per cent seeing a sales reduction," it said.

Globally, 55 per cent of family businesses grew while 19 per cent shrunk.

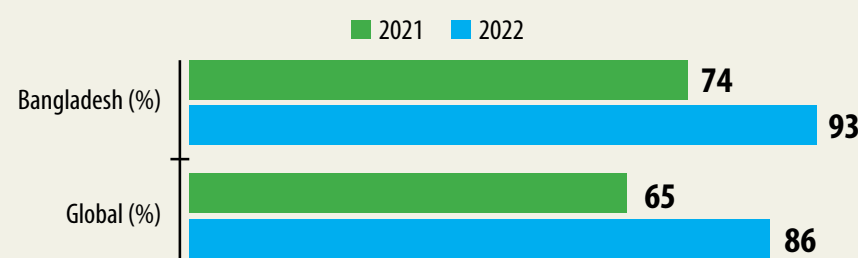
In Bangladesh, 84 per cent were experiencing growth and only 3 per cent reduction when asked the same question in 2018, it added.

The key priorities for Bangladeshi family businesses over the next two years are improving digital capabilities, expansion into new markets, introducing new products, increasing use of new technologies and protecting the core business.

Only 39 per cent feel they have strong digital capabilities. This is similar to the global average, where 38 per cent feel they have strong digital capabilities, the report shows.

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GROWTH AMBITIONS OF FAMILY BUSINESSES FOR YEARS 2021 AND 2022



SOURCE: PWC

Private investment falls amid pandemic

DCCI study finds

STAR BUSINESS REPORT

The growth of private investment slimmed down over the past six months due to the Covid-19 fallouts, slow reform initiatives and high cost of doing business in the country, according to a recent assessment.

The ratio of private investment to gross domestic product fell to 12.72 per cent while local and foreign investment declined 72.16 per cent in the July-September period of fiscal 2020-21, it said.

The assessment, carried out by the Dhaka Chamber of Commerce & Industry (DCCI), was unveiled at a webinar held yesterday.

"The economy is progressing in the right direction despite the various Covid-induced challenges," DCCI President Rizwan Rahman said during his presentation.

However, some room remains for further private sector-centric economic development, he added.

Rahman went on to say that both the public and private sectors should work hand in hand in the coming days to achieve a game-changing economic transformation for Bangladesh by 2041.

Mashiur Rahman, adviser to the prime

minister on economic affairs, also addressed the webinar, styled "Current state & future outlook of Bangladesh economy: private sector perspective (July-December FY2020-21)".

"The economy should now be fully functional as the government stimulus packages have been disbursed," he said.

Rahman fears that the excess liquidity currently prevalent in the banking sector could increase inflation.

He also pointed out that the private sector should take responsibility for certain government initiatives while claiming that the authorities successfully managed the Covid-19 crisis.

"The policies are on the right track and growth momentum is sustained," Rahman said.

Although demand remains a bit subdued amid the ongoing pandemic, the private sector needs to become more productive now. Bangladesh enjoyed reasonably good exports despite Covid-19 while remittance has also increased.

"But we need to be more careful about the non-resident Bangladeshis returning home from the Covid-19 labour markets," he added.

READ MORE ON B2

PM seeks detailed work plan as Payra port project goes slow

REJAUJ KARIM BYRON and MAHMUDUL HASAN

Prime Minister Sheikh Hasina yesterday directed Payra Port Authority (PPA) to prepare a detailed work plan amidst cost spirals and delays in project implementation involving the government's highly-ambitious development agenda.

"The prime minister instructed the port authority to place the total work plan in the next meeting of the Executive Committee of the National Economic Council (Ecne), Planning Minister MA Mannan told journalists after an Ecne meeting.

Ministry sources said instructions have also been given to provide a picture of the port's existing situation, total progress so far and list of major problems facing authorities implementing projects involving the port.

The Ecne also approved a revised proposal for a project that sought more time and to increase the cost for building the port's first



STAR/FILE

A dredger in the Ramnabad channel near Payra port in Patuakhali.

terminal and related infrastructure.

The project was undertaken in the beginning of January 2019 and due to be completed by December 2021 at a cost of Tk 3,982.10.

Now, the revised cost is Tk 4,516.75 crore and completion

deadline June 2023.

Only 7 per cent of the project has been completed so far in the past two years.

A portion of the cost increase for the port's first terminal and related infrastructure is for adjusting the

height of the jetty.

Asked if any feasibility study was conducted for the project, Mamun-Al-Rashid, a member of the planning commission, affirmed one being done at the beginning.

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NBR halves VAT on 4G licence, renewal fees

STAR BUSINESS REPORT

The National Board of Revenue (NBR) yesterday halved the value-added tax (Vat) on licence issuance and renewal fees to 7.5 per cent in order to reduce the pressure on telecom service providers and increase tax collection.

The move comes more than two weeks after the revenue authority exempted network operators from VAT on revenue shared with the Bangladesh Telecommunication Regulatory Commission (BTRC).

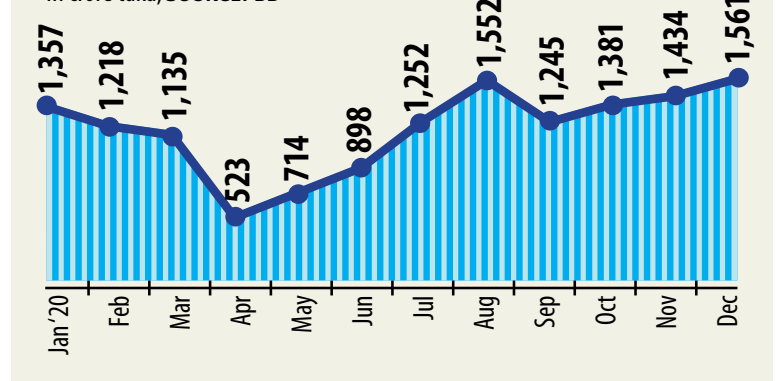
"We took the latest decision to reduce VAT on 4G licence or renewal fees for the benefit of the telecom sector. This will also help us get more revenue," said Kazi Farid

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Card use hits all-time high

CREDIT CARD TRANSACTION

In crore taka; SOURCE: BB



AKM ZAMIR UDDIN

Use of both credit and debit cards hit an all-time high in December as people continued to fulfil their demand using the digital means, sidestepping the fear of economic losses caused by the pandemic.

Total card loans held by lenders stood at Tk 1,561 crore in December, which is a fresh record in terms of the lending amount.

The December's figure is up 8.84 per cent from that a month earlier and 23.78 per cent

year-on-year, showed Bangladesh Bank data.

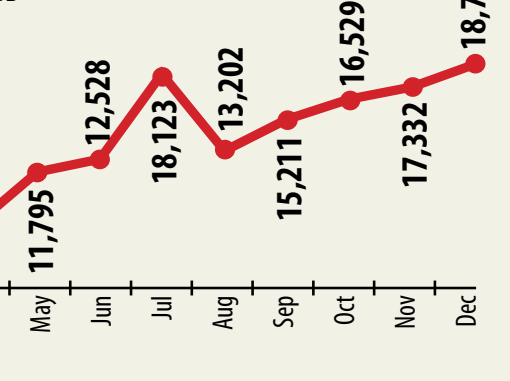
Clients also posted another spending record through debit cards, as the figure stood at Tk 18,795 crore, up 8.44 per cent from that a month earlier and 16.51 per cent year-on-year.

The last time credit card loans hit a high was in August 2020 of Tk 1,552 crore while debit card spending last July of Tk 18,123 crore.

The rise in use of credit cards is an indication of a "pent up demand" in the economy as a majority of consumers had held back their spending during the lockdown and the

DEBIT CARD TRANSACTION

In crore taka; SOURCE: BB



subsequent few months, experts said.

Pent up demand refers to a situation when demand for a service or product is unusually strong.

Economists generally use the term to describe the general public's return to consumerism following a period of decreased spending.

Use of cards drastically went down in the second quarter of 2020 because of the strict restrictions on movement imposed by the government to keep the deadly coronavirus at bay.

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BSEC summons Robi for not paying dividend from profit

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission yesterday summoned the officials of Robi Axiata to find out reasons why the mobile operator did not declare any dividend despite making a hefty profit last year.

The telecom operator's profit after tax rose nine times year-on-year to Tk 155 crore and its revenue also grew 1.1 per cent to Tk 7,564 crore as of December 31 last year.

Robi also made a flying trade debut in the stock exchanges as its initial public offering was oversubscribed by nearly six times.

But the company now believes that it should use the money it had made last year for its future growth instead of sharing it with the shareholders.

"Our earnings per share [EPS] has increased by more than eight times, rising from 4 paisa in 2019 to 33 paisa in 2020," said Shahed Alam, chief corporate and regulatory officer of Robi.

He spoke at the meeting when a team of officials of the mobile operator went to the BSEC building yesterday.

"Had the 2 per cent minimum turnover tax been removed, our EPS could easily have been 64 paisa."

Moreover, due to the minimum tax, Robi could not even avail 5 per cent reduction in corporate tax rate offered to the listed mobile phone operators, he said.

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