

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES					
DSEX	CSCX	Oil	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	SELL TK	USD	EUR	GBP	CNY
▲ 1.27%	▲ 1.34%	\$1,804.02	\$65.93	▲ 0.39%	▼ 1.61%	▲ 1.17%	▼ 1.99%	83.95	84.95	100.98	104.78	118.02	12.76
5,385.64	9,403.71	(per ounce)	(per barrel)	49,945.37	29,671.70	2,924.58	3,564.08						

**OPENING OF**

**NAYARHAT SUB-BRANCH**  
Monaf Market, Nayarhat Bazar  
Bayazid Bostami, Chattogram

**SAMITIRHAT SUB-BRANCH**  
Rahman Market, Nichintapur  
Samitirhat, Fatikchari, Chattogram

25 February 2021

16491

SIBL



# BUSINESS

DHAKA THURSDAY FEBRUARY 25, 2021, FALGUN 12, 1427 BS • starbusiness@thedailystar.net

## Weak NBFIs barred from paying dividend

Strong NBFIs can't announce over 15pc cash dividend either

**SOHEL PARVEZ**

With a number of non-bank financial institutions (NBFIs) suffering from severe cash crunch, the central bank yesterday barred financial institutions with lower capital and higher default loans from paying dividends.

The move aims at helping struggling NBFIs as they might face further difficulties in the coming months as non-performing loans are expected to escalate.

The Bangladesh Bank said the NBFIs, which have a capital adequacy ratio (CAR) of less than 10 per cent and more than 10 per cent default loans, will not be able to declare any dividend.

Arif Khan, chief executive and managing director of IDLC Finance, said the BB decision would bring about positive impact

for the financial industry.

"It appears that the Bangladesh Bank has issued the directive so that NBFIs can avoid a stress situation in the event of a rise in classified loans in the future," he said.

The NBFIs that have low-cash flow will not see funds falling because of dividend non-payment, he said.

Similar measures have been suggested for banks too.

On February 7, the central bank declared a dividend policy for banks for 2020, allowing them to reward their shareholders based on the strength of the capital base because of the persisting pandemic.

Banks, which have a stronger capital base, will be allowed to provide higher dividend in the form of cash and stock compared to the weak lenders.

The central bank said financial institutions with more than 10 per cent default loans would need to get approval to announce dividends.

This is the first time in recent years the BB gave the directive and it came at a time when a number of NBFIs are facing capital shortage and high classified loans because of scams.

**AKM ZAMIR UDDIN**

The passing of Khondkar Ibrahim Khaled will create a vacuum in the country's financial industry for he was outspoken when it came to raising a bold voice against scammers in banks.

The personality he possessed is a rarity nowadays because he used to go all out in efforts to protect the financial sector from delinquent borrowers, said bankers and analysts.

"Khaled was a man of conscience, who had never been afraid to speak the truth. And he was the voice of the deprived borrowers in the country's financial sector," said Atiur Rahman, a former central bank governor.

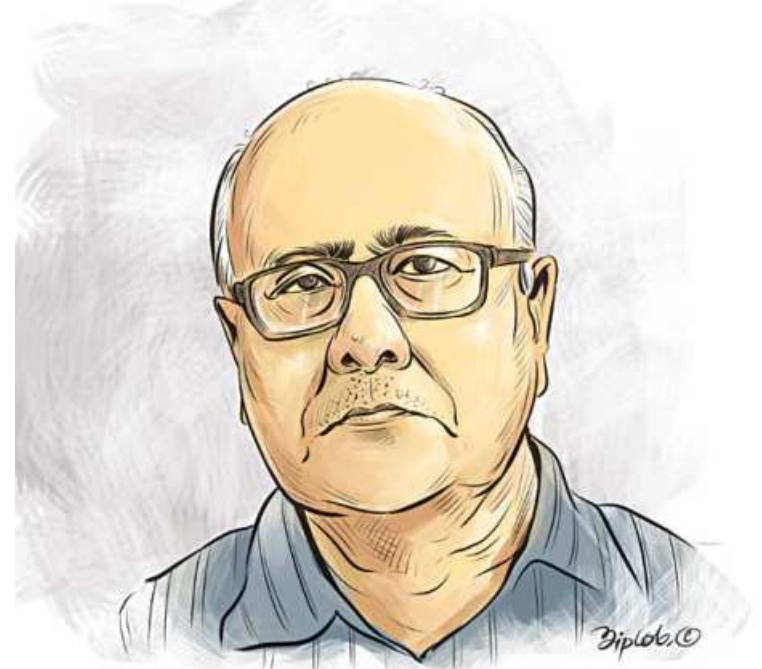
He left his earthly sojourn at a time when few are taking a bold stance against the fraudsters, he said.

There are just a handful of people who give thought to underprivileged borrowers and Khaled was one of them, he said.

"He played an exceptional role in establishing corporate governance in the country's banking sector," said Rahman.

The country's financial inclusion programme gained momentum for

## Void left in the passing of the outspoken



level meetings with deputy commissioners as part of his efforts to take loans to underprivileged farmers, he said.

"During the period of my governorship in the central bank, I visited different districts with Khaled while he was the BKB chairman. We together put in the effort to disburse farm loans among the underprivileged farmers."

Despite holding the post of managing director at different banks and the deputy governor of the central bank, he did not enjoy that much of financial solvency in life, a sign of honesty and sincerity, said Rahman.

Khaled invested some of his pension fund in national savings certificates, which was his major source of income following retirement, said Rahman.

Prof Abdul Bayes, a former vice-chancellor of Jahangirnagar University, described Khaled as one of Bangladesh's most talented, honest and knowledgeable bankers.

"Personally democratic and secular, he never compromised on his ideology for the sake of power or position. He was amicable by nature but as steady as a rock in performing duties," he said.

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his active engagements to this end, he said.

When Khaled was appointed managing director of Bangladesh Krishi Bank (BKB) in 1994, he broke from norms by starting to visit rural areas in order to observe

the sufferings of farmers.

It could very well be a first for a bank's managing director to visit rural areas, said Rahman.

Khaled heard out problems of farmers with the utmost patience and arranged district-

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## Public food stocks near 3-year low

**SOHEL PARVEZ**

Public foodgrain stocks fell to 6.56 lakh tonnes, the lowest in nearly three years, raising apprehensions that greedy traders would use the current situation to manipulate prices to pocket higher profits.

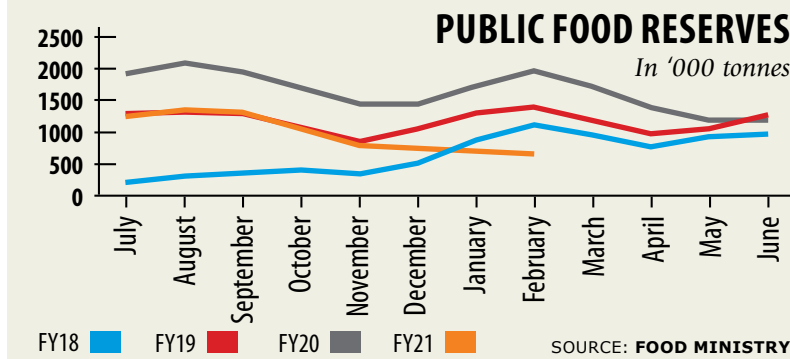
Of the stocks, 5.43 lakh tonnes are rice, which is less than half of what the Directorate General of Food had a year ago, according to the food ministry data.

The current reserve is way less than the optimum 10 lakh tonnes public storages should maintain.

"This means that the government's free and subsidised food distribution programmes will be affected. This will affect the food security of many poor people," said Quazi Shahabuddin, a former director-general of the Bangladesh Institute of Development Studies (BIDS).

A lower stock of foodgrains also gives a signal to the market that the government does not have enough foods to supply to rein in prices.

"Ultimately, the unscrupulous traders get a scope to manipulate the market," he said.



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## Forex reserve hits record \$44.02b

STAR BUSINESS REPORT

Bangladesh's foreign exchange reserve yesterday hit a new record of \$44.02 billion thanks to robust remittance inflows and lower import payments, Bangladesh Bank data showed.

The reserve, one of the major macroeconomic indicators of an economy, touched the \$41-billion mark on October 28 and rose to \$42 billion on December 15 and then to \$43 billion on December 30 last year.

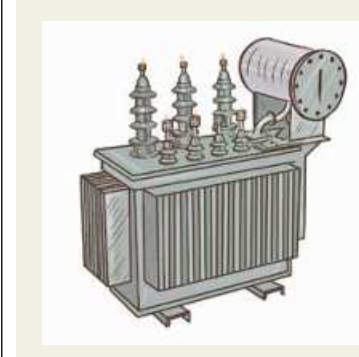
Between July and January this fiscal year, the country received \$14.9 billion in remittance, up 34.95 per cent from a year ago.

Remittance stood at \$1.49 billion in the first 23 days of February in contrast to \$1.24 billion in the same period a year ago, BB data showed.

Remittance has played a vital role in boosting the foreign currency reserve amid the coronavirus

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## Electrical goods export jump



### ELECTRICAL GOODS EXPORT

Export in million \$ (Jul-Jan period)

2016-17	37.39
2017-18	35.35
2018-19	37.51
2019-20	29.34
2020-21	41.93

**SOURCE: EPB**

**JAGARAN CHAKMA**

Exports of electrical goods rose 42.34 per cent year-on-year to \$41.93 million in the July to January period of the current fiscal year, in a testament to Bangladesh's growing prowess in the technological sector.

The export receipts were \$29.34 million during the same period a year ago, data from the Export Promotion Bureaus showed.

Industry people credited the initiatives of entrepreneurs and continuous development of products for helping the country widen its export basket.

"By virtue of quality products and the

efforts of the manufacturers, the electrical goods industry reached this level," said Rabiul Alam, director and chief executive officer of Energypac Engineering Ltd.

Energypac Engineering exports transformers and other electrical products to India, Nepal, and Malaysia.

Alam sees a good prospectus for the industry as the export might go up in the coming days as the quality of locally made products was improving.

According to him, the quality of the products made by Energypac Engineering is tested by an internationally recognised firm.

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## LDC GRADUATION

### Govt devising ways to address challenges: Salman F Rahman

STAR BUSINESS REPORT

The government is drawing up a plan to address the challenges the country may face after graduating from the grouping of least-developed countries in 2024, an adviser said yesterday.

"We are trying to create an enabling environment for investment, and for that, skills development is very important," said Salman F Rahman, the prime minister's adviser on private industry and investment.

He spoke at a virtual roundtable organised by the Foreign Investors' Chamber of Commerce and Industry (Ficci).

Businessmen from different foreign companies operating in Bangladesh took part in the event styled, "FDI in a post-Covid world: New realities and reform priorities for Bangladesh."

At the event, participants raised concerns related to value-added tax (VAT) they face while paying indirect taxes to the government exchequer. He said the government will address the issues in the upcoming national budget. However, it will be difficult to reach the revenue collection target if the tax net is not expanded.

Bangladesh's duty structure is determined not only on the basis of protectionism, but also on productivity and local market size.

For instance, India can formulate a very liberal duty structure as its domestic market is big and

productivity in its industrial units is also higher compared to that of Bangladesh, Rahman said.

There are a lot of challenges in attracting foreign direct investment and the government is addressing all of them, he added.

"Private investors want to know the predictability and continuity of policies of the National Board of Revenue," said Ficci President Rupali Chowdhury.

Some excellent progresses in the special economic zones took place in the areas of congenial legal and regulatory framework, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

He also said that further attention is required to ensure policy consistency at the country's economic zones.

Avijit Chowdhury, an executive member of the Bangladesh Investment Development Authority, said his office has been collecting information on the different challenges faced by foreign companies in Bangladesh so that the government can solve them.

Skills are considered as the software of economic growth while infrastructure is the hardware, said Kedar Lele, chief executive officer and managing director of Unilever Bangladesh.

Md Mahbub ur Rahman, CEO of HSBC Bangladesh, and Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, also spoke at the event.

## Exporters get more time to repay stimulus loans

STAR BUSINESS REPORT

The Bangladesh Bank has granted export-oriented industries an additional six months to repay loans taken from the government's stimulus package to address the Covid-19 fallout.

The decision came a day after the finance ministry asked the central bank to extend the grace period in a bid to ease the pressure on entrepreneurs amid falling exports in a number of major sectors, including garments, leather and footwear.

In March last year, the government announced a Tk 5,000 crore stimulus fund to help industry owners, particularly those in the garment sector, pay workers' wages and meet other costs for four months between April and June, when the pandemic-induced economic slump was at its peak in Bangladesh.

The central bank had initially fixed a six-month grace period for the loan, which bears no interest other than a 2 per cent service charge.

As per the rules, the repayment period was scheduled to begin from January this year.

Now, the central bank says that borrowers will have to pay the first instalment in September.

The loans will be repaid in 18 instalments after the grace period expires.

## Midland Bank to go public to raise Tk 70cr from stock market

AHSAN HABIB

Midland Bank Ltd plans to go public to strengthen its capital base by raising Tk 70 crore from the stock market.

"It is not that we need the money; we are going to enter the stock market as the fund would help strengthen our foothold in the financial sector," said Md Ahsanuz Zaman, managing director and chief executive officer of the private commercial lender.

With the proceeds of the initial public offering, the lender will buy government securities and make investments in the stock market that can be liquidated

**MIDLAND BANK'S PROFIT CHART**  
(In Cr Tk) \*The data is unaudited

2015	43
2016	66
2017	69
2018	65
2019	55
2020*	83.5

**SOURCE: ANNUAL REPORT OF 2019**

anytime.

Midland Bank started its journey on June 20, 2013, with a corporate slogan of "bank for inclusive growth".

"We want to give our staff ownership benefits, so we will raise Tk 5 crore from them and the rest Tk 65 crore from the stock market," Zaman told The Daily Star yesterday.

When employees have ownership in their company, it motivates them. "We want to practise this culture in our company," he said.

However, many of them might not have the appetite to take the risk of owing shares and so, the facility is voluntary.

The bank will implement these initiatives after receiving approval from the Bangladesh Securities and Exchange Commission (BSEC).

Recently, NRB Commercial Bank has issued shares but is yet to make its trading debut. South Bangla Agricultural Bank also began the process to go public.

Midland Bank saw its customer accounts hit 140,105 in 2019, an increase of about 49 per cent compared to the year before, when it stood at 93,745.

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