

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
0.23%	0.03%	\$1,708.01	\$68.26	1.16%	0.99%	1.22%	1.82%	83.95	98.49	115.34	12.62
5,591.38	9,804.84	(per ounce)	(per barrel)	51,025.48	29,027.94	3,108.53	3,359.29	BUY TK	102.29	119.14	13.26
								SELL TK			



Star BUSINESS

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Janata casts a pall on banking sector's profit

The state-run lender logs a staggering Tk 5,054cr loss in 2020; StanChart posts highest net profit of Tk 1,225cr

AKM ZAMIR UDDIN

Net profit in the banking industry plunged 44 per cent year-on-year to Tk 5,279 crore last year because of the massive loss incurred by state-run Janata Bank.

The state lender made a net loss of Tk 5,054 crore in 2020 as it had to keep aside a vast amount as provisions against bad debts, provisional data from the central bank showed.

Standard Chartered Bangladesh posted a net profit of Tk 1,225 crore, the highest among all lenders, in contrast to Tk 1,163 crore a year ago.

The profit for the London-based multinational lender, however, rose to Tk 1,367 crore in 2020 after audits conducted by both the central bank and external audit firms.

The banking regulator has prepared the profitability

Top profit makers		Top loss makers	
StanChart	1,225	Janata	5,054
Pubali	680	BKB	533
National	594	BASIC	366
DBBL	580	Padma	151
HSBC	541	BCBL	119

statement of banks based on the unaudited data provided by lenders. The unaudited data saw changes after audits were carried out by the BB and audit firms.

Pubali Bank took home Tk 680 crore in net profits, National Bank Tk 594 crore, Dutch-Bangla Bank Ltd (DBBL) Tk 580 crore and HSBC Bangladesh Tk 541 crore.

Last year, the net profit for 28

banks rose while it declined for 21 banks. Ten banks ended the year in the red.

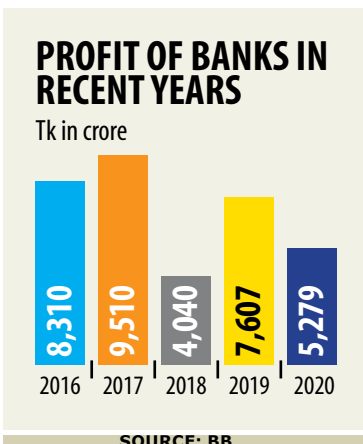
Md Abdus Salam, managing director of Janata Bank, said the lender would apply to the central bank this month to get a regulatory forbearance such that it could keep provisions amounting to Tk 5,856 crore in phases.

"If we are allowed to do so, the net loss will not be there," he said.

The window of regulatory forbearance allows banks to maintain lower provisions against impaired assets.

The business slowdown stemming from the coronavirus pandemic has not affected the banking industry much as the central bank had adopted a loan moratorium facility throughout last year.

This helped contain the upward trend of default loans and give



SOURCE: BB

breathing space to banks to keep provisions against expected loan losses.

The central bank, however, compelled banks on December 10 to set aside an additional 1 per cent in provisions against unclassified loans, preventing some from announcing higher profits.

Banks have to set aside 0.25 per cent to 2 per cent as provisions against unclassified loans. It is 20 per cent to 100 per cent against defaulted loans.

Last year, banks also faced a lower credit growth than the previous years as businesspeople adopted a go-slow policy for expansion of their enterprises due to the economic hardship.

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FTA can raise exports to India by 182pc: WB

STAR BUSINESS REPORT

A free trade agreement (FTA) could increase Bangladesh's exports to India by 182 per cent and by 126 per cent the other way round, says a new World Bank report.

Improving transport connectivity could take it even further, by 297 per cent and 172 per cent respectively, it said. The border could be made irrelevant from a trade perspective by removing the barriers, it stated.

The international financial institution's Dhaka and India offices yesterday jointly released the report titled, "Connecting to Thrive: Challenges and Opportunities of Transport Integration in eastern South Asia".

The report pointed out that high tariffs, para-tariffs and nontariff barriers were the major hurdles between the neighbours.

The duo's average tariff was more than twice the world average, it said.

Complicated and non-transparent nontariff measures, which are policy measures other than tariffs that affect the free flow of goods and services across borders, add to the high trade costs.

As a result, bilateral trade currently accounts for only about 10 per cent of Bangladesh's trade and a mere 1 per cent of India's trade.

Meanwhile in East Asian and Sub-Saharan African economies, intraregional trade accounts for 50 per cent and 22 per cent of total trade respectively, the report added.

It is about 15-20 per cent less expensive for an Indian company to trade with a company in Brazil or Germany than with a company in Bangladesh, the report pointed out.

Economic activity in Bangladesh is concentrated in Dhaka and Chattogram while bordering and poorly connected districts lag behind.

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An Indian truck loaded with goods is seen entering Bangladesh through the Benapole-Petrapole land port.

Kiam Metal plans to set up Tk 850cr glassware factory

JAGARAN CHAKMA

Kiam Metal Industries, a sister concern of BRB Group, plans to make a foray into the country's burgeoning glassware market by setting up a Tk 850 crore manufacturing unit.

"We will begin construction in May if the Bangladesh Economic Zones Authority (Beza) provides the required land," said Md Mizber Rahman, managing director of Kiam Metal Industries.

The company has already submitted a proposal to Beza, seeking 30 acres of land at the Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram.

"Our target is to complete the implementation work within 14 months," he added.

According to Rahman, the company will fund 30 per cent of the project through equity while the remaining 70 per cent will be financed by local banks. The project will create around 2,500 opportunities for direct employment.

Beza Executive Chairman Paban Chowdhury appreciated the initiative saying it would help diversify the country's exports.

"Bangladesh needs to promote such initiatives," he said, adding that Beza will examine the proposal before allotting any land as needed.

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AT A GLANCE

KIAM
The trusted name in home appliance

- Land required
30 acres
- Proposed investment
\$103m
- Jobs to be created
2,500
- Work to begin in
May
- Project completion time
14 months
- Products to be made
glassware

MCCI calls for cutting land registration fees

BUDGET PROPOSALS FOR FY2021-22

STAR BUSINESS REPORT

The Metropolitan Chamber of Commerce and Industry (MCCI) yesterday urged the government for reducing land registration fees, stating that the current land registration system promotes scopes for the generation of illegal money.

The government-fixed land price rates are much lower than what actually prevailed on the ground, said the leading chamber.

As a result, when a seller transfers land, the prices illegal shown according to the lower government rates and not at what was actually paid. This attempt at avoiding paying higher registration fees turns illegal a portion of the money earned by the seller.

"If the registration fees are reduced through consultation with stakeholders, there will be no shortage of revenue," said MCCI President Nihad Kabir.

"Economy will have legally earned incomes

RECOMMENDATIONS

- Reduce land registration fee
- Reinstate appeal related to VAT dispute
- Revise incentive for taxmen
- Bring down corporate tax
- Corporate tax burden goes up to 60% in some cases

and revenue management will be transparent," she said placing proposals for tax measures for fiscal 2021-22 at the National Board of Revenue (NBR).

NBR Chairman Abu Hena Md Rahmatul Muneem chaired the event.

In its recommendations, the MCCI, members of which account for nearly 40 per cent of the state's total tax collection, said the national budget for the next fiscal was very important.

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Peninsula Ctg, Golden Harvest shares soar on expansion news

STAR BUSINESS REPORT

Shares of Peninsula Chittagong and Golden Harvest rose yesterday, riding on good news from both companies.

The hotel's stock grew 5 per cent to Tk 22.60 after the company announced that its board accepted a 30-year lease agreement with the Chittagong Port Authority for an additional 0.3 acres of land.

The land is adjacent to the Chittagong Airport and Peninsula's second five-star hotel project, the company said in a security filing on the website of the Dhaka Stock Exchange (DSE).

"Our second hotel in Chattogram is under construction, and we need the extra land for its beautification," said Mohammed Nurul Azim, company secretary of Peninsula.

The hotel authorities raised Tk 116 crore from the stock market to construct the new five-star hotel.

The company's profits rose to Tk 4.98 crore in the first half of 2020-21, up from Tk 3.56 crore in the same

GOLDEN HARVEST

The Peninsula Chittagong

Peninsula Chittagong accepts land lease agreement while Golden Harvest to invest in the fast-rising e-commerce industry

period the previous year.

Despite the coronavirus pandemic, the profits went up riding on the increased demand for food from the port city's middle-class.

Its overhead costs declined, while its directors stopped receiving remuneration from July last year in view of the current crisis.

Stocks of Golden Harvest were up 1.80 per cent to Tk 17 after the board decided to invest in the fast-rising e-commerce industry as it looks to expand into the food, grocery and medicine delivery markets as well as hotel bookings and ticketing.

Golden Harvest will own 45 per cent of an e-commerce venture, equivalent to around Tk 5 crore.

The DSEX, the benchmark index of the DSE, dropped 12.99 points, or 0.23 per cent, to close at 5,591 yesterday.

Turnover, an important indicator of the stock market, rose 44 per cent to Tk 1,043 crore.

On the DSE, 80 stocks rose, 157 fell, and 121 remained unchanged.

Online travel market to witness huge growth: experts

STAR BUSINESS REPORT

Keeping pace with technological developments and global trends, Bangladesh's travel market is expected to experience an exponential growth specifically in online management of customer needs, speakers said yesterday.

However, this upcoming development needs policy support and strict government monitoring for its proper and healthy growth, they told a seminar on "Travel and technology: emergence of online travel agencies in Bangladesh".

The Bangladesh Monitor, a fortnightly travel journal, with support from City Bank, Eastern Bank and travel tech distribution and reservation systems Sabre Corporation, Galileo

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Govt pushes for green growth

Will form two new sub-committees on recycling and green growth

STAR BUSINESS DESK

Two new sub-committees on recycling and green growth will be formed under the existing Sustainability and Green Growth Working Committee (SGGWC) in order to hold regular discussions on critical issues related to sustainable development in the private sector.

Environment, Forest and Climate Change Secretary Ziaul Hasan shared the information yesterday at the third meeting of the SGGWC held virtually to discuss different tools and policies for Extended Producer Responsibility (EPR) in the plastic industry.

EPR is a policy option that makes producers responsible for a share of the post-consumer waste management.

The responsibility can be physical or financial. For example, the producer can pay for or engage in the collection and management of the waste generated during production.

The ministry will work closely with Business Initiative Leading Development (BUILD) as well as other relevant stakeholders to ensure an effective EPR

policy for the plastic industry, Hasan said.

"We are seriously concerned about pollution control and in that respect, we issued a statutory regulatory order in 2018 on EPRs but it could not play a proper role," he added. In addition to waste recycling and management, companies also need to promote green growth by adopting a wider range of environment-friendly models and solutions, BUILD Chairperson Abul Kasem Khan said.

This includes using jute-based pulp, bamboo-based fibres, bio-fuel from waste and so on, he said.

While pointing out that neighbouring countries are coming up with innovative and sustainable business solutions, Khan underscored the importance for close and regular cooperation among public and private entities through the SGGWC and its two proposed sub-committees.

BUILD CEO Ferdaus Ara Begum said Bangladesh Bank revised the provisions of the Green Transformation Fund to make it more accessible for all manufacturer-exporters for importing environment-friendly machinery.

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