



Jamuna Bank gets new DMD

STAR BUSINESS DESK
Jamuna Bank has recently witnessed the appointment of a deputy managing director. The appointee, Fazle Quayum, was previously serving as senior executive vice president and head of credit risk management, according to a statement. He started his banking career as probationary officer with AB Bank in 1982 and also worked at IPDC Finance. Quayum obtained his MBA from the Institute of Business Administration under the University of Dhaka in 1980, and subsequently from State University of New York, Binghamton in 1982, majoring in Finance.

IDLC approves 20pc dividend for 2020

STAR BUSINESS REPORT
IDLC Finance yesterday approved 15 per cent cash and 5 per cent stock dividends for 2020 at its 36th annual general meeting held virtually in compliance with directives of the Bangladesh Securities and Exchange Commission. In line with Bangladesh Bank directives, the IDLC board placed a revised proposal for dividends, which shareholders approved. It had earlier recommended providing 35 per cent cash dividend. Despite the pandemic, the IDLC has continued to display a resilient performance attaining a net profit of Tk 254 crore. IDLC Group's total assets increased by 8 per cent, reaching Tk 12,687 crore at the end of 2020, which led to a strong return on asset of 2.08 per cent. Aziz Al Mahmood, chairman of IDLC Finance, and directors Atiqur Rahman, Nurullah Chaudhury, Mahia Juned, Mohammad Mahbubur Rahman, Md Kamrul Hassan and Syed Shahriyar Ahsan and independent directors Niaz Habib and Matuil Islam Nowshad were present.

Seven startups get Tk 15cr capital

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"Among all frontier markets, Bangladesh holds the most promising opportunity for venture capital and private equity investments," said Tina F Jabeen, managing director and CEO of Startup Bangladesh. "The country is English speaking. Its tech-savvy young population is ready for deployment. With its focus on financial inclusion, social equity, and equal access to technology, Bangladesh is positioned to become a stellar performer in achieving sustainable development goals by leveraging technologies and innovative solutions." NM Zeaul Alam, senior secretary of the ICT Division and chairman of the board of directors of Startup Bangladesh, was also present.



BD Finance Vice Chairman Iqbal U Ahmed presides over its 22nd annual general meeting through a digital platform yesterday. BD Finance approved 6 per cent stock and 6 per cent cash dividends for the year ending on December 31, 2020. CEO Md Kyser Hamid was present.

Another 3 months to disburse farm stimulus

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creating difficulties for them to give out the loans in a smooth manner. "Since some private banks have poor relations with farmers, many of them are reluctant to give out loans to the farm sector," he said, adding that these are the main factors that contribute to the slow disbursement trend. The repayment tenure for loans from the stimulus package is 18 months, including a grace period of six months at both the bank's and client's end. Banks will borrow from the refinancing scheme at 1 per cent interest and lend at 4 per cent. Farmers engaged in six agricultural sub-sectors are entitled to enjoy the low-cost fund. These are: fruits and flowers, fisheries, poultry, dairy, livestock and the businesses selling agriculture commodities. The central bank had earlier said a lender was allowed to disburse a maximum of 30 per cent of the loans for a sub-sector against the fund allocated for them under the package. But the latest notice permitted banks to increase the disbursement ceiling, allowing them to give out 40 per cent against their allocation.

Virus-hit UK economy stages stronger recovery

AFP, London
Britain's economy staged a stronger-than-expected bounceback in the second half of 2020, official data showed Wednesday, indicating a nascent recovery from the damaging coronavirus crisis. Gross domestic product expanded by 16.9 per cent in the third quarter as the economy temporarily reopened from lockdown, the Office for National Statistics (ONS) said in a statement. That marked an upgrade from the prior estimate of 16.1-per cent growth. And the economy grew 1.3 per cent in the fourth quarter despite renewed Covid restrictions, up on the earlier figure of 1.0 per cent. "At one time there had been strong belief that the fourth quarter would see a renewed economic contraction," noted EY economist Howard Archer.

Fareast Finance board dissolved

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(BD), Alhaj Textile, and Emerald Oil -- for non-performance over the years. On March 29, the BSEC issued a letter to Fareast Finance stating that its board was dissolved and that new independent directors had been appointed. The company was placed in Z-category on April 19 2018, and its shares have been trading under the junk category ever since. However, the board of directors did not take action to rectify the situation and failed to improve the company's performance, the BSEC letter said. "Besides, the board has failed to declare dividends since 2017," it added. The NBF's auditor said that the company's going concern is at risk due to huge losses. Fareast Finance sustained losses of Tk 152 crore as of December 31, 2019, which includes net loss after tax of Tk 71 crore for that year. Its net asset value per share fell from Tk 7.22 to Tk 2.85 from the year 2018 to 2019. Fareast Finance's net liability exceeds its assets within one year by Tk 153 crore. Against this backdrop, the auditor indicates that the company's going concern

is at risk, the BSEC letter said. Besides, it appears that Fareast Finance is not growing appropriately and its shareholders have not been given any dividends for an extended period, which is detrimental to the interest of its investors and undesirable to the commission. Under these circumstances, the commission has nominated six independent directors and three sponsor shareholders for the new board of directors. Md Ashraf Moqbul, former chairman of Sonali Bank, is proposed to be the chairman of Fareast Finance while the other independent directors who were nominated are: Ihsanul Aziz, Sheikh Nazmul Hoque Saikot, Md Sajib Hossain, Md Mosharraf Hossain and AKM Shahiduzzaman. The sponsors include Md Shamsul Islam Varosha, Khadiza Waheeda Jahan and Rimsha BD, who would be board members. The independent directors will submit a report to the BSEC regarding the company's compliance and progress for the previous month within the 10th day of each month as per the Gregorian calendar. Stocks of Fareast Finance closed 2.56 per cent lower at Tk 3.80 yesterday.

Implement health guidelines

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The factory management must also ensure the use of masks among workers at all times. Other than that, the management should raise awareness among workers about the risks of Covid-19, it added. The second wave of coronavirus infections has started to affect the garment industry at a time when the country's main export earner was just recovering from losses incurred during the initial outbreak. During the first wave of Covid-19 last year, many factories were shut down amid a lack of work orders. As a result, numerous workers lost their jobs while production was seriously affected once again when these workers took to the streets demanding reinstatement or arrears. At the time, garment factory owners faced either order cancellations or suspensions that amounted to \$3.18 billion.

However, about 90 per cent of these work orders have been reinstated so far through intense negotiation and the offer of various discounts. During the initial outbreak, the Covid-19 infection rate in the garment sector was just 0.03 per cent, the BGMEA said.

Rokia elected chairman of Midas Financing

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Involved in the media, insurance and agro-business, the noted entrepreneur is also the vice-president of the International Chamber of Commerce, Bangladesh. She is deeply committed to social development, especially on improving the economic status of women, Midas Financing said in a statement.

Stocks hit four-month low

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Many investors are trying to sell shares thinking the stocks may fall further if the pandemic situation worsens further. "The index is falling now. The index would jump again if the number of infections drops, as many have the appetite to buy shares," the merchant banker said. Turnover, an important indicator of the market, dropped 11.3 per cent to Tk 560 crore. At the DSE, only 11 stocks rose while 257 dropped and 79 remained unchanged. Desh General Insurance topped the gainers' list at its debut when its share price rose by 50 per cent. As it was its first trading day, the share was allowed to see a price rise of up to 50 per cent instead of the traditional circuit breaker of 10 per cent in a day.

Followed by Desh General Insurance, CAPM IBBL Islamic Mutual Fund, Dacca Dyeing, Meghna Pet Industries and Vanguard AML Rupali Bank Fund also made it to the gainers' list. Beximco Limited topped the turnover list with shares worth Tk 89 crore changing hands followed by Beximco Pharmaceuticals, Robi Axiata, LankaBangla Finance and Square Pharmaceuticals. Jute Spinners shed the most, losing 9.08 per cent followed by Shyampur Sugar, Premier Leasing, Aramit Cement and Taufika Foods and Agro Industries. The port city bourse also dropped. CASPI, the general index of the Chittagong Stock Exchange, fell 301 points, or 1.93 per cent, to 15,264. Among 229 traded stocks, 15 rose, 169 fell and 45 remained unchanged.

WB now sees 5.6pc GDP growth

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Government decisions to transition from widespread lockdowns to more targeted interventions, accommodating monetary policies and fiscal stimulus -- through targeted cash transfers and employment compensation programmes -- have also propped up recovery, the report noted. "We are encouraged to see clear signs of an economic rebound in South Asia, but the pandemic is not yet under control, and the recovery remains fragile, calling for vigilance," said Hartwig Schafer, World Bank South Asia vice president, in a press release. "Going forward, South Asian countries need to ramp up their vaccination programmes and invest their scarce resources wisely to set a foundation for a more inclusive and resilient future." While laying bare the region's deep-seated inequalities and vulnerabilities, the pandemic provides an opportunity to chart a path toward a more equitable and robust recovery, the WB said. To that end, the report recommended that governments develop universal social insurance to protect informal workers, increase regional cooperation and lift customs restrictions on key staples to prevent sudden spikes in food prices. South Asia, which grapples with high stunting rates among children and accounts for more than half of the world's student dropouts due to Covid-19, needs to ramp up investments in human capital to help new generations grow up healthy and become productive workers. Noting that the region's public spending on healthcare is the lowest in the world, the report also suggests that countries further invest in preventive care, finance health research, and scale up their health infrastructure, including for mass and quick production of vaccines. In a virtual press conference on Tuesday evening, WB South Asia Chief Economist Hans Timmer said vaccinations had started. But obviously, it was far from complete, and the dangers were still there. There is a concern about the lack of investment. Bangladesh also lacks international investments into the economy, he said. "We have also seen in Bangladesh a rebound of activity in the last two quarters, and that was positive news. But that doesn't mean it will be sustained easily," said Timmer. "At the same time, we should not forget that there are also strong forces for recovery," he said. "We think in the long run the growth potential

of Bangladesh is between 5 and 7 per cent, so ultimately the economy will return to that. But before that, you have to also undo the damage that was done. So, there is a tough road ahead," he said. World Bank's new GDP growth prediction for Bangladesh is still far lower than the government's estimate of 7.4 per cent for the current fiscal year. The lender is now estimating growth of 2.4 per cent for the last fiscal year, while the government's provisional estimate showed the GDP had grown by 5.24 per cent. In reply to a query about such a difference, Timmer said it was indeed an indication that uncertainty was very high at the moment. "I think it is not illogical that you see those differences because uncertainty is really high, and it depends on the kind of assumptions that you are making," he said. "On last year's estimate of growth, my understanding is that from Bangladeshi side, it is still an estimate; it is not a final number," he said. In this regard, Finance Minister AHM Mustafa Kamal yesterday said, "They (World Bank and other organisations) project something. But they accept the GDP data that we make finally." "They only check whether our methodology was correct or not. And it has been happening for the last 10 or 12 years," he told a virtual briefing following a meeting of the cabinet committee on purchase. Claiming that the Covid situation is still under control and would be in control, the minister hoped that it would not affect the economy much. He, however, said, "As we are engaged with the global economy, if our buyers are hit economically, it may also harm our economy because the government has no control over the global situation." All the countries are carrying out vaccinations, and with its completion, the impact of Covid-19 will come down, he hoped. **WB REPORT ON BANGLADESH** Following a sharp GDP growth deceleration in FY20 due to the pandemic, the economy started recovering in the first half of FY21, as movement restrictions were lifted and international buyers reinstated export orders. Going forward, a gradual recovery is expected to continue, particularly if the government's Covid-19 recovery programmes are implemented swiftly. With growth firming up, poverty is projected to decline marginally in FY21.

The pandemic impacted the economy profoundly. A national shutdown from March to May last year resulted in severe supply-side disruptions in all sectors of the economy. The government's Covid-19 stimulus provided firms with access to working capital and low-cost loans to sustain operations and maintain employee wages in FY20 and FY21. From June onward, movement restrictions have been progressively lifted, and transit and workplace movement patterns returned to pre-pandemic levels by October. According to the report, the downside risks are likely to persist if new waves of Covid-19 re-emerge in Bangladesh or its trading partner countries. "This could necessitate additional movement restrictions, dampen demand for readymade garment, and/or limit the outflow of migrant workers." Bangladesh's expected graduation from the UN's least-developed country status in coming years will present opportunities but also challenges, including the eventual loss of preferential access to advanced economy markets, the report said. Estimated poverty rose sharply in the fiscal year 2019-20 amidst substantial job and income losses. However, household surveys point to a gradual recovery in employment and earnings and a decline in poverty in the first half of the fiscal year 2020-21. Food security improved across the country, with the most significant increase in Chattogram. The report stated that risks to the outlook might persist. It identified fiscal risks, including weak domestic revenue growth (if tax reforms are delayed) and higher expenditure for Covid-19 vaccination (if external financing is limited) and for supporting the Rohingya refugees (if donor fatigue sets in). In the financial sector, contingent liabilities from non-performing loans combined with weak capital buffers could necessitate recapitalisation (resulting in higher domestic government debt) and depress credit growth. External risks could also be elevated. While external demand for RMG appears to be stabilising, the recovery is fragile and could be vulnerable to new waves of Covid-29 infections. Demand for Bangladesh's overseas workforce in the Gulf region may also be impacted by the ongoing recession in that region, impairing future remittance inflows.

Mastercard launches 'The Grand Escape'

STAR BUSINESS DESK
Global payment technology company Mastercard has launched "The Grand Escape" campaign marking Pohela Boishakh and Ramadan. The "Top Prize" is an exclusive travel voucher to any local or international destination of the winner's choice. The campaign will continue till May 15, the company said in a statement yesterday. Starting April 1, two points will be earned for every retail transaction of Tk 1,000 or \$25 and above made using Mastercard debit, credit and prepaid cards. At least four transactions need to be made, according to the statement released by Mastercard. Participants with the maximum points will be declared winners and will receive a range of prizes such as ecommerce vouchers, wrist watches, dinner coupons and gift vouchers, Mastercard also said in the statement. "Mastercard is aiming to uplift the shopping experience of the people of Bangladesh as they plan food for family gatherings, buy new clothes for social occasions, buy luxury goods and book travel," said Syed Mohammad Kamal, country manager at Mastercard.

Govt to buy another 50,000 tonnes of rice

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GOVERNMENT PURCHASES FROM THE DOMESTIC MARKET
The government failed to attain its goal of building adequate public food stock last year owing to the reluctance of farmers and millers to sell as prices of the cereal were increasing amid worries of low-yield for repeated floods and uncertainty surrounding Covid-19 pandemic. The Directorate of Food concluded its domestic procurement target for Aman on March 15 this year. It could buy only 6 per

cent of its 2 lakh tonnes of paddy purchase target from immediate Aman season. Of milled-rice buying target of 6 lakh tonnes during Aman harvest, Directorate of Food could attain 13 per cent of its goal. The procurement drive from Boro closed in mid-September 2020 and the food office bought less than one-third of its 8 lakh tonnes of Boro paddy buying goal. In case of the target of buying 11.5 lakh tonnes of milled-rice during the previous Boro season, it achieved 66 per cent of the goal, data by Food ministry shows.

BB relieves Padma Bank of Tk 89cr fine

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But the central bank is not allowed to waive such penalties, as there is no clear provision to this end in the Banking Companies Act 1991. Against this backdrop, the central bank had raised the issue at its board meeting on December 7 where it was decided to forward the issue to the finance ministry, said a central bank official. The central bank has taken the decision of waiving the penalty after getting the green signal from the ministry. "Such type of waiver is rare. The last time the central bank granted it was for Oriental Bank, which later restructured its corporate profile and was renamed ICB Islamic Bank in 2008," he said. Padma Bank Managing Director Md Ehsan Khasru said they applied to the central bank

requesting to waive the penalty, which had been imposed before 2018. The waiver will help improve the financial health of the lender, he said. "This will give a boost to our profitability as well," he said. Initially starting its journey as Farmers Bank, the lender later renamed itself as Padma Bank in a bid to sweep gross irregularities and loan scams under the carpet and get an image makeover. The bank, which was established in 2013, became a hotbed for financial irregularities in less than three years of operations. More than Tk 3,500 crore was siphoned out from the bank, according to the central bank's probe reports. As of December 2020, default loans at the beleaguered bank stood at Tk 3,455 crore, or 61.6 per cent of its total outstanding loans.

Muhiuddin Khan Alamgir and Md Mahabul Haque Chisty, the then board chairman and chairman of the audit committee respectively, were forced to resign in November 2017 due to their alleged involvement in the financial corruption. Allegations of corruption against them became deafening and depositors, which included government agencies, started pulling out their money. This prompted the central bank and the government to step in and rescue the bank. Four state-owned commercial banks -- Sonali, Janata, Agrani and Rupali -- and the Investment Corporation of Bangladesh bailed out the bank buying equity shares worth Tk 715 crore. Managing directors of the five financial institutions were appointed directors of the bank.