

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.45%	▲ 0.16%	\$1,740.84	\$63.55	▼ 3.44%	▼ 0.77%	▼ 0.33%	▼ 1.09%	BUY TK 83.95	98.78	114.02	12.57
5,188.27	9,054.83	(per ounce)	(per barrel)	47,883.38	29,538.73	3,173.93	3,412.95	SELL TK 84.95	102.58	117.82	13.22



# Star BUSINESS

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## Pandemic intensifies financial stability risks

World Bank says in Bangladesh Development Update

STAR BUSINESS REPORT

The ongoing pandemic has exacerbated Bangladesh's financial stability risks because of high levels of non-performing loans, weak capital buffers, poor bank governance and risk management, the World Bank said in its latest report.

"Reduced profitability, weaker asset quality, and lower credit growth can have large second-round repercussions on the real economy," the report predicts.

The Washington-based lender published the report titled "Bangladesh Development Update - Moving Forward: Connectivity and Logistics to Strengthen Competitiveness" yesterday.

The fragile outlook for the global economic recovery adds external risks if it impacts demand for RMG products and employment of Bangladesh's overseas workforce.

"Despite the uncertainty created by Covid-19, the outlook for Bangladesh's economy is positive. Much of the pace of recovery will depend on how fast mass vaccination can be achieved," said Mercy Miyang Tembon, country director of the World Bank, in a press release.

The report said the national shutdown implemented from March to May in 2020 to contain domestic transmission resulted in severe supply-side disruptions in all



### RISKS AHEAD

- High levels of non-performing loans
- Weak capital buffers
- Poor bank governance
- Weak risk management
- Reduced profitability
- Weaker asset quality
- Lower credit growth

sectors of the economy.

GDP growth decelerated sharply, down to an estimated 2.4 per cent in FY20. Industrial growth slowed, with a sharp decline in readymade garment manufacturing output.

The services sector growth also decelerated due to disruptions in transport, retail, hotels, and restaurants.

Early signs of recovery emerged in the first half of FY21 after movement restrictions were progressively lifted.

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## Baishakh sales take a hit for second year in a row



AMRAN HOSSAIN

Such passages in the capital's Dhanmondi Hawkers Market usually stay packed to the brim ahead of Pahela Baishakh. But for a second year in a row, customers have avoided the narrow spaces, lest they get infected with the raging virus. The shopkeepers say people are opting to get their shopping done from vendors in the open-air footpaths. The photo was taken yesterday.

SUKANTA HALDER

Pahela Baishakh, the first day of Bangla new year, has once again brought no cheer to clothing and sweets retailers as the coronavirus pandemic has kept a majority of customers at bay for the second year in a row.

Shops have been opened since April 9 after the government relaxed restrictions. Yet, a large number of buyers have stayed away from shopping as the rogue coronavirus is infecting and killing a record number of people.

Fashion brands and small traders said they did not register expected sales marking Pahela Baishakh, the biggest cultural festival in

Bangladesh and the second-largest sales season after Eid-ul-Fitr.

The rising infections have dampened the festive mood to celebrate the Bangla new year. Although shops and malls are open and many shoppers out, the overall business has not been good.

"What we saw was a usual turnout of shoppers and sales. The seasonality in sales that we were accustomed to seeing ahead of Baishakh in the past is absent this year," said Khalid Mahmood Khan, director of Kay Kraft, one of the leading local fashion brands.

The restriction on movement imposed by the government created worries among commoners that the situation would worsen in the days to

come. The announcement of a strict lockdown to contain the second wave of the pandemic was the final nail in the coffin for retailers.

"The possibility of business evaporated after the announcement," Khan said, adding that this year's overall sales would be half of Baishakh sales recorded in normal times.

Mohammad Ashraful Alam, chief operating officer of Aarong, a chain store, said sales had been fine even a couple of weeks ago.

"But the sales have lost its momentum since the news of the one-week lockdown broke. So, we did not have as many sales as we expected this year."

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## Local power solution providers up their game

Call for govt protection to grow further



COLLECTED

The demand for power generation, transmission and distribution equipment will increase in the next 20 years along with the economic development of the country, experts think.

JAGARAN CHAKMA

The market for the equipment used in power generation, distribution and transmission is growing very fast in Bangladesh in keeping with expanding electricity production and consumption.

Currently, installed power generation capacity stands at 24,594 megawatts (MW), way higher than 4,942MW in 2009, according to the power division.

The actual generation hit a record 13,064MW on Saturday from a paltry 3,268MW more than a decade ago.

There were 147 power stations in 2020, up from 27 in 2009. Ninety-nine per cent of the population has access to power, which was 47 per cent a decade ago.

The market size of the products

used in the power system is around Tk 20,000 crore, and the sector has been growing 20 per cent annually for the last eight years, said Rabiul Alam, chief executive officer of Energypac Engineering.

"The demand for power generation, transmission and distribution equipment will increase in the next 20 years along with the economic development of the country," he said.

Alam said just years ago, the industry could manufacture only 30 MVA (mega volt-ampere) transformers. Now, many firms can produce transformers with a capacity as high as 3,000 MVA.

At present, 31 small and medium-sized local companies manufacture the equipment used in the power system. Around Tk 3,000 crore has been invested in the sector in the last

30 years.

Major manufacturers include Energypac, TS Transformer, Pran RFL, Adex, and Reverie.

But at the moment, local manufacturers can only cater to 20 per cent of the local demand. The rest is met by foreign companies and through imports.

Energypac manufactures power transformers, oil type distribution transformers, dry-type transformers, instrument transformers, switchgear, control and protection panels, isolators and bypass switches.

Besides, the company produces distribution cabinets, LV switchgear and control products, rectifiers, battery chargers, and busbar trunking systems for low voltage power.

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### RESTRICTIONS ON MOVEMENT

## Banks to stay closed, ATMs open

Branches in port areas to operate

STAR BUSINESS REPORT

Bangladesh Bank yesterday said banks would have to keep all their branches closed from the morning of April 14 to midnight of April 21 when strict restrictions on movement would be in place as part of its efforts to contain the coronavirus pandemic.

However, the BB asked banks to keep open their branches, sub-branches and booths located in areas within land and sea ports and airports through discussions with the customs and port authorities.

In order to provide services at these outlets, banks can maintain the required number of authorised dealer branches, which provide foreign exchange related services, including those that facilitate export and import activities.

This means a limited number of authorised dealer branches can be kept open while the restrictions

*Bank branches will remain open between 10am and 3pm today and a fresh circular will be issued to this effect, a BB official said*

are in force, explained Md Serajul Islam, spokesperson and an executive director of the central bank. Moreover, people can withdraw money from automated teller machines (ATM) and conduct internet

banking during the period, according to a notice of the BB.

The banking watchdog instructed banks to keep adequate funds in the ATMs so that clients can withdraw funds to fulfil emergency needs while the restrictions are in place.

The ATM services will have to be provided round the clock by availing cooperation from the administration concerned, according to the notice.

The banking regulator said clients must be allowed to withdraw at least Tk 100,000 from the ATMs every day. Banks can also increase this amount as they see fit.

This ceiling will also be applicable for inter-bank ATM transactions.

This means a debit cardholder of one bank will be able to withdraw Tk 100,000 from ATMs owned by other banks on a single day.

The instruction will come into effect from tomorrow.

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## Commodity prices to remain stable in Ramadan

Agri marketing wing assures

STAR BUSINESS REPORT

The country has an adequate supply of essential commodities and so, there is no chance of an unusual price hike when the demand for these products balloon during Ramadan, according to the Department of Agricultural Marketing (DAM).

"Tough action will be taken through special drives if there is any attempt to artificially increase prices through unfair means," the DAM said in a press release issued yesterday.

To ensure that prices remain stable in the upcoming month of fasting for Muslims, the DAM, a wing of the agriculture ministry, recently prepared a report on the import, domestic production and demand for six essential commodities.

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### DEMAND AND IMPORT OF ESSENTIAL COMMODITIES DURING RAMADAN

