

NRBC Bank deposits cross Tk 100 billion

STAR BUSINESS DESK
NRBC Bank yesterday announced that deposits made by its customers had crossed Tk 100 billion. It stood at Tk 105.77 billion on June 30 whereas it was Tk 79.82 billion on the same day last year, says a press release. The deposits had stood at Tk 63.59 billion and Tk 50.79 billion in 2019 and 2018 respectively. "Despite the coronavirus pandemic, we have tried to give 24/7 service to our valued clients. That is why our deposit has increased to a great amount," said SM Parvez Tamal, chairman of the board of directors. Moreover its credit disbursement stood at Tk 86.05 billion in June 2021 whereas it was Tk 64.35 billion in the same period last year. Opening in April 2013, the bank has 83 branches, 430 sub-branches and 580 agent banking outlets.

Businesses seeking solution

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and Exporters Association (BGMEA), told The Daily Star that there is a huge quantity of export cargo stuck at the ICDs as they were not shipped on time due to an acute shortage of 40-foot containers. The attendees discussed a few solutions to the problem, such as increasing the number of feeder vessels on the routes from the Chattogram port to international transshipment points so that more import and export containers could be emptied on time. The BGMEA chief said that top leaders of various industry associations would widely discuss the issues during a meeting with the shipping secretary at his office today.

BB freezes bank account of Banco Securities

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Such accounts are meant to hold money that investors provide to a brokerage house to do trade on their behalf. Whatever transactions made are supposed to add up in the balance. Earlier in the day, the premier bourse suspended Banco's trading activities based on the investigation.



Fatima Yasmin, chairman of Infrastructure Development Company and secretary to the Economic Relations Division, virtually presided over its 24th annual general meeting recently. The company declared Tk 23 crore as cash and Tk 23 crore worth share dividends for 2020. Ahmad Kaikus, a shareholder and principal secretary to the prime minister, Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue, Abdur Rouf Talukder, senior secretary to Finance Division, M Tofazzel Hossain Miah, secretary to the Prime Minister's Office, Md Habibur Rahman, secretary to Power Division, Tapan Kanti Ghosh, secretary to the Ministry of Commerce, Abdul Baki, additional secretary to Economic Relations Division, and Nihad Kabir, director and a shareholder of Infrastructure Development Company, attended the meeting.

Saudi Arabia to invest over \$133b in transport sector, minister says

REUTERS, Dubai
Saudi Arabia will invest over 500 billion riyals (\$133.34 billion) in airports, sea ports, rail and other infrastructure by the end of the decade in a bid to make the kingdom a global transportation and logistics hub, its transport minister said on Monday. Crown Prince Mohammed bin Salman, who is pushing economic diversification to wean Saudi Arabia off oil revenues and create jobs, announced a transport and logistics drive, of which few details have been released publicly, last Tuesday. Minister of Transport and Logistic Services Saleh bin Nasser al-Jasser said at an event in Saudi Arabia that the strategy included many mega projects, with over 500 billion riyals earmarked for investment.

The strategy is the latest economic policy to put Riyadh in competition with the United Arab Emirates, the region's business, trade and tourism hub. Saudi Arabia plans to increase the number of international aviation routes from 99 to over 250 and more than triple total annual passenger traffic from 103 million in 2019 to 330 million by 2030, Abdulaziz Al-Duailji, the head of the aviation authority, said at the same event. The kingdom's international network is currently significantly smaller than that of neighbouring smaller states the UAE or Qatar, which are both large air transit hubs. Al-Duailji said annual capacity at Riyadh's King Khalid International Airport and Jeddah's King Abdulaziz International Airport would each expand to 100 million passengers, without saying by when.

Regulators join forces to fight fake audit reports

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Thanks to the BB directive, banks can now start verifying the financial statements of loan-seeking companies by using the DVS. "As banks are required to assess the financial strength of an applicant, the DVS will be instrumental in finding out whether the statements are truly audited, and the information provided is correct," said a senior official of the central bank. "We have asked banks to improve credit discipline and reduce default loans." Banks will have to sign an understanding agreement with the ICAB to use the DVS and examine fabricated financial statements where profits and assets are shown inflated to avail loans by unruly firms, said bankers and chartered accountants. The DVS was rolled out after the NBR found that the number of financial statements filed at the tax offices was outnumbered by the number of companies incorporated with the Registrar of Joint Stock Companies and Firms. Last year, about 35,000 statements were submitted to the NBR, whereas the number

of registered firms was 180,000. Abul Kashem Md Shirin, managing director and CEO of Dutch-Bangla Bank Ltd, called the central bank move a milestone. "This will allow us to verify financial statements that we have not been able to examine so far. Now, we will be able to assess the actual financial health of clients and provide the required amount of loans." "This will give a boost to good governance and bring significant improvement to the financial eco-structure of the country," said ICAB President Mahmudul Hasan Khusru. ICAB Council Member Muhammed Forkan Uddin, who was involved in developing the DVS, said the institute had been waiting for the BB to join it to eradicate the use of fake audited financial statements. "ICAB members sign a large number of financial statements that are submitted along with the loan applications. Thanks to the DVS, the creation of several sets of financial statements will be eliminated, and the image of the auditors will brighten."

Didi shares slump 25pc on China crackdown

REUTERS, Hong Kong/London
Didi Global Inc shares slumped as much as 25 per cent in US pre-market trade on Tuesday, ahead of its first session since Chinese regulators ordered the company's app be taken down days after its \$4.4 billion listing on the New York Stock Exchange. The ride-hailing giant's app was ordered to be removed from mobile app stores in China on Sunday by the Cyberspace Administration of China (CAC) which followed an official investigation into the company's handling of customer data. The US market was closed on Monday for the July 4 holiday. In pre-market trade on Tuesday, Didi shares fell as much as 25 per cent to \$11.59, well below its debut price

of \$16.65 on June 30. At that pre-market level, Didi is set to shed nearly \$19 billion in market capitalisation. By 0948 GMT, the stock was down 22 per cent. "In terms of fundamental impact that (share price fall) is a bit harsh, in our view," said Sumeet Singh, Aequitas Research director who publishes on Smartkarma, told Reuters. "But with some news sources saying that Didi knew months in advance that a crackdown was coming, some people will start to have their doubts on governance of the company as well." The Wall Street Journal reported on Tuesday, citing sources, that the company was warned by regulators to delay the initial public offering (IPO) and examine its network security.

"And if the crackdown was indeed planned months in advance that would imply that it's not going away soon, which might explain the large share price correction," Singh added. Didi said on Monday the app's ban would have an adverse impact on its revenue in China despite it remaining available for existing users. It also told Reuters it had no knowledge of the investigation prior to the IPO. "Didi's app ban will hurt its user growth and at the same time, the existing users of Didi's app will also have a certain level of reservation over using the company's app due to fear of compromising their personal data," Shifara Samsudeen, LightStream Research analyst who also writes on Smartkarma, said.



The logo for Chinese ride-hailing company Didi Global Inc is pictured during the IPO on the New York Stock Exchange floor in New York City, US on June 30.

Export target \$51b this fiscal year

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Three important state offices -- bond, customs and ports -- need to deliver services faster to retain Bangladesh's competitiveness in the global export markets, said Md Siddiqur Rahman, a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Business is affected when these offices make abnormal delays in releasing goods and documents, he said. The South Asian Free Trade Area could be looked at again for easy availability of industrial raw materials at competitive prices to reduce dependency on single sources, said Md Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association

of Bangladesh. Increasing work orders from international retailers and brands will definitely help knitwear exports to grow, said Mohammad Hatem, first vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association. Merchandise export was supposed to reach \$60 billion in 2021, with garments accounting for some \$50 billion, but faced a setback for Covid-19's fallout on the global supply chain, said Commerce Secretary Tapan Kanti Ghosh. AHM Ahsan, vice-chairman of the Export Promotion Bureau, thanked local exporters, manufacturers and workers for continuing to work defying the severity of the pandemic.

Pharma export thrives on Covid medicines

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During the pandemic, Bangladeshi companies that manufacture the drugs have supplied the medicines for the treatment of patients at home and abroad. The bold decision of the government to approve them was a boon for the pharmaceuticals industry, said senior officials of a number of companies. "Bangladeshi companies were able to enter highly regulated markets within three months whereas it would have taken at least two years during normal period," Alam said. The health ministries of a number of Middle Eastern, African and Latin American countries imported the generic versions of Remdesivir and Favipiravir from Bangladesh. The country also benefited from an Indian ban on the export of Remdesivir and its active pharmaceutical ingredients in April after a record

spike in Covid-19 cases sent demand surging. Mohammad Mujahidul Islam, director for marketing and sales at Eskayef Pharmaceuticals, said the pharmaceuticals industry had made an all-out effort to ensure a smooth supply of all medicines, including a few key medicines, to fight the deadly virus in Bangladesh. Despite the unprecedented challenges, the industry has also managed to continue to exports, Islam said. "I think it has been reflected in the country's pharmaceutical export performance in the FY20-21. From Eskayef, we have supported thousands of Covid-19 patients in 43 countries with our Remdesivir injection Remivir." All of these efforts have brightened the image of Bangladesh and shown the capabilities of the local pharmaceuticals industry, he noted. Md Ziauddin, deputy general manager for marketing at Acme Laboratories, said local

firms worked hard to keep production up and running, taking all protective measures. "This helped the sector increase the export." Initially, manufacturers had faced challenges in supply chain management due to the pandemic. Later, they were able to ensure the smooth production and export of medicines, thanks to the government's support, he said. Local players dominate the country's pharmaceutical industry. Square Pharmaceuticals holds the biggest market share at 18.8 per cent, followed by Incepta at 10.2 per cent, Beximco 8.5 per cent, Opsonin 5.6 per cent, Renata 5.1 per cent, and Eskayef 4.5 per cent, according to the Bangladesh Association of Pharmaceuticals Industries. Local manufacturers export medicines to 144 countries and cater to 97 per cent of the domestic demand.

New company registration surges despite pandemic

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"Entrepreneurs are increasingly forming new businesses and making the investment as they hope that things will return to normalcy in the coming months," said Md Harun Or Rashid, deputy registrar of the Chittagong Office. Md Rakibul Islam, assistant registrar of the Rajshahi office, said agro-based industries and trading firms in the division usually took registration from the office. "The rise in registration is a positive sign. This is particularly important when the pandemic has created uncertainty in

the economy," said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue. "The new firms will play a key role in creating new jobs and entrepreneurs." The industrial economist said new firm registration posted higher growth in the FY20, and the trend continued in the just-concluded fiscal year. Registration of new companies rose 24.32 per cent in 2018-19. The RJSC earned Tk 217 crore in the last fiscal year in the form of non-tax revenues, stamp duties and value-added tax, up 19.23 per cent from a year ago.

Import rebounds as economy strives for recovery

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The value of the product declined significantly during the first wave but the price started to increase when the major economies started to reopen by easing restrictions on movement. Rahman said the import of capital machinery was subdued in the 11 months as businesses had not regained the confidence to expand their enterprises. Import payments for capital machinery stood at \$3.24 billion, down 3.28 per cent year-on-year. This has had a negative impact on private sector credit growth, which stood at 8.29 per cent in April, down from 8.82 per cent one year ago. He said imports might decrease in the coming days as the economy was now facing different

roadblocks due to the ongoing restrictions on movement aimed at containing the virus. Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said the economy had started to bounce back strongly since the second half of last fiscal year. But the latest spread of the virus diminished hopes of the masses on the recovery trend. The government may extend the restriction until the pandemic is controlled, Syed Mahbub said. Excess foreign currency owned by banks also started to decrease in the first four to five months of this year, meaning that both exports and imports were on the right track. Against this backdrop, the central bank's intervention on the foreign exchange market started to lessen, he said.

But the central bank may intervene in the market once again amid a robust growth of remittance inflow in recent months, flooding banks with foreign currencies. The recovery of the economy now completely depends on containing the virus, Mahbub said. If exports face any problem, this will have a negative impact on imports, he added. Import of edible oil also increased 19 per cent year-on-year to \$1.77 billion while that of chemical products grew 18 per cent to \$2.66 billion. Md Arfan Ali, managing director of Bank Asia, said the value of edible oil and chemicals had increased in the global market, putting an impact on the country's import prices.