



Nafees Khundker new Bank Asia director

STAR BUSINESS DESK
Nafees Khundker has recently been appointed director of Bank Asia Ltd. He is also one of the sponsors of the bank, a press release said. His last assignment was as managing director, head of transaction banking, ASEAN, Commercial Banking. He worked for Standard Chartered Bank and Deutsche Bank in Bangladesh, the United Arab Emirates and Singapore for more than 20 years. His expertise is in corporate and financial institutions client coverage, transaction banking and strategic partnerships. Khundker is currently engaged in setting up a venture capital fund for investments into South and South East Asia. He has investments and board oversight in various businesses in retail, distribution, finance, media, information technology and logistics. He also has a special interest in sustainability initiatives and works with small non-profit organisations.

Singapore-based company to supply 50,000 tonnes of wheat

STAR BUSINESS REPORT
Singapore-based Agrocorp Pte International yesterday got the contract to supply 50,000 tonnes of wheat to the Directorate General (DG) of Food, according to a decision of the cabinet committee on purchase. Agrocorp will supply the grains at \$21.7 million, or nearly Tk 180 crore, to the state food office. The Singapore-based firm will supply each tonne of wheat at \$421. It was the only tenderer against the food directorate's call. This is the first purchase of wheat through international tender by the government for the current fiscal year, said Md Raihanul Kabir, director (current charge) of DG of Food. In addition, the food directorate also floated tenders to buy another 50,000 tonnes of wheat. The government plans to buy 5 lakh tonnes of wheat internationally during the current fiscal year, according to the finance ministry. Of the amount, the government will buy 2 lakh tonnes from Russia through a state-to-state contract. An agreement has already been signed between the two countries and Russia has already shipped the first consignment against the contract, he said. In fiscal 2020-21, the DG of Food bought 4.78 lakh tonnes of wheat from abroad, data from the food ministry showed.

Mastercard, Brac Bank launch 'Mastercard Tara World'

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Mastercard and Brac Bank yesterday launched a "Mastercard Tara World" credit card in Bangladesh. Designed exclusively for women, the card offers benefits such as cashback, welcome vouchers, 50 per cent waiver on the annual fee for the first year, and bonus reward points on transactions, said a press release. The cardholders can avail discounts at beauty salons, jewellery shops, e-commerce portals, groceries and clothing shops. The offers includes complimentary access to Balaka Lounge, seven complimentary visits including companion at Priority Pass Lounges, and up to two free supplementary cards. "...women...are constantly paying their way in their personal and professional

careers in Bangladesh," said Selim RF Hussain, managing director and CEO of Brac Bank. "As a member of the Financial Alliance for Women, Brac Bank promotes independence, self-reliance, and most importantly, the confidence a woman needs to step up and meet the next challenge," he said. "Mastercard is committed to reshaping the way our world is designed, coded, and constructed. With its programmes and partnerships, Mastercard supports initiatives to unlock powerful ideas that open the world's possibilities to women," said Syed Mohammad Kamal, country manager of Mastercard. "By catering to women's needs at all stages of their lives Mastercard aims to become the preferred card in the market for its customers," he said.

Find out reasons behind rise of junk stocks

Stock regulator asks DSE
STAR BUSINESS REPORT
The Bangladesh Securities and Exchange Commission (BSEC) yesterday asked the Dhaka bourse to submit a report about the reasons behind the skyrocketing prices of low-performing companies and junk stocks. The Dhaka Stock Exchange will have to submit the report within the next 15 working days. "We want to know how junk stocks and high price earnings (PE) ratio related companies soared or whether the brokers gave margin loans to the investors," said Mohammad Rezaul Karim, spokesperson of the BSEC. There is a directive that brokers and merchant bankers are not allowed to give margin loans to Z-category companies or those that bear PE ratios of over 40. "It needs to be found out whether there is any instance of breach of rules and regulations behind the scene," he added.

South African state insurer in talks over larger bailout

REUTERS, Cape Town
South Africa's state-owned insurance company Sasria is in talks with National Treasury for a larger bailout than the 3.9 billion rand (\$272 million) already promised, its managing director told a parliamentary committee on Wednesday. Sasria, the only insurer covering political violence in Africa's most advanced economy, has suffered a sudden deterioration in its financial position after some of the worst violence in the post-apartheid era erupted in July soon after the arrest of former president Jacob Zuma. More than 300 people died and around 3,000 shops were looted in the immediate aftermath of Zuma's arrest, with anger over entrenched poverty and inequality fuelling the violence. The economic impact in the two worst-hit provinces of KwaZulu-Natal and Gauteng is estimated at tens of billions of rands. "The 3.9 billion rand that we are talking about will not be enough on claims between 20 and 25 billion rand," said Cedric Masondo, managing director of Sasria.

Lebanon working to secure World Bank financing for power plan



Lebanon's Energy Minister Raymond Ghajar, Jordan's Minister of Energy and Mineral Resources Hala Zawati, Syria's Minister of Oil and Mineral Resources Bassam Tohme and Egypt's Minister of Petroleum and Mineral Resources Tarek El Molla meet in Amman, Jordan on September 8.

REUTERS, Amman
The Lebanese government said on Wednesday it was working with the World Bank to secure financing for a plan to import Egyptian gas via Jordan and Syria to generate power for Lebanon, which is struggling with an economic crisis and acute power shortages. Lebanese caretaker Energy Minister Raymond Ghajar was speaking at a news conference after meeting his Jordanian, Syrian and Egyptian counterparts in Amman to discuss the plan to reduce power outages in Lebanon. Daily life has been paralyzed in Lebanon by the power crisis that is part of the country's wider economic meltdown. The state-owned power company is generating only minimal amounts of power, leaving businesses and households almost entirely dependent on small, privately-owned generators. Industry experts put Lebanon's peak power demand at 3,500 MW. The country has installed capacity, including power barges it rents, to generate about 2,200 MW - but the output is well below these levels. Egypt's petroleum minister Tarek El Molla said he hoped Egyptian gas would be exported as soon as possible.

Bank deposits rise despite low returns

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The excess liquidity has started declining soon after the BB commenced mopping up surplus funds from the banking system. "The indicators of the financial sector have given a ray of hope that the banking sector will soon return to the prosperity that it had enjoyed before the pandemic," Ahmed said. Md Arfan Ali, managing director of Bank Asia, said the deposit growth in the last fiscal year was not unusual as the banking industry usually enjoyed 2-3 per cent growth per year. However, the declining lending growth

was not a regular phenomenon, he said, adding that the credit demand had picked up in the last couple of months. "The demand for both taka and the US dollar has recently increased to a large extent. As a result, the banking industry will be able to recover from the ongoing slowdown quickly." Among all lenders, Islami Bank Bangladesh disbursed the highest amount, at Tk 100,400 crore in FY21. Sonali Bank secured the top position when it comes to deposit mobilisation, collecting Tk 132,798 crore.

SBAC Bank to offer merchant banking, asset management

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Last year most banks logged higher operating profits from the stock market, he said, adding that the bond market was going to be vibrant while government treasury bonds tradable. "So the stock market will generate good business in the future," he said. "Our foray into the capital market will enhance our acceptability to customers, market and boost brand value. So, we decided to come to the business," he said. SBAC Bank announced 4 per cent cash

and 4 per cent stock dividends for the year ending on December 31, 2020. The company has also informed that bonus shares had been declared out of profits and retained earnings and not from any reserve. The stock dividend declaration is to meet Basel-III requirements, it added. Beginning commercial operations in Bangladesh on February 20, 2013, SBAC Bank issued 10 crore ordinary shares at face value and raised Tk 100 crore in the current year.

Luxury hotels turning around

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Officials of The Westin Dhaka said after the withdrawal of the lockdown the number of guests has increased and occupancy rate had reached around 40 per cent at the moment. They said around 80 per cent of guests were foreigners on business travel while another 20 per cent were locals and guests quarantining on returning from abroad. They were hopeful of a gradual

improvement in business and of achieving pre-pandemic figures once the population was completely vaccinated. Zillur Haider Arefin, assistant general manager of Seagull Hotel in Cox's Bazar, said they could rent out only 50 per cent of their 179 rooms due to restrictions of the local authority citing health safety grounds. However, he said the occupancy rate during weekends was reaching around 55 per cent.

Inflation could prompt ECB to tighten policy quicker

REUTERS, Frankfurt
The European Central Bank could tighten policy sooner than many expect as inflationary pressures could prove to be persistent, ECB policymaker Robert Holzmann said in a contribution to Eurofi Magazine on Wednesday. The ECB, which meets on Thursday, has kept policy ultra-easy since the start of the coronavirus pandemic, and it promised an even longer period of accommodation when it unveiled a new strategy in July. But inflationary pressure has built quicker over the summer months than many predicted. "There is the possibility that we may be able to normalize monetary policy sooner than most financial market experts expect," Holzmann, Austria's central bank chief, said. Holzmann said he saw potential upward price pressures from persisting global supply bottlenecks, labor shortages, pent-up household demand, the cost effects of climate change policies, and higher headline inflation getting entrenched into expectations. The ECB is on Thursday expected to reduce stimulus while still promising copious support for years to come. "This does not mean that we will withdraw accommodation prematurely, but rather that accommodation will be needed for a shorter period than what markets expect," Holzmann said. Holzmann also said ultra-easy monetary policy may lead to financial imbalances, adverse distributional effects and inefficient capital allocation.

IMF gives Tanzania \$567m in Covid economic support

AFP, Nairobi
The International Monetary Fund (IMF) has loaned Tanzania more than half a billion dollars in emergency financing as the coronavirus pandemic drags on its economy and critical tourism sector. The Washington DC-based lender approved \$567 million (479 million euros) in Covid support for Tanzania, which until recently was an outlier in the global fight against the coronavirus and dismissed the gravity of the disease. Its economy slowed to 4.8 per cent in 2020 as travel restrictions battered the tourism sector, a key earner in the East African country where growth was expected to remain muted in 2021. The IMF said Tanzania faced "urgent" health, economic and humanitarian costs as a reported third wave of the pandemic swept the country. "The Covid-19 pandemic has negatively impacted Tanzania's macroeconomic outlook, and the health and wellbeing of its population," Bo Li, IMF deputy managing director, said in a statement announcing the emergency funding on Tuesday.

The IMF said the pandemic-induced economic downturn had increased poverty and unemployment and increased debt risk, mainly due to the "collapse" of the tourism sector. Tanzania launched a coronavirus vaccination drive in July in a clear departure from the deeply Covid-sceptic policies of John Magufuli, the country's late leader who downplayed the disease for most of the pandemic. Magufuli, whose uncompromising leadership style earned him the nickname "the Bulldozer", shunned foreign-made vaccines in favour of the healing power of prayer and dismissed masks and testing as unnecessary. His successor Samia Suluhu Hassan, who took office in March after Magufuli's sudden death, took a different path, promoting measures to curb the spread of the virus and a science-based approach to the pandemic. Until July, when Hassan received her first job on live television, Tanzania was among just three countries on the African continent yet to begin vaccinating their citizens against Covid-19.

Prospects brighten for cotton import from Uzbekistan

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As a result, Bangladeshi mill users and spinners stopped importing cotton from the country. But the door to buy cotton from the country is set to reopen after the US, in March 2019, removed Uzbek cotton from a list of products that are produced with forced child labour. "So, an opportunity for us has been created in sourcing cotton at competitive prices," said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA). He is now visiting Uzbekistan and has discussed cotton issues with the Uzbek government and other stakeholders. "The quality of Uzbek cotton is good, and it is expected that the country can supply the cotton at competitive prices," Khokon said. The boycott campaign was launched in an attempt to force Uzbekistan to abandon a long-running practice of sending students and public sector employees, including teachers and doctors, to pick cotton for meagre pay, said Reuters in a report recently. It has been supported by the likes of Amazon, Calvin Klein, Adidas and Inditex, and today the nation of 34 million people mostly sells cotton and textiles on Asian markets, which it says means lower prices and limited growth opportunities. Some 330 global apparel brands and retailers have pledged since 2007 to work to ensure that forced labour does not find its

way into their products under an initiative launched by the Cotton Campaign, which aimed to end the state-sponsored forced labour system. President Shavkat Mirziyoyev has gradually dismantled the forced labour system, explicitly barring provincial authorities from mobilising students and public sector workers for cotton harvesting, according to Reuters. In a press release last year, the Cotton Campaign acknowledged and applauded progress made on reforms yet also registered serious concerns over a lack of progress on civil society freedoms. "Together with brands and other local and international stakeholders, the Cotton Campaign is developing a robust framework to monitor and remediate forced labour, empower workers and farmers, and encourage sourcing from Uzbekistan," it said. In the same press release, Nate Herman, senior vice-president for policy at the American Apparel & Footwear Association, said: "We recognise and are heartened by the progress that Uzbekistan has made toward ending forced labour, and members look forward to considering sourcing from Uzbekistan." Uzbekistan produces nearly two million bales of cotton a year. Most of them are used by the local spinners. Khورشad Alam, chairman of Little Group, a local spinner, says Uzbekistan may be a good

source for cotton. But Uzbekistan needs to use the Port of Tehran to ship the product that might be expensive now. Moreover, over the last 15 years, Uzbek entrepreneurs have set up many local spinning mills, so cotton in bulk quantities might not be available, he said. In the absence of cotton from Uzbekistan, Bangladesh has diversified sources. African countries are now the biggest source of cotton, accounting for around 40 per cent of the raw material imported. Currently, 26 per cent of cotton is imported from India. Over the years, Bangladesh has cut its reliance on Indian cotton as the neighbouring country frequently stops the supply of the raw material without prior notice, creating uncertainty for the \$10-billion primary textile sector and the \$41-billion garment industry. The US and Australia are major sources for finer cotton, preferred by international retailers and brands. Some 11.15 per cent of cotton is imported from the US, 4.65 per cent from Australia, and 11 per cent from the Commonwealth of Independent States. Bangladesh depends entirely on imports for the vital raw material of the garment industry. In 2020, the country imported 8.2 million bales of cotton at the cost of \$3 billion, according to the BTMA.

Stocks reach new heights

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the top gainers' and losers' lists comprised small cap stocks, it added. Among the major sectors, food and allied, travel and leisure and pharmaceutical sectors experienced price appreciations while IT, life insurance and engineering sectors faced corrections, said UCB Stock Brokerage in its market commentary. Tamijuddin Textile Mills Limited topped the gainers' list, rising 10 per cent, followed by Deshbandhu Polymer Limited, Esquire Knit Composite Limited, CVO Petrochemical Refinery Limited and Alif Industries Limited. Asian Tiger Sandhani Life Growth Fund shed the most, losing 9.99 per cent, followed

by Meghna PET Industries Limited, Meghna Condensed Milk Industries Limited, GSP Finance Company (Bangladesh) Limited, and ADN Telecom Limited. Stocks of Square Pharmaceuticals Limited were traded the most, worth Tk 98 crore, followed by British American Tobacco Bangladesh, Khulna Power Company Limited, Bangladesh Export Import Company (Beximco) Limited and Beximco Pharmaceuticals Limited. Chittagong Stock Exchange (CSE) also rose yesterday. The CASPI, the general index of the port city bourse, edged up 181 points, or 0.87 per cent, to 20,979 points. Among the 369 stocks to undergo trade, 135 rose, 199 fell and 35 remained unchanged.

Paperfly legal notice to Evaly seeks Tk 7cr dues

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Since August, it has stopped making deliveries for Evaly, said Ahmed. "The amount is very big for us as we had made thousands of last mile deliveries for them," he added. "We may be the first company in Bangladesh taking this step and we thought this is high time for us to do so and to make others aware," said Ahmed. Evaly, in earlier replies to the commerce ministry, said they owe Tk 311 crore to

customers and Tk 206 crore to merchants. The company said they would clear customers' liabilities in five months whereas engaging in agreements with merchants regarding payments. "I haven't received [the legal notice] yet. They might send [the legal notice]. Hopefully I will receive soon," said Evaly Managing Director Mohammad Russel in an SMS when asked to comment. He said they would clear all the dues. "We just need little time," he added.