

EBL raises Tk 100cr for Epyllion

STAR BUSINESS DESK

Eastern Bank Ltd (EBL) has raised Tk 100 crore through preference shares for Epyllion Style Ltd, a concern of Epyllion Group, one of the leading apparel manufacturers in Bangladesh.

EBL worked as mandated lead arranger, agent and investor while Trust Bank and LankaBangla Finance as investors.

A deal closing ceremony was held in Dhaka on December 2 when Humaira Azam, managing director of Trust Bank, also received an accolade on becoming the first female CEO in the banking industry.

"Bankers should work with alternative investment and capital market products, innovative ideas, use of digital landscape and promote sustainable finance," said Ali Reza Iftekhar, managing director of the EBL.

Reaz Uddin Al Mamoon, chairman of Epyllion Group, and Quamrul Islam, head of treasury at LankaBangla Finance, were present.



Ali Reza Iftekhar, managing director of Eastern Bank Ltd, Reaz Uddin Al Mamoon, chairman of Epyllion Group, Humaira Azam, managing director of Trust Bank Ltd, and Quamrul Islam, head of treasury and financial institutions at LankaBangla Finance Ltd, along with other senior officials of the organisations concerned pose for a photograph after closing the Tk 100 crore financing deal for Epyllion Style recently.

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Islamic banking now at all City Bank branches

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to register strong growth owing to increasing demand and supply of Shariah based products.

Of the 60 scheduled banks in Bangladesh, 10 are operating as full-fledged Shariah-compliant lenders while 23 conventional banks, including two foreign banks, offer Islamic banking services, according to Bangladesh Bank data.

And currently, Islamic banks and Islamic banking branches of conventional lenders account for more than one-fourth of the banking sector's total deposits and credit.

City Bank, which has been providing Shariah-based banking services since 2003 through one branch in Dhaka, added more deposits and investment products in 2011. As the demand has grown since then, it expanded the services across all branches.

"The importance of Islamic banking in the economy is immense now," said City Bank Chairman Aziz Al Kaiser at a press conference at The Westin Dhaka.

City Bank had launched its Shariah-based banking solutions in the name of Islamic finance considering the needs of customers. At present, City Bank's deposits through its Islamic banking window stands at Tk 1,900 crore, which is around 6 per cent of its total deposits of roughly Tk

30,000 crore.

The private bank aims to increase the deposit through Shariah based products to Tk 10,000 crore within the next two or three years, said Arif Bin Idrish, head of the Islamic banking division at City Bank.

City Bank has over 150 branches and sub-branches where customers can now avail Islamic banking services.

"This is the first time in Bangladesh that a conventional bank has introduced Islamic banking services throughout all its branches," Idrish said.

At the event, City Bank also introduced an American Express Islamic credit card and debit card for its customers.

The bank will not announce pre-determined profit rates for depositors through its Islamic banking service.

"Needless to say, our customers have played an important role in bringing us to where we are today and hopefully, they will be by our side in the future too," said City Bank Vice Chairman Hossain Khaled.

City Bank's Shariah Supervisory Committee Chairman Md Anwar Hosain Molla, Managing Director and Chief Executive Officer Mashrur Arefin, and Additional Managing Director Sheikh Mohammad Maroof were present on the occasion.

Unemployed youths more interested in govt jobs: experts

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However, youth unemployment has been rising because of preconceived notions over the nature of jobs.

The present generation does not want private sector jobs because they think government jobs are more secured and pay higher salaries.

Just 10 years ago, 90 per cent of applicants were expecting a job in a multinational company but now, 90 per cent of applicants want jobs in public service because of job security and higher salaries, he added.

Syed Nasim Manzur, managing director of Apex Footwear, echoed the same.

Fresh university graduates dream of getting jobs in offices with facilities such as air conditioning but they do not want to work at mid-level positions at the factory level even if the pay is higher, he said.

Manzur said Apex had borne the expenses to enable 50 students to graduate from a university and later offered them jobs as store managers.

Half turned the offer down, as either they or their families had reservations about working in a factory that manufactured shoes.

"It is a social stigma," he said.

Most graduates prefer public sector jobs because of the social perception that government jobs grant a better social status.

At the discussion, a debate arose on

whether English was a skill necessary for jobs.

Manzur said it was communication skills which were rather important.

He said his firm would not demand English language skills as a job requirement from applicants.

The disclosure was welcomed with thumping on tables by some jobseekers who alleged that they were facing troubles in finding jobs as English language skills were a requirement for private sector jobs.

However, productivity and communication skills are more necessary as the country is making the status graduation to a developing nation from a least developed one, he added.

Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, said there was no relation between the English language and skills.

Many can get a very good job even with good Bangla language skills, she said, adding that sometimes many skilled youths were unable to get employment for a huge number of job applicants.

Citing an instance when she had to conduct an interview to select 600 employees for a private bank but over 40,000 had applied, Kabir said that this prevented all those skilled from being employed.

She said it would not be wise to

stick to subject specific requirements for many jobs because technologies have changed everything by a very big margin.

She questioned why only BBA and MBA degrees were sought for bank jobs when many top executives were running banks and garnering reputations despite having come from other academic disciplines.

Planning Minister MA Mannan said the government has no plan to shut any university on grounds of their education quality not being up to the mark as these universities were needed to educate students.

At one stage, the focus on quantity will fall and quality will be generated from those educational institutions, he said.

Shirin Akhter, member, Parliamentary Standing Committee on Ministry of Primary and Mass Education, said the primary and higher secondary levels should get focus as the base of education.

Prof Md Shazzad Hosain, director of NSU Startups Next, Associate Prof Salma Begum of BRAC University's economics and social sciences department, Associate Prof Kazi Mahmudur Rahman, coordinator of master's in development studies at Independent University Bangladesh, and Shadhan Kumar Das, programme co-ordinator of FES, Bangladesh, also spoke.

Poor recovery from default loans new headache for banks

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move has failed to bring down NPLs. Up until September this year, the NPLs stood at Tk 101,150 crore, an increase of 14 per cent from nine months earlier and 7.1 per cent year-on-year.

Emranul Huq, managing director of Dhaka Bank, blamed business slowdown deriving from the pandemic for the adverse impact on the cash recovery.

A good number of businesses are showing reluctance to pay back loans despite a comfortable cash flow thanks to the business revival, he said.

Failing to recover sufficient cash from default loans chiefly hits the banks' income, forcing them to keep more provisions.

"Against the backdrop, we have decided to take strict actions from January against the defaulters who will not pay back their loans by December," Dhaka Bank will do everything, including filing of criminal cases, to recover the default loans as part of its efforts to improve the financial health, Huq said.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that the lower recovery had forced banks to raise lending rates and squeezed their capacity to reinvest.

In such a situation, the cost of

funds usually rises to a large extent, which ultimately puts pressure on good borrowers.

"We have to keep a higher provision against the NPLs. That's why banks have to set a higher lending rate in order to ensure profits," said Rahman.

Besides, depositors' money are getting stuck because of the banks' failure to recover the NPLs.

"The banking sector is now in a vicious cycle because of the lower recovery of funds compared to pre-pandemic periods. It will eventually hit our incomes," said Rahman.

Regular operations of courts were affected during the peak of the pandemic, creating difficulties to settle cases at the Money Loan Courts in a quick manner, he said.

Banks are also facing tough jobs in getting back regular loans due to the business slowdown.

Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank Ltd, said that banks were now giving more attention to recover the unclassified loans than that of classified ones.

"Lenders were unable to send staff members at the height of the pandemic to push the defaulters to repay. This has sent the recovery of funds from the NPLs to a lower level," he said.

Six state-run banks - Sonali, Janata, Agrani, Rupali, BASIC, and Bangladesh Development Bank - recovered Tk 584 crore from the NPLs in the first nine months this year, up 1.6 per cent year-on-year.

Default loans at the banks stood at Tk 44,016 crore as of September.

Private banks got back Tk 2,093 crore, a decrease of 11 per cent, from a combined default loans of Tk 50,743 crore. Nine foreign banks realised Tk 88 crore in contrast to Tk 21 crore during the period. NPLs at the banks stood at Tk 2,692 crore.

Three specialised banks managed to get back Tk 1,429 crore from the defaulters compared to Tk 792 crore in September last year, when they collectively faced NPLs to the tune of Tk 3,699 crore.

A BB official said that some defaulters had frequently secured stay orders from courts in order to show their default loans as unclassified assets. In addition, many delinquent borrowers also have their NPLs rescheduled by making down payment, albeit at insignificant amount, with approval from the central bank, he said.

These have made the issue more complex for banks to realise bad loans, he added.

FBCCI stresses skills dev for smooth LDC graduation

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created for Bangladesh as there will be increased demand for new products.

And as a part of its efforts to facilitate a smooth graduation, the FBCCI is preparing a 10-year masterplan for the development of trade and the overall economy.

As such, the FBCCI is working with the government to develop the domestic private sector as 85 per cent of Bangladesh's economy is dominated by private enterprises.

"Now, we have to work to utilise the next four years to cope with the challenges after graduation," he added.

According to the FBCCI chief, every industry requires foreign direct investment for research and innovation. For example, players in the local manmade fibre industry currently lack experience.

Agro-industries will be the next potential area for investment as it will turn Bangladesh into a hub in this regard, he said.

Uddin then suggested developing warehouses and other related facilities at airports as Bangladesh would need a huge amount of storage space in the future as the country's exports were projected to hit \$300 billion by 2041 from the existing \$40 billion.

The FBCCI president went on to say that Bangladesh's present capacity in the logistics and transport sector will not be able to handle the rising economic activities in the coming days.

Around 50 per cent of the country's products already go to waste due to improper protective measures during transportation.

"So, if an investor invests an extra 5 per cent for transportation, they will be able to prevent around 45 per cent of the potential losses that may occur due to wastage," Uddin said.

Asked about the reason behind hosting this event, the president of the country's apex trade body clarified that 50 years of independence was an important feat.

"For this reason, the FBCCI took this initiative to celebrate the 50-year anniversary of independence," he said.

Uddin also clarified that they have not included any intellectual discussions or seminars on specific subjects due to the nature of the event, which is being celebrated through cultural events.

Running from 7:00pm to 10:00pm each day, the Hatirheel amphitheatre is the venue for these cultural events.

"It is a milestone for us and this is why we are celebrating the day," Uddin said.

According to him, Bangladesh has a lot of achievements and the private sector played a vital role on the economic front.

Mostofa Azad Chowdhury Babu, senior vice president of the FBCCI; MA Momen, vice president; and directors Md Aminul Hoque Shamim, Md Amin Helaly, Md Salahuddin Ahmed and MA Razzak Khan Raj were also present.

Reassess protection given to domestic industries

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He agreed that if infants were supported beyond the time when he should have grown, then one has to conclude that it is undernourished and under-nurtured and maybe there are some other problems.

Ahmad Kaikaus, principal secretary to the prime minister, said garment factories employ less workers than the real estate sector.

"How much protection did we give to the real estate sector during the coronavirus pandemic? Zero. Are they asking for money? Not at all."

"We have to understand huge advantages internally that we have to cherish and nourish," said Kaikaus.

He said it was sometimes true that "we promote inefficiency when we are giving protection. But without markets, businesses don't exist."

"So, we have to understand it and give proper attention."

Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, Dhaka, pointed out the lack of quality data as a major challenge.

She said the last labour survey was done by the Bangladesh Bureau of Statistics in 2016-17.

"It is really five years since that time. It is really out of date. If you

want to keep progressing, we need our research entities, universities and business chambers an access to up-to-date information."

Even if where data is available, Bangladesh is yet to have the analytical capability to use the data, she said.

"We need to collect data in a timely manner. Bangladesh also needs to analyse the regulatory frameworks to align them with its aspiration in the areas of manufacturing, trade, and commerce."

Sultan Hafeez Rahman, director of the BIDS Graduate School of Economics, who chaired the session, said diversification of both manufacturing and exports is important and should continue to be on the agenda.

"There are enormous constraints to this on the policy, regulatory and enforcement sides. We also need to create a level-playing field. There should be continuation of the trade policy reforms."

He urged state-run commercial banks to act like banks and earn profits. "They don't need to be continuously recapitalised every few years. This is a huge public interest issue."

Abdur Rouf Talukder, senior secretary of the finance division, said the government was implementing

one of the largest skill development programmes in Bangladesh. It is purely a market-oriented support.

The government has partnered with 14 industry associations. "The associations have designed their own programmes, outlining the skill sets they need. We are financing the programmes." The government is working on developing higher level of skills, said Talukder.

He said more than 200,000 foreigners were working in Bangladesh. And the government did not know how much money they were remitting to their home countries because they were mostly transferring the money through illegal channels.

"We are trying to develop local managers so that in three to five years' time, we can replace those foreign workers."

Shamsul Alam, state minister for planning, said Bangladesh was on the high growth path and would achieve double-digit growth by 2030. Bangladesh will be free of poverty by 2030 and free of unemployment by 2041.

He said export-led growth is the only end-target of the country as Bangladesh does not have huge natural resources.

"For that, whatever policy support is needed should be given."

Advertorial

ELITE PAINT JOINS HANDS WITH TRANSOCEAN COATINGS

DATE: 4TH DECEMBER 2021

Elite Paint and Chemical Industries Ltd, the oldest and leading local paint company in Bangladesh joins hands with Transocean Coatings to manufacture internationally certified High Performance Industrial and Marine coatings in Bangladesh. A signing ceremony has been taken place on 4th December - 2021 at the Chattogram office of Elite Paint between Elite Paint's Board of Directors and Mr. Kees Zaal, Global General Manager of Transocean Coatings. Mr. Feroz Ahmed- Chairman, Mr. Salim Ahmed - Vice Chairman, Mr. Shajir Ahmed - Director, Mr. Rabez Ahmed - Director, Mr. Mozahar Hossain - Director Operation, Mr. Md. Imranul Kabir - Director Corporate Sales and Mr. Mohammad Morad Hossain - CHRO & Board Secretary were present on this occasion. Transocean Coatings, The Netherlands based association with the famous 'smiling dolphin' as it's trademark has a strong presence in 60 countries all across the globe with a strong focus on Marine, Protective and Industrial Coatings. In view of this collaboration, Elite paint will be entitled to manufacture locally 250 global standard Marine, Protective & Industrial Coatings certified by renowned class certifying societies. In addition, Transocean Coatings are being used very reliably by international companies such as Shell & Petronas for decades. As a first step towards this journey, Elite Paint will start manufacturing of the class certified primers, tie coats and antifouling products for the underwater parts of the ocean going vessels from the Quarter 2 (Q2) of 2022. Transocean Coating will also help Elite Paint to build-up world class service support for the specialized coating segments in Bangladesh.