

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.81%	▲ 0.76%	\$1,875.82	\$51.29	▲ 1.14%	▼ 0.04%	▲ 0.74%	▲ 0.99%	BUY TK 83.95	102.14	112.78	12.71
5,402.06	9,403.54	(per ounce)	(per barrel)	46,973.54	26,656.61	2,869.22	3,396.56	SELL TK 84.95	105.94	116.58	13.37



Star BUSINESS

DHAKA THURSDAY DECEMBER 31, 2020, POUISH 16, 1427 BS • starbusiness@thedailystar.net

Drug-makers stay strong in a tough year

Sectors recovering at varying paces: MCCI

Country still far off from full economic recovery



JAGARAN CHAKMA and AHSAN HABIB

Most of the industries in Bangladesh witnessed drastic fall in profits in the outgoing year due to the protracted pandemic. The pharmaceuticals industry was an exception.

Complete and credible data are yet to be released, but industry leaders say the domestic market saw a handsome growth in 2020.

The industry clocked 17.36 per cent higher export growth during the July to November, bringing home \$69.82 million.

"The pharmaceuticals industry achieved good growth as patients have started to visit hospitals again to receive treatment and doctors are seeing patients," said Rabbar Reza, chief operating officer of Beximco Pharmaceuticals Ltd.

Despite the pandemic, pharmaceutical firms tried to keep their regular operation up and

THE INDUSTRY AT A GLANCE

Domestic market size reached	Tk 25,300cr this year
The sector achieved around	15pc growth
In 2019, local demand was	Tk 22,000cr, up from Tk 18,755cr in 2017
Local companies meet	98pc demand
Exporters enjoying	10pc cash incentive on export from this year
Total export destinations:	145
Number of manufacturers:	200
Major players:	Square, Eskayef, Beximco, Incepta, Beacon, Oponin, Renata



running to supply essential drugs to the markets both at home and abroad. Reza believes the industry achieved more than 10 per cent

growth in 2020. Incepta's Chairman and Managing Director Abdul Muktaadir said drug-makers were comparatively in a better position in 2020 than others because it deals with an essential product.

"From April to June, the industry was impacted. Since then, drug-makers have made a turnaround," said the entrepreneur, adding that the industry may post a 5 per cent growth at the end of the year.

Mohammad Mujahidul Islam, director for marketing and sales at Eskayef Pharmaceuticals, said

the industry had done very well amidst limitations. Companies manufactured generic anti-coronavirus drugs that help save many Covid-19 patients around the globe. The pharmaceutical industry demonstrated its capability during the pandemic.

"We were able to manufacture all available Covid-related medicines well ahead of many countries. This preparedness along with the selfless services rendered by our doctors and health service providers have helped in better tackling the pandemic," he said.

READ MORE ON B3

STAR BUSINESS REPORT

Although the country's economic activities gained pace after the coronavirus containment measures came to an end on May 30, it is still far off from normal levels, a leading chamber said in a review.

"The pace with which various business activities have picked up varies from sector to sector depending on the demand for goods and services," the Metropolitan Chamber of Commerce and Industry (MCCI) said in its review of the economic situation in Bangladesh between July-September 2020.

During the quarter under review, the gradual rise of electricity, petroleum and gas usage indicates that the economy is returning to normalcy.

A large segment of informal industries, services and other activities have also resumed operations but they seem to be running at a much lower level than their full capacities.

For example, the export-oriented garment and leather industries alongside the domestic steel, food-processing and transport sectors are not running at full speed yet.

However, the positive changes need to be interpreted carefully.

"Private investors are trying to cope with the situation instead of making further investments but the good thing is that economic activities are increasing gradually," the report said.

Bangladesh is now confronting some major challenges in steering its economy to a higher growth trajectory, the MCCI added.

These challenges include slow implementation of development projects, low investment and sluggish growth of revenue.

"Private investors are trying to cope with the situation instead of making further investments but the good thing is that economic activities are increasing gradually."

Therefore, a significant increase in public and private investment is necessary to maintain competitiveness and generate further growth.

Regarding agriculture, the MCCI said that the government rolled out a refinancing scheme of Tk 5,000 crore to help the sector tackle the economic losses incurred by Covid-19 for an 18-month tenure, which includes a 6-month grace period.

According to the latest Bangladesh Bank data, as many as 43 banks signed participation agreements with the central bank to disburse the fund.

However, only a small number of lenders have so far made disbursements and as of September 2020, just Tk 1,892 crore, or 37.84 per cent, of the total amount was provided as loans to around 78,526 farmers.

READ MORE ON B2

DISPLAY CENTRE
Nasir Trade Centre (2nd Floor)
89 Bir Uttam C.R. Dutta Road (Sonargaon Road)
Dhaka 1205, Bangladesh
Hotline: 01713 656565

Forex reserve crosses \$43b

STAR BUSINESS REPORT

The country's foreign exchange reserves yesterday hit a new record of \$43.17 billion thanks to the upward trend of remittance and lower import payments, Bangladesh Bank data showed.

The reserves, one of the major macroeconomic indicators of an economy, touched the \$41 billion mark on October 28 and rose to \$42 billion on December 15.

The reserves stood at \$32.68 billion in December last year. This means Bangladesh's foreign exchange has increased more than \$2.1 billion this month.

Between July and November, remittance earnings rose to \$10.90 billion, up 41.32 per cent year-on-year. The rally of remittances has also kept its pace this month, making a large contribution to the foreign exchange reserve.

Remittance stood at \$1.91 billion in the first 29 days of December in contrast to \$1.59 billion in the same period a year ago.

"This is surely a very good news for Bangladesh before the start of a new year," Finance Minister AHM Mustafa Kamal said in a statement released by his ministry yesterday.

This is another milestone, which portrays the economic stability of Bangladesh, he said.

Remittance has played a vital role in boosting the foreign exchange reserves amid the ongoing coronavirus pandemic, the minister said.

"I would like to express my gratitude towards the expatriates, who worked hard and helped the government achieve the milestone under the strong leadership of Prime Minister Sheikh Hasina.

READ MORE ON B3

State-run fuel suppliers' earnings drop in Q1

Falling interest income and poor sales to blame

AHSAN HABIB

Earnings of state-run fuel supplying companies dropped in the July-September period due to a sharp fall in income from bank deposits and in fuel sales amid the Covid-19 outbreak.

Padma Oil's earnings fell 14.5 per cent year-on-year to Tk 62.89 crore in the first quarter of fiscal 2020-21.

Meghna Petroleum's earnings plummeted 13.4 per cent to Tk 70.78 crore and that of Jamuna Oil 12.5 per cent to Tk 44.9 crore.

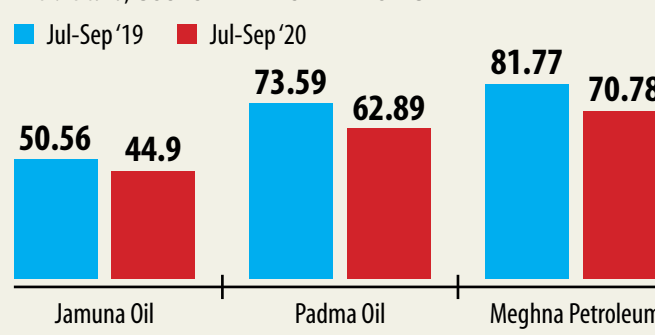
All three companies used to have a handsome amount as bank deposit and the interest incomes are their main source of earnings.

As of the first quarter of FY21, Meghna had Tk 1,189.35 crore as fixed deposits and Padma Tk 140.35 crore while Jamuna had Tk 1,445 crore as short-term investment in fixed deposit as of June 30 in 2019.

"Of the drop in earnings, around 20 per cent was caused by the pandemic induced slow economy while the major blow came from the falling interest income from April," said Md

PROFIT OF STATE-RUN PETROLEUM COMPANIES

In crore taka; SOURCE: FINANCIAL REPORTS



Masudul Islam, company secretary of Jamuna Oil.

Scheduled banks pulled down the interest rate for deposits to single digits following an order of the banking regulator to provide 6 per cent interest on deposits and 9 per cent on lending since April 1.

The net interest income of Meghna is 15 per cent higher than what the company earns from petroleum sales, according to company officials.

Meghna's earnings from interest dropped 19.2 per cent year-on-year to Tk 66.14 crore in the first quarter of 2020-21 and the trend was the same for Padma and Jamuna.

Banks offer higher deposit rates to state-owned oil companies as they keep their funds in banks for a long period, said a top official of a listed oil supplier preferring anonymity.

READ MORE ON B2

SALES (In crore taka)

PADMA OIL
Q1 2019-20 | Q1 2020-21
59.56 | 50.28

MEGHNA OIL
Q1 2019-20 | Q1 2020-21
57.89 | 57.54

JAMUNA OIL
Q1 2019-20 | Q1 2020-21
41.58 | Not published yet

Loan moratorium also for those enjoying easy rescheduling: BB

STAR BUSINESS REPORT

Bangladesh Bank yesterday said businesses which had rescheduled their defaulted loans under relaxed rules issued last year were entitled to enjoy its loan moratorium facility.

In May last year, the central bank allowed defaulters to reschedule classified loans by making a down payment of only 2 per cent instead of the 10 to 50 per cent stipulated in existing rules.

The repayment tenure is 10 years with a grace period of one year.

In addition, defaulters were permitted to enjoy a waiver of their whole unrealised interest if they applied to pay back their loans within one year by giving a 2 per cent down payment.

But a good number of clients have failed to pay loan instalments in time due to the ongoing economic hardship. Against this backdrop, they will enjoy the moratorium for the portion of the loans which were supposed to be paid back this year, according to a central bank notice.

Defaulters who made the commitment to repay the whole of their loans under the one-time exit policy of the central bank's relaxed rules, will get the moratorium as well. But they have to provide the unpaid portion of their loans within the next six months.

Lobby trading partners for duty benefit after LDC graduation

Apex MD Syed Nasim Manzur suggests at virtual discussion

STAR BUSINESS REPORT

Bangladesh should lobby its major trading partners, including China, Japan, India and the European Union, to safeguard duty privileges for export growth once it leaves the group of least developed countries (LDCs), believes a leading entrepreneur.

By 2050, the Asian region will possess 50 per cent of the world's wealth and Bangladesh should also focus more on its markets like China, Japan and India, said Syed Nasim Manzur, managing director of Apex Footwear, yesterday.

"I have not opened franchise retail shops in Madrid, London and any country in Europe. But last month I opened a franchise retail store at Kathmandu and I have a

FOR A BIGGER SHARE IN GLOBAL TRADE...

- Bangladesh should focus more on Asian markets
- The country should use its huge consumer base as strength in trade negotiations
- A trade negotiation office should be formed
- Govt should persuade the new US administration to restore GSP
- Bangladesh should improve skills, education and governance

plan to open three more such stores in Nepal next year," he said. Manzur also said he would do

the same gradually in Sri Lanka and India for his belief of Asian markets being the future of business

for Bangladesh, thanks to their substantial consumer base.

"However, we will also have to secure the EU markets definitely as this trade bloc is the largest export destination for our country," he said.

Manzur was addressing a virtual discussion on "Rise of Geo-economics and Bangladesh", organised by the Economic Reporters Forum (ERF), Fredrich Ebert Stiftung (FES) and the Research and Policy Integration for Development (RAPID).

Bangladesh's middle-class consumers total 3.5 million who are the main strength of the economy. So Bangladesh is also a major market for other countries, he said.

READ MORE ON B3

12 applauded for supply chain brilliance

Special mention of 3 others

STAR BUSINESS DESK

A third edition of Bangladesh Supply Chain Excellence Awards 2020 has recognised 12 businesses and individuals and made special mention of three others for management brilliance in logistics network.

The awarding ceremony was hosted through a digital platform on Tuesday.

Launched in 2018 by IPDC Finance in collaboration with Bangladesh Supply Chain Management Society (BSCMS), the awards aims to highlight changemakers developing the systems for moving products and services.

READ MORE ON B3