

Pandemic won't affect economy that much: Kamal

STAR BUSINESS REPORT

The rules set by the government for people's movement during the pandemic will leave little impact on the economy and the lives of the general mass, Finance Minister AHM Mustafa Kamal said yesterday.

"It (the Covid-19 pandemic) will be less harmful this time than we have been fearing it to be. We can handle it this time also the way we did earlier."

The minister made the comments in a press briefing after a meeting of the cabinet committee on public purchase.

Responding to a question, Kamal said steps will be taken to solve the tax and stimulus related problems of the district level businesses if they share the issues in written form. His comment came a day after the top business leaders urged the government to take steps to put an end to the harassment businesses face at the hands of VAT and tax officials.

Five projects of Tk 1,022cr get nod

STAR BUSINESS REPORT

The government yesterday gave the go-ahead to five projects involving Tk 1,022 crore.

The projects include a scheme for the spending of an additional Tk 249 crore to prevent erosion of the banks of the Padma river, according to the decision of the cabinet committee on economic affairs.

The committee also approved a proposal of over Tk 640 crore for building a bridge over the Payra river.

It also approved an agriculture ministry proposal on constructing a pavilion at the seventh edition of the Horticultural Exhibition to be held at Almere in the Netherlands.



Traders sorting apple jujube, or apple "kul" as it is known in Bangla, at Waizghat in the capital yesterday. Rich in vitamin A and C, the jujube is also known for other popular varieties such as BAU kul, 1, 2, BARI kul 1, 2 and Narkeli, reads Banglapedia. The plant is hardy, capable of tolerating drought, dry and hot weather. Some 130,967 tonnes were produced in the country in fiscal year 2019-20, according to the Bangladesh Bureau of Statistics.

PHOTO: RASHED SHUMON

Stocks end six-day gaining streak

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The stock market index dropped yesterday, ending a six-day gaining streak, thanks to a profit booking trend among investors.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), slid 32 points, or 0.46 per cent, to 7,073.

Turnover at the Dhaka bourse also fell 7 per cent, to 1,482 crore.

"As the stock market rose for the past few days, investors are opting to take their profits," a stockbroker said, adding that this is a normal trend.

When investors take profits, then it makes the market more efficient in two ways.

The first is by creating a chance for others to invest and the second is that it fosters confidence among investors, the broker said.

Union Insurance topped the gainers list, rising 10 per cent, followed by Fu-Wang Food, Asia Insurance, Apex Footwear, and Bangladesh Lamps.

Meghna Pet Industries shed the most, losing 7.6 per cent, followed by Padma Oil, Global Heavy Chemicals, Tamijuddin Textiles, and Bangladesh Shipping

Corporation.

Stocks of Beximco traded the most with Tk 156 crore followed by Bangladesh Shipping Corporation, Power Grid, Asia Insurance, and Apex Footwear.

At the DSE, the devaluation of Walton Hi-tech Industries, Robi Axiata, LafargeHolcim Bangladesh, Square Pharmaceuticals, and Beximco Ltd contributed to the fall of the index as they collectively dropped 30 points, according to amarstock.com, a stock market related data provider.

Among the traded stocks, 102 advanced, 248 declined and 28 remained the same.

There was an upsurge in share prices in the early hours of the day but it somehow slowed down by mid-session as the investors' sell off was observed across major sectors due to fears of another lockdown amid increasing coronavirus cases, said International Leasing Securities in its daily market review.

As a result, the country's premier bourse endured a setback as it reverted after a six-days rise, it added.

Among major sectors, ceramics, food and allied and general insurance achieved the highest price appreciation while

textiles, travel and leisure, and cement witnessed the most correction, according to the brokerage house.

Investor activity was mostly concentrated on miscellaneous, pharmaceuticals, and the fuel and power sectors, it said.

The Chittagong Stock Exchange (CSE) also dropped yesterday. The CASPI, the main index of the port city bourse, plunged 115 points, or 0.55 per cent, to 20,702.

Among 304 traded stocks, 75 rose, 199 fell and 30 remained unchanged.

Investors are rearranging their stocks considering the earnings of listed companies who are providing half-yearly profits disclosures, according to a merchant banker.

Many June-closing companies are now disclosing their half-yearly financials, he said, adding that many companies reported good performances despite a fall in profits.

For instance, Walton was the top contributor to index's drop yesterday, accounting for 9 points alone after logging a huge drop in profits in the first half of the current financial year.

Fu-Wang Foods shares hit two-year high

BSEC allows Minori Bangladesh to invest in it

STAR BUSINESS REPORT

Stocks of Fu-Wang Foods surged to a two-year high yesterday amid optimism among investors after the market regulator allowed Minori Bangladesh Ltd to invest in the food processing company.

The company's stocks soared to Tk 23.9 yesterday, up 9.6 per cent from Tk 21.8 the day before, after the Bangladesh Securities and Exchange Commission (BSEC) approved the transfer of 84.42 lakh, or 7.6 per cent, of the shares held by three directors of Fu-Wang Foods including its managing director to Minori, a Japanese agricultural and food processing company.

The BSEC allowed the purchase of shares at Tk 8.4 crore at the face value of Tk 10 each apart from permitting the buyer to nominate one or more individuals as directors on the board of Fu-Wang Foods to maintain uninterrupted holding of shares by directors.

The regulator also imposed a condition that Minori Bangladesh would have to inject Tk 20 crore of fresh funds as share money deposit or loans to enable Fu-Wang to regularise its bank and other liabilities as well as ensure smooth operation of the food processing company, Fu-Wang said in a filing with the Dhaka Stock Exchange (DSE).

The company said it will have to obtain consent from the BSEC to raise capital against share money to comply with the requirement that board of directors must have a minimum 30 per cent stake to hold directorship -- a move the BSEC took earlier with the objective to protect the interest of general investors.

Listed with the DSE in July 2000, three years after it was founded by Taiwanese investors, Fu-Wang Foods makes and markets cake, bread, biscuit, toast, snacks and instant noodles.

Although it had a good beginning, the company, which was later taken over by local investors, fell into trouble for operational inefficiency, absence of proper planning and failure to take timely decisions, insiders said.

Its shares fell as low as Tk 10.3 on March 18, 2020, lowest in two years.

Fu-Wang did not declare any dividend in the 2020-21 financial year ending in June. Its shares began to rise on December 26 last year.

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Japan Tobacco accuses BATB

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BATB had more than 95 per cent share in the premium and high segment of the market, according to a 2019 study, The Economics of Tobacco Taxation in Bangladesh, by Brac Institute of Governance and Development. Its share in medium and low segments was 65 per cent and 58 per cent respectively.

JTI, which markets cigarettes in all segments, alleged that BATB operates a programme with its retailers, directly or indirectly, to prevent competition in the market and stop rivals from gaining more market access.

Under the programme, if a BATB partner retailer stocks or sells products of United Dhaka Tobacco,

BATB or its representatives penalise and deduct loyalty points from the retailers, which translates into retailers being deprived of lucrative incentives.

Or even worse, BATB threatens to stop supplying its products to the retailers, JTI said.

"BATB runs the programme directly and/or indirectly through its representative and/or distributor," said JTI, adding that it earlier requested BATB to put an end to all programmes and acts that restrict competition.

BATB responded to the complaint and denied the allegations, according to the JTI complaint.

Contacted, Shezami Khalil, head of

corporate affairs and communications of JTI, said UDTCL has reached out to relevant authorities and stakeholders to establish a level playing field and seek a fair and just business environment.

Sheikh Shabab Ahmed, head of external affairs of BATB, did not comment on the complaint, but said BATB has been doing business in Bangladesh for more than 110 years by complying with all the rules and regulations of the country.

Md Mofizul Islam, the chairperson of the Competition Commission, says the commission is investigating the case.

"We will try to give a verdict as soon as possible after holding a hearing."

BB rolls out

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inclusion, according to a central bank notice.

Banks are allowed to manage the fund from the central bank refinance scheme by paying a 1 per cent interest and banks can charge borrowers a maximum interest rate of 7 per cent.

An individual will be permitted to take a maximum of Tk 5 lakh from the scheme, which has a repayment tenure of three-and-a-half years, including a six-month grace period.

Under the latest credit guarantee scheme, banks will have to sign a participation agreement with the central bank to avail reimbursements if clients become defaulters. Banks will have to provide a 1 per cent guarantee fee for their funds for the first year of the registration period.

From the second year and onward, banks with non-performing loans (NPLs) of 5 per cent and below will have to pay 0.50 per cent against their registered funds.

But banks facing more than 5 per cent NPLs have to pay 0.75 per cent.

The central bank will provide a 30 per cent portfolio guarantee cap against the registered fund of a bank.

This means the bank will enjoy 30 per cent as reimbursement if the entire registered fund was to default.

Under the portfolio guarantee cap, banks will enjoy a reimbursement of 80 per cent for a single defaulter.

IMF lauds Hong Kong's financial system

ANN, The China Daily

The International Monetary Fund has reaffirmed Hong Kong's position as a major international financial center, commending the city's strong economic recovery and the government's efforts to safeguard financial stability.

In a concluding statement published Thursday following a mission to the Hong Kong Special Administrative Region, the IMF recognized that the city's financial sector, underpinned by robust regulatory and supervisory frameworks, has continued to expand even during the COVID-19 pandemic.

The IMF said Hong Kong's well-functioning Linked Exchange Rate System remains key to safeguarding economic and financial stability. Meanwhile, the city's macroprudential policies and strong institutional

frameworks have also provided it with important buffers to cope with economic shocks.

The IMF added that there is upside potential for Hong Kong's economic growth due to factors including a faster-than-expected global recovery and the development of the Guangdong-Hong Kong-Macao Greater Bay Area.

It noted that Hong Kong's economy has recovered strongly with the support of swift and bold policy responses. It projected a growth of 6.4 percent and 3 percent in the city's real gross domestic product in 2021 and 2022, respectively.

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Mexico faces risks to growth, credit rating from energy bill

REUTERS

Mexico faces risks to economic growth and potential for a credit rating downgrade in the medium term from political developments including the likely passage of a controversial energy bill, JP Morgan said in a report.

According to the bank, President Andrés Manuel López Obrador's plan to tighten state control of the electricity market could trigger sovereign debt rating downgrades from Moody's and Standard & Poor's. US Energy Secretary Jennifer Granholm raised concerns about the risks to investors from the energy market initiative during talks with Mexican officials this week.

The JP Morgan report, dated

Thursday, stressed that the energy bill was likely to pass at some point this year, even if in watered-down form.

The opposition PRI party could support the legislation, potentially fragmenting the opposition to Lopez Obrador.

The bill's approval could enable Lopez Obrador to increase the strength of the presidency and undercut the roles of independent institutions and regulators, JP Morgan economist Gabriel Lozano wrote in the report.

In addition to the bill's passage, Lopez Obrador is likely to get a boost from gubernatorial victories for his Morena party as well as his own expected win in a recall referendum scheduled for April 10, Lozano said.

EU in touch with partners to boost gas supplies

REUTERS

The European Union is talking with partners about the potential for increasing gas supplies to the bloc, Energy Commissioner Kadri Simson said after a meeting with European energy ministers in France on Saturday.

A gas supply crunch in Europe, widely blamed on a dearth of gas flows from Russia, has caused energy prices to soar. Moscow denies manipulating supplies.

Simson said she would attend conferences in Azerbaijan and Washington in February to discuss ways for increasing gas deliveries to Europe.

"The gas storage levels in the EU are significantly lower than usual at this time of the year," she told reporters.

Ministers meeting in the city of Amiens had discussed uncertainty in the market caused by the Ukraine crisis and significant falls in flows from Russia in recent months, Simson said.

"My message is that Europe has a robust, well diversified and resilient gas infrastructure and clear procedures of solidarity in case of emergencies," Simson said.

"But we need to remain extremely vigilant, improve our risk preparedness and reinforce solidarity between the member states."

Qcoom refund begins today

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A total of Tk 394 crore has remained stuck at payment gateways since July 2021 when the government stipulated that the platforms would get payments only after customers confirmed having been delivered their products.

Officials earlier said of the amount, Tk 166 crore was owed to Qcoom customers.

The refunding of Qcoom customers would be the first such corrective measure for customers of some 16 unscrupulous e-commerce platforms who are awaiting the return of an estimated Tk 3,000 crore.

Qcoom earlier sent

a letter to the ministry requesting allowing to reopen their office for availing relevant data, said Abul Kalam Azad, a lawyer representing the platform.

A shortage of human resources and the office having been shut had been impeding the preparation of a comprehensive refund list, he said, adding that Qcoom was trying to come up with it.

The refunding decision was taken following investigations and verifications by the commerce ministry, Bangladesh Bank and Criminal Investigation Department of police for the last couple of months.

Officials of the three government bodies visited

two Qcoom warehouses containing goods worth nearly Tk 100 crore in Tejaon of Dhaka last week following a letter from the platform requesting it.

AHM Shafiquzzaman, additional secretary to the ministry, said Senior Secretary Tapan Kanti Ghosh would formally launch the refunding process.

Regarding reopening the office, Shafiquzzaman, also chief of Digital Commerce Cell, said it would be done with the aid of police.

He said the ministry was also working to return all the money of customers of different e-commerce platforms as per the laws of the land.