

# Star BUSINESS



## TOP 10 BANKS

(In terms of resignation and lay-off)  
Period: Apr 1, 2020 to Sep 15, 2021  
SOURCE: BB

BANKS	RESIGNED	TERMINATED
Brac	1,023	56
City	718	160
Pubali	54	377
IFIC	420	5
DBBL	241	130
NRBC	256	9
Prime	223	26
ONE	236	6
Islami	134	36
UCB	142	14

## TOTAL JOB LOSS

Terminated: **1,292**  
Resigned: **5,875**  
Total workforce in private banks:  
**122,912** (As of Jun 2021)

### BB FINDINGS

Banks threatened to terminate employees who would not resign willingly

Many banks set excessive deposit targets for bankers

Those who declined to resign faced termination

Lenders fired employees who failed to hit the target

### WHAT BANKERS SAY

Some banks started to reappoint retrenched employees

Many officials resigned to join other lenders or govt jobs

Lenders did not force any employees to quit

Resignation and job cuts are not an unusual phenomenon

No banks cut jobs to ensure operating profit



**Says BB probe report**  
Banks mentioned that the employees had resigned willingly. But the reality is different as banks had forced them to resign in most of the cases



## Private credit growth up for 7th straight month

AKM ZAMIR UDDIN

Private sector credit growth in Bangladesh accelerated to 10.68 per cent in December rising for the seventh consecutive month as the economy rebounds from the coronavirus pandemic.

Analysts call the double-digit growth a good sign for the economy as the upward trend came in the face of the third wave of infections.

The credit growth, which had faced sluggishness right after the coronavirus arrived on the shores of Bangladesh in March 2020 as demand plunged, stood at 10.11 per cent in November.

The growth stood at 8.29 per cent in April and 7.55 per cent in May. The credit expansion has been rising since then, data from the Bangladesh Bank showed.

Md Arfan Ali, managing director of Bank Asia, says that export earnings are on the increase, which has given a boost to the import financing.

"The post import financing has played a positive role in pushing up the credit growth."

He says people are now less fearful about the virus compared to the previous waves, keeping the economy vibrant. Businesses are now taking up loans to set up new industrial units.

Ali hopes that the central bank may achieve its credit growth target this fiscal year.

The BB has set a private sector credit growth target of 14.8 per cent for the current fiscal year

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## Alesha Mart sued for unfair discounts

SUKANTA HALDER and MD ABU TALHA SARKER

The Bangladesh Competition Commission (BCC) yesterday filed a case against Alesha Mart, an e-commerce company, for creating uneven competition in the market by offering unfair discounts.

The case was lodged under the Competition Act, 2012, which states that no business enterprise can abuse its dominant position.

The commission had filed a complaint against the e-commerce firm on its own in November.

According to the lawsuit, Alesha Mart sold Bajaj Pulsar brand motorcycles that have 150 cubic capacity engines at a price that was 35 per cent lower than the market value in June 2021.

Alesha Mart destabilised both the online and offline motorcycle market in Bangladesh through the discounted price, which is illegal and contrary to the law, the commission said in its lawsuit.

It was told that SK Traders, listed as the bike's authorised seller on Alesha Mart, had offered the model at a lower price on the e-commerce platform. However, no such company was found, it added.

A senior BCC official told The Daily Star that the commission filed the complaint only after

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# 6pc private bankers lose jobs during pandemic

AKM ZAMIR UDDIN

A staggering 7,167 bankers lost jobs between April 2020 and September last year as private commercial banks desperately tried to cut operational costs amid a business slowdown brought on by the coronavirus pandemic.

The employees, who were either fired or forced to resign, represented nearly 6 per cent of the total workforce of 122,912 in the banking sector of Bangladesh as of June last year.

Fifty-one private banks informed the Bangladesh Bank that they had sacked 1,292 employees while another 5,875 resigned.

They made the disclosure about the job cuts after the BB instructed them to inform it the number of employees who left banks during the period.

The central bank found that private lenders had not followed due diligence properly while cutting jobs.

"Banks mentioned that the employees had resigned willingly. But, the reality is different as banks had forced them to resign in most of the cases," according to a central

bank probe report seen by The Daily Star.

The Daily Star talked to five retrenched employees who claim that their employers had not given any specific reason for their removal.

One banker faced termination in June 2020, a time when the pandemic was at its peak in Bangladesh and millions of people were

job. The bank did not mention any reason."

Another former banker said his employer told him that it would terminate him if he did not leave.

"There is no scope to enjoy service benefits or manage another job in a bank if I faced termination. So, I resigned."

The banker informed the central bank about his

retrenched employees. It carried out probes into a number of banks last year.

In many cases, banks created an unpleasant situation for the employees so that they left on their own, the BB probe reports said.

Some banks even did not issue any explanation or show-cause letter before firing the employees. Banks had threatened that the employees who would not resign would face lay-off.

Many banks set difficult targets such as mobilising a higher amount of deposits for the employees during the pandemic when the economy faced a slowdown. The employers sacked the staff members on the excuse of failing to achieve the targets, the probe reports said.

Many banks claimed that the officials had left as they had better opportunities in other banks or other sectors, said a BB official.

"But, the claim is mostly baseless as the entire job market faced stagnation during the peak of the pandemic and the recruitment process came to a halt."

Analysts say banks could have avoided the large job cuts as their operating profit bounced back strongly last year.

The operating profit of 22 banks analysed by The Daily Star showed that all of the lenders except one posted higher profit in 2021 compared to a year ago.

### WHAT BANKS SAY

Among 51 lenders, Brac Bank was on the top in terms of the number of officials who resigned. Some 1,023 employees of the bank quit and 56 others were laid off.

Selim RF Hussain, managing director of the bank, says that the lender terminates employees working in the sales team from time to time.

"Those who are unable to fulfil their specific targets face termination. Many employees also leave the bank willingly after failing to hit the targets," he said.

The number of officials resigned and terminated is lower than the pre-pandemic era, Hussain said, adding that Brac Bank did not cut any job to give a boost to its operating profit.

READ MORE ON B3



rendered jobless due to the strict lockdown measures.

He said, "I achieved tremendous success during my career. As a result, I was made an executive vice-president when I was 43. But, the bank did not consider my achievements while terminating me."

"I don't know why I lost my

predicament in order to get back his job.

The BB took into account his application and instructed the bank to reinstate him.

"But, the bank is yet to comply with the BB order," he said.

The central bank has received at least 328 applications from the



The office of Bangladesh Economic Zones Authority in Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai, Chattogram, where the first factory's operations started on January 25. The photo was taken on Saturday.

PHOTO: RAJIB RAIHAN

## BANGABANDHU SHILPA NAGAR McDonald Steel first to begin production

JAGARAN CHAKMA

Bangladesh's largest industrial enclave, Bangabandhu Sheikh Mujib Shilpa Nagar, in Mirsarai, Chattogram, finally witnessed the start of operations of its maiden factory last week.

McDonald Steel Building Products started the trial operation of its manufacturing plant at the shilpa nagar on January 25.

Another seven industrial units including that of Asian Paints Bangladesh and Nippon & McDonald Steel Industries will start running one after another by December this year, Abdullah Al Mahmud Faruk, the shilpa nagar's project director, told The Daily Star.

But that hinges on the pandemic situation getting better, he said.

Nippon & McDonald Steel Industries, a joint venture of Japan's Nippon Steel Corporation and Bangladesh's McDonald Steel Building Products, have engaged Japanese expert to start testing out their machinery.

Initially, the two companies have agreed to invest \$59.19 million, or nearly Tk 500 crore, in phases to establish the plant.

The two factories of McDonald will collectively create employment for about 2,500 people.

In case of Asian Paints Bangladesh, it is their second manufacturing unit which is expected to go into operation within one or two months, according to sources at Bangladesh Economic Zones Authority (Beza).

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STOCKS	
DSEX ▼	CSCX ▼
0.93%	0.92%
6,926.29	12,194.19

COMMODITIES	
Gold ▲	Oil ▼
\$1,793.12	\$87.20
(per ounce)	(per barrel)

CURRENCIES				
	USD	EUR	GBP	CNY
BUY TK	85.05	94.25	113.21	13.11
SELL TK	86.05	98.05	117.01	13.79

ASIAN MARKETS				
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.42%	58,014.17	▲ 1.07%	▲ 0.1%	▼ 0.90%
		27,001.98	3,249.59	3,301.44



## Brac Bank, UCB Asset sign custodial services deal

STAR BUSINESS DESK

Brac Bank recently signed an agreement with UCB Asset Management to provide custodial services to the United Commercial Bank (UCB) subsidiary for running a new open-ended mutual fund, "UCB Taqwa Growth Fund".

Tareq Refat Ullah Khan, deputy managing director of Brac Bank, and SM Rashedul Hasan, managing director of UCB Asset Management, signed the agreement at the latter's head office, said a press release.

ATM Tahmiduzzaman, deputy managing director of UCB, Md Sekander E. Azam, executive vice-president, Mohammed Rahmat Pasha, managing director of UCB Stock Brokerage, Tanzim Alamgir, managing director of UCB Investment, Khan Muhammad Faisal, senior manager of Brac Bank, and Md Azmul Hasan Jahid, associate relationship manager, were present.



Female workers get Tk 10,000 to Tk 15,000 a month working on putting machine-recycled discarded cement bags out in the open to dry to be sent to Dhaka for the manufacture of different plastic items. The photo was taken at Rupatoli Gas Turbine area of Barishal town two weeks ago.

PHOTO: TITU DAS

## Olympic earnings fall to 6-year low

SOHEL PARVEZ

Olympic Industries, a leading biscuit maker, said its earnings slumped to the lowest in six-year suffering an increase in the cost of raw materials.

The maker of popular biscuit brands such as Energy Plus and Tip registered Tk 72 crore in net profits in the July-December period of 2021, down 33 per cent year-on-year, according to its half-yearly financials.

"Cost of raw materials has increased a lot," said Company Secretary Md Nazimuddin.

The company said its revenue from sales rose 11 per cent year-on-year to Tk 1,035 crore in the July-December period of 2021.

Cost of sales of the biscuit and confectionary maker shot up 18 per cent to Tk 786 crore in six months to the end of December 2021 from that in the previous year.

Besides, the Olympic's administrative and sales expenses rose 23 per cent during the period, which altogether affected its operating profit. The company also incurred losses of Tk 3.27 crore from investments in shares during the period.

Shares of the Olympic, however, edged up 1.7 per cent to Tk 161.7 yesterday at the Dhaka Stock Exchange (DSE).

The company in November last year announced that it would invest Tk 25.65 crore to expand its production capacity to meet growing demand.

Its earnings in the October-December period of 2021 declined 39 per cent to Tk 30.45 crore from that a year ago.

The company also recorded a 27 per cent decline in its net operating cash flow per share to Tk 4.13 in the July-December period of 2021 from Tk 5.67 a year ago.

## Fed could raise rates

AFP, New York

The US Federal Reserve is not ruling out raising rates by half a percentage point if inflation remains high, Fed official Raphael Bostic said in an interview with the Financial Times.

The chair of the US central bank, Jerome Powell, signaled this week the Fed plans to hike interest rates in March, telling reporters the recovery in the world's largest economy is strong enough that it can handle higher borrowing costs.

Powell declined to give details on the size of the planned increase, saying only that the Fed would be flexible. It typically raises rates by a quarter of a percentage point; a half-point increase would be uncommon.

REUTERS, New Delhi

India has forecast its economy will grow 8 per cent to 8.5 per cent for the fiscal year starting in April, down from 9.2 per cent projected in the current year, as it fights a spike in Covid-19 cases and rising inflationary pressure.

At that pace, India's economic growth next fiscal year will still be the fastest among major economies.

All macro indicators indicated Asia's third-largest economy was well placed to face challenges, helped by improving farm and industrial output growth, the government's annual economic survey said on Monday.

The report, tabled by finance minister Nirmala Sitharaman in parliament ahead of the annual budget on Tuesday, warned about risks from global inflation and pandemic-related disruptions.

"India does need to be wary of imported inflation, especially from elevated global energy prices," said Sanjeev Sanyal, principal economic

adviser at the finance ministry and the lead author of the report.

India, which meets nearly 80 per cent of its oil needs from imports, faces the risk that inflation will hit consumer demand as global crude prices hover near a 7-year high at more than \$90 a barrel.

"The global environment still remains uncertain," the report said citing planned withdrawal of monetary support by major central banks including the US Federal Reserve. Higher rates elsewhere could lead to capital outflows for India.

The growth projections assumed a normal rainfall and an orderly withdrawal of global liquidity by major central banks, the report said.

Private economists said the government and central bank would have to balance their efforts to support economic growth considering rising inflationary pressures and sluggish domestic demand.

"With the rising pressure to tighten the monetary stance, policymakers will have difficulty in calibrating policy choices to balance between growth and

(price) stability objectives," said Rumki Majumdar, economist at Deloitte India.

The report said the government had fiscal space to provide additional support if necessary, citing a 67 per cent increase in revenue receipts during the April-November period from a year earlier.

India's economy has been on the mend after the government lifted mobility measures in June to curb the spread of coronavirus, after contracting 7.3 per cent in the previous fiscal year.

But after a surge in Omicron cases early this month, many private economists and the International Monetary Fund (IMF) have cut growth estimates to 9 per cent from an initial 11 per cent estimate.

The annual report, which presents a report card of India's economic achievements and provides new estimates, has often missed targets.

Last year it forecast annual economic growth of 11 per cent, that was later revised down by the statistics ministry to 9.2 per cent, after economic activity was hit hard by the Omicron variant.

# India sees GDP growth slowing to 8-8.5pc

## Mahbubur PDB's new chairman

STAR BUSINESS REPORT

Md Mahbubur Rahman became the chairman of the Bangladesh Power Development Board (PDB) yesterday.

He replaced Md Belayet Hossain, the former chairman of the PDB, a press release said.

Mahbubur, who joined the PDB on September 1, 1986 as an assistant engineer at Siddhirganj Power Station, had been serving as a company affairs member of the board.

He worked as a sub-divisional engineer and executive engineer on Siddhirganj Thermal Power Station Construction Project.

Mahbubur also served as the director, IPP Cell 1 and IPP Cell 3 and multiple other posts.

He obtained BSc Engineering (Civil) degree from the Bangladesh University of Engineering (BUET) in 1986.

He received his MSc in Engineering (Hydro-Power) degree from the Norwegian University of Engineering and Technology in 1995.



Mohammed Rabiul Hossain, managing director of Uttara Bank Ltd, inaugurates the bank's Dhaperhat sub-branch at Dhaperhat, Sadullapur in Gaibandha on Sunday. Md Ashraf-uz-Zaman, deputy managing director, and Madhu Sudan Sardar, deputy general manager, were present.

PHOTO: UTTARA BANK

## AB Bank, Grameenphone in service exchange deal

STAR BUSINESS DESK

AB Bank Limited and Grameenphone recently signed a memorandum of understanding (MoU) over providing digital services to each other.

Mahmudul Alam, the lender's deputy managing director, and Kazi Mahboob Hassan, the mobile operator's chief business officer, inked the deal at the bank's head office in Dhaka, said a press release.

Masood Parvez, head of emerging business of the mobile operator, was present.



Kazi Mahboob Hassan, chief business officer of Grameenphone, and Mahmudul Alam, deputy managing director of AB Bank, exchange signed documents of the agreement at the bank's head office in Dhaka recently.

PHOTO: AB BANK



SM Muzibur Rahman, senior general manager of Meghna Group of Industries, and Babla Basu, general manager for accounts, hand over scooter and motorbikes to the top three winners of Fresh Premium Tea Consumer Promotional Programme at the group's head office in Dhaka on Sunday. Mohammad Ali, from Chattogram, won a scooter, while Harunur Rashid (Gazipur) and Mamunur Rashid (Chapainawabganj) won motorbikes.

PHOTO: MEGHNA GROUP OF INDUSTRIES

## Stocks plunge on Covid scare

FROM PAGE B4  
International Leasing Securities said in its daily market review.

Among major sectors, only jute achieved a slight price appreciation while the tannery, life insurance and ceramic sectors witnessed the highest price correction.

Investor activity was mostly concentrated on the engineering (13.9 per cent), pharmaceuticals (12.4 per cent) and textile (12.2 per cent) sectors, it added.

The price depreciation of Beximco Ltd,

Investment Corporation of Bangladesh, Robi Axiata, and British American Tobacco collectively brought the DSEX down by 25 points, according to amarstock.com, a stock market related data provider.

The Chittagong Stock Exchange (CSE) also dropped yesterday. The Caspi, the main index of the port city bourse, fell 190 points, or 0.93 per cent, to 20,298.

Among 305 traded stocks, 54 rose, 228 fell and 23 remained unchanged.



Md Ahsan-uz Zaman, managing director of Midland Bank, virtually inaugurated an "Annual Manager's Conference-2022" recently. Md Zahid Hossain, deputy managing director, and Md Ridwanul Hoque, head of retail distribution division, attended the virtual event.

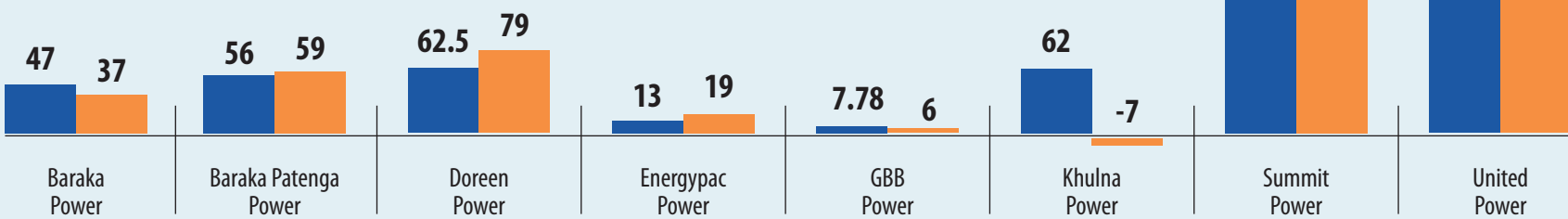
PHOTO: MIDLAND BANK

## PROFITS OF LISTED POWER COMPANIES

In crore taka

■ Jul-Dec '20  
■ Jul-Dec '21

SOURCE: FINANCIAL REPORTS



### EXPIRY OF POWER PURCHASE DEAL

# Electricity companies feeling the pinch as plants shut

AHSAN HABIB

Listed power generation companies of Bangladesh have started to feel the negative impact of the expiry of power purchase agreements with the government.

Of the eight listed power companies, four logged higher profits, one incurred a loss and the rest registered lower profits in the first half of the current financial year of 2021-22.

Khulna Power Company Ltd (KPCL) incurred a loss of Tk 7 crore during the period. It had made a profit of Tk 62 crore in the same period a year ago.

KPCL's revenue was zero during the July to December period against Tk 341 crore previously, according to the company's financial reports.

Due to the closure of operation of all of its power plants, no revenue was earned, leading to the losses.

The commercial operation of KPCL-II and KPCL-III has been suspended since the expiry of the tenure of the power purchase agreement in May last year.

The production of KPCL-I stopped in 2018 and no extension was granted since then.

The listed power generation companies are doing the business following a fixed-income model of selling power to the government, and many of them are going to face expiry of the tenure, said Mir Ariful Islam, managing director of Sandhani Asset Management Company.

"So, the share price of some of the companies remains low despite higher earnings," he said, adding that investors should be cautious while making investments and consider the agreement period.

Even if the government extends the tenure, it might be on the basis of the power supplied to the national grid, instead of the generation capacity, so the earnings of the companies will not be much higher, said Ariful.

Some other companies are also heading to the expiry of the agreements.

The profits of Summit Power dropped due to the closure of three

plants—Madanganj Power Plant (Unit 1), Chandina Power Plant (Unit 2) and Madhabdi Power Plant (Unit 2).

The profits were down 22 per cent at Tk 347 crore in the first half of 2021-22. The process is underway to have the agreements of the plants renewed, according to the company.

The profits of some companies fell due to the expiry of the agreements, while others observed ups and downs due to business factors, said Mohammed Monirul Islam, chief financial officer of Baraka Patenga Power.

The company's profits rose to Tk 59 crore in the recent six months, against Tk 56 crore during the same period a year ago.

It has a gas-based power plant in Sylhet and its tenure is expected to expire in 2024. "We are hopeful to see an extension," Monirul said.

He says people are now talking about the overcapacity of power generation whereas the situation was the opposite 14 to 15 years ago.

At present, the installed power

generation capacity of Bangladesh is 22,066 megawatt. The actual generation was 8,945 megawatts at day and 9,867 megawatts at night on Sunday, according to the data of the Bangladesh Power Development Board.

As per the roadmap of the government, which aims to turn Bangladesh into a developed nation by 2041, the country will need huge power, so the present capacity is aligned with the development vision, said Monirul.

Due to the coronavirus pandemic, the country's industrial growth has slowed, so the overcapacity is looking bigger, he said.

"If the planned economic zones start operations and electric vehicles hit the roads as per the government's plan, the demand for electricity will be much higher."

Among the power generation companies, United Power Generation registered the highest profit of Tk 699 crore in the first half of the financial year. It was Tk 561 crore in the same period of the previous year.

## LafargeHolcim profit soars 64pc

STAR BUSINESS REPORT

Profits of LafargeHolcim Bangladesh rose 64 per cent to Tk 388 crore in 2021 due to higher incomes from its new products.

The multinational cement maker registered 27 per cent higher net sales of Tk 2,053 crore in the last year from Tk 1,622 crore that was in the previous year.

In its sales, aggregates generated a huge amount of turnover which is the first of its kind in the local manufacturing of high grade aggregates in Bangladesh.

"We continued to introduce new channel and new products in the market to fulfil the customer need and to reach our products to consumers' doorstep," said the company in a press release.

"SHOJON, a new distribution channel was introduced with a digital app to cater to white space retailers where our brand was not available," it said.

Holcim Shokti – the first rapid early strength cement in the Bangladesh market was launched in the later part of the year, it said.

Holcim Shokti is a game changer for its market as it improves construction turnaround times, lowers the construction costs and enables high-rise construction.

The board of directors of the company has recommended payment of 25 per cent cash dividend. Rajesh K Surana, CEO of the company, said 2021 has been an unprecedented year for everyone with many external challenges.

"During the year we successfully launched two new green and specialised cement products – Water Protect and Shokti – which have received very good customer response," he said.

The company's digital programme reached new milestones with the successful launch of the business channel "Shojon" and the "E-commerce" platform.

"We accelerated our focus on the usage of alternative fuels with our Geocycle business and launched aggregates business," he added.

## BSEC gives nod to SAML Growth Fund

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission approved an open-ended mutual fund, named the SAML Growth Fund, at a commission meeting yesterday.

Mutual funds pool money from investors to channel it into securities such as stocks, bonds and other assets.

Depending on the profits earned, investors are then paid their share as dividends.

Open-ended mutual funds are not listed with the stock market but one can buy them from a fund manager's office on the basis of its net asset value. Similarly, investors can sell off fund units at any time at prices based on its current net asset value.

The primary target of the fund is Tk 25 crore, of which Shahjalal Asset Management provided Tk 2.5 crore.

The face value of each unit is Tk 10.

Shahjalal Asset Management is the fund manager while its trustee and custodian are Sandhani Life Insurance Company and Brac Bank respectively.

## 6pc private bankers lose jobs

FROM PAGE B1

"Besides, we extended the deadline by four to five months during the pandemic so that employees can attain the targets. We also hired many people during the pandemic."

Some 718 employees from City Bank resigned and 160 were laid off.

Mashrur Arefin, managing director of the bank, said that the lender had started reinstating the employees who had faced job losses.

"We have already reinstated 27 employees as per the central bank instruction. And more employees will be reinstated," he said.

The operating profit of City Bank jumped 57 per

cent year-on-year to Tk 1,101 crore last year.

Some 241 employees left their jobs at Dutch Bangla Bank Ltd (DBBL), which also terminated another 130.

"We have not forced any employee to resign," said DBBL Managing Director Abul Kashem Md Shirin.

Some probationary officers might have found government jobs without informing the bank, which is why they faced termination as per rules, he said.

DBBL, whose operating profit stood at Tk 1,228 crore last year in contrast to Tk 1,050 crore a year ago, re-hired seven officials.

Fifty-four officials of Pubali Bank resigned and 377 saw termination.

Mohammad Ali, additional managing director of the bank, said that the bank had not laid off any employees.

The officials who were terminated were absent from their jobs in breach of rules, Ali said.

The bank earned an operating profit of Tk 1,140 crore in 2021, a rise of 22 per cent year-on-year.

At NRB Commercial Bank, 256 officials resigned and nine staff members were sacked. Golam Awlia, managing director of the bank, said that the lender had not sacked any employee or asked anyone to resign. Its operating profit stood at Tk 450 crore, up 40 per cent from a year ago.

**BB ACTION**  
The central bank

instructed banks on December 15 last year to reinstate all employees who applied to return to their previous jobs.

Banks have been asked to preserve the required documents relating to the reinstatement of the officials. The central bank will examine the documents to see whether its instruction has been followed.

On January 20, the BB said banks can't sack any employees over missing any deposit targets.

**EXPERTS' REACTION**  
Fahmida Khatun, executive director of the Centre for Policy Dialogue, said a large number of job cuts was not expected at all during the pandemic. Almost all

private banks managed a healthy operating profit last year. The central bank had extended tremendous support to banks throughout the pandemic to help them keep their business afloat, she said.

"Banks should reinstate those who lost jobs, or else the image of banks will be affected."

Salehuddin Ahmed, a former governor of the BB, said that the massive resignation and layoff was a reflection of a lack of governance in the banking industry.

The easy hiring and firing policy is not a good sign, he said, adding the central bank should compel banks to follow a proper human resources management policy.

## Japan's factory output dips more than expected

REUTERS, Tokyo

Japan's factory output shrank for the first time in three months in December as a decline in machinery production outweighed a small rise in autos, casting a cloud over the strength of the economic recovery.

Retail sales posted their third straight month of year-on-year gains in December as low coronavirus cases encouraged shoppers. Record infections this month driven by the Omicron variant, however, are expected to have hit consumer sentiment.

Factory output lost 1.0 per cent in December from the previous month, official data showed on Monday, pulled down by a decline in output of general-purpose and production machinery, including chip-making equipment and engines used in manufacturing.

That meant that output, which fell faster than the 0.8 per cent decline

forecast in a Reuters poll of economists, dropped for the first time in three months.

"Output especially fell among capital goods makers, probably due to the strong impact from the chip shortages," said Takeshi Minami, chief economist at Norinchukin Research Institute.

"It suggests its impact is widening even though the focus has been on the car industry."

Automakers have been forced to curb production even as demand in key markets such as China rebounds, while they also have had to contend with soaring semiconductor demand at consumer electronic companies.

Toyota Motor Co, the world's biggest car seller, said this month it expected production to fall short of an annual target of 9 million vehicles for its current business year that runs until end-March due to the drag from the chip shortage.

## McDonald Steel first to begin

FROM PAGE B1

The official inauguration will be held as soon as possible once incorporated into Prime Minister Sheikh Hasina's schedule, they said.

Besides, eight industrial units are under construction, including that of Berger Paints Bangladesh, Bangladesh Auto Industries and Healthcare Pharmaceuticals, which are likely to start running operations by June next year.

According to Beza, the shilpa nagar has drawn investment proposals amounting to \$20.13 billion till date – \$19.85

billion from locals and \$1.28 billion from abroad.

However, the McDonald's new manufacturing unit will take up to one month to begin commercial production of galvanised and prefabricated steel sheets, said Sarwar Kamal, the company's managing director. The machinery was brought from Japan and China.

"Nippon McDonald already invested over Tk 100 crore in their joint venture factory to grab a bigger share of the growing market of steel plates along with economic growth and industrialisation in the country," he said.

Kamal went on to say that trial operations of the new unit began through the manufacturing of steel pipes.

"Nippon Steel Corporation is a highly compliant and well-renowned company around the world and it sees a good future for the steel sector in Bangladesh," he said.

Kamal believes they will be able to cater to the country's demand for prefabricated steel through the new unit, which will benefit the overall industry by substituting imports.

The company will import raw materials from China, Japan and

European countries while finished products will be mainly used by the local industries.

Kamal expects to make annual sales of \$20 million in the local market and also plans to export to South Asian countries once the unit becomes fully operational.

He said they have a good scope to export steel products to the northeastern states of India as well.

Industry insiders said the present annual demand for steel at home was around seven lakh tonnes, with an growth rate of around 12 per cent to 15 per cent.

## Private credit growth up for 7th

FROM PAGE B1

ending in June. It missed its goal in the last fiscal year after the growth plunged to 8.35 per cent against the goal of 14.8 per cent.

"The ongoing credit growth will continue if no major obstacle emerges."

Emranul Huq, managing director of Dhaka Bank, says a majority of banks usually try to use their unutilised funds in December by giving out loans before the year closes.

Banks also followed the same path last month, lifting the credit growth.

## Alesha Mart sued for unfair

FROM PAGE B1

examining all the evidence.

As such, the BCC yesterday served a notice on Alesha Mart in this regard, asking it to appear before the commission on February 16 to make a statement.

"Anyone in Bangladesh doing business, either online or offline, would have to do business as per rules. No one will be able to run any kind of business outside the rules," said Md Mofizul Islam, chairperson of the BCC.

When contacted, Md Monzur Alam Sikder, chairman of Alesha Mart, said he does not know anything about the case. He says that the firm

owes to 6,500 to 7,000 customers in terms of undelivered goods and refunds.

"I urge everyone to be patient. Alesha Mart is not going anywhere and I'm not going anywhere either. You'll get your money back," he said in a video message on the company's verified Facebook page on Sunday.

"We have an urgent meeting with the commerce ministry on February 6, after which you'll get a clear guideline," he added.

During a press conference in July last year, Sikder said his firm gave subsidies of Tk 350 crore in six months, all

of which was for selling motorcycles at a big discount. However, the company made a profit of Tk 140 crore by selling other products during the same period.

"As a result, the net subsidy in six months was Tk 210 crore but the products were sold for Tk 110 crore," he added.

Alesha Mart sought Tk 300 crore in working capital from the commerce ministry on December 2, as it plans to refund customers and resume operations in full.

But on December 15, the ministry said the government would not give any financial support to the e-commerce company.

## Oil hovers near 7-year highs

REUTERS, Tokyo

Oil rose more than 1 per cent on Monday to the near 7-year highs hit in the previous session, while supply concerns and political tension in Eastern Europe and the Middle East put prices on track for their biggest monthly gain in almost a year.

Brent crude rose \$1.28, or 1.4 per cent, to \$91.31 a barrel at 07:21 GMT, after adding 69 cents on Friday. The front-month contract for March delivery expires later in the day.

The most active Brent contract, for April delivery, was trading at \$89.62, up \$1.1 or 1.2 per cent.

US West Texas Intermediate crude added \$1.14, or 1.3 per cent, to \$87.96 a barrel, having gained 21 cents on Friday.

The benchmarks recorded their highest levels since October 2014 on Friday, \$91.70 and \$88.84, respectively, and their sixth straight weekly gain. They were headed for about 17 per cent gains this month, the most since February 2021.

### Supply concerns and political tension in Eastern Europe and the Middle East put prices on track for their biggest monthly gain in almost a year

"Underlying anxiety about global supply shortages, coupled with ongoing geopolitical risks, have caused the market to start the week on a strong note," said Toshitaka Tazawa, an analyst at Fujitomi Securities Co Ltd.

"With an expectation that OPEC+ will keep the existing policy of gradual increase of production, oil prices will likely stay on a bullish sentiment this week," he said, predicting Brent to remain above \$90 and WTI to head toward \$90.

Major producers in the Organization of the Petroleum Exporting Countries (OPEC) and allies led by Russia, collectively known as OPEC+, have raised their output target each month since August by 400,000 barrels per day (bpd) as they unwind record production cuts made in 2020.

But they have failed to meet their production targets as some members have struggled with capacity constraints.



A woman examines a bowl at a stall featuring an assortment of decorative household items, including colourful figurines, at the 26th Dhaka International Trade Fair, which ended yesterday. Held at its new venue in Dhaka's Purbachal for the first time, this edition of the annual event saw lower customer turnout than usual. PHOTO: COLLECTED

# Dhaka trade fair bags \$16m in export orders

New venue sees lower turnout though

STAR BUSINESS REPORT

Participating companies of the 26th Dhaka International Trade Fair (DITF) bagged export orders worth about \$16 million at the month-long event that ended yesterday.

In terms of completed sales, goods worth some Tk 40 crore were sold at the annual trade fair, which was held at its new venue in Dhaka's Purbachal, according to a statement from the commerce ministry.

On the concluding day, Commerce Minister Tipu Munshi handed over crests to 42 participants, 10 officials of different departments and 27 organisations for their outstanding contribution to this edition of the DITF.

During the programme, Munshi said the government has been trying to sign free trade agreements, preferential trade agreements, and other regional trade partnerships to retain Bangladesh's duty benefits after the country's graduation from a least developed country in 2026.

He went on to say that Bangladesh should be able to achieve its export target of \$51 billion by the end of the current fiscal year thanks to a strong upward trend in outgoing shipments.

"Considering the increasing export volume, the government aims to ship \$80 billion worth of goods by the end of 2024," the commerce minister said, adding that the government is taking various measures both at home and abroad to this end.

Golam Dastagir Gazi, minister for textiles and jute, said the country is now self-reliant for its energy needs.

"Production once suffered a lot because of a power crisis but the situation has



changed since then," he added.

More than 20 lakh people visited the DITF this year, according to a senior official of the Export Promotion Bureau (EPB), co-organiser of the DITF with the commerce ministry.

Last year, the DITF was cancelled due to the severe fallouts of Covid-19, he said.

However, the number of people who visited the DITF when it was held at its old venue in the capital's Argargaon was much higher, the EPB official added.

On January 1, Prime Minister Sheikh Hasina virtually inaugurated the fair, where some 227 companies from 11 countries participated this year.

Apart from Bangladesh, companies from India, Pakistan, Turkey, Thailand and

South Korea took part in this edition of the DITF.

The fair remained open every day from 10:00am to 9:00pm on weekdays while it continued until 10:00pm on weekends.

Participating companies showcased their goods across 23 pavilions, 27 mini pavilions and 162 stalls, where some 15 food shops operated.

The entry fee for an adult was fixed at Tk 40 while it was Tk 20 for minors and freedom fighters entered for free.

Tapan Kanti Ghosh, senior commerce secretary, AHM Ahsan, vice-chairman of the EPB, and Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, also spoke on the concluding day.

## Krishibid Seed to raise funds thru SME board

STAR BUSINESS REPORT

Krishibid Seed has got approval to raise funds of Tk 11.60 crore as a small and medium enterprise through issuing 1.16 crore shares.

In a commission meeting, the Bangladesh Securities and Exchange Commission (BSEC) approved the qualified investor offer (QIO).

With the QIO proceeds, the SME company will build a cold storage and seed research and development centre.

After debut trading at the SME platform, the company will not be allowed to issue any bonus shares in the next three years.

Its earnings per share was Tk 0.60 in the first quarter of 2021-22, according to a press release of the BSEC.

Its net asset value per share without revaluation reserve was Tk 12.60 as on September 30 of 2021.

SBL Capital Management was its issue manager.

## Stocks plunge on Covid scare

STAR BUSINESS REPORT

The prime index of the domestic stock market plunged yesterday as investors entered a selling spree in the face of rising coronavirus infection rates.

Investors are quite shaky now as the number of Covid linked deaths is growing, according to a stockbroker.

"If the number continues to rise, then the government may reinstate strict measures on public movement to prevent further loss of life," he said.

"But these measures make it tough for companies to carry out their economic activities and so, investors are frightened of the potential outcome," he added.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), plummeted 65 points, or 0.93 per cent, to 6,926 yesterday.

At least 12,183 new Covid-19 infections were recorded and 34 people died from the virus in the 24 hours till 8:00am on Sunday, said a press release issued by the Directorate General of Health Services.

The positivity rate of samples collected that day stood at 28.33 per cent while the total positivity rate is currently 14.36 per cent.

"So considering this situation, investors entered a selling spree," the stockbroker said.

At the DSE, 72 stocks advanced, 264 fell and 44 remained the same.

Turnover, an important indicator of the market, dropped 8 per cent to Tk 1,215 crore at the Dhaka bourse.

Among the most highly traded stocks, Union Bank topped the list with trade worth Tk 90 crore followed by Beximco Ltd, Bangladesh Shipping Corporation, National Polymer and Queen South Textiles.

BD Thai Food topped the gainers list, soaring 10 per cent, followed by Union Insurance, National Polymer, Bangladesh Building Systems, and BD Lamps.

"Newly listed companies are finding spots on the top gainers list almost every day as investors rush to get these," a merchant banker said.

However, Union Bank is the only exception due to the huge number of its shares available in the market.

The fourth generation bank raised a fund of Tk 428 crore by issuing 42.80 crore ordinary shares, which dropped around 1 per cent to be valued at Tk 13.20 each as of yesterday.

National Feed Mills slipped the most, losing 8.7 per cent, followed by National Life Insurance, Fortune Shoes, Meghna Pet Industries and Salko Spinning.

The stocks plunged as soon as the trading session began as risk-averse investors were in a selling mood amid fears of further price erosions,

READ MORE ON B2



Workers assemble S-Class sedans on the assembly line at the Mercedes-Benz plant of Daimler AG in Germany.

PHOTO: AFP

## Eurozone economy rebounds in 2021 after recession

AFP, Brussels

The eurozone economy posted robust growth last year, official data showed Monday, but fallout from the Omicron variant and an energy crunch have raised doubts about the bloc's ability to sustain the pace.

While historic, the 5.2 per cent expansion fails to gain back all the ground lost to the crash suffered in 2020, when the first shock of the coronavirus pandemic saw the eurozone contract by a cataclysmic 6.4 per cent.

The strength of the eurozone's recovery trailed the boom in the United States, which grew by 5.6 per cent in 2021. China's leapt by 8.1 per cent, according to government data.

Eurostat said the full 27-country EU economy, which includes several large economies that do not use the euro such as Poland and Sweden, grew by 5.9 per cent.

Analysts said the rebound in Europe showed strong divergences especially late in the year, with export powerhouse Germany seeing negative growth in the final quarter, and France, Spain and Italy expanding healthily.

The German government on Wednesday lowered its economic growth forecast for 2022 because of problems posed by Omicron and its effect on the global supply chain, a crucial concern for Europe's biggest economy.

The crisis in Ukraine has also darkened the mood, as fears grow that Russia, a major source of fossil fuels, could curb the gas supply to Europe when heating needs are at a peak.

This would add to challenges posed by the highly contagious Omicron coronavirus variant that has brought a new wave of health restrictions and disrupted supply chains.

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