

BB specifies stock market investment tools for NBFI

STAR BUSINESS REPORT

With the objective of removing ambiguity, the Bangladesh Bank yesterday specified the instruments where non-bank financial institutions' investment would be considered while calculating their stock market exposure.

The central bank said the Financial Institutions Act 1993 fixed the highest ceiling of investment by the NBFI in shares of other companies. But it was not specified which instruments would be considered as stock market investment, said the Bangladesh Bank.

Citing the issue, the central bank said all listed shares, debenture, corporate bonds, mutual funds and other products at market prices shall be considered as share market investment for the NBFI.

The finance that was given to any stock investment-related fund will be considered as the stock market investment

At the same time, the outstanding balance of loans given by the NBFI to their subsidiaries and associated companies directly or indirectly engaged in the capital market will be considered as the stock market investment.

The amount of loans the NBFI have lent to other companies that are dealing with the stock market will also be included in the exposure, according to the BB. The finance that was given to any stock investment-related fund will be considered as the stock market investment.

However, the equity investment of its subsidiary companies, long-term equity investment or venture capital and the shares of the Central Depository Bangladesh Ltd and stock exchanges would not be counted as the capital market investment, the central bank said.



QUARTERLY PROFITS OF LISTED HOTELS

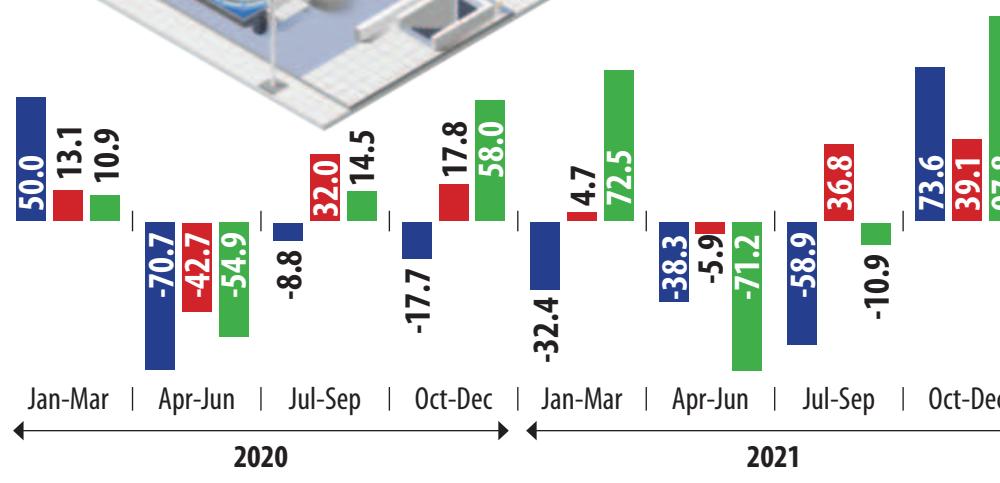
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■ UNIQUE HOTEL

■ PENINSULA

■ SEA PEARL

SOURCE: FINANCIAL STATEMENTS



Luxury hotels relieved of pandemic pinch

Tourism picking up for relaxed restrictions

AHSAN HABIB

The luxury hotel business in Bangladesh bounced back strongly in the first half of the current financial year as people have started to travel and host public events with the easing of coronavirus restrictions.

Among three listed hotel companies, two logged higher profits and one returned to profits in the last six months.

"Many countries are not taking tourists amid the Covid-19 pandemic, so they are rushing to domestic sites instead," said Md Azaharul Mamun, company secretary of Sea Pearl Beach Resort and Spa Ltd.

The Royal Tulip Sea Pearl Beach Resort and Spa, a luxury hotel located on the Inani beach of Cox's Bazar, saw a profit of around Tk 8.69 crore in the last six months, up 20 per cent year-on-year.

"As the Royal Tulip, a concern of Sea Pearl Beach Resort and Spa, is located where there are no other big hotels, we were able to attract more tourists," he added.

Other than Cox's Bazar, tourists are also flocking to destinations in Sylhet and

Kuakata, among others.

Mamun said the number of corporate events taking place at their hotels was higher before the Omicron variant of Covid-19 led to a fresh wave of infections and subsequent restrictions on public gatherings.

"So, individual tourists were the main guests in recent times," he said.

Unique Hotel and Resorts Ltd, which operates The Westin Dhaka, registered profits of Tk 1.47 crore in the last six months. It had incurred losses of Tk 2.65 crore during the same period in 2020-21.

Similarly, profits of The Peninsula Chittagong rose to Tk 7.59 crore, up 52 per cent year-on-year.

"After the initial waves of the pandemic, the tourism business bounced back stronger than expected," said Jabeed Ahmed, chief executive officer of the Bangladesh Tourism Board.

"As a result, we saw more than two crore tourists before the spread of the Omicron variant," he added.

The reason behind the large turnout of

tourists is that even those who normally travel outside the country were unable to do so in recent times as borders across the globe were closed to prevent the spread of Covid-19.

The Omicron variant had a similar effect in Bangladesh as the number of tourists receded in recent months.

"But, now the occupancy ratio is rising again," Ahmed said.

A top official of a Dhaka-based luxury hotel, preferring anonymity, told The Daily Star that its business was badly impacted by the pandemic.

"But after the situation started improving and corporate programmes resumed, the occupancy at our hotel recovered 60-65 per cent of the pre-pandemic level," he said.

However, many companies are now cancelling bookings as they are holding programmes online amid the fears of the Omicron variant.

"We are feeling the impact again. However, the situation is still better than in the initial stage of the pandemic," he added.

GoZayaan acquires Pakistani

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DST Global Managing Partner Saurabh Gupta and PAYBACK Founder Alexander Rittweger.

Its \$2.6 million seed round closed last year led by Wavemaker Partners and joined by venture capital firms Ratio Venture, 1982 VC, Iterative, Century Oak Capital along with current and former Airbnb executives.

Go Zayaan's pre-seed funding was raised from Brac Osiris Impact Ventures.

"Bangladesh has the potential to create not just local, but also regional or global companies. We are going to try exactly that," Ridwan Hafiz, CEO of GoZayaan, told The Daily Star.

"This unlocks a total addressable market for us which is massive because together, Bangladesh and Pakistan constitute 5 per cent of the world's total population. We said we were going to create the future of travel; well, the future starts now," he said.

The acquisition also signals a boom in new travel agencies in the South Asian market, it said in a statement.

GoZayaan's plan is to cater to more customers with a better user experience and technological support and offer more digital solutions to make travel more

convenient.

STORY OF GOZAYAAN

Travelling to several countries, Hafiz realised that the destinations could use a wide range of services through online platforms such as Expedia, Booking.com and Klook -- services that are unavailable in Bangladesh.

When travellers in Bangladesh book a trip through offline agencies, they miss out on two elements -- control over customising their travel and the lack of clear-cut information.

In August 2017, Ridwan founded Go Zayaan to address this void and put travellers in charge of their travel plans. It has since been trying to build up an end-to-end automated travel booking system.

"Bangladesh has a huge potential in the travel market. However, a big chunk of the industry is dominated by offline agencies," said Hafiz.

"GoZayaan's goal is to bring a shift in this market by converting the market from offline to online with innovative tech-driven solutions."

The main products of GoZayaan are booking domestic and international flights and hotels and inter-city bus tickets and arranging local tours. Its supporting services include booking Covid-19 tests for

international travellers and arranging travel loans and insurance.

On how the pandemic affected the overall travel-tech market, he said it was devastating for Bangladesh's travel industry.

Industry insiders reported a drop in business of more than 50 per cent with hotels, transportation and travel companies barely being able to stay operational.

"However, the company's passion for solving problems through rapid technology adoption was proven when it saw near 10 times growth over the year 2021 -- a time when tourism was at its lowest due to the pandemic," said Hafiz.

He said GoZayaan took the pandemic as an opportunity, finding out that people in Bangladesh had become more inclined at travelling around the country.

GoZayaan capitalised on this.

It partnered with over 400 hotels across the nation, on-boarded inter-city bus firms and brought about tours in prominent tourist destinations.

The company has all the domestic airlines -- Novoair, US-Bangla Airlines and Biman Bangladesh Airlines -- on its platform.

Starting with only five employees, it now employs about 100 people.

NBFIs, govt entities

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The banks that are now running MFS operations with the approval of the BB will continue under their existing structure without forming a subsidiary company. But, they will also be allowed to form the subsidiary.

The latest central bank guidelines will help the Bangladesh Post Office (BPO), which is now running MFS under the brand name of Nagad, take licence for its subsidiary, a central bank official said.

The government has taken an initiative to amend relevant laws so that the BPO is permitted to take the licence from the central bank for the company, he said.

Contacted, four central bankers, who are working at the BB departments responsible for drawing up policies for NBFI and MFS, said that more legal clarities would be needed before giving any comment on whether NBFI could run MFS in line with existing laws.

As per the Financial Institutions Act, 1993, NBFI are barred from taking demand deposits from clients.

The TCSAs would act as custody accounts where the legal tender is stored against the issuance of e-money by the MFS and e-money service providers.

had already built rainwater harvesting infrastructures, saving 0.2 million cubic metres of rainwater.

Shamima Akhter, head of corporate affairs of Unilever Bangladesh, said rainwater currently accounts for about 21 per cent of the water usage at their Kalurghat factory but the target is to raise it to 79 per cent.

Fed's credibility 'on the line' amid US inflation spike

AFP, Washington

The Federal Reserve needs to accelerate the pace of interest rate increases to fight inflation, but can do so in a way that doesn't roil financial markets, St. Louis Fed President James Bullard said Monday.

"Our credibility is on the line here," Bullard said on CNBC. After consumer prices saw their biggest jump in 40 years in January, he said the Fed should "front load" its actions and raise the benchmark borrowing rate to one per cent by July.

Bullard, a voting member of the Fed's policy setting committee, caused a sharp reaction in markets last week with similar comments on the need to remove stimulus provided to the US economy during the Covid-19 pandemic.

The consumer price index in January jumped 7.5 per cent compared to a year earlier, its largest increase since 1982.

Bullard said the data capped four months of worrisome reports indicating that "inflation is broadening and possibly accelerating in the US economy."

"We've been surprised to the upside on inflation. This is a lot of inflation in the US economy," he said.

However, the New York Fed released

a survey Monday showing consumer inflation expectations dropped for the first time since October 2020.

The data showed median expectations for inflation a year ahead fell to 5.8 per cent in January from 6.0 per cent in December, the New York Fed said. That remains well above the central bank's two per cent target and far higher than officials had hoped to achieve as the supply chain snarls caused by the pandemic recede.

Bullard said he would try to convince his colleagues at the central bank of the need to move quickly on interest rates, but defer to Fed Chair Jerome Powell.

"I do think we need to front load more of our planned removal of accommodation than we would have previously," he said.

"However, I think we can do it in a way that's organized and not disruptive to markets."

The Fed's next policy meeting is set for March 15-16, and some economists say the central bank could even make an aggressive, half-point increase to signal its determination to contain rising prices.

But policymakers could achieve Bullard's desired rate with more modest quarter-point increases at each of the next four meetings, including in late July.

Rainwater could

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Tanzida Islam, programme manager for environment at H&M, said 50 per cent of the company's local apparel sourcing factories are expected to build rainwater harvesting infrastructures by the end of 2022.

Starting with only five employees, it now employs about 100 people.

As of last year, 45 per cent of H&M's 105 sourcing factories in the country

BB relaxes policy for NBFI

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sub-standard and doubtful loans. However, NBFI can waive the entire uncharged and penal interests imposed on defaulters.

Lenders usually calculate unapplied interest on the funds that fall in the bad category of default loans.

Non-banks cannot consider the bad assets that will be availed under the exit facility as unclassified

loans. Defaulters will have to apply to NBFI to take the one-time exit by April 30. NBFI will have to take the decision to provide the support to defaulters within the two months after applications are filed.

Non-performing loans in the country's 34 NBFI stood at Tk 11,757 crore as of September last year, up 17 per cent from nine months ago.