



## CHATTOGRAM'S ECONOMIC IMPORTANCE

Gateway to Bangladesh by sea	Connects nearly 60cr population of landlocked parts of South Asia with South East Asia	Contributes 12% of national GDP	Accounts for 60% of national revenue	Handles 80% of international trade	Hosts 40% of country's heavy industries	Accounts for 37% of total annual remittance earnings	Most preferred tourism destination
SOURCE: CCCI-JAPAN DESK							

PHOTO: RAJIB RAIHAN

# Ctg holds potential as next 'global industrial hub'

Analysts tell webinar

**The CCCI-Japan Desk aims to facilitate business ties between private sectors of the two countries through providing legal, business and market information, linkage and policy advocacy services**

STAR BUSINESS REPORT, Ctg

Chittagong, preparing to become the country's trade and investment growth engine, offers immense business prospects for Japanese investors as it bridges South Asia and Southeast Asia, analysts told a webinar yesterday.

Home to the biggest sea port, the economic prospects are bright because of the implementation of mega infrastructure projects and capacity enhancement of the port, they said.

The Chittagong Chamber of Commerce and Industry (CCCI), Japan External Trade Organization (Jetro) and

Japan-Bangladesh Chamber of Commerce and Industry (JBCCI) organised the event seeking to attract Japanese investment to Bangladesh, particularly to Chittagong.

Around 160 persons from over 100 Japanese companies took part in the webinar.

CCCI President Mahbulul Alam said Japan and its private sector could bring in technology and experience of large-scale industrialisation and invest in Chittagong focusing ongoing mega infrastructural projects.

Bangladesh's youth population can be transformed into an asset with appropriate training while Japan has the capital and investment to act as a

leverage for this asset, he said. Japan also has the technology required to serve the market of Bangladesh's growing middle-income population, he said.

The CCCI, Jetro and JBCCI established a "CCCI-Japan Desk" in December last year to strengthen bilateral business-to-business ties, he mentioned.

The CCCI-Japan Desk is run by partners Legal Counsel, New Vision Solutions and the Bangladesh Center of Excellence along with Jetro.

It aims to facilitate business ties between private sectors of the two countries through providing legal, business and market information, linkage and policy advocacy services.

Jetro Country Representative in Dhaka Yuji Ando highlighted Bangladesh's "excellent" economic situation and the potential Chittagong held towards transforming into a global industrial hub.

CCCI Vice President Syed M Tanvir, in a presentation, focused on business and economic potentials as well as the cultural and ethnic diversity of Chittagong.

Currently 20 Japanese manufacturing and trading companies are operational in Chittagong, he said.

JBCCI Secretary General Tareq Rafi Bhuiyan and JBCCI President Asif A Chowdhury also spoke.

## Online sales take off

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to 100 per cent during this pre-fair season compared to the same time last year, when it had slumped by over 50 per cent.

Plagued by the pandemic, Baatighar, a publication house hoping to grow a reputation for decent taste in book releases and picturesque stores, introduced its own online book sales mechanism in 2020 amid the pandemic. That effort paid off.

Proprietor Dipankar Das said online sales doubled in the first two weeks of February compared to the same period in previous months.

"New books published by us and translated books are selling well. Besides, the demand for nonfiction and classics is also good," he said.

Marking the fair, it is offering discounts of 25 per cent to 40 per cent throughout February on both online and physical purchases.

Publication house Prothoma launched an online book fair from February 1 offering a discount of 25 per cent.

"We started the online book fair before the actual fair in keeping with readers' expectations and we are getting the expected response as online sales have gone up," said Jakir Hussain, manager of the publishing

## Seven NBFI risk losing

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persists," said Zaryab, who joined the NBFI in August last year.

Aviva Finance, which changed its name from Reliance Finance in November 2020 to brighten its image and restore depositors' confidence, is another example of how the funds were misused.

The non-bank disbursed Tk 285 crore to its subsidiary, Reliance Brokerage Services, but Md Abdul Jabbar, managing director of the lender, did not know when the funds were lent.

He said he had recently joined the NBFI, which was why he did not know about the matter.

The NBFI even showed a smaller figure as the outstanding loans disbursed to its subsidiary without recovering any amount, which baffled the

central bank. "Although the NBFI recovered only Tk 50 lakh from its subsidiary between July and September last year, it showed the outstanding loans to be Tk 3 crore less than what it really was," showed the BB data.

Similarly, it also showed an outstanding loan amount that is Tk 2.5 crore less than the actual figure in the April-June period last year without realising any fund from the subsidiary.

Jabbar said, "The NBFI has recently recovered funds from the subsidiary. We have waived a portion of the interest of the loans."

Union Capital gave out loans amounting to Tk 458 crore to its two subsidiaries, Unicap Investments and Unicap Securities, which is 773 per cent of its capital.

ANM Golam Shabbir,

acting managing director of Union Capital, said the non-bank had started to disburse the loan since 2010. The subsidiary companies chiefly gave out the fund to the stock investors in the form of margin loans, he said.

But they failed to recover the amount from clients due to the debacle of the capital market in 2010.

Asked why the non-bank did not treat the loan as default ones, he said there was no loan classification policy to this end.

The non-bank has also waived loans disbursed to the subsidiaries, violating the rules, according to a BB probe.

In November last year, the BB ordered Union Capital not to disburse any loans exceeding Tk 1 crore after it found gross violations of rules in running its business.

ILFS disbursed Tk 259 crore to its subsidiary, International Leasing Securities, as loans in phases since 2009. The non-bank faced a capital shortfall of Tk 3,353 crore as of September last year.

The NBFI had earlier faced a wide range of scams as former managing director of NRB Global Bank, Prashanta Kumar Halder, allegedly swindled a large amount of funds from the company.

Md Mashuri Rahman, acting managing director of the lender, said the non-bank had restructured the loans last year.

"We are now trying to recover the fund," Rahman said.

Prime Finance disbursed Tk 372 crore in loans to its subsidiary, which is 104 per cent of its capital.

Md Ahsan Kabir Khan, managing director of the

lender, said the non-bank had given out the fund to be invested in the capital market. In addition, the subsidiary also disbursed margin loans among individual investors of the stock market.

Mohammad Imdadul Islam, managing director of the lender, did not respond to The Daily Star's requests for comment.

A BB official says the subsidiaries were regulated by the BSEC.

Against this backdrop, the central bank sent a letter to the BSEC on January 12 requesting it to submit a report on the utilisation of the funds.

Mohammad Rezaul Karim, spokesperson of the BSEC, said they were now collecting data as per the requirements of the central bank. "The stock market regulator will give a reply to the BB in the quickest possible time," he said.

a bit tough to realise the fund," he said.

GSP Finance Company (Bangladesh) also disbursed loans worth Tk 241 crore, which amounted to 80 per cent of its capital.

Mohammad Imdadul Islam, managing director of the lender, did not respond to The Daily Star's requests for comment.

A BB official says the subsidiaries were regulated by the BSEC.

FAS Finance disbursed Tk 168 crore to its subsidiary, FAS Capital and Management. The lender faced a capital shortfall of Tk 302 crore.

Pritish Kumar Sarker, managing director of the lender, said the non-bank disbursed the fund to help the subsidiary in doing business in the capital market.

Mohammad Rezaul Karim, spokesperson of the BSEC, said they were now collecting data as per the requirements of the central bank. "The stock market regulator will give a reply to the BB in the quickest possible time," he said.

## EU to support Bangladesh

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meeting, Islam highlighted the challenges of LDC graduation and Bangladesh's joining the club of middle-income countries by 2026.

Islam also expressed concerns about the tariff escalation after the country's LDC graduation and urged the EU to extend transitional support and the Everything but Arms (EBA) initiative for a reasonable period to attain sustainable graduation.

Responding to Islam's call, Whiteley assured that the EU would look into the concerns very pragmatically.

## NLI First Mutual Fund to be open-ended

STAR BUSINESS REPORT

When most asset management companies in Bangladesh try to extend the tenure of closed-end mutual funds to retain them, VIPB Asset Management Company has decided to convert its fund into open-ended.

Mutual funds are investment funds that gather a fixed pool of money from several investors and re-invest them into stocks, bonds and other securities and then distribute the profits among the unitholders.

Open-ended mutual funds have no timeframe to mature and are not listed with the bourses. So, investors can withdraw funds anytime on the basis of net asset value (NAV). On the other hand, closed-end funds are normally launched for 10 years. Yesterday, a meeting of unitholders of NLI First Mutual Fund was held on a virtual platform to decide the fate of the fund, whose 10-year tenure as a closed-ended mutual fund ended on February 6. In the meeting, the unitholders voted on a proposal to convert the fund into an open-ended fund. Unitholders representing 69.29 per cent units of the fund cast their votes, according to a press release of VIPB Asset Management Company, the asset manager of the fund.

A staggering 99.93 per cent of the votes went in favour of the proposal. The fund will now resume its journey as an open-ended fund after securing approval from the Bangladesh Securities and Exchange Commission.

Md Abul Hossain, managing director of Investment Corporation of Bangladesh (ICB), the trustee of the fund, presided over the meeting.

Prof Md Kismatul Ahsan, chairman of ICB, Zia Uddin Ahmed, chairman of VIPB Asset Management Company, Shahidul Islam, CEO of the asset management company, and Probir Chandra Das, chief financial officer of National Life Insurance Company, the sponsor of the fund, spoke at the event.

The initial size of the fund was Tk 45.8 crore. It has paid a total cash dividend of Tk 52.1 crore throughout its tenure.

On February 6, the fund's size, in terms of total net asset value at market value, was Tk 75.2 crore. The fund generated an annualised compound rate of return of 14.01 per cent, whereas the DSEX, the benchmark index of the Dhaka Stock Exchange, rose 4.93 per cent per year during the period.

## Markets rally on hopes for easing Russia-Ukraine tensions

AFP, Hong Kong

Asian markets rebounded Wednesday and Europe extended gains on hopes that Russia will not invade Ukraine after Moscow said some of its troops on the countries' border had started pulling back.

While not verified, the claims by Russia provided some much-needed relief for investors, who had grown increasingly fearful of a conflict in Eastern Europe after Western powers warned for days that an attack was imminent.