

## No chance of Lanka like situation in Bangladesh

Says MA Mannan  
STAR BUSINESS REPORT

Planning Minister MA Mannan yesterday ruled out the possibility of a Sri Lanka like situation in Bangladesh as the country's economic stability is still strong.

The Sri Lankan economy has been going through a massive crisis for the last few months due to mismanagement of its macroeconomic issues.

"I think there is no reasonable ground for directly comparing Sri Lanka's economy with that of Bangladesh," Mannan said. He was responding to queries from journalists after the weekly meeting of the Executive Committee of the National Economic Council at its office in Dhaka.

"However, we are carefully observing the opinions of local economists and researchers regarding Sri Lanka's economic situation," he added.

**"There is no reasonable ground for directly comparing Sri Lanka's economy with that of Bangladesh."**

As an independent and sovereign nation, Sri Lanka can evaluate its own economic situation if necessary, Mannan said.

Free thinkers and the media have been analysing the latest economic scenario of Sri Lanka. "But our government will not analyse Sri Lanka's economy," Mannan said.

However, the current context of Sri Lanka's economy is being discussed all over the country, including various business chambers.

For instance, a leader of a business chamber earlier brought attention to the possibility of replicating Sri Lanka's economic situation in Bangladesh due to the country's low revenue amid high spending to implement various mega projects.



Workers are heading for their factories in an industrial zone under Dhaka district. US Secretary of State Antony Blinken said labour rights issue is an important determinant of Biden administration's foreign policy.

PHOTO: STAR/FILE

# Improve labour conditions for GSP, investments

US asks Bangladesh

DIPLOMATIC CORRESPONDENT

Washington has asked Dhaka to improve labour conditions in response to Bangladesh seeking reinstatement of the GSP facility, which was suspended in 2013, and investments in infrastructure, blue economy, IT and pharmaceuticals.

Strong emphasis was put on the issues when Foreign Minister AK Abdul Momen held separate meetings with US Secretary of State Antony Blinken and USAID Administrator Samantha Power in Washington on Monday afternoon.

Momen told Blinken that Bangladesh had become a vibrant economy and a land of opportunities from the "bottomless basket".

The US has, however, invested mostly in the power and energy sector but can invest in IT and pharmaceuticals, he said, adding, "If you invest in pharmaceuticals sector, your country can get medicines at affordable prices."

During the meeting, Blinken sought Bangladesh's partnership to implement its "Indo-Pacific Strategy".

"I said we also want free, inclusive, open

and secure Indo-Pacific. Come, invest in blue economy. We have huge sea. There, we can work together for a secure Indo-Pacific," Momen said.

Blinken positively responded to the proposal of deepening maritime cooperation as the two countries have shared the goals of a free and secure Indo-Pacific region.

Appreciating ongoing works of a tripartite group on labour rights, he underscored that labour rights issues were an important determinant of the Biden administration's foreign policy.

Noting that Bangladesh is not getting development finance from the US International Development Finance Corporation due to the labour rights issues, he stressed upon resolving all impediments.

Momen told Blinken that Bangladesh is a small country and with so many people and things, bringing change is not as easy as it is in the US, where the population density is much less than that in Bangladesh.

He also shared some initiatives taken up with International Labour Organization

(ILO) and European Union (EU) that were helping improve labour conditions. He also sought US participation in the process.

He underscored that Bangladesh has done a lot on safety, as a result of which seven of the top 10 eco-friendly factories were in Bangladesh. He requested Washington to help Bangladesh make improvements in the ease of doing business – a proposal accepted by Blinken positively.

He also called for Blinken's assistance in expediting the matter of opening direct flights from Dhaka to New York.

Foreign Minister Momen met USAID Administrator Samantha Power and thanked her for agreeing to his request to assist in the project of strengthening the coastal embankments in Bangladesh.

Mentionable, a joint feasibility study on this by the USAID and Bangladesh government would commence soon.

Power emphasised that Bangladesh should resolve outstanding labour issues to become eligible for the development finance from the DFC. He also stressed a stronger consultative mechanism between Bangladesh and the USAID on how funds were disbursed.

## EBL fined for breaching banking rules

STAR BUSINESS REPORT

The Bangladesh Bank has imposed a fine of Tk 5 lakh on Eastern Bank Ltd (EBL) for disbursing loans to its subsidiary and associate in violation of the single borrower exposure limit.

On March 29, the BB issued a letter to EBL, asking it to pay the fine within 14 days, or else it will deduct the amount from the current account of the bank with the central bank.

Banks in Bangladesh are not allowed to disburse more than 25 per cent of their regulatory capital as a loan to a single client or a group of companies. They have to follow the rule while giving out loans to their subsidiaries and associates as well.

But the loans extended to EBL Securities Ltd and EBL Finance (HK) Ltd, respectively the subsidiary and the associate of the private commercial bank, stood at around 37 per cent of its regulatory capital amounting to Tk 3,300 crore as of September.

The exposure limit set by the BB helps banks avoid excessive loan concentration to individuals and companies and lessen the credit risk by curbing default loans.

The central bank has issued several letters to EBL since October, asking it to explain the violation of the single borrower exposure limit. But, the central bank did not find the bank's explanations to be satisfactory.

EBL also gave out loans to Super Oil Refinery Ltd, breaching the Guidelines on Internal Credit Risk Rating (ICRR) System, another reason that prompted the BB to impose the fine.

As per the guidelines, no loan will be sanctioned to borrowers whose ICRR is 'unacceptable' unless the loan is 100 per cent cash covered or fully guaranteed by the government or multilateral development banks, or the loan is for a state-owned organisation or project.

EBL flouted the guidelines by disbursing fresh loans to the company, according to a central bank letter. The central bank had ordered EBL to explain it, but the reply has failed to satisfy the BB. EBL declined to comment on the matter.

## Airbnb suspends operations in Russia

REUTERS

Home rental company Airbnb Inc said late on Monday it had suspended operations in Russia and Belarus.

"Guests globally will no longer be able to make new reservations for stays or Experiences in Russia or Belarus," the company said in a statement. "Guests located in Russia or Belarus will not be able to make new reservations on Airbnb."

It said reservations starting on or after April 4 had been cancelled.

Airbnb Chief Executive Officer Brian Chesky announced the planned suspension on Twitter on March 4. The company had previously flagged its inability to process transactions affiliated with certain financial institutions in Russia and Belarus due to Western sanctions imposed after Moscow sent tens of thousands of troops into Ukraine on February 24.

## Large foreign banks

FROM PAGE B1  
Although the foreign banks were hit by the business slowdown, they have kept investing in technologies, he noted. "They will reap the benefit of the investment in the future."

In contrast, local banks showed higher profits and provided dividends in 2021, helped by the Bangladesh Bank's relaxed policy that allowed them to count income from unrealised instalments of loans.

"But this is not expected during a crisis," said Habib, adding that as many borrowers did not pay back their loans fully in the last two years, the net interest income of banks fell.

The BB allowed the borrowers to retain their loan status unchanged through the payment of a portion of the loans for two years.

The interest income of Standard Chartered Bangladesh was down 26 per cent to Tk 1,121 crore in 2021. The income from investment fell 31 per cent to Tk 338 crore mainly due to the drop in the interest earnings from government bonds and Treasury bills.

The income from the government bonds and Treasury bills declined to Tk 312 crore from Tk 439 crore a year earlier.

Standard Chartered Bangladesh cut the salary and allowances of its chief executive officer to Tk 4.38 crore from Tk 4.84 crore a year ago, the financial statements showed.

HSBC Bangladesh's net

interest income dropped to Tk 766 crore, a fall of 8.24 per cent from Tk 835 crore in the previous year, according to the financial report.

Commissions, exchanges and brokerage charges fetched Tk 461 crore for the bank, up 12 per cent year-on-year, helped by higher earnings for the opening of letters of credits for imports.

The income from the opening of LCs stood at Tk 231 crore, a rise of 27 per cent.

The British lender managed to keep its operating costs almost unchanged: it was Tk 546 crore last year against Tk 544 crore in 2020.

HSBC Bangladesh's CEO saw a pay-cut of 23 per cent to Tk 4.33 crore.

In a statement, the bank says its underlying business was resilient and it is well-positioned for future growth.

"We saw good annual growth in overall assets and liability balances, and we maintained good profitability. We are also proud to have supported the people and businesses of Bangladesh during the pandemic."

Speaking about the fall in profit, the London-based lender said the pandemic impacted all banks and HSBC was no exception.

Standard Chartered Bangladesh says its profits were impacted by the lower income as well as higher loan impairment charges.

"The bank's income performance was

adversely impacted by margin compression in both commercial and investment books due to the significant surplus liquidity in the market."

In a statement, the multinational lender says it booked higher impairment charges in 2021 to absorb any loan losses, which may arise post-payment moratorium.

The provisions held by the bank stand at 257 per cent of the required provisions as per Bangladesh Bank guidelines, and the provisions coverage ratio was 135 per cent of non-performing loans.

Despite the higher impairment charges, the bank's capital adequacy ratio remained strong at 23.4 per cent against the market average of 11.22 per cent in September.

"With its strong capital base and surplus liquidity, the bank is well-positioned to grow its business in 2022 and beyond," added Standard Chartered Bangladesh.

The National Bank of Pakistan returned to profits last year.

The profits stood at Tk 30.58 crore, compared to Tk 21.67 crore losses it incurred a year ago.

However, the Karachi-based state-run multinational commercial bank's net interest income was still in the red.

The net interest income was Tk 55 crore in the negative in 2021, an improvement from Tk 123 crore in the negative a year ago.

## Govt lifts investment cap on dollar

FROM PAGE B1  
When it comes to investments higher than \$500,001, investors will get 3 per cent interest, according to the notification.

The government introduced the two bonds in 2002 to attract NRB investment in Bangladesh.

Bangladeshi diaspora can buy the bonds through their foreign currency accounts at banks or through cheques or draft. They can apply for buying bonds through branches of Bangladeshi banks abroad.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, suggested being cautious in the issuance of bonds to be paid back in foreign currency.

Sri Lanka faced a problem in repaying debts because of a build-up of repayment pressure, he said.

"There is uncertainty in the global economy. At this moment, the government could maintain the investment ceiling as increased debt through bonds will fuel repayment costs."

"As bonds are issued, the funds generated should be used properly so that adequate returns are generated to repay the debt," he added.

## 7up celebrates Ramadan with limited-edition packs

STAR BUSINESS DESK

7UP, a lemon-lime flavoured non-caffeinated soft drink brand, unveiled its summer campaign featuring brand ambassador Shakib Al Hasan and its limited-edition Ramadan packs yesterday, marking the month of Ramadan with a dash of fresh thinking.

The new packaging developed by the PepsiCo Design and Innovation team drew inspiration from the various elements that embodied the spirit of Ramadan, from the crescent moon to the golden and green pattern, a press release said.

As a part of the campaign, 7UP released a TV commercial which transports Shakib Al Hasan to his go-to Iftar place 'Montu Mama's Hotel' in his hometown on the occasion of Ramadan.

"The new 7UP TVC is really close to my heart, as it uplifts our spirits with a heartfelt message delivered via quick wit. I am certain that it will also touch the hearts of my fans during Ramadan," said Shakib.

"We are thrilled to collaborate with Shakib again, who mirrors 7UP's innovative and creative approach towards life. We are confident that our campaign will be well received by our consumers as well," said Naseeb Puri, senior marketing director for Bangladesh at PepsiCo.

"We are optimistic that this campaign with 7UP's mascot, Fido Dido, along with Shakib Al Hasan's youth appeal will bring happiness and freshness to our consumers' lives during Ramadan," said Sharfuddin Bhuiyan Shamol, head of marketing at Transcom Beverages.

## Oil output back to pre-sanctions level: Iran

AFP, Tehran

Iran's oil production capacity has returned to the same level as prior to the reimposition of sanctions in 2018, when the US unilaterally withdrew from a nuclear deal, a top official said.

"Oil production has reached pre-sanctions figures, despite economic pressures," said Mohsen Khojastehmehr, CEO of the National Iranian Oil Company (NIOC), quoted by state news agency IRNA on Sunday.

## Paperfly secures Tk 102cr

FROM PAGE B1  
fastest mid-mile network, app integration, and cashless pay at the doorsteps.

In September last year, the company launched its first contract B2B (business to business), door-to-door express delivery services, targeting the local courier and parcel industry.

The new investment will help the company build a stronger nationwide network to cater to the courier (express) and parcel industry and the fast-growing e-commerce segment.

In at least 24 districts, the company can make deliveries in 24 hours, Rahat said.

TA Krishnan, CEO

and co-founder of Ecom Express, says: "The investment reinforces our confidence in the Bangladesh market and will enable the company

Shahriar Hasan, founder and CEO of Paperfly.

Currently, Paperfly employs around 2,000 people and provides delivery services through



to be future-ready in managing the scale. We look forward to being part of their growth journey."

"We are glad that the potential of the Bangladesh logistics arena is being clearly recognised through this additional round of fund injection," said

200 points. Mustafa Jabbar, posts and telecommunications minister, welcomed the investment.

"As the online services that bring comfort to people are set to see growth, Paperfly's vision of online service will flourish

further," he said.

The company is likely to face stiff competition from eCourier, which also rolled out the door-to-door online parcel delivery service last year and now covers the entire country.

Local start-ups have attracted more than \$21 million from external investors so far this year, according to data from consultancy firm LightCastle Partners. Local startups have received around \$700 million in global funding so far.

There are more than 100 courier service companies in Bangladesh and the courier market currently stands at around Tk 1,200 crore.