

Don't show unrealised interest as income BB asks banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday warned banks not to show any unrealised interest gained from the rescheduled loans as their income.

The banking regulator has made the call as some banks have recently transferred their unrealised interest to their income segment of balance sheet breaching the regulatory instruction.

This has artificially inflated the banks' income, which is not the actual image of the lenders, the Bangladesh Bank said in a circular yesterday.

Unrealised profit or losses refer to profits or losses that have occurred on paper, but the relevant transactions are yet to complete.

As per the central bank rules, banks are only permitted to transfer interest gained from rescheduled loans to their income segment when borrowers give instalment of loans. The malpractice carried out by banks are weakening the capital base and hampering the credit discipline in the banking sector as well.

Against the backdrop, the banking regulator strictly prohibited banks not to inflate their income artificially.

Russian gas flows to Europe dip

REUTERS, Oslo

Russian gas deliveries to Europe via the Yamal-Europe pipeline reversed direction to flow from Germany to Poland on Thursday morning and supplies via Ukraine also eased, all in line with requests from customers.

However, Russia's Gazprom is continuing to supply gas to Europe via Ukraine as per requests from European consumers.

WINNERS OF EXPORT TROPHY: GOLD

(Year: FY2017-18) SOURCE: EPB

Zaber & Zubair Fabrics	Universal Jeans	Rifat Garments	Square Fashions	Akij Jute Mills	Noman Terry Towel Mills
11,000	10,000	14,344	16,600	10,000	8,500
180	176	172	144	97	89

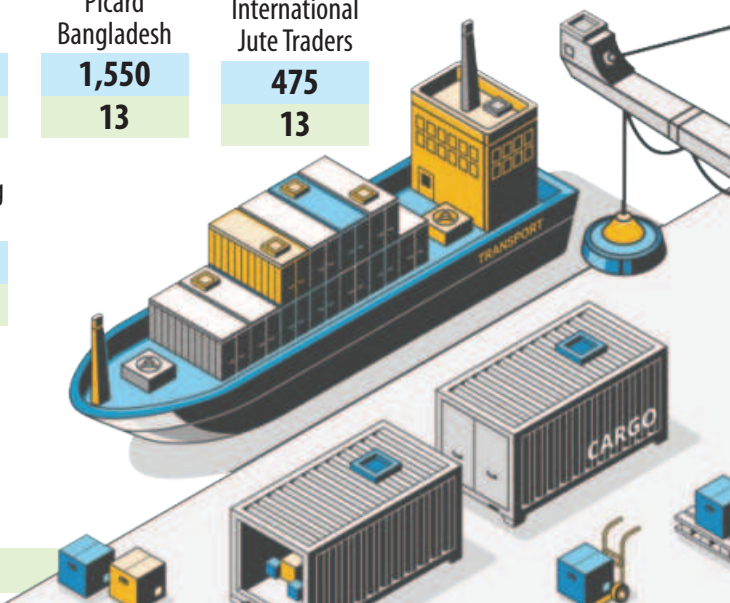
Pran Dairy	Square Textiles	Bay Footwear	Montrims	Fardin Accessories	Bengal Plastics	Energypac Engineering	Mir Telecom
2,500	4,000	7,000	1,779	253	1,149	3,421	140
70	70	69	64	46	40	35	34

BSRM Steels	BD Seafood	Apex Tannery	Karupannya Rangpur	Picard Bangladesh	International Jute Traders
3,900	556	844	5,500	1,550	475
28	22	21	13	13	13

Uniglory Cycle Components	Shinepukur Ceramics	Monsur General Trading Co	Orchid Trading Corporation
453	2,970	100	50
12	11	4	4

Badsha Textiles	Envoy Textiles	Square Pharmaceuticals
5,000	3,000	9,826
146.4	78	17.34

Jobs	Export (In million \$)
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66 exporters honoured

Get export trophies for FY2017-18

STAR BUSINESS REPORT

The government yesterday awarded 66 exporters a National Export Trophy based on the highest shipment volumes in fiscal year 2017-18 while businesses called for developing skilled manpower to meet the needs of the expanding economy.

President Abdul Hamid virtually presented the trophies.

The commerce ministry and Export Promotion Bureau (EPB) jointly organised the programme at Radisson Blu Dhaka Water Garden.

The awards were presented in 32 categories to 65 businesses. Of them, 27 were in gold category, 23 silver and 15 bronze.

Zaber & Zubair Fabrics was crowned with "Bangabandhu Sheikh Mujib Export Trophy" for earning the highest through exports. This was the first time this award was presented to encourage exporters to strive for shipping more goods and services.

Addressing the event, Commerce Minister Tipu Munshi said, "We have set our goal to achieve an export target of \$51

billion by the end of the year. We are also hopeful that we will achieve \$80 billion by the year 2024."

"We expect export earnings not only from the garments sector but also from leather and other industries," he said.

The minister expressed pride at the strength of the country's garment sector, saying that the local manufacturers secured second position in world exports overtaking Vietnam.

"We are the role model now globally as we made significant progress in different sectors like in agricultural sector," he said.

Munshi said a large number of people were engaged in the journey of the garment sector that helped empower women in the country.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), suggested improving skills of the country's manpower for attaining further economic progress.

"We have an adequate number of workers but we do not have an adequate number of skilled manpower," he said.

He urged all higher educational institutions to come forward and help the industrial sector by putting emphasis on research and innovation.

Recognising exporters' contribution to maintaining a dynamic economy, President Abdul Hamid said "Bangabandhu Sheikh Mujib Export Trophy" was a matter of great honour and it would inspire others in the days to come, according to the BSS.

The president said in the 8th five-year plan, the country adopted an export-led growth strategy for economic development.

"By increasing exports, we will be able to create more jobs, attract new investment and, above all, increase national income also," said Hamid.

The president also called upon people concerned to focus on boosting exportable products.

Tapan Kanti Ghosh, senior secretary to the commerce ministry, and ASM Rafikul Islam Noman, managing director of Zaber and Zobaer Fabrics, also spoke. EPB Vice-Chairman AHM Ahsan delivered the welcome address.

Economy on safe trajectory Says finance minister

STAR BUSINESS REPORT

Bangladesh's economy is on a safe trajectory and it faces no impending danger, Finance Minister AHM Mustafa Kamal said yesterday while referring to the ongoing economic crisis in neighbouring Sri Lanka.

He was addressing a virtual press conference following meetings of cabinet committees on purchase and economic affairs respectively.

Asked whether there was any threat for Bangladesh stemming from the Sri Lankan crisis, the minister said the whole world was still saying that Bangladesh's economic condition was strong enough.

The economic indicators global analysts usually evaluate to make such comments are satisfactory in case of Bangladesh, he said.

Currently countries whose debts are higher than their GDP are in danger the most, he said.

"We are not in that danger as our debt to GDP ratio is still 34 per cent and this is the lowest in the whole world," he said.

Mentioning that the country's economic condition was good and strong enough, Kamal said, "We will be further stronger in the future."

"One won't be able to find any fundamentals of our macroeconomy that indicates that our coming days will be bad," he added.

On ongoing discussions among economists and in the media comparing Bangladesh with Sri Lanka following the emergence of the crisis in the neighbouring island, the minister said the issue was not applicable for Bangladesh.

He informed that the country's foreign exchange reserve was still high while remittance was increasing alongside exports.

"Inflation is also under control while we even did not devalue the taka. So, where is the problem? We do not have any problem," he said.

Thailand offers incentives to boost EV use

REUTERS, Bangkok

Thailand has expanded incentives to boost the use of electric vehicles (EVs), the investment promotion agency said on Thursday, as the country looks to preserve its status as a major Southeast Asian auto production hub.

Smaller charging stations will now be eligible for three-year tax benefits, an extra incentive on top of a five-year corporate income tax exemption available to investments in charging stations with at least 40 chargers, Duangjai Asawachintachit, head of the Board of Investment (BOI), told a news conference.

A condition barring investors from receiving additional benefits from other agencies, and a requirement for ISO certification have also been removed, she said.

The revised measures are "to ensure that our incentives stay relevant in a fast-changing business environment," she said.

Trade deficit heads to historic

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As the trade deficit swelled, remittance has also remained at the lower than expected level, sending the current account deficit to a record high of \$12.83 billion during the July-February period in contrast to a surplus of \$825 million a year ago.

The previous widest deficit in the current account was \$9.56 billion recorded in FY18. It was \$4.57 billion last fiscal year.

"The central bank should discourage the imports of non-essential consumer items in a bid to narrow the gap in the trade and current accounts," Rahman said.

The deficit in the current account might double to nearly \$20 billion in FY22,

said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

This means the government will have to either take on foreign loans or adjust the deficit in the current account by taking funds from the foreign exchange reserves.

"But, this is not the solution. We should cut the domestic demand, or else a macro-economic instability may occur," he said.

In February, the foreign exchange reserves stood at \$45.94 billion, enough to cover import payments for 5.1 months.

According to Mansur, the depreciation of the local currency against US dollars will play a major role in reining in the

higher imports.

The taka has been weakening against the American greenback gradually for the last several months amid the rising demand for US dollars to pay import bills. The exchange rate now stands at Tk 86.20 per US dollar from Tk 84.80 a year ago.

Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management, recommended paying special heed to the balance of payments as the rise in import payments was unusual.

The external trade sector will become stable once the global market gets respite from the supply chain disruption, he said.

Mohammad Ali Khokon, president of the BTMA, said state-owned gas company Petrobangla had informed that the crisis had been prevailing since December last year but turned acute over the past one week.

"Almost all major textile mills have remained shut over the past five to six days because of the severity of the gas crisis. We want a quick solution as we have to supply raw materials to our buyers," he said.

Officials of Petrobangla could not be reached for comment despite repeated attempts yesterday.

SME stocks surge in bear

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"Investors' participation was low in the SME market and the BSEC's move has changed the situation," said Md Moniruzzaman, managing director of IDLC Investments.

However, the trading pattern on the SME board looks unusual as a 15 per cent to 20 per cent daily rise of the stocks is not justifiable, he said.

"The regulator should look into it."

The SME board has nine companies. Prices of most of the stocks more than doubled in the past month.

For instance, stocks of Apex Weaving and Finishing Mills rocketed 319 per cent, Nialco Alloys climbed 290 per cent and Wonderland Toys surged 218 per cent.

"It might throw investors off the scent if they invest into these stocks without conducting any analysis because some of the companies of the SME board came from the over the counter (OTC) market," Moniruzzaman said.

The companies had been sent to the OTC market for disappointing performance and had remained there for many years.

Moniruzzaman agrees that SME companies have potential but they are yet to be tested.

"So, making investment on the basis of speculations might not be a safe option."

Sayadur Rahman, president of the

Bangladesh Merchant Bankers Association, says the participation of the general investors has increased after the BSEC removed complexities over entry to the market.

As the number of shares of the SME companies is low, the share prices rose fast, he said, urging the investors to be careful about their investment.

"If investors are not careful when buying stocks, it will turn out to be harmful to them as well as for the market."

The SME companies' shares were under-priced but now they have reached a standard level, so the stocks may become stable now, said Mohammad Rezaul Karim, spokesperson of the BSEC.

Normally, SMEs and tech-based companies carry more risks, so investors need to be cautious, he said, adding that where the risk is high, the return is high too.

"So, the investment should be research-based."

Keeping this in mind, the BSEC did not allow all investors here but only those who have a minimum investment of Tk 20 lakh, added Karim, also an executive director of the stock market regulator.

Because of the rapid fluctuation in the prices, the SME stocks were allowed to rise or fall by 20 per cent in a single day. Seeing the continuous rise, the BSEC yesterday decided to bring down the circuit breaker to 10 per cent.



AK Azad, managing director of Ha-Meem Group, receives the National Export Trophy-2022 from Tipu Munshi, minister for commerce, on behalf of Rifat Garments, a subsidiary of Ha-Meem Group, at the Radisson Blu Dhaka Water Garden hotel yesterday. Rifat Garments won gold medal as the best exporter in the ready-made garment sector.

PHOTO: HA-MEEM GROUP

Rouble's strength is sign of Russia's weakness

REUTERS, London

The Russian rouble's recent sharp rebound reflects economic weakness, not resilience. After shedding 45 per cent of its value against the dollar in the two weeks after Russia invaded Ukraine, the currency has bounced back and is now trading just below its pre-war level.

But the tools that have been used to prop up the rouble make it look like a Potemkin currency – like the fake façades ordered by the eponymous prince to fool Empress Catherine II into thinking Russian villages were prosperous.

Since February 24, the day the Russian invasion began, the central bank has raised its key interest rate from 9.5 per cent to 20 per cent, slapped capital controls on much of the economy, and forced Russian exporters to convert their foreign currency

revenues into roubles.

Meanwhile President Vladimir Putin is trying to make buyers of Russian gas and oil pay in roubles.

The efforts to shore up the rouble are in line with one of Putin's key beliefs. The humiliation of the steep devaluations of the 1990s helps explain why a stable currency has been a key element of policy since he came to power more than 20 years ago.

Central bank chief Elvira Nabiullina's relative independence has been respected because she has been a fierce guardian of the currency's stability.

Yet the rouble remains at the mercy of any Western embargo on Russian oil and gas. The punitive 20 per cent policy rate will further hurt an economy that the European Bank for Reconstruction and Development expects to shrink 10 per cent this year, just on the basis of sanctions already taken.