LDC GRADUATION

Assistance for middle-income countries not discussed

Say experts

STAR BUSINESS DESK

Assistance for underdeveloped countries through subsidies has always been discussed but such assistance for middle-income countries to address challenges of their United Nations status graduation has not been discussed before, speakers told a roundtable in Dhaka yesterday.

This is the first time all middle-income countries, including Bangladesh, have received a sort of assurance of cooperation in principle from the developed countries, they said.

This will create a ground for more detailed discussions for such cooperation in the future, they added.

The programme styled "Results of the 12th WTO Ministerial Conference" was organised by the Institute of Chartered Accountants of Bangladesh (ICAB) on its premises, said a press release.

Sharifa Khan, secretary to economic relations division, as chief guest said Bangladesh would become an upper-middle income country by 2031 if everything goes well.

Thereafter, Bangladesh will have no duty-free access to international markets, she said.

Successful trade negotiations with the international platforms should be continued along with domestic resource mobilisation in order to meet these challenges, she said.

The government is working to create a business-friendly environment in the country, she said.

"The private sector should focus on producing its own products, diversification, and the quality rather than just looking at subsidies so that Bangladesh can attain a sustainable position in international trade," she said.

The government last year issued a policy to recognise industries and encourage investments as well as innovation PHOTO: STAR/FILE

Govt names 20 firms for president's industrial awards

STAR BUSINESS REPORT

Twenty industries are going to be honoured with the "President's Award for Industrial Development" for their contribution to industrialisation, employment generation and overall economic development of the country, according to a notification issued by the industries ministry on August 10.

This would be the sixth time the industries ministry was recognising entrepreneurs for their efforts towards industrialisation.

As in the past year, the industries ministry will recognise industries in six categories -- large, medium, small, cottage, micro and hi-tech.

The government last year issued a policy to recognise industries and encourage investments as well as innovation.

Of the 20 companies, motorcycle manufacturer Runner Automobiles and Incepta Pharmaceuticals jointly topped the large industries category.

BRB Cable Industries came second along with Fariha Spinning Mills while Envoy Textiles came third, according to the notification.

"We accept this recognition with grace and humility," said Abdul Muktadir, chairman and managing director of Incepta Pharmaceuticals in his immediate reaction.

"We are working on bringing vaccines, new drugs and biologics for the benefit of people in our country. We will be able to make and supply medicines at affordable rates that are imported to our country," he said.

In medium industries category, Noman Terry Towel Mills, a concern of Noman Group, and Mascotex were jointly adjudged winners. APS Design Works came in second while Bengal Polymer Wares and Auko Tex jointly came in third.

Masco Overseas and Masco Dairy Enterprise were named as the first prize winners in the small and micro industries categories.

Abdul Jalil and Pacific Sea Food came in second while Madhabdi Dying and Finishing third. In cottage industries category, Intelligent Card was recognised as the first prize winner. Rong Mela Nari Kalyan Sangstha came in third.

In hi-tech industry category, Fair Electronics, which assembles Samsung smartphones, came out at the top. Mir Telecom and Service Engine secured second and third positions respectively, according to the notification.

"This is the reflection of our consistent effort. The credit goes to our young talents in the organisation who have made my vision into reality," said Mohiuddin Monem, chairman of Service Engine, a leading business process outsourcing company in Bangladesh.

Service Engine has been making it to the list for the last couple of years.

Monem appreciated the government's initiative to recognise entrepreneurial efforts outside the garment sector, the biggest export earning sector. This will encourage diversification, he said.

Zanendra Nath Sarker, additional secretary to the industries ministry, said they were planning to award the winners of 2020 and 2021 at a gathering in October or November this year.

"We are in the middle of the selection process of the winners of 2021. We expect to finalise the winners of 2021 by the end of this month or early next month," he said.

Communication, marketing enthusiasts win Commward-2022

STAR BUSINESS REPORT

Communication and marketing enthusiasts have been awarded "Commward-2022", an accolade for the advertising sector people in Bangladesh.

The 11th edition of the "Commward: Excellence in Creative Communication" was given in 26 catergories and four ranks -- bronze, silver, gold and grand prix.

Commward, a flagship initiative of Bangladesh Brand Forum, in association with The Daily Star and in collaboration with Cannes Lions, was presented at a gala event at Sheraton Dhaka yesterday.

Commward is one of the most prestigious award platforms in the country, recognising the achievements of the advertising and communication industry.

More than 700 communication and marketing enthusiasts took part in the programme.

The campaigns nominated for the award were run between June 1, 2021, and May 31, 2022. More than 1,300 nominations were submitted.

Some 193 nominations were selected as ultimate winners, said a press release.

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"Creativity during duress and challenge has opened up new possibilities, which will definitely change the mindset and outlook of different stakeholders to be more oriented and prepared for better outcomes and move ahead with sustaining ideas," said Shariful Islam, founder and managing director of Bangladesh Brand Forum, in his opening speech.

The 11th Commward was followed by an 11th Communication Summit under the theme "Creativity in Challenging Times".

The summit brought together global and leading industry professionals, decision-makers, thought leaders and communication industry enthusiasts under one roof. They exchanged and shared their experiences on different aspects of communication.

It also provided a multidisciplinary forum to present and discuss the most recent trends, strategies, challenges, and solutions in the field.

The corporate leaders highlighted that amid this post-pandemic period, they provided a platform to discuss the new dynamics of creativity and effective communications.

The daylong summit housed four keynote sessions, five panel discussions, two case studies, and one conversation.

A key insight that came up several times in the summit was, in every changing media, communication and digital landscape, in order to stay relevant, "we should continuously update ourselves both from academia and practical implications".

Draft rules on media

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platforms voiced concerns over those, she added.

"Besides, everyone wants one regulation, not two regulations under two different regulators," Rashna added.

Md Nasim Parvez, director general of the BTRC, said the BTRC has already submitted a second draft and some changes were made in consultation with social media platforms.

"We have given time to prepare the final regulation by October 19," he said.

The European Union and Russia issued heavy fines on social media platforms. "In case of Bangladesh, we haven't included new rules for fines. We only included what is in the existing telecom act," he said.

He said the regulations were drafted with the aim of securing responsible business practices from the digital platforms.

FBCCI Director Syed Almas Kabir informed that the global market size of OTT platforms was of $178 billion which would reach $275 billion by 2027.

"Therefore, to strengthen Bangladesh's position in this market, the regulation must facilitate local companies," he said.

Telecom Minister Mustafa Jabbar said Facebook and YouTube run on US-based community standards, many of which were not suitable for Bangladesh. The draft regulation will ensure that online content do not go against the norms and values of Bangladesh, he said.

Md Mokbul Hossain, secretary to the ministry of information and broadcasting, said two different ministries prepared different guidelines on the same issue on court directives.

FBCCI President Md Jashim Uddin urged policymakers not to hinder the growth of the new potential sectors.

Navidul Huq, a director at Mohammadi Group, said Bangladesh was a unique country where two regulators were forming regulations for a single industry.

"There was convergence (of regulation) around the world. Even in India, there is one regulation. We are complicating things," he said.

There will be no ease in doing business if there are two regulators, he said.

He said the local OTT platforms were competing with global giants so there should be a regulation that supports the local industry.

China's new bank loans tumble

REUTERS, *Beijing*

New bank lending in China tumbled more than expected in July while broad credit growth slowed, as fresh Covid flare-ups, worries about jobs and a deepening property crisis made companies and consumers wary of taking on more debt.

Chinese banks extended 679 billion yuan ($101 billion) in new yuan loans in July, less than a quarter of June's amount and falling short of analysts' expectations, data released by the People's Bank of China (PBOC) on Friday showed.

"Credit growth dropped back last month, with property market jitters weighing on bank lending," Capital Economics said in a note. "It may continue to disappoint in the near-term given that sentiment among homebuyers is likely to stay weak and government borrowing is on course to slow."

Analysts polled by Reuters had predicted new yuan loans would fall to 1.10 trillion yuan in July, versus 2.81 trillion the previous month and 1.08 trillion a year earlier.

Household loans, including mortgages, fell to 121.7 billion yuan in July from 848.2 billion in June, while corporate loans slid to 287.7 billion yuan from 2.21 trillion.

China's economy slowed sharply in the second quarter as widespread lockdowns hammered demand and business activity, while the property market has lurched from crisis to crisis. China's top leaders recently signalled they were prepared to miss the government growth target of around 5.5 per cent for 2022, which analysts said had been looking increasingly unattainable.

The PBOC reiterated it would step up implementation of its prudent monetary policy and keep liquidity reasonably ample, while closely monitoring domestic and external inflation changes, it said in its policy report. But few China watchers now expect cuts in benchmark lending rates, which could raise the risk of capital flight as other major central banks sharply raise rates to battle surging inflation.

In the real estate market, a growing number of homebuyers have threatened to stop repaying mortgages on hundreds of stalled projects. While regulators have urged banks to help provide funds to fill developers' funding gap, confidence in the sector remains fragile.

Data firm China Beige Book International, which conducts monthly surveys of more than 1,000 firms, said there was a clear drop in credit demand in July from manufacturing and services firms, with a slight increase in retail, which it attributed largely to fears of more lockdowns.

Some analysts point to a recent glut of liquidity in interbank money markets as a further sign of weaker credit demand.

Broad M2 money supply grew 12 per cent in July from a year earlier, the central bank data showed, above estimates of 11.4 per cent in the Reuters poll.

Dozen banks hold

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Janata Bank has asked the owners of the entity to return a certain amount of money within the next seven days.

"The court has already issued an arrest warrant against them. If they do not repay the amount on time, the borrowers will have to face strict legal actions," Salam said.

BASIC Bank, another state lender, is also in dire straits due to its large amount of default loans, which were Tk 8,249 crore, or 59 per cent of the total loans.

The bank was one of the top-rated banks in Bangladesh before Sheikh Abdul Hye Bacchu was appointed board chairman in 2009. It has been facing a reputation crisis following the scams that took place between 2009 and 2014.

The Anti-Corruption Commission has so far filed 60 cases in connection with the scams, but ironically Bacchu was not accused in any of the lawsuits.

Md Anisur Rahman, managing director of BASIC Bank, says the lender is now enhancing its recovery programme to realise the NPLs.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, thinks appointing directors to the state-run banks on political consideration and sanctioning loans to borrowers on a similar ground caused a large amount of funds to turn into defaults.

"Some private banks are also facing a big amount of default loans as they too have disbursed loans ignoring banking norms," she said.

ABM Mirza Azizul Islam, a finance adviser to a former caretaker government, says the BB frequently relaxed its policies on loan classification and rescheduling, which encouraged defaulters.

"Legal action should be taken against the habitual defaulters, and the legal process should be completed as early as possible."

Fahmida urged the central bank to beef up its monitoring to bring back discipline to the banking sector.

"Internal control and compliance should be strengthened as it will help tackle irregularities," she said.

Daunting time

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SM Nazer Hossain, vice-president of the Consumer Association of Bangladesh, said that people with a fixed income are facing a difficult reality.

Selim Raihan, a professor of economics at the University of Dhaka, says many fixed and low-income people are passing days in uncertainty since they don't know whether they would be able to meet family expenses next month.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, thinks inflation has made significant jumps three times recently, respectively after the pandemic recovery, the outbreak of the Ukraine war and the latest price hike of fuel oils.

As a result, the real earnings of fixed-income groups have fallen, but the decline is not fully captured by the government's inflation data, he said.

"So, people are eating less and cutting expenses. In the worst-case scenario, they might even compromise when it comes to nutrition intake."

The noted economist urged both public and private sector employers to implement the annual increment of salaries in advance so that the fixed-income groups can survive.

Turkey to keep rate at 14pc despite 80pc inflation

REUTERS, *Istanbul*

Turkey's central bank is expected to hold its policy rate unchanged at 14 per cent for an eighth meeting next week, a Reuters poll showed on Friday, in the face of a global tightening cycle and rampant inflation at nearly 80 per cent that shows no signs of falling.

Most economists expect the key interest rate to remain steady through year-end, reflecting no apparent U-turn in President Tayyip Erdogan's unorthodox economic policy plan.

The central bank paused an easing cycle in January after its cuts totalling 500 basis points last year sparked a currency crisis, sending inflation to 24-year highs, stoked in part by surging energy prices due to Russia's invasion of Ukraine.

All 14 economists who participated in the Reuters poll expected the central bank to maintain its benchmark rate in the policy-setting meeting next week.

Seven of nine economists polled expect the policy rate to remain at the same level by year-end. One expected a cut to 12 per cent by then, while another foresaw a hike to 20 per cent.

The central bank held rates steady at 14 per cent at the last seven meetings, leaving real rates deeply negative even as a global tightening cycle puts more pressure on the lira.

The bank raised its year-end inflation to 60.4 per cent last month, and saw it peaking near 90 per cent in the autumn. That compares to a year-end forecast median of 70 per cent in the latest Reuters poll and a level of 79.60 per cent announced for July.

Economists say the central bank will not raise rates, with Erdogan having firmed his grasp on the bank's management over the years, including sacking three governors in as many years.