RECONSTRUCTING BOARD

BB removes 5 directors of Uttara Finance

STAR BUSINESS REPORT

Bangladesh Bank yesterday removed five directors of Uttara Finance and Investments Ltd (UFIL) in order to reconstruct the board of directors of the non-bank.

The central bank sent separate letters to the five directors of the non-bank financial institution (NBFI), informing them of their removal from the board.

In the letters, Bangladesh Bank said the directors had been involved in activities that were detrimental to the NBFI and the interest of its depositors.

The five directors are: UFIL Chairman Rashidul Hasan, Vice Chairman Matiur Rahman and three other directors -- Kazi Imdad Hossain, Zakia Rahman, and Nayeemur Rahman.

UTTARA FINANCE AND INVESTMENTS LIMITED

A central bank official said they found proof of delinquency among the directors, which is why they were removed from the board.

The central bank carried out an investigation in 2020 and found that irregularities involving Tk 5,100 crore were committed by the board and management of the NBFI.

The irregularities were perpetrated during the disbursement of loans and mobilisation of deposits.

The central bank later asked the NBFI to hire a chartered accountant firm to investigate the anomalies in detail.

The chartered accountant firm also found similar evidence of financial scams, where the NBFI's directors were involved.

The central bank on June 23 removed the managing director of UFIL, SM Shamsul Arefin, for his alleged involvement in the financial irregularities.

Russian rouble slumps again

REUTERS, *Moscow*

The rouble weakened sharply on Wednesday, sliding to the 72 mark against the dollar, as sanctions on Russian oil and their probable impact on export revenues put pressure on the Russian currency.

The rouble lost about 8 per cent against the dollar last week and is on course for a hefty monthly decline after an oil embargo and price cap came into force. The finance ministry has said the recent slump is related to recovering imports.

By 1256 GMT, the rouble was 2.2 per cent weaker against the dollar at 71.93, earlier hitting 72.09 and moving in the direction of the almost eight-month low of 72.6325 struck last week.

It lost 1.8 per cent to trade at 76.36 versus the euro and shed 2.3 per cent against the yuan to 10.21.

The rouble has experienced high volatility in the past two weeks and is liable to sharp swings amid smaller trading volumes in the run up to Russia's New Year holidays.

"The newly imposed Western sanctions have contributed to the recent falls in energy prices, which is certainly putting pressure on the rouble," said Olga Yangol, head of emerging markets research and strategy for Americas at Credit Agricole CIB.

The rouble will be relatively resilient going forward though, Yangol added, expecting the oil price to be mainly driven by geopolitics and for OPEC+ to continue to trim its production in response to market fundamentals.

Brent crude oil, a global benchmark for Russia's main export, was down 0.4 per cent at $84.0 a barrel.

President Vladimir Putin on Tuesday delivered Russia's long-awaited response to the Western price cap, signing a decree that bans the supply of crude oil and oil products from Feb. 1 for five months to nations that abide by the cap.

Russian stock indexes were lower.

The dollar-denominated RTS index was down 2.3 per cent to 937.6 points. The rouble-based MOEX Russian index was 0.5 per cent lower at 2,141.3 points.

ANWAR LANDMARK AT A GLANCE

- Wants to expand business in 2023
- Plans to take 25 projects next year
- Handed over 150 projects in 21 years
- Witnessed 20% year-on-year business growth in 2022

CHALLENGES

- Prices of raw materials rose by 40-50% in 2022
- New DAP may affect housing business in Bangladesh

SUGGESTIONS

- Housing loan repayment period should be 20-30 years instead of 10 years
- Steps should be taken to develop housing sector in district and divisional cities

Anwar Landmark wants to expand business

REFAYET ULLAH MIRDHA

Anwar Landmark, one of the leading real estate developers, wants to expand its business, saying demand was rising rapidly for affordable flats and buildings among consumers like corporate executives, professionals like doctors and engineers and high-ranking government officials.

The developer has a target to take up at least 25 new housing projects next year, particularly ones involving condominiums, as it had in previous years to meet growing demand for affordable accommodation in Dhaka.

Anwar Landmark has a target to build four condominiums at four major sites in Dhaka in two to three years as the communication is easing like beginning of the metro rail and flyovers.

In the outgoing year, Anwar Landmark constructed buildings whose combined floor space will equal nearly three lakh square feet, said Managing Director Hossain Khaled in an interview at his office in Dhaka last week.

This was a 20 per cent year-on-year growth even amidst domestic and global economic downtrends, he said.

During the discussion on the country's real estate sector and his business, Khaled spoke about the rough patch the economy was going through for the Russia-Ukraine war and severe fallouts of the pandemic.

Up until now, the sector has not been that much affected when compared with the global economic volatility and domestic economic downturns, he said.

The sector, including his company, is still continuing to grow despite the economic crunch but prices of raw materials have gone up by 40 per cent to 50 per cent, said Khaled.

Real estate companies are having to bear the additional costs as the prices of their products had been negotiated a lot earlier, he said.

Khaled cited two main reasons for the sector remaining unaffected from high inflation and economic downturns.

The sector does not need to import raw materials spending billions of US dollars and most projects of different companies were negotiated way before the start of the war in February this year, he said.

The US dollar crisis in the banking sector also did not have an effect, for which Anwar Landmark was able to hand over to customers structures of six projects upon their construction, a figure he said to be attaining almost every year.

Over the past 21 years, Anwar Landmark implemented 150 projects and handed over the structures to customers, he said.

The Anwar Group of Industries, the mother company of Anwar Landmark, facilitates access to loans for the developer's customers through its involvement with City Bank, Bangladesh Finance and Modhumoti Bank alongside 20 other non-banking financial institutions, said Khaled.

Regarding the interest rate, he said previously banks used to charge 13 per cent on home loans but now has lowered it to nine per cent, which was helping both customers and developers.

He, however, said the loan repayment period should be extended to 20 years to 30 years instead of being limited to 10 years so that the instalment amounts can be reduced and loans and housing made more affordable.

This is already in practice in developing and developed countries, he said, adding that the government and central bank should work on it so that the masses can avail loans.

Similarly, the government could issue a "housing bond" to collect long-term funds that could be used to provide loans to the sector's customers, he said.

From the sector's perspectives, the latest Detailed Area Plan (DAP) for Dhaka of Rajdhani Unnayan Kartripakkha, the capital development authority, has both good aspects alongside bad ones, said Khaled.

If the new DAP is implemented, many in the sector may not be able to sustain themselvesand unfortunately consumers will ultimately not be able to benefit that much, he said.

Discussions should have been held with the major stakeholders and the sector, which accounts for 17 per cent of the national GDP and the creation of millions of jobs, before the DAP was finalised, he said.

Real estate businesses should also be developed outside of Dhaka. "Dhaka does not mean Bangladesh," said Khaled.

"If we can take real estate business with adequate facilities like educational institutions and healthcare facilities to the district and divisional cities, we can lessen the burden on Dhaka," he said.

"We want to develop buildings outside of Dhaka...it is not possible...as the demand is not too high," Khaled said.

Stocks rise but turnover drops

STAR BUSINESS REPORT

Stocks in Bangladesh yesterday returned to the green territory following two days of decline while turnover of the country's premier bourse in Dhaka took a dive.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), advanced 15 points, or 0.25 per cent, to close the session at 6,195 points.

The DS30, the blue-chip index, rose 0.12 per cent to 2,194 while the DSES, the index that represents shariah-compliant companies, edged up 0.24 per cent to 1,355.

Some individual investors are trying to buy stocks that were moving based on rumours and so, these stocks have remained in the top gainers' list for the last few days, according to a stockbroker.

"As the well-performing stocks are not moving, they [individual investors] targeted newly listed and low capital-based companies," he said.

However, institutional investors are cautious about investing in the market amid the present gloomy economic scenario, he added.

Among the traded companies, 74 advanced, 91 declined and 168 remained the same.

The stock market bounced back after a two-day slump ahead of the New Year as bargain hunters showed cautious interest on sector-specific stocks at lucrative prices while the market lost 91 points in the last nine days, International Leasing Securities said in its daily market review.

The market started with a sideways movement that turned into an upward trajectory after the mid-session. Investors' reluctance had decreased trading activities, leading to low turnover for the last few weeks, it added.

Turnover, an important indicator of the market's liquidity, decreased 4 per cent to Tk 258 crore while it was Tk 269 crore on the previous day.

All the sectors achieved price appreciation except mutual funds, which dropped 0.07 per cent, whereas services rose 2.5 per cent, paper declined 2.2 per cent and IT fell 2.2 per cent.

Investor activity was mostly focused on the pharmaceutical (33.1 per cent), bank (7.3 per cent) and IT (6.8 per cent) sectors.

Islami Commercial Insurance posted the highest appreciation, rising 9.87 per cent. Meanwhile, Orion Infusion surged 8.7 per cent and eGeneraion Ltd advanced by more than 7 per cent.

Tallu Spinning Mills suffered the sharpest fall, sliding down by 1 per cent, while Renwick Jajneswar, Eastern Lubricants, and Libra Infusion also dropped by around 1 per cent each.

Orion Infusion was the most traded stock with shares worth Tk 23 crore being transacted. Orion Pharma, Monno Ceramic Industries, and Intraco Refueling Station also saw significant transactions.

The Caspi, the all-share price index of the Chittagong Stock Exchange, increased by 15 points, or 0.08 per cent, to end the day at 18,294 points.

Of the securities transacted, 34 advanced, 25 declined, and 77 did not show any price movement.

Queen South Textile moves to cut costs

STAR BUSINESS REPORT

Queen South Textile Mills, a listed knitted, dyed and finished cotton producer, is going to install a salt recovery system that will reduce its production cost and improve profitability.

The textile mill yesterday said that shareholders of the company approved the installation of the auto dispensing and modernised salt recovery system during an annual general meeting on December 22.

After the system is installed, the company's dyes, chemical, and water consumption costs will be reduced by about Tk 1 crore per month.

This will directly help increase gross profit, Queen South Textile Mills said in a disclosure.

The cost associated with the installation of the auto dispensing and modernised salt recovery system is Tk 16 crore, it added.

Queen South Textile Mills has paid-up capital of Tk 143 crore in addition to a reserve and surplus of Tk 69 crore, according to data from the Dhaka Stock Exchange. Stocks of Queen South Textile remained the same at Tk 24.70 yesterday.

World economy to face more pain in 2023

AFP

This was supposed to be the comeback year for the world economy following the Covid pandemic.

Instead, 2022 was marked by a new war, record inflation and climate-linked disasters. It was a "polycrisis" year, a term popularised by historian Adam Tooze.

Get ready for more gloom in 2023.

"The number of crises has increased since the start of the century," said Roel Beetsma, professor of macroeconomics at the University of Amsterdam.

"Since World War Two we have never seen such a complicated situation," he told AFP.

After the Covid-induced economic crisis of 2020, consumer prices began to rise in 2021 as countries emerged from lockdowns and other restrictions.

Central bankers insisted that high inflation would only be temporary as economies returned to normal. But Russia's invasion of Ukraine in late February sent energy and food prices soaring.

Many countries are now grappling with cost-of-living crises because wages are not keeping up with inflation, forcing households to make difficult choices in their spending.

Central banks have played catch-up. They started to raise interest rates this year in an effort to tame galloping inflation -- at the risk of tipping countries into deep recessions, since higher borrowing costs mean slower economic activity.

Inflation has finally started to slow down in the United States and the eurozone.

CAREFUL SPENDING

Consumer prices in the Group of 20 developed and emerging nations are expected to reach eight percent in the fourth quarter before falling to 5.5 percent

ANALYSIS

next year, according to the Organisation for Economic Co-operation and Development.

The OECD encourages governments to provide aid to bring relief to households.

In the 27-nation European Union, 674 billion euros ($704 billion) have been earmarked so far to shield consumers from high energy prices, according to the Bruegel think tank. Germany, Europe's biggest economy and the most dependent on Russia energy supplies, accounts for 264 billion euros of that total.

One in two Germans say they now only spend on essential items, according to a survey by EY consultancy. Rising interest rates have also hurt consumers and businesses.

READ FULL STORY ONLINE

PHOTO: HABIBUR RAHMAN

Shankar Basak cultivated cauliflower on 0.75 acres of land in Gobindakanthi village of Khulna's Dumuria upazila, hoping to make sales of Tk 80,000 to Tk 90,000. The local markets are selling the winter vegetable for Tk 15 to Tk 18 per kilogramme. The photo was taken recently.