Star BUSINESS

WEEKLY
INTERVIEW

Dulal Ahmed Khan

Bangabazar traders seek loan deferment

SUKANTA HALDER

Traders of Bangabazar Complex, who were running their business on loans, have urged the government to ensure that they do not have to pay instalments for a specified period as they are recovering from a recent fire at the apparel market in Dhaka's Gulistan.

Dulal Ahmed Khan, organising secretary of the Bangabazar Complex Business Association, yesterday made this plea while talking to The Daily Star.

"The traders are on the verge of losing their very existence. In such a situation, it is not possible for them to repay loans," he said.

A fire had broken out at Bangabazar Complex on Tuesday morning last week and after six-and-a-half hours of effort, the fire service eventually brought the blaze under control.

But on Wednesday, smoke was seen coming from the nearby Annexco Tower while various other areas of the apparel retail hub kept smouldering until as recently as Thursday.

Owned by the Dhaka South City Corporation, the 21,250 square feet shopping complex consists of Bangabazar Market, Gulistan Market, Mohanagar Market and Adarsha Market.

Having lost their capital due to the devastating fire amid the ongoing Eid-ul-Fitr season, some 5,000 traders at the market have become penniless.

"Many businesspeople picked up goods for the Eid market taking loans from banks while others borrowed from relatives

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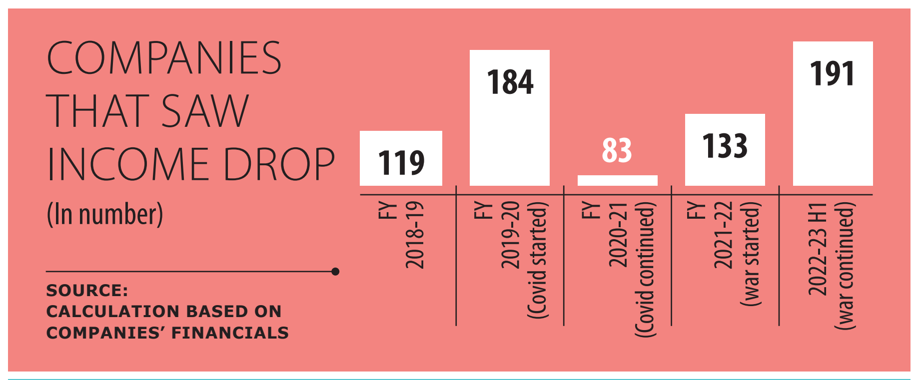

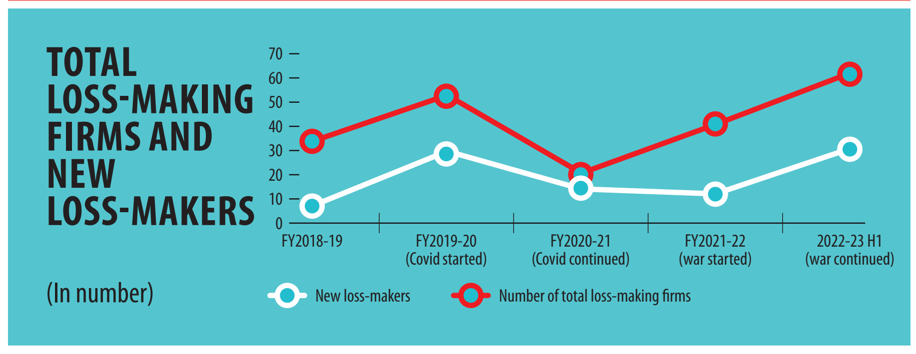

TOTAL PROFITS OF LISTED COMPANIES
(In crore taka)

Period	Total profits
FY2017-18	13,855
FY2018-19	15,396
FY2019-20 (Covid started)	13,368
FY2020-21 (Covid continued)	19,323
FY2021-22 (war started)	18,953
FY2022-23 H1 (war continued)	7,488

DIMENSIONS OF EXTERNAL SHOCKS

- Pandemic hit SMEs hard
- Large companies were less affected by Covid
- War's impact on big firms was deeper
- Sellers of luxury items were in a tight spot
- Medicine makers were in better position

War hit private sector harder than pandemic

AHSAN HABIB

The business sector in Bangladesh has been going through severe challenges for the past four years, which, for many, have been the toughest period in decades, with the coronavirus pandemic being the dominant factor in the early part before the Russia-Ukraine war broke out. Today, we are running the first report of a five-part series to present how various sectors fared in the faces of the two unprecedented shocks.

Companies in Bangladesh have been hit harder by the global turmoil induced by the Russian-Ukraine war than the crisis inflicted by the coronavirus pandemic. The balance sheets of the firms listed on the stock exchanges gave some idea about the fallout of the shocks from the twin crises.

Earnings data published on the Dhaka Stock Exchange showed that among 260 listed companies, 184 companies suffered a fall in income in the fiscal year of 2019-20 compared to the previous year when the pandemic hit Bangladesh.

On the other hand, the number of companies whose earnings declined in the first half of 2022-23 rose to 191. The impacts of the war were severe in the half.

In 2020-21, when the pandemic was still raging at home and abroad, the number of companies that made lower profits stood at 83. The number rose further to 133 in 2021-22, whose last quarter already saw some impacts of the war.

Combined profits of the listed companies dropped 41 per cent year-on-year to Tk 7,488 crore in the first half of FY23, way higher than 13 per cent decline seen in 2019-20.

"The businesses are witnessing more impacts now owing to the war," said M Anis Ud Dowla, president of the Bangladesh Association of Publicly Listed Companies.

The noted entrepreneur said as businesses were in the recovery stage from the pandemic before the war, the impact from the conflict was much deeper than the health-related crisis. In fact, the war dimmed the prospects of the recovery.

Bank, non-bank financial institutions and mutual funds were not included in this analysis as they were more impacted by other issues than the war or the pandemic. For example, banks and NBFIs were impacted by the single-digit interest rate regime while mutual funds were affected by the ups and downs of the stock market.

In 2021-22, the profits of the listed companies bounced 44 per cent to Tk 19,323 crore.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said at the height of the pandemic, domestic activities were shut though export-based factories were open while SMEs and informal economies were impacted badly.

SWIFT RESPONSES FROM GOVT, BB AFTER PANDEMIC HIT

In Bangladesh, the first Covid-19 case was detected on March 8, 2020, before spreading across the country in the subsequent months, forcing the government to implement lockdowns between March 26 and May 30 to tame the virus. Economic activities came to a screeching halt during the two-month period.

Still, large companies and listed firms did comparatively better as they received subsidies and benefits in various forms and had access to low-cost loans, aided by the central bank's 10 major stimulus packages involving Tk 189,000 crore and another $3.5 billion extended under the Export Development Fund.

The funds were part of the Tk 191,919 crore stimulus packages that the government has unveiled so far.

Banks have been offering loans at a single-digit interest rate since April 2020 in line with a central bank instruction, pushing down the costs of businesses.

Besides, borrowers were able to avoid slipping into the default zone by paying no instalments on their loans in 2020. They had to pay 25 per cent of the unpaid instalments in the following year.

The war impacted the formal economy and large companies in the forms of a hike in fuel and energy prices, raw materials, the US dollar, and higher inflationary pressure.

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Challenges that could persist in the coming days

MD FAZLUR RAHMAN

External pressure is expected to remain elevated, high inflation is likely to weigh on aggregate demand, consumer spending growth could slow, and protracted global and domestic uncertainties are expected to put pressure on investment growth in Bangladesh in the coming days.

Similarly, the rising risk of a global growth recession would exert downward pressure on exports, while official remittance flows remain vulnerable to administered exchange rate policies and illicit capital outflows.

These were the some of the stresses that were highlighted by the World Bank in its latest Bangladesh Development Update, which was published last week.

INFLATION PAINS CONTINUE UNABATED

High inflation relative to Bangladesh's own history and the current global average is likely to weigh on aggregate demand in the near term.

Inflation in Bangladesh jumped to a seven-month high of 9.33 per cent in March as food prices rose and the adjustment of oil, gas, and electricity prices took hold, highlighting the pains low-income households are going through, official figures showed.

This means the spike in the Consumer Price Index was just behind the 10-year high of 9.52 per cent seen in August last year.

> **"The rising risk of a global growth recession would exert downward pressure on Bangladesh's exports."**
>
> **World Bank**

Consumer spending growth appears to have passed the post-pandemic peak, and growth would be expected to slow due to falling real wages and declining household savings, particularly for low- and middle-income households.

"Fragile demand across many sectors combined with global uncertainties and higher prices of capital goods have dampened investment growth. Protracted global and domestic uncertainties are expected to weigh on investment growth, although the completion of the Padma Bridge offers high potential opportunities," said the WB report.

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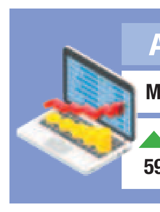
STOCKS (WEEK-ON WEEK)

DSEX ▲	CASPI ▲
0.12%	0.08%
6,214.20	18,304.75

COMMODITIES (AS OF FRIDAY)

Gold ▼	Oil ▲
$2,007.66 (per ounce)	$80.50 (per barrel)



ASIAN MARKETS (FRIDAY CLOSINGS)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.24%	▲ 0.17%	▼ 0.55%	▲ 0.45%
59,832.97	27,518.31	3,300.48	3,327.65

North to see its largest private hospital

The facility in Panchagarh may cost Tk 2,500cr

MD ABU TALHA SARKER *and* MD QUAMRUL ISLAM RUBAIYAT

A 1,000-bed private hospital will be set up in the northern district of Panchagarh at an estimated cost of Tk 2,500 crore from "local and foreign investors" who seek to meet healthcare needs of locals and neighbouring countries' citizens.

The hospital is being planned to be built on 32 acres of land some 400 kilometres north of the capital and quite close to the border with India.

Entrepreneurs from home and abroad have taken the initiative to build the "North Point Medical College & Hospital", said its managing director, HM Jagangir Alam Rana.

"The entire finance will be sourced from local and international investors," he told The Daily Star over the phone on Thursday.

Rana, who owns a tea garden as well as business in the construction and hospitality sectors, said they would also get finance from international and local banks.

"Already we have submitted our project proposal to a slew of international banks and agencies. We are in discussions with all of them," he said earlier.

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Arriving on Thursday afternoon, the Marshall Islands-flagged Aruna Hulya is the first vessel having a draught of 10.2 metres to be able to anchor at Payra Sea Port in Patuakhali, thanks to the recent dredging of a channel connecting the port to the sea. The ship brought 37,800 tonnes of coal from the Port of Balikpapan in Indonesia. PHOTO: COLLECTED

Dredging lets first 10.2m draught vessel anchor at Payra port

SOHRAB HOSSAIN

For the first time since opening around a decade ago, Payra Sea Port has been able to accommodate a vessel having a draught of 10.2 metres owing to the dredging of a channel connecting it to the sea.

The dredging was completed last month, turning the 75-kilometre Rabnabad channel 100 metres to 125 metres wide and 10.5 metres deep.

The increase in draught, meaning the vertical distance between the waterline and the bottom of the ship's hull, is allowing big vessels to drop goods directly at the country's third seaport.

This has also cut transportation costs as big ships will no longer need to stop at outer anchorage to have smaller vessels carry their cargo the rest of the way, said the port officials.