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Janata Bank's profit tumbles

STAR BUSINESS REPORT

Janata Bank Limited's profit tumbled in 2022 amid lower income from investments and the requirement to set aside a higher amount in provisions against bad loans.

The state-run lender's profit plunged 55.5 per cent year-on-year to Tk 80.89 crore last year although most private banks logged higher profits and foreign banks saw more than doubling of earnings, according to financial statements.

The net interest income returned to a positive territory at Tk 37 crore from a negative Tk 71 crore in 2022. But investment income fell 14 per cent to Tk 1,768 crore. It was Tk 2,060 crore in the previous year.

Commission, exchange and other operating incomes rose.

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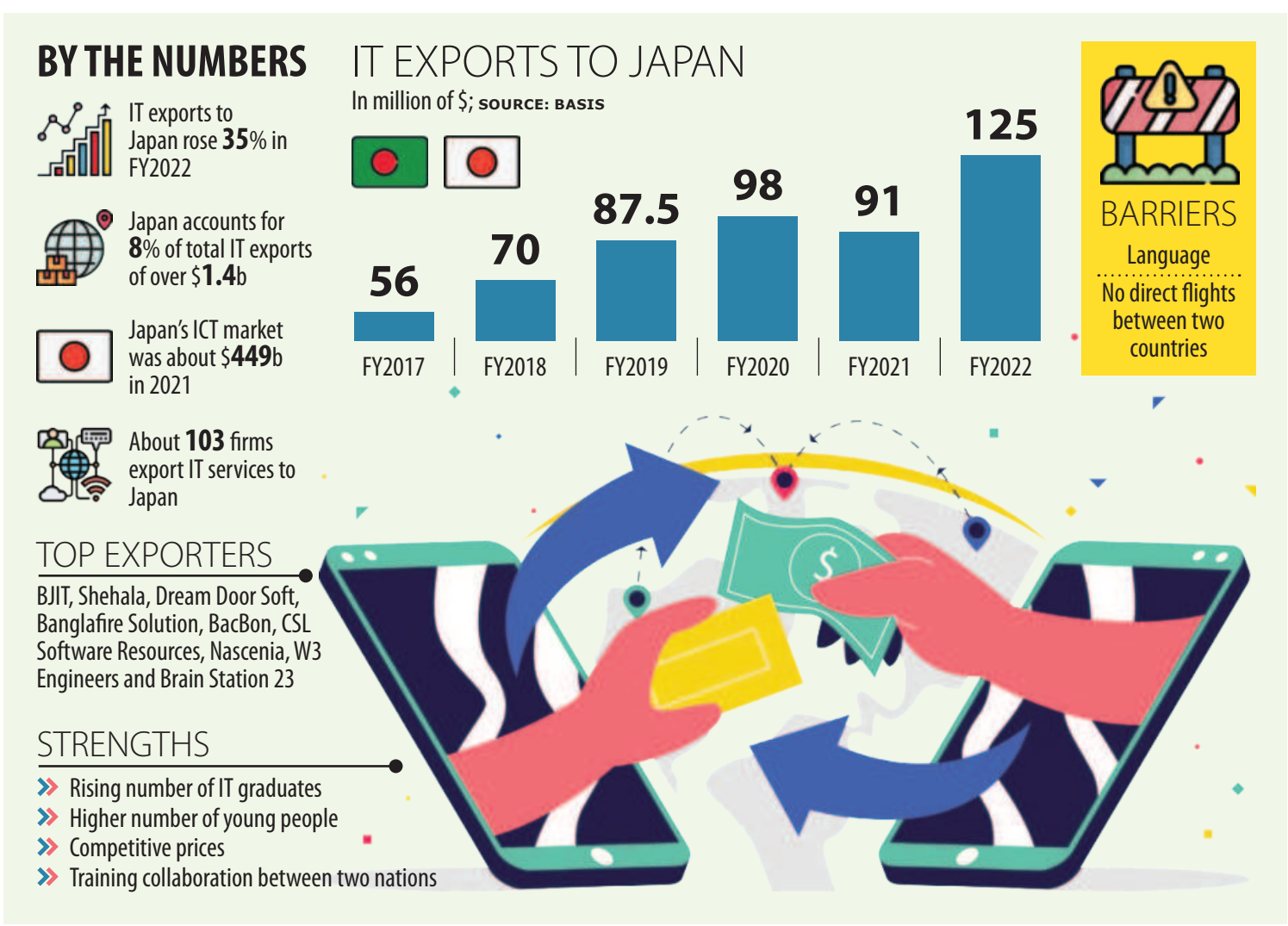
Janata's total provision against bad loans climbed 40.8 per cent to Tk 743 crore in 2022. Its net asset value per share dropped to Tk 199.19 in 2022 from Tk 204.81 a year ago.

Preferring anonymity, a top official of the bank said Janata Bank's profits fell as its income from investment dropped. Investment in government securities declined.

"On the other hand, we had to keep higher provision."

The official said the spread of new variants of Covid-19 hampered the management of non-performing loans of Janata Bank. The NPL had been on a falling trend in the previous years.

Janata's classified loans totalled Tk 15,197 crore, accounting for 17.84 per cent of the total loans in 2022. The classified loans were Tk 12,319 crore, or 17.61 per cent of the total credits in 2021, according to the financial reports.



New policies on cards for market-based lending, exchange rates

STAR BUSINESS REPORT

The Bangladesh Bank yesterday said it would roll out a set of policies to implement market-based interest rates and uniform exchange rates and disclose net and gross reserves in line with the conditions of the International Monetary Fund.

"The policies might be implemented from July this year," Md Mezbaul Haque, the spokesperson of the central bank, told reporters.

The upcoming monetary policy, which is usually unveiled by the Bangladesh Bank in July, will lay out a roadmap to this end, he said.

Haque made the disclosures at a press briefing at the central bank headquarters in Dhaka after meetings between the officials of the IMF and the BB.

The central bank has maintained a 9 per cent interest rate cap since April 2020 where there are multiple exchange rates. Local economists have long demanded scrapping of the lending rate ceiling and introduction of a uniform exchange rate to help the economy tackle the ongoing macroeconomic instability.

"The central bank is going towards implementing a single exchange rate between the taka and the dollar."



Bangladesh lags behind rivals in diversifying exports

Says ADB-Islamic Development Bank Institute report

STAR BUSINESS REPORT

Despite some progress, Bangladesh has not been able to diversify its export basket compared to its competitors, leading to more concentration in the textiles sector, according to a new report.

Compared to rivals, Bangladesh has emerged as the most concentrated in terms of exports, indicating a relatively high specialisation toward specific products in the textile sector.

Although there has been a tendency toward diversification in recent years, concentration was still higher in 2020 than in the early 2000s, said the "Bangladesh Global Value Chain Report: Transforming Participation in Trade and Global Value Chains", jointly published by the Asian Development Bank and the Islamic Development Bank Institute.

The report was launched at the InterContinental Dhaka yesterday.

Bangladesh fell below the world average in terms of trade openness despite being the second-largest apparel exporter in the world. It lagged behind competitors such as Cambodia, India, Pakistan, and China.

Thus, increasing international trading activities of the country's other sectors presents a viable option to attain further growth, according to the report.



Bangladesh fell below the world average in terms of trade openness despite being the second-largest apparel exporter in the world. It lagged behind competitors such as Cambodia, India, Pakistan and China.

IT export to Japan surges

MAHMUDUL HASAN

Local software and other information technology-enabled services (ITES) exports to Japan have witnessed a surge in recent times as Bangladeshi companies have established a foothold in the East Asian country.

Export of information technology to Japan jumped by over 35 per cent to \$120 million year-on-year in fiscal year 2021-22, according to the Bangladesh Association of Software and Information Services (BASIS). In 2016-17, it was at only \$56 million.

Japan accounts for about 8 per cent of Bangladesh's total annual IT exports of over \$1.4 billion, according to the top trade body for software and ITES industry of Bangladesh.

Industry people said local engineers' hard work, quality and commitment have led to the opening of the IT export opportunities to Japan.

Japan had one of the biggest IT markets in the world in 2021 with an estimated value of \$449 billion, said market research firm Research and Markets.

Besides, affordable prices compared to other competitors also created the opportunity, said the industry people.

Industry people say local engineers' hard work, quality and commitment have led to the opening of the IT export opportunities in Japan

"The Japanese IT community now knows Bangladesh as a solid IT exporting nation," said Russell T Ahmed, president of the BASIS.

"When Japanese companies look for outsourcing any IT services, Bangladesh comes on their maps," he added.

Now about 23 firms directly export IT services to Japan and another 80 firms indirectly.

BJIT Group, which was established in 2001, was one of the pioneers in IT exports to Japan with some 10 to 12 engineers.

Now the company has about 70 to 80 engineers dedicatedly working for the Japanese market out of its around 800-strong workforce, said its chief operations officer, Masud Mehedi.

"Initially, it was very tough to make them understand that there are IT outsourcing opportunities in Bangladesh."

The general impression of Japanese clients about Bangladesh is that it is a flood-prone country with a lot of garment workers, he said.

But the BJIT adopted a strategy – it started inviting Japanese firms' officials to Bangladesh, he said.

"Then, we gave them very welcoming receptions. And when they met with our engineers, confidence in Bangladesh started to grow and relations were built," he added.

STOCKS			
	DSEX	CASPI	
	Flat	Flat	
	6,269.34	18,482.41	

COMMODITIES			AS OF FRIDAY
	Gold ▼	Oil ▲	
	\$2,016.87	\$71.33	
	(per ounce)	(per barrel)	

ASIAN MARKETS					FRIDAY CLOSINGS
	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
	▼ 1.13%	▲ 0.12%	▼ 0.08%	▼ 0.48%	
	61,054.29	29,157.95	3,266.63	3,334.50	

Upskill labour force for post-LDC era: experts

STAR BUSINESS REPORT

Bangladesh should focus on upskilling the existing labour force to face the challenges of the fourth industrial revolution and its upcoming graduation from the least developed country status, according to experts.

"To provide skills to the existing labour force is one of the key challenges in the LDC graduation for Bangladesh," said Sayema Haque Bidisha, a professor of economics at the University of Dhaka.

"The private sector has a major role to reskill and upskill existing workers who are middle-aged people," she said.

The government should provide incentives and policy support to the private sector so that they can be motivated to take steps in adopting labour