

Mercantile Bank takes PLC suffix

STAR BUSINESS REPORT

Mercantile Bank Ltd has changed its name to Mercantile Bank PLC (public limited company), the central bank said in a circular yesterday.

The change of the private commercial bank came into effect yesterday, according to the circular.

In Bangladesh, the companies are switching to the PLC suffix in order to comply with the amended Company Act 1994. The amendment was made in 2020.

A PLC is a public company and is the equivalent of a US publicly traded company that carries the Inc. or corporation designation.

The use of the PLC abbreviation after the name of a company communicates to the investors and to anyone dealing with the company that it is a publicly traded corporation.

E3 Solutions, I-Station to merge

STAR BUSINESS DESK

Extreme Exhibition & Event Solution Ltd, also known as E3 Solutions, and I-Station Ltd, an emerging company in events, exhibition and conference services, signed an agreement for merger recently.

Md Rezaul Karim Bhuiyan, managing director of E3 Solutions, and Madhu Sudan Saha, managing director of I-Station, inked the deal to this end at the former's office in Mohakhali, Dhaka, said a press release.

"Our partnership over the last few years made this an easy decision and our companies really had some incredible synergies," said Bhuiyan. "We've built an incredible relationship over the years," said Saha.

Both the organisations will run simultaneously from the same platform in order to enhance mutual business performance.



The number of mobile subscribers reached 18.75 crore in July, up from 18.61 crore a month earlier, according to the latest data of the BTRC.

PHOTO: STAR/FILE

Mobile subscriber base gets another boost in July

Registers biggest monthly jump in over a year

MAHMUDUL HASAN

The mobile subscriber base in Bangladesh continues to grow as network operators in the country acquired a total of about 14 lakh customers in July, registering the biggest monthly jump in over a year.

The overall number of SIM subscribers reached 18.75 crore in July, up from 18.61 crore a month earlier, according to recent data of the Bangladesh Telecommunication Regulatory Commission (BTRC).

The growth was shared by Grameenphone, Robi Axiata and Banglalink while state-run Teletalk ended up losing some customers.

The subscriber base of Robi, the country's second largest network operator, added about 5 lakh customers in July to hit 5.68 crore.

"We adopted a strategy under which we are giving each customer a similar experience of data usage quality," said Shahed Alam, chief corporate and regulatory officer of Robi.

For example, Robi is consistently providing data speed of 5 Mbps to each of its customers. "Also, we are making investments to provide customers better video experience and optimise our networks," he added.

On a year-on-year basis, Robi's subscriber base grew by 3.74 percent.

Customers of Banglalink, the third largest operator, rose by about 5 lakh in July to take its total to 4.23 crore.

An official of the company said they invested heavily on spectrum rollout and network expansion in the last one-and-a-half years, enabling customers to get better quality services, especially when it comes to mobile internet.

State-owned Teletalk lost about 20,000 customers in July, bringing its total down to 64.7 lakh.

Banglalink won the Ookla Speedtest Award as the fastest mobile network in Bangladesh for the 7th consecutive time in 4 years recently.

Erik Aas, CEO of Banglalink, said the company has consistently prioritised network quality, which is evident by the 7th consecutive Ookla Speedtest Award.

"Our network superiority is accelerating our growth as a digital operator, enabling customers to smoothly access our diverse

digital services," he said.

"We aim to utilise our fastest 4G network to continue providing best-in-class mobile telecommunication services and one-stop digital solutions through MyBL Super App and Toffee," Aas added.

On a year-on-year basis, Banglalink witnessed almost 10 percent growth in subscriber numbers in July, which was the highest among all local operators.

The top operator Grameenphone saw its subscriber base rise by more than 4 lakh in July, taking its total number of customers to around 8.19 crore.

But on a year-on-year basis, its subscribers decreased by 4.5 percent that month.

This is because the company experienced a slump in customers from July to December last year due to a ban on its SIM sales.

On June 29 last year, the telecom regulator banned Grameenphone's SIM sales until it "improves its quality of service, including bringing down the call drop rate". The ban was eventually lifted on January 2 this year.

During the six-month ban, Grameenphone lost almost 5 million customers.

Meanwhile, state-owned Teletalk lost about 20,000 customers in July, bringing its total down to 64.7 lakh.

BB fixes quotas for sukuk bond allocation

STAR BUSINESS REPORT

Bangladesh Bank yesterday fixed quotas for allocating sukuk bonds among Shariah-based banks, financial institutions, insurance companies and individual investors.

A sukuk is a Shariah-compliant bond-like instrument used in Islamic finance. Bangladesh issued its first sovereign investment sukuk in December 2020.

A central bank notice said 85 percent of the allocation would be for Shariah-based banks, financial institutions and insurance companies.

About 10 percent will be allocated for Islamic branches and windows of conventional banks.

The remaining 5 percent will be for individual investors, provident fund and deposit insurance.

All conventional banks, financial institutions and insurance companies will be able to attend sukuk auctions.

In cases where the bids exceed the quotas or when there is a lack of bids, the sukuk bonds will be allocated proportionately, meaning on a pro rata basis, among all the bidders.

Till June last year, the government issued sukuk bonds worth Tk 18,000 crore, as per the BB data.

To avail the sukuk bonds, Shariah-based Islamic banks invested Tk 12,895 crore, Islamic branches and windows of conventional banks Tk 1,998 crore, conventional banks Tk 2,899 crore, life insurance companies Tk 4.36 crore and individuals Tk 206 crore.

Make customs, bond services simpler: BGMEA

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday called for making the customs, bond and VAT related services simpler and faster to remain competitive in the global apparel market.

BGMEA President Faruque Hassan said the garment industry can save time and money, and become more efficient if these services are streamlined.

He also laid emphasis on improving the understanding of customs and VAT regulations among garment industry professionals by providing training in this regard.

He came up with these remarks while addressing the opening ceremony of the "Three-month certificate course on customs, bond, VAT, tax, and SD" as chief guest, according to a statement from the BGMEA.

The programme was organised by the Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association (BGAPMEA) in association with the Bangladesh Tax Training Institute in Dhaka.

Azizur Rahman, commissioner of the Customs Bond Commissionerate of Dhaka North, and Md Moazzem Hossain Moti, president of the BGAPMEA, also spoke.



Md Mehmoos Husain, managing director of National Bank, poses for photographs with participants of a "Business Coordination Meeting" for managers of sub-branches of the bank at the bank's training institute in New Eskaton, Dhaka on Saturday. Syed Rois Uddin, deputy managing director of the bank, Sheikh Akhter Uddin Ahmed, head of human resources department, along with officials of various divisions of the bank's head office and managers of sub-branches were present.

PHOTO: NATIONAL BANK

Confidence crisis

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In the non-life insurance sector, the claim settlement ratio was even lower, at 33.44 percent last year.

"As a result, people's trust in the insurance sector has been low," said Md Main Uddin, a professor of the Department of Banking and Insurance at the University of Dhaka.

A floor price has led to the creation of a barren equity market since there are fewer buyers. Both intermediaries and investors are worried about the direction of the market as economic uncertainty shows no sign of disappearing.

Owing to the floor price, which does not exist anywhere in the world, investors are unable to sell their shares, while intermediaries such as brokers and merchant banks are struggling to generate a decent income.

Average turnover at the Dhaka Stock Exchange came down to less than Tk 600 crore in the past one year, way lower than Tk 1,475 crore in the previous year, according to the

DSE data.

Of the 397 listed companies, more than 200 have had their stocks stuck at the floor price with no trade taking place over the past year.

The number of beneficiary owners accounts dropped 5 percent to 17.44 lakh over the past year, according to the Central Depository Bangladesh Ltd.

The DSE's market capitalisation-to-GDP ratio is 17 percent, while it is more than 60 percent at the Bombay Stock Exchange, according to the premier exchange of Bangladesh.

Despite the trading debuts of government securities, the bond market is still at a nascent stage, Prof Main said.

Siddiqi said corruption is spreading in all aspects of the financial sector because wrong doers don't receive exemplary punishment. Many embezzlers flee from the country when they see that the government is taking action against them or cases are being filed.

The business sector has been in a difficult situation owing to the

dragging impacts of the coronavirus pandemic and the Russia-Ukraine war. However, the former chairman of the BSEC thinks corruption has aggravated the problems in all sectors.

"Today's situation has been the result of negligence in ensuring good governance for a long time."

He warned that if the ills in the financial sector are not addressed on a priority basis, they will hit the economic progress of the country hard in the upcoming years.

Prof Main said although all aspects of the financial sector are facing a confidence crisis, the banking sector is comparatively in a better shape.

He said banks' main problem lies in higher NPLs, but people still have confidence in them and the sector is providing around 85 percent of funds to entrepreneurs.

He calls the confidence crunch in the stock market an old issue because manipulation is rife.

"People don't believe that their funds in the markets are safe."

Apparel's duty benefit

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"With the GPT Plus, we should aim for a bigger pie and focus our efforts and resources on maximising this potential," said Hassan in a WhatsApp message.

According to the website of the Canadian finance department, the new scheme would look to expand product coverage under the GPT programme whereby developing countries that meet and progressively improve their adherence to international labour rights and environmental standards would be eligible for additional tariff benefits beyond what is provided through the GPT programme.

This would take the form of offering tariff benefits to additional products that are currently not subject to the GPT, such as apparel,

footwear and ships, which otherwise face most-favoured nation (MFN) tariffs of up to 25 percent.

"The good news is that the Canadian parliament has approved the finance bill where the GPT scheme has been extended till the end of 2034," Hassan said.

The GPT programme currently grants tariff preferences to 106 developing countries, including 49 LDCs. Based on 2019-2021 average figures, Canada imported \$332 million annually under GPT preferences, in the absence of which these imports would have been subject to an average MFN tariff of 5 percent, said the finance department's website.

In recent years, Bangladesh has improved workplace safety and is a

global champion in green garment factories.

The country has already set up 200 apparel factories certified by the United States Green Building Council. Another 500 more factories are in pipeline to secure the same recognition.

Hassan said the labour standard in Bangladesh has improved.

"So, fulfilling the conditions regarding the environment and labour rights for getting the trade benefit under Canada's new trade scheme will not be a problem for local garment exporters."

"Other countries and trade blocs such as the European Union should also extend the same facility to the graduating LDCs like Bangladesh."

BGMEA plans big to cut carbon

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"Climate change is not a future threat, it's happening now. The best way one can make an impact in this regard is "doing-our-bits" to curb carbon emissions and reduce environmental pollution."

Hassan made the comment at the launch of a report titled "The case for just transitions in energy, agricultural and RMG sector in Bangladesh" at the Six Seasons Hotel in Dhaka.

"When the brands are setting ambitious targets, it is their responsibility to make sure that no one is left behind in the supply chain," the BGMEA president also said.

Bangladesh's RMG industry has seen an impressive growth in the number of green garment factories. The total number of LEED certified green garment factories in Bangladesh is now 200, of which 73 are platinum, the

highest category.

These green factories are equipped with all the eco-friendly features and emit 40 percent less carbon than a conventional factory, he said in a BGMEA statement.

Hassan said the garment industry of Bangladesh is increasingly focusing on the transition from linear business model to circular economy for greater environmental sustainability coupled with economic growth.

Saber Hossain Chowdhury, special envoy to the prime minister for climate change and chair of the parliamentary standing committee on the environment and forest ministry; Imran Rahman, vice chancellor of the University of Liberal Arts Bangladesh; Zafar Sobhan, editor of the Dhaka Tribune, and Sultana Afroz, former CEO of Public Private Partnership Authority, also spoke.

BB instructs non-banks

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Bangladesh Bank's financial stability report-2022 said 14 NBFIs were in the red zone last year as per a stress test report.

Contacted, Md Golam Sarwar Bhuiyan, chairman of the BLFCA, said the governor laid emphasis on loan recovery and corporate governance.

The banking regulator assured providing policy support for corporate governance, he said.

"BB governor also ensured providing support if we faced any undue pressure to establish corporate governance," said Bhuiyan, also managing director of the Industrial and Infrastructure Development Finance Company Ltd.

For 16 of the NBFIs, the NPL to outstanding loan ratio is over 30 percent, as per the BB data. Even more alarming is the fact that six out of the 16 had around 90 percent of their loans classified at the end of March 2023.