Most people in Bogura town dare not step outside amid the dense fog that has been reducing visibility to nearly zero for the past few days, leaving floating labour markets devoid of customers. As such, day labourers are often seen returning home empty handed despite braving the bone-chilling winter weather. The photo was taken recently from Bogura town.
PHOTO: MOSTAFA SHABUJ

China offers fresh bailouts for its ailing property sector

AFP, *Beijing*

China will offer more bailout loans for its struggling real-estate sector with the first funds expected to become available in the coming days, its housing ministry said Friday, in the latest move to help kickstart stuttering growth.

Troubles in the property industry have been one of the main headwinds facing the world's second-largest economy, with a government clampdown on excessive borrowing in 2020 leaving several developers grappling with massive debt and flagging demand.

"In view of the current financing difficulties of some real estate projects," the official newspaper of Beijing's housing ministry quoted officials as saying, local governments would "propose a list of real estate projects that can be given financing support".

"It is understood that loans will be available for the first batch of project lists before the end of the month," it added.

A national body will be set up to oversee the loans, the report said.

Troubles in the property industry have been one of the main headwinds facing the world's second-largest economy, as several developers are grappling with massive debt and flagging demand

Officials this week pledged new measures to stimulate the economy -- which in 2024 expanded at one of the slowest rates in decades -- with the People's Bank of China on Wednesday slashing the portion of cash banks must hold in reserve.

China has issued several rounds of bailout funds for its embattled property sector, with Beijing saying this week that its banks had provided nearly 10 trillion yuan ($1.4 trillion) in loans to real estate last year.

The property sector -- which long accounted for around a quarter of the economy and experienced dazzling growth for two decades -- has been beset in recent years by spiralling debt crises at some of its top developers.

Financial woes at major firms such as Evergrande and Country Garden are now fuelling buyer mistrust against a backdrop of unfinished housing developments and falling prices.

A Hong Kong court will on Monday consider a winding-up petition for Evergrande led by off-shore creditors.

And Beijing's top decision-makers, including President Xi Jinping, pledged at an annual closed-door meeting in December to "actively yet safely defuse risks in the real estate sector" and "meet the reasonable financing needs of real estate enterprises".

DSE, Prime Bank Investment sign deal to share data on Shariah index

STAR BUSINESS DESK

Prime Bank Investment Ltd (PBIL) has signed an agreement with the Dhaka Stock Exchange (DSE) for sharing data on the Shariah-compliant index of the country's premier bourse.

ATM Tariquzzaman, managing director of the DSE, and Syed M Omar Tayub, managing director and CEO of PBIL, inked the deal at the DSE Tower in Nikunja, Dhaka recently, said a press release.

Under the terms of the agreement, the DSE will provide PBIL with the Shariah-compliant stock list in a collaboration aimed at fostering transparency, integrity and compliance with shariah principles.

"This strategic collaboration is anticipated to set a precedent in the capital market, opening new avenues for Shariah-compliant investments and reflecting the commitment of both institutions to drive positive change in the market ensuring investor's protection and regulatory compliance," said Tariquzzaman.

"We see immense potential for Shariah-based products in the Bangladesh capital market given that our country is predominantly Muslim. Additionally, a noteworthy 25 percent of deposits in the banking sector is constituted by Shariah-based deposit instruments," said Tayub.

Among others, Khairul Bashar Abu Taher Mohammad, chief regulatory officer of the DSE, Mohammed Mahfuzur Rahman, head of index management, and Khandoker Raihan Ali, chief operating officer of PBIL, along with other high officials from both organisations were present.

Premier Cement Mills' profit surges 30-fold in Oct-Dec

STAR BUSINESS REPORT

Premier Cement Mills PLC, the second-largest cement maker in Bangladesh, witnessed a surge in profit by nearly 30-fold in the October-December quarter of 2023-24 on the back of higher sales.

The company clocked a profit of Tk 22 crore in the second quarter, which was Tk 75 lakh in the similar three-month of 2022-23, a year-on-year increase of 2,833 percent.

Thus, it recorded earnings per share of Tk 2.09 in October-December of FY24, up from Tk 0.07 a year earlier, according to a filing on the Dhaka Stock Exchange (DSE).

Gross revenue rose to Tk 663 crore from Tk 514 crore, the audited financial statement showed.

"We were able to ensure an uninterrupted supply to the corporate sector and dealers in line with the increase in the production capacity last year," said Mohammed Amirul Haque, managing director of Premier Cement.

The manufacturing capacity increased to 27,040 tonnes per day from 9,500 tonnes, helping the company reduce the average production cost and make a profit.

The profit stood at Tk 27.73 crore in July-December of FY24 against a loss of Tk 25.84 crore in the first half of FY23. The revenue rose to Tk 1,289 crore from Tk 876 crore.

Haque said had Premier Cement been able to import an adequate volume of raw materials and open letters of credit on time, sales would have gone up further and the profit would have grown.

The profit scenario was also impacted by a spike in the production cost amid a sharp appreciation of the dollar against the local currency, he said.

The top official said the company has brought down the number of days that Premier Cement allows buyers to pay to 20 days from 40 days, helping recover the sales made on credit.

As of December, its cumulative outstanding credit stood at Tk 187 crore, he said.

Shares of Premier Cement closed 4.95 percent higher at Tk 57.20 on the DSE yesterday.

New monetary policy

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He said erratic supply and the devaluation of the taka have been behind the runaway inflation.

Titumir, citing a 33 percent jump in imports in the fiscal year 2021-22, said, "Has the central bank taken the initiative to know the reasons behind this phenomenal rise?"

Similarly, he questioned the discrepancy in data on export earnings maintained by the Bangladesh Bank and the Export Promotion Bureau. "Where has the money gone?"

AK Enamul Haque, a professor of economics at the East-West University, said supply chain disruptions, corruption and poor governance are also responsible for the unprecedented inflation.

"So, interest rates alone will not be enough to control it."

Bangladesh's foreign currency reserves have halved to about $20 billion in just two years. And Prof Haque said the reserves would not increase in a traditional manner.

"Market and product diversification is needed to give a much-needed boost to exports and thus reserves."

The level of the reserves can also increase through foreign direct investments, he said. "However, investors will not invest if there is uncertainty."

Masud Khan, chairman of Unilever Consumer Care Ltd, said in Bangladesh, higher inflation has been caused by mainly two factors: cost-push and monetary expansion.

"Can the cost-push factor be addressed by higher interest rates or will the situation deteriorate?"

He said the food inflation has been caused by the dollar appreciation of imported items. For local items, the higher prices of diesel, transportation and higher wages have led to a cost push.

Also, the lower production due to inclement weather, artificial scarcity, and disruptions in the supply chain have contributed to the price increase, he said.

He said that already the investment climate is gloomy with hardly any funds coming from local and external investors.

"The increased interest cost will aggravate the situation which could dampen future economic growth."

Khan said the spike in interest may be a death knell for the struggling but promising SME sector. "The SME sector needs to thrive in order to ensure sustainable growth."

Mohammad Muslim Chowdhury, a former comptroller and auditor general, said the monetary policy is just an instrument and it would not alone help the economy.

He thinks focusing only on fighting inflation by keeping GDP growth stagnant is not a wise policy measure.

TIM Nurul Kabir, executive director of the Foreign Investors' Chamber of Commerce & Industry, said the government should formulate strategies to attract substantial amounts of FDIs to ease the current shortage of forex.

"The drastic depreciation of the domestic currency against the US dollar has created a severe deficit in business confidence among foreign investors who find repatriating dividends and profits difficult due to the liquidity problem in the foreign exchange market."

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, said the volatile exchange rate, nearly 40 percent rise in the prices of capital machinery, and increasing bank interest rate have discouraged new investments in the primary textile sector.

"As a result, the export of some goods like home textiles is going down."

For instance, the export of home textiles declined to $600 million last fiscal year from a record $1.6 billion.

He said although the official rate of the US dollar quoted during the opening of letters of credit is Tk 110, importers are buying the currency from banks at Tk 123 per dollar.

The BTMA chief termed the willful non-performing loans as plundered loans. Arun Devnath, deputy editor of The Daily Star, gave the welcome speech at the dialogue.

Bashundhara may get

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Since 2012, the BPC has been submitting project proposals to build a second unit at the Eastern Refinery, with a capacity to refine 30 lakh tonnes of crude oil a year.

But the project has been denied several times due to a lack of funds.

On November 20 last year, the government opened the fuel oil market to the private sector by issuing a gazette notification.

The notification said any private entity, while maintaining the rules and regulations of the BPC, would be allowed to import crude oil from the international market and refine it in their own refinery. They will also be able to market their products themselves.

Bashundhara has a bitumen plant in Keraniganj, which produces diesel and other fuel oils as by-products.

"They are able to sell those by-products to the BPC. But after the new regulations were passed in November, they became able to market 40 percent of their products by themselves for the first three years," said another BPC official, preferring anonymity.

For the two years after that, they will be allowed to market 50 percent of their products, according to the new regulations.

According to the gazette, whoever gets approval must set up a refinery with a capacity to refine 15 lakh tonnes of crude oil.

Another criterion set by the BPC was that any company wishing to enter this segment needs to have turnover of at least Tk 5,000 crore in the previous three years.

This led to some industrialists alleging that the BPC only wanted Bashundhara to get into the market.

In 2018, Bashundhara took the initiative to set up a crude oil refinery in Chattogram's Sitakunda. Initially, Bashundhara had announced plans to set up a plant with the capacity to refine 47 lakh tonnes of crude oil each year.

They initiated fund-raising under a syndication arrangement of Tk 7,457.57 crore in 2021.

But the project is now on hold, said BOGCL officials.

"It was delayed due to the Covid 19 pandemic. We have completed the land development activities, but have yet to start construction," said Nafis Imtiaz Alam, general manager of BOGCL.

In the meantime, the contract between them and a US-based engineering, procurement and construction contractor had ended.

"So, we need to hire another contractor, either the same one or a new one, within a short time," he said, adding that their activities got a renewed push after the gazette notification.

The BOGCL has been selling its by-products from its bitumen plant to the BPC. "We are going to set up our own depots and refuelling stations to sell the products if we get the nod," Nafis said.

"It will be tough to compete with the most experienced refinery, but we plan to expand our activities and chase them gradually. Currently, while the government produces only 70,000 tonnes of bitumen, Bashundhara refinery produces around 1 lakh tonnes," he added.

At present, Bangladesh has demand for around 70 lakh tonnes of petroleum products, of which around 80 percent needs to be imported at a high cost.

China to import

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be duty-free access for our products to increase our export to China."

China's export to Bangladesh was $26.81 billion in 2022 when Bangladesh's export to China was less than $1 billion.

The foreign minister appreciated the progress in free trade agreement (FTA) negotiations between Bangladesh and China and hoped that it will be finalised by 2026 before the graduation of Bangladesh from the least developed country category.

He acknowledged China's contribution to vaccine support for Bangladesh during the Covid-19 pandemic.

Danish fruit drinks firm

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Their major brands include Sunquick, Suntop, Sun Lolly, and Suncola. Together with local partners, they provide more than 3.5 billion servings of high-quality fruit-based beverages and ice lollies every year, according to their website.

"We have been active in many parts of the world since the 1960s, when the company first ventured outside Europe. Since then, we have been a truly international company with strong market positions across the Middle East, Asia, Europe and Africa," according to the company's website.

"With CO-RO A/S as a leading international beverage company and ACI as a leading local player in the food industry, we are a perfect match. Through our newly formed joint venture company, ACI CO-RO, we will gain access to the fast-growing market in Bangladesh, whilst continuing to expand and balance CO-RO's growing international footprint," the official of ACI CO-RO said.

"Together we will launch the Sunquick brand in Bangladesh, to be locally produced at our brand-new greenfield factory in Bangladesh," they added.

Bangladesh, with a population of over 171 million, is among the world's five-fastest growing countries in the fruit drink segment, according to industry people.

"Bangladesh is three times larger than Denmark in terms of landmass, but with an extremely high population density and easy access to market coverage," the official said.

Akij, Pran, Abul Khair Group, ACME, and Shezan are the top players in the market.

Bangladesh is expected to be the ninth-largest consumer market globally by 2030, leaving behind the United Kingdom and Germany, said a report by HSBC Global Research on October 2022.

Stocks keep falling

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by Sikder Insurance with 9.91 percent, Coppertech Industries with 9.48 percent, GBB Power with 9.52 percent and Orion Infusion with 8.27 percent.

Among them, Khulna Printing's loss per share was Tk 0.11 in the second quarter of fiscal 2022-23. Besides, the company has not published any financial reports since then.

This prompted the DSE to send two notices to the company in recent months, asking whether it has any unpublished price sensitive information that could have fuelled the unusual performance of its shares.

But with Khulna Printing yet to reply, the company's share price has been rising for the past few weeks.

Shares of Coppertech Industries and GBB Power also rose in the past few days even though both companies are B-category stocks for their consistent failure to perform well.

Most of the trading is centred on speculative stocks and so, the values of well-performing stocks remain at a low level, according to a stockbroker.

Citing how it is not a good sign for the market that speculative stocks are being traded at a higher volume, he said investors should remain cautious and avoid rumour-based trading.

Shares of GSP Finance eroded the most by declining 10 percent while that of Tamijuddin Textile fell 9.95 percent, BD Finance lost 9.92 percent and HR Textile shed 9.91 percent.

Among the major sectors, ceramics dropped 7.55 percent while engineering fell 5 percent, textiles edged down 4.44 percent and non-bank financial institutions retreated 4.22 percent.

General insurance stocks saw the most trade with transactions of Tk 149 crore followed by the pharmaceuticals sector with Tk 121 crore, engineering sector with Tk 118 crore, and food and allied sector with Tk 59 crore.