

Paramount Textile's Q1 profit declines 20%

STAR BUSINESS REPORT

Paramount Textile has seen a drop in profit in the first quarter because of high finance costs and the closure of an associated company.

The company's profit stood at Tk 19.16 crore in the first quarter of FY25, marking a 20 percent year-on-year decline.

Its earnings per share (EPS) fell to Tk 1.07 for the July-September period, compared to Tk 1.34 a year earlier, according to a disclosure on the Dhaka Stock Exchange (DSE) website.

Paramount Textile stated that the decline in EPS was attributed to the closure of one of its associate companies' business operations and rising finance costs.

Despite the profit slump, the company reported an improved consolidated net operating cash flow per share (NOCFPS), which rose to Tk 1.67 from Tk 1.35 in the same period last year.

This improvement was driven by a subsidiary's strong cash generation and lower operating expenses relative to revenue, as per the disclosure.

Shares of Paramount Textiles declined 2.12 percent to close at Tk 46.2 on the DSE yesterday.

Non-life insurers settled just 10% of Jan-Sep claims

SUKANTA HALDER

Non-life insurance companies in Bangladesh have settled just 10 percent of claims in the first nine months of this year, as per data of the Insurance Development and Regulatory Authority (IDRA).

During the same period last year, it was 15 percent.

Between January and September of this year, the claims amounted to Tk 3,140 crore. In the corresponding period in 2023, it was Tk 1,951 crore.

Comparing the data available for a full year, some 41 percent of claims were found to have been settled in 2023 whereas 35 percent in 2022.

The top executives of private insurance companies blamed it on policyholders' inability to provide documents required to verify claims.

As per the Insurance Act 2010, claims must be settled within 90 days of application.

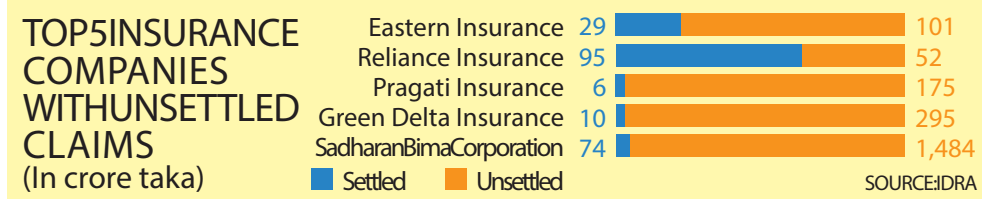
There are currently 46 non-life insurers in the country and those that are found to be delaying claim settlements without a valid reason are fined, said Zahangir Alam, a director and spokesperson of the IDRA.

Speaking on condition of anonymity, an official of Sadharan Bima Corporation, the only state-owned non-life and reinsurance company in Bangladesh, said most of their unsettled claims are reinsurance claims.

Reinsurance is insurance for insurance companies.

He informed that they received claims worth Tk 1,558 crore during the January-September period of this year, of which just nearly 5 percent was settled.

The official explained that many claims could not be processed as their veracity was doubtful as those who made the claims could not provide supporting documents.



"We have a backlog of claims dating back to 2012, which has exacerbated the situation. Many claims from the following six years remain unresolved," he said.

The official cited an example, such as a claim by an insurer which was seeking to provide insurance coverage for a fire at a warehouse of S Alam Group in Chattogram last March.

"We have not yet received the documents we requested from the insurance company, Northern General Insurance Company Limited," he said.

This document can only be provided by the Department of Fire Service and Civil Defence and this department has not provided it yet, said Md Hossain, manager for administration of S Alam Group, told The Daily Star.

The Sadharan Bima Corporation official

also said most claims stemming from the damage caused during the unrest in the last July-August period are facing settlement delays for the same reason.

"We are not getting survey reports on time. Sometimes it takes two or three years to get this report from the companies," he added.

The official informed that efforts are underway to address the backlog, with the corporation's board targeting to settle 50-60 claims per month.

He also said generally the insurers do not pay their premiums on time.

In this situation, the corporation took a decision last year that if an insurer does not pay even one premium on time, the policy will be cancelled.

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Accounting and audit for economic development

MD SHAHADAT HOSSAIN

Every economic entity, whether small, medium, or large, contributes to the national economy through investments, capital flows, exports, imports, employment generation, taxation, and technology transfer.

Transparency, a cornerstone of accountability, is vital for the development and sustainability of economic entities. It ensures stakeholders, such as investors and regulators, have access to accurate data for informed decisions.

Transparency mechanisms deter corruption, prevent monopolistic behaviour, and promote innovation and equitable development.

Accounting, essential for transparency, provides stakeholders with relevant financial data to assess financial health and profitability.

While individuals maintain accounts for personal purposes, accounting is far more significant for entities performing commercial, business, financial, or fiduciary activities. Financial statements are not just collections of figures but a pictorial representation of an entity's operational position. Despite their importance, many entrepreneurs in Bangladesh undervalue accounting practices, often failing to invest in preparing International Financial Reporting Standards (IFRS)-compliant statements, which require professional accountants.

According to local laws and international best practices, financial statements of commercial entities must be audited by chartered accountants.

These audits aim to ensure that management-prepared financial statements are "true and fair" and free from material misstatements.

However, the efforts and time required to verify these statements and express audit opinions are often undervalued.

Furthermore, public participation in reviewing and commenting on published financial statements is limited. This lack of user feedback, crucial for improving quality, remains a significant challenge.

Previously, many entities were believed to prepare multiple sets of financial statements, and audit quality suffered due to a shortage of qualified auditors.

To address this, the Institute of Chartered Accountants of Bangladesh introduced digital numbering of audit reports through the Document Verification Code (DVC), eliminating the scope for multiple audited statements. Nearly 300 young, qualified, and enthusiastic chartered accountants have started practicing, sacrificing lucrative opportunities to enhance the profession's capacity.

Despite these efforts, progress remains slow due to the lack of parallel development among other stakeholders, such as business owners, users of financial statements, and regulators. Over the past few years, numerous audit reports with modified opinions have been issued, but their impact on users remains negligible.

In light of these challenges, some suggest exploring alternatives to traditional audits due to perceived capacity constraints. However, statutory audits are specialized tasks requiring qualified professionals with rigorous training and expertise.

In Bangladesh, the same auditing standards apply to entities of all sizes, though application may vary with the auditor's experience.

The core issue lies not in the availability of qualified auditors but in the lack of awareness about the importance of accounting, understanding financial statements, and interpreting audited opinions.

Ensuring transparency, accountability, and good governance across economic entities requires proper accounting and auditing. Raising awareness about the critical role of accounting among stakeholders is essential to achieve these goals.

The writer is a former president of the Institute of Chartered Accountants of Bangladesh (ICAB).



Adani pulls out of US loan deal for Colombo port

AFP

India's Adani Group has withdrawn its request for a US government-backed loan to construct a port in Sri Lanka seen as a counter to a rival Chinese project, according to company filings.

The move comes weeks after a bombshell indictment in New York accused the conglomerate's billionaire founder Gautam Adani of deliberately misleading international investors as part of a bribery scheme.

Subsidiary Adani Ports and Special Economic Zone Ltd said in a Tuesday statement that it was pulling its request for a loan of \$553 million from the United States International Development Finance Corporation (DFC) to build the deep-sea Colombo West International Terminal.

It said the project was "progressing well and is on track for commissioning by early next year".

"The project will be financed through the company's internal accruals and capital management plan," the company added.

The port has an estimated cost of \$700 million and is located next to a similar Chinese-run facility.

The loan agreement with DFC was finalised last year, with the project seen at the time as a means of countering Beijing's rising influence in the Indian Ocean.

Sri Lanka sits astride the world's busiest shipping route, which links the Middle East and East Asia, giving its maritime assets strategic importance.

India and the United States have previously also expressed concerns that Beijing could get a military advantage with its foothold at Sri Lanka's Hambantota port.

After the November indictment against Adani, Sri Lanka opened an investigation into the conglomerate's local projects, including the port and a \$442 million wind power deal.

Bangladesh among countries with significant population outflows

STAR BUSINESS REPORT

Bangladesh is among the countries experiencing significant population outflows, alongside India, Mexico, Russia, Syria, China, Pakistan and Ukraine, as people seek better opportunities and escape security concerns, according to the Mastercard Economics Institute (MEI) annual economic outlook for 2025.

Global remittances surged from \$128 billion in 2000 to \$857 billion in 2023, with projected growth of 3 percent in 2024 and 2025, according to the World Bank.

South Asia remains a key beneficiary, with remittances contributing over 6 percent to Sri Lanka's gross domestic product (GDP) and 5 percent to Bangladesh's GDP. MEI forecasted continued growth for the Asia-Pacific region in 2025, mirroring 2024 levels with easing inflation and interest rates offering relief to households.

This aligns with global economic growth projections of 3.2 percent in 2025, up slightly from 3.1 percent in 2024. Labour markets in the Asia-Pacific are expected to remain



Migrant workers form a queue outside Hazrat Shahjalal International Airport in Dhaka to check in for their flights. Remittance sent home by migrants accounts for around 5 percent of Bangladesh's economy, according to a Mastercard report. The photo was taken recently. PHOTO: PRABIR DAS

tight, with inflation-adjusted wage increases boosting consumer spending on big-ticket items, such as electronics and appliances.

However, the MEI cautioned that geopolitical and monetary policy decisions—like potential US tariffs or Japan's interest rate hikes—could influence growth trajectories. Travel in the region is set to recover

further, though mid-2024 passenger numbers were still 12 percent below 2019 levels, primarily due to sluggish outbound travel from the Chinese Mainland and Japan.

"If 2024 was about 'getting back to normal,' 2025 is about normalisation," said David Mann, chief economist for Asia Pacific at the MEI.

Chinese authorities are considering a weaker yuan

REUTERS

China's top leaders and policymakers are considering allowing the yuan to weaken in 2025 as they brace for higher US trade tariffs as Donald Trump returns to the White House.

The contemplated move reflects China's recognition that it needs bigger economic stimulus to combat Trump's threats of punitive trade measures, people with knowledge of the matter said.

Trump has said he plans to impose a 10 percent universal import tariff, and a 60 percent tariff on Chinese imports into the United States.

Letting the yuan depreciate could make Chinese exports cheaper, blunting the impact of tariffs, and creating looser monetary settings in mainland China.

Reuters spoke to three people who have knowledge of the discussions about letting the yuan depreciate but requested anonymity because they are not authorised to speak publicly about the matter.

The People's Bank of China (PBOC) did not immediately respond to Reuters requests for comments. The State Council Information Office, which handles media queries for the government, did not also immediately respond to a request for comment.

Allowing the yuan to depreciate next year would deviate from the usual practice of keeping the foreign exchange rate stable, the sources said.

The tightly managed yuan is allowed to move 2 percent on either side of a daily mid-point fixed by the central bank. Policy comments from top officials typically include commitments to keeping the yuan stable.

Biden says Trump economic plan will be 'disaster'

AFP, Washington

Outgoing US President Joe Biden on Tuesday branded his successor Donald Trump's economic plans a "disaster," in a speech hailing his own legacy.

Biden said Trump's threats to slap huge tariffs on imports were a "major mistake" and challenged Trump to build on what he said were the successes of his own administration.

The lame-duck president's speech comes after Trump won a second term largely on the back of US voters' anger at high costs of living under Democrats.

"I pray to God the president-elect throws away Project 2025. I think it'd be an economic disaster for us and the region," Biden said at the Brookings Institution in Washington, referring to a conservative blueprint for a second Trump administration.

Coughing frequently because of a cold, Biden said US consumers would pay the price for the tariffs that Trump has vowed to slap on US neighbors Mexico and Canada and on Asia-Pacific rival China.

Together they are the three biggest US trading partners. "I believe this approach is a major mistake," Biden added.

At a separate event Tuesday, Treasury Secretary Janet Yellen said Trump's

tariffs could "derail the progress that we've made on inflation, and have adverse consequences on growth."

She warned at the Wall Street Journal's CEO Council Summit that sweeping tariffs could raise prices significantly for US consumers and pile pressure on companies which rely on imports.

The White House touted Biden's speech as a "major address on his

economic legacy" as the 82-year-old looks to the history books with fewer than six weeks left in office.

Biden dropped out of the 2024 presidential race against Trump in July due to concerns about his age and passed the torch to Vice President Kamala Harris, whom Trump comfortably defeated at the November polls.

Trump's inauguration is not until January

20, but he has already become something of a shadow president, making pronouncements on the economy and foreign policy and being feted by world leaders.

Biden has kept a relatively low profile, but he came out swinging in defense of his own record before an audience of economists.

He contrasted his "middle-out, bottom-up economic playbook" with what he called Trump's failed promise of "trickle-down economics" in which tax cuts for the wealthy are supposed to boost incomes.

Biden also touted achievements including the US economy's recovery from the Covid pandemic and his huge investments in green technology and industry.

"President-elect Trump is receiving the strongest economy in modern history," said Biden.

But the departing president said he regretted not signing his name to Covid stimulus checks sent out to Americans, like Trump had done.

Biden ended his speech with a broader plea for US leadership in a troubled world, even as Trump has repeatedly signaled his intention to take a more isolationist stance.

"If we do not lead the world, what nation leads the world?" he said.



US President Joe Biden speaks about his "middle-out, bottom-up economic playbook" at the Brookings Institution in Washington, DC, on December 10. PHOTO: AFP