

## Marginal dairy farmers demand easy bank loans

STAR BUSINESS REPORT

Marginal dairy farmers yesterday urged the government to give them easy bank loans and establish chilling plants in remote areas of Bangladesh to boost milk preservation.

"Shortage of chilling centres are causing deterioration in the quality of milk produced in remote areas," said Amena Begum, a marginal dairy farmer of Rowmari upazila in Kurigram.

Amena was one of the marginal farmers who spoke at a discussion jointly organised by Oxfam and Bangladesh Dairy Development Forum at Brac Centre Inn in the capital.

The annual milk production grew four times in the last one decade to 99 lakh

tonnes at present while meat production from livestock increased seven times, analysts said citing data of the Department of Livestock Services.

"If the trend continues, Bangladesh will be self-sufficient in milk production by 2025," they added.

Local producers meet two-thirds of the country's demand for milk and educated youths run half of Bangladesh's nearly 100,000 commercial dairy farms, they said.

The farmers also urged the government to increase tariff on import of powdered milk in bulk quantity so that local producers do not face uneven competition.

They also wanted the government to ensure fair prices for milk.

## 63 garment factories shuttered in 2019

### 32,582 workers out of job

STAR BUSINESS REPORT

About 63 ready-made garment (RMG) factories operating under the Bangladesh Garment Manufacturers and Exporters Association were closed in 2019, leaving over 32,582 RMG workers without a job, said Commerce Minister Tipu Munshi in Parliament yesterday.

Of the 2200 knitwear factories working under the Bangladesh Knitwear Manufacturers and Exporters Association, 1,280 factories did not renew their membership last year and are probably no longer in operation.

However, those factories could once again begin production if given work orders from importing countries, he added.

During the parliament session, Imran Ahmad, the welfare and overseas employment minister for expatriates, said that a total of 717 female workers returned from different middle-eastern countries after being subjected to repression and other human rights violations in 2019.

The government have taken a massive initiative to create an awareness programme to ensure legal and safe migration for employment overseas, Ahmad said in response to a question from M Faridul Haq Khan, an Awami League member of parliament.

Under the initiative, the government has disbursed Tk 2.82 crore to hold awareness seminars at the division and upazila levels in fiscal 2019-20.

In 2018-19, the government provided Tk 94.64 lakh to arrange such seminars across the country, he added. Last year, awareness campaigns were held in 63 districts and 480 upazilas.

The minister said that aside from the awareness campaigns, the government is trying to provide expertise development training, verifying work permits and ensuring safe migration through registered recruitment agencies.



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**Abu Yousuf Md Abdullah, chairman of the Northern University Bangladesh Trust, attends a press conference in Dhaka yesterday to announce the organising of the World Marketing Summit scheduled to be held at the Westin Dhaka on March 28. Philip Kotler, a renowned marketing author, will take part in the summit.**

## REHAB fair begins in Ctg today

STAR BUSINESS REPORT

The four-day REHAB Fair 2020 begins at the port city's Radisson Blu Chattogram Bay View hotel today.

Housing and Public Works Minister SM Rezaul Karim will inaugurate the 13th edition of the housing fair, organised by the Real Estate and Housing Association of Bangladesh.

The schedule of the annual showcase was announced by Abdul Kauim Chowdhury, a vice president of REHAB, during a press conference at a hotel in the port city recently.

Some 73 stalls will be set up at the fair, where realtors, building material manufacturers, banks and other financial institutions will showcase their products and services.

The organiser has fixed Tk 50 as entry fee for the fair, which will remain open from 10am to 9pm every day.

## Bangladesh comes to Somalia's rescue

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After Somalia clears its dues, it will become eligible for another financing arrangement from the IMF at the HIPC decision point if the African nation displays progress through their Poverty Reduction Strategy Papers.

In 2008, a similar fundraising effort was taken to help Liberia clear its arrears.

Some 102 IMF member countries, including India and Sri Lanka, contributed a total of SDR 547 million in a similar fundraising effort to help Liberia clear its arrears.

However, during that time Bangladesh refused to donate to the funds.

## Cathay Pacific asks employees to take unpaid leave as virus hits demand

REUTERS, Sydney

Hong Kong's Cathay Pacific Airways asked its 27,000 employees to take three weeks of unpaid leave, saying preserving cash was key for the carrier and that conditions were as grave as during the 2009 financial crisis due to the virus outbreak.

Cathay is also asking suppliers for price reductions, putting in place hiring freezes, postponing major projects and stopping all non-critical spending, Chief Executive Augustus Tang said in a video message to staff seen by Reuters.

On Tuesday, the carrier said it planned to cut about 30 per cent of capacity over the

next two months, including about 90 per cent of flights to mainland China.

Cathay had already experienced a sharp fall in demand since the middle of last year due to widespread, sometimes violent anti-government protests in Hong Kong.

The virus, which has led to a death toll of nearly 500, has led to a further drop in visitors and passengers transiting through Hong Kong's airport.

"This has been one of the most difficult Chinese New Year holidays we have ever had," Tang said in the video. "We don't know how long this will last. With such an uncertain outlook preserving our cash is now the key to protecting our business."

## Solid demand lifts India services activity to seven-year high in January

REUTERS, Bengaluru

India's dominant service industry began 2020 in a buoyant mood as activity accelerated in January at the fastest pace in seven years on strong domestic demand, a private survey showed on Wednesday.

The results would likely bring some relief for markets and policymakers after only modest spending increases in a recent budget had disappointed investors looking for more robust stimulus to support a stuttering economy.

The Nikkei/IHS Markit Services Purchasing Managers' Index rose to 55.5 in January from December's 53.3. It was the highest reading since January 2013 and above the 50-mark separating growth from contraction for a third straight month.

"The Indian service sector sprung to life at the start of 2020, defying expectations of fragility and building on to the momentum gained at the end of 2019," Pollyanna De Lima, principal economist at IHS Markit, said in a release.

"With business revenues rising, service providers continued to increase capacity to meet further strong growth in sales. This is good news for jobseekers, particularly when we consider the results from the manufacturing industry which showed the steepest upturn in employment since August 2012."

A sub-index tracking new business also climbed to its highest since January 2013, encouraging firms to maintain a strong hiring rate.

Yet, not everything was rosy. New export business - a proxy of foreign demand - contracted last month, falling to its lowest since May 2018 on weaker demand from China, the United States and Europe. Pressure could heighten further amid growing global risks from China's coronavirus epidemic which has rapidly spread to other countries and claimed nearly 500 lives, nearly all in mainland China.

Moreover, prices charged by service firms increased at the fastest pace in nearly two years after a sharper rise in input costs forced

businesses to transfer some of the inflationary pressure to consumers.

That suggests overall inflation could remain above the Reserve Bank of India's medium-term target of 4 per cent, making it difficult for the central bank to ease monetary policy further.

"One worrying development, however, was the trend for inflation. This may translate into quicker increases in selling prices in months to come, which may curb sales," De Lima said.

"Firms could also choose to restrict hiring in

order to protect profit margins."

Service providers remained optimistic about growth in the year ahead, although the expectations index remained well below the long-term average.

A sister survey on Monday showed factory activity accelerated at the fastest pace in eight years last month which, along with the strong expansion in services activity, pushed a composite index to 56.3, its highest since January 2013.



REUTERS/FIL

A security guard stands between escalators inside a shopping mall in Mumbai.

## HSBC to cull senior managers in strategy shift

REUTERS, Hong Kong/London

HSBC is set to unveil a fresh round of job cuts targeting senior international managers and shrink its presence in some smaller markets, as part of a wider strategy overhaul, people with knowledge of the matter told Reuters.

The changes are expected to be part of a strategy update the lender's interim Chief Executive Noel Quinn will unveil on Feb 18, with a view to boost the profitability of Europe's biggest bank by assets in a tough operating environment, they said.

While the total number of jobs that will be impacted was not clear, the people said that the planned move would mainly impact its operations in London and to a lesser extent in Asia, which contributes nearly 90 per cent of the bank's profits.

The review would also include HSBC's presence in some Latin American markets, the sources said, a region that accounts for just 3 per cent of its pre-tax profit. Apart from Mexico, the bank's presence in other countries in the region such as Argentina is small. HSBC declined to comment.

## Correction

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"The GCF Board alone holds the authority to approve or reject funding proposals submitted for Bangladesh. The 1.2 billion figure is the value of the pipeline of projects that have been submitted for Bangladesh," an email sent by GCF's head of communications read.

The Daily Star wrote the report based on the comments of Finance Minister AHM Mustafa Kamal. However, we regret any confusion this may have caused.

## Samsung Galaxy Note10+ now made in Bangladesh

FROM PAGE B1

Fair Electronics, which started assembling Samsung handsets last year, has so far churned out 20 lakh units of 4G-enabled smartphones.

Some 25 Samsung models of Samsung handsets have been assembled at the plant.

"We will now move to assembling more sophisticated handset models. Gradually, all the high-end models will be manufactured in our plant."

The incredulous development is courtesy of a policy swerve in fiscal 2017-18: a good number of licences were offered for mobile assembly plants. Nine have sprung up so far.

Fair Electronics is now assembling about 97 per cent of all Samsung devices sold in Bangladesh and expects to suspend importing after March as its local plant is capable of meeting the domestic demand entirely.

This year, the company is aiming to assemble 25 lakh units of smartphones.

The company is now adding about 35 per cent value to its products, and within the next few years the value addition will go up to 45 per cent as it plans to set up a PCBA motherboard manufacturing system.

The quality of the locally made devices is, in some cases, better than that of the imported ones, said Mueyeedur Rahman, head of mobile at Samsung Mobile Bangladesh.

"The quality has improved significantly. Which is why we are offering 120 days of replacement warranty for the devices," he added.

Samsung is now taking preparation to manufacture tablets locally.

Fair Electronics is also manufacturing several models of Samsung home appliances such as refrigerators, air conditioners, microwave ovens and televisions in different units on the Narsingdi plant premises. A unit to manufacture washing machines is on the way, too.

## Revamping Bangladesh's insurance sector

FROM PAGE B4

According to the Boston Consulting Group (2015), three out of five cities in Bangladesh would have more than 100,000 people as members of the middle and wealthy class in the upcoming decade.

This could generate a market for insurance products as individuals and companies become increasingly risk-aware. In particular, the non-life segment is expected to grow at high rates exceeding the life segment by a 1 per cent margin as per PwC Analysis.

The Bancassurance model (a partnership between an insurance company and bank where the bank sells insurance products) could be an optimal solution for Bangladesh's insurance sector.

Banks tend to be pre-equipped with the technological and human resources to provide the best customer service.

For example, customers can pay premiums and withdraw cash backed by life insurance policies on their banks' ATMs. Insurers can leverage banks' various distribution channels and widen their reach without creating a network of agents from scratch.

However, we should not forget that the path to growth has always been full of obstacles. Firstly, the insurer-customer relationship is plagued by limited trust.

Claims settlement problems hamper the relationship, as the process is arduous and long. In Bangladesh, the websites are

poorly developed and there has been little utilisation of modern technology in the process.

Insurance companies have limited access to accurate and updated demographic statistics to use for actuarial computations.

Lastly, regulatory reform is required. Regulatory reform in the insurance sector can stimulate Bangladesh's growth and generate savings by providing the tools for better risk management.

Regulatory reform must satisfy a few crucial criteria. Insurance regulation needs to prevent the sale of unfair policies and mispricing to consumers.

This is especially important because insurance by nature is a complex product, where vulnerable consumers can easily be deceived by complicated benefit structures or policy language.

Lastly, regulators must account for insolvency risk. The regulators should ensure that there is a satisfactory level of capital reserves to protect customers from scenarios where they cannot collect claims when they need to.

The benefits of a well-built insurance sector are far-reaching and can target key socioeconomic problems.

While there are challenges, regulatory reform and an appropriate business model in the form of Bancassurance can catalyse the growth of the insurance sector.

*The writer is a partner at PwC. Views expressed here are personal.*

## Bid to use state enterprises' surplus funds rankles opposition

FROM PAGE B4

Noting that the present finance minister was a talented student and successful businessman, Hague said: "We expected that he would make the economy stronger, but it didn't happen so." Shameem Haider Patwary termed the bill disgusting, dangerous and anti-state law.

"No nasty incident like passing such bill took place in the parliamentary history. It will be a historical mistake and the finance minister would be held responsible for that."

"If the government passes the bill due to having the brut majority, it would be first step of the fall of the nation... the total financial system will collapse and it will bring disruption in economy," he said, adding that such law was used to be enacted in the colonial period to loot the money.

In reply to the MPs' remarks, Kamal said the bill was being enacted to bring financial discipline. The people of the country would largely be benefited and the country would march forward further due to the law, he said.

The government has undertaken many development projects and only regular revenue income is not enough to bankroll them. So, the government is utilising the fund for the development projects. The draft law was approved by the cabinet in early September, when the cabinet secretary said state-owned autonomous organisations held Tk 212,100 crore in deposit in banks as of May last year.

They held Tk 218,839 crore at banks until June 30 last year, according to finance ministry statistics. The cabinet decision, however, evoked reaction from bankers, who fear the law would hit the cash-starved banking sector hard.

The ongoing liquidity crisis would worsen if the government transfers the money from banks to the national exchequer, they said, adding that the move to bring down the interest rate to single digit is likely to face hurdle due to the initiative.

## US to review new curbs on Huawei, China

REUTERS, Washington

The Trump administration plans to meet this month to discuss further curbing technology exports to China and its flagship telecoms company Huawei, two sources said, in a bid to resolve differences within the government over the possible crackdown.

The gathering, currently scheduled for Feb. 28, will bring together high-level officials for talks after the US Commerce Department withdrew a rule aimed at further reducing foreign shipments to Huawei Technologies amid pushback from the Defense Department, one of the people said.

The meeting, which is expected to include cabinet-level officials including Commerce Department Secretary Wilbur Ross, Defense Secretary Mark Esper and State Department Secretary Mike Pompeo, is aimed at addressing how best to approach the blacklisted Chinese company and the broader war with China over technological dominance.

Some US policymakers favor close trades ties with Beijing while others see China and Huawei, the world's largest telecoms equipment maker, as serious threats to national security.

"The administration has to decide how to match its rhetoric on China with policies to deny China key technology and industry," said Tim Morrison, a former senior director at the White House's National Security Council under President Donald Trump, who favors tougher rules.

"Too many tools have not been brought to the President because the entire administration isn't yet in the fight. That must end," he added.

US companies have argued the measures that have been floated would harm US business by driving customers to foreign competitors, while doing little to thwart Huawei. The agencies did not immediately respond to a request for comment.

The Commerce Department in May placed Huawei on a trade blacklist, citing national security concerns. That allowed the US government to restrict sales of American-made goods to the company and a small number of items made abroad that contain US technology.

Under current regulations, key foreign supply chains remain beyond the reach of US authorities, which fueled frustration among China hawks and prompted a push to expand US authority to block more shipments to Huawei.