



STOCKS	
DSEX	CSCX
▼ 0.28%	▼ 0.24%
4,452.96	8,211.97

COMMODITIES	
 Gold ▲	 Oil ▲
\$1,564.30 (per ounce)	\$55.55 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.40%	▲ 2.38%	▲ 0.98%	▲ 1.27%
41,306.03	23,873.59	3,231.55	2,866.51

CURRENCIES				
	USD	EUR	GBP	CNY
BUY TK	83.95	91.49	108.37	11.92
SELL TK	84.95	95.29	112.17	12.53



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BUSINESS

DHAKA FRIDAY FEBRUARY 7, 2020, MAGH 24, 1426 BS starbusiness@thedailystar.net

The surplus money bill has its heart in the right place

Says Finance Minister AHM Mustafa Kamal



You people give out loans and then sometimes they turn bad. But I have to face the abuses in the parliament even though I don't either lend or take money. Do I deserve the abuses?

KAMAL TO BANKERS

STAR BUSINESS REPORT

The government has passed the act of bringing the surplus money of 61 state and autonomous agencies to the national exchequer in order to ensure accountability and not for drawing funds, said Finance Minister AHM Mustafa Kamal yesterday.

"We did not passed the bill for any bad intention but to establish a financial discipline," he told a press conference at

his office.

Every government owned enterprise have a responsibility to people, so the act is formed appropriately and it will play a meaningful impact.

The finance minister's comments comes as opposition members of parliament walked out of the assembly the previous day in protest of the bill, which was placed on January 14.

The surplus funds will be deposited to the state coffers after keeping aside the operational cost, additional 25 per cent of the operational cost as emergency funds, money for general provident fund and pension, according to the bill. The respective organisation can estimate its operational cost.

READ MORE ON B3



DISPLAY CENTRE

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Mirsarai 1 economic zone to be ready on time

JAGARAN CHAKMA

The SBG Economic Zone in Mirsarai is expecting to be complete by the year end as promised.

The government plans to set up 100 such economic zones to generate one crore new jobs, earn \$40 billion in additional exports and attract \$20 billion in FDI, all by 2030.

Already 90 per cent land development work of the zone is complete and it will be ready for use by the year end, said Mahboob Rahman Ruhel, managing director of SBG Economic Zone.

Bangladesh's Sikder Group, Bashundhara Group and Gasmin joined hands to form SBG, a consortium, to develop, operate and manage the project.

About \$2 billion in investment, especially from Japan and China, is expected in the zone, also called the Mirsarai-1 zone.

MIRSARAI 1 ECONOMIC ZONE AT A GLANCE	
Expected FDI	\$2b
Total land	550 acres
Major investors	Japan and China
Total employment	2.5 lakh
Major industry	Electronics, auto spare parts, pharma, food processing
Development cost	Tk 450cr
SBG equity	30%
Bank loan	70%
Factory set up	by end of 2020
Implementation	PPP model

Construction is currently going on in the area on 550 acres of land inside Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai, Ruhel said.

Establishment of electricity network, bridges and pipelines for drinking water have been completed.

The area will create around 2.5 lakh new jobs and the makers of electronics, pharmaceuticals, food processing and automobile spare parts will get preference here, he said.

Capital intensive investments will be encouraged for the area to bring in state-of-the-art technologies to produce quality products, he said. "However, heavy industry will not be accommodated here."

Some Tk 450 crore will be needed to develop the zone, of which SBG's equity is 30 per cent and the rest will be financed by banks.

Compliant local companies will also be allowed to use the zone, Ruhel said.

'If we find skilled locals, why will companies hire foreigners?'

Says commerce minister Tipu Munshi

STAR BUSINESS REPORT

The need for foreign workers will decrease gradually if the next generation of Bangladesh's population becomes skilled in technological knowledge, said Commerce Minister Tipu Munshi yesterday.

"If we find skilled locals, why will companies hire foreigners? There must be a gap somewhere," he told journalists at his office in the secretariat when asked about the report from Transparency International Bangladesh unveiled on Wednesday.

About 2.5 lakh foreign nationals now work in Bangladesh, said the report "Employment of Foreigners in Bangladesh: Challenge of Good Governance and Way to Overcome". Of them, about 1.6 lakh are living and working in Bangladesh on a tourist visa.

"The number was much higher earlier and it is gradually

YEARLY OUTWARD REMITTANCE AND REVENUE LOSS (ESTIMATED)	
Expatriates working	2.5 lakh
Average minimum monthly salary	\$1,500
Total of minimum yearly income	\$4.5 bn
Total minimum yearly outward remittance	\$3.15 bn
Minimum yearly revenue loss	\$1.35 bn

decreasing," said Munshi, a garment exporter.

He went on to give the example of his own garment factory.

"My factory now has only four foreign workers, which was 14 earlier," he said, adding that the garment sector, where most of the foreign nationals are employed, are working to cut down on the local skills

shortage by setting up by BGMEA University of Fashion & Technology (BUFT) in 2012.

Many competent professionals equipped with the skills needed by the sector are coming out every year, he said.

"We need to educate our own people."

But until then, foreign nationals need to be hired and they must be done through the proper channels.

READ MORE ON B3

Great expectations from BASIS SoftExpo

16th edition of the four-day exhibition kicks off

STAR BUSINESS REPORT

The 16th edition of the BASIS SoftExpo kicked off yesterday with the view to showcasing the aptitude of the country's software industry that is gunning for \$5 billion in exports by 2021.

The four-day exposition at the International Convention City Bashundhara is the perfect opportunity for local software and IT companies to display their capabilities to international buyers, said Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services (BASIS), the apex trade body of the ICT industry.

"The exposition is the largest regional technology congress," he added.

The government has targeted to create a couple million jobs by 2021 -- an aim that is seeming more and more likely by the day.

In the last ten years the ICT sector created 10 lakh jobs, and by 2021 total employment in ICT related professions will hit 20 lakh, said various entrepreneurs and industry leaders during separate sessions on the expo's opening day.

The government's initiative to

build 28 high-tech parks and provide training programmes across the country has also helped the industry to expand.

If at least two parks are made ready this year, the target would be easier to achieve, Kabir told The Daily Star. Bangladesh President Md Abdul Hamid inaugurated the event, where about 300 exhibitions were showcased in the presence of top ICT companies, personalities, key policymakers, industry leaders and other stakeholders.

The government should create scope for people to work on different government projects so that they can become self-dependant through learning, Hamid said, while also stressing on local service development.

The Softexpo will focus on creating more collaborative relationships at the national and international level and inviting trade delegations from various countries to experience the immense potential of Bangladesh's ICT industry, said Farhana A Rahman, senior vice-president of BASIS.

The exposition was broken up into 10 individual zones, such as the Industry 4.0 Zone and Experience Zone, which highlighted the growth and development

of Bangladesh's ICT sector.

The other zones were VAT, digital education, fintech, software, mobile innovation, digital commerce and IT-enabled services, and business process outsourcing or BPO.

The event, which will wrap up on Sunday, will also feature business to business (B2B) matchmaking sessions between local and foreign companies, including those from Sweden, Japan and the Netherlands.

A 'BASIS Top Ten Digital-Ready Company' award will be presented to 10 companies from other verticals for successfully organising B2B sessions with BASIS members.

Besides, there will be about 30 seminars and sessions, where over 100 national and international speakers will share their thoughts on the industry.

An ICT career camp will also be held, where more than 2,000 students from upwards of 45 universities will showcase their innovative projects.

The event is sponsored by Dutch-Bangla Bank.

Industries Minister Nurul Majid Mahmud Humayun and ICT Secretary NM Zeaul Alam also delivered speeches on the occasion.



AMRAN HOSSAIN

Clockwise from top left, Two men use virtual reality headsets while others look on in a stall of the ongoing four-day BASIS SoftExpo, visitors are seen in different stalls of the 16th edition of the show while people take a look at robots in the annual event in Dhaka's International Convention City Bashundhara yesterday.



Syed Waseque Md Ali, managing director of First Security Islami Bank, opens a sub-branch of the bank at Karnafuli upazila in Chattogram yesterday.

China to halve tariffs on \$75b of US imports

China on Thursday said it would halve tariffs on \$75 billion-worth of US imports as part of its trade truce with Washington and as officials look to calm markets unnerved by the deadly virus outbreak.

The State Council Tariff Commission said the reductions would come in a month after Beijing and Washington signed a deal to dial down a long-running trade war that has hit the global economy.

It also comes a day after Donald Trump hailed relations between the superpowers as the “best” ever in his State of the Union address, with observers saying Beijing was likely keen to get moving on the next phase of talks towards a long agreement.

Levies of five and 10 percent on more than 1,700 items -- imposed in September -- will be cut from February 14, the same day Washington is expected to halve tariffs on \$120 billion worth of Chinese goods.

Products affected include fresh seafood, poultry and soybeans as well as tungsten lamps for scientific and medical purposes, and some types of aircraft. The move is aimed at “promoting the healthy and stable development of China-US economic and trade relations”, the Commission said in a statement.

“To alleviate economic and trade friction, and expand cooperation in these areas, China has also made relevant adjustments,” it added, referring to the US cuts. “We hope to work with the US towards the ultimate elimination of all increased tariffs.” The Commission also said it “hopes that both parties will be able to abide by their agreement, strive to implement its relevant content, (and) boost market confidence”.

Other retaliatory tariffs, however, remain in place.

The two in January signed a partial deal that eased tensions in their bruising trade war, with Beijing agreeing to buy an additional \$200 billion in US goods over the next two years.



A truck carrying containers is seen near a Chinese flag at the Yangshan Deep Water Port in Shanghai, China

As part of the phase one deal, the US said it would halve its tariffs on \$120 billion of Chinese goods to 7.5 percent, while Donald Trump called off additional levies that would have taken effect last December.

Thursday's announcement comes as China grapples with a shortage of resources as it struggles to combat the coronavirus, which has claimed more than 560 lives and infected more than 28,000. On Tuesday, a top US trade official said the virus outbreak would delay Beijing's plans to buy goods from the US under the phase one deal.

But Washington expects “minimal impact” from the virus on the US economy.

China's outbreak has caused Beijing to impose travel restrictions across cities, with millions of consumers staying home during its otherwise busy Lunar New Year holiday.

The crisis is expected to hammer China's already stuttering economy, as companies and factories delay the resumption of operations.

Over the weekend, Beijing announced that US imports that can be used in its fight against the deadly virus will also be exempted from retaliatory tariffs imposed in the trade war.

AxiCorp chief market strategist Stephen Innes said the tariffs cut was a “small but rather a sweet carrot to dangle”.

“In the wake of the coronavirus economic tumult, it's not much of a stretch to assume China is eager to start the negotiations,” he said.

Moody's Analytics economist Xu Xiaochun told AFP a reduction in tariffs “makes sense” as China is expected to import more US goods as part of the phase one deal.

But the timing might be more than a coincidence.

China's mobile giants to take on Google's Play store

REUTERS, Shenzhen, China

China's Xiaomi, Huawei Technologies, Oppo and Vivo are joining forces to create a platform for developers outside China to upload apps onto all of their app stores simultaneously, in a move analysts say is meant to challenge the dominance of Google's Play store.

The four companies are ironing out kinks in what is known as the Global Developer Service Alliance (GDSA). The platform aims to make it easier for developers of games, music, movies and other apps to market their apps in overseas markets, according to people with knowledge of the matter.

The GDSA was initially aiming to launch in March, sources said, although it is not clear how that will be affected by the recent coronavirus outbreak.

Together the four companies made up 40.1 per cent of global handset shipments in the fourth quarter of 2019, according to the consultancy IDC. While Oppo, Vivo and Xiaomi have full access to Google services in international markets, Huawei lost access for new devices last year after the United States barred American suppliers from selling goods and service to it, citing national security.

Chinese vendors are trying to capture a greater share of software and services as hardware sales slow, said Will Wong, a smartphone analyst with IDC.

“App store, pre-loading apps, advertisements and gaming are areas that could generate new revenue” he said.



The logo of Xiaomi is seen outside the brand's store in central Kiev.

Huawei is also moving away from Google by developing its own Harmony OS as an alternative.

The GDSA's website includes the logo of Wanka Online, a Hong Kong-listed Android “ecosystem” platform next to a contact for the GDSA's General Secretariat. Wanka declined to confirm its involvement.

The GDSA might be able to lure some app developers by providing more exposure than the already-crowded Play store, and the new platform could provide better monetary incentives, analysts said.

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Memo No. 348

Dated: 06-02-2020

e-Tender Notice

This is an online tender, where only e-Tenders will be accepted in e-GP Portal and no offline/hard copies will be accepted. e-Tender is invited in e-GP System Portal (<http://www.eprocure.gov.bd>) by Executive Engineer RHD, Road Division, Manikganj for the procurement of:

Tender Description				
Tender Reference No.	Tender ID No.	Name of work	Last selling date & time	Tender submission last date/opening
40/e-GP/EE/Mkg. Rd/2019-2020	420693	Repair of Potholes, profile correction & patch repair by seal coat work at 6th (P) Km. 7th (P) Km. 8th (P) Km. 9th (P) Km. 10th (P) Km, 11th (P) Km, 12th (P) Km, 13th (P) Km & 14th (P) Km of Aricha (Barangail)-Ghor-Dailatpur-Tangail (R-506) Road under Manikganj Road Division during the year 2019-2020.	26-Feb-2020 16:00	27-Feb-2020 12:05
41/e-GP/EE/Mkg. Rd/2019-2020	420723	Supply, Installation and Upgradation/Integration of existing system including Commissioning & Trial Operation (7 days) of fully integrated Software Based Computerised Axle Load Control Station comprising static and dynamic slow speed Weigh in Motion, SSWIM including Web Based Live Video and Data monitoring with associated works at Dhaka (Mirpur)-Uthuli-Paturia- Notakhola-Kashinathpur (N-5) Road under Manikganj Road Division during the year 2019-2020.	26-Feb-2020 16:00	27-Feb-2020 12:00

Amir Hossain
ID No. 602205
Executive Engineer (C.C.), RHD
Road Division, Manikganj

GD-249

Office of the Project Director
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Memo. No.-RRI/Advertisement-1332/2018/290

Date:04/02/2020

Corrigendum Notice

All concerned are hereby notified that the following amendments are hereby made in the e-tender ID 415469 circulated vide e-GP system due to unavoidable circumstances.

Existing		Amendment	
1	Tender/Proposal Document last selling/downloading Date and Time	05-Feb-2020 17:00	Tender/Proposal Document last selling/downloading Date and Time 16-Feb-2020 17:00
2	Tender/Proposal Closing Date and Time	06-Feb-2020 12:00	Tender/Proposal Closing Date and Time 17-Feb-2020 12:00
3	Tender/Proposal Opening Date and Time	06-Feb-2020 12:00	Tender/Proposal Opening Date and Time 17-Feb-2020 12:00
4	Last Date and Time for Tender/Proposal Security Submission	06-Feb-2020 11:15	Last Date and Time for Tender/Proposal Security Submission 17-Feb-2020 11:30
5	Completion Date	29-April-2021	Completion Date 27-May-2021
6	Labour charge for driving barrack bamboo pins of diameter 6.0 cm to 8.0 cm, by hammer or monkey hammer as per direction of Engineer in Charge. ii) For 1st 2.0 m drive, in water including necessary staging etc. as required for 2000 m bandal construction	214020 m	Labour charge for driving barrack bamboo pins of diameter 6.0 cm to 8.0 cm, by hammer or monkey hammer as per direction of Engineer in Charge. ii) For 1st 2.0 m drive, in water including necessary staging etc. as required for 2000 m bandal construction 21440 m
	Labour charge for driving barrack bamboo pins of diameter 6.0 cm to 8.0 cm, by hammer or monkey hammer as per direction of Engineer in Charge. iii) drive 2 m to 4.0 i.e. for 2.0m drive, in water including necessary staging etc. as required for 2000 m bandal construction	21420 m	Labour charge for driving barrack bamboo pins of diameter 6.0 cm to 8.0 cm, by hammer or monkey hammer as per direction of Engineer in Charge. iii) drive 2 m to 4.0 i.e. for 2.0m drive, in water including necessary staging etc. as required for 2000 m bandal construction 21440 m

The corrigendum notice shall form a part of the tender documents.

N.B: This corrigendum notice will also be available in www.rrri.gov.bd web site.

04.02.2020
(Engr. Kazi Rezaul Karim)
Project Director Bamboo Bundling Pilot Project
&
Chief Scientific Officer
River Research Institute, Faridpur.

GD- 247

Eurozone demand slump hits German industrial orders

AFP, Frankfurt

New orders at German industrial firms slid in December, official data showed Thursday, driven entirely by plunging demand from the country's eurozone neighbours.

Overall, new business for manufacturing firms fell back 2.1 percent month-on-month in seasonally-adjusted figures, statistics authority Destatis said, disappointing analysts who had foreseen a 0.6 percent lift.

A breakdown of the data showed that while domestic orders rose by 1.4 percent and those from non-eurozone countries gained 2.1 percent, eurozone demand tumbled 13.9 percent.

“Incoming orders have progressed more weakly in the past months, marked by developments in the capital goods sector,” the economy ministry in Berlin said in a statement, adding that volatile large orders for items such as aircraft had had a particularly large impact in December.

Looking forward, while “confidence among businesses has recently improved, overall the outlook for industrial growth remains muted,” the ministry added.

Looking at sector-by-sector figures, makers of capital goods and consumer goods both reported falls of almost four percent in new orders in December, while producer goods makers added 1.4 percent.

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Memo No. 568 (25)

Date: 05-02-2020

Invitation for e-GP Tender

This is to notify all concerned that e-Tender has been invited in the e-GP Portal <http://www.eprocure.gov.bd> for procurement of works. Interested person/firms can see details by visiting the www.eprocure.gov.bd

Sl No.	Tender ID No.	Tender Ref. No.	Description of works	Tender/ proposal document last selling date & time	Last date & time for tender/ proposal security submission	Tender/ proposal opening date & time
1	419593	e-GP-26/EE/RHD/RAN G/2019-2020	Construction of a stackyard by earth filling at Shapla Staff Quarter under Road Division Rangpur during the FY 2019-2020.	19 February, 2020 within 17:00	20 February, 2020 within 13:00	20 February, 2020 within 14:00

This is an online tender where only e-Tenders will be accepted in e-GP Portal and no offline and hard copy will be accepted. To submit e-Tender please register in the National e-GP System Portal (<http://www.eprocure.gov.bd>).

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (helpdesk@eprocure.gov.bd).

AKM Shafiquzzaman
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Executive Engineer (C.C), RHD
Road Division, Rangpur

GD-244

India interest rates on hold as inflation soars

AFP, Mumbai

India's central bank kept interest rates on hold Thursday due to soaring inflation, even as the government's annual budget announcement last week raised little hope of an economic revival.

The Reserve Bank of India (RBI) said the benchmark repo rate -- the level at which it lends to commercial banks -- would remain unchanged at 5.15 percent, a nine-year low.

Inflation in Asia's third-largest economy surged to 7.35 percent in December, far above the four percent target set by the bank's monetary policy committee (MPC), and driven up by a rise in the price of onions and other essential items.

"The outlook for inflation is highly uncertain at this juncture. On the other hand economic activity remains subdued... Given the evolving growth inflation dynamics, MPC felt it appropriate to maintain status quo," the central bank said in a statement.

A survey of analysts by Bloomberg predicted the central bank would avoid cutting rates.

The bank added that the outbreak of coronavirus in China had also affected global growth prospects.

Analysts had hoped Finance Minister Nirmala Sitharaman's budget announcement last Saturday would help

kickstart the economy, but the absence of any major reforms dashed those expectations. The government instead elected to relax its fiscal deficit target for the current financial year to 3.8 percent of GDP from a previous 3.3 percent in order to accommodate increased spending.

The central bank raised its growth projections for financial year 2020-21 to 6.0 percent from a December estimate of 5.0 percent, in line with New Delhi's belief that a recovery remains imminent.

Prime Minister Narendra Modi's right-wing government has been trying desperately to revive the economy, which has flagged for several quarters, with per capita consumption falling for the first time in four decades.

Growth for the September-ended quarter came in at 4.5 percent, the lowest in six years, and sharply below the 7.0 percent level recorded a year earlier.

That is well below the level needed to provide the jobs sought by 1.2 million entrants to the labour market every month, posing a major headache for Modi.

RBI governor Shaktikanta Das -- a Modi ally -- cut interest rates five times in a row starting in February 2019, bringing them down by 135 basis points.

But India's banks, saddled with bad loans, have failed to pass on these benefits to consumers.

BUILD gets new chairperson

STAR BUSINESS DESK

Abul Kasem Khan, former president of the Dhaka Chamber of Commerce and Industry (DCCI), recently took over as chairperson for the trustee board of the Business Initiative Leading Development (BUILD).



Abul Kasem Khan

He succeeds Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry (CCCI). Khan was nominated by the DCCI, according to a statement.

Asif Ibrahim, a former president of BUILD, and Syed Mohammad Tanvir, a director of the CCCI, have been nominated as new trustee board members of BUILD respectively from the Metropolitan Chamber of Commerce and Industry (MCCI) and the CCCI.

BUILD is a public private dialogue platform established in 2011 as a joint initiative of the DCCI, MCCI and CCCI.

The chairperson for BUILD is nominated from the three trade bodies by rotation for a period of two years.

The other trustee board members are Shams Mahmud, president of Dhaka chamber; Nihad Kabir, president of the Metropolitan Chamber; Mahbubul Alam, president of the Chittagong Chamber; Farooq Ahmed, secretary general of Metropolitan Chamber; Md Joynal Abdin, secretary of Dhaka Chamber; and Mohd Faruque, secretary of Chittagong Chamber.

Ferdous Ara Begum, CEO of BUILD, sits on the trustee board as the member secretary.



PETRONAS LUBRICANTS INTERNATIONAL

Anshul Kumar, head of international market at Petronas Lubricants International, launches the company's new campaign—Buy Petronas Sprinta and Win Bike—in Dhaka on Wednesday. Amir H Khan, CEO of United Lube Oil, the authorised distributor of Petronas Lubricants in Bangladesh, was present.

US trade deficit falls in 2019, first drop in 6 years

AFP, Washington

The US trade gap narrowed last year for the first time since 2013 after President Donald Trump escalated trade confrontations, causing imports from China to plunge, according to data released Wednesday.

The narrowing of the US trade gap -- the stated goal of Trump's trade policy -- comes after a year when the deficit reached its highest level in a decade.

The total trade deficit shrunk by nearly \$10 billion to \$61.6 billion in 2019 as exports fell by 0.1 percent and imports dropped 0.4 percent, the Commerce Department reported.

Excluding services, the US deficit in goods fell by nearly \$20 billion to \$86.6 billion last year, as imports of Chinese products hit by Trump's punitive tariffs dropped 17.6 percent, according to the report.

That decline was offset by big increases in imports from top US trading partners Canada, which surged 42 percent, and Mexico, which jumped 26 percent.

In addition to the trade conflicts, the strong US dollar put American exports at a disadvantage, while China's slowing economy weakened the

yuan and boosted exports from that country.

And while shrinking the deficit was the goal of Trump's trade policy, it is not necessarily good news because a drop in exports often reflects a slowing economy.

In fact, growth in the world's largest economy slowed in 2019 to 2.3 percent compared to 2.9 percent in 2018, as business sharply curtailed investment due to the trade uncertainty.

"The trade war hit to business capex and especially the imposition of tariffs on an array of Chinese consumer goods on September 1 are likely to blame for the import collapse," Ian Shepherdson of Pantheon Macroeconomics said in an analysis.

He warned that, "Firms appear to have met demand by running down inventory, but that can't go on forever." - Slowing exports - Imports of materials like plastics and crude petroleum intended for the manufacturing sector, which has been in recession for months, fell by 9.3 percent.

Imports of capital goods, such as computer accessories and telecommunications equipment, also declined as American companies curbed their investments due to the uncertainty surrounding the trade war.

However, imports of everyday consumer

goods such as clothing, sports shoes and kitchen utensils continued to increase, illustrating the solid performance of household consumption which largely supported the expansion of American growth.

Americans were also more fond of cars imported from abroad. On the export side, soybean exports rebounded 8.2 percent, but that did not compensate for their collapse of more than 18 percent in 2018 due to Chinese retaliation over US tariffs.

US exports were also weighed down by the Boeing 737 MAX crisis, since the aerospace giant is a major contributor to foreign trade.

The company's top-selling aircraft was grounded worldwide in March 2019 following two deadly crashes, and exports of civilian aircraft fell 22.2 percent. In December alone, the US trade deficit jumped 11.9 percent to \$48.9 billion, which came as trade tensions with China eased.

The truce between the world's top economic powers came in mid-January with the signing of a "phase one" trade agreement, which nonetheless left most of the tariffs in place.

China has pledged to purchase an additional \$200 billion worth of US goods over the next two years.



Reserve Bank of India Governor Shaktikanta Das

Coronavirus hits Chinese push into India auto market

AFP, Noida

The deadly coronavirus outbreak has overshadowed a highly anticipated push by Chinese car firms into India's automotive market, with delegations from China told to stay away from a premiere auto expo event.

The biennial show starting Friday in Noida city in the country's north is one of Asia's largest automobile shows and was seen as an opportunity for Chinese manufacturers to woo Indian buyers in the world's fourth-largest car market.

Organisers said the scores of Chinese stalls would instead be manned by their Indian employees and representatives, including China's largest SUV manufacturer Great Wall Motors, which was making its debut at the show.

"There will be no visitors or delegation from China at the Motor Show 2020," the president of organiser the Society of Indian Automobile Manufacturers, Rajan Wadhwa, said in a statement.

Great Wall Motors executive design director Ramon Ginah told AFP the firm's Chinese staff did not travel to India for the expo as the coronavirus might provoke "negative feelings for some people".

The virus -- which has so far killed almost 500 people -- is another blow for

India's auto sector, which is still struggling to emerge from a severe slump last year amid a broader economic downturn.

There have been three confirmed cases in the southern Indian state of Kerala, all students from Wuhan, the epicentre of the outbreak and a centre for the auto industry in the world's second-largest economy.

The virus has prompted widespread business shutdowns in China and hit auto supply lines.

South Korea's largest automaker Hyundai Motor on Tuesday said it will suspend all domestic production because of a lack of parts due to the outbreak.

"Not only Hyundai, but the Indian auto industry does not need any type of disruption and we will do well to really continue the production and sales in the best possible way," Hyundai India sales and marketing director Tarun Garg told AFP.

Kia, the sister company of Hyundai Motor, said its production supply chain had also been impacted in South Korea.

"Right now in India we are gauging the impact, so it's early days... We have a longer supply chain, so we may not be impacted immediately," Kia Motors India's head of sales and marketing Manohar Bhat told AFP.

The surplus money bill has its heart in the right place

FROM PAGE B1

The agencies, which were mentioned in the bill, will have to deposit the funds to the state coffers within three months after a fiscal year ends.

If an organisation does not provide correct information about the funds, legal actions will be taken against it, the bill said.

The opposition MPs termed the bill "dangerous" and "anti-people". At present, Bangladesh's banking sector has excess liquidity of Tk 116,243 crore, according to Kamal.

"And every bank has excess liquidity," he said, adding that the funds can be utilised for development works.

Some MPs were saying revenue growth is negative, so the bill was a ploy of the government to draw in money from the state enterprises.

"Yes, the growth is negative if you compare with the target."

But the growth should be against the target -- it should be against previous year's collections.

"Because, we set a high target to keep the pressure on our tax officials to raise more revenues," he added.

The taxmen collected Tk 97,000 crore in the first half of the fiscal 2019-20, up from Tk 91,000 crore a year earlier.

"So, revenue is not on the deficit side. It is our exports that is in the deficit. I believe the negative growth will not persist in the last half of the year."

There is no country in the world that saw positive growth in exports, be it developed, non-developed or peer countries.

"This is the reality and we have to come out from the situation," Kamal said, adding that the country's macroeconomic indicators are not in a bad situation.

Meanwhile, at the annual branch managers' conference of the Bangladesh Development Bank yesterday, Kamal said the high default loan figure is due to an age-long habit of not lending properly.

"You people give out loans and then sometimes they turn bad. But I have to face the abuses in the parliament even though I don't either lend or take money. Do I deserve the abuses?"

THERE IS NO LIQUIDITY CRISIS
Meanwhile, in response to a question from Gonoforum MP Mukabbir Khan, the finance minister said there are some liquidity crises in the stock market but there is no liquidity crisis in the banking sector.

Scheduled banks have extra liquidity even after keeping essential cash reserve ratio and reserving the required statutory liquidity ratio, Kamal told the parliament yesterday.



THE CHRISTIAN CO-OPERATIVE CREDIT UNION

Cardinal Patrick D' Rozario, archbishop of Dhaka, poses with the new office bearers of The Christian Co-operative Credit Union Ltd (Dhaka Credit) at Tejgaon Church Community Centre in Dhaka on Wednesday. The new board will run the entity for the next three years.

'If we find skilled locals, why will companies hire foreigners?'

FROM PAGE B1

"The foreigners must be made to take their salaries through the proper channel and after paying tax," Munshi said, while urging the National Board of Revenue to come forward to bring all the foreign workers under the tax net.

This will hike their employers' outlay for them, so they would gradually become less of a cost-smart option, he said. To evade taxes, salaries of legal foreign workers are shown less in the official documents than their actual income.

For instance, the actual salary of a chief executive officer in the garment sector ranges from \$10,000 to \$12,000 per month. But in official documents it is shown to be between \$3,000 and \$3,600.

Furthermore, about one-third the salary of foreign nationals legally working here is paid into the bank accounts; the rest is given in cash, the TIB study found.

The foreign nationals working illegally take their salaries in cash or to their bank accounts abroad, depriving the government of taxes to the tune of \$1.35 billion, or Tk 12,000 crore, every year, found the Bangladesh chapter of the Berlin-based global graft watchdog Transparency International.

"What needs doing urgently is getting the foreigners to pay taxes," the minister added.

Kia in talks over moving \$1.1b plant to Andhra Pradesh

REUTERS, New Delhi

South Korea's Kia Motors is discussing with the Indian state of Tamil Nadu the possibility of moving a \$1.1 billion plant out of neighbouring Andhra Pradesh only months after it fully opened, due to policy changes last year, sources close to the talks told Reuters.

Kia inaugurated the Andhra plant, its first in the world's fifth-largest car market, in December after two years of construction. It has an annual capacity of some 300,000 units and created 12,000 direct and indirect jobs.

However, Kia is now in talks with the nearby state of Tamil Nadu, home to many major autoparts suppliers, about potentially relocating the plant, a senior state government official and a second source familiar with the discussions said.

"(Kia) are facing problems (in Andhra Pradesh), they have been in preliminary negotiations with us ... There is a secretary-level meeting next week, we might have more clarity then," the official told Reuters on Wednesday.

Kia said in a statement it has a long-term commitment to the Indian market and it aims

to utilize the full capacity of its Andhra plant "before considering further expansion".

"We do not have any plans to shift the manufacturing facility from the current location," it said, without commenting on any policy concerns or talks with Tamil Nadu, which are at an early stage. The Andhra Pradesh government said on Thursday in response to the Reuters story that it was continuing its "strong partnership" with Kia. Itsaid in a statement that Andhra Pradesh enjoys a cordial relationship with Tamil Nadu, adding that the government had received assurances from a senior official in the neighbouring state that it was not in talks with Kia.

The Tamil Nadu chief minister's office did not respond to a request for comment.

Kia is being represented in the talks by executives at its sister company Hyundai Motor Co, which is India's second-largest automaker and has all its car production facilities in Tamil Nadu, the state official added.

Hyundai did not respond to a request for comment.

Kia has been troubled by a new Andhra state law on local hiring and by the new state

government wanting to review the incentives given out by the previous administration to encourage the company to set up the plant, the second source and a third person with knowledge of the discussions said.

Moving the plant to Tamil Nadu could also help Kia in reducing logistics costs as it would bring it closer to some of its parts suppliers, the second source added.

It was not immediately clear how swiftly Kia could move production lines from a plant in one state to another, or what sort of disruption that would entail. The sources declined to be named as the talks are private.

Kia started building the new plant in 2017 and formally inaugurated it in December, when it said the 23 million square foot facility would manufacture vehicles like its Seltos SUV for both the Indian and overseas markets.

It said the facility would "become a vital part" of its global production network in the long term.

But considering relocation within months of the inauguration highlights the challenges foreign investors face while dealing with policy changes at federal or state level in India.

Slowing exports stretching trade deficit

FROM PAGE B1

An inflationary pressure usually hits the economy when the current account remains negative for too long.

In such situations, the central bank is forced to print money to tackle economic sluggishness.

"So, the authority concerned should concentrate on sidestepping the ongoing bitter situation stemming from the external sector," Ahmed said.

The 9 per cent cap will hurt the financial inclusion agenda



ZAHID HUSSAIN

BANKS prefer to work with large national and multinational business groups and the government, which offer less risk and higher returns.

Small firms face high interest rates due to high risk associated with them.

It is generally more difficult for small and medium-sized companies to obtain a credit than the large ones, especially due to an insufficient amount of information needed by banks to assess the opportunity for a loan.

Financial institutions impose higher than normal lending rates to cover themselves against inadequately assessed risk. Small firms cannot access finance due to lack of collateral, market access, inadequate infrastructure, low research and development capacity and inadequate managerial knowledge and skills.

Small firms also face enormous problems in acquiring technology and adopting innovative ideas in management and production of goods and services.

All these impediments to their start-up, and the ability to survive and prosper undermine their credit worthiness.

High interest rates charged to these borrowers are a consequence of the riskiness of investing in such enterprises.

It is a signal that interventions are needed to address the sources of the risk, not gagging of the signal itself.

A 9 per cent cap on lending rates is scheduled to become effective from April 1 for all loans except credit cards. The cap will restrict lending rates for Cottage, Micro and Small Enterprises (CMSEs).

The restriction is intended to encourage further growth in this segment by enabling them to access credit at lower than the average 16 per cent rate charged for collateral-free financing to CMSEs.

While the intentions are noble, the unintended consequences may be the opposite because of several reasons.

Successful CMS financing requires the implementation of an Intensive Supervisory Credit framework which, in turn, requires a very large workforce and infrastructural facilities.

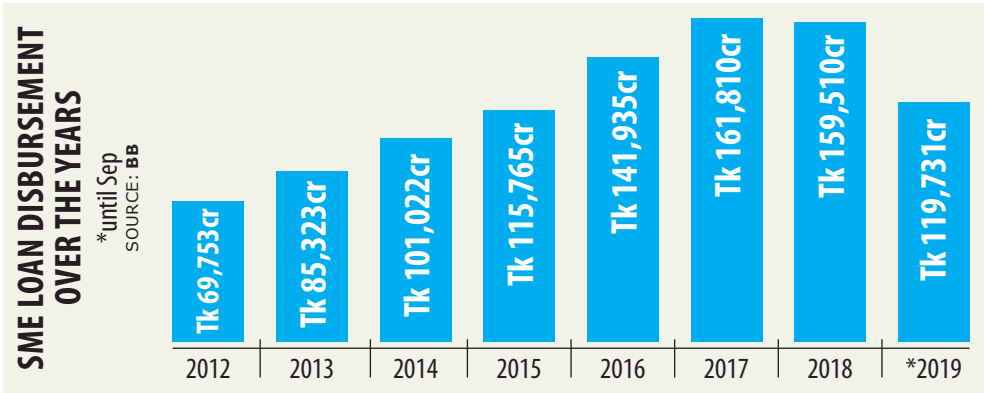
This results in high cost to income ratio, which is approximately 84 per cent across the CMSE banking industry.

Such high operating costs can only be recovered through higher lending rates and higher interest spreads.



STAR/FILE

Weavers work at a handloom factory at Benarasi Palli in Gangachara upazila of Rangpur. Experts think the 9 per cent cap will restrict lending rates to small and cottage industries.



The 9 per cent interest rate cap will not cover the costs and risks, thus resulting in the sector's CMSE portfolio becoming commercially unviable overnight.

This will discourage banks from further lending and quickly reduce the supply of credit to these customers, forcing them to borrow from unofficial predatory lending sources such as traditional moneylenders.

Their production and operations costs will spiral, thereby impacting a large part of the local economy.

CMSEs provide 7.86 million jobs. By slowing down business, reduced funding to CMSEs will increase unemployment not only in that sector but also in the banks who finance such businesses. Over 12,000 bankers support this customer segment.

Financing CMSEs is an important enabler to

the country's overall financial inclusion agenda.

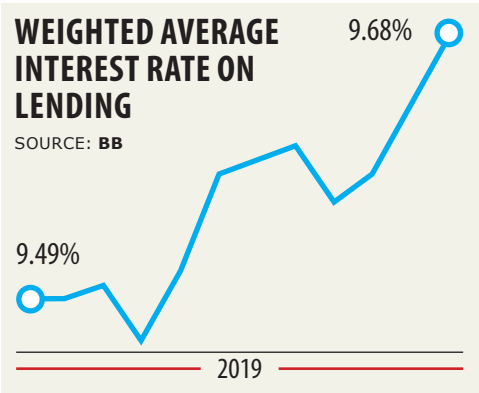
Hundreds of thousands of small entrepreneurs are brought into the banking umbrella through CMSE financing. This sector has been a top priority of the government and the Bangladesh Bank.

The BB has required that Banks migrate 25 per cent of their funds into the Cottage, Micro, Small and Medium Enterprise (CMSME) sector within the next few years.

The traction across the banking sector so far has been below this target, with some exceptions.

Outstanding stock of CMSME bank loans constitute about 19 per cent of total stock of bank credit to the private sector and out of that CMS Sector constitute 13.5 per cent, according to BB SME Data of September 2019.

A reduction of CMSE lending rates to 9 per cent will not only discourage the banks from



rolling over these loans to the same sector but also from extending additional loans to move closer to the target.

How well founded are these apprehensions? We can only draw from international experiences to get some idea.

The literature on interest rate ceilings suggests they create several problems: (i) reduced access to credit to small borrowers who tend to be riskier and costlier to manage; (ii) as access to bank credit is curtailed, potential borrowers turn to informal lenders that charge much higher rates and are not subject to regulation leading to more, not less, predatory lending; (iii) reduced transparency as lenders institute non-interest charges, such as fees, to compensate for lower income from loans making it more complicated for customers to understand the

total cost of borrowing; and (iv) adversely affect the viability of small and medium-sized banks, whose business model relies on attracting deposits at higher interest rates and lending to high cost/high return small enterprise sector, thus elevating risks to financial stability through contagion effects.

Specific examples of how these problems have manifested themselves include withdrawal of financial institutions from the poor or from specific segments of the market, especially for small borrowers that have higher loan management costs for banks, such as rural clients and women with low collateral.

The most known instances of such experience can be found in Bolivia, Colombia, the Dominican Republic, Ecuador, Haiti, Nicaragua, Peru, Poland, and Zambia.

Lower access to small borrowers leads to increase in loan size after the imposition of caps as seen in Bolivia, Ecuador, South Africa and Zambia. A proliferation of fees and commissions reduced the transparency of the cost of credit most visibly in Armenia, Nicaragua, South Africa and Zambia.

Bangladesh needs its banking sector to significantly increase funding for CMS customers and invest in new technologies as well as processes to grow the business.

Any policy change that creates a commercially unviable CMS framework in the banking sector will prove to be retrogressive.

The priority must be to improve access to credit at this stage, not cost of credit. Once the sector has achieved an appropriate level of CMS financing, e.g. the 25 per cent required by the BB, and acquired reputational capital, the cost of credit will begin to decline.

Banks behave differently towards mature entities in the competitive market. They charge a lower rate for credit as trust builds and risk perceptions moderate.

The adverse effects of lending rate ceiling can be avoided if the ceiling is high enough to facilitate lending to higher-risk borrowers.

One option could be to set the ceiling at the average of past monthly commercial rates plus a margin. This margin would need to be sufficient to avoid rationing out high-risk borrowers.

The sufficiency can be judged on the basis of rate differences in peer countries.

Rates charged to CSMs are on average 70 per cent higher than the corporate and commercial rates in India, Malaysia and Thailand. Such adequate margin inclusive ceiling on rates for CMSEs should apply to new loans and rollover of the legacy loans.

Setting the lending ceiling in this manner would stop the most egregious forms of predatory lending, while still providing sufficient margin to compensate for risks.

Over the past several decades, interest rate controls have been relaxed in most countries. The focus has shifted mainly to protecting vulnerable borrowers from predatory lending practices.

The author is an economist.

ANXIOUS WEEK IN THE BOURSE

DSEX, the benchmark index of the Dhaka Stock Exchange, ended the week on a glum note as investors are still waiting for the support pledged by the government.

DSEX closed the week at
4,452.96 points (dropped
28.55 points, or **0.63%**)

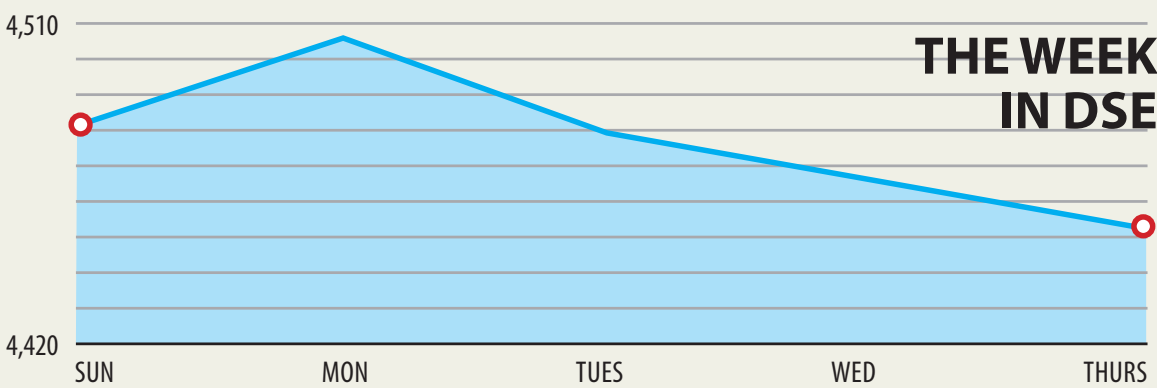
Daily turnover fell to Tk
444.41 crore (dropped Tk
6.78 crore, or **0.15%**)

TOP FIVE GAINERS	
Company	Gain (in %)
Phoenix Finance 1st Mutual Fund	23.88
BD Autocars	23.02
Monno Jute Stafflers	22.82
Hakkani Pulp	20.67
Mercantile Insurance	17.28

TOP FIVE LOSERS	
Company	Loss (in %)
United Airways	15.79
C&A Textiles	10.53
Dacca Dyeing	8.82
Daffodil Computers	8.63
Fu-Wang Ceramic	7.89

TOP SECTORAL FALL	
Sector	Loss (in %)
Cement	4.86
Life Insurance	2.09
NBFI	1.92
Bank	1.91
Travel & Leisure	1.77

TOP TURNOVER	
Company	Average turnover
LafargeHolcim	Tk 31.29cr
Khulna Power	Tk 12.79cr
Summit Power	Tk 11.95cr
ADN Telecom	Tk 11.82cr
Shipping Corporation	Tk 10.49cr



NEXT STEP

Making a DIFFERENCE

Bangladesh is rapidly moving towards middle income status by 2021. Our businesses definitely offer immense opportunities for the growing economy and this diversity needs a stage for the stories untold. See Bangladesh make its mark on the global map as Making a Difference brings you our proudest success stories from across the country.

Battling procrastination and ways of staying organised by reducing workload

If a survey was conducted on activities that makes people feel anxious but they still end up doing it anyway, procrastination will indisputably top the chart. People struggle with productivity everyday and no matter how much they are motivated, they often leave out pressing work for later. In order to get out from the endless loop of procrastination, you need to train your mind to be better adapted to distractions. Here are a few things which you can try out for efficiently organizing yourself, inducing productivity and taking better control of your professional life.

PO'MO'DO'RO TECHNIQUE: The Po'mo'do'ro Technique comes from the Italian word 'Tomato'. A revolutionary time management system developed by Francesco Cirillo in the late 1980s helps you adapt with time, instead of struggling with it. Since it's emergence, it has helped 2 million people to accomplish this unnerving task of time management. Like its name 'Po Mo Do Ro', it is a method based on 25-minute stretches of attentive work fragmented by 3-to-5 minute breaks and a relatively long break of 15-to-30 minute breaks following the completion of four work periods or pomodoro. This will most likely increase your



concentration, set an effective timetable to reach multiple goals and help you break free from a constant loophole of procrastination.

APPLICATIONS THAT MAKE LIFE EASY:

There are multiple applications that helps coordinate tasks much easier, gives you constant reminders and assists you to stay more focused. One of which is 'SLACK' which is generally used for workplace messaging. It's professional and faster than email, provides you with more platforms to keep the tasks organized and offers more integrations for proper transmission of message. Adding to it, slack can also be customized and can be also connected virtually to other platforms you're using. There is

another app named 'ASANA', which is very useful in the fight against deadlines and work chaos.

JUST TAKE A BREAK:

Apart from all of this, sometimes take a break for real. Taking a break and doing things you love might induce work productivity for later. There's no definite theory for dealing with this. All we know is we have to battle against it and you have to find out which measures works best for you.

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