STOCKS
DSEX 0.07% 4,385.54
CSCX 0.19% 8,114.52

COMMODITIES
Gold $1,571.50 (per ounce)
Oil $54.21 (per barrel)

ASIAN MARKETS
MUMBAI 0.39% 40,979.62
TOKYO 0.60% 23,685.98
SINGAPORE 0.58% 3,163.15
SHANGHAI 0.51% 2,890.49

CURRENCIES STANDARD CHARTERED BANK

	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	91.12	107.63	11.86
SELL TK	84.95	94.92	111.43	12.47

Star BUSINESS

DHAKA TUESDAY FEBRUARY 11, 2020, *MAGH 28, 1426 BS* starbusiness@thedailystar.net

Adani Group revving up to kickstart India Special Economic Zone

Dedicated industrial expanse to bring down trade imbalance

Jagaran Chakma

Indian corporate giant Adani Group is likely to start the site development work of the India Special Economic Zone (ISEZ) by this June, where billions of dollars of investment are expected to pour in from the neighbouring country.

The ISEZ, which will be set up on 1,000 acres of land, will be exclusively for Indian investors.

Site selection and land acquisition for ISEZ have already been completed at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram.

Now negotiation is going on whether the Bangladesh Economic Zone Authority (BEZA) will be involved in equity or not.

Prime Minister Sheikh Hasina has given her nod to the Ahmedabad-based Adani Group to develop the ISEZ, according to Paban Chowdhury, executive chairman of Beza.

Chowdhury believes successful implementation of the ISEZ would eventually reduce the trade imbalance between the two countries that is heavily tilted towards the neighbouring country.

Total area of ISEZ	1,000 acres
Investment	billions of dollar
Employment generation	3 lakh
Major sector	IT, automobile, textile, engineering, leather
Important infrastructure	jetty/port

adani Growth with Goodness

In fiscal 2018-19, Bangladesh's merchandise shipments to India were $1.24 billion, crossing the $1 billion-mark for the first time, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

At the same time, Bangladesh imported goods worth $7.64 billion, down from $8.61 billion in the previous year.

An Indian diplomat in Dhaka told The Daily Star upon condition of anonymity that the Narendra Modi-led government is keen to start operations in the zone as soon as possible.

"Our investors, including giant Adani Group, are eagerly waiting to set up their industrial units in the economic zones," he added.

A delegate of Adani Group -- whose concerns include energy, resources, logistics, agribusiness, real estate, financial services, defence and aerospace -- visited the site at BSMSN last week for final assessment.

Adani is eyeing the ISEZ as there is Indian government support.

The Indian government will provide $278 million in financial support under its third Line of Credit (LoC) worth $4.5 billion to Bangladesh. Disbursement of funds from the third LoC, which was agreed upon in 2017, is yet to start.

Official formalities will be wrapped up shortly as Adani Group does not want to waste time, Chowdhury said.

"But seeing the urgency in Adani to get the project off the ground, it may not utilise the funds from LoC in the end to sidestep bureaucracy complexity."

Adani, which has vast experience as India's largest private multi-port operator, wants to set up a dedicated port in the zone, Chowdhury said.

Besides, the group, whose annual turnover is upwards of $13 billion, has a plan to invest $350 million in Bangladesh to establish an industrial park in the zone under a joint venture with Singapore-based Wilmar, a manufacturer of agro-based foods and allied products.

The number of companies that will set up shop at ISEZ is yet to be finalised, but the zone is expected to create about 3 lakhs jobs directly, Chowdhury said.

The economic zones aim to promote balanced development of multi-product industries in different parts of the country, create jobs for the locals and attract foreign direct investment, he added.

Meera Agro's listing hits a snag

Issue manager furnishes balance sheet certified by an imposter auditor

Ahsan Habib

In a strange turn of event, Pinaki & Company, one of the oldest auditor in Bangladesh, sent out a denial that it had audited the balance sheet of Meera Agro Inputs attached with the draft prospectus to raise Tk 5 crore from the small capital board of the Dhaka Stock Exchange.

Meera Agro was on course to issuing 50 lakh ordinary shares in the first quarter of this year to raise funds for land development, modernisation and expansion of existing projects and meet working capital demand.

meera

"Our former Chattogram branch office's pad may have been used in the audit report. However, our Chattogram office was closed on December of 2014 and practicing certificate of the concerned branch office partner Narayan Roy was cancelled," said the auditor in a letter to the DSE and the Bangladesh Securities and Exchange Commission on January 28.

The Daily Star obtained a copy of the letter and the draft prospectus.

"Narayan Roy was our partner once upon a time," Pinaki Das, senior partner of Pinaki & Company, told The Daily Star yesterday

However, Roy is not allowed to conduct any audit under the name of Pinaki & Company since December 14, 2014.

But it appears that he is still using the letterhead and signing off on audit reports.

"This is illegal. ICAB now can take steps against the Roy," Das added.

Contacted, Muhammad Farooq, president of the Institute of Chartered Accountants of Bangladesh, said he is not aware of the issue yet.

"I am going to take the information now and we will definitely take steps against false auditing," he added.

In the draft prospectus of Meera Agro, a mobile number was given in the letterhead of Pinaki & Company.

One Afsar Ul Haque received the phone and said he is not connected with Pinaki & Company. But he admitted advising Meera Agro to appoint the auditor.

"I don't know why my mobile number was given in the letterhead of Pinaki & Company."

Asked if he was aware that Narayan Roy was no longer a part of the auditor, he said: "This is not known in the market."

One of the top official of the DSE said the stock exchange has informed the issue manager of Meera Agro, AAA Finance & Investment. "We are taking steps within our limits," he said preferring anonymity.

Mohammad Obaydur Rahman, managing director and chief executive officer of AAA Finance & Investment, pointed the finger of blame at the authorities concerned.

READ MORE ON B3

BB comes to the rescue of ailing stocks

Star Business Report

The central bank yesterday announced a fresh credit support for banks with a view to giving a boost to the ailing capital market.

Each bank will be allowed to form a fund worth Tk 200 crore by way of taking financial support from the central bank to ultimately invest the money in the stock market, according to a Bangladesh Bank circular sent out to all banks.

The lenders will take the fund from the central bank through repurchase agreements (repo) against treasury bills and bonds owned by them.

The banks will have to pay 5 per cent interest for the fund and the credit tenure will be until February 2025. The lenders will be allowed to show the fund as special investment, which will not fall within the purview of the banks' stock market exposure of up to 25 per cent of their capital.

The Banking Companies Act 1991 limits a bank's stock market exposure to up to 25 per cent of its capital that includes paid-up capital, share premium, statutory reserve and retained earnings.

The banks, however, will be allowed to initiate forming the fund by injecting money from their own sources and later taking funds from the central bank.

The BB bailout comes as merchant banks and stock brokers had long been demanding a special support to make the capital market vibrant, a central bank official said.

The BB has taken suggestions and prior approvals from the finance ministry while taking decisions to this end, he added.

At least 10 per cent of the fund will have to be invested in open-ended or closed-end mutual funds, while another 10 per cent must be invested in special purpose fund.

The mutual funds, which have been providing at least 5 per cent cash dividend for the last three years, will be considered for the banks' investment.

The banks can invest in the equity shares of the listed companies, which have been providing at least 10 per cent dividend for the last three years.

They will have to invest at least 40 per cent of the fund by way of opening fresh portfolio in their own names.

Some 20 per cent of the fund will have to be invested by creating new portfolio of the banks' subsidiary companies.

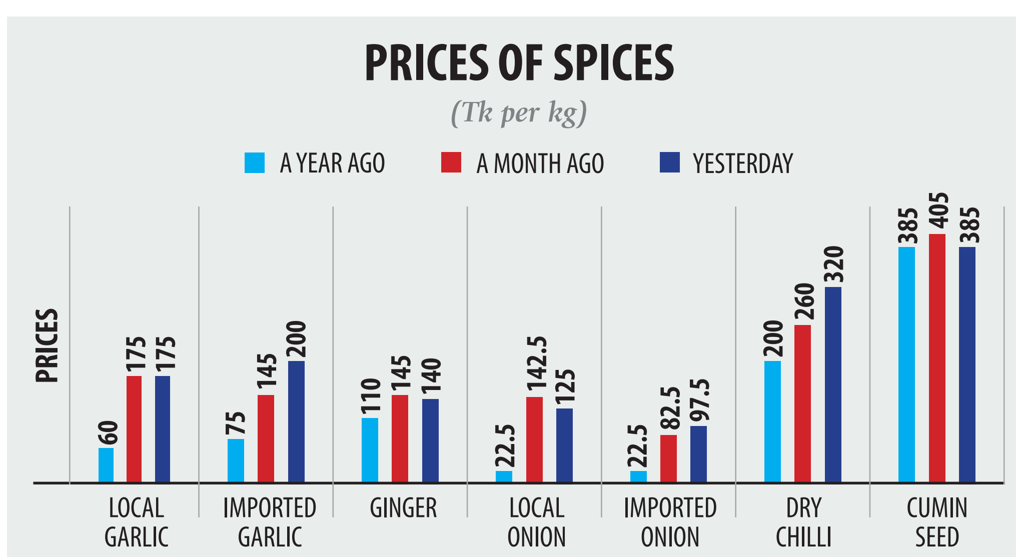
The banks will invest 30 per cent of the fund in subsidiary companies of other banks or financial institutions.

The rest 10 per cent of the fund must be invested in new portfolio of other merchant banks or brokerage houses. The banks must report to the BB on the details of their special investment under the package every three months.

The stock market has been on a downward curve for long: On January 14, the benchmark index of the Dhaka Stock Exchange plummeted to 4,036 points and turnover fell to Tk 250 crore. One year ago, the index was at 5,950 points and turnover was around Tk 1,000 crore.

During the time, the DSE's market capitalisation dropped by Tk 108,184 crore.

Commerce ministry to consider alternative garlic routes



Star Business Report

Bangladesh will look for alternative markets to source garlic, ginger and other spices in case the coronavirus outbreak is prolonged, said Commerce Minister Tipu Munshi yesterday.

We will not face any difficulties if onion imports from China are stopped. However, we are observing the supply situation of garlic and ginger. We will consider alternative markets if the coronavirus crisis continues for a long time," he told reporters at his office after a meeting with David Marit, the visiting Agriculture Minister of Canada's Saskatchewan province.

However, he added that currently, there are no major supply deficits of garlic, ginger or other spices. Munshi's comments come at a time when the prices for various spices, including imported garlic mainly imported from China, soared in recent weeks.

The price of imported garlic shot up 38 per cent to Tk 180- 220 per kilogram in Dhaka whereas just a month ago, prices stood at Tk 140-150 per kilogram.

The price for imported onions, dry chilly and cloves also rose, according to data from the Trading Corporation of Bangladesh.

On the other hand, the price of locally grown onions declined at the same time.

In reply to a question on how the price of garlic increased so much in such a short span of time, Munshi said businesses are taking advantage of the situation.

They cashed in on the recent supply shortage of onion and are still taking advantage, he said.

"We are seriously keeping an eye on the market. We [the government] will soon sit for a discussion regarding the market price of these spices," Munshi added.

Imports from China are currently on hold and traders who have previously imported stock are selling the spice at higher prices to take advantage of the supply disruption, said Narayan Saha, a wholesaler at Shyambazar.

"However, the price of locally grown garlic is falling following an increase in supply in the market. There won't be buyers for imported garlic soon," he said, adding that the same is true for locally grown onions.

Saha also said that the price of ginger is declining due to greater imports from India.

Bangladesh requires three lakh tonnes of ginger annually. With a domestic production value of 77,000 tonnes, the supply of locally grown ginger falls short every year.

The country produces about 4.5 lakh tonnes of garlic each year against a 6 lakh tonne demand.

READ MORE ON B3

Digital campaigns in murky waters

Only 30pc of payments made legally, remaining Tk 1,400cr dealt abroad to evade taxes

Star Business Report

Digital marketers and e-commerce companies demanded bringing transparency in media expenditures and eradicating "unfair market competition" for the sake of creating a digital society.

Local companies are annually spending about Tk 2,000 crore behind digital campaigns, roughly 30 per cent of which is being transacted through legal banking channels, ultimately depriving the government of a huge amount of revenue, they said at a roundtable yesterday.

The companies which are indeed paying huge amounts in VAT are finding it hard to get rebates as the process to claim it is complex and very much dependent on whimsical NBR officials, they said at the discussion titled "Digital advertisement in foreign platforms" at The Daily Star Centre in Dhaka.

The International Media Buying Companies and Owners Initiative (IMBCOI), a platform of the companies running digital advertisements for different entities, organised the discussion with support from The Daily Star.

DIGITAL MARKETING AT A GLANCE

- Digital market expenditure about Tk 2,000cr
- Facebook, Google take the major chunk
- Only 30% deals made through legal channel
- 25% AT, 15% VAT on payment through legal channels
- Global brands spend from abroad to avoid taxes
- About 1,800 local websites monetise from digital ad revenue
- 8% of the Google payments return as YouTubers' earnings

STAR

Representatives from digital marketers and e-commerce companies attend a discussion titled "Digital advertisement in foreign online platforms," at The Daily Star Centre in Dhaka yesterday.

They said currently a few hundred agents were running digital campaigns for giant entities while about three lakh entrepreneurs were spending for digital advertisements as part of running businesses on Facebook.

"We have fallen in an unfair competition from the international companies that are running their business in Bangladesh," said AKM Fahim Mashroor, chief executive officer (CEO) of shopping platform ajkerdeal.com.

Running a Tk 100 campaign from Bangladesh requires paying Tk 143.75 though the legal channel, he said. But there are companies in Bangladesh making just the Tk 100 payment ignoring the VAT and taxes, meaning they are staying ahead of the competition with an illegal advantage, he added.

"We will not survive unless this unfair competition is eliminated from the market," said Mashroor sharing a presentation and moderating the event.

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