

'Encourage youth to become entrepreneurs'

Says commerce secretary at BRAC'S light engineering fair

STAR BUSINESS DESK

Engaging the youth in productive activities and encouraging them to become entrepreneurs is the best thing to do to boost economy, said Md Abdul Halim, secretary to the industries ministry yesterday.

He spoke at the concluding ceremony of a two-day 'Light Engineering Trade Fair' organised by Brac at the Bangabandhu International Conference Centre in Dhaka. The fair was held under BRAC's 'Pro-poor growth of rural enterprises through sustainable skills-development (PROGRESS)', a project funded by the European Union.

A total of 58 small businesses from 41 districts participated in the fair and received work orders worth more than Tk 1.9 crore. "Access to finance is a significant area and we need whatever you want in

writing so that we can work on the issues entrepreneurs face," said Halim.

He thanked BRAC for bringing approximately 5,000 light engineering entrepreneurs under the project.

"I would request them to keep these people under their umbrella so that they can avail benefits of the BRAC access. I would also request Bangladesh Small and Cottage Industries Corporation (BSCIC) to enlist these 5,000 entrepreneurs in their database," he added.

Brigadier general (ret'd) Aftab Uddin Ahmed, director of BRAC Skills Development Programme; Abdur Razzak, president of the Bangladesh Engineering Industry Owners Association; Mokammel Hossain, an additional secretary to the Prime Minister's Office; and Lila Rashid, a general manager of Bangladesh Bank, also spoke.



Analysts take part in a discussion in the concluding ceremony of a two-day 'Light Engineering Trade Fair' organised by Brac at Bangabandhu International Conference Centre in Dhaka yesterday.

Emirates offers free hotel stay and complimentary visa for Dubai stopover

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Emirates has recently offered free hotel stay for two nights and complimentary 96-hour visas to visit Dubai for all those travelling via its home base en route to Europe, the Americas and Africa. The offer is valid for bookings made between February 11 and February 24 and for travel between February 20 and March 31.

Fares to Europe during this promotional period start at just \$927 to London, inclusive of taxes, according to a statement. For Economy-class passengers, the offer includes a complimentary two-night stay at a Rove or equivalent hotels. First, Business or mixed-class passengers will be entitled to a complimentary two-night stay at Address Sky Views or Address Fountain Views or equivalent hotels.

Complimentary night stays are on room-only basis and subject to availability. First and Business-class passengers can avail Emirates' chauffeur service for airport transfers.

Emirates operates flights from Dhaka thrice daily with wide-body Boeing 777s. From March 29, 2020, the airline is set to launch its fourth daily service.

Bangladesh eyeing \$50b in investment from Saudis

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Monowar Ahmed, secretary to the ERD, will lead the Bangladesh side. The seven, already having billions of dollars invested in Bangladesh's power and textile sectors, are interested in expanding their investment, said Mohammad Abul Hasan, economic minister at the Bangladesh embassy in the Kingdom.

Bangladesh wants to mobilise \$50 billion in investment from the Saudi investors and there is scope to get at least \$15 billion for the energy sector, he told The Daily Star.

Saudi Crown Prince Mohammed Bin Salman is heading a \$250 billion Public Investment Fund and has undertaken a "Look East" investment policy against the region's recent economic developments, he added. The Saudi government is keen on investing in Bangladesh and the question is over how much the latter could absorb, said Hasan.

Known internationally for world-class port terminal services, the RSGT is one of Saudi Arabia's largest operators, building its newest flagship container terminal at Jeddah Islamic Port. It is keen on making investments under public-private partnership to develop Bangladesh's port infrastructure and maritime sector. Last August it proposed investing in infrastructure and technical developments of the Chattogram, Mongla and Payra ports.

The Saudi company has already signed a letter of intent with the shipping ministry to explore investment opportunities and provide expertise.

Meanwhile, Saudi Aramco is keen on working on an oil refinery, a petrochemical complex and associated storage.



Officials of VSONE, a technology solutions provider, and IFS, a multinational software company, pose at event in Dhaka on Monday. VSONE partnered with IFS to launch its operation in Bangladesh.

Coronavirus puts int'l expos on hold

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However, all five bookings were cancelled due to the spread of coronavirus, costing the venue at least Tk 20 crore in revenue, MM Jashim Uddin, chief operating officer of ICCB, told The Daily Star yesterday.

"This is the ICCB's peak season for hosting expos."

A major source of revenue for the ICCB are the various expositions held by different business groups during this time of the year. Even events that were not yet finalised have been cancelled.

"We are now staring at a big hole in our revenue," Uddin added.

Like the BPGMEA, the Bangladesh Textiles Mills Association (BTMA) put off the 17th Dhaka International Textile and Garments Machinery Exhibition (DTG) 2020, which was originally scheduled to

be held between February 20 and 23 at the ICCB.

Coronavirus has now become a serious health hazard worldwide, the BTMA said in its notice.

As far as the BTMA is concerned, all countries have taken steps to prevent the spread of coronavirus, keeping their respective nation's best interests in mind, and Bangladesh is no exception.

Although the BTMA and Yorkers Trade and Marketing Services Co. decided to postpone the DTG, they have resolved to hold the exhibition in June at the same venue.

Syed Abdul Muakhir, catering director of the Bangabandhu International Conference Centre, said the venue escaped the immediate fallout of the coronavirus as there were no bookings made for international exhibitions but just domestic fairs.

Revenue shortfall giving sleepless nights to govt

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"It will not be possible to improve from the current situation without a significant reform in the NBR's system."

He blamed corruption and under- and over-invoicing of imported goods as some of the major reasons behind the sluggish revenue flow. Besides, the revenue collection target set by the government is unrealistic.

The government has set a target of Tk

325,600 crore for the NBR this year, up 45 per cent from fiscal 2018-19's actual collections. "Even after that, revenue collection could grow 25-30 per cent year-on-year if the government truly brings in reforms in the NBR. In that case, the tax-to-GDP ratio would have increased," he added.

Bangladesh's tax-to-GDP ratio, which is about 10 per cent, is amongst the lowest in the world.

BB to appoint bank directors

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The qualifications for independent directors was mentioned in the draft act as well. If applying for the independent director position, the applicant will be considered ineligible if he/she has held any post previously in the form of a director, officer, advisor, consultant or auditor at the same lender.

A person will also not be permitted to hold independent directorship of he or she has an ongoing relationship with other banks as director, officer, advisor, consultant or auditor.

An alternative director will be permitted to serve the board of a bank for a maximum of six months and he/she can play the role once of a year. In many cases, some alternative directors have long been serving the boards as the original directors but have never visited the country, according to the draft act.

The original directors will be forced to take part in the board meeting if the draft act is approved.

Any borrower who fails to pay back their loans despite being able to do so will be termed a habitual defaulter, as per the draft act prepared by the finance ministry.

Banks and other financial institutions will have to publish a list of habitual defaulters along with photos of the individuals on the respective lenders' website and media outlets.

Mortgaged lands will have to be taken over by banks within one month of the borrower being declared a habitual defaulter. Habitual defaulters will not get any trade licence and will not be allowed to register their home and vehicles.

They will also be barred by the Registrar of Joint Stock Companies and Firms from opening new companies.

The draft act also included a fresh provision to restructure, liquidate and merge problematic and weak banks.

Teletalk's mega project goes against rules

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The operator also plans to strength coverage in 50,000 government offices, educational institutions, hospitals and 500 high-rise buildings in divisional cities.

Of the proposed amount, Teletalk has asked the government to give Tk 3,155.50 crore at a 5 per cent interest, while it will provide Tk 123.52 crore from its own fund. After the meeting at the planning commission chaired by Prime Minister Sheikh Hasina, Planning Secretary Nurul Amin told reporters that the premier herself also stressed the need for a third-party feasibility study.

The prime minister also asked the operator to improve its services, he said.

Fed Chair Powell likely to give Congress largely positive economic update

REUTERS

Federal Reserve Chair Jerome Powell is likely to sound fairly upbeat about the outlook for US economic growth when he testifies this week in the first of his twice-a-year updates to Congress, even as he nods to the potential threat from the coronavirus in China.

That assessment would echo the formal report the Fed submitted to the US Congress on Friday, which repeated the central bank's view that its current target range for short-term borrowing costs, between 1.5 per cent and 1.75 per cent, is "appropriate" to keep the expansion on track.

Not just the message will be familiar; Powell will also be addressing a familiar crowd. His calendars show he has talked privately with most of the lawmakers set to publicly grill him this week. Please see graphic: Powell no stranger on the Hill - here

Indeed Powell has made lawmaker outreach a signature feature of his tenure. In just two years on the job, he has spent about 96 hours in private meetings, phone calls, group meals or study sessions with

senators and members of the House of Representatives. That compares with 77 hours for his predecessor, Janet Yellen, over her four years as Fed chair.

With risks like trade policy uncertainty receding, Powell has signaled he sees no reason to adjust US interest rates unless there is a "material" change to the current outlook.

That's a view he is likely to reiterate when he presents the Fed's monetary policy report on Tuesday to the House Financial Services Committee and on Wednesday to the Senate Banking Committee.

"His message will probably be that, if rate cuts are coming, they would come solely in response to global disruptions associated with the virus," said Robert Perli, an economist at Cornerstone Macro. "He will likely say clearly that the US economy is inherently healthy."

Investors will be watching carefully for any new details on the Fed's plans for its balance sheet and for the short-term funding markets into which it has been pumping liquidity to prevent a repeat of an unexpected spike in the policy rate last fall.

Banglalink's audit has 8 takers

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Therefore, the decision to audit yet another mobile carrier may create further instability and fear within the industry.

Following a court order, Robi paid Tk 27.60 crore in January as their first instalment to the BTRC for Tk 867.23 crore in dues following the audit.

The country's largest mobile network operator, Grameenphone, is also tussling with the BTRC over Tk 12,579.95 crore dues.

The Appellate Division of the Supreme Court in November asked Grameenphone to pay Tk 2,000 crore within three months. However, Grameenphone filed a review petition, saying the company can only pay Tk 570 crore for now.

Now there's a portal to monitor resource usage in garment sector

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Launched in 2018, PaCT II works with 132 factories to adopt state-of-the-art efficiency and reduce water, energy and chemical use to meet global standards, the statement added.

Five textile brands -- VF Corp., Puma, Levi Strauss & Co., Tesco and GAP Inc. -- have partnered with the PaCT programme. Jeanologia, Radiant Alliance and EMKAY are the technology providers, while the BGMEA is the implementing partner.

UK set to back high-speed railway despite soaring cost

AFP, London

British Prime Minister Boris Johnson was set Tuesday to announce his plans for the HS2 high-speed railway, with reports suggesting he will stick with the long-running project despite soaring costs.

HS2, which would quicken rail journeys between London in southeast England and cities to the north of the capital, has been dogged by controversy owing to projected spiralling costs and damage to wildlife.

It is forecast that the project, aimed also at cutting congestion on existing railway lines linking major UK cities,

could cost more than 100 billion (\$129 billion, 118 billion euros) -- double an official 2015 estimate.

Media reports suggest Johnson could green-light the first phase of HS2 linking London with Britain's second-biggest city Birmingham in the English Midlands, but make changes to the second stage.

The second phase is for trains to travel further north to Manchester and Leeds, while the start of the line would be Britain's first new railway north of London in 150 years.

Following a convincing general election victory for his Conservative party in December, Johnson has pledged huge improvements to

rail infrastructure across northern England as part of the government's bid to rebalance Britain's London-centric economy.

But by delaying or even scrapping the second phase of HS2, Johnson risks harming his wish to keep on board voters in the north who contributed heavily to the Conservatives' poll win.

The previous government last year noted that HS2 costs had soared owing to the complexity of building in densely populated cities and challenging ground conditions.

At the same time, it was revealed that rather than opening in 2026, the first phase of HS2 would not operate until between 2028 and 2031. Preparatory costs are said to have already hit 8.0 billion.

HS2 would be Britain's second high-speed rail project after HS1, or the line linking London with the Channel Tunnel that goes on to connect the UK with France.

Johnson meanwhile is awaiting the conclusions of a passenger-focused review of the UK's entire rail sector described by the Conservatives as "the most significant" since the Tories privatised British Rail in the mid-1990s.

The "root and branch" review of the rail sector, including improvements to freight travel, is chaired by Keith Williams, a former chief executive of British Airways.

Governments are coming under pressure to promote cleaner travel amid increasing public pressure to tackle climate change by slashing carbon emissions.

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Companies having good performance records still do not want to come to the stock market while investors cannot differentiate between good and bad companies as they do not have trust on balance sheets being true, he said.

Moreover, the Bangladesh Securities and Exchange Commission (BSEC) does not have the independence of making its own moves, Hossain pointed out.

Only manipulators have confidence in this market and this scenario should be changed, said Hossain.

The economist said there was a cost to managing the fund and apart from this there was an interest to be paid. On the other hand, there was no certainty of making a profit from the stock market. "So if I was a banker, I might not take the risk."

Responding to a question, he said the banks earlier went through some bad experiences with the stock market, so none but aggressive banks might be the ones finally availing the central bank loans.

Faruq Ahmed Siddiqi, former chairman of the Bangladesh Securities and Exchange Commission, said he personally did not believe in providing any incentive to revive the stock market index.

"Because, artificial incentives do not turn out to be sustainable, so the capital market should run on its own accord."

If banks have an appetite to invest in the stock market but suffer from a liquidity crisis, such incentive would have a positive impact on the market.

However, many banks did not invest despite having the money and legal scope, he said.

Investing into the stock market by taking loans is quite a risky move, so it remains to be seen whether the banks will take the risk, said Siddiqi, also a former commerce secretary.

A top official of a listed bank, preferring anonymity, said they have adequate liquidity and scope to invest in the stock market.

"But our main fright is the volatile market scenario and lack of good governance in the market."

The stock market is not a sure destination for profiting off investments as it may turn volatile at any time, so it is a tough decision when it comes to borrowing money to invest here, the banker said.

Another banker said he believes the special central bank package would help the stock market only in the short term.

But this might not send out the right kind of message from the overall sense of governance, especially the way it has proposed to account for this.

According to the central bank's circular, the banks will be allowed to show the cost value of stocks in its accounting rather than their market price.

So, when a bank will buy a stock at Tk 10 and if its price downed to Tk 4 it will show the cost price or Tk 10 in its statement.

As a result, the banks will not need to keep any provision though they are incurring loss of Tk 6.

The banks keep provision of Tk 6 in their rest of the stock investment now.

"It would be risky for the banks because no provisioning would be required, even if the investment gets impaired," the banker added.

Siddiqi also comment on this issue saying such a decision may impact the banking sector negatively if they take the loans and incurred loss. And the government should not distort any existing law of provision to provide an incentive.

A merchant banker pointed out that the Bangladesh Bank package was giving banks a benefit of 1 percentage point, as the banks would be able to borrow money at 5 per cent interest rate whereas the repo rate was 6 per cent.

"Will scheduled banks decide to invest in the risky equity market for attaining just one percent benefit?"

Moreover, once the deposit rate of the banking sector is reduced to 6 per cent as per a previous government directive, then the repo rate would fall too.

The government has decided to reduce the bank interest rate to 6 per cent and 9 per cent in deposits and lending respectively from upcoming April.

A stock broker said they were hopeful of a rise in the market due to the central bank's announcement.

But, the main problem of rampant manipulation, lack of good governance and dearth of stocks having good performance records remain. So the government should put emphasis on these, he added.



Britain's Prime Minister Boris Johnson speaks in the House of Commons in central London.