

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▼ 0.58%	▼ 0.21%	\$1,587.20	\$56.50	▼ 0.39%	▼ 1.40%	▼ 0.51%	▲ 0.05%	83.95	90.08	108.49	11.86	
4,740.40	8,797.34	(per ounce)	(per barrel)	40,894.38	23,193.80	3,196.63	2,984.97	84.95	93.88	112.29	12.47	

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February 19, 2020

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BUSINESS

DHAKA WEDNESDAY FEBRUARY 19, 2020, FALGUN 6, 1426 BS starbusiness@thedailystar.net

‘Made in Bangladesh’ smartphones headed to US

Local electronic giant Walton pulls off the feat

MUHAMMAD ZAHIDUL ISLAM

Walton is set to export smartphones to the US, in what can be viewed as a remarkable endorsement of the leaps taken by Bangladesh’s manufacturing sector.

“The dream of exporting ‘Made in Bangladesh’ smartphones is now coming true,” said SM Monjurul Alam, managing director of Walton,

is commonplace in Bangladesh’s garments sector.

“The US importer signed an agreement with us a few months ago and we were improving our quality before finalising the shipment.”

The homegrown electronics giant is not stopping at this.

After the US it is planning to ship smartphones to Europe, Australia and other developed nations. “Walton is

companies is making the country proud as currently 40 per cent of the domestic demand for handsets is met by nine local firms,” Jabbar said.

The assembly boom follows a government decision in 2015 to slash equipment importing tax to just 1 per cent from as high as 100 per cent.

“That was a changemaker. And we are now harvesting the results,” he added.

Walton also excels in manufacturing of other high-tech products too: it is shipping a wide range of electronics and electrical appliances to about 35 countries in Asia, Europe, Africa and the Middle East.

It inked an agreement with global e-commerce giant Amazon last year to market ‘Made in Bangladesh’ electronics and ICT devices in the US. The shipments will start from this year, according to a Walton official requesting anonymity.

Walton is also manufacturing mobile phone accessories such as chargers, batteries, earphones and motherboards and meets its entire demand for accessories from local production.

The milestone of Walton’s mobile export will be celebrated on the factory premises of; Finance Minister AHM Mustafa Kamal, Jabbar and ICT State Minister Zunaid Ahmed Palak will grace the occasion.

Another announcement will come on the same day: 26,000 laptops manufactured at the plant will be shipped to different markets.

Last year they sold 12.02 lakh smartphones and 41.76 lakh feature phones in the local market.

Since Walton is gradually finding its feet overseas, officials said they will now double down efforts to make it the best Bangladeshi brand in the global market by 2030.

No end to GP and NBR’s disputes

SOHEL PARVEZ

Grameenphone has been refraining from paying value-added tax (VAT) on rentals of Bangladesh Railways’ optical fibre since March 2018 as it is not being furnished with invoice by the revenue administration as stipulated by the laws.

The amount of unpaid VAT by Grameenphone is Tk 20 crore and the due amount is only increasing over time, according to a letter from BR to the National Board of Revenue in October last year.

operator in line with a 1997 order of the NBR. The system had been in effect until December 2017, according to BR.

But Grameenphone stopped paying VAT from March 2018 on the ground of non-issuance of invoice, officially termed as Mushak-11 or Mushak-6.3, the BR said in its letter to NBR seeking required action.

“We have sought directive from the NBR,” said a senior official of the BR.

Contacted, an official of LTU VAT said the field office sought explanation from Grameenphone regarding non-payment of VAT on GARs. The mobile

Telecomm-unication Transmission Network (NTTN)] service rendered by the Bangladesh Railway.”

“If Bangladesh Railway issues a valid VAT invoice, Grameenphone will make VAT payment to Bangladesh Railway without any deduction,” he added.

The episode is another example of stalemate over VAT between the NBR and mobile operators.

Over the last several years, mobile operators and the Bangladesh Telecommunication Regulatory Commission (BTRC) have been in

MOBILE ASSEMBLY PLANT

At a glance

Inaugurated country's first handset assembly plant in Oct'17

So far assembled 60 lakh units at the plant

17 lakh units are smartphones

43 lakh units are basic phones

Stopped importing from the mid-2018

Monthly capacity: 8 lakh smartphones, 20 lakh basic phones

adding that the quality of the locally-made smartphones with advanced features has drawn buyers’ attention.

The first consignment of the smartphones, which would be priced between \$100 and \$200, will be out of the gates of Walton Digi-Tech Industries’ plant in Chandra, Gazipur in March 1.

The smartphones are bound for a renowned American brand and Walton is the original equipment manufacturer, Alam said, while declining to disclose the name of the brand.

This kind of production is known as contract manufacturing, which

now producing international standard smartphone,” Alam added.

“This will be a huge moment for Bangladesh and all Bangladeshis should feel proud of this achievement,” Telecom Minister Mustafa Jabbar told The Daily Star.

Walton has been at the forefront in this field and keeps hitting new milestones, he said.

Indeed, the company was the first to set up a mobile phone manufacturing plant in Bangladesh in October 2017.

So far, the plant has churned out 60 lakh units: 17 lakh smartphones and 43 lakh basic phones.

“Walton along with some other

Bangladesh Railway

In response, the NBR asked its field office -- Large Taxpayers Unit (LTU)-VAT -- to take action as per law.

The country’s largest operator has taken a 20-year lease of the railway’s optical fibre in 1997; the lease was extended for another ten years to September 2027.

Based on the contract, Grameenphone had been paying Guaranteed Annual Rentals (GARs) to BR in every quarter including VAT on the amount.

And the BR had been issuing a certificate to the mobile phone

operator responded and appeared in a hearing.

Later, a committee has been formed to examine the VAT-related issues of the mobile operator, he said.

Grameenphone gave several reminders to the BR for valid invoice, which it is entitled to as a service recipient, to enable payment of VAT on GAR, said Md Hasan, the operator’s head of external communications.

The tax authority has instructed Grameenphone to collect VAT at source applicable to GAR payments following past practice.

“But it did not say anything about the legal right of Grameenphone to have a valid VAT invoice and non-deduction of VAT at source for payment made on account of [Nationwide

an impasse over payment of VAT on various services that they receive from the regulator.

The deadlock revolves around the issue of VAT registration of BTRC.

Mobile operators demand that the telecom watchdog issues VAT invoice to them against payment of VAT on revenue sharing, spectrum charge and other services as in the absence of chalan they cannot claim input tax credit or rebate during final payment of VAT to the public coffers.

The BTRC said it cannot issue VAT invoice as it is not a VAT registered entity.

In November last year, the telecom watchdog sought ‘effective measures’ from the NBR informing that mobile operators have not paid VAT on revenue sharing, spectrum charge and other services since the BTRC is not a VAT registered entity.

The NBR is yet to take any decision in this regard.

“We are working on it,” a said another official of VAT at the NBR.

Agent banking: the bright spot in lending landscape

AKM ZAMIR UDDIN

Agent banking, which takes banking services to the unbanked people, is going from strength to strength, with both deposit collection and loan disbursement on the rise.

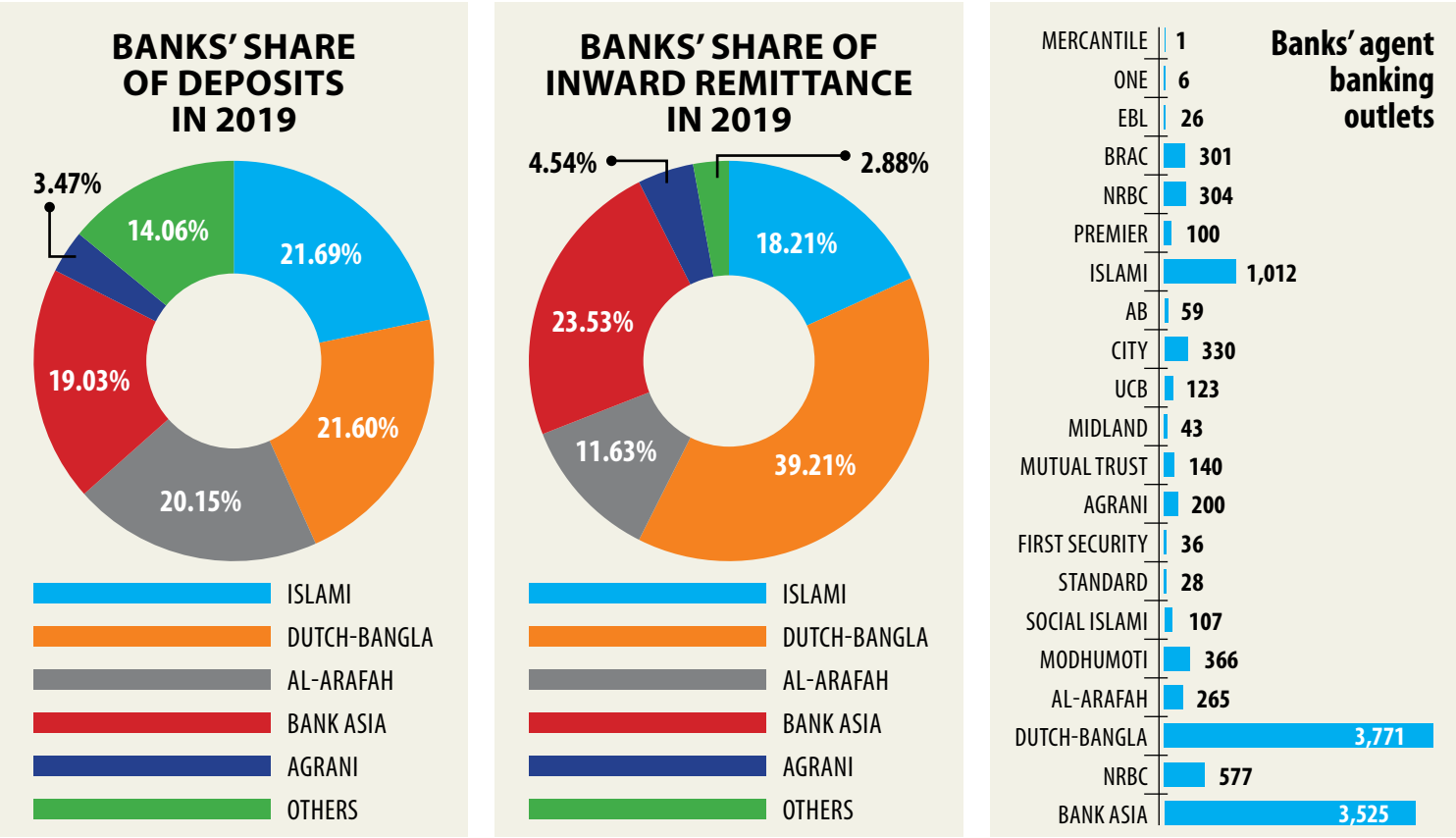
Lenders earlier kept their core focus on collecting deposits from clients through the new banking wing but they have given the same importance to loan disbursement and inward remittance.

As of September last year, loan disbursement through the agent banking channel was Tk 446 crore, which is more than double that from a year earlier. At the same time, deposit collection went up 142 per cent to Tk 7,517 crore, according to data from the central bank.

“The tremendous growth of agent banking proves that the underprivileged people are keen on banking services,” said Md Arfan Ali, managing director of Bank Asia.

There remains huge scope for widening agent banking as lenders are yet to extend their traditional banking service to the large numbers of unbanked people.

“We will focus more on agent banking in the days ahead as operational cost of the banking window is much, much lower than the traditional one,” Ali said, adding that Bank Asia will disburse loans at 9 per cent from April through agent banking as per the government instruction.



At present, the lender is disbursing loans ranging from Tk 20,000 to Tk 200,000 to borrowers at an interest rate of 14-15 per cent through the channel.

The lower operational costs for agent banking will help Bank Asia sidestep the difficulties stemming from implementation of single-digit interest rate on lending.

As of December last year, loan disbursement by Bank Asia stood at Tk 259 crore, which is 58 per cent of the total outstanding loans given out by all lenders through agent banking.

Agent banking will get more popularity for loan disbursement in the coming days as rural people are often forced to take loans from non-governmental organisations and the informal sector at a high interest rate, Ali said.

“So, we have laid emphasis on disbursing loans by our agents so that underprivileged people can take their required loans at a cost lower than the rate offered by the informal sector,” Ali added.

The central bank issued the agent banking guideline in 2013 but the licensees did not start full-fledged operations until 2016.

Agent banking offers limited banking and financial services to the underserved population by engaging representatives under a valid agency agreement.

It is the owner of an outlet who conducts banking transactions on behalf of a bank.

READ MORE ON B3

Japanese firms most optimistic of their prospects in Bangladesh out of Asia

Finds a survey by JETRO

JAGARAN CHAKMA

Bangladesh is the top choice for Japanese companies seeking to expand business in Asia and Oceania in the next two years due to its high potential and profitability, according to a survey by the Japan External Trade Organisation (JETRO).

Some 70.3 per cent of the Japanese companies in Bangladesh are mulling expanding business in the next one to two years, 23.4 per cent believe their operations would remain the same and 1.6 per cent are pondering over going for a reduction.

The statistics are from the ‘2019 JETRO Survey on Business Condition of Japanese

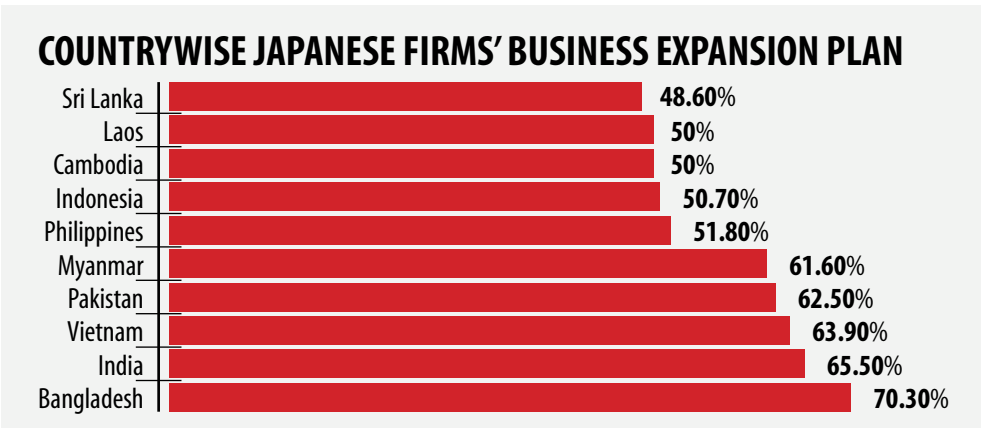
Companies in Asia and Oceania’, which is yet to be released officially.

The survey took comments of 13,458 Japanese firms engaged in manufacturing and non-manufacturing sectors in 20 Asia and Oceania countries between the months of August and September last year.

The Japanese firms in India are the next most sanguine ones: 65.5 per cent are planning expansion.

Vietnam comes in third, with 63.9 per cent of the Japanese firms there are planning expansion. It is followed by Pakistan at 62.5 per cent.

Bangladesh came in 5th in terms of profitability for Japanese companies.

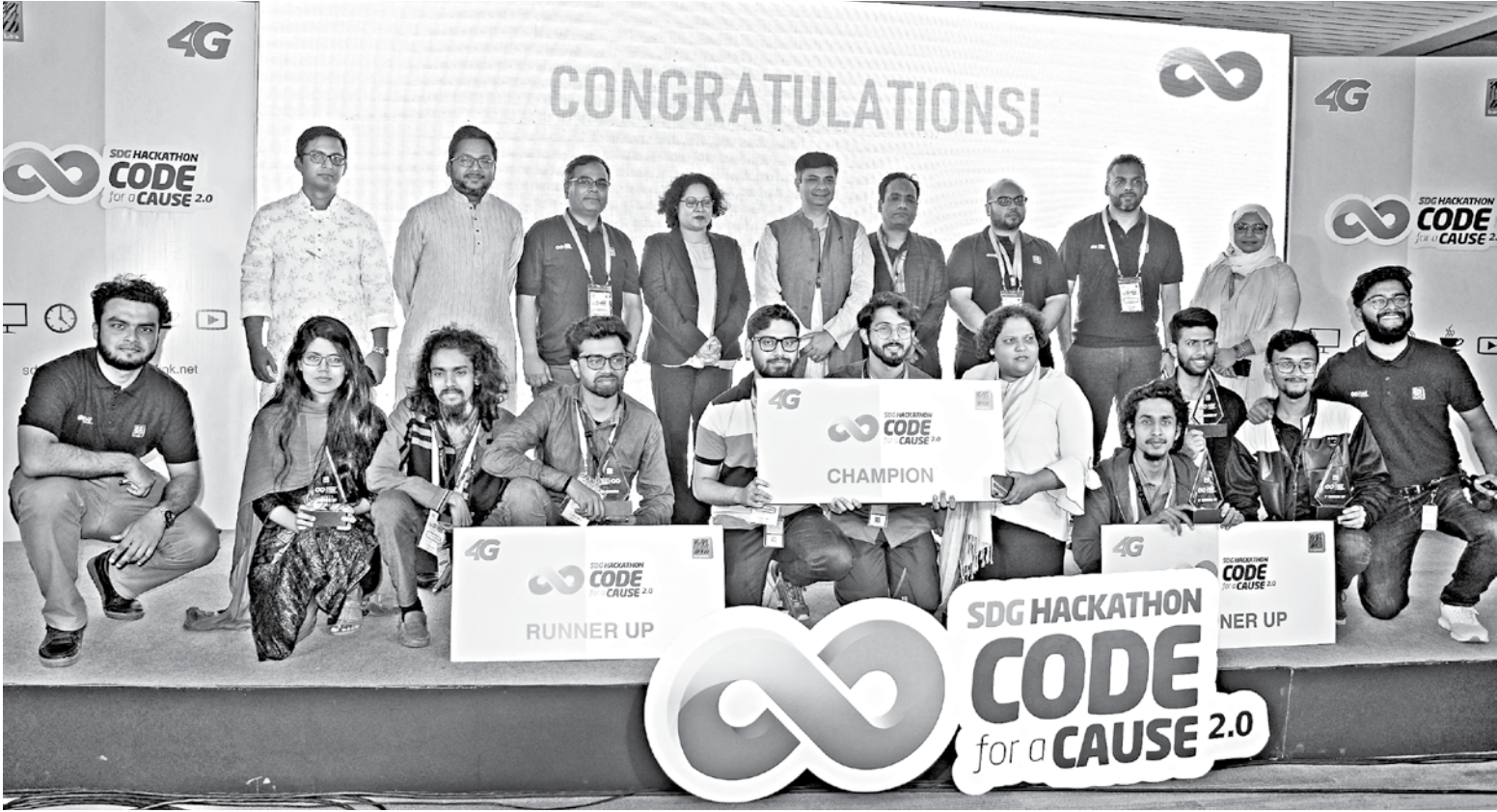


Some 36.7 per cent of the Japanese companies operating in Bangladesh expect an increase in profit in 2019 from a year earlier, while 44.9 per cent expect it to remain the same. Some 18.4 per cent are bracing for a contraction in their profits.

The survey also found some 68.3 per cent of the Japanese companies are planning to increase the number of local employees they have in the next one year, 29.3 per cent to keep it the same and 2.4 per cent to go for a reduction.

The recruitment plan is the second largest among the countries surveyed, while it was the 5th in the previous year.

READ MORE ON B3



Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink, and Muniruzzaman Sheikh, chief ethics and compliance officer, pose with the winners of the second edition of the mobile operator's SDG Hackathon, Code for a Cause, a problem solving competition aimed at encouraging youths to come up with innovative solutions to the Sustainable Development Goals challenges, at Banglalink's head office in Dhaka on Sunday.

HSBC to slash investment bank, 35,000 jobs in strategy overhaul

REUTERS, Hong Kong/London

HSBC Holdings PLC said on Tuesday it would shed \$100 billion in assets, shrink its investment bank and revamp its US and European businesses in a drastic overhaul that will mean 35,000 jobs cut over three years.

The bank, which has struggled to keep pace with leaner and more focused rivals, is seeking to become more competitive as it grapples with slowing growth in its major markets, the coronavirus epidemic, Britain's European Union exit and lower central bank interest rates.

In the latest in a series of overhauls since the 2008 financial crisis, HSBC said it would merge its private banking and wealth businesses, axe European stock trading and cut US retail branches as it seeks to remove \$4.5 billion in costs.

"The totality of this program is that our headcount is likely to go from 235,000 to closer to 200,000 over the next three years," Noel Quinn, interim chief executive, told Reuters. The restructuring, one of the largest undertaken by a blue chip lender for more than a decade, will be partly managed through natural attrition as people leave the bank, he said.

The UK-based bank, whose huge Asian

operations are headquartered in Hong Kong, said the coronavirus epidemic had significantly impacted staff and customers. In the long run it could reduce revenue and cause bad loans to rise as supply chains are disrupted, Quinn said.

The virus has killed almost 1,900 people, overwhelmingly in mainland China, and infected more than 70,000, while its economic impact is spreading across the globe. HSBC veteran Quinn is auditioning for the permanent role of CEO, which the bank said in August would be announced within six to 12 months.

"In one sense, they are doing the things that were obvious and had been called out by many, so it's good," Hugh Young, managing director at Aberdeen Asset Management Asia, one of HSBC's 20 largest investors said.

"Getting this done will require a fair amount of work, then we need to see how it settles down. Noel is doing a good job in very difficult circumstances," he added.

Europe's biggest bank by assets, which makes the bulk of its revenue in Asia, said profit before tax tumbled by a third to \$13.35 billion in 2019, far below the average estimate of \$20.03 billion from brokerages compiled by the bank.

Singapore announces \$4.6b boost to fight virus

AFP, Singapore

Singapore unveiled US\$4.6 billion in financial packages on Tuesday to deal with the impact of the deadly coronavirus outbreak, which has battered the city-state's economy and sparked fears of a recession.

The financial hub has reported 77 cases of the virus, one of the highest figures outside mainland China, where the pathogen has killed hundreds and infected tens of thousands.

Tourism and trade are both expected to be hard hit by the virus in Singapore, an open economy with close links to China that is badly affected during any global shock.

Finance Minister Heng Swee Keat announced financial packages worth a total of Sg\$6.4 billion (US\$4.6 billion) as part of the annual budget, and warned that the full impact of the outbreak is yet to be felt.

"The duration and severity of this outbreak and the impact on the global economy are still unclear," he said.

"We must be prepared... the economic impact may be worse than we projected." Sg\$5.6 billion was earmarked to help companies and families ride out the looming slowdown, with a large chunk set to go to firms in the most affected sectors including aviation, tourism and retail.

There was also money to help families, which will come in the form of cash payouts and grocery vouchers for the needy.

An additional Sg\$800 million was set aside to support virus-fighting efforts, with most going to the health ministry.

The packages would result in an overall budget deficit of Sg\$10.9 billion, Heng said, but added that the government had enough surpluses to fund it.

Authorities had rolled out a financial package totalling Sg\$230 million during the Severe Acute Respiratory Syndrome (SARS) outbreak in 2002-03.

The trade ministry said Monday that growth this year could be between -0.5 and 1.5 percent, with analysts saying this means there is a higher risk of a recession.

Apple to miss revenue forecast as iPhone supply hit by coronavirus

AFP, San Francisco

Apple announced Monday it would miss its March quarter revenue forecast and global iPhone supplies would fall because of the deadly coronavirus epidemic, triggering a fall in Asian stock markets.

The COVID-19 death toll now exceeds 1,800 in China, where it has infected more than 72,000 after emerging in the central province of Hubei in December.

The virus has sparked global economic jitters, with travel bans and mass quarantines inside China forcing factories to suspend operations and shops to close.

Apple, which depends on components from Chinese suppliers and has a big market in China, has been hammered on both fronts. "We are experiencing a slower return to normal conditions than we had anticipated," Apple said in a statement.

"As a result, we do not expect to meet the revenue guidance we provided for the March quarter," Apple had forecast revenue of \$63 billion to \$67 billion for the second quarter to March.

The US tech giant did not

disclose how much it expected the outbreak to shave off its revenues.

But it said that worldwide iPhone supply would be "temporarily constrained" as its manufacturing partners in China were only slowly ramping up work after being closed because of the travel restrictions.

Consumer demand in the crucial Chinese market had also been dampened after all Apple stores were shut.

"Stores that are (now) open have been operating at reduced hours and with very low customer traffic," the company said.

"We are gradually reopening our retail stores and will continue to do so as steadily and safely as we can," Apple analyst and Loup Ventures co-founder Gene Munster told Bloomberg that the company was feeling the hit from its dependence on Chinese consumers.

"This is the double-edged sword of being in China," he said.

"They're the only big (US tech) company with China exposure, so they are working through the pain of what has largely been a success for the company over the past decade." Other Silicon Valley behemoths -- such as Facebook,



Amazon and Google parent company Alphabet -- either have limited access to the market or are blocked outright by China's internet firewall.

However supply chains of global firms such as Apple supplier Foxconn and auto giant Toyota have also been disrupted with production facilities in China temporarily closed.

Sportswear giants Nike and Adidas also shuttered hundreds of stores in the country this month and warned of a negative impact

on their earnings.

Apple suppliers suffered in Tuesday trade after the forecast.

Sony, which provides Apple with key imaging components, lost 2.5 percent, while electronic parts maker Murata Manufacturing plunged more than three percent on the Tokyo bourse.

"Traders were downhearted about Apple's announcement," Chibagin Asset Management's Yoshihiro Okumura told AFP.

Tokyo's benchmark Nikkei 225 index closed down 1.4 percent

-- its fourth straight session in the red, while Hong Kong's main market was down 1.3 percent.

Monday marked the second time in as many years that Apple cut earnings forecasts due to setbacks in the Chinese market.

It followed a downgrade for the 2019-20 financial year due to a lag in iPhone sales, which the company blamed on the US-China trade war. International Monetary Fund chief Kristalina Georgieva has said there could be a cut of up to 0.2 percentage points to global growth because of the virus.

Outside of hardest-hit Hubei, which has been effectively locked down to try to contain the virus, the number of new cases has been slowing and China's national health authority has said the outbreak is under control.

However, World Health Organization chief Tedros Adhanom Ghebreyesus said that the trend "must be interpreted very cautiously".

Further moves by China's central bank on Monday to cushion the world's second-largest economy against the health crisis appear to have done little to allay concerns.



Yousif Abdullah Al-Rajhi, vice chairman of Islami Bank Bangladesh and Islami Bank Foundation, opens a neonatal intensive care unit at Islami Bank Central Hospital in the capital's Kakrail on Monday. Md Nazmul Hassan, chairman of the bank, was present.



Abdullah Al Mahmud, chairman of Crystal Insurance Company, attends the company's 20th annual conference at its corporate office in Dhaka on Saturday.

Asian markets fall as virus hits earnings, growth

AFP, Hong Kong

Asian markets tumbled Tuesday after Apple warned the new coronavirus had hit output and demand in China, fuelling fears over the wider impact of the epidemic on corporate earnings and economic growth.

Investors looked past a positive lead from European bourses to focus on the spiralling fallout from the virus that has so far killed more than 1,800 people and infected nearly 72,500, mostly in mainland China.

As well as denting company bottom lines, the virus has sparked panic buying, economic jitters and the cancellation of high-profile sporting and cultural events. "Best to buckle in as we could be in for a bumpy ride (over) the next few weeks," said Stephen Innes of AxiCorp.

"I'm struggling to find any research report that doesn't suggest (COVID-19) could significantly affect short term earnings." Apple suppliers in Asia were hit by the tech giant's warning that it would miss its

quarterly revenue forecast because of the virus, dragging markets lower.

Tokyo's benchmark Nikkei 225 index closed down 1.4 percent -- its fourth straight session in the red -- a day after data showed the economy shrank in the December quarter, even before the effects of the virus hit Japan.

Hong Kong was 1.5 percent lower as banking heavyweight HSBC reported a 33 percent fall in 2019 pre-tax profits alongside an announcement that it was cutting 35,000 jobs. Its shares were off 2.8 percent.

China to grant tariff exemptions on 696 US goods to support purchases

REUTERS, Beijing

China will grant exemptions on retaliatory duties imposed against 696 US goods, the most substantial tariff relief to be offered so far, as Beijing seeks to fulfill commitments made in its interim trade deal with the United States.

Tuesday's announcement comes after the Phase 1 trade deal between the two countries took effect on Feb. 14 and is the third round of tariff exemptions China has offered on US goods.

China has committed to boosting its purchases of goods and services from the United States by \$200 billion over two years as part of the agreement, and has already rolled back some additional tariffs on US imports after the deal was signed.

US goods eligible for tariff exemptions include key agricultural and energy products such as pork, beef, soybeans, liquefied natural gas and crude oil, which were subject to extra tariffs imposed during the escalation of the bilateral trade dispute.

The coronavirus epidemic that emerged late last year in China has raised concerns about its ability to meet the purchasing targets, however. Authorities throughout the country imposed major restriction on travel and transportation to curb the spread of the virus, which has killed nearly 1,900 and infected more than 70,000 in the country.



A dollar banknote and a Chinese banknote are seen in this picture illustration.

The containment efforts have kept factories shut or operating with drastically reduced staff, hitting production. The public has also been discouraged from leaving their homes or going to public places, also stunting consumption.

White House adviser Larry Kudlow said earlier this month that Chinese President Xi Jinping told US President Donald Trump during a recent call that China will still meet its Phase 1 trade deal purchasing targets.

Beijing's announcement on Tuesday emphasized that Chinese firms will submit applications for tariff exemptions based on market conditions and commercial considerations.

"Unless the state forcefully asks firms to apply for tariff exemption and buy US soybeans, crushers would still go for Brazilian beans, based on market free will," said a trader, adding that Brazilian beans are of good quality and price this year.

Other products subject to exemption on additional tariffs imposed include denatured ethanol and wheat, corn and sorghum. Some medical devices and metals including copper ore and concentrates, copper scrap and aluminum scrap are also subject to exemption.

Pharmaceutical products such as recombinant human insulin and some antibiotics are also among US products eligible for tariff exemptions.



M Azizul Huq, chairman of Pubali Bank, and Md Abdul Halim Chowdhury, CEO, attend the bank's annual managers' conference at a hotel in Cox's Bazar recently.



New country director for ADA

STAR BUSINESS DESK

Analytics Data Advertising (ADA), a concern of Axiata Group integrating digital marketing business with data science, technology, content and media, has recently appointed a new country director for Bangladesh effective from February 1.

Having worked at Grameenphone and Robi in various capacities, Ashraf Haque will be based in Dhaka, in charge of establishing ada as the most reliable data partner to drive business growth for different companies, says a press release.

This will be achieved using business insights and digital media planning combined with creative solutions, it adds. Haque has around 20 years' experience in consumer marketing and leadership roles in building brands.

Indian industry seeks cut in import duties to tackle disruptions due to coronavirus

REUTERS, New Delhi

Indian business leaders are demanding cuts in import duties on antibiotic drugs, mobile parts and other items as the outbreak of the coronavirus has disrupted supplies from China, government and industry officials said.

The outbreak of the virus in China has hit India's manufacturing and exports of medicines, electronic, textile and chemicals as China is the biggest source of intermediate goods, worth \$30 billion a year, according to a presentation by the Confederation of Indian Industries (CII), seen by Reuters.

The confederation will show the presentation on Tuesday when Finance Minister Nirmala Sitharaman meets more than 200 business leaders to assess the impact of the coronavirus and discuss plans to contain the damages.

The government should "remove higher import duties on certain products, primarily imported from China" but available in other countries, the presentation by the CII said.

"The government may offer credit with a backstop facility of guarantee for companies which have the capability to start immediate production of items that can feed into domestic consumption," it said.

The coronavirus outbreak, which has now killed more than 1,800 people in China, has disrupted supplies of raw material to other countries. "India sources about 65-70 per cent of active pharmaceutical ingredients and close to 90 per cent of certain mobile phone parts from China," a presentation by another

industry chamber, which represents more than 250,000 companies but did not wish to be identified, said.

Ratings agency Moody's said on Tuesday that the coronavirus outbreak added to pressures on growth in Asia, with the impact felt primarily through trade and tourism, and for some sectors through supply-chain disruptions.

Moody's cut its economic growth forecast for India to 5.4 per cent for 2020 from an earlier estimate of 6.6 per cent, and to 5.8 per cent for 2021 from 6.7 per cent, saying the revisions were also affected by weakening domestic demand.

"Overall, the impact of coronavirus on industry has been moderate so far," said an industry official, who declined

to be named, adding the impact could continue for at least two quarters.

Daara Patel, secretary general of the Indian Drug Manufacturers Association, which represents over 900 drug producers, said the industry was facing rising prices of raw material and supply shortages. "The prices of some antibiotics, vitamins and other medicines have gone up by 15-50 per cent following fear of disruption in supply of ingredients," he said.

The pharmaceuticals industry is concerned that stocks of active ingredients for drugs like paracetamol, ibuprofen, could last for 15 days and for two-three months for other drugs, the presentation by the unnamed industry chamber showed.



REUTERS/FILE

An India rupee note is seen in this illustration photo.

Square Pharma to set up subsidiary



STAR BUSINESS DESK

Square Pharmaceuticals is set to establish a subsidiary company named Square Lifesciences to manufacture pharmaceuticals oral solid dosage products.

The estimated cost for the subsidiary would be TK 350 crore. The amount would be internally generated, according to a statement.

The plant is expected to be complete by June 2023, the statement added.

German minimum wage brought productivity boost: study

AFP, Frankfurt

Productivity by German workers has increased since the country introduced a minimum wage in 2015, a study published Tuesday by Anglo-German researchers showed.

"Contrary to concerns that marked the debate before the national minimum wage was introduced, we did not find that it led to a reduction in employment," University College London (UCL) researcher Christian Dustmann said in a statement.

"On the contrary, the minimum wage increased productivity by redistributing workers from less productive to more productive companies," Dustmann added.

Once the minimum wage was introduced, some low-wage employees moved to bigger companies where more full-time jobs requiring better qualifications were available, the group from UCL and German Institute for Labour Market Research (IAB) found.

Such firms also pay a higher wage premium for comparable work.



Mominul Islam

BLFCA elects top brass

STAR BUSINESS DESK

Mominul Islam, managing director and CEO of IPDC Finance, was recently elected chairman of the Bangladesh Leasing and Finance Companies Association (BLFCA) for a two-year term.

The association also elected Md Golam Sarwar Bhuiyan, Abu Zafare Md Saleh and AFM Barkatullah as its first vice chairman, second vice chairman and treasurer respectively, according to a statement.

The other executive committee members are Arif Khan, Md Khalilur Rahman, Iftekhar Ali Khan, SM Shamsul Arefin, Santanu Saha, Chowdhury Manzoor Liaquat and Irteza Ahmed Khan, the statement added.

BTRC floats tender to block illegal handset import

FROM PAGE B4

The companies must have a track record of making similar supplies worth a minimum of \$5 million in the past five years.

The required average annual turnover of the participants must be at least \$1 million in last three years.

Firms having the technical and legal competencies for developing such a product can jointly apply but they must first engage in a legal agreement for one of them to be the lead firm, reads the tender.

The BTRC in a notice in July last year asked citizens to check the authenticity of

mobile handsets before making purchases and warned that it would disconnect fake handsets once the NEIR comes into operation.

In the notice, the telecom regulator said the same would apply for mobile phones found to be a clone or carrying a wrong IMEI number.

The BTRC officials said the commission was hoping to start running the NEIR by the end of this year.

Handset sales reached 3.28 crore units in 2019. Some 66 lakh of it were illegally imported, according to local handset manufacturers.

Four projects to aid neighbouring transits, business hubs get nod

FROM PAGE B4

The planning minister's proposal says a Chinese economic zone was being built in Anwara alongside a fertiliser factory. This road would come to their aid, facilitating smoother connectivity with the Chattogram port and that of Dhaka-Chattogram-Cox's Bazar.

A 28.54-kilometre road coming down from the Padma bridge to Jazira and then Shariatpur would be made into four-lane at a cost of Tk 1,682 crore.

Of it, two kilometres would be completely new, establishing direct connectivity between Dhaka and Shariatpur.

Planning ministry officials said this road project would help agricultural produce of Shariatpur and adjoining regions reach Dhaka.

Including the four, a total of nine projects worth Tk 13,639 crore were passed in the Ecne meeting.

Tesla in talks to use CATL's cobalt-free batteries in China-made cars

REUTERS, Beijing

Tesla is in advanced stages of talks to use batteries from CATL that contain no cobalt - one of the most expensive metals in electric vehicle (EV) batteries - in cars made at its China plant, people familiar with the matter said.

Adoption would mark the first time for the U.S. automaker to include so-called lithium iron phosphate (LFP) batteries in

told Reuters.

It was not clear to what extent Tesla intends to use LFP batteries but the automaker has no plans to stop using its current NCA batteries, said one of the people.

Tesla has been ramping up production of its Model 3 cars at its newly built \$2 billion Shanghai plant and cutting prices to win market share from conventional premium automakers such as Germany's



REUTERS/FILE

A China-made Tesla Model 3 vehicle is seen at a delivery ceremony at the Shanghai Gigafactory of the US electric car maker in Shanghai.

its lineup, as it seeks to lower production costs amid faltering overall EV sales in China.

Tesla has been talking to the Chinese manufacturer for more than a year to supply LFP batteries that will be cheaper than its existing batteries by a "double-digit percent," said a person directly involved in the matter, who was not authorized to speak with media and so declined to be identified. Tesla Inc and Contemporary Amperex Technology Co Ltd (CATL) declined to comment.

EV manufacturers usually use nickel-cobalt-aluminum (NCA) or nickel-manganese-cobalt (NMC) batteries on passenger vehicles because of their higher energy density, which is critical in determining how far an EV can drive on single charge.

To boost the density and safety of its LFP batteries, CATL has been working on its so-called cell-to-pack technology, the people

BMW AG and Daimler AG.

Tesla started to deliver cars from the factory in December, helping it save on shipping costs and tariffs for imported models. It is currently seeking regulatory approval to make longer-range Model 3 cars at the plant.

Sales in China of new energy vehicles - referring to battery-only, plug-in hybrid and fuel-cell vehicles - likely sank 54.4% in January, industry data showed, due in part to the Lunar New Year holiday starting earlier than last year as well as the impact of the outbreak in China of a new coronavirus.

The use of LFP batteries will also help Chief Executive Elon Musk meet a 2018 promise that Tesla would cut the use of cobalt - which costs some \$33,500 a tonne - to "almost nothing".

Tesla plans to host a battery event, probably in April, to share its future battery strategy and technology, Musk said at an earnings conference in January.

Recession risk forces BOJ to row back on inflation goal

REUTERS, Tokyo

The widening economic fallout from the coronavirus outbreak and soft consumption are forcing the Bank of Japan to message more strongly that it is no longer inclined to chase its elusive 2 per cent inflation target, sources familiar with its thinking say.

After years of trying to vanquish deflation by setting an ambitious price goal, Japan's waning recovery prospects and a dwindling policy tool-kit have made the BOJ more open to conceding that the best it can do is to keep the

economy afloat, the sources said.

The need to protect the world's third-largest economy from a sharp downturn has become a more urgent task for the BOJ, particularly as external risks such the Sino-U.S. trade war and a coronavirus outbreak in China weaken its ability to create a virtuous growth cycle.

"While the inflation target remains very important, the focus of the BOJ's policy has shifted toward keeping the economy on a sustainable recovery path," one of the sources said.

The trade-reliant economy shrank at the fastest pace in six years

in the December quarter on soft consumption. Some analysts see Japan tipping into recession as the coronavirus outbreak disrupts supply chains and hits tourism.

Making matters worse is the rising prices of goods and services, once welcomed by the BOJ as a sign of progress but now seen as impeding domestic consumption at a time of intensifying global pressures.

For one thing, the prices are being driven up by companies passing on higher labor and material costs to consumers, rather than an inflationary impulse reflecting improving demand.

Bombardier agrees \$8.2b deal to sell rail unit to Alstom

REUTERS, Paris/Montreal

Canada's Bombardier said on Monday it had agreed to sell its rail division to France's Alstom for an enterprise value of \$8.2 billion, as it focuses purely on business aviation and pays down debt.

That price tag includes equity plus debt. The deal will be done majoritarily in cash, with a chunk paid in new Alstom shares, Bombardier and Alstom confirmed in separate statements.

Bombardier said it would be receiving net proceeds of between \$4.2 and \$4.5 billion, once it accounts for the portion that will go to Canadian pension fund manager Caisse de dépôt et placement du Québec, a 30 per cent shareholder in the rail unit.

Caisse will become the biggest shareholder in Alstom following the deal, which is expected to close in the first half of 2021, Bombardier added.



SIBL

Md Sirajul Hoque, deputy managing director of Social Islami Bank, distributes agricultural finance at 4 per cent profit rate among soybean cultivators at Kamalnagar in Lakshmipur recently.

Agent banking: the bright spot in lending landscape

FROM PAGE B1

Agents provide services such as cash deposits, withdrawals, remittance disbursement, small value loan disbursement and recovery of loans, and cash payments under the government's social safety net programmes.

"The banking service has caught the attention of rural people very fast due to its hassle-free services," said Md Anwarul Islam, general manager of the Financial Inclusion Department of the central bank.

The Financial Inclusion Department is dedicated to monitoring agent banking.

"Customers initially faced some sort of confusion on whether the outlets actually ran banking services. But such ambiguity has been removed, which had helped agent banking to flourish."

Banks will introduce the electronic Know Your Customer (e-KYC) for agent banking soon, which will let clients open accounts within 5-6 minutes, he said.

"This will give further boost to agent banking," Islam added.

Outlets of agent banking distributed Tk 15,534 crore in remittance last year, up a staggering 180 per cent year-on-year.

Receivers of remittance usually go to their bank branches to collect remittance, but they can easily receive the funds from agent banking outlets that tend to be located adjacent to their home, said a Bangladesh Bank official.

Besides, for the lenders agent banking is a source of low-cost deposits: the cost of collecting deposits through the winder is 1-1.5 per cent lower.

"And people in rural areas mostly prefer savings accounts," he said.

As of December last year, 21 banks combined have 52.68 lakh accounts, up 114 per cent from a year earlier.

Japanese firms most optimistic of their prospects in Bangladesh out of Asia

FROM PAGE B1

"Local production cost is 30.4 per cent cheaper in Bangladesh compared with that in Japan," said the survey report.

JETRO found the Japanese firms were concerned about the time taken up at ports, saying it took 14.3 days on an average for freight to get import clearance upon arrival at a sea port. For airports it was 8.1 days. Bangladesh ranked the worst in this case.

In case of making recruitments or developing human resources in Bangladesh, 81.3 per cent of the companies were facing difficulties due to a lack of skilled workforce or

technically sound workers.

Some 61.9 per cent of the employers raised concerns about the quality of employees. Last year it was 62.5 per cent.

JETRO suggested Bangladesh focus on skills development education or vocational training centres and initiatives for improving the quality of education.

Besides, it found 70.8 per cent of the companies facing difficulties in local procurement of raw materials due to a lack of backward linkage industries.

As of December 2019, some 300 Japanese companies were doing

business in Bangladesh. There were only 82 of them a decade ago.





As of December last year, Japanese private companies invested \$386 million in Bangladesh.

"The next five years would be very important for Japanese firms as the basic infrastructure would be set up in Bangladesh," said Yuji Ando, country representative of JETRO.

The country has been achieving a steady growth over the years, which was encouraging Japanese investors to come over.

"But now, improvements were being made towards a business-friendly environment," he added.

Four projects to aid neighbouring transits, business hubs get nod

	Daulatdia river port modernisation	Improved facilities for river traders	Cost: Tk 1,352 cr	Duration: Mar'20 to Feb'23
*Area to become business hub after completion of Padma bridge				
	Development of approach road from Padma bridge to Shariatpur	Highway size: 28.54 kilometre (four-lane)	Cost: Tk 1,682 cr	Duration: Jan'20 to Jan'22
*Local business activities to benefit from improved infrastructure				
	Modernisation of Mongla port	Loan from India: Tk 4461 cr	Cost: Tk 6,014 cr	Duration: Jan'20 to Jun'24
*Increased local trade and transit facility for traders from India, Bhutan and Nepal				
	Development of approach road from Karnaphuli Tunnel to Anwara	Size: 11.5 kilometres	Cost: Tk 407 cr	Duration: Jul'19 to Jun'20
*Will establish link from Chattogram Port via Karnaphuli Tunnel to Anwara, where economic zones such as the China industrial and Urea fertiliser zones will be constructed				

STAR BUSINESS REPORT

The government yesterday approved four projects costing Tk 9,454 crore for facilitating transit of goods from India, Bhutan and Nepal, setting up internal business hubs and attracting foreign investment.

The projects were given the go-ahead at yesterday's meeting of Executive Committee of the National Economic Council (Ecne), which was chaired by Prime Minister Sheikh Hasina.

One of the projects is on enhancing the Mongla port's capacity at a cost of Tk 6,015 crore. Of the sum, India would provide Tk 4,459 crore as loan.

After the meeting, Planning Minister MA Mannan told journalists that they were encouraging the three neighbouring countries to avail transit

facilities through the Mongla port.

The transit facility is already being provided for some goods and the volume will increase in future, he said.

As per the project proposal, lots of activities are taking place in the country's southwest: a Dhaka-Mawa-Mogla highway is being turned into a four-lane, an airport is being built in Khulna, a coal-based power plant in Rampal and special economic zones and an export processing zone in Mongla.

All of these will be completed by 2021, for which the Mongla port needs to be modernised and capacity enhanced through the addition of container terminals and handling and delivery yards, it said.

The second project is on modernising the river port of Paturia-Daulatdia at a cost of Tk 1,351 crore.

Once the Padma bridge is complete, the river port would solely be used to transport large volumes of goods as the movement of people would take place over the bridge.

This would transform the area into a business hub, said the project proposal.

Moreover, goods in transit to the three neighbouring countries would go through the port. In order to facilitate such movements, high-rise terminal buildings alongside terminals would be built and the riverbed dredged.

The third project involves turning into four-lane a road connecting Anwara upazila of Chattogram to the approach road of the under-construction Karnaphuli tunnel. This would take up Tk 407 crore.

READ MORE ON B3

BTRC floats tender to block illegal handset import

STAR BUSINESS REPORT

Bangladesh Telecommunication Regulatory Commission (BTRC) yesterday floated a tender to purchase equipment for setting up a National Equipment Identity Register (NEIR) in a move to stop illegal import of mobile phones.

The NEIR will be a central database for International Mobile Equipment Identity (IMEI), a unique 15-digit identification or serial number inbuilt in mobile phones or smartphones.

Once the database was up and running, the regulator will be able to control connectivity in the telecom

network and block fake or cloned handsets, said officials related with the process.


Customers will also be able to check the authenticity of their handsets by sending an SMS to the database.

The telecom regulator has asked interested firms to place their bids by March 31.


The bidder must have a minimum seven years' relevant experience and, in case of joint ventures, five years', the tender reads.

The experience includes supplying and installing the NEIR or software solutions integrating mobile phone operators with the regulatory authority or government organisations.

READ MORE ON B3



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NOTICE FOR ELECTRONIC BIDDING BY THE ELIGIBLE INVESTORS (EIs) TO DETERMINE THE CUT-OFF PRICE OF ORDINARY SHARES OF WALTON HI-TECH INDUSTRIES LIMITED

This is for the kind information of all concerned that Bangladesh Securities and Exchange Commission (BSEC) has accorded consent vide letter no. BSEC/CI/BB-19/2018/16, dated January 29, 2020 for commencement of Electronic bidding by the Eligible Investors (EIs) to determine the Cut-Off price of Ordinary Shares of **Walton Hi-Tech Industries Limited** under the Book Building Method. Subsequently, the Dhaka Stock Exchange Limited (DSE) has issued the letter no. DSE/Listing/ULC/2020/1180, dated February 17, 2020 for commencement of bidding.

All the Eligible Investors (EIs) are hereby requested to visit the website **www.essbangladesh.com** to participate in the bidding process through the electronic bidding system commence **from 5:00 PM on March 02, 2020 and continue till 5:00 PM on March 05, 2020** (Round the Clock). The summary of the public offer for the EIs are as follows:

A. INITIAL PUBLIC OFFER SUMMARY FOR THE ELIGIBLE INVESTORS (EIs):

Issuer Name	: Walton Hi-Tech Industries Limited
Issuer Code	: WALTONHIL
Total Public Offering Size in amount	: BDT 1,000,000,000
Face Value	: BDT 10/- Per Share
Issue Size in amount for Eligible Investors	: BDT 500,000,000
Maximum amount allowed to bid by a bidder	: BDT 10,000,000
Tick Size	: 01 (One)
Manager to Issue	: AAA FINANCE & INVESTMENT LTD.
Register to Issue	: Prime Bank Investment Limited

B. DETAILS OF BIDDING:

Eligibility of EIs for bidding	: Minimum investment in listed securities amounting BDT 10,000,000 (BDT One Crore only) as on the end of February 23, 2020
Deposit of Bidding Fees (BDT 5,000) and 100% of bidding amount	: Start at 10:00 AM on March 02, 2020 and continue till 2:00 PM on March 05, 2020
Electronic Bidding Start	: 5:00 PM on March 02, 2020
Electronic Bidding Closed	: 5:00 PM on March 05, 2020
Duration of Bidding	: 72 Hours (Round the Clock)
Maximum Number of Bid can be placed by a Bidder	: 1 (One)
Bid Revision Limit	: 10% variation on first bid price for once within the bidding period
Mode of Payment	: Pay Order/Demand Draft/B.B. Cheque/Cash
Browsing Website for Book-building System	: www.essbangladesh.com
Valuation Report submission period for Eligible Investors (EIs)	: Start at 10:30 AM on March 08, 2020 and continue till 10:30 AM on March 09, 2020

C. BANK DETAIL FOR DEPOSITING BIDDING MONEY:

Bank Name	: IFIC Bank Limited
Account Name	: Dhaka Stock Exchange Limited
Account Number	: 1090344039042
Branch	: Any Branch in Bangladesh

All Eligible Investors (EIs) are requested to participate in accordance with the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 (as amended on 25 July 2019), in the Electronic Bidding of the Stock Exchange(s) for the Ordinary Share of **Walton Hi-Tech Industries Limited**.

The Red-Herring Prospectus of **Walton Hi-Tech Industries Limited** is available on the website(s) of Issuer Company (**www.waltonhil.com**) and Manager to the Issue (**www.aaafinancebd.com**) and Book Building System for Stock Exchanges in Bangladesh (**www.essbangladesh.com**). Also the valuation of securities of **Walton Hi-Tech Industries Limited** is available on **www.waltonhil.com** and **www.aaafinancebd.com**

Code of Conduct for EIs in respect of participating in the bidding process of book-building method:

- The EIs will form a Bidding Recommendation Committee comprising of at least 2 (two) members having relevant knowledge, skill, qualification and experience. The committee upon detailed analysis of value and prospects of the securities will recommend to participate in the electronic bidding and will also mention the bidding quantity and price, if recommended.
- The EIs will on the basis of recommendation of the Bidding Recommendation Committee, take decision about participation in the bidding. Decision of the EI and proceedings of the Committee along with workings will be preserved for inspection by the Commission or the Exchanges.
- The EIs and Committee will exercise due diligence and independent professional judgment and ensure proper care in order to maintain objectivity, transparency and independence in the decision making for bidding.
- While, analyzing, they will take into consideration all aspects including financial, technical, managerial, commercial, economic, ownership etc. of the securities offered and its issuer and review all documents and prospectus in details.
- While analyzing, they will use internationally recognized securities valuation techniques and take decision on objective and professional judgment. They will keep all calculations, analysis workings and proceedings regarding the valuation in writing and will record the basis for using valuation techniques with justification.
- They will act fairly, neutrally, honestly and will be independent in analysis and making decision without any influence, interference or pressure. They must not disclose or share any information related to the valuation with the issuer, issue manager, other eligible investors or any other person. The analysis, recommendation and decision will be kept confidential till completion of the bidding period.
- The EIs will submit their valuation report along with workings and calculations to the exchange conducting the bidding within 2 (two) working days of completion of the bidding period.

Special Instruction to Participate in the Electronic Bidding Process:

- EIs will submit only soft copy of their valuation report through **www.essbangladesh.com**, it doesn't require to send any hard copy;
- Share will be allotted to EIs bidding above the cut-off price as per their intended price and quantity;

For and on behalf of **Walton Hi-Tech Industries Limited**.

Sd/-
Partha Protim Das FCS
Company Secretary