

# Trade through Benapole resumes

OUR CORRESPONDENT, Benapole

Export-import activities between Bangladesh and India through Benapole land port resumed yesterday noon after remaining suspended since Tuesday afternoon.

Trade was halted when India's Border Security Force (BSF) restricted the clearing and forwarding of both the countries to cross the border to submit documents on Tuesday, Kartik Chandra, general secretary of Petrapole Port C&F Welfare Association, told the

Daily Star.

The BSF might have done it as part of an attempt to ensure security along the border for the ongoing visit of US President Donald Trump, said Uttam Chakma, assistant commissioner of Benapole Customs House.

A meeting between the representatives of the two neighbouring countries solved the problem and orders have been given to take necessary measures to start discharging goods as soon as possible, said Abdul Jalil, deputy director of the port.



BANK ASIA

Shahriar Alam, state minister for foreign affairs, hands over the 'BFP-B Excellence Award' to Mohd Ziaul H Molla, a deputy managing director of Bank Asia, at an event at Radisson Blu Dhaka Water Garden on Wednesday. Business Finance for the Poor in Bangladesh (BFP-B), a project managed by Nathan Associates, London and funded by the UK's Department for International Development, presented the award to the bank for its financial inclusion initiatives.

## BB cuts NBFIs' investment limit in commercial paper

STAR BUSINESS REPORT

The central bank yesterday reduced the investment capacity of non-bank financial institutions in commercial paper (CP) in order to avoid their fund concentration in the short-term securities.

From now on, a non-bank financial institution's (NBFIs) total investment in the CP cannot exceed 20 per cent of its total capital, down from the previous limit of 30 per cent, according to a revised guideline of Bangladesh Bank.

The new measure will compel NBFIs to invest their fund in the productive zone like small and medium enterprises sector, a BB official told The Daily Star yesterday. The CP is usually an unsecured promissory note, which matures in a period between a minimum of 30 days and a maximum of one year.

NBFIs are also allowed to issue the instrument for mobilisation of their required fund.

NBFIs operating in Bangladesh have some distinctive features than commercial banks. They are not allowed to receive demand deposits as well as term deposits of less than 3 months, which force them to take short-term fund.

NBFIs depend on high-cost bank borrowings and call money market to meet this challenge. The CP helps them both for fund mobilisation and investment.

## Coronavirus can't tame Bangladesh's growth momentum

FROM PAGE B1

"There is no doubt that there will be at least short-term impact. And if the outbreak persists for a long time, this will have far-reaching impact not only on Bangladesh but also on the global economy."

China is the biggest trading partner of Bangladesh and the biggest source for raw materials. The world's second largest economy accounted for more than a fifth of the country's imports of \$56 billion in fiscal 2018-19, Bangladesh Bank data showed.

The barriers to imports from China, the epicentre of the virus, will hurt the export-oriented sectors and disrupt the supply chain. At the same time, it will have a negative impact on inflation.

China supplies 26 per cent of the active pharmaceutical ingredients (APIs), the raw materials for medicines, of Bangladesh. If the API supply grinds to a halt, the sector's production will be interrupted. This will also impact pharmaceutical exports.

A number of mega infrastructure projects being implemented by Chinese companies will face problems.

The projects include Padma Bridge, the tunnel under the Kamaphuli river, the Bus Rapid Transit from Gazipur to Airport project, and the first and second phases of the Payra 1,320MW thermal power plant.

As a case study, the report stated the Padma bridge project. Two Chinese construction firms are implementing the main bridge construction part and the river dredging part respectively.

The contractor of the main bridge part is

China Major Bridge Engineering Co. and its headquarters is located in Wuhan city in Hubei Province, the epicentre of the virus.

The headquarters has been working on a limited scale for a month and this has had some impact on the progress of Bangladesh's largest infrastructure project.

Most of the important construction materials are also sourced from China and a majority of the suppliers are based in Hubei Province.

As a result, the regular flow of imports of construction materials has been interrupted as many Chinese factories have closed their operations and the number of import vessels has dropped.

The top seven items that are imported from China are: yarn, woven textile fabrics, knit textile fabrics, garment accessories, mobile phone parts, apple and garlic.

The top four items are raw materials for the garment industry, which accounts for about 84 per cent of the country's exports.

In the last fiscal year, Bangladesh imported yarn, woven textile fabrics, knit textile fabrics and garment accessories worth \$3 billion. Already \$2 billion worth of products have been imported in the first seven months of this fiscal year.

Alternative sources for garment raw materials should be actively considered if the coronavirus outbreak disrupts supply, the report said.

However, the import of mobile parts, which soared last year, may suffer as only 27 per cent of last fiscal year's total imports amounting to \$505 million came in the last seven months.

Bangladesh has imported a significant quantity of garlic from China so far this fiscal

year. Importers are bringing in ginger, garlic and cinnamon from Myanmar, Vietnam, Thailand, Indonesia and Egypt.

The import of garlic and ginger from China will be affected to some extent because of the coronavirus outbreak. But, there is no possibility of a supply shortage of the items in the local markets, the finance ministry report said.

China is not among the main export destinations of Bangladesh but it is an emerging market. Bangladesh's main export items to China are garment, jute and jute products, leather and leather products and crab and eel.

Half of the main exportable items destined for the country were shipped in the first seven months of the fiscal year. Given the trend, there is no big risk to exports to China, the report said.

As inbound ships from China are mandatorily berthed at the outer anchorage of Chattogram port for at least 10 days as part of quarantine, the unloading of imported items are being delayed. Flights to and from China have been very limited and people's movement has been restricted. As a result, hotel bookings fell significantly.

Bangladesh receives 5-6 lakh tourists every year and of them, a major portion comes from China. Now, their arrival will go down hugely.

The overall trade may be affected to some extent because of the coronavirus.

If the overall export earnings go down in the current fiscal year, Bangladesh's current account deficit is in good shape compared with the previous two fiscal years thanks to increased remittance flow.

Money sent by migrant workers rose 21.49

per cent to \$11.05 billion in the July-January period on the back of the 2 per cent cash incentive. Bangladesh will also benefit from the declining petroleum prices in the international market.

Oil prices have fallen 14 per cent because of the pandemic. This may allow Bangladesh to save up to \$450 million this fiscal year, helping the country keep its current account deficit and inflation lower.

The country imported crude oil and finished petroleum products worth about \$3.3 billion in fiscal 2018-19.

## Social media giants can get VAT registration soon

FROM PAGE B1

But the tech giants will have to name a local agent in the registration form for communication purpose with the NBR, said Rahman, who was present at the meeting.

Recently, Amazon Web Services (AWS), informed its clients in Bangladesh that it would soon be required to collect VAT on the sales of its cloud services.

AWS asked clients to update accounts by providing VAT registration numbers, according to a Facebook post of Md Zakir Hossain, commissioner of the Customs, Excise & VAT Commissionerate, Jashore.

AWS has started the procedure to pay VAT in Bangladesh, he said, adding that it is good news for Bangladesh as it would allow the country to collect VAT on cross-border transactions.



SOUTHEAST BANK

Md Altaf Hossen, a freedom fighter, and M Kamal Hossain, managing director of Southeast Bank, open the bank's sub-branch at Bondhon Tower in the capital's West Madartek.



IBCCI

Indian High Commissioner Riva Ganguly Das speaks at a seminar on 'Enhancing Indo-Bangla bilateral trade in light of Indian National Budget 2020' jointly organised by the high commission and the India-Bangladesh Chamber of Commerce and Industry at The Westin Dhaka on Wednesday.

## Adani registers Bangladesh subsidiary

FROM PAGE B1

Now, the negotiation is going on whether the Bangladesh Economic Zones Authority will be involved in equity or not. Adani, which has vast experience as India's largest private multi-port operator, wants to set up a dedicated port in the zone. Its port arm APSEZ has invested in several terminals in India. It has investments in ports, power, energy and real estate and is also present in Haldia, West Bengal.

It has an edible oil refining facility through Adani Wilmar. Bangladesh Edible Oil, manufacturer and marketer of edible oil brands such as Rupchanda, King's, Fortune, Meizan & Veola, is a 100 per cent joint venture between Wilmar International, Singapore and Adani.

Singapore-based Wilmar and Adani Group plan to invest \$350 million in Bangladesh to establish an industrial park in the Mirsarai economic zone under a joint venture that will produce agro-based foods and allied products.

Adani Power's wholly-owned subsidiary Adani Power (Jharkhand) is setting up 1,600 MW ultra-supercritical power project at Godda in Jharkhand, for supplying power to Bangladesh, according to the annual report of the Adani Power. It is targeting to complete the first unit in January 2022 and the second unit in May 2022.

Adani Ports & Special Economic Zone closed yesterday at Rs 353.50, down by 1.46 per cent on the Bombay Stock Exchange, while Adani Power closed 3.21 per cent lower at Rs 52.80.

## Fed policymakers on why diversity matters and how to get there

REUTERS, Washington/San Francisco

Several US Federal Reserve policymakers told Reuters why increasing diversity within the US central bank system matters. Here are some highlights:

"The research now is very compelling that homogenous groups are more prone to groupthink that leads to lower quality discourse and lower quality decisions.

"One of the strong findings in the research is that in order to have the best possible decision making, we need a diverse group of leaders. In order to have a diverse group of leaders, we need to bring people up as they progress in their careers and have that same kind of diversity."

"What I think we are still seeing too much of is a reluctance to take

a chance on a woman or a minority, particularly when the people making that selection themselves are not very diverse and perhaps might be a little uncomfortable and have a little lack of ability to see how someone who's quite different from who they are - who perhaps came up a different route - could succeed in that position.

"So I think the problem that we still have today is providing enough opportunities for women and minorities to be in leadership positions and then supporting them."

"By having this diversity of viewpoints in the room, I think it challenges ideas differently and more rigorously. I think it makes deliberation more robust... my work has been much crisper, more precise and less speculative because of the presence of diversity."

"Our board members have been great ambassadors to us in attracting other board members... We do a lot of tracking; we keep a list of potentials from the full district; we track on business sector; we track on size of the business; we track on geography, urban, rural, and then we track on these dimensions of diversity. It is all about the intentionality. We want to make sure that we are hitting on all cylinders on all dimensions."

"During the last 12 years that I've been president, understanding that maximum employment is probably a lower unemployment rate than we thought 12 years ago, and then we thought three to four years ago ... just having more discussion and understanding the benefits are really substantial ... I really do appreciate the contributions that all of my board members have made."

## Reform policies looking beyond 2024, suggests Japan's envoy

FROM PAGE B4

Bangladesh plans to rise to a double-digit spot from the current three-digit one in the index within two years.

It had first advanced one place to take up the 176th position in the 2019 assessment before making a jump to become 168th among 190 countries in the 2020 index.

The government is working towards bettering the rank as it helps to attract foreign direct investment, which leads to a win-win situation with businesses profiting and the government earning revenue, said Md Sirazul Islam, executive chairman of the BIDA.

Chairing the event as chief guest, he urged the private sector to hold events on their expectations and inviting over government officials involved in the ranking reform processes to address inconsistencies.

Miah Rahmat Ali, senior private sector specialist at the World Bank Group, gave a presentation on the index. Masud Rahman, president of the CanCham Bangladesh, and Yujii Ando, president of the JBCCI, also spoke on the occasion.

## More bad news for Ring Shine investors

FROM PAGE B1

"This is an internal decision of the owners," he added.

Abdul Mannan, a stock investor, said the stock tumbled to less than its face value when the rumours of its foreign owners jumping ship spread.

Now, the key sponsor's share selling will have bigger impact on general investors. "So, its stock price is declining," he said.

A top official of the Bangladesh Securities and Exchange Commission (BSEC) said the regulator cannot deter a sponsor from selling his/her shares if they are doing so by abiding by the laws.

Under this circumstances, stock investors should be cautious about investing in the stock, he said, adding that the BSEC is now giving approval to initial public offerings on a disclosure basis.

A merchant banker said such share selling by a sponsor at a price of under the face value means the company's stakeholders themselves do not think it has a bright future.

And their selling so soon after the company's debut on the bourse also means sponsors always had the plan to cash out right after listing.

"A sponsor can sell his/her shares. But when he does so under face value then it raises questions about the company's potential," he added.

According to the company's annual report for the 2018-19 financial year, its sales dropped 1.72 per cent to Tk 982.37 crore from a year earlier.

The net profit margin also decreased from 5.54 per cent to 5 per cent during the period.

Sung said in the annual report of the 2018-19 financial year that the

company's sales and profitability decreased because of an increase in production cost by almost 1 per cent, and a decline in the price of goods sold in market. Ring Shine's capital raising has been shrouded in controversy from the very beginning because it raised a huge amount of money, said Sharif Anwar Hossain, president of DSE Brokers Association of Bangladesh.

"Many stock brokers were saying that the company was coming to the market in order to dump its shares on the general shareholders."

So, general investors should have been more cautious, Hossain said, adding if investors did not buy its shares the company would not have been able to come to the market. "However, our investors rushed to snap up Ring Shine shares. They also need to assess what shares they should buy and what not to."

## Container transport from Ctg port grinds to a halt

FROM PAGE B4

Around 900 such containers carrying heavy vehicles are engaged in transporting import, export and empty containers between the port and the ICDs.

Upon arrival, containers loaded with about 37 types of import goods are directly sent by the prime movers from the port to the 18 ICDs located in Chattogram and its outskirts, from where the goods are delivered to the consignees.

On the other hand, all export goods are at first brought to the ICDs for customs and then loaded onto containers and sent to the port for shipment.

Not a single import, export and empty container could be transported between the port and the 19 ICDs since Wednesday morning, Sikder said.

"The salary enhancement is a different issue. It is not possible at this moment, which is why the ICD owners could not agree with the demand of union leaders."

A total of 8,000 prime movers are engaged in container transport across the country, while the ICDs are operating only 900 such vehicles, he added.

Delivery of imported goods, which are taken out from the containers at the port yards, was normal since trucks and other lorries used to transport such goods were operating as usual, said Md Omar Faruk, secretary of Chattogram Port Authority.

FOR SALE (Electrical Pole Fittings)		
Sl.	Items	Qty
1	200KVA, 11/0.4KV Distribution Transformer Accessories	L/S
2	33/11KV Pole Fittings	L/S
3	120 & 35mm Aerial Cable Aces.	L/S
4	300mm UG Cable Accessories	L/S
5	Nut & Bolt (Various Size)	L/S

Interested parties are requested to contact on Cell:  
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