

Beneficiary for remittance incentive extended

STAR BUSINESS REPORT

The central bank has extended the 2 per cent incentive on remittance to Bangladeshi government officials working at the United Nations and other global agencies abroad in a bid to boost foreign currency earnings.

Besides, Bangladesh citizens working abroad at shipping and airline companies, owned by Bangladeshi or foreigners, will be entitled for the incentive, according to a notice issued by the central bank yesterday.

Government staff stationed at the UN peacekeeping missions are also eligible. But pilots and mariners working at state-owned companies will not get the privilege, a central banker said.

As per the previous notice of the central bank, only expatriate Bangladeshi workers were eligible for the subsidy.

In the budget for fiscal 2019-20, the government introduced the cash subsidy for remitters to encourage them to send money home through legal channels.



In February, expatriate Bangladeshis sent home \$1.45 billion to take the tally to \$12.49 billion so far in fiscal 2019-20.

The eight-month receipts were up 20.05 per cent year-on-year riding on the incentive policy.

Malaysia's sugar purchases from India hit record

REUTERS, Mumbai

India's exports of sugar to Malaysia so far in 2020 have nearly tripled over the figure for all of last year, as Kuala Lumpur steps up purchases to placate New Delhi in a trade dispute that halted its palm oil exports to India, trade officials said.

The record buying could also help India, the world's biggest producer of sugar, to cut stockpiles that are squeezing domestic prices.

India had been the biggest buyer of Malaysian palm oil for five years, but purchases ground to a halt after the

January curbs, a retaliation for then prime minister Mahathir Mohamad's criticism of New Delhi's policy regarding its Muslim minority.

"This year Malaysia was aggressively buying Indian raw sugar, which was a pleasant surprise," Praful Vithalani, president of the All India Sugar Trade Association (AISTA), told Reuters.

The trade body's data shows Malaysia has imported 324,405 tonnes of sugar from India this year. That compares with India's exports last year of around 110,000 tonnes and a 2008 record of 313,406 tonnes, according to trade estimates.

Postal savings schemes go digital

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The finance ministry reduced the interest rate amid a mad dash from a section of wealthy people to open accounts in postal savings bank to deposit money after the government tightened rules on investment in the high interest-bearing national savings certificates.

The government move aimed at preventing the abuse of the benefit given by the state to pensioners and middle-income families.

The instruments carry interest rates as high as 11.76 per cent, which is way higher than what banks offer.

As a result, fixed deposits in postal saving bank soared 66 per cent year-on-year to Tk 11,730 crore in the first half of the fiscal year, according to data from the Bangladesh Post Office.

At the same time, investment in savings

certificates sold by post offices plummeted 88 per cent to Tk 1,870 crore.

The ceiling for the highest investment in savings certificates doubled to Tk 50 lakh for individuals and Tk 1 crore under joint names. The investment ceiling for pensioner savings certificates will double to Tk 1 crore.

The deposits at the Post Office Savings Bank were more than a fifth of Tk 83,630 crore of investment made by people in various types of savings certificates, bonds and government schemes in fiscal 2018-19, DNS data showed.

The deposits accounted for 14 per cent of the government's accumulated liabilities as of June 30 last year.

Posts and Telecommunications Minister Mustafa Jabbar and Finance Secretary Abdur Rouf Talukder also addressed the programme.

Silver lining for the banking sector as loan recovery soars in 2019

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Besides, many businesses are going through a tough time because of the outbreak of coronavirus across the globe, he said.

"Banks may be hit hard by the situation and this will have an adverse impact on their recovery programme," Chowdhury

added.

Default loans recovered by state-run banks rose 1.40 per cent year-on-year to Tk 4,110.56 crore in 2019. It rose 22.66 per cent to Tk 11,267 crore for private banks.

Recovery at foreign banks, however, dropped 42 per cent to Tk 87.52 crore.



Some of the country's successful women entrepreneurs cut a cake at an event organised by NRB Bank at its corporate head office in Dhaka recently to mark International Women's Day 2020. Md Mehmood Husain, CEO of the bank, was present.



Md Atiqur Rahman, chairman of Jamuna Bank, opens the bank's sub-branch at Daulatpur in Khulna. Mirza Elias Uddin Ahmed, CEO, was present.

Infrastructure equipment market booming on mega projects

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As much as 60 per cent of the equipment available in Bangladesh is reconditioned and are either Japanese or German products, said M Samsuzzaman, general manager of ACI Motors, which entered the market in 2014 and represents one of the world's top producers of full line construction equipment, Case Construction Equipment.

"However, the use of Chinese equipment has risen since 2008," he said, adding that reconditioned infrastructure and construction equipment from Japan and Dubai are doing well too.

There are mainly four types of infrastructure equipment used in Bangladesh: earth-moving, road construction, metal handling, and bridge construction.

Most heavy duty construction and infrastructure equipment now comes from China as Bangladeshi contractors prefer Chinese products since it is comparatively cheaper than that of Japan or Germany, said Abdul Matlub Ahmed, chairman of

Nitol-Niloy Group, an Indian manufacturer of heavy duty trucks, bulldozers, cement mixers, etc.

However, the market size for infrastructure equipment is yet to see any significant increase as contractors rent the necessary tools from Singapore while foreign contractors bring their own.

Chinese construction machinery and equipment manufacturers control 60 per cent of the market because of their competitive pricing.

The remaining 40 per cent is imported from Korea and Japan, Ahmed added.

However, the current demand for equipment is still low compared with that of other developing countries, according to Mohammed Shahidul Islam, chairman of HNS Group.

HNS, a distributor of South Korean automotive giant Hyundai, imports heavy infrastructure and construction equipment, including excavator, skid loader and such, from Korea.

Ctg port seizes Tk 2cr illegal chocolates, baby milk

STAFF CORRESPONDENT, Ctg

Officials of Custom House Chattogram yesterday seized two containers of baby milk and chocolates imported under a false declaration.

The estimated value of the goods is Tk 2 crore, according to customs officials. Sources said Dhaka-based trader, Samit Trading International imported the goods, declaring 42 tonnes of Sweet Corn, from Singapore.

The shipment arrived at Chattogram port on January 26, Nur-A-Hasna Sanjida Anushua, assistant commissioner of Custom House Chattogram, told The Daily Star.

The importer was trying to evade revenue of around Tk 1.5 crore, she said.

ICDs stop carrying cargoes to hike tariff

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This time, it is very unfortunate that the ICD owners, who are also part of the business community, are hampering the supply chain, Chowdhury said.

BAFFA President Kabir Ahmed met with Khalid Mahmud Chowdhury, state minister for shipping, yesterday afternoon to talk over the issue.

The state minister has asked the shipping secretary to solve the matter as early as possible, Ahmed said.

Despite repeated attempts, this correspondent failed to reach Nurul Qayyum Khan, president of the Bangladesh Inland Container Depots Association, for comments.

Decent youth employment can be ensured by rights-based integrated strategy

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Lack of milestones, missing data and non-reporting of key indicators have weakened the SDG review process, so the government in consultation with the private sector and civil society organisations should set milestones of missing indicators for 2025 and 2030, it said.

The government may consider formulating a national youth budget that will address multidimensional aspects such as youth education, training, decent employment, gender equality and employment for the challenged and marginalised groups, it added.

The report on decent employment for the youth was among 10 such policy briefs presented at a "Conference on VNR 2020 of Bangladesh: Positioning Non-State Actors" at the capital's Lakeshore hotel yesterday.

It was organised by the Citizen's Platform for SDGs, Bangladesh, a civil society/ non-state actor initiative to contribute in the national SDGs process of the country, in association with 11 of its partner organisations.

The initiative is geared to provide inputs to the government's Voluntary National Review (VNR), a periodic exercise that helps countries and SDGs-implementing stakeholders to both review and learn from country experiences and formulate ways for the journey ahead.

The government will submit a VNR, for the second time, at a High-Level Political Forum 2020 in New York coming July.

The platform identified "Youth and Young People" as the cross-cutting theme for preparing the policy briefs.

The remaining nine focus points were: gender equality, empowering girls and young women,

rights of youth from marginalised communities, child rights and violence against children, youth and climate action, youth participation and representation in development process, youth extremism and WASH and youth.

Addressing the closing session, Rehman Sobhan, chairman of the CPD, said he was less aware of government reciprocity when it holds its own assessment of implementation of SDGs and whether it recognised the role of the non-state actors (NSAs).

Iftekharuzzaman, core group member of the platform and executive director of Transparency International Bangladesh, said he had questions over how much space was given to NSAs and that Bangladesh was moving towards "development without freedom".

An atmosphere of intimidation existed while core institutions were being turned dysfunctional through the incorporation of party politics, he added. Shaheen Anam, another core group member and executive director of Manusher Jonno Foundation, gave the welcome remarks.

Mustafizur Rahman, a distinguished fellow of the CPD; Farah Kabir, country director of ActionAid Bangladesh; KM Abdus Salam, director general of NGO Affairs Bureau; and Shamsul Alam, a member of the General Economics Division of the Planning Commission, also spoke.

Debapriya Bhattacharya, the platform's convener and a distinguished fellow of the CPD; Shahriar Alam, state minister for foreign affairs; Sudipto Mukherjee, resident representative of UNDP Bangladesh; and Rasheda K Choudhury, executive director of the Campaign for Popular Education, spoke in the opening session.

LDC graduation, SDGs to dominate economy's course next decade

ICCB says

STAR BUSINESS DESK

Bangladesh's graduation from a least developed country in 2024 and achieving the Sustainable Development Goals will be among the major aspects that will govern the economy's course next decade, said the International Chamber of Commerce Bangladesh (ICCB) yesterday.

"LDC graduation will bring a lot of new challenges, especially concerning losing trade preferences in major export destinations. There are also stringent and tough development goals that need to be achieved by 2030."

The economy of Bangladesh faced some headwinds in the last fiscal year because of lower exports and imports caused by shrinking global economic growth, it said in its quarterly news bulletin on Bangladesh economy for October-December.

The business organisation said with 8.15 per cent GDP growth in fiscal 2018-19, the country did not suffer any major setback.

"The growth has been possible as the country found new export markets, attracted a large number of foreign investors and invested in a variety of mega projects," it said.

The Bangladesh Bank forecasts an 8.2 per cent GDP growth in the current fiscal. However, the World Bank and the Asian Development Bank predicted it to be 7.2 per cent and 8 per cent respectively.

Bangladesh's export earnings in 2019 were \$39.33 billion, up from \$39.25 billion a year ago. Import payment was \$59.09 billion against \$60.49 billion in 2018.

As several mega infrastructure projects are underway, including the Padma multi-purpose bridge, a mass rapid transit system, an LNG terminal and several power plants and deep seaports, the government depends on bank borrowing to finance development programmes due to limited resource mobilisation, the ICCB said.

"The spike in government borrowings from banks has worsened the flow of credit to the private sector," the bulletin added.

The growth of flow of loans to the private sector slowed to 11.32 per cent in 2018-19 against a target of 16.5 per cent.

"Presently, banks are facing a liquidity crunch. This is mostly due to banks holding large amounts of non-performing loans (NPLs)."

NPLs accounted for 11.69 per cent of the total outstanding loans last June and many of these are due to willful defaulters, the ICCB said.

Seagrass from southern Bangladesh accessorising homes in Europe

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Twin Trims got a shot in the arm in 2015 when it received a big export order from a German buyer for shopping bags made of jute and seagrass.

Farhana graduated from Jahangirnagar University and worked for YKK Zippers for ten years to gather a handsome capital to start her own venture as she had an indomitable urge to become an entrepreneur. When she left the job her monthly salary was more than Tk 2 lakh.

Along with non-traditional items, now she is exporting jute and jute products and leather goods.

German automobile giant BMW is on her client list: they buy jute from her for car interior.

She also exports footwear to Bata, Italy and other leather products to brands like Orora and Tommy Hilfinger.

Farhana said she drew buyers' attention by participating in many international fairs abroad and through the internet.

"Now Turkey, Russia, Bulgaria and many other countries want to know about my products as Chinese e-commerce giant Alibaba promotes my products because of their high quality," she said.

Her total exporting earnings ran into around \$50,000 in 2017-18 which more than doubled in the following year.

"And exports are poised to rise at a higher rate in the current financial year," she added.

Her company has created employment for more than 2,000 people, mostly women, who work from home.

Bangladesh to benefit from coronavirus fallout: survey

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Almost half of the respondents rank the coronavirus epidemic as a bigger threat to their business than the US-China tariff war.

More than 90 per cent are concerned about the long-term impact of the outbreak and almost as many expect to see significant changes in how they manage supply chains.

Some 91 per cent of the respondents reported that their business and supply chain were affected by the virus and 40 per cent reported a strong impact on their business.

There was a strong correlation between a respondent's reliance on China for purchasing and the reported degree of the coronavirus impact on their business, the report said.

Of the respondents with more than half of their purchase from

China, more than 50 per cent reported being strongly affected, compared with 12 per cent of the businesses buying less than half of their items from China.

Among the respondents whose supply chains are feeling the impact, more than half indicated that they had switched or considered switching to suppliers in regions or countries other than their current sourcing destinations because of the outbreak.

However, not all industries and companies have the ability to be that agile: a sizeable portion of respondents reported taking the "wait and see" stance, while some noted they were not in the position to move production.

Among the respondents who have moved or are planning to move their sourcing to new geographies, the most popular destinations are: Vietnam, India, Bangladesh,

Europe, Turkey and the US.

Some 45 per cent of North American and European companies reported to have plans to source from new countries and are giving some thought to near-shoring and re-shoring.

Nearshoring is the practice of moving a business operation to a nearby country, especially in preference to a more distant one. Reshoring is the process of returning the production and manufacturing of goods back to a company's original country.

For instance, among the US-based respondents who are considering switching suppliers, 27 per cent stated plans to move production to the US, while a further 17 per cent were looking at Latin and South America.

The re-shoring sentiment was even stronger across the Atlantic: 50 per cent of EU buyers with plans to

diversify are considering sourcing more from European countries and another 30 per cent from Turkey.

Apart from home regions, western respondents are considering buying more from Vietnam, India and Bangladesh.

Respondents in the toy, accessories, homeware and footwear sectors reported higher levels of impact of the virus on their business, with up to 100 per cent respondents indicating some impact and more than half saying their business was strongly affected.

Meanwhile, the effect reported by textile and apparel businesses was among the lowest, with 12 per cent saying their supply chain was not affected by the outbreak.

Similar trends were observed in the promotional products sector, where 10 per cent of the respondents reported being unaffected.