



DHAKA FRIDAY MARCH 13, 2020, *FALGUN 29, 1426 BS* starbusiness@thedailystar.net

Coronavirus sends chills down bus operators' spine

TUHIN SHUBHRA ADHIKARY and SOHEL PARVEZ

Bus operators are bracing for bumpy roads ahead in the wake of India's ban on entry of foreign nationals until April 15 and people avoiding travel within the country over apprehensions centring the coronavirus outbreak.

"We have not seen any significant change yet people have started trying to avoid non-essential

but we see a trend of passenger slowdown as travel," said Faruk Talukder Sohel, managing director of Shohagh Paribahan, a major inter-



city bus operator with a 100 bus-strong fleet. The flow of passengers has dropped 10 per cent over the past one week.

The worst effect is going to be on our trips to border checkpoints (where passengers shift to buses on the other side) after suspension of tourist visas by India. Our seats have become almost vacant from tonight (yesterday)," he

On March 11, India said that it was suspending visas for all short-term foreign visitors regardless of their nationality or recent travel history -- until April 15, a lockdown

aimed at preventing the import of coronavirus into the country. On March 7, the Institute of

Epidemiology, Research and Disease Control (IEDCR) urged people arriving from countries with coronavirus cases to avoid public transport and crowded

A day later, Bangladesh confirmed its first three cases of coronavirus. The affected people, aged between 20 and

35, include two who returned home from Italy recently. The other was a family member of one of those two.

Many people have already started avoiding public buses in the city and some long-distance

Road is the main mode of transport in Bangladesh, accounting for 87 per cent of 195 billion passenger-kilometres in 2018, according to a Planning Commission document.

Waterways carried 8 per cent and train transported the rest, showed the estimate.

On a regular day some 5,000 buses leave for various districts from Dhaka and an equal number return loaded to full capacity, according to bus operators.

Besides, more than 6,000 public buses operate within Dhaka city.

Suvenker Ghosh Rakesh, managing director of Shyamoli NR Travels, which operates buses on all five international routes with India, said the coronavirus effect started to have an impact on their businesses a few days ago.

READ MORE ON B3

The curious rise of Islamic banking in Bangladesh

Jamuna becomes the latest lender to jump on the bandwagon

AKM ZAMIR UDDIN

Conventional banks have to maintain 18.5 per cent statutory liquidity ratio (SLR) and cash reserve requirement (CRR) of their total clients' deposits. They must also maintain a maximum 85 per cent loansdeposit ratio.

But the regulatory requirements are much lax for Islamic banks: they have to keep a combined SLR and CRR of 11 per cent and their loans-deposit limit is 90 per

And it is for these reasons that lenders are jumping on the Islamic banking

Jamuna Bank got the approval from the

unearthed the topic, said Ali, also a former executive director of the central bank

This means the Islamic lenders fix the profit rate like the interest rate setting by the conventional banks.

The country's existing eight Shariah lenders and Islamic windows of the conventional banks have given out loans at less than 2 per cent of their total lending portfolio as per the different research

"No bank in the globe has yet to start a full-fledged Islamic banking.

Only Malaysian and Turkish banks have got a bit success in replicating Islamic banking. But even then they are not Shariah banks in the truest sense, Ali

Could Thailand be an alternative to India for consumer goods?

Refayet Ullah Mirdha

The import of Thai products is growing in Bangladesh on the back of higher demand and good quality in a country where the consumer class is fast-expanding.

Babywear, cosmetics, fashionable footwear, fancy products, spices, fresh vegetables, fruits and foods, nuts and snacks segments are full of Thai goods.

boutique hotels, restaurants, beauty parlours and salons are springing up in major cities like Dhaka, Chattogram and Khulna as well as in many district

businessmen choose Local the Southeast Asian nation as an alternative to two major sourcing destinations: India and China. In fact, Thailand has become a very popular alternative destination, especially to small and medium traders mainly for two reasons: better quality and geographical location.

Many businessmen don't want to rely on India and China. Goods are smuggled into Bangladesh from India as the two countries share more than 4,000 kilometres of borders, while China can't always supply quality food at affordable

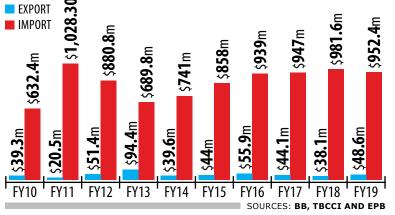
instance, Antu Kareem, managing director of Pentagon International, a consumer goods distributor, began stationery business in Bangladesh in 2000.

He used to import ball point





Bangladesh's trade with Thailand over the years



been on a roll as the demand was high. He was an agent of nearly 15 Indian consumer goods in Bangladesh.

But, his profitable business faced a major setback all on a sudden when similar kinds of branded goods started slipping into the country through borders. The business nosedived overnight.

He desperately tried to keep his business afloat, but to no avail. With the changed situation,

destination and chose Thailand, as there is no possibility of the products being smuggled into the

"I did not choose China as people do not have faith in Chinese goods. Japan is a very expensive destination and I also have to follow a lot of rules and regulations if I do business with Japan," Kareem told The Daily Star.

The US could have been another potential source, but he did not pens from India. His business had he also changed his sourcing choose the American market as it

required a lot of capital. I thought only Thailand can be

my perfect choice in Asia as I can buy all goods at competitive prices with shorter lead time and quality

 $He \, started \, business \, with \, Thail and \,$ in 2005. Today, Kareem is the sole distributor of Kodomo-branded goods in Bangladesh. Currently, he distributes branded items such as shampoo, soap, toothpaste, face powder and utensils.

Kareem's annual turnover is Tk 100 crore and sells Tk 40 crore worth of Kodomo-branded goods

"My business is very good now and I don't have any fear about

Thailand Bangladesh. However, geographically it is closer to the country compared with other Asian countries. "This is the biggest advantage of doing business with Thailand," he said.

Many local small and mediumsized businessmen can't afford the business of consumer goods with the US and European countries, although there is a big demand for the goods from the regions.

"However, Thailand can offer all those goods at competitive prices,"

Like Kareem, Abdus Salam, head of business for food division at Fair Group, is another businessman who supplies snacks of the Thai brand Tong Garden all over Bangladesh.

READ MORE ON B3

Total deposits: Tk 280,228cr Total investments: Tk 262,752cr

ISLAMIC BANKING IN BANGLADESH

AS OF 2019 By the numbers

- Both of which are about 25% of the banking sector
- Excess liquidity: Tk **9,733**cr
 - Which is about 9.2% of the banking sector
- Total number of branches: 1,380
- Total manpower: 35,906



central bank yesterday to become a fullfledged Islamic lender, following the lead of Standard Bank and NRB Global Bank, who became Shariah-based lenders on February 9

This takes the tally of Islamic lenders in Bangladesh to 11.

And IFIC Bank, another conventional lender, is waiting to get the central bank's nod to become an Islamic lender.

But, there are questions on whether the Islamic lenders in Bangladesh actually follow the Shariah rules and regulations in the absence of strict monitoring by the

"The central bank does not have enough prudential guidelines to monitor Islamic banks," said Ahsan H Mansur, executive director of the Policy Research

They frequently violate the Shariah rules while setting profit-sharing method for both deposits and investments, said Yasin Ali, a former supernumerary professor of the Bangladesh Institute of Bank Management.

Islamic lenders usually set a provisional profit rate before mobilising deposits and giving out loans.

"But the country's Islamic lenders hardly change the profit rate at the end of the year, which is fictitious in true sense. This cannot happen if they follow the actual Shariah

The country's Islamic lenders had earlier confessed the issue after the researchers

"One section of people are using Islam

for politics and some businessmen are using exploiting people under the guise of Islamic banking," said Khondker Ibrahim Khaled, a former deputy governor of the central bank. There was no banking system in seventh

century when people embraced Islam as religion. Islamic banking started its journey in the 70s. The central bank should strengthen its

monitoring on the lenders with a view to ensuring the discipline in the banking He suspects conventional banks are

switching to Islamic banking to circumvent the interest rate bounds of 9 per cent and 6 per cent for lending and deposit respectively. Since the Islamic lenders do not follow

the interest rate module, they could take undue facilities from the central bank's initiative," he added. But a BB high official said the 9-6 per cent

interest rate bound will also be applicable for Islamic lenders. When his attention was drawn on the

central bank's claim, Khaled said that such embargo would not be eligible for Islamic lenders due to the Shariah norms. Mansur echoed the same as Khaled.

"The spree of conversion has become a matter of concern. The central bank should take decision cautiously to this end," he

Bourses in meltdown all over the globe

STAR BUSINESS REPORT

Stocks all around the world, including in Dhaka, went on a freefall again yesterday, a day after the coronavirus outbreak was declared a global pandemic by the World Health Organisation.

There are 118,000 cases, more than 4,000 deaths, the agency said, and the virus has found a foothold on every continent except for Antarctica. DSEX, the benchmark index of the

Dhaka Stock Exchange, dropped 101.52

points, or 2.39 per cent, to close the day at 4,129.96. The fall means the recovery from Monday's 255 points plunge, the steepest fall since in 2013, was short-lived, as nervous investors went for sell-offs to

escape further losses. The coronavirus is affecting almost all the listed companies due to the shortage of raw materials that come from external sources, including China, and shrinking

consumption in the affected countries. So, it would impact the earnings of the companies, said a top official of an asset management company.

The virus has spread to more than 116 countries, including Bangladesh and the country's export destinations. China, the

largest trading partner of Bangladesh, is the epicentre of the virus.

If the virus contagion continues, it would affect the economy and thus the listed companies, he added.

This has left the global economy reeling. Yesterday, global stocks tumbled after the US suspended travel from Europe. Some weaker companies warned about their prospects for survival.

Trading in the US was halted after the S&P 500 fell 7 per cent. The index triggered a circuit breaker for the second time in a week. The halt, for 15 minutes, is intended to prevent markets from crashing.

The waves of selling this week have left the Dow Jones industrial average and several major global benchmarks in bear market territory -- a term that signifies stocks have fallen more than 20 per cent from their highs. Without a substantial recovery on Thursday, the S&P 500 will end there as well.

Europe also saw bearish day due to the fear of the world economy contraction riding on the epidemic coronavirus.

Eurozone's stock index Euro Stoxx 50 Pr fell 5.9 per cent, London's FTSE 100 Index 5.71 per cent, Germany's Dax Index 5.92 per cent and Spain's IBEX 35 6.15 per cent. READ MORE ON B3

Tk 100cr subsidy earmarked for farm machinery

Move to reduce farmers' production cost in next boro season

REJAUL KARIM BYRON and SOHEL PARVEZ

The government is putting its best foot forward to help farmers buy agricultural machinery with subsidy ahead of the next boro season so that the growers can bring down their production costs, said officials of the agriculture ministry.

Some Tk 100 crore has been set aside for this purpose this fiscal year and the farmers will get 50 per cent of the price of a machine as subsidy. For example, a farmer will be entitled to up to Tk 14 lakh of subsidy for buying a combine harvester, which will help him bag produce on

Similar support will be provided for buying reapers and transplanters, the officials said. 'We will start offering the support to farmers as soon as possible," said Agriculture Secretary

time by reducing dependence on labourers.

Md Nasiruzzaman.

Wednesday, Agriculture Minister Muhammad Abdur Razzaque said the finance ministry has already allocated the money and additional fund would be available if needed.

On top of that, his ministry has outlined a Tk 3,200-crore project to speed up mechanised farming and the project would soon be placed at the Executive Committee of the National Economic Council (Ecnec) meeting for



The initiative comes in the face of soaring wages due to a shortage of farm labourers in the peak season of harvest and plantation, causing a loss in the yield of rice. Paddy is cultivated on 71 per cent of the total croplands of 1.54 crore hectares in the country, according to official data.

As per Bangladesh Bureau of Statistics (BBS), the average daily agricultural labour wage remains high during harvesting seasons of aman and boro rice crops, which account for more than 90 per cent of the total annual production of 3.73 crore tonnes of milled rice.

READ MORE ON B3