Firms with Tk 5cr annual revenue to come under FRC's radar

STAR BUSINESS REPORT

Firms that rake in annual revenue of at least Tk 5 crore or hold assets of Tk 3 crore or liabilities over shareholders' equity of Tk 1 crore will come under the purview of the Financial Reporting Council (FRC) from now on.

In 2016, the government set up the FRC, the regulatory body on accounting, reporting, auditing and actuarial professions in Bangladesh, to ensure transparency in the accounting of listed and non-listed companies.

Previously, the FRC had jurisdiction over any "public interest entity" alongside financial service and microcredit providers, non-bank financial institutions, insurers, state-owned enterprises and public limited companies.

The criteria have been set to clarify which firms fall under the "public interest entity" category in the Financial Reporting Act, 2015.

The FRC made the criteria clarification through a circular last week.

"We have widened our jurisdiction so that small companies become aware of maintaining fair and accountable financial reports," said Mohammad Mohiuddin Ahmed, executive director of the Financial Reports Monitoring Division at the FRC.

He said the clarification would enable the council to investigate even small companies.

However, investigations will not begin right away into every small company; rather a stringent risk management approach will be followed to conduct probes every few years on some companies and annually on others, Ahmed said.

"We want to establish a self-monitoring system so that they publish the true picture in their financial reports willingly and we will carry out random checks to see whether they are doing it correctly."

"We can also review financial reports by outsourcing and forming a review committee from the private sector."

With the criteria classification, more firms will have to prepare and submit financial reports. The FRC will not make it mandatory for small companies to follow international financial reporting standards, he said.

India halts key policy plans as revenues shrink

REUTERS, *New Delhi*

India has dropped at least three crucial policy initiatives, including lowering import taxes on vegetable oils, as the outbreak of the coronavirus hits government revenue collection, two sources said on Tuesday.

India's income tax revenues contracted 3.5 per cent in the first 11 months of the current fiscal year, which began in April 2019, and income from other taxes grew by a meagre 3.8 per cent, the finance ministry told parliament on Monday. The food ministry had proposed lowering import taxes on crude and refined vegetable oils, including palm oil, by 3-7 per cent to keep a lid on domestic prices that leapt more than 11 per cent after India restricted palm oil imports from Malaysia in January.

REUTERS/FILE

A man with his face covered speaks on his mobile phone as he rides his cycle in an empty park along the banks of the river Ganges after the government tightened up measures for coronavirus prevention, in Kolkata.

But the finance ministry rejected that proposal due to revenue concerns, the sources with direct knowledge of the matter told Reuters.

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.

The finance ministry also shelved other proposal by the food ministry that would have raised the supply of highly subsidised rice and wheat to millions of people under the world's biggest food welfare programme, said the sources, who did not wish to be identified as they are not authorised to talk to media.

The food ministry had favoured raising the supply of subsidised rice and wheat to 7 kg a month from the current 5 kg for most beneficiaries — a proposal that would have cost the government an extra 3 billion rupees ($40.4 million), they said.

In the next financial year, beginning in April, India plans to spend $15.5 billion to run its mammoth food welfare programme, which gives rice and wheat to 67 per cent of India's 1.3 billion people at about 10 per cent of the market price.

The finance ministry has also put off a plan by the food ministry to give vitamin-fortified rice to millions of poverty-stricken people. The rice fortification plan involved an expenditure of 5 trillion rupees, the sources said.

Faced with the prospect of lower revenues this year and in 2020-21, the finance ministry has asked other departments to avoid any new proposals and also curb non-essential expenditures, the sources said.

Amazon to hire 100,000 workers as online orders surge on coronavirus worries

REUTERS

Amazon.com Inc on Monday said it would hire 100,000 warehouse and delivery workers in the United States to deal with a surge in online orders, as many consumers have turned to the web to meet their needs during the coronavirus outbreak.

With shoppers clearing out shelves in fear of quarantines or product shortages, retailers are racing to keep food and hygienic items in stock and have employees on hand for in-store work or delivery.

Like Amazon, U.S. supermarket chains Albertsons, Kroger and Raley's have sought new hires to staff busy sections and fulfil online orders. They are turning to people in the restaurant, travel and entertainment businesses who are suddenly looking for work because of the coronavirus.

"We want those people to know we welcome them on our teams until things return to normal and their past employer is able to bring them back," Amazon said in a blog post here

Major shipper United Parcel Service Inc said its trucking and air deliveries were still on despite growing government restrictions on commercial activities. It said Monday it was meeting demand with its existing workforce.

The coronavirus, which has led to more than 7,100 deaths globally and prompted mass lockdowns of people, has also led to items being out of stock on Amazon and some deliveries taking longer than usual.

Amazon's headcount fluctuates seasonally, recently peaking for the holiday quarter at 798,000 full and part-time workers. It was not immediately clear how many people Amazon would employ after it hires 100,000 more.

To draw new employees, Amazon said it would add $2 to its minimum $15 per hour to U.S. workers' wages through April. The extra pay for hourly employees in North America and Europe is expected to cost more than $350 million, Amazon said.

Meanwhile, other retailers facing long queues are making pitches for talent, too. It was not clear if there would be any impact on delivery operations from new government restrictions. In the San Francisco Bay Area on Monday, officials said people must stay at home except for some essential purposes, such as work for "businesses that ship or deliver groceries, food, goods or services directly to residences."

An Amazon spokeswoman did not immediately return a request for comment on the San Francisco order.

REUTERS

Men work at a distribution station in the 855,000-square-foot Amazon fulfillment center in Staten Island.

Coronavirus scarfs down restaurant business

FROM PAGE B1

In a bid to flatten the curve, New York's Mayor Bill de Blasio's office announced that from yesterday the city's thousands of bars and restaurants will be closed, with any service limited to food delivery and takeout only.

If a similar measure is enforced in Dhaka, it might be a boon for the food delivery platforms.

But for the wait staff it is bad news.

The employees of Flavours, a restaurant that serves Thai and Chinese cuisines in the capital's Dhanmondi, told the correspondent they are on the brink of losing their jobs.

"See, there is no customer," said Rana, a waiter pointing at the empty space on Rangs KB Square.

The 13-storied building on the capital's Satmasjid Road houses about 20 restaurants, making it a hotspot for Dhanmondi food lovers. But the entire building wore a deserted look.

"We have been facing a tough time since the first week of March," said Alamgir Islam of Tao Town, an Asian fusion bistro in Rangs KB Square.

Since Friday, Tao Town's sales plunged 80 per cent.

And Islam envisions dire days ahead, once all universities, schools and colleges shut for two weeks from today.

"In January and February, when coronavirus was spreading around the world, our sales held up well," said Md Nahim Reza, managing director of Coffelicious, which has two outposts on Baily Road and in Uttara.

But from March, customer footfall started petering out, with its sales as tumbling 30 per cent from the previous month.

The Monarchy Coffee on Banani 11 saw a huge decline in its sales too, said Naziur Rahman, an employee of the café.

"For the last three weeks, we have been facing a dire situation. We are maintaining proper hygiene and took protective measures for coronavirus. But people are still staying away," he added.

All the restaurants The Daily Star contacted said they have taken precautionary measures to contain the virus.

The restaurants at upmarket hotels too have been deserted by customers, despite their heightened measures against the contagion of the novel virus.

"We have taken some serious measures to ensure hygiene since the outbreak of virus," said Mashfa Alam, marketing coordinator at Four Points by Sheraton.

At the entry of the hotel, each customer is examined by infrared thermometer guns. "The food is also being served directly by our chefs for avoiding extra touches of spoons," she added.

And yet, customers are staying away.

So, most have discontinued their buffet offerings and have pared down their menu to the bare essentials.

No need to hoard tissue

FROM PAGE B1

The domestic market is not big enough for the tissue makers to use their full capacity, he said. "If you take export into account, up to 70 per cent capacity of the whole industry is currently being utilised."

Meghna Pulp & Paper, a concern of Meghna Group of Industries, can make 1,500 tonnes of tissues a month using 80 percent of its capacity.

The domestic demand for tissue soared 20 percent now, compared to the same time last year, because of a buying spree amid the coronavirus outbreak, said Mamun Hossain, head of sales of Nissho Koeki Tissue Papers Co Ltd (NKTP) that markets Bangla Tissue. He also echoed the views of Saha. "The industry's production capacity is still higher than the demand."

Only 20 per cent of Bangladesh's population use tissue, Hossain said, adding that the use of tissue may increase in the days to come as people are looking for ways to fight coronavirus.

However, a large portion of the population, particularly low-income group, is unlikely to use tissue, he said.

"So, it will be very much possible to meet the additional demand by utilising the industry's spare capacity. There is no need to stockpile." Even there is no possibility of a price hike in near future, said Rahman of Bashundhara. "We have no plan to increase prices amid crisis."

On price hike at the retail levels, he said the customers should follow the maximum retail price (MRP) printed on the packages.

"If anybody anywhere charges more than the MRP, we have the customer helpline. The customers should inform us. They can also file compliant to the consumer rights protection authority."

Forex brokers fall victim to coronavirus scare

FROM PAGE B4

Customers are not coming over for the fear of contracting the coronavirus through movement outside, said Md Rafiqul Islam, director of Rainbow International Linkage in Dhanmondi.

While people are refraining from going abroad, the government yesterday put a bar on entry to the country as a preventive measure against the outbreak.

State-run Biman has so far suspended flights to 11 out of 18 international destinations it serves and more routes could be cut as the coronavirus pandemic continues to ravage countries across the globe.

It suspended flights to Muscat, Dammam, Madina, Jeddah, Riyadh, Kolkata and New Delhi, Kuwait, Qatar and Kathmandu. Bangladesh is now allowing flights from only four countries, namely the UK, Singapore, Thailand and the UAE.

At least 28 foreign airlines served Dhaka with 65 flights a day but now the number has come down to about 30.

According to Rafiqul, they had been trading at least $5,000 every day before the coronavirus hit Bangladesh. It has now come down to $800 to $1,000.

A fluctuation of Tk 0.20 to Tk 0.30 is a regular phenomenon for the exchange rate of the US dollar but now it is experiencing a downward trend, he said.

"We are worried about the downward trend of the business. If the present situation continues for another couple of weeks, the money exchangers will face big challenges."

There are 238 licensed money exchangers in Dhaka city dealing with hundreds of thousands of dollar daily and providing good sums in tax and value-added tax to the government, according to Rafiqul.

The exchange rate of the US dollar has started dropping since the end of February due to the flight postponement, said Imamul Hasan, managing director of JBECO Money Changer in Uttara.

Normally, his firm exchanges on an average $90,000 to $100,000 per month. Now it will be at best $10,000 by the end of this month, he said.

"It will be tough for me to pay the salaries to employees and the rent of the shop if the existing situation lingers for the next two weeks."

The rise and fall in the exchange rate is part of the business but if customers stayed put, the exchangers would find it tough to balance everything out, Hasan said.

Abdur Razzak, manager of Jamie Money Exchange in Gulshan, did not trade any dollar yesterday. His prime customers are officials of corporate houses who deal handsome amount regularly for their official trips abroad.

"Now they are not coming. We are worried and in uncertainty," he said.

Govt again miskicks on the stock market

FROM PAGE B1

Many companies came to the stock market in the last one decade through initial public offering. But within a few years, they turned into junk stocks. Not just that, most of them showed lower earnings soon after listing.

These, along with a few other reasons, dented investors' confidence in the market -- badly. Which is why, the Dhaka bourse has been on the slide for a good six months now.

Amid this fraught situation came the blow of coronavirus, which has left most stock market investors, not just in Bangladesh but all around the world, in a state of panic.

Since March 8, when the Institute of Epidemiology Disease Control And Research, the sole testing agency for coronavirus, announced three people have been tested positive for COVID-19, in the country's maiden cases, the index shed 612 points, or 13.95 per cent.

During the time, about Tk 37,853 crore, or 11.24 per cent, have been wiped off the Dhaka Stock Exchange.

In the last one month, American Dow Jones plunged 31.3 per cent, S&P 500 index 29.4 per cent, European Euro Stoxx 50 36.7 per cent, Germany's DAX index 37.3 per cent, Spain's IBEX 35 37.8 per cent and Japan's Nikkei 225 index 27.8 per cent.

So, if the coronavirus epidemic tears through Bangladesh like in many countries around the world, the country's bourse cannot up against the tide.

Then, who will take the responsibility for the banks' losses if they invest in stocks by heeding the orders if the BB and finance ministry?

With the impact of the recent bear run, many well-performing companies' stocks crashed to a 4- or 5-year-low.

So, some of the institutional investors might be tempted to snap up those companies' stocks.

But that's not a surety as the overriding problem of the stock market, which is a crying lack of good governance is still missing.

So, the government can take this opportunity to truly fix the stock market instead of some stopgap measures, which come across as putting a Band-Aid on a bullet wound.

For a start, the government can bring in companies with robust corporate governance to the market. Already the government has taken some initiatives to bring some state-run companies.

This is a good move. But they should bring the well performing state-run companies, so that the investors' confidence gets a boost.

On the other hand, the government should create an environment such that well-performing big companies are tempted to get listed.

Such initiatives will boost stock investors' confidence and then they will channel funds to the stock market.

Nothing else will work.

The BB package came after a host of frills the government had provided for the bourse failed.

The Dhaka stocks has been on the downtrend for a while now. To halt the free fall, the central bank also provided a revolving fund to the Investment Corporation of Bangladesh to invest in the stock market.

It redefined banks' exposure definition to increase their investment capacity. When those failed did the BB bring in the big guns. But that move is also primed to be a non-success.

So, the government should focus on the right space and it should realise liquidity is not the only reason for the slide.

Otherwise, it will continue to keep on giving incentives and the market will keep on bleeding.

Bangladesh to gain more trade benefits from China as an LDC

FROM PAGE B1

The bilateral relations between the two nations go deeper though as China is now a major export destination in the Asian region for Bangladesh.

China is one of the biggest consumers of apparel products in the world. The domestic market for garments in China is worth $350 billion as the middle income bracket is expanding, according to estimates from the International Textile Manufacturers Association.

Apparel exports from Bangladesh to China are increasing with time as a section of consumers in the middle income bracket cannot afford the high-end garment items made in China.

This is why they depend on cheaper Bangladeshi products, industry insiders said.

The cost of apparel production in China has gone through the roof due to a shortage of skilled workforce. This is because the workers prefer jobs in more sophisticated technological industries rather than the garment sector.

The export of various merchandise, especially apparel products, from Bangladesh to China has grown rapidly in recent years following increased demand while preferential trade benefits are given to local exporters.

In fiscal 2018-19, Bangladesh's total exports to China amounted to $831.20 million while it was $694.97 million just the previous year, according to the Export Promotion Bureau.

In the February-July period of the current fiscal year, Bangladesh earned $470.20 million through exports to China. Of that total, garment exports accounted for 80 per cent.

"Bangladesh should enjoy the duty-free benefits for 97 per cent of its goods and reject the APTA for the greater interest of the country," said Abdur Razzaque, research director of the Policy Research Institute.

Currently, there are about 65 Bangladeshi goods that are allowed duty-free access to the Chinese market under the APTA while more than 5,000 goods enjoy the same benefit under the LDC coverage.

"That's why Bangladesh needs to accept the 97 per cent package," Razzaque told The Daily Star.

It is believed that China would be Bangladesh's third Asian export destination after Japan and India, where the country would be able to send more than $1 billion worth of goods.

Currently, Vietnam and Cambodia are enjoying increased exports to China since they have preferential trade agreements with the world's most populous nation.

"If Bangladesh is granted the 97 per cent package, exports to China will increase manifold," Razzaque said.