

# Partex Furniture's products selling on Evaly

STAR BUSINESS DESK

The products of Partex Furniture are now available on the site of e-commerce-based marketplace Evaly, providing customers with attractive offers.

Customers can buy Partex's beds, sofa sets, kitchen cabinets, doors, dining tables, industrial and office furniture products through evaly.com.bd.

A memorandum of understanding has recently been signed at the head office of Partex Furniture in Tejgaon in this regard.

Mohammad Rassel, managing director of Evaly, and Sushil Chandra Ghosh, chief operating officer of Partex Furniture Industries, inked the agreement. The furniture maker will also deliver products to buyers and provide after-sales services.

"We are delighted to have this brand with Evaly. Partex Furniture is one of the top and customer favorites in the world of furniture," said Rassel.

"At the same time, the company will be able to reach about 2.5 million registered customers through the Evaly platform."

As an online marketplace, Evaly

has quickly and successfully created a buzz among the consumers. During the Covid-19 pandemic, the company has shown its commitment and its capabilities by

delivering a wide range of products to consumers, said Ghosh.

"At the same time, we have realised the importance for e-commerce. At such times, it is

important to make the best use of technology and online platforms to meet the needs of customers and in that case we are happy to get Evaly as our partner."



Mohammad Rassel, managing director of Evaly, and Sushil Chandra Ghosh, chief operating officer of Partex Furniture Industries, attend a deal signing ceremony at the latter's head office in the capital Tejgaon recently. Customers now can buy Partex Furniture's products from the e-commerce marketplace.

# American Express JV gets final approval to launch operations in China

REUTERS, Shanghai

China's central bank has given the final nod to a network clearing license for an American Express joint venture, allowing it to be the first foreign credit card company to launch onshore operations in China.

The approval comes against a backdrop of high Sino-US tensions, with disagreements over trade and Beijing's imposition of a national security law for Hong Kong.

The People's Bank of China (PBOC) said in a statement Saturday that it had approved the license for Express (Hangzhou) Technology Services Co., a joint venture between American Express and LianLian DigiTech Co Ltd. It said the move reflected China's continued opening up of its financial industry.

The PBOC said in January that it had received American Express's application to start operations in China.

In a statement, American Express said it expects to begin processing transactions later this year.

"This approval represents an important step forward in our long-term growth strategy and is an historic moment, not only for American Express but for the continued growth and development of the payments industry

in mainland China," Stephen J. Squeri, chairman and chief executive officer of American Express, said.

The PBOC has also approved an application by Mastercard's China joint venture to conduct bank card clearing operations in the country, but the company has not yet received a network clearing license.

Card giant Visa submitted its application in early 2018 and is still awaiting approval.

China is opening its local currency payments market to foreign companies after a decade of lobbying by foreign players seeking direct access to what is expected to soon become the world's biggest bank card market.



A woman wearing a mask walks past the headquarters of the People's Bank of China, the central bank, in Beijing.

# Greece ready to open to tourists, PM says safety is top priority

REUTERS, Athens

The safety of tourists is a top priority for Greece as it opens its airports to foreign visitors, Prime Minister Kyriakos Mitsotakis said on Saturday on a visit to the popular holiday island of Santorini.

International flights to and from the country's main airports will resume on June 15, after a nearly three-month lockdown. Accounting for about 20 per cent of Greece's economic output, tourism is vital for the Mediterranean nation, which emerged from a decade-long debt crisis in 2018.

"It is a great pleasure to be here in Santorini... to send a message: Greece is ready to welcome tourists this summer by putting their safety and their health as a number one priority," Mitsotakis said.

Famous for its sunsets and black sandy beaches, the volcanic island draws millions of tourists each year.

Greece has boosted numbers of medical staff on its popular islands. Mitsotakis, wearing a surgical mask, also visited health facilities and doctors on Santorini.

The country will conduct coronavirus tests on all visitors arriving from airports deemed high-risk by the European Union's aviation safety agency EASA from Monday. Visitors will be quarantined up to 14 days, depending on the test result.

# Apparel exporters need more support to stay the course

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The government should provide special healthcare support to garment workers, he said, adding that augmented allocation for healthcare, education and industries could be a game-changer for the economy.

"During this critical time, the government should support the backward linkage industries of the garment sector so that they can supply quality products at competitive prices," he said.

Had the government been able to devalue the local currency against the dollar by 10 per cent, no other measures were needed for the sector, said Ahsan H Mansur, executive director of the Policy Research Institute.

Mansur, however, said the government cannot devalue the local currency arbitrarily as the country will then have to foot a huge import bill.

"But the garment sector needs more incentive to remain competitive in the international market and save the jobs of workers."

The apparel industry is not going to see fresh or foreign investment anytime soon, said AK Azad, managing director of Ha-Meem Group, adding that special measures should be adopted for

small and medium enterprises.

"The repayment conditions for their loans taken from the stimulus packages can be eased."

Azad sees gloomy days ahead since new work orders in the sector nosedived by at least 45 per cent.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, demanded 10 per cent cash incentive, instead of 4 per cent, at least for the next six months.

"If Bangladesh doesn't fare well in the EU and the US, Indian and Pakistani exporters will grab those markets. It's about time garment exporters embarked on all-encompassing value addition by improving the primary textile sector," Khokon added.

The government's stimulus package of Tk 5,000 crore for paying garment workers' wages was not enough as many factories could not avail themselves of the fund, said Arshad Jamal Dipu, vice-president of the Bangladesh Garment Manufacturers and Exporters Association.

The government should have brought down the corporate tax for garment factories, he said, adding that the overwhelming target to borrow from the banking sector might shrink the cash flow into the private sector.

# New VAT, SD measures looking like silver lining

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"As VAT benefit on motorcycles ends from this fiscal year, we are also expecting a good amount from the two-wheeler sales," said the official, adding that Tk 800 crore would come from the sector.

Besides, the increased excise duty on bank accounts with over Tk 10 lakh debit or credit balance is also likely to bring nearly Tk 300 in extra tax.

The government has raised the excise duty by up to 60 per cent for fiscal 2020-21 and account-holders with more than Tk 5 crore balance in their accounts at any time of the year will face Tk 40,000.

The government logged in Tk 2,339 crore in fiscal 2018-19 through excise duty and the collection from bank balances accounted for most of it, according to the finance ministry and NBR data.

# Bangladesh's stimulus package second highest among peer countries

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Altogether, Bangladesh needs to put in place a support measure amounting to 6 per cent of GDP, said SR Osmani, professor of development economics at Ulster University, during a virtual discussion recently.

The real challenges lie in implementing the stimulus packages, according to experts.

Of the stimulus packages, only Tk 3,000 crore would come from the government's coffers, while the rest would come from the central bank or the lenders themselves, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

It is the banks that would take the risk, lend money and implement the packages, he said. According to the economist, it would not be easy for the targeted beneficiaries to receive the funds because of various challenges. It would be tough to lend money to the SMEs at 9 per cent interest rate, a cap the bank has implemented since April.

"How can banks implement the package for the SMEs if they mobilise funds at 6 per cent interest rate?" said Mansur, also the chairman of Brac Bank.

The default rate is high in the SME segment and the rate would be even higher in the current circumstances, he said.

The central bank has stepped in to provide insurance for funds going to the SMEs but banks have to pay 2 per cent for the insurance, he said. The means, banks would get only 1 per cent if they lend to the SMEs.

"Banks would not be interested unless a change is made."

Another Tk 3,000 crore has been set aside

for micro and small industries and service and this would be distributed through microfinance institutes (MFIs).

Under the package, commercial banks would lend to MFIs at 5 per cent. MFIs normally charge 20 to 25 per cent, so if they have to lend this fund at 9 per cent, they are unlikely to come forward, said the former economist of the International Monetary Fund.

"We have to revisit these issues," he said. The rates have to be reasonably market-based; otherwise, the packages would not be implemented.

The stimulus package for the large industries can be implemented at 9 per cent interest rate, but the concern is that the loan defaulters are very powerful and some of them are also directors of banks and they may eat up the package, while real businesses would get nothing, according to Mansur.

Banks would only lend when they are convinced that the loans would be repaid.

He suggested the government constitute a working committee immediately to oversee the implementation of the packages.

The committee should consist of representatives from banks, the central bank and the finance ministry and would identify problems in the implementation process.

The committee would collect data from banks on loans and beneficiaries every day, analyse them and publish a weekly report so that the government and the public can come to know what is happening, he said.

"Close monitoring of the committee is a must and the funds have to be disbursed transparently."

# Foreign firms' finished steel product imports must be taxed

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"If the situation continues for a long time, it will be tough for the local steel manufacturers to survive. So, we urge the government to withdraw the duty benefit and allow us to import steel raw materials with zero duty."

Local industries are providing necessary infrastructure material to the government and the private sector and helping them to save a lot of time and money.

"We can meet the entire country's demand." The industry for raw materials of prefabricated steel building has suffered a significant financial loss due to the outbreak of coronavirus as 95 per cent of the industrial raw materials are imported from China, Rizvi said.

According to SBMA, the rapidly growing prefabricated sector faced severe challenges due to the postponement of infrastructure development work and failing to recover bills of completed projects due to the pandemic.

The prefabricated sector had been annually growing on an average of 15 to 20 per cent in the last 10 years and is now a Tk

4,500 crore-market, up from Tk 2,000 crore a decade ago, according to SBMA.

The country's annual demand for prefabricated steel is about 10 lakh tonnes and local manufacturers could manufacture only 4 to 5 lakh tonnes. "The rest comes from India, China, Australia, Japan, Korea and Taiwan."

Steel infrastructure began to show up in Bangladesh in 1985, with the components being initially imported.

In 2001, local entrepreneurs first took up the initiative to build steel infrastructure by themselves, according to industry insiders.

The commercial importers pay 5 per cent customs duty for the import of raw materials of steel goods, whereas the rate hits 25 per cent for local steel manufacturers, said Md Rashed Khan, general secretary of SBMA.

"This duty disparity is not good for the overall industry. That is why we wanted a uniform duty structure for the import of raw material for prefabricated industry."

The customs duty for local manufacturers should be less than what the commercial importers pay for the sake of the country's industrialisation, he said.

# Investment amnesty for black money will discourage honest taxpayers

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So, he urged the government to mobilise funds from foreign sources as the debt-GDP ratio is still far below the level considered risky for Bangladesh.

However, for financing, it must be realised that the revenue target is unrealistic and therefore Bangladesh must enter into negotiations with the World Bank, the International Monetary Fund, and the other international organisations for loans with low interest and flexible conditions. Cutting finance of unnecessary megaprojects is also a necessity in this regard, he said.

The allocation for the social safety net programmes is big but it included pension and social allowances, according to Raihan.

But after deducting the pension and

social allowances, the allocation for the poor is not sufficient.

The allocation for the poor should be increased as the poverty rate has spiralled to 40 per cent of the country's population from 21 per cent due to the coronavirus outbreak, he said.

Around 20 per cent of the new poor should be brought under the coverage, he said.

Besides, a huge number of expatriates came back to Bangladesh who have no source of income at this moment, he said. "They should also be brought under the stimulus package."

Sayema Haque Bidisha, research director of Sanem; Mahtab Uddin, research fellow; and Eshrat Sharmin, research associate, also spoke.

# Cement makers lament over unmet demands

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"We are not getting back the refundable money from the National Board of Revenue despite applying frequently," he added.

If the government wants the economy to recover, it should give some facilities to save businesses and they would help the government lift up the economy for the next stage, said Mohammed Amirul Haque, managing director of Premier Cement.

The situation is quite different than in any other year, so the government should take the demands of cement manufacturers into consideration so that they can continue to exist, he said.

"We do not want this type of facility over the years. But we need cooperation from the government during exceptional times for survival."

Clinker accounted for \$900 million of the \$1.35 billion worth raw materials that the manufacturers imported last fiscal year.

Due to a lack of mineral resources, local cement manufacturers bring in about 18 million tonnes of clinker every year, according to Haque.

The sector did not get any benefit from the budget counting a loss of about Tk 600 crore from March 26 to May 30, said Md Shahidullah, first vice-president of the BCMA.

He further said factories opened on a limited scale on June 1 as the demand had been close to zero.

With no revenue being generated, questions remain on how the manufacturers would be able to import raw materials and pay additional custom duty, he said.

"If the government does not save businesses, how will it generate taxes and revenue? We hope the government will consider our demands when it passes the final budget in parliament," he said.

The association has forwarded the demands through the Federation of Bangladesh Chambers of Commerce and Industries for inclusion in the

final budget.

Annually \$3 billion or Tk 25,500 crore worth of cement is sold, of which 45 per cent goes to government projects, 30 per cent to real estate companies and the rest to individual consumers, Shahidullah said.

"Cement supply has begun but the sales are nominal at this moment."

Considering the poor economic climate, cement manufacturers would be willing to sell their products at the manufacturing cost, he added.

Cement manufacturers import clinker, gypsum, fly ash and iron slag from China, Hong Kong, India, Indonesia, Thailand, Japan, Korea, Malaysia, Oman and the UAE.

There are about 125 cement manufacturing companies in Bangladesh, out of which 37 are in operation and they have an investment of about Tk 30,000 crore.

The total production capacity of the cement mills was 58 million tonnes in 2018.

# Plastic goods makers demand VAT exemption on low-cost wares

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The association said a general order of the National Board of Revenue last year introduced a provision for registering all manufactured products in the plastics sector under VAT irrespective of turnover.

"As a result, it will not be possible to keep factories of the small and medium industry running paying this VAT," he added.

The BPGMEA demanded the cancellation of the NBR's general order, which conflicted with the VAT act, according to the statement.

The government needs to stop wastage and misappropriation of money to increase funding for achieving key targets of the proposed budget.

The association also thanked the finance minister for steps to create new entrepreneurs and jobs, increase investment, expand industrialisation, protect domestic industries and to achieve poverty alleviation and national development targets, the government's vision 2021 and 2041 and sustainable development goals to address the economic crisis arising from the coronavirus pandemic.

# Credit guarantee scheme holds the key to successful implementation of stimulus packages

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i) The procedure of inclusion of loans in CGS and triggering claims should be fast, efficient, and transparent -- the entire process should, ideally, be digitised.

ii) The credibility of the CGS largely depends on how claims are handled once they have been submitted. The precise circumstances under which a claim can be made should be clearly articulated in the contractual agreement between the CGS and the lender.

iii) The CGS should have a minimum mandatory waiting period after loan disbursement before a claim can be entered. Our experience suggests this waiting period should be 180 days, as the tenor of the loans made to the CMSME segment is

generally short-term.

iv) The CGS should have the capability to check and restrict multiple claims from a single entrepreneur through different lenders.

A well-designed CGS will be a big step forward in the country's efforts to grow the overall CMSME lending, which, by itself, is a key developmental agenda.

We believe that an effective CGS will accelerate not only the disbursement of funds from the government's new CMSME stimulus package, but also give impetus to the existing portfolios at different banks and, at the same time, encourage banks, who have not yet tried out this segment, to launch their new portfolios.

The author is the managing director of Brac Bank