



**LafargeHolcim Bangladesh Ltd (LHBL) organised a seminar through digital platform Zoom on "Resilient and sustainable building design and construction" on June 14. Top 138 engineers of Bangladesh took part in the event, where Raquib Ahsan, a professor of the civil engineering department of Bangladesh University of Engineering and Technology, presented the keynote paper. Ali Ahammad, senior manager for technical services and CIAC Lab at LHBL, shared the product specifications, benefits, applications of construction materials and company overview with the participants.**

## Lufthansa warns its \$10b bailout deal is in jeopardy

REUTERS, Frankfurt

German airline Lufthansa warned on Wednesday that it might need to apply for protection from creditors if its state-backed bailout deal failed to win sufficient support at a shareholder vote on June 25.

Its statement came after German billionaire Heinz Hermann Thiele sharply criticised the 9 billion euro (\$10.1 billion) bailout, saying he had raised his stake in the company to more than 15 per cent and hoped alternative options could be explored.

In an interview with the Frankfurter Allgemeine Zeitung newspaper, Thiele said he was not satisfied with the deal that gives the German government a 20 per cent stake in Lufthansa, as well as two seats on its supervisory board.

Lufthansa shares were up 1 per cent at 0955 GMT.

Lufthansa said its executive board expected the attendance at its extraordinary general meeting to vote on the package on June 25 to be below 50 per cent, which would mean two-thirds of those present would need to vote in favour.

"In view of the latest public statements by the company's largest single shareholder, Heinz Hermann Thiele, the board considers it possible that the stabilisation package could fail to achieve the two-thirds majority of votes cast that would be required in this case," Lufthansa said.

"This would mean that Deutsche Lufthansa AG would possibly have to apply for protective shield proceedings under insolvency law a few days after the annual general meeting if no other solution is found immediately," the German airline said.

Under German protective shield proceedings, a company's management remains in charge and typically gets up to three months to come up with a plan to avoid insolvency.

"The German government has taken a high-risk bet. Its wish for the government to take a direct stake in Lufthansa is putting the jobs of hundreds of thousands of Lufthansa employees at risk. It's completely irresponsible," said Michael Theurer, a

senior member of the opposition Free Democrats (FDP).

Lufthansa shareholders must register to attend the shareholder meeting by June 20 and if more than 50 per cent attend, a simple majority would suffice, Lufthansa said.

As of June 4, 85 per cent of Lufthansa's shareholders were based in Germany. Lufthansa confirmed on Wednesday that Thiele now has a stake of 15.5 per cent in the airline.

Thiele, who declined to say whether he would vote against the deal, said an indirect state participation via German state-owned development bank KfW could be an alternative to an outright government stake.

Like the rest of the airline sector, Lufthansa has been hard hit by what is expected to be a protracted travel slump due to the coronavirus pandemic, forcing its management to seek help from the state.

Under the deal, the German government could raise its stake to 25 per cent plus one share in the event of a takeover attempt and the airline must also transfer up to 24 takeoff and landing slots at the Frankfurt and Munich airports to rivals.

With many of its planes grounded because of the pandemic, Lufthansa also said on Monday it was seeking to strike agreements with worker representatives by June 22 on how to make job cuts equivalent to 22,000 full-time positions.

## German coronavirus tracing app downloaded 6.5m times

REUTERS, Berlin

Germany's smartphone app to help trace coronavirus infections has been downloaded 6.5 million times in the first 24 hours since its launch, the CEO of software company SAP said on Wednesday.

Christian Klein said the reception was testimony to the excellent work that teams from SAP and Deutsche Telekom had put into readying the Corona-Warn-App in just six weeks.

## Visa to finally set up shop in Bangladesh as cashless transactions gain momentum

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"Sensing the importance of the market in digital payments, we established an office in Dhaka. The office is run by locals," Syed Mohammad Kamal, country manager of MasterCard, told The Daily Star yesterday.

MasterCard made foray into the market 28 years ago and it now has partnerships with 20 banks, which cover lion-share of card transactions in the country.

It worked with the government in implementing many financial inclusion projects.

In December last year, Mutual Trust Bank in collaboration with Mastercard introduced an interoperable QR code-based payment acceptance solution - Bangla QR - aiming to boost cashless transactions, the first of its kind in Bangladesh.

The Bangla QR allows cardholders using credit, debit and prepaid cards to carry out payments using a QR code generated by the bank's mobile banking application.

In March, Mastercard and bKash launched a new service enabling customers to transfer funds instantly from debit, credit and prepaid cards to the wallets of the country's leading mobile financial service (MFS) provider round-the-clock, again for the first time in Bangladesh.

A few years ago, Mastercard introduced an online payments gateway in Bangladesh, in which it is a market leader.

"As we have a close relation with customers, we are providing all sorts of services to our clients during the pandemic."

"During normal times many people come to Bangladesh from different countries and many locals also go abroad.

"Because of the pandemic, the card market has completely lost this business. It's a big business for us," Kamal said.

For the decrease in restaurant dine-in, the decline in lifestyle products purchase and the suspension of international travelling, the card market is experiencing a fall.

In April, card transactions dropped about 55 to 60 per cent, according to insiders. In May, the transaction declined to 45-50 per cent.

Syed Mahabubur Rahman, chief executive officer of Mutual Trust Bank, welcomed Visa's decision to open an office in Bangladesh.

"They should have opened it many years ago. However, their presence would help increase digital transactions," he said.

American Express, another global payment technology company, has presence in the country as a sole franchisee of City Bank.

In a latest development, the central bank has allowed authorised dealer (AD) banks to issue international debit cards (IDCs) against annual travel entitlements of \$12,000 per person.

The IDCs can be issued within annual travel entitlement with endorsement on passports.

ADs need to have suitable arrangements in the local currency accounts to which IDCs are linked to ensure that the amount in foreign exchange cannot be expended in excess of endorsement within the annual travel entitlement, said the Bangladesh Bank in a notice on Tuesday.

The local currency accounts have to have sufficient funds to support the expenses to be met from the cards. Alternatively, ADs would have to retain endorsed amounts equivalent in the taka in the margin accounts and they have to be maintained in the names of customers for the smooth adjustment of the expenses.

## Heavy bank borrowing to weigh on private investment, say experts

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Ever since the two-month lockdown that began on March 26, both domestic and foreign investment has slowed down.

To remedy the situation, the government needs to propose a realistic and pragmatic budget, said Ahsan H Mansur, executive director of the Policy Research Institute (PRI).

Echoing Islam's sentiment that 8.2 per cent GDP growth in the upcoming fiscal year is an unrealistic dream, Mansur also said that the government's target to achieve a 55 per cent increase in revenue collection might not be met amid the coronavirus fallout.

The government must bring drastic reforms to the tax administration to improve tax collection and remove corruption and bureaucracy, he added.

There are not many provisions for poor people in the proposed budget but the government will have to take some measures soon in order to feed the nearly 50 lakh people who either lost their jobs or had their income slashed due to the pandemic, the PRI executive director said.

Most borrowers, especially micro, cottage, small and medium enterprises, are not receiving funds from the government's Tk 20,000 crore stimulus package since the banks' profit margin is around 1 per cent.

With such a low profit margin and high operation costs, banks have lost interest in

dispensing funds from the stimulus package, which was meant to help small-scale firms survive the COVID-19 outbreak.

"The profit margin should be around 3 per cent at least," Mansur said.

Unfortunately, the construction and maintenance of roads and highways are always prioritised even though waterways and railways have high potential. If corruption in the railway sector was curbed, it would benefit passengers the most.

"Similarly, if the government sells the sand collected from riverbeds to traders, the cost to dredge the river would be practically covered," said the PRI executive director.

In most cases, contractors leave the dredged sand on banks of the river from which it came. As a result, the material just seeps back into the waterbody, he added.

Md Mosharruf Hossain Bhuiyan, a former chairman of the National Board of Revenue, urged the government to reconsider its decision to increase taxes on mobile phone services.

The small and medium enterprises (SME) sector, which accounts for 25 per cent of the country's GDP, were affected the most by the COVID-19 pandemic, according to former AmCham president Aftab ul Islam.

"We need to boost SMEs in order to increase the sector's contribution to the national GDP to

40 per cent," he said.

The fact that banks consider SMEs to be a risky investment should be changed as the loan recovery rate from this sector is higher than that of others, added Islam.

Planning Minister MA Mannan said that the government has been working hard to protect the job market through numerous initiatives.

Apart from the stimulus packages, the government has already transferred Tk 2,500 to 50 lakh ultra-poor families and now plans to feed a further 40 lakh families across the country.

"The target is to bring the poverty rate, which currently stands at 35 per cent due to the COVID-19 outbreak, back down to 20 per cent," Mannan said.

In regards to bank borrowing, Mannan said that the government plans to borrow from the World Bank and International Monetary Fund to meet the budget deficit.

Besides, the inflow of remittance is still good, the agriculture sector is doing well and a decent amount of foreign direct investment can be expected to arrive as the government has taken steps to encourage investors, Mannan added.

Fazlul Hoque, former president of the Bangladesh Knitwear Manufacturers and Exporters Association, and Shams Mahmud, president of the Dhaka Chamber of Commerce and Industry, also spoke during the event.

## Why is Bangladesh's stock market bearish when global stocks are on bull run?

FROM PAGE 1

Due to the traditional method still used in carrying out trade, both the DSE and the Chittagong Stock Exchange had to stay shut from March 26 to May 30 during the countrywide shutdown put in place to contain the contagion.

On March 19, the BSEC ordered the bourses to set the floor prices of stocks based on the average prices of preceding five days, to prevent the securities from sinking further. Such interventions spooked the confidence of institutional and foreign investors and the BSEC has already realised it. But the regulator is still waiting to scrap the floor price.

The global stock markets saw some ups and downs in the last six months and they are bouncing back now. This is normal because if the market falls, it would rise fast, the merchant banker said.

"The BSEC had tried to stop the plunge. The regulator now fears the market may fall further if the floor price is lifted. Such policy interventions have impacted the confidence and the confidence would not come back all of a sudden."

## Bangladesh, Bhutan to sign preferential trade deal

FROM PAGE B4

The law ministries of both countries are vetting the documents now, she said.

The documents were supposed to be finalised in March this year, but it was delayed due to the novel coronavirus pandemic.

Bhutan agreed to provide duty benefit on export of 100 different goods, including garments, processed agricultural goods and electronics.

On the other hand, Bangladesh agreed to provide duty benefit to 34 Bhutanese products including fruits, said Khan.

Being members of the South Asian Association for Regional Cooperation (Saarc), trade between Bangladesh and Bhutan is on the rise as both the countries have demand for products of each other.

that amounted to \$26.52 million in fiscal 2012-13 reached \$57.90 million in fiscal 2018-19, according to data from the commerce ministry.

Khan said negotiations were underway to soon sign PTAs with Indonesia and Nepal.

Last month Bangladesh ratified a duty offer of China, which granted zero duty benefit to 97 per cent of items originating in Bangladesh.

"Chinese duty privilege is a bit generous for us compared to other countries as China allowed us both old and new duty options," Khan had said earlier.

China granted duty benefit both bilaterally and under Asia Pacific Trade Agreement. So in a sense the Chinese offers are more generous compared to those from other countries, she said.

## NBR eyeing VAT from streaming platforms

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According to the guidelines, VAT is applicable for online streaming services under the miscellaneous category.

Banks can collect the VAT when a client charges their credit card to pay a subscription fee before depositing the sum with the state exchequer.

"But banks cannot do so without instructions from the Bangladesh Bank," said Rahman in a letter to the central bank.

In his letter, the director general asked the central bank to direct banks to begin deducting VAT when subscription fees are paid through cards.

However, the NBR department could not ascertain the exact number of online streaming platform subscribers in Bangladesh or how much revenue has been

lost until now.

With 183 million paid memberships in over 190 countries, Netflix is a popular entertainment service with a host of television series, documentaries and feature films to select from.

Subscribers can enjoy any movie or series from Netflix's library anytime, anywhere so long as they have a suitable device, such as a smartphone, and connection to the internet.

Meanwhile, Amazon Prime is a concern of global e-commerce giant Amazon. Other than streaming services, Amazon Prime offers delivery services, books and more.

A senior official of the NBR's VAT Policy also said that in the past, they had asked the BB to direct banks to collect VAT for the purchase of online streaming services like Netflix.

## March was mean for MFS providers

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Nagad has designed some products and offers extra facilities to small and medium enterprises. These offers helped a huge number of business entities during the pandemic.

The BB report, however, did not show statistics on Nagad, the Bangladesh Postal Service's mobile financial service arm, as it got the licence from the central bank in April.

According to the BB report, March was the worst month in recent times for the MFS industry in almost all the parameters.

The BB is yet to publish April's report. The indicators are surely going to be worse and might be the most awful in all of the last couple of years, according to industry people.

As of March, there was 8.26 crore registered users in Bangladesh. Of them, 2.68 crore were active.

## Mountain Dew's new TVC featuring Hrithik Roshan now on air

FROM PAGE B4

Called "Bhoyor Porei Joy" campaign, the TVC showcases that in the face of challenges, only by moving beyond one's fears can one truly achieve what one is capable of, said the PepsiCo-owned brand in a press release yesterday.

The film opens with Roshan on the set of a shoot. Expected to perform a daredevil motorcycle stunt, fear is visible on the actor's face as he evaluates the choice in front of him. A resolute look crosses his face as he takes a sip of Mountain Dew and takes the challenge head-on.

"We are confident consumers across Bangladesh will relate with Hrithik Roshan in the film and that the belief of 'Bhoyor Porei Joy' will resonate strongly with them," said Deepinder Singh Tiwana, general manager of sales, distribution and marketing at Transcom Beverages, the franchise holder of Mountain Dew in Bangladesh.

Mountain Dew is one of the fastest-growing carbonated soft drink brands in Bangladesh, said Khurshid Irfan Chowdhury, managing director and chief executive officer of Transcom Beverages.

## Urban poor left uncared for: analysts

FROM PAGE B4

She stressed the need for digitalisation of the National Social Safety Net Programme as soon as possible to ensure proper utilisation of the fund.

Healthcare, food and nutrition are the most important issues at this moment, she said, adding: "The allocation of Tk 100 crore for the rural poor is very inadequate for creating employment."

Bidisha also suggested a cut in the unnecessary public expenditure and utilisation of the money for the welfare of the poor.

People who will be involved in irregularities during the distribution of funds under SSNP should be brought to book, said Mohsin Ali, general secretary of the Right to Food Bangladesh.

The government did not address the issues of the new poor although the poverty rate leapt to 40 per cent from 20.4 per cent due to the pandemic, he said while presenting the keynote. He also urged the government to ensure proper implementation of the budgetary allocation for healthcare and SSNP.

## BB orders banks to ensure full CSR spending on health

FROM PAGE B1

Initiating various measures in the health sector has become inevitable to help it overcome the current crisis brought on by the novel coronavirus, it said.

The BB advised banks to carry on regular activities in the health sector and extend cooperation by donating important medical equipment such as polymerase chain reaction (PCR) machines, ventilators and oxygen cylinders as well as personal protective gears for health professionals.

Steps have to be taken to extend this cooperation to the district level, the central bank said.