

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.03%	▲ 0.05%	\$1,769.30	\$41.53	▼ 1.58%	▼ 0.07%	▼ 0.24%	▲ 0.30%	BUY TK 83.95	93.78	103.93	11.72
3,964.83	6,817.62	(per ounce)	(per barrel)	34,868.98	22,534.32	2,628.62	2,979.55	SELL TK 84.95	97.58	107.73	12.32

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Star BUSINESS

DHAKA THURSDAY JUNE 25, 2020, ASHAR 11, 1427 BS • starbusiness@thedailystar.net

Taka gains on falling imports, rising remittances

Forex reserves cross \$35b

AKM ZAMIR UDDIN

The local currency has started appreciating suddenly due to a massive fall in import payments and rise in remittances in recent weeks.

This helped the country's foreign exchange reserve surpass the \$35-billion mark for the first time yesterday, according to data from the central bank.

Typically, an increase in the value of one currency makes imports cheaper and exports costlier.

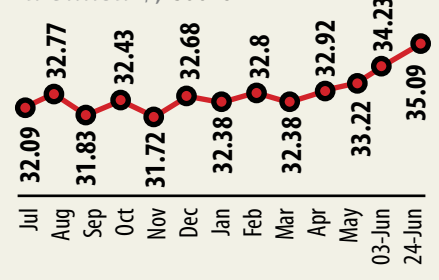
Bankers and an economist said the central bank will have to step in to stop the appreciating trend of the taka at any cost in the interest of the country's export sector, or else it will impact badly the financial sector as a whole in the days to come.

Yesterday, the interbank exchange rate stood at Tk 84.80 per dollar, down from Tk 84.95 on June 18. The exchange rate of the taka had been maintaining a stable position since November last year until the latest uptick. Multilateral lender agencies have recently released nearly \$1.5 billion in soft loans to help Bangladesh fight against the ongoing economic meltdown brought on by the coronavirus pandemic along with meeting their previous commitments for various projects.

In addition, the expatriate Bangladeshis

FOREX RESERVE OVER THE MONTHS

In billion \$; SOURCE: BB



sent remittance amounting to \$1.41 billion in the first 23 days of June, which is higher than the same period a year ago when the inflow stood at \$1.36 billion.

Against the backdrop, the reserve rose to a record high of \$34 billion on June 3 and made another record yesterday.

"There is no scope to feel complacency about the rising trend of remittance as thousands of expatriates have been forced to return home and many others are set to be deported," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh. The workers are sending their liquid assets to the country before leaving their host countries, he said.

Exporters are struggling to survive from the current economic fallout and the appreciating trend of the local currency has dealt a blow to them, said Mansur, also a former high official of the International Monetary Fund.

READ MORE ON B3

NBR's bid to cap promotional expenses leaves firms hot and bothered

SOHEL PARVEZ

The revenue authority has sought to tax companies' promotional expenditure exceeding 0.50 per cent of their turnover, an unprecedented move that has left firms flustered.

Promotional expenses exceeding the proposed cap would instead be listed as income and therefore, companies will have to pay tax on the expenditure from the upcoming fiscal year.

consumer goods (FMCG) and similar industries spend between 5 to 10 per cent of their turnover on promotional activities, a long-established practice that drives sales.

The proposed cap on such expenditures means that the cost of doing business will increase.

This will also likely force companies to cut down on promotional activities at a time when the economy needs more investment to make a

misquoting of expenses. However, a stronger audit system would be more beneficial to that end than the proposed cap.

"This will disincentivise large companies," said Khan, also a former president of the Dhaka Chamber of Commerce and Industry.

Along with the FICCI, the Metropolitan Chamber of Commerce and Industry (MCCI) also demanded the removal of the provision, said its Secretary General Farooq Ahmed.

IMPACT OF CAPPING PROMOTIONAL EXPENSES UP TO 0.5% OF TURNOVER

TURNOVER (TK)	PROFIT (%)	PROFIT (TK)	TAX RATE (%)	TAX ON NORMAL PROFIT (TK)	PROMOTIONAL EXPENSE (%)	INADMISSIBLE PROMOTIONAL EXPENSES (TK)	TAX ON INADMISSIBLE EXPENSES (TK)	TOTAL TAX (TK)	INCREASE IN EFFECTIVE TAX RATE (%)	OVERALL EFFECTIVE TAX RATE (%)
100	2%	2	32.5%	0.65	6%	5.5	1.79	2.4	89%	122%
	5%	5		1.625				3.4	36%	68%
	10%	10		3.25				5.0	18%	50%
	15%	15		4.875				6.7	12%	44%
	20%	20		6.5				8.3	9%	41%
	25%	25		8.125				9.9	7%	40%
	30%	30		9.75				11.5	6%	38%

SOURCE: SNEHASHISH MAHMUD & CO

In turn, this may increase the effective tax rate from 6 per cent to 36 per cent depending on a profit base range between 5 and 30 per cent, Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce and Industry (FICCI), told Finance Minister AHM Mustafa Kamal last week in a letter seeking the cap's removal.

Due to the increase in effective tax rates, non-listed companies, the country's biggest taxpayers, will not be able to take full advantage of the proposed reduction of corporate tax from 35 per cent to 32.5 per cent.

"This will subside the government's initiative to reduce corporate tax rates," said a top executive of a multinational company operating in Bangladesh for many years requesting anonymity to speak candidly on the matter.

The FICCI also said that fast-moving

speedy recovery from the pandemic fallout.

The coronavirus pandemic has devastated incomes and both domestic and global demand. This means that companies are struggling to generate enough income to pay salaries and meet operating expenses amid a lack of sales.

Due to this unprecedented situation, many industries are currently running at minimum capacity, the industry insiders said.

Under these circumstances, if various industries have to decrease their promotional activities then business growth, and, in turn, the government's revenue, will be affected.

"This will create a chain reaction in the economy," said Abul Kasem Khan, chairperson of the Business Initiative Leading Development (BUILD), a joint initiative of leading chambers.

The cap might be introduced to curb the

The FICCI said that if the measure is passed, it will give the wrong signal to all potential foreign direct investors as an investment in Bangladesh will look 'very unattractive'.

If the FMCG and other industries want to minimise their taxes on promotional expenses, more than 90 per cent of those activities will be reduced, which will significantly hinder business growth, read the FICCI president's letter, which was also forwarded to the National Board of Revenue.

The revenue authority is seeking to fix a maximum ceiling on promotional expenses to discourage certain malpractices among firms, particularly a section of pharmaceuticals companies that claim various benefits provided to their physicians as promotional expenses, said a senior taxman.

READ MORE ON B2

Overcapacity in power sector a growing concern: CPD

STAR BUSINESS REPORT

Overcapacity is a growing concern for the power sector as it is creating fiscal and financial burdens for the country, said the Centre for Policy Dialogue (CPD) yesterday.

The power division has confronted rising fiscal and financial burden due to the overcapacity related problems, which aggravated further during the Covid-19 period and would deepen in the post-COVID period, the think-tank said.

Payment of capacity charges to power plants is a growing expenditure for Bangladesh Power Development Board (BPDB), particularly for rising unused and under-utilisation of capacity, said Khondaker Golam Moazzem, research director of the CPD, in a paper.

The paper was presented at a virtual dialogue on "Covid-19 - Power Sector in National Budget for FY2020-21: Allocative Priorities and Alternate Proposals" organised by the CPD.

The power sector is one of the major areas of success of the government over the last decade, the CPD said. But the transmission and distribution systems did not make considerable progress in commensurate with that of power generation.

The amount of overcapacity on June 16 of FY18, FY19 and FY20 was 9,437 megawatts, 8,806MW, and 10,216MW respectively. During the same period, the rates of overcapacity was as 59 per cent, 46 per cent and 49.8 per cent respectively.

Such a high amount of reserve capacity is against the 25 per cent target set in the Power Sector Master Plan and significantly higher than the 10 per cent reserve capacity maintained in developing countries, the CPD paper said.

The capacity payment has significantly increased over the years: from Tk 1,790 crore in FY10 to Tk 8,929 crore in FY19, up 398 per cent.

The CPD called for reprioritisation of budget allocation of the power division, particularly towards promoting clean energy by discouraging new investment in coal or fuel-based power plants as well as retiring private sector quick rental power plants on a priority basis.

The Covid-19 has provided an opportunity to revisit existing approaches, operations, management, cost and return of the ongoing power

generation, distribution, transmission and related activities, the CPD said.

"It is a good time to rethink the power sector development strategies in view of redirecting the power sector towards clean energy led sector by 2030 and 2041."

The power division needs to follow 'go-slow' policy in power generation-related projects both under public and private sector given the huge amount of overcapacity currently exists, the CPD said.



CPD recommends

- Redirecting power sector towards clean energy-led sector by 2030
- Rationalising power division's budget
- Reprioritising investment projects
- Going slow in power generation related projects given existing overcapacity
- Making exit plan for quick rental power plants

The government should make a clear exit plan for the quick rental power plants and should gradually phase out those projects, it said.

Nasrul Hamid, state minister for power, however, said there is no overcapacity.

Of the 23,500MW installed power generation capacity, 4,000MW is produced by industries through captive generation.

There is 10 per cent of de-rated capacity. There are old plants with combined capacity of 1,500MW that are not used but have been put on standby and these plants would retire soon, according to Hamid.

Then, the installed generation

capacity comes to 16,000MW, he said. But the demand rose to 12,000MW even during the Covid-period, he said.

"I would have been in trouble if there had been no Covid-19. So, it is not overcapacity."

"We have to put in place a maximum capacity, whether it is used or not."

There is only 19 per cent in excess capacity now in Bangladesh whereas it is 100 per cent in India and the US, he said.

Japan has plans to invest \$6 billion in the power sector in Bangladesh, said the state minister. "We have got assurance for another \$2 billion worth of investment."

"Why are they investing in Bangladesh? Because they are going for big manufacturing industries in Bangladesh. They are setting up ports in Matarbari."

So, the power generation capacity is increasing keeping in mind the future demand scenario, he said.

Of the power plants, 35 per cent are based on liquid fuel and the government wants to get rid of them, according to the state minister.

"But we have to bring in base-load and more efficient power plants. We are working on them," he said, adding that power plants with capacity of 2,000MW would retire in the next three years.

On coal, he said the government is reviewing its plans on coal-based power plants because of falling prices of liquefied natural gas.

"We are keeping the three coal-based power plants," he said, referring to the plants in Paira, Rampal and Matarbari.

He talked about the government plan on issuing bonds in Singapore or other big markets to raise funds for power projects as well as enlisting public power projects in the stock markets.

Bangladesh would require an investment worth \$30 billion if it wants to have a stable electricity in the next five years, he said.

The government is rightfully investing in distribution and transmission systems as the coronavirus pandemic has shown that modernisation of the systems is very important, said M Tamim, a professor of petroleum and mineral resources engineering of the Buet.

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ICC world council elects new chair

STAR BUSINESS DESK

The International Chamber of Commerce (ICC), the institutional representative of 45 million companies in over 100 countries, has elected MasterCard CEO Ajay Banga as chair.

Banga, who has served as ICC's first vice-chair since June 2018, becomes ICC Chair with immediate effect, succeeding Paul Polman who becomes ICC honorary chair, having served as chair for the past two years.

Yassin Al Suroor, founder and the executive chairman of Aamal Group, was re-elected as vice chair.

The election took place during the annual ICC World Council Meeting held through a virtual platform on June 23, the global business organisation based in Paris said in a statement.

The chamber also elected Maria Fernanda Garza, CEO of Orestia and current board member, as ICC's first vice-chair, making her the first woman to hold this position.

"I am delighted to step into the role of ICC chair, taking over from my friend Paul Polman," Banga said.

"In this challenging time, I intend to build on the work underway at ICC and to ensure that the organisation, on behalf of business globally, continues to lead in promoting greater prosperity and opportunity for all, which includes being a crucial voice in the re-building of a sustainable and inclusive global economy."



Ajay Banga

LankaBangla Finance brings two new deposit schemes with life insurance coverage

STAR BUSINESS DESK

LankaBangla Finance has introduced two unique deposit schemes 'Swasti' and 'Protiva' with life insurance coverage at free of cost in Bangladesh.

The main objective of these two landmark deposit schemes is to build regular savings habits with an assurance of getting full maturity value for any unanticipated incident, the financial institution said in a statement yesterday.

LankaBangla Finance will pay the premium on behalf of the customers, according to the statement.

"Swasti" - "Money Builder" (DPS) scheme is a saving scheme where the customers will get dual benefits. Any Bangladeshi or Bangladeshi staying abroad (18 to 65 years) can receive various benefits

from this scheme.

"Protiva" - "Money Builder" (DPS) scheme for the new generation to explore a new horizon. Exclusively designed for the children (under 18 years) to get full maturity value in case of any unanticipated incident of the guardian.

"Thinking about the future of the customers, we come up with two innovative and new deposit schemes, "Swasti" and "Protiva" with insurance coverage," said Khurshed Alam, senior executive vice president and head of retail business of LankaBangla Finance.

"We are hopeful that the "Swasti" deposit scheme will ensure a carefree life for the customer and the "Protiva" deposit scheme will ensure the safety of future generations."

Italy approves guarantees for \$7.1b loan to Fiat Chrysler

REUTERS, Rome

Italy has approved a decree offering state guarantees for a 6.3-billion euro (\$7.1 billion) loan to Fiat Chrysler's (FCA) Italian unit, a source said, paving the way for the largest crisis loan to a European carmaker.

The source said Italy's audit court had signed off on the decree, in a final step of what had been a lengthy and contested process to get the loan approved. The court's approval follows an earlier endorsement by the economy ministry. "The audit court authorized the decree," said a source close to the matter, asking not to be named because of its sensitivity.

FCA's Italian division has tapped Rome's COVID-19 emergency financing schemes to secure a state-backed, three-year facility to help the group's operations in the country, as well as Italy's car sector in which about 10,000 businesses operate, weather

the crisis triggered by the coronavirus emergency. The loan will be disbursed by Italy's biggest retail bank Intesa Sanpaolo, which has already authorised it pending the approval of guarantees the government will provide on 80 per cent of the sum through export credit agency SACE.

The request for state support has sparked controversy because FCA is working to merge with French rival PSA and the holding for the Italian-American carmaker is registered in the Netherlands. FCA's global brands include Fiat, Jeep, Dodge and Maserati. It was not immediately clear what conditions, if any, Italy has set as part of the guarantees and whether they would affect FCA's planned 5.5 billion euro extraordinary dividend, which is a key element in the merger with PSA.

FCA, whose shares were down 0.5 per cent by 0908 GMT, had no immediate comment.

Supply chains slowly returning to normal: WTO

FROM PAGE B4

Garment factories in Bangladesh are currently running at 55 per cent of their full production capacity in an effort to reduce operational costs amid decreased sales.

This capacity could increase to 70 or 80 per cent by October-December.

"So, we cannot say that global trade will return to its previous position soon. It will take time," Mansur said.

Bangladesh will face more challenges when recovering from the coronavirus fallout, allowing Vietnam to outperform Bangladesh in international trade as the country is in an advantageous position, the economist added.

Mansur also once again suggested that the government should quickly implement the stimulus packages so that local firms can benefit from funding.

Bangladesh recently retained its title of being the second largest exporter of apparel products worldwide. In 2018, the country held around 6.4 per cent of the total market share, exporting about \$34 billion in apparel products, the WTO data said.

Arshad Jamal Dipu, vice president

of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said that the country has the capacity to retain its second-place spot for the next eight years.

"I am confident that Bangladesh has the strength as we have invested a lot of money in this sector over the last four decades," Dipu told The Daily Star over phone.

It is also expected that the European Union (EU) will extend its zero-duty benefits for Bangladeshi garment products.

"We will soon negotiate with the EU for duty privileges. I hope the EU accepts our plea as we have already been affected severely by the Covid-19 outbreak," Dipu added.

Bangladesh's apparel exports to the EU have enjoyed zero duty benefits ever since 1973 under the EU's generous trade scheme, 'Everything But Arms (EBA)', meant for Least Developed Countries (LDCs).

However, these benefits will be discontinued after 2027, when the Bangladesh graduates from the LDC category.

Officially, Bangladesh will be registered as a developed country

in 2024 but will be granted three additional years to prepare for the change in category.

Therefore, Bangladesh will either have to secure GSP Plus status or an extension of the current EBA to enjoy duty free benefits with the EU, where 64 per cent or \$34 billion in garment items are exported annually.

"We will appeal to the EU for an extension of the current EBA for at least another eight years as we have been badly impacted by COVID-19," Dipu said.

Bangladesh's apparel items do not get tax free access to the US market, the country's main export destination, as the American government does not provide duty free benefits for garment items from any country other than a few African nations under the African Growth and Opportunity Act (AGOA).

As a result, garment exporters face up to 15.62 per cent duty on apparel items shipped to the US even though the country allows zero duty benefits for 97 per cent of the other products produced by LDCs.

Bangladesh's garment exports to the US amount to more than \$6 billion annually.

French industrial confidence improves less than expected in June

REUTERS, Paris

French industrial confidence rose in June from depths plumbed during the country's coronavirus lockdown although not by as much as expected, a monthly survey showed on Wednesday.

The INSEE official stats agency said its index of industrial morale rose to 77 this month from 71 in May, when France began emerging from a nationwide lockdown that had closed shops, restaurants and factories.

While up from the record low of 68 hit in April, the result remained well below pre-crisis levels around 101.

It also fell short of expectations for a reading of 80 on average with forecasts ranging from 74 to 86 in a Reuters poll of 16 economists.

275 trucks stranded in Benapole, Petrapole

FROM PAGE B4

"We had a small amount of money in our pocket that we received as truck rent while entering Bangladesh three months ago," said Indian truck driver Sushant Kumar.

"We are struggling now to buy food. Moreover, we have to sleep inside our trucks, as we are not allowed to go outside the port."

The port authority has been providing food to the Indian truck drivers, but still it is not enough to feed them all every time, said an official.

"We had requested the Petrapole port authorities and Indian truck owners repeatedly to take back their vehicles and send our 75 trucks to Bangladesh in several meetings we had in the no-man's land," said Mamun Kabir Tarafdar, director for traffic at the Benapole port.

"Now India is not allowing the drivers of the 75 trucks to enter Petrapole and take back their vehicles also."

Overcapacity in power sector a growing concern: CPD

FROM PAGE B1

"The more reliable and efficient a system is, the less reserve power a country would need. Let's focus on efficiency so that we don't have huge reserve capacity."

The latest power sector master plan is very ambitious to begin with and it needs to be looked into, he said.

"We need to have a realistic demand forecast. We don't want to under-serve. But if we undertake too many projects and they are not used properly, then they would affect the whole system and the economy."

The energy expert also talked about the Bangladesh Energy Regulatory Commission (Amendment) Bill, 2020, which was placed in the Parliament to empower the BEREC to make change in tariff more than once per financial year.

It must be stated categorically how many times the BEREC would be able to make changes to the power tariff, he said.

"The tariffs should not be revised more than twice in order to protect the consumers. The conditions during which it can be revised should be clearly defined."

It would not be possible to bankroll long-term projects if capacity payment is not given, said Imran Karim, president of the Bangladesh Independent Power Producers' Association.

Rehman Sobhan, chairman of the CPD; Fahmida Khatun, executive director; Mustafizur Rahman, a distinguished fellow; Mohammad Hossain, director general of the Power Cell, and Siddique Zohair, a former member of the Sustainable Renewable Energy Development Authority, also spoke.



MERCANTILE BANK

Mercantile Bank Chairman Morshed Alam presides over the 21st annual general meeting of the bank through a digital platform yesterday. The bank approved 11 per cent cash and 5 per cent stock dividends for the shareholders. Managing Director and CEO Md Quamrul Islam Chowdhury also took part in the programme.

Taka gains on falling imports, rising remittances

FROM PAGE B1

"The central bank should purchase dollars heavily from banks in order to curb the appreciating trend."

The Bangladesh Bank purchased \$115 million from banks on June 23 as part of its effort to tackle the appreciation of the currency.

"We have long been requesting the central bank to depreciate the taka, but it has not done so. The ongoing crisis could have been tackled smoothly had the BB devalued the taka in time," Mansur said.

Both the central bank and the government should protect the interest of exporters by depreciating the taka, he said.

Syed Mahubur Rahman, managing

director of Mutual Trust Bank, echoed Mansur, saying banks now enjoy a robust amount of foreign currencies because of the fall in imports.

"The depreciating trend of the dollar should be stopped to protect both remitters and exporters," he said.

Between July and April, export earnings stood at \$28.75 billion, down 13.20 per cent from a year earlier. Import payments fell 8.77 per cent to \$42.97 billion.

"The balance of payments is now in dire straits due to the economic fallout. We would have felt happiness had exports, imports and remittances registered a good trend in tandem," Mansur said.

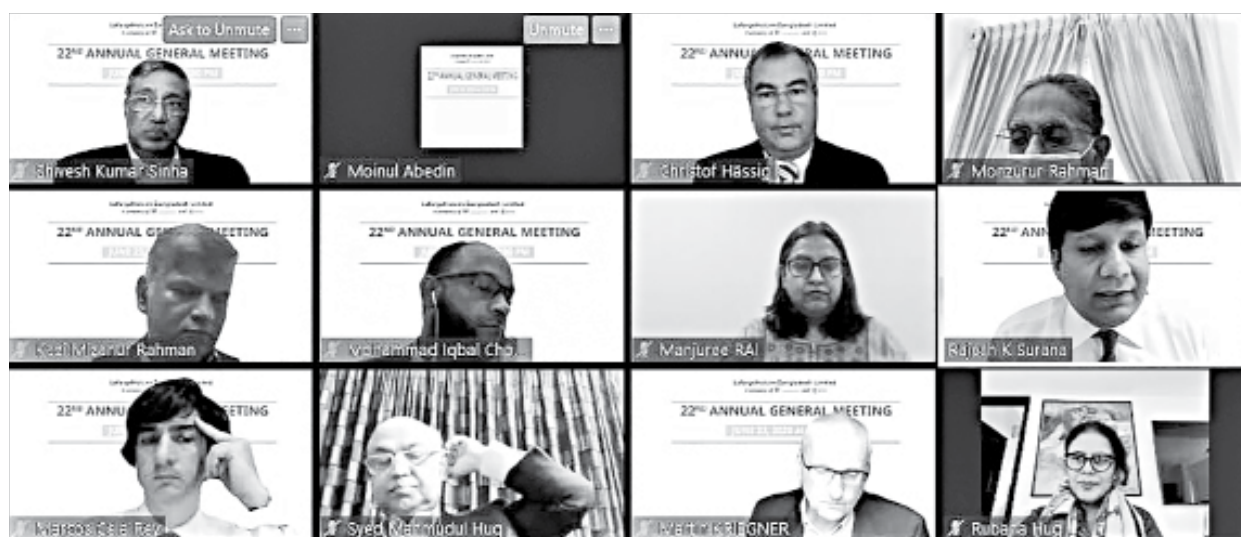
Bangladesh is not the only

country that is witnessing a higher foreign currency reserve: almost all emerging economies are seeing the same trend.

For instance, India's reserves crossed the \$500-billion mark for the first time on June 5 as there has been no sufficient demand for foreign currencies from oil marketing companies.

The central bank of India secured an additional foreign exchange reserve of \$31.8 billion in the two-and-a-half months to June 5.

"The reserves would put a positive impact on the economy if the authorities can manage the ongoing financial storm properly," said Mansur.



LAFARGEHOLCIM BANGLADESH

Christof Hässig, chairman of LafargeHolcim Bangladesh, presides over the 22nd annual general meeting of the company through a digital platform on Tuesday. Rajesh K Surana, CEO, along with directors also took part in the meeting. They approved 10 per cent cash dividend for 2019.

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Memo No. 45.02.0000.341.07.001.19-1691 Dated: 24.06.2020

Invitation for e-Tender (IFeT) Open Tendering Method (OTM)

Sl. No.	Tender ID No.	Package No.	Name of works	Document price (BDT)	Tender security (BDT)	Last selling date & time	Closing date & time
1	473389	WP-9144/SOP-4(GOB)-HED	Repair & Maintenance of South Rajapur Community Clinic Ward No. 02 and Janasha Bazar Community Clinic Ward No. 03 at Rajapur Union in Sadar Upazila Under Bhola District.	1000.00	29000.00	08.07.2020 17.00	
2	473390	WP-9145/SOP-4(GOB)-HED	Repair & Maintenance of Samsuddin Hawladar Bari Community Clinic Ward No. 01 and Siraj Member Bari Community Clinic Ward No. 02 at Charhalifa Union in Daulatkhan Upazila Under Bhola District.	1000.00	29000.00	08.07.2020 17.00	
3	473391	WP-9146/SOP-4(GOB)-HED	Repair & Maintenance of Yasingonj Community Clinic Ward No. 03 and Harej Member Bari Community Clinic Ward No. 03 at Shambapur Union in Tajmuddin Upazila Under Bhola District.	1000.00	29000.00	08.07.2020 17.00	09.07.2020 13.00
4	473392	WP-9147/SOP-4(GOB)-HED	Repair & Maintenance of Char-Titya Community Clinic Ward No. 02 and Char-Kochopiya Community Clinic Ward No. 03 at Badarpur Union in Lalmochan Upazila Under Bhola District.	1000.00	39000.00	08.07.2020 17.00	
5	473393	WP-9148/SOP-4(GOB)-HED, Lot-I	Repair & Maintenance of Mohiuddin Hawladar Bari Community Clinic Ward No. 01 and Badhan Bari Community Clinic Ward No. 02 at Sachra Union in Borhanuddin Upazila Under Bhola District.	1000.00	39000.00	08.07.2020 17.00	
6	473394	WP-9148/SOP-4(GOB)-HED, Lot-II	Repair & Maintenance of Kasem Murshe Bari Community Clinic Ward No. 01 and Goni Molla Bari Community Clinic Ward No. 01 at Nilkomol Union in Charfassion Upazila Under Bhola District.	1000.00	39000.00	08.07.2020 17.00	

These are online tenders where only e-Tenders will be accepted in the abovementioned Portal and no offline tender/hard copies will be accepted. Supplementary information with guidelines are available in the National e-GP System and from the e-GP help desk (helpdesk@eprocure.gov.bd). For submission of e-Tenders, HED/other departmental enlistment renewed up to 2019-2020 and registration in the National e-GP System will be eligible. The fees for downloading the e-Tender documents from the National e-GP System Portal have to be deposited online through any registered bank's branches up to time specified in Online Notice. Interested persons may communicate with the undersignatories during office hours. The procuring entity reserves the right to accept any or reject any or all tenders without assigning any reason whatsoever.

Signed
Md. Moshur Rahman
Estimator (Civil)
HED Barishal Division

Signed
Md. Nazmul Haque
Executive Engineer
HED, Barishal Division
Phone: 0431-63792

GD-1040

275 trucks stranded in Benapole, Petrapole

OUR CORRESPONDENT, Benapole

India's Border Security Force (BSF) has restricted the movement of 275 trucks at Petrapole and adjoining Benapole ports as a quarantine measure, putting drivers and authorities in a quagmire.

Two hundred Indian trucks entered Benapole while 75 Bangladeshi ones Petrapole just before the imposition of a lockdown on March 22 on the biggest channel for trade between the neighbouring nations.

On June 8, only imports from India were allowed.

Since then, the BSF has been refusing to allow any of the 275 trucks to go back to their origins after releasing their goods, as it believes the vehicles may spread coronavirus.

Moreover, though the BSF allowed the drivers and helpers of all 75 Bangladeshi vehicles to return home, they are not accepting the Indian drivers.

The empty Indian trucks are now occupying the parking sheds, creating traffic jam and obstructing the release of newly imported goods, said Kalim Uddin, a leader of Benapole Port Workers Union.

READ MORE ON B3



Some of the 200 Indian trucks are seen that got stranded in Benapole port amid a quarantine measure.

Prime Bank offers collateral-free loans to e-CAB members

STAR BUSINESS REPORT

Prime Bank and the e-Commerce Association of Bangladesh (e-CAB) yesterday announced a partnership offering collateral-free loans of up to Tk 50 lakh alongside other tailored financing solutions to the latter's members focusing the online shopping industry.

The working capital term loans will be available for fixed asset purchase, capital expenditures, international trade solution and bank guarantee against work order.

The e-commerce ventures will need two years' business experience and an introduction letter from the e-CAB. A dedicated relationship manager of the bank will deal with applications.

The announcement came at an online

event attended, among others, by Telecom Minister Mustafa Jabbar, who said the initiative would significantly reduce the distance between banks and the e-commerce sector.

"Like immovable property in other businesses, the knowledge and intellectual property of an e-commerce entrepreneur are valuable assets," he said.

"If we do not understand their business, we will fall behind. I think after this initiative of Prime Bank, a lot of the understanding gap about the e-commerce industry will be dispelled," the telecom minister also added.

Last week the same arrangements were made for members of the Bangladesh Association of Software and Information Services.

50pc of students to get vocational, technical education: deputy minister



STAR BUSINESS REPORT

Fifty per cent of students of the country will be brought under vocational and technical education to address the lack of skilled manpower and ensure demographic dividend in coming days, said Mohibul Hassan Chowdhury, the deputy minister for education, yesterday.

He also put emphasis on expanding nursing education faster than general education so that the country could face crises like the Covid-19.

"We need skilled manpower rather than general graduates. The general graduation is not of international standard which would have enabled students to get jobs in foreign countries," said Chowdhury.

So the number of general graduates should be limited and quality should be ensured, he said. The budget has to be prepared keeping in mind the reality of Bangladesh's current economic status, life and livelihoods, he added.

There are currently 50.67 million young people aged between 18-35 years, comprising a third of the population. Of them, 73 per cent live in rural areas.

Chowdhury was addressing a webinar styled "Youth Perspective on Covid-19 Crisis in Bangladesh: Reflection on National Budget 2020-21" jointly organised by The Daily Star and ActionAid Bangladesh.

The health sector's infrastructure is very weak and the government gave priority to it in the proposed budget, said Atiur Rahman, former governor of Bangladesh Bank.

There are inefficiencies in budget utilisation of the health sector and it should be addressed for the health sector's development, he said.

Regarding a budgetary allocation for small and medium enterprises, Rahman, also a professor of the Department of Development Studies at the University of Dhaka, said this was the scope to provide low-cost working capital to the youth.

He also suggested creating a credit guarantee fund so that youth entrepreneurs could get bank loans without a mortgage.

Though budgetary allocations are being made for youth development, there is no monitoring on how the allocations were being spent, said Nahim Razzaq, a lawmaker and member of the parliamentary standing committee on the foreign affairs ministry.

Digital communication is currently the new norm but the budget proposed increasing supplementary duty on internet use which went against the government's digital agenda, said Razzaq.

"Some of the young lawmakers spoke on this issue in parliament and also contacted both the telecom minister and ICT state minister and they are also aligned with us," he said, hoping that the proposal would be withdrawn.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, suggested considering employment generation initiatives in the budget focusing on the young population.

he said. He said due to the pandemic of Covid-19, a number of start-ups were in trouble and some were about to shut down.

Ismat Jerin Khan, a director of SME Foundation, said the challenge for the start-ups was to keep afloat amidst the Covid-19 pandemic. "We need to help these start-ups and should not let them die," she said.

About challenges faced by start-ups, she said banks do not provide loans to new entrepreneurs because they were unable to fulfil their criteria, especially that involving mortgage.

She further suggested involving the research sector with the private sector keeping sufficient allocations in the budget for utilising talents and knowledge of Bangladeshi youth.

Ananya Raihan, executive chairperson of Dnet and CEO of Infolady Social Enterprise, said budgetary allocations could not be utilised properly for institutional weaknesses.

Munir Hasan, head of Youth Programme at Prothom Alo, said the digital divide was coming as an upcoming threat for the nation and Covid-19 was pushing it further.

"Young people of the villages, such as students, cannot attend online classes because of either technical or affordability issues," said Hasan, requesting the government to put emphasis on it.

He also suggested ensuring internet hotspots in villages to ensure internet access for the youth. He said technical and vocational education was yet to gain popularity in Bangladesh and the government should give importance to it.

Addressing as chair of the webinar, Farah Kabir, country director of ActionAid Bangladesh, emphasised changing the mindset of the middle class on the education system.

She urged the government to incorporate sufficient initiatives in the budget to address needs of the youth.

"The youth are in uncertainty due to Covid-19 as they are frustrated over their future," she said, adding "We have to utilise the talent and innovation of the youth."

Muhammad Zahidul Islam, senior business correspondent of The Daily Star, moderated the webinar while Nazmul Ahsan, manager-young people from ActionAid Bangladesh, gave a presentation.

Monower Mostafa, general secretary of 'Democratic Budget Movement; Zaiba Tahyia, founder of Female Empowerment Movement (FEM); Ejaj Ahmad, founder and president of Bangladesh Youth Leadership Center, and grassroots activists of Activista Bangladesh Jannatul Mawa, Jesmin Akter Jui and Md Alimuzzaman also addressed the webinar.

RECOMMENDATIONS

- Protect start-ups from the impact of Covid-19
- Create a loan guarantee fund for star-ups
- Incorporate students, informal sector workers, new graduates in social safety net
- Change mindset about vocational education
- Monitor the implementation of budget
- Prepare a database on youth population
- Raise budget spending on health management
- Give importance to nursing profession

The government increased allocation for health sector in the budget and there is scope to increase the budget for the health service system, said Raihan, also a professor of the Department of Economics at the University of Dhaka.

About the ongoing situation he said the pandemic showed the importance of nursing profession and there was a requirement of quality nursing services.

Sarah Kamal, national president of Junior Chamber International, said Bangladesh should focus on vocational training for youth as well as professional trainings on marketing, agriculture etc.

She also emphasised involvement of youths in sports to keep them away from drug addiction and reduce frustration.

Kishwar Hashemee, chief executive officer and co-founder of Kludio, saw language as a barrier to youth working remotely during the Covid-19 outbreak. For this reason, youths who live in rural areas cannot work in freelancing,

High time to prepare workforce for post-pandemic era

MD ASADUL ISLAM and ABU NASER MOHAMMAD SAIF

Governments across the world are trying to save lives by preventing the spread of coronavirus through the implementation of various measures, such as social distancing guidelines and nationwide lockdowns.

Although these measures are put in place to safeguard public health, they do impede the production process of most industries and businesses.

In order to keep the economy up and running amid the current situation, governments need to reopen businesses, accelerate production hubs and maintain smooth supply chains.

However, recent reports show that most countries have not even considered what the working environment could be like in the post COVID-19 era.

The development of a vaccine that could help eliminate the coronavirus threat is already underway at several pharmaceutical companies across the globe but the process could take another two or three years, according to the World Health Organisation (WHO).

It is also a very real possibility that a vaccine cannot be found and so, people may have to learn how to live with the virus forever.

Even in countries that seemingly beat the deadly pathogen, a second wave of coronavirus has begun to spread. Therefore, considering how the coronavirus fallout has already damaged economies worldwide, it is not feasible for governments or private organisations to discontinue their business activities for an indefinite period of time.

This means that employees will inevitably return to the workplace as they depend on the organisation's survival for the sake of their own livelihoods. Besides, in the case of a prolonged closure of economic activities, consumers would also find it difficult to obtain their daily essentials, such as food and clothing.

Considering the prevalent situation, it is of paramount importance for employers and the government to ensure a safe working environment for the years to come.

Therefore, before resuming operations, employers will have to raise awareness among their workers on the dangers of a coronavirus infection and how to avoid it.

The workplaces around the world will be very different to how they were before the pandemic.

Preparing employees for the 'new normal' might actually be challenging though in this volatile, uncertain, complex and ambiguous (VUCA) world.

Whatever ails the planet today may be replaced by something else tomorrow.

This means that no matter how well a firm may tackle the ongoing pandemic, the possibility for its business to be ruined by another unforeseen

crisis in the future is very plausible.

That being said, it is still prudent to make the country's workforce adaptable to drastic changes.

Employees will remain safe and healthy in the workplace if they follow the social distancing guidelines and other measures when carrying out their duties.

However, educating workers on the

This scenario is not only common in Bangladesh but also in other poor, developing or developed countries.

Moreover, training in health and safety issues such as washing hands, sterilising office tools and altering work processes, could be effective in keeping them safe from any viral infection, whether that be the novel coronavirus or some different virus in the future.



Maintaining social distancing and wearing masks have proven to be effective in containing the spread of coronavirus.

importance of following such measures could prove challenging in Bangladesh as the general public seems reluctant to accept change.

As a result, the key approach for employers and governments is to provide training and information on how to use new technologies and raise awareness and motivation, allowing them to feel capable of learning new aspects of their jobs.

For example, training workers on how to use digital platforms such as Zoom, Microsoft Teams and Google Meet as well as social media platforms in order to help them communicate with employers and other stakeholders is inevitable.

In Bangladesh, many employees lack technological awareness while others are even scared to use these platforms due to personal data security.

Furthermore, resilience training could also be offered to employees to develop their emotional, physical, mental, cognitive and spiritual resilience.

This would also enhance employees' quality of life, decrease anxiety and stress, develop their views surrounding life's unavoidable circumstances which arose from the pandemic amid a VUCA world.

However, the types of training required will be different according to an industry or sector's context and organisations and businesses will inevitably need to adopt such training methods to prepare employees.

Besides, training would not only be effective in developing employees' competencies and motivation to use technology, but also raise their awareness regarding the use of those platforms.

READ MORE ON B2

Supply chains slowly returning to normal: WTO

It says worst case scenario might be averted

REFAJET ULLAH MIRDHA

Although global trade has been thoroughly battered by the ongoing coronavirus pandemic, the World Trade Organisation (WTO) believes the worst could be over as supply chains are slowly returning to normal due to rising demand.

International trade fell sharply in the first half of the year as the Covid-19 outbreak upended economies all over the world.

However, thanks to government initiatives aimed at curbing the spread of coronavirus, WTO economists believe that even though international trade volumes will register a steep decline in 2020, the situation will probably not reach the worst-case scenario projected in April.

The amount of merchandise traded internationally shrank by 3 per cent year-on-year in the first quarter of the ongoing fiscal year, according to statistics published in a WTO statement on Tuesday.

Initial estimates for the second quarter— which coincided with the countrywide lockdown measures that affected a large share of the global population—indicate a year-on-year drop of around 18.5 per cent.

Historically speaking, these significant declines may be some of the worst the country has ever seen but it could have been much worse, the WTO statement said.

On April 20, the WTO released its annual trade forecast and, in light of the uncertainty on the pandemic's severity and economic impact, the organisation presented two conclusions.

The first was an optimistic scenario where international trade in 2020 would contract by only 13 per cent. The second situation outlined a more pessimistic scenario where trade would fall by 32 per cent.

TOP FIVE GARMENT EXPORTING NATIONS AS PER EXPORT VALUE OF 2018

COUNTRIES	VALUE	MARKET SHARE
China	\$158b	31.3pc
Bangladesh	\$34b	6.4pc
Vietnam	\$32b	6.2pc
India	\$17b	3.3pc
Turkey	\$16b	3.1pc

SOURCE: WTO

As things stand, international trade would need to grow by only 2.5 per cent per quarter for the remainder of the year in order to make the optimistic projection a reality.

However, trade expansion could still fall short of the projection if similar issues, such as a second wave of Covid-19 infections, weak economic growth or widespread recourse to trade restrictions befall the globe.

"The fall in trade we are now seeing is historically large, in fact, it could be the steepest on record. But there is an important silver lining here: it could have been much worse," said Roberto Azevêdo, WTO director general.

"This is genuinely positive news but we cannot afford to be complacent," he added.

"While true that global trade is rebounding a bit, it is happening very slowly," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI).

READ MORE ON B3

CORRECTION

The International Finance Corporation (IFC) has disputed the report titled "JICA, IFC to give \$2.1b for private seaport, industrial park" published in The Daily Star on June 23.

The report states that IFC would be providing \$100 million for the port's construction based on a comment made by Nurul Aktar, a director of Energypac Power Generation Limited, which plans to construct the industrial park over 1,000 acres of land at Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) at Chattogram in partnership with Japan's Sotjitz Corporation. Unfortunately, the IFC's side of the story

was not present in the report.

In a rejoinder to the report, the World Bank Group's private sector arm informed it has no such funding plan.

"IFC has not indicated any intention or commitment to finance a seaport and industrial park at BSMSN, and no funds have been committed for port construction."

But it "is willing to accept proposals for infrastructure and port projects implemented by the private sector that contribute to the development of Bangladesh."

We regret this lapse in our editorial rigour.