



Mohammad Ali

Pubali Bank gets new AMD

STAR BUSINESS DESK

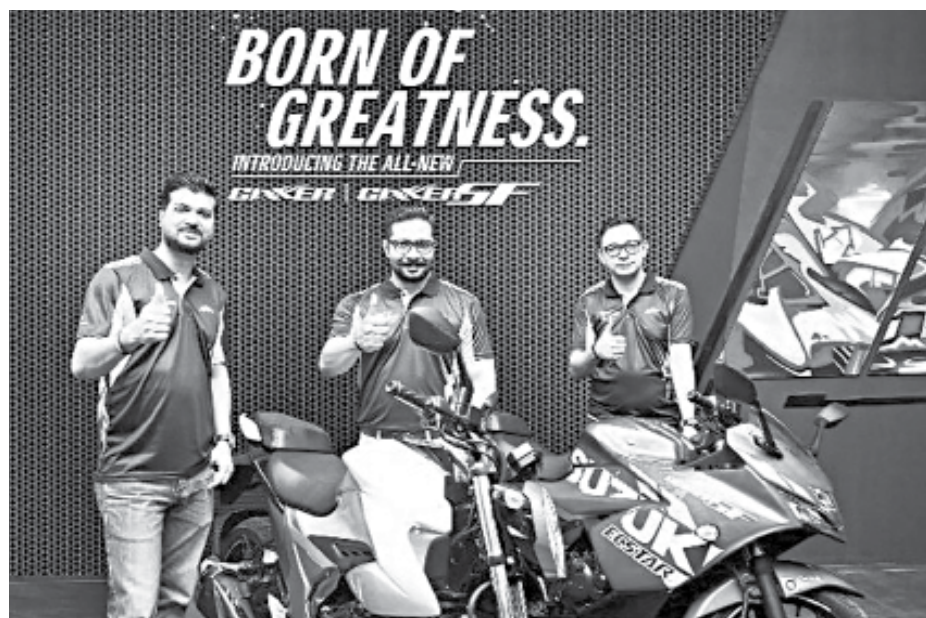
Mohammad Ali has recently been promoted as additional managing director and chief operating officer of Pubali Bank.

Prior to the promotion, he was a deputy managing director of the bank, according to a statement.

Ali joined the bank as general manager and chief technical officer in 2008.

He completed his graduation and post-graduation in computer science and engineering from the Bangladesh University of Engineering and Technology, and obtained a master's degree in development studies from Dhaka University.

Ali also holds an executive MBA degree in marketing and another MBA degree in finance.



RANCON MOTORBIKES

Quazi Ashiq Ur-Rahman, centre, CEO of Rancon Motorbikes Ltd, launches two new Suzuki branded motorbikes Gixxer and Gixxer SF yesterday. The programme was telecast live from the official 'Suzuki Bangladesh' Facebook page. The prices of Gixxer start from Tk 219,950 and Gixxer SF Tk 259,950.

Quick recovery of German economy "off the table"

REUTERS, Berlin

A V-shaped recovery of the German economy from the impact of the coronavirus pandemic is unlikely, with two thirds of companies expecting a return to normalcy in 2021 at the earliest, business association DIHK said on Tuesday.

"The V is off the table," DIHK said, adding that its survey of 8,500 companies confirms its forecast for a 10 per cent slump in Germany's economy this year.

The association added that four out of five companies expect their sales to

decline this year. "These numbers show the great uncertainty among our companies." Germany is planning to implement stimulus measures worth more than 130 billion euros (\$146 billion) overall to cushion the blow of the pandemic, including a temporary cut in value-added tax and funds to rescue small firms from bankruptcy.

DIHK said bridging aid and stimulus measures were important but cautioned: "Nothing is more important for companies than the chance to be able to generate sales again."

Beximco, Indian Oil team up to grab a slice of fast-growing LPG pie

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As Bangladesh's middle-class is increasingly having higher purchasing power, the LPG sector has seen an exponential boom over the years and is set to grow further in the coming years, said Nasrul Hamid, state minister for power, energy and mineral resources of Bangladesh.

A partnership and investment at this scale between two experienced and major players have every potential to be a true game-changer in the industry, he added.

At a time when the entire world is grappling with the severe economic consequences because of the coronavirus pandemic, this investment reflects the resilient and enduring friendship between Bangladesh and India, said Salman Fazlur Rahman, private industry and investment adviser to the prime minister of Bangladesh and vice-chairman of Beximco Group.

The JV would be a catalyst for socio-economic change in Bangladesh through greater penetration of affordable LPG in the country, said Dharmendra Pradhan, petroleum & natural gas and steel minister of India, in the press release.

The agreement is a major milestone in the annals of India-Bangladesh cooperation, he said, while presiding over the signing ceremony yesterday.

"We believe our combined strengths will allow us to be on the leading edge of the innovation curve that will enable us to become the largest downstream oil and gas company in Bangladesh,"

said Ahmed Shayan Fazlur Rahman, chairman of RR Holdings.

The JVC aspires to become the most trusted, admired and premiere LPG company in Bangladesh offering the safest, smartest and most convenient LPG solutions with best-in-class customer service, he said.

The JVC also intends to diversify into other downstream oil and gas businesses like lube blending plants, liquified natural gas, petrochemicals, LPG export to northeast India through pipeline between the two nations, renewable energy, the chairman of RR Holdings added.

IOC is already sourcing the cooking gas from Bangladesh to save the cost of transportation all the way from Haldia Port in West Bengal, according to a report in the Hindu Business Line in March.

Indian Oil is importing bulk LPG from privately-owned Omera Petroleum and Beximco Petroleum, covering a distance of barely 250 km. This is a fraction of the 1640 km road distance from Haldia to Agartala via-Siliguri Corridor.

While lower transportation cost brought savings to IOC, the company exploring means to reduce the costs, the article said.

There are about 20 importers and bottlers of LPG in Bangladesh and their combined production capacity is nearly 20 lakh tonnes against a demand of only nine lakh tonnes.

As their capacity is hugely underutilised, exports to India will help them become commercially viable.



Chevron Bangladesh gets new president

STAR BUSINESS DESK

Eric M Walker has been appointed as president of Chevron Bangladesh, a subsidiary of the American multinational energy corporation Chevron.

Walker is set to take office in July this year while his predecessor, Neil Menzies, will be taking on a new position with the company in the US.

Prior to joining Chevron Bangladesh, Walker was general manager of Reservoir Management for Europe, Eurasia, and the Middle East.

Walker began his career with Chevron in 1987 as a petroleum engineer.

He holds a bachelor's degree in petroleum engineering from Texas A&M University and a master's degree in business administration from the University of Louisiana.

Now Berger Paints will make hand sanitiser

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"And being one of the oldest and renowned companies of the country, we believe it is our responsibility to contribute as much as possible during such a situation. The introduction of Berger Mr Expert Advanced Hand Sanitiser is part of that endeavour," he added.

The World Health Organisation (WHO) recommended two alcohol-based sanitiser formulations to prevent the spread of coronavirus as not all formulations are effective.

Berger is commercially producing its hand sanitisers by following the formulation of WHO, the company said in a statement yesterday.

The company has already received all the necessary approvals and permissions from the Department of Narcotics Control of Bangladesh.

The country's lone state-owned distillery Carew & Co started making hand sanitisers in Chuadanga. It started selling a 100ml bottle at Tk 60 since late March.

"Our hand sanitisers consist of 60 to 70 per cent rectified spirit, glycerine, colour and fragrance. Expert chemists have been involved with the production and this sanitiser can kill any virus instantly," a top official of Carew & Co told The Daily Star.

In the middle of April, India's Marico, a fast-moving consumer goods (FMCG) company, announced its foray into the hand sanitiser category.

Marico's hand sanitiser -- Mediker SafeLife -- comes in two sizes. The 40ml one costs Tk 100 and 75ml Tk 150.

Among the local ones, Square Toiletries now has the capacity of producing 15 to 20 tonnes of hand sanitisers a day.

The demand fluctuates with the number of confirmed cases and deaths by the disease, said Jesmin Zaman, head of marketing at Square Toiletries, which sells 'Sepnil' brand hand sanitisers.

"If the fatalities and the cases are high, people run to the pharmacy to buy sanitisers."

So many new players are entering the market making people ambivalent about whose product is trusted, she said.

Square manufactured about 10 tonnes of hand sanitisers in March, up from only 1 tonne a month earlier.

Another local FMCG giant ACI has been producing 80-90 tonnes of Savlon-branded hand sanitiser for the last few months, up from only 5 tonnes before the coronavirus outbreak.

People should use antiseptic soap rather than hand sanitisers, said Syed Alamgir, managing director of ACI Consumer Brands.

"Because, soaps are low-priced than hand sanitisers and they are more effective than the liquids in killing germs. We could have ramped up our production further if there were enough supply of containers and raw materials in time," he added.

NBR walks back on order seeking info to sniff out VAT evasion

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The NBR and the central bank should take an initiative to make loans sanctionable based on declarations made by taxpayers in income tax and VAT returns, the former economist of the International Monetary Fund said.

Other countries, including the US, provide loans based on income and sales reported in tax returns, he said, adding that the NBR should write to the BB in this regard.

Syed Mahbubur Rahman, managing director & CEO of Mutual Trust Bank Ltd welcomed the NBR's decision.

VAT is the biggest source of revenue collection and the officials under the department were assigned to collect Tk 108,600 crore out of the total revised target of Tk 300,500 crore for fiscal 2019-20, which ended yesterday.

Collection of indirect tax fell in the July-May period due to a slump in business activities following the coronavirus outbreak. VAT collection dropped 1.26 per cent year-on-year to Tk 75,900 crore during the period.

For fiscal 2020-21, the government has given VAT officials the target to collect Tk 125,160 crore, up 14 per cent from the previous year.

First SMP restrictions come into effect after nine years

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The third directive, issued on Sunday, says that from July 16, Grameenphone will have to pay 3 paisa more to non-SMP operators for per minute calls its subscribers make to another network.

At present, the interconnection cost is 10 paisa a minute for everyone.

The regulator has stipulated that Grameenphone will continue to pay 10 paisa to a carrier if a Grameenphone customer makes a call to that carrier.

Meanwhile, the country's remaining three carriers in their turn will have to pay 3 paisa less, or 7 paisa a minute, to Grameenphone, according to the letter.

The initial restrictions had four tough conditions and the BTRC is still considering increasing the per-minute call charge for Grameenphone but considering the ongoing Covid-19 pandemic, the regulator has chosen to go soft, said a BTRC top brass.

The BTRC earlier decided to fix the minimum floor price on call charge at Grameenphone at Tk 0.50 per minute, which is currently Tk 0.45 for all operators.

Under the Covid-19 outbreak, the telecom regulator has no intention to create any challenge to the customers and that is why the regulator halted it,

said a senior official of the system and services division who is related to the process.

"We have done several studies with the data that operators provided us and went through to come to a conclusion that this regulation will help enhance the market competition," said the official requesting not to be named.

The leading carrier is still on the path of a legal process and filed a writ petition on Sunday while also trying to reach consensus through a dialogue with the BTRC. The SMP guidelines should have been formulated long ago, Md Jahurul Haque, chairman of the commission, told The Daily Star yesterday.

"We are trying to enhance the market competition and hope that after completion of the process, market equilibrium will be in place," he said.

He said Grameenphone has no way other than complying with the directives. From early today Grameenphone is supposed to abide by at least two restrictions, said Haque.

"We are willing to sit with GP, which we did over the times, but for this issue before sitting they will have to withdraw the writ petition first," Haque said firmly.

"The GP CEO talked with me this (yesterday) evening and said they will

comply with the directives and will withdraw the writ. And if they do it, we are willing to move for a dialogue. But the directive implementation needs to be ensured first."

Grameenphone in a press release yesterday stated that it was implementing the two SMP directives related to the MNP and approval of products and services "under protest".

"However, the company remains hopeful that the prevailing gap in understanding between GP and the BTRC can be resolved through constructive and meaningful dialogue."

"As part of the process, Grameenphone intends to withdraw the writ petition that was filed on June 28, 2020," it said.

Three other carriers -- Robi, Banglalink and Teletalk -- are more or less satisfied with the regulator's toughness but say that the processes they were enacting might be very complex.

The number of active subscribers at Grameenphone stood at 7.65 crore, earning the carrier Tk 14,366 crore in 2019. It logged a record Tk 3,452 crore profit last year, the highest to date.

Robi controls 29.98 per cent of the total subscriber base followed by Banglalink at 21.41 per cent and Teletalk at 2.97 per cent.

BB came to small businesses' rescue with a Tk 20,000cr package. But they are not seeing the money.

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But, the majority of banks traditionally give out loans to the trading sector as the segment is the major part of the economy, Momen said.

Besides, the ratio of 25 per cent is too much little as the SME clients usually take out small-sized loans from banks.

"So, the central bank should consider the issue positively. And it should introduce credit guarantee scheme for the SME sector in the quickest possible time," he said.

This will encourage lenders to distribute loan without any hesitation.

The government will give 5 per cent interest subsidy to a bank, but it will not enjoy the fund if the disbursed amount becomes default.

"A portion of SME loans disbursed by banks may become defaulted given the ongoing economic fallout. Against the backdrop, lenders may not show their willingness considering the situation," Momen said.

But, clients have been wrecked by banks' disinclination to lend to SME sector as many entrepreneurs are struggling to survive amidst the

economic meltdown.

Farhana Nazira, an SME entrepreneur, has repeatedly requested a bank to provide loans from the stimulus package.

Nazira, who produces panjabi, sherwani and different men's outfits, was forced to close her factory and showroom located at Mirpur in the middle of April.

She, however, restarted her business on June 1, but have already faced huge amounts of losses due to the ongoing slowdown.

"I have taken a loan amounting to Tk 5 lakh from a bank. And I have never missed any loan instalment," she said.

A fresh loan worth Tk 5 lakh is required urgently to run the business, she said, adding that she has furloughed half of her 26 member-strong roster.

Full-fledged operation of the business will restart if the bank disburses the loan, she said.

"The bank has informed that it is yet to start SME loan disbursement under the stimulus package. I cannot operate my business if the ongoing situation is

prolonged," Nazira said.

Along with the stimulus package, banks and NBFIs will have to give out a good amount of loans from their own sources to revive the SME sector, said Arif Khan, managing director of IDLC Finance.

For instance, lenders disbursed Tk 167,971 crore in SME loans last year, so the amount of stimulus package is not large given the volume of the annual disbursed fund.

But the lenders could show interest in investing on treasury bonds due to its higher interest rate, instead of disbursing funds to the SME sector, he said.

The interest rate on the 20-year Treasury bond stood at 8.94 per cent on June 24.

Lenders will be able to make a profit by way of giving out SME loans if they could charge 12-13 per cent interest, Khan said.

The central bank should revise some provisions of the SME notice for the stimulus package such that lenders will be encouraged to disburse loans, said a BB official requesting anonymity.

Bank Asia ushering in the future of banking this year

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Internet and app-based banking has been on the rise as people across the globe now maintain social distancing practices.

"The habit will certainly continue when the pandemic will be rooted out in the days ahead. So, we should take decision to help customers do their banking by using online platform and apps in a wide range," said Ali.

He went on to hope that the neobank solution would help spread the practice of a cashless society to every part of the country like developed nations.

In addition, coronavirus has also given a lesson to the globe that there is no scope to run branch banking all the time.

"Against the backdrop, this is the proper time to push the digital banking massively and we are doing so," Ali said.

The lender will apply to the central bank to get approval to run the neobank platform in the quickest possible time.

Bank Asia yesterday informed stock investors of this through Dhaka Stock Exchange.

"We will start taking preparation to introduce the platform in December just after getting approval from the central bank," Ali said.

Bank Asia will hold 51 per cent shares of the company and the rest will be controlled by the foreign companies.

Some foreign fintech companies will be included to form the subsidiary company.

Small lending like retail and microcredit ones will be given out without any bureaucratic complexity when the platform will get a tempo.

The lender will set up a strong call centre to provide services to clients of banking solutions.

The employees of the call centre will resolve all types of clients' problem and their curiosity as well.

"In most of the cases, clients have to come to branches if they face any problem. But, they will get the support from the call centres," Ali said.

The lender will ink agreements with different payment gateway service providers like MasterCard and Visa for the implementation of the solution.

"We have taken a plan to reduce setting up new branches. And the latest virtual banking platform will help to a great extent for the implementation of the plan."

The lender, which started its operation in November 1999, is running its operation through 129 branches.

Bank Asia, one of the leading banks in making the country's financial inclusion vibrant, has played a great role in extending banking services to people from all walks of life.

The bank has so far recruited 3,600 agents, which have been providing banking services to more than 30 lakh clients.

"Neobank will give a boost further to the financial inclusion. This will also help mobilise deposits and loan disbursement," Ali said.

As of June this year, the bank disbursed Tk 23,500 crore in loans and mobilised deposits of nearly Tk 27,000 crore.

Supply chain to help revive battered economy

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Third, to continuously communicate with the companies who are planning to shift their factories and make investment-friendly package deals for the next 5-10 years will give cost-efficiency and savings.

Fourth, to attract investors', the government may declare tax leniency and suitable bankruptcy and recovery policies. Fifth, making investment-friendly policies and less administrative procedures will allow companies to easily move goods and services.

Sixth, developing other attributes like land and economic zones apart from focusing only on efficient labour will help investors make long-term shift in the entire manufacturing unit and end-to-end supply chain.

Seventh, there should be more focus on resource skill development programmes.

The world of business is changing and the Covid-19 pandemic has brought a huge change not only in our ways of living but the entire cycle of the supply chain.

Although the issue started through the trade war between two economic giants of the world, the pandemic is adding an entirely different dynamic to it.

As we can only hear news about crisis, loss and uncertainties, we should not be hopeless as every crisis creates opportunities.

It is time for us to understand the magnitude of the impact of the upcoming changes in the global business and the role of the supply chain in recovering from the crisis. It is time for us to achieve supply chain excellence through which we will attract investments and achieve glorious economic growth in the future.

The author is head of supply chain and procurement at bKash



Jose Marcelino Ugarte, managing director of HeidelbergCement Bangladesh Ltd, presides over the 31st annual general meeting of the company organised through a digital platform yesterday. The members of the company approved no dividend for the period ended on December 31, 2019.