

CVO Petrochemical left to stew amid raw material supply choke-off



AHSAN HABIB

Stock investors of CVO Petrochemical Refinery have been in a flap as the company has announced to close operations for at least three months due to a shortage of condensate, a gas by-product used as a key raw material by refineries.

The energy and mineral resources division under the power and energy ministry asked Petrobangla, a government-owned national oil company, last week not to supply the condensate to any private refineries for the next three months through September.

Once the current stock of the raw materials runs out, the

company won't be able to operate, it informed its investors yesterday through the website of the Dhaka Stock Exchange.

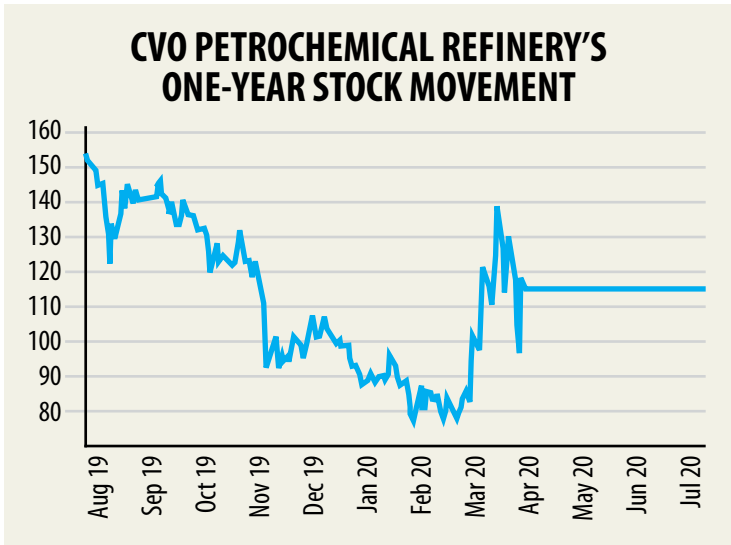
"Petrobangla has cut the supply abruptly without any prior notice or talking to us," said Mowin Hossain, company secretary of CVO Petrochemical.

All the 12 private petroleum refineries in the country run hand to mouth and if the companies close their operations for three months, they will face dire consequences.

"Employees' salaries, bank loan repayment -- everything will be left in a state of uncertainty," the official added.

The government on several occasions have asked the refineries in the country to upgrade their product quality but to no avail, which is why the harsh decision had to be taken, said a top official of the ministry asking not to be named.

"We had initially decided to halt the supply of the raw material in the month of February or March because of the inferior quality of



the products [of the refineries]," he added.

Hossain, however, said no local company could maintain the high standards as the ministry demands.

"The government should sit with the stakeholders to find a way out."

Such a development is undoubtedly a fresh blow to the stock market, which had been bleeding for long until further aggravated by the ongoing pandemic, said Abdul Malek, a stock investor.

There should be a consensus among all the regulatory bodies

before taking any decision against any listed company, he added.

Now the refiner should talk with the stock market regulator and then the ministry officials to find a solution very fast, Malek said.

"Our association is working to end the stalemate. We are hopeful that the government will reconsider the decision. As we are a public limited company, our general investors will be badly impacted," Hossain said.

However, the supply of condensate remains open for octane producers.

CVO Petrochemical, whose paid-up capital was Tk 25.24 crore, traded at Tk 115.40 on bourses yesterday.

Sponsors hold 50 per cent, general shareholders 22.47 per cent, foreigners 0.22 per cent and institutional investors the rest 22.31 per cent share in the company.

Earnings per share of the company were Tk 0.37 in the negative between July last year and March 20 this year, down from Tk 0.21 a year earlier.

23 more services coming to BIDA's One-Stop Service centre

JAGARAN CHAKMA

Bangladesh Investment Development Authority (BIDA) is moving towards deals to incorporate 23 more dedicated services for investors on its website within the next two months, aiming at improving Bangladesh's ranking in the World Bank's ease of doing business index and attract foreign investment.

"Online services are an urgent priority, especially considering the pandemic. Our stakeholders in the private sector have been communicating their need for faster, easier and more transparent digital services," said BIDA Executive Chairman Md Sirazul Islam.

The 23 services will be made available on the One-Stop Service (OSS) section of the BIDA website through letters of intent with 10 ministries and organisations.

"After we sign the letters, we will have to work hard to integrate your interface with BIDA's OSS. I am very happy to find out that out of these 10 authorities, six have already prepared their application programming interfaces."

As for the ranking, Bangladesh plans to rise to a double-digit spot from the current three-digit one within two years.

Bangladesh had first advanced one place to take up the 176th position in the 2019 assessment before making a jump to become 168th among 190 countries in the 2020 index.

New OSS service of BIDA to enhance ease of doing business

Ministry/Organisation	Upcoming Services by BIDA
Ministry of Land	e-mutation, e-khatyan (record of rights)
Rajdhani Unnayan Katrapakkha (RAJUK) Department of Inspection for Factories and Establishments (DIFE)	land use clearance, plan approval, special project permit for large or specialised projects, occupancy certificate licence of establishment, factory machine layout plan approval, license renewal and correction
Department of Environment	site clearance, environmental impact assessment approval, environmental clearance certificate issuance and renewal
Bangladesh Fire Service & Civil Defence	fire license approval and renewal, no objection certificate for multi-storied buildings
Dhaka Power Distribution Company (DPDC), Northern Electricity Supply Company Limited, West Zone Power Distribution Company Limited, Bangladesh Rural Electrification Board	new electricity connection
Dhaka Chamber of Commerce and Industries	certificate of origin, membership certificate

But prospects look glum as gross inflow of foreign direct investment (FDI) has fallen 13.8 per cent to \$3.73 billion in the first 11 months of last fiscal year, largely owing to the coronavirus pandemic.

Bangladesh needs to increase private investment -- and especially foreign investment -- to raise productivity levels, diversify exports and accelerate economic transformation, the World Bank said last month.

The country is not attracting near enough FDI to help propel a new phase of economic transformation.

China is joining the EU and the US as a leading source of FDI in Bangladesh and recent anecdotal evidence indicates that some East Asian manufacturers are turning to Bangladesh to diversify their production and overcome rising international import tariffs.

Bangladesh would have much to gain from the capital, technology, innovation and managerial know-how that may accompany FDI.

But it is well behind emerging economies in the region such as Cambodia, India, Myanmar and Vietnam when it comes to FDI inflows per capita or as a share of GDP, the WB said in a document.

Launched on February 24 last year, the OSS is still limited to the initial 18 information-related services of itself, the Registrar of Joint Stock Companies and Firms, the National Board of Revenue and Sonali Bank.

It was scheduled to bring in 11 more services by June of the home affairs ministry's security services division, Office of the Chief Controller of Imports and Exports, Chittagong Development Authority, Dhaka Electric Supply Company, and Bangladesh Power Development Board.

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Tk 1,021cr in suspicious transactions reported to BFIU in FY19

STAR BUSINESS REPORT

Suspicious transaction and activity in Bangladesh fell by 7.86 per cent year-on-year in 2018-19, in a development that may raise questions whether banks and other reporting agencies are monitoring the anomalies properly.

The Bangladesh Financial Intelligence Unit (BFIU) received 3,573 suspicious transaction reports (STRs) and suspicious activity reports (SARs) from reporting agencies in the 12-month period from banks, non-bank financial institutions, remittance agencies and other resources.

Of the total, the number of STRs was 2,084 and SARs 1,489. In 2017-18, the total number of STRs and SARs was 3,078, according to the BFIU's annual report released on Sunday.

The reporting agencies lodged 5,036 suspicious transactions involving Tk 1,021 crore in FY19.

The reporting organisations have a legal obligation to submit suspicious transactions reports to the BFIU.

The reporting systems have been introduced to protect the reporting organisations from being exploited by the money launderers and terrorist financers, and to ensure the soundness of the national Anti-Money Laundering/Combating the Financing of Terrorism initiative.

Apart from the STRs and SARs, the BFIU received 561 requests from the Anti-Corruption Commission (ACC), police and other government agencies for information exchange in FY2018-19, up from 490 in previous years.

BB extends loan rescheduling scope to rawhide traders

STAR BUSINESS REPORT

The central bank yesterday relaxed the rules on loan rescheduling for rawhide traders in a bid to ensure availability of sufficient funds for the industry during Eid-ul-Azha.

Traditionally, half of the country's rawhide supply is collected during the celebration of the Eid, which is about a month away.

However, the majority of the rawhide traders have recently become loan defaulters, which may give rise to issues in the supply chain in the domestic market, according to a central bank notice.

Besides, a major portion of rawhide collected during the sacrificial season will be exported as well.

Under the backdrop, the BB yesterday said that traders will be allowed to reschedule their defaulted loans after paying only a 2 per cent down-payment on outstanding loans as of June 30.

Hence, borrowers can enjoy a renewed repayment tenure of up to six years, including a one-year grace period.

Clients who took term loans will be

given a maximum of eight years, including the one-year grace period. Traders will have to send in their applications by July 30 to quality for the relaxed facilities.

Clients will have to pay back at least 15 per cent of their outstanding loans after rescheduling of their non-performing loans if they want to secure further funding.

This year 1.19 crore cattle have been prepared for sacrifice, up from 1.18 crore last year, Abdul Jabbar Sikder, director general of the Department of Livestock Services, told The Daily Star.

However, the demand for cattle would be 20 per cent less than that of the government estimate because of the pandemic, which ate away people's income significantly, according to the Bangladesh Dairy Farmers' Association.

Leather is an export-oriented industry and is a potential sector when it comes to GDP growth, job creation, earning foreign currencies and value addition.

Exports of leather brought in \$98.31 million in the just fiscal year, down 40.28 per cent year-on-year, data from the Export Promotion Bureau showed.

AmCham puts steps forward to support marginal farmers

STAR BUSINESS REPORT

The American Chamber of Commerce in Bangladesh (AmCham) disbursed Tk 2,600 each to 1,000 marginal farmers of Sirajganj district yesterday, in a bid to support continual production in the agriculture sector amid the ongoing coronavirus pandemic.

"Producing sufficient food for everyone in the country is our main target," said Agriculture Minister Abdur Razzaque.

Razzaque made these comments while inaugurating the 'AmCham Support for the farmers during COVID-19 Pandemic' programme, which was conducted online to ensure the safety of those

participating.

The beneficiaries can use the fund to purchase daily essentials or other materials needed to cultivate crops as the COVID-19 outbreak, river erosion and flooding has had a severe impact on their businesses.

Financial and technical assistance for the farmers will also help them bring their goods back to the market following months of hardship due to the recently concluded nationwide lockdown.

Sirajganj is prone to flooding and river erosion. As a result, many farmers in the area, specifically the marginal ones, often lose their investments and eventually become poorer.

Considering the situation, AmCham member companies



collectively contributed Tk 26 lakh for the fund, which was donated to the farmers through Sajida Foundation, a local non-governmental organisation

that provides medical, financial and technical assistance to the marginalised.

Besides, farmers can use the grant to pay for the preservation and transport of their goods.

"We had bumper rice production in the last boro season and we are expecting another bumper production in the Aus and Aman seasons. So, we do not have a problem with the food supply. We just have to reserve the food for the next six months," Razzaque said.

Since Bangladesh is self-sufficient when it comes to food, the country often exports surplus supplies of rice to other countries as relief in times of disaster.

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SIBL targets low-cost deposits

Offers instant cash bonus for opening new account

MD FAZLUR RAHMAN

Social Islami Bank has rolled out a new campaign to rope in more customers and widen the customer base by offering Tk 100 in instant cash bonus for opening any new accounts, in a move that can give a boost the central bank's financial inclusion agenda.

The campaign aims at pooling deposits from across the country, particularly in the rural areas, said Moniruzzaman Tipu, senior vice-president and head, branding and communication of the private commercial bank.

"We are targeting to add more accounts, whatever the size," he added.

The campaign named "100 for 1" will continue up to September 30 this year at SIBL's 161 branches, 130 agent banking booths and 33 sub-branches.

Clients will instantly get a debit

card and internet banking facilities on the day the account is open.

SIBL has taken the initiative to raise the tendency of savings and reduce the cost among the people struck by the coronavirus pandemic, the bank said.



The offer would apply to savings, current and notice deposit accounts. These are low-cost accounts.

SIBL aims to add more low-cost deposits with a view to reducing the cost of funds and cutting its reliance on high-cost deposits such as fixed

deposit receipt (FDR) and deposit pension schemes.

A good portion of low-cost deposits gives a reasonable spread to banks.

Banks would have to increasingly look for low-cost deposits after the central bank capped the interest rate on deposits at 6 per cent and lending rates at 9 per cent.

This has become even relevant at a time when banks saw a surge in fund withdrawal as in moments of crisis holding more physical cash tends to give some a sense of control over the situation.

However, long-term deposits are not available at 6 per cent, whereas banks can't lend at more than 9 per cent, said a private banker.

The banker said many people withdrew deposits from banks after the coronavirus pandemic hit the country as their incomes dropped and livelihoods lost because of the countrywide shutdown.

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Diamond World becomes first Bangladeshi company to import gold bars

KHONDOKER MD SHOYEB and SOHEL PARVEZ

Diamond World has made history as the leading jewellery house has become the first company from Bangladesh to import gold bars through a legal channel to cater for both local and foreign markets.

The company brought in 10.5 kilograms of gold on June 30, which is an extraordinary case for Bangladesh as gold has never been imported through legal channels since the independence of the country.

"We are hopeful that we will be able to export jewellery within six months," said Dilip Kumar Agarwala, managing director of Diamond World Ltd.

Formal import will benefit customers as prices of the precious metal will come down to the levels of the international market. "Customers were bound to pay Tk 4,000 more than the international market prices. Now they will not have to pay any

extra amount."

Diamond World launched formal sales of the gold through a programme where Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce and Industry, was the chief guest.



Diamond World's import followed the declaration of gold import policy formulated by the government in 2018 to clean the gold trade, make import and export easier, stop smuggling and ensure transparency in the trade.

The policy came in the face of demand from jewellers after the Customs Intelligence and Investigation Directorate seized huge

cache of gold from Apan Jewellers for failure to show valid documents.

Following the formulation of the policy, the National Board of Revenue (NBR) allowed traders and jewellers to declare their stock of bullion and other precious metal in fiscal year 2018-19.

Agarwala said the NBR earned Tk 217 crore as 14,267 gold traders declared their stocks.

Smuggled gold meets around 80 per cent of Bangladesh's annual demand for gold, which hovers between 20 and 40 tonnes.

In a least developed country like Bangladesh, it is a common phenomenon for big hauls of smuggled gold making headlines. The amount of seized gold portrays the true picture.

In 44 years since 1971, around 2.2 tonnes of gold worth of over Tk 750 crore brought in illegally made its way to the country's foreign currency reserves.

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