



DHAKA THURSDAY JULY 23, 2020, SRABAN 8, 1427 BS starbusiness@thedailystar.net |

# Banks just not getting worked up by farm loans

#### AKM ZAMIR UDDIN

Banks are reluctant to disburse farm loans despite the government's renewed emphasis on keeping crop production unscathed from the devastating impact of the coronavirus pandemic and stimulus packages, deflating the state's efforts towards an economic bounce.

For the first time in many years, banks posted negative growth in farm loan disbursement in the just-concluded fiscal year, further highlighting their reluctance in lending to this key sector of the economy.

Agriculture lending declined 3.67 per cent to Tk 22,749 crore in fiscal 2019-20.

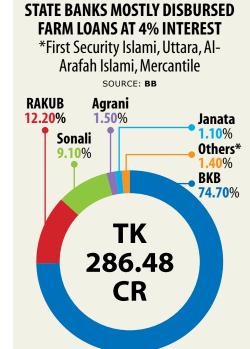
The central bank has already declared subsidies for banks for disbursing farm loans. And yet banks remain disinterested.

The dismal lending scenario is at odds with the government, which has given one of the highest priorities to the agriculture sector to avoid any food crisis.

But the lenders' attitude stands to compromise on the nation's food security.

Bankers blamed the countrywide shutdown from March 26 to May 30 imposed by the government to tame the fast-spreading coronavirus for the lower agriculture lending.

However, central bankers are not convinced. The Bangladesh Bank repeatedly asked them to

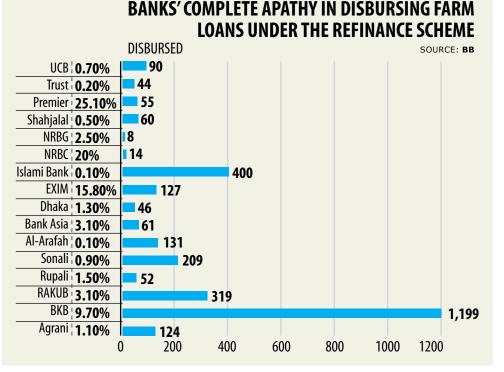


keep the wheel of the farm loan disbursement moving to absorb the financial shocks

stemming from the downturn,

The central bank even took two separate programmes to give a tempo to farm loan disbursement. But banks have taken an adamant stance that they would not give out loans to farmers," said a central bank official.

The BB announced a stimulus package of Tk 5,000 crore



businesses and entrepreneurs in the farm sector. The tenure for the loans will be 18 months, including a grace period of six months at both banks and clients' ends.

Banks will borrow from the refinancing scheme at 1 per cent interest rate and they will lend at 4 per cent.

As many as 43 banks signed the participation agreement with the central bank but only 16 gave loans.

As on June 30, Tk 172 crore was disbursed from the refinance scheme.

The central bank has introduced another dedicated to small and medium programme to provide agriculture loans at 4

per cent interest rate.

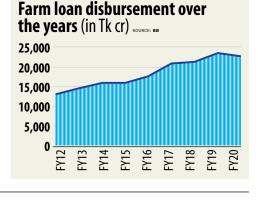
Under the initiative, banks enjoy 9 per cent interest on disbursed loans, while the BB provides the rest 5 per cent as subsidy. Farmers are entitled to the subsidised loans from April 1 this year to June 30 next year.

But this effort has also not paid off as only nine banks disbursed Tk 286.27 crore in the

three months to June. The central bank has started drawing up the annual farm loan policy since 2009, when the government appointed Atiur Rahman as its

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## Govt makes setting up singlemember companies easier

#### Amends Companies Act recently

#### REJAUL KARIM BYRON

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The government has brought in a major amendment to the Companies Act allowing setting up of single-member companies, a move that is expected to give a boost to entrepreneurship, draw investors and support the growth of SMEs.

The cabinet gave its approval to the amendment on Monday and it would be now placed in parliament to set it in motion.

single-member Allowing companies would draw local and foreign investors and improve the country's ranking on the World Bank's Ease of Doing Business Index, Cabinet Secretary Khandker Anwarul Islam told reporters on Monday.

Allowing the formation of single-member companies would enable entrepreneurs and family businesses to move out of the

shadow of informality and gain access to financial and business services available in the formal economy, said Finance Minister AHM Mustafa Kamal in a letter to the WB in April.

The reform is a starting point to addressing a range of improvements in the regulatory regime that are needed to support the establishment and growth of microenterprises and small- and medium-sized enterprises, said Zahid Hussain, a former lead economist of the World Bank's office in Dhaka, yesterday.

The amendment would help regularise many SMEs and microenterprises and bring them under the legal purview, and thereby reduce informality, he said.

"It would help Bangladesh improve its ranking in the next Doing Business Index," said an official of the finance ministry.

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## The unhappiest Eid for cattle farmers and traders

#### Манмирии Насам

Hundreds of thousands of cattle are set to remain unsold this Eid season thanks to coronavirus, which has eaten up the income of the country's burgeoning middle-class and also instilled the fear of coronavirus contagion among the upper class for partaking in the sacrificial ritual.

The reluctance of the two classes has left thousands of cattle farmers are now staring at massive losses.

Buoyed by the stellar returns last year, when he sold all of his 140 cows one and half months before Eid, Md Akbar Alam Upal, managing director of Fit and Fresh Agro in Keraniganj Upazila, reared 300 cows for this

Until yesterday, he managed to sell only 60 cows and at prices 20 to 25 per cent lower than last year.

For instance, he sold a cow minimum price of which should be price.

AHMED HUMAYUN KABIR TOPU

"Every year big corporate groups would buy 30-40 cows for their factory employees. But this year they are not participating in Qurbani," Upal told The Daily Star yesterday.

Upal already sequestered 150 cows weighing 640 kg at Tk 2.20 lakh, the for next season because of the low

"But, it is also not a good move as

I have to feed them fodder and other

ingredients. And the cattle would not grow much after a certain point."

Last year, he invested about Tk 3 crore and got Tk 30 lakh in profit. This year, he spent Tk 8 crore and is estimating losses to the tune of Tk 60

Cattle farming has been a new

in the country ever since neighbouring India imposed a ban on the export of cows to Bangladesh in 2014.

Boosted by success stories in dairy farming, Shahidul Islam Razu entered the business two years back after completing his Master's degree from a government college in the capital. Last year, he sold all of his 20 cows and pocketed a profit of Tk

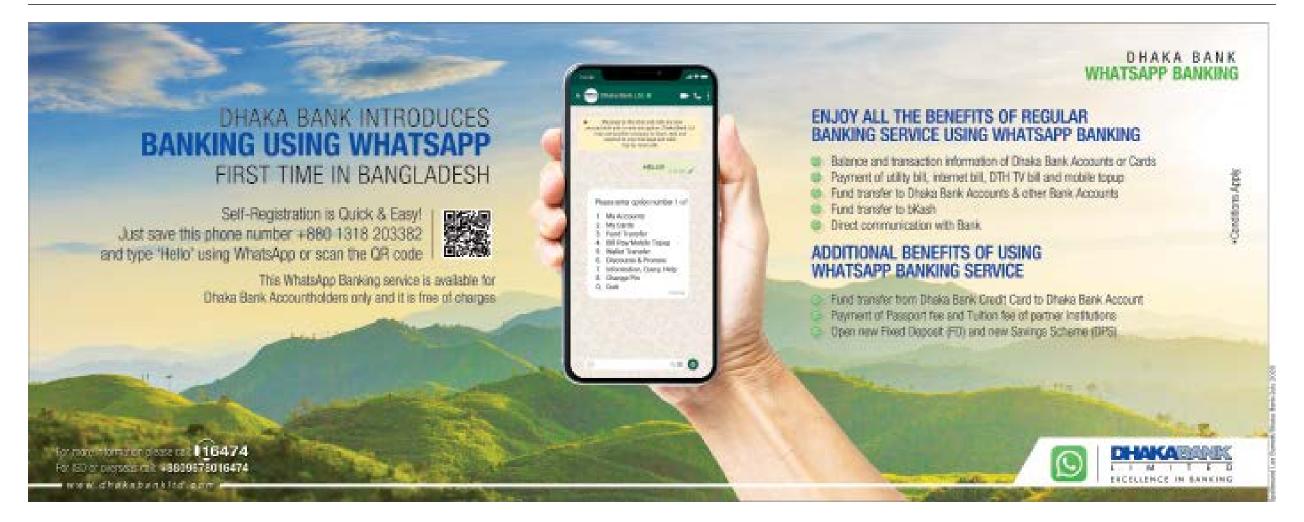
This year, his Modern Dairy Farm in Keraniganj reared 25 cows and so far they managed to sell just one cow.

Desperate to get rid of the cattle, he is now offering discounts of Tk 5,000 to 7,000 on each cow.

"But, there are no customers. I think people have no money," he said, adding that he is hard-selling on Facebook too but found no response.

Regardless, he has to sell the cows at a lower price this Eid or two months later because it costs a lot to feed them, he added.

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# Britain's economy racing as lockdown lifts

Britain will expand at its quickest pace in decades this quarter after shrinking at its fastest pace in centuries last quarter, a Reuters poll found, as vast swathes of the economy have reopened following a nationwide shutdown to control the coronavirus.

Despite near-term optimism, almost 85% of respondents, 32 of 38, thought the outlook for the British economy had stayed the same or worsened over the past month, with only six saying it had improved.

The virus has infected almost 15 million people across the world and Britain has the highest death toll in Europe - despite the government forcing businesses to close and citizens to stay home.

But many restrictions have now been eased and people are emerging from their homes, returning to work and spending money again, so the economy was expected to expand 12.2% this quarter, the July 13-21 Reuters poll showed, better than the 10.5% recovery predicted last month.

That bounceback comes after an historic 18.9% contraction pencilled in for last quarter and nearly all economists who responded to an extra question said the biggest threat to the recovery would be a second wave of virus infections.

"The economy will almost certainly have imploded over Q2 as a whole. The good news is that in terms of the monthly trajectory, there is clear evidence that the economy has remained on an upward path since May," said Philip Shaw at Investec.

"But the challenge of course is keeping the economy from running out of steam." This year, the economy was expected to contract 9.1%, the median in the poll of over 70 economists showed, and then recover to expand 6.0% in 2021. In a worst case scenario it will shrink 13.0% this year.

Official GDP figures said the economy grew a slower than expected 1.8% in May.

To tackle the hit from COVID-19 to the economy the British government has massively ramped up spending, borrowing 128 billion



A shopper is seen walking past social distancing signs following the outbreak of the coronavirus disease, in London, Britain.

pounds (\$163 billion) last quarter, five times the amount during the same period last year.

But only a slim majority said the Treasury's response had been enough - 14 of 25 respondents to an additional question said.

"The authorities have done broadly what they needed to do," said Peter Dixon at Commerzbank.

Forming the centrepiece of the government's support was a scheme to pay 80% of wage bills if staff were put on leave rather than let go. But that is due to close in October and unemployment was seen peaking at 8.0% in the fourth quarter.

The Bank of England chopped borrowing costs to a record low of 0.10% and restarted asset purchases. But no change in policy was expected at its next meeting on Aug. 6.

The bank rate will not rise until 2022, but an additional 70 billion pounds (\$89 billion) will be added to the BoE's existing 745 billion pounds quantitative easing programme toward the end of this year, the poll showed.

Another risk is the expiry of Britain's transition period with the European Union at the end of the year, after leaving more than 40 years of membership in March.

The two sides resumed talks on Tuesday but while there has been little movement what divides them. Still, the aim of reaching agreement on future ties by October is ambitious but achievable, German Foreign Minister Heiko Maas said on Tuesday

As has been consistent in Reuters polls since the June 2016 vote to leave the EU, economists almost unanimously expect the eventual relationship will be a free trade deal.

"Failure to sign a trade agreement with the EU in 2020 will go down as a major policy error. It is inconceivable to me that the British government would be prepared to take such a risk with the economy, particularly in the current climate," Commerzbank's Dixon said.

"But then Brexit and a rational approach to economic policy have never been natural bedfellows.

## Want to make profits from coffee in China? It's actually a grind

REUTERS, Beijing

Looking outside her Beijing coffee shop where seven other nearby cafes including a Starbucks compete for customers, Huang Ying is simply glad to still be in business.

In the 17 years since opening her cafe in the trendy 798 Art Zone district, making money has gotten harder - even before the coronavirus. Rent and labour costs have increased while rival after rival waded into a market that has failed to live up to

"Our profit can't compare with the old days," she said. "I raised prices by 10% in 2017 but that has done little to offset the jump in costs." As a coffee market, China exerts a magnetic pull for Western brands keen to emulate the success of Starbucks Corp which has over 4,400 stores in China and is still expanding. Since last year, Canada's Tim Hortons has opened about 60 stores in China while Italy's Lavazza and Sweden's Wayne's Coffee have also made forays into the market.

Much of the optimism about China's coffee market potential stems from just how little its consumers drink - just 5.4 cups per capita last year, compared to 341 in the United States and 591 in Western Europe, according to consultancy Euromonitor.

Chinese coffee consumption is growing at an estimated rate of around 5% annually, but coffee shop proprietors like Huang say it is more important to take note of the huge jump in outlets and cut-throat pricing.

Store openings of specialist coffee and tea shops surged 50% in 2018 and 2019, and China now has some 18,350 stores, more than triple the number in 2014, according to Euromonitor. Coffee is also now sold at many convenience stores and fastfood restaurants.

And while a regular-sized latte costs around 30 yuan (\$4.24) in China, it can be as cheap as 4.5 yuan (\$0.60) at some places with the use of discount

This year's admission by deliveryfocused and coupon-reliant Luckin Coffee that it fabricated \$310 million in sales underscores how the coffee

opportunity in China has been Reuters requests for comment. exaggerated, analysts said.

Luckin's fraud proved that even though coffee in China is almost free. the Chinese still don't drink much of it," said Beijing-based independent analyst Keso Hong.

Tea is China's main source of caffeine and outside of China's biggest cities, buying a branded caffeinated drink to get through the day is not part of everyday life.

Bubble tea, which contains tapioca pearls, is also giving coffee a run for its money. Food delivery giant Meituan Dianping received 210 million orders for bubble tea in 2018, "far more than" coffee, it has said without elaborating.

Like Luckin, other domestic chains

Starbucks, the first big Western brand in the market and now with 20 years in China under its belt, appears to be the only resounding success, having carefully cultivated its image as a premium cafe for young professionals. Some estimates put the U.S. giant's share of China's coffee market at as much as 80%.

Just this week, Starbucks expanded its Chinese ordering services to multiple Alibaba apps.

The newcomers have, however, wisely decided not to go it alone.

Lavazza has formed a venture with Yum China, the owner of KFC restaurants in China. Restaurant Brands International's Tim Hortons said last year it wanted 1,500 stores in



#### A barista prepares coffee at a Greybox Coffee store in Beijing, China.

are struggling to fulfil big dreams.

deliveries and raised some \$56 million in funding, has shut or suspended business at dozens of its stores. Grey Box, which offers speciality coffee, said in 2018 it wanted 12 stores in Beijing by end of that year, but has just four. Bruno Caffe has closed most stores and only two remain.

Among western firms, Britain's Costa Coffee, which is owned by Coca-Cola, has 300 China stores according to its website, despite earlier habitual coffee drinkers but it is ambitions to have had 2,500 by 2018.

The chains did not respond to Cavender at China Market Research.

China and has gained backing from Coffee Box, which focuses on coffee Tencent Holdings. Wayne's Coffee signed a 15-year deal with a Chinese master franchisee.

The chains did not respond to requests for comment on their

But even teaming up with a partner is no guarantee of success given the extreme competition, analysts said.

"Undoubtedly the coffee market in China will continue to grow and consumers are becoming more still a hard market to win," said Ben

#### গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

জেলা প্রশাসকের কার্যালয়, ঢাকা (নেজারত শাখা) www.dhaka.gov.bd

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জেলা প্রশাসকের কার্যালয়, ঢাকা (নেমারর

১৭-০৮-২০২০খ্রিঃ, বিবাল ৪,০০ ঘটকা

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## Asia markets to open lower | NBR plans to install more on pandemic worries

Asia shares were set to open lower on Wednesday after US President Donald Trump's comments regarding the country's surge in novel coronavirus cases outweighed a slight rally on Wall Street.

Australian S&P/ASX 200 futures lost 1.06 per cent in early trading. Japan's Nikkei 225 futures added 0.24 per cent, while Hong Kong's Hang Seng index futures lost 0.34 per cent. E-mini futures for the S&P 500 rose 0.13 per cent.

Speaking at his first White House briefing focused on the pandemic in months, Trump said the virus will probably get worse before it gets better. Cases have been rising across the United States, with now nearly 141,000 deaths recorded from the disease.

Also weighing on markets were comments made earlier in the day by U.S. Secretary of State Mike Pompeo that the United States wants to build a global coalition to counter China, which he accused of exploiting the coronavirus

Markets focused on the positives overnight," Hayden Dimes of ANZ Research wrote on Wednesday. "However, the main near-term question for the U.S. economy is what damage has been done in July, as COVID-19 cases have surged." US equity markets had been higher for most of the session on Tuesday, as investors cheered the European Unions creation of a 750-billioneuro recovery fund and U.S. regulators continued hammering out a new stimulus

Republicans and Democrats remained far apart, however, on how much to spend on coronavirus relief, as Democrats called Republicans' \$1-trillionproposal insufficient. The US benchmark S&P 500 index turned positive for the year, hitting its highest level since Feb. 21.

The Dow Jones Industrial Average rose 159.53 points, or 0.6 per cent, to 26,840.4. the S&P 500 gained 5.46 points, or 0.17 per cent, to 3,257.3 and the Nasdaq Composite dropped 86.73 points, or 0.81 per cent, to 10.680.36.

# luggage scanners at ports

"Although using scanners will not totally stop the flow of contraband, they will act as a deterrent to smugglers," he said.

Bangladesh registered gradual spikes in traveller movements over the last couple of years. During fiscal 2017-18, nearly 56 lakh travellers arrived through various ports in the country, posting a 10 per cent increase

from the previous year.

The number of outgoing travellers increased 5 per cent to 55.80 lakh in fiscal 2017-18, according to the NBR's Annual Report.

In total, the country's ports handled 7 per cent more, or 1.10 crore, inbound and outbound travellers during that period when compared to the previous fiscal year.

#### Int'l collaboration ensures quality of locally made medical gowns

to the project.

"I expect this will further pave a way for export markets and bring more benefits to

this country," he said. Toshihide Yuda, deputy managing director of K2, expressed his commitment

"I wanted to do something that would contribute to the welfare of Bangladeshi people in this difficult time, as they gave

me many great things," he said.
"Developing safe PPE helps not only health

workers but also creates new business chances in Bangladesh. Actually, I have already received positive inquiries from overseas buyers while developing samples," he said.

It was a delight to find a niche in the market and secure jobs for workers, said SM Khaled, managing director of Snowtex

### Govt makes setting up single-member companies easier

The government is committed to moving rapidly from its current position of 168th in the Doing Business ranking to less than 100 within the next few years.

Because of the new changes, 50,000

new firms would be set up in the country, according to an estimate. The changes to the Companies Act

have been part of the \$250 million budget support the government has received from the WB recently. Usually, a country has to fulfil conditions before securing budget support from the

WB. Bangladesh was also supposed to meet some conditions before availing the financing in June. But as the government needed the emergency financing, the WB softened its stance while approving the fund to help the

country meet the challenges posed by the coronavirus pandemic. It, however, called for embarking on meeting the conditions after the availing of the budget support. So, the government is working to implement them, said the

finance ministry official. Exploiting the potential for diversified export-oriented sectors as job creators will require an improved capability to attract and service new FDI and domestic investors, the WB said in a document recently.

Firms looking to establish a new business

in Bangladesh must navigate a non-

transparent and cumbersome regulatory

space that includes services delivered by 34 different line agencies.

"As investors re-establish but also rethink their supply chains in the aftermath of the Covid-19 crisis, addressing the onerous administrative barriers to the business formation in Bangladesh is even more

urgent," the WB said. The archaic Companies Act, the main body of which has stood since 1913, is plagued by lack of regulatory clarity in explaining business processes, limited provision for integrating modern financing instruments and onerous business entry

and exit procedures, according to the WB. An amendment to the Companies Act was passed by the parliament in February, speeding company registration by eliminating the requirement for a company

A further and more substantive set of amendments that both eliminate administrative requirements but also address barriers that restrict entrepreneurship and prevent businesses from operating formally, limiting their access to finance and judicial protection, has received cabinet approval and is expected to be enacted this year.

These amendments cover provisions for submission of electronic documents, an extension of notification for annual general meetings and introduction of new governance related to extraordinary general meetings.

"Upon enactment, amendments in the and risk-based approaches, is increasingly Companies Act can have an immediate impact on the business environment, as they require no further enabling rules or institutions," the WB said.

According to Hussain, if complemented by removing other regulatory barriers to entry, the reform would improve access of small businesses to investment and working capital finance, allow graduation of family businesses into corporate form and contribute to improving contract enforcement.

Among the other reforms needed is improving the use of technology for filing and integration of systems across government agencies. Bangladesh Investment

Development Authority has made some progress on the latter. It needs close cooperation from several other agencies to enable the creation of a meaningful onestop service for new entrepreneurs.'

The SME sector has become more important as part of the economy's resilience in the aftermath of the pandemic. "I hope this amendment will be passed

in the parliament at the earliest possible opportunity.' Introducing a modern customs regime

is critical to supporting global value chain integration and facilitating a trade-led recovery, the WB said. Bangladesh's customs regime, which fails

to exploit the opportunities of automation

export-oriented industries The country ranks 176th of 190 economies in the 2020 Doing Business

a binding constraint to the expansion of

"trading across borders" indicator, by far the worst-performing country in South Asia and far behind landlocked countries like Bhutan and Nepal, as well as India.

To ensure quick clearance of goods and modernise the customs administration through trade facilitation, the government has formulated the new Customs Act.

The new Act allows for more efficient trading and provides legislative coverage for critical initiatives such as the introduction of risk management and the National Single Window, including provisions for electronic information exchange, improved interagency coordination and strengthened governance, the WB said.

Reaching the government's ambitious export target will depend on the development of diversified sectors, but also improved trade and environment entailing both better trade policies and improved trade facilitation, Kamal said in April.

The government recognises that several issues such as tariff policy, access to inputs at competitive price or process and clear legal basis for more dynamic border clearances require priority policy attention to foster greater integration with global and regional markets, he said.

### Kafrul homemaker scoops Tk 10 lakh win purchasing Walton refrigerator

STAR BUSINESS DESK

A South Kafrul homemaker won Tk 10 lakh yesterday making a lucky purchase of a Walton refrigerator for Tk 25,210.

Suchona Rahman is the sixth such winner of an "I will be millionaire once again" segment of Walton's nationwide "Digital Campaign Season-7", says a press release of the local brand.

To run till upcoming Eid-ul-Azha, the campaign offers Tk 10 lakh and cash vouchers of up to Tk 1 lakh on lucky purchases of Walton refrigerators, washing machines and microwave oven.

Rahman purchased the refrigerator from Walton Plaza's Mirpur-10 branch on July 13 and later received an SMS informing of her win. She said to be already using a Walton air conditioner and LED TV.

Of the other winners, Wazed Ali is a tailor by profession of Gazipur, Solayman Haque a towel trader of Naoga, Chaithwai Aoung Marma a poultry farmer of Rangamati, Ranjit Chandra Roy an office assistant of Khansama Upazila Project Implementation Office in Dinajpur and Nazim Uddin a fish

### Savlon offers Covid-19 decontamination, consultancy service

STAR BUSINESS DESK

Liquid antiseptic brand Savlon yesterday launching a "Savlon service for institutions, including educational ones, and businesses to cope with Covid-19 realities and reopen through measures for a return to normalcy.

Under the service, a skilled team, including virologists and microbiologists, will conduct risk assessment inspections at the establishment seeking the service and provide consultancy, health and hygiene related training, decontamination and

certification to ensure long-term protection. Launched through a press conference at ACI Center, the service can be availed

through hotline 16509 and Facebook pages

Savlon Shurokkha and Savlon Bangladesh. "With the help of this service, any institution can ensure safety of their employees," said Syed Alamgir, managing director of ACI Consumer Brands, in a

press release. "Closed institutions can resume their regular operations and currently operating institutions can ensure safety for

## Euro boosted as huge EU stimulus plan propels global stocks

AFP, New York

Global stock markets mostly rose Tuesday along with the euro as EU leaders clinched an agreement on what they boasted was a historic

The 750 billion euro (\$858 billion) deal was sealed after intense negotiations that saw threats of walkouts, vetoes and fierce opposition from the Netherlands and Austria. "Deal!" tweeted EU Council Chief Charles Michel, whose job was to guide the talks over more than 90 hours.

The package sends tens of billions of euros to countries hardest hit by the virus, most notably heavily-indebted Spain and Italy, which had lobbied hard for a major gesture from their EU partners. "This is the most important moment in the life of our Europe since the creation of the euro" in 2002, French President Emmanuel Macron said.

The agreement boosted European bourses, including in Paris and Frankfurt, and also lifted the single currency to its highest level against the dollar since early 2019.

BK Asset Management's Kathy Lien said Europe has done much better than the United States at reopening its economy without igniting a spike in coronavirus cases, and that the package agreed in Brussels could add to that momentum. "With the US economic outlook growing more uncertain, these steps to ensure a stronger recovery (have) and should continue to drive (the) euro higher," Lien said.

Focus now turns to lawmakers in Washington who are looking to pass a huge new stimulus package, with key supplemental unemployment benefits set to expire at the end of July.US stocks had a mixed session, with the Dow pushing higher behind gains in petroleum and banking shares, while the Nasdaq retreated from a record close.



The stimulus money aims to get European economies moving again.

Quincy Krosby, chief market strategist at as oil prices climbed to their highest level in four Prudential Financial, said the pullback in Nasdaq was probably due to profit taking.

Investors are hopeful that some of the US states with bad coronavirus outbreaks may be leveling off and that lawmakers in Washington will approve another round of stimulus, Krosby said. "The package would help cushion the continued downside of the virus on the economy," she said.

Dow members Exxon Mobil and Chevron jumped 7.2 percent and 5.1 percent, respectively,

months after the European stimulus agreement was announced.

Another Dow member, Boeing, gained 2.4 percent as the Federal Aviation Administration said it would issue a proposed airworthiness directive for the 737 MAX, which has been grounded since March 2019 following two deadly crashes. The FAA statement moves the MAX a step further on the recertification path after the agency on July 1 completed test flights

## Tesla's Musk qualifies for \$2.1 billion payday | Number of e-GP tenders

Tesla Chief Executive Elon Musk qualified on Tuesday for a payout worth an unprecedented \$2.1 billion, his second jackpot since May from the electric car maker following its massive stock surge.

Tesla's stock was down 3% in afternoon trading, eroding a recent rally that has elevated the company's market capitalization to almost \$300 billion, larger than any other carmaker.

Despite Tuesday's stock dip, and importantly for Musk's personal finances, average market capitalization for the first time has reached \$150 billion. That triggers the vesting of the second of 12 tranches of options granted to the billionaire in his 2018 pay majority owner and CEO of the \$100 billion. SpaceX rocket maker, receives no



Tesla's stock, its six-month average market capitalization rose, thanks to the stock's strong rally in recent

In early May, Musks first tranche package to buy Tesla stock at vested after Teslas six-month a quarter of their current price. At a discount. Musk, who is also average stock market value reached

p/ Musk has already achieved Even with Tuesday's decline in growth that are also required in tranche for a combined profit of

tranche. Each tranche gives Musk the option to buy 1.69 million Tesla shares at \$350.02 each, less than Teslas current stock price of \$1,594,

order to vest the latest options

\$4.2 billion, or almost \$2.1 billion

Musks first tranche was worth about \$700 million in May, when it vested, but its value has since increased along with Teslas stock

The median compensation for Tesla employees last year was about \$58,000, according to a company

Tesla's stock has surged more than 500% over the past year as the company increased sales of its Model 3 sedan.

Following higher-than-expected second-quarter vehicle deliveries, some investors believe Tesla might report a profit in its second-quarter report on Wednesday after the bell. That would mark four consecutive profitable quarters, a first for Tesla and a key hurdle for it to be added to the S&P 500 index.

Analysts on average expect a Musk would theoretically be able to \$240 million loss for the quarter, sell the shares related to the tranche according to Refinitiv. A month targets related to Teslas financial that vested in May and the current ago, analysts expected a loss of almost \$340 million.

# crosses 4 lakh

FROM PAGE B4 Currently, there are 1,365 procuring agencies in the country. As of yesterday, 1,343 agencies registered with the e-GP system. The number of tenderers registered with e-GP stood at 74,395.

Both procuring agencies tenderers embraced the ICT-based digital procurement system as it has reduced physical hassles. It also saves time and costs, the press release said. In Bangladesh, about 80 per cent of the

annual development programme and 45 per cent of the national budget is spent on public procurement. "Bangladesh has made concerted efforts for nearly a decade to systemically improve

its public procurement system," the World Bank said in a document in April. The Washington-based lender has

supported the government to put in place the e-GP. The country now has 60 national certified procurement trainers and 37,000 officials have been trained in procurement and the use of e-GP. A key transparency measure is a

publication of 100 per cent of procurement notices and contract award information. the WB said. Procurement lead time (from invitation

to contract signing) for all tenders decreased by 28 per cent, from 86.7 days in the fiscal year 2011-12 to 62.2 days in FY2018-19.

A 2017 study by Wahid Abdallah, then a research fellow at the Brac Institute of

Governance and Development, showed that the e-GP holds enormous potential benefits for the country. Each Tk 1 spent on such efforts will do a phenomenal Tk 663 of good, the study found.

The CPTU is developing and implementing the e-GP system. Besides, it operates a widely used, freely accessible, and regularly updated website providing procurement-related information including policy and functional documents and standard tender documents.

Furthermore, there is a functional fourtier appeals system for aggrieved bidders comprising administrative review and a quasi-judicial review panel whose decisions are final and binding, except if overturned by the High Court.

The CPTU is also implementing citizen engagement in contract implementation monitoring.

A citizen portal has been developed and soft-launched to disseminate procurement and contract management data following the Open Contracting Data Standard. The portal has facilities for data analytics based on key performance indicators. The country is currently implementing

the third WB-supported procurement reform operation. The interventions have included: comprehensive procurement capacity development, implementation of e-GP system and digitalised contract performance monitoring with citizen engagement, among others.

### Banks just not getting worked up by farm loans

Banks are supposed to disburse at least 2 per cent of their total outstanding loans in farm credit. The farm loan had since maintained an upward trend.

The declining trend of the farm loan is a warning call for the country's food security, said Rahman vesterday

"Agriculture can protect us to a great extent from the ongoing financial meltdown. A one per cent growth in the farm sector can reduce poverty by 0.39 per cent," he said. The farm sector is now under tremendous

pressure as people have flocked to villages to live their life smoothly and save themselves from the storms of the meltdown in the urban areas Both the government and the central bank

will have to make a concerted effort to boost the farm loan disbursement to ensure a quick recovery from the recession, the economist said. The agriculture sector accounts for 48 per

cent of the country's total employment. A strong partnership between banks and microfinance institutions is needed to give a boost to farm

loan disbursement in the quickest possible time, Rahman added

The central bank should immediately explore the reasons behind banks' reluctance to disburse farm loans, said Hossain Zillur Rahman, chairperson of Brac. "The policymakers are not playing their due

role in making the farm sector vibrant. And the declining farm loan is one of the reflections of The government should widen its dependency

on the farm sector to keep the GDP growth sustainable, said the former adviser to a caretaker "The central bank will have to compel lenders

to disburse the required farm loans such that the ongoing financial recession doesn't affect the peoples' livelihoods badly," said Salehuddin Ahmed, another former governor of the central

The BB yesterday announced the new farm loan policy for the current fiscal year, setting an annual lending target of Tk 26,292 crore. Managing directors of three banks on

condition of anonymity said that they would take initiatives to disburse farm loan. The loan disbursement will rebound in September and October, they said.

Banks have been in a state of confusion due to the wide-ranging economic fallout caused by the pandemic, putting a negative impact on the farm loan distribution, according to them.

Health, agriculture and employment creation have given priority while allocating resources for the annual development programme in fiscal 2020-21.

Of the development budget, 22 per cent has gone to the overall agriculture sector (agriculture, rural development, water resources and others).

"Ensuring food and nutrition security for the large population in Bangladesh, and protecting the lives and livelihoods of farmers, farm labourers and relevant others engaged in the agriculture sector are the main challenges now for us given the forecast of imminent famine in the post-coronavirus world," Finance Minister AHM Mustafa Kamal said in his budget speech

on June 11.

#### Old Dhaka's small businesses demand speedy disbursement of stimulus funds

He also called for waiving VAT on locally made capital machinery and businesses providing repairing services. Apart from fiscal support, a few non-fiscal assistances will also help SMEs, he added.

Most of the CMSMEs in Old Dhaka do not have bank accounts, said Mohammad Ialal Uddin, president of the Bangladesh Bread Biscuit and Confectionery Makers Association. He said 95 per cent of SMEs were good borrowers and successfully repaid their loans.

He called upon banks to give loans to CMSMEs without bank accounts based on recommendations of the respective business bodies. There are 5,000 bakeries in Bangladesh out of which only 270 are in operation.

Without fiscal assistance,

industries in Old Dhaka will face a big problem, he said.

Jalal informed that 1,000 bakeries in Dhaka generated employment for 2 lakh people. The main problem in Old Dhaka is traffic

congestion, he added. He also requested the government to allow CMSMEs to pay all utility bills through equal instalments in the next six months.

Most of the CMSMEs are unable to fulfil all requirements of banks, said Md Golam Mawla, president of Bangladesh Edible Oil Wholesalers Association. He also said entrepreneurs of this sector were yet to get fiscal support from banks.

Entrepreneurs engaged in manufacturing consumer items need large investments and so they need financial support at this time, he said.

### The unhappiest Eid for cattle farmers and traders

Besides the economic downturn brought on by the rogue virus, there are two other reasons for the dire situation in cattle trading, said Md Imran Hossain, president of the Bangladesh Dairy Farmers' Association (BDFA).

One is that the very rich who used to sacrifice big cows every year are not participating in Qurbani this time for fear of the virus and the other is the restriction on performing Qurbani imposed by flat owners' associations or housing

"Many want to perform Qurbani due to their religious obligation but are unable to do so due to the barricade put by the associations."

Hossain, the owner of Sadeeq Agro, one of the country's biggest dairy farms located in the capital Mohammadpur, went on to urge the government to remove these obstacles to save thousands of centrifugal poor cow farmers.

Sadeeq Agro prepared 2,100 cows for this Eid and so far managed to sell only 450.

Last year, the farm had sold 75 per cent of its cattle two weeks before Eid. He had reared 1,900 cows. He projects more than 1,000 cows would

remain unsold this year. Hossain also demanded the government to provide money from the stimulus package to the

suffering dairy farmers so that they can continue in the business.

SMALL COWS ARE IN HIGH DEMAND As coronavirus ate away significant portions of people's income, buyers are opting for a small

Buyers who used to avail cows worth Tk 1 lakh or Tk 1.2 lakh are now looking for cows worth Tk 65,000 to Tk 75,000 this time, said cattle trader Kakoli Khan, the owner of Shuddho Krishi, an f-commerce site.

According to her, 90 per cent of her customers prefer small cows.

Ecommerce platforms involved in cattle trading also confirmed that small cows are being sold as soon as they are uploaded on the site. "Professional dairy farmers usually sell big

cows. This time, the demand for big cows is low. So, they will face huge losses in the business, said Hossain, president of the BDFA. However, according to Khan, the demand for

goats is high. She has already taken 31 orders for

NORTH BENGAL FARMERS HIT HARD Beside coronavirus, northern cattle farmers were fighting with lumpy skin disease (LSD) as

their cattle were getting infected at an alarming pace by another highly contagious virus LSD.

Now, they are facing a new backlash: sustaining flood.

Abdul Aziz of Kurigram districts Fulpur Bazar area has to take shelter on THE street with his cattle Because the flood has submerged his

house and farmhouse. "Hundreds of cows have now been brought to the streets," Aziz told The Daily Star yesterday. Saidul Alam, a cattle trader, brought his 32 cows to the street.

He bought a total of 42 cows, of which only ten have been sold with a nominal profit. "I can't sleep thinking about how to sell the remaining 32 cows as there are no customers,

he added It is the same story among the cattle traders and farmers in neighbouring Lalmonirhat

Abdul Hakim, a cattle farmer, has sold just one of his five cows at a loss of Tk 23,000. "Flood and coronavirus have destroyed our business," he said, adding that he is staring at losses of Tk 1.25 lakh if he has to sell his cattle at

the current price. This year 1.19 crore cattle have been prepared for Qurbani, up from 1.18 crore last year, according to the Department of Livestock

#### AmCham to award TV, print journos for pandemic efforts

Winners will be selected after careful assessment by "a highly reputed" selection committee before being awarded in a future

Amid the Covid-19 pandemic, journalists across the globe are facing numerous challenges when discharging their duties, such as field reporters dealing with the risk of infection.

However, they continue to spread awareness on cautionary measures while combating misinformation, confusion and

panic by providing accurate reports. In a statement the AmCham said the award was a continuation of its

commitment to support society. AmCham believes that this initiative would motivate the journalists' community and further highlight their major contributions to Bangladesh's fight against the coronavirus fallout.

Information Minister Mohammed Hasan Mahmud attended the virtual conference as chief guest while JoAnne Wagner, deputy chief of mission at the US embassy in Bangladesh, was a guest of honour. AmCham President Syed Ershad Ahmed was in the chair as Vice President Syed Mohammad Kamal moderated the programme and briefed participants on the award's specifics.

# \*BUSINESS

# Old Dhaka's small businesses demand speedy disbursement of stimulus funds

Businesses in Old Dhaka yesterday demanded speedy disbursement of the governmentannounced stimulus package for cottage, micro, small and medium enterprises

These entities, thousands of which are located in Old Dhaka, have been struggling to survive on being badly impacted amid the Covid-19 fallouts.

The demand came at a virtual meeting organised by the Dhaka Chamber of Commerce and Industry (DCCI) on the current situation of Old Dhaka's businesses.

Some 13 million CMSMEs account for 25 per cent of Bangladesh's GDP and 35.5 per cent of total employment, said Shams Mahmud, the DCCI president, while moderating the event.

Their contribution to export earnings also range from 75 per cent to 80 per cent but the sector has been hit hard by the pandemic while banks are reluctant to disburse loans from the stimulus package. The CMSMEs sometimes face challenges

in access to finance, market linkage, product standardisation, modern technology and training and for a lack of skilled manpower, according to a statement from the DCCI. Small entrepreneurs still want to pay VAT

and tax but they want to avail instalment facility to cope with losses, said Mahmud. "Moreover, we need to find out alternative sources of financing besides banks," he said.

The DCCI plans to sit with the banks to try to figure out the procedures SMEs need to take to be eligible for bank loans from the stimulus package, informed Mahmud.

He also urged the government to announce 2021 as the year of the CMSMEs sector. "We want to come out of this situation. We need SME linked FDI policies to make CMSME



sector grow further," he added.

Small enterprises come together to create a big conglomerate and large businesses are mostly dependent on SMEs, said Hossain Khaled, managing director of the Anwar Group of Industries.

Covid-19 pandemic our sales have come down by 35 per cent, which will have negative ripple effects," he said.

Unbanked SMEs might not be able to have to create employment benefit from the stimulus, which is a challenge,

opportunities as it is the main concern now he said. "We need to bring the unbanked in a country like Bangladesh. Due to the entrepreneurs in the banking channel," he

> Terming Old Dhaka the centre of business, he said reducing the cost of doing business was necessary for survival at this time. Making 25 per cent of the government's e-procurements

from CMSMEs should be made mandatory, he

Our manufacturing sector is by and large import based, Khaled said, underscoring the need for easing complex procedures of import.

During this crisis, SME Foundation now should be more active and Bangladesh Bank can introduce a refinancing scheme with a 1.5 per cent to 2 per cent interest rate for the SME sector, he said.

"We were not able to sell any product during this time of pandemic," said Md Alauddin Malik, president of Local Garments Manufacturers Association.

"This sector has been hit hard. We are also not getting adequate support from banks to get loan from the stimulus package." Dyeing and embroidery traders are linked with this sector so they also need financial aid, he said.

Due to unbearable traffic congestion, Old Dhaka is losing customers day by day, he added, requesting to let shops remain open till 8:00pm instead of 7:00pm.

There are 120 industrial units in Keranigani BSCIC industrial area and closures prompted many employees to go home, most of whom are yet to come back, said Hossain A Sikder,

president of Dhaka Shilpa Malik Samity. Some 80 per cent of export-oriented industrial units in the BSCIC area are closed due to a lack of demand, he said.

Moreover returnee migrants will put pressure on the existing unemployed workforce. At this time, financial support from the banks will help ease the crisis, he added.

Md Abdur Razzaque, president of Bangladesh Engineering Industry Owners' Association, requested the government to defer VAT and electricity bill payments for a year. This association represents 40,000

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SK ENAMUL HAO

Another day of disappointment begins as day labourers continue to wait patiently lest they miss anyone seeking an extra pair of hands. It was just a handful of times over the past couple of months that they could earn a day's pay of Tk 400 to Tk 500. The photo was taken on DIT Road in the capital's Rampura recently.

## NBR plans to install more luggage scanners at ports

SOHEL PARVEZ

The customs authority plans to install more luggage scanners at all air and land ports in a bid to curb smuggling and free travellers of the hassle of discretion-based checks at arrival and departure gates.

Initially, 10 luggage scanners and five human body scanners have been slated for purchase while eventually more will be installed to strengthen automated checkpoints and stem the flow of contraband, according to a senior official of the National Board of Revenue (NBR).

"We are considering installing scanners at all customs stations across the country," the official said, adding that the first 15 scanners would likely be bought within the current fiscal

Hazrat Shahjalal International Airport in Dhaka, Bangladesh's largest airport, handles around 20,000 travellers on a daily basis with just six luggage scanners while Shah Amanat



has only four scanners in operation. Meanwhile Benapole Land Port, the

country's most active land port, has two scanners and Osmani International Airport in Sylhet has one.

Related officials said once the new scanners were in place, luggage would be scanned for signs of suspicion before being taken for further International Airport in Chattogram examination if needed as opposed to

being manually searched.

Besides, the need to conduct body searches at these ports will decline following the installation of automated scanners at customs areas.

The new machinery will mainly be installed at the Dhaka, Chattogram and Sylhet airports, according to an

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#### Number of e-GP tenders crosses 4 lakh

STAR BUSINESS REPORT

The number of tenders invited online in Bangladesh has gone past four lakh in an indication of the country's race towards digitalisation.

This is a landmark achievement of the electronic government procurement (e-GP) system introduced by the Central Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division, according to a press release. Prime Minister Sheikh Hasina rolled out the e-GP portal in 2011 as part of digitalising public services. Now, the total value of the tenders is Tk 410,000 crore.

E-GP is a web-based system, which encompasses the total procurement lifecycle and records all procurement activities. Its purpose is to maintain complete and up-todate public procurement system activities of all public agencies as well as provide tender opportunities to all potential tenderers from Bangladesh and abroad

In 2011, the online tendering was piloted in four large procuring agencies such as the Local Government Engineering Department, the Roads and Highways



Department, the Bangladesh Water Development Board and the Bangladesh Rural Electrification Board.

Building on the success of piloting, the CPTU started implementing the e-GP across the government procuring agencies from 2012.

READ MORE ON B3

#### AmCham to award TV, print journos for pandemic efforts

STAR BUSINESS REPORT

Journalists of national dailies and television broadcasting agencies who have put their own lives at risk to keep people informed amidst the ongoing coronavirus crisis will be recognised with an AmCham Frontline Journalism Award for their valiant efforts.

The American Chamber of Commerce in Bangladesh (AmCham) announced launching the award, a joint initiative of the non-profit organisation and Masthead PR, during a virtual conference held yesterday.

To win the award, journalists from national media houses, either print or television, will have to submit their generic or business reports related to the pandemic, which were published anytime between March 1 and August 31,

However, the reports must focus on either of two perspectives: the pandemic's impact on humanity and general livelihoods or its effect on the business sector. The deadline for submissions is September 6, 2020.

## Int'l collaboration ensures quality of locally made medical gowns





From left, Workers producing safe gowns at the factory of Snowtex Group in Dhamrai. Gowns made using Japanese technology are being inspected.

РНОТО: COLLECTED

JAGARAN CHAKMA

A local garment maker has started manufacturing medical gowns whose quality has been ensured through an international collaboration of public and private entities.

Over 3,000 of these gowns made by Snowtex Group were provided to frontline healthcare workers dealing with the Covid-19 pandemic in Dhaka, Cox's Bazar and Narsingdi yesterday by Japan International Cooperation Agency (Jica).

The collaboration came about under a project aimed at establishing a quality control system for personal protective equipment (PPE).

The Directorate General of Administration (DGDA) is leading the technical working group to establish a quality control

system for PPE.

With global demand for PPE soaring amidst the pandemic, setting the standard was crucial for establishing the acceptability of the product and diversifying the country's exports.

This "technical working group" comprised representatives of World Health Organization, the Bangladesh University of Engineering and Technology, USAID, Jica and Japanese garment inspection company K2.

The group provided intensive monitoring and technical assistance for the gown's production in the past couple of months.

Running business in Bangladesh for over decade, K2 was engaged by Jica to provide expertise, particularly in the area of physical inspection of PPE, and spearhead hands-on

training with Snowtex Group.

The quality of the gowns, including the fabric used, is based on the DGDA's strict standards while the final products were inspected thoroughly using leading Japanese technology, said a Jica official.

The initiative will do well to promote the local economy, the official told The Daily Star. Bangladesh is well known for its huge garment

industry, which witnessed a large number of layoffs when the pandemic hit hard. "I hope this will benefit all - not only health

workers and garment factory workers but all the Bangladeshi people - in halting the spread of Covid-19," said Yuho Hayakawa, new chief representative of Jica Bangladesh.

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