STOCKS (Week-on-week)		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday Closings)				CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)				
DSEX	CSCX	Gold ▼	Oil ▲	MUMBAI	TOKYO	SINGAPORE	SHANGHAI		$ USD	€ EUR	£ GBP	¥ CNY
▲ 3.57%	▲ 3.62%	$2,026.60	$44.40	▲ 0.04%	▼ 0.39%	▼ 0.53%	▼ 0.96%	BUY TK	83.95	98.50	109.15	11.86
4,364.83	7,512.72	(per ounce)	(per barrel)	38,040.57	22,329.94	2,545.51	3,354.04	SELL TK	84.95	102.30	112.95	12.47

Star BUSINESS

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Govt rallying behind off-colour Navana Group

Preparing the largest debt restructuring programme to date

AKM Zamir Uddin *and* Rejaul Karim Byron

A silver lining seems to have appeared in front of Navana Group at last.

Once an epitome of industry and ambition, Navana Group has in recent years fallen on hard times. So acute is its cash crunch that in 2018 it applied to the government for debt restructuring.

The government has now answered its pleas, with as many as 31 banks have started the process to restructure the business giant's entire debt amounting to Tk 5,203 crore.

This will be the largest debt restructuring programme for a single entity.

Besides, four state-owned banks -- Sonali, Janata, Agrani and Rupali -- will also provide loans amounting to Tk 500 crore in the form working capital such that the entity can run its businesses smoothly.

Working capital is a short-term loan whose maximum repayment tenure is one year.

The state lenders may sanction Tk 125 crore each within the next few days under the central bank's stimulus package of Tk 33,000 crore for large business entities to help them tide over the current challenging trading conditions brought on by the global coronavirus pandemic.

Agrani will submit the final proposal before its board tomorrow, according to its Managing Director Mohammad Shams-Ul Islam.

Janata Bank may sanction the loan on Wednesday and Rupali Bank on Thursday.

Sonali Bank will also submit the issue to its board immediately, said its Md Ataur Rahman Prodhan.

Navana Group, one of the largest business groups in the country, has been facing a deep financial crisis due to its mismanagement and inefficiency for the last three to four years, said bankers.

Until last year, the group's total liabilities stood at Tk 4,503 crore in 31 banks and nearly Tk 700 crore in 22 non-bank financial institutions (NBFIs), according to a finance ministry document.

The group, which began its journey in 1953, now has 27 concerns, ranging from real estate to furniture, automobile to petroleum and energy products, battery and electrical and electronics to food and beverage.

Its financial problems come to the surface on 3 December 2018 when its Chairman Shafiul Islam Kamal applied to the finance ministry for restructuring its debts with the 53 financial institutions.

AMA Muhith, the then finance minister, accepted the proposal positively and discussed it with the managing directors of state lenders and top officials of the ministry in a meeting on 19 December that year.

NAVANA GROUP

BUSINESS BEHEMOTH HAS FALLEN ON HARD TIMES

- Tk 4,503cr in debt with 31 banks
- Tk 700cr owed to 22 NBFIs
- Applied to govt for debt restructuring in Dec'18
- Which finance ministry gave nod to
- Navana may get 12 years for repayment, including a 2-year grace period
- Four state banks may sanction Tk 500cr this week as emergency cash support
- Banks to purchase loans off NBFIs
- Private banks have started to restructure their respective loans
- Mismanagement to blame for acute cash crunch

The finance ministry subsequently arranged several meetings with the central bank and state lenders to explore ways on how to salvage the group.

The ministry arrived at two solutions at last on 13 February.

The first option is to restructure the debt amounting to Tk 4,503 crore given by 31 banks, with the four state lenders taking over the loans amounting to Tk 700 crore from the 22 NBFIs.

Besides, a pari-passu charge will have to be created to secure the fresh loans to be given out by the state lenders as Navana does not have available collateral securities.

Pari-passu means "equal footing" that describes situations where two or more assets, securities, creditors, or obligations are equally managed without preference.

The second option entails the four state lenders and nine private banks, which gave out Tk 2,252 crore to the group, will take over the loans collectively from the NBFIs.

Navana Group will not have to give any down payment for restructuring the loans.

The banks will have to take approval from their respective boards and the central bank in tandem to implement the financial rescue programme, according to the ministry document.

Creating the pari-passu charge is difficult immediately as there are many banks involved in the process, said Md Abdus Salam Azad, managing director of Janata Bank.

But a good number of private banks now oppose the creation of the pari-passu charge as they will have to share their collateral securities with the state lenders, said a high official of one of the private banks involved with the matter.

"Despite that, we will resolve the matter promptly to give out the working capital in the quickest possible time," Azad said.

Since December 2018, the finance ministry has held several meetings with the central bank and state lenders to explore ways to salvage Navana Group. On 13 February, the ministry narrowed down on two options.

Banks are now assessing the appropriate clauses of the two plans for the implementation of the rescue package as per a decision of a meeting held in the second week of July.

The managing directors of the state lenders, top officials of both the finance ministry and the central bank took part in the meeting.

Earlier in June, the central bank had arranged another meeting where senior officials of the 22 NBFIs and the banks concerned participated.

The central bank asked Arif Khan, managing director of IDLC Finance, to coordinate the NBFIs such that the banks will take over the loans from them within the shortest possible time.

The majority of the NBFIs have already submitted their details to the central bank and the rest may be placed this week, Khan said.

Navana Group will get relief from the burden of the high interest charged by the NBFIs if banks will take over the loans, he said.

NBFIs have not been asked to follow the 9 per cent interest cap on lending as they have to mobilise funds from banks; they now charge a minimum interest of 11 per cent on lending.

Asked whether NBFIs would rebate the interest to the group, Khan said there would be no scope to take a collective decision to this end.

The respective board of the NBFIs would decide on whether they will rebate the interest or not, he added.

As per the finance ministry proposal, banks will only take over the principal amount and the NBFIs could either rebate the interest or recover the funds from Navana.

The state lenders may take over the loans alone as private banks are reluctant to do so, said a high official of a state lender wishing not to be named as he is not authorised to speak with the media.

"Our initial priority is to provide the working capital to the group immediately. Taking over the loans from the NBFIs is a secondary issue," said the Agrani MD Islam.

READ MORE ON B3

BSEC has a grand plan to crack down on junk stocks

Ahsan Habib

The new governing body of the stock market regulator, it seems, is earnest in its efforts to straighten out the bourse that has long been a playground for rogue players.

One such plan it is working on entails appointing administrators in companies whose stocks have turned junk such that they can be in the black once again.

"We want to restore discipline in the market. We want to see quality stocks in the market," Shibli Rubayat-Ul Islam, the newly-appointed chairman of the Bangladesh Securities and Exchange Commission (BSEC), told The Daily Star yesterday.

Stocks of companies that have failed to hold an annual general meeting on time, or did not declare a dividend in a year or are not operational for more than six months are termed junk stocks or Z-category companies.

"We are working on a detailed plan that will be implemented according to rules and regulations," he said, adding that the plan will be finalised in a meeting next week.

Several departments of the commission have already put forward their suggestions in this regard.

"The companies will get all-out cooperation from our end. But the ones who intentionally remain junk will face the music," said Islam, who took the helm of the country's stock market regulating body in May.

The BSEC is planning to work on the junk stocks in three stages.

In the first phase, it will upgrade the companies that are very close to booking profits, or have large retained earnings or adequate cash flow.

LAST WEEK'S TOP GAINERS LIST

	GAINS	CATEGORY
Peoples Insurance	40%	B
Shyampur Sugar	35%	Z
Zeal Bangla	34%	Z
Nitol Insurance	31%	A
Meghna Pet	31%	Z
Active Fine	29%	B
Silco Pharma	26%	A
Fas Finance	25%	B
Meghna Mil	25%	Z
CAPM IBBL Mutual Fund	23%	A

There are two to five companies in this stage and a decision will be taken about them by checking the last few years' financial reports, said Islam, who was previously the dean of the Dhaka University's faculty of business studies.

In the second stage, the regulator will support the companies that are struggling but are making an honest effort to return to profit.

"And in the final stage, we will punish the worst performers by either changing their boards or by deploying administrators," Islam said.

The Dhaka Stock Exchange now trades 53 junk stocks, of which nine have not been paying any dividend for more than a decade but they remain in the top gainers' chart thanks to gambling and rumours.

The nine companies are: Dulamia Cotton, ICB Islamic Bank, Jute Spinners, Meghna Condensed Milk, Meghna Pet Industries, Samata Leather Complex, Savar Refractories, Zeal Bangla, and Shyampur Sugar Mills.

"Though the companies are counting losses, their stock prices are high. This is suspicious," Islam said.

The BSEC's plan has been welcomed by merchant banks, who said special audits should be run into all the Z-category companies through reputed auditors and check their transactions since listing.

"Then the wrongdoings of the companies could be detected," said a merchant banker requesting anonymity.

The BSEC may fine the errant directors based on the findings of the audits.

"This will set a precedent," he added.

READ MORE ON B3

Govt has come up with a solution to the hurdle to higher leather exports

Will allow tanners build their own waste treatment plants in Savar leather estate

Refayet Ullah Mirdha

The government will allow construction of effluent treatment plants (ETPs) by individual tanneries inside the Savar Tannery Industrial Estate (STIE) in a bid to expedite the process of obtaining much-needed certification from the Leather Working Group (LWG) to boost export of leather goods.

Exporters now face delays in getting LWG certificates as Bangladesh Small and Cottage Industries Corporation (BSCIC), the authority of the estate, could not complete construction of a central ETP at the site despite taking a project in 2012.

The groundwork for the CETP started in 2014 and it was supposed to be completed by 2017.

The UK-based LWG is made up of member brands, retailers, product and leather manufacturers, chemical and machinery suppliers, technical experts and other service providers that work together to maintain environmental stewardship protocols specifically for the leather manufacturing industry.

Obtaining certification from the group is a prerequisite for any country to sell leather and leather goods at international rates.

As European and American buyers do not buy goods from non-compliant factories in Bangladesh that are yet to be certified by the LWG, exporters sell tanned leather to some Chinese companies at rates 40 per cent lower than those prevailing in the international markets.

The Chinese importers reprocess those goods as per international standards.

The construction of the CETP has been delayed for several reasons, like the change of project directors for several times over the years, fund crisis, legal dilemmas, bureaucratic tangles and delays caused by Chinese engineers.

So far, Tk 879 crore has been spent on the CETP, said Jitendra Nath Paul, project director of the STIE.

"I hope this time we will be able to build the CETP as the construction of the main part is complete."

ANISUR RAHMAN

A tannery worker inspects half-processed leather.

Work for two waste dumping stores is going on, which is expected to be complete over the next two months.

"We are ready to take over the CETP from the construction company by December."

Once the CETP is ready, the authorities will apply for LWG certification so that Bangladeshi companies can export more and get better prices for their leather and leather goods, Paul told The Daily Star over the phone.

"We are planning to let individual tanneries build their own ETPs in the estate," said Md Jafar Uddin, commerce secretary.

The LWG certificate will help Bangladesh grab a bigger share of the international market and ensure better prices for locally produced goods, he said.

The government has taken some programmes to increase export, add more value and create jobs in the leather and leather goods industries, which is the second-highest export earning sector after apparel, he said.

READ MORE ON B3

US job growth decelerates in July

Reuters, *Washington*

U.S. employment growth slowed considerably in July amid a resurgence in new COVID-19 infections, offering the clearest evidence yet that the economy's recovery from the recession caused by the pandemic was faltering.

The Labour Department's closely watched employment report on Friday piles pressure on the White House and Congress to reach an agreement on another aid package. Talks have been dragging over differences on major issues including the size of a government benefit for tens of millions of unemployed workers.

A $600 weekly unemployment benefit supplement expired last Friday, while thousands of businesses have burned through loans offered by the government to help with wages.

"The jobs recovery is on very shaky ground and without seat belts for the unemployed provided by additional fiscal stimulus the economy could be in for a very bumpy ride," said Chris Rupkey, chief economist at MUFG in New York.

"There cannot be sustainable economic growth if the country has to carry on with the crushing weight of massive unemployment." Nonfarm payrolls increased by 1.763 million jobs last month after a record rise of 4.791 million in June. That left payrolls 12.9 million below their pre-pandemic level. Employment peaked at 152.5 million in February.

Economists polled by Reuters had forecast 1.6 million jobs were added in July. Many say July was probably the last month of employment gains related to the rehiring of workers after the reopening of businesses.

The slowing labour market is more bad news for President Donald Trump, who is lagging in opinion polls behind former Vice President Joe Biden, the presumptive Democratic Party nominee for the Nov. 3 election.

The economy, which entered into recession in February, suffered its biggest blow since the Great Depression in the second quarter, with gross domestic product dropping at its steepest pace in at least 73 years.

Infections of the respiratory illness soared across the country last month, forcing authorities in some of the worst-affected areas in the West and South to either shut down businesses again or pause reopenings, sending workers back home. Demand for goods and services has suffered.

Last month's slowdown in job growth occurred across all sectors, with the exception of government. The leisure and hospitality industry hired 592,000 workers, accounting for about a third of nonfarm payrolls. The bulk of the jobs were at restaurants and bars. Retail employment rose by 258,000 jobs, with almost half of the gain in clothing and accessories stores.

Professional and business services added 170,000 jobs, concentrated in the temporary help services. Government employment increased by 301,000 in July, artificially boosted by hefty gains in state and local government education.

The model that the government uses to strip out seasonal fluctuations from the data normally anticipates education workers to drop off payrolls in July. This, however, happened earlier because of the pandemic, leading to a big gain in July.

U.S. stocks opened lower while the dollar rose against a basket of currencies. U.S. Treasury prices were trading largely higher.

The unemployment rate fell to 10.2% from 11.1% in June, but it has been biased downward by people misclassifying themselves as being "employed but absent from work." The Labour Department's Bureau of Labour Statistics, which compiles the report, estimated that the jobless rate would have been 11.2% without this error.

The BLS, however, cautioned that the 1 percentage point estimate "represents the upper bound of our estimate of misclassification and probably overstates the size of the misclassification error." At least 31.3 million people were receiving unemployment checks in mid-July.

The slowdown in hiring challenges the U.S. stock market's expectation of a V-shaped recovery. The S&P 500 index is up nearly 50% from its March trough. As COVID-19 cases spiral, and Republicans and Democrats bicker over another stimulus package, economists see a W-shaped recovery.

Economists estimate the Paycheck Protection Program that gave businesses loans that can be partially forgiven if used for employee pay saved around 1.3 million jobs at its peak. The extra $600 weekly unemployment checks made up 20% of personal income and helped to boost consumer spending in May and June.

REUTERS/FILE

Hundreds of people line up outside a Kentucky Career Centre, hoping to find assistance with their unemployment claim in Frankfort, Kentucky, US.

Energy costs to fall for millions of Britons from Oct

Reuters, *London*

Energy prices are set to fall for millions of British households from October after the energy regulator said it would lower its cap on the most widely used tariffs by about 7.5%.

A cap on electricity and gas bills came into effect in January 2019 and was aimed at ending what former British Prime Minister Theresa May called "rip-off" prices by energy firms.

The reduction, to the lowest level since the cap began, was due to a fall in wholesale gas prices since February as lockdowns on business and homes hit demand, Ofgem said.

"The COVID-19 crisis has depressed energy demand although wholesale gas prices have started to recover since hitting 20-year lows in the spring," the regulator said in a statement.

The cap for average annual consumption on the most common tariffs, used by around 11 million households, will fall by 84 pounds ($110) to 1,042 pounds, while for some 4 million homes on pre-payment energy meters it will fall by 95 pounds to 1,070 pounds a year, Ofgem added on Friday.

Ofgem calculates the cap using a formula that includes wholesale gas prices, energy suppliers network costs and costs of government policies, such as renewable power subsidies.

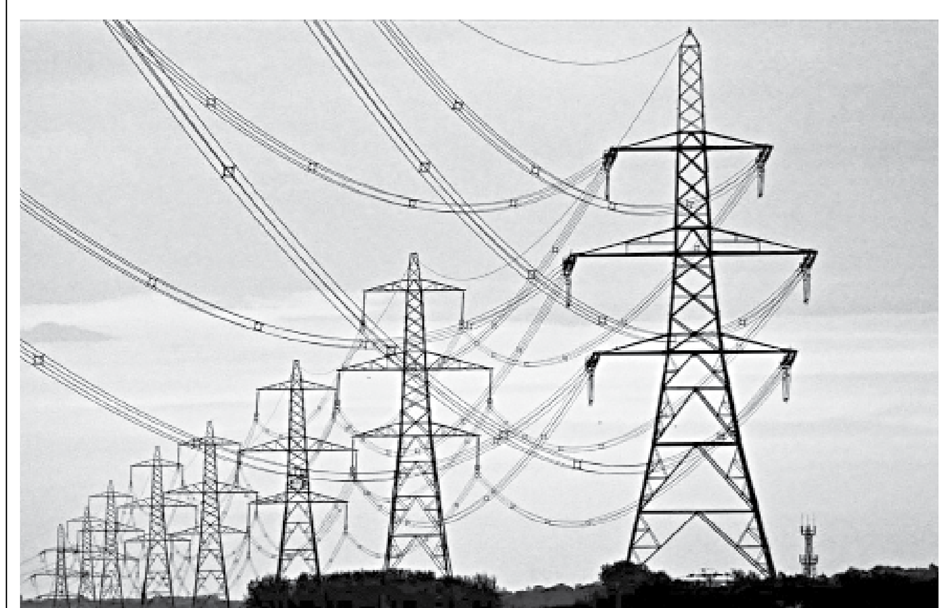
p/ However, Ofgem warned that with wholesale prices beginning to rise the cap is likely to be increased at the next review, which comes into effect in April.

Under legislation the cap could be lifted from 2020 and no later than 2023.

Ofgem on Friday recommended it should remain in place next year, with an ultimate decision to be taken by the government by the end of October.

"Our assessments shows this is not the right time to remove the cap," Jonathan Brearley, Ofgem's chief executive, told reporters on a call.

He said the regulator would like to see a more competitive market, better customer engagement and more technology such as smart meters deployed before the cap is removed. Despite the cap, Ofgem said those seeking cheaper energy prices may still find better deals by shopping around.



REUTERS/FILE

The sun rises behind electricity pylons near Chester, northern England.

China hopes US will cooperate to create favourable conditions for trade deal

Reuters, *Beijing*

China urges the United States to strengthen cooperation so as to create favourable conditions for the implementation of the phase one trade deal, said its top diplomat Yang Jiechi on Friday.

Yang, in an essay published on China's foreign ministry website, also urged the United States to stop "bullying" Chinese firms and to create a fair, open, non-discriminatory environment for them, in an apparent reference to an impending U.S. ban on transactions with the Chinese owners of messaging app WeChat and video-sharing app TikTok.

Relations between the world's two largest economies have deteriorated since the phase one trade deal was signed in January, with the U.S. criticising Beijing harshly over its actions in the coronavirus pandemic, Hong Kong and the northwestern Chinese region of Xinjiang.

Yang argued that cooperation between China and the United States would be beneficial to both countries and to the world, whereas confrontation would be "a sure disaster".

Yang reiterated China's call for all sectors from both countries to engage in dialogue, adding that the door for communication "has always been fully open".

He also urged the military in both countries to engage more and make good use of confidence-building mechanisms. "Military ties should become the stabilising factor for bilateral relations," wrote Yang.

UK, Japan aim to strike outline trade deal this month

Reuters, *London*

Britain and Japan have reached substantial agreement in most areas for a bilateral post-Brexit trade deal and will try to clinch a preliminary deal by the end of this month, top officials from both countries said on Friday.

"We agreed to accelerate talks with an aim of reaching an outline agreement by the end of August," Japanese Foreign Minister Toshimitsu Motegi, who is in London for the talks, told reporters in an online briefing.

British trade minister Liz Truss said negotiations, which began in June, had been positive and productive.

"We have reached consensus on the major elements of a deal, including ambitious provisions in areas like digital, data and financial services that go significantly beyond the EU-Japan deal," she said in a statement.

Britain, which formally left the European Union in January but has a no-change transition arrangement until Dec. 31, is seeking a deal that builds on the 2019 EU-Japan agreement. Japan is a major investor in British industry, particularly consumer electronics and car manufacturing.

The total value of bilateral trade in 2019 was 31.6 billion pounds ($41 billion) according to British data, a figure London hopes to increase by about 15 billion pounds a year in the long run.

Japanese Foreign Minister Toshimitsu Motegi

Dollar gains after two-year slump

Reuters, *New York*

The dollar bounced off two-year lows and a gauge of global equity markets stopped marching toward a record high on Friday, as slightly better-than-expected data on U.S. job growth in July also snapped big rallies in gold and the euro.

A U.S. Labor Department report showed employment growth slowed considerably from June amid a surge in COVID-19 cases. Though the job numbers topped expectations, the report highlighted the need for the White House and Congress to reach an agreement on a new stimulus bill.

Gold slid 2 per cent to snap its record surge this week above $2,000, the euro fell from highs against the dollar last seen in May 2018 and U.S. Treasury yields rose, halting a downward move that had the benchmark 10-year note poised to fall below 0.5 per cent.

The sell-off was due to profit-taking after the record peaks this week in gold and the tech-driven Nasdaq, as the value of the dollar ebbed, said Axel Merk, president and chief investment officer of Merk Investments LLC in San Francisco.

"We've had such a dramatic move. It's been dollar-centric, call it a profit-taking reversal. I don't think there is a change in environment," said Merk, adding: "I can tell you what's causing this. It's Friday." European equities eked out modest gains, with the pan-regional FTSEurofirst 300 index adding 0.27 per cent. But the euro's sharpest sell-off since April helped Germany's export-heavy DAX index to close up 0.66 per cent.

Stocks on Wall Street at first meandered, with the S&P 500 and Nasdaq trying to turn positive, without luck.

The Dow Jones Industrial Average fell 0.13 per cent, the S&P 500 lost 0.23 per cent and the Nasdaq Composite dropped 1.15 per cent.

MSCI's benchmark for global equity markets fell 0.55 per cent to 562.04.

The dollar index rose 0.662 per cent, with the euro down 0.8 per cent to $1.178. The Japanese yen weakened 0.37 per cent versus the greenback at 105.93 per dollar.

Financial markets remain focused on the potential passage of another stimulus bill in Congress, but the White House and Democrats appear far apart after nearly two weeks of talks that have failed to produce substantial progress.

Democrats in Congress said on Friday they offered to reduce a proposed coronavirus aid package by a trillion dollars if Republicans would add a trillion to their counter-offer, but the idea was flatly rejected by the White House.

Also weighing on markets was U.S. President Donald Trump's sweeping ban, unveiled late Thursday, on U.S. transactions with the Chinese owners of messaging app WeChat and video-sharing app TikTok.

In response, China said the companies complied with U.S. laws and warned Washington would have to "bear the consequences" of its action.

Chinese stocks led losers in Asia and the yuan slumped after Trump issued executive orders to purge "untrusted" Chinese apps from U.S. digital networks.

Hong Kong's Hang Seng fell 1.6 per cent. Tencent, Asia's second-biggest company by market capitalization, dropped as much as 10.1 per cent and closed down 5.0 per cent.

Mainland China's CSI 300 Index fell 1.15 per cent despite strong export data, while Japan's Nikkei slipped 0.4 per cent.

The latest Bank of America fund flow statistics also confirmed the undercurrent of caution in global markets, with investors flocking to cash, gold and investment-grade bonds and switching out of equities.

Gold hit a record high of $2,072.5 an ounce overnight in Asia, before succumbing to profit-taking.

Spot gold prices fell -1.47 per cent to $2,032.96 an ounce.

U.S. gold futures settled down 2 per cent at $2,028.

Silver dropped 1.7 per cent to $28.452 per ounce following its rise to a seven-year high of $29.838.

Oil prices fell more than 1 per cent, pulling back from a week of gains.

Brent crude futures slid 69 cents to settle at $44.40 a barrel, while U.S. crude futures settled down 73 cents at $41.22 a barrel.

Huawei to stop making flagship chipsets as US pressure bites

Reuters, *Shanghai*

Huawei Technologies Co will stop making its flagship Kirin chipsets next month, financial magazine Caixin said on Saturday, as the impact of US pressure on the Chinese tech giant grows.

US pressure on Huawei's suppliers has made it impossible for the company's HiSilicon chip division to keep making the chipsets, key components for mobile phone, Richard Yu, CEO of Huawei's Consumer Business Unit was quoted as saying at the launch of the company's new Mate 40 handset.

With U.S.-China relations at their worst in decades, Washington is pressing governments around to world to squeeze Huawei out, arguing it would hand over data to the Chinese government for spying. Huawei denies it spies for China.

The United States is also seeking the extradition from Canada of Huawei's chief financial officer, Meng Wanzhou, on charges of bank fraud.

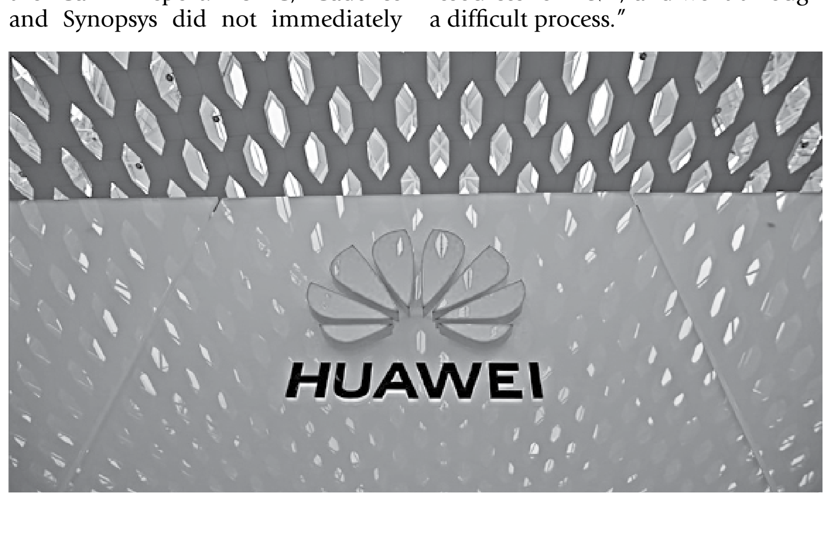
In May the U.S. Commerce Department issued orders that required suppliers of software and manufacturing equipment to refrain from doing business with Huawei without first obtaining a license.

"From Sept. 15 onward, our flagship Kirin processors cannot be produced," Yu said, according to Caixin. "Our AI-powered chips also cannot be processed. This is a huge loss for us." Huawei's HiSilicon division relies on software from U.S. companies such as Cadence Design Systems Inc or Synopsys Inc to design its chips and it outsources the production to Taiwan Semiconductor Manufacturing Co (TSMC) , which uses equipment from U.S. companies.

Huawei declined comment on the Caixin report. TSMC, Cadence and Synopsys did not immediately respond to email requests for comment.

HiSilicon produces a wide range of chips including its line of Kirin processors, which power only Huawei smartphones and are the only Chinese processors that can rival those from Qualcomm in quality.

"Huawei began exploring the chip sector over 10 years ago, starting from hugely lagging behind, to slightly lagging behind, to catching up, and then to a leader," Yu was quoted as saying. "We invested massive resources for R&D, and went through a difficult process."



German 10-year bond yields keep below one-week highs ahead of US data

Reuters, *Milan*

German 10-year bond yields held below one-week highs on Friday and Italian 10-year yields floated around the psychologically important 1 per cent level ahead of U.S. jobs data that is expected to set the tone of the session.

Risk-appetite was subdued on Friday after U.S, president Donald Trump ratcheted up tensions with China by banning transactions with popular apps WeChat and TikTok. Meanwhile rising coronavirus cases across the world are triggering fears of a second wave of lockdowns.

A U.S. financial stimulus plan which might support economic recovery expectations in the United States and globally made little progress.

"The markets will be paying close attention to the noises from Capitol Hill. Apparently, negotiations towards another stimulus package made progress lately, but more needs to be done before a deal can be agreed," DZ Bank strategist Andy Cossor told clients.

Safe-haven German bond yields were unchanged at -0.53 per cent in early Friday trade, holding below one-week highs at -0.49 per cent hit on Thursday.

Italian 10-year bond yields were up 1 basis point to 1.00 per cent, near their lowest since early March..

Southern European government bonds have rallied as European assets have become more appealing to investors after the approval by the European Union of a 750 billion euro recovery fund, while ECB measures continue to be in place.

Italy's liabilities towards other euro zone central banks fell in July, from record highs in June, the Target2 reading -monitored as a sign of financial stress and imbalances - showed on Friday.

AKM Delwer Hussain elected as vice president of SAFA

STAR BUSINESS DESK


AKM Delwer Hussain

AKM Delwer Hussain FCMA has been elected as the vice president of South Asian Federation of Accountants (SAFA).

The election took place in the 63rd board meeting of SAFA yesterday, the federation said in a statement yesterday.

He will be the president of the federation for 2021, according to the statement.

The SAFA is a forum of professional accounting bodies in the South Asian Association of Regional Cooperation (SAARC) region of eight nations.

It works in the public interest and towards broad economic development of the region in part through promoting harmonisation of accounting standards and practices.

The strategy of the organisation founded in 1984 is not to create new standards, but rather to promote harmonisation by building common knowledge and adoption of international accounting standards.

Hussain did his graduation with honours and masters in management from the University of Dhaka.

The veteran professional cost and management accountant was the president of the Institute of Cost and Management Accountants of Bangladesh for 2004 and 2013.

He is also a former chairman of Bangladesh Sugar and Food Industries Corporation and a director of Rupali Bank.

He was also a member of the National Wages and Productivity Commission of Bangladesh in 2010.

At present, he is a member of finance committee of BUET, WASO Credit Rating Company BD Ltd. and secretary general of Consultative Committee of State Owned Enterprises.

US businesses in China face uncertainty as White House bans WeChat

REUTERS, *Hong Kong*

As Tencent assesses how its business might be impacted by a US decision to ban its messenger app WeChat in the country, American companies in China may become unintended casualties due to their heavy reliance on the app, experts said.

US President Donald Trump on Thursday unveiled sweeping bans on US transactions with owners of WeChat and video-sharing app TikTok, which his administration has called "significant threats".

It's not clear to what extent the executive orders, which go into effect in 45 days, would impact WeChat's business and whether Tencent's large fleet of investments in the US and other parts of the world would come as collateral. But if the ban covers US companies doing businesses on WeChat, it would do more harm to US firms such as Walmart and Starbucks than to Tencent, said Chengdong Li, a Beijing-based tech analyst.

WeChat is an all-in-one mobile app that combines services similar to Facebook, WhatsApp, Instagram and Venmo. The so-called super app is almost essential for daily life in China and boasts more than 1 billion users.

American brands, big and small, from Nike to KFC , Starbucks and Amazon use WeChat's embedded 'mini-app' programmes to facilitate transactions and engage consumers in China.

Users of the mini-app programmes do not need to download such retail apps separately as they can access those apps stored in WeChat's cloud.

"The revenue Tencent got from these mini-apps for Walmart and Starbucks is minuscule in comparison to Tencents video games revenue domestically," Li said.

"The ban would hurt Walmart and Starbucks more significantly as they rely on Tencent to get traffic." While Walmart's "Scan-and-Go" payment service is offered via its own app in the United States, the retail giant embedded the service into WeChat in China.

Walmart said last year the service, which enables customers to pay with their smartphones by scanning the bar code on items and skip queuing up at the cash register, made more than 30 per cent of its transaction in China.

It aligned itself with Tencent so much that in 2018 it dropped Alibaba-linked Alipay in all its stores in the western region of China.

While it's unclear whether and how much US companies will be impacted, Raymond Wang, managing partner at Beijing law firm Anli Partners, said American businesses on WeChat might be able to survive the ban "as long as their entities linked to WeChat are registered outside US" If the ban only covers WeChat businesses in the United States, it would inflict limited impact on both Tencent and US companies relying on the app in China, as it is not heavily used by non-Chinese individuals in the United States.

"While we are not in a position to judge the future evolvement of this issue, we believe the current EO (executive order) seems to be targeting only WeChat, and if we are correct, the impact to Tencent's financials would be limited," Citi analysts wrote in a note Friday.

Unemployment in Canada continues fall to 10.pc in July

AFP, *Ottawa*

The coronavirus-hit Canadian economy created 419,000 jobs in July, a higher-than-predicted increase of 2.4 percent, while unemployment continued to fall to 10.9 percent, the national statistics institute said Friday.

The unemployment rate drop of 1.4 percentage points marked the second month in a row that it has fallen, after reaching an all-time high in May of 13.7 percent.

It stood at 5.6 percent in February, before lockdown restrictions implemented in an attempt to contain COVID-19 hit the economy.

"Despite this decrease, almost 2.2 million Canadians were unemployed in July, nearly twice as many (+92.6%) as in February (1.1 million)," Statistics Canada said in a statement, tempering the positive news.

Job creation in July was mainly driven by part-time work -- more than 345,000 jobs, compared with over 73,000 full-time jobs.

More work was created in the service sector than in the goods sector.

Employment also rose faster among women -- by 3.4 percent, or 275,000 jobs -- than men, although with women disproportionately losing their jobs in March it meant that employment in July was still closer to its pre-shutdown level for men than for women.

The figures are higher than analysts' forecasts, which averaged 390,000 new jobs after the Canadian economy created nearly one million jobs in June.

"The pace of increase in employment slowed in July relative to the prior month, and that's likely to become a trend as the pace of easing in restrictions also slows down and the number of Canadians on temporary layoff falls," noted Royce Mendes, analyst at CIBC.

The number of Canadians working at home also continued to decline by about 400,000, the same as the previous month.

Quebec, which on Friday accounted for more than half of the 118,500 cases of coronavirus in Canada, recorded a 1.2 point drop in its unemployment rate to 9.5 percent.

Malaysia's former finance minister charged with corruption

REUTERS, *Kuala Lumpur*

Malaysia on Friday charged former finance minister and senior opposition leader Lim Guan Eng with corruption for seeking a bribe on a $1.5 billion infrastructure project.

Lim said the charge was "politically motivated".

The charge against Lim, who was minister in the Mahathir Mohamad-led coalition that collapsed in February, comes amid speculation that elections could be imminent due to Prime Minister Muhyiddin Yassin's slim majority in parliament.

Lim was charged at a Kuala Lumpur sessions court for seeking a bribe in 2011 to appoint a company to manage an undersea tunnel project in Penang state, which he led as chief minister from 2008 until his appointment as finance minister in 2018.

Lim, who was arrested on Thursday night, pleaded not guilty to the charge.

If found guilty, Lim faces a jail term of up to 20 years and heavy fines. Anti-graft officials have said Lim will face two more charges next week.

"This is a baseless allegation and is politically motivated," Lim told reporters after being released on bail, adding that he will prove his innocence in court.

Other opposition leaders also called the charge political persecution. Charles Santiago, an opposition lawmaker, said the charges were a "dirty ploy" to destroy the opposition bloc.

The prime minister's office did not respond to a request for comment.

Lim leads an ethnic Chinese-dominated party, which had drawn some backlash in the Mahathir coalition - including from prime minister Muhyiddin and his allies - due to concerns that the alliance was not doing enough to protect interests of the country's majority Malays.

Lim's appointment as finance minister in 2018 was the first time in 44 years that the ministry was headed by a member of the ethnic Chinese community and was met with some resistance.

Muhyiddin was in Mahathir's coalition before he switched alliances to form a government with parties that were voted out in the 2018 election.

Canada to impose retaliatory tariffs on US goods

REUTERS, *Ottawa*

Canada will slap retaliatory tariffs on C$3.6 billion ($2.7 billion) worth of U.S. aluminum products after the United States said it would impose punitive measures on Canadian aluminum imports, a senior official said on Friday.

Deputy Prime Minister Chrystia Freeland told a news conference the countermeasures would be put in place by Sept. 16 to allow consultations with industry.

The move marks the latest ruction in a choppy relationship between the neighbors and close allies since President Donald Trump took office in 2017.

Trump moved on Thursday to reimpose 10% tariffs on some Canadian aluminum products on Aug 16 to protect U.S. industry from a "surge" in imports. Canada denies any impropriety.

"At a time when we are fighting a global pandemic... a trade dispute is the last thing anyone needs - it will only hurt the economic recovery on both sides of the border. However, this is what the U.S. administration has chosen to do," said Freeland.


Canada's Deputy Prime Minister Chrystia Freeland

"We do not escalate and we do not back down," she said later, variously describing the U.S. decision as "entirely unacceptable," absurd and ludicrous.

The Canadian list of goods that might be subject to tariffs includes aluminum bars, plates, refrigerators, bicycles, washing machines and golf clubs. Trump is a keen golfer.

"I think the very best outcome would be for the United States to reconsider," said Freeland, adding that she was confident common sense would prevail.

The list of goods subject to tariffs is narrower than the last time Ottawa struck back at Trump because the two sides agreed in 2019 to limit the scope of retaliation in disputes over steel and aluminum, said a Canadian government source who requested anonymity.

In 2018, Ottawa slapped tariffs on C$16.6 billion ($12.5 billion) worth of goods ranging from bourbon to ketchup after Washington imposed sanctions on Canadian aluminum and steel.

Ottawa may be calculating its measures will be short-lived. A source briefed by Prime Minister Justin Trudeau's office said Canadian officials are increasingly sure Trump will lose the Nov. 3 presidential election.

Trump acted just weeks after a new continental trade pact between the United States, Canada and Mexico took effect. The North American economy is highly integrated and Canada sends 75% of all its goods exports to the United States.

Banglalink knocked down further by pandemic

FROM PAGE B4

Like in the previous years, the carrier did not disclose its profit status in the report. Banglalink declined The Daily Star's request for comments on the financial numbers provided in the report.

Banglalink saw a decline in voice calls and active customers during the quarter as the general shutdown ate up people's disposable income.

However, its data revenue posted a huge growth as Banglalink's investments in building up its 4G capacity and focus on selected digital services came in handy, as per the report. The carrier logged in Tk 293.65 crore as data revenue for the quarter.

"Given lockdown restrictions on customer movement until the end of May and continued health safety concerns, Banglalink actively promoted the use of digital channels to facilitate top-ups, account management and the adoption of additional services," reads the report.

Because of the lockdown the carrier also reduced its capital investment and operational expenditure.

Its average earning per user in every month declined to Tk 110 during the quarter from Tk 113 the previous quarter.

Another significant incident of this quarter for the operator was an extension of the maturity of its $300 million syndicated loan by an additional two years to 2022 as it had matured in April 2020.

VEON Holdings also purchased the $300 million facility from a syndicate of international lenders and repaid $100 million of the outstanding amount of VEON's Revolving Credit Facility, reads the report.

Availing this loan the then second carrier of the market made a significant amount of investment expanding their network coverage.

The carrier also has invested a huge amount of money for purchasing additional spectrum in February 2018 and invested in 4G services.

The front-loading of network investments was to support 4G expansion. At the end of June Banglalink's 3G network population coverage approximately reached 74 per cent while 4G population coverage was 52 per cent.

The operator's earnings before interest, taxes, depreciation and amortisation (EBITDA) also declined both in quarter on quarter and year on year comparison.

BSEC has a grand plan to crack down on junk stocks

FROM PAGE B1

The Dhaka bourse in 2018 had cracked down on some junk stocks and delisted Rahima Food Corporation and Modern Dyeing from the DSE board.

But the step drew criticism as it did not help stock investors recoup their losses or could not ensure punishment for the directors who were responsible for the precarious financial situation of the companies.

In the same year, the DSE identified 14 companies that had not paid a dividend for the previous five years for their performance review and see if they have any potential to return to the black.

The bourse found many companies had no such potential but it had not taken any steps against them as it can only delist companies as a punitive action, said a top official of the DSE, preferring anonymity.

"But delisting is not the solution. It only aggravates the woes of the stock investors because their whole investment goes down the drain due to the delisting."

The then authorities of the BSEC also asked the DSE not to delist the companies but send their findings to the regulator.

"We had sent our findings to the BSEC but did not see any actions."

The new commission will take some fresh measures, which may bring some good results for the market, the DSE official added.

"A company can incur losses for a while. This is normal. But some companies are fleeing by taking investors' money intentionally. We will punish them," Islam added.

Local tours bring some relief to S.Africa safari industry

AFP, *Hammanskraal South*

Tourists gasp as two lionesses elegantly pad across the track, barely glancing at the jeep-load of city dwellers escaping lockdown at a game reserve in Gauteng, South Africa's coronavirus epicentre. Visitors have flocked from the capital Pretoria and financial hub Johannesburg since the government allowed South Africans to travel for leisure within their provinces last week. The announcement brought a small sliver of relief to the country's tourist industry, which has missed out on more than $3.9 billion in revenue since South Africa went into lockdown on March 27.

As the only park in Gauteng offering sightings of the popular "Big Five" -- buffalo, elephant, leopard, lion and rhino -- Dinokeng Game Reserve has attracted nature lovers who would normally drive to remote larger parks elsewhere in the country. "It's actually amazing, we have had a lot of support from locals," said Gavin Sterley, manager of the four-star Mongena Game Lodge in Dinokeng, which reopened a week ago. "They are all booking and coming for game drives, dinner and that type of stuff.

Govt rallying behind off-colour Navana Group

FROM PAGE B1

Bank Asia, which lent about Tk 250 crore to the group, is considering reconstructing the loans, said its MD Md Arfan Ali.

Contacted, Md Serajul Islam, spokesperson and an executive director of the central bank, said: "The Bangladesh Bank is now analysing both the asset and liabilities of the group before giving its approval to the restructuring proposal."

The Daily Star could not reach the Navana Group chairman yesterday for his comment on the matter. He is said to be unwell.

Businesses are becoming more optimistic of a turnaround sooner than later

FROM PAGE B4

"The management of the pandemic should be done in one place. It should be done centrally," he added.

Mixed messages and signals regarding the pandemic have created a negative effect among businesses, said Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry (MCCI).

"The announcement of stimulus packages gave comfort to businesses. But we did not see that comfort when it comes to implementation," she said.

Various countries tied up stimulus packages with employment protection to give livelihood support, said M Masrur Reaz, chairman of the Policy Exchange of Bangladesh.

"This could be done here too," he said.

Mashiur Rahman, economic affairs adviser to the prime minister, and Kazi Faisal Seraj, country representative of The Asia Foundation also spoke.

Govt has come up with a solution to the hurdle to higher leather exports

FROM PAGE B1

The leather and leather goods industries generate fully value-added products and the majority of the raw materials are supplied by local people, he said.

"We are working to achieve the target of exporting $5 billion worth of leather and leather goods by 2024," Uddin said.

Last month, the government took a project titled Export Competitiveness for Creating Jobs with the view to producing skilled manpower, he said.

The local manufacturers will also be able to hire skilled people to be trained through this project, he said, adding that the project will help diversify markets and products.

"I believe that the export target of $5 billion is achievable as the major markets like the EU and the US would be opened up once we obtain the LWG certification," Uddin said.

Currently, the local leather and leather goods exporters are given 15 per cent cash incentive on their export receipts.

Since, Bangladesh is a major producer of rawhide, the manufacturers and exporters of leather and leather goods will be able to get the raw materials easily, which will help in reducing the lead time, he said. "This is a big advantage for Bangladesh."

Many internationally reputed brands do not show interest in sourcing leather and leather goods from Bangladesh only because of the absence of the LWG certification, said Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh.

"So, obtaining LWG certification is very important for the country. It will help create more demand for locally made leather and leather goods, which, in turn, will increase the demand for rawhides in the country."

The demand for leather and leather goods is low now compared with the pre-pandemic times as people consider these goods as luxury items, Islam said.

If Bangladesh obtains the LWG certification and the government formulates proper policies, the sector can reach the $5 billion export target in the stipulated time.

Currently, three local leather and leather goods manufacturing companies have the LWG certification and they are doing good business with their international trading partners.

More companies need to obtain the certification, Islam added.

Monitoring would be very difficult if the government allows the construction of the ETPs by individual companies as there are 155 tanneries inside the STIE, said Md Shaheen Ahmed, president of the Bangladesh Tanners Association.

So far, two companies applied to BSCIC for obtaining permission to construct the individual ETPs, he said.

About 155 tanneries have invested Tk 7,000 crore inside the estate, employing nearly 50,000 people.

Across the country, the leather, leather goods and leather footwear industries have invested $1 billion in upwards of 1,200 factories, where more than one lakh people work.

Of the total industrial units, 200 are engaged in export.

The leather, leather goods and leather footwear is the only sector after apparel that has been fetching over $1 billion from export every year since fiscal 2011-12 save for last fiscal year.

In fiscal 2019-20, export earnings from leather and leather goods fell 21.79 per cent year-on-year to $797.6 million, according to data from the Export Promotion Bureau.

Businesses are becoming more optimistic of a turnaround sooner than later

Finds a survey by SANEM and The Asia Foundation

STAR BUSINESS REPORT

Businesses are progressively becoming confident of a comeback from the brutal blow dealt by the global coronavirus pandemic, found a recent survey.

Conducted by the South Asian Network on Economic Modelling (SANEM) in collaboration with The Asia Foundation among 303 firms representing manufacturing and services sectors, the survey found that the overall confidence score increased to 51 this quarter from 29.48 the previous quarter.

The survey responses are measured on a scale of 0-100.

A score in the range of 0-50 means a deterioration of business confidence and a value above 50 indicates an improvement, said the survey report that was unveiled yesterday.

The survey was carried out to assess the state of confidence of the business community of Bangladesh in the context of the socio-economic crises engendered by the Covid-19 pandemic, SANEM said.

Despite the improvement, businesses complained about increasing cost of doing businesses and they put corruption, problems of trade and logistics and weak management of the coronavirus crisis as three major challenges of doing business.

"Management of the health crisis is extremely important for boosting business confidence," said SANEM Executive Director Selim Raihan while presenting the findings of the study at a webinar.

Corruption has emerged as the biggest challenge for doing business, he said citing that 88 per cent of the firms put corruption as the number one challenge.

"It should be handled firmly," he said.

The SANEM developed three separate indices based on the survey among 153 manufacturing and 150 service sector firms from all divisions to understand the level of business confidence among entrepreneurs in Bangladesh.

The indexes compared business confidence in three scenarios: the response in the April-June quarter with a year earlier and with the previous quarter; and the July-September quarter with the immediate past quarter.

Researchers considered six indicators -- profitability, investment, employment, wage, business and sales/export -- for developing the Business Confidence Index (BCI).

The overall business status in the second quarter of the year was extremely poor as reflected in the

SANEM
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The Asia Foundation

AMRAN HOSSAIN

Gridlock, often a sign of a bustling economy, have become a common sight again in the capital after the withdrawal of the two-and-a-half-month-long general shutdown to flatten the curve on coronavirus on 30 May. The photo was taken in the last week of July.

index score of 26.44 compared with the same period of 2019.

"All sectors suffered. The worst performers were garment, leather, light engineering, wholesale and restaurant. The better performers were pharma and financial sector," said Raihan, also a professor of the Department of Economics at the University of Dhaka.

This quarter, businesses seem more confident than the last quarter, he said.

"The improvement is visible in all sub-components of BCI, but still, the overall BCI is poor," he said adding that business confidence continued to be low in the garment, leather, light engineering and other manufacturing sectors as the BCI showed a score of less than 50 for these sectors.

Overall profitability of garment, leather and tannery and light engineering continued to deteriorate. However, there had been improvements in employment prospects, according to the survey.

The major improvement is seen for textile, pharma, wholesale, restaurant, ICT and financial sectors as their BCIs are above 50, he said.

SANEM also looked into the efficacy of the government's stimulus packages amounting to Tk 103,117 crore to support the businesses in recovering from the economic fallout of the pandemic.

While 87 per cent of firms termed the stimulus effective for them, 55 per cent of the firms said they did not avail the low-cost fund.

"Effective implementation of the stimulus package is critically important. Major challenges include lengthy procedure, difficulty in bank-related services, and difficulty in information. All these need to be sorted out effectively," Raihan added.

Abul Kasem Khan, managing director of AK Khan Telecom, suggested policymakers consider giving stimulus to small and medium enterprises that were still unbanked.

"Corruption is very alarming. It is not acceptable at this situation," he added.

Commerce Minister Tipu Munshi expected an improvement in business activities this quarter compared with the previous one.

He said the export target for the current fiscal year could be achieved if the pandemic can be snuffed out around the globe within the next four months.

"Everything will depend on the situation of the export destination countries and their supply chains."

The commerce ministry is working to bring in investments that are shifting out of China to other countries.

"We have huge manpower to utilise in the industries. We need to know what type of facilities we should provide them to bring investment in Bangladesh."

Munshi went on to stress the need for a comprehensive study on how to attract the businesses and investment that were shifting from China to other countries.

There is no reason to be happy with the recovery in export receipts for just one month, said Asif Ibrahim, chairman of Chattogram Stock Exchange.

Exports fetched $3.9 billion in July, up 44.4 per cent from the previous month and 0.60 per cent from a year earlier, according to data released by the Export Promotion Bureau. This is the first month since the pandemic took hold globally that Bangladesh's export receipts posted a growth.

"It is an important time for us as fresh export orders usually come at this time of the year. We need to see whether orders are coming," he said, adding that some firms that used to buy from Bangladesh have become bankrupt.

There were huge amounts of unsold stocks of goods in the US and Japan and firms there are getting rid of their stocks at discounted prices, said Syed Nasim Manzur, managing director of Apex Footwear.

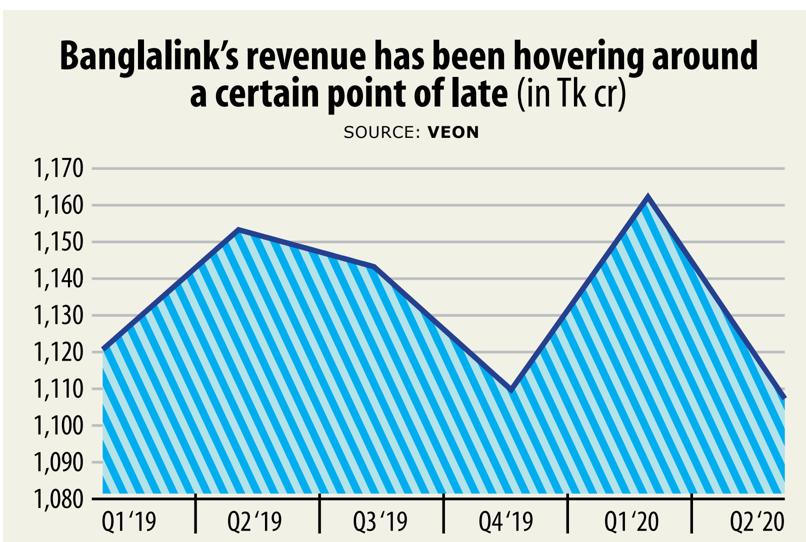
"It is not time yet to say exports are recovering."

Manzur went on to urge the policymakers for proper management of the COVID-19 health crisis for regular life and the economy to return to normal.

READ MORE ON B3

Banglalink knocked down further by pandemic

banglalink



STAR BUSINESS REPORT

Banglalink, once the most-spirited operator in the country but has since fallen behind in competition, is slipping further for the pandemic.

The industry's number three carrier logged in Tk 1,108 crore in revenue for the April-June quarter, down 4.7 per cent from the previous quarter and 4 per cent from a year earlier, according to a report published by its parent company Veon on Thursday.

Bangladesh reported its first confirmed cases of COVID-19 on March 8 and to flatten the curve on the rogue virus the government put the country on shutdown three weeks later. The shutdown, which effectively forced the economy to take a hit, was lifted on May 30.

Earlier, market leader Grameenphone reported negative growth for the second quarter, while Robi, the country's second largest operator, said it is bleeding for the pandemic, but it did not disclose any numbers.

The hike in supplementary duty on telecom services in the budget fiscal 2020-21 also affected Banglalink's revenue for the quarter.

The supplementary duty has been increased from 10 per cent to 15 per cent, which increased the cost of all telecom services. The higher supplementary duty took effect from June 12.

READ MORE ON B3

PALASH KHAN

The ongoing flood inundated several flower gardens at Foot Nagar in Dhamrai upazila on the outskirts of Dhaka. As the flower growers were compelled to leave the village due to flooding that submerged their houses, the plants are set to perish, inflicting huge losses on the farmers. The photo was taken yesterday.

NBR toughens up on under-invoicing

MOHAMMAD SUMAN, *from Chattogram*

The National Board of Revenue has amended the Customs Act, 1969, setting a minimum penalty that is at least double the amount of fine for under-invoicing and ending a five-decade-old system of nominal fines.

The penalty for dodging taxes could be as high as four times the amount owed depending on the extent of the away with what could be considered a slap on the wrist for their actions over the past 50 years.

Between July 2015 and December 2019, 6,110 consignments were found to have been misquoted and the importers were duly fined, showed data from the Custom House of Chattogram.

The customs authorities collected Tk 655 crore in evaded tax. But they will only be levied on those who consciously declare false information with the intent to dodge taxes, said Altaf Hossain, general secretary of the Clearing and Forwarding Agents Association.

"However, we request the NBR to make consideration for unintentional mistakes in the documentation," he added.

Irregularities in the information

RAJIB RAIHAN

irregularities.

On 20 July, the NBR sent instructions to the 21 customs stations in the country for implementing the amendment.

As a result, the total number of false declarations dropped off soon after the amendment came into effect at the beginning of August, officials said.

The new rules will help reduce the prevalence of irregularities, much to the inconvenience of certain dishonest importers and corrupt customs officials.

As per Section-157 of the Customs Act, 1969, importers could be fined up to 300 per cent of the evaded tax if found to have provided false information.

Since a minimum fine had not been set, unscrupulous importers got importers were fined just Tk 260 crore, which was 36 per cent of the undeclared revenue, for causing such irregularities.

"Importers will pay between two to four times the value of evaded tax as a penalty if we find any false information about consignments," Nur-e-Hasna Ansuya, assistant commissioner at the Custom House of Chattogram, told The Daily Star.

As the previous law made no mention of a minimum fine, most importers guilty of under-invoicing were let off upon payment of 30 to 40 per cent penalty, she said.

The minimum fine of 200 per cent will deter dishonest importers from making false declarations, Ansuya added.

The association and importers do not object to the new fines given that provided by importers can be determined to be unintentional or otherwise by closely examining import documents, said Syed Golam Kibria, NBR member for policy.

If a product description matches the Import General Manifest and Bill of Entry but the harmonised system (HS) code is different by mistake, then there is a chance to correct it without imposing any penalty.

Fines will only be slapped when officials find different or extra goods that were undeclared, he said.

Customs duty is one of the biggest sources of revenue for the government.

In fiscal 2019-20, customs duty fell about 4.5 per cent to Tk 63,382 crore on the back of a crash in imports because of the coronavirus pandemic. The NBR missed the import duty target by 28.95 per cent.