

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.50%	▲ 1.39%	\$1,928.70	\$45.34	▼ 0.15%	▲ 1.78%	▲ 1.28%	▲ 0.04%	BUY TK 83.95	98.12	108.71	11.89
4,703.32	8,072.93	(per ounce)	(per barrel)	38,310.49	23,249.61	2,595.97	3,320.73	SELL TK 84.95	101.92	112.51	12.50



Star

# BUSINESS

DHAKA FRIDAY AUGUST 14, 2020, SRABAN 30, 1427 BS • starbusiness@thedailystar.net

## Should Bangladesh Bank scale up its gold holdings?

AKM ZAMIR UDDIN

Gold. The precious yellow metal that is universally considered a haven when things go wild and the certainty of everything is questioned -- as in the times we are in.

No had imagined that a rogue microscopic organism would ever bring the world to a standstill and send the global economy down a rabbit hole, prompting governments, particularly the US's, to debase their fiat currencies and push real interest rates to all-time lows.

This has left many central banks around the world to consider ramping up their gold purchase this year in an attempt to diversify their reserves away from dollars, as per a survey conducted by the World Gold Council in May.

About 20 per cent of the central banks surveyed intend to increase their gold reserves over the next 12 months, compared to just 8 per cent of respondents in the 2019 survey.

But the Bangladesh Bank, the country's central bank, has no such plans. BB now holds 13.96 tonnes of gold, which 2.33 per cent of its foreign exchange reserves worth \$37.48 billion as of 5 August.

The practice of investing in gold by both institutions and individuals is unheard of in Bangladesh, said three BB officials who are directly involved with the operation of the foreign exchange reserve.

For this reason, there is a shortage of experts for analysing the projection of the global gold market.

"This has created a roadblock in taking a decision to this end," said one of the officials. BB has invested 85 per cent of its foreign exchange reserves in different top-rated commercial banks and the Federal Reserve, the central bank of the US, whose products are almost all pinned to the US dollar.

The rest of the reserve has been invested in the pound sterling, Australian dollar, Canadian dollar, Singapore dollar, Chinese renminbi and Japanese Yen.

But the US Federal Reserve and other major central banks signalled that they will remain firmly in easing mode for an extended period as the economic fallout from the pandemic looks increasingly likely to linger.

The trend of the ongoing recession has already given an indication that the economic recovery is likely to be a slower 'U' or a more volatile 'W'-shaped. It will take 12-24 months to get economic recovery as per the definition



GOLD PRICE MOVEMENT OVER THE PAST 20 YEARS

SOURCE: WORLD GOLD COUNCIL

FIROZ AHMED

of 'U' while 'W' means an economy fall double-dip recession consecutively.

This mean, the yield curve to their securities are abnormally low or even below zero.

For instance, the yield on the 10-year US benchmark T-bond dropped 0.05 percentage points to a record low 0.52 per cent last week, according to the US Treasury department.

This gives gold a competitive edge, as it bears no interest of its own and investors don't sacrifice lost interest income by holding it when bond yields and savings rates are low or near zero.

This has sent investors piling into gold, vaulting the prices for the precious metal, which is a safe but a yield-free asset, to a record high of \$2,063 an ounce last week.

And the precious metal, which is the only currency that cannot be printed, is especially in-demand during economic crises as a shield against inflation. When the Federal Reserve floods the economy with cash, like it is doing now, dollars can get less valuable.

Gold prices declined slightly to \$1,864 early on Wednesday as the

### WHY DO WE NEED GOLD?

- ▶ Jewellery accounts for largest demand for gold
- ▶ Accounts for 50% of global demand
- ▶ More than half the demand for gold jewellery comes from India and China
- ▶ Gold has become a reliable, tangible long-term store of value
- ▶ Central banks are increasing their purchase of gold for official reserve management
- ▶ Nanotechnology driving new uses of gold in medicine, engineering and environmental management

### WHERE DOES GOLD COME FROM?

- ▶ Mine production accounts for 75% of gold supply
- ▶ Annual demand requires more gold than is newly mined
- ▶ Shortfall made up from recycling
- ▶ Since gold is indestructible, nearly all the gold ever mined is theoretically still accessible
- ▶ About 90% of recycled gold comes from jewellery

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interest rate on the 10-year US bond increased slightly. But by mid-afternoon, the price of the yellow metal went up 1.3 per cent to \$1,935 an ounce.

As much as 88 per cent of respondents in WGC survey say that negative interest rates are a relevant factor for their reserve management decisions.

The continuation of expansionary monetary policies due to the coronavirus pandemic, which coincided with the fieldwork of this survey, will likely keep interest rates near zero for the foreseeable future.

Furthermore, 79 per cent of respondents view gold's performance during times of crisis as an important reason to hold gold, up from 59 per cent in 2019.

Besides, 74 per cent of respondents consider gold's lack of default risk to be an important reason for holding the metal, up from 59 per cent in 2019.

Besides, since the 2008 financial crisis, a good number of central banks have widened their gold reserves to mitigate the risks deriving from the fiat currency system. After the recession, many countries have invested hefty amounts of their assets into gold reserves.

Similarly, BB in 2010 also bought 10 tonnes of gold formally for the first time from the International Monetary Fund to diversify its investment of the country's foreign exchange reserve.

"We did not buy any gold after 2010. And there is no thinking to purchase the precious metal once again to keep up with the time," said one of the three central bankers.

The price of the gold will hover until at least the end of the ongoing recession, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Gold is on the whole considered as a "safe haven" asset in times of recession as it is less volatile than other investments.

He, however, said there is no need to invest in anything like gold or other products given the profit on a short-term basis.

"The US dollar will dominate the global market for the next 15-20 years. So, the central bank should gradually get ready to shift investment from the dollar to the other products in time," said Mansur, also a former high official of the International Monetary Fund.

Gold has a traditional inverse relationship with the dollar: the metal's price will increase when the greenback depreciates.

But the weakening dollar is among the market factors aggressively driving the push into gold.

Central banks, however, cut their purchase of gold in the first half of this year, according to another WGC report.

Between January and June, global central banks bought 233.4 tonnes of gold on a net basis, down from 39 per cent year-on-year.

The ratio is also 6 per cent lower than the 10-year first half average of 247 tonnes.

READ MORE ON B3

## Gold jewellery: a love lost in pandemic

MAHMUDUL HASAN

The chatter of well-heeled ladies as they try out glistening bangles or necklaces typically filled the air of the sprawling flagship showroom of Jarwa House on the capital's Gulshan Avenue.

Now, it has been replaced by ennui and gloom.

With much safety precautions and great expectations, the country's oldest jewellery store had opened its doors to affluent customers on an appointment-only basis soon after the countrywide general shutdown was lifted on 30 May after two-and-a-half months.

Since its clientele largely hails from the affluent class, whose purchasing power has not taken as big a hit as those not as well-off as them, Jarwa House, which has two showrooms in Dhaka and one in Chattogram, was hoping it would be returning to a version of normality when it reopened.

The reality though has been starkly different.

"I have never seen such a downturn in business in my 40-odd years in this business," said Badal Roy, managing director of Jarwa House, a third-generation jeweller.

Jarwa House, whose roots date back to the 1900s, has regained only 20 per cent of its sales since reopening, with small-ticket items like rings selling the most.

While Roy can absorb a slump in business, for the smaller jewellers, the drop in footfall could be potentially cruel.

One such jewellery shop is Parineeta Gold, housed in the capital's Pink City shopping centre. Parineeta Gold's sales plunged to 15 per cent of what it was before the pandemic.

"There is no sign of our business bouncing back. People's financial condition is very bad," said Pijush Kanti Paul, the owner of Parineeta Gold.

Weddings account for the lion's share of Parineeta Gold's sales. And there are hardly



FIROZ AHMED

Jarwa House's sprawling, opulent flagship showroom on Gulshan Avenue has largely been empty after it opened its doors to its affluent client base in June on an appointment-only basis to maintain social distancing amid the coronavirus pandemic. Since reopening, the country's oldest jeweller has managed to claw back only 20 per cent of its sales. The photo was taken on Wednesday.

READ MORE ON B2



# BOJ paying banks to boost pandemic relief, compensates for negative interest rates

**REUTERS, Tokyo**  
As the Bank of Japan tries to pump more funds to companies hit by the coronavirus pandemic, it is offering banks hundreds of millions of dollars in bonuses, a move analysts say is aimed at easing the side-effects of its negative interest rate policy.  
Record bank lending in recent months suggests the BOJ's plan is working — a rare success of late in its battle to revive the economy — but it is also a sign that policymakers' focus is now more on supporting banks, rather than keeping rates low.  
So far, a wall of money printed by the BOJ in recent years has kept a lid on bankruptcies and job losses as the economy tips into a deep recession. But the prolonged battle with

COVID-19 is adding to strains on regional banks.  
"This is one of the most effective policy moves the BOJ has made in recent years," said Takehiro Noguchi, senior economist at Mizuho Research.  
"The BOJ will likely continue to take steps to alleviate the side-effect of its monetary easing... The BOJ thinks negative interest rates is something it should not have done."  
In March, as COVID-19 clobbered the global economy, the BOJ cobbled together special "coronavirus relief" operations to help keep cash-strapped companies afloat. Under the scheme, the BOJ lends cash to banks against their lending to the private sector, such as loans and bonds, as collateral.  
The operation started off quietly but got a major boost after the BOJ decided in April to

add a sweetener by giving banks a bonus of 10 basis points (bps) or 0.1 per cent per year, for using the scheme, a bonanza when 10-year government bonds yield 0.04 per cent.  
Banks rushed to the plan, gobbling up 27 trillion yen (\$250 billion) through the channel by July. That is roughly as much as the amount of banks' deposits on which the BOJ imposes negative interest rates.  
The BOJ went negative in 2016 in an attempt to weaken the yen and lower corporate borrowing costs. But it has imposed a minus 0.1 per cent rate on only a small portion of banks' deposits, amid concerns the policy could squeeze lenders' margins and possibly reduce the flow of credit to the economy.  
The BOJ has paid 0.1 per cent interest to banks on a total of about 208 trillion yen deposits, while the remainder carries zero interest.  
The complicated, three-tier interest rate system was intended to keep the benchmark interbank lending rate below zero percent while limiting the negative interest banks have to pay to the BOJ.  
But paying additional interest on the new scheme is undermining the case for negative rates even further, analysts said.  
"In the grand scheme of things, we could see this as a policy normalisation as well as enhancing support for banks," said Katsutoshi Inadome, senior strategist at Mitsubishi UFI Morgan Stanley Securities.  
As a result of the BOJ's move to increase interest payments to banks, the benchmark interbank overnight interest rate has also edged up, staying mostly above minus 0.05 per cent.  
The BOJ declined to comment on the matter.  
The BOJ's plan appears to be working so far. Data this week showed banks' lending rose by a record 6.3 per cent in July from a year earlier to 572.7 trillion yen (\$5.36 trillion). That represents an increase of about 26 trillion yen since March, suggesting the BOJ has effectively back-financed nearly all of the bank lending growth since then.



A man wearing a protective mask walks past the headquarters of Bank of Japan amid the Covid-19 outbreak in Tokyo, Japan.



City Bank Chairman Aziz Al Kaiser presides over the 37th annual general meeting of the bank through a digital platform yesterday. Managing Director and CEO Mashrur Arefin also took part in the event. The bank approved 15 per cent cash dividend for its shareholders.

# Oil steady after IEA lowers demand forecast

**REUTERS, London**  
Oil prices held steady on Thursday after the International Energy Agency lowered its 2020 oil demand forecast following unprecedented travel restrictions and data showing a decline in U.S. inventories provided some support.  
Brent crude LCOc1 fell 7 cents, or 0.1%, to \$45.36 a barrel by 0933 GMT, and West Texas Intermediate (WTI) CLC1 was down 3 cents, or 0.1%, to \$42.64 a barrel.  
"The oil market enjoys some calm summer weeks, seemingly taking a break from the turbulent times earlier this year," said Norbert Rucker, analyst Swiss bank Julius Baer.  
The International Energy Agency cut its 2020 oil demand forecast on Thursday and said reduced air travel because of the COVID-19 pandemic would lower global oil consumption this year by 8.1 million

barrels per day (bpd). The Organization of the Petroleum Exporting Countries (OPEC) also said on Wednesday that world oil demand will fall by 9.06 million bpd this year, more than the 8.95 million bpd decline expected a month ago.  
Russian Energy Minister Alexander Novak said on Thursday he did not expect any hasty decisions on output cuts when a monitoring committee of OPEC and its allies, known as OPEC+, meets next week as the oil market has been stable.  
Last month OPEC+ eased the cuts to around to 7.7 million bpd until December from a previous reduction of 9.7 million bpd, reflecting a gradual improvement in global oil demand.  
Prices found some support as U.S. crude oil, gasoline and distillate inventories dropped last week as refiners ramped up production and demand improved, a government report showed.

# Gold jewellery: a love lost in pandemic

**FROM PAGE B1**  
Between 1 January and 4 August, gold price increased more than \$500 per ounce in the international bullion market, he said.  
Gold prices have been volatile in the international market since July last year due to the US-China trade war, US-Iran tensions.  
At that time, the price of the yellow metal in the local market increased several times and reached as high as Tk 58,000 from about Tk 50,000, said Khan, also the owner of Sharmeen Jewellers in capital's Baitul Mukarram. The jeweller's business has collapsed by about 85 per cent.  
"The pandemic has made it worse," said Dilip Kumar Agarwala, managing director of Diamond World, which has 22 stores in Bangladesh and has recovered only just over 30 per cent of its sales in July.  
There is another angle to the story.  
The Indian subcontinent's love for gold is known far and wide. For many women in India, Bangladesh, Pakistan and Sri Lanka, gold holds a certain cachet that no other fills.  
So it is not uncommon for women in small towns and villages to gather all their life's savings to purchase a small gold trinket, as they view it as a safer investment and also an object to cherish for life.  
But with the economy not bouncing back fast enough and millions of people losing their jobs, poorer Bangladeshis are pawning their gold jewellery to make ends meet.  
Take the case of Laili Begum, who managed to buy a pair of gold bangles and earrings when she worked as a house help in Oman a decade ago.  
With the onset of the pandemic, her husband, who worked as an office clerk with a private company, lost his job.  
While the family of four got by initially with their savings, last month they were confronted with an uncomfortable scenario: from where would they gather the funds to continue with their two children's college education?  
This prompted Begum to sell off her much-treasured jewellery. While the goldsmiths made some deductions, the amount she got for the items were much higher than what would have been the case had she sold them at the beginning of the year.  
"My children's education must continue, come what may. It is worth the sacrifice," said Begum, who has become handicapped from her stint in the Middle-east and is unable to get gainful employment.

# Cement-makers' plight seems to be over

**FROM PAGE B4**  
Many cement manufacturers are not being able to pay back loans as they are struggling to collect dues of the products sold on credit, Sufiyan said, calling on banks to extend support to this end.  
He said the pandemic proved that the number of middle-class consumers is expanding and this segment is important for maintaining the sectoral growth.  
The sector's confidence is still intact largely because of the steadily growing demand in a country where per capita cement consumption is very low and there has been a construction spree of large infrastructure since before the onset of the pandemic.  
To complete the Padma bridge project, it is estimated that three million tonnes of cement will be used. Other mega projects will require similar amounts.  
There are 37 active cement factories in Bangladesh and more than Tk 30,000 crore has been invested in the industry.  
Manufacturers have a combined annual production capacity of 58 million tonnes against local demand for 33 million tonnes.  
In the 1990s, Bangladesh used to import 95 per cent of its demand for the key construction material, but the requirement is now met entirely by the local industry.  
Local companies dominate the market and annual sales have reached \$3 billion, according to the BCMA.  
Of the consumption, individuals account for 25 per cent, real estate companies and developers 30 per cent and the public sector 45 per cent.  
The industry employs 60,000 people directly and another one million indirectly.

**Government of the People's Republic of Bangladesh**  
**Custom House, Chattogram**

## Tender Notice

1	Ministry/Division	Internal Resources Division (IRD), Ministry of Finance (MOF).
2	Agency	Custom House Chattogram, National Board of Revenue (NBR).
3	Procuring entity name	Commissioner of Customs, Custom House, Chattogram.
4	Procuring entity code	N/A.
5	Procuring entity district	Chattogram.
6	Invitation for	Tender Non-Consulting Services Single Lot.
7	Invitation Ref. No.	File No. S-4/89/ADMIN/GL(PROC)/2019-2020
8	Date	12/08/2020
<b>KEY INFORMATION</b>		
9	Procurement method	NCT OTM
<b>FUNDING INFORMATION</b>		
10	Budget and source of funds	Revenue Budget GOB
11	Development partners (if applicable)	N/A.
<b>PARTICULAR INFORMATION</b>		
12	Project/programme code (if applicable)	--
13	Project/programme name (if applicable)	--
14	Tender Package No.	S-4/89/ADMIN/GL(PROC)/2019-2020
15	Tender package name	Operations & Maintenance of 4 units container scanner (1 unit mobile container scanner and 3 units re-locatable container scanner) and 10 units radiation detection equipment for 2 (two) years at Chattogram Port.
16	Tender publication date	15/08/2020
17	Tender last selling date	15/09/2020
18	Pre-bid meeting	Pre-bid meeting shall not be held.
19	Name and address of the office(s)	Address
19.1	-Selling tender document (principal)	Admin/GI Branch (2nd Floor), Custom House, Chattogram.
19.2	-Selling tender document (others)	N/A.
19.3	-Receiving tender document, date and time	Room # 204, 1st Floor, Office of the Assistant/Deputy Commissioner of Customs (Preventive), Custom House, Bandar Road, Nimtala, Chattogram, Date: 16/09/2020, From 9.30am to 12.00pm.
19.4	-Opening tender document, date and time	Conference Room, 1st Floor, Custom House Chattogram, Bangladesh, Date: 16/09/2020, 12.30pm (Bidder representative may present).
<b>INFORMATION FOR TENDERER</b>		
20	Eligibility of tenderer (who will attend)	As per Tender Data Sheet (TDS) of tender schedule.
21	Brief description of services	Operation & Maintenance of 4 units container scanner (1 unit mobile container scanner and 3 units re-locatable container scanner) and 10 units radiation detection equipment for 2 (two) years at Chattogram Port.
22	Amendment of bid documents	At any time, prior to the date of submission of bids, the Purchaser may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective tenderer, modify the tender documents by amendments, which will be the integral part of tender documents.

23	Price of tender document (Tk)	Non-transferable bid document containing description of the items and terms & condition can be purchased from Office of the Commissioner of Customs, Custom House Chattogram against the payment of the cost of bid document through a Treasury Challan which is Tk 2,000/- (Taika two thousand) (non-refundable). The purchase price (non-refundable) of the tender schedule will be deposited on Misc. code is 1-1131-0010-0421 at Sonali Bank, Chattogram Branch or Bangladesh Bank in favour of Commissioner of Customs, Custom House, Chattogram. The original copy of that Challan should be attached with the tender submitted on the date of submission. If the original Treasury Challan not found on the opening of the tender document, it will be considered that the tenderer(s) participated in the tender without buying the schedule and the tender will be returned back to the tenderer on the day when it will be opened and it will be considered that his tender was not accepted. No object will be entertained in this regard. Bank Guarantee, Treasury Challan, etc. of dates prior to the date of tender notification will not be accepted.			
24	Clarification of bid	A prospective bidder requiring any clarification of the bid documents may notify Custom House Chattogram in writing. The response will be made in writing to any request for clarification of the bid documents that it receives earlier than two weeks prior to the deadline for the submission of bids. Written copies of the response (including an explanation of the query but without identifying the source of inquiry) will be sent to all prospective bidders that received the bid documents. However, it may be noted that clarifications do not form part of the tender document and it is only inform for the clarity of the prospective bidders.			
25	Conduct of tenderer	Conduct of tenderers or any of their consortium members, may affect the outcome of their tender response, including non-consideration of the tender. Tenderer warrant to CCH that they (and their consortium members) have not and will not engage in any of the following activities in relation to this tender process: a. Lobbying of or discussions with anyone or any groups during this tender. b. Attempt to contact or discuss the tender process with officers, any member or staff or contractor currently working in CCH or any agent of this Department. c. Provision of gifts or future promise of gifts of any sort to the previously mentioned personnel. d. Accepting or providing secret commissions. e. Seeking to influence any decisions of CCH by an improper means; or otherwise acting in bad faith, fraudulently or improperly.			
26	Lot No.	Identification of lot	Location	Tender security/earnest money deposit amount	Completion time in days
	1.	Operations & Maintenance of 4 units container scanner (1 unit mobile container scanner and 3 units re-locatable container scanner) and 10 units radiation detection equipment for 2 (two) years at Chattogram Port.	Custom House, Bandar Road, Nimtala, Chattogram -4100	Tk 40,00,000.00 (forty lac) (refundable) (either Pay Order or Bank Guarantee from any local or international scheduled bank)	As per schedule
<b>PROCURING ENTITY DETAILS</b>					
27	Name of official inviting tender	Mohammad Fakhru Alam.			
28	Designation of official inviting tender	Commissioner of Customs.			
29	Address of official inviting tender	Custom House, Bandar Road, Nimtala, Chattogram-4100.			

**Mohammad Fakhru Alam**  
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GD-1254





**Md Sanaullah Shahid, chairman of Shahjalal Islami Bank, presides over the 13th extraordinary general meeting and 19th annual general meeting (AGM) of the bank through a digital platform on August 12. In the AGM, the bank declared 5 per cent stock and 5 per cent cash dividends for its shareholders. M Shahidul Islam, managing director and CEO, also attended the event.**

## Australian jobs surge in July

REUTERS, Sydney  
Australian employment surged further in July, handily beating forecasts, though the increase was still not enough to offset the ballooning numbers of those looking for work as the jobless rate ticked up to a 22-year high.

Figures from the Australian Bureau of Statistics (ABS) on Thursday showed employment jumped by 114,700, on top of a hefty 210,800 new jobs in June and surpassing expectations for a 40,000 increase as large parts of the economy reopened.

Australia has been one of the few countries in the world with relatively low numbers of coronavirus infections and death. Most states and territories reopened their economies in late May, although a recent resurgence of cases and deaths in Victoria marked an unwelcome setback.

The July jobs boost came as the number of people out of work, available to work and actively looking for work topped one

million for the first time ever, the data showed.

Indeed, the participation rate rose by 0.6 percentage points to 64.7 per cent. As a result, the jobless rate climbed to 7.5 per cent from 7.4 per cent in June, highest since late 1998, but below the 7.8 per cent forecast.

The monthly increase in employment was underpinned by a jump of 71,200 in part-time work while full-time jobs rose by 43,500.

Employment was still more than half a million people lower than in March when coronavirus-driven shutdowns kicked in.

"The pick-up in employment in July is likely to be unwound in the coming months as the stricter lockdown in Victoria weighs on the labour market," said Ben Udy, analyst at Capital Economics.

Udy expects the unemployment rate to shoot up to 8.5 per cent in coming months. "... the stalling in business and consumer confidence suggest that the recovery in other states is running out of steam."

## China's banking sector expected to dispose \$490b of bad loans in 2020

REUTERS, Beijing  
China's banking industry is expected to dispose 3.4 trillion yuan (\$489.91 billion) of bad loans in 2020 to contain financial risks in an economy weakened by COVID-19, the official Xinhua News Agency reported.

"The sector will further step up bad loan disposals in 2021, as some of the problems will be exposed next year due to delayed loan payments," Xinhua quoted Guo Shuqing, chairman of the China Banking and Insurance Regulatory Commission (CBIRC), as saying in an interview released on Thursday.

Chinese lenders disposed 2.3 trillion yuan of bad loans in 2019, according to Guo.

Guo, also the Communist Party chief of China's central bank, warned that financial risks are prone to occur under current circumstances, and that the upward pressure on bad loans is "relatively big".

He urged banks to boost loan loss provisions and replenish their capital to strengthen their buffers against risks.

## Asia markets mostly up after US rally, stimulus woe tempers hope

AFP, Hong Kong

Asian markets mostly rose Thursday following a rally on Wall Street but investors continued to fret over US lawmakers' failure to find common ground on a new rescue package for their beleaguered economy.

All three main indexes in New York saw more sharp gains fuelled by optimism over the US economic recovery following a forecast-busting jump in inflation that indicated the key consumer sector was revving up again, while hopes for a vaccine and the wall of central bank cash were also providing support.

Asian traders extended the rally in early trade but struggled to maintain momentum. Tokyo ended up 1.9 per cent as a recent drop in the safe-haven yen boosted exporters, while Singapore and Manila also added more than one percent. Seoul, Taipei, Jakarta and Wellington were also higher.

But Hong Kong dipped 0.2 per cent, Sydney fell 0.7 per cent and Manila shed 0.4 per cent.

London sank one percent at the open after jumping more than two percent Wednesday, while Paris and Frankfurt were slightly lower.

"The main force that's been driving markets the last few weeks has really been momentum," said Kevin Caron at Washington Crossing.

"We've got a market that has taken a great deal of comfort in that fiscal policy is going to be there to support an economy through tough times."

"There was also some cheer about Joe Biden's choice of Kamala Harris as his running mate for November's election, with observers pointing out she is not considered anti-business and was a more centre-ground politician than other options."



But stalled talks in Washington dampened the mood. Traders have continued to bet on Congress eventually agreeing on a new pandemic deal despite long-running animosity between Democrats and Republicans.

But both sides are blaming each other for the lack of movement, with Treasury Secretary Steven Mnuchin saying House Leader Nancy Pelosi would not budge unless their demand for spending of at least \$2 trillion is met.

That is well down from the \$3.5 trillion initially proposed by Democrats but Republicans say they are unwilling to shift from their \$1 trillion plan.

"The Democrats have no interest in negotiating," Mnuchin said, accusing them of playing politics to hurt Donald Trump with a general election just months away.

But in a joint statement, Pelosi and top Senate Democrat Chuck Schumer said: "Democrats have compromised."

They added: "Repeatedly, we have

made clear to the administration that we are willing to come down \$1 trillion if they will come up \$1 trillion.

However, it is clear that the administration still does not grasp the magnitude of the problems that American families are facing.

"There is also a focus on this weekend's US-China talks to review their trade pact signed in January."

There had been concerns that rising tensions between the superpowers could scupper the agreement, which ended a painful and long-running trade war that battered the global economy.

But top officials on both sides have expressed confidence the deal will be kept in place and analysts said there was little desire from either side to scrap it.

"From the US perspective, imposing more trade taxes on US companies in the middle of a pandemic would generally be considered a bad thing for the stock market," said Stephen Innes at AxiCorp.



**A cashier works behind a protective plexiglass shield at a Coles supermarket following the easing of restrictions implemented to curb the spread of the Covid-19 in Sydney, Australia.**



**Exim Bank Managing Director and CEO Mohammed Haider Ali Miah speaks at the Half Yearly Business Development Conference 2020 of the bank organised through a digital platform on August 12.**

## Electronic cash devices to be rolled out on 25 Aug

FROM PAGE B4  
The NBR plans to buy more of the devices after the successful installation of the first 100,000 EFDs.

There will be a huge transformation when all stores start using the e-devices, said Hossain.

"We have to move gradually taking businesses on board."

The NBR official said the EFDs will be helpful for firms to know the actual sales of their stores and branches and curb the scope of leakages.

There will be incentives for the customers so that they feel encouraged to receive EFD-generated receipts.

There will be quick response (QR) code on the receipt and mobile phone number of customers will be recorded at the NBR's server when they scan the code.

The NBR will hold lottery three to four times every year to award people for using EFDs while buying goods and services.

## Lenovo sails past expectations with 31pc Q1 profit jump

REUTERS, Hong Kong  
Lenovo Group, the world's biggest PC maker, smashed expectations with a 31 per cent leap in first-quarter net profit, as the coronavirus pandemic spurs businesses to shift to remote work and schools to switch to online learning.

Consumers stuck at home are also spending more on PCs and other smart devices for entertainment purposes, the Chinese giant said.

Net profit came in at \$213 million for the April-June quarter, nearly double market estimates while

revenue grew 7 per cent to \$13.3 billion.

In particular, China sales surged, climbing 17 per cent while those in Europe, the Middle East and Africa jumped 28 per cent. Sales in the Americas however dropped 9 per cent, hit by a declining demand for smartphones in Latin America and a shortage of components for Chromebooks in North America.

"Chinese government is driving domestic consumption - for sure we should leverage that to grow our business. Last quarter results can prove that we have very strong

position in China," Lenovo Chairman Yang Yuanqing told a briefing.

Yang told Reuters in a later interview that demand still had far more room to grow in China, where the penetration rate for PCs was still somewhere between 20 per cent and 30 per cent compared to that in the United States of 70 per cent.

He said Lenovo's sales during China's June 18 shopping festival - which is heavily promoted by e-commerce platforms - had doubled over the previous year. "We really see the strong rebound after the COVID-19," he said.

## Govt looks to implement plans on ease of doing business on time

FROM PAGE B4  
"We have to ensure a smooth implementation by working step by step so that the process is completed in due time," Kamal said, adding that the Bangladesh Investment Development Authority (BIDA) will coordinate with ministries, departments and agencies to this end.

The finance minister also said that the committee will soon hold another meeting that will include even more people who have roles to play in the implementation plans.

Several initiatives have been put in place to improve the country's ease of doing business. However, some complications have already arisen.

The World Bank releases a report on the ease of doing business in countries all over the world each year. The report and subsequent placing on the index are based on 10 economic indicators.

The indicators are: the number of business start-ups, construction approvals, power acquisitions, property registrations and loan disbursements made in a country alongside its rate of small investor interest, tax payment, border trade, contract enforcement and bankruptcy settlement.

As per the World Bank's definition, a business start-up index is a measure of the time and expense required to resolve a business dispute and the quality of the legal process involved.

On Wednesday, Salman F Rahman, the Prime Minister's private industry and investment adviser, said that the current Awami League government has targeted a double-digit ranking for Bangladesh on the Ease of Doing Business index by 2021.

"So, we have to forge ahead keeping that target in mind," he added.

Bangladesh jumped eight notches to 168th out of 190 countries in the global ease of doing business ranking.

The meeting decided that it would frame another outline for implementing the plans that will identify those who will be given supervisory roles and those who will carry out other responsibilities, BIDA executive chairman Md Sirazul Islam told The Daily Star.

It is a part of the government's move to improve Bangladesh's ranking on the ease of doing business index within the next year, Islam said.

Tipu Munshi, minister of commerce; Asaduzzaman Khan Kamal, minister of home affairs; Md Tajul Islam, minister of local government; Farhad Hossain, state minister for public administration; Khalid Mahmud Chowdhury, state minister for shipping; and Nasrul Hamid, state minister for power, energy and mineral resources, were also present at the meeting.

## Should Bangladesh Bank scale up its gold holdings?

FROM PAGE B1  
Global central banks bought a record of 385.7 tonnes of gold in the first half of last year.

But, the declining trend of gold purchasing by global central banks is a temporary phenomenon as they are now in a state of crisis due to their effort to fight against the financial meltdown.

Against the backdrop, the central bank should start to frame a roadmap to invest its reserve into gold in the days ahead. This will also help it trade off the loss because of its investment in different short-term investment in both global central banks and commercial banks.

## Latifur Rahman: a role model for new generation of businessmen

FROM PAGE B4  
Zaraif Ayaat Hossain, a grandson of Rahman, said the integrity, honesty and values of Latifur Rahman are memorable.

"The amazing legacy of Latifur Rahman will continue. We will always uphold his vision and values."

"We are all here today with heavy hearts. He was an example of a true entrepreneur. Let's learn from him how to live larger than lives," said Syed Ershad Ahmed, president of the American Chamber of Commerce in Bangladesh.

Mahbub Jamil, chairman of ICE Technologies, did not find any arrogance in Rahman. "He had always had a smiling face. A person like him is rare. We could have learnt a lot had he lived longer."

"Latifur Rahman was not just an individual; he was a brand," said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association.

"He was committed to the country.

He was down to the earth. I have not heard of any criticism about him," he said.

Abdul Muktedir, senior vice-president of the Bangladesh Association of Pharmaceutical Industries, said Rahman established high-quality factories and business in the pharmaceuticals sector.

"The legacy that he has left behind is simply unbelievable. The kind of commitment he had in this country is also unbelievable."

The chairman of Incepta Pharmaceuticals said many people believe that Bangladesh is not a safe place for investment and many bought homes abroad for safety.

"But he did not do so. He used to say that Bangladesh is his place to invest and he believes in Bangladesh and invested here. Many people do not know the value of this kind of philosophy," Muktedir said.

"If we follow his principles in business, we can see a big change in Bangladesh in the next 15 years."

Mohammad Hatem, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association, said: "We can learn the ethical business from Rahman."

"Rahman was not only a business leader but also a role model for us. He was a living legend," said Rupali Chowdhury, president of Foreign Investors' Chamber of Commerce and Industry.

Mahbubul Alam, president of the Chittagong Chamber of Commerce and Industry, said Rahman himself was an institution.

"He was like an ambassador of the country and business community."

Members of the private sector and the younger generation are enjoying the benefits of the hard work and dedication of Rahman, said Shams Mahmud, president of the Dhaka Chamber of Commerce and Industry.

Tareq Rahman, president of the Nordic Chamber of Commerce and Industry, said Latifur Rahman's ethical values are second to none.

## BSEC continues with its tough stance on gamblers

FROM PAGE B4  
The commission meeting allowed Mir Akhter Hossain to find its cut-off price, which is going to raise a capital of Tk 125 crore through book building method.

With the proceeds of the initial public offering, it will purchase construction materials, machinery and repay loans. The construction company's earnings per share stood at Tk 6.32 for the 2018-19 financial year. IDLC Investments is its issue manager.

BSEC approved the right shares of Pragati Life Insurance to raise a fund of Tk 23 crore. The premium of each share is Tk 5.



# Latifur Rahman: a role model for new generation of businessmen

Leading industrialists, entrepreneurs recall his ethical practices at ICC Bangladesh discussion

**STAR BUSINESS REPORT**

New generation businessmen in Bangladesh should follow the ethics and principles practised by the iconic and legendary entrepreneur Latifur Rahman to succeed and serve the country honestly, said industrialists and entrepreneurs yesterday.

"Please read the biography of Latifur Rahman if you want to be a good businessman," said Syed Manzur Elahi, an industrialist and chairman of Apex Group.

He spoke at a virtual discussion organised by the International Chamber of Commerce - Bangladesh (ICC-B).

Colleagues of Rahman, leaders of trade bodies and chambers, entrepreneurs, and family members recalled the ethical practices, values and leadership qualities of the late entrepreneur.

Rahman, a towering figure in the business and corporate world of Bangladesh and chairman of Transcom Group, passed away at his village home in Cumilla on July 1 at the age of 75.

He had to start from scratch after the independence of the country to build the current business empire in a glowing example of how a man can be successful by strictly following principles and ethics.

Rahman's family businesses were nationalised after the independence but he did not stop. Rather, he continued to build businesses after business.

Today, Transcom has 16 operational entities from



Latifur Rahman

- » Born on 28 August 1945
- » Alumnus of Saint Francis School in Dhaka, St Edmund's School in Ceylon and St Xavier's College in Kolkata
- » Led Transcom Group, which originated with tea plantations in 1885, to become one of the fastest growing and diversified business houses in Bangladesh
- » Transcom Group's annual turnover is Tk 7,500 crore and employs more than 17,000 people
- » Served as president of the Metropolitan Chamber of Commerce and Industry for seven times and president of the Bangladesh Employers' Federation twice
- » He was a member of the executive board of the International Chamber of Commerce, vice-president of the ICC-Bangladesh and member of Brac's governing body, member of the Bangladesh Better Business Forum and Advisory Committee on World Trade Organisation.
- » He was chairman of National Housing Finance & Investments
- » He was awarded the Oslo Business for Peace Award; Business Executive of the Year by American Chamber of Commerce Bangladesh (2001); the Saarc Outstanding Leader award; and the Lifetime Achievement Award by the UK Bangladesh Catalysts of Commerce and Industry
- » He passed away on 1 July 2020

medicine, foods, lighting, electronics to media. It is the local business partner of international brands Pizza Hut, KFC, PepsiCo and Philips. It employs more than 17,000 people.

"It is hard to speak about the legacies of Latifur Rahman in a short time," said Mahbubur Rahman, president of the ICC-B.

"We lost a man who taught us not to lose ourselves in any difficulties. It is a great lesson that we learnt from him," said Rubana Huq, president of the Bangladesh

Garment Manufacturers and Exporters Association.

"He taught us how to turn tragedies into strength," said Huq.

He never thought of leaving Bangladesh even after the death of his grandson. Rather, he stood with determination and fought against all kinds of difficulties, she said.

His grandson Faraaz Ayaz Hossain was cruelly killed by a band of Islamist terrorists on July 1, 2016.

Rahman was the longest-serving

president of the Metropolitan Chamber of Commerce and Industry.

"Everybody knows about his ethical business behaviour. He made us proud on the international stage," said Anis Khan, vice-president of the country's oldest chamber.

Rokia Afzal Rahman, vice-president of the ICC-B, said it is hard to believe that he was no more.

"Latifur Rahman was an integral part of the business

chamber. He had a unique quality. Latifur Rahman had a lot of fellow-feelings."

The former caretaker government adviser recalled Latifur Rahman's outstanding contribution to the ICC.

"Even our generation has a lot of things to learn from Latifur Rahman because of his integrity and honesty."

Matiur Rahman, the editor of the Prothom Alo, the country's largest-circulated Bangla daily, said from his student life, he had a dream to take part in building a nation and a free media.

"A good proximity of mind and philosophy was found between Matiur Rahman and Latifur Rahman. So, I responded to the call of Latifur Rahman and became the editor of the Prothom Alo."

Transcom Group is the owner of the newspaper.

"I found him as a source of inspiration. It is our duty to materialise his dreams," Matiur Rahman said.

Mahfuz Anam, the editor of The Daily Star, the country's leading English daily, said: "I can't believe that we have to commemorate at this time. I am one of the few people who had the opportunity to work with him."

Transcom Group is also a majority shareholder of The Daily Star.

"We [Mahfuz Anam and Matiur Rahman] can proudly say that we are one of the freest editors and our spirit of freedom comes from Latifur Rahman. I remember him every moment," Anam said.

READ MORE ON B3

# BSEC continues with its tough stance on gamblers

Slaps BBS Cables and some serial traders with big fines

**STAR BUSINESS REPORT**

The Bangladesh Securities and Exchange Commission yesterday came up with a set of new conditions for junk stocks and slapped several companies with big fines as part of its efforts to go tough on the rogue players.

The stock market regulator took the decisions at a meeting chaired by its new chairman Shibli Rubayet Ul Islam. The top officials of BBS Cables and some other companies were fined for their involvement in gambling.

BSEC made it mandatory to reform the board of directors of the companies if they remain in the Z category for two years or more. Junk stocks belong to the Z category.

In case of failure, they will not be allowed to remain on the board of any other listed company or stock market intermediary company, BSEC said in a statement.

Moreover, special audits will be conducted and observers will be appointed in these companies to restore good governance.

If a company still fails to improve the situation within four years, the commission will go for tougher actions and it may delist the company, according to the statement.

During the period, the shares of directors and sponsors of the junk stocks will remain frozen.

There are other changes to the conditions for which companies will be downgraded to the Z category.

If a company fails to declare a dividend for two years in a row, it will be downgraded to the Z category.

If a company fails to hold an annual general meeting or remains in net operating loss or negative cash flow in the preceding two years after starting operation, it would be categorised as a junk stock.

The trade settlement period for junk stocks has been reduced to three days from nine days.

For market manipulation and insider trading, BSEC fined Khadija Tahera, spouse of the chairman of BBS Cables, Tk 3 crore; Abu Noman Howlader, managing director of the company, Tk 10 lakh; Md Forhad Hossain, brother-in-law of the MD, Tk 30 lakh; and Syed Ferdous Raihan Kirmany, a nominated director, Tk 5 lakh.

It also fined all directors of BBS Cables Tk 10 lakh each for making delay in disclosing price-sensitive information.

The regulator also fined Kabir Ahmed and his associates Tk 25 lakh; Prudential Capital, a stockbroker, Tk 55 lakh; Abdul Quaium and his associates Tk 1.80 crore; Md Nazrul Islam and his associates Tk 25 lakh; Syed Anisur Rahman Tk 25 lakh; and Hasan Jamil Tk 35 lakh for serial trading.

READ MORE ON B3

# Govt looks to implement plans on ease of doing business on time

**STAR BUSINESS REPORT**

Local companies will enjoy a reduction in production costs and time alongside an overall improvement to the business climate through the implementation of the government's plans on the ease of doing business, according to Finance Minister AHM Mustafa Kamal.

"Improving Bangladesh's ranking on the World Bank's Ease of Doing Business Index will save us time as well as a lot of unnecessary costs," Kamal said while addressing a virtual meeting of the national steering committee yesterday.

"We have to make sure that those who are responsible for implementing various aspects of the plan complete their tasks in a timely fashion before being given final certification," he added.

At the meeting, organised by the finance ministry, speakers discussed how to best streamline the implementation of the plans.

The national steering committee, headed by Kamal, consists of representatives from 11 different government bodies and is committed to improving the country's business environment.

READ MORE ON B3

# Electronic cash devices to be rolled out on 25 Aug

100 devices will be installed on a pilot basis

**SOHEL PARVEZ**

The National Board of Revenue is finally going to roll out the much-talked electronic fiscal devices (EFDs) as part of its effort to curb evasion of value-added tax paid by customers while purchasing goods and services.

The revenue collector aims to install 100 EFDs on a pilot basis at stores and businesses in Dhaka and Chattogram cities to see the results before embarking on a nationwide rollout.

Some 80 EFDs will be installed at shops in Dhaka and 20 in the port city. This will be inaugurated on August 25, according to Md Jamal Hossain, member for VAT implementation at the NBR.

"After the launch, we will gradually install the devices throughout the country. The EFDs will be instrumental in preventing VAT evasion. None will be able to dodge machines."

The EFDs will be provided for free to 25 types of businesses, including shops, hotels, restaurants, sweet stores, clothing, furniture and electronics outlets and jewellers.



"All they have to do is to use the device to record sales," Hossain said. The NBR had decided to set up the EFDs and sales data controllers (SDCs) three years ago after its previous bid to enforce the use of electronic cash registers (ECRs) failed mainly because of an absence of any electronic system to monitor transactions at shops

through the devices and ensure that VAT—the biggest source of revenue for the state—is coming to the coffer properly.

Now, the tax administrator said the EFDs will be connected to a central server at the NBR and will generate real-time data of sales, ensuring transparency and curbing the scope for evasion -- which is rampant.

Officials said the NBR completed the preparation and planned to inaugurate the e-device on the occasion of the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

But it had to postpone the plan due to the Covid-19 outbreak and subsequent shutdown aimed at taming the virus.

The government has approved the purchase of 100,000 EFDs for Tk 316 crore at the beginning of the fiscal year from a consortium of Shenzhen-based SZTT Electronics and local Synesis IT.

The consortium was asked to supply 10,000 EFDs initially.

Shops with an annual turnover of more than Tk 50 lakh will be asked to use the EFDs and SDCs initially, said Hossain.

READ MORE ON B3

# Cement-makers' plight seems to be over

**JAGARAN CHAKMA**

Cement manufacturers can breathe a sigh of relief at least for now as the sector has been showing some signs of recovery for the last two months from the coronavirus pandemic.

"The economic front of a developing country like Bangladesh can't remain silent for long. Demand will start to rise bit by bit and things will look up soon as cement is a basic ingredient," said Mohammed Amirul Haque, managing director of Premier Cement.

The sector had been reeling from the unprecedented collapse in demand in April and May because of the pandemic, which hammered activity and brought the construction sector to a grinding halt.

Sales have started to bounce back almost to the pre-pandemic level in June and July.

"We have got some orders from the construction sector and our factory is booked until next September," Haque said.

Though sales are picking up, the cement makers are running way below their capacity.

"The sector is yet to turn around to the fullest as factories can utilise only half their production capacity now," said Alamgir Kabir, president of the Bangladesh Cement Manufacturers Association (BCMA).

"Not only the Covid-19 pandemic but also the countrywide floods have

**CEMENT INDUSTRY AT A GLANCE**

- Per capita cement use: **181kg**
- Market size: **Tk 25,500cr**
- Active cement factories: **37**
- Total investment: **Tk 30,000 crore**
- Direct employment: **60,000**
- Indirect employment: **10 lakh**
- Consumption: **33m tonne**
- Production capacity: **58m tonne**

wreaked havoc on development work and the cement sector is bearing the brunt," said Mohammad Shahidullah, managing director of Metrocem Cement.

On top of that, the manufacturers were unable to collect dues from dealers and contractors as they too

were devastated by the pandemic. About the loans from the government-announced stimulus package, Shahidullah said 10 per cent of working capital is not sufficient for heavy industries like cement.

The sector is now banking on individual customers and the situation will not improve much until corporate consumption begins, he said, adding that demand from the government's infrastructure projects will rise to the expected levels once floods and the pandemic die down.

Last year too was not so rosy for the cement manufacturers as well: they were put in a tight corner when overproduction led to unhealthy competition.

Because of the pandemic, the growth of the sector will come down to 7 per cent this year from the 12-15 per cent average growth it clocked in the last few years, said Asadul Haque Sufiyan, chief operating officer of Bengal Cement Ltd.

However, after the lockdown announced to curb the spread of the virus was partially lifted on May 30, sales increased slightly as middle-income people and expatriates started purchasing the key construction material, he said.

"But the government's purchase for development projects is still far from expectation," he added.

READ MORE ON B2

# NBR files case as Facebook's local agent breaks VAT rules

**STAR BUSINESS REPORT**

The revenue authority has filed a case against the local sales partner of social media giant Facebook on allegation of non-compliance with the value-added tax law.

The VAT Audit, Intelligence & Investigation Directorate (VATAIID) under the National Board of Revenue filed the case after finding that digital ad agency Httpool Bangladesh was not operating from the address it had used while obtaining VAT registration, according to a press release.

Httpool Bangladesh got its VAT registration using an address at Karwan Bazar in the capital in May this year, said the VAT directorate, adding that it did not find "existence" or "activities" of the firm during investigation.

"As per rules, VAT offices should be informed in case of any change in the office address of a company. But no notice was given in this regard," said VATAIID Director General Moinul Khan in an email.

The address mentioned in the VAT registration is now used as the chamber of some lawyers, Khan said over phone.

VAT detectives disclosed the findings after an investigation launched on the basis of a complaint. Httpool announced its



YouTube and Google to reach out to their target customers online, buying ad space on these digital platforms was a convoluted and opaque exercise until recently.

The VATAIID found that Httpool had collected ad revenues worth Tk 6.22 crore from 31 firms through 198 acknowledgement receipts and deducted Tk 93.32 lakh as VAT against the advertisements.

The field office of the NBR said Httpool did not submit VAT returns even though it got registration three months ago.

Rules bind submission of VAT returns on a monthly basis, Khan said in the press statement, adding that the VAT deducted from the clients was not deposited to the state coffer as the Facebook agent did not furnish returns every month.

"We have lodged the case under the VAT law for non-filing of VAT returns and nonexistence of the company's office in the given address," he said, adding that further investigation is ongoing.

The case has now been forwarded to the VAT Commissionerate of Dhaka South.

The Daily Star contacted Benchmark PR, the public relations partner of Facebook in Bangladesh, but no comment came at the time of going to print.