

# 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/CL(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/CL(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**  
 Commissioner of Customs  
 Custom House, Chattogram  
 Phone: +88031713918  
 Fax: +88031713988  
 E-mail: [customhousecto@gmail.com](mailto:customhousecto@gmail.com)

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