



Abdullah Al Ahsan, new vice chairman of Dhaka Bank

STAR BUSINESS DESK
Abdullah Al Ahsan has recently been elected as the vice chairman of Dhaka Bank. An industrialist, investor, educationist and philanthropist, Ahsan has over 35 years of experience in trade and commerce, the bank said in a statement yesterday. He has acquired an M Com and a master's degree in business administration. A freedom fighter, Ahsan has been appointed as a special correspondent of Daily Banglar Bani, published from Mujib Nagar by its founding Editor/Publisher Sheikh Fazlul Huq Mani, founder of Mujib Bahini during the liberation war of Bangladesh. Ahsan was the pro-vice chancellor of the University of Science and Technology Chittagong, according to the statement. He was a former director of Chittagong Chamber of Commerce, a member of Dhaka Stock Exchange Ltd and a founding sponsor shareholder-director of Dhaka Bank.

Pandemic buoys demand for automation among local businesses

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Bondstein, like Skylark, also registered a spike in local demand for their products, which caters to healthcare, lifestyle businesses. "Growth definitely is there and it is a necessity for survival," Islam said. Recent estimates on the annual market size for software and IT services are not available but in 2017, the Bangladesh Association of Software & Information Services (BASIS) said that the domestic ICT market was worth about \$1.18 billion. The two-and-a-half-month-long countrywide general shutdown aimed at flattening the curve on coronavirus within Bangladesh harmed the IT service providers due to the prolonged recess of economic activities, according to industry insiders. Businesses began to slowly recover after the lockdown came to an end on 30 May as various firms resumed operations with reduced resources and fully automated systems in a bid to respond to the customers' growing

preference to shop online while keeping costs low. The number of transactions made daily increased amid the pandemic's peak, said Ashish Chakraborty, director and chief operating officer of SSL Wireless, a company that facilitates online transactions. The value of transactions also increased but not significantly, he said. Regardless, the pandemic has made electronic transactions more accepted now and this change in habit for the general public is a good sign as almost all businesses are now looking to shift online. Various corporate houses now use digital platforms to pay their workers' wages and commissions for distributors, he said, adding that the number of new clients for his company has doubled in recent times. "We have been able to leapfrog from our previous position as the pandemic has brought about massive changes to the market," said Chakraborty, also a director of the e-Commerce

Association of Bangladesh. The number of queries made for his company increased after Eid-ul-Azha, said Ariful Islam, managing director of Generation-Next IT Solution. The demand for automated solutions, such as accounting software, has risen as many businesses are seeking ways to minimise costs. Software enables firms to do certain tasks with less human resources. However, the availability of low-quality software affects the overall market as substandard products erode customers' confidence, he added. Increased queries for software and automation will bring good results for the IT services industry, said Uttam Kumar Paul, managing director of Best Business Bond. The pandemic taught the manufacturing sector that there is no alternative to automation in the days ahead, said Rashad Kabir, managing director of Dream71 Bangladesh. "I see a good prospect for the global IT industry from next year," he added.

Now that Cox's Bazar is open to visitors, airlines and hotels are doing everything to bring in customers

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The airline is now carrying about 120 passengers per day through three daily flights from Dhaka to Cox's Bazar in the last two days, up from about 80 to 90 per day before the reopening. Before coronavirus arrived on these shores, Novoair used to transport about 750 passengers per day through six daily flights from Dhaka to Cox's Bazar. Currently, it operates daily 36 flights in seven domestic routes keeping 25 per cent seats vacant as per the direction of the Civil Aviation Authority of Bangladesh to maintain social distancing. "We are seeing renewed excitement in Cox's Bazar-bound tourists after the reopening," said Sikder Mezbahuddin Ahmed, chief executive officer of US-Bangla Airlines. The airline operates three flights from Dhaka to the city with a capacity of 160 seats. At present, the occupancy on the route is 80 to 85 per cent. The airline also has plans to offer attractive packages for travellers to Cox's Bazar. "We will monitor the situation for a few more days and then announce the packages that will allow customers to travel and stay at a lower cost," he added. National flag bearer Biman Bangladesh Airlines now operates two daily flights in Cox's Bazar. "Our load factor is good on the route," said Md Mokabbir Hossain, managing director and chief executive officer of Biman. The occupancy rate of upscale hotels in Cox's Bazar in the first two days of reopening has been 18 to 20 per cent. "Bookings are on the rise," said Mohammad Asaduzzaman Nur, account and finance manager of Sayeman Beach Resort, which offered a 50 per cent discount

on room charges. The hotel, which has 240 rooms, is now hosting 50 guests. As per the local administration's decision, hotels in Cox's Bazar are allowed to open only half of its rooms. Of the 200 rooms in Ocean Paradise Hotel and Resort, it has only 35 rooms occupied, according to MN Karim, chairman of the hotel. "We have been witnessing a day-to-day improvement." However, he cautioned travellers to maintain social distancing for the sake of keeping the hotel business afloat and protect the health of ordinary people. To attract customers, the hotel is providing a 50 per cent discount, complimentary 25-item buffet breakfast and airport to hotel travel facility. Seagull Hotel is now hosting guests at around 45 rooms of overall 190 rooms. "Since hotels in Cox's Bazar have been reopened after five months so I thought a very few people would come. But I did not think we would get so much response. That means people were bored living life in confinement for the virus," said Rashed Chowdhury, head of sales at Seagull. The hotel is offering a package for three-day-two-night stay at 50 per cent discount. But Abdul Kaium Chowdhury, managing director of Hotel The Cox Today, is not as optimistic of a pickup in business as the others. "Unless or until the fear for the virus in peoples' mind is gone, normalcy in the tourism business would not be restored," said Chowdhury, who is also a top leader of Cox's Bazar Hotel-Motel Owners Association. Hotel The Cox Today, which has 272 rooms, is offering a 50 per cent discount on hotel charges to lure in customers. Its occupancy rate is 20 per cent at present.

Shocks await banks next year. Should they begin preparations now?

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"None has any clear idea of what will happen when the moratorium period comes to an end," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank. The majority of banks do not have adequate strength to keep provisioning to tackle the rainy days. Lenders should set aside funds for provisioning from their operating profits in the next three years so that they could go from strength

to strength sidestepping the recessionary hit, he said. Default loans in the banking sector have been maintaining an upward trend for years, weakening the provisioning base of banks. In March, the total amount of default loans stood at Tk 92,510 crore, accounting for 9 per cent of the total outstanding loans in the banking sector. Default loans, however, decreased slightly between January and March due to the regulatory forbearance.

Some banks have taken preparation to strengthen their provisioning base. City Bank kept aside Tk 41 crore in provisioning in the first half of 2020 to tackle the future uncertainty, said Mashrur Arefin, its managing director. The bank will build up a satisfactory amount of provisioning in the next three years, he said. MA Halim Chowdhury, managing director of Pubali Bank, said his bank has taken the same measure.

BPC to buy 150,000 tonnes marine fuel for Tk 438.8cr

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BPC has never imported marine fuel containing 0.5 per cent sulphur. The International Maritime Organisation made it mandatory to use marine fuel with 0.5 per cent sulphur from 1 January this year, the finance ministry said in a press release. The meeting also gave its consent to buy another 75,000 tonnes marine fuel (0.5 per cent sulphur) under a government-to-government arrangement in July to December. It will cost Tk 216.7 crore. Six suppliers submitted bid and four of them were responsive. The tender evaluation committee recommended to award the contract to the lowest bidder PTT International Trading Pte. The government is buying marine fuel on G-to-G basis since it is cost-effective and the international price of the fuel is low, Kamal said, while briefing reporters virtually. When asked whether the government

would adjust the price of fuel in the local market in line with the drastic fall in oil price in the international market, he said the energy ministry looks into the matter. The meeting consented to a proposal to print, bind and supply 7.2 crore textbooks of Bangla and English versions for the classes of III, IV and V for 2021. The contract involved Tk 132.4 crore. The cabinet committee on economic affairs approved a proposal to build a bridge over the Meghna river in a move that would fast-track Bangladesh's communication with India's eastern part. The cost of the bridge on the Bhulta Araihaazar-Banchharampur road would be about Tk 7,000 crore and would be built under a public-private partnership arrangement. The bridge would establish a faster communication between Brahmanbaria district in Bangladesh and Agartala in India, the finance ministry said in the statement.

Investors suffer for slow DSE website

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"The mobile app has also not been working well for a couple of days, so some of the app users called us over the phone to execute their desired trade." Sharif Anwar Hossain, president of the DSE Brokers Association, echoed the same. "It takes some time to execute but time is valuable here." If the DSE starts the pre-opening and post-closing advantage, the problem might get solved, Hossain added. The DSE is going to seek the official permission from the BSEC so that stock trading orders can be posted on the trading system 15 minutes before the start of a session. Once an order is posted in this way, the share trading would be executed once the official trading hours begin. On the other hand, investors will be allowed to trade shares 10 minutes past the trading hours, a form of post-closing advantage. In that case, the trade would take place based on the closing price. "As the number of trading orders is too high, it creates some problems but the advantages might solve the problems," Hossain said.

Beacon Pharma sets up dedicated antibiotic plant for Tk 250cr

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The facility was up one year back and all this time they had been carrying out trial runs to perfect the quality of their products. "We also conducted experiments for the development of the product through our experienced research and development centre," he added. Besides, the facility has its own effluent treatment plant to treat waste it would produce so that it did not end up polluting the environment. Karim expects to export drugs worth Tk 100 crore per year from this facility upon meeting local demand. On another note, Karim issued a warning for Bangladesh, saying cephalosporins were not being used rationally here and there was a lot of unnecessary use, which was ultimately increasing bacterial resistance in the population. In many advanced countries, penicillin is still the most commonly used drug, he

said. "The Beacon cepha plant is one of the finest cepha facility in South East Asia," said Beacon's director for global business, Monjurul Alam, adding that the company is working to gain the European Union certificate for good manufacturing practice for the plant. "With its high-end antibiotics for local and export markets, we are sure that this facility will boost our export sales and will help to earn foreign currencies for the country," he said. Beacon followed the guidelines of the World Health Organisation in manufacturing these specific drugs involving 20 skilled pharmacists in ensuring quality. This facility created employment for 150 people and will help the sector expand in other ways, he said. Health Minister Zahid Malik will inaugurate the plant through video conferencing.

Youth unemployment to double this year

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"The unemployed educated youth lack these skills. The government can help these youth reskill themselves through its technical training centres all over the country," Hussain said, adding that the government must do everything it possibly can to help the unemployed youth help themselves. The ILO-ADB said as containment measures have continued to be in force after three months in many countries, despite some relaxation, the short containment results are best viewed as a lower bound of job losses. They may be most realistic for countries that have avoided a serious outbreak such as Cambodia, Thailand and Vietnam. Bangladesh enforced a strict lockdown to stop the spread of the virus between 26 March and 30 May. It relaxed the restrictions in June to save livelihoods and the economy although the virus has not come under control yet. Rather, the caseload is expanding at a constant rate every day. The report said the coronavirus disease pandemic has triggered a massive disruption of labour markets that have had disproportionate impacts on youth employment. Through lockdowns and travel restrictions, demand has slumped and many businesses have been forced to close or cut back operations, with serious impacts on workers. Nearly 220 million young workers (15-24 years) in the region are particularly vulnerable given their short tenure on the job, their employment in especially hard-hit sectors and their tendency to earn livelihoods in insecure informal jobs. Young people's employment prospects in Asia and the Pacific are severely challenged as a result of the pandemic. Youth will be hit harder than adults in the immediate crisis and also will bear higher longer-term economic and social costs, the report said.

At the onset of the crisis, nearly half of young workers in the region were employed in the four sectors destined to be hardest hit by the recession, the report said. These sectors -- wholesale and retail trade and repair, manufacturing, rental and business services, and accommodation and food services -- employed nearly half of all young people (more than 100 million) working in Asia and the Pacific at the onset of the crisis. Young women are overrepresented in three of the four highly impacted sectors, particularly in accommodation and food services. Job loss among youth will continue throughout 2020 and could result in youth unemployment rates doubling. Between 10 million and 15 million youth jobs (full-time equivalent) may be lost across 13 countries in Asia and the Pacific in 2020. These estimates are based on the expected fall in output and consequent decrease in labour demand for the year relative to a non-pandemic scenario. To address the youth employment crisis, governments in the region urgently need to adopt large-scale and targeted responses, centred on comprehensive labour market policies, including wage subsidies and public employment programmes, and minimising the impacts on young students of disrupting their education and training, the ILO-ADB report said. Effective COVID-19 mitigation measures will ensure that the poorest and most vulnerable youth are reached and that young people are meaningfully engaged in policy and social dialogue. "Prioritising youth employment and maximising youth productivity in the COVID-19 recovery process will improve Asia and the Pacific's prospects for inclusive and sustainable growth, demographic transition and social stability."

Bangladesh needs free trade agreement with the UK

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"We have enough scope to widen our exports to the UK. Apart from apparel items, my company's success in exporting batteries is an example. So, we need to form a strategic partnership with the UK soon." Besides, creating a platform for battery manufacturers and trading partners of Bangladesh and the UK is essential to increasing outgoing battery shipments. As it stands, the global market for batteries is currently worth more than \$59 billion, which leaves plenty of room for Bangladesh to grab a greater share, Rahim added. Very few local companies export pharmaceutical goods to the UK even though the demand for cheap medication is very high there, said Abdul Mukhtar, chairman and managing director of Incepta Pharmaceuticals. Similar to other products, the UK could act as a bridge for Bangladeshi pharmaceuticals to reach other European countries as the country's Medicines and Healthcare products Regulatory Agency (MHRA) is well recognised in the region. If Bangladesh's pharmaceuticals companies are registered with the MHRA, it will take Bangladesh's drug manufacturing sector to new heights. After Incepta was registered with the MHRA, buyers in the UK paid \$11 per pack for the same medicine that buyers from the UAE offered \$3 for, Mukhtar said. Most of the generic medicines available in the UK is produced in India. Therefore, Bangladesh could also benefit from the UK market if it builds a strong relationship with the country, he added. Apart from apparel products, Bangladesh could export a lot of other items like jute goods, pharmaceuticals and footwear to the UK, said Hossain Khaled, managing director of the Anwar Group of Industries. The UK's imports amounted to \$692 billion in fiscal 2019-20 and so, as a leading export nation, Bangladesh can grab a greater share of this market. Khaled also urged British entrepreneurs to invest in Bangladesh's automotive industry while adding that the country needs to improve

its ranking on the World Bank's Ease of Doing Business Index. In fiscal 2019-20, 13 per cent of the country's total software exports were destined for the UK, said Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services (BASIS). While third in terms of overall export, the UK is the second-largest export destination for locally developed software. But still, Bangladesh can export 10 times more than the existing trend to the UK. Kabir also asked the government to provide British investors with the scope to establish industrial robotic software companies at the high-tech parks in Bangladesh. Asif Ibrahim, a director of the Bangladesh Garment Manufacturers and Exporters Association, urged British investors to relocate their businesses to Bangladesh and establish more man-made fibre textile factories. Investors from the UK could invest in Fintech, a listed financial services company of Bangladesh, he added. Seeing as Bangladesh enjoys duty-free benefits with China, British investors could take advantage by setting up their factories here, said Abul Kasem Khan, chairman of the Business Initiative Leading Development. This is why signing an FTA is very important for Bangladesh, he added. Bangladesh needs to find out whether signing an FTA is indeed crucial at this juncture as the country already enjoys preferential duty privileges with several developed and developing countries due to its classification as a least developed country, said Sharifa Khan, additional secretary (FTA) to the commerce ministry. Besides, these facilities will continue until 2027, the final year of Bangladesh's graduation to a developing country. The UK government also previously announced that tariffs would be cut substantially next year. The existing import tariffs will come down from a maximum of 20 to 10 per cent to 5 or 2 per cent depending on the product's nature. "So, we need to take advantage of this change," Khan said.

The country has tremendous potential to do business with the UK, said Robert Chatterton Dickson, the British high commissioner to Bangladesh. However, there is a wider issue at hand: Bangladesh's need to improve its ease of doing business ranking, he added. In 2018, FDI from the UK to Bangladesh stood at \$370 million, which is 10 per cent of the amount that flew in that year, said Selim Raihan, executive director of South Asian Network on Economic Modelling, while presenting a keynote paper. Although FDI from the UK to Asia totalled £186.46 billion in 2018, Bangladesh's share of that amount was just 0.37 per cent, Raihan said. Some of the obstacles for the country to attracting FDIs from the UK are its narrow export basket, inadequate policies and strategies, weak collective action from non-garment sectors, weak enforcement of intellectual property rights, high cost of doing business and slow implementation of infrastructural projects. The chambers of commerce in Britain are not aware of Bangladesh's potential as a supplier, said Saida Muna Tasneem, Bangladesh's high commissioner to the UK. She went on to call for the establishment of strong trade and investment-related relationship with the UK to address the issue as Bangladesh has the opportunity to export light engineering products and other value-added garment items to the market. The UK is the second-largest foreign investor in Bangladesh, registering accumulated an FDI stock of about \$2.45 billion as of March, said DCCI President Shams Mahmud, who moderated the discussion. He also asked the concerned agencies of both the countries to undertake the necessary steps and dialogues to sign an FTA with a focus on comprehensive economic integration. Md. Shahriar Alam, the state minister for Foreign Affairs, said that his government will soon form a Bangladesh UK (BG UK) Commission for holding a day-long business dialogue every year in a bid to boost trade and investment between the two countries.