

Ant Group IPO pricing ‘history’s largest’, says Alibaba’s Jack Ma

REUTERS, Shanghai

The mammoth dual listing for Chinese fintech giant Ant Group will be the world’s biggest, according to a pricing determined on Friday night, Alibaba founder Jack Ma said on Saturday. “It’s the first time that the pricing of such a big listing - the largest in human history - has

been determined outside New York City” he told the Bund Summit in the eastern financial hub of Shanghai.

“We didn’t dare to think about it five years ago, or even three years ago. But a miracle just occurred,” he told the audience, which included officials from China’s regulators.

He did not give exact details of the pricing

which is expected to be officially announced next week.

Backed by Chinese e-commerce giant Alibaba, Ant plans to list simultaneously in Hong Kong and on Shanghai’s STAR Market in the coming weeks.

Sources have said the listing could be worth \$35 billion, surpassing the record set by Saudi Aramco’s \$29.4 billion float last December.

Ma said the financial and regulatory system stifles innovation, calling for a revamp to extend financial services to more small firms and individuals on the basis of technology - an ethos that Ant is largely based on.

He said the global system established after World War II is outdated and too risk-averse, calling the Basel Committee on Banking Supervision “an old men’s club” and warning that risks are accumulating in the whole economy.

In China, banks still operate with a strong “pawnshop” mentality, demanding collateral and guarantees before lending, a model that will fail to fuel future growth, he said.

Instead, he said a new, inclusive and universal banking system that lends to small businesses and individuals on the basis of big data should be established.

Ant, which has an extensive payment and micro-lending business that is largely based on big data, has faced rising scrutiny from regulators.

“Today’s financial system is the legacy of the Industrial Age,” Ma said. “We must set up a new one for the next generation and young people. We must reform the current system.”



AFP/FILE

Jack Ma, chairman of Alibaba group, speaks during an event to mark the 20th anniversary of Alibaba in Hangzhou in China.

Flipkart to buy 8 per cent stake in Aditya Birla’s fashion unit for \$204m

REUTERS, Bengaluru

Walmart Inc’s Flipkart will buy a 7.8 per cent stake in Aditya Birla Fashion and Retail Ltd for 15 billion rupees (\$204 million), giving the ecommerce company a bigger foothold in the high-margin fashion business as it battles it out with rival Amazon.com in the country.

Shares in Aditya Birla Group’s fashion unit rose as much as 6.5 per cent on Friday following the news, hitting their highest since March 30.

The investment comes at a time when Amazon.com Inc, billionaire Mukesh Ambani-led Reliance Industries and Flipkart are in a race to gain market share in India’s fast-growing online market for everything from food and groceries to electronics and clothes. With the COVID-19 pandemic keeping most people indoors, more Indians are shopping online, especially ahead of the key festive season.

“Fashion retail in India is set for robust long-term growth due to strong fundamentals of a large and growing middle class,” Aditya Birla Group Chairman Kumar Mangalam Birla said.

“Rapid growth of technology infrastructure will further accelerate this process,” he said, adding that the country’s apparel industry was set to be worth \$100 billion in the next five years.

For Flipkart, which already owns the popular Myntra fashion website, the deal is a way to add more merchandise from international brands to its roster.

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Purple Digit Communication’s Iqra service brought it Tk 30 lakh in April.

Robi Axiata and Banglalink, respectively the second and third-largest mobile phone operators in Bangladesh, provided the services to their subscribers through the two firms, according to the BTRC.

“Although they have never accepted the responsibility, the mobile phone operators take the share of the profit,” the commission’s probe report said.

“Had the mobile phone operators wanted, it would not have been possible to deduct the money from the balance of the mobile phones of subscribers stealthily. Mobile phone operators can’t evade their responsibility.”

The telecom regulator found that the VAS operators mostly targeted the people who use feature phones and the services are activated after midnight.

“We are trying to streamline the services and bring them under a system. These services are imposed on subscribers but they don’t know about this. This is our concern,” said Subrata Roy Maitra, vice-chairman of the BTRC.

The probe report recommended filing cases against the VAS providers for cheating customers and ordering them to pay back the subscribers who were charged without their consent.

Similarly, the mobile phone operators

could be asked to return the money to the state coffer and could be fined, it said.

The number of TVAS licence-holders in Bangladesh is 183, according to the BTRC. The guideline on the service was issued in May 2018.

In order to protect the interest of the subscribers, the BTRC on September 14 instructed mobile phone operators to implement OTP-based authentication procedure to activate VAS services.

If the system is not put in place by September 30, it would take steps to close all VAS services provided by the mobile phone operators from October 1 this year.

Activating VAS services without user’s consent has been a matter of concern for the BTRC and the subscribers for the last several years. The commission held discussions with stakeholders on the issue several times since 2017 and sat with the VAS teams of a number of mobile network operators (MNOs).

In September, the BTRC found that three VAS operators are providing services to a huge number of subscribers without their approval.

“This proves that MNOs are not taking the issue seriously which is unexpected,” the BTRC said in an email to the operators on September 30.

On the same day, the Association of the Mobile Phone Operators in Bangladesh (Amtob) informed the BTRC that all MNOs

India gold premiums rise as jewellers boost festive stocks

REUTERS, Bengaluru/Mumbai

Gold premiums in India jumped to their highest in nearly three months this week, as jewellers continued to stock up on hopes of more customers visiting stores as the festive season gathers pace.

Indians celebrate Dussehra on Sunday and Diwali and Dhanteras in November, when buying gold is considered auspicious.

“Investment demand was good in the last few days. Retail demand for jewellery is still weak, but it could improve during the festive season,” said Ashok Jain, proprietor

of Mumbai-based gold wholesaler Chenaji Narsinghji.

On Friday, local gold futures traded at around 50,920 rupees per 10 grams. Prices hit an all-time high of 56,191 rupees in August.

Dealers charged premiums of \$5 an ounce this week over official domestic prices, inclusive of 12.5 per cent import and 3 per cent sales taxes, versus the \$1 premiums last week.

Jewellers have been banking on festive-season buying for a revival in demand and are offering lower prices, said a Mumbai-based dealer with a bullion importing bank.

Despite price spiral, potato farmers still in a pickle

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“Rainfall has affected cultivation,” he said, adding that landowners in his locality are also demanding higher rates to lease their lands for a year.

The interest among farmers to grow potato has increased because of the prevalence of higher market prices this year.

“So, we are also responsible for the increased rates,” Islam said.

Potato was grown on a total of 4.65 lakh hectares of land across the country last season. Until early last week, the acreage was 2,750 hectares, according to agriculture ministry data.

Muhammad Ali, a farmer in Sherpur of Bogura, said the cultivation area of potato will increase this year as prices of other vegetables are high and recurrent rains have damaged the cultivation of seasonal vegetables.

However, the cost of potato production will increase owing to higher prices of seeds and rent of land.

Ali said land rental cost rose 46 per cent to Tk 10,000-Tk 12,000 per bigha this year from Tk 7,000- Tk 8,000 a year ago in his locality.

“Landowners are demanding higher as the prices of agricultural produce are currently high,” he said, adding that he came to know from dealers of potato seed that prices would increase.

Farmers required more than 7.6 lakh tonnes of potato seeds in the previous cultivation season and organised sectors,

including the state-run BADC, supplied 15 per cent of the total requirement, agriculture ministry data showed.

Last week, the BADC, the biggest supplier, hiked its price for potato seed by about 91 per cent to Tk 47 per kilogram for the current season from Tk 24.5 a year ago.

In line with the BADC, private seed sellers also plan to increase their prices.

When contacted, BADC Chairman Md Sayedul Islam said the state agency hiked the price for tuber seeds in order to prevent them from being sold for consumption.

“If we sell below the current market rates of consumable potato, people will buy the seeds for consumption instead of cultivation. As a result, low quality seeds will be planted which will in turn reduce overall yield of the vegetable,” he added.

FH Ansarey, managing director and CEO of the ACI’s Agribusiness division, said the price for potato seeds is about Tk 50 per kilogramme for common potato varieties such as Asterix and Diamant.

Higher quality varieties are selling within the price range of Tk 53-Tk 59 per kilogramme, he added.

Mohammad Masum, chairman of Supreme Seed Company, said prices of potato seeds will remain high this year as many farmers, who stored potato in cold storages, sold those during the off-season to profit from higher prices this year.

However, the demand for seeds may decline if the weather remains unfavourable for cultivation, Masum added.

First online auction of Ctg customs on Tuesday

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There is also a shortage of workforce and equipment. Importers sometimes obtain suspension orders from courts after challenging the customs’ process, delaying the auction, they said.

Conventionally, three auctions are held for the sale of non-perishable goods. In the first auction, customs try to attain a price higher than the reserve value.

If that is not possible, a second one is held where customs try to attain prices higher than the highest offer of the first auction.

If that too fails, a third auction is held where the item is sold simply to whoever bids the highest.

Insiders revealed that although conventionally reserve values are never made public, they do get leaked. The bidders then just wait for the third auction to secure a low price. Disclosure of the reserve value this time around will help attract ordinary people and organisations, thereby increasing the number of bidders and ensuring good prices, they said.

“We are conducting the e-auction on a small scale,” Deputy Commissioner (auction) Faisal Al Mamun told The Daily Star, adding that its successful completion would usher in the clearance of bigger quantities of goods.

“Most bidders from outside of Chattogram usually do not show interest in participating in auctions due to the need for physical attendance,” he said.

The National Board of Revenue took up the initiative of setting up the automated auction system for all customs houses under the Bangladesh Trade Facilitation Activity project in 2015.

The first e-auction took place in Benapole Customs House in mid-2019.

Other six customs houses have adopted the method, including Dhaka Customs Bond Commissionerate, Dhaka Customs House, Kamalapur Inland Container Depot, Mongla Custom House and Pangaon Customs House.

Quality growth in right sectors key to economic recovery

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He also that implementing the stimulus package in innovative ways and identifying the number of informal sector workers and return migrants would also aid the country’s economic recovery.

Reducing the lead time of garment products and effective negotiation to avoid probable implications of a second wave of Covid-19 could help in this regard as well, he said.

Apart from reviving private investment, containing the virus is essential to jumpstart local demand and integrate with the global market, Uddin added.

Around 40 participants from all over Bangladesh took part in the webinar.

Open accounts to make int’l trade easier for exporters

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Muhammad A (Rumee) Ali, chairman of the ICC-B Banking Commission and CEO of Bangladesh International Arbitration Centre, recommended for keeping an option of alternative dispute resolution so that the transactions can be negotiated in case of any disputes.

Having a warm relationship with buyers is of paramount importance under open accounts system, said Naser Ezaz Bijoy, CEO of Standard Chartered.

Md Mahbub Ur Rahman, CEO of HSBC Bank, said if international retailers and brands make 120 days deferred payments to local suppliers, the amount stands at \$11 billion but if they make it in 90 days, the amount stands at \$8 billion amid the pandemic.

Vincent O’Brien, member of the executive board of the ICC Banking Commission, Paris, moderated the virtual meeting.

Nasir Ahmad Choudhury gets lifetime achievement award

STAR BUSINESS DESK

Nasir Ahmad Choudhury, adviser and founding managing director of Green Delta Insurance Company (GDIC), has recently received a lifetime achievement award from an Indian educational institution for his “outstanding contribution” to Bangladesh’s insurance sector.



Nasir Ahmad Choudhury

The Birla Institute of Management Technology (Bimtech) presented the accolade at a fourth BIMTECH Insurance Colloquium held virtually on Friday.

Also chairman of Delta Brac Housing Finance Corporation, Choudhury started his career at Pakistan Insurance Corporation in Karachi in 1958 after attaining a postgraduate degree from the University of Dhaka.

He later got training in London and in Germany’s Munich Reinsurance Company. At Pakistan Insurance Corporation, he held various senior positions till Bangladesh achieved independence.

In 1972, he joined the reinsurance department of Sadharan Bima Corporation as general manager, according to a statement.

In 1985, when insurance business was opened up to the private sector, Nasir Ahmad established Green Delta Insurance with a couple of friends as sponsor, founder managing director and chief executive officer.

The seasoned businessman was a director at The Federation of Bangladesh Chambers of Commerce and Industry and president of The Bangladesh Insurance Association.

“The achievement of our respected adviser added another feature of success as Nasir Ahmad Choudhury has shown a pathway of insurance inclusion in Bangladesh,” said Farzanah Chowdhury, managing director of the GDIC.

In the snares of value-added services

delivered using our network, we are fully committed to collaborating with the BTRC to stamp out any malpractices. We have installed the required security solutions to combat illegal activations. Digital fraudulence is a social ill and we have to fight it together.”

Taimur Rahman, chief corporate and regulatory affairs officer of Banglalink, said TVAS providers receive registration from the commission and they are the owners of the services.

“Moreover, we also take double consent for such services in line with regulatory directives. In case users don’t want to opt for a service, they can also choose “stop all” option.”

“Whenever we get any complaints from customers, we investigate the matter and take actions against TVAS providers. This sometimes leads to contract termination,” Rahman said.

The size of the country’s telecom-related VAS market is about Tk 100 crore, said Rafiur Rahman Khan Yusufzai, general secretary of the proposed Content Provider and Aggregator Association of Bangladesh.

“This is a new business in Bangladesh. So, the commission, the mobile phone operators and VAS providers should sit together to find a solution so that the segment can grow,” he said.

About 3,000 IT graduates work in the segment.

Economic zone investors worried over Beza’s sudden service charges

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“And we should follow this example,” Chowdhury said, adding that Bangladesh should offer more incentives compared to other countries in order to secure more investment.

Echoing the sentiment, Mir Masud Kabir, managing director of Bangladesh Auto Industries, also confirmed that Beza had not included any clause about the VAT and utility service charge in the original contracts.

Earlier, BEZIA sought intervention from the Prime Minister’s Office (PMO) to help address some of the obstacles for investment in the country’s economic zones.

Potential investors were recently blindsided by the implementation of a 15 per cent VAT charge for land leased at any of the various economic zones.

Besides, investors are unable to attain bank loans against the rented land due to the unfavourable conditions of leasing policies, BEZIA said in its statement to the PMO.

“Our confidence and expectations were shattered when we unexpectedly received letters from Beza regarding the VAT issue,” the statement read.

“Furthermore, we are keen to enjoy our tax holiday as provided for industrial units, regardless of what they produce within the economic zones,” it added.

BEZIA also said lessees were facing indefinite delays in being handed over their land at economic zones and were also in uncertainty over whether the infrastructure and facilities promised by Beza would actually materialise.

This includes the construction of a port facility at Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai, Chattogram, a project which has already far exceeded its completion deadline.

It is true that investors were exempted from paying all types of VAT and received varying tax holidays for periods determined on a case-by-case basis, according to BEZIA.

However, the National Board of Revenue in June issued a notice declaring that 15 per cent VAT would now be imposed on the lease of land.

Upon being contacted, Beza Executive

Chairman Paban Chowdhury said the service charge was very nominal.

“And since Beza is providing the land at a cheap rate, it is placinghis nominal charge for maintenance costs,” he added.

According to Chowdhury, Bangladesh Export Processing Zones Authority (Bepza) charges 200 per cent more on these services.

“We will provide all kinds of facilities inside the zones while bearing all maintenance costs for utility lines. So, we need service charge to ensure dedicated utility service for each industrial unit,” he said.

Before investors can even come up with any complaints, Beza plans to provide generous incentive packages that would improve the country’s investment climate and attract more foreign investors for the economic zones, he added.

“We have submitted proposals to the PMO on how we can offer policy support and incentives to both domestic and foreign investors,” Chowdhury said, adding that industrial units which can be established by 2023 would be offered full exemption from corporate tax for 10 years.

Local factories, like export-oriented industrial units, should be entitled to bonded warehouse facilities, which exempt exporters from paying customs duties when importing and storing raw materials for a certain period.

Beza also called for VAT charges on land leasing to be waived for foreign companies looking to set up factories here as it erodes the country’s competitiveness as a lucrative investment destination.

As of September, Beza received investment proposals totalling \$23 billion from over 200 local and foreign business entities. Of this amount, about \$3 billion has already been invested in different special economic zones.

A further \$10 billion will come as foreign direct investment from companies originating in China, South Korea, Japan, India, Singapore, the UK, Australia, Malaysia and the US.

The remaining \$10 billion will be invested by 60 local companies, including TK Group, Karmo Foam Industry, Mango Teleservices, BDCOM Online, Bashundhara Group, Siraj Cycle Industries and Abdul Monem.