



Mahmudul Hasan Khusru ICAB gets new president, vice presidents

STAR BUSINESS DESK The Institute of Chartered Accountants of Bangladesh (ICAB) has elected Mahmudul Hasan Khusru as president and Sidhartha Barua, Md Abdul Kader Joaddar and Maria Howlader as vice presidents for 2021.

No model for sale here, but India's small investors flock to Tesla stock

REUTERS, Mumbai

Mom-and-pop Indian investors increasingly buying US stocks have been drawn to a company that has no presence in India so far: electric car maker Tesla Inc.

Indians are placing bigger-than-ever bets on US stocks this year as the American stock market has recovered faster than markets in India and other emerging nations following a crash sparked by the coronavirus pandemic.

While firms such as Apple, Amazon and Facebook - which have a significant presence in India - are popular among Indian investors venturing into US stocks, data from brokerages shows Tesla has emerged as a new favourite.

Indian brokerage Vested Finance said its accounts held \$2.5 million worth of Tesla stock in November, up from just \$76,000 at March-end. Another brokerage firm, Stockal, said its clients' Tesla holdings have quadrupled to \$10 million during the period.

Tesla shares surged around 450 per cent during that time.

"Some investors have just created accounts to be able to invest in Tesla," Vested's CEO Viram Shah said. "We would have never imagined that a company which is not even present in India would be the most popular."

The frenzy around the stock comes



Tesla Inc CEO Elon Musk dances onstage during a delivery event for Tesla China-made Model 3 cars in Shanghai, China.

as Tesla CEO Elon Musk has signalled an India launch is impending. Musk in October tweeted the electric car maker will foray into India "next year for sure", and had earlier tweeted about a 2020 launch.

Tesla's plans of a possible launch come when India is becoming focused on promoting the use of electric vehicles, even though Musk has previously flagged concerns around high Indian import duties.

Gaurav Jhunjhunwala, 33, became a Musk fan after reading his biography and has even paid \$1,000 in booking fees to get Tesla's Model 3 electric sedan whenever it launches in India. While that wait has been long, he invested \$100,000 in Tesla shares in May, and buys 30 shares every other week.

"I just like the way the guy (Musk) thinks," Jhunjhunwala said. "He is trying to make the world a better place."

Leather goods exporters in tight spot

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Tipu Sultan, chairman of Bengal Leather Complex, said the main obstacle faced by the leather sector is a lack of compliance at a time when the Covid-19 has significantly reduced exports.

There is also a lack of planning to develop the sector's backward linkage industries, he added.

According to Sultan, exporters are paid 30 to 40 per cent less for their products due to the sector's non-compliance with international standards.

"The sector will capsize gradually as there is no proper plan for ensuring compliance or a solution," he said.

The current export volume of finished or semi-finished leather came down to \$90 million while it was \$350 million in 2014, the chairman added.

"We usually receive orders for next summer season during this time. The present shipment is from an earlier order," said Nasir Khan, chairman and managing director of Jennys Shoes, a manufacturer and exporter of leather footwear.

"At this moment, my orders have a 30 per cent year-on-year fall," he added.

Khan, also vice-president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB), went on to say that he does not know when exports would return to normalcy as the buyers have no interest to place orders amid the global threat of a second wave of the Covid-19.

The retailers in the EU and the US that source products from Bangladesh are placing an insignificant number of orders. Besides, most entrepreneurs related to the industry were unable to avail any financial support from the government's stimulus packages, which has led to a shortage of working capital in the sector.

Khan said lenders often claim to have insufficient funds to make disbursements.

According to the LFMEAB vice-president, there is no way for the sector to revive exports immediately, and the ongoing crisis will continue up until a vaccine hits the market.

Mohammed Nazmul Hassan Sohail,

managing director of Leatherex Footwear Fashion, said the sector's future in terms of export is quite unpredictable and no one knows when it will return to normal.

"The buyers have no option here since they had to shut down their stores due to a decline in sales," he said.

Meanwhile, a potential second wave has slowed down the sales of leather products, Sohail added.

According to him, consumption declined around 40 per cent while production fell 50 per cent amid the pandemic.

Leather products are formal items, and so, customers do not want to spend heavily on these items while incomes have declined as well.

"We don't know what we should do at this moment. But we are giving salary to the employees," Sohail said, adding that companies are adopting different strategies to survive.

The government and the manufacturers will have to work hand in hand to overcome this crisis, he said. Sohail fears that certain export-oriented companies, particularly small manufacturers, would be compelled to close their factories if the situation lasts for another six months.

"Now the situation has reached a stage where it is tough to repay instalments on bank loans," he said. Exporters lost their winter orders as a result of the Covid-19 fallout, which is evident from the data of the Export Promotion Bureau. However, Rajan Pillai, chief executive officer at Apex Footwear, said the situation might gradually get better despite the current hard times.

But if the 165 footwear and leather factories currently operating in Bangladesh were compliant and used modern technologies, they could fetch up to \$5 billion in export receipts, according to the LFMEAB.

Bangladesh's leather sector is failing to make it big internationally even though the country has an abundance of rawhide and a skilled workforce.

Of the country's total production, only 30 per cent of finished leather is consumed locally while the remaining 70 per cent is exported, mostly to China.

Govt to import 50,000 tonnes of rice

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This was the second tender from the government in the last one month as it was not getting enough responses from farmers and millers to supply paddy and rice respectively at its fixed prices because of soaring prices in the local market.

Last month, the Directorate of Food invited bids to buy the grains from external sources.

The food office also could not attain the target on the procurement of rice and paddy from the Boro harvest. But instead of hiking its rice and paddy purchase prices from local markets during the current harvest of Aman crop, the food ministry is turning to international markets to buy the grain. In the first phase, it plans to buy 300,000 tonnes of rice out of a target of up to 5 lakh tonnes to replenish the public food stock, said Food Secretary Mosammat Nazmanara Khanum earlier this week.

As of December 7, the stock of foodgrains in the state-run warehouses was 7.9 lakh tonnes, down 43 per cent from 13.87 lakh tonnes on the same day a year ago, food ministry data showed. Until the date, the Directorate of Food has managed to buy only 53 tonnes of paddy out of its target of 200,000 tonnes from local growers.

When it comes to rice, it has been able to procure 3,476 tonnes from millers out of 600,000 tonnes targeted.

Prime Bank MD resigns days before contract's expiry

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Promoted to the top executive post of the second generation bank in December 2017, his contract with the bank is scheduled to end on December 13.

Ahmed earlier served the bank as a deputy managing director and chief business officer.

Contacted by The Daily Star, Ahmed said he forwarded his resignation letter to the bank's board on December 7.

The board had offered him a second term in September, he claimed. "But, I am unwilling to continue my job at the bank further," he said.

However, sources said the board was not interested in renewing his contract.

Govt takes \$40m infrastructure project for exporters

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It will also develop waste management facility, recycling centres, power transmission, telecom connectivity lab services and warehouse facilities, according to project papers.

However, all these infrastructure facilities would be built upon applications by the potential beneficiaries in any industrial cluster areas.

For instance, there is a big cluster of 50,000 light-engineering firms only at the Dholaikhal area in Dhaka.

Many of the small and medium enterprises (SMEs) are involved in the export of light-engineering products from this area, but they have been facing a lot of troubles for poor infrastructure.

If the problems of infrastructures in this particular area are resolved, the exporters will be able to ship their goods with little effort and cost, the project papers read.

Currently, there are many light-engineering industrial clusters across the country to meet both domestic and international demand.

"So the government should also include the industrial firms, which are producing goods for the local markets as well," said Abdur Razaque, president of Bangladesh Engineering Industry Owners' Association (BEIOA).

He demanded establishment of a testing lab, international standard accreditation board and a separate

office of the BEIOA at Dholaikhal area to ease export of light-engineering products and lower the cost.

This little help from the government will encourage many small entrepreneurs to dream big, create thousands of jobs for others and boost exports, he said.

Nearly 80 per cent of the country's small and medium plastic toy factories are located at Lalbagh and Islambagh areas in Dhaka, said Md Jashim Uddin, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association.

"Many of them export goods directly from their factories," he said. Currently, Bangladesh exports over \$950 million worth of plastics products a year.

He said a separate plastic industrial park was going to be built at Keraniganj area as the demand for the plastic goods from both local and international buyers were increasing.

In the past six consecutive years, the leather and leather goods sector has been exporting over \$1 billion worth of products, said Md Saiful Islam, president of the Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh.

Last year, it missed the \$1 billion-mark because of the shifting of tanneries from Dhaka's Hazaribagh to Savar Tannery Industrial Estate.

Moreover, the lack of a central effluent treatment plant in the estate

has limited the amount of quality tanned leather available for making exportable goods, leading to a loss in business opportunities worth a few billion US dollars, he said.

The timely supply of raw materials from eco-friendly tanneries will help a lot in shortening the lead time set by the international retailers and brands, Islam also said.

Commerce Secretary Md Jafar Uddin said the government has taken such an initiative mainly to help the local exporters become competitive globally.

The competition in the global market has increased a lot over the years keeping pace with the demand from the local markets, he said.

The government wants market and product diversification for exports, said Commerce Minister Tipu Munshi. "Depending on a single product like garment will not be wise for a long time. So, product diversification is a must."

He said some potential sectors like light-engineering, leather and leather goods and plastic goods could turn into big export sectors in the future.

The government has been encouraging export diversification of other goods, keeping its priority on the garment sector, he said.

Pharmaceuticals, jute and jute goods and leather goods sectors also have the potential to grow big like the garment sector, the minister said.

Maiden wind power project in private sector

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Three wind turbines with a combined capacity of 3MW have been in operation for the last few years in Feni and the coastal Kutubdia, according to the Sustainable and Renewable Energy Development Authority (Sreda).

The installed capacity for renewable energy stands at 650.53 MW with solar energy accounting for 416MW and hydropower 230MW.

Bangladesh's southern coastal belt offers potential for generating power through wind, according to a study by the US Department of Energy's National Renewable Energy Laboratory.

The study, carried out on behalf of the power division, found that coastal areas of Khulna, Barishal and Chattogram divisions have more than 6 metres per second (m/s) wind speed at 120-metre height, which is

sufficient for generating electricity.

For wind speeds of 5.75-7.75 m/s, there are more than 20,000 square kilometres of land with a gross wind potential of more than 30,000MW, the study said.

The BPDB signed a contract in March 2015 to award a 60MW wind power project to US-DK Green Energy (BD), a joint venture of Taylor Engineering Group of the US, PH Consulting Group of Denmark and Multiplex Green Energy of Bangladesh, to set up the plant at Kurushkul in Cox's Bazar.

But the sponsor failed to implement the project in the last five years, according to UNB.

The state-run Rural Power Company is working to set up a 10MW plant in Kalapara of Patuakhali. The plant is scheduled to begin electricity generation on December 31, 2022, according to the Sreda website.

VAT automation to take six more months

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"We have posted the list of shops that are already using EFDs so that shoppers can visit them to take part in the lottery. We will hold the lottery on a monthly basis," he said.

The NBR chief, replying to a query on the VAT Online Project (VOP), said the contractor, Vietnam-based FPT Information System, would continue with the job during the extended period of the project.

The government took up the VOP in 2013 to implement the new VAT law by automating the VAT system and replacing a more than two-decade old VAT law.

The idea was also to reduce the cost of business, improve compliance and increase revenue collection in the country, which has the lowest tax-GDP ratio in South Asia.

Initially, the NBR planned to start with a uniform 15 per cent VAT rate on all goods and services, moving away from multiple

VAT rates. The enforcement was delayed on several occasions for a lack of preparedness of the revenue administration and opposition from businesses, particularly the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The VOP officials said the project's tenure extension was required as activities under the VOP remained almost suspended for two years because of delays in the implementation of certain laws and a two-month general holiday aimed at curbing the spread of Covid-19 within Bangladesh.

The lockdown began on March 26 and eventually came to an end on May 30.

Around Tk 200 crore will likely be left unspent under the VOP as some of the planned components have been made redundant for amendments brought to the VAT law, the officials said.

As of November, Tk 256 crore had been spent on the project, they added.

Sonali Life Ins gets nod to go public

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Sonali's net asset value was Tk 25.47 as of December 31, 2019, while its life insurance fund was Tk 95.33 crore.

During yesterday's meeting, the BSEC also approved First Security Islami Bank's application to issue a Tk 600 crore Mudaraba Perpetual bond.

This would be an unsecured, contingent convertible, floating rate bond, whose coupon rate ranges from 6 per cent to 10 per cent, according to the commission meeting chaired by BSEC Chairman Prof Shibli Rubayat Ul Islam.

The bond will be sold to financial institutions, mutual funds, insurance companies, trusts and other eligible investors through private placement.

With the bond proceeds, the bank would strengthen its Tier-1 capital base. The bond's face value is Tk 10 lakh. Green Delta Insurance Company is the trustee and City Bank Capital is its arranger.

The commission also decided to fine the International Securities Company and North West Securities, both of which are stock brokers of the Chattogram Stock Exchange, by Tk 2 lakh each for breaching the securities rules and regulations.

The companies also voided the Securities and Exchange Rules, 1987 and approved Bangladesh Securities and Exchange Commission (Transaction Manners of Stock-Broker or Stock-Dealer, Affairs of the Exchange and Issuer of Listed Securities) Rules, 2020.

Official notice from the Bangladesh Police regarding the resignation of Md Jafar Uddin as MD of Prime Bank. Includes details of the resignation, dates, and official signatures.