

Retailers brace as Amazon launches in Australia

AFP, Sydney

US internet giant Amazon launched in Australia Tuesday in time for Christmas, with retailers scrambling to cut costs and boost their online offerings as they brace for an expected shake-up of the sector.

The arrival of the behemoth -- which has grown from an online bookstore to one of the world's largest firms -- poses a threat to a market already grappling with weak consumer confidence amid tepid wages growth.

"Focusing on customers and the long-term are key principles in Amazon's approach to retailing," said Amazon Australia country manager Rocco Braeuniger in a statement.

"By concentrating on providing a great shopping experience and by constantly innovating on behalf of customers, we hope to earn the trust and the custom of Australian shoppers in the years to come."

The American giant is offering "millions" of products from well-known Australian brands, as well as small and medium-sized Australian businesses selling on Amazon Marketplace.

They will be shipped from a warehouse in Melbourne. Online shopping only accounts for between 8-13 percent of total sales in Australia, leaving room

for growth in a sector estimated to be worth more than Aus\$300 billion (US\$227 billion) annually.

"We believe Amazon's full entry into Australia will likely be a success," UBS analysts said in a note ahead of the launch, adding that Australia was an "attractive market where online is under-penetrated". "Australian online shoppers spend the third-most globally of Amazon's markets."

Retail categories most likely to be hurt by Amazon's entry include electrical, appliances, apparel and cosmetics, UBS added.

The US firm was likely to absorb losses initially to boost its market share, IBISWorld senior analyst Kim Do said, pressuring the profitability and margins of its competitors.

Several top Australian retailers have recently succumbed to pressure from foreign giants such as Japan's Uniqlo and Sephora of France, while others have cut back on bricks-and-mortar stores. But other analysts said it was not all bad news for local retailers, with Amazon expected to face similar challenges such as low access to broadband and the large size of the island continent.

"A key reason why Australia lags behind its peers (in the development of the e-commerce sector) is the low access

to broadband," BMI Research, Fitch Group's research arm, said in a note.

Broadband subscriptions in Australia stand at 57.3 per 100 people, rising to a forecast 60 in 2021, in contrast to markets like Singapore which is projected to have subscriptions of 75.3 per 100 that year, BMI said.

"Slower delivery speeds due to the large geographic size of the country and as a result, more costly delivery services... will not bode well for the success of an e-commerce company."

Retail analyst Brian Walker said according to his research, Amazon was "producing a positive return" in just one-third of the countries it was operating in outside of the US.

"The rest are still in the various stages of growing. And that is the point about Amazon," Walker told AFP. "They will take in our view of somewhere between two to five years to hit any form of scale in Australia."

Amazon, a Seattle-based company, has expanded far beyond its roots as a digital bookstore, moving into the groceries and other retail sectors as well as cloud computing, streaming video, artificial intelligence and more.

India says debt rollover risk in next five years low

REUTERS, Mumbai

The Indian government's debt rollover risk in the next five years is low given the amount of domestic debt that needs to be repaid every year is an average of 5.3 percent of its outstanding stock, it said in a report on Tuesday.

The rollover risks will get further mitigated through buyback or switching of short-end bonds with longer tenure papers by the government in the market, it said in its quarterly debt management report. "The implementation of budgeted buyback/switches in coming period is expected to reduce rollover risk further," the finance ministry said.

India bought back 170.16 billion rupees worth of bonds maturing in 2017/18 and sold in its place 2024/25 and 2029/30 papers to a bank in June under one of its switches, it said in the report.



Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, holds the "Bank of the Year" award on behalf of the bank at The Banker Awards 2017 in London. The Banker is a monthly international financial affairs publication.

Import orders hit record high

FROM PAGE B1

"The reserves, however, may come under pressure when the government starts to pay instalments for the loans," he said.

The BAEC will settle the LCs using the Russian credit, which will have tenure of 30 years with a 10-year grace period. Bangladesh will have to start repaying the loans from March 2027.

The Rooppur plant is expected to supply 2,400 megawatts of electricity to the

national grid by 2024.

Prime Minister Sheikh Hasina inaugurated the main construction work of the project on November 30.

The BAEC is implementing the project with technical support from Russia's Rosatom State Atomic Energy Corporation.

The rest of the export orders were for industrial raw materials, capital machinery, food grains and other commodities.



Edward Kim, managing director of LG Electronics Bangladesh, poses with representatives of three young social welfare organisations which were provided donations at a hotel in Dhaka on Monday. The organisations were recognised as "LG Ambassadors" for their willingness and struggle to work for people's welfare.

Jowher Rizvi, chairman of Alliance Leasing and Finance Company Ltd, cuts a cake to launch the non-bank financial institution at a programme in Dhaka on November 30.

ALLIANCE LEASING



Unclaimed goods weigh on customs houses

FROM PAGE B1

He said at least 50 of their containers, including 12 refrigerated ones, had remained stuck at Chittagong port for three to 11 months.

The electricity bills for the refrigerated containers so far stand at \$33,600 and the importers have not paid a single penny, he said.

Chittagong Customs House says there were a number of reasons for the importers to leave their goods unclaimed.

Low local prices compared to the import cost, absence of proper documents and unwillingness to pay demurrages may cause the consignments to remain unclaimed.

Expressing concern over the matter, Chittagong Customs House Commissioner AKM Nuruzzaman admitted that such goods were piling up. He assured of holding auctions regularly to clear the space.

Digital World begins today

FROM PAGE B1

ICT Division in association with Bangladesh Association of Software and Information Services is organising the exposition.

About 400 exhibitors from home and abroad will attend the event, for which the organisers expect to see around 5 lakh visitors. The event will remain open from 10:00am to 8:00pm every day.

The government has established 28 software parks across the country and cut down the tax on equipment to 1 percent from 25 percent.

Good governance drives growth of IDLC Finance

FROM PAGE B1

IDLC recorded 35 percent year-on-year growth in profits in January-September.

Earnings from its capital market operations have played a major part in boosting its profits. IDLC has three subsidiaries in the capital market: IDLC Asset Management, IDLC Investment and IDLC Securities.

Higher transaction in the stockmarket has boosted the income of the subsidiaries, Khan said. He gave credit for the continued success to the workforce of the company.

"We hire quality people and give the staff higher salaries and other benefits," he said, adding that promotion at IDLC is performance-driven.

The company has established a culture of professionalism and always tries to do things differently instead of following the tradition, said the top executive.

Deposit grew 25 percent year-on-year in the nine months of the year, which is higher than that of the top 10 large banks. Deposits account for 83 percent of the total funds of the company.

Its loan portfolio stood at Tk 7,000 crore as of September this year and the loan growth in the nine-month period was 13.4 percent, the fifth highest among the 10 large banks.

IDLC is one of the top 20 valuable

companies in Bangladesh in terms of market capitalisation. Its market capital doubled to \$400 million in 18 months.

Though IDLC started as a leasing company in 1985, it operates like a bank and only 5 percent of its balance sheet is for lease financing.

Home loans and SMEs are the key products of IDLC at the moment. The company has 36 branches across the country and SME financing accounts for 46 percent of its portfolio.

"We prefer lending depending on a client's personality and cash flow of business instead of collateral."

As a result, the management has been successful in maintaining a low NPL rate, he said.

The average default loan in the industry is over 10 percent whereas it is below 3 percent at IDLC.

A former commissioner of the Bangladesh Securities and Exchange Commission, Khan is also upbeat about the stockmarket. The return from the stockmarket was 22 percent higher this year due to a positive movement in price indices.

Khan hopes the market would continue the momentum as money is flowing in to stocks because of low deposit rates in the banking sector.

IDLC Investments' "Easy Invest" product has made investment in the stockmarket simpler for retail invest-

tors, especially for those who do not want to take risks or have little understanding of the capital market.

The product allows people to invest a small amount of money. IDLC invests the fund in stocks and gives profit to the depositors at the end of the year.

The scheme is getting popularity among investors because the return is more than 15 percent whereas the deposit rate is less than 10 percent, said Khan.

"IDLC makes stock investment following in-depth research on the listed companies. As a result, the company can manage steady return even when the market is down," he said.

He said there is huge scope for investment in the stockmarket if efficient fund managers enter the market.

Khan, who worked for IDLC for 15 years before serving the BSEC for five years, has more than 25 years of management experience in the financial service sector.

IDLC was awarded as the best governed company by the South Asian Federation of Accountants recently.

The firm has decided to make a major shift in corporate social responsibility activities in the next five years. To realise the goals, it will increase its CSR spending, said Khan.

India's Reliance to get \$583m from ADB

FROM PAGE B1

The government will purchase electricity at US 7.31 cents (Tk 5.85) per KW/h from Reliance under a 15-year contract.

In June 2015, BPDB had signed a memorandum of understanding with Reliance Power in this regard.

According to the Power Division, Reliance will set up an LNG terminal and import LNG. Reliance will have to unload the LNG and convert it into natural gas in Moheshkhali.

The company would require a pipeline to supply the gas to Meghnaghat from Moheshkhali.

The state-run Petrobangla will install a gas pipeline from Moheshkhali to Bakhrabad.

The Gas Transmission Co Ltd (GTCL) will build another gas pipeline from Kutumbpur of Bakhrabad to Meghnaghat with its own fund to supply gas to the power plant.

Reliance will pay charges to GTCL for using the pipeline. The power plant may go into production after 2019.

Under the MoU of 2015, the Indian company has also proposed building three more power plants in Chittagong and Narayanganj to produce another 2,250 MW of electricity. It has estimated a cost of \$2.35 billion for setting up the four power plants and the LNG terminal.

Govt seeks Saudi investment in power

FROM PAGE B1

The balance of bilateral trade is tilted towards Saudi Arabia as Bangladesh imports a lot of live animals, fruits and vegetable, mineral and chemical products.

In fiscal 2016-17, Bangladesh exported goods worth \$185.21 million and imported goods of \$605.4million, according to commerce ministry data.

In the year before, the figures were \$225.68 million and \$590.70 million respectively.



Md Delwar Hossain Khan, managing director of Feiya Auto Bricks Ltd; Irteza A Khan, CEO of Meridian Finance; SM Formanul Islam, CEO of Bangladesh Infrastructure Finance Fund Ltd (BIFFL), and SM Monirul Islam, deputy CEO of Infrastructure Development Company Ltd (IDCOL), attend a deal signing ceremony at Westin Dhaka. Meridian, BIFFL, IDCOL and Union Capital Ltd will provide Tk 43 crore as loan to Feiya to construct an eco-friendly brick field.

MERIDIAN FINANCE



Najith Meewanage, chief operating officer of Commercial Bank of Ceylon PLC, and MHM Fairoz, managing director of Singer Bangladesh Ltd, attend a deal signing ceremony. The bank's credit cardholders will get equal monthly instalment benefit at zero interest during purchase of Singer products.

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