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# star BUSINESS

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## Oil import bill to soar this year

**JEBUN NESA ALO**

The government's oil import bill is set to jump 36 percent this fiscal year thanks to the appreciation of the dollar and an increase in global oil prices -- a development that can lead to a hike in oil prices in the local market, officials said.

In fiscal 2018-19, 75 lakh tonnes of oil is set to be imported for \$4.85 billion, according to Bangladesh Petroleum Corporation (BPC). The exchange rate hit Tk 83.75 in July, meaning Tk 40,600 crore will have to be spent.

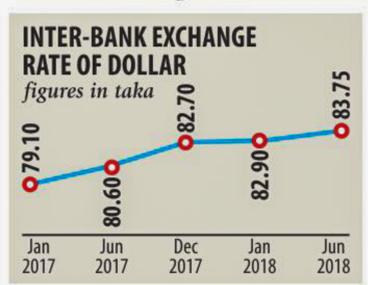
Last fiscal year, BPC spent \$3.67 billion for importing 67 lakh tonnes of petroleum products. The average letter of credit rate against the import was Tk 81.30 per dollar and the total cost stood at Tk 29,873 crore.

At the same time, the price of crude oil increased \$38.34 per barrel to \$81.51 this year and that of diesel by \$38.25 per barrel to \$88.56, according to BPC.

BPC is incurring losses of Tk 20.97 crore per day due to the hike of oil price in the global market as well as dollar price in the local market, according to one of its reports.

Industry insiders fear the rising import cost may compel the government to hike the oil price. The government had slashed the fuel price back in April 2016 and left it at that rate since.

To combat the two-pronged assault on the oil import bill, BPC has recently requested subsidy of Tk 8,500 crore for this fiscal year, according to Md Altaf Hussain Chaudhury, its director.



If the oil price is not increased this year, the government will have to give the subsidy, he added.

Though the volume of petroleum products that was supposed to be imported this fiscal year is not that much higher than last year, the cost will increase substantially due to the appreciation of the dollar, said a senior executive of BPC.

At present, BPC is opening LCs at Tk 83.75 per dollar but banks are not interested as the rate is much higher, he said.

Recently, three state-owned banks -- Sonali, Janata and Rupali -- requested BPC to bump up its LC rate as they have to purchase dollar at a much higher price from the market.

"But BPC did not agree to raise the rate as the Bangladesh Bank fixed it at 83.75," the official said.

Though the government banks are opening LCs at Tk 83.75 per dollar for oil import, private banks have refrained from doing so.

## Victory for ICB as BB relaxes rules for its bond

**STAR BUSINESS REPORT**

Banks' investment in a Tk 2,000 crore bond floated by the Investment Corporation of Bangladesh will not be counted as their capital market exposure, paving the way for the state-owned firm to form the fund at the earliest.

The development comes after the Bangladesh Bank on Wednesday gave the nod to the ICB, which will invest most of the amount in the capital market.

"Now I hope ICB can form the fund within 15 days," said Mojib Uddin Ahmed, chairman of the ICB, which got the approval for the instrument from the Bangladesh Securities and Exchange Commission (BSEC) on July 18.

A letter has already been sent to the finance ministry; the ministry will complete their paperwork, after which the issue manager will get down to forming the fund, he said.

The ICB has been in a tight corner over the past few months as its liquidity is not solid enough. To address the situation, the ICB board had planned to issue a bond.

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## SAVING BANKING SECTOR Muhith to prepare roadmap for successor

**STAR BUSINESS REPORT**

Finance Minister AMA Muhith will leave a roadmap for his successor in the next government to salvage the ailing banking sector -- an incongruity seeing that the sector deteriorated during his two consecutive terms.

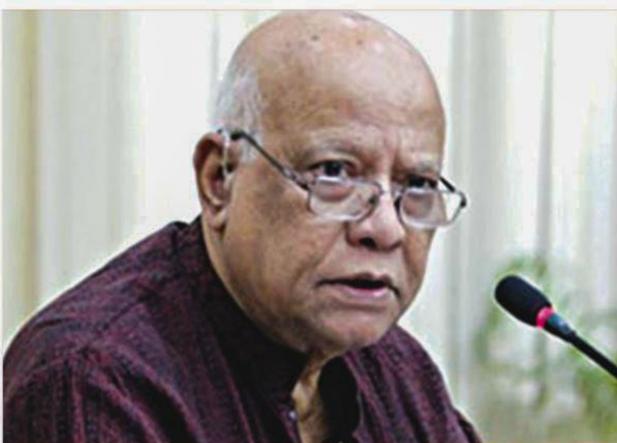
During his tenure, a number of big scams took place in the banking sector, a well-run state-owned bank -- BASIC -- turned into a flagging one, and a new bank -- Farmers -- that got permission became an ailing one within a few years of establishment.

"I intend to leave a kind of report (about the banking sector) sometime in November... I myself will prepare it with the assistance of the staff in my office," he said in a meeting with the International Business Forum of Bangladesh (IBFB) at his secretariat office yesterday.

However, he did not give much detail on the type of report he will leave behind.

One of his recommendations will be immediate action against any bank found to have default loans of a certain percentage. "10 percent or whatever," Muhith said.

"Loan default is a matter of shame for an individual. Somehow we don't have the shame... very unfortunate," he said, adding that the report will inform on his experi-



AMA Muhith

ence as the country's finance minister for ten years.

In the meeting, IBFB President Humayun Rashid voiced out some of the problems they face in conducting their business.

He proposed tax relief on the money spent on research work by investors. He also suggested formation of a high-powered body involving the private sector or the IBFB members for monitoring the implementation of large projects.

Lutfunnisa Saudia Khan, director of Bangla Phone and member of the IBFB, said they have set up Bangla Phone network in the country by investing their own money and without taking any loan from banks.

They have set up 20,000 kilometres of fibre optic cable all over the country.

Bangla Phone provides networking facility to 48 banks and many government establishments.

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## Wilmar, Adani get PMO nod to invest \$350m

**JAGARAN CHAKMA**

The government has approved Singapore-based Wilmar and India's Adani Group's joint plan to invest \$350 million in Bangladesh to establish an industrial park in the Mirsarai economic zone, said officials.

The permission from the Prime Minister's Office came months after Pua Seck Guan, chief operating officer of Wilmar International, a leading agribusiness group in Asia, sought 100 acres of land in the zone in Chattogram.

Wilmar and Adani run a joint venture, Bangladesh Edible Oil Ltd, established in 1993, producing edible oil in Bangladesh under various brands including Rupchanda, Meizan, King's, Fortune, Veola and Lucky.

Wilmar International expressed interest to make the investment during Prime Minister Sheikh Hasina's visit to Singapore in March this year. Hasina agreed and urged the officials of Wilmar to visit the economic zone.

Subsequently, Kuok Khoon Hong, chairman and CEO of Wilmar Group, visited the zone in April and placed the investment plan seeking the land in the Mirsarai zone, said Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority (Beza).

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## Google launches app-based job marketplace

**STAR BUSINESS REPORT**

Kormo, an experimental job marketplace of Google, was officially launched in Bangladesh yesterday with the view of helping people in the informal sector, either unemployed or employed at low pay, find jobs.

Kormo, which means "work" in Bangla, is a jobs and careers app that connects jobseekers to businesses looking to hire alongside allowing jobseekers to create and maintain a digital curriculum vitae.

The initiative eyes the 86 percent of the country's labour force who are employed in the informal sector, said Bickey Russell, project lead of Kormo, while briefing reporters about the features and utilities of the app in Dhaka.

"This app will give a huge boost to the informal job sector and the whole ecosystem will be changed when it works full-fledged," he said.



The android phone-based app allows jobseekers to open accounts and find jobs of their interest and will enable employers to post job ads on the platform, Russell added.

Some 1,000 employers have already posted vacancy notices for 21,000 jobs on the platform since the launch of Kormo more than a year ago.

Russell said the basic difference between the existing job marketplaces in Bangladesh and Kormo is that the former is focused on corporate jobs in the formal sector while the latter's focus is on the informal sector.

Kormo would enhance access, capacity and opportunity for the

country's youth, especially the women, he said.

The app serves jobs in 35 categories in the service sector and the list would be expanded gradually, the Kormo Project lead said.

The app keeps the track records of employees. Kormo is currently catering to jobs in Dhaka only and plans to expand the coverage area gradually.

It has been developed under the Google's Area 120 programme, an incubator for new innovative ideas inside of the company. Brac, the world's largest non-governmental organisation, has become a technical partner of the programme.

Moutushi Kabir, director for communications and outreach of Brac International, said they were glad to partner with the Google's Area 120 incubator programme for a solution designed to improve the accessibility and transparency of the informal job sector in Bangladesh.

## NEWSIN brief

### Four banks to raise Tk 2,100cr

Four private banks yesterday got the approval to raise Tk 2,100 crore by issuing subordinated bonds in a bid to strengthen their capital base. Islami Bank will raise the highest Tk 700 crore, followed by Social Islami (Tk 500 crore), Dutch-Bangla (Tk 500 crore) and ONE (Tk 400 crore). The tenure of these bonds is seven years.

### Esquire Knit IPO gets nod

The stock market regulator yesterday approved the initial public offering of Esquire Knit Composite for raising Tk 150 crore. Eligible institutional investors who set the price of a share under the book building method have fixed the price of an Esquire share at Tk 45 for themselves and at Tk 40 for general investors (public).

### BD Autocars recommends dividend

The board of Bangladesh Autocars has recommended 3 percent cash and 12 percent stock dividend for the year ending on June 30, 2018. The company will apply to the Bangladesh Securities and Exchange Commission for approval of its rights shares at 1R:1 at a premium of Tk 100 per share, subject to the approval of shareholders.

## Political uncertainty led to market fall

Brokers, merchant bankers say at a meeting with the BSEC

**STAR BUSINESS REPORT**

Brokers and merchant bankers yesterday blamed fears over political uncertainty centring the upcoming parliamentary elections as the main reason behind the recent stock market fall although the government has taken initiatives to prop up jittery stocks.

The thought was shared at a meeting at the Bangladesh Securities and Exchange Commission (BSEC) presided over by BSEC Chairman M Khairul Hossain.

Leaders of the DSE Brokers Association (DBA), the Bangladesh Merchant Bankers Association and the Dhaka Stock Exchange and senior officials of the Investment Corporation of Bangladesh (ICB) were present at the meeting.

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## Tea plantation can help cut poverty in north: experts

**STAR BUSINESS REPORT**

Small scale tea plantations can help eradicate poverty in northern Bangladesh and create a sustainable avenue for income generation for the poor, said speakers at a workshop yesterday.

More than 1,000 households set an example in poverty eradication by way of finding sustainable means of income generation through small scale tea plantations in Tetulia and Sadar upazilas of Panchagarh and Baliadangi upazila of Thakurgaon in the last three years.

"We introduced the scale plantation among the people in northern Bangladesh in 2011 on barren land with a view to changing their livelihood and creating a means of income generation," said Shahed Ferdous, country director of Traidcraft Exchange Bangladesh.

He was addressing a workshop on "Sustainable livelihoods for 1,500 smallholder farming households in the extreme north of Bangladesh" jointly organised by Traidcraft Exchange, the UK Aid and the Bikash Bangladesh at the Spectra Convention Centre in Gulshan in Dhaka.

Traidcraft, a British charity dedicated to fighting poverty through trade, has implemented a project on the small scale tea plantation with about Tk 6.65 crore funding from the UK Aid in the last three years.

Ferdous said the project supported small and marginal farmers to grow tea in their barren or semi-barren land.

Ruhidas Jodder, additional secretary to the commerce ministry; Nabila Nusrat, programme manager of Traidcraft Exchange, and Rozina Begum, a beneficiary of the project, also spoke.

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