



Bank Asia gets new audit committee chairman

STAR BUSINESS DESK
Dilwar H Choudhury has recently been elected chairman of the audit committee of the board of directors of Bank Asia. He is a recognised professional banker having 35 years' work experience in eight different countries of Asia, Europe and Africa, the bank said in a statement yesterday. Choudhury was a former managing director (current charge) of City Bank. He had played the role of CEO of three different banks in Turkey, Pakistan and Bangladesh. He also worked as a banking associate at KPMG, Dhaka office under World Bank's Financial Sector Reform Programme for 2004-05.

Bangladesh to work with any country to attain SDGs

Says Planning Minister MA Mannan

BSS, Dhaka
Planning Minister MA Mannan yesterday said Bangladesh was ready to work with India and other countries in achieving the targets of the Sustainable Development Goals (SDGs). "We can learn from them and they can also learn from us and together with the synergy that would be achieved by working together would also be something of critical importance," he said. The planning minister was addressing an Indian event titled "Assuming a leadership role in SDGs and developing a unique monitoring framework" on the sidelines of the 75th Annual Session of UN ESCAP in Bangkok, according to a message received yesterday. Indian Ambassador to Bangladesh Suchitra Durai, Legislative Reform and Parliamentary Affairs Minister of Timor Leste Fidelis Manuel Leite Magalhaes and UN ESCAP Executive Secretary Armida Salsiah Alisjahbana

were present among others. Mannan said there were some common areas and similarities with India especially in case of attaining the SDGs. Noting that there is hardly any barrier between Bangladesh and India, he said, "With the modern leadership in India and Bangladesh, we think we can work together hand in hand seeing that people here and there move together towards prosperity." "Our Prime Minister Sheikh Hasina, since she assumed office in 2009, made some good approaches to our relations with India," he said. Terming attainment of the SDGs as a global compact as well as an important task, Mannan said all countries concerned need to work together to attain the SDGs. "India and Bangladesh bilaterally and in many other multilateral ways are cooperating and helping each other seeing that both succeed for a mutual benefit," he added. Mentioning that India has so far

made tremendous improvements in SDGs, the planning minister said Bangladesh has also made big strides in various fields like in ensuring clean water and sanitation. He said in terms of fighting poverty, Bangladesh has done very well over the last few years while the government has set up some 16,000 community clinics across the country where rural people were getting necessary healthcare services. As a result, the planning minister said, the life expectancy in Bangladesh has increased to 72.5 years thanks to the primary healthcare services and better water and sanitation facilities. Regarding the fight against hunger, he said citizens were being fed with the internal production of cereals and crops. "We're now self-sufficient in food... for the first time in our history we're producing enough to feed all of our people. That has also contributed to meet the goals of eliminating hunger," Mannan added.

US consumer confidence hits six-month high in May

AFP, Washington

US consumers were in an increasingly rosy mood in May, driving an index of consumer confidence to a six-month high as the jobs market remained robust, survey results showed. The increase should support consumer spending in the second quarter of the year, when economic activity is nevertheless expected to be slower. "Consumer Confidence posted another gain in May and is now back to levels seen last fall when the index was hovering near 18-year highs," Lynn Franco, head of economic indicators at the Conference Board, which produces the survey, said in a statement. The index rose to 134.1 in May, hitting its highest level since November and marking the second straight monthly increase and a dip in March. The 4.9-point increase overshoot economists' expectations, which called for a reading of 130. The survey found growing shares of respondents who said business conditions were "good" and that jobs were "plentiful" -- although the share of people saying jobs were "not so plentiful" also crept higher. Meanwhile 19.2 percent of respondents said that in the next six months they expected to find more jobs available, up from 16.7 percent in April. Smaller improvements were also recorded for groups expecting higher income and better business conditions. Ian Shepherdson of Pantheon Macroeconomics said the increase showed a continuing recovery after the stock market rout of December 2018 but he warned consumer surveys were rising faster than spending could. "Spending can't match the (five percent) growth signaled by the surveys," he said in a note to clients, adding that inflation-adjusted after-tax income growth was rising about half as fast.



UCB gets new AMD

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Syed Faridul Islam has recently joined United Commercial Bank (UCB) as additional managing director. Prior to joining the UCB, he was deputy managing director and chief risk officer of Prime Bank. Islam started his banking career at Grindlays Bank in 1984 and also worked at Brac Bank and Standard Chartered Bank, the UCB said in a statement yesterday. He has a bachelor of commerce degree and is a certified "Credit Professional" from OMEGA in UK organised by Standard Chartered Group, London.

Summit, JERA Asia team up for \$500m energy project

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In April, Summit LNG Terminal Co Ltd, a consortium of Summit and Japanese trading giant Mitsubishi, commissioned its floating storage and re-gasification unit, the second in Bangladesh, boosting the supply of much-needed gas for the country. Tokyo-based JERA is an energy company with global reach that has strength in the entire energy supply chain, from participation in liquefied natural gas (LNG) and other fuel resource projects and fuel procurement, through fuel transportation to power generation.



Quazi Osman Ali, CEO of Social Islami Bank, opens a "Banking Booth" at Fatullah in Narayanganj yesterday.

Facebook, Google, Youtube must be VAT registered by July 1

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"But unfortunately, we have no data about them as they are not associated with the e-CAB," he said, revealing that e-CAB has 950 members at present. Replying to a query, Tomal said generally, over 25,000 to 30,000 parcels are delivered daily and the amount rises to 40,000 to 45,000 ahead of Eid or other occasions. The turnover of the e-commerce market hit Tk 800-1,000 crore annually. Industry people said major e-commerce organisations spend \$8,000 \$10,000 a month for digital marketing which means it goes up to \$100,000 a year. The e-cab general secretary said e-commerce or Facebook-based e-commerce businesses spend at least \$5-10 every day to give a boost to their advertisements. Market insiders said companies like Facebook and Google and its subsidiary YouTube receive huge amounts of advertisement revenue from Bangladesh annually but the companies are not registered in the country. As they have no VAT registration in Bangladesh, there are no estimates of how much money is being siphoned abroad for the purpose of advertisement through these sites and platforms. Moreover, telecom companies and other big corporate organisations are also leaning towards digital advertisement as well. Tomal also stressed the need for using legal channels for advertisement and other businesses in Facebook, Google, Youtube and other digital platforms.

BSEC sets out primary market reforms

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Yesterday, the regulator said it had already implemented all of its planned measures on the secondary market and now plans to carry out reforms on the primary market. To this effect, the BSEC approved some amendments on public issue rules. As part of the amendments, eligible investors will have to keep a certain amount of investment in the secondary market in order to enjoy quota advantages in an initial public offering (IPO) lottery. Similarly, the quota for eligible investors will be reduced to 30 percent from 40 percent. The general investors' quota (excluding non-resident Bangladeshis) will be enhanced to 50 percent from 40 percent in case of a fixed-price IPO method. Under the book building method, eligible investors' quota will be brought down to 50 percent from 60 percent and the general investors' quota (excluding NRBs) will be increased to 40 percent from 30 percent. When a company raises fund at face value, it goes through the fixed-price method. On the other hand, the company goes through the book building method if it wants premium over the face value. In case of a fixed-price method, issuers will have to raise at least Tk 50 crore, 10 percent of the paid-up capital, or which is higher, according to the new amendment. The issuers will have to raise at least Tk 100 crore, 10 percent of the paid-up capital, or which is higher, if companies go through the book-building method. During the bidding of the book building method, the bidders' name and the quoting price will not be displayed. The bidders will get shares at their bidding price and the amount demanded. The BSEC is also going to amend the public issue rules so that the share of the shareholders, whose names are stated in the prospectus, will be locked for three years and the lock-in period will be considered from the date of the trading commencement instead of the prospectus issue date.

Many listed firms don't give cash dividends despite profits

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But the 93 companies gave very little amount of stock dividend in comparison with the profit made for the payout to be much useful for the retail investors. Hossain said he had to incur huge amount of losses due to the company's unreasonable behaviour. And yet, neither the stock market regulator nor the exchanges are taking any action to arrest the trend, he added. The listed companies' growing tendency to retain profits is a double whammy for retail investors: on one hand, they do not get any dividend money, and on the other, the value of their holdings shrivel thanks to stock's price nosediving following the no-dividend announcement. "This is one of the main reasons for our stock market's gloominess," said Abu Ahmed, a stock market analyst. What is worse is that the companies are not re-investing the profits into gainful projects, so their profitability is shrinking as the years go by. "And with it, their stock prices are declining. It is the investors who are the sufferers in the end," he added. In another curious development, most of the companies that did not pay dividend after a profitable year had low shareholding by their

sponsors. For instance, as of April 30, sponsors held 23.21 percent of the stakes in People's Leasing, 21.62 percent in Information Services Network, 31.01 percent in BD Welding, 32.01 percent in GBB Power, 36.67 percent in Evince Textiles and 36.47 percent in AB Bank. However, sponsors hold more than 50 percent stakes in Samata Leather, Shinepukur Ceramics and Prime Finance. "Since sponsors' shareholding is minimal, they do not want to pay dividend and keep the spoils for themselves," said Ahmed, also a former chairman of the Dhaka University's economics department. And when they do decide to give out dividend, they tend to raise their stakes on the sly ahead of the announcement so as to get a bigger slice of the pie, he added. KAM Majedur Rahman, managing director of the DSE, said the bourse cannot give any instruction to the companies regarding dividends. The company itself must have a responsibility towards its investors and articulate clearly why the profit is being retained. "It's a part of the company's accountability too," he added. The stock market regulator is already working to address the issue

of stock dividend, said Saifur Rahman, spokesperson of the Bangladesh Securities Exchange and Commission. "It is the company's prerogative to retain earnings. The BSEC cannot do anything about it." Rahman, also an executive director of the BSEC, however, advised the shareholders not to pass the no-dividend agenda in the annual general meetings. The BSEC though has taken a step to enforce greater transparency when it comes to stock dividend. Earlier on May 21, it sent out a missive instructing companies giving stock dividend to inform its shareholders what they are doing with the money not being handed out as cash. Anwar-ul Alam Chowdhury, chairman of Evince Textiles, said the company decided to reinvest the profit last year and hence no dividend was declared. But the company did not disclose the information to its retail investors, which is why its share price tanked to Tk 9.1 from Tk 18.20 within a period of one and a half months. GBB Power has not responded to emails from the correspondent. Meanwhile, 25 companies provided cash dividends more than their profit and most of them are multinationals.

Japanese investors call for easing trade barriers

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Bangladesh takes the second largest clearance time from the airport and seaway compared to other Asian nations. Currently, it takes 15.6 days to get clearance for sea freights and 7.9 days for air cargo. In a survey conducted by Japan External Trade Organisation (Jetro) earlier this year, the majority of the Japanese companies operating in Bangladesh said they were planning to go for business expansion over the next two years. Now with the view to removing the trade barriers, the fourth round of Public and Private Economic Dialogue (PPED) between Bangladesh and Japan will take place on July 4 in Dhaka, said Tareq Rafi Bhuiyan (Jun), secretary general of the Japan Bangladesh Chamber of Commerce and Industry (JBCCI). "We will mainly discuss the issues related to trade and investment. We also have some previous outstanding issues to be discussed and resolved for higher trade between the two countries." The last round of PPED took place in Tokyo. Seeing the arrival of Japanese investors in large numbers, the government has allocated 500 acres of land at Araihaaz in Narayanganj for setting up a dedicated economic zone. Another 500 acres of land will be allocated for the Japanese economic zone soon. Issues pertaining to ports, human resources and the ease of doing business will be discussed at the meeting, Jun said. A delegation from the prime minister's office will represent Bangladesh, while the Far East nation will be represented by officials from its ministry of economy, trade and industry (METI). In recent years, Japan has also turned into a big market for Bangladesh's garment sector. Japan is the only country among the Asian nations where one billion dollar worth of garment items are shipped from Bangladesh. As much as 75 percent of Bangladesh's exports to Japan are garment products, according to Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). In the three months of 2019, apparel products worth \$325 million were shipped to Japan. "This indicates that the potential to export to Japan this year will be about \$1.3 billion for us." Bangladesh's strong competitor in Japan is Myanmar and the neighbouring country's shipments to the Far East nation are worth more and they contain more value-added products, she said. Besides, the Japanese government has taken on a policy to reduce the country's overdependence on China for sourcing different items like clothes. "Thus, there is great potential to increase our garment exports to Japan," said Huq, who is now in Japan as part of Prime Minister Sheikh Hasina's delegation.



Officials of Minister Hi-Tech Park and the Dhaka Mercantile Co-operative Bank attend a deal signing ceremony in Dhaka recently facilitating discounts on Minister and Myone electronics for the co-operative's members, staff and their dependants.