# Central bank modernises automated clearing house

STAR BUSINESS REPORT

Bangladesh Bank modernised its automated clearing house to facilitate inter-bank electronic payments twice a day instead of one.

The updated version went live successfully yesterday, the banking regulator said in a statement.

Bangladesh Automated Clearing House, which was launched first in 2010, has two components - the automated cheque processing system and the electronic funds transfer (EFTN).

Funds move from one bank account to another with the help of an intermediary that routes funds to the final destination.

On the first day of the new system, 65,736 cheques and over 60,000 EFTN transactions were settled, the BB said.

# Reform of laws on to improve Doing Business ranking

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Ten groups would be formed by officials to work on improvement in 10 indicators, said Abul Kalam Azad, principal coordinator of Sustainable Development Goals.

The indicators include starting a business, dealing with construction permits, registering property, enforcing contracts and resolving insolvency.

The groups would suggest measures including amendment and formulation of rules and policies and improvement in work procedure to ease the process of doing business, he said.

Only polices and legal changes will not bring about results unless people reaps benefit from the changes, Rahman said.

"We have become cautious about this. We will ensure that everybody from the top tier to the bottom know that there has been reforms and they will have to provide services in line with the reforms," he said.

He, however, said it takes time for legal reforms.

Steps should be taken to improve the process of registering property, enforcing contracts and resolving insolvency, he said.

A team has been formed at BIDA to work on improving the ranking, said its Executive Chairman Sirazul Islam.

In response to a question on digitisation of land record and easing registration, Mohammad Shahidul Haque, senior secretary of the legislative and parliamentary affairs division, said works are in progress and there will be some good results by April next year.

Probed about default loans, Finance Secretary Abdur Rouf Talukder said the finance ministry has taken an initiative to know the true amount of defaults. For this, auditors have been appointed in four state-owned commercial banks.

"We will be able to know the actual situation of default loans once we get reports," he added.

Prime Minister's Principal Secretary Md Nojibur Rahman also spoke among others at the occasion.

# No gifts, please: Diwali blues hit corporate India

AFP, *Mumbai*

For Indian executive Bibhas Chakraborty, Diwali used to mean shiny expensive gifts from business associates keen to use the auspicious -- and spectacular -- Hindu festival to deepen ties. Now it's mostly sweets and nuts.

As Asia's third-largest economy battles waning consumer demand, extravagant corporate gifts risk becoming a thing of the past, leaving many worried that this weekend's festival of lights -- and presents -- is losing its lustre.

"Earlier, the quality of gifts we received was higher and often included gold and silver-plated picture frames or bowls. But now, with the economic slowdown, that's all changed," Chakraborty, a Mumbai-based 48-year-old, told AFP.

"The joy of opening wrappers to find surprising items has been replaced with the usual sweets... which has taken the sheen off the festival somewhat." India's corporate gift industry usually works overtime in the run-up to Diwali to meet a surge in demand -- with the annual ritual seen as a convenient way to nurture business relationships while avoiding accusations of outright bribery.

But in Mumbai's busy Mangaldas market, a street lined with shops offering festive discounts, third-generation entrepreneur Jatin Shah is a worried man.

The owner of Rainbow Dry Fruits, an 80-year-old gift packaging firm, Shah added 20 temporary workers to his staff of 15 to account for the anticipated Diwali rush.

But orders have yet to materialise.

"In previous years... we would work till two in the morning. Now since the orders are lower in size and scale, we finish work and pull down the shutters by 10 pm," Shah told AFP.

Even orders for the cheapest items -- small boxes of Indian almonds, walnuts, and cashews -- have fallen by more than half, he said, bringing down the firm's annual turnover by 35 percent and leaving him with no funds for employee bonuses, another Diwali tradition.

"Diwali is not only the festival of lights but also represents economic prosperity," Shah said.

Hindus mark Diwali with prayers to Lakshmi, the goddess of wealth, and the weeks leading up to the holiday usually see an uptick in consumer spending, similar to Thanksgiving or Christmas in the West.

# Quality key to boost fruits, vegetables exports

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"The government is trying to issue common certification for agricultural products which would be accepted globally but the main problem is accreditation, so we are establishing three accreditation laboratories, one of which is already in place."

Nearly 100 types of vegetables and 60 varieties of fruits are being grown in Bangladesh. The country currently ranks third in vegetable production in the world and 10th in tropical fruits production.

Lutful Hassan, vice-chancellor of Bangladesh Agricultural University, said the government was trying to formulate GAP but partnerships were very important to get good results out of it.

The government, foreign partners, private sector, mass media and non-governmental organisations should work together to ensure quality of agricultural products, he said, adding that a rise in product quality would automatically draw importers.

Shaikh Abdul Quader, president of Bangladesh Potato Exporters Association, said they had to fulfill many conditions and GAP for potato export.

However, they are yet to take exports to target volumes for a lack of varieties sought by importing countries, he said.

"Once potato was a blessing. Now it poses a problem of surplus so we have to take every preparation for export," he added.

Monjurul Islam, adviser to the Bangladesh Fruits, Vegetables & Allied Products Exporters Association, said the country's production of food and vegetables was huge and while there was substantial demand overseas, businesses failed to benefit for compliance issues.

"Our farmers are fragmented with small lands, so it is difficult for them to fulfil compliance needs," he said, adding that they have made cluster groups where GAP were partially in practice.

The country is producing 16 million tonnes of vegetables against a demand of 13 million tonnes, he quoted agriculture ministry data.

The government, Bayer CropScience and the private sector will have to work together to make sure that compliance requirements were met and GAP followed, he added.

Shusmita Anis, managing director of ACI Formulations, said they were running contract farming with over 400 farmers to get quality products.

She said there should be a public-private partnership to work together to ensure quality of agricultural products.

Anil Kumar Das, national consultant of the Food and Agriculture Organization in Bangladesh, said the country should prioritise analysing potential and limitations of crops and farming locations for exports.

Sazzadul Hassan, managing director of BASF Bangladesh, said they had the technology to identify chemicals used in crops and to achieve energy efficiency in cold chain insulation.

Md Abul Kalam Azad, director of the Export Promotion Bureau, said the country's export earnings from agricultural products have declined by 50 percent in five years despite having a high demand abroad.

"We need GAP auditor for particular products which is not available now and enriched laboratories to issue certification of products. We can't meet the demand of importers and their demands are quality and proper certification," he said.

Md Manzurul Hannan, managing director of Hortex Foundation, said sometimes farmers were deprived of fair prices despite producing quality products.

Md Shamsul Alom, deputy director of the Department of Agricultural Extension, said if farmers were able to produce quality products, the market and demand would be there. AFM Fakhrul Islam Munshi, president of Bangladesh Agro-processors' Association, said Vietnam and Thailand export around $35 billion worth of fruits and vegetables a year each while for Bangladesh it is only around $100 million.

"Exports will not rise if we cannot maintain quality," he said.

Bangladesh needs adequate infrastructure, such as food storage facilities, special space in ports and cooling chains and a reduction of transportation times to increase quality of agricultural products so as to increase exports, he said.

Sajjadur Rahman, business editor of The Daily Star, moderated the programme.


BERGER PAINTS

**Rupali Chowdhury, managing director of Berger Paints Bangladesh, poses with meritorious children of dealers and painters who were presented scholarships by the company at its head office in Dhaka earlier this month.**

# Encouraging progress, still far to go

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The procedure for calculating business registration fee based on the size of share capital was reformed to reduce the total fees.

Bangladesh made getting electricity in Dhaka less costly and faster. The Dhaka Electric Supply Company (DESCO) reduced the security deposit for a new connection by half.

DESCO also invested to expand its staffing and digitisation processes, leading to a decrease in the time to apply for a new electricity connection.

Also, the Bangladesh Energy Regulatory Commission (BERC) revised the retail power prices charged by utility companies, thus earning points on tariff transparency.

Bangladesh's score on dealing with construction permits increased marginally from 60.8 last year to 61.1 this year, leading to improvement in ranking from 138 last year to 135 this year.

The country does well on costs as percent of property value (1.6), close to OECD high-income country average of 1.5 percent and much lower than the South Asian average of 12.5 percent.

Unlike last year, when Afghanistan went ahead of Bangladesh coming from behind, none of the countries that were below Bangladesh last year could surpass Bangladesh this year.

Also, several countries ahead of Bangladesh's rank last year progressed slower this year, thus enabling Bangladesh to overtake countries like Guinea-Bisau, Gabon, Sudan, Iraq and secure back its place ahead of Afghanistan.

In a world where countries are competing intensely with each other for capturing foreign direct investment (FDI) flows and export orders, what matters most at the end of the day is its ranking.

Bangladesh's rank (168) remains well behind all competitor countries in East Asia such as Vietnam (70), China (31), Indonesia (73) and Cambodia (144) and also in South Asia such as India (63), Pakistan (108), Sri Lanka (99) and Nepal (94).

The country still lags deeply in areas such as enforcing contracts (189), registering property (184), trading across borders (176) and, despite improvements, getting electricity (176).

It takes 1,442 days to enforce a contract through the courts and costs 66.8 percent of the contract value, much longer and more expensive than among South Asia, not to speak of OECD high-income economies.

Registering property in Dhaka takes 264 days, officially costing 7.1 percent of the property value. It takes 168 hours and costs $408 when exporting to comply with the border requirements, longer and more expensive than even among South Asian as well as OECD high-income economies.

Improvements notwithstanding, a Bangladeshi company must wait an average of 115 days to get electricity connection, which costs 1,781 percent of Bangladesh's per capita income.

A company must spend an average of 435 hours per year complying with fiscal requirements, compared to 64 hours in Singapore and 273.5 hours average for South Asian economies.

Bangladesh needs to deepen reforms much quicker. Bangladesh made it to the top 20 this year with reforms covering the minimum of three areas, while countries such as Bahrain and Saudi Arabia are in the same league covering 9; China 8; Kenya and Pakistan 6; Myanmar, Nigeria, Kuwait, Zimbabwe and Togo 5; and Azerbaijan, Kosovo, India and Uzbekistan 4.

India's ranking improved 14 notches this year, 67 notches in last three years and 75 notches in last five years, showing rapid ascension is possible in a relatively short period of time by casting the reform net as wide as possible.

Making regulation more efficient, accessible to all and simple to implement in all ten areas will enable diverting the energies of entrepreneurs to business expansion and innovation.

It will also make it easier for aspiring entrepreneurs to compete on an equal footing. Many studies show better performance on the DB indicators is associated with greater inflows of FDI.

Econometric analysis, considering differences in macroeconomic and governance conditions, show strong and statistically significant relationship between FDI and the overall level of regulation.

The government began to make concerted efforts to implement regulatory reforms a couple of years ago to get Bangladesh to double digits in DB ranking by 2021. Good to see that the journey has begun.

However, there is absolutely no room for even an iota of complacence because this is an uphill sprint with a finish line to reach which the country must run faster than those behind as well as those ahead.

Sustained improvements in Bangladesh's ranking can have a potential signalling effect on foreign as well as local investors about the government's commitment to deeper reforms.

Reformers should not expect that better scores and ranking will immediately attract foreign investment. Regulation, after all, is not the only binding constraint.

They should see instead that game changing business climate reforms leads to better domestic investment, a key element of eventually attracting foreign business.

The author is an economist

# Tripura to set up two new border haats

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On the day, water resources management and port connectivity stakeholders of the two countries take part in a two-day meeting.

India and Bangladesh share a total of 54 rivers and historically, the two countries have shared riverine routes for trade, commerce and movement of people, speakers said at a session over 'Port Use Agreements' held on the concluding day of the India Bangladesh Stakeholders' Meet in New Delhi.

The session was jointly coordinated by Bangladesh's Shipping Secretary Md Abdus Samad and Chairperson of the Inland Waterways Authority of India Amita Prasad.

In recent times, India and its neighbours have realised the immense potential of rivers as trade-transport-connectivity routes, both within and across borders.

Coordinators of both the countries pointed out the developments in terms of maritime, coastal and inland waterways connecting the region and said some of these relate to neighbouring Nepal and Bhutan as well.

Prasad said the Indian government has been putting increasing emphasis on better management and governance of water resources for trade, transport, tourism, domestic and industrial purposes.

Notwithstanding this thrust to re-connect the region comprising of Bangladesh, Bhutan, India and Nepal through the waterways, the pace of progress has been slow, he added.

A change in modal share of trade and transport cannot be expected to happen overnight but it is also important to understand and deliberate upon some challenges and hurdles to realise the ambitious idea, Prasad added.

Supported by India's Commerce and Industry Ministry, the India Bangladesh Stakeholders' Meet was being organised by the Assam government's Department of Act East Policy Affairs.

# DSE turnover rises 19pc

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National Tubes dominated the turnover chart with transaction of Tk 14.35 crore worth of shares, followed by Grameenphone, United Power Generation and Distribution Company, Khulna Power Generation and Distribution Company and Jamuna Bank.

Esquire Knit Composite was the day's best performer with 10 percent gain, while Monno Jute Stafflers was the worst shedding 16.69 percent. Chattogram stocks also went up with the bourse's benchmark index, CSCX, rising 85.45 points, or 0.97 percent, to finish at 8,832.51.

Gainers beat losers as 164 advanced and 53 declined while 23 finished unchanged on the Chittagong Stock Exchange.

# Leather goods export stagnant on compliance crisis

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"This would ensure compliance, which in turn would help boost exports," he said at a press meet at La Vinci Hotel Dhaka announcing the start of a three-day exhibition on leathertech from October 31.

Over 300 exhibitors from nearly 20 countries, including India, China and Pakistan, are expected to attend the fair.

Moreover, the third edition of the Bangladesh Leather Footwear & Leather Goods International Sourcing Show will concurrently be organised by the LFMEAB.

Islam said leather goods and footwear comprise 83 percent of their exports while finished leather the remaining 17 percent, which was the opposite just 12 years ago.

The sector had the scope to overtake apparel exports but faced setbacks for changes in consumer tastes and a lack of compliance at the Savar tannery estate, he said.

# India to try to lift onion export ban

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Munshi urged the Indian government to take a humanitarian look into the issue as people in Bangladesh are impacted due to high prices of the key cooking ingredient and sought lifting of the ban at the earliest.

"We are short of six lakh tonnes of onion. Out of this, 80 percent comes from India. After the ban on the onion export from India, prices have gone up drastically and people are asking when it will come down."

The result of the assembly elections in Maharashtra, the largest producer of onion in India and home to Asia's largest wholesale market at Lasalgaon, was scheduled to be announced yesterday.

Munshi said most of the countries in South Asia depend on India for food security and for the imports of essential commodities from the country.

"We understand that Indian authorities are well aware of this and always analyse this from a humanitarian perspective," he said.

India is the second largest trading partner of Bangladesh after China, and bilateral trade between them has registered an impressive growth in recent years.

Two-way trade increased from $5.08 billion in fiscal year 2010-11 to $8.9 billion in 2018-19, according to the Bangladeshi commerce minister. Bangladesh's export to India, however, is only $1.25 billion, he added.

He said Bangladesh is yet to fully utilise the duty-free market access for most of the products under the South Asian Free Trade Area and it needs to expeditiously resolve non-tariff barriers.

"We strongly believe that proactive actions will help expand our bilateral trade with India, particularly with Northeast India."

"The regulatory barriers are now serious concerns for all of us. Despite high-level political commitment, we are far behind in removing regulatory barriers."

Munshi said in many cases, the barriers are growing and unpredictable and non-transparent regulatory barriers are the major hindrance facing trade facilitation in the regions.

"I believe that this stakeholders meeting will look into these issues and provide pragmatic solutions so that these could be immediately implemented for a win-win benefit," he said.

The minister said Bangladesh and Northeast India can benefit from improved physical connectivity and people-to-people contact. Hence, it is important to invest in upgrading and expanding road and rail network with Northeast India.

Bangladesh and India have recently signed the standard operating procedure on the use of Chattogram and Mongla ports. "And this may be considered as a significant step for ensuring multi-modal connectivity with Northeast India," Munshi said.

"Better connectivity will enhance consumers' welfare through access to goods at a competitive price, the profit of firms through access to cheaper inputs, and the opportunities of exporters of finished goods to a new market."

# Noab seeks FBCCI support to ride out crisis

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The Noab leaders said they hope the government would treat the industry as a friend.

Fahim said it is outside the FBCCI's mandate if any newspaper owners have any distance with the government.

Since the FBCCI had no involvement in the implementation process of the wage board from the beginning, the issue can be evaluated, he also said.

Issues related to the financial interests of the industry, such as value chain structure, can be reviewed jointly with the Noab, he said.

FBCCI Vice-Presidents Md Siddiqur Rahman, Hasina Newaz and Dilip Kumar Agarwala, Director Md Munir Hossain, Samakal Publisher AK Azad, Daily Star Editor and Publisher Mahfuz Anam, Daily Manabzamin Chief Editor Matiur Rahman Chowdhury, Financial Express Editor Shah Husain Imam, Daily Sangbad Editor Altamash Kabir and Bonik Barta Editor Dewan Hanif Mahmud were also present.