

Colors magazine introduces CEO awards

STAR BUSINESS REPORT

Colors, one of the leading lifestyle and monthly business publications in Bangladesh, will recognise contributions of top business executives to the country's development and celebrate their success through an award ceremony early next year.

The Colors CEO of the Year 2020 will felicitate the deserving at InterContinental Dhaka in April, Zakaria Masud, editor and publisher

of the magazine, announced at a press conference in Economic Reporters' Forum in Dhaka yesterday.

Five CEOs will be awarded under four categories: banking and non-banking financial institutions, fast-moving consumer goods, readymade garments and large manufacturing.

"The CEOs are the unsung heroes of the country's phenomenal growth. We think that they are the role models for the next generation of CEOs. That's why we have taken this humble initiative to honour them and

thus celebrate Bangladesh's success," Masud said.

He said they were accepting suggestions for nominations. Candidates themselves can also directly apply for any of the awards, said Colors' Advisory Editor Ziaul Karim.

A distinguished panel of judges will decide the final winners after going through the nominations.

Lucky Begum, head of marketing and operations of Colors, was also present at the media briefing.

MEET THE PRESS

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Zakaria Masud, editor and publisher of monthly lifestyle magazine Colors, speaks at a press conference in Economic Reporters' Forum in Dhaka yesterday.

Online foreign card transactions face roadblock

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The central bank in its notice asked banks to strengthen monitoring on international payment through cards to bar illegal transaction for playing online casino and gambling, forex trading, purchase of financial instruments issued in foreign stock markets, cryptocurrency and lottery ticket.

The central bank has recently found allegation that some people made illegal transactions by way of their cards. "So, the new method has been introduced to tackle illegitimate transactions. And banks will have to follow the rule strictly," said a central bank official.

He argued that banks would not face any problem if they install artificial intelligence-based software with the system in order to verify OTAF.

But such software is yet to be introduced by any local bank in the country, said an official of the central bank who has strong knowledge on the matter. There is no need to install such software as merchant code for products or service stated by the central bank could be used to tackle the illegitimate online transaction, he added.

Syed Mohammad Kamal, country manager of MasterCard Bangladesh, echoed the same, saying online payment would become difficult if the latest circular is implemented.

Bangladesh has around 15 lakh international cards, which are very low compared to the size of population and number of banks.

Listed textile, RMG companies in a tight spot

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He is not alone; there are thousands of investors as public shareholders accounted for over 60 percent of the stakes in the company while sponsors shareholders have less than 14 percent shares. Conditions of the remaining companies are more or less the same as Generation Next as share price of 19 of the 55 firms trading at below their face value.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the listed companies' data seem doubtful due to poor financial reporting, so it may not represent the whole sector.

Many companies expanded their business seeing a lucrative growth in the sector and their sales volume soared and so did their revenue.

"However, it is true that the clothing sector suffers for higher cost to meet compliance after Rana Plaza incident and the price of per unit dropped in the international market."

In 2013, the building collapsed in Savar on the outskirts of the capital, leaving at least 1,138 people dead and 2,500 others injured in the country's deadliest industrial accident.

Since then, local garment entrepreneurs put more than \$1

billion to remediate the factories for preventing such tragedies in future.

Overall, the sector is suffering from lower profits, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association.

The cost of production of apparel items increased 30 percent between 2014 and 2018. Furthermore, the minimum wage of garment workers has increased 51 percent since December last year, she said.

Between fiscal years 2015-16 and 2018-19, the industry's value addition has gone down 1.61 percent though apparel exports have increased from \$28.10 billion to \$34.13 billion during the period.

"Competitive countries have devalued their currency but we don't, so we are lagging behind in the competition," Huq added.

She also blamed the unplanned expansion in the industry for the retailers' accepting low prices.

As many as 39 percent of the garment manufacturers are selling garment items to buyers at prices lower than the production costs now, according to a survey of the Fair Wear Foundation, an Amsterdam-based organisation that works to

improve labour conditions in garment factories.

Textile companies' main input is fuel and captive power, said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association. "The price of captive power has increased 435 percent since 2012."

The interest rate of the banking sector also rose, so bank loan-dependent companies are hurt by the higher interest rate, said Khokon, also the managing director of Maksons Spinning Mills.

The price of product also fell in the last two years, which hurt the textile makers' profit, he added.

If the suppliers do not accept prices below their production costs, they will lose everything as they will have to pay the workers at the end of the month without any production in factories, industry insiders said.

Textile sector's performance is the worst in the market, so investors are disappointed with the sector, said a top official of a leading asset management company.

At present, 15 textile companies out of the total 55 are ranked as junk stocks due to their failure to provide dividends or hold annual general meeting or shuttering of their factory.



Makhtar Diop, vice president for infrastructure at World Bank, and Mercy Tembon, country director for Bangladesh and Bhutan, pose at a "Technical Monitoring Facility" of Infrastructure Development Company Ltd (Idcol) in the capital's Monipuripara on Friday. Mahmood Malik, CEO of Idcol, was present.

Japan wants cuts in bike registration fees

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Kamal said the issues were identified in the meeting and they would be catered to so that these do not arise in the future. "We expect large-scale Japanese investment," said Kamal.

The Japanese team called for improvement of immigration services at the airport as sometimes it takes three to four hours for a passenger to get the visa on arrival.

At Benapole customs, undervalued and under-weighted items are overlooked, it said.

It called for removing the existing law that makes mandatory wage hike for workers at the export processing zones (EPZs). The wage rate should be based on the consumer price index (CPI), performance, and capacity of investors, it said.

The minimum wage for the

companies in the EPZs does not include transportation and food allowances, whereas the same for the factories outside of the EPZs includes the two allowances.

The Japanese team requested to review the policy and facilitate new market exploration assistance for type A (100 percent investment by foreign-owned) and type B (joint investment by local and foreign) companies in the EPZs.

The team also raised the problems faced by Japanese contractors working in Bangladesh.

It called for allowing the project officer to draw remittance from the actual profit fund to their parent company after completing the project and making the procedure for transferring remittance easier.

Another proposal demanded tax

and VAT exemption for Japanese companies which are implementing the metro rail project and the Matarbari coal-fired power plant project.

Last week, Paban Chowdhury, executive chairman of the Bangladesh Economic Zones Authority, called the requests logical as Japanese investors want sustainability of their businesses.

He expects the planned Japanese Economic Zone at Araihaazar in Narayanganj to draw \$20 billion in Japanese foreign direct investment once it is constructed on 650 acres of land with a capacity to accommodate around 200 companies.

Though the economic zone project is scheduled for completion by June 2023, Chowdhury hopes for the factories to be set up there by early 2022.

India shelves consumer spending report after leaked data shows slump

AFP, Mumbai

India said Friday that it would not release a controversial report on shrinking consumer demand after a leading business daily leaked data showing that per capita spending had slumped for the first time in four decades.

The report is bad news for Prime Minister Narendra Modi, who has struggled to revive India's stuttering economy.

Consumer demand in India's villages fell 8.8 percent between July 2017 and June 2018, compared with 2011-12, the Business Standard reported, using unpublished National Statistical Office (NSO) data.

Two-thirds of India's 1.3 billion population lives in rural areas, making it a key economic driver. But spending on food, education and clothing declined, with demand for essential items such as cereals plunging 20 percent, the newspaper said.

Although urban consumption rose by two percent, overall per capita monthly spending in the country slipped 3.7 percent -- the first time it has fallen since 1972-73, the business daily said.

The report was scheduled for release in June but was delayed because of its "adverse" findings, the Business Standard said, citing sources familiar with the matter.

The ministry of statistics slammed the claims, saying that the government had decided not to release the report following the recommendations of an expert committee.

"Concerns were also raised about the ability/sensitivity of the survey instrument to capture consumption of social services by households especially on health and education," a ministry statement said.

"In view of the data quality issues, the ministry has decided not to release" the report, it said.

A ministry official had earlier told AFP the report was not finished.

The data "can only be confirmed once the ministry publishes the report", A.K. Mishra said.

The decision to bury the report comes as Asia's third-largest economy battles a prolonged slowdown.

In January, the Business Standard reported that unemployment had surged to a four-decade high during Modi's first term in power, citing unpublished government data.

The delay in releasing the jobs report prompted a top Indian government statistician to quit in protest.

The report confirming the jobless data was finally released in May, after Modi was re-elected with a thumping majority, defeating challenger Rahul Gandhi.

On Friday, Gandhi hit out at the

government's alleged attempt to bury unflattering data. "Modinomics stinks so bad, the Govt has to hide its own reports," he tweeted.

To counter the fall in demand for everything from cars to cookies, India's central bank has trimmed interest rates five times in a row, but to little effect.

Experts say India's economy has never recovered from Modi's surprise cash ban in 2016, which made 86 percent of the currency in circulation void. Many small businesses shut up shop and hundreds of thousands lost their jobs.

The rollout of a nationwide Goods and Services Tax (GST) in July 2017 worsened the situation as businesses struggled to adjust to the new rules.

In October, market researcher Nielsen said Indian rural consumption had slumped to a seven-year low, highlighting falling income for farmers who are struggling with mounting debt.



A woman wheels a shopping trolley at a food superstore in Ahmedabad, India.

South African Airways, unions meet for talks amid damaging strike

REUTERS, Johannesburg

South African Airways (SAA) and unions on Saturday met for talks the troubled state-run carrier hopes can bring an end to a crippling strike that it says could push it to collapse.

Unions representing more than half of SAA's workforce called the strike from Friday, forcing SAA to cancel hundreds of flights, and said it would continue until their demands were met.

The airline said the action would cost it 50 million rand (\$3.36 million) per day.

The talks will be mediated by dispute resolution body The Commission for Conciliation, Mediation and Arbitration (CCMA). The unions' demands include an 8 percent wage increase, and they also object to SAA's plan to cut over 900 jobs.

SAA, which hasn't made a profit since 2011, needs to cut costs to turn around - a mammoth task complicated by the huge sensitivity of job cuts in a country where unemployment is already close to 30 percent. Workers say they shouldn't be left holding the can for years of management failures and poor governance.

Phakamile Hlubi Majola, spokeswoman for the National Union of Metalworkers of South Africa (NUMSA), one of the unions that called the strike, said they also want SAA to commit to bringing costly outsourced services back in house, which are blowing a substantial hole in SAA's budget.

"Otherwise we'll be right back here six months from now with them saying they've got no money," she said by phone, adding the unions could not move on other demands before this one was met.

SAA's woes have left it reliant on state bailouts to survive, becoming a source of frustration for taxpayers who have forked out more than 30 billion rand since 2012 as well as for a cash-strapped government already propping up other ailing state firms.

Acting chief financial officer Deon Fredericks says the strikes negative financial impact could jeopardize critical talks underway with lenders to secure the funding needed to stay afloat.

While it expects some international flights to restart from Sunday, SAA extended its cancellations for national and regional flights into Monday.

Deposits dominate agent banking

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The central bank has already started programmes encouraging lenders to go for loan disbursements in tune with deposit mobilisation at rural zones, Islam said.

He went on to express hope that a positive result was in the offing because of the latest measures initiated by the central bank.

The central bank data, however, showed that solely Bank Asia stood out in the incongruity created by banks.

The private commercial bank alone provided Tk 232 crore in loans, meaning 76 percent of the total distributed by banks.

"But we are not satisfied with the achievement, as we have yet to run lending operations in a full-fledged manner

through agent banking," said Md Arfan Ali, managing director of Bank Asia.

The ratio of loan repayment is better in rural areas than in urban ones, he said.

It will take some more time to push up loan disbursement in rural zones through agent banking and Bank Asia is now enhancing its capacity to widen the window on a massive scale, Ali said.

"We are now focusing on creating lending products for rural clients. Small or affordable housing loans could be a good option," he said.

The bank has set a goal for loan disbursements at 50 percent of what was mobilised as deposits within next year and 100 percent by 2021 through agent banking, he said.

Smart accessories making life smarter

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They are also planning to bring all-scenario ecosystem products in Bangladesh along with new models of Huawei smartphones very soon, Yang added.

Another global brand Samsung also entered Bangladesh last year with their wide variety of accessories targeting the growing market.

Apart from these brands a big chunk of the accessories market remains in the hands of small business entities, who are also importing products directly from China. Their business is also growing with a huge margin given the growing popularity of smartphones in Bangladesh.

Currently the market size of the mobile handset segment is about Tk 10,000 crore and growing exponentially, said industry insiders.

The global mobile phone accessories market is expected to reach \$107.3 billion by 2022, according to alliedmarketresearch.com.

India's mobile accessories market is worth about \$1 billion and is set to grow 20-25 percent year-on-year, according to a report of Hindustan Times.

Alongside popular accessories, some other items like selfie sticks, zoom lens, tripods, mobile ring stands and lens kits are also available in the Bangladesh market.

Industry insiders said after the launch of 4G service earlier last year the demand for smart accessories is also accelerating.

A few years ago, only a handful of wholesalers at the capital's Motalib Plaza used to meet the entire country's demand for mobile accessories, said Md Alamgir Hossain Akash, proprietor of Prince Telecom at the market.

Now, accessories importers have cropped up in other big cities like Chattogram, Sylhet, Rajshahi and even Narayanganj.

Every week, seven to eight containers of accessories are unloaded at Motalib Plaza, where there are

hundreds of importers, Akash said, adding that mobile chargers and data cables were the highest selling items.

"Teenagers, especially girls, these days use their phone covers as a fashion accessory. Many change covers to match their outfits, so they own more than one cover for a single handset," he added.

Apart from the physical stores, many online shops are also playing a vital role in catering to the youth's needs. Tax is a major barrier to the growth of the market, said Hasan, the Xiaomi and UiiSii importer.

Most of the smart accessories come with 60 percent tax, which is a big barrier to customers in making their lives smart, he said.

Facilitated by government initiatives, smartphones are currently being assembling in the country. "But it will be tough to move to smart accessories as it is the most sophisticated product in the whole channel," he added.