

Facebook can be effective tool for branding

Experts, digital entrepreneurs say

STAR BUSINESS REPORT

Social media platforms, especially Facebook, can play a significant role in developing of building businesses in Bangladesh if entrepreneurs can use them properly, experts and successful e-commerce firms said yesterday.

There are eight lakh Facebook pages in Bangladesh that run business contents. Even if one lakh pages run their business regularly or even occasionally, their value would be huge, they said.

"Here, idea is the key and no cost is needed to brand products," said Mahtab Uddin Ahmed, managing director of Robi, at the inaugural session of the F-Commerce Summit at the Krishibid Institution Bangladesh in Dhaka.

The event, which was the third of its kind,

was organised by Greeky Social, a digital media marketing company.

Speakers at the event said social media platforms give chances to young entrepreneurs to get their fair share of the market.

Currently, there is a huge number of social media channels and entrepreneurs need to be careful while carrying out digital campaigns and need to have clear idea about prospective customers, Ahmed said.

"Choose your social platform correctly and in line with the target audience of the products."

Dhaka has the second highest number of Facebook users among the cities in the world, according to Ahmed. There are about 3.5 crore active users in Bangladesh as well.

"One can easily brand their products through the huge platform," he added.

It is a huge opportunity to have social media like Facebook to open a new business, said Ashish Chakraborty, director and chief commercial officer of SSL Wireless, an online payment gateway platform. "That's why the number of Facebook-based pages is so high."

He urged f-commerce entrepreneurs to improve service quality.

F-commerce is the term used in the online business world to focus on designing and developing content and storefront sites on Facebook social networking websites. In short, selling products and services on Facebook.com involves all types of e-commerce on social media.

"From the e-Commerce Association of Bangladesh (e-CAB), we usually receive huge number of complaints about f-commerce, and this number needs to go down," said Chakraborty, also a director of the e-CAB.

Managing trade licence and bank financing is the biggest challenge facing f-commerce and the e-CAB is trying to sort them out, he said.

Proper documentation is the main challenge to get a loan, said Shajed Al Haque, head of trade business at Brac Bank, in another session.

However, the private bank is giving out loans to e-commerce companies. "In order to receive financing, entrepreneurs need to maintain accounting from day one."

"And if anyone can maintain it for a few years, it will be an asset for the venture and banks can depend on the transaction record."

The bank is very open to disbursing loans and urged Facebook entrepreneurs to use at least freely available accounting software to secure loans, he said.

Brac Bank has two lakh SME customers and disbursed Tk 12,000 crore among them.

In order to support digital entrepreneurs, Brac Bank is offering end-to-end solutions in partnership with a loan evaluation company and a delivery company for the betterment of e-commerce companies, Haque said. The Daily Star was the media partner of the event.

Novoair adds flights to Ctg, Barishal

STAR BUSINESS DESK

Novoair is set to add one daily flight each on its Dhaka to Chattogram and Barishal routes from January 19 to meet the growing demand for the routes.

The local carrier will operate six daily flights to Chattogram, home to several tourist attractions and the country's main sea port that handles as much as 90 percent of the country's overseas trade.

And the airline will now fly twice to Barishal, which is mostly reached through time-consuming ferries from Dhaka.

As of yesterday, Novoair with its fleet of seven aircraft carried about 9.5 lakh passengers this year, up about 19 percent year-on-year, said AKM Mahfuzul Alam, senior manager of the airline.

Thanks to the rising income, more people now prefer to fly to different

domestic destinations to avoid the long

tailbacks on roads. The number of people opting for air travel on domestic destinations jumped nearly 81 percent to 11.72 lakh in 2017 from 2013, according to data from the Civil Aviation Authority of Bangladesh.

Biman Bangladesh, Novoair, Regent Airways and US-Bangla Airlines carried about 25 lakh travellers in 2019 on different domestic routes, according to industry data.

Established in 2007, Novoair flies from Dhaka six times a day to Cox's Bazar, five times each to Saidpur and Jashore, twice to Sylhet and once daily to Rajshahi and Kolkata.

Most destinations in Bangladesh can be reached from the capital's Hazrat Shahjalal International Airport, which handles about 70 lakh passengers a year.

Ctg port on world's 'three millionaire' list

BSS, Chattogram

The Chittagong port has made it to the list of 'three millionaire ports' club in the world by handling 30 lakh twenty-foot equivalent units of containers this year. There are 60 such seaports around the globe.

Earlier, the Bangladeshi port was ranked 64th in the list of the world's top 100 container handling seaports by the maritime world's internationally recognised Lloyd's Marine Survey & Consulting.

The calculations of container handling were recorded from January 1 to December 22 this year, said Md Omar Faruk, secretary of the Chittagong Port Authority.

The addition of modern equipment, including new gantry cranes, and increased capacity of the port have helped the CPA a lot to achieve the glory, he said.

Most of the containers were handled at New Mooring Container Terminal and Chittagong Container Terminal. The two contributed more than 17 lakh containers to the total handled till 8am on December 21, when the target was achieved.

Nissan orders spending cuts

REUTERS, Beijing

Nissan Motor Co has told its managers to cut non-essential spending as the automaker grapples with slumping car sales and tumbling profits, three company sources told Reuters.

The penny-pinching drive is in place for the rest of financial year until end-March and will most likely continue into the coming business year, they said.

Managers have been told to put the kibosh on unnecessary travel, sales incentives and promotional events to "conserve every yen," as one source put it.



Robi Managing Director Mahtab Uddin Ahmed cuts a cake to inaugurate the F-Commerce Summit at the Krishibid Institution Bangladesh in Dhaka yesterday.

China slashes red tape for IPOs

AFP, Beijing

Chinese lawmakers agreed Saturday to slash red tape for initial public offerings, approving an amendment to the country's securities law that also aims to better protect investors and prevent insider trading.

Mainland authorities have recently stepped up moves to attract listings of big tech firms, including launching a new technology board in Shanghai in July, as the country's economy has stuttered to its slowest rate of growth since the early 1990's.

"This amendment is a big breakthrough as it cuts red tape and the cost for companies when going public," said Dong Dengxin, director of the Finance and Securities Institute at Wuhan University of Science and Technology.

"It is the most significant revision of the Securities Law in history." The new registration-based IPO system in the newly amended law -- which comes into effect on March 1, 2020 -- requires strict information disclosures from companies seeking to list.

The listings however do not need approval from the China Securities Regulatory Commission (CSRC), according to a draft law published Saturday.

It has also removed the need for companies to be profitable before listing.

The revised law includes better protections for minority investors, said Gong Fanrong, director of the finance committee legal team under China's National People's Congress.

It calls for companies to establish dispute resolution mechanisms to address shareholder grievances and improve transparency, he added.

Companies found guilty of making false or misleading statements or withholding important information from shareholders could face penalties ranging from one to 10 million yuan (\$ 143,000 to \$1.4 million).

It also includes tougher punishments for securities fraud and insider trading.

Individuals found guilty of insider trading will be fined two to ten times the value of their ill-gotten gains.

Intermediaries and professional services firms found guilty of faking information during IPOs will be fined two million to 20 million yuan, compared to 300,000 to 600,000 yuan at present.

The law also says securities industry employees, including regulators and those who work for brokerages or stock exchanges are barred from trading in stocks.

Japan's output, retail sales fall, signalling economic strains

REUTERS, Tokyo

Japan's industrial output slipped for the second straight month in November, raising the likelihood the economy will contract in the fourth quarter due to slowing demand abroad and at home.

Japan's economy has cooled in recent months due to a prolonged hit to exports from soft global demand and a slide in consumer spending following a nationwide tax hike.

Official data showed factory output fell 0.9 percent in November from the previous month, a slower decline than the 1.4 percent fall in a Reuters forecast.

That followed a downwardly revised 4.5 percent decline in the previous month, the largest month-on-month slump since the government started compiling the data in comparative form in January 2013.

"The overall economy including factory output is expected to contract sharply in the current quarter," said Yoshiaki Shinke, chief economist at Dai-ichi Life Research Institute.

"It is expected to rebound in January-March but the issue is how much it will recover."

Production was pushed down by a decrease in output of production machinery and information equipment, which offset a bounce back in output of cars and engines.

"There is still uncertainty for the economic outlook as the effects from the US-China trade friction will likely remain but there are positive signals for a moderate pickup in factory output," said Hiroaki Mutou, chief economist at Tokai Tokyo Research Institute.

Manufacturers surveyed by the Ministry of Economy, Trade and Industry expect output to gain 2.8 percent in December and rise 2.5



A woman looks at shoes on sale at an outlet in Tokyo's shopping district.

percent in January, the data showed. Separate data released on Friday showed retail sales dropped a larger-than-expected 2.1 percent in November as consumer sentiment stayed depressed after October's sales tax hike.

The weak readings could pressure the government to come up with new ways to boost growth and force the central bank to maintain its stimulus programme.

"Economic sentiment has worsened overall," said Shudai Hasegawa, a shopkeeper at a store selling rice, pickles and other foods in Tokyo's Shinagawa area.

"There are fewer people in the shopping street here from the start of the year compared to the previous year, and also after the tax hike," he said earlier this month.

Kota Watanabe, manager of a

store selling pillows and futon mattresses, said demand from older consumers over 50 has been weak this year, partly due to warm weather.

"They say they are satisfied with cheap goods. There are also people saving money for their children instead of spending it themselves."

The broader economy is likely to stay under pressure as weak business and consumer confidence and a delayed pickup in global growth hurt demand.

The government last week cut its overall view on the economy for the fourth time this year due to a downgrade in its assessment of manufacturing output.

The Bank of Japan stood pat last week though it warned risks to the recovery remained high and offered

a gloomier view on output.

Japan's government last week approved a record budget for the coming fiscal year. Part of the planned spending will help finance a \$122 billion fiscal package to shore up growth.

Meanwhile, Japan's jobless rate fell in November, while the jobs-to-applicants ratio held steady, suggesting the nation's tightest jobs market in decades is holding up.

The seasonally adjusted unemployment rate fell to 2.2 percent in November from 2.4 percent in the previous month, Ministry of Internal Affairs and Communications data showed.

The jobs-to-applicants ratio was unchanged at 1.57 in November from the previous month, health ministry data showed.

Loan write-offs rocket

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But the ongoing situation is the opposite due to the upward trend of default loans. Loan write-off is a global practice but this is not an ultimate solution to showing off a better financial health, he said.

Many weak lenders have even lost their capability to write off default loans as they have to keep 100 percent provisioning against the loans.

The central bank should impose an embargo on banks from giving out dividends in case of failure to maintain required provisioning, said Mansur, also a former official of the International Monetary Fund.

"Punitive measures should be taken to put the brakes on rising defaulted and

written-off loans," said Khondker Ibrahim Khaled, a former deputy governor of the central bank.

Passports should be confiscated as soon as borrowers enter the default zone, he said, while also calling for defaulters not to be bestowed with the status of commercially and very important persons.

Banks are facing a challenge in writing off defaulted loans as many of them are cash-strapped, said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a forum of managing directors of private banks.

"They should speed up the recovery of defaulted loans. This will help them bring down such loans," said Rahman, also the managing director of Mutual Trust Bank.



A delegation of the Bangladesh Merchant Bankers Association led by its newly elected President Md Sayedur Rahman calls on Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), at the latter's office in Dhaka yesterday. The association sought the FBCCI's help to remove the ills in the banking sector.

Budget deficit goes over 5pc boundary

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"But the government's expenditure also increased for the implementation of some mega infrastructure projects. It was capital expenditure, which will ultimately bring benefits to the economy," he told The Daily Star.

As a result, budget deficit could not be contained to the previous limit.

"But, this is a one-off," he said, adding that the deficit will be restricted within 5 percent this fiscal year as revenue is expected to grow.

Last fiscal year coincided with the national elections, so the government's spending from its own funds was higher than from

foreign sources, said another finance ministry official.

This also had an effect in raising the budget deficit, he added.

Fiscal deficit in 2018-19 increased due to both revenue shortfall and expenditure increases, said Zahid Hussain, former lead economist of the World Bank's Dhaka office.

Usually, shortfall in expenditures buffers the revenue shortfall relative to the budget target, thus keeping the deficit below the original 5 percent of GDP budget target.

"Last fiscal year was an exception to this trend and it is most likely to continue this fiscal year as well."

While the government can afford such temporary deviation from the

target because of a low debt to GDP ratio, the financing of deficit is the real issue.

If the financing came from concessional foreign sources as reimbursements to cover the accelerated investments in development projects, there will be no real reason to worry. Such increases in deficit are indeed welcome.

But that may not have been the case as evident from cuts in foreign borrowing in the revised fiscal 2018-19's budget relative to the original budget.

It will be useful to look at the sources of expenditure increases in order to identify opportunities for reducing waste, Hussain added.