



Sharif Anwar Hossain

DSE Brokers Association elects top brass

STAR BUSINESS DESK

Sharif Anwar Hossain, managing director of Sahidullah Securities, has recently been elected president of DSE Brokers Association.

The association also elected Richard D' Rozario, managing director of Global Securities, and Mohammad Ali, managing director of Dhaka Bank Securities, as senior vice president and vice-president respectively.

Hossain was previously the vice-president, according to a statement.

Regulator okays appointment of bourses' MDs

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission (BSEC) yesterday approved the appointment of Kazi Sanaul Hoq as the managing director of the Dhaka Stock Exchange.

The approval came at a meeting of the commission at its office at Sher-e Bangla Nagar, Dhaka.

Hoq is the former managing director of the Investment Corporation of Bangladesh and Rajshahi Krishi Unnayan Bank and deputy managing director of Agrani Bank.

The commission also approved the appointment of Mamun-Ur-Rashid as the managing director of the Chittagong Stock Exchange. Rashid is a former managing director of Standard Bank.

PRI, Star to co-create content

STAR BUSINESS DESK

The Policy Research Institute of Bangladesh (PRI) has recently signed a memorandum of understanding (MoU) with The Daily Star to co-create content and explore multiple media avenues.

The PRI states to be a private, non-profit and nonpartisan research organisation dedicated to promoting a greater understanding of the Bangladesh economy.

The collaboration "hopes to shed light on the work, progress and future endeavours of the PRI's Policy Advocacy Initiative (PAI) on Digital Financial Service (DFS) in Bangladesh," said Ahsan H Mansur, executive director of the PRI.

"Through this partnership, the PRI will extend the engagement with stakeholders at a broader level so that the key messages

of the Policy Advocacy Initiative can be communicated to a wider audience for public awareness," according to a statement.

Although Bangladesh has shown a steady rise in income level and impressive macroeconomic performance, financial inclusion is still relatively low while there exists a gender gap in accessing financial services.

The DFS has emerged as an innovative means of promoting inclusive economic development. By lowering costs for consumers and service providers, the DFS can reach out to poor and low-income households.

It holds enormous prospects in enabling achievement of universal financial inclusion and resolving the last mile banking challenges for the poor.



COLLECTED

Women pose with Pertamina-branded lubricants at the launch of the brand in the Bangladesh market at Pan Pacific Sonargaon Dhaka yesterday. Pertamina, an Indonesian national oil company, entered Bangladesh to get a slice of the \$0.5b market.

Insurance fair begins in Khulna tomorrow

STAR BUSINESS REPORT

A two-day insurance fair will begin in Khulna tomorrow in order to raise people's trust in insurers.

The Insurance Development & Regulatory Authority (IDRA) is organising the Insurance Fair-2019 on the premises of the Khulna Circuit House.

"The objective of the fair is to take insurance services to the people living in the remote areas," said Shafiqur Rahman Patwari, chairman of the regulatory body, at a press conference at its headquarters in Dhaka yesterday.

He said they are emphasising on bringing back people's confidence in the

insurance sector, so they are stressing to meet insurance claims.

About Tk 611 crore worth insurance claims were settled in 2018, he added.

Visitors will be able to know about life, health, fire, accident and car insurance as well as pension schemes, according to the IDRA. At the same time, many claims will be settled in the fair. Some 78 insurance companies will participate in the show.

Begum Monnujan Sufian, state minister for labour and employment, is scheduled to inaugurate the fourth edition of the fair, which will be open to visitors from 10:00am to 8:00pm.

Gokul Chand Das, a member of the regulator, was present at the briefing.

Govt needs to play the long game in telcos' audit dispute

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I leave it to legal experts to make a judgement on that, but even if it was to be the case, don't you think the telecom act was failing the country in protecting foreign investment?

I think we need to closely look at the telecom act to see if it is in sync with the Foreign Investment Protection Act.

Anyways, it was very encouraging to see that Robi came forward to break the stalemate in the telecom sector by making the payment of the first installment as ordered by the High Court.

I sincerely hope that this will

pave the way for the resumption of investment in the telecom sector by this leading foreign investor. Likewise, I would hope that Grameenphone also follows the court order and resumes investment.

I understand that the orders passed down by the High Court so far only deals with the immediate resumption of investment; our legal system is yet to review the audit claims in its entirety. I hope both parties would feel that justice has been served when the final ruling is made.

However, if the foreign investors do not feel that justice is what they

received and takes the government to international arbitration, the entire country's reputation to host foreign investment will be at stake.

I sincerely hope that our government will win their battle in the international court too if it had to defend its position there.

But if it were to lose, the country will find it difficult to make the next investment pitch in front of foreign investors.

The author is the former president of Foreign Investors' Chamber of Commerce and Industry and Metropolitan Chamber of Commerce and Industry

Bogura's foundries flourish against odds

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Outside of the BSCIC estate, there are 45 foundry industries and more than 1,000 light engineering industries in Bogura, according to Razedur Rahman Raju, secretary of the Bogura unit of the Bangladesh Agricultural Machines Merchant Association.

They manufacture 2,000-3,000 types of finished products worth of more than Tk 500 crore a year. At this stage, the industries are facing various challenges.

One of them is labour shortage. Industries normally pay a production labourer Tk 2,000 to Tk 5,000 a week but if they run auto-rickshaws or CNG-run auto rickshaws they can earn more than that.

"Therefore, we can't retain trained and skilled workers. If we give them more money, our production cost goes up," Raju said.

Besides, importers who bring in agricultural equipment from China

make more profits as they bring in the products at cheaper prices compared to those produced in Bogura.

The cash credit loan, a short-term source of financing, the industries receive from commercial banks to invest in local industries carries 14-15 per cent interest rate.

"As a result, many entrepreneurs can't make large investment in the sector," Raju said.

The industries are lagging behind when it comes to adopting modern technologies. "We would have exported more machinery if we had had a testing machine for our products. We even don't know the quality of our products," Raju said.

Small engineering workshops and foundry industries are closing and big companies are taking their positions.

"We are losing our markets as Chinese products are well-finished and are cheaper than ours. But if we compare

qualities, the local equipment are far better than the Chinese products," said Abdul Malek Akanda, owner of Al-Madina Metal Works and president of the BSCIC Industries Owner's Association.

In the BSCIC area, Al-Madina Metal Works has nine foundries, which manufacture more than 2,000 types of agricultural equipment.

The government has raised the service charge three folds in the BSCIC estate. Last year, Akanda paid Tk 45,000 for the 10,669 square-feet Al-Madina Metal Works, but he has to pay Tk 110,873 this year.

The district's light engineering workshops are using old lathe machines but their competitors in China are using modern ones.

"Therefore, we can't compete with them. If we have to keep alive the foundries, we must have to adopt modern technologies. For the sake of the growing

foundries, the government should help us by providing technological support," Malek said.

BSCIC-based industries used to manufacture 90 per cent of the country's shallow machine's liner-piston, but it has lost majority of the market share to imported Chinese products.

Malek pointed out that the drainage and road network in the BSCIC area is the worst. During rainy seasons, the whole area gets flooded and the labourers cannot come to the factories.

A project to construct new roads, culvert, bridge and drainage systems in eight BSCIC estates has been planned. "We hope the project will be approved soon," said AKM Mahfuzur Rahman, estate officer of the Bogura BSCIC Industrial Area.

"We need large area for the growing industries," Raj said.

Many factory owners have applied for plots but are not getting any as there are

no place available in the existing area, Rahman added.

A proposal to set up the second Bogura BSCIC Industrial Park on 300 acres of land has been sent to the head office for approval.

Fourteen foundry industries, light engineering workshops, yarn factories and other companies from Bogura exported products worth \$72 million to India in 2019, according to the Bogura Chamber of Commerce and Industry.

BSCIC-based industries paid Tk 163 crore in various taxes and duties to the government treasury in fiscal 2018-19, up from Tk 161 crore a year earlier, the chamber said in its annual report.

"The foundry industry of Bogura can create jobs for hundreds and thousands of unemployed people, earn a lot of foreign currency and generate big amount of revenue for the government," Rahman added.

Janata MD in the line of fire

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The latest central bank investigation also found that AnonTex Group took the fund by showing 15 projects. Nine of the projects are yet to be set up.

The companies published false tender notices to set up the projects and laundered money abroad in the name of import of capital machineries.

According to the credit proposal of the companies, the group kept 56 acres land of worth Tk 677 crore.

Besides, the bank fixed a collateral security of Tk 4,935 crore given the worth of machineries and infrastructure of the companies.

"But the boundary of the land is not clearly indicated as per the documents submitted by the companies. So, it will be highly difficult for banks to sell the properties," the report said.

After revealing the sensational financial scam by the central bank in 2018, Azad had acknowledged to The Daily Star that some of the loans to AnonTex were sanctioned during his tenure as the GM and deputy GM of the corporate branch.

He claimed then that adequate collateral had been kept by the bank against the disbursed loan.

This time, Azad did not respond to The Daily Star's request for comment. At the time of writing, he neither answered his phone nor replied to text messages from the correspondent.

Hospitable business climate the Holy Grail of BIDA

FROM PAGE B1

Islam, who took over the reins of BIDA from Kazi Aminul Islam in September last year, started off by holding talks with different trade bodies and business leaders.

In the past four months he organised four economic forums in Dubai, Sydney, Shanghai and Hong Kong to brand Bangladesh and shine the spotlight on its current investment-friendly environment.

BIDA is also trying to build the country's image by holding road shows and seminars in different countries through Bangladesh missions abroad.

It has set up a dedicated lounge at the Hazrat Shahjalal International Airport (HSIA) to welcome investors the moment they step foot in Bangladesh.

BIDA's office and other contact points with investors are being refurbished while office practices improved to resemble those of international corporates.

"We are trying to create a welcoming environment for the foreign investors so that a positive impression grows among them," Islam said.

Foreign investors are yet to know about the transformation Bangladesh has gone through in the past 30 years,

he said.

The economy's rapid growth led to the rise of massive potential for many sectors such as automobile, leather, light engineering, plastics, hotel and tourism, transport, agro-processing and jute product diversification.

Some automobile companies, including foreign ones, have already set up plants. Motorcycles are now being manufactured and assembled to cater to the thriving market. Light engineering is thriving as a backward linkage to many larger industries.

The advent of an increasing number of international five-star hotel chains is testament to the prospects of Bangladesh, Islam said.

The flailing condition of the transport sector could actually be a boon, as it provides an opportunity to foreign operators to invest in joint ventures with locals in bringing about international standards.

These sectors have drawn the attention of investors in China, India, Japan, South Korea, Hong Kong, Dubai and the United Kingdom, Islam said.

Mitsubishi and Suzuki have shown interest in setting up plants, while Saudi Aramco is keen on solar power generation.

Indian FDI to reach \$9b in future

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The Indian engineering industry is quite strong in the textile sector. Likewise, Bangladesh is a leading player in light and product engineering. "Therefore, forging partnerships with Indian firms could be beneficial," Das said.

As Bangladesh aims to emerge as a modern economy, it would need more and more engineering capabilities, the bedrock of a modern industry, she added.

More than 120 Indian companies, including public sector enterprises like the Indian Oil Corporation and Bharat Earth Movers, are participating in the exhibition.

Md Muntakim Ashraf, senior vice-president of the Federation of Bangladesh Chambers of Commerce and Industries; Ravi Sehgal, chairman of EEPC India; Mahesh K Desai, senior vice-chairman of EEPC India; and Suranjan Gupta, executive director of EEPC India, also spoke at the opening ceremony.

Banking sector poised to derail growth momentum for Bangladesh economy

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While the increase in the deficit during the first quarter of fiscal 2019-20 was broadly matched by an increase in bank deposits, the simultaneous reduction in savings certificate issuance added to the demand on bank funding.

Subsequently, private sector credit growth slowed down.

In November last year, private sector credit growth dropped to 9.87 per cent, which is the lowest since 2008 at least. The BB's data goes as far back as 2008.

While the IMF welcomed the decline in savings certificate sales, it called for stepped-up efforts for a smoother transition to lower instrument issuance.

If the government's revenue deficit continues to widen without a sustained increase in deposit growth, crowding out of private investment would increase, with a possible adverse impact on growth.

Improving revenue collection through a coordinated approach to expand the tax base and modernise tax administration remains a priority, the report said.

Collections grew just 4.83 per cent in the first four months of the fiscal year, down from

6.74 per cent registered a year earlier.

This resulted in a significant widening of the fiscal deficit, according to the IMF specialist team.

Subsequently, they called for automation and introduction of electronic fiscal devices at the earliest as well as simpler VAT structure with fewer non-standard rates and exemptions.

The steps would help both increase revenue and streamline tax administration.

Given weak revenue collection and likely increases in various subsidies, including for liquefied natural gas imports, keeping the budget deficit within 5 per cent of GDP while protecting priority social spending and implementing the budgeted investment spending could become challenging.

The BB should continue to monitor inflation developments closely and stand ready to adjust its stance, it said.

"Inflation expectations remain elevated," it said.

Bangladesh's average inflation crept up four basis points to 5.59 per cent in 2019, which saw fluctuations throughout the year and a skyrocketing of the price of onion, an essential cooking ingredient.

Full-year inflation averaged 5.7 percent in 2017 and 5.55 percent in 2016, according to data from the Bangladesh Bureau of Statistics.

The central bank should also continue to increase exchange rate flexibility to help buffer the economy against external shocks, the report said. Export diversification remains another priority for the government, the IMF mission said.

"Recent export contraction in the garment sector shows risks from excessive reliance on this sector for export growth."

Export earnings fell 5.84 per cent year-on-year to \$19.3 billion in the first six months of the fiscal year on the back of lower shipment of apparel items.

The shipment of apparel, which usually makes up more than 80 per cent of national exports, fell 6.21 per cent to \$16.02 billion, according to data from the Export Promotion Bureau.

Within the garment sector, moving to a wider variety of higher value-added goods and expanding to different markets would help buffer external shocks.

Improving the business environment would help attract foreign direct investment,

support the creation of new export industries and help nascent industries grow, stimulating higher economic growth over the medium term.

The IMF also suggested a heatmap for Bangladesh to keep track of monthly economic development for efficient and proactive macroeconomic management.

Heatmaps, which are two-dimensional visual representations of data using colours, where the colours all represent different values, enable an efficient and comprehensive overview of a topic at-a-glance.

The multilateral lender also plans to help Bangladesh offset the social impact of automation.

Preliminary results suggest that occupations most vulnerable to automation, judged by the average risk of automation being above 70 per cent, account for about 60 per cent of the current labour force.

The occupations include clerical workers, agricultural workers, plant and machine operators and other elementary occupations, the IMF report added.

An IMF team will arrive in March to help the country with the issues.