

| STOCKS   |          | COMMODITIES |              | ASIAN MARKETS |           |           |          | CURRENCIES |       |       |        |       |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|------------|-------|-------|--------|-------|
| DSEX     | CSCX     | Gold        | Oil          | MUMBAI        | TOKYO     | SINGAPORE | SHANGHAI | USD        | EUR   | GBP   | CNY    |       |
| ▲ 0.32%  | ▲ 0.31%  | \$1,783.53  | \$43.32      | ▲ 1.29%       | ▲ 1.83%   | ▲ 1.38%   | ▲ 5.71%  | BUY TK     | 83.95 | 93.50 | 103.76 | 11.68 |
| 3,994.65 | 6,866.46 | (per ounce) | (per barrel) | 36,487.28     | 22,714.44 | 2,689.61  | 3,332.88 | SELL TK    | 84.95 | 97.30 | 107.56 | 12.28 |

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# Star BUSINESS

DHAKA TUESDAY JULY 7, 2020, ASHAR 23, 1427 BS • starbusiness@thedailystar.net

## A whopping 46 lakh mobile connections vanished amid pandemic

*Situation to worsen due to a hike in supplementary duty, operators fear*

MUHAMMAD ZAHIDUL ISLAM

Mobile phone operators are struggling to retain their active subscribers despite offering lucrative packages, including free minutes, SMS and extra data, as the coronavirus-induced economic downturn has affected all sectors and curtailed people's income.

Though the government has declared telecom as an essential service during the lockdown time, more than 46 lakh active users, or 2.77 per cent of the total subscriber base, left the mobile

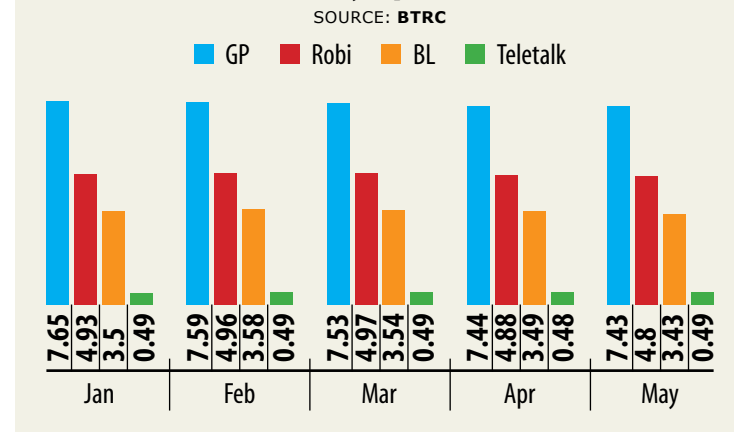
networks in March-May, which the sector people term a rare phenomenon.

The slump in numbers is mostly from the low-income group, who were living in the city but left for their village after their livelihoods were wiped off by the pandemic.

Insiders said an increased tax rate from the second week of June also badly impacted the industry, which will be visible when the last month's report on subscriber numbers will come out.

As of May, there are 16.15 crore

Active SIMs by operators (in cr)



In May, 14 lakh active users stopped taking service, according to the BTRC report.

"We have long been saying that the coronavirus pandemic will hit the mobile phone industry hard," said SM Farhad, general secretary of the Association of Mobile Telecom Operators of Bangladesh (AMTOB).

The downward curve of active users reflects how it has fallen drastically from early this year though the mobile phone is now the primary communication tool for all sorts of business, education and entertainment.

People's income has gone down drastically as many retail stores were closed during the lockdown, while people had limited access to recharge points.

"So, it's a cumulative effect that resulted in downward growth. I'm afraid how the users will react in the coming days as the government has imposed an extra tax on mobile phone use," Farhad added.

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## Can the massive forex reserves bankroll large projects?

REJAUL KARIM BYRON and MD FAZLUR RAHMAN

The government is revisiting the idea of using currently healthy foreign currency reserves boosted by the drastic fall in imports and injection of budget support from external sources to bankroll major projects.

The idea came from Prime Minister Sheikh Hasina, Planning Minister MA Mannan told reporters yesterday.

The argument is the reserves have shot past \$36 billion, the highest in the country's record, and Bangladesh has to borrow from external sources to finance large projects.

Now, the finance division and the central bank would explore the possibility of using the reserves to implement major projects, Mannan said.

"This is a groundbreaking proposal. We now have to formulate the guidelines," he said, adding that the government would ensure a reserve equal to three-months import bill.

Foreign currency reserves have been setting up new records for the last two months. In May, it first touched \$34 billion and then \$35 billion before climbing to \$36 billion.

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## Leather goods, footwear producers downhearted by decline in sales

*Seek tax benefits to recover from pandemic fallout*

JAGARAN CHAKMA

The once cheery demeanour of leather goods and footwear exporters has turned into one of depression as shipments declined 22 per cent in the just-concluded fiscal year due to the ongoing coronavirus pandemic.

The export of various leather products fetched about \$998 million in fiscal 2019-20, according to data from the Export Promotion Bureau (EPB).

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### LEATHER GOODS EXPORT LAST FISCAL YEAR

Export target for FY20: \$1,093m

Actual receipts: \$998m

Receipts down 22% y-o-y

Leather footwear earned \$779m

Other sundry items \$221m

Leather \$98.31m

Total footwear & leather factories: 165

Major destinations: US, Italy, Spain, UK, Germany

## Remodel business plans to revive exports: experts

REAYET ULLAH MIRDHA

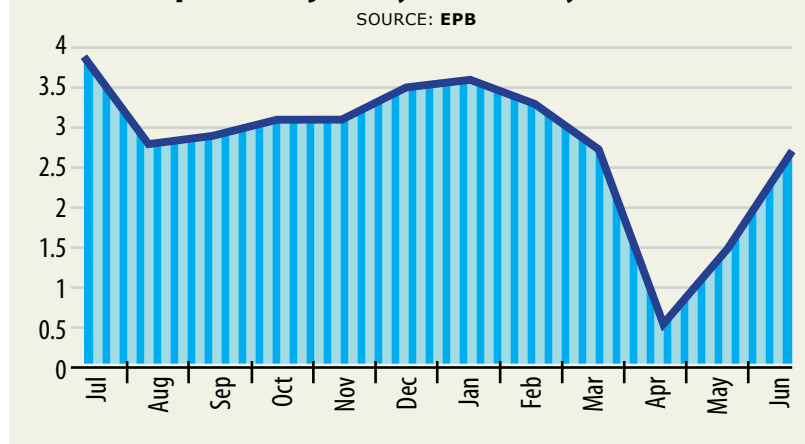
With a slump in demand for commodities among the Western consumers, Bangladesh needs to remodel its business plans to revive exports in the time of Covid-19, which has severely affected the global economy, economists said.

Maybe the traditional fast fashion garment items or basic apparel products are not adequate for Bangladesh to remain competitive in the global markets, they said.

Bangladesh needs to grab new markets for supplying products like personal protective equipment (PPE), masks and healthcare-related items such as bed sheets and isolation sheets for hospitals.

As the pandemic has created a market of billions of dollars for these products worldwide, the local exporters need to utilise this opportunity for the revival of export earnings, the experts said.

Exports' trajectory last fiscal year (\$b)



Earnings from merchandise exports in the immediate past fiscal year fell 16.93 per cent year-on-year to \$33.67 billion because of Covid-19, which has affected production and dampened demand.

The receipts from exports in fiscal 2019-20 is 25.99 per cent below the annual target at \$45.50 billion, according to data from the Export Promotion Bureau (EPB).

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## Inflation overshoots target last fiscal year

REJAUL KARIM BYRON

Inflation ended the just-concluded fiscal year at 5.65 per cent, slightly overshooting the government's target of 5.5 per cent, owing to the dragging supply chain disruption caused by the pandemic-induced shutdown.

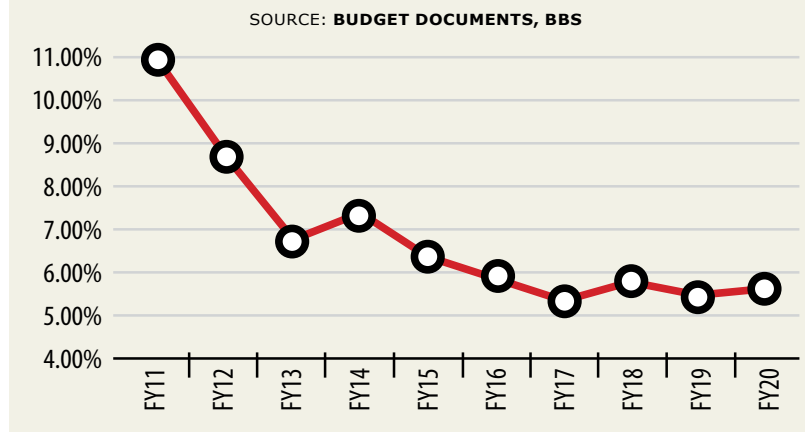
Fiscal 2019-20's weighted-average inflation was also 17 basis points higher than the previous year's 5.48 per cent, showed data from the Bureau of Statistics (BBS) yesterday.

However, this is the third lowest annual inflation recorded by the government in the last decade, budget documents showed. In June, overall inflation rose 50 basis points to 6.02 per cent from 5.52 per cent in the same month a year earlier, driven by the increase in food inflation.

Food inflation was 6.54 per cent in June, up 1.14 percentage points over the same month in 2019.

Planning Minister MA Mannan, while releasing the data, blamed the

INFLATIONARY TREND OVER THE YEARS



floods and the damages caused by the natural calamities for the sudden increase in the general inflation.

"Once the flood situation improves, inflation would come down," he said.

Non-food inflation dropped 49 basis points to 5.22 per cent in the last month of the fiscal year, from 5.71 per cent in June last year.

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## BSEC gets tough on minimum shareholding by directors

AHSAN HABIB

The Bangladesh Securities and Exchange Commission (BSEC) is taking strict measures to maintain minimum shareholding among directors of listed companies in a bid to revive the country's stock index.

DSEX, the benchmark index of the Dhaka Stock Exchange, has been hovering under 4,000 points since the end of May.

If the BSEC order to conduct minimum shareholding is followed in earnest, it would have a positive impact on the index, according to a merchant banker.

On December 22, 2011, all the directors of listed companies, sans the independent ones, were told to hold at least a 2 per cent stake in their own firm to revive the ailing stock market after the big crash of 2010.

However, since many directors refused to follow the order for the past nine years, BSEC warned those concerned to follow the directive or face dire consequences, the merchant banker said.

"We gave them a grace period of 45 days to begin minimum shareholding. Plus, share prices are very lucrative right now, so why don't they engage in minimum shareholding with their own company?" said a senior official of the country's stock market regulator.

If a director does not follow the order, he or she will be terminated from the board, he added.

Directors should post their share purchase announcements with the stock exchanges within the next 15 working days, the BSEC said in a letter.

As of this February, 61 directors of 22 listed companies failed to hold minimum shareholding and so, they are required to address the issue within the stipulated timeframe, the letter read.

Of the 22 companies, 14 are insurance brokers. The BSEC amended this directive back in 2019, making it so that any director who fails to hold 2 per cent of his own company's shares would be forced to immediately vacate his position. Directors should be removed from their posts if they don't control the minimum share, said Masum Ahmad, a stock investor.

"If they don't show faith in their own companies, then why would the investors?" Conversely, when a director holds a large share, then that person would work extra hard for the betterment of his company instead of being callous, he added.

Although the index would react positively if the minimum shareholding directive is correctly implemented, there is an argument to be made for the converse, said a top official of a leading asset management company preferring to remain anonymous.

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## Dhaka Bank shapeshifting with pandemic

AKM ZAMIR UDDIN

When the majority of banks are struggling to survive from the ongoing financial meltdown brought on by the coronavirus pandemic, Dhaka Bank has introduced a novel banking product that will help clients open their account from home.

The lender rolled out the product named "Account from Home" in mid-May to help clients open accounts by way of maintaining social distance, Emranul Huq, managing director of the bank, told The Daily Star in an interview recently.

The agents of the lender now deliver welcome pack at customers' doorstep (maintaining health and safety standard) including free debit card and cheque book and collect documents with their signature.

The banks' accounts are increasing at a faster pace after the product's launch, Huq said.

The lender, which marked its 25th



anniversary on July 5, invested nearly \$7 million last year to upgrade its online platform as part of its effort to make both the digital and virtual banking vibrant.

"This has helped run our business to a great extent at a time when banks from across the globe encourage clients to do banking while sitting from home to control

the spread of the pandemic," Huq said.

The lender has already introduced a good number of digital products riding on the investment, which are serving its clients, he said.

Another virtual banking product namely "Dhaka Bank Trade Cloud" has recently been introduced, which now helps clients to open letters of credit sitting from their home and office.

The move is allowing clients to submit all export and import-related documents digitally. The businesses are being allowed to carry out trade-related procedures just by turning up at a branch once.

The bank, which commenced its commercial operation in 1995, is one of the leading players in trade-based financing in Bangladesh. It accounts for more than 3 per cent of the country's total trade volume.

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### DHAKA BANK'S EXPORT EARNINGS OVER THE YEARS

