

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▼ 1.35%	▼ 1.14%	\$2,002.30	\$45.23	38,528.32	23,051.08	2,563.09	3,451.09	83.95	98.80	109.36	11.91
4,720.10	8,140.52	(per ounce)	(per barrel)					84.95	102.60	113.16	12.52

• এসবাইজিএস ডেভিট কার্ডের মূল ২০,০০০ টাকা পর্যন্ত বিকাশ অ্যাপে পরিশোধ করে উপভোগ করুন  
 ১৫ ইনস্ট্যান্ট ক্যানসেল, সর্বোচ্চ ২০০ টাকা পর্যন্ত অফারটি চলবে ৩১ আগস্ট, ২০২০ পর্যন্ত

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# Samsung Galaxy Note20 Ultra 5G to be made in Bangladesh

MAHMUDUL HASAN

Bangladesh's manufacturing prowess is getting yet another stamp of global approval. The South Korean tech giant Samsung has decided to manufacture its latest flagship devices, the Note20 and the Note 20 Ultra 5G, in the country.

The handset, which was rolled out globally on 5 August, can work with the fifth-generation cellular network technology that gives users near-real-time interactivity, faster internet, lower response times and the capacity to join many devices.

"We are manufacturing 5G devices and it shows that Bangladesh can now make anything," Mohammad Mesbah Uddin, chief marketing officer of Fair Electronics, Samsung's local assembly partner, told The Daily Star yesterday.

The first batch of the 5G devices put together in the state-of-the-art manufacturing plant of Fair Electronics spanning 30 acres in Narsingdi will hit the market in the middle of September. The company will make about 26 to 27 per cent value-addition to the 5G-enabled device, the pre-booking for which has started on 10 August and will continue until September.

"Samsung has full confidence in Fair Electronics and this dispelled the general notions that the country can't make world-class products."

Thanks to the local assembling, the price of the device would be Tk 35,000 less at least. If the device is imported, the price would be more than Tk 160,000, he added.

Although the device, which will come in mystic bronze and mystic black colourway, is priced at Tk 134,999, a customer can purchase it at Tk 110,000.

Customers will get Tk 15,000 discount on pre-booking. If they exchange a Samsung device, they will get another Tk 10,000, besides the price of the used device, according to Uddin.

The move from the local assembling industry came ahead of Bangladesh's planned rollout of 5G by 2021.

Fair Electronics, which started assembling Samsung handsets last year, has so far churned out 25 lakh units, most of which are 4G-enabled.

In January, the South Korean tech giant's flagship smart device Galaxy Note10+ was assembled at the plant of Fair Electronics in Narsingdi. The local company is now assembling almost all Samsung devices sold in Bangladesh.



This year, the company had plans to assemble 25 lakh units of smartphones. But for the coronavirus pandemic, it is now aiming to churn out 20 lakh units.

For the 5G device, Fair Electronics has made additional investments to install a 5G network testing equipment and a new underwater testing machine.

The 6.9-inch Galaxy Note20 Ultra 5G comes with 12GB of random-access memory (RAM) and is powered by a 4,500mAh battery.

Its design features a metal body elevated by exquisite details and transcendent colours and durable Corning Gorilla Glass Victus, the toughest-ever glass in a smartphone.

The phone has a triple rear camera setup with the pro-grade 8K camera and editing suite.

As strict social distancing has to be maintained because of the pandemic, Samsung is giving an opportunising to customers to be acquainted with the device.

It has rolled out the "Meet the Galaxy Note20 Ultra 5G from home" initiative where customers can experience the device online before pre-ordering through a 15-minute

video call. Two sales representatives will assist the customer in the experience session made from Samsung flagship store located in BTI Landmark, Gulshan Avenue. Appointments will be scheduled between 1:00 pm and 4:00 pm.

The campaign began on 14 August and would continue until 20 August.

"The pandemic has changed the way we live and communicate," said Md Mueyedur Rahman, head of mobile at Samsung Bangladesh.

Customers can pre-order the device from Samsung's official stores and online at [www.note20preorder.com](http://www.note20preorder.com) as well as through CP Shop, Robi Shop, Banglalink Shop, Evaly, Pickaboo and Daraz.

Fair Electronics is also assembling Samsung's other top device Galaxy Note20, which will hit the market next month with a price tag of Tk 99,000.

Customers can buy it at Tk 80,000 if they make a pre-booking. And if they exchange a Samsung device, they will get another Tk 10,000 plus the price of the used device.

Bangladeshis are garnering experience and learning about new and advanced technologies working at such plants, Uddin said. More than 95 per cent of the 1,500-strong workforce at the plant is local.

## Tk 848cr project approved to widen road to boost Indo-Bangla trade

STAR BUSINESS REPORT

The government yesterday took up a Tk 848.3 crore project to widen a road that would broaden bilateral trade between India and Bangladesh.

It came as the Executive Committee of the National Economic Council (Ecne) approved seven projects involving Tk 3,461 crore.

Prime Minister Sheikh Hasina, who is also the Ecne chairperson, presided over the meeting through video-conferencing from the Gono Bhaban.

The widening of the 38km Baraiyerhat-Hiako-Ramgarh road from 5.5 metres now to 7.3 metres in Ramgarh upazila under Khagrachhari district would be performed by the Roads and Highways Department between January 2020 and June 2022.

India would provide Tk 581.2 crore for the project from its third line of credit extended to Bangladesh, which would bear the rest of the cost.

The project would contribute to establishing road network between the Chattogram port and the Ramgarh land port and open the door for two-way trade



between Bangladesh and India through Sabram/Ramgarh land port, according to the project documents.

The proposed road is 72km off from the Chattogram port and 201km off from Dhaka.

The project, which was included in the list of the new unapproved projects in the annual development programme last fiscal year, is expected to widen the import and export activities between India and Bangladesh and improve the socio-economic conditions of the people in the area.

[READ MORE ON B2](#)

Banks ordered to return to normal working hours

FIROZ AHMED

**Bangladesh Bank Head Office in the capital's Motijheel commercial area. The photo was taken recently.**

STAR BUSINESS REPORT

The central bank yesterday ordered banks to run their branches like in normal times to give a boost to the economy although the COVID-19 caseload is showing no sign of coming down.

The Bangladesh Bank lifted the curtailed roster arrangement that was put in place on 22 March to protect employees from the deadly virus. Now, lenders were asked to operate

banking operations from 10:00 am to 6:00 pm like they did before the pandemic hit the country.

The employees who contracted the virus will be allowed to stay home upon submitting a medical certificate. Similarly, pregnant female workers are spared.

The central bank, however, instructed banks to ensure employees follow the social distancing guidelines while working in branches.

[READ MORE ON B3](#)

# Income of poor long way from returning to pre-pandemic level

*Finds survey by BIGD and PPRC*

STAR BUSINESS REPORT

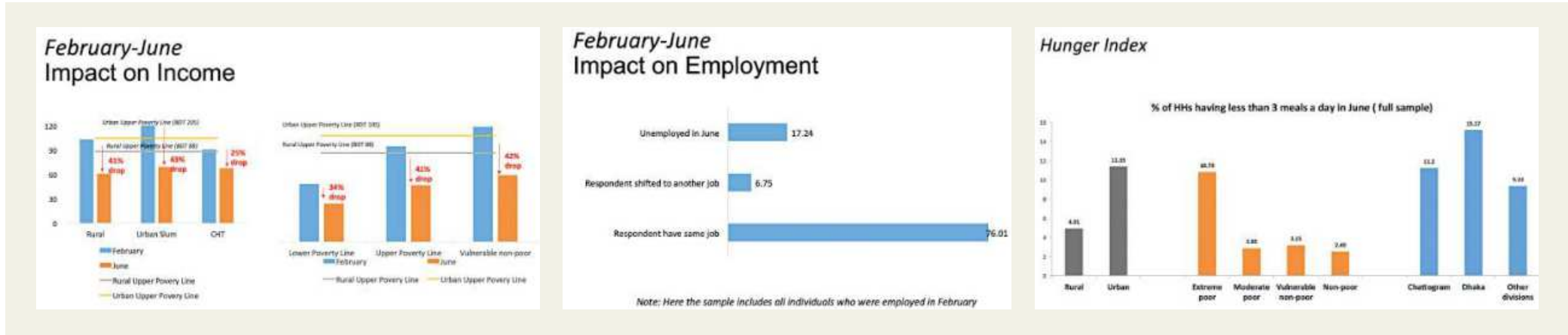
The income of the poor remains 42 per cent below the pre-pandemic levels although the economy reopened in June and activities recovered from the near-collapse for the coronavirus-caused shutdown.

The resumption has only modestly reversed the steep earnings drop in April and reduced the number of the crisis-caused "new poor" by 1.1 per cent to 21.7 per cent.

Food insecurity remains high as 11 per cent of the urban poor, including 15 per cent in Dhaka, do not get three meals a day. Nearly one-third of the poor had to cut consumption to cope with the crisis.

And 17 per cent of poor households were still out of work in June, found a new survey by the Power and Participation Research Centre (PPRC) and BRAC Institute for Governance and Development (BIGD).

"Across the board, there is a broad-based pessimism and uncertainty on whether they would be able to go back to the past position. This is a



fragile recovery," said PPRC Executive Director Hossain Zillur Rahman.

He was presenting the findings of the survey at a webinar organised by the two research organisations yesterday.

This was the second phase of the survey conducted among 7,638 households in an urban slum, rural and hill tracts areas between 20 June and 2 July by PPRC and BIGD.

The first round was conducted at the beginning of the shutdown in April to analyse the economic shocks faced by the poor and vulnerable people.

The survey found that the collapse of economic activities wiped out incomes in both rural and urban areas. The effect was deeper in the case of people living in urban areas.

Daily earning of the poor in urban

areas was Tk 108 in February, before coronavirus arrived on these shores. The income per day dropped to Tk 27 in April. It recovered to Tk 67 in June, which is much below the poverty line income.

The study finds that house helps, unskilled and skilled workers, as well as small businesses, were the hardest hit. Factory workers, however, got some protection as only 10 per cent

became unemployed.

"What we are seeing is the feminisation of joblessness. The impact on female employment is comparatively worse than that on male employment, even in sectors where both men and women workers are present," said BIGD Executive Director Imran Matin.

There is also informalisation of employment, he added.

To cope with reduced incomes, the poor increased their dependence on loans, in particular buying food and other items on credit from groceries, and cut consumption.

An increased portion of them also had to move out of the cities. This migration rose to 13 per cent in June from 6 per cent in April. This was 16 per cent for Dhaka alone.

[READ MORE ON B2](#)

# Tk 848cr project approved to widen road to boost Indo-Bangla trade

[illegible]

# Adil Chowdhury joins Bank Asia as DMD

STAR BUSINESS DESK

On August 10 this year, Adil Chowdhury joined the senior management team at Bank Asia as deputy managing director. Chowdhury has over two decades of banking experience with more than 15 years of international exposure, most recently serving the Bank of Nova Scotia (Canada) in Singapore as director. He brings with him his international banking, group treasury, regulatory laws and comprehensive enterprise-wide operations experiences to Bank Asia. He embarked on his professional journey as deputy manager in Credit Agricole Indosuez, Dhaka in 1995. After serving there for more than 3 years, he joined American Express Bank (Dhaka). In 1999, Chowdhury joined the Bank of Nova Scotia (Dhaka) as head of treasury, where he set up the treasury department and ensured best governance and practices. In 2001, he was relocated to the Bank of Nova Scotia in Hong Kong where he was responsible for business development and strategic planning that covered financial institutions for 13 countries in Asia. He was promoted as director for international funding under group treasury at the Bank of Nova Scotia, Singapore in January 2011 where his mandate covered Asia Pacific Region and Middle East North Africa, managing a portfolio of \$9 billion while serving central banks and government investment agencies.

# Dollar falls as selling pressure builds on multiple fronts

REUTERS, Singapore

The dollar extended its fall to hit fresh lows against a range of currencies on Tuesday, after a triple blow of retreating yields, soft U.S. economic data and a dip in safe-haven demand exerted broad selling pressure. The yuan firmed to 6.9246 per dollar, hitting a level unseen since March 9, despite the Trump administration flagging a further tightening of restrictions against Chinese tech gear maker Huawei. Against the Swiss franc, the dollar fell more than 0.1% to fresh 5-1/2 year low of 0.9049. “The background factor for the moves we’re seeing today is the overall weakness of the dollar,” said Shinichiro Kadota, senior strategist at Barclays. “And the Swiss franc strengthened because of a euro-led decline in the U.S. dollar since July.” The greenback is also poised to re-test multi-month or multi-year troughs against the euro, pound and Aussie made earlier in the month. The euro last sat at \$1.1891, just below a recent two-year high of \$1.1916. The Aussie rose 0.12% to \$0.7225, near an 18-month top of \$0.7242 hit on Aug. 7, as the Reserve Bank of Australia reaffirmed the outlook of steady policy. The Aussie’s gains were capped by news China had begun an anti-dumping investigation into imports of wine from Australia. Investors have been relieved by a delay in the review of the U.S.-China trade deal this week, which has left the agreement standing and reinforced a belief the trade relationship can hold even amidst conflict



In 1990, Chowdhury was selected as one of the most outstanding international students in American universities and colleges based on academic achievements and was awarded “Who’s Who Student Certificate of Merit”. He has a bachelor’s degree with honours in electrical engineering in VLSI Design from University of Texas at Austin, USA and an MBA degree from Richard Ivey School of Business, University of Western Ontario, Canada. Chowdhury holds several international financial markets regulatory and practices (FMRP) certifications from different countries and regions.

# BSEC orders firms to report on lending to sister concerns

FROM PAGE B4

If the money were deposited with a bank, the listed companies would have got higher interest and thus higher profits, he said, adding that some sponsors are even using the employees of the listed companies to serve the purpose of the privately-held firms. “But none raised questions about the cheating. The new commission has brought the issue to the table. This is welcoming,” Rahman added.



SBAC BANK

**SBAC Bank Chairman SM Amzad Hossian presides over the seventh annual general meeting of the bank through a digital platform yesterday. Managing Director and CEO Tariquul Islam Chowdhury also took part in the meeting. The bank approved 10 per cent stock dividend for the year ended on December 31, 2019.**

# Trump promises tax credits for firms that bring jobs back from China

REUTERS, Mankato

US President Donald Trump on Monday vowed to create 10 million jobs in 10 months, in part by setting up tax credits for US companies that relocate manufacturing facilities to the United States from China. Trump, seeking to build support ahead of the Nov. 3 election, told supporters during a visit to Mankato, Minnesota, his administration would also strip federal contracts from companies that outsourced work to China. “We will create tax credits for companies that bring jobs from China back to America,” Trump said during an hourlong speech. He also predicted the US economy would bounce back strongly from the economic shock caused by the coronavirus pandemic - as long as he was re-elected. “What we’re doing together is nothing short of an economic miracle and now we’re doing it again,” Trump told cheering supporters. “We built the greatest economy in the history of the world and now I have to do it again.” Trump hailed increased retail sales in recent months. But data released last week showed US retail sales increased less than expected in July as consumers cut back on purchases of motor vehicles. They could slow further in the months ahead amid spiraling new COVID-19 infections and a cut in unemployment benefit checks.

# Mexico to unveil economic recovery plan in two weeks

REUTERS, Mexico City

Mexico’s government will in two weeks present a plan to revive the economy from the coronavirus pandemic, targeting sectors like construction and energy, President Andres Manuel Lopez Obrador said on Monday. “In 15 days, a plan for the reactivation of the economy will be presented,” Lopez Obrador said during a regular conference, noting that the government was in talks with the influential Business Coordinating Council (CCE) about the initiative. “We’ll present a plan that will cover infrastructure construction, including in the energy sector,” he added. Last week, Mexican construction industry lobby CMIC said it had identified 242 infrastructure projects in different states requiring some 294 billion pesos (\$13.31 billion) in investment. The novel coronavirus is spreading in the Americas. Lopez Obrador has said in recent days that the pandemic is losing force in Mexico, but its death toll stands as the world’s third highest after the United States and Brazil.

# Japan’s low jobless rate masks deepening worker despair

REUTERS, Tokyo

Japan’s low unemployment rate on paper suggests an economy weathering the coronavirus reasonably well, but official figures belie worsening prospects for the country’s army of temporary workers, who make up about 40 per cent of the jobs market. A rise in job losses would undermine one of the few successes of Prime Minister Shinzo Abe’s “Abenomics” stimulus policies, aimed at reviving the economy. Japan’s jobless rate stood at 2.8 per cent in June, much lower than 10.2 per cent in the United States and 7.8 per cent in the 19-member euro zone. But a close look at data shows a rising number of people dropping out of the jobs race. That prevents the official jobless rate - the ratio of job seekers who are yet to land work - from rising much. About 2.4 million furloughed workers are kept on payrolls backed by state subsidies, which the government is seeking to extend beyond its end-September expiration. “The huge number of furloughed workers suggests companies are saddled with excess labour and are under pressure to cut jobs down the road,” said Hisashi Yamada, senior economist at Japan Research Institute. “Job losses will hurt Japan’s economic recovery as they spread to broader sectors in coming years, eroding households’ purchasing power,” he said. Japan’s economy plunged by a record pace in the second quarter as the pandemic hit consumption and exports. In the jobs market, the pain has been felt most by those categorised as “non-regular workers,” including those with low-paying, part-time jobs, who make up 38 per cent of all employees in Japan. Non-regular workers account for roughly three

quarters of those employed by restaurants and hotels, many of which were hit hard by the pandemic, according to the labour ministry. A government survey showed more than 40,000 workers, about 15,000 of whom are non-regular workers, have been laid off since February. One worker in her 20s, who was employed as temp staff at a call centre in Kanagawa prefecture, quit her job in June. “My employer would not allow us non-regular workers to work from home,” she told Reuters, on condition of anonymity. “I was told that I could take time off but would not be paid, so I quit, thinking it’d be better living on unemployment insurance.” Some economists estimate the jobless rate would be closer to 4 per cent if furloughed workers were included in the official figures. More broadly, the downturn has affected both those at the start and end of their careers. Over 100 university and high-school students had their job offers cancelled, about triple the number for 2019. More than 50 listed firms offered early retirement to let go some 9,300 employees, the fastest pace in eight years, separate data found. Some analysts expect Japan’s official jobless rate to rise to a record 5.5 per cent hit during the 2009 global financial crisis.



REUTERS

**Japan’s jobless rate stood at 2.8 per cent in June, much lower than 10.2 per cent in the United States and 7.8 per cent in the 19-member euro zone.**

# Efficient logistics network a must to boost e-commerce post pandemic

FROM PAGE B4

On the other hand, existing private logistics companies can jointly collaborate to expand their network across the country. Poor logistics is one of the major setbacks behind the sluggish growth of the e-commerce industry in many developing markets, including Bangladesh. We can boost its growth, create new entrepreneurs and employments by setting up e-commerce logistics footprint all over Bangladesh. **DIGITAL LOGISTICS PLATFORM FOR E-COMMERCE** The digital platform can unlock significant pockets of value. Here, the platform will act as an aggregator, which will work well in our current fragmented market. This platform will have similarities with the on-demand vehicle hiring digital platform like Uber, Pathao. There will be one national platform where all logistics companies will be connected and their services, price and network live visibility will be there. If any merchant wants to deliver a product, he/she can enter that platform, see live services and can compare delivery lead time along with the cost. Currently, most of the logistics start-up companies are based in Dhaka. If this platform can be developed, then a significant number of logistics start-ups will be established and this will not only ensure competitive services but also create full and part-time jobs around the country. To develop this digital logistics e-commerce platform, BASIS, the posts and telecom ministry, the Access to Information (a2i) and private organisations can play an active role. **DIVERSIFIED LOGISTICS FLEET** The main objective of the diversified logistics fleet is to ensure on-time delivery of products at competitive prices and explore all transport fleet services. Currently, all logistics companies prefer delivering goods through roads. But we can explore our domestic passenger airline network also. As we know, each aeroplane has a certain cargo carrying capacity and if they can get customer forecasted cargo weight through an app

in advance then they can easily sell remaining capacity to e-commerce logistics companies. It will not only ensure faster delivery of products to customers but will also ensure competitive ticket price benefits for airline passengers if they do not use their allocated cargo. In the same way, water transport network can also be explored. A certain portion of Bangladesh gets affected by flood each year and to serve customers of those areas a proactive initiative utilising water transport facilities can be explored too. **DECENTRALISATION OF FULFILMENT AND WAREHOUSE FACILITIES** Bangladesh’s current e-commerce businesses are operating mainly through centralised warehouse systems and recently we came to know that one of Bangladesh leading e-commerce businesses is going to invest to expand their logistics infrastructure across the country through setting up multiple product hubs in different divisional districts. To avoid going for huge investments, other logistics start-up companies can jointly set up a warehouse or product hub across Bangladesh. The main objective of decentralised warehouses is to send goods relatively closer to the customer, which will ensure greater delivery flexibility and shorter lead times. And due to decentralisation across the country, new employment opportunities will be generated too. **EFFICIENT REVERSE LOGISTICS** Returns management may be the most challenging aspect for e-commerce sellers and in Bangladesh, the quality of this particular service is not at all up to the mark. Efficient return policies will encourage buyers and help them purchase goods with the confidence that they will not be stuck with the products that do not suit their needs. The e-commerce logistics plans and services should be defined such a way that the customers can have clear visibility and live updates on their products. **SMART ANALYTICS AND USE OF LATEST TECHNOLOGY**

Tech-enabled logistics ecosystem will not only bring efficiency in business but will also ensure intangible benefits like better customer care and customer satisfaction. GPS tracking is one of the core digital logistics inventions and the ever-growing e-commerce logistics can make most of the GPS vehicle tracking system to reap better benefits for the business. Logistics providers should plan their way forward smartly to be able to make fast and seamless delivery and leverage the maximum output from the growing digital consumer class. Usage of business intelligence (BI), Big Data and smart analytics in digital logistics can be a game-changer in e-commerce. Big data also plays a vital role in optimising product transit by making real-time data analytics possible. The Covid-19 has massively accelerated the growth of e-commerce globally as well as in Bangladesh. As per DHL Global E-Tailing 2025 study, over the next 10 years, online retail will continue to gain popularity in both emerging and developed markets. As a result, e-commerce logistics companies will have to play a key role in providing supply chain management services that evolve with consumers’ changing shopping habits. In Bangladesh, the e-commerce sector’s growth has exceeded all expectations and so far, it had a significant impact on changing the economy. Right e-commerce logistics road map will actively boost economic variables and growth rates and will lead to the creation of new employment, entrepreneurs, higher wages and higher standards of living for individuals. It will attract foreign direct investment and increase production and growth rates, which will lead to achieving our sustainable development goals, the upper-middle-income country status by 2030 and the Vision 2041, which aims at establishing Bangladesh as a high-income country.

*The author is the head of supply chain and procurement at bKash*

# From Africa to America, businesses and insurers face survival showdowns

REUTERS, Pilanesberg Park

Wynand du Toit’s safari camp in South Africa’s Pilanesberg National Park lies abandoned, its tents ripped open by baboons and its survival in the balance after his insurer rejected his COVID-19 claim. In the United States, Miami restaurant owner Luis Debayle has laid off two-thirds of his staff and is desperate for an insurance payout that could help avert the prospect of closure. Meanwhile, Munich beer garden boss Christian Vogler is heading to the German courts in an attempt to wrestle about 1 million euros (\$1.2 million) from his insurer. Businesses around the world, hamstrung by lockdowns, are facing often-existential showdowns with insurance companies that are reluctant to pay out on business interruption policy claims for a disaster unknown in living memory. The insurers say many such policies exclude pandemics, require physical damage on premises or do not apply to the widespread lockdowns seen globally.

Facing pressure from regulators, mounting reputational damage and a wave of lawsuits, they warn that paying out could sink their industry. In some countries, including South Africa, France and Germany, insurers are now opening their chequebooks. But for many customers, these settlements or ex-gratia payments - voluntary payouts that do not imply legal liability - fall short. Du Toit’s interim relief payment amounted to 11% of his roughly 3 million rand (\$172,000) claim and was spent in a matter of hours. A bigger payout could hinge on a case being pursued in court against the insurer by another business, which could take some time to resolve. His company, including three tented safari camps and 19 staff, was thrown a lifeline when South Africa opened provincial borders for all travel on Tuesday. However with about 2 million rand in debts still to pay, demand uncertain and an ongoing ban on international tourism, which made up 70% of pre-pandemic revenues, it is going to be tough to stay afloat without a full payout.

# Banks ordered to return to normal working hours

FROM PAGE B1

Banks will be allowed to hold regular meetings and bankers will be allowed to travel abroad. “A good number of people are still being infected by the coronavirus, so the central bank should not have lifted the alternative roster,” said a central banker requesting anonymity as he is not authorised to speak with the media. Rather, the central bank could have given the responsibility to banks to decide on whether they would follow the roster or not, he said.

The move from the central bank came although the infections from the coronavirus are rising. Some 3,200 people tested positive for COVID-19, according to a press release of the Directorate General of Health Services yesterday. This took the caseload to 282,344. As many as 46 people died from the disease in the last 24 hours, the DGHS said. The total number of deaths has now reached 3,740. Bangladesh is the 16th worst-affected country in the world in terms of fatalities.

# Textile sector breathing a sigh of relief with the rebound of apparel export orders

REFAYET ULLAH MIRDHA

The sale of yarn and fabrics of export-oriented spinning and weaving mills is on the rise thanks to a higher inflow of work orders from international clothing retailers.

This has put the country's primary textile sector, which incurred losses of more than Tk 20,000 crore for the economic whiplash by the coronavirus pandemic, on the path of a quick recovery although prices remain below expectations, said millers.

Both textile millers and garment exporters say more and more of the production capacity of their factories was coming to use for the higher inflow of work orders from retailers.

On the other hand, normalcy has returned to the supply chain with China, the main sourcing destination for Bangladesh's textile and garment-related raw materials.

As a result, the business of textile production and garment exports are witnessing improvements fast, according to industry insiders.

"We have just completed our marketing for next seasons," said Faisal Samad, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), adding that the inflow of work orders is also better than that of the previous three months.

A good number of buyers have been reissuing work orders they had previously cancelled and placing new ones as the retailers in the EU and US have opened up their stores.

The shipment of the new work orders will start from November, Samad said.

His views were echoed by A Matin Chowdhury, managing director of Malek Spinning Mills, a leading spinner and garment exporter.

Sales from his spinning mills had increased compared to what was in the last few months but the prices are not what he was expecting.

This is because of cheaper yarn from other countries that have been flooding the domestic markets of late, although there was no such smuggling of yarn over the last few months because of the coronavirus pandemic.

As a result, the sale of fabrics from local mills for the domestic markets had witnessed a surge.

But as normalcy is being restored in business, cheap yarn from neighbouring countries has started pouring in, he said.

American buyers are increasingly placing more work orders, presumably because their sales have increased with the reopening of stores, he said.

A \$600 payment to American citizens under an unemployment scheme by the US government has helped to create new demand for goods in their markets.

This is why the sales of clothing items in the US markets have improved a lot. So the shipment of clothing items to the American markets is also increasing a lot from the country, Chowdhury added.

A Narayanganj-based yarn merchant, seeking anonymity, also blamed the invasion of cheap yarn from neighbouring countries for giving rise to challenges at his factory.

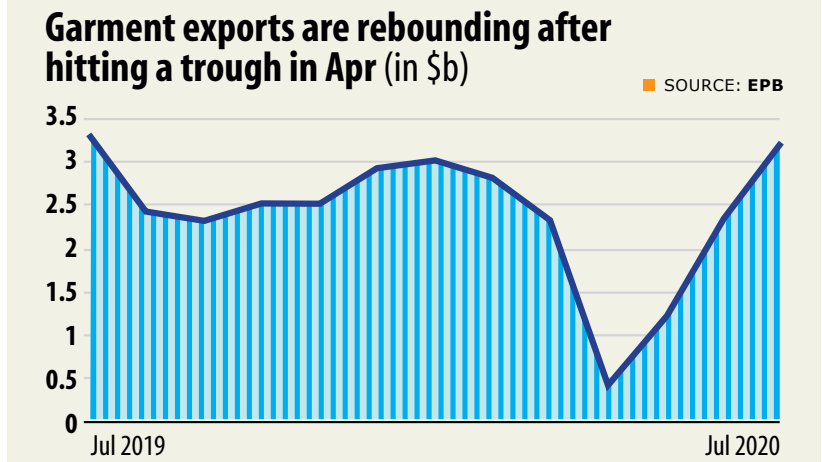
Moreover, some unscrupulous traders were selling yarn imported under the bonded warehouse facility

imported clothing items to discourage the smuggling, he added.

Demand has been increasing a lot from the buyers for yarn and fabrics but the prices are not at the satisfactory level, said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA), the platform for spinners and weavers.

Some of the mills are now running at 70 per cent capacity, while the others are operating at 65 per cent and some less than 60 per cent as the demand for yarn and fabrics has been increasing.

Before the pandemic, he used to sell yarn worth \$55 lakh on an average every month but during the pandemic, the sales from his mill were negligible.



in the domestic markets.

"We received better prices from the sales of yarn in January, February and March of this year," the yarn merchant told The Daily Star over the phone.

He went on to urge the National Board of Revenue to monitor the use of bond facilities such that they were not abused.

"The government should also improve patrolling at the bordering areas so that the invasion of cheap yarn is stopped for the sake of the domestic textile industry."

The local entrepreneurs have already invested more than \$8 billion in the primary textile sector and have been acting as the main player in supplying raw materials for the export-oriented garment industry by reducing lead time substantially.

Sometimes, the prices of even smuggled clothing items are less than that of the local yarn, which is absurd in business.

The Bangladesh Trade and Tariff Commission should also set out a proper valuation of local and

However, with the reopening of the economy, he sold yarn worth \$23 lakh last month and another \$12 lakh this month.

"Maybe this month's sale will be low, but I am hopeful that the sales will grow from next month as I am receiving a lot of response from my buyers," Khokon added.

The widely consumed 30 carded yarn sold between \$2.50 to \$2.53 per kilogram in the local markets in July and August, said Monsoor Ahmed, secretary to the BTMA.

Before the pandemic, the same 30 carded yarn had sold between \$2.80 to \$2.90 per kg in February and March, he said.

Although prices of cotton, the raw material of yarn, has declined in the international markets, local spinners cannot take advantage of this as the cotton they had was imported before the pandemic at 75 cents to 80 cents per pound, Ahmed said.

Currently cotton is selling between 64 cents and 65 cents in the futures markets in New York.

# BSEC orders firms to report on lending to sister concerns

AHSAN HABIB

The stock market regulator has asked all listed companies to inform it whether they are lending to their associated and sister companies at the expense of general investors, in another bold step from the new top brass.

The Bangladesh Securities and Exchange Commission (BSEC) has found that some of the listed companies are extending interest-free loans to their associated or sister concerns, ballooning the profits of the companies of sponsors and directors.

What is more, some listed companies are borrowing from banks at a higher interest rate but are giving loans to sponsors' companies at cheaper rates.

This compelled BSEC to write to all listed companies on 13 August asking them to submit a report within 10 working days about such transactions with sister concerns where sponsor shareholders and directors are common.

"We have found that several companies are cheating general investors by lending to their own companies at a very negligible rate -- this is total dishonesty," said a top official of the BSEC.

Such lending reduces the listed companies' profits and dents general investors' confidence.

The regulator has recently taken steps against some companies on the grounds.

"Now, we want to investigate to find out how much has been given in such a manner by all listed companies," the official said.



Some of the companies have shown substantial amounts in the mode of loans or advances with sister concerns, ignoring instructions from the regulator, the letter said.

In 2006, BSEC issued a notice banning them from lending to associated companies and giving guarantees to loans secured by directors or sponsors.

However, if the board recommends, the lending can be offered subject to approval from general shareholders.

Moreover, the lending amount should be lower than the half of the paid-up capital of the listed companies, the notice said.

It appears that the loans were given to associated companies without any interest or at a nominal cost, whereas listed companies are bearing interest expenses for the fund in their books.

As a result, privately-owned companies of the directors and sponsors are gaining a huge undue financial advantage at the expense of the listed companies, by which the earnings of the listed companies are being siphoned off to the associated private companies, it said.

In its first-quarter report for the 2018-19 financial year, MI Cement, listed with the Dhaka Stock Exchange since 2011, extended interest-free loans of Tk 70.4 crore to its sister concerns, BSEC found.

It did not take approval from the general shareholders. The sister concerns were fully owned by the sponsors of the cement manufacturer.

The regulator slapped a Tk 10 lakh fine on each of the directors of MI Cement except independent ones.

"The sponsors are using listed companies to help their own companies benefit, which is unacceptable," said Kazi Mahfuzur Rahman, an investor active since 2006.

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# Investors of economic zones seek PMO's help to clear hurdles

JAGARAN CHAKMA

The Bangladesh Economic Zones Investors Association (BEZIA) has sought intervention from the Prime Minister's Office (PMO) to help address some of the obstacles for investment in the country's economic zones.

A letter was sent to the PMO on 30 June in this regard, according to Safwan Sobhan Tasvir, association chairman and vice-chairman of Bashundhara Group.

Potential investors were recently blindsided by the implementation of a 15 per cent value-added tax (VAT) charge for a land lease at any of the various economic zones.

Besides, investors are unable to attain bank loans against rented land due to the unfavourable conditions of leasing policies, BEZIA said in a statement.

"Our confidence and expectations were shattered when we unexpectedly

received letters from the Bangladesh Economic Zones Authority (BEZA) on the VAT issue," read the statement.

This will increase their outlay.

"Furthermore, we are keen to enjoy out tax holiday as provided for industrial units regardless of what they produce within the economic zones," it added.

BEZIA also said that investors are facing indefinite delays in the hand-over process for leased lands at economic zones and are also uncertain about whether the infrastructure and facilities present there will be as promised by BEZA.

This includes the construction of a port facility at the Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai, Chattogram, a project which has already far exceeded its completion deadline.

While true that investors were exempt of VAT charges and were given a tax holiday for a certain period as well, the National Board of Revenue

recently issued a notice declaring that 15 per cent VAT would be imposed on land leasing from now on, according to BEZIA.

The organisation also said that banks are uninterested in providing loans for investment in economic zones while using leasing agreements as collateral since the potential borrower does not own the land.

BEZA was created by law and is responsible for protecting investor interests, said BEZIA Vice-President Ashrafur Haq Chowdhury.

However, BEZA's frequent policy changes discourage investors while other organisations, such as the National Board of Revenue and various banks, do not follow the Bangladesh Economic Zone Act-2010.

If BEZA does not ensure benefits for investors, it will fail to attract both domestic and foreign investment for the economic zones.

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# Efficient logistics network a must to boost e-commerce post pandemic



MOHAMMAD RASHEDUL ALAM

The journey of e-commerce started in Bangladesh almost 30 years ago in the late 90s with gift sites targeting the non-resident Bangladeshis.

Since the beginning, there was very slow growth until 2008. In 2009, two major changes took place as Bangladesh Bank allowed online payment and the country witnessed the introduction of WiMAX internet that became quite popular in the country and official journey of e-commerce started in the same year. Bangladesh Association of Software and Information Services was formed.

In 2013, the Bangladesh Bank gave permission to buying products and services online using international credit cards.

From 2013 to 2019, this sector observed tremendous growth and is considered the next major driver of economic development mainly because of the favourable environment of e-commerce business such as ever-growing internet penetration, the rapid growth of financial inclusion, consistently developing web population, focus on digital Bangladesh initiatives, a cultural shift of consumer spending behaviour to digital, increasing per capita income, foreign investment-friendly policy, developed infrastructure and most importantly a bunch of young and tech-savvy population and a big market of 167 million population.

Unlike other decades, the starting of the new decade in 2020 was different

due to coronavirus. The pandemic has fundamentally changed the world as we know it.

This coronavirus crisis has created new opportunities to some businesses and the most booming one is the e-commerce sector. It has caused a shift in consumer behaviour and a handful of these new habits will likely remain in the long-run.

Online purchasing will continue to be a prominent channel for consumers. The coronavirus will permanently change consumer behaviour and purchasing habits, which will remain in the post-pandemic era too.

It is estimated that at present there are approximately 2,000 e-commerce sites and 50,000 Facebook-based outlets and 80 per cent of the online sales are taking place in a couple of major cities only. Some 35,000 individuals and above 25,000 small and medium enterprises (SMEs) are part of this sector.

Mainly, three types of e-commerce are popular in Bangladesh: Business-to-Business (B-2-B), Business-to-Consumer (B-2-C), Consumer-to-Consumer (C-2-C).

The e-commerce sector in Bangladesh is on a growth trajectory and current market size is approximately Tk 8,000 crore and has been growing at about 50 per cent annually and is projected to cross Tk 25,500 crore by 2023.

The ongoing expansion and robust outlook have led to a progress story that will positively impact the entire e-commerce ecosystem through creation of employment and entrepreneurship opportunities.

As per a global study finding, for every job that is created by the e-commerce industry, three or four more jobs are created in downstream industries and the e-commerce industry is making an important contribution in ensuring gender equality, by providing women with increasing opportunities to become



SK ENAMUL HUQ

**Established in 1987 to aid industrial units located in Dhaka and its adjoining areas, Dhaka Inland Container Depot in Kamalapur, right, plays a vital role in connecting with the Chattogram port to enable fast transport of export-import cargo. The photo was taken recently.**

part of the growing bandwagon.

The factors behind the boost of the e-commerce segment are double-digit growth of internet penetration, financial inclusion, government policies, and a shift of consumer behaviour.

The digital logistics ecosystem plays the main role in the expansion of e-commerce business. E-commerce sector's presence, success and growth mainly depend on the capability and efficiency of the nationwide digital logistics ecosystem.

Here in Bangladesh, all sectors have developed a lot, save for one of the key drivers, which is a nationwide digital logistics ecosystem and network.

Every order of e-commerce includes product flow, information flow and capital flow. Much of these flows should be achieved by logistics.

If the logistics of e-commerce is not cost-efficient or modern or do not have a nationwide footprint, consumers may go for traditional commerce again.

As we know for any e-commerce business, properly coordinated logistics is the key to grow and succeed.

Looking back 30 to 40 years ago, there was a relatively straight line between suppliers and retailers. As

and collaboration, technology, resources, and best practices can help this business to grow and some of the steps that can be taken for it are as follows.

**NATIONWIDE LOGISTICS FOOTPRINT**

Anyone living in Dhaka can easily wish to get product or services from e-commerce and the same way any Dhaka-based merchant can easily sell and deliver product or services through e-commerce. For example, anyone living in a remote thana of Tangail can place an order in an e-commerce platform.

But chances are very low for the product to satisfy the consumer due to long delivery lead time, high cost, poor product safety and packaging.

If someone, who is living in Khulna adjacent to the Sundarbans, wants to sell pure honey, we are assuming that he/she may get online orders. But due to the absence of e-commerce logistics services, his/her opportunity of becoming an entrepreneur and earning financial solvency may come to an end.

Currently, e-commerce logistics companies are doing business by focusing mainly on delivering products from Dhaka. But to spread wings across the country, e-commerce logistics footprint should be established all over Bangladesh and only then new entrepreneurs and new employments will be created.

Bangladesh Post Office, which is providing postal services, has nationwide footprint having 9,886 post offices, infrastructure as well as own fleet facilities. Within a very short time, they can establish a vibrant e-commerce logistics services across the country.

Due to a lack of resources, skills gap and other limitations it would be best if they can go for public-private partnerships to make the most use of its vast network across the country.

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