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BUSINESS

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Improve business climate, go for intense negotiation for more Japanese investment

Japanese Envoy ITO Naoki says in an exclusive interview

REFAYET ULLAH MIRDHA and
PORIMOL PALMA

Japanese Ambassador to Bangladesh ITO Naoki believes Bangladesh should begin intense negotiations with his country so that the duo could sign a comprehensive economic partnership agreement.

The rich nation of the Far East has been turning into a major trading and economic partner of Bangladesh and such a deal will ensure duty-free access to Bangladeshi goods even after it makes its graduation in 2024.

The United Nations Centre for Development Policy is scheduled to evaluate certain least developed countries (LDC), including Bangladesh, in 2021 for promotion to the developing country category.

Currently, 98 per cent of goods originating in Bangladesh enjoy duty-free access to Japanese markets under the LDC category, said Naoki.

The exports to Japanese markets, including leather and leather goods, are growing. Some 80 per cent of the shipment is clothing items, but pharmaceuticals have a big potential too, he said.

"Bangladesh's exports to Japan alongside Japanese investment in the country have tripled over the last 10 years," said Naoki in an exclusive interview with The Daily Star at his residence in



ITO Naoki

Dhaka last week.

Japan is the only country in Asia where Bangladesh's exports crossed \$1 billion over the past decade. Currently, the number of Japanese companies doing business in Bangladesh is 315, which have invested \$730 million.

"Many Japanese companies are awaiting the scope to invest in Bangladesh's energy and power, garment, sugar, processed food, construction and fertiliser sectors," said the ambassador.

Achieving such a big success in the Japanese market has been possible because Bangladesh is a very important trading partner, he said.

A testament to this is an important meeting held in July last year among top officials of 70 Japanese companies which sought to know about the investment climate in Bangladesh, said Naoki.

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PALASH KHAN

A portion of the metro rail project is seen in Mirpur, Dhaka. The photo was taken last week.

JAPAN-FUNDED MAJOR PROJECTS IN ROAD AND RAIL SECTORS			
PROJECT NAME	WORKS	COST (IN TK CRORE)	DEADLINE
MRT-6	Metro rail (Uttara-Motijheel)	22,000	2024
MRT-1	Metro rail (Airport-Kamalapur via Natun Bazar-Purbachal)	52,562	2026
MRT-5	Metro rail (Hemayetpur-Bhatara)	41,238	2028
Cross-border Road Network Improvement Project	17 bridges and 11-km roads	3,684	2022
Western Bangladesh Bridge Improvement Project	81 bridges and 42-km roads	2,911	2022
Bangabandhu Sheikh Mujib Railway Bridge Project	Dedicated rail bridge over the Jamuna river	16,780	2025

Robi's IPO subscription begins today

AHSAN HABIB

The biggest initial public offering in Bangladesh's history will make a major step forward today as investors would be able to bid for the shares of Robi-Axiata.

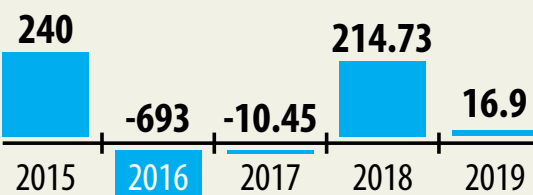
The offer closes on November 23. General and eligible investors and non-resident Bangladeshis can apply for the shares.

Robi, the second-largest mobile network operator, is going to raise Tk 523.79 crore from its IPO, overtaking market leader Grameenphone's floatation of Tk 486 crore in 2009.

Most investors and analysts have welcomed Robi's IPO since they expect it to boost investor confidence. But after a few years, there might be an impact in the secondary market as the company is making available a massive number of shares.

PROFIT AND LOSS OF ROBI AXIATA

In crore taka; SOURCE: IPO PROSPECTUS



"We are excited by the IPO because of its growth potential," said Mohammed Rahmat Pasha, chief executive officer of UCB Capital Management, a brokerage house.

"It's a dream IPO," he added.

Usually, brokers do not show much interest in companies bearing lower earnings per share (EPS). However, Robi is different since it will properly utilise the fund to increase profits.

"So, we hope the company's EPS will grow in the coming years along with its dividends," Pasha said.

Robi's EPS was Tk 0.04 in 2019.

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IPDC Finance far from pandemic blues

Books higher profits in Q3

STAR BUSINESS REPORT

IPDC Finance logged Tk 50.3 crore in profits for the July-September quarter, a 13 per cent increase year-on-year, according to a press release.

The country's first private sector non-bank financial institution (NBFI) ended the third quarter of 2020 with an all-time high liquidity of Tk 825.9 crore, which it terms "enough to meet its short-term obligations".

"The IPDC was able to achieve this feat due to good corporate governance, proactive planning and by taking responsibility of customers, employees and the community," said Managing Director and CEO Mominul Islam.

Islam was speaking at IPDC's "Investors Meet", held virtually on November 15 to discuss financial highlights, benchmarks and the NBFI's key strategies for the future.

The IPDC maintained good capital amid the ongoing Covid-19 pandemic and also registered growth with net profit by setting aside adequate provisioning in anticipation of difficult times ahead.

Despite the Covid-19 fallouts, the IPDC has outperformed itself compared to that in the same period last year, Islam said.

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Paramount Textile to buy 80pc stake in Intraco Solar for Tk 60cr

AHSAN HABIB

Paramount Textile is set to buy an 80 per cent stake in Intraco Solar Power for around Tk 60 crore in a bid to enter the renewable energy market.

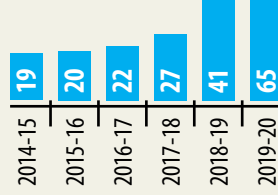
The listed textile-maker has reached an agreement with Intraco CNG to buy 29 per cent share for Tk 18.48 crore, Paramount Textile said in a disclosure published on the Dhaka Stock Exchange (DSE) website yesterday.

"We will buy the remaining 51 per cent stake from Intraco CNG soon," said Md Robilul Islam, company secretary of Paramount Textile, which had its trading debut in 2019.

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NET PROFIT OF PARAMOUNT TEXTILE

In crore Tk SOURCE: FINANCIAL REPORTS



Record \$1.2b remittance flows in 15 days of Nov

Kamal hails migrant workers

STAR BUSINESS REPORT

Bangladesh earned a record \$1.2 billion in remittance in the first 15 days in November, the finance ministry said yesterday, despite grim forecasts made at the height of the pandemic about the money sent by migrant workers.

Even amid the coronavirus pandemic, the surge in remittance has kept its pace, the ministry said in a press release. In just 12 days this month, expatriates sent more than \$1 billion.

"This is a rare event in the history of Bangladesh," it said.

From July 1 to November 12, remittance inflow stood at \$9.69 billion, up 43.42 per cent from \$6.89 billion year-on-year.

The migrant workers remitted \$2.11 billion in October, which was way higher than \$1.64 billion flown to the country in the same month a year ago.

October's receipts were the third-highest monthly flow in history, behind July's \$2.59 billion and September's \$2.15 billion.

The increasing trend of remittances has given a massive respite to the government to manage its external sector from the ongoing economic hardship.

Experts hope the trend would continue in the coming months given the global economic scenario and the initiatives taken by the government.

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Micro businesses can now accept digital payments

AKM ZAMIR UDDIN

In a remote part of the country, a vegetable vendor wakes up early in the morning and goes to the nearest local market where wholesalers are available.

During the day, he purchases some vegetables by debiting money from his account. He pays the wholesalers the total for his purchases by using the mobile app of his bank or a mobile financial service (MFS) provider.

Then, some of his customers pay the value of their purchases to the vegetable vendor by using their mobile wallet while others use cash.

Funds can also be encashed by transferring the required amounts to MFS agents or merchants under the agent banking programme of the central bank.

From now on, such scenarios would become a reality in rural areas as Bangladesh Bank yesterday allowed micro and underprivileged businesses to open personal retail accounts.

Such digital banking is now available at shopping malls in cities but was quite impossible in the case of remote rural markets.

The businesses, who can submit their trading licence, tax certificate and rent statement, are allowed to open merchant accounts such that customers can digitally make payments for the value of the products.

But micro businesses will not require such documents to open their personal retail accounts, according to a central bank notice released yesterday.

They will have to manage a certificate on their profession from the local public representative for opening the account.

If such documents from public representatives cannot be managed, banks, MFS providers and payment



The banking watchdog has given go-ahead to small and micro businesses to open retail account without any trade licence. The photo was taken from the capital's Tejgunipara bazar last week.

PRABIR DAS

KEY POINTS

- » Digital banking to get a momentum
- » Use of cash and necessity of branch will reduce
- » Unbanked people to be brought under formal financial system
- » Micro businesses to be allowed to open retail account without trade licence
- » Digital payment ecosystem to emerge
- » Account-holders of banks, MFS and payment service providers will be eligible to open account

service providers (PSP) will have to accept certificates from respective professional organisations of the micro businesses.

The central bank, however, imposed a ceiling on the financial transactions through personal retail accounts.

If micro businesses open accounts with banks by fulfilling the full-fledged KYC (Know Your Customers) requirements, there will be no limit to transactions.

The monthly outstanding balance cannot cross Tk 10 lakh at the respective accounts if micro

businesses open the account by filling up an e-KYC.

The central bank allowed clients to open accounts by filling up simplified e-KYCs, where national identification cards have to be submitted.

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