

# GameStop saga may provide early test of Biden administration ethics pledges

REUTERS, Washington

Arguably the last thing new US Treasury Secretary Janet Yellen wants to take up during her first days in office is a financial market imbroglio involving one of her last private sector business relationships.

But as hedge fund Citadel LLC emerges as one of the key actors in the trading frenzy last week involving GameStop Corp - and questions arise over whether the activity exposes deeper risks for the financial system - Yellen could find herself pulled into the fray.

Citadel, together with another fund, extended a \$2.75 billion financial lifeline to hedge fund Melvin Capital Management, which had suffered heavy losses by betting against GameStop. Citadel also pays for the right to process Robinhood users' trades, a practice that has drawn some concern from investor advocates.

The White House has said Yellen is among a handful of officials monitoring the fracas. As head of the Financial Stability Oversight Council (FSOC), Yellen is broadly responsible for the health of the entire trading and investing system.

A sticking point for her to clear, though, may be \$700,000 in speaking fees she accepted from Citadel, as recently as last fall. Yellen has pledged not to involve herself in an official capacity in matters involving the firm without first seeking a written waiver from Treasury ethics officials.

Ethics experts say that pledge is not a hard wall for her to scale should the need arise. After ethics violations dogged the Trump administration, some groups are urging Yellen to pre-emptively seek a waiver, and set a precedent.

"This example is a good test of Biden's ethics executive order and the transparency that follows, but it also highlights the revolving door and why restrictions are necessary to protect the integrity of government missions, policies, and programs," said Scott Amey, general counsel at Project On Government Oversight, a nonpartisan government watchdog group.

The Treasury secretary normally does not get involved in matters involving individual stocks and concentrates instead on broad systemic risks to the financial system, which the department monitors through daily market surveillance.

"Secretary Yellen of course will abide by her ethics agreement and ethics pledge in all instances," Treasury spokesman Calvin Mitchell said. He did not indicate how she would approach the specific Citadel issue.

Like many former government officials, including her former Federal Reserve chair predecessor Ben Bernanke, Yellen took speaking fees from private companies after she left government.

Yellen filed an ethics agreement here with the Office of Government Ethics in December saying she would "seek written authorization to

participate personally and substantially in any particular matter" related to any companies that paid her speaking fees prior to joining President Joe Biden's administration - for a year after her last speech to each firm.

Yellen spoke several times at Citadel, most recently on an Oct. 27 webinar, according to the filing. She was paid at least \$700,000 in speaking fees by the Citadel while she was in private practice at the Brookings Institution think tank, another disclosure here shows.

These speaking engagements, which also include financial heavyweights such as Barclays, Citigroup, and Goldman Sachs, are not likely to impact her ability to give Biden broad advice on the stock trading matter, government ethics experts say.

"If this becomes a situation where regulators are considering new rulemaking with Citadel as the poster-child, that's different," said Lisa Gilbert, executive vice president of Public Citizen, a group pushing for stronger financial regulation.

A major question is whether volatility from Gamestop and similar retail investor revolts against short-squeezes boil over into a systemic event that sends markets crashing broadly.

Typically a matter involving an individual stock or equity market trading and brokerages would fall to the Securities and Exchange Commission, which has said it is examining the matter.

# Pran to make Gillette razors for P&G

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One of the major business entities operating in diversified areas, namely processed foods and plastics, Pran-RFL Group manufactures a host of products in food and non-food categories in its facilities.

These range from juice, beverage, yogurt drink, biscuit, puffed rice and noodles to confectionery items. It also makes products for Coca-Cola, Del Monte Foods, Dollarama, Engel Foreign Food, Sherwood Food Distributors and Global Food Trade, said Pran.

Pran said it was engaged in contract manufacturing to earn foreign currency, generate employment and gain experience by working with multinational companies.

Another aim is to make complete use of its production capacity.

The new manufacturing facility to make razors will go into operation this month.

"We are proud to be P&G's partner in manufacturing superior products for

Bangladeshi consumers," said Ahsan Khan Chowdhury, chairman and chief executive of Pran-RFL Group which has a yearly turnover of over Tk 14,000 crore.

Madhusudan Gopalan, chief executive of P&G South Asia, said the arrangement would enable it to serve its consumers further.

"It also builds on our commitment to invest in Bangladesh which will contribute towards advancing the country's social and economic development by creating employment and partnering opportunities," he said.

US Ambassador to Bangladesh Earl R Millar termed the day vital as the P&G joined with other US firms to tap into the potential of Bangladesh as a major manufacturing base.

Md Sirazul Islam, executive chairman of Bangladesh Investment Development Authority, hoped for jobs to be created for youths through the initiative.

# BSEC to launch audit of BD Welding

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been trading under that category for a period of more than four years.

"But the company and its board of directors failed to improve the performance of the company during the period," it read.

On the other hand, the company declared 1 per cent stock dividend for shareholders without earning any profit in the period of 2019, which is contrary to what the securities laws stipulate, it said.

The company received Tk 23.80 crore against agreed value but its cash received against disposal of fixed assets is Tk 8.70 lakh. So, it is clear that there is a mismatch

in the cash received amount, the BSEC's letter read.

"At the same time, the property still exists in the balance sheet which is misleading," it said.

The company did not shown its documents on assets and debts to the auditor so its net asset value and earnings per shares is likely to be fabricated, the BSEC said.

So, the BSEC has taken the step to protect the interest of the investors of the company, the BSEC said.

The company's stocks rose 3.07 per cent to Tk 16.80 yesterday.

# GP hasn't set aside funds against govt's audit claim: auditor

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The BTRC's claim to the mobile operator stood at Tk 8,494.01 crore. The operator owed another Tk 4,085.94 crore to the National Board of Revenue from 1996 to 2017.

GP has paid Tk 2,000 crore to the BTRC as per a Supreme Court order.

The operator has a reserve of Tk 1,692 crore, according to the DSE. It provided 275 per cent cash dividend to shareholders for 2020.

# British govt working on Covid recovery plan for economy

REUTERS, London

Britain's government is working on a recovery plan for the country's COVID-battered economy, a source said on Sunday, as ministers direct their attention to trying to restore growth for businesses hit hard by the pandemic.

Prime Minister Boris Johnson and finance minister Rishi Sunak have broken with the traditional, pro-market instincts of their Conservative Party and are on course to spend 280 billion pounds of public money in the

current financial year to support jobs and businesses.

The government source said the finance ministry and cabinet office were working on a recovery plan after the Sunday Times reported that the government would provide a long-term blueprint that is likely to mean high state spending for a decade.

The Sunday Times also said Sunak would use his March 3 budget to extend government relief, including the furlough job protection scheme, business support loans, cuts in value-added tax,

and perhaps the cut to stamp duty on property purchases which is due to expire at the end of March, until the virus is under control.

Earlier this month, a leading British employers group called for another 7.6 billion pounds of immediate government help, saying they could not wait until the March budget.

The Sunday Times said Sunak would also announce that the support programmes will be phased out, probably this autumn, in favour of a plan for jobs to kick-start employment and a plan for growth to promote new industries.

# Exports, cheap foreign loans to take a hit for LDC graduation

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Under the hypothetical scenario, where Bangladesh had remained an LDC in the foreseeable future, the proportion of concessional external debt would have remained high at more than 65 per cent.

The loss of concessional loans will lead to increased debt servicing costs, the study said.

Since the level of foreign currency reserves is assumed to be kept unchanged, the gap will be filled up by the accumulation of external debt.

The LDC graduation will open up the door for market-based borrowing by both the public and private sectors. And Bangladesh will become more dependent on borrowing from relatively higher-cost sources. The private sector external debt will also see an increase.

The third important factor will be the loss of foreign grants, currently received by the public and private sectors.

Bangladesh's dependence on foreign grants has come down significantly over the last several decades. In recent years, grants received by the public sector are estimated to be about 0.1 per cent of GDP, or less than \$300 million per annum.

There are no definitive estimates for grants from the foreign private sector to the domestic private sector.

However, based on the data on private transfers as reported in the balance of payments, the amount could be up to \$400 million.

The total grant amount of about \$700 million may disappear over time as Bangladesh graduates from the LDC group and firmly moves towards an upper-middle-income country status.

The combined impact of the three types of losses will directly affect the BoP, and the current account deficit

may swell to 0.9-1.4 per cent of GDP in FY27.

Most of the losses are on account of export loss in both EU and non-EU markets. The widening of the current account deficit from garment market loss in the EU alone contributes a 0.9 per cent increase in the current deficit.

If the export losses from the non-EU readymade garment, other exports and the loss of grants are considered, these add another 0.5 per cent to the current account deficit in FY27.

The higher debt-servicing costs and higher borrowing to finance the increased current account deficits will reduce the economy's capacity to invest, build up reserves or consume by the same amount under unchanged policies, according to the study.

The loss of grants will be primarily reflected through adjustments in budgetary outlays and private NGO activities. The study also suggested ways to offset the losses accrued from graduation.

The first approach could be to cover the full amount of BoP financing requirement by external borrowing. In this case, external debt will increase by the full amount of the shortfall, and there will be no need for import compression, also known as import reduction.

There will be no need to adjust the exchange rate and other policies, including monetary.

This may be a short-term and politically quite attractive solution but not a very desirable outcome from a medium and long-term perspective, the study said.

The adverse effects on GDP could be substantial, and associated negative implications for employment and poverty will create social problems.

Importantly, Bangladesh will deviate from its long-term development objectives associated

with the Perspective Plan 2041.

Furthermore, the debt sustainability situation may be compromised over time. The debt accumulation will increase rapidly that could jeopardise debt sustainability and debt servicing owing to reliance on high-cost commercial debt in market prices.

The second approach could be to allow the market mechanism to initiate the necessary adjustment process, including trade reforms and other policies to diversify exports and adjustments (depreciation) in the exchange rate to contain imports and provide incentives for exports.

Under this scenario, exports will be more competitive, and the consequent boost in exports, along with the containment of imports due to the exchange rate adjustment, will offset the impact of the loss in overseas sales.

In order to minimise the export loss, the authorities should engage in economic diplomacy, including initiatives for continued market access in the post-LDC period regionally, bilaterally or multilaterally.

The study suggested for reforms in the tax administration, macro-economic management strategy and stability in the BoP to offset the impacts of the LDC graduation in the economy.

Bangladesh was recommended for LDC graduation by the Committee for Development Policy (CDP), a United Nations panel that analyses the status of LDCs, in its triennial review in 2018 as the country met the graduation criteria in Gross National Income (GNI) per capita, Human Assets Index (HAI), and Economic Vulnerability Index (EVI).

The CDP will review the country's performance later this month. If Bangladesh can meet the requirements, it will be recommended for graduation.

# Remittance stays robust

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"These are all hypothesis. The government should carry out research to unearth the actual reasons for the upward trend of remittance."

The research will help find out whether the trend is temporary or will last long, he said. "The findings will assist the government in taking measures to maintain the flow."

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said it would take at least a couple of months to understand the trend.

Although labour export has almost come to a halt, remittance has been on the rise,

raising a natural question, he said.

Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said that remittance had created a mismatch from both micro and macro-economic perspectives.

Remittance has helped swell the country's foreign exchange reserve, which stood at \$42.91 billion yesterday compared to \$32.38 billion a year ago.

In a study conducted between November and December, the Sanem found that remittance to households declined during the pandemic.

# Dhaka hotels bear the brunt of pandemic


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"On the other hand, our hotel is away from the sea beach so people think our hotel is safer," he said.


Mohammad Nurul Azim, company secretary to the Peninsula, said the Chattogram-based hotel registered increased sales of foods owing to a demand for hygiene from the well-off and middle-class in the port city.

"Our overhead cost also declined. Our directors stopped receiving remuneration from July last year amid the pandemic. The need for casual staff also declined and we keep them under an on call basis," he said.

"We also got business travelers from Dhaka and other parts," he said.



**Dhaka Power Distribution Co. Ltd.**  
ঢাকা পাওয়ার ডিস্ট্রিবিউশন কোম্পানি লিমিটেড (ডিপিডিসি)  
(An Enterprise of the Government of the People's Republic of Bangladesh)  
বিদ্যুৎ ভবন (৩য় তলা), ১ আব্দুল গনি রোড, ঢাকা-১০০০।  
Web site : www.dpdc.gov.bd



## Invitation for Bids

Date: February 02, 2021  
Loan Agreement No: BD-P97  
IFB No: 787/2021  
Reference Identification No: 87.402.105.00.00.182.2017.787  
**Deadline for submission of Bid: May 03, 2021**  
Ministry/Division: Ministry of Power, Energy & Mineral Resources/ Power Division  
Executing Agency: Dhaka Power Distribution Company Limited (DPDC)

- The Government of the People's Republic of Bangladesh has received a loan from Japan International Cooperation Agency (JICA) towards the cost of "Dhaka Underground Substation Construction Project". It is intended that part of the proceeds of this loan will be applied to eligible payments under the Contract for the project named "Dhaka Underground Substation Construction Project at Kawranbazar under DPDC".
- Bidding will be conducted through procedures in accordance with the applicable Guidelines for Procurement under Japanese ODA Loans, and is open to all Bidders from eligible source countries, as defined in the Loan Agreement.
- Dhaka Power Distribution Company Limited (DPDC) now invites sealed Bids from eligible Bidders for "Design, Fabrication, Supply, Installation, Testing and Commissioning of 132/33 kV & 33/11 kV Underground Substation, Civil works, Underground Building Construction, 132 kV Underground Transmission line and 33 kV & 11 kV Distribution line facilities at Kawranbazar on Design Build Turnkey Basis" ("the Works"). International Competitive Bidding will be conducted in accordance with JICA's Single-Stage Bidding Procedure.
- Interested eligible Bidders may obtain further information at the following address:  
**Attention: Project Director**, Dhaka Underground Substation Construction Project at Kawranbazar under DPDC  
**Address:** Office of the Superintending Engineer, Contract & Procurement Circle, DPDC  
Biddut Bhaban (3<sup>rd</sup> Floor), 1-Abdul Gani Road, Dhaka-1000, Bangladesh  
Email: [pdugs@dpdc.org.bd](mailto:pdugs@dpdc.org.bd); Telephone: +8802-9567258
- A complete set of the Bidding Documents can be purchased by interested Bidders on the submission of a written application to the address above and upon payment of a non-refundable fee of Bangladeshi **Taka 30,000.00 (Taka Thirty Thousand Only)** in the form of Pay Order issued by any scheduled bank in Bangladesh in favor of Dhaka Power Distribution Company Limited.  
The bidding document can be purchased in any working days after 03 (three) days of publishing Tender Notice. The Bidding Documents shall not be sent through a courier for an additional fee even so requested.
- Bids must be delivered on or before **11:00 AM (Bangladesh Standard Time) on May 03, 2021** and must be accompanied by a **Bid Security of USD 1,500,000.00 (US Dollar One Million Five Hundred Thousand Only)** as stated in Clause 21.1 of the Bid Data Sheet (BDS) to the following address:  
**Address:** Office of the Superintending Engineer, Contract & Procurement Circle, DPDC  
Biddut Bhaban (3<sup>rd</sup> Floor), 1 Abdul Gani Road, Dhaka-1000, Bangladesh  
Email: [pdugs@dpdc.org.bd](mailto:pdugs@dpdc.org.bd); Telephone: +8802-9567258
- Bids will be opened in the presence of Bidders' representatives [limited two members from each Bidder who submitted the bids and the bid security acceptable to representative of DPDC] at the following schedule:  
**Time: 11:30 AM (Bangladesh Standard Time), Date: May 03, 2021**  
**Address:** Office of the Superintending Engineer, Contract & Procurement Circle, DPDC  
Biddut Bhaban (3<sup>rd</sup> Floor), 1 Abdul Gani Road, Dhaka-1000, Bangladesh  
Email: [pdugs@dpdc.org.bd](mailto:pdugs@dpdc.org.bd); Telephone: +8802-9567258
- Other Details:**  
Invitation for Bids (Tender Notice) along with 'General Information & Scope' is posted on DPDC website: [www.dpdc.gov.bd](http://www.dpdc.gov.bd) & CPTU website: [www.cptu.gov.bd](http://www.cptu.gov.bd) and hard copies of the same are available from the office address above mentioned.  
Name of Official Inviting the Bids : Md. Asaduzzaman  
Designation of Official Inviting the Bids : Company Secretary, DPDC  
Address of Official Inviting the Bids : Office of the Company Secretary, DPDC, Biddut Bhaban (2nd Floor), 1 Abdul Gani Road, Dhaka-1000, Bangladesh.  
Email: [cs@dpdc.org.bd](mailto:cs@dpdc.org.bd); Telephone: +8802-9570066

**Md. Asaduzzaman**  
Company Secretary, DPDC