

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|--------------|----------|--------------|--------------|-----------------|-----------|-----------|----------|----------------|--------|--------|-------|
| Week-on-week | | As of Friday | | Friday Closings | | | | As on Thursday | | | |
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY |
| ▼ 0.16% | ▼ 0.42% | \$1,782.31 | \$62.91 | ▼ 0.85% | ▼ 0.72% | ▼ 0.97% | ▲ 0.57% | BUY TK 83.95 | 100.03 | 115.40 | 12.81 |
| 5,475.99 | 9,544.37 | (per ounce) | (per barrel) | 50,889.76 | 30,017.92 | 2,880.64 | 3,696.17 | SELL TK 84.95 | 103.83 | 119.20 | 13.46 |



Star BUSINESS

DHAKA SUNDAY FEBRUARY 21, 2021, FALGUN 8, 1427 BS • starbusiness@thedailystar.net

Tea consumption crashes for first time since 2007

DWAIPAYAN BARUA and MD FAZLUR RAHMAN

Drinking tea is increasingly becoming a part of family, social and professional life in Bangladesh as young, grownups and even kids alike like to take a sip at the world's most popular beverage.

Locals consumed more than 13 crore cups of tea daily before the pandemic hit the country in March last year as consumption has grown rapidly over the years driven by a combination of higher incomes, urbanisation, fast expanding middle-class and changing lifestyle.

Even people from the lower income groups have jumped on the bandwagon, evidenced from

gatherings at tea stalls in the remotest part of the country, particularly in the evening.

Consumption, however, fell last year to its lowest level since 2007 due to the pandemic-induced lockdown.

Annual consumption reached 95.2 million kilograms in 2019, up from 36.95 million kgs in 2001, data from state-run Bangladesh Tea Board (BTB) showed.

This brought per capita tea consumption to more than 588 grams, or 294 cups a year. In total, people sip about 5,000 crore cups of tea, according to industry people.

The consumption, however, dropped to 84 million kgs last year due to the pandemic-induced lockdown, which



SK ENAMUL HUQ

Roadside tea vendor Sharmin is pouring tea for customers at her shop in Dhaka's Bashabo area.

forced hundreds of thousands of hotels, restaurants, tea stalls and offices across the country to shut operations from late March to early June last year.

The strict lockdown and the fear

of catching the deadly virus from eating outside prompted consumers to turn to homemade tea, preventing the overall consumption from taking a sharp fall.

After the restrictions eased in

June, consumption rebounded. Local sales of tea hover around Tk 3,500 crore a year, according to two people working in the industry.

READ MORE ON B3

57,000 new firms come under tax net in 6 months

STAR BUSINESS REPORT

An initiative of the National Board of Revenue (NBR) to bring non-compliant firms under the tax net has proved to be a boon as the number of TIN-holding companies went up by 73 per cent in just six months.

In August last year, the tax authority formed a task force to collect data of companies and firms from the Registrar of Joint Stock Companies and Firms (RJSC) and match it with the NBR's data on the companies with taxpayers identification number (TIN).

It found that 55 per cent, or 98,000 of the total of 176,000 companies and firms registered with the RJSC were outside of the tax net.

The team identified the companies that didn't file returns regularly and shared the list with the field offices to ensure that the firms come under the tax net.

Within six months, the number of TIN-holding companies rose to more than 135,000 as 57,000 firms came under the net for the first time.

"Almost 70 per cent of the companies that had been outside the tax net have been brought under the net," said a paper presented by Md Shabbir Ahmed, director of the NBR's Central Intelligence Cell, at a meeting last week.

At this rate, all companies in Bangladesh will be under the net by April this year, according to the report of the task force.

The NBR also focused on ensuring return submissions by all companies and filing of genuine audited financial accounts.

In order to do so, the tax administration teamed up with the Institute of Chartered Accountants of Bangladesh (ICAB) and rolled out software application Document Verification System (DVS) on November 12 to prevent unruly firms from submitting fake financial statements.

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INTRODUCING NEW
HOTLINE NUMBER **16704**
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Farmers remain good borrowers

Outperform other borrowers in loan repayment; return Tk 16,056cr in Jul-Jan



AKM ZAMIR UDDIN

Loan repayments by farmers have gone up significantly in the first seven months of this fiscal year as the farm sector that already has a sound credit history emerged almost unscathed from the devastating fallouts of the pandemic.

Between July and January this fiscal year, loan repayments by farmers stood at

Tk 16,056 crore, up 19 per cent year-on-year, according to data from the central bank.

"Farmers have been good borrowers historically and the recovery rate from the farm sector is higher than many other sectors," said Md Ali Hossain Prodhania, managing director of Bangladesh Krishi Bank (BKB).

READ MORE ON B3

Rangs to rev up car assembly

STAR BUSINESS REPORT

Rangs Limited, a concern of Rangs Group, plans to expand its line of locally assembled cars this year to tap into the spiralling demand for affordable personal vehicles from the growing middle-class.

Rangs has been locally assembling Mitsubishi Outlander, a crossover sport utility vehicle (SUV) designed by Japan's Mitsubishi Motors, for more than three years now.

The country's leading car marketer is now considering whether to introduce two more models to the domestic market.

"From the assembling's point of view, the prospect is very good," said Shueb Ahmed, divisional director of Rangs Limited.

Rangs, which distributes Mitsubishi vehicles, has so far assembled more than 200 SUVs which are now in the market.

Rangs now wants to assemble nearly 200 more SUVs in 2021, according to Ahmed.

Three local companies -- Rangs Limited, state-run Pragoti Industries and Chattogram-based PHP Family -- have been assembling cars for the past several years.

Pragoti assembles Mitsubishi cars



AT A GLANCE

- Rangs assembling Mitsubishi Outlander for over 3 years
- It's thinking about introducing two more models
- Rangs to assemble nearly 200 SUVs this year
- Two other local companies -- Pragoti and PHP -- also engaged in car assembly
- Fair Group plans to assemble cars of Hyundai
- ANNUAL DEMAND FOR PASSENGER VEHICLES: AROUND 25,000 UNITS

while PHP Motors manufactures cars made by Malaysia's Proton.

Recently, Fair Group said it is going to assemble cars made by Korea's Hyundai Motors.

The annual demand for passenger vehicles is around 25,000 units with reconditioned cars imported from Japan accounting

for a majority of these sales.

Roughly, 22,000 reconditioned cars are imported each year.

However, the domestic market for brand new cars is slowly expanding while local assembly is beneficial in terms of price reduction thanks to lower tariffs on completely knocked down (CKD) kits.

"We are getting the benefit of some value addition locally too," Ahmed said, adding that Rangs ensures quality and provides training to its workforce to develop technical skills.

"Now, we can do the full work of assembling with our efficient human resources. We hardly need assistance from anyone from abroad," he said.

But CKDs are an essential part of the overall manufacturing process and so, formulating the automobile policy would facilitate growth in local manufacturing.

"Foreign manufacturers may feel interested to come to Bangladesh once the automobile policy gets the nod from the government," Ahmed added.

When the policy is passed through the cabinet, the automobile manufacturers will then have an idea about the amount of investment, expertise and technologies required to establish a successful project.

The automobile industry is capital-intensive and it takes a lot of time to develop the sector into a manufacturing hub.

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আমরা গভীরভাবে শোকাহত

নিরঞ্জন চন্দ্র সাহা
(১৫ সেপ্টেম্বর, ১৯৪০ - ১৯ ফেব্রুয়ারি, ২০২১)

বিশিষ্ট শিল্পপতি ও মিডল্যান্ড ব্যাংকের উদ্যোক্তা শেয়ারহোল্ডার জনাব নিরঞ্জন চন্দ্র সাহা গত ১৯ ফেব্রুয়ারি, ২০২১ রাত ১০.৩০ মিনিটে শেষ নিঃশ্বাস ত্যাগ করেছেন।

শ্রদ্ধেয় নিরঞ্জন চন্দ্র সাহা এর মৃত্যুতে আমরা মিডল্যান্ড ব্যাংক পরিবার শোকাহত। আমরা সৃষ্টিকর্তার কাছে তার আত্মার শান্তি কামনা করছি এবং তার শোক সন্তুষ্ট পরিবারের প্রতি গভীর সমবেদনা জ্ঞাপন করছি।

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শ্রদ্ধাঞ্জলি

Synchronised cultivation going on in 61 districts

STAR BUSINESS DESK

Synchronised cultivation is running simultaneously in 61 districts of the country under an incentive programme of the government to boost community cultivation and increase paddy production with low labour and expenditure.

Under the incentive programme, farmers are being provided with hybrid varieties of Boro rice seeds, fertilisers and planting of saplings, the agriculture ministry said in a statement yesterday.

Agriculture Minister Muhammad Abdur Razzaque said under synchronised cultivation system, plantation of rice saplings on each acre of land through rice transplanter can be done in one hour, reducing the cost of farmer by Tk 4,500 per acre.

His comment came as he was inaugurating plantation of rice saplings in 50 acres of land/block

READ MORE ON B3

২১ ফেব্রুয়ারি

প্রাণ দিয়ে যারা দিয়ে গেছে এই প্রাণের বর্ণমালা

শহীদ দিবস ও আন্তর্জাতিক মাতৃভাষা দিবসে সকল ভাষাশহীদ ও ভাষাসৈনিকদের প্রতি গভীর শ্রদ্ধাঞ্জলি

শ্রদ্ধাঞ্জলি

UK retail sales tumble, debt soars on pandemic fallout

AFP, London

Retail sales in Britain tumbled and government borrowing soared in January after the country re-entered lockdown over the coronavirus pandemic, official data showed Friday.

Retail sales slumped 8.2 per cent last month compared with December, the sharpest fall since April 2020, the Office for National Statistics said in a statement. "All sectors saw a monthly decline in volume sales... except for non-store retailers and food stores," the ONS added.

Separate ONS figures showed government net borrowing hit 8.8 billion (\$12.2 billion, 10.1 billion euros) in January, a record for the month and the first January deficit for a decade.

Since April 2020, or soon after the UK's first virus lockdown, public sector net borrowing has ballooned by 270.6 billion.

Overall public sector net debt stands at 2.1 trillion, or around 98 per cent of Britain's total annual economic output. Finance minister Rishi Sunak on Friday



Shoppers browse aisles in a supermarket in London, Britain.

REUTERS/FILE

reiterated the need for Britain to return to "a more sustainable footing", as he prepares for his annual budget next month. UK debt has rocketed over the past year, largely as the government pays the bulk of wages for millions of private sector workers.

Sunak said in a statement that investing more than 280 billion to protect jobs, businesses and livelihoods under its furlough scheme "is the fiscally responsible thing to do".

He added however that "it's right that once our economy begins to recover, we should look to return the public finances to a more sustainable footing and I'll always be honest with the British people about how we will do this".

Britain's economy shrank by a record 9.9 per cent last year but a rapid vaccines rollout has boosted the outlook.

Activity was hampered also by Brexit turmoil ahead of Britain's final exit from the European Union. Much of the UK re-entered lockdown in early January to curb a variant Covid-19 strain that was deemed more transmissible.

Downturn in Europe softer than 2020 crash: business survey

AFP, Brussels

The eurozone economy is being hit hard by a new wave of virus lockdowns but the damage will be less severe than the crash seen last year, a key survey showed Friday.

The closely watched PMI index compiled by IHS Markit is considered the earliest indicator of the state of the economy and the latest reading confirmed fears that Europe was in recession. "Ongoing Covid-19 lockdown measures dealt a further blow to the eurozone's service sector in February, adding to the likelihood of GDP falling again in the first quarter," Chris Williamson, chief business economist at IHS Markit, said. "However, the impact was alleviated by a strengthening upturn in manufacturing, hinting at a far milder economic downturn than suffered in the first half of last year," he added.

The firm's PMI index edged up to 48.1 points in February from 47.8 points in January, closer to the 50-point level which indicates growth. This level, although recessionary, was higher than the depths seen in Spring 2020, when Europe's economy went into freefall.

Respondents this month warned of a big slump in services activity in Germany and France, which together make up a bit less than half of the eurozone economy.

But those countries also saw promising data for manufacturing, though France's dependence on its services is far greater than its German neighbour. The data firm said businesses expressed confidence that vaccinations would open up the economy in the coming months and that "the second half of the year should see a robust recovery take hold."

US FAA tracking all Boeing 737 MAX airplanes via satellite data

REUTERS, Washington

The US Federal Aviation Administration (FAA) said on Friday it is tracking all Boeing 737 MAX airplanes using satellite data under an agreement with air traffic surveillance firm Aireon LLC.

Aireon and L3Harris Technologies announced in November a new partnership with the FAA giving the agency broad access to Aireon's real-time air traffic surveillance Automatic Dependent Surveillance-Broadcast (ADS-B) data. The FAA said on Friday that "Aireon is providing the agency with ADS-B flight data for all Boeing 737 MAX aircraft."

"Aireon's system will flag deviations from certain parameters during all phases of flight and alert the FAA's aviation safety division.

Safety engineers and inspectors will use the early notification to further analyze the incident," the agency said.

Boeing did not immediately comment. The FAA 737 MAX monitoring began on Jan. 29, Aireon Chief Technology Officer Vinny Capezzuto said during a Feb. 12 web event hosted by Aviation Week.

"You can literally monitor it on a situational awareness display and it has event detection tied into it," Capezzuto said, adding the FAA can look for emergency codes and track other data.

The system emails FAA "when events are detected and every day you get a report card on" data from flights from the previous day," he said.

The FAA used Aireon data in its decision to ground the entire 737 MAX fleet in March 2019 days after the second fatal 737 MAX crash in five months.

The FAA lifted the 20-month grounding of the 737 MAX in November after Boeing made a series of software safety enhancements and training changes.

The FAA controls 17 per cent of the world's airspace.

Google fires second AI ethics leader as dispute over research, diversity grows

REUTERS

Alphabet Inc's Google fired staff scientist Margaret Mitchell on Friday, they both said, a move that fanned company divisions on academic freedom and diversity that were on display since its December dismissal of AI ethics researcher Timnit Gebru.

Google said in a statement Mitchell violated the company's code of conduct and security policies by moving electronic files outside the company. Mitchell, who announced her firing on Twitter, did not respond to a request for comment.

Google's ethics in artificial intelligence work has been under scrutiny since the firing of Gebru, a scientist who gained prominence for exposing bias in facial analysis systems. The dismissal prompted thousands of Google workers to protest. She and Mitchell had called for greater diversity and inclusion among Google's research staff and expressed concern that the company was starting to censor papers critical of its products.

Gebru said Google fired her after she questioned an order not to publish a study saying AI that mimics language could hurt marginalized populations.



REUTERS/FILE

A woman takes a picture with two smartphones in front of the logo of the US multinational technology and Internet-related services company Google as she visits the Vivattech startups and innovation fair in Paris.

Mitchell, a co-author of the paper, publicly criticized the company for firing Gebru and undermining the credibility of her work.

The pair for about two years had co-lead the ethical AI team, started by Mitchell.

Google AI research director

Zoubin Ghahramani and a company lawyer informed Mitchell's team of her firing on Friday in a meeting called at short notice, according to a person familiar with the matter. The person said little explanation was given for the dismissal. Google

declined to comment. The company said Mitchell's firing followed disciplinary recommendations by investigators and a review committee. It said her violations "included the exfiltration of confidential business-sensitive documents and

private data of other employees". The investigation began Jan. 19.

Google employee Alex Hanna said on Twitter the company was running a "smear campaign" against Mitchell and Gebru, with whom she worked closely. Google declined to comment on Hanna's remarks.

Google has recruited top scientists with promises of research freedom, but the limits are tested as researchers increasingly write about the negative effects of technology and offer unflattering perspectives on their employer's products.

Reuters reported exclusively in December that Google introduced a new "sensitive topics" review last year to ensure that papers on topics such as the oil industry and content recommendation systems would not get the company into legal or regulatory trouble. Mitchell publicly expressed concern that the policy could lead to censorship.

Google reiterated to researchers in a memo and meeting on Friday that it was working to improve pre-publication review of papers. It also announced new policies on Friday to handle sensitive departures and evaluate executives based on team diversity and inclusion.

Walmart reports strong Q4 sales, announces some wage hikes

AFP, New York

Walmart reported another round of strong sales Thursday amid the coronavirus pandemic as it announced significant investments in higher employee wages and technology for growing e-commerce demand.

The retail giant, which has become a one-stop shop for many consumers during the pandemic, said the new investments will bolster delivery and curbside pickup programs connected to e-commerce and lift wages for some 425,000 US workers.

But shares fell sharply on the announcements, which included a disappointing fourth-quarter loss and a forecast for slower US sales growth and slightly lower profits in the coming year. "Our business is strong, and we're making it even stronger with targeted investments to accelerate growth," said chief executive Doug McMillon in a press release.

Walmart reported a fourth-quarter loss of \$2.1 billion from the accounting for asset sales, compared with profits of \$4.1 billion in the year-ago period. Revenues rose 7.3 per cent to \$152.1 billion as the company pointed to a bounce from a strong holiday shopping season and a lift from a fresh US government stimulus package enacted at the end of 2020. For all of 2020, Walmart reported profit of \$13.5 billion, down 9.8 per cent. Annual revenues jumped 6.7 percent to \$524 billion.

Designated as an "essential" store as a venue for groceries and other consumables, Walmart

was among the beneficiaries from coronavirus shutdowns in the spring when other retailers were forced to close. Sales soared throughout the year even as Walmart struggled at times to keep up with demand for at times unexpected items, such as bandanas, which were used earlier in the pandemic as face masks.

Throughout 2020, Walmart hired more than half a million people, including new staff to deliver items and interface at curbside with customers, and other workers to fill in for those

on leave. At a presentation to Wall Street analysts, Walmart executives said they planned new investments on automation and supply chain improvements. "This year just really fast-forwarded things in terms of customer behavior," McMillon said. "We think the vast majority of that behavior is going to last." McMillon said the spending would boost e-commerce offerings and the attractiveness of "Walmart+", a subscription plan that includes grocery delivery and is a rival to

Amazon's "Prime" service. Walmart projected capital spending of \$14 billion in fiscal 2022 compared with \$10.3 billion in the year that just ended. Neil Saunders, an analyst at GlobalData, said a weakened profit outlook in light of the spending was inevitable. "Such expenditure is necessary, especially in areas like automation which will yield long term savings, so this is a case of some mild short term pain for a long term gain," Saunders said in a note.

The wage increases will lift

Walmart's US employee average wage to above \$15 per hour. However, Walmart did not alter its national minimum wage -- currently \$11 an hour -- which partly reflects the difference between high- and low-cost regions in the US. About 730,000 of Walmart's 1.5 million US employees will make at least \$15 an hour with the latest change.

President Joe Biden and congressional Democrats have championed legislation to boost the US minimum wage to \$15 an hour from the current \$7.25 an hour.

However, the fate of the proposal is uncertain. Republicans so far oppose the plan and even some Democrats have balked at the size of the increase. Some experts have also said the wage hike should take into account regional cost-of-living.

McMillon, in response to an analyst question, said Walmart wanted to maintain its system of promoting workers and that much of the staff that will benefit from the newest increase are company veterans. "We're trying to move that average up, to create that ladder and continue to have associates that come through our system and become store managers," McMillon said. "We're obviously really well aware of what's happening nationally with this discussion around \$15 and think that's an important target," McMillon said. "But I also think that should be paced in a way that's good for the US economy and you can kind of see us as a model. "Shares fell 6.5 per cent to \$137.66.



REUTERS/FILE

A woman is shopping at a Walmart store in Bradford, Pennsylvania.

Chip shortage to leave limited impact on clients

Chairman of Apple Inc supplier Foxconn says

REUTERS, Taipei

The chairman of Apple Inc supplier Foxconn said on Saturday he expects his company and its clients will face only "limited impact" from a chip shortage that has rattled the global automotive and semiconductor industries.

"Since most of the customers we serve are large customers, they all have proper precautionary planning," said Liu Young-way, chairman of the manufacturing conglomerate formally known as Hon Hai Precision Industry Co Ltd

"Therefore, the impact on these large customers is there, but limited," he told reporters.

Liu said he expected the company to do well in the first half of 2021, "especially as the pandemic is easing and demand is still being sustained."

The global spread of COVID-19 has increased demand for laptops, gaming consoles, and other electronics. This caused chip manufacturers to reallocate capacity away from the automotive sector, which was expecting a steep downturn.

Now, car manufacturers such as Volkswagen AG, General Motors Co and Ford Motor Co have cut output as chip capacity has shrunk.

Counterpoint Research says the shortage has extended to the smartphone sector, with application processors, display driver chips, and power management chips all facing a crunch.

However, the research firm predicts Apple will face a minimal impact, due to its large size and its suppliers' tendency to prioritise it. Apple is Foxconn's largest customer.

Foxconn is looking at other areas for growth, including in electric vehicles (EVs), and Liu said their EV development platform MIH now had 736 partner companies participating.

He expected it would have two or three models to show by the fourth quarter, though did not expect EVs to make an obvious contribution to company earnings until 2023.

Liu also said the company was still looking for semiconductor fab purchase opportunities in Southeast Asia after not winning a bid to take over a stake in Malaysia-based 8-inch foundry house Siltronic.

After steel, cement prices set to increase

JAGARAN CHAKMA

After steel, prices of cement are also set to increase by this week, which industry insiders say will raise the cost of public construction projects and building homes.

This is the impact of price hike of clinker, the main raw material of cement, in the international market and freight on board (FOB).

The price of cement is going to increase by around 5 per cent as a form of commercial adjustment.

In other words, cement manufacturers will raise the price by Tk 20 each for 50-kilogramme (kg) bags of cement, according to industry insiders.

Now the 50-kg bags are being sold at Tk 390 to Tk 420 depending on the brand, meaning the price will reach Tk 410 to Tk 440.

In December, the price of steel, another major raw material of the construction sector, increased by 17 per cent.

The retail price of 60-grade mild-steel (MS) rod rose to Tk 64,000 per tonne, up from Tk 54,000 in November and to Tk 61,500 in the corresponding period last year, data from the state-run Trading Corporation of Bangladesh showed. The price has remained unchanged.

Mohammed Amirul Haque, managing director of Premier Cement, said the manufacturers were compelled to make commercial adjustments as the price of clinker increased by \$6 per tonne in international markets while the shipping cost increased by almost 2.5 times compared to last year.

However, he said the commercial adjustment would

CEMENT INDUSTRY AT A GLANCE

Market size: **Tk 25,500cr**

Active cement factories: **37**

Total investment so far: **Tk 30,000cr**

Direct employment: **60,000**

Indirect employment: **1,000,000**

Annual consumption: **33m tonnes**

Production capacity: **68m tonnes**



lead to a very nominal increase. He fears that the price may increase in the coming days as the price of clinker in the international market was undergoing a rising trend since mid-January.

According to him, the cement sector gained 21 per cent growth in January this year compared to the same month in 2020.

"We are hoping that the sector may achieve 20 per cent growth this year as the construction and infrastructure sector may consume huge quantities of cement this year," he noted.

Mir Nasir Hossain, a former president of the Federation of Bangladesh Chambers of Commerce and Industry, said the hike in the price of cement would usher in a threat for the infrastructure and construction

sectors as cement is a key component.

"The implementation of the annual development programme will be affected significantly. Local construction companies will fall in trouble as procurement entities do not adjust prices for the projects with tenures less than 18 months," he said.

Similarly, procurement entities do not keep the provision of revising the budget of projects whose implementation tenure is more than 18 months, although the latest public procurement rules support it.

The condition of price adjustment is, however, kept in case of the involvement of foreign companies, the entrepreneur said.

He said around 20 per cent cement was required in

construction sector and so, its cost would have a huge impact.

Meanwhile, the Bangladesh Cement Manufacturers Association (BCMA) has expressed concern over the continued rise in price of cement's raw materials in the international market.

Clinker is one of the main raw materials for making cement in Bangladesh. It used to cost \$42 to import each tonne of clinker, now it costs \$46. In other words, the cost of importing per tonne of clinker has increased by \$4. This trend of price rise is still continuing.

Of the cost, there has been a \$2 increase for freight on board (FOB) of clinker due to hike of production costs. Besides, rest \$2 increased for cost and freight or CFR (shipping).

According to the cement manufacturers, the production cost of clinker has increased due to the increase in the price of fuel coal used in the manufacture of clinker in the international market.

Due to these reasons, the price of clinker, one of the main raw materials of cement, continues to rise in the international market, which may affect the domestic cement sector.

Md Alamgir Kabir, president of the BCMA and vice-chairman of Crown Cement, said there has been a resurgence of development work in many countries in recent times.

"So the demand for construction materials worldwide has increased tremendously in the last few months," he added.

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Baraka Patenga Power's share bidding starts tomorrow

The company aims to raise Tk 225cr

STAR BUSINESS REPORT

The share bidding of Baraka Patenga Power is set to start from tomorrow as the company aims to raise a fund of Tk 225 crore through initial public offering (IPO).

From the IPO proceeds, the company will invest Tk 144 crore in two of its subsidiaries -- Karnaphuli Power Ltd (KPL) and Baraka Shikhabaha Power Ltd (BSPL).

The rest of the funds will be used to repay loans and bear the expenses of the IPO.

As the company is seeking premium over its face value, it will fix a cut-off price by bidding among eligible investors. Retail investors will get the shares at 10 per cent lower than the cut-off price.

The bidding will commence from February 22 and will continue till February 25, according to a disclosure posted on the Dhaka Stock Exchange website yesterday.

The valuation report of the bidding would be submitted between February 28 to March 2, it said.

Eligible investors should maintain a minimum investment of Tk 1 crore while the amount would have to be Tk 50 lakh for pension funds, recognised provident funds and gratuity funds.

The KPL and the BSPL have already started commercial operation after implementing two plants run by heavy fuel oil. The two have a generation capacity of 110MW and 105MW respectively.

"Our mission is to become the largest power generating company in the private sector by developing more power plants across the country," said Gulam Rabbani Chowdhury, chairman of Baraka Patenga Power.

Earlier, on December 31, 2020, Baraka Patenga Power's bid to raise Tk 225 crore from the market received the green light from the Bangladesh Securities and Exchange Commission.

"Both the companies, otherwise, would have to look for alternative sources of financing to meet such deferred obligations, which might be much costlier resulting in lower profitability," he added.

Baraka Power Ltd, parent company of Baraka Patenga Power, got listed with the country's bourses in 2011.

READ MORE ON B3



NEWS In Brief

Bitcoin, ether hit fresh highs

REUTERS, Singapore

Bitcoin hit a fresh high in Asian trading on Saturday, extending a two-month rally that saw its market capitalisation cross \$1 trillion a day earlier.

The world's most popular cryptocurrency rose to an record \$56,620, taking its weekly gain to 18 per cent. It has surged more than 92 per cent this year.

Bitcoin's gains have been fuelled by evidence it is gaining acceptance among mainstream investors and companies, such as Tesla Inc, Mastercard Inc and BNY Mellon.

Ether, the second-largest cryptocurrency by market capitalization and daily volume, hit a record \$2,040.62, for a weekly gain of about 12 per cent.

Ether is the digital currency or token that facilitates transactions on the ethereum blockchain. In the crypto world, the terms ether and ethereum have become interchangeable. Ether futures contracts launched on derivatives exchange CME earlier this month.



REUTERS/FILE

Bitcoin (virtual currency) tokens are displayed in this picture illustration.

US sees Facebook dispute as a matter between companies and Australia

REUTERS, Washington

The United States considers Australia's dispute with Facebook Inc a business negotiation between private companies and the Australian government, the US State Department said on Friday.

US ally Australia is locked in a pitched battle with Facebook. The US-based social media giant blocked news feeds and other pages - including those of charities, and health and emergency services - as part of a dispute over a proposed law that would require Facebook and Alphabet Inc's Google to pay news outlets whose links drive traffic to their platforms, or agree on a price through arbitration.

Australian Prime Minister Scott Morrison vowed on Friday to press ahead with the law, saying he had received support from world leaders.

Asked at a news briefing whether that included support from the United States, State Department spokesman Ned Price told a regular news briefing, "This is a business negotiation between multiple private companies and the Australian government. Any questions on the status and implications of private business decisions should be directed towards those companies."

GLOBAL BUSINESS

UK top court shakes up gig economy with ruling against Uber

AFF, London

Britain's top court on Friday ruled that drivers at US ride-hailing giant Uber are entitled to workers' rights, in a judgement with huge implications for the "gig economy".

The Supreme Court's unanimous ruling that the drivers are workers followed a protracted legal battle with the Silicon Valley taxi and delivery company. "This has been a gruelling four-year legal battle for our members -- but it's ended in a historic win," said Mick Rix, from the GMB trade union. "The Supreme Court has upheld the decision of three previous courts, backing up what GMB has said all along: Uber drivers are workers and entitled to breaks, holiday pay and minimum wage," he added.

The court ruled that the service performed by drivers was "very tightly defined and controlled by Uber" so they could not be considered to be self-employed. The drivers were "in a position of subordination and dependency... such that they have little or no ability to improve their economic position through professional or entrepreneurial skill," added the ruling. "The drivers were rightly found to be 'workers,'" the six judges concluded.

Uber said it respected the ruling, and "will now consult with every active driver across the UK to understand the changes they want to see", according to Jamie Heywood, its manager for northern and eastern Europe. Lower courts ruled in 2016, 2017 and 2018 in favour of a group of 20



REUTERS/FILE

An Uber Eats delivery person rides a bicycle in Amsterdam, Netherlands.

Uber drivers who argued they were entitled to employee status given the length of time they had been working through the Uber app, and the way that the company oversaw their work.

Uber insisted that the drivers were self-employed since they choose their own hours and place of work, and often find passengers through rival apps. The complainants can now ask an employment tribunal for compensation which could trigger far-

reaching changes affecting all ride-hailing drivers. "GMB will now consult with our Uber driver members over their forthcoming compensation claim," said Rix.

Lead claimant James Farrar said he was "delighted" by the ruling, claiming it would "fundamentally re-order the gig economy" in Britain -- in which people do short-term work without formal contracts, or work without guaranteed hours. The decision was "another nail in the coffin" for the gig

economy, tweeted Rix.

Couriers for the Deliveroo food app are already fighting in the Court of Appeal in London for the right to collective bargaining. But the Institute of Economic Affairs, a free-market think tank, warned that the Uber ruling would push up prices for users and affect the wider economy amid the coronavirus pandemic. "When the logic is extended to other areas of the gig economy, we will see tens of thousands of young people unable to find any work at all at a time when conventional jobs will be very hard to come by," it said.

Uber claimed that it has already changed the way it works since the legal action began, and has been looking at alterations to its business model in the United States after adverse court rulings in California. Chief executive Dara Khosrowshahi on Monday presented a series of promises to European governments and trade unions. He said the aim was to offer a transparent and fair pay structure, and more benefits to drivers.

Uber is calling for companies in the sector to form a joint fund that would allow drivers who work for different apps to be able to access protections and benefits such as paid holidays.

Friday's decision does not affect Uber's right to operate in London, which has been subject to a separate dispute. The platform last September regained the right to operate in London for 18 months, after a court overruled a decision by city authorities to suspend its licence due to concerns over passenger safety.

Fed sees 'considerable' risk of ongoing US business failures

REUTERS, Washington

The risks of ongoing business failures in the United States "remain considerable" even as the economy emerges from the coronavirus pandemic, the Federal Reserve said on Friday in its semi-annual monetary policy report to Congress.

Business borrowing "now stands near historic highs," the US central bank said in the report. Even though large cash balances, low interest rates, and renewed economic growth may dampen problems in the near term, "insolvency risks at small and medium-sized firms, as well as at some large firms, remain considerable."



REUTERS/FILE

The Federal Reserve building is pictured in Washington.

Fed Chair Jerome Powell will present the report in hearings before the US Senate Banking Committee on Tuesday and the US House of Representatives Financial Services Committee on Wednesday.

After presenting his own summary of where the economy stands he will field questions from lawmakers that are likely to focus on how much more help the economy needs from the federal government to reach the point where ongoing COVID-19 vaccinations make it safe to resume normal commerce.

The Biden administration is pushing a \$1.9 trillion stimulus plan that has already cleared a major hurdle in the Senate, money

on top of the nearly \$900 billion approved late last year and the roughly \$3 trillion appropriated at the start of the crisis in 2020.

Those federal payments, including one-time checks to families, increased unemployment insurance, and loans to small businesses, led to faster-than-expected economic growth and less-than-anticipated financial stress among households and the banks that hold their mortgages and credit card loans.

But while banks and household balance sheets remain in reasonable shape, the Fed's reference to business debt highlights the potential economic hangover still to come after a historically trying year.