

## Biniyog Briddhi partners with four enterprises

STAR BUSINESS REPORT

Partnership programme Biniyog Briddhi has teamed up with four innovative impact enterprises, HelloTask, Romoni, SafeWheel and Shuttle.

Biniyog Briddhi is a multiyear partnership among the Swiss embassy in Bangladesh, Roots of Impact, LightCastle Partners, investors, private sector organisations, incubators and support organisations for impact enterprises.

Through the partnership, the impact enterprises will receive funding support to scale up their business and implement impact monitoring systems to better report on their social

missions.

All the enterprises have a strong focus on women's empowerment, logistics, caregiving and health services throughout Bangladesh, says a press release.

The signing ceremony took place at the LightCastle Office in the capital on Tuesday.

Corinne Henchoz Pignani, deputy director of cooperation at the embassy of Switzerland in Bangladesh, Ameena Chowdhury, programme manager, Maxime Cheng, lead of market and capacity building programmes at the Roots of Impact, and Bijon Islam, chief executive officer at LightCastle Partners, attended the ceremony among others.

"Through the B-Briddhi programme, Switzerland wants to support impact enterprises, to have better access to financing options and be equipped to be attract investors," said Pignani.

"In addition, most importantly, we want to promote the culture of impact monitoring amongst social enterprises," she said.

These grants will be conditional on the introduction of robust systems to measure social and environmental impacts.

The next round of call for applications for the catalytic funding will open in April this year. This scheme is open to both early-stage and growth-stage impact enterprises.



Singer and actor Tahsan Khan exchanges signed documents of a deal with Evaly Chairman Shamima Nasrin and CEO Mohammad Rassel at a Dhaka hotel yesterday over his appointment as the "Face of Evaly" for the next two years.

## Govt approves import of another 3.5 lakh tonnes of rice

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Following the meeting, Finance Minister Kamal told reporters through a virtual press briefing that since tenders were a time-consuming process, the rice would be procured through government-level negotiations.

"The tender procedure is slow and during the processing prices fluctuate. We also observed that the price is currently on an upward trend in global markets," he said.

Asked about the unit price of the rice to be imported, Kamal said it was yet to be fixed as the economic affairs committee only just allowed the ministry to negotiate with those three countries.

The prices would be collected with the help of the respective ambassadors and then, the ministry officials will negotiate the price either virtually or on a one-on-one basis.

"We can talk about the prices only after the proposed prices are placed to the purchase committee," he added.

Last month, separate agreements were signed to import 4 lakh tonnes of rice, with 3 lakh tonnes to be sourced through international tenders while the rest would be purchased from India

under a government-to-government arrangement.

Earlier last week the government took the initiative to import 5.5 lakh tonnes of rice through international open tenders.

To expedite the import process, the economic affairs committee approved a proposal on March 3 to shorten the bidding process from 42 days to 10 days.

Chances remain that these moves may not be successful, so the government is trying to make the imports through both international tenders and under state-to-state basis.

"We are trying to procure rice from different sources since if one attempt fails, we may face problem. That is why we are looking for different sources to minimise the risk factors," Kamal said.

A food ministry official said all of their steps may not turn fruitful, which was why they were going for both international open tenders as well as government-to-government arrangements.

So far the government has been able to import 1.18 lakh tonnes of rice as of March 8, according to the food ministry.

## Regulator moves to rewrite IPO rules

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Of the 70 per cent share, 5 per cent has been proposed to reserve for non-resident Bangladeshis, from 10 per cent now.

The proposal came at a time when the regulator is set to implement a new provision for IPOs that will distribute shares proportionately among the applicants, bringing an end to the lottery system.

From April 1, every IPO applicant will get shares if they have a minimum secondary market investment of Tk 20,000. They will have to make a subscription of at least Tk 10,000 in the IPOs.

Retail investors welcomed the proposal on the higher quota for individuals. Institutional investors expressed concerns that their portion will be lower because of the amendment.

"Our stock market has been bearish for almost all the time in the last decade. Many institutional investors did not make a good profit from IPOs. Now, we will have to fight in the secondary market as well to stay afloat," said an asset manager, preferring anonymity.

Other proposed amendments are good for the market, said the asset manager.

According to one of the amendments, foreign investors and placement shareholders of an IPO-seeking company would face a lock-in period for one year and two years, respectively.

In a first, the regulator has set a minimum share issuance. If the size of the post-IPO paid-up capital is up to Tk 75 crore, at least 30 per cent shares have to be issued.

At least 20 per cent of shares have to be offloaded if the post-IPO paid-up capital ranges from Tk 75 crore to Tk 150 crore. It will be at least 10 per cent when the post-IPO paid-up capital goes past Tk 150 crore.

"Most of the amendments proposed are positive," said Prof MA Baqui Khalily, a former chairman of the finance department at the University of Dhaka.

"Because of the steps, the supply side of the stock market has been strengthened. General investors will be happy as they will get more shares." One thing has to be ensured so that mutual funds don't get a lower number of shares because the sector plays a vital role in the stock market, he said.

"Though they are getting many benefits now, the mutual fund sector should not be impacted."

IPO-seeking companies will have to submit the certified copies of VAT returns from the National Board of Revenue and the certified copies of bank statements, according to the draft amendment.

The commission may verify the authenticity of the documents.

"Bank statements and VAT return certificates will add greater transparency to IPO-seeking companies' financials," said Prof Khalily.

The provision of setting aside a 15 per cent share of IPO for IPO-seeking companies was not welcomed. An issuer company may offer private placement for up to 15 per cent of the size of the IPO at par value under the fixed-price method or at

a cut-off price under the book-building method. It will be treated as a part of the IPO, the draft rule said.

A company will not get permission to go public if it has had any private placement in the preceding two years before the IPO.

A merchant banker said the provision to allocate 15 per cent of the IPO shares as private placement would not be a good one.

"Neither general investors nor institutional investors will benefit from it. It may work for the betterment of a company's owners."

## Inflation quickens to 5.32pc in Feb

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The central bank has already warned that inflation might see some pressure in the coming months because of a general price rise globally. It analysed the commodity and food price indexes of the World Bank and the Food and Agriculture Organisation.

On February 2, the Bangladesh Bank said global inflation might rise in the near future. As a result, inflation may face some pressure in near future.

The World Bank said commodity prices continued to surge in February, with energy commodities jumping 14.3 per cent and non-energy commodities rising 2.5 per cent.

The Bangladesh Bank has set a 5.4 per cent inflation target in the current fiscal year.



HSBC Bangladesh CEO Mahub ur Rahman and Moinuddin Hasan Rashid, group chairman and managing director at United Group, attend an event to jointly make offers, including "Express Check Out Aisle" and free parking for all HSBC Visa debit cardholders and free Wi-Fi for shoppers.

## Meghna Group launches two oceangoing vessels

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The number declined to 35 as owners sold off most owing to declining freight rates, high operating costs and removal of a value added tax (VAT) exemption benefit for import and manufacture of ships from fiscal 2014-15.

Private investors showed renewed interest to buy ships after the National Board of Revenue exempted VAT on the import of 15-year-old ships of 5,000 deadweight tonnage (DWT) capacity in March 2018.

The revenue authority also increased the age limit to 22 years in June the same year in an effort to accelerate the shipping industry's growth.

Since then, the number of locally owned ships started increasing as the volume of imports and exports for the growing economy has been on the

rise.

Today, the country has 63 ships.

Cargo imports have been rising in Bangladesh to meet the growing demand of the expanding economy.

Some 7.09 crore tonnes of cargo was imported in 2020, up 3.5 per cent from 6.85 crore tonnes the previous year, showed data from Chattogram Port Authority.

Kamal said the number of vessels in Bangladesh was insignificant compared to that in countries such as the Philippines and Indonesia. The Philippines has 550 vessels while Indonesia 11,600.

There are regulatory problems while support for the expansion of the oceangoing shipping sector is not adequate, he said, adding that Bangladesh's flag carriers have to pay a 3 per cent advance income tax on

freight charge.

For importing ships, local investors also have to pay 2 per cent advance income tax. So, support from the government would be helpful for the sector's growth, he said.

Oceangoing ship owners earlier said Bangladesh spends \$7-8 billion as freight charges to carry goods for its imports and the country has the opportunity to retain a portion of freight.

The Meghna said 21 naval personnel from Bangladesh would work in each of these bulk carriers, creating job opportunities for the country's people.

Moreover, in comparison to chartered vessels, the benefit of lower freight is available in these self-owned ships, which will bring a positive effect in the competitive price of goods, the group said.

## Uniform VAT rate sought for all yarn sale

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The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) also submitted their proposals.

Leaders of all three trade bodies urged reducing source tax to 0.25 per cent from the existing rate of 0.50 per cent for at least five years.

The primary textile millers also demanded withdrawal of a 5 per cent advance tax on import of polyethylene terephthalate (PET) chips which are used to make yarn in the production of garment items.

They also demanded withdrawal of a 10 per cent tax on 4 per cent cash incentive provided against export receipts.

Among their major demands, the textile millers also urged allowing duty free import of spare parts of textile machinery on the basis of certification from the BTMA.

The BGMEA demanded withdrawal of VAT on purchases of all kinds such as expenditures on subcontracting, printing, courier services and fees on lawyers and architects for the purpose of export.

The garment trade body also demanded facilities on import of fire extinguishing products for the expansion of factory operations.

The local garment manufacturers should also be facilitated so that they can get subcontracts from factories housed inside export processing zones, said the BGMEA.

Both the BGMEA and BKMEA demanded withdrawal of certification on import and installation of capital machinery. They also sought relief from submission of VAT return certificates, reasoning it was an additional pressure on exporters.

The BKMEA demanded duty-free import of chemicals used in running effluent treatment plants to save the environment.

BGMEA President Rubana Huq, BTMA President Mohammad Ali Khokon and BKMEA Vice-President Mohammad Hatem also spoke at the meeting with NBR Chairman Abu Hena Md Rahmatul Muneem in the chair.

PWC SUBMITS BUDGET PROPOSALS

The PwC, a multinational professional services network of firms, also submitted its pre-budget proposals to the NBR yesterday.

The PwC demanded the government introduce an advance ruling mechanism from an income-tax perspective so that various non-resident entities can obtain advance ruling on any question of law or fact in relation to the tax liability of the non-resident arising out of any proposed transaction from the Bangladeshi tax perspective.

The firm also said, with the rise in various forms of e-commerce transactions in Bangladesh, the lack of an exact methodology for the taxation of these transactions may cause confusion.

Provisions may be inserted in the ordinance to specify the mechanism and the extent to which income from transactions through electronic means would be taxed in Bangladesh.

The PwC also said a clarification may be introduced in the ordinance, specifying the mechanism of determination if the value of shares of a non-resident company is attributable to Bangladeshi assets and the method of valuation of Bangladeshi and overseas assets and the method of computation of gains from such transfer.

## Import duty on non-boiled rice reduced to 25pc

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permission from the Ministry of Food to bring the rice.

It said the reduction would remain effective until April 30, 2021. In December last year, the food ministry recommended that the NBR reduce the import tariff to 25 per cent in order to increase supply of the grain and curb price spirals in the domestic market.

Yesterday's reduction coincides with the government approving three proposals for importing a total of 3.5 lakh tonnes of rice from India, Thailand and Vietnam under state-to-state arrangements.

The Cabinet Committee on Economic Affairs, in a meeting chaired by Finance Minister AHM Mustafa Kamal, approved the proposals as a part of the government's attempt to increase food stocks in the country.

As per the proposal, 1.50 lakh tonnes would be imported from India, 1.50 lakh tonnes from Thailand and 50,000 tonnes from Vietnam.

Till March 8, the country's food stocks stood at only 6.26 lakh tonnes, of which 5.28 lakh tonnes were rice and the rest wheat, according to the food ministry.

The ministry considers around 10 lakh tonnes of rice as the optimum amount of stock that should be maintained.

## BGMEA election board chairman resigns

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However, Anwar declined to comment on the issue when The Daily Star contacted him over the phone.

"I have just received the resignation letter of chairman of election board and yet to find out the details. This is extremely unfortunate as he is known to be a person of the highest moral standard," Huq told in a WhatsApp message.

It is natural to perceive that heading an election board is a challenging task under pressure. He had cited personal reasons for stepping down, she said.

"However since the election is only three weeks away, I hope he will reconsider. Otherwise, the biggest trade body of exporters will be in a very difficult situation and we will have to find a solution very quickly- hopefully in the next 24 hours," Huq said.

"So, for the sake of the sector and the country we again hope that he will reconsider his decision. We will communicate further details to you as soon as we have it," said the BGMEA president.

## Another new bank opens for business

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The government imposed an interest rate cap of 9 per cent on lending, helping to create small and medium entrepreneurs. The bank will give a further boost to this process, he said.

Nazrul Islam Mazumdar, chairman of the Bangladesh Association of Banks, said every bank in Bangladesh was actually operated by their board of directors.

"The board of Bengal Commercial Bank is too good. So clients can keep their deposits with the bank without any hesitation," he said.

Some banks of the country have been in dire straits, he said.

"If banks are facing bankruptcy, where will depositors go?" he said.

For this reason, the boards should give their utmost patience to run banks appropriately, Mazumdar said.

The central bank gave approval for the

opening of three new banks in the past two years. The banks are Community Bank Bangladesh, Bengal Commercial Bank and Citizen Bank.

Citizen Bank is yet to start its banking operation.

In addition, Bangladesh Bank gave a letter of intent to Peoples Bank to start its preparations in order to get the final approval from the banking regulator.

The Bengal bank chairman presided over the inauguration ceremony at Pan Pacific Sonargaon Dhaka where Finance Minister AHM Mustafa Kamal was present as chief guest.

Salman F Rahman, the prime minister's private sector industry and investment adviser, Sheikh Fazle Fahim, president of the Federation of Bangladesh Chambers of Commerce and Industry, and Commerce Minister Tipu Munshi also took part in the event.



NATIONAL HOUSING FINANCE AND INVESTMENTS

Md Khalilur Rahman, managing director of the National Housing Finance and Investments, and Safina Rahman, managing director of Lakhsmia Innerwear, attend an event organised by the former at its corporate head office in Dhaka on Monday marking International Women's Day 2021.