



## Arif Khan joins Shanta Asset Management

STAR BUSINESS REPORT

Arif Khan has joined Shanta Asset Management as vice chairman on stepping down from the post of managing director and CEO and leaving IDLC Finance.

He will actively engage with Shanta Group's capital market businesses as a partner and materialise the group's plan to have a strong presence in asset management, stock brokerage and merchant banking in Bangladesh, according to a statement.

"Our capital market has huge potential to be part of our national development initiatives and also to provide alternative investment vehicles for our growing middle class," Khan said.

"Believing on this vision, I am partnering with Shanta Group's capital market businesses to offer high-quality capital market related services backed by expertise and integrity," he said.

# Foreign firms face tough choices over Myanmar unrest

AFP, Paris

Pull out, suspend or stay? Foreign firms in Myanmar face some tough choices over how to respond to the military coup and subsequent violent crackdown on pro-democracy protesters in the country.

More than 520 people have died in daily demonstrations since the military overthrew elected leader Aung San Suu Kyi on February 1, halting Myanmar's decade-old experiment in democracy.

The coup and the junta's subsequent actions have triggered international condemnation and US sanctions.

The junta has vested interests in large swathes of the country's economy, from mining to banking, oil and tourism.

NGOs have urged companies to review their presence as the military dramatically ramps up its use of lethal force against protesters. "We want the decisions taken to be targeted against the junta and to penalise the population as little as possible," said Sophie Brondel, coordinator at French-based pro-democracy group Info Birmanie. "The message has never been to say that we should not be present in Myanmar, but to cut ties with the army," she told AFP.

In Myanmar since 1992, French giant Total has no intention of quitting, but insists that its local subsidiary "conducts its activities in a responsible manner, in respect of law and of universal human rights". While NGOs have urged firms to stop financing the junta, Total paid around \$230 million to the Myanmar authorities in 2019 and another \$176 million in 2020 in the form of taxes and "production rights", according to the company's own financial statements.

The military controls Myanmar Oil and Gas Enterprise (MOGE), which has partnerships with Total and US rival Chevron and generates annual revenues of around \$1.0 billion from the sale of natural gas. Chevron told AFP the monies paid to MOGE were tax payments and that it holds only a minority stake in the gigantic offshore gas field, Yadana, operated by Total.

French hotel chain Accor, which operates nine hotels in Myanmar and is planning half a dozen more, also has no plans to

leave or cut ties with its local partner, Max Myanmar Group, which is not under sanctions.

Accor, which employs a local workforce of around 1,000, sees "tourism as the last link between the people of Myanmar and the rest of the world," a spokeswoman said.

Danish brewer Carlsberg said it would reduce production capacity as beer consumption in Myanmar is on the decline, but it has no plans to quit. It employs 500 people locally.

Carlsberg told AFP it has had "no

contact" with the new authorities. British tobacco giant BAT said that more 100,000 local jobs depended on its investment, operations and partnerships in Myanmar and it would stay, while prioritising the security and well-being of its workers.

French energy giant EDF announced the suspension of its activities in Myanmar where it is involved in a \$1.5-billion project to build a hydroelectric dam, Shweli-3, alongside consortium partners, Marubeni of Japan and Aeyear Hinthar of Myanmar.

In a letter to the NGO Justice for Myanmar, EDF said that "the respect of fundamental human rights... are a pre-condition for every project in which we take part." Japanese automaker Suzuki also halted operations at its two local plants shortly after the military coup. The factories assembled 13,300 vehicles in 2019, primarily for the domestic market. But Suzuki, present in Myanmar since 1998, reopened the facilities again a few days later and intends to build a third production site in the country. Myanmar is also a key manufacturer in the clothing industry and groups such as Italy's Benetton and Sweden's H&M have suspended all new orders from the country.

Benetton chief Massimo Renon hopes the move will send "a clear and concrete signal". Giesecke and Devrient, a German company that supplies products to make Myanmar bank notes, suspended deliveries to state-owned Security Print Works this week due to the "ongoing violent clashes".

At least one company has quit. French renewable energy group Voltalia said it will "end its activities" in Myanmar, where it has been present since 2018 and powered 156 telecom masts in rural areas.



Students, teachers and engineers from Dawei Technological University stage a protest against the military coup, in Dawei, Myanmar yesterday.

## Banking hours shortening likely

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public a government decision to impose a seven-day countrywide lockdown from tomorrow.

The central bank ordered banks on April 1 to immediately introduce alternate-day duty rosters for their workforce in order to cope with the second wave of the coronavirus pandemic.

Although the central bank has not given any clear indication on how many employees were to attend office, it has asked to fix the number as per requirement.

In March last year, the central bank had reduced banking hours as part of its efforts to implement the first lockdown to tackle the initial wave of the pandemic.

The BB had at that time instructed banks to keep banks and their head offices open from 10:00am to 1:30pm on regular working days.

## Lockdown tip: Hold on to good stocks

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Brokers and Central Depository Bangladesh officials can run their office maintaining social distancing protocols so there is no problem to run the market, he added.

There will be some impact on the performance of the listed companies due to the lockdown, so it will have a cost on share prices too, said Mohammad Rahmat Pasha, CEO of UCB Capital Management.

But on the positive side, a free fall is not possible in the market as the floor price is active, he said.

The BSEC set the floor price on March 19 last year for all stocks on the basis of average prices of the previous five days to stop a market fall amidst the coronavirus pandemic.

On the other hand, factories will remain open during the lockdown so the impact might not be that big as witnessed last year, said Pasha.

All will depend on how things play out during the lockdown period and how the companies cope with the new restriction, he added.

## People rush to kitchen markets as lockdown looms

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Taking to The Daily Star, multiple shoppers voiced similar concerns over a possible price hike of daily necessities.

Shaheen Khan, chief executive officer (CEO) of Meena Bazar, said after a fresh lockdown was announced, the number of shoppers increased significantly by noon the same day.

"But I wouldn't call it a panic buy as the number of customers increased slightly. About 25 per cent more customers were seen today [Saturday]," he added.

Murtoza Zaman, CEO of Unimart, echoed the same. "What we are seeing here is that there is a tendency among customers to buy more food items, apparently to prepare for a seven-day lockdown," Zaman said.

"But the situation is not similar to that of last year, when there was complete chaos in the markets as none of us had any idea of what

was going to happen," he added.

The Unimart CEO also said despite the stockpiling tendency among some customers, there will be no supply shortage of essential commodities.

Over the last two days, the price of a few daily essentials, including rice, oil, onion, potato, lentils, garlic, ginger and chickpea, rose by Tk 5 to Tk 15 per kilogramme (kg) at some kitchen markets in the capital.

Yesterday, coarse rice was sold for Tk 55 per kg while onion Tk 40, up from Tk 35 a month ago.

At the same time, the price of soyabean oil rose to Tk 139 from Tk 130 per litre while flour was sold for Tk 75 per kg, up from Tk 70.

The price of both garlic and chickpeas grew by Tk 5 to hit Tk 115 and Tk 80 per kg respectively.

However, Narayan Saha, a wholesaler at

the biggest wholesale market in Dhaka's Shyambazar, said the price of onion and garlic had remained stable yesterday.

Humayun Kabir, spokesperson of state-run Trading Corporation of Bangladesh (TCB), said open market sales through mobile trucks will continue during the lockdown.

The state agency, which sells certain essential foods at subsidised or below-market prices, added 100 trucks to its fleet on April 1, bringing the total to 500 in order to help more people buy key commodities ahead of Ramadan.

"We operated trucks during the general holiday last year so our trucks will be on but we are unlikely to increase the number of trucks further," Kabir said.

Asked whether the allotment or quantity of commodities for each buyer will be increased considering the lockdown, he said there will be no upward revision.

## Take steps to protect poor, low-income groups

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Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the low-income people had been under pressure for a year as their income dropped.

"The sudden lockdown would again push them under pressure," he said.

It was unclear whether the poor would be able to abide by the decision, the economist said.

Raihan, a professor of the economics department at the University of Dhaka, said there was a lack of coordination among ministries about the sudden imposition of the lockdown.

"However, there is no alternative to lockdowns due to the higher infection rate."

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said if the lockdown prolonged, the lower-income people would face a severe problem, and the poverty rate would accelerate.

"Various groups such as day labourers, rickshaw-pullers, hawkers, and street vendors will face the same problem," he said.

According to him, some people would be forced to go back to villages as they have no scope to survive by borrowing from others.

He assumes that the lockdown would continue until Eid-ul-Fitr if the infection rate did not come down immediately.

Moazzem urged the government to provide food at a cheaper rate and minimum cash support so that people could survive.

"The government should take emergency initiatives to tackle the situation using its previous experience."

Binayak Sen emphasised the need for investing in research and assessment on the evolving Covid-19 scenario, measures of public health initiatives and social protection programmes to find out the sources of weakness, errors and opportunity that would be helpful for an effective next plan.

"This is because Covid-19 is not disappearing any time soon, and we should be prepared for a long haul, including a possible third wave later."

The government should give priority to the public health sector in the next budget, he said.

## India pushes back deadline for coal-fired utilities to adopt new emission norms

REUTERS, Chennai

India has pushed back deadlines for coal-fired power plants to adopt new emission norms by up to three years, and allowed utilities that miss the new target to continue operating after paying a penalty, according to a government notice.

India had initially set a 2017 deadline for thermal power plants to install Flue Gas Desulphurization (FGD) units that cut emissions of sulphur dioxide. But that was postponed to varying deadlines for different regions, ending in 2022.

The new order dated April 1 from the environment ministry says plants near populous regions and the capital New Delhi will have to comply by 2022, while utilities in less polluting areas have up to 2025 to comply or retire units.

Operators of coal-fired utilities including state-run NTPC Ltd and industry groups representing private companies such as Reliance Power and Adani Power have long been lobbying for dilution of the pollution standards, citing high compliance costs.

## Bangladesh second in ethical auditing practices in supply chain: survey

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Examples of violations include sanitation duties being imposed as unpaid overtime, as well as workers being pushed to work excessive hours to meet tight schedules for high-demand goods, such as PPE.

Almost a year into the Covid-19 crisis, uncertainty and disruption continue dominating global trade.

In 2021, global sourcing is liable to remain at the mercy of the pandemic, emphasising the importance of supply chain agility and efficiency for the continued survival of any business.

Looking back at a year of truly unprecedented disruption to global sourcing, the QIMA's 2020 data paints a picture of increasingly diversified supply chains, changing consumer habits and an alarming spike in ethical risks, the QIMA said.

## BGMEA polls today

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Some 1,852 voters will cast their votes in the Dhaka zone and 461 voters in the Chattogram zone.

The voting in the Dhaka zone will be held at Radisson Blu Dhaka Water Garden. The voters of the Chattogram zone will exercise their voting rights at the regional office of the BGMEA in the port city.

Despite the countrywide lockdown starting from Monday, the schedule of the BGMEA election will not change, said Syed Ferhat Anwar, chairman of the election board.

Two panels - Forum and Sammilita Parishad—are contesting in the polls. The Swadhinata Parishad, another panel, had announced a manifesto but later decided not to take part in the election independently. It is backing the Sammilita Parishad.

The voters will elect 35 directors. A president and seven vice-presidents will be picked from the elected directors.

ABM Shamsuddin, chairman of Hannan Group, which exported about \$92 million worth of garments last year and employs more than 10,000 workers, is leading the Forum panel.

Faruque Hassan, managing director of Giant Group, having annual exports of more than \$30 million and employing 6,000 workers, is the leader of the Sammilita Parishad.

Voters and candidates have been instructed to put on masks and maintain social distancing in the polling areas to contain the spread of

Covid-19.

The BGMEA election is an important event as the industry is the single largest export earning sector and employs 4.2 million workers directly. Millions of people are involved in the industry indirectly.

In fiscal 2018-19, Bangladesh exported garment items worth more than \$34.13 billion. The earnings declined to \$27.94 billion last fiscal year as sales collapsed in Western markets because of the fallouts of the pandemic.

The sector's contribution to the gross domestic product stands at 15 per cent. The leaders of the association have to negotiate with the government, local and international communities and buyers.

The new leaders will have to work hard to secure higher prices from international buyers, brighten the image of the industry and expand markets.

A number of entrepreneurs say local exporters do not get proper prices from global retailers and brands because of the image crisis. Bangladeshi exporters receive about half of the prices compared to their Vietnamese peers despite shipping the same products to the same markets.

The leaders of both platforms have vowed to brighten the image of the sector and try to increase the prices of the items. They also committed to negotiating with the government and local and international stakeholders to help the industry overcome the

impacts of the pandemic.

In Bangladesh, the apparel industry started its journey in the 1980s. Late Nurool Quader pioneered readymade garment business, leading to the rise of the industry. In 1978, he sent 130 trainees to South Korea, where they learned how to produce readymade garments, according to the BGMEA.

With the trainees, Quader set up the country's first export-oriented factory, Desh Garments.

Later, Akhter Mohammad Musa of Bond Garments, Mohammad Reazuddin of Reaz Garments, Md Humayun of Paris Garments, Engineer Mohammad Fazlul Azim of Azim Group, Abdul Mannan of Sunman Group, M Shamsur Rahman of Stylecraft, and AM Subid Ali of Aristocrat came forward and set up garment factories.

Following their footsteps, other prudent and hardworking entrepreneurs made foray into the industry.

The BGMEA was founded in 1983 with a vision to facilitate the industry to grow further.

In 1983-84, the earnings from apparel exports were \$31.57 million, accounting for 3.89 per cent of the total national shipment of \$811 million. Now, the share of the garment sector in the national exports is about 85 per cent.

Today, Bangladesh is the second-largest apparel exporter worldwide after China, with more than 6.8 per cent market share.

## As Covid surges, brands step up digital push to salvage sales

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"Online customers can avail all options—exchange of product, cancellation of orders, return of products—free of cost," said Khaled.

Sara has set a target to make 20 per cent of its Pahela Baishakh, the first day of the Bangla calendar, and Ramadan sales online this year.

Another brand, Le Reve, is trying to close all the loopholes that obstruct effective online sales, said its CEO Monnujan Nargis.

"For the coronavirus disease, last year's online sales were down, and we faced some difficulties. So, we introduced better automation, quicker delivery this year," she said.

Le Reve, which has 16 outlets in Dhaka, Narayanganj, Sylhet and Khulna, made 15 per cent of its total sales online last year.

"We are now evaluating the situation as we are getting the news of new lockdown measures," Ashraf Alam, CEO of leading lifestyle brand Aarong, told The Daily Star yesterday.

The government yesterday announced that it would enforce a weeklong countrywide lockdown from tomorrow. The restriction may be extended further if the situation worsens.

"We hope we can manage some business through online orders as we have recently upgraded our online platform, launched a new mobile app, developed back-end and sorting, and improved delivery systems," Alam said.

Aarong, which has 21 stores, witnessed a couple of hundred per cent increase in its online orders during Ramadan last year.

The retail clothing industry has started to rebound from pandemic-induced woes, and the sales have nearly reached pre-pandemic levels in recent months.

Last year, the loss in revenue was tremendous as they had to sell products at hefty discounts—from 40 per cent to 70 per cent—to clear out inventory. And now they are in for another onslaught of the pandemic.

Kay Kraft, one of the leading clothing brands, has adorned its 25 showrooms with collections marking Pahela Baishakh.

"But people are anxious about the current situation. No one knows what's going to happen next. As time goes on, this will have a negative impact on business," said Khalid Mahmood Khan, the brand's owner.

Kay Kraft is now working on finding ways to take its products further outside Dhaka through the enhancement of online sales.

"If the situation worsens, we will deploy additional workforce for the online platform marking Eid and Baishakh," Khan said.

Baishakh and Eid account for 50 per cent to 60 per cent of Kay Kraft's annual sales. "We have to introduce new strategies in the business. Otherwise, brands will not survive," he said.

However, most of the brands believe online sales alone will not be able to rescue them from the downturn.

"Like last year, the sales in Baishakh and Eid-ul-Fitr festivals will fall drastically as the government has already announced lockdown measures," said Shaheen Ahmed, president of the Bangladesh Fashion

Designers Association and the owner of fashion brand Anjans.

He thinks that the fashion houses would incur losses of Tk 6,000 crore to Tk 7,000 crore this year.

"Online is an alternative medium to selling products as most of the houses have digital platforms. Loss cannot be compensated just by selling products online. The lion's share of the products is sold in brick-and-mortar stores," he said. Raihan Kabir, head of marketing at Yellow, a brand owned by Beximco Group, said people were not in a shopping mood as they were in a panic over coronavirus.

"However, we will focus on e-commerce so that we can meet the needs of those who still want to buy clothes. We will concentrate on digital marketing as we have preparations to cater to online customers."

Raghunath Basak, owner of Jagneswar & Co and a resident of Chandri village in Delduar, Tangail, has been involved in the local batik garment manufacturing and marketing business for 47 years.

Every year, during the festival of Pahela Baishakh, the company used to sell products worth at least a few lakh taka.

"I faced losses last year because of the virus. Now I'm shocked by the rise of new infections and reinstatement of lockdowns," he said.

Considering the collapse in sales last year, Jagneswar & Co has made less than 50 per cent of the products this time.

"I invested all of my cash. I don't know what to do now. I received only 30 per cent of the orders this year compared to previous years. I am very worried," Basak said.