

World stocks at new peaks on strong China, US data

REUTERS, New Reuters

Gold prices hit a seven-week high and global stocks scaled new records on Friday after strong US and Chinese economic data bolstered expectations of a solid global recovery from the coronavirus pandemic. Government stimulus, strong corporate earnings from US banks and in Europe, along with signs of economic recovery in countries leading the COVID-19 vaccination race have all helped push stock market indexes to new heights this week.

MSCI's broadest gauge of world stocks rose 0.42 per cent to an all-time peak, lifted by surging European shares and lesser gains on Wall Street where both the Dow Industrial and benchmark S&P 500 posted their fourth week of successive gains. As long as the strong economic rebound, tremendous fiscal and monetary support and progress on vaccine distribution remain in place, markets can grind higher, said Michael Arone, chief investment strategist at State Street Global Advisors in Boston. "Investors and market participants

continue to underestimate both the economic and earnings recovery," he said. "The earnings numbers have continued to exceed expectations by a very wide margin." First-quarter earnings are expected to rise 30.9 per cent from a year ago, the highest since late 2010 when the economy was pulling out of financial crisis, according to Refinitiv data. U.S. homebuilding surged to nearly a 15-year high in March, the Commerce Department said on Friday, adding to robust retail sales data the prior day, suggesting the economy was roaring.

ADP spending slows in Jul-Mar

FROM PAGE B4

"Sectors instrumental for fighting and coping with the pandemic are among some of the worst performers," said the economist. Sectors responsible for helping the economically distressed, such as the ministries of food, social welfare, and women also failed to rise to the occasion, he added. There is no easy explanation of such ill execution, he said, adding, "Perhaps we must revisit the ways in which state capacity building has been supported, both internally and externally, in the past." Numerous initiatives promoting greater transparency and accountability in public financial management have failed to push ministries to reform the ways of delivering their mandates, he said. Business as usual appears resilient to both national imperatives and grassroots pressure, said Hussain. Efforts to promote good governance through increased transparency and accountability without simultaneously incorporating efforts to strengthen enforcement have failed

to deliver, he said. Development spending was picking up pace since January after a bumpy ride in the first half of the fiscal year. The country's economy was impacted intensely due to the Covid-19 pandemic last year and it was also reflected in the ADP implementation. The average monthly implementation rate in the first nine months of the fiscal since July was at 4.66 per cent. Following more than two months of a countrywide shutdown till June last year, movement restrictions were gradually lifted and activities started returning to pre-pandemic level by October. The country's economy started seeing signs of a gradual recovery with the number of adult workers seemed to have returned to pre-Covid level in February this year. This economic rebound helped the implementation of the development programmes in picking up pace early on this calendar year. The monthly ADP implementation rate reached 7.23 per cent in March when the expenditure stood at Tk

15,131.21 crore, which was 43.25 per cent higher than the monthly expenditure of Tk 10561.18 crore in the same month last fiscal 2019-20. But the ADP implementation may face challenges again due to recent restrictive measures taken earlier this month and a fresh lockdown imposed last week to control a resurgence of coronavirus infections. The seven-day countrywide lockdown imposed on April 14 could be extended for one more week while there was a possibility for it to be extend till Eid-ul-Fitr. IMED Secretary Pradip Ranjan Chakraborty said government projects have not been halted at all, rather work was being done during the lockdown through special arrangements like keeping workers at workplaces. There are some challenges, greater challenges indeed, he said. He hoped to timely complete the projects which have a completion timeline by this fiscal. Feasibility works of some projects would be done digitally, he said, adding that every sector had been hurt due to the fresh hit of Covid-19.

BB restores interbank cheque clearing system

FROM PAGE B1

"The EFT may be operable from today. Although we have put in all our efforts to resume the system, there is a bit of uncertainty to resolve the glitch by today." Banks submitted 1.46 lakh inter-bank cheques involving around Tk 150,000 crore to the BB. Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said his bank submitted all pending inter-bank cheques to the central bank. He expressed a hope that the EFT would return to normalcy by today, which will help customers conduct banking activities smoothly. Emranul Haq, managing director of Dhaka Bank, said that the current problem would be completely solved once the BACH recovers fully. The managing directors of two banks, however, said they had been unable to submit all cheques yesterday due to a huge backlog of the documents, meaning that clients would have to wait to receive

money. An accountant of a private firm said that his company had been facing a cash shortage for the last few days as it had failed to deposit money to its account using the cheques of its clients. "Our bank has informed us the system has resumed, but we have been unable to manage our fund due to a large backlog of the cheques," he said. On Thursday, the central bank settled some of the EFT transactions through its real-time gross settlement (RTGS). It did not use it yesterday, a banker said. The central bank assured banks of settling EFT transactions through the RTGS today if the BACH does not restore fully. Clients of a bank are allowed to send Tk 1 lakh and above to customers of other banks through the RTGS. On the other hand, 95 per cent of the values, which are settled through the EFT, are below Tk 1 lakh. The interbank transactions through the two digital modes are the largest

in terms of number and volumes. For instance, clients submit around one lakh interbank cheques, amounting to around Tk 12,000 crore, per day. The APCS uses a cheque imaging and truncation technology for electronic presentment and payment of paper-based instruments. Under the EFT system, around 1.5 lakh transactions are settled by clients every day, amounting to Tk 1,000 crore. Established in February 2011, the Bangladesh Electronic Fund Transfer Network (BEFTN) was the country's first paperless electronic interbank funds transfer system. It facilitates both credit and debit transactions as a lead over cheque clearing systems. The network can handle credit transfers such as payroll, foreign and domestic remittances, social security payments, company dividends, bill payments, corporate payments, government tax payments, and person-to-person payments.

Boro harvest in full swing in Sylhet's haor

FROM PAGE B1

"The damage caused by the recent storm was very little," he said, adding that they first cut a sample of the grain to estimate the total harvest. If its raw moisture content is 23 per cent, humidity in dry condition is 14 per cent, raw weight per hectare is 7.25 tonnes and dry weight per hectare is 6.49 tonnes, then each hectare will produce about 4.28 tonnes of rice. "We are announcing each and every area for harvesting boro paddy quickly," Momin said. Nurul Mia of Mirshankar village said he is anxious about whether he will get the right price for his produce. Siddeq Ali, a farmer of Halla area in Barlekha upazila of Moulvibazar, said an acute labour crisis prevails in the region as the government has enforced a countrywide lockdown in a bid to curb the spread of Covid-19.

The public transport system has also been shut down, resulting in a scarcity of workers to help farmers harvest paddy in the haors. "This has raised labour costs," Ali said. "So, we have to spend more money to manage farmhands for harvesting crops," he added. Bimol Das, a haor farmer of Bhusimoi area under Kulaura upazila, said farmers are engaging even their schoolgoing children to harvest their paddy before the arrival of the upcoming nor'westers and hail-storm. "This natural calamity may occur at any time and cause damage to the crops," Das added. Dilip Kumar Adhikari, additional director of the DAE office in Sylhet, said there may be a bumper paddy harvest this year thanks to the various government initiatives and favourable weather conditions.

Boro paddy was cultivated on 483,703 hectares of land in 424 haor areas under four districts of Sylhet division this season with a production target of 1.934 million tonnes of rice. Over 25 per cent of these lands have already been harvested while rest will be harvested within a short period of time. Since the paddy could be damaged by natural calamities, farmers have been asked to cut ripe crops early in order to prevent the whole harvest from being lost, Adhikari added. Susceptible to natural calamities during this period of the year, Sylhet division, also known as haor region, accounts for 10 per cent of total Boro area and 8 per cent of total annual production of 1.96 crore tonnes of Boro rice. This year, farmers cultivated Boro paddy on 48.83 lakh hectares of land across the country and they have grown paddy on 4.80 lakh hectares.

Govt launches \$7.5m Covid response fund

FROM PAGE B1

Speaking as chief guest, Munshi said the purpose of producing these health and medical safety products is not just to tap into the domestic market, but also the international ones. "We hope our producers will take advantage of the fund to successfully tap into a new product segment which is critical to face Covid-19. I believe the CERF will work for the interest of the people and also the world," he added. Salman F Rahman, private industry and investment adviser to the prime minister, said the government has taken various steps in its fight against the current crisis. The CERF is one such initiative

to build the resilience of domestic producers of MPPE in an ever-changing world. "It will strengthen the government's plan to boost the exports," Rahman added. Dr Md Jafar Uddin, senior secretary of the commerce ministry, urged local entrepreneurs to come forward and apply for this grant on a first-come-first-serve basis. "The CERF will push to strongly integrate Bangladesh with the global value chain," Uddin said. Highlighting some salient features of the CERF, World Bank's Country Director for Bangladesh Mercy Tembon said the CERF would boost production of MPPE by local

entrepreneurs, increase domestic supply and subsequently exports. The EC4J project was initially a \$10 million matching-grant programme that provided financial support to eligible Bangladeshi firms in four targeted sectors -- Leather goods, footwear, plastics, and light engineering -- to identify gaps, catalyse investment and improve environmental, social and quality standards in an effort to enhance their competitiveness in export markets. The purpose of the EC4J is to integrate Bangladesh in the global value chain. The Export Readiness Fund, another part of the EC4J, provides grant-based incentives to firms to support exports.

Turn some stimulus into grant: FBCCI

FROM PAGE B1

He also suggested that the government opt not to go for more lockdowns. Instead, he demanded strengthening health safety management so that no physical, mental and economic pressure is imposed on the people during such hard times. "Because lockdowns are not sustainable," he said. The FBCCI also urged that the government to provide one per cent as an incentive to banks which succeeded in disbursing their respective portions of the funds on time. Fahim said the budget needs to be formulated to address the challenges accrued due to Bangladesh's upcoming United Nations status graduation from a least developed country to a developing country. In this connection, the FBCCI demanded withdrawal of the AIT from all kinds of businesses for the next two years. The apex trade body also demanded reduction of corporate tax by 2.5 percentage points from the present 32.5 per cent. It also appealed for a further reduction of tax for listed companies from last year's rate of 25 per cent. He also suggested that the government ease access to finance for companies and traders and check hidden charges imposed by banks on

businesspeople. Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce and Industry, demanded continuation of financial supports for the CSMsE through the creation of a smart database of such firms. Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, demanded increasing cash incentives for non-traditional markets to 5 per cent from 4 per cent and reducing tax at source to 0.25 per cent. He also urged going away with the submission of tax returns and VAT on all kinds of materials used for exports. He also demanded a 10 per cent incentive on export of garment items made of non-cotton fibres mainly to encourage local garment exporters to using manmade fibres as the demand for garments from such fibres is soaring worldwide. Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, sought fixing VAT at Tk 3 per kilogramme on sales of all kinds of yarn for narrowing the discrepancy between manmade fibres and cotton yarn. Currently, the government takes Tk 6 per kg as VAT on the sale of manmade fibres but Tk 3 per kg for cotton yarn. He also suggested treating

exporters equally when giving out cash incentives. Md Jashim Uddin, president of the Bangladesh Plastic Goods Manufacturers and Exporters Association, said the revenue collection growth should be 20 per cent instead of the 35 per cent targeted every year because usually 10 per cent to 15 per cent was achieved. Shaful Islam Mohiuddin, former FBCCI president, said the VAT on manmade fibre sales should be zero per cent and at the same time the government's policy continuation was very important. While chairing the discussion, NBR Chairman Abu Hena Md Rahmatul Muneem said the next budget would be formulated targeting to save local industries, trade facilitation and expansion of the tax net. However, tax dodging through the fabrication of multiple audit reports by a section of companies might become impossible because the auditing system was being automated, he said. A trade-off is necessary in some cases in the next budget because of Covid-19, said Finance Minister Kamal. It is very difficult to reach a balance between revenue collection and reducing the taxes from different sectors, he said.

Weavers stare at bleak Eid sales after dismal Baishakh

FROM PAGE B1

"The demand for sari has increased and traders have asked us to weave more sari," said Devi. She said Baishakh had been great for her as she received higher orders. According to Rabi Kiran Singh, member secretary of Kamolganj's Manipuri Cultural Complex, which promotes the handloom industry, some small entrepreneurs were created during the pandemic, and they started to sell products online. "Many people lost jobs during the pandemic, and some of the youths have turned to online-based business as alternative employment. And the online sales make Manipuri sari accessible to many customers." Rajshahi's young entrepreneur Jarin Tasnim Jui received tremendous responses for her Baishakh-centric products such as hand paints, block works and Kurti on batik. Operating through a Facebook page called Tonirika, she rolled out the business a few months ago. Industry insiders said although some producers connected to online platforms were flying high as demand rose, the number of online sellers is very low. Online purchase accounts for less than 10 per cent of the total retail sales. Producers in and around Dhaka are getting benefits from online sales because many e-commerce and F-commerce entrepreneurs are sourcing products from local weavers, said Shomi Kaiser, president of the e-Commerce Association of Bangladesh (e-CAB). "Internet has already reached all over the country, and the delivery system has expanded to every district. Small entrepreneurs and producers have to be brought into this network." She said the e-CAB was helping budding entrepreneurs access online platforms. Bangladesh has a huge size of Facebook population, with nearly 40 million users. "We are trying to promote local handmade products through our platform," said Nasima Akter Nisha, president of the Women and e-Commerce Forum (WE), a Facebook-based marketplace with more than one million followers. Since April last year, there has been a surge in the sales of local items. This is because import has been disrupted due to lockdown. "When people saw that the quality of these

products is very good, they keep buying," Nisha said. "Those who are properly connected to online and Facebook platforms have been flooded with orders. They are struggling to deliver them in time." Now, the challenge is to connect rural producers to online and Facebook-based platforms. Zunaid Ahmed Palak, state minister for ICT, said the government was closely working with the 1,500-member e-CAB, e-commerce platform ekShop and payment platform ekPay to encourage people to shop online. "The prime minister has instructed us to ensure smooth online sales during Eid. So, we are helping e-commerce platforms to operate during the restrictions seamlessly." The ICT Division is providing training to 13,000 entrepreneurs working at 6,000 union digital centres so that they can connect producers and sellers with e-commerce platforms, giving rural weavers access to a wide range of new customers and making online sales more popular. E-COMMERCE PLATFORMS PLAYING THEIR PART Khokon Basak said, for the last few years, some students have been selling products online after buying them from wholesalers. "The online sellers have no permanent business plan. They enter the business for a short period hoping for a limited profit. We don't see any good prospects for selling products online yet." Abul Hossain said online sales were good last year, but it was not enough to stay afloat. "We are not familiar with the method of business through online platforms." Local e-commerce platform PriyoShop, has recently completed a campaign called "Bangaliana" to promote 'Made in Bangladesh' products, especially jamdani sari. The campaign, which aims to facilitate local entrepreneurs and small cottage industries and provide special discounts to end-buyers, has caught customers' attention. Asikul Alam Khan, founder and CEO of priyoshop.com, said the platform facilitated the shift to online for sari weavers in Tangail. Alibaba-owned e-commerce giant Daraz organised "Daraz Baishakhi Mela 1428" and

received a good response. During the campaign, its sales were up 14 times. The platform has transformed 145 villages in 29 districts into Daraz Village, a framework created to take e-commerce to untapped rural communities and enable them with business opportunities using the marketplace. "Most of these talented individuals create amazing products," the e-commerce platform said in a statement. Selling online requires maintaining digital shop and processing orders using tools. But more than 70 per cent of these sellers do not have access to a proper computer or smartphone, it said. The business of weavers who are connected to the platform grew more than five times during the pandemic, it said. Daraz is also organising campaigns centring Ramadan and Eid. Shayantani Twisha, head of public relations of Daraz Bangladesh, said Daraz started to see an exponential flow of new sellers after a few weeks of lockdown last year. Some 17,000 new sellers registered during the pandemic. Most of these sellers sell local products, she said. The sales of the leading lifestyle brand Aarong, the top employers of artisans in Bangladesh with 30,000 independent and 35,000 fixed crafts workers, dropped significantly in 2020, according to Mohammad Ashraf Alam, CEO of the brand, which has 21 stores. Online sales soared tenfold amid the pandemic, although they accounted for less than 5 per cent of Aarong's total sales. To enable the artisans to keep churning out products ahead of Eid, the brand upgraded its online platform, launched a new mobile app, and improved delivery systems. Due to the pandemic, more people have been staying at home and making online purchases. Businesses too migrated to selling their goods and services through digital platforms. "Facebook continues to support local businesses, including artisans, to communicate with their audiences and boost their sales online ahead of Eid. We guide them through our authorised sales partner. There is also free training available on our Business Resource Hub," said a spokesperson of Facebook.

Consistent policy support needed to nurture automobile industry

FROM PAGE B4

"Increased purchasing power is motivating people to procure personal vehicles, raising the demand for cars," he said. In order to cater to the growing demand, a number of automobile manufacturers have shown interest in setting up local manufacturing facilities. "We have analysed the industry to see their current state and what the future holds for them. Besides, we are drafting an automobile policy for the future development of this industry," Humayun added. While moderating the webinar, DCCI President Rizwan Rahman said that the government should implement a supportive tariff policy for at least five to ten years in order to boost the local automobile assembly and manufacturing industry. Bangladesh's automobile industry is dominated by reconditioned and new car imports mostly from Japan, China, India, the EU, and the US. Considering the growing market demand, local and foreign investors are now showing interests in the industry. The automobile market has been growing by 15 per cent to 20 percent annually. Similarly, the spare parts market has grown by about 12 per cent each year as well, Rahman said. The DCCI president also urged for a separate economic zone for automobile manufacturers and to allow joint ventures in parts manufacturing in order to develop local experts. Taskeen Ahmed, deputy managing director of IFAD Group, said the launch of Padma Bridge will boost the demand for commercial vehicles. Around Tk 8,000 crore has been invested in the local motorcycle industry, which accounts for about 0.5 per cent of the country's gross domestic product. Reconditioned cars make up about 50 per cent of the entire local car market while 45 per cent of the remainder are used cars and only 5 per cent are brand new. Ahmed also said the commercial vehicle

market is currently worth around \$1 billion and its growth will only continue in the future. In the light engineering sector, the market size of the auto-parts industry is about Tk 1,400 crore with an annual growth rate of 12 per cent, he added. John D Dunham, economic and Indo-Pacific Affairs Unit chief of the US Embassy in Dhaka, said since Bangladesh will soon graduate into a developing country, the government needs to formulate ideal policies on tax and investment. "Bangladesh's prosperity is important to the US," Dunham added. Md Touhiduzzaman, managing director of Pragati Industries, said his company wants to locally manufacture vehicles. Touhiduzzaman also emphasized on the need to expand the local spare parts manufacturing. Matiur Rahman, chairman and managing director of the Uttara Group of Companies, said long-term policy support and incentives would foster the industry's growth. "This is a promising sector which has the opportunity to attract private sector investment," Rahman added. Abdul Haque, president of the Bangladesh Reconditioned Vehicle Importers and Dealers Association, said the taxation policy should be industry-friendly as the industry needs consistent policy support. Hayakawa Yuhou, chief representative of the Japan International Cooperation Agency Bangladesh, said appropriate industrial policies are needed to protect and nurture the local automobile industry. He also said the government may think of providing investment incentives to private sector investors from both home and abroad. Yuhou went on to suggest that the automobile policy should be carefully formulated and implemented since the industry's situation changes every day. The webinar was also addressed by NKA Mobin, senior vice president of the DCCI, and Syed Intiaz Ahmed, president of Canada's Signal Stream Inc.