

BSCIC to build online platform to sell small entrepreneurs' goods

STAR BUSINESS DESK

Small, cottage and medium entrepreneurs across the country will get an opportunity to sell their produce through the online marketing platform of Bangladesh Small and Cottage Industries Corporation (BSCIC).

The BSCIC has recently teamed up with Dream71 Bangladesh Ltd, a leading software company of Bangladesh, in a bid to build the online marketing platform, a press release says.

BSCIC Secretary Md Mofidul Islam and Dream71 Bangladesh Managing Director Rashad Kabir signed the deal at BSCIC's Small and Cottage Industries Training Institute (SCITI) in Uttara, Dhaka on May 28.

BSCIC Chairman (Additional Secretary) Md Mostaque Hassan was present on the occasion.

"Display and selling centres at BSCIC's 64 district offices and 76 industrial cities across the country will be set up to sell the merchandise manufactured and produced by the entrepreneurs through the online marketing platform," he said.

The BSCIC has infrastructural facilities to set up the display and selling centres, Hassan said.

"Online marketing is the reality of the current digital age. Small, cottage and medium entrepreneurs have been badly damaged due to the outbreak of the coronavirus pandemic. We hope that the entrepreneurs will be benefited by selling their goods on the BSCIC's online marketing platform."

However, Rashad Kabir said they have signed the deal with BSCIC to capitalise the opportunity of the digital platform.

"The demand for purchasing products online has been increased manifold for the last few years. This demand will increase further in the coming days. We have joined hands with BSCIC because we want to gift a nice platform to the countryside and honourable Prime Minister in Mujib Borsho," he said.

A day-long seminar is held in order to finalise the System Requirement Specification of the BSCIC's online marketing platform after the conclusion of the signing ceremony.

Colonial Pipeline says temporary network disruption resolved

REUTERS

Colonial Pipeline, the largest fuel pipeline in the United States, on Friday said it had resolved a temporary network disruption, just weeks after a ransomware attack crippled fuel delivery for several days in the southeast region.

Colonial earlier on Friday experienced a network issue, the company said, but restored service to its network. The issue was not associated with malware, the company said.

The company had earlier said shippers were having problems entering and updating nominations for deliveries. The "system functionality has returned to normal," the company said.

The reason for the network issues was not immediately clear.

Colonial's shipping nomination system is operated by a third party, privately-held Transport4, or T4, which handles similar logistics for other pipeline companies.

T4 on Friday said its application was working for all customers and carriers. It did not comment on Colonial's

current network issue and said that data between T4 and Colonial was transacting normally.

Friday's network problems are the second occurrence of such issues since the attack earlier in the month. Colonial is the largest fuel system in the United States, accounting for millions of barrels of daily deliveries to the US East Coast and Southeast.

Shortly after Colonial restored operations from the hack, it suffered a brief network outage that prevented customers from planning upcoming shipments on the line. At the time, Colonial said the disruption was caused by efforts by the company to harden its system, and was not the result of a reinfection of its network.

The southeast United States is still recovering from the six-day line outage from earlier this month and the supply issues it caused in the region. Around 6,000 gas stations were still without fuel this week, according to tracking firm GasBuddy, down from a peak of more than 16,000.

Almost 40 per cent of gas stations in the capital, Washington, were without supplies on Thursday, GasBuddy said.

Govt to tighten rules for payment of over Tk 50,000

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However, the purchase of raw materials amounting to more than Tk 50,000 has been excluded so far. Under the latest plan, bank transfers, which include banks, MFS and other digital means, are likely to be mandatory for the payment for the procurement of raw materials.

Also, contractors may need to receive payments through banks, MFS and other electronic systems if they want to avoid 50 per cent higher taxes on the rates payable.

Contractors without the 12-digit TIN (taxpayer identification number) are likely to face 50 per cent higher taxes when they receive payments for the job done.

One-person company law off to a dismal start

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In contrast, running private companies involves many legal complexities, especially to protect the interests of minority shareholders as the majority shareholders dominate the business. Legal tussles sometimes disrupt the activities of companies.

Any natural person, either a born citizen or a foreigner, can set up an OPC following registration with the RJSC. The paid-up capital will be a minimum of Tk 25 lakh and a maximum of Tk 5 crore. OPC has to be written at the end of the company's name.

Previously, there was no minimum paid-up capital for the formation of a company.

The fixing of the lower limit might be another reason for the lukewarm response for OPC registration, Hossain said.

Md Jafar Uddin, senior secretary of the commerce ministry, said his ministry had taken the move to incorporate OPC because the economy had grown over the years, and many potential entrepreneurs were encouraged to form single-person firms.

"It is expected that investment will take place and employments will be generated because of

the OPC as running such companies is easier than a private company," he said.

The minority shareholder of a joint venture company often complains that the majority shareholders do not respect their decision in the board meetings, he said. "OPC will reduce such discrimination."

"The OPC is an excellent initiative to create entrepreneurs and expand the tax net," said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry.

The minimum paid-up capital requirement should be brought down to Tk 5 lakh because many startups do not have such a high amount of funds at the beginning of a company, he said.

Currently, the corporate tax rate of the OPC is 25 per cent. It needs to be reduced by 2.5 percentage points in the next budget along with all other companies, Rahman said.

"This is a recovery period for the business from the fallouts of Covid-19. So, the corporate tax needs to be cut so that companies can survive."

If the government wants to bring in innovative entrepreneurs in the sectors like IT, the new

Pent-up demand, shortages fuel US inflation

REUTERS, Washington

US consumer prices surged in April, with a measure of underlying inflation blowing past the Federal Reserve's 2 per cent target and posting its largest annual gain since 1992, because of pent-up demand and supply constraints as the economy reopens.

The strong inflation readings reported by the Commerce Department on Friday had been widely anticipated as the pandemic's grip eases, thanks to vaccinations, and will have no impact on monetary policy. Fed Chair Jerome Powell has repeatedly stated that higher inflation will be transitory.

The US central bank slashed its benchmark overnight interest rate to near zero last year and is pumping money into the economy through monthly bond purchases. It has signalled it could tolerate higher inflation for some time to offset years in which inflation was lodged below its target, a flexible average.

The supply constraints largely reflect a shift in demand towards goods and away from services during the pandemic. A reversal is underway, with Americans flying to vacation destinations

and staying at hotels among other activities. Year-on-year inflation is also accelerating as last spring's weak readings drop from the calculation.

"Many goods are in short supply amid very strong demand and supply chain disruptions, and some services prices are up sharply as consumers start to go out again," said Gus Faucher, chief economist at PNC Financial in Pittsburgh, Pennsylvania.

"Shortages of labor in some industries are also contributing to higher prices. But many of these factors will prove transitory, and inflation will slow in the second half of 2021."

Consumer prices as measured by the personal consumption expenditures (PCE) price index, excluding the volatile food and energy components, increased 0.7 per cent last month amid strong gains in both goods and services.

That was the biggest rise in the so-called core PCE price index since October 2001 and followed a 0.4 per cent gain in March.

In the 12 months through April, the core PCE price index vaulted 3.1 per cent, the most since July 1992, after rising 1.9 per cent in March. Economists polled by Reuters had forecast the core PCE price index rising 0.6 per cent in April

and surging 2.9 per cent year-on-year.

The core PCE price index is the Fed's preferred inflation gauge.

Stocks on Wall Street were trading higher, though gains were capped by the rising price pressures. The dollar rose against a basket of currencies. US Treasury prices were higher.

"Inflation is up, but real yields are still low," said Jamie Cox, managing partner at Harris Financial Group in Richmond, Virginia. "This is basically the transitory sweet spot."

INCOME PLUNGES

Some economists are not convinced that higher inflation will be temporary.

A survey from the University of Michigan on Friday showed consumers' one-year inflation expectations shot up to 4.6 per cent in May from 3.4 per cent in April, hurting household sentiment. Their five-year inflation expectations rose to 3.0 per cent from 2.7 per cent last month.

"Concerns about the future can cause households to become more conservative in their spending," said Joel Naroff, chief economist at Naroff Economics in Holland, Pennsylvania. "The Fed is guessing that the rise in inflation will be temporary, and it better be correct."

Though consumer spending moderated last month as the boost to incomes from stimulus checks faded, households had accumulated at least \$2.3 trillion in excess savings during the pandemic, which should underpin demand.

Wages are also rising as companies seek to attract labor to increase production.

Generous unemployment benefits funded by the government, problems with child care and fears of contracting the virus, even with vaccines widely accessible, as well as pandemic-related retirements have left companies scrambling for labor.

That is despite nearly 10 million Americans being officially unemployed. Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.5 per cent last month. Data for March was revised higher to show spending surging 4.7 per cent instead of 4.2 per cent as previously reported.

The rise in spending was in line with expectations. Spending was held back by a 0.6 per cent drop in outlays on goods. Though purchases of long-lasting goods such as motor vehicles rose 0.5 per cent, spending on nondurable goods tumbled 1.3 per cent.



Shoppers browse in a supermarket while wearing masks to help slow the spread of coronavirus disease in north St. Louis, Missouri, US on April 4, 2020. REUTERS/FILE

Carmakers in 'India's Detroit' allowed to operate as workers protest Covid risk

REUTERS, Chennai

Carmakers in the Indian automobile hub of Chennai will be allowed to keep operating, the state government said on Saturday, amid protests by workers who fear catching Covid-19 in one of the country's hardest-hit states.

Tamil Nadu's government on Friday extended a near-total lockdown as coronavirus infections and deaths rise in the southern state, where average cases are running at more than 30,000 a day, official figures show.

But a government order issued on Saturday said so-called continuous process industries, which include auto factories, would be allowed to function in accordance with measures such as social distancing to stem the virus's spread.

It also urged vehicle manufacturers to initiate immediate action to vaccinate all their

employees within a month.

Tamil Nadu authorities have ramped up vaccination in recent days, and companies including carmakers have organized vaccination drives.

Hundreds of workers in and around Chennai - often dubbed India's Detroit - have fallen ill with Covid-19 and dozens have died, labour unions say.

Manufacturing plants run by Ford Motor Co and Hyundai Motor Co near Chennai were shut this week after workers protested over unsafe working conditions.

Renault-Nissan shut its manufacturing unit after workers threatened to boycott work, saying social distancing norms were being flouted, while Eicher Motors-owned Royal Enfield shut its three units over safety concerns.

Union sources at Hyundai, Ford and Renault-Nissan said they were continuing to talk with the

companies.

"We're scared about working. The company is citing government orders and asking us to report for work. The government needs to think about the welfare of workers," a senior union leader at Hyundai said.

Tamil Nadu's government also gave permission for units near Chennai with export orders, such as construction and mining equipment maker Caterpillar Inc and Taiwan electronics manufacturer Foxconn, to operate their plants with 50 per cent worker capacity.

Global carmakers operating in Chennai have said they will prioritize worker safety and adherence to social-distancing protocols.

"Health and safety of our societies, partners and employees is our topmost priority," Biju Balendran, managing director at Renault-Nissan India, said in a statement earlier this week.

Stock index near 6,000: Will it sustain the growth?

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Normally the market remains sluggish during the month of Ramadan but this year was an exception, he said.

Due to the increase in confidence for the presence of a new regulatory commission, lower interest rate in banks and limited scope for investment in other instruments, the stock market has been undergoing a rising trend, said the association leader.

If the index crosses the 6,000 points level, funds will be mobilised in larger quantities, all of which are now stuck, he said. "On the other hand, the index rose mainly through insurance and some stocks being gambled with but many fundamental stocks are still lucrative," he said.

"So, I hope this year the index will stay above the 6,000 mark," added Hossain, also managing director of Md Sahidullah Securities.

M Sayadur Rahman, president of

Bangladesh Merchant Bankers' Association, believes the market would go beyond the highest it has ever been.

The index had reached the highest 6,336 points on November 26 of 2017, shows the DSE data.

"There are many reasons for the hope," he said, adding that this year fixed deposit rates at banks were very low, less than the inflation rate, for which the stock market was more preferable to the people.

Listed banks provided higher dividends for 2020, taking the dividend yield over 5 per cent on an average, he said, adding, "It is also attracting investors."

Corporate tax may also be lowered next fiscal year, meaning all the indicators are positive for the market, said Rahman.

The new regulatory commission has taken up many reformative steps too, which will have positive impacts on the index, he added.

52pc users apply for power thru middlemen: survey

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It found that 88 per cent of consumers were satisfied with the overall electricity service.

Ninety-four per cent of the respondents were content with electricity connection, 77 per cent with complaint handling service, 95 per cent with billing, and 88 per cent with metering service.

"The report said 88 per cent of consumers were satisfied with the electricity service. But we want 100 per cent customer satisfaction," said Hamid.

"Efforts should be made to satisfy 100 per cent consumers in electricity services. We do not want to receive any complaints from customers. Power distribution companies need to have regular contacts

with customers."

The state minister instructed the distribution companies to evaluate the problems and complaints of the customers.

"Each organisation must have its own evaluation. The faster the service can be online or digitalised, the sooner the quality of customer service will improve."

Of the respondents, 71 per cent are residential customers, and 29 per cent are commercial and other customers.

Of them, 39 per cent are the customers of Dhaka Power Distribution Company, 39 per cent are customers of Bangladesh Rural Electrification Board, and 22 per cent are consumers of Bangladesh Power Development Board.

Competitiveness key to success: experts

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He cited China as an example, pointing out that it was dominating world trade and so there was no reason to be afraid of making a status graduation from a least developing country.

The entrepreneurial capacity of Bangladeshis is its strength to overcoming all hurdles, he said.

"We have to think about how we can move forward...We should actually gear up," added Kaikaus.

"As per the eighth five year plan, the role of private sector is of about 81 per cent. LDC graduation will boost our own resources and increase the confidence of our entrepreneurs," said Secretary to the finance ministry's Economic Relations Division Fatima Yasmin.

"LDC graduation may have a few challenges but the government is taking necessary preparations. It is true that we may lose duty free,

quota free access, special waiver and preferential treatment," she said as a special guest.

"But EU (European Union) will give us preferences till 2029. Besides, we have to best capitalise the existing benefits in the next 5 years," she said.

"Moreover, after graduation, the government is planning to negotiate with the WTO (World Trade Organization) for giving us preferences for the next 12 years after 2026. For signing PTA and FTA, government is in discussion with 11 countries," said Yasmin.

"To become competitive after LDC graduation Bangladesh has to strengthen its backward linkage industry," said another special guest, Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry.

"The knit and woven sector need value addition to attract local and foreign investments,"

he said, urging for faster implementation of special economic zones.

He also underscored the importance of engaging the private sector in creating an implementable policy framework.

"LDC graduation is an opportunity for Bangladesh. Apparently we may think of losing a few benefits, but in the long run we will be benefited a lot," said Nihad Kabir, president, Metropolitan Chamber of Commerce and Industry, Dhaka.

"Many business scopes are still coming into Bangladesh...Yes, there will be challenges, but if government and private sector can work hand in hand Bangladesh can gain a lot," she said.

Taufiqur Rahman, head of LDC Unit, Development Division, WTO, and Prof (ret'd) Muinul Islam of the Department of Economics, Chittagong University, also spoke.