

Shwapno promoting US food, beverages

STAR BUSINESS DESK

Retail chain Shwapno and the United States Department of Agriculture (USDA) have announced a joint "Taste of America" promotional campaign highlighting and reaching consumers over 100 US food and beverage items, including canola oil, dried fruits, nuts, cereals and chocolates.

Earl R Miller, US ambassador to Bangladesh, Arif Dowla, managing director of ACI Group, and Sabbir Hasan Nasir, executive director of Shwapno, launched the initiative at 10 Shwapno retail outlets throughout Bangladesh on June 10, says a press release.

"I am excited to see US products become increasingly available in Bangladesh and confident consumers will find US food items to be flavourful and of the best quality," said Miller.

"Shwapno retail outlets were established in 2008 and since then we have grown to more than 175 outlets. Shwapno was recognised as the 'Best



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Retail Brand' in Bangladesh in 2016-2020," said Dowla.

"We focus on quality and we are determined to bring value to

Bangladesh's consumers. We know US products are high-quality, so we are happy to feature US products in our stores," he said.

Push to end pandemic benefits may not be panacea for US labour shortage

REUTERS, Washington

The 25 US states calling an early halt to pandemic-related federal unemployment benefits have recovered more of the jobs lost during the crisis than other states, possibly limiting how much of a dent ending the weekly \$300 payments will make in the national battle to fill record job vacancies.

Republicans have taken aim at the enhanced benefits, which were first approved by Congress in a massive relief package last year and later extended, arguing they discourage people from returning to work and are no longer needed given the easing pandemic.

Four Republican-led states are ending the payments as of Saturday, with 21 others following suit through early July.

"Business owners ... are struggling not because of Covid-19 but because of labor shortages resulting from these excessive federal unemployment programs," Missouri Governor Mike Parson said last month as he announced a June 12 cut-off to the payments in his state.

Payments to sole proprietors and contractors typically not eligible for unemployment insurance also will end.

But in Missouri, as in the other states

pulling the plug early on the benefits, the margin to boost local labor supply may be thinning.

The state already has clawed back about 90% of the jobs it lost last year as the spread of the coronavirus devastated the US economy.

As of April, when its payroll jobs topped 2.94 million, there were only 16,000 more unemployed Missourians than before the pandemic, and about 93,000 collecting pandemic unemployment benefits.

That pool includes solo contractors and gig workers on benefits for the first time during the crisis, and it is unclear how many will shift to conventional payroll jobs or resume old ones.

Overall, US Bureau of Labor Statistics data for April, the latest available, showed the 25 states planning to cancel benefits early have recovered about 80 per cent of the jobs they lost during the crisis, versus a 66 per cent recovery rate in the rest of the nation.

About 2.4 million more people in the states stopping the benefits early are either unemployed or no longer looking for work than before the pandemic, versus about 7.5 million payroll jobs still missing nationwide, and 9.3 million open jobs in April.



Tahmina Ahmed
New AMD for Shun Shing Group Hong Kong

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Seven Rings Cement's mother organisation Shun Shing Group Hong Kong recently witnessed the appointment of a new additional managing director (AMD) for its Bangladesh operation.

The appointee, Tahmina Ahmed, has been serving the company as a board director since 2007, says a press release.

Shun Shing Group has been in business in Bangladesh for the last three decades.

BGMEA green efforts win US accolade

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As the leading export industry in Bangladesh, the garment sector has the responsibility to keep the wheel of the economy spinning.

"But while we do it, we cannot stay indifferent to the negative externalities of growth, especially when it comes to the environment," Hassan said.

According to the entrepreneur, one of the most scientific ways of keeping the balance of growth and sustainability is green factories. Green factories attach the highest importance to energy use, water use, indoor environmental quality, material selection and its effects on the site.

These buildings have cleaner air circulation, more access to daylight, less pollution, harm-free chemical paints and finishing, which create a healthier working environment.

"The improved quality of environment not only reduces the prevalence of asthma and respiratory allergies but also encourages workers and boosts the retention rate and productivity," Hassan said.

The BGMEA has joined an initiative led by the Global Fashion Agenda to capture and reuse textile waste in Bangladesh and achieve a long-term, scalable transition to a

circular fashion system.

It published its own "Sustainability Reporting" based on the guideline of the Global Reporting Initiative.

Forty-seven member factories have brought out Sustainability Development Goals (SDGs) reports in partnership with the SDGs coordinator of the Prime Minister's Office and the United Nations Development Programme.

The association regularly carries out policy advocacy to secure low-cost finance and tax benefits for green factories, which are entitled to a 2 per cent rebate on corporate tax.

"We believe the industry will be more encouraged, and the green transformation will speed up if the rebate on corporate tax is enhanced further," Hassan said.

Thanks to the advocacy of the BGMEA, the central bank has unveiled several low-cost finance schemes for green factories like the Green Transformation Fund and the Technology Upgradation Fund.

"These initiatives have helped factories to go for green investment. The factories can better avail these benefits if the stringent procedures can be simplified, and the financing policies become more investment-friendly," he added.

Ensure people's participation in budget: expert

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Towards a Decent Society" organised by Bangladesh Economic Association (BEA).

The webinar is the 12th edition of a "BEA 13-series webinar on decent society" based on research book "Society-Economy-State on the big screen: In search of a decent Bangladesh rising from the catastrophe of the virus" written by Prof Abul Barkat.

The 716 page book consists of 12 chapters and has a welcome remark by Noam Chomsky, a linguist, philosopher and social critic.

"The book mentions 24 new sources of earning of government revenue. The government will be able to earn Tk 6,44,000 crore from these sectors," said BEA General Secretary Jamaluddin Ahmed.

"In particular, Tk 168,100 crore should be earned through the recovery of black money in the country and Tk 75,000 crore smuggled abroad should be brought back," he added.

He said the book also contains 323

specific recommendations and 39 proposals for the government to implement a budget of Tk 17 lakh crore.

In order to establish a decent social system, the budget has to be formulated and implemented on the basis of the spirit of the Liberation War, said Prof Towfic Ahmad Chowdhury, director general of the Bangladesh Academy for Securities Market.

The allocation must be increased keeping in mind the largest group in the population. More allocation has to be distributed among the poor people and income tax should be increased without increasing VAT, he said.

"Dr Barkat has mentioned in his book what will be the economic, social and political basis of a country. He has also made specific proposals on how the budget of about Tk 17 lakh crore will be implemented and where the government's money will come from," he said.

The webinar was moderated by BEA Executive Member Nesar Ahmed.

US regulators urge financial firms to quickly ditch Libor rate benchmarks

REUTERS, Washington

US financial regulators urged market participants on Friday to accelerate their efforts to detach financial products from Libor interest rate benchmarks, while casting doubt on new benchmarks built to compete with their preferred replacement.

Federal Reserve Vice Chair Randal Quarles emphasized there is "no path forward" for Libor, which is being scrapped after numerous banks were fined for manipulating it, and that firms have no reason to delay moving derivatives and other market contracts to the new Secured Overnight Financing Rate.

"The deniers and laggards are engaging in magical thinking," Quarles said during a meeting of the Financial Stability Oversight Council, a regulatory panel. "Libor is over."

A host of senior US officials, including Treasury Secretary Janet Yellen and Fed Chair Jerome



REUTERS/FILE

Financial Stability Board chair and Federal Reserve Vice Chairman for Supervision Randal Quarles addresses the Economic Club of New York in New York City, US on October 18, 2018.

Powell, echoed that message, as regulators worry that financial firms are moving away too slowly from the previous benchmark, which is set to expire at the end of this year for new contracts.

Yellen said some sectors, including business loans, are

"well behind" where they should be in the transition. Regulators have struggled for months to convince market participants to abandon Libor, and have relied on increasingly severe rhetoric to convince them that the benchmark will no longer be an option in the near future.

At the same time, regulators had harsh words for competing benchmarks, like the Bloomberg Short-Term Bank Yield Index (BSBY). They warned that, like Libor, those benchmarks are built on relatively few transactions, which could make them unreliable or subject to manipulation.

Securities and Exchange Commission Chairman Gary Gensler said BSBY is built around less than \$10 billion in transactions per day when it is meant to serve as a foundation for trillions of dollars in transactions.

"When a benchmark is mismatched like that, there's a heck of an economic incentive to manipulate it," he warned.

Private sector in a sorry state

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Private sector credit growth stood at 8.29 per cent in April against the central bank's target of 14.80 per cent for the outgoing fiscal year.

"The financial indicators have given a message that the economy is still facing hurdles," said Mansur, also a former official of the International Monetary Fund.

Heads of the treasury departments of two banks say that they have been facing difficulties in disbursing funds among the clients since April last year due to the lower credit demand.

The demand for loans had improved a bit in the first quarter of 2021, but the situation has started worsening since April when the second wave hit the country, they said.

Against this backdrop, banks are trying to invest their funds in various government tools, including T-bills, bonds and sukuk.

The profit rate on sukuk is 4.69 per cent, much higher than 4.03 per cent for the five-year T-bond.

"This is one of the main reasons behind the large bidding amounts for sukuk," said a treasury official of a bank.

The maturity period of sukuk is five years. Investment in the Shariah-based tool is risk-free as the profit rate will not change in the secondary market.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said that banks were now feeling uncomfortable lending as loans might become sour due to the slowdown.

"So, it is quite normal that banks will try to invest their fund in the government tools, which is completely risk-free," he said.

Salehuddin Ahmed, a former governor of the central bank, said banks were now investing in government tools to reduce excess liquidity.

Sukuk is expected to help the government manage its deficit financing at a time when it is struggling to raise revenues from the domestic source.

FBCCI calls for task force to simplify tax rules

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The country's apex trade body suggested that the task force should be formed with representation from the FBCCI, Bangladesh Trade and Tariff Commission, and National Board of Revenue to make direct and indirect tax rules easy for businesses.

"The panel should be formed on a permanent basis so that it can work throughout the year. This will be good for improving the ease of doing business in the country," he added.

Cricket accessories business fights for survival

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The businesses resumed in June last year after the first lockdown in April and May, but sales are yet to pick up as cricketing activities have not started in full swing.

The business was again hit with lockdown in April this year after the government shut down all economic activities, albeit for a shorter period, because of the second wave of infections. Recently, sporting events have started without spectators.

Khan is running the rest of the outlets with the help of depressed incomes from a jersey manufacturing factory.

"I couldn't tell right now how long I would be able to survive under the current circumstances," Khan said.

Fahim Muntasir Sumit, another former national cricketer, signed up for the cricket accessories business after quitting the game.

He launched his journey as a businessman in 2017 in a rented shop at the Cooperative Twin Tower Super Market in Gulistan. Three years later, he set up a manufacturing plant, the first of its kind in Bangladesh, to produce bats that are used in age-level games.

He set up the factory in Thakurgaon on a small scale with the help of local and foreign employees. There were five to six foreign employees who were all Indians.

Sumit, who is also involved in age-level coaching, sponsors Bangladesh Cricket Board's Under-17 Cricket Team. The players of the team are all using bats made at his factory.

"This is the first instance in Bangladesh

that professional cricketers are playing with locally made bats," he said.

Sumit had planned to make bats for the senior players and started importing willow, the wood material used to make professional bats, from England. But the pandemic halted the plan.

All of his foreign employees went to their country last year and they have not returned yet due to the second wave of Covid-19. Khan and Sumit's plight represents the overall scenario of the cricket accessories business.

Traders are witnessing a thin presence of customers but in order to keep their stores open, they had to spend hugely on the rent of shops and wages.

Many have taken loans with banks, non-banking financial institutions, and cooperatives. Some were forced to wind up operations after being loss-ridden and debt-ridden.

"The shops are open, but we cannot earn enough to pay the wages to employees. There are rents and other expenses as well," said MR Shamim Patwari, president of the Bangladesh Sports Accessories Merchant Manufacturers & Importers Association.

"In such a situation, many traders have been forced to close their businesses and many employees lost their jobs."

Students are the main buyers of sports items, but because of the indefinite closure of educational institutions, they don't come out of their houses much and play cricket.

returned to action fully. It is increasingly becoming difficult for the businessmen to survive," Patwari said.

According to traders, Bangladesh has an annual market of Tk 1,000 crore to Tk 1,200 crore for sports accessories, including bats, pads, gloves, taps, helmets, jerseys, and gym equipment. The market for cricket bats is Tk 150-200 crore alone.

The turning point for the accessories business was 2000, when the International Cricket Council gave Bangladesh Test status.

The Bangladesh Premier League (BPL), a T20 cricket tournament, and new domestic tournaments sent cricket's popularity to new heights. The accessories business also grew. There are 8,000-10,000 shops that sell sports kits across the country. They directly employ 50,000 to 55,000 people.

There are 500-700 shops in Dhaka city, most of which are located in Gulistan. The Cooperative Twin Tower Sports Market and the Railway Supermarket in Gulistan are the two largest markets for sports accessories, and they supply products all over the country.

Around 90 per cent of cricket accessories come to Bangladesh from India and a small quantity from Pakistan.

Two types of bats, namely tennis bats and game bats, are used in cricket.

The demand for tennis bats used by kids is higher than the game bats because of lower prices. Professional players use game bats.

Tennis bat manufacturing factories have sprung up in Jatrabari, Old Dhaka, Kishoreganj, Barisal, Patuakhali, Thakurgaon, Habiganj, Chudadanga, and Gazipur in the last few years, meeting the local demand.

Shah Sports used to import all of the country's sports accessories since the Pakistan era. The newcomers in the segment, such as Khawaja Sports, Dhaka Sports and New Dhaka Sports, broke the lone domination of Shah Sports after the demise of its owner.

Mahedy Hasan, branch manager of Shah Sports at Maulana Bhashani National Hockey Stadium Market, said it sourced accessories from local agents to keep the business running.

Traders say the number of imported bats has dipped significantly for many factors, including Covid-19.

Mahmudul Haque Ringku, the owner of Active Sports, said the volume of imports had become easier than in the past before the pandemic.

Mohammad Shaheen, owner of Sumaiya Sports in Gulistan, said small traders brought in accessories collectively without depending on importers.

Bangladesh mainly imports sports accessories from SS Sports in India through Khawaja Sports.

Patwari said there were 100 importers in Bangladesh. But their number was on the wane for the diversification of the sourcing.

Restaurant owners demand VAT cut

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However, Broa proposed a 15 per cent VAT for five and four-star category hotels and restaurants and a 2 per cent VAT for canteens or cafeterias of educational institutions, hostels and industrial factories. The VAT on restaurants' rent can be fixed at a maximum 3 per cent, the association leader said.

The restaurant owners also claimed that young locals from ward councillor offices were extorting restaurants accusing them of not using electronic fiscal devices (EFD) provided by the National Board of Revenue.

"The authority should set up EFD machines in all restaurants," said Hasan.

Their other demands include formulating a policy for online food delivery services and setting the highest 10 per cent as their commission, and providing stimulus loans at 4 per cent interest or monthly food assistance for the sector's workers. They also sought declaring the sector as an industry and ensuring vaccination of their staff within September this year. The country has around 60,000 restaurants and around 30 lakh people are employed in the sector, according to Broa.

Stock market cap hits record high

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Investors need to be careful and invest in fundamental stocks so that they do not face any trouble of investing in overvalued stocks. "To save their own money, investors will have to analyse and take the right decisions," Hossain added.

Institutional investors are pouring money into the stock market due to the interest rates being low in the banking sector. People also have more confidence in the new commission, which was encouraging them to buy stocks.

When the market rises, many people get back their confidence. "So, some general investors are also coming to the market now seeing the rise in the index," said a broker.

The DSEX, the DSE's benchmark index, rose to 6,066.64 points at the end of last week. The index crossed and has been hovering at the 6,000 level since 2017, showed the DSE data.