

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.92%	▲ 1.00%	\$1,778.71	\$73.38	▲ 0.44%	▼ 3.29%	▼ 0.84%	▲ 0.12%	BUY TK	83.95	98.50	114.95	12.73
6,125.41	10,689.53	(per ounce)	(per barrel)	52,574.46	28,010.93	3,117.87	3,529.18	SELL TK	84.95	102.30	118.75	13.38

City

QR Code-এ
SIBL Now আপ-এর মাধ্যমে QR Code
স্ক্যান করে এসআইবিএল-এর যেকোনো শাখায়
মোবাইল দিয়ে আপনার ব্যাংক অ্যাকাউন্ট থেকে
টাকা উত্তোলন করুন খুব সহজে।

16491

Star BUSINESS

DHAKA TUESDAY JUNE 22, 2021, ASHAR 8, 1428 BS • starbusiness@thedailystar.net

Bangladesh prepares for Libor phase-out

BB draws up policy for short-term foreign loans

AKM ZAMIR UDDIN

The Bangladesh Bank yesterday issued a policy on calculating the interest rate of short-term foreign loans as the London Interbank Offered Rate (Libor) is set to be phased out gradually from next year.

The policy will help exporters and importers prepare for the discontinuation of the global benchmark rate so that their borrowing does not suffer.

The Libor is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

Like most of the borrowers in other countries, Bangladesh's businesses also take foreign loans based on the rate.

The Financial Conduct Authority (FCA), which regulates the financial services industry in the United Kingdom, said in 2017 that the rate would be phased out gradually from 2022 before abolishing it

completely from July 2023.

According to the FCA, the Libor was unable to reach its objective of assessing the cost of bank borrowing as its activity had diminished sharply since the global financial crisis in 2008.

The Libor, once dubbed the world's most important number, was discredited after the financial crisis when authorities in the United States and Britain found traders had manipulated it to make a profit, according to Reuters.

Against the backdrop, the BB yesterday issued a notice unveiling the policy for banks to calculate the interest rate on short-term foreign loans.

Banks will have to consider the benchmark rate of the respective central bank before setting a lending rate.

For instance, if exporters plan to secure loans from the US, they will have to follow the secured overnight financing rate (Sofr) set by the Federal Reserve, the central bank of the United States.

Along with the benchmark rate, borrowers will be charged a risk premium of 2.50 per cent and a markup rate of 3.50 per cent. The markup is added after the lender determines an approved rate based on the consumer's credit history.

READ MORE ON B3

Restaurants spring up in past decade

Changing lifestyle, increasing mobility of people key factors



After staying closed for months on end for the Covid-19 pandemic, restaurants have been permitted to open, albeit through maintaining health safety protocols. However, people crowding such places are apparently oblivious of the regulation. The photo was taken at Panshi Restaurant in Sylhet city's East Zindabazar area yesterday afternoon.

SHEIKH NASIR

Bangladesh Bureau of Statistics (BBS), however, did not assess the Covid-19 impact on the hotel and restaurants, which have been severely affected by the lockdowns enforced by the government to curb the spread of the disease.

Akhtaruzzaman Khan, president of the Bangladesh Hotel Restaurant Sweets Bakery Workers Union, said as much as 45 per cent of the people engaged in hotels and restaurants lost jobs due to the closure of thousands of restaurants amid the Covid-19.

"People in the sector are now passing miserable days. They are yet to get any support from the government," he said.

The BBS survey finds that hotels and restaurants employed 22.8 lakh people as of 2019-20, up from 9 lakh a decade ago.

The contribution of the sector to the gross domestic product has risen to 0.75 per cent. In terms of monetary value, it was Tk 87,926 crore in fiscal 2019-20 against Tk 11,986 crore in 2009-10.

READ MORE ON B3

INTRODUCING NEW
HOTLINE NUMBER
16704

dbi CERAMICS

facebook.com/dbiceramics
www.dbiceramics.com

REZAUL KARIM BYRON and ARANDA MUHAMMAD JAHID

The number of restaurants and the people involved in the sector has significantly increased over the decade to 2019-20 thanks to changing lifestyle, increasing mobility of people, and demand

for dining-out, according to a new survey.

The Hotel and Restaurant Survey 2020 was released on Sunday, the first of its kind in 10 years. It found that the number of restaurants rose to 4.36 lakh in 2019-20, reflecting a 59 per cent increase from a decade ago.

The survey, carried out by the

	FY2009-10	FY 2019-20
No (in lakh)	2.75	4.36
Jobs (In lakh)	9	22.8
Gross Value Added (Tk)	11956	87926

GP retrenches 159 employees

They refused to accept voluntary retirement scheme

SHAHID BAPPI and KHONDOKER MD SHOYEB

Grameenphone retrenched 159 employees on Sunday after they refused to accept its voluntary retirement scheme (VRS).

One hundred employees left Grameenphone in 2020 when the carrier urged its redundant employees to leave the organisation under the scheme.

The operator revived the scheme on June 3 this year and asked the employees to inform it by June 17 whether they wanted to accept the offer.

One hundred employees showed interest this time as well. But an additional 159 employees lost jobs after the operator sent the "notice of retrenchment" to them on June 20 with immediate effect.

The Daily Star obtained some of the notices issued by Grameenphone.

In one of the letters, GP said in the view of the ever-changing dynamics of the needs of customers and service delivery modalities, the retail functions of Grameenphone had been restructured, making the operations of Grameenphone centre functions redundant.

In a statement, Grameenphone said it retrenched redundant employees who had no role in the organisation for more than 13 months.

The current VRS scheme of GP offers financial safety covers up to 100 months basic salary, subject to employees'

READ MORE ON B3

Vaccination key to fast business revival

BUDGET REVIEW
FY2021-22

STAR BUSINESS REPORT

Vaccination of 12 crore more people within the next one year is a must to restore confidence and revive Bangladesh's businesses and economy, said analysts yesterday.

Major trading partners have already vaccinated a majority of their people and normalcy have started to be restored in their businesses and economy whereas Bangladesh is still lagging behind in vaccinating its people, he said.

"Bangladesh needs 24 crore doses of vaccines and I hope the government will get businesses and people vaccinated by the end of June next year. It is possible," said Ahsan H Mansur, executive director of the Policy Research Institute (PRI).

"We do not have any benefit only discussing the money and economic growth. We do not have the vaccine," he said.

READ MORE ON B3



SK ENAMUL HAQ

A medical college student gets a jab at Mugda Medical College and Hospital in the capital on Saturday when the nationwide vaccination campaign against Covid-19 resumed after a two month break.

Keep 5pc cash collateral with guarantor of foreign loans

BB asks banks

STAR BUSINESS REPORT

Private sector borrowers will have to keep at least 5 per cent in cash collateral against foreign loans with the associated guarantee-providing banks.

The Bangladesh Bank issued a notice yesterday, saying such banks had to repay the loans to foreign lenders if borrowers failed to repay on time.

Borrowers require a guarantee from local banks in order to manage funds from foreign lenders.

Information regarding local businesses is usually not available with the foreign lenders, for which they seek guarantees from local banks before giving out loans to the businesses.

This means local banks have to pay foreign lenders the entire loan if the borrowers become defaulters. In such a situation, local banks will face an adverse impact as foreign loans will turn into local loans.

Against this backdrop, the central bank said borrowers would have to keep at least 5 per cent of the guarantee amount as cash collateral with the banks providing the guarantee.

This will help banks lessen the risk of providing guarantees to businesses, a BB official said.

Banks have to ensure all applicable credit norms and prudential parameters, including the single borrower exposure limit set by the central bank, while providing guarantees to borrowers.

Lenders will have to take prior approval from the central bank and the Bangladesh Investment Development Authority to provide the guarantees.

READ MORE ON B3

Floor price removal takes Dhaka stocks to new high

STAR BUSINESS REPORT

Dhaka stocks rose to a three-and-a-half-year high yesterday as institutional investors received a boost following the complete withdrawal of the floor price for all companies by the regulator.

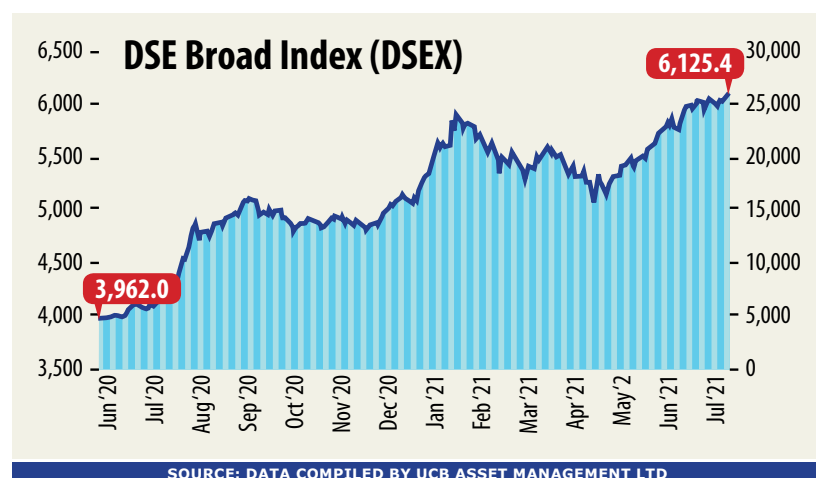
The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), was up 56 points, or 0.92 per cent, to 6,125, the highest since January 30, 2018.

"Participation of institutional investors increased after the removal of the floor prices," said a top official of an asset management company.

In April, the Bangladesh Securities and Exchange Commission removed the floor price for 66 companies to see the market's reaction. The full withdrawal came on Sunday.

The commission imposed the floor limit on March 19 last year to stop any stock freefall after the coronavirus pandemic struck the country.

"Now, institutional investors are



keen to pour money in the stocks that are still lucrative," the asset manager said.

Yesterday, British American Tobacco Bangladesh had the highest impact on the market, and its contribution to the key index was 10.36 points. It was followed by Walton Hi-tech

Industries, Robi Axiata, Beacon Pharmaceuticals, Grameenphone, and Marico, showed data from amarstock.com, a web portal.

On the DSE, 224 stocks rose, 119 declined, and 29 remained unchanged.

READ MORE ON B3

GPH begins production at new plant

Stock up 2.47pc

AHSAN HABIB

Stocks of GPH Ispat rose 2.47 per cent yesterday after news that the company's Tk 2,390-crore plant has begun commercial production.

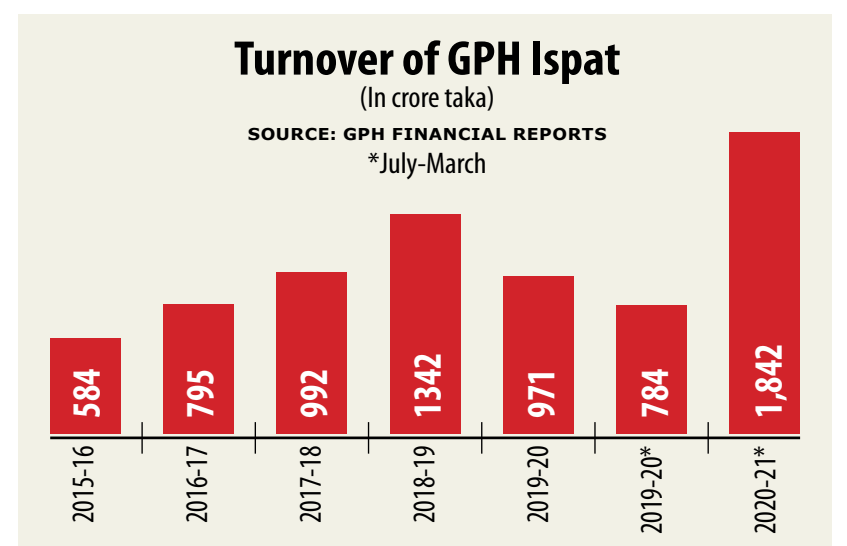
The stock rose to Tk 37.40 on the Dhaka Stock Exchange (DSE) after the Chattogram-based steel maker informed investors that its newly commissioned plant was now operational.

The new plant has a capacity to produce 8.4 lakh tonnes of mild steel (MS) billet and 6.40 lakh tonnes of MS rod, steel beam, angle, channel, and flat annually.

The company would have to wait for a while to start manufacturing products as per its capacity, according to technicians who were part of the plant's commissioning.

The commissioning was done with the help of local technicians as well as online support of the technology supplier, Primetal Technologies Austria GmbH, GPH Ispat said in a disclosure posted on the DSE website.

Due to the coronavirus pandemic,



it was not possible to avail the on-site support of technicians from Primetal Technologies Austria, the main technology supplier to the plant. This acted as a barrier to the completion of the plant.

According to local technicians, the

plant is capable of starting commercial production of certain items, particularly MS rod and MS billet.

The company has a great potential to grab more share in the MS rod and MS billet market, so its stock price

READ MORE ON B3

Singer offers 500 refrigerators free for Eid

STAR BUSINESS DESK

Singer Bangladesh recently launched a "SINGER Eid Anondo Offer" on refrigerator and freezer purchases ahead of Eid-ul-Azha. A 100 per cent discount will be provided on 500 such purchases alongside products for free like air conditioners, washing machines, microwave ovens and grinders through daily coupon draws. Already 45 customers won either a refrigerator or freezer for free while another 36 the other home appliances, said a press release. Besides, customers can avail up to Tk 15,000 in discounts providing a used refrigerator when purchasing a new one alongside monthly instalments as small as Tk 2,000. Singer has over 40 models of refrigerators and freezers with a 10 years' warranty on the compressors.



A customer receives a refrigerator won through a 100 per cent discount coupon under a campaign marking Eid at a Singer outlet in Banani recently.

Banks, miners lead European shares to two-week low

REUTERS

A slide in bank and mining stocks led European shares to a two-week low on Monday after the U.S. Federal Reserve's surprisingly hawkish stance on monetary policy last week, while Morrisons surged 31 per cent on hopes of a bidding war to buy out the UK grocer. The pan-European STOXX 600 index was flat by 0753 GMT after falling to its lowest since June 3 earlier in the session. The index snapped a four-week winning streak on Friday following signals from the Fed it could raise interest rates much sooner than expected. Mining stocks fell 0.6 per cent to track a slump in metals prices, while banking shares lost 0.5 per cent as investors booked profits after a run that has lifted them more than 20 per cent this year. "Investors are concerned that the Fed might be acting prematurely," said Michael Hewson, chief market analyst at CMC Markets UK. "However, it doesn't change

the fact that the US central bank is still buying \$120 billion worth of bonds on a monthly basis and is likely to continue to do so until September at the very least." The benchmark STOXX 600 scaled record highs this month after the European Central Bank, in stark contrast to the Fed, said it was premature to discuss tapering its pandemic-era monetary stimulus. Focus on Monday will be on a speech by ECB President Christine Lagarde to the European Parliament, while later in the week, investors will keep a close eye on business activity data from across the euro zone for clues on whether a recent surge in inflation will persist. London's FTSE 100 rose 0.2 per cent to outperform regional bourses. The Bank of England is expected to keep interest rates at a record low when it meets on Thursday. Shares in Morrisons, Britain's fourth largest grocer by sales, were up 31.6 per cent after it rejected an offer worth 5.52 billion pounds (\$7.62 billion) from private equity firm Clayton, Dubilier & Rice.

ANALYSIS

Fed's 'big tent' framework may fray under inflation surge

REUTERS, Washington

The US Federal Reserve's carefully crafted move last year to a jobs-first monetary policy, touted as giving workers their best chance after the pandemic, is being tested by a potentially table-turning rebound of inflation and what's become a relative rush of policymakers determined not to let it get out of hand.

When the Fed unveiled its new framework just 10 months ago, with a view that employment could expand as much as possible as long as prices did not rise too fast, the language was kept vague on key points in order to maintain unanimous support. The limits to that "big tent" approach are now becoming clear.

Three months ago a clear majority of policymakers saw no rate increases for at least three years. Projections out last week showed fewer than a third remain in that camp, with a larger block who see liftoff by the end of next year on the basis of two months of strong inflation.

With a promised "broad and inclusive" jobs recovery still elusive, analysts parsing that large and fast shift wondered if the new framework was giving way to an old-school Fed debate over sacrificing more extensive job growth to keep inflation at bay - a tradeoff the central bank has acknowledged it too hastily accepted in the past.

The faster inflation and slower-than-expected employment rebound have taken officials "in a direction they were not expecting," said Nathan Sheets, a former Treasury official and chief economist at PGM Fixed Income. "Their framework is not designed so much to manage through episodes of high inflation" as to boost inflation that had been too low.

"It will be a more divided Federal Reserve than we have seen during the pandemic. Being true to the framework and balancing the risks is going to be a heavy lift."



The Federal Reserve Board building is pictured in Washington, US.

Fed Chair Jerome Powell has said it's a feat that can be pulled off.

Whether he and the Fed's other core policymakers remain convinced they can support a robust jobs recovery and control inflation will be the subject of intense interest in coming weeks, beginning on Tuesday when Powell testifies before Congress. The new framework has made one clear break with the past.

Across the board, policymakers say they'll accept a period of inflation above the Fed's 2 per cent target before raising short-term interest rates from their near-zero level. That aims both to allow more people to work - employment tends to grow when rates are lower and consumers spend more freely - and to offset a decade of inflation shortfalls.

Those anticipating earlier and faster

interest rate hikes merely see inflation moving at a faster pace to, and for a time slightly above, the 2 per cent threshold. St. Louis Fed president James Bullard said on Friday, counting himself among the seven officials anticipating rate increases in 2022.

Bullard sees a preferred measure of inflation at 3 per cent in 2021 and 2.5 per cent in 2022, and "that would meet our new framework...Other members have other forecasts" that warrant later rate increases. "This is very much a debate about what is going to happen in 2022" with inflation, he said.

But it is also a debate that will measure how deep the commitment to the new framework runs, what magnitude of inflation "overshoot" different officials will tolerate, and how quickly the Fed reacts if higher inflation persists.

The framework is silent on those and other issues critical to key industries like autos and home building where sales are sensitive to interest rates, and for households wondering how long prices may keep surging.

Those increases have been "salient" already for households, yet the median of policymakers' projections sees three years of above-target price increases, noted Randall Kroszner, a University of Chicago Booth School of Business professor and former Fed governor.

While last week's shift in tone did not upend the new framework, he said, it did show the risks and limits of its application at a complex point in the economy's reopening. Can the Fed "tolerate three years?" of higher inflation, he said. "They have not been explicit...Nothing like this has happened before."

It's a debate that is also beginning to reflect what has not changed at the Fed under the new framework.

Powell and others say that in order not to act prematurely they are responding to realized data rather than forecasts.

Yet the meeting last week put forecasting - particularly inflation forecasting - back at center stage. In the battle to shape market and household expectations, the inflation forecasts of the likes of Bullard are now pulling against the likes of Neel Kashkari, the Minneapolis Fed president who thinks inflation will fade to the point where rates can be left at zero until 2024 at least.

"For me, the framework means, we really have to achieve maximum employment and we have to sustainably achieve 2 per cent on average over time, and a few transitory high inflation readings do not meet the test for me," Kashkari told Reuters on Friday.

Sixteen others are in the mix, too, with the framework silent on any agreed-upon definition of critical concepts like "maximum employment" to ground them.

REUTERS, Berlin

A German trade union called on workers at seven Amazon warehouses to go on strike on Monday for several days to coincide with the global Prime Day promotion.

Verdi said it was organising the three-day strike as part of a long-running battle with the US tech giant in Germany over better pay and working conditions.

"The workers in the mail order centres have to cope with the rush of customers and don't get a cent more for the additionally intensified workload," said Verdi representative Orhan Akman in a statement.

Germany is Amazon's biggest market after the United States, and the Verdi union has been organising strikes at Amazon in the country since 2013 to protest low pay and poor conditions.

An Amazon spokesperson said the company offers excellent pay and benefits. It has said during past calls for strikes over 90 per cent of employees in the logistic centres worked as normal.

Earlier this month, Amazon said it will guarantee an entry-level wage at its German warehouses of 12 euros (\$14.25) an hour from July, which will rise to at least 12.50 euros per hour from autumn 2022.

Amazon holds Prime Day to boost summer sales. The member-only discounts are an important way Amazon markets Prime, a fast-shipping and media-streaming service that incentivises subscribers to do more shopping on Amazon.



Bank of England set to stay split on QE after inflation jump

REUTERS, London

Britain's top central bank officials look set to remain divided this week over whether to pull the plug on their 875 billion-pound (\$1.2 trillion) government bond purchase programme, after inflation hit its highest in nearly two years.

Bank of England chief economist Andy Haldane was alone in May when he voted to halt the quantitative easing (QE) bond purchases in August once they reached 825 billion pounds.

Economists expect Haldane to retain this stance when the BoE announces its latest policy decision on Thursday and are looking to see if others on the Monetary Policy Committee join him.

Haldane has ramped up his anti-inflation rhetoric ahead of what will be his final MPC meeting before leaving the BoE. In early June he described the policy outlook as the most dangerous since sterling dropped out of the European Exchange Rate Mechanism in 1992.

May's consumer price inflation came in above the BoE's and other economists' forecasts at 2.1 per cent, the first time it had surpassed the BoE's 2 per cent target since July 2019. Some economists now see inflation exceeding 3 per cent later this year versus BoE forecasts of 2.5 per cent for the end of 2021.

"Stronger growth, labour market and inflation data, thus far, should tilt next week's policy statement in a slightly more hawkish direction,"



REUTERS/FILE

A general view shows the Bank of England in the City of London financial district in London, Britain.

Deutsche Bank economist Sanjay Raja said.

Although British inflation is below the 5% last recorded in the United States, and its post-Covid recovery is less advanced, financial markets expect the BoE to begin raising rates before the US Federal Reserve - a historically rare sequence.

"The BoE is not aiming to overshoot the (inflation) target, like the Fed," said Bank of America economist Robert Wood, who now predicts a first rate rise in Britain in

May 2022.

Interest rate futures price in the BoE's main interest rate rising to 0.25 per cent from its current 0.1 per cent by June 2022, a turnaround from early 2021 when the BoE was viewed as more likely to cut rates below zero.

Gertjan Vlieghe, normally one of the more dovish BoE policymakers, said last month he expected rates would need to rise in late 2022 if the economy grew as expected.

But most economists polled by Reuters still expect the BoE to start

raising rates only in 2023.

Britain's economic growth in April was the fastest since July 2020 as "non-essential" shops, pubs and restaurants reopened after widespread vaccinations.

But plans for a further easing on June 21 have been delayed by four weeks due to the fast spread of a new coronavirus variant.

Economic output in April was still almost 4 per cent below pre-pandemic levels after a near 10 per cent slump in 2020, and 1.7 million people - 7 per cent of employees - were relying on government furlough support at the end of May.

Uncertainty about what happens to them when furlough support stops at the end of September is a key reason why most BoE policymakers are not expected to change policy.

Also, the BoE has described energy prices and other factors pushing up prices as "transient".

Inflation spikes in Britain after the 2008 financial crisis did not trigger 1970s-style wage-price spirals due to the weak bargaining power of many workers, and public inflation expectations have fallen.

Bank of America's Wood also said reducing asset purchases now risked weakening their future power.

"Voting to end QE early would undermine the QE tool, since it works in part by being a credible signal that rates will be lower for longer," he said.

Meghna Petroleum Limited
(A Subsidiary of Bangladesh Petroleum Corporation)
58-59, Agrabad Commercial Area, Chattogram

e-Tender Corrigendum Notice

e-Tender is invited in the e-GP Portal for the procurement of the following goods, details are given below:

S/N	Tender ID	Procurement title	Last selling (date & time)		Closing/opening (date & time)	
			Old	New	Old	New
1.	579271 (Pur: 084)	Procurement of 2" dia Petroleum Product Flow Meter.	20 June, 2021; 17:00 Hrs.	25 July, 2021; 12:00 Hrs.	21 June, 2021; 15:00 Hrs.	25 July, 2021; 15:00 Hrs.
2.	579272 (Pur: 085)	Procurement of 3" dia Petroleum Product Flow Meter.	20 June, 2021; 17:00 Hrs.	25 July, 2021; 12:00 Hrs.	21 June, 2021; 15:30 Hrs.	25 July, 2021; 15:30 Hrs.

This is an online tender where only e-Tenders will be accepted in e-GP Portal and no offline/hard copies will be accepted. To submit e-Tender, please register on e-GP System Portal (<http://www.eprocure.gov.bd>).

GD-1248

গাজী ওয়ার্ল্ড লিমিটেড
(শিল্প মন্ত্রণালয়ের অধীন বিএসইসি'র একটি প্রতিষ্ঠান)
২৮, এফআইডিসি রোড, কালুরঘাট, চট্টগ্রাম

(আইএসও-৯০০১:২০১৫ সনদপ্রাপ্ত)

দরপত্র বিজ্ঞপ্তি

গাজী ওয়ার্ল্ড লিমিটেডের উপস্থাপিত পণ্য প্রতিষ্ঠানের চট্টগ্রামস্থ কারখানা হতে বাংলাদেশের বিভিন্ন গণস্বাক্ষর পরিবহন/পৌছানোর জন্য দায়িত্বশীল ও নিষ্ঠুরযোগ্য প্রকৃত পরিবহন সংস্থার নিকট হতে সীলমোহরকৃত দরপত্র আহ্বান করা যাচ্ছে:

ক্রম নং	দরপত্র নং ও তারিখ	মাল্যমাপের বিবরণী/কার্গোর বিবরণী	দরপত্র দলিলের মূল্য	দরপত্র জামানতের পরিমাণ	নিলামপত্র জামানতের পরিমাণ	দরপত্র গ্রহণ ও খোলার সময়সীমা	খোলা
১।	দরপত্র নং- গাজী/বিল্প/১০২/২০-২১/তারিখঃ ২০/০৬/২০২১ইং	গাজী ওয়ার্ল্ড লিমিটেড এর উপস্থাপিত পণ্য (সুশার এনামেল) তামার তার, গ্র্যান্ডিন্ড ও হার্ডড্রন বোরার তামার তার) প্রতিষ্ঠানের চট্টগ্রামস্থ কারখানা হতে পেশের বিভিন্ন স্থানে পরিবহন।	৫০০.০০ (পাঁচশ) টাকা (অক্ষেরতম্যে)	৫০,০০০.০০ (পঞ্চাশ হাজার) টাকা	২,০০,০০০.০০ (দুই লাখ) টাকা	১২/০৭/২০২১ইং তারিখ সোমবার সকাল ১১.৩০ ঘটিকা পর্যন্ত।	১২/০৭/২০২১ইং তারিখ সোমবার সকাল ১১.৪৫ ঘটিকা।

(ক) টেন্ডার খোলার দিন ব্যতীত অন্যান্য দিন অফিস চলাকালীন সময় নগদ মূল্যে নিশ্চিত স্থান হতে দরপত্র দলিল সংগ্রহ করা যাবে।
১। তহবিল শাখা, গাজী ওয়ার্ল্ড লিমিটেড, ২৮-এফআইডিসি রোড, কালুরঘাট, চট্টগ্রাম-৪২১২। ফোন নং-০৩১০২৬, ৬৭০৮১৫ ফ্যাক্স নং-৬৭১২৭২।
২। তহবিল শাখা, বাংলাদেশ ইম্পাত ও প্রকৌশল কর্পোরেশন, বিএসইসি ভবন, ১০২-কাজী নজরুল ইসলাম এভিনিউ, ঢাকা-১২১৫।
(খ) অনিবার্য কারণবশত নির্ধারিত দিনে টেন্ডার খোলা সম্ভব না হলে পরবর্তী কার্যদিবসে একই স্থানে ও সময়ে টেন্ডার খোলা হবে।

গাজী ওয়ার্ল্ড লিমিটেড
পক্ষে-ব্যবস্থাপনা পরিচালক

তারিখ-১২৪৭

UK minister says pension 'triple lock' not under threat

REUTERS, London

Britain's business minister Kwasi Kwarteng said on Monday he was "pretty sure" the so-called 'triple lock' system for increasing state pensions would not be changed to pay for the cost of dealing with the Covid-19 pandemic.

British newspapers have suggested that the government was looking at suspending the 'triple lock' promise of increasing pensions by whichever is higher of consumer price inflation, average earnings growth, or 2.5 per cent.

Due partly to distortions from the coronavirus pandemic, annual wages in the three months to April grew by an annual 5.6 per cent - creating an extra 4 billion pound (\$5.5 billion) annual cost for future pensions.

"Lots of things have been discussed in government, I don't think that that's necessarily the way forward," Kwarteng told Sky News when asked if the 'triple lock' would be put on hold.

"I'm pretty sure the triple lock will stay." The promise to maintain the system for increasing pensions was in the Conservative government's manifesto of pledges ahead of the 2019 election, something to which Kwarteng alluded.

"I don't think the triple lock is under any threat at all," he told Times radio in a later interview. "It was part of our manifestos remember. It's been something we've been committed to for a number of years now and I haven't seen anything which suggests that we're going to undo it."



Elderly people listen to a tour guide in a church in central London.

REUTERS/FILE

Germany opens antitrust probe against Apple

AFP, Berlin

Germany on Monday opened an investigation against Apple over anti-competition practices, as the iPhone maker became the fourth US tech giant to be hit by such probes.

The antitrust authority had in recent weeks opened similar investigations against Amazon, Google and Facebook under a new law that came into force in January giving regulators more powers to rein in big tech companies.

The watchdog said it has initiated the first stage of the probe to determine if Apple has "cross-market significance".

"An ecosystem extending across different markets can be one indication of such a position held by a company," said the authority.

"Such positions of power can make it very hard for other companies to counter it.

"Andreas Mundt, who heads the Federal Cartel Office, said his service will look at whether Apple has established such a digital ecosystem across several markets around the iPhone with its proprietary operating system iOS.

"A key focus of the investigation will be

the operation of the App Store, because in many cases, it empowers Apple to have an influence on the business activities of third parties," he added.

Following the first stage of the probe, the office may then look at other specific issues after it received complaints from "several companies against potential anticompetitive practices."

This included a complaint against the company's alleged tracking restrictions of users in connection with the introduction of the iOS 14.5 operating system.

It added that complaints had also been filed by app developers disputing the usage of Apple's system for in-app purchases.

Germany's tougher stance against the digital giants came after new EU draft legislation unveiled in December aimed at curbing the power of the internet behemoths that could shake up the way Silicon Valley can operate in the 27-nation bloc.

The push to tighten legislation comes as big tech companies are facing increasing scrutiny around the globe, including in the United States, where Google and Facebook are facing antitrust suits.

American Airlines to cut 1pc of July flights as travel rebound strains operations

REUTERS

American Airlines on Sunday said it would cancel around 1 per cent of its flights in July to serve a surprise uptick in travel demand at a time when the airline struggles with unprecedented weather and a labor shortage at some of its hubs.

American Airlines said the move would bring additional resilience and certainty to its summer operations.

"(We) feel these schedule adjustments will help ensure we can take good care of our

customers and team members and minimize surprises at the airport," the company said in a statement.

The airline said its cancellations were targeted at impacting the smallest number of customers "by adjusting flights in markets where we have multiple options for re-accommodation."

The announcement was first reported by the WSJ. Airlines and other transportation operators have seen a quick ramp up in demand as US Covid-19 vaccination rates increased and travel restrictions lifted in recent weeks.

According to data from the US Transportation Security Administration, nearly 50 million airport passengers were registered in May, up 19 per cent from April. So far in June, the TSA has registered nearly 35 million air passengers.

American Airlines said the incredibly quick ramp up of customer demand also came at a time when bad weather caused multi-hour delays over the last few weeks, disrupting flight and crew work hours. The company said some of its vendors were also struggling with labor shortages, impacting the airline's operations.

Wall St bounces back on boost from banks, industrials

REUTERS

The Dow was set for its best day in more than three months on Monday as investors piled back into financials and energy shares that are set to benefit from a broader economic recovery.

The Dow Jones Transports Average, considered a barometer of economic health, jumped 1.9 per cent, while the domestically focused small-cap Russell 2000 added 1.7 per cent. The broader banking index rose 2.0 per cent after hitting

a two-month low last week.

Value stocks, which include banks, energy and other economically sensitive sectors and have led gains in US equities so far this year, outperformed their growth-oriented technology counterparts.

The trend was a stark reversal from last week when the Fed's hawkish signals on monetary policy sparked a round of profit taking that wiped out value stocks' lead over growth this month and triggered the worst weekly performance for the Dow and the S&P 500 in months.

MFS recognised for pivotal role

FROM PAGE B4

New technologies and solutions are being added regularly to improve the service, make the distribution channel more efficient, and ensure foolproof security.

So, investment is taking place in the technologies, human resources, marketing and campaigns to make the digital ecosystem sound. The addition of technologies will continue in the years to come.

MFS operators are largely the carriers that are used to transfer money from one mobile wallet to another wallet or bank account. But it has a profound impact on the economy. We have seen that during the disbursement of the Honourable Prime Minister's Eid gift for about 35 lakh poor people.

Three MFS operators disbursed the fund so efficiently and cost-effectively that no question was raised. The government is very pleased, so some ministries have decided to use our platforms to transfer cash support

under their social safety net schemes.

The service is largely used by the low-income groups, who don't have access to the formal financial system. So, any move that stifles the growth of the MFS industry will also stall the financial inclusion agenda of Bangladesh and hurt the overall digitalisation. So, the proposed hike in the corporate tax rate requires reconsideration.

We understand that the government needs revenues to attain its development goals. But it will not gain much from the corporate tax rate hike as most of the MFS operators are not making a profit.

The finance minister has recognised the positive impact of the MFS sector in his budget speech which is a very positive sign. But, because of the added pressure set to originate from the hike in the corporate tax, we cannot relish our hard-won achievement.

The author is managing director of Nagad, the MFS wing of the postal department.

Vaccination key to fast business revival

FROM PAGE B1

Addressing a virtual post budget discussion, the former International Monetary Fund (IMF) economist said there was really no allocation for the new poor in the budget.

The allocation for social safety net programmes, which includes freedom fighters and pension schemes, has been increased, not for the new poor and cottage, micro, small and medium enterprises (CMSMEs), he said.

Mansur said the total budget outlay of over Tk 6 lakh crore was not too big of an amount considering the current size of the economy.

In 1972 the then finance minister Tajuddin Ahmed's budget amounted to Tk 700 crore, which was 15 per cent of the GDP, whereas the current amount is 17.5 per cent of the GDP, he said.

The discussion on "Budget 2021-22: Bangladesh Towards a Resilient Future, Protecting Lives and Livelihoods" was jointly organised by the Metropolitan Chamber of Commerce and Industry (MCCI) and PRI and attended by business chamber leaders, government high-ups, researchers and lawmakers, including a minister.

Planning Minister MA Mannan echoed Mansur's views on vaccination. He acknowledged that Bangladesh required vaccines on a priority basis.

"However, I am cynical about the behaviour of some rich countries. They are sending vaccines to their favourite countries... (on) flights but some low income countries are not getting the vaccine," said Mannan.

Without mentioning any particular country, he said the government was looking east for cooperation over securing vaccines as it believed that direction was a source of hope.

"Vaccine does not help survival of democracy, vaccines save people," said the minister.

On the issue of new poor, Mannan echoed

the views of his colleague, Finance Minister AHM Mustafa Kamal. Kamal last week said the new poor was a new, temporary phenomenon.

Mannan said the incumbent government has also created a lot of new rich and so the old rich should come up to help the new poor.

The budget has been proposed to ensure justice, fairness and equity, Mannan said citing an example of the prime minister on Sunday having allocated 53,000 houses for homeless people.

In a keynote paper, PRI Research Director MA Razzaque said attaining the government target of a zero poverty rate would have been possible by 2030 had not the Covid-19 pandemic come about.

However, the target can be reached a bit late in 2038 even if the current economic growth continues, he said.

Razzaque said had not the pandemic come about, Bangladesh could have added some \$31 billion to its GDP in the past one year.

However, despite a lot of challenges and difficulties, Bangladesh and China attained positive economic growth, he said.

Moderating and co-chairing the discussion, MCCI President Nihad Kabir termed the proposed budget more effective, pro-people and business friendly.

Kabir also said vaccination, employment generation and slowdown of economic activities were also challenges for the government.

"Revenue mobilisation is going to be tricky," she added.

Appreciating the reduction of corporate tax by the government, she also sought separating the tax policy and collection wings of the National

Board of Revenue (NBR).

Praising the country's macroeconomic stability, PRI Chairman Zaidi Sattar said if the government could complete implementing five to six mega projects within the next few years, the GDP could grow by an additional 1 to 2 per cent.

He said the government's 6.2 per cent budget deficit was proposed because of the fallouts of pandemic.

"The Bangladesh economy is a development miracle," Sattar also said.

Adeeb H Khan, chairman of the MCCI's Tariff and Taxation Sub-Committee, urged the government for reconsidering increasing tax on mobile financial service (MFS) providers, reasoning that it was a rising sector in the country.

He said income tax should be applied only on income, not revenue. Advanced income tax and withholding tax need to be reduced, he said, hoping for some structural changes in the VAT system.

Abul Hassan Mahmood Ali, chairman of the Parliamentary Standing Committee of the Ministry of Finance, said the sole function of some people was to always defame the government.

"I became stunned when (name withheld as claim could not be verified) said the budget was a drama in parliament...I did not expect such an irresponsible comment such a respected person," he said.

Commerce Secretary Tapan Kanti Ghosh, Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce and Industry, Waseq Ayesha Khan, chairman of the Parliamentary Standing Committee on the Ministry of Power, Energy and Mineral Resources, and MCCI Vice-President Anis A Khan also spoke.

GPH begins production at new plant

FROM PAGE B1

is on the rise, said Abdul Haque, a retired banker who has invested most of his provident fund in the stock market.

On the back of the new plant, the company's turnover will jump as it is already using most of its capacity. However, fear remains whether the market is ready to absorb the higher amount of such products, he added.

In 2018-19, GPH Ispat's production capacity utilisation in MS billet was more than 80 per cent. For MS rod, the capacity utilisation was full. In 2019-20, it reduced in both cases due to the impact of Covid-19, according to the company's annual report for 2019-20. In recent year, steel consumption in Bangladesh grew at double digits.

"But 2020 was an exception due to the pandemic," said Kamrul Islam, executive director for finance at GPH Ispat.

In 2021, the steel demand rebounded by 8 to 10 per cent compared to the 2019, he said. "As our product quality is better, but the price is similar to others, the demand for our products is good. So, we are hopeful to see higher market share soon."

GPH Ispat's market share is around 15 per cent. In Bangladesh, the annual production of steel products stands at around 70 lakh tonnes.

"Our high-quality products are already being exported, and we have a plan to boost exports," Islam said.

The company started to export steel products to China in November 2020.

Floor price removal takes Dhaka stocks to new high

FROM PAGE B1

On the DSE, 224 stocks rose, 119 declined, and 29 remained unchanged.

Turnover, an important indicator of the market, went up 11 per cent to Tk 2,043 crore. Tamijuddin Textile topped the gainers' list after advancing 10 per cent, followed by Paper Processing & Packaging, Bangladesh Monospool Paper Manufacturing, Alif Industries, and Intraco Refueling.

Beximco Ltd topped the turnover list with its shares worth Tk 111 crore changing hands, followed by Malek Spinning,

National Feed Mills, Maksons Spinning, and Fortune Shoes.

Sea Pearl Beach Resort & Hotel gave up the most, sliding 9.9 per cent. Index Agro, Sonali Paper, Dacca Dyeing, and United Insurance also saw major losses.

The port city bourse also soared on the day. The CASPI, the general index of the Chattogram Stock Exchange, rose 178 points to 17,762.

Among the 309 traded stocks, 195 advanced, 96 dropped, and 18 ended the day unchanged.

Bangladesh prepares for Libor phase-out

FROM PAGE B1

Local exporters and importers now enjoy short-term foreign loans at the cost of a 6-month Libor plus 3.50 per cent per annum.

If businesses receive loans from the banks in the Eurozone, the European Central Bank benchmark rate would have to be followed in setting the lending rate.

The ECB has come up with the Euro short-term rate (€STR) benchmark rate, and the UK has introduced the Sterling Overnight Index Average (Sonia) benchmark.

A BB official said that the same method would be applicable for long-term foreign loans. The Bangladesh Investment Development Authority would come up with a guideline to this end.

Keep 5pc cash collateral with guarantor of foreign loans

FROM PAGE B1

The central banker said that local businesses were getting loans at a cheaper rate from external sources as the interest rate charged by international lenders had declined sharply in recent months.

"This may push up the volume of foreign

loans in the private sector in the coming days," he said, adding that the latest central bank initiative would help strengthen the credit discipline in the banking sector.

A total of 147 Bangladeshi companies borrowed \$13.24 billion from external sources as of March last year, BB data showed.

Restaurants spring up in past decade

FROM PAGE B1

"It shows that the hotel and restaurant sector expanded rapidly, and the sector is making valuable contributions," said BBS in the report.

Along with the growth of the sector, employment cost per person nearly doubled to Tk 69,048 per year in 2019-20. Employment cost includes salary, wages and cash and non-cash benefits.

The state agency carried out the survey by collecting data from 6,734 hotels and restaurants during March-April 2020.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the number of hotels and restaurant had increased sufficiently as the lifestyle of people and their food habit had changed, and the demand for food items had increased in this decade.

"Nowadays, people buy food online," he said.

About the increased number of women workers in the sector, Prof Raihan said if the BBS report had been correct, the sector would have been just behind the garment industry in terms of female workers employed.

"But there has not been that much presence of female workers in the restaurant and hotel sector," Raihan said, calling the increase in the wage nominal.

The sector has been affected hugely by Covid-19, and this should have been included in the BBS report, he said.

"The Sanem conducts surveys every three months where hotels are also included. We have seen that many hotels have closed due to Covid-19. These issues should have come up in this report."

GP retrenches 159 employees

FROM PAGE B1

job tenure and rank, and a two-year coverage of health and life insurance for the family.

"Grameenphone paid us salaries for each month although we had been out of work for the last one year. The operator preferred obtaining services from third parties for the tasks we were supposed to do," said one of the retrenched employees of a Grameenphone Centre.

He said he received the retrenchment notice through e-mails at the end of the office hour on Sunday.

"Grameenphone did not deploy us as part of its effort to cut operational costs. It gave us the feeling that we are no longer required. Although accepting VRS was optional, it was somehow a compulsory retirement," he said.

"We filed a case against Grameenphone in February this year as the operator kept 185 of its employees out of work for more than a year," said Mia Md Shafiqur Rahman Masud, general secretary of the Grameenphone Employees Union.

The issue of the industrial dispute is now pending in the High Court. The hearing of the case was supposed to take place tomorrow, he said.

"Under the circumstances, laying off workers is tantamount to disrespecting

the High Court. It is illegal. Now we will take the matter to court and raise our voice nationally and internationally," Masud said.

Md Hasan, head of external communications at Grameenphone, said GP cared for its employees and for those who intended to pursue opportunities elsewhere.

The company has established a skills and development centre to assist those who want to opt for an outside career, he said, adding that GP strictly maintained employment terms and conditions following the applicable laws of the land.

Grameenphone began its journey on March 26 in 1997, and started laying off workers in 2012 through golden handshakes. In 2012, the operator had 5,500 employees, of whom 4,500 were permanent. It got rid of 162 employees that year.

The lay-off continued in 2013 and 2014, but the flow slowed amid protests by its employees.

In 2015, the company introduced the scheme with better benefits than that of 2012's and kept dismissing workers every year since then.

At the beginning of 2021, the operator had 2,100 employees. It has come down to 1,841 now after 100 accepted the VRS, and 159 were retrenched.

NBFIs asked to set up cybersecurity teams



STAR BUSINESS REPORT

Bangladesh Bank has asked non-banking financial institutions (NBFIs) to form their own cybersecurity management teams in order to monitor and thwart digital threats.

The cybersecurity teams will have to present the overall status of the IT security and system backup during board meetings, according to a notice of the BB yesterday.

At the end of each working day, the backup of the overall ledger and database should be collected and stored properly as per the guidelines. There are 36 NBFIs operating in the market in Bangladesh.

Bangladesh's financial sector is increasingly embracing digital banking by rolling out various retail products. For instance, many lenders have already introduced app-based banking, enabling clients to carry out banking activities online. In addition, some banks are setting up cash recycling machines to replace the existing automated teller machines.

The ongoing coronavirus pandemic has given a boost to these digital initiatives as they helped people settle transactions without having to visit their local branches.

Against this backdrop, there is a strong requirement to strengthen IT security in the financial sector. Accelerated digitalisation and remote working arrangements have increased the global financial sector's exposure to cyber-risks and could lead to more complex cyberattacks that trigger higher losses, according to global rating firm S&P.

Tangail brush makers losing out for lockdowns

Lack policy support



MIRZA SHAKIL

Lockdown-induced fall in sales, rising cost of raw materials, competition from China, and a lack of state initiatives have left brush makers of a small Tangail village in a fight for survival. The photo was taken recently.

MIRZA SHAKIL, Tangail

An apparent lack of coordination and disconnect with state initiatives is causing brush makers of a small village in Tangail to lose out to the Covid-19 fallout and competition from China.

Herendrapara is situated in Lauhati union of Delduar upazila, just around 80 kilometres northwest of Dhaka.

It is home to three entrepreneurs who set up their own brush making factories nearly three decades ago, earning hands-on experience on the trade at the capital's Lalbagh.

The entities employ about 500 people from the village, including 300 women and girls, who earn Tk 150 to Tk 200 a day assembling the tuft of hairs from cow tails and plastic, nylon and metal wires in a variety of factory-made wooden frames.

These earnings, a shift from traditional livelihoods from making earthenware, fishing and as farm hands, empower the women through their contributions to family and personal needs and enable educating their children.

Dhaka-based shops and traders mostly purchase the end products, which have various uses, such as polishing shoes, cleaning coats and toilets, shaving and painting.

But now the factories are struggling to survive due to the lockdowns and declining sales, which have had a trickle-down effect on their employees.

"We cannot sell our brushes. So, my factory has to be kept closed," said Abdul Mannan, one of the three entrepreneurs.

His peer, Ramzan Ali, said, "We couldn't sell old stocks, so we have had to suspend production and send the employees on leave. If there is no work, how can I give work to the people of the village?"

Moreover, Chinese brushes, made from hair out of cow tails from Bangladesh, have grabbed the market the local brushes had with the police department, said Ali.

Every kilogram of the hair cost Tk 60 to Tk 70 four years ago. It now costs Tk 350. The rise in the production cost is one of the causes behind the business downfall, he said.

About 3 lakh shoe brushes are purchased by the police department every year, said Ali.

"As far I know, every Chinese shoe brush was bought for Tk 85 four years back, but ours was only Tk 27," he said.

The Chinese ones had a better finishing for being made with machines, and the hairs also did not loosen that easily, he admitted.

However, if loans were available for the purchase of the machinery, each of which costs Tk 17 lakh to Tk 18 lakh, and if the hair export was barred, the locals can provide brushes of the same quality at Tk 55 to Tk 60, he claimed.

"We request the forces to use our brushes to keep the country's small industry alive," Ali added.

The factory owners allege the Bangladesh Small and Cottage Industries Corporation (BSCIC) did not extend any assistance.

Shahnaz Begum, assistant general manager of the BSCIC in Tangail, said she did not know about this situation. "No one from there came to us," she added.

BUDGET 2021-22

MFS recognised for pivotal role, but tax hike could stall progress



TANVIR A MISHUK

The continuous support of the mobile financial service (MFS) industry to the government and individuals to face the challenges of Covid-19 in the last 16 months has been recognised by the top policy-makers.

In the first week of June, Finance Minister AHM Mustafa Kamal, while unveiling the budget for the 2021-22 fiscal year, pointed out the industry's role several times and proposed to include the payment system to carry out various transactions.

There is no doubt that the MFS has brought forth new possibilities and changed the mode of transactions to a large extent through the handheld device. It has accelerated financial inclusion and ensured transparency in the disbursement of government financial assistance.

When the unprecedented pandemic was wreaking havoc on the economy and the entire country was suffering in so many ways, the MFS emerged as a saviour.

The industry has created enormous opportunity for new businesses and introduced the country to the world anew. But it is going to face a significant burden in the form of corporate tax from the upcoming fiscal year.

We were stunned to see that among all the sectors, only the MFS sector will see a hike in the corporate tax rate in the next fiscal year as per the budget proposals. The rest of the businesses either have seen a cut in the corporate tax rate, or their tax rate has remained unchanged.

It seemed to me that there must be a misunderstanding. Whether right or wrong, we must take the initiative to resolve it. Otherwise, the journey of digitalisation and our aspiration to become a higher middle-income country and ultimately a developed economy will be dealt with a major blow.

Currently, the MFS pays 32.5 per cent corporate tax. It has been proposed to increase it to 37.5 per cent and 40 per cent in two categories.

The MFS that is listed on the stock market will pay 37.5 per cent corporate tax, and the non-listed will have to fork out 40 per cent. As no firm has gone public yet, all



OPINION

MFS providers will have to bear a corporate tax rate of 40 per cent if the proposal does not see any revision before the budget is passed in the august Parliament.

As no MFS operators are making any profit, they don't have to pay the corporate tax. As a result, the tax burden is not affecting the customers. But it will have a long-term impact on attracting investment to the sector. With such a tax rate, the potential investors will backtrack from making any investment in the sector.

As for Nagad, several world-renowned companies are in talks with us to invest in the company. With the new tax structure, many of them might be discouraged. So, we should not miss out on the opportunities of drawing international investment to the sector as it will speed up digitalisation.

The MFS industry is already a lucrative tax providing sector.

For each transaction, the government gets 15 per cent as a value-added tax (VAT). Moreover, a 10 per cent advance income tax (AIT) at the agent level and a 12 per cent AIT at the distributor level is already applicable. So, the government collects a significant amount of tax from the sector. As it is an easy source for generating revenues, the government might have been prompted to raise the corporate tax rate.

The MFS sector has been recognised in the national budget. In order to obtain information for government records, MFS transaction information was proposed to be included.

Using banks has been mandatory to pay salaries above Tk 15,000. Now, MFS has been included as a compulsory medium. Moreover, house rent can be paid through MFS, which can also be presented as proof in the income tax return.

Previously, it was mandatory to use the banking channel to transact more than Tk 50,000 for businesses. The new budget has proposed to incorporate MFS operators. The transaction records can also be produced during return submission.

All of these are actually a big recognition for the MFS sector and the work we, all the operators, are doing in easing and making transactions transparent.

We should not forget that this is a growing industry. Customers are getting used to the service. So, the MFS operators are continuously putting in place the proper infrastructure and raising awareness among the increasing number of users.

READ MORE ON B3

GLOBAL BUSINESS

Axiata, Telenor seal \$15b deal to form Malaysia's biggest mobile operator

REUTERS, Oslo

Malaysian telecoms firm Axiata Group Bhd and Norway's Telenor ASA will merge their mobile operations in Malaysia in a \$15 billion deal, forming a new market leader in the competitive Southeast Asian nation.

The companies had said in April they were in advanced talks to merge Celcom Axiata Bhd and DiGi.Com Bhd, and each party would own 33.1 per cent of the combined firm.

"Assuming a smooth transition, post integration period, we are expecting to see improvement in EBITDA and cashflow margins in the combined entity in step with our ongoing commitment to maximise dividend payout for our shareholders,"

Izzaddin Idris, president & group CEO of Axiata, said in a statement on Monday.

The union of the country's second and third largest mobile services providers will create a company estimated to have annual revenue of \$3 billion, with core profitability of \$1.4 billion from a subscriber base of about 19 million, Axiata and Telenor said in a joint statement.

The merged entity, Celcom Digi Bhd, has a "pre-synergy" equity value of nearly 50 billion ringgit (\$12.1 billion), the companies said. It will remain listed in Kuala Lumpur, in line with a preliminary agreement announced in April.

Two sources familiar with the deal said the implied \$15 billion enterprise value of the combined firm was based on Digi's

share price of 4.18 ringgit as of Friday. Digi's shares rose 3.4 per cent on Monday to take its valuation to \$8.1 billion.

The deal comes at a time when mobile operators are facing pressure on profits in a challenging industry environment. Celcom Digi's main competitor would be the current largest telecoms operator in the country, Maxis Bhd.

The transaction, subject to regulatory and other approvals, is expected to be completed by the second quarter of 2022.

As a result of the deal, the companies plan cost cuts and savings on capital expenditure with a net present value of about \$2 billion, Telenor said in a statement.

Axiata said it entered into the agreement with Digi, where 100 per cent equity interest

of Celcom Axiata would be transferred to Digi for a total consideration of 17.76 billion ringgit (\$4.3 billion).

Digi said the merger would result in Axiata receiving newly issued shares in Digi and a cash consideration of 1.7 billion ringgit from Digi as new debt in the merged company.

"As part of an ownership equalisation in Digi under the terms of the merger, Axiata will also receive close to 300 million ringgit from Digi's largest shareholder Telenor," it said in a statement.

Axiata said last Tuesday it hoped to seal the merger within days or a week, having completed due diligence. Morgan Stanley was the sole international advisor to Axiata on the deal, while Citi advised Telenor.

Oil prices firm on summer demand as Iran talks drag

REUTERS, London

Oil prices edged higher on Monday, underpinned by strong demand during the northern hemisphere summer driving season and a pause in talks to revive the Iran nuclear deal that could lead to a resumption of crude supplies from the OPEC producer.

Brent crude for August gained 14 cents, or 0.2 per cent, to \$73.65 a barrel by 1109 GMT. US West Texas Intermediate (WTI) crude for July was up 21 cents, or 0.3 per cent, at \$71.85 a barrel.



REUTERS/FILE

Pipelines run down the deck of Hin Leong's Pu Tuo San VLCC supertanker in the waters off Jurong Island in Singapore.

Both benchmarks have risen for the past four weeks on optimism over the pace of global Covid-19 vaccinations and expected pick-up in summer travel. The rebound has pushed up spot premiums for crude in Asia and Europe to multi-month highs.

"Oil's underlying physical demand picture remains positive," said OANDA analyst Jeffrey Halley. "Despite the noise in financial markets, the real world is on the right track and will require increasing amounts of energy as it reopens." Bank of America said on Monday that Brent oil was likely to average \$68 this year but could hit \$100 next year on unleashed pent-up demand and more private car usage as public transport use lags and remote workers run more errands near their homes.

Negotiations to revive the Iran nuclear deal took a pause on Sunday after hardline judge Ebrahim Raisi won the country's presidential election. Two diplomats said they expected a break of about 10 days.

Iranian and Western officials say Raisi's rise is unlikely to alter Iran's negotiating position.

A deal could lead to Iran exporting an extra 1 million barrels per day, or 1 per cent of global supply, for more than six months from its storage facilities.

UK financial sector urges caution over any 'work from home' law

REUTERS, London

How people divide their working hours between home and office should develop naturally over time and not be forced into law, senior financial services industry officials said on Monday.

Britain has indicated it may legislate to allow people to work flexibly by dividing their time between the office and home, building on the experience of millions who have worked from home since Covid-19 forced lockdowns in March last year.

Many firms have already said they plan a mix of home and office working once pandemic restrictions are lifted.

"This is going to evolve, clearly, and that's why legislation would be inappropriate," Bruce Carnegie-Brown, chairman of the Lloyd's of London insurance market, told City & Financial's City Week event.

"We have to allow different sectors of the economy to adapt in different ways to address this opportunity, frankly, for a more mixed economy of remote and physical work."



REUTERS/FILE

The City of London financial district is seen with office skyscrapers commonly known as 'Cheesegrater', 'Gherkin' and 'Walkie Talkie' seen in London, Britain.

Anne Richards, chief executive of asset manager Fidelity International, said employers were being forced to think hard about what they are asking people to come into the office to do and what can be done from home.

"Ultimately it will become something of a competitive advantage if you can get the balance right on some of these things, give people a bit more flexibility to act as grown-ups," Richards said.

"I don't think a legislative approach probably is the right answer, I think this will find its own natural equilibrium," she added.

Karan Bilimoria, president of the Confederation of British Industry, an employers' body, said employers should make their own decisions on the mix of working from home or office.

"It would be the wrong thing to force this to happen, it should evolve in its own way," Bilimoria said.

Carnegie-Brown said the return to the office should be treated carefully so those working from home did not feel excluded.