



Moment to fix the SME sector

SMEs at a glance

TOTAL: 78.18 lakh

- Jobs 40%**
- Contribution to GDP 25%**
- Contribution to industrial output 40%**

SMEs in Bangladesh

TOTAL 7,818,565

- COTTAGE
- MICRO
- SMALL
- MEDIUM
- LARGE

Jobs in SMEs (In lakh)

TYPE	EMPLOYMENT
Cottage	132
Micro	6
Small	66
Medium	7
Large	35
TOTAL	245

LOCKDOWN APRIL-MAY 2020

No of days of closure of SMEs	Days
Average days of closure	31
Minimum	19
Maximum	51

EFFECT OF LOCKDOWN

- Eighty four percent of SMEs were shut during lockdown
- SMEs of western and middle parts were mostly affected
- Seventy three per cent had pending payments
- Beauty parlour, tailoring were almost completely shut
- 76% drop in sales during lockdown**
- 52% drop in sales in July**

IMPACT ON WORKERS

- 54%** of workers fully paid
- Avg no of daily meals before lockdown was **3**
- Avg no of daily meals during lockdown **2.7**
- Avg no of meals of daily workers of smaller firms was **3** before lockdown
- Avg no of meals of daily workers of smaller firms declined to **2.6**
- 24%** of workers were laid off during lockdown
- Income dropped **60%** for male and **65%** for female workers

Situation of SMEs and workers before second lockdown 2021

SALES AND OTHER BUSINESS

Sales were **17%** below pre-Covid level

Sales recovery was very low in case of clothing and tailoring shops, beauty parlours and cosmetics

Raw material usage **18%** was below pre-COVID levels

SMEs

ACCESS TO CREDIT

47% of firms had access to grants, loans

One-fourth do not have access to loans

31% applied for stimulus loans

WORKERS

36% enterprises hired new workers while **30%** laid off workers

Unemployment rate rises to **54%** among women workers from **40%**

Income level still **27%** below pre-Covid period

Workers

SOURCE: BIGD MONASH UNIVERSITY STUDY, BBS, BIDS STUDY

ZINA TASREEN

Often touted as the backbone of an economy, Bangladesh has never wholeheartedly nurtured the cottage, micro, small and medium enterprises sector like the governments around the world, particularly those of China, India, the UK, the US.

So the economic tempest brought on by the global coronavirus pandemic, which has left the majority of the enterprises in a race for survival, has provided the government with the occasion needed to get its act together on the sector.

More so, because a cornered CMSME sector can turn out to be the weak link in Bangladesh's economic recovery and growth ambitions later on: after all, small businesses form the bedrock of everyday economic activities, making

The cottage and micro-enterprises need to be separated from the small and medium enterprises in policymaking.

countries immeasurably stronger for their contribution.

And the starting point of that would be a credible database and realistic definition of what constitutes a cottage enterprise, a micro enterprise, a small enterprise, a medium enterprise and a large enterprise.

There is no official data on the number of CMSMEs in Bangladesh. The last time a survey was carried out was back in 2013, when the total number of SMEs -- without including the cottage and micro enterprises, of which there are hundreds and thousands -- was 79 lakh.

Without up-to-date data, forming any policy is akin to driving with one's eyes closed.

Which, perhaps, explains why there is so much debate on the utility of the Tk 20,000 crore stimulus package announced by the government for the sector that contributed at least 25 percent to Bangladesh's GDP and generated as much as 90 percent of the private sector jobs in normal times.

As of March, 72.3 percent of the stimulus fund has been disbursed to 91,427 firms, according to a finance

ministry document.

But there are upwards of one crore CMSMEs in the country, according to unofficial estimates -- indicating the announced package was scanty for the sector to begin with.

Then there is the issue with classification. Is it fair to lump a company that can employ less than 15 people to one that hires 300?

Enterprises with employees between 31 and 120 are classified as small, while medium enterprises constitute employees between 121 and 300, as per the 2016 national industrial policy. Those with employees between 16 and 30 are termed as micro enterprises, and those below 16 are cottage enterprises.

But this is not consistent with the international practice, which classifies firms with employees of up to 9 as micro. Firms between 10 and 49 employees are small, while medium enterprises constitute those that employ between 50 and 249.

In other words, the cottage and micro enterprises need to be separated from the small and medium enterprises in policymaking.

Otherwise, the cottage and micro enterprises would continue to be deprived of finance or be hard done by any policy meant for the CMSME sector.

Take the case of disbursement of stimulus funds. It took months, with the deadline extended many times, for the funds to be distributed, and the full amount is yet to be given away.

In contrast, the stimulus funds were disbursed at a brisk pace.

And the reason being, the process for sanctioning credit for the CMSMEs is the same as the large industries. It costs the bank the same.

Banks have a certain pot of funds to give away. Does it not make better sense for them to disburse the sum in quick time to a few medium to large companies rather than sift through the hundreds of loan applications from small and micro enterprises?

This is the reason why the stimulus funds for the CMSMEs are being given away at a lethargic pace, and is the reason why access to finance eludes most CMSMEs.

It is simply not in the lenders' interest to lend to these smaller enterprises. And this is where the government can truly make a difference for the sector.

Why not give banks disbursement targets for the cottage, micro, small and medium enterprises separately as opposed to one target under the overhead of CMSME?

Another reason for the delay in stimulus fund disbursement was that many of the enterprises could not

meet the documentation requirements of the banks.

Given the rudimentary nature of many of these enterprises, it is unreasonable to expect them to have proper bookkeeping and up-to-date paperwork.

Their need for funds is not

excessive, so why not give such firms direct cash transfer? Or, why not stipulate light-touch checks for such enterprises?

The cost of any grants given now will be dwarfed by the costs and

SEE PAGE J2

IPDC FINANCE

EMPOWERING SMES TO GO UNBOUND

3 STRATEGIC AREAS

SME Entrepreneurs

Supply Chain Finance

Women Empowerment

4 SME Products

IPDC Finance aspires for Small and Medium Enterprises (SMEs) to sustain and grow and therefore it helps them with competitive interest rates and flexible repayment options via a special loan product 'SME Bondhu'. The aim of IPDC SME Bondhu is to ensure the continued progress of small and medium entrepreneurs across the country.

IPDC Finance offers the country's first blockchain-based supply chain financing platform, Orjon, to assist businesses in a fast and secured way. Orjon is an eco-system that not only ensures financial inclusion but will also make a transparent and reliable marketplace and create collaboration of all the value chains.

'Joyee' is a loan product for female entrepreneurs with an attractive interest rate all throughout the year. We wanted to provide a platform for aspiring women entrepreneurs to build their own businesses with passion.

IPDC Finance runs a ground-breaking transaction-based digital credit program aiming at the vast network of retailers across the country under the name 'Dana'. IPDC provides collateral-free loans to the retailers via Dana.

3 Things to know

IPDC's SME business grew by 6 times in the last 5 years.

IPDC started using technology to support micro and cottage SMEs.

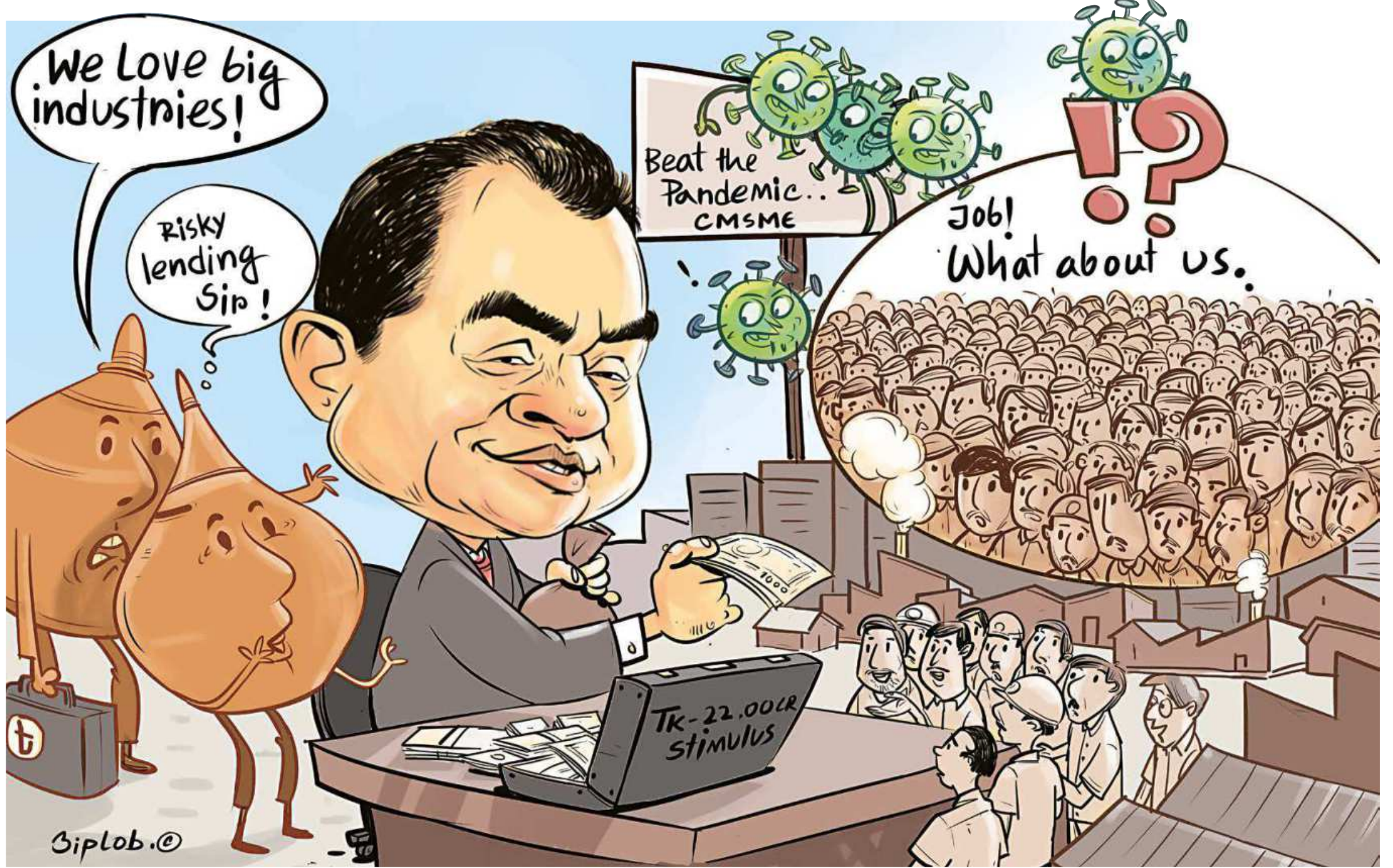
IPDC played a vital role among NBFIs in implementing stimulus and refinancing packages.

“IPDC's commitment to support SMEs stands stronger than ever and is evident through our endless efforts to create innovative and affordable products. We have established simple, timely, and robust platforms like Orjon, Dana, SME Bondhu, and Joyee to cater to their financial needs and exploit every expansion prospect. Observing the acceptability and appreciation for each offering, it is fair to say that our SMEs that once remained unnoticed and unbanked is now more resilient and agile in keeping up with the country's economic evolution. We acknowledge and appreciate their undeniable spirit and contribution to the economy and believe it's time to help them grow even bigger.”

Mominul Islam
MD and CEO
IPDC Finance Limited

A case study of a successful NBFi empowering Small and Medium Enterprises (SMEs) with their diverse portfolio of products.

Moment to fix the SME sector



FROM PAGE J1

repercussions of so many going bust: the loss of livelihoods, jobs, future tax revenues and economic output.

One of the common complaints from CMSMEs for being shut out of proper financial institutions is their inability to provide collateral.

Why not make lending cash flow-based instead? At present, such form of lending is extended to large industries, which can manage collateral and have a good relationship with bankers to be

able to manage funds regardless.

Besides, the default rate of the cottage and micro industries is much less than the large industries. In a country where single large borrowers make way with Tk 5,000 crore, how much of a dent of a default by the CMSMEs going to create?

To facilitate access to finance for small businesses, Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, which works extensively with the sector, called for an SME bank.

"When there are so many banks in the country, what harm would another bank do? While the government has BASIC Bank to lend to SMEs, but it is just in name. Does it actually lend to such enterprises?"

He went on to call for a different single-borrower exposure limit of Tk 2 crore for the state bank such that it is compelled to lend to SMEs and not large industries.

An SME bond would also help in channelling much-needed funding to the sector, Rahman said.

The fund raised by the bond would be invested in SMEs.

A digital marketplace for SMEs to market their products would also help the myriads of SMEs to thrive.

Rahman went on to cite the case of Alibaba in China, where the majority of the sellers in the marketplace are SMEs.

Getting SMEs into the formal banking umbrella is also important and this is where the mobile financial services providers have a spearheading role.

"But the high taxes on the MFS

players is not going serve the cause. Ultimately, those will be passed on to the customers."

At present, the MFS players have to pay 15 percent value-added tax on transactions as well as 10 percent advance income tax at the agents' level and 12 percent at the distributors' level.

Rahman also called for an SME Act rather than the existing SME Policy 2019, which is not being followed faithfully.

"Without any policy overhaul, I don't see a bright future for the SMEs."

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WORLD
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What goes wrong with the credit guarantee scheme?



AKANDA MUHAMMAD ZAHID

The stimulus package for the CMSME (Cottage, micro, small, and medium sized enterprises) sector has failed to get momentum despite the fact that Bangladesh Bank rolled out a credit guarantee scheme (CGS) to prop up lenders.

The central bank drew up the scheme on July 23 last year as banks consistently showed reluctance to give out loans under the stimulus package amounting to Tk 20,000 crore.

Lenders will be allowed to avail 30 percent of their total distributed loans from the scheme, worth Tk 2,000 crore, if the amount disbursed becomes defaulted, according to the central bank guideline.

Besides, lenders will get 80 percent of their disbursed funds to a single enterprise if the amount turns classified.

The scheme was supposed to encourage lenders to expedite the loan distribution but it has failed to play its due role because of its complicated terms and conditions.

According to the guidelines of the central bank, under the guarantee scheme, it is required to fulfill several terms and conditions and attach at least 20 types of documents for the disbursement of a loan: BA Shaminoor Rahman, executive vice

president and head of MSME, Bank Asia, said, "Some criteria were set for selection of borrower such as -- what was his working capital? How much damage has been done? It would be difficult to cover those issues."

Besides, if the loan is classified, the lender will have to file a case against the borrower to claim the money under the scheme.

MD Karuzzaman Khan, head of SME and senior vice president of Lankabangla, said, "Under this scheme, if the loan is defaulted, it will take at least three years to get fund from the scheme after completing all processes including legal steps, which is very lengthy process."

Syed Abdul Momen, head of SME Banking Division of BRAC Bank Limited said, "Clients will have to pay a 1 percent commission on their loans to banks when they avail the fund which is another burden for the borrowers."

Md Mahbubur Rahman Palash, executive vice president and head of MSME & Emerging Business Division, Dhaka Bank Limited, said, "Banks will not be interested in this scheme unless it is revised. If it had been favorable for us, the disbursement of Tk 20,000 crore stimulus package of would have already ended."

An official of Bangladesh Bank, seeking anonymity, said it is not possible to complete the whole process instantly. Since the subject is new, they have to go through much scrutiny, he said.

He, however, said the response to this scheme has been muted. At the beginning of any initiative, it is not unusual to get a lackluster response as people take time to understand

the subject matter first, he said. "We hope it will take another one to two years to get familiarised with it," he said.

Mohammad Shams-Ul Islam, managing director and chief executive officer of Agrani Bank, said he thinks it will gradually become popular.

"It needs to be fine-tuned. Since it is new, the problem will be solved

gradually," he hopes.

Seeking anonymity, an official of a state-owned bank, said that the conditions of the central bank are difficult to meet at the implementation stage.

SME entrepreneur Shefali Akter, a proprietor of Shapnail Handicrafts in Jamalpur, said she did not understand the process.

"If this scheme is not understood by the target group and they do not meet the conditions, then its implementation will never be possible," she said.

Shefali said she tried to get a loan from the stimulus package but failed to manage it. "We have suffered a huge loss due to the closure amid pandemic," she added.

As of June 10, banks disbursed about Tk 14,840 crore among 94,445 borrowers under the stimulus package since September last year which is 74.2 percent of the total fund, according to the central bank.

Some bank officials and CMSMEs said there are some other reasons behind the sluggish implementation of the stimulus package such as incapacity of the banks and their lack of mutual trusts with clients.

If a bank does not feel comfortable giving a loan to a customer and its collection is not guaranteed, then that bank will not be able to give out the loan, Momen further said.

If the CGS were accessible, it could have helped mitigate the concerns of the lenders and expedite the loan disbursement rate, according to many officials.

Besides, due to conceptual limitations of clients, failure to provide all required documents is also a barrier in the loan disbursement process, they said.

The CMSME sector is one of the sectors most adversely affected due to the impact of Covid-19 and the second wave has made their conditions even more miserable. There are about 7.76 million CMSMEs in Bangladesh.



আপনার এসএমই মর্টগেজ লোন ইবিএল-এ টেকওভার করুন মাত্র **৬.৯৯%**

এছাড়া সকল ইবিএল এসএমই মর্টগেজ লোন এখন ৯.৫%



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সর্ব প্রযোজ্য



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এক্সিম ব্যাংকের বিনিয়োগ সেবা

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SME BANKING

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"Banks tend to provide large-scale loans; even if they provide SME loans, those mostly go to men because they do not trust potential women entrepreneurs. Women also find it difficult to find multiple guarantors, as demanded by banks," says Dr Nazneen Ahmed. Innovative financial products that help women get smaller loans, cluster-based loan programmes, and heavier monitoring by banks of the SME loan programmes are solutions to these issues.

Is the SME sector adequately women-friendly?

MAYABEE ARANNYA

"I had to let go of many employees, close down shops, and shift to mostly online deliveries," shares Ashna Afroz, CEO and Founder of Prakriti Farming, when speaking about the initial hit faced by her small and medium-sized enterprise (SME) during the COVID-19 pandemic. Starting with just one

found that 75 percent of respondents did not have the financing to adapt to restrictions imposed by the pandemic. "Women entrepreneurs have small levels of capital to begin with. Pandemic restrictions caused markets to shut down and disrupted the supply chain. Consequently, entrepreneurs had to halt businesses for a while and could not sell their stocks before they were

shut down, and our supply chain was disrupted. There were commute problems as well, leading to quality check issues."

According to the Economic Census of 2013, 7.2 percent of all enterprises in Bangladesh are led by women. Of these, 99 percent are SMEs. The SME sector contributes to 25 percent of our total GDP, which means supporting women

investment will not be enjoyed by the women," says Dr Nazneen Ahmed, Senior Research Fellow, Bangladesh Institute of Development Studies (BIDS).

Only 36 percent out of all eligible women participate in the labour market in Bangladesh. The proportion of women entrepreneurs is quite low, as they face a lack of access to the market since women-friendly facilities are not available. "They also have a lack of support from society and face mobility restrictions. Society segments which areas of entrepreneurship can be for men and which for women, reinforcing gender stereotypes," adds Dr Nazneen Ahmed. Shifting to e-commerce is commonly cited as a solution to

because they do not trust potential women entrepreneurs. Women also find it difficult to find multiple guarantors, as demanded by banks," says Dr Nazneen Ahmed. Innovative financial products that help women get smaller loans, cluster-based loan programmes, and heavier monitoring by banks of the SME loan programmes are solutions to these issues.

To relieve some of the setbacks caused by the pandemic, the government had allocated 20,000 crore taka for stimulus packages for women entrepreneurs in 2020, with another package worth 1,500 crore taka allotted in January 2021. However, women entrepreneurs barely have access to these packages. "The mechanism for disbursement of



employee in 2016, Ashna Afroz created a network of organic urban farmers to deliver uncontaminated produce to people. Although Prakriti Farming could adapt to the "new normal" enforced by the pandemic, the same can't be said for many other women-led SMEs.

A study on women entrepreneurs in South Asia by The Asia Foundation

ruined. Having no more capital to invest, many businesses shut down permanently," says Sadia Afroz Sultana, Senior Programme Manager, The Asia Foundation. The reality of SMEs bearing the brunt of the pandemic is further shared by Sazia Tasnim, Co-Founder of Selvice, an e-commerce platform for event-related logistics. "During the pandemic, many service providers

SME entrepreneurs is crucial to the country's economic growth. Still, there are countless hurdles for women SME entrepreneurs. "Women entrepreneurs face challenges from three dimensions: household, social and institutional. At the household level, families are reluctant to give women capital to start their businesses, fearing that after marriage, the benefits of the capital

"Banks tend to provide large-scale loans; even if they provide SME loans, those mostly go to men because they do not trust potential women entrepreneurs. Women also find it difficult to find multiple guarantors, as demanded by banks," says Dr Nazneen Ahmed. Innovative financial products that help women get smaller loans, cluster-based loan programmes, and heavier monitoring by banks of the SME loan programmes are solutions to these issues.

mobility issues of women entrepreneurs. However, promoting e-commerce platforms solely for women further strengthens the harmful social norm that women cannot go to the same areas as men. This notion also ignores the need for more security and safer transport for women entrepreneurs.

At the institutional level, women entrepreneurs mostly face a capital constraint. Under the Refinance Scheme of Bangladesh Bank, commercial banks provide low-cost loans to SME entrepreneurs. 15 percent of these loans are reserved for women SME entrepreneurs. "Banks tend to provide large-scale loans; even if they provide SME loans, those mostly go to men

SME stimulus packages needs to change. Banks cannot have the same criteria for these packages as regular loans," opines Farzana Khan, General Manager, Women Entrepreneurship Development, Technology Development, Capacity Development and Cluster Development wing, SME Foundation.

While some positive strides have been made in supporting women-led SMEs, we still have a long way to go. Farzana Khan sheds light on one critical aspect to remember during the process of making the SME sector more women-friendly: "Helping women entrepreneurs' can't be made into mere buzzwords; tangible steps have to be taken to support them."



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শিখা অনন্যা
নারী উদ্যোক্তা ঋণ

নারীর অর্থনৈতিক অগ্রযাত্রার অংশীদার হিসেবে সমরোপযোগী ঋণ সুবিধা নিয়ে পাশে আছে লংকাবাংলা **শিখা অনন্যা**। নারী উদ্যোক্তাদের জন্য বিশেষায়িত এই এসএমই ঋণের মাধ্যমে নারীরা পাবেন স্বল্প সুদে, দ্রুত সময়ে ২৫ লক্ষ টাকা পর্যন্ত জামানতবিহীন ঋণ সুবিধা। **শিখা অনন্যা** ঋণ সুবিধার মাধ্যমে নারীরা হয়ে উঠবে অর্থনৈতিকভাবে আরো সাবলম্বী ও সমৃদ্ধশালী।

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- ক্ষুদ্র শিল্পোদ্যোক্তা, সেবাদানকারী প্রতিষ্ঠান, ব্যবসায়ীকে এসএমই ঋণ ও কৃষককে কৃষি ঋণ সুবিধা প্রদান

* ঋণ অনুমোদন সফটওয়্যার 'দিগন্ত' বিএফপিবি (ইউকেএইভ)-এর আর্থিক সহযোগিতায় নির্মিত



STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.66%	▲ 0.43%	\$1,780.34 (per ounce)	\$76.18 (per barrel)	▲ 0.43%	▲ 0.66%	▲ 0.06%	▲ 1.15%	BUY TK 83.95	99.03	116.28	12.72
6,092.84	10,622.51			52,925.04	29,066.18	3,121.60	3,607.56	SELL TK 84.95	102.83	120.08	13.37

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MONEY WHITENING SCOPE

10pc tax likely for investing in new factories

Govt brings in new provision; tax rates to remain high for other sectors

REJAUL KARIM BYRON and
DWAIPAYAN BARUA

The amnesty to legalise undisclosed income without any question and on payment of 10 per cent tax is likely to continue in the upcoming fiscal year for individuals who will make a new investment to set up factories, officials said.

Nearly 50 proposed measures related to income tax and value-added tax may see changes when the Finance Bill 2021 is passed in parliament on June 29.

The government offered the holders of undisclosed income to whiten their wealth without facing any question on the source from any authorities, including the Anti-Corruption Commission, at the beginning of the current fiscal year of 2020-21.

The special opportunity was granted in three categories, including undeclared cash, bank deposits, savings certificates, shares, and bonds. A person could legalise the money by paying 10 per cent tax on the amount they showed in the tax return.

The scope may be retained in the upcoming fiscal year. But the beneficiaries might have to pay a

higher rate of 25 per cent.

As a new measure, the benefit of whitening the black money by paying only 10 per cent tax is likely to be limited to the establishment of new factories. The investment

will have to be made in the next fiscal year, said officials of the finance ministry.

The government may include a new provision for the black money-holders, allowing them to

legalise the wealth by investing in the health and agriculture sectors. The move is aimed at increasing tax collection and encouraging investment to create jobs.

In the outgoing fiscal year,

CHANGES IN BUDGETARY MEASURES

Scope of legalising undisclosed income by investing in capital market may stay

Tax rate may be **25%** instead of existing **10%**

VAT for air-conditioned hotels and restaurants to be cut from **15%** to **10%**

VAT for non-AC hotels and restaurants may decline to **5%** from **7.5%**

The ceiling for mandatory use of formal channels in monetary transaction to be fixed at Tk **5** lakh

people have been allowed to invest in the capital market by paying tax at 10 per cent on the value of the investment for at least a year.

READ MORE ON B3

Owners for running garment factories during lockdown

Union leaders divided

REFAWET ULLAH MIRDHA

Garment factory owners have expressed their intention to keep running their industrial units during the upcoming lockdown, while union leaders are divided on the issues of ensuring workers' safety and livelihoods.

Factory owners and a section of union leaders think that if the shipment of goods cannot be made on time, the work orders may shift to other countries.

"As the whole country is going on a lockdown, why won't the garment sector do the same?" asked Nazma Akter, president of the Sammilito Garment Sramik Federation.

Even during the last lockdown, some of the garment factory owners did not properly provide transportation services to carry workers between their homes and workplaces despite giving their commitment on it, she said.

The transportation that was managed was of low quality and did not maintain the much-required social distancing protocols, Akter said.

In fact, many factory owners do not follow the lockdown and health guidelines properly and do not even visit the factories, but the workers and some executives continue working, risking their lives, she also said.

So it is very logical that they are paid risk allowances, said the labour leader.

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Disclose directors' engagements with other firms: BSEC

STAR BUSINESS REPORT

The boards of directors of listed companies are bound to reveal in reports to shareholders their primary employment and engagements, if any, with other companies, says a Bangladesh Securities and Exchange Commission (BSEC) notification.

Any change in directorship also needs to be disclosed so that stock investors can get to know directors better, it said.

The BSEC explained that the notification was issued in the interest of investors and the capital market.

Directors are a company's influencers, so information concerning them is necessary for investors to take decisions. "So we want to make them well known," said a top BSEC official, preferring anonymity.

Now investors will get to know directors perfectly, even if there are any changes, he said.

"Their engagement in other companies is also important in many cases, so we decided to make them well known," he added. The board shall disclose any appointment or reappointment of members.

In the company's official website, it also needs to disclose any change or development in engagement or directorship in other companies in the resumes of directors concerned, it added.

READ MORE ON B3



Keep EPZs open during lockdown

Investors urge govt

STAFF CORRESPONDENT,
Chattogram

The Bangladesh EPZ Investors' Association (BEPZIA) has requested the government to keep the export processing zones (EPZs) open during the nationwide lockdown to ensure smooth payment of salaries and allowances to workers.

Following a sudden surge in coronavirus infections, the government has decided to impose another complete lockdown from tomorrow.

The BEPZIA is now concerned that if the circular is published without a provision for the EPZs to remain open, the workers will rush to their village homes, which will spread Covid-19.

The factories located in the EPZs across Bangladesh need to pay salaries and festival bonuses to their workers for Eid-ul-Azha.

READ MORE ON B3



Vessels being loaded with goods destined for the southern islands of Sandwip, Hatiya, Uri and Maheshkhali. These upazilas can solely be reached from the mainland over waterways. The photo was taken at Fishery Ghat, Chattogram on Friday.

PHOTO:
RAJIB RAIHAN

Govt to buy 5 lakh tonnes of wheat from Russia

Petrobangla to import Tk 448cr LNG from US firm

STAR BUSINESS REPORT

The government has taken steps for faster import of 5 lakh tonnes of wheat from Russia.

The cabinet committee on economic affairs yesterday approved a proposal in this regard to bring in the cereal from the Russian Federation under a government-to-government initiative.

For faster import, the cabinet committee also reduced the tender submission time to 15 days from 45 days since the publication of the tender in newspapers.

This time the government will procure 2 lakh tonnes of wheat following the direct purchase method and the rest 3 lakh tonnes through open tender.

In the revised budget for fiscal 2020-21, the government wanted to import 5.66 lakh tonnes of wheat but it could bring in 4.78 lakh tonnes as of June 23 this year.

READ MORE ON B3



Laid-off GP employees protest retrenchment

STAR BUSINESS REPORT

Around 100 former Grameenphone staff who were recently laid off organised a press conference at Dhaka Reporters Unity and formed a human chain in front of National Press Club yesterday demanding reinstatement.

The mobile phone operator offered a voluntary retirement scheme between June 3 and 17 which was taken up by 100 employees.

Another 159 who had not availed the offer were laid off simultaneously on June 20, with Grameenphone sending them a notice on the evening of June 20 reasoning it was a part of retrenching efforts.

The retrenched workers claimed the mobile phone

READ MORE ON B3

Expand, redesign stimulus for SMEs

Experts urge govt

STAR BUSINESS REPORT

The stimulus packages for small and medium enterprises (SMEs) and the agriculture sector should be expanded and redesigned in the next budget considering the Covid-19 fallout, experts said at a webinar held yesterday.

The implementation of the annual development programme (ADP) is also a big challenge as many projects cannot be completed on time while their allocations remain unused by the end of the fiscal year, they said.

The webinar styled, "The National Budget for 2021-22: Private Sector Perspective", was jointly organised by the International Business Forum of Bangladesh (IBFB) and Bangladesh Enterprise Institute (BEI).

While presenting the keynote paper, Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue (CPD), said there remains a big concern that most SMEs cannot avail stimulus funds.

"So, the stimulus packages need to be expanded and redesigned in view of past

BUDGET REVIEW
FY2021-22

experiences," he said, adding that SMEs should be given special attention.

Khan went on to say that the budget documents do not provide a consolidated and comprehensive update in the number of critical areas for stimulus packages.

There is no mention of how much money has been set aside to implement stimulus packages in fiscal 2021-22.

Besides, there is no mention of whether there will be any changes to the implementation modality despite the experiences of the past year, he said.

Expressing concern over the implementation of the ADP, speakers said the kind of stagnation seen in government spending is the biggest concern in terms of budget implementation.

READ MORE ON B3

Reducing oil use to meet climate targets is tougher than cutting supply

REUTERS, New York

Governments around the world have been slow to take uncomfortable decisions to persuade consumers to cut energy consumption to help achieve climate targets, often because consumers are not ready to pay up or compromise their lifestyles.

Researchers, policy makers and energy executives told a Reuters Energy Transition conference this week that while energy companies were under pressure to accelerate measures to reduce emissions, governments have barely addressed reducing demand for the fossil fuels that warm the planet.

Several major energy firms have committed to reducing output of oil and gas - with BP pledging to reduce production by 40 per cent by 2030 - as part of a legally binding international treaty on climate change, known as the Paris agreement, to limit global warming to well below 2 degrees Celsius, preferably to 1.5 degrees.

But a growing population in Asia and booming consumerism in industrialised nations make most climate targets very difficult, if not impossible to achieve.

Just this month, Swiss voters rejected environmental proposals by governments to help the country cut carbon emissions, including measures to raise a surcharge on car fuel and impose a levy on flight tickets.

The International Energy Agency, the steward of energy policies in industrialised nations, last month said the world should not develop new oil and gas fields to achieve net zero targets by 2050.

But its head Fatih Birol said this week net zero targets were a pipe dream without global consumption patterns changing.

"We see a widening gap between rhetoric and what is

happening in real life," he said. So many governments are coming with net zero targets by 2050 and the same year CO2 emissions are growing and it will be the second largest increase in history.

"Consumer behavior needs to change as a result of government steps," he said. Emissions are rising sharply in 2021 after falling steeply in 2020 as a result of global lockdowns to slow the spread of coronavirus.

In France, according to Birol, the government is taking some very early steps to discourage short-distance travel by plane.

At the same time, in Britain the government is busy brainstorming how to revive a holiday season to save the airline and tourism industries.

Birol said the IEA has over 400 milestones of what needs to happen to achieve net zero targets by 2050 and 95 per cent of those

milestones should be driven by changes demand not supply.

Many of those targets - such as banning internal combustion engines car sold by 2030 or 50 per cent of aviation fuels coming from non fossil fuels by 2040 - are still wishful thinking as there is no industry-wide, country-wide or global policy approach to making those targets happen.

The International Monetary Fund has repeatedly criticised developing nations for wasting hundreds of billions of dollars on subsidising cheap diesel and gasoline for the poor. But even in the United States, which consumes a quarter of world's gasoline, prices are just half of those in Britain because of low taxes.

The government of US President Joe Biden has made no signal it would change that.

Instead, Biden is proposing sweeping policy efforts to quickly

electrify the nations vehicle fleet, as well as clean up the power industry that would charge them. But none of those goals will become reality without an act of Congress, an outcome that is far from certain given the country's deep-seated political divisions.

"The transport sector may prove to be the hardest one of all to decarbonized, and not for technological reasons, but really for political reasons, economic reasons, business model reasons and societal acceptance reasons," said Kelly Sims Gallagher, professor of energy and environmental policy at The Fletcher School.

"How do you convince people to buy an electric vehicle? There really isn't a lot on the market that a lower income family can buy... It really is going to require governments to make politically uncomfortable decisions".

A Reuters this month showed that Americans were skeptical about new electric car and truck models, expressing concerns about the potential costs and inconveniences of owning such vehicles.

Sims Gallagher says the policies that would work to incentivize EVs are politically challenging - such as imposing a fee on high emissions vehicles and rebate on low emissions vehicles.

Another challenge is a clean grid and many industrialised countries have old grids that need reconstruction.

Rodolfo Lacy, director at the Organisation for Economic Co-operation and Development, estimates that more than \$500 billion is being given by governments on fuel subsidies globally every year in one form or another.

"We need to start to think about phasing out infrastructure and technologies that we do not need for the future," he said.

Besides direct fuel burn, the jury is still out if the world can afford to continue shipping huge amount of goods daily to deliver computer equipment from China to Europe or south American fruit out of season to the United States.

Asia's rising population will encourage further energy consumption and those people too aspire to have their standards of living improve.

The heads of oil majors such as BP, ENI and Equinor, who took part in the Energy Transition conference made it clear - oil and gas prices were poised to rise as producers reduce their output of fossil fuels under pressure from investors while demand keeps rising.

"I dont sit here saying we have to wait for society... If the supply side moves too early and society doesnt move, well have a mismatch," said BP CEO Bernard Looney.

Mahmud, Shahin BAJF's new president, gen secy



Golam Iftakhar Mahmud **Shahanuare Shaïd Shahin**

STAR BUSINESS DESK

Golam Iftakhar Mahmud, senior reporter of daily Prothom Alo, and Shahanuare Shaïd Shahin, deputy city editor of Daily Bonik Barta, have been elected president and general secretary respectively of Bangladesh Agricultural Journalist Forum (BAJF) for 2021-2022.

Other committee members are Vice President MA Jalil Munna (Daily Ittefaq), Yasir Wardad (The Financial Express), Joint Secretary Zahir Munna (Channel i), Emdadul Huq Tuhin (sarabangla.net), Organising Secretary Abu Khalid (dhakapost.com), Assistant Organising Secretary Rokon Uddin Mahmud (daily Kaler Kantho) and Treasurer ANM Mohibub Uz Zaman (Daily Sun).

Italy's consumer confidence up to near three-year high

AFP, Rome

Consumer confidence in Italy jumped to the highest level in nearly three years in June, while business confidence also rose sharply, official data showed Friday.

It was the latest in a series of positive indicators for the eurozone's third-largest economy, which is recovering from a record recession brought about by the Covid-19 pandemic. The consumer confidence index reached 115.1 from 110.6 in May, national statistics agency Istat said, calling it the highest reading since October 2018.

Meanwhile, the business confidence index hit 112.8, versus 107.3 in May, "consolidating the positive trend" observed since December, Istat said.

With June's reading, consumer confidence returned to pre-pandemic levels, while business confidence had done so already in May.

Italy was the first European country to be hit by the coronavirus pandemic in early 2020, and that year its economy shrank by a staggering 8.9 per cent.



A man rides a bicycle as he passes tanks of gasoline in Kasserine, Tunisia.

REUTERS/FILE

Chinese firm Didi's \$4b IPO books covered on first day of bookbuild

REUTERS

An initial public offer (IPO) by China's Didi Global Inc in New York to raise up to \$4 billion has been fully covered on the first day of its bookbuild, even as some investors fear tougher rules could hurt growth, sources with direct knowledge said.

The offering will be the biggest US share sale by a Chinese company since Alibaba raised \$25 billion in 2014 and is likely to be the biggest US IPO this year.

The ride-hailing giant did not respond to a request for comment on its bookbuilding exercise, set to run until Tuesday, when pricing will be set after the close of the US market, according to a term sheet seen by Reuters.

"Many investors still doubt if Didi can maintain a high growth rate for its core ride-hailing business in China," said a prospective investor at one Hong Kong-based hedge fund who asked not to be identified as he was not allowed to speak to media.

"Its market share is already very high in big cities, which means there is limited room for its future growth," the source added.

"Its also challenging for the company to

expand in lower-tier cities due to increasing competition from rivals, not to mention the potential impact of a regulatory crackdown."

Didi's targeted valuation is less than an initially expected range of \$80 billion to \$100 billion because potential investors expressed concern over its growth prospects and the chance of tighter regulation of Chinese tech firms, the sources said.

The valuation target and raising size were set after initial meetings with investors over the past fortnight.

Didi plans to start trading on Wednesday after a short roadshow for investors for the keenly awaited IPO.

Didi set a price range of between \$13 and \$14 per American Depositary Share (ADS), a regulatory filing showed on Thursday, and said it would offer 288 million such shares in the IPO. At the top of the range, the deal will raise \$4.03 billion.

That suggests a valuation ranging from \$62.4 billion to \$67.2 billion.

An overallotment option could see the company sell an extra 43.2 million shares to raise up to an extra \$605 million.

Deal terms suggest a conservative approach for Didi that sources said had earlier eyed the higher valuation range.

bKash donates from 'Add Money' use

STAR BUSINESS DESK

Mobile financial service bKash has launched a campaign donating Tk 10 to the country's healthcare sector for every Tk 5,000 or more added to customer accounts.

The campaign will run till July 9, said a press release.

Money can be added to bKash accounts from 29 banks using VISA and Mastercard while transferred to accounts of four banks from bKash.

Services can also be availed such as sending money and making merchant payments, mobile top ups and utility bill payments round the clock.

On an average, 1.2 million bKash customers have been availing the "Add Money" service every month.

Govt to buy 5 lakh tonnes of wheat from Russia

FROM PAGE B1

For the upcoming fiscal year of 2021-22, the wheat import target has been set at 5 lakh tonnes.

In a period between July 1 in 2019 to June 30 in 2020, the government imported over 64 lakh tonnes of wheat.

Of it, 367.59 lakh tonnes were brought in by the government and 5.99 lakh tonnes by private importers.

Yesterday, the cabinet committee on public purchase also gave the go-ahead to another proposal to import 33.6 lakh Metric Million British Thermal Unit of liquefied natural gas (LNG).

Petrobangla under the fuel and mineral resources division will bring in the LNG from US firm M/S. Excelerate Energy LP at a cost of over Tk 448 crore.

Keep EPZs open during lockdown

FROM PAGE B1

"But it will become impossible if we are forced to shut operations," said the association in a press release.

Factory operators have arranged all kinds of preventive measures to protect their employees from the virus ever since the first outbreak, it added.

M Nasir Uddin, chairman of the BEPZIA, said they have very urgent export commitments with international buyers, the sustaining of which is very important for the country's economic growth. "Everybody knows that there is a big community working in all EPZs from different parts of the country. So, if factories close, the workers will go home and make the situation worse," he added.

Uddin requested the Bangladesh Export Processing Zones Authority to keep the EPZs open during the upcoming lockdown. "We are also requesting the government to keep export-related offices open to ensure a smooth shipment."

Disclose directors' engagements with other firms: BSEC

FROM PAGE B1

Some directors are engaged in many listed companies but it was not easy for investors to find this out. "So we made it mandatory to make disclosures in the directors' report," said a stock broker.

It is a good decision, he said, adding that information regarding directors was very important and so such disclosures would give new clues for investors to strategise.

Dhaka Stock Exchange has 379 listed companies, which have over 1,800 directors.

Owners for running garment factories during lockdown

FROM PAGE B1

When it came to lockdowns and running factories over the last one and a half years, the government in most cases took decisions in favour of the factory owners while workers' interests were ignored, Akter told The Daily Star over the phone.

"The demands of the workers did not get priority during the lockdown. The factory owners did not manage safe workplaces and safe transportation," she alleged.

Sirajul Islam Rony, a representative of garment workers at the last minimum wage board, said many workers came to work on foot in the absence of transportation facilities and small vehicles like "easy bikes".

He, however, advocated in favour of running the factories during the lockdown as Eid-ul-Azha was knocking at the door.

The workers will need salary and festival allowance, he said, adding that if the owners cannot produce goods on time, they would face difficulties in paying the workers timely.

Moreover, the infection rate among the garment workers is still very low as the factory managements follow the health guidelines strictly, Rony also told The Daily Star over the phone.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the garment factory owners support the lockdown decision as it was to save lives.

"But at the same time, livelihoods are also important. So, keeping the garment factories out of the purview of the lockdown is a good decision," Hassan said, reasoning that the infection rate was very low among garment workers. "We have a lot of work orders from our buyers now as the western retail outlets reopened after vaccination. The factories need to make timely shipments and pay the workers ahead of Eid-ul-Azha," Hassan also said.

Since the government put a bar on the movement of public transport, the factory owners may even run their units at low capacity, considering that workers could fail to reach workplaces due to the lack of transport, he said.

10pc tax likely for investing in new factories

FROM PAGE B1

The government may continue the facility, but the tax rate may be fixed at 25 per cent.

In FY21, people have been permitted to declare any undisclosed properties, including homes, land, buildings, or flats, by paying 10 per cent tax. The special treatment is expected to continue and the tax rate may remain unchanged.

Because of the blanket money whitening opportunity, a record Tk 14,460 crore of undisclosed assets were legalised in the first 11 months of FY21, according to the National Board of revenue.

Among other amendments, the government may cut the rate of VAT for air-conditioned (AC) hotels and restaurants from 15 per cent to 10 per cent and from

7.5 per cent to 5 per cent for non-AC hotels and restaurants.

On June 12, restaurant owners demanded the government reduce the VAT, taking into account the devastating impact of the pandemic on the sector.

Hotels and restaurants employed 22.8 lakh people as of 2019-20, according to the Hotel and Restaurant Survey 2020 of the Bangladesh Bureau of Statistics.

The government may raise the ceiling for businesses on the mandatory use of formal channels such as banks and mobile financial services to carry out monetary transactions. The proposed budget has made it compulsory to transfer funds of more than Tk 50,000 through formal channels. The new limit might be Tk 5 lakh.

However, many factories arrange transportation of their own for carrying the workers, he said. More than 90 per cent of workers reside close to the factories, so they do not need any transportation, he added.

Mohammad Hatem, vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association, echoed Hassan.

Running factories is important and logical for catering to the timely shipment of goods and workers' payment before Eid-ul-Azha.

Akhtaruzzaman Khan, president of the Bangladesh Hotel Restaurant Bakery Sramik Union, said they supported the lockdown.

But the restaurants and sweetmeat shops need to be allowed to run following health guidelines. Otherwise, 30 lakh workers will be in big trouble, he added.

Kazi Iftaquer Hossain, president of the Bangladesh Garment Buying House Association, sought to continue keeping offices open at low capacity as it was the peak season for receiving work orders from international clothing retailers and brands.

Osman Ali, general secretary of the Bangladesh Road Transport Workers Federation, demanded that the government provide them rice at Tk 10 per kilogram and a Tk 5,000 allowance per month and ensure monthly payment of salaries.

Laid-off GP employees protest retrenchment

FROM PAGE B1

operator had kept them idle for over a year while getting their work done through outsourcing.

Grameenphone responded by saying the scope of work changes over time and that they had recently laid off a number of workers who had no function according to their job description for more than 13 months. Leaders of the Grameenphone Employees Union (GPEU) announced continuing agitations until the 159 were reinstated. GPEU Vice-President Tanvir Timir presided over the press conference while General Secretary Mia Md Shafiqur Rahman Masud gave the keynote address.

Expand, redesign stimulus for SMEs

FROM PAGE B1

The pace of public expenditure does not support the government's policy of going ahead from the next fiscal year, they added.

Khan also highlighted some areas of concern for the tax measures.

"The corporate income tax (CIT) for mobile financial services (MFS) has been increased to 40 per cent from 32.5 per cent, which will discourage the sector as a majority of MFS providers are making a loss now," he said.

This burden will likely pass onto the end-users who mostly tend to be marginalised people, he added.

Citing the CIT imposed on private universities and private medical colleges, Hosne Ara Begum, founding executive director of TMSS Bangladesh, said non-profit entities and educational institutions should not be brought under such taxes.

Lutfunnisa Saudia Khan, vice president of the IBFB, echoed the same and said the government should withdraw the CIP on educational institutions.

While discussing the tax deducted at source (TDS) on suppliers, some speakers said a 15 per cent hike in TDS on the suppliers' total income tax revenue will be a burden for both businesses and consumers.

Muhammad Abdul Mazid, former

secretary and ex-chairman of the National Board of Revenue (NBR) and current chairman of the finance committee at IBFB, urged the government to spend the country's forex reserve properly rather than keep it idle.

Highlighting the limitation of allocations in the health sector, M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, said the budget allocation was far less than the amount of investment required to increase the sector's implementation capacity.

Lt Gen M Harun-Ar-Rashid (ret), chairman of the governmental relation and advocacy committee at IBFB, urged the government to launch an insurance policy for farmers.

Addressing the event as chief guest, Planning Minister MA Mannan summarised some points of the discussion and assured the panelists that he would convey the key messages to the authorities concerned.

Mohammad Mahfuz Kabir, research director of the Bangladesh Institute of International and Strategic Studies; M Humayun Kabir, president of BEI; Hafizur Rahman Khan, the preceding IBFB president; MS Siddiqui, vice president of the IBFB; and Md Ali Afzal, director of the IBFB, also spoke.

Prepare for AI technology

It's reshaping manufacturing industry, say experts at China Daily-ANN webinar



STAR BUSINESS REPORT

Firms in Asia should beef up their efforts to embrace artificial intelligence (AI) technology that is reshaping the traditional manufacturing industry, experts said.

"AI is very important. It is the future," said Neale G O'Connor, an expert on technology and innovation in manufacturing in China and a professor of accounting at Monash University Malaysia.

People had doubted that AI could go this far, Umar Saif, founder of Survey Auto, a big data service provider using machine learning and AI technology.

"Yet, AI had made noticeable progress in the last five to seven years globally in finding applications in the areas of services, financial services, manufacturing, and supply chain," he said.

They spoke at the China Daily Asia Leadership Roundtable themed "The Future of AI in Manufacturing Industries", jointly organised by the Tianjin Municipal People's Government Information Office, China Daily, and Asia News Network on Friday.

AI refers to the simulation of human intelligence in machines that are programmed to think like humans and mimic their actions.

In his presentation, O'Connor said factories needed a lot of efforts to move to the digitalisation of documents from manual documentation to start to capitalise on the opportunities that AI brings.

He highlighted the major challenge facing manufacturers to scale up and move into intelligent manufacturing.

"There is a legacy mindset. Many owners don't have a strategic vision for making their factory world-class and making world-class products. They are not focused on developing talents and skill-sets."

"My point is that a factory doesn't necessarily have to be fully robotised. Instead, it still can be labour-intensive. It's just a matter of picking strategic parts of the production line to digitalise and collect more data."

O'Connor underscored the concept of "cobots" to explain the employment impact of automation and intelligent manufacturing.

Cobots, or collaborative robots, are robots that work with people in a shared workspace

and are created to help increase productivity rather than replace human workers.

Obvious opportunities being grabbed by industry players include predictive maintenance, defect detection, yield throughput, line optimisation, inventory, and parts optimisation, O'Connor said.

Wang Yu, a research fellow of the College of Intelligence and Computing at Tianjin University in China, said AI had fully penetrated people's lives and their work.

It is widely used in many fields, including medical treatment, agriculture, government operations, entertainment, retail, transportation, finance, and manufacturing.

"Manufacturing has the largest market capacity. As a result, intelligent manufacturing has received huge attention around the world."

As all sectors have suffered huge losses due to the coronavirus pandemic, they realised the importance of AI and intelligent manufacturing. Automatic production is the future of the manufacturing industry, Yu said.

Under a survey in Tianjin city last year, a questionnaire was sent to 472 enterprises. It found that they were paying more attention to intelligent manufacturing.

He attributed the changes to the pandemic and the support from the government.

"Tianjin considers intelligent manufacturing as a rare opportunity for economic development. We have every reason to believe that Tianjin and the nation would soon enter an intelligent manufacturing era."

Yu provided examples of manufacturing companies using AI to upgrade their production. Flying Pigeon, a bicycle manufacturer in Tianjin, used to need several hours to assemble one bicycle in the 1990s.

"Since about eight years ago, Flying Pigeon has transformed its manufacturing to intelligent manufacturing. What they can do is that they assemble a bicycle in 15 to 17 seconds," Yu said. Umar Saif said the retail market was fragmented in most parts of the world, with mom-and-pop stores dominating because of few large chains.

Point of sales devices are not in use to collect data digitally. As a result, there is no reliable data for multinationals to know what people are buying and by how much, and by the time they get this information, it is too late.

READ MORE ON B2

Revisit corporate tax hike for MFS



ABU SAEED KHAN



OPINION

It could be glitterier had Bangladesh applied predictable regulation to boost the confidence of investors. Policymakers should mind these economic growth engines' regulatory fragility. The principle of taxing the juvenile MFS, as proposed in the current budget, should be revisited.

Mobile technology has democratised telephony, which was a novelty. Launched in 1997, the mobile phone has primarily salvaged the urban middle-class and then rescued rural lives from state-owned telecom companies' monopoly. Money does not move, information does. Therefore, each mobile phone became unintended tellers by the bank-led MFS outfits in 2011.

Since then, it has been the vast number of mostly rural unbanked citizens' preferred fund transfer instrument. With the "scary" procedures of opening an account, banks can't match the ubiquitous, secure, and after-hours operations of MFS outlets in terms of cash transactions.

Currently, more than 60 per cent of the cash-out disbursements happen in the villages. No wonder the government uses MFS as the preferred vehicle to deliver its social safety net payments and educational scholarships.

READ MORE ON B2

Bridges over the mighty rivers have seamlessly connected Bangladesh, the naturally fragmented largest delta in the world. It has prompted the rapid buildout of highways and roads networks to accelerate the nationwide movement of passengers and goods.

Incentivised education has lifted the rate of literacy while universal immunisation deters maternal and infant mortality. The invention of high-yield varieties of rice has exiled famine. Nationwide electrification has lightened up rural homes and businesses.

The mobile phone has injected magical pace and spread to personal and business communications. And mobile financial service (MFS) has added unprecedented ubiquity, frequency and security to interpersonal and small business transactions.

All combined writes the country's secret recipe of impressive economic growth.



STAR/FILE

MFS has effectively succeeded in bringing the mass population of Bangladesh to the formal channel of payments.

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GLOBAL BUSINESS

EU strikes deal on huge farm subsidies



REUTERS

European Commissioner for Agriculture Janusz Wojciechowski attends a news conference on the Common Agricultural Policy at the European Council building in Brussels, Belgium on June 25.

REUTERS, Brussels

European Union negotiators struck a deal on reforms to the bloc's huge farming subsidy programme on Friday, introducing new measures aimed at protecting small farms and curbing agriculture's environmental impact.

The deal ends a near three-year struggle over the future of the EU Common Agricultural Policy, which will suck up around a third of the EU's 2021-2027 budget, spending 387 billion euros on payments to farmers and support for rural development.

Representatives from EU member states and European Parliament clinched the agreement, which aims to shift money from intensive farming practices to protecting nature, and rein in the 10 per cent of EU greenhouse gases emitted by agriculture. The new CAP rules apply from 2023 and do not cover Britain following its exit from the EU.

"In future, agriculture will not just ensure that farmers have a viable business, that we have a fair price for consumers, but it will also contribute to a greener Europe," said Portuguese agriculture minister Maria do Ceu Antunes, who represented EU countries in the talks.

"Small family-run farms will get support," said Norbert Lins, parliament's chief negotiator, adding that the deal gives farmers incentives to protect the environment.

Campaigners and some lawmakers said the deal failed to align farming with EU goals to fight climate change, warning that many measures to encourage farmers to shift to environmentally friendly methods were weak or voluntary. The deal would require countries to spend 20 per cent of payments to farmers from 2023-2024, rising to 25 per cent of payments between 2025-2027, on "eco-schemes" that protect the environment.

Examples could include restoring wetlands to absorb CO2, or organic farming, although the rules did not define what would count as an eco-scheme. Any funds below those limits that are not spent on eco-schemes must be spent on green measures in other areas instead.

Business group urges Biden to lift Europe travel ban, revive economies

AFF, Washington

The Biden administration is under pressure from a major business group and diplomats to scrap a travel ban on Europeans, as investment from the continent in the United States plunged by nearly a third last year.

While countries in the European Union have reopened their borders to Americans who are vaccinated or test negative for Covid-19, the United States has not reciprocated, to the frustration of the business world.

The US Chamber of Commerce on Friday urged Washington to allow the return of European travelers "as soon as possible." "The resumption of safe transatlantic travel is critically important for our nation's economic recovery, as in-person business engagements and international tourism will help drive economic growth and job creation for Americans across the country," said Marjorie Chorzins, the chamber's senior vice president for European affairs.



Stavros Lambrinidis, EU ambassador to the United States

Travelers from the Schengen zone, Britain and Ireland have been banned from entering the United States since March 2020. Also banned from entry are travelers from South Africa, Brazil, China, India and Iran.

The EU ambassador to the United States, Stavros Lambrinidis, told

AFF that Brussels is "pushing" for reciprocity, and emphasizing the positive impact such a move would have on both economies.

"Our economies and people are deeply interconnected, and our vaccination rates are the highest in the world -- it would be crucial to safely open up this side of the Atlantic too as we both kick-start our economies," he said.

During President Joe Biden's visit to Europe last week, the EU stressed that the bilateral economic relationship is the largest in the world, making up a whopping 42 per cent of both global GDP and global trade in goods and services. But beyond trade, huge investments are at stake.

"Mutual investment dwarfs trade and is the real backbone of the transatlantic economy," noted a 2021 joint report from the US Chamber, AmCham EU, Johns Hopkins University and the Wilson Center think tank.

Britain could face food shortages due to lorry driver crisis

REUTERS

Britain could face gaps on supermarket shelves this summer and an "unimaginable" collapse of supply chains after the pandemic and Brexit led to a shortage of more than

100,000 truck drivers, industry leaders have warned.

In a June 23 letter sent to Prime Minister Boris Johnson, the industry called for his personal intervention to allow access to European labor by introducing temporary worker visas

for HGV drivers and adding them to a "shortage occupation list".

A government spokesman said however that with the country's new post-Brexit immigration system, the industry should look to hire local workers instead.

"Supermarkets are already reporting that they are not receiving their expected food stocks and, as a result, there is considerable wastage," said Richard Burnett, the chief executive of the Road Haulage Association, which co-ordinated the letter.

Britain's supermarket industry, led by Tesco, Sainsbury's, Asda, and Morrisons, relies on an army of drivers and warehouse workers to bring fresh produce from the fields of Europe to its shelves.

Britain's logistics industry had been one of the most vocal in the run-up to Britain's departure from the European Union, warning that truck drivers would not want to come to Britain if checks and friction increased at the border.



Lorries queue in at the border control of the Port of Dover in Dover, Britain on January 15.

REUTERS/FILE

NEWS In Brief

Amazon buys encrypted messaging app Wickr

AFF, Washington

Amazon said Friday it was acquiring the encrypted messaging app Wickr which offers secure communications for businesses, government agencies and individuals.

Terms of the deal were not disclosed. Amazon said in a statement it would incorporate Wickr in its Amazon Web Services (AWS) division which offers cloud computing and other services. AWS will continue to offer Wickr services including end-to-end encrypted communications which meet certain regulatory requirements.

"The need for this type of secure communications is accelerating," said AWS vice president Stephen Schmidt "With the move to hybrid work environments, due in part to the Covid-19 pandemic, enterprises and government agencies have a growing desire to protect their communications across many remote locations."

"Wickr has touted its "military grade" encryption for business and government users, and was among the apps reportedly used to leak information from the White House during the Trump administration.

Tesla recalls vehicles in China for online software update

REUTERS, Beijing

Chinese regulators said on Saturday Tesla Inc would 'recall' nearly 300,000 China-made and imported Model 3 and Model Y cars for an online software update related to assisted driving, with owners not required to return their vehicles.

The State Administration for Market Regulation said on its website that the move is linked to an assisted driving function in the electric cars, which can currently be activated by drivers accidentally, causing sudden acceleration.

The remote online software 'recall' - a first for Tesla cars built in China - covers 249,855 China-made Model 3 and Model Y cars, and 35,665 imported Model 3 sedans.

Tesla, now making Model 3 sedans and Model Y sport-utility vehicles in Shanghai, sold 33,463 China-made electric cars in May, according to industry data.



REUTERS/FILE

A China-made Tesla Model 3 electric vehicle is seen ahead of the Guangzhou auto show in Guangzhou, Guangdong province, China.