

FBCCI seeks moratorium on loan classification until Dec 31

STAR BUSINESS REPORT

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) has sought moratorium from Bangladesh Bank on industrial loan classification until December 31 to keep the private sector afloat during the coronavirus pandemic.

A delegation of the FBCCI made the request in a meeting with Bangladesh Bank Governor Fazle Kabir at his office in Dhaka on Wednesday, according to a press release.

At the meeting, FBCCI President Jashim Uddin said borrowers are losing their ability to repay bank loan instalments against the backdrop of uncertain recovery of economic activity amid the Covid-19 pandemic.

Seeking an extension of the loan classification deadline, he said most of the industries and businesses are struggling to keep the business running and are unable to repay the loan instalments on time.

They will become involuntary defaulters unless the benefits provided by banking watchdog are extended till the Covid-19 situation improves and business operations are restored, Jashim Uddin added.

"This will put an adverse impact on production and business operations."

He expressed worries and said the entire economy, including the banking sector, would be disrupted.

FBCCI vice presidents MA Momen and Amin Helaly and former director Manzur Ahmed were also present.

US weekly jobless claims fall; layoffs hit 21-year low in June

REUTERS, Washington

The number of Americans filing new claims for unemployment benefits fell more than expected last week, while layoffs plunged to a 21-year low in June as companies held on to their workers amid labor shortages.

Initial claims for state unemployment benefits dropped 51,000 to a seasonally adjusted 364,000 for the week ended June 26, the Labor Department said on Thursday.

But the pace of decline has moderated from May, when claims dropped below 400,000 for the first time since March 2020, when mandatory shutdowns of nonessential businesses were enforced to slow the first wave of Covid-19 infections.

Claims increased in mid-June, interrupting a stretch of six straight weekly decreases. Economists polled by Reuters had forecast 390,000 applications for the latest week.

Claims have dropped from a record 6.149 million in early April 2020, but are still above the 200,000-250,000 range that is viewed as consistent with a healthy labor market.

Some of the recent elevation

in claims has been blamed on the so-called seasonal factor, which the government uses to iron out seasonal fluctuations from the data.

"Partly, the recent increase has been a result of a less favorable seasonal factor, which could put some further upward pressure on initial claims over the summer

months if seasonal hiring is less strong than usual this year due to factors causing various labor shortages," said Veronica Clark, an economist at Citigroup in New York. "We still expect an overall downward trend to prevail over the coming months."

The claims data could become

noisy in the weeks ahead as 26 states with mostly Republican governors pull out of federal government-funded unemployment programs, including a \$300 weekly check, which businesses complained were encouraging the jobless to stay at home.

The early termination began on June 5 and will run through July 31, when Louisiana, the only one of those states with a Democratic governor, ends the weekly check.

For the rest of the country, these benefits will lapse on Sept. 6. There is no evidence so far of a surge in job searches in the 20 states that have already ended the federal benefits.

A survey this week by job search engine indeed found that while the vast majority of the unemployed indicated they would like to start looking for work in the next three months, many did not express a sense of urgency.

But rising vaccinations, dwindling savings and the opening of schools in the fall will be key to pulling them back into the labor force.

Lack of affordable child care and fears of contracting the coronavirus have also been blamed for keeping workers, mostly women, at home.



REUTERS/FILE

Job seekers attend the Long Beach North Pine Block Job Fair hosted by Catalyst Cares, as the coronavirus disease continues, in Long Beach, California, US on May 19.

Banks log higher than expected profits despite slowdown

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The credit growth stood at 8.29 per cent in April, down from 8.82 per cent year-on-year.

Rahman said some banks might have added their unearned interest to incomes.

Emranul Huq, managing director of Dhaka Bank, said that banks' earnings from export and import activities rose significantly in the first half.

"This helped banks enjoy a magnificent profit growth," he said.

On top of that, the construction of expensive infrastructure has been underway despite the pandemic.

"Banks' lending to projects is highly secured, and they earned handsomely from the segment," Huq said.

M Kamal Hossain, managing director of Southeast Bank, said that his bank had cut

operating expenses recently, which gave a boost to the profit. The profit of the bank grew 38 per cent to Tk 472 crore.

He credited the central bank's deferral support for the higher profit.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, said investment in the secondary bond market had helped his bank post a hefty profit.

The profit of the lender rose 15 per cent to Tk 301 crore. The bank has invested more than Tk 10,000 crore in the secondary bond market.

Mohammad Ali, additional managing director of Pubali Bank, said that his bank had taken various steps to keep its profit in the positive territory during the pandemic.

Pubali's profit stood at Tk 503 crore, up 25.43 per cent year-on-year.

There are 62 banks in Bangladesh.

Many apparel workers walk to work

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She also demanded Tk 3,000 per month as risk allowance for the workers as they were working during such a severe period of the pandemic. Akter reiterated for strong compliance to health guidelines in running factories.

She also demanded vaccination for garment workers and not laying off any worker during this time of the pandemic.

Sirajul Islam Rony, a union leader and former workers' representative in the minimum wage board for garment workers, echoed Akter.

The garment workers should be allowed to avail transport showing their identity cards as the government kept industries and factories out of the purview of the lockdown, he said.

Many workers had to go to workplaces amid a lack of public transport on the roads, he said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said more than 90 per cent of garment workers live near their respective factories.

So they do not need any transport to go to their workplaces, he said.

Of the remaining 10 per cent who live a bit

far away from their workplaces, they use public transports and in many cases the factories arrange their own vehicles for the purpose, he claimed.

However, a few factories have not arranged transport for their workers because they cannot afford the costs, he said.

In this case, the BGMEA instructed running the factories a bit under capacity as transport movement has been stopped for the lockdown.

Workers will not lose their jobs if they cannot come to their workplaces due to a lack of public transport during the lockdown, Hassan also told The Daily Star over the phone.

However, the BGMEA has strongly instructed factory owners to follow health guidelines in running factories during the pandemic.

Also, the BGMEA has been monitoring the factories to ensure compliance with health guidelines, he added.

Mahamud Naser Jony, additional superintendent of Dhaka Industrial Police-1, said a majority of factories did not arrange workers' transportation although the government earlier had instructed to do so.

"Some staff and workers brought up allegations that their staff vehicles were barred by law enforcers from plying the roads on way to the factories in the morning. We are working on that so no staff or worker-carrying vehicles are stopped," he added.

Thousands of garment workers in Chattogram suffered immensely due to the transport shortage during the ongoing countrywide lockdown, adds our Chattogram correspondent.

Workers said the factory owners did not provide an adequate number of vehicles as public transport was closed for the lockdown from Thursday.

However, even in cases where workers rented vehicles on their own initiative, maintaining social distancing inside was not possible.

Most of the workers had to reach their workplaces by rickshaws or rent vehicles but some of them were not able to manage any transport after waiting for hours. Many were also seen going to their destinations on foot.

The movement of all forms of public transport, except rickshaws, was banned for seven days from Thursday as the government went into a lockdown to tame the raging coronavirus.

RedDot brings Tk 15cr private equity fund

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entrepreneurs is highly commendable," said Prof Shibli Rubayat Ul Islam, chairman of the BSEC.

"We will always provide our full support for such initiatives," added Islam, who expects that the success of this move would encourage others to introduce similar funds to support promising ventures.

R-Ventures will work to ensure a reliable and specialised source of alternative investment fund to turbocharge the country's promising digital start-ups, said Mahtab Uddin Ahmed, managing director and chief executive officer of Robi Axiata.

Apart from securing the investment fund, R-Ventures will provide management advisory and mentoring support to participating digital start-ups.

Besides, it will plug digital start-ups into a strong investors' network for securing their funding.

"So, R-Ventures will certainly diversify

our capital market," Ahmed added.

RedDot Digital will act as the fund's sponsor while SBK Tech Ventures will act as the general partner or fund manager. Meanwhile, Green Delta Insurance Company will act as the fund's guardian.

IDLC Investments and ACNABIN will perform the roles of valuer and auditor respectively. With the purpose of launching the fund, an agreement signing ceremony took place among RedDot Digital, SBK Tech Ventures and Green Delta Insurance Company at a city hotel on Wednesday.

Asif Naimur Rashid, managing director of RedDot Digital, and Sonia Bashir Kabir, founder of SBK Tech Ventures, signed the agreement on behalf of their respective organisations.

BSEC Commissioner Shaikh Shamsuddin Ahmed and Chairman of the Venture Capital and Private Equity Association of Bangladesh Shamim Ahsan were also present on the occasion.

Kamal seeks additional assistance from ADB

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In June this year, the ADB supported Bangladesh's Covid-19 response through a \$250 million loan to strengthen social protection and resilience programmes and \$940 million in loan assistance for the purchase of vaccines.

The ADB has been cooperating with Bangladesh from the very beginning to restore the social and economic security overcoming the pandemic. "We will always be by the side of Bangladesh in the future," said Chen in the meeting.

Kamal stressed on the need to continue such cooperation between Bangladesh and the ADB in the future to achieve development goals.

The government is hoping to use a record Tk 115,000 crore (about \$13 billion) in foreign funding in fiscal 2021-22, up 35.4 per cent year-on-year to overcome the challenges brought on by the pandemic.

The government is sitting on a record amount of foreign aid and at the same time, the development partners are chipping in liberally to help Bangladesh weather the pandemic tempest.

Closer to home, banks are sitting on excess

liquidity and nowhere to lend given the precarious state of the economy.

At present, about \$50.4 billion of foreign aid is present in the pipeline, while World Bank, the Asian Development Bank and other development partners have expressed their intent to provide budgetary support to the Bangladesh economy to better manage the pandemic whirlwind.

The ADB also has provided \$500 million budget assistance in May 2020, \$100 million assistance to the health sector in a project titled Covid-19 Response Emergency Assistance in April 2021, and \$9.3 million grant for Bangladesh in response to Covid-19.

Manmohan Parkash, ADB country director for Bangladesh; Abdur Rouf Talukder, finance secretary, and Fatima Yasmin, secretary to the Economic Relations Division, were present.

Bangladesh could get New Development Bank membership

The negotiation for Bangladesh to get membership of New Development Bank established by the BRICS states could start from July 15 and Bangladesh could get the

membership of the multilateral development bank by 2022.

The development comes as the finance minister met Marcos Troyjo, president of New Development Bank, about getting Bangladesh a membership of New Development Bank in a separate virtual meeting.

Bangladesh is trying to get 1 per cent stake in New Development Bank and negotiations are going on about how much Bangladesh has to pay as subscribing fees for the membership, according to a finance ministry official.

The BRICS states—Brazil, Russia, India, China and South Africa—established New Development Bank to provide support in various development sectors.

Kamal said Bangladesh's membership in New Development Bank would be beneficial for both. The funding of New Development Bank will play an important role in making development sustainable and making Bangladesh a happy and prosperous country by 2041.

Troyjo assured all cooperation to expedite the process of awarding Bangladesh the membership of New Development Bank.

Online shopping: save money and time

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During the pandemic, e-commerce has become an essential part of life. One can purchase goods and products comfortably from the convenience of their homes.

If they visit an online retail store, browse through the products, add them to carts and click to buy. The whole process will take a few minutes. Thus, they can easily avoid the risk of catching the virus, save time and money.

Scorching heat, heavy downpours, risk of being pick-pocketed and mugged all can be avoided if they shop online.

"It saves time. It means it saves money," said Ridwan-ul-Arefin, an engineering student who bought the entire wardrobe for his family, who lives in Jamalpur, from an online outlet during Eid-ul-Fitr.

When he is in Faridpur, where his college is located, Arefin will buy things that are not available in the district town, or online stores are giving discounts and running special campaigns.

He orders from the flagship stores of an online platform where he would find original products at original or lower prices.

Before placing an order he pours over the reviews. He orders the products that have at least average ratings. Arefin said many online shopping firms have hubs at the district level.

"So, if you use the hub as your delivery address while placing the order, you will not have to pay the delivery charge. The delivery charge becomes higher when you buy a lot of things. But using the hub, you can eliminate the charge," said

Arefin, who studies civil engineering at the Faridpur Engineering College.

When online shops offer discounts on the purchase of products for a particular amount, Arefin and some of his friends will make a single order to qualify for the waiver.

"We always wait for the discounts and offers," he said.

Nujhat Sharmin, a banker, buys everything from online outlets, except for clothes.

"It is really tough to find original products even from physical stores. So, I rely on some reliable e-commerce sites to purchase from groceries to cosmetics."

Speaking about clothing items, Sharmin said her personal experience is that the garments that are shown during live presentations sometimes don't match the products delivered.

"So, I buy clothes from physical stores."

The pandemic has accelerated online shopping.

"I have become fully dependent on online since the pandemic arrived," Sharmin said.

In the case of valuable goods, Momo chooses items online but buys them from the company's showroom if it has any.

As the online landscape has been flooded with thousands of stores, it has become very tough to separate the good ones from the bad.

"So, we have to be watchful," Momo said.

She said ratings or reviews are not enough to conclude whether a product is authentic or counterfeit because sometimes they could be manipulated.

"We have an online group. When any of us wants to buy something, she gives status and seeks opinions from the other members. We decide to buy a product based on the opinions," Momo said.

Online shoppers say identifying safe online platforms has become difficult because there are thousands of outlets to choose from. Many fraudulent sites are on the prowl to steal personal data and money.

But they also admit that one can't stop buying online just because of the swindlers as advantages outweigh disadvantages by a mile.

Rajib Ahmed, the husband of Momo, said because of the popularity of online shopping, competition has increased among e-commerce firms as well.

"Every retailer wants to retain its standards and customers and attract new ones. Now, the quality of the products sold online is good. Fraudulent activities have reduced. The quality you seek is available."

Ahmed also talked about the disadvantage of cash on delivery.

"If I order a sari or dress for my wife, I will not unwrap it completely on the street or at the entrance of our building. If I later notice a fault in the product and inform the company, they would not accept it. They would say: 'Why didn't you check it before receiving the delivery?'"

Saif Hasnat and Shanto Mahmud, both private-sector employees, echoed the sentiment and suggested buying products online from renowned brands to avoid troubles.

Microsoft gets VAT registration

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for taking services such as giving advertisement digitally.

"Now we will get a clear picture of how much revenue we are getting from the global technology companies," he said.

The Podder & Associates will act as the VAT agent for Microsoft, said Pramila Sarker, additional commissioner of VAT Commissionerate Dhaka South.

Sarker said they were in a process of getting LinkedIn and Netflix under VAT registration.

The global tech companies started getting registered with local VAT authority two years after the NBR made rules in July 2019.

The rules say digital companies will have to either set up offices in Bangladesh or appoint agents such that the government

can collect VAT generated through online advertisements, sales of software and electronic services provided by them to local firms.

Internet companies were unwilling to set up representative offices here.

Also, through agents, the tech firms were uninterested to deposit VAT, paid ultimately by the consumers, to the NBR or share data on sales containing information about customers on the ground of privacy breaches and security risks.

Finally, in order to bring them under the tax net, the NBR in early 2020 revised rules so that digital companies can get BINs without opening offices here.

Over the last one year, progress of bringing tech firms under the VAT had been slow. The companies started signing up for BIN over the last two months.

Cargo handling rises at Ctg port despite pandemic

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"It indicates to the country's growing foreign trade. It is also a wake-up call for enhancing the capacity of the port to meet the rising demand," he said, emphasising speedy completion of the ongoing expansion projects of the port.

Shahjahan said the construction of the

Patenga Container Terminal (PCT) would be complete this year.

Once completed, the PCT, which will be equipped with three jetties and a dolphin jetty, will handle half a million TELS of containers every year. "We are also planning to create more yard spaces by making some existing places usable," Shahjahan said.