STOCKS (Week-on-week)			
DSEX	▼ 2.31%	7,076.23	
CSCX	▼ 1.96%	12,433.89	

COMMODITIES (As of Friday)		
Gold ▲	$1,792.48	(per ounce)
Oil ▲	$85.53	(per barrel)

ASIAN MARKETS (Friday Closings)		
MUMBAI	▼ 0.17%	60,821.62
TOKYO	▲ 0.34%	28,804.85
SINGAPORE	▲ 0.52%	3,205.14
SHANGHAI	▼ 0.34%	3,582.60

CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	84.70	97.70	116.23	13.03
SELL TK	85.70	101.50	120.03	13.70

Star BUSINESS

DHAKA SUNDAY OCTOBER 24, 2021, KARTIK 8, 1428 BS ● starbusiness@thedailystar.net

Small businesses struggle to repay stimulus loans

Lenders face troubles implementing 2nd phase stimulus

AKM Zamir Uddin

Lenders are failing to implement the second phase of the stimulus package for the CMSME sector as clients struggle to repay the loans secured under the first round.

The majority of clients in the cottage, micro, small and medium enterprises (CMSME) sector have recently asked lenders to renew loans as their businesses are still struggling to recover and return to pre-pandemic levels even though the crisis has waned, bankers and businesspeople say.

In April last year, Bangladesh Bank unveiled a stimulus package worth Tk 20,000 crore for the CMSME sector to protect it from the impacts of the coronavirus pandemic. Of the sum, 77 per cent was disbursed.

As per rules, the funds, which are given in the form of working capital, have to be paid back within a year from the disbursement date.

The tenure of the first round of the stimulus loans expired in June. The central bank has allocated another Tk 20,000 crore for the current fiscal year as the economy is yet to return to normalcy from the slowdown.

The stimulus programme will continue for three years.

Sixty-three banks and non-bank financial institutions signed a participation agreement with the central bank to give the loans.

They lent out only Tk 1,555 crore between July 1 and October 23 under the second round.

Fifty-nine lenders have failed to hit at least 25 per cent of their disbursement target in the first quarter of the current fiscal year.

Twenty-five lenders disbursed less than 5 per cent of their target, according to data from the BB.

The dismal lending performance prompted a majority of lenders to inform the central bank at a meeting

READ MORE ON B3

BANKERS AND BUSINESSES SAY

- Businesses failed to repay loans due to prolonged slowdown
- Lenders are in uncertainty about achieving 2nd round target
- BB should extend timeframe of loan repayment
- Govt should provide interest subsidy for more than 1yr

SME STIMULUS SITUATION

- Lenders disbursed **77**% of Tk **20,000**cr from 1st round
- Only **7.75**% of another Tk **20,000**cr disbursed in 2nd phase
- **59** lenders failed to meet quarterly targets
- BB issued letter to banks to speed up disbursement

Govt to form cell for agriculture entrepreneurs

Star Business Report

The agriculture ministry will open a dedicated cell for local agricultural entrepreneurs with an aim to facilitate investment in farming and the expansion of agro-based businesses across the country.

"We will soon form a cell to promote and create new entrepreneurs in the agriculture sector," said Agriculture Minister Muhammad Abdur Razzaque.

Razzaque made these comments while addressing a day-long conference on agricultural entrepreneurship styled "Bhorosar Notun Janala" (New window of hope).

The event, organised by the Bangladesh Safe Agro Food Efforts (BSAFE) Foundation in association with United Commercial Bank Limited (UCBL), was held at the Bangladesh Agricultural Research Council (BARC) in Dhaka yesterday.

Over 100 farmers and agri-business entrepreneurs from 33 districts attended the programme, where

READ MORE ON B3

PHOTO: SANAD SAHA

Factories of Opex & Sinha Textile Group at Kanchpur of Narayanganj that have been shut down since October 19 for a number of reasons, including financial losses.

Opex & Sinha Textile shuts Narayanganj operations

Refayet Ullah Mirdha

Opex & Sinha Textile Group, once one of Asia's largest garment and textile makers, has decided to close big operations at Kanchpur, Narayanganj following a reduction of work orders and financial losses.

The group's chairman, Anisur Rahman Sinha, decided to bring the decision into effect from October 19, said Baniz Ali, acting director (admin) of the group, in a notice issued on October 18.

Sinha had been trying to run the factories even after incurring losses since 2012. He even sold land and other properties to pay workers' salaries so that production continued smoothly, it said.

But he gave up due to financial losses, a reduction of work orders in the severe fallout of the Covid-19, workers' indiscipline and lower efficiency, read the notice hung on the factory gate.

The notice also said all arrears would be paid following the country's labour laws and the factory management was preparing to pay workers' dues in consultation with the labour ministry and the Department of Inspection for Factories and Establishments.

READ MORE ON B3

DHAKA BANK

Emranul Huq, managing director of Dhaka Bank Ltd, and Mahbubul Alam, a director of Quasem Food Products Ltd, signed an agreement at the bank's head office recently to provide cash management and payroll banking services to the clients of Quasem Food Products. Mohammad Abu Jafar, additional managing director of Dhaka Bank, AKM Shahnawaj, deputy managing director (risk management), and Swapan Gobinda Nandy, general manager (finance) of Quasem Food Products, were present.

Shukla Sarwat Siraz, general secretary of Gulshan Society, and ABM Amin Ullah Noori, chairman of Rajdhani Unnayan Kartripakkha, exchange signed documents of two separate memoranda of understanding on "Gulshan Lake-park and Gulshan-Banani lake management" at a city hotel recently. Sharif Ahmed, state minister for housing, Md Shahid Ullah Khandakar, secretary to the housing ministry, and Shamus Ahmed Chowdhury, member for development of Rajuk, were present.

COLLECTED

KM Aminul Islam

Meridian Finance & Investment gets new chairman

STAR BUSINESS DESK

The Meridian Finance & Investment Ltd has recently witnessed the appointment of a new chairman of the board of directors.

The appointee, KM Aminul Islam, is the founding chairman of the company, says a press release.

He was the first executive chairman of Bangladesh Investment Development Authority and an alternative director on the Board of Executive Directors at The World Bank in Washington DC. He was secretary to Prime Minister's Office in 2009.

US budget deficit falls to $2.8t

AFP, *Washington*

The US budget deficit narrowed slightly in the past year as the economy recovered from the pandemic, falling $360 billion to $2.8 trillion, the government reported Friday.

The result for the fiscal year ended September 30 was far better than expected a few months ago, but just shy of the record set in 2020 during the worst of the health crisis.

The improvement reflected a more than $600 billion increase in tax revenues as the economy was able to restart following the pandemic shutdowns, according to data from the Treasury Department and White House budget office.

Malaysia lifts migrant worker ban

REUTERS, *Kuala Lumpur*

Malaysia will let foreign workers back into the country after an almost 16-month hiatus due to the Covid-19 pandemic, and allow some tourists back to its resort island of Langkawi, its prime minister said on Friday.

The agreement reached by the government's pandemic taskforce on foreign workers has been hotly anticipated by vital sectors like palm oil plantations and rubber glove manufacturing, which rely on migrant labour.

"The Special Committee on Pandemic Management today agreed with the proposed standard operating procedures for the entry of foreign workers into Malaysia, especially to meet the needs of the plantation sector," Prime Minister Ismail Sabri Yaakob said in a statement.

Migrant worker quotas and entry dates for other industries are still being ironed out, he said.

Malaysia is reliant on some two million documented migrant workers to produce everything from gloves to iPhone parts.

Last month, the government said it would prioritise the return of 32,000 workers for the plantation sector to ease a severe labour crunch that hammered production for the world's second largest palm oil producer.

The rubber gloves industry had also appealed to the government to allow foreign workers to return to meet growing demand this year and next.

From mid-November, Malaysia will also allow certain international travellers to visit its tropical holiday island of Langkawi, reopening its borders to foreign tourists for the first time since the start of the pandemic.

The prime minister said Malaysia is targeting vaccinated, "high-yield" and "quality" tourists, indicating those that will spend money and help boost the economy.

It was not immediately clear how such tourists would be targeted.

Govt drafts guidelines on investing abroad

FROM PAGE B4

Interested investors will need to submit an investment climate report to the BB and the foreign ministry on the opportunities and threats in view of political, social, economic, and environmental events. They will require to apply through authorised dealer branches of banks.

Officials of the government, the BB and the National Board of Revenue can visit the entities abroad any time, and investors will have to bear the cost of the visits, the draft rule says.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD), said any inspections funded by investors might create a conflict of interest.

"Such an arrangement may have an impact on proper evaluation." He, however, says as travelling abroad is expensive, the regulatory authority can realise a service charge from the firms investing abroad and keep the money in an account to be used during evaluation.

Investors will have to submit audited financial statements of subsidiaries abroad, the summary of equity capital of the subsidiary, and a list of shareholders approved by the local authority of the host country.

A statement of directors of the subsidiaries, managers and management representatives approved by appropriate authorities will need to be submitted to the BB every year.

Investors must submit audited financial statements of the parent company alongside a consolidated financial statement to the central bank.

In addition, investors will need to provide statements of their business, citing information such as existing and new products, annual turnover, profit margin, production cost, and market share. The draft bars Bangladeshi investors from selling shares to other Bangladeshi firms without the central bank's approval.

The abuse of the scope for investment abroad and violation of related rules will be treated as an offence of money siphoning and money laundering.

For this, owners, directors, chief executives, and concerned officials will be held responsible in line with the Money Laundering Prevention Act 2012 and the Foreign Exchange Regulation Act 1947.

Harnessing potential gains from outward FDI

FROM PAGE B4

Market, strategic asset, and efficiency-seeking are important motivations for OFDI from developing countries. They are a particularly crucial source of FDI for countries in Sub-Saharan Africa, Europe, Central Asia, and South Asia.

BENEFITS, ENTRY MODES AND EVIDENCE

Financial returns result from profits generated by the overseas processing and sales outlets of merchandise produced in the host economy. Chinese firms, for example, invested heavily in sales offices and assembly operations in Europe to strengthen exports of low-cost products made in China.

Some OFDI, such as Taiwanese offshoring to mainland China enhance the sale of intermediate goods to production locations in other countries, thus creating opportunities for locally embedded suppliers in the home economy. Overseas investments in joint ventures and wholly-owned subsidiaries have been essential channels for promoting global business by the developing country entrepreneurs.

Mergers and acquisitions (M&As) and other forms of alliances with companies in host countries are particularly valuable for the generation of intangible capability returns such as additional knowledge, skills, technological upgrading, managerial expertise, and a brand's goodwill. As much as 56 per cent of global cross-border M&As were undertaken by multinationals from developing and transition economies in 2013.

Mergers and acquisitions have helped Indian companies get direct access to newer, more extensive markets and better technologies, thus widening their customer base and global reach.

The extent to which OFDI enhances development outcomes in home countries is a nascent area of study in developing countries. The Southeast Asian experience from 1981 to 2013 shows a 1 per cent increase in OFDI led to a $750 million rise in exports for the Philippines, $72 million for Singapore, $41 million for Thailand, and $31 million for Malaysia.

Analysis of the effects of OFDI on regional innovation performance in China finds that OFDI has a very significant impact on domestic innovation. The management expertise, exports, quality, and costs of Indonesian firms that invested abroad improved dramatically after their investment relative to other firms and their own past performance. Generally, the evidence suggests that the productivity benefits of OFDI occur primarily through efficiency gains from specialisation and scale advantages of firms competing in international markets and the indirect import of knowledge and technology.

THE GAINS ARE BY NO MEANS CERTAIN

Bangladesh's experience so far is mixed.

A Bangladeshi apparel exporter invested in Jordan in 2007 by forming a joint venture with one of the leading Indian garment manufacturers. They established the factory to produce high-value garments for the US market in the Jordan export processing zone. Their pandemic-affected factory in Jordan is now recovering.

Another leading global outsourcing Bangladeshi partner to many of the world's largest advertising, media, and technology companies is doing well after recovering from the adverse pandemic shock. In 2017, a tobacco conglomerate was allowed to invest in Malaysia to part-finance an acquisition that is fetching a good return.

There are cases of failures as well.

The first Bangladeshi OFDI in 2013 in a joint venture in Myanmar turned sour. After making a good profit initially, the company faced massive losses owing to increasing political unrest and frequent policy changes. Eventually, the company closed its business in Myanmar in 2020.

Another OFDI in a garment factory in Ethiopia's Tigray region to cash in on the country's duty-free access to the US market, low prices of land, and cheap labour failed because of conflict in the region in 2020.

Enough firms from Bangladesh have not yet been involved in OFDI to generate any significant impact at a macro-level. When OFDI are limited, the returns and risks will be limited as well. Scaling it up may divert domestic resources to overseas projects and crowd out other domestic economic activity such as investment, production, exports, employment, income, and tax revenue (the offshoring effect). Between 1980 and 2018, OFDI from Indonesia had a significant adverse effect on domestic investment.

The benefits could outweigh the costs and risks. Most Bangladeshi products are sold abroad under international brands who appropriate the largest share of the revenue. Bangladeshi investors must start production in countries into which they are venturing to jump non-tariff barriers and exploit preferential market access in third countries to overcome the challenges of the post-LDC graduation period. The East Asian export dynamism is associated both with inward and outward FDI.

TIME TO REVISIT POLICY

Bangladeshi companies were all but forbidden from making investments overseas. The government has been relatively more circumspect on undertaking liberalisation of outward investment.

The foreign exchange regulations were amended in 2015 to allow limited investment on a case-to-case basis. Apart from crowding out onshore investment, unfettered OFDI could have significant implications for the sustainability of the current account deficit, external debt profile and exchange rate stability.

Bangladesh needs a transparent policy framework to manage investment abroad. In September 2020, the Bangladesh Bank allowed export-oriented businesses to make overseas equity investments up to 25 per cent of their net annual export receipts. The businesses must comply with the 'Capital Account Transactions (Overseas Equity Investment) Guidelines 2020'.

The guideline requires a 30 per cent workforce of a company set up aboard to be Bangladeshi nationals. Reinvestment of funds derived from overseas operations requires prior BB approval. The companies need to send profits, dividends, and other incomes back home in 90 days. The entrepreneur must be financially sound and have a clean track record of export proceeds repatriation, payment of import obligations, loan repayment and tax payment.

Selective policy and incentive frameworks are indeed needed. Different types of OFDI promote home economy development in different ways. The policy should encourage OFDI where significant financial and tangible or intangible capability returns might be expected in short- to medium-term.

Priority should be given to companies with technical knowledge and foreign currency income. The policy must blueprint the priorities for OFDI, acceptable financing arrangements, and the procedures for the decision on specific OFDI proposals.

The government should review existing restrictions on OFDI, weigh their costs and benefits and adopt measures that strengthen economy-wide policy coherence and absorptive capacity. Risk management capabilities are critical for dealing with the use of multi-layered structures that create opacity not justifiable on business grounds and non-value-adding 'round' tripping' of capital to mine preferential treatment.

The finance and commerce ministries, the BB, the corporates, and professional bodies must put together their collective wisdom to constantly review the policies facilitating outward FDI.

Just as with trade, OFDI will create winners and losers. Resistance from the latter may be dealt with by attracting more inward FDI given the current small levels relative to other Asian countries.

Simplifying investment processes to ensure clarity of rules regarding foreign investment and establishing a conducive investment climate will help mobilise investments for sustainable development. Focus on OFDI must not be at the expense of creating a competitive business environment, enhancing firm capabilities at home, sustaining domestic economic stability and accelerating inclusive growth.

The author is an economist.

'Horizon is bigger than we imagined'

FROM PAGE B4

However, the journey had not been all smooth sailing.

The group ventured out at a time when Malaysia's economy was suffering from a slowdown, especially because of currency fluctuations and certain political developments. This affected activities of Akij Resources to some extent.

"We could not run the factory for three months after the Covid-19 outbreak. We had gone through a learning phase, and now I can tell that we are doing good," said Bashir.

The group has been making particle boards, medium-density fibreboards, plywood, and doors for the last 20 years. Now, it sources some raw materials from the Malaysian factory for use here.

"So, the move has built a foundation for us and encouraged us to go beyond borders," he said.

Having plants in two countries has given some advantages to the group.

"There are certain cost advantages in both countries. We can make some products in Bangladesh's factory cheaper than the factory in Malaysia. So, we can export from here by diverting export leads from there. That augments," said Bashir.

Bashir acknowledges that the investment abroad has also given the 75-year-old group a big boost in confidence.

"We as a company learned that the horizon is bigger than we imagined."

"We gained more confidence that we can manage a company not being present there with our system of management and our IT and with the talented people with the group."

As for the technological aspects, the group attained certain manufacturing knowledge that helped reduce costs locally and improve product types, he said.

"Certain innovations were gained through that acquisition. And very interestingly, we were also able to add certain things to our Malaysian company from our Bangladesh base."

"So, by doing this, we also felt that confidence, that it is not that we are incapable. That is probably the most important lesson."

On locals being allowed to invest abroad, the entrepreneur says Bangladesh is not rich in industrial raw materials and needs to import huge amounts of certain raw materials.

And entrepreneurs always try to get as close as possible to sources of raw materials, which enables them to reduce production costs and bring back dividends.

"I think we are the 42nd largest economy in the world, and we are aiming to become the 30th biggest economy by 2030. The only enablers would be foreign direct investment and local firms going global. So, I think it should be addressed in a systematic approach."

Despite massive economic development in recent decades, Bangladesh is still a poor country, so Bashir emphasises on the responsible use of resources.

"I think the free flow of resources (dollars) should not be allowed," he said.

"It should be with a purpose…that it is ultimately adding value to the economy in the form of cost advantage to the domestic economy or bringing in very good amounts of dividends back home so that the economy gets benefits out of it."

An enabling regulatory environment is also needed, points out Bashir.

Companies doing business abroad pay corporate taxes there, and when they bring back their earnings, they face taxation for a second time here. "This should be addressed," he said.

He believes that Bangladesh's image abroad also needs to improve.

"When we went to Malaysia to invest, Bangladesh's image there was that we were labourers.

"The factory that we bought, we had union-related problems because everyone thought that we were going to fire everybody and then bring cheap workers from Bangladesh to run the company," he said.

They also had a hard time comprehending how people who they thought to be basically all labourers and street cleaners are all of a sudden owning a company in Malaysia, and that too a reasonably big company.

"So, image is an issue which we need to improve, and that has to come by a systematic approach," said Bashir.

Companies going global to expand footprint

FROM PAGE B4

Tapan Sengupta, deputy managing director of the largest steel manufacturer in Bangladesh, says they have recently invested $400,000 to purchase land to establish a factory.

"We are in the process of setting up the factory," he said. BSRM has opened an office in Hong Kong to make it easier to source raw materials and explore export opportunities.

The BB, in June this year, allowed BSRM to invest $500,000 from its export earnings retention quota to open a subsidiary in Hong Kong.

The quota specifies the amount of export earnings that can be retained by a business in foreign currency in an account.

"Our first priority is to invest locally. At the same time, we want to tap opportunities abroad," Sengupta added.

Ahsan Khan Chowdhury, chairman and chief executive officer of Pran-RFL Group, said a plant in neighbouring Indiawould enable his company to expand its market.

"We now export our products to a number of states in India. Now, we are in a position such that we need to set up factories in India to expand to South, North and West India."

"We see a very good prospect. If we can replicate what we have learned there, we can be one of the top food companies in India."

Chowdhury thinks Bangladesh's corporate sector should be given the opportunity to make overseas investments so that they can gain greater market access.

"The US has given tariff benefit to African nations. If a company wants to invest there to avail duty advantages and export to the US market, the authority should allow it."

This will benefit Bangladesh as local firms will be able to repatriate profits from investments made abroad.

Khokan Chandra Das, chief financial officer of Renata, says the company wants to set up a subsidiary to export pharmaceuticals and associated products to the European Union. There is a rule that requires firms to establish a fully-owned subsidiary in Europe in order to export products to the bloc, he said last month.

Incepta Pharmaceuticals Ltd wants to open a subsidiary in the US to market drugs.

"The US is the biggest market for pharmaceuticals. Our competitors are doing good in that market since they have offices there. We need to have an office," said Incepta Pharmaceuticals Chairman and Managing Director Abul Muktadir.

"If we are allowed to use our foreign currency earnings in the export retention quota freely, we could do much bigger things."

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the interest in investing abroad was positive since the competitiveness of local firms had increased.

Over the past decades, particularly from 1980 onwards, liberalisation of policies encouraged private sector-led industrialisation, he said. And beginning with garments, industries expanded to other export and domestic market-oriented sectors.

"Now, we see a sense of confidence among entrepreneurs. They want to go abroad to try to expand the business."

"It can be said that our entrepreneurs have got a certain level of upgradation, and they are ready for global exposure," he added.

Moazzem, however, requests the government to ensure transparency in the whole process.

"As we are a country with a small foreign currency reserve base, the regulator should monitor whether investments are being made transparently and profits are being repatriated properly."

A separate policy is needed for overseas investments, he says, adding that time has come to evaluate the performance of firms that have already invested abroad.

Atiur Rahman, a former governor of the Bangladesh Bank who had overseen granting of a number of investment proposals while in office, said Bangladesh's entrepreneurs should continue learning by conducting experiments.

"We should keep the window open. But the authority should give permissions on a case-to-case basis. We can explore business prospects in countries where Bangladesh has already earned goodwill."

Renata's profits rise 22pc

STAR BUSINESS REPORT

Profits of Renata Ltd, a listed drug maker, soared over 22 per cent year-on-year to Tk 506 crore in 2020-21 amid the ongoing Covid-19 pandemic.

On the basis of its profit, the pharmaceutical company's board of directors recommended 145 per cent cash and 10 per cent stock dividends for shareholders.

The company made this announcement during a board meeting held yesterday.

The company's earnings per share stood at Tk 51.94 in the recently concluded financial year while it was Tk 46.62 the year before.

Renata got listed with the Dhaka Stock Exchange (DSE) in 1979 and now has a paid-up capital of Tk 97.4 crore, according to DSE data.

Sponsors and directors collectively hold a 51.18 per cent stake in the company.

Guardian Life launches new ins policy

STAR BUSINESS DESK

Guardian Life Insurance Ltd has recently launched "Key Person Insurance", a life insurance solution for business organisations to insure key personnel.

A premium health insurance plan may also be availed with this plan. Sheikh Rakibul Karim, acting CEO, inaugurated the product at its Gulshan head office in Dhaka, said a press release.

Mahmudur Rahman Khan, senior executive vice-president, Shamim Ahmed, Tahsinur Rahim, Mohammad Masuduzzaman Khan and Mahmud Afsar Ibne Hossain, executive vice-presidents, and Rubayat Saleheen and Shamima Afroze, senior vice-presidents, were present.

Pathao introduces insurance coverage for ridesharing

STAR BUSINESS REPORT

Pathao has recently launched an insurance programme in partnership with Green Delta Insurance Ltd to ensure a safe commuting experience for all users and riders.

The ridesharing platform announced the decision on the National Road Safety Day on October 21, according to a press release.

Under the insurance policy, Pathao users, riders and captains will receive coverage in case of accidents while using Pathao rides.

The coverage includes out-patient expenses, hospitalisation expenses, permanent disability, and accidental death up to Tk 100,000, it said.

Pathao already offers several features to ensure safety, including GPS tracking, necessary information of passengers, riders and captains, VoIP call and an emergency button to directly connect with the National Emergency service.

Now, Pathao users, riders and captains will have insurance coverage from when they start the trip till the end.

However, offline trips (trips completed outside of the Pathao app) would not be covered under the insurance programme, Pathao said.

"This announcement emphasises our commitment to protect our users, riders, and captains, and provides them peace of mind as well as financial support," said Fahim Ahmed, president of Pathao.

"As ridesharing becomes more popular, and is embraced by even customers, this insurance policy will be a beacon for the rest of the industry," he said.

"We are very happy to announce the insurance solution in collaboration with Pathao for providing financial compensation in case of medical treatment, permanent disability and accidental demise of passengers, riders and captains," said Farzanah Chowdhury, managing director of Green Delta Insurance.

"Our proficiency in risk understanding and knowledge of various insurance solutions has helped us to build insurance solutions that are relevant to diverse consumer needs."

UK retail sales extend slump

AFP, *London*

UK retail sales volumes dropped for a fifth month in a row during September, official data showed Friday, as the country suffers supply constraints and high prices.

Sales volumes dropped 0.2 per cent last month from August, the Office for National Statistics said in a statement revealing the longest retreat on record.

"Household goods were the main driver of... (September's) decline, with a fall of nearly 10 per cent," noted ONS economic statistics director Darren Morgan. "Despite the lifting of (lockdown) restrictions, in-store retail sales remain subdued, with many consumers still opting to shop online.

"Although sales of petrol surged in late September as drivers rushed to fill up their tanks, a UK fuel-shortage crisis likely meant consumers visited stores only for necessities, analysts said. "Whether the products aren't available, the price tag is too high, or shoppers have simply finished fettling with their home decor, non food sales pulled down September's figures," added AJ Bell financial analyst Danni Hewson.

"Furniture stores have been warning for months that big ticket, big size items have been caught up in the shipping crisis and that seems to have worked its way through to consumer sales. "The UK is facing delays to the shipping of goods owing to an acute shortage of lorry drivers.

Helen Dickinson, chief executive of the British Retail Consortium, said UK retailers will be concerned "just as they begin their preparations for the all-important Christmas period" which last year was disrupted by a pandemic lockdown.

Rupayan condominium opens in Bashundhara R/A

STAR BUSINESS DESK

Rupayan Lake Castle Condominium Lifestyle has recently opened at Bashundhara Residential Area in the capital.

Rupayan Housing Estate Ltd constructed the condominium on 107 kathas of land, said a press release.

There are 283 units at the condominium's five residential buildings alongside a gymnasium, community management room, swimming pool, a shop and playground.

Liaquat Ali Khan Mukul, chairman of Rupayan Group, and Mahir Ali Khan Ratul, vice-chairman, were virtually present at the opening ceremony.

Abul Kalam Azad, managing director of Rupayan Land Development Ltd, Mizanur Rahman Dewan, deputy managing director of Rupayan Housing Estate Ltd, Ehasanur Rahman, executive director, Mahbubur Rahman, deputy managing director of Rupayan City Uttara, and Ali Nur, deputy managing director of Ratul Properties Ltd, were present.

RFL raising awareness against water wastage

STAR BUSINESS DESK

RFL Bathroom Fittings recently launched a monthlong campaign, which includes workshops in different organisations and prizes for ideas, to raise awareness on preventing water wastage.

RN Paul, managing director of RFL Group, inaugurated the campaign at its Badda head office in Dhaka, said a press release.

The company will start marketing sensor-based and lever-type bathroom fittings soon, which will play an important role in preventing water wastage, he said.

Shariful Islam, assistant general manager (marketing) of RFL Bathroom Fittings, and Abdul Kuddus Miah, business in-charge, were present.

Opex & Sinha Textile shuts Narayanganj operations

FROM PAGE B1

Copies of the notice were also sent to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Sinha could not be reached for a comment by the time this report was filed.

The group was set up in 1984 and gradually expanded on 43 acres of land in Kanchpur, some 20 kilometres away from Dhaka.

Mohammad Hatem, executive president of the BKMEA, said Sinha had contacted him a month ago seeking a solution.

There had been regular labour unrest in the factories for many years and the fallout of the Covid-19 ushered the closure as the management was struggling to make any profit, he said.

The group had been paying workers some additional benefits like attendance and performance bonuses and light meal allowance but could not continue providing all during the pandemic for incurring losses, he said.

This led to workers starting protests and abstaining from work at a time when all efforts should have been on recovery from the pandemic's fallout, he added.

The management will need Tk 45 crore to Tk 50 crore to complete paying workers and staff, said Hatem.

The Kanchpur factories had as many as 45,000 workers even a few years ago but it was down to 12,000 when the closure was announced, he said.

"This closure by such a big group is very painful for our garment industry," said Hatem, adding that it was really difficult for the group chairman to manage such a large number of workers.

Faruque Hassan, president of the BGMEA, said it was very painful to witness one of the leading and pioneer companies in the country's garment sector shut down factories.

He said he had received a letter from Sinha a few days ago, informing him of the shutdown for being unable to run the units.

However, Hassan said he was already aware of the group's struggle. "Multiple factors are responsible for the shutdown of such old and good factories," he said.

They include a gas crisis, regular air shipments due to production delays, work order cancellations during the pandemic's peak last year, payment delays by international retailers and brands and regular labour unrest and disturbance in production, he said.

There was no shortage of work orders, on the contrary, the country was overflowing with it, said Hassan.

Hassan also urged his peers to give thought whenever working on expansion, capacity building, management, particularly of labour; and healthy industrial relations with workers' platform for smooth running of factories at this critical time.

Nazma Akter, president of Sommilito Garments Sramik Federation, a garment workers' rights group, said the main problem was with the group's management over the last couple of years.

"Workers were not paid regularly and they protested every month for realising their arrears," she said.

"Since the workers were deprived, they took to the streets and production was affected. The workers should not be blamed as it was a managerial problem," she said.

Eurozone growth slows as prices jump: survey

AFP, *Brussels*

The recovery of the eurozone economy is losing steam, a closely watched survey said on Friday, with big supply chain problems at factories causing price hikes not seen in twenty years.

"The ongoing pandemic means supply chain delays remain a major concern," warned Chris Williamson, Chief Business Economist at IHS Markit.

This was "constraining production and driving prices ever higher both in the manufacturing and in the services sector," he said.

The purchasing managers' index (PMI), which measures corporate confidence, demonstrated the slowdown clearly.

IHS Markit said it slipped to 54.3 in October, after posting 56.2 points in September and a high 59 points in August. A figure above 50 indicates growth.

IHS Markit said supply problems were especially felt in Germany, the EU's export powerhouse that depends on the global economy to churn out high-value goods, such as cars and machinery.

While the rate of growth was still there, IHS Markit said that the eurozone could falter in the near-term "as the pandemic continues to disrupt economies and push prices higher".

A new spike in Covid-19 cases in the autumn and winter could again disrupt the economy and cause problems for the customer-facing service sectors as well, it warned.

One bright spot was hiring, which reached the record levels seen in July.

Companies are beefing up staff to try to meet the backlog in orders, IHS Markit said.

Invitation for Tender

Government of the People's Republic of Bangladesh		
1.	Ministry/Division	Ministry of Liberation War Affair.
2.	Procuring Entry Name	Upazila Nirbahi Officer, Upazila- Brahmanpara District- Cumilla.
3.	Procuring Entry District	Cumilla.
4.	Invitation for	"অস্বচ্ছল বীর মুক্তিযোদ্ধাদের জন্য আবাসন নির্মাণ" প্রকল্প।
5.	Invitation Ref. No.	মুবিম/পিডি/অ.বী.মু.আ.নি.প্র/ম-০১/২০২১/৫৮,
6.	Date	22 September 2021.
Key Information		
7.	Procurement Method	Limited Tendering Method (LTM).
Funding Information		
8.	Budget & Source of Funds	Government of the People's Republic of Bangladesh.
Perticular Information		
9.	Project/Programme Name	"অস্বচ্ছল বীর মুক্তিযোদ্ধাদের জন্য আবাসন নির্মাণ" প্রকল্প।
10.	Tender Package No (if applicable)	Packege Work-413.1/Brahmanpara/No of Houses-10(Ten) Nos
11.	Tender Package Name (if applicable)	"অস্বচ্ছল বীর মুক্তিযোদ্ধাদের জন্য আবাসন নির্মাণ" প্রকল্প।
12.	Tender Selling Date	24-10-2021.
13.	Tender Last Selling Date	07-11-2021, 05:00 PM.
14.	Price of Tender Schedule	2,000.00 (Two Thousand Taka).
15.	Tender Dropping Date & Time	08-11-2021, 1:00 PM.
16.	Tender Opening Date & Time	08-11-2021, 03:00 PM.
17.	Name & Address of the Office	Upazila Nirbahi Office (DDM Section), Upazila-Brahmanpara, District- Cumilla.
18.	Selling Tender Documents(Principle)	Upazila Project Implementation Office, Brahmanpara, Cumilla.
19.	Selling Tender Documents (Others)	Office of the District Commisioner , Cumilla.
No Conditions Apply For Sale, Purchase Or Distribution of Tender Documents.		
20.	Receiving Tender Documents	Office of the Upazila Nirbahi Officer, Brahmanpara, Cumilla.
21.	Opening Tender Documents	TOC , Office of the Upazila Nirbahi Officer. Brahmanpara, Cumilla.
Information For Tender		
22.	Breif Eligibility and Qualification of Tenderer	১। যে কোন সরকারী, আধা সরকারী ও স্বায়ত্ত-শাসিত প্রতিষ্ঠানের তালিকাভূক্ত ও হালনাগাদ নবায়নকৃত ঠিকাদার/ঠিকাদারী প্রতিষ্ঠান। ২। ৫% এর অধিক নিম্ন দর অথবা ৫% এর অধিক উর্ধ্বদর সরসরি বাতিল বলে গণ্য হবে। তবে ১ম বার আহ্বানকৃত দরপত্রের ক্ষেত্রে যেকোন পরিমান উর্ধ্বদর গ্রহণযোগ্য হবেনা। ৩। বায়নার টাকা স্ব-স্ব উপজেলা নির্বাহী অফিসারের অনুকূলে যেকোন তফসিলি ব্যাংক হতে পে-অর্ডার/ব্যাংক ড্রাফ্ট করে দরপত্র সিডিউল জমা দিতে হবে। ৪। ব্যাংকে লিকুইডের পরিমান প্রাক্কলিত অর্থের সর্বনিম্ন ৩০% হতে হবে। ৫। কাজের অগ্রগতি অনুসারে প্রদত্ত নীতিমালা অনুসরণপূর্বক চার কিস্তিতে বিল প্রদান করা হবে। ৬। সর্বোপরি পিপিআর-২০০৮ অনুসরণপূর্বক সংশ্লিষ্ট সকল শর্তাবলী প্রযোজ্য হবে।
23.	Breif Description of works	"অস্বচ্ছল বীর মুক্তিযোদ্ধাদের জন্য আবাসন নির্মাণ" প্রকল্প।

	Lot No.	Identification of Lot	Location	Tender Security Amount
24.	01. No of Houses-10(Ten) Nos	"অস্বচ্ছল বীর মুক্তিযোদ্ধাদের জন্য আবাসন নির্মাণ" প্রকল্প।	Upazila- Brahmanpara, District- Cumilla.	3% of Estimated Amount For 10(Ten) Houses=4,03,086/- Tk.

Procuring Entity Details		
25.	Name of Official Inviting Tender	Sohel Rana
26.	Designation of Official Inviting Tender	Upazila Nirbahi Officer.
27.	Address of Official Inviting Tender	Upazila- Brahmanpara, District- Cumilla.
28.	The Procuring Entity Reserves The Right to Reject all The Tenders or Annul The Tender Proceeding.	

(Sohel Rana)
Upazila Nirbahi Officer
Brahmanpara, Cumilla
Phone:02334-409601

GD- 1900

Small businesses struggle to repay stimulus loans

FROM PAGE B1

in the first week of October that it was difficult for them to disburse the new loans as many clients are not paying back their previous loans.

On October 20, the central bank ordered the lenders to lift the disbursement rate to at least 50 per cent by December.

Md Al Amin, focal person of the CMSME stimulus package at United Commercial Bank, said the sector had missed several businesses opportunities during cultural and religious festivals in recent months due to the restrictions on movement.

"So, they have failed to make their businesses vibrant. Most of the clients are requesting banks to renew loans to avoid falling into the default zone," he said.

The loans are provided at a 9 per cent interest rate. Of the cost of the fund, 4 per cent are borne by the borrowers and 5 per cent by the government.

Clients do not qualify for the interest subsidy facility after the renewal of loans.

"Given the existing situation, it is challenging for lenders to disburse the loans efficiently as finding new and capable clients is a difficult task," Amin said.

Emranul Huq, managing director of Dhaka Bank, said that a good number of clients had recently informed the bank that they were now in a difficult condition in ensuring the desired return from their businesses.

"Dhaka Bank now disburses new loans to the clients if they repay the previous loans. Some clients are repaying the old loans to manage a new one."

Because of the higher non-repayment, non-performing loans (NPLs) in the SME sector may increase a bit in the coming months. The ratio of bad loans in the CMSME sector is already higher than in other areas.

CMSMEs are the worst-affected sector due to the coronavirus pandemic.

The higher NPL of the stimulus loans would put lenders in a difficult situation because the central bank deducts the money from the current accounts of the lenders maintained with the BB if clients fail to pay back.

The stimulus fund is operated as a refinance scheme. Under the package, banks initially disburse loans among borrowers, and the BB reimburses the lenders.

"Both banks and businesses are afraid of the pandemic as the infection has started to rise in some countries. And the vaccination programme in Bangladesh has not completed to a large extent," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

"Both parties are closely observing the situation." The loan recovery from the stimulus package is not satisfactory, but it is logical considering the current situation, said Rahman.

The maximum repayment tenure of the loan is one year, but the scars of the pandemic have run so deep that CMSMEs are struggling to pay back.

So, Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, thinks that it is not possible for borrowers to repay the loans within the stipulated time.

He called for an extension of the repayment period to two to three years and the continuation of the interest subsidy.

Govt to form cell for agriculture entrepreneurs

FROM PAGE B1

farmers shared the hassles they face in securing bank loans, how difficult it is to market their produce, and demanded more cold storages in rural areas.

One farmer from Bogura, Ahsanul Kabir Dalim, alleged that he had to bribe the relevant authorities to get agro-machinery which is subsidised by taxpayers' money.

Razzaque went on to say that such a gathering of farmers is very important for the industry's development.

"Farmers are playing a significant role in the country's economy. We and banks have a responsibility to help farmers more. Besides, farmers should take their rights properly from us too," he said.

The agriculture minister also said there is no food crisis in the country right now.

Some 15 years ago, many families suffered from a lack of food from mid-September to mid-November. Now, there is no such crisis and agriculture has huge potential in Bangladesh.

"Our scientists have also developed new rice varieties that have higher yields," he said, adding that agricultural land use is the highest in Bangladesh compared to other countries in the world.

Mohammed Shawkat Jamil, managing director of UCBL, said agricultural products are exported because of the efforts of farmers and the government's support and favourable policies.

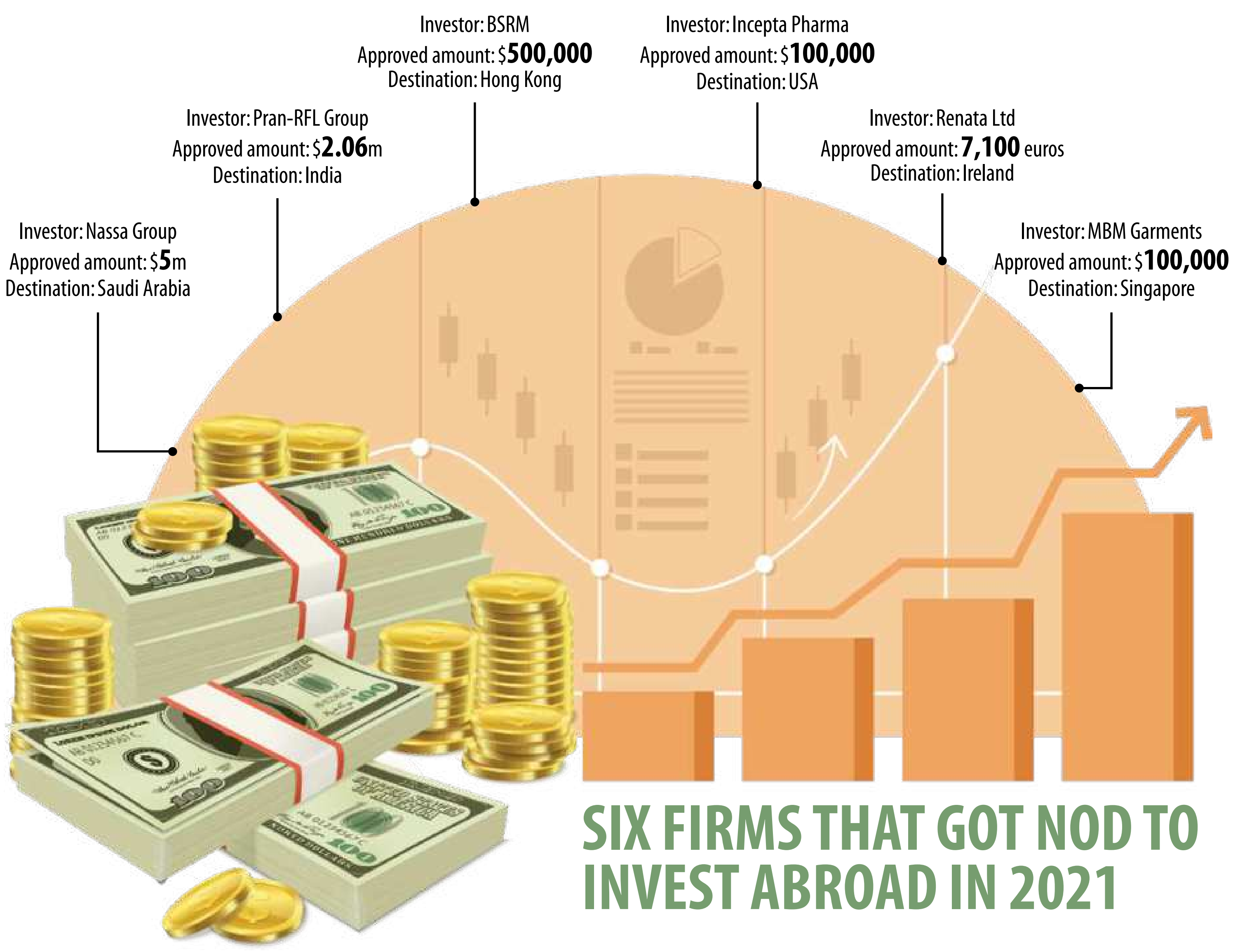
"All that is needed now is a little supportive surroundings and generous funding," he said, adding that if given the necessary supportive environment, agriculture could be one of the foundations for building a developed and prosperous Bangladesh.

INVESTING ABROAD: A NEW HORIZON

Companies worldwide go beyond their home markets to achieve economies of scale, source raw materials cheaply, lower costs and capture new markets. Similarly, many Bangladeshi firms are expanding abroad to find larger markets for their products and services and power their next phase of growth. Their success will depend on how efficiently they run the overseas operations and the regulations Bangladesh puts in place to pave the way for the expansion and eliminate any scope for misuse.

Companies going global to expand footprint

SOHEL PARVEZ *and* REJAUL KARIM BYRON



Bangladesh's people have witnessed a huge surge in entrepreneurial spirit over the last couple of decades.

Beginning with investments in garments in the early 1980s and their subsequent success, entrepreneurs steadily pushed their boundaries to explore the international and domestic markets.

Today, local entrepreneurs have a strong presence in the global apparel market thanks to their courage and resilience, putting Bangladesh on the list of the top three garment exporters in the world.

On the domestic front, a number of sectors – steel, cement, pharmaceuticals, food and agro-processing – have staged a strong emergence over the last two to three decades. And the expansion drive by entrepreneurs continues.

Now, a growing number of entrepreneurs have set their sights on international markets to grow by joining the global value chain.

The Bangladesh Bank started allowing local firms to make investments abroad in 2014.

Till last year, it gave the nod to 10 firms to establish subsidiaries or open offices in various countries such as Malaysia, Singapore, Ethiopia and Kenya, according to a central bank document.

It also gave approval for $52.2 million to be invested altogether. The firms subsequently doled out$40 million. And at the end of June this year, the central bank granted permission to six more firms to invest a total of $7.77 million in India, Ireland, the US, Singapore, and Saudi Arabia.

The companies are the NASSA Group of Industries, Pran-RFL Group, Bangladesh Steel Re-Rolling Mills (BSRM), Incepta Pharmaceuticals, Renata, andMBM Garments Ltd.

Of the first 10 firms, Akij Jute Mills poured the whole $20 million it had received permission for into its subsidiary, Akij Resources SDN BHD, in Malaysia.

Square Pharmaceuticals invested $10 million to establish a pharmaceuticals plant in an export processing zone in Kenya from the approved amount of $16 million. It is yet to begin production.

DBL, one of the leading apparel exporters, set up a garment factory in Ethiopia, investing $5.5 million. It started production on a limited scale but could not make a profit, the BB said in a document prepared in the middle of 2021.

Another major firm, MJL Bangladesh Ltd, invested over $5 million in its subsidiary MJL-AKT Petroleum Company Limited in Myanmar.

MJL-AKT repatriated $1.3 million by selling products as of June 2019, while another concern, MJL (S) Pte Ltd in Singapore incurred losses, Bangladesh Bank data showed.

Service Engine BPO, a business process outsourcing company, formed a subsidiary, AIIM International EZE, in the United Arab Emirates, investing $5,700. It was able to bring back nearly $16,000.

Beximco Limited was granted permission to invest in Sri Lanka, but it could not make any progress afterwards as the authorities in the island country changed the rule regarding allowing foreign investment in pharmaceuticals, said an official of the company.

BSRM invested $27,500 until last year to set up a steel mill in Kenya out of the authorised amount of $4.87 million.

READ MORE ON B2

Harnessing potential gains from outward FDI

ZAHID HUSSAIN

Corporate Bangladesh is increasingly demanding the easing of draconian restrictions on outward foreign direct investment (OFDI) as they seek to diversify earnings. Indeed, OFDI can yield financial, intangible capability, and tangible capacity returns, thus complementing the development benefits realised through trade, migration and inward FDI.

Businesses in developing countries are using OFDI as a catch-up strategy by expanding overseas operations. Samsung has been the frontier firm in the production of dynamic random-access memories, and Mittal Steel has become the globe's leading-edge manufacturer of steel.

THE CHANGING FDI LANDSCAPE

Mainstream economic theory predicted capital to flow from capital-rich developed countries to capital-poor developing countries. Indeed, in 1995, OFDI from developing countries constituted just 4 per cent of global FDI flows. However, in 2017, the share of OFDI from capital-poor countries reached 27 per cent, according to the World Bank Global Investment Competitiveness Report 2017-2018.

There were 21,000 multinational enterprises from developing countries --3,500 from China, 1,000 from Russia, 815 from India, and 220 from Brazil. Many developing countries are now engaged in OFDI regardless of their level of development. Between 2008 and 2018, developing countries in the Asia Pacific region (excluding China) provided on average $150 billion in OFDI annually. The region has been the largest source of OFDI globally since 2018. Asia was the only region recording (7 per cent) expansion in OFDIs in 2020, a pandemic year in which FDI flows plunged globally by 35 per cent, says the UNCTAD World Investment Report 2021.

Domestic policy choices in developing countries and global economic conditions shaped these changes. FDI is a natural extension of the globalisation process that often begins with exports. In the late 1990s, firms in high-growth economies embraced OFDI seeking efficiency in resource allocation and diversifying risks from economic shocks in any region. Rapid and sustained growth in much of the developing world and commodity price booms in the subsequent decades propelled firms to internationalise.

READ MORE ON B2

SK Bashir Uddin

'Horizon is bigger than we imagined'

*Since the Bangladesh Bank began allowing outward investment in 2014, Akij Group has availed permission for the biggest amount. In an interview with The Daily Star's **Sohel Parvez**, Akij Group Managing Director SK Bashir Uddin shared his experience.*

Akij Jute Mills Ltd has poured the whole $20 million, which the Bangladesh Bank in November 2017 granted, from its export retention quota into its subsidiary Akij Resources SDN BHD in Malaysia. The quota specifies the amount of export earnings that can be retained by a business in foreign currency in an account.

The subsidiary spent $77 million in 2018 to acquire Robin Resources and its subsidiary Robina Flooring that manufacture reconstituted wood products and export to about 60 countries.

This created a high level of debt, which has over the years been substantially reduced with retained earnings.

"The factory in the Southeast Asian country has been doing well," said SK Bashir Uddin, managing director of Akij Group.

"I must say we are doing good but not as well as we had expected. But it is not bad."

Akij Group is one of Bangladesh's largest business houses with diverse interests ranging from textiles, cement, ceramics, printing and packaging, pharmaceuticals to tobacco, food, beverage and consumer products.

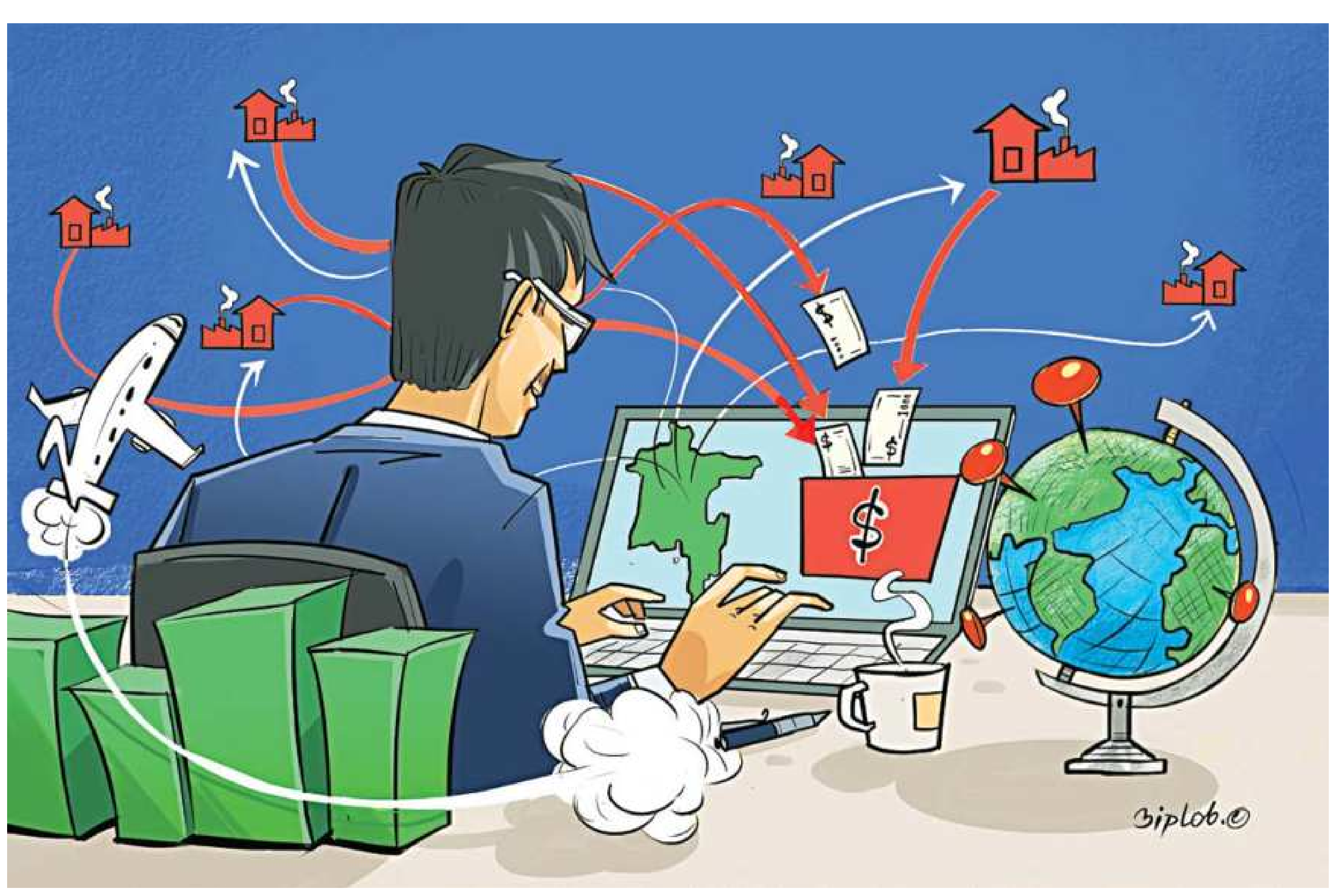
The group could take only 25 per cent equity from Bangladesh to invest in the Malaysian subsidiary as the central bank allowed it to take only $20 million.

"We had to source the remaining 75 per cent. And our debt cost was high as we did not have any credential there. Our debt is now about 25-30 per cent," said Bashir.

READ MORE ON B2

Govt drafts guidelines on investing abroad

REJAUL KARIM BYRON *and* SOHEL PARVEZ



The government has framed draft rules to allow local firms to set up subsidiaries or buy shares in companies in other countries with a view to facilitating investment abroad.

As per the draft, exporters will be able to invest as much as 20 per cent of their five-year average annual export receipts as equity to establish subsidiaries on foreign soil.

In order to qualify, exporters will need to have an adequate balance in their Export Retention Quota (ERQ) accounts, where entrepreneurs keep a portion of their export proceeds in foreign currency.

Alternatively, an exporting firm can invest 25 per cent of its net asset based on its most recent financial statement, according to the draft rules on equity investment abroad framed by the Financial Institutions Division of the finance ministry.

The rules, drawn up under the Foreign Exchange Regulation Act 1947, come at a time when Bangladesh's businesses are increasingly looking to invest abroad to expand their footprint. The Bangladesh Bank has far allowed 15 firms to set up subsidiaries or open offices in other countries.

Of them, the central bank gave the go-ahead to five firms to invest in countries such as India, Ireland, the US, Singapore, and Saudi Arabia to do business in food processing, pharmaceuticals, and dates.

> As per the draft, exporters will be able to invest as much as 20 per cent of their five-year average annual export receipts as equity to establish subsidiaries on foreign soil.

Earlier, the central bank permitted 10 companies to open subsidiaries in countries such as Malaysia, Singapore, Ethiopia, and Kenya.

Central bankers say they framed the new rules in order to have a framework at hand so that local investors get a clear guideline on the issue. The rules will be finalised upon approval from the government.

As per the draft rules, exporters with an adequate balance in their ERQs can apply to make an investment in other countries. The applicant should be financially solvent or viable in the previous five years. In addition, interested firms must submit certificates of export proceeds realisation and import bill settlement.

Firms will need to furnish documents confirming that they do not have any default or rescheduled loans and any unpaid tax, value-added tax and duties. They will have to provide at least two of these supporting documents, according to the draft.

Conditions also apply regarding the selection of investment destinations. The draft rule says investments will be allowed in countries that have no restriction on profit repatriation.

Investment in the countries that have double taxation avoidance agreements with Bangladesh will be given priority. Priority will be given to the investment bids in the nations with which the country has bilateral treaties on investment and development.

Investment proposals aimed at the countries that have been slapped with sanctions or restrictions by the United Nations, the European Union and the Office of Foreign Assets Control of the US will not be entertained.

Investors seeking to do business in the countries identified as the destinations for illegal transactions by the Financial Action Task Force, a Paris-based intergovernmental body combating money laundering, will not get the permission to do as well.

Similarly, any investment proposal in the countries with which Bangladesh does not have any diplomatic relations will also not be entertained.

As per the draft, investors will have to transfer money directly to the associated enterprises. In the case of share purchases, investors must send money to the accounts of sellers. Money should be brought back if the investment does not take place.

Investors can't invest income, dividends, profits, or proceeds from the sales of shares without prior approval of the Bangladesh Bank.

Investors will be asked to follow a zero-tolerance policy towards associated firms, their management team and employees on racism, derogatory remarks about religion, the local culture, money laundering, and terrorist financing.

They will have to have a full or majority stake in the firms abroad where they invest, and they must make efforts to hire as many Bangladeshis as possible in the entities to be established.

READ MORE ON B2