



Karmasangsthan Bank gets new MD

STAR BUSINESS DESK

Md Tajul Islam yesterday joined Karmasangsthan Bank as its managing director.

He was previously serving as deputy managing director of Janata Bank, according to a statement.

Islam started his banking career as a senior officer at Janata Bank in 1988. He obtained honours and master's degrees in public administration from the University of Chittagong.

China's central bank says it will keep monetary policy prudent

REUTERS, Beijing

China will keep monetary policy prudent, flexible and appropriate, and continue to deepen financial reforms, the central bank said on Sunday, reiterating previous policy statements.

After a work meeting chaired by People's Bank of China Governor Yi Gang, the central bank also vowed to prevent any financial crisis, and said it would continue to help small companies seeking financing, according to a statement posted on PBOC's website.

It also said it will continue to let market play a decisive role in the currency exchange rate, but would keep the yuan exchange rate stable within a reasonable range.

China's economic growth cooled to a near 30-year low of 6 percent in the third quarter, but is expected to meet the government's full-year 2019 target of 6 percent-6.5 percent.

The PBOC on Wednesday cut the amount of cash that banks must hold as reserves for the eighth time in nearly two years, in a bid to shore up the slowing economy.

Japan blasts 'unjustifiable' Ghosn's escape

AFP, Tokyo

Carlos Ghosn's escape from Japan is "unjustifiable" and he is thought to have left the country using "illegal methods", the Japanese justice minister said Sunday, in the first official public comments on the case.

The 65-year-old former Nissan boss skipped bail and fled Japan where he was awaiting trial over multiple counts of financial misconduct that he denies.

It was the latest twist in a saga that has gripped the business world and his escape from Japan has left authorities there red-faced and scrambling to defend their justice system from fierce international criticism.

"Our country's criminal justice system sets out appropriate procedures to clarify the truth of cases and is administered appropriately, while guaranteeing basic individual human rights. The flight by a defendant on bail is unjustifiable," said Masako Mori.

"It is clear that we do not have records of the defendant Ghosn departing Japan. It is believed that he used some wrongful methods to illegally leave the country. It is extremely regrettable that we have come to this situation," added the minister.

She confirmed Ghosn's bail has already been cancelled and that an Interpol "red notice" had been issued.

In separate comments, the public prosecutors office deemed Ghosn's flight a "crime" and said the tycoon had "knowingly flouted" the country's judicial procedures.

In their first remarks since Ghosn's dramatic flight just before the New Year, prosecutors said the escape vindicated their argument that he should have been kept in custody.

"The defendant Ghosn had abundant financial power and multiple foreign bases. It was easy for him to flee," the statement said.

He had "significant influence" inside Japan and globally, and there was a "realistic danger" he would destroy evidence related to the case, they added.

The Ghosn case put the international spotlight on Japan's justice system, which came under heavy fire for authorities' ability to hold

suspects almost indefinitely pending trial.

Ghosn twice won bail by persuading the court he was not a flight risk -- decisions seen as controversial at the time.

Prosecutors argue that the lengthy detention is required to prove guilt beyond doubt and they are unwilling to charge a suspect if their case is not iron-clad.

The court is fair and will only find people guilty beyond reasonable doubt, they said in their statement.

"Therefore it was necessary and unavoidable to detain the defendant Ghosn in order to continue fair and appropriate criminal proceedings," they said.

Ghosn himself did appear once in court, under a little-used procedure to ask why he was still being detained.

At this appearance, he said he was eager to defend himself at a court trial and clear his name.

However, the prosecutors said that by fleeing

Japan, he had "violated that oath" and "refused to obey the judgement of our nation's court."

"He wanted to escape punishment for his own crime. There is no way to justify this act," they added.

Ghosn himself has said he left Japan because he was no longer willing to be "held hostage by a rigged Japanese justice system."

Amid fanciful accounts of a Houdini-like escape from Japan, he appears to have simply walked out of his house, according to security camera footage seen by Japanese public broadcaster NHK -- before boarding a private jet to Beirut via Istanbul.

Japan has launched a probe into the humiliating security lapse and prosecutors said they would "coordinate with the relevant agencies to swiftly and appropriately investigate the matter."

The 65-year-old former Nissan boss has vowed to give his own account at a hotly awaited press conference in Beirut this week.



AFP/FILE

A security guard stands at the door of the underground parking of a house said to belong to former Nissan chief Carlos Ghosn in the Lebanese capital Beirut on January 4.

ICB caving in under burden to prop up stocks

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However, no one has so far showed interest in becoming market maker because of the tough regulatory framework and less opportunity to maximise profits.

Even after the market crash of 2010 ICB logged in more than Tk 300 crore profits in every year until fiscal 2018-19.

Thanks to the drop in profits last year and its descent into losses from there onwards, the company's stock price came crashing down to Tk 77.50 yesterday.

An investor Masum Ahmad said ICB provided more than 30 percent dividend in the last few years save for fiscal 2018-19.

"So, it is disheartening for investors that a high dividend paying company fell into losses."

Market makers should provide support now, the investor added. In fiscal 2018-19, the combined losses of state-owned enterprises stood at Tk 4,325 crore, according to the data from the finance ministry.

5G, data security to have greatest impact on business

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There is no need to wait for the future as data security is already important for the current situation. This is because both public and private sectors are facing major security threat and the risks will only mount in the coming days, said Karim, also a former president of the Bangladesh Association of Software and Information Services (BASIS) and currently chief executive officer of Technohaven Company.

He pointed out Bangladesh's lack of preparation in dealing with data security issues. According to the HSBC survey report, 18 percent Bangladeshi companies believe that data security technology will aid sustainability efforts.

In Karim's view, 3D printing, an additive manufacturing process of making three dimensional solid objects from a digital file, should be a highly encouraging thing that can bring revolution in a very short time.

"We have seen some preparations in blockchain segment at both private and public sectors but there has been no progress in 3D printing," he said, adding that 3D printing could be the game changer so the government needs to give some encouragement.

A blockchain is a database that is shared across a network of computers. Once a record is added to the chain it is very difficult to change. To ensure all the copies of the database are the same, the network makes constant checks.

When 5G will be rolled out, other

technological advancements will automatically flourish in the market, said Zaman, managing director of DataSoft Systems Bangladesh.

"But to reap the optimum benefit from technological advancement, we need to take sufficient preparation with the upcoming services."

Many companies are working with new technologies such as AI, robotics and blockchain, but the pace has to be accelerated. Mainstream companies are also not warmly welcoming these technologies. "This is frustrating," he said.

"The government needs to play an active role to address the skill gaps to adopt new technologies to flourish in the future businesses. The ICT industry has also responsibility," he said.

Chinese delegation plans to travel to Washington to sign trade deal

REUTERS

A Chinese trade delegation is planning to travel to Washington on Jan. 13 for the signing of the US-China Phase 1 trade deal, the South China Morning Post reported on Sunday citing a source briefed on the matter.

The Chinese delegation will return on January 16, SCMP said.

The trade delegation, led by Vice Premier Liu He, had originally planned to set off earlier in the month but had to change plans after US President Donald Trump sent a tweet here claiming that he would sign the Phase 1 trade deal with China on Jan. 15.

After a full afternoon's discussion, the Chinese side decided to revise their plan to accommodate Trump, SCMP said.

Washington and Beijing have yet to officially confirm Liu's visit.

Trump had first announced plans for the initial trade pact in October, and US and Chinese negotiators spent weeks finalizing the Phase 1 deal, which comes in lieu of the massive trade agreement that the world's two largest economies had initially sought.

Exports still in choppy waters

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Between July and December, export earnings from leather and leather goods fell 10.61 percent to \$475.83 million.

"There is little possibility of a rebound for export of leather and leather goods over the next two years as the demand for non-leather goods is on the rise worldwide," said Md Shaheen Ahmed, president of Bangladesh Tanners Association.

Non-leather goods are comfortable and less expensive compared to leather goods, he said.

Major leather and leather goods-producing countries such as India and China also faced negative export growth last year. Only Vietnam achieved 13 percent growth.

According to Ahmed, all the tanneries at the Savar leather estate are not fully ready to tan rawhide. So far, 125 out of 155 units have gone into production.

Because of a lack of the vital Leather Working Group certification, Bangladesh receives one of the lowest prices from international buyers from the sales of leather items.

Frozen and live fish exports declined 7.7 percent to \$290.5 million between July and December. The export of cement, specialised textiles, home textile, and terry towel also declined.



DHAKA BANK

Emranul Huq, managing director (current charge) of Dhaka Bank, and Md Khalilur Rahman, managing director of National Housing Finance and Investments, exchange documents after signing a deal at the bank's corporate office in Dhaka on January 2. Under the deal, the bank will provide online cash management services to the home finance provider.

HC asks Robi to pay BTRC Tk 138cr

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A High Court bench of Justice Mamnoon Rahman and Justice Khizir Hayat passed the order after hearing an appeal filed by Robi seeking an injunction on the commission's audit claim.

The HC passed the order in line with a Supreme Court directive that asked Grameenphone to pay Tk 2,000 crore out of the Tk 12,579 crore claimed by the commission, Raquib said.

"We are grateful to the High Court for granting an injunction against the BTRC from taking any further action with regard to the utterly baseless claim in pursuance of an audit report," Shahed Alam, chief corporate and regulatory officer of Robi, said in a statement yesterday.

He, however, called having to make payment for an interim order is unprecedented and justifiably dispiriting. The BTRC is in talks with Robi and is very positive that the telecom operator will pay in line with the court's order, a senior official of the commission said.

"Even after payment of the instalments, the legal procedure will continue," Raquib

said.

Following an audit in 2016, the commission claimed the money from Robi accumulated for unpaid revenue share, taxes and late fees since its inception in 1997 to December 2014.

From the beginning, Robi called the claim unfounded, saying the commission did not follow audit rules properly.

In order to realise the amount, the BTRC put pressure on the operators by cutting internet bandwidth usage and stopping issuance of any approval on packages and services and network equipment import.

The BTRC also served notices on them, threatening to revoke licences. What is more, the government gave the green light to the regulator to prepare to appoint administrator at the operators.

Robi had filed an appeal with a lower court in Dhaka seeking an injunction against the realisation of the money by the BTRC, but the court turned down the petition. In September, it filed the writ with the HC, challenging the BTRC move.

Robi has about 4.87 crore active connections as of November 2019.

Widening revenue shortfall raises alarm

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Yet, Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said the 5 percent revenue collection growth was not good enough to meet the country's huge demand for resources and for financing the budgetary plans.

He said the trend of collection shows that the government was on track to a record fiscal deficit and its subsequent bank financing.

"The pace of implementation of projects will be slow. The overall budget deficit will increase and government's borrowing from banks will be all time high. This will seriously affect private sector credit flow, which is already down to single digit growth," he said.

As of November 21, the government borrowed 90 percent of its annual target of Tk 47,364 set for this fiscal year.

During July-November of fiscal 2019-20, income tax collection

grew 13 percent faster year-on-year to Tk 24,800 crore.

Collection of VAT, the biggest source of revenue, soared 4 percent year-on-year to Tk 32,800 crore.

Import tariff collection remained flat at Tk 26,000 crore on suffering a fall of imports.

"Clearly this is a fallout of half-cooked implementation of VAT and SD Act. At the same time, apparently the economy is also not bringing enough dividend in terms of revenue mobilisation," said Towfiqul Islam Khan, senior research fellow of the Centre for Policy Dialogue.

Mansur said revenue collection growth had always been below the targets in the past and it has slowed to a single digit since last fiscal year.

"This is a reflection of a rapidly slowing economy," he said, adding, "This is also a reflection of lack of reform and badly managed reform effort for VAT."

"The name of the VAT law has been kept unchanged. But the way the contents of the original VAT Act of 2012 has been changed due to pressures from the political and commercial interest groups..." said Mansur.

"Furthermore, the government's failure to implement the types of administrative reforms and automation efforts envisaged under the original implementation plan essentially implies that the new VAT law cannot deliver anytime in the near future unless things are rectified in major ways."

Towfiq said the NBR should come up with a plan on ways to minimise the shortfall.

"Lack of revenue mobilisation is putting macroeconomic stability at risk. The government must immediately work on revision of the budget from both income and expenditure sides," he said.

Mansur said the economic

slowdown and its proper management would be the most important challenge for the new year of 2020.

"The three challenges are extremely sluggish revenue collection, particularly in the area of VAT, ... long running serious problems plaguing the banking sector and reluctance of the policymakers to allow market-based exchange rate determination for Bangladesh taka to provide an immediate boost to export growth."

BB removes Mercantile Bank director

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"The lender's board yesterday held a meeting at its head office in the capital to this end where Ahsan was withdrawn," he said.

Ahsan could not be reached on his mobile phone for comment despite repeated attempts.