



Grameenphone gets new CMO

STAR BUSINESS DESK

Grameenphone yesterday announced appointing Sajjad Hasib as its new chief marketing officer (CMO), effective from February 1.

Previously a senior director and head of operations, Hasib is taking over from Yasir Azman, who will be undertaking the role of CEO, the country's leading mobile operator said in a statement.

As the CMO, Hasib will lead Grameenphone's integrated marketing, which includes brand strategy, market communications, digital marketing, business intelligence and customer service excellence efforts.

He will also continue to manage five business circle sales and marketing operations to lead Grameenphone's growth and drive customer success through its innovative digital products and solutions.



Shahjalal Islami Bank gets new DMD

STAR BUSINESS DESK

Nasim Sekander has recently been promoted to the post of deputy managing director of Shahjalal Islami Bank.

He also served the bank as the senior executive vice president, according to a statement.

Sekander started his banking career at United Commercial Bank in 1988

Sekander also worked at the National Credit and Commerce Bank, Prime Bank and Southeast Bank.

Gazprom, Bapex to search for oil, gas in Bhola

STAR BUSINESS REPORT

Russian energy giant Gazprom and the Bangladesh Petroleum Exploration and Production Company (Bapex) will jointly conduct seismic surveys in Bhola in search of gas and oil.

There are two gas fields is Bhola at present covering an area of around 8,000 square kilometres.

Two deals were signed at Petrobangla's Kawran Bazar office yesterday. One was between its secretary, Ashfaq Hossain, and Gazprom CEO Vitaly Markelov on strategic cooperation.

Bapex Secretary Mohammad Ali and Gazprom Head of Gas Production Sergey Menshikov signed the other on jointly conducting 2D/3D seismic surveys.

During a visit to Russia in 2010, Prime Minister Sheikh Hasina urged her counterpart to aid Bangladesh's gas exploration and development activities.

In 2012 a turnkey agreement was signed with Gazprom as contractor to drill 10 wells to extract gas under areas of Bapex, Bangladesh Gas Fields Company and Sylhet Gas Fields.

No tender was issued as the "Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, 2010" was used.

Wells were drilled at Srikail of Cumilla and Shahbazzpur of Bhola. Gas was discovered in the latter and extraction has

been ongoing for the past 10 years. Three more wells were planned to be drilled there.

Bapex discovered another gas field in Bhola in 2017. The government decided to take help from Russia's Gazprom to assess reserves there.

In June 2017 an agreement was signed between the energy and mineral resources division and Russia's energy ministry to boost cooperation. In June 2018, Gazprom sent a letter to Petrobangla to jointly conduct research. Yesterday's deals were an outcome of this.

Briefing reporters, Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister, said the Bapex-Gazprom joint surveys would evaluate reserves in the existing two Bhola gas fields.

These will also fix sites for drilling wells for gas extraction and develop a strategy for further exploration and development of gas fields, he said.

He said Gazprom would carry out the geological survey and analysis while Bapex the seismic survey and collection of other relevant data.

In reply to a question, he said Gazprom has been chosen to make use of its experience and fast conduct the survey.

Among others, Md Anisur Rahman, senior secretary to the energy and mineral resources division; ABM Abdul Fattah, Petrobangla chairman, and Alexander I Ignatov, Russian ambassador to Bangladesh, addressed the ceremony.



GUARDIAN LIFE INSURANCE

Begum Monnujan Sufian, state minister for labour and employment; Md Shafiqur Rahman Patwari, chairman of the Insurance Development and Regulatory Authority; and MM Monirul Alam, CEO of Guardian Life Insurance, hand over a cheque of Tk 10.63 crore for insurance claim to Nazrul Islam and Shapatur Rahman, divisional managers for Khulna at Brac, at Bima Mela 2019 in the district recently. The claim was paid under a microinsurance agreement between the international development organisation and the insurer.

Private sector's appetite for credit craters

FROM PAGE B1

All economic indicators except remittance are showing a frustrating performance, said AB Mirza Azizul Islam, a former adviser to a caretaker government.

The import of capital machineries and industrial raw materials are declining for months, in an indication of a sluggishness in the private sector.

"The businesses are not even using their existing capacity to run their

enterprises."

Rising defaulted loans is another reason behind the declining private sector credit growth, Islam said.

In the first nine month of 2019, defaulted loans increased 23.82 per cent to Tk 116,288 crore.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, echoed the same.

The global economy has been facing some sort of crisis for the last few months, which has hit the

domestic economy adversely, he said.

This has decreased the export of the garment sector, which also put an adverse impact on private sector credit growth, said Rahman, the immediate past chairman of Association of Bankers, Bangladesh, a forum of banks' managing directors.

"The heavy government borrowing from banks and the 9-6 per cent bounds will give a signal to banks to disburse loans carefully," he added.

India's budget likely to raise spending to revive economic growth

REUTERS, New Delhi

Indian Prime Minister Narendra Modi's government is expected to raise spending on infrastructure and cut some personal tax in its 2020/2021 budget, to spur consumer demand and investment, government sources and economists said.

India is facing its worst economic slowdown in a decade. Growth slipped to 4.5 per cent in the July-September quarter, worsening the job prospects for millions of youth entering the workforce each year.

Despite cuts in corporate taxes and monetary easing by the central bank, investments have failed to pick up, adding to Modi's worries as he tries to quell public protests over a new citizenship law.

Economists and investors say fiscal stimulus in the budget for the year beginning April 1 and an increase in spending on roads, railways and rural welfare could revive growth. The budget will be delivered to parliament on Saturday.



Narendra Modi

A weak economy and the wave of anti-government protests have increased the chances of a fiscal stimulus in the budget, said Shilan Shah, an economist at Capital Economics in Singapore.

"That would provide a small boost to growth over the coming quarters, at the cost of putting upward pressure on bond yields," he said in a note.

The International Monetary Fund this month cut its forecast for India's growth to 4.8 per cent for the fiscal year ending in March and lowered its forecast for growth in the coming financial year to 5.8 per cent.

The central government looks set to miss its deficit estimates for a third straight year after estimates revenue will

fall short by nearly 3 trillion rupees.

Finance Minister Nirmala Sitharaman, who will present her second full-year annual budget to parliament, could defer the earlier target of cutting fiscal deficit to 3 per cent of gross domestic product in 2020/21 by at least two years, government sources told Reuters. This will be on top of roughly \$28 billion of expenditure outlay from off-budget borrowings, as she seeks to keep the deficit in check.

Economists in a Reuters poll predicted the government would set a fiscal deficit target of 3.6 per cent of GDP for 2020/21, up from 3.3 per cent targeted for the current year.

Sitharaman is expected to announce a plan in the budget to invest 105 trillion rupees (\$1.48 trillion) in infrastructure over the next five years.

By then it hopes to make India a \$5 trillion economy, compared with \$2.8 trillion now, government sources have said. Since taking charge in 2014, Modi has increased state spending on roads, railways, airports and ports, and has pruned state subsidies.

The budget could push privatisation and set a target of 1.5 trillion rupees, after missing the target by a wide margin this year, the sources said. The government has already announced plans to sell the loss-making national carrier Air India and oil retailer Bharat Petroleum Corp. Ltd, along with a few others.

To boost domestic manufacturing, the budget is also expected to increase import duties on more than 50 items, including electronics, electrical goods, chemicals and handicrafts, targeting about \$56 billion worth of imports from China and elsewhere.

Domestic investors expect some relief on income tax rates after a cut in corporate tax rates in last September.

Economists have warned the government against any "window dressing" of the budget and said it must come clean on estimates of revenue and growth and borrowing outside the budget. "We will closely monitor the revenue assumptions to assess the credibility of the fiscal deficit target," Sonal Varma, chief economist India and Asia, at Nomura said in note.

What is riding on remittance?

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Although remittances fell short of external resource and income deficit since fiscal 2015-16, it still covered a sizable part: nearly 75 per cent of the deficits in fiscal 2018-19 after reaching a low coverage ratio of about 60 per cent in fiscal 2017-18.

Remittances have covered 84 per cent of the external resources and income deficit in the July-November period of this fiscal year.

Our financial indebtedness to the rest of the world would surely have grown a lot faster if, fluctuations notwithstanding, such a large volume of remittance money were not flowing in year after year.

It helps finance our trade imbalance without excessively incurring costly obligations to pay in future for such finance.

This role would have been even bigger had there been no diversion of remittances to finance reverse flows -- a euphemism for flight of capital through informal channels from Bangladesh.

There is some evidence suggesting that about 13-14 per cent of remittances are diverted to finance reverse flows.

Remittances contribute to augmentation of liquidity in the financial system. It's a source of both dollar liquidity in the foreign exchange market and taka liquidity in the money market as remittance dollars get converted into takas.

Daily trading volume in the foreign exchange market varies a great deal but it most likely averages around \$200 million, while average daily remittances is about \$45 million (based on fiscal 2018-19 inflows), constituting 22.5 per cent of the average daily foreign exchange trades.

Total remittance inflow in fiscal 2018-19 constituted 11.9 per cent of total deposit at the end of June last year.

Safe to say that the exchange rate would have been much harder to maintain at its current level and the interest rates would most likely have been even higher in the absence of remittances.

These macroeconomic roles of remittances are what earns it "the economy rides on" label.

What really rides is our external stability as manifested in the level of foreign exchange reserves and the exchange rate as well as financial intermediation through deposit and, consequently, credit creation.

Its role in GDP growth and income generation is much smaller, but it does contribute to keeping consumption stable in the face of fluctuating incomes.

The author is an economist

'We will eat shares of other companies'

FROM PAGE B1

Mothreja, who has a career of over 20 years in the paint industry, said Kansai Nerolac will bring technologies from Japan and become the only company in Bangladesh to manufacture the entire range of products with its own technology.

"I am particularly fond of the hardworking people of Bangladesh," he said, adding that they can also serve the eastern parts of India from their Bangladesh operations.

Thus far, from its seven depots in the country Kansai Nerolac rolled out seven new types of decorative paints.

The company also plans to unveil a full range of protective coatings, coil coatings, powder coatings, marine coatings and construction chemicals.

Kansai Nerolac, which will also complete 100 years in operations this year, will grow manifold in Bangladesh, as the economy is growing consistently, he said.

"RAK Paints was a leader in industrial coatings. Our plan is to keep going," said the Indian national, who was brought back from RAK's Dubai office to take charge in Bangladesh.

India-based Berger Paints and Asian Paints are the main competitors of Kansai Nerolac in the Bangladesh market, which generates sales of more than Tk 3,700 crore a year.

Bangladesh's paint industry has 45 formal or structured and over 20 non-structured manufacturers at present.

"We want to be the top company. We don't want to stay in the middle. If we keep on investing, we can beat others. "We won't stay silent as a paint maker."

Kansai Nerolac is very strong in industrial segment, high-performance coatings, effluent treatment plants, power plants, agriculture firms and floor coatings.

The company is at par with the industry leaders. In some cases, it is

better than them, he said.

But the segment is small compared to the decorative sector. "The decorative sector is our main target now," Mothreja added.

Since acquiring RAK Paints, Kansai Nerolac Bangladesh is growing at 25 per cent a year and at present it has about 500 employees.

Kansai Nerolac has three other subsidiaries: it has 68pc stakes in KNP Japan Private Ltd in Nepal, 60pc stakes in Kansai Paints Lanka Private Ltd in Sri Lanka and 100pc stakes in Marpol Private Ltd in India.

In India's Rs 50,000-crore paint market, net sales of Kansai Nerolac rose 8.9 per cent year-on-year to Rs 5,139 crore in the 2018-19 financial year.

Net sales of the parent company Kansai Paint, also a champion in automotive coatings, were up 6.33 per cent to 427,425 million yen in fiscal 2017-18. Kansai has presence in as many as 80 countries.



UCB

Arif Quadri, additional managing director of United Commercial Bank, and Jerome Lienart, general manager of Renaissance Dhaka Gulshan Hotel, attend a deal signing ceremony in Dhaka yesterday. The bank's Platinum credit cardholders can avail buy-one-get-one free buffet offer at Bahar Restaurant of the hotel.

Airbus agrees to settle corruption probes with US, France, UK

REUTERS, Paris

Airbus has agreed in principle to a settlement with French, British and U.S. authorities over an investigation into allegations of bribery and corruption, it said on Tuesday.

The European planemaker has been investigated by French and British authorities for suspected corruption over jet sales dating back over a decade. It has also faced U.S. investigations over suspected violations of export controls.

Airbus, which dominates with U.S. rival Boeing the commercial airliner market, said it could not comment on precise details regarding its talks with authorities, including how much it expected to pay out in the settlements. Some press reports suggested a figure of around 3 billion euros.

Nevertheless, Airbus shares rose, as analysts and traders welcomed the fact that Airbus was managing to draw a line under the affair. The stock was up 2.3 per cent in early trading.

"Airbus confirms that it has reached agreement in principle with the French Parquet National Financier (PNF), the UK Serious Fraud Office (SFO) and the US authorities," the Franco-German company said in a statement.

"These agreements are made in the context of investigations into allegations of bribery and corruption as well as compliance with the U.S. International Traffic in Arms Regulations ("ITAR "). They remain subject to approval by French and UK courts and the U.S. court and regulator," it said.

Widening job market a challenging prospect

FROM PAGE B4

A major theme in many election manifestos featured the 'My Village-My Town' strategy which aims to bring modern civic amenities to every village to ensure the rapid transformation of rural Bangladesh in terms of information, communication, technology, transport facilities, modernisation of agriculture, healthcare and education facilities, infrastructure, financial inclusion, entrepreneurship, domestic consumption, training and capacity building.

Partnerships will be developed with government and private sector entrepreneurship and between the government and NGOs, CSOs and development partners investing in human capital.

Public-private partnership will be strengthened.