

Sonali Bank gets new GM



STAR BUSINESS DESK

Md Abdur Rashid Sheikh has recently been promoted to the post of general manager of Sonali Bank and joined office in Faridpur, the bank said in a statement.

Prior to the promotion, he was the deputy general manager for management information system and statistics department at the bank's head office.

An alumnus of Dhaka University and a Diplomaed Associate of the Institute of Bankers, Bangladesh, Sheikh joined Sonali Bank in 1983.

# India's central bank cautious despite pressure for rate cuts

REUTERS, Mumbai

Though the Reserve Bank of India is expected to cut interest rates next week by a quarter percent to a four-year low, officials say concerns over prices make it likely to resist political pressure for significant easing in the coming months.

In growing contrast with the government, which is desperate to accelerate a sluggish recovery, an increasingly independent RBI under governor Raghuram Rajan remains focused on a long-term inflation target of 4 percent and ending decades of damaging price volatility.

"The inflation outlook is still uncertain, and that is why the governor wants to be cautious," said one official familiar with the RBI's thinking. "It makes sense to wait and watch how sustainable the fall in inflation will be."

Headline inflation has dipped due to lower commodity prices, but the officials said the RBI was

concerned that any spike in food prices due to weak monsoon rains or in crude oil would push up prices and expectations of future rises - at least until India can resolve significant supply and transport bottlenecks.

Worries about the impact from rate hikes expected in the United States later this year add to the caution, the officials said, given the potential for destabilising outflows by foreign investors and volatility in the rupee.

For Rajan, who said last week he intended to control inflation "not just today, but well into the future", it is also about learning the lessons of a boom-and-bust past.

Rajan's predecessor, Duvvuri Subbarao, cut interest rates in response to the global financial crisis to 4.75 percent by April 2009, from 9 percent in July 2008.

That cut fuelled double-digit inflation and eventually forced the RBI into reverse, raising rates back

to 8.50 percent by October 2011.

Rajan, who took over two years later, was still fighting inflation at near double digits when he joined in 2013. "I think Governor Rajan is deliberately falling behind the curve," said A. Prasanna, an economist at ICICI Securities Primary Dealership.

"Rajan wants inflation to be low and stable for a sustainable period," he added. "You can be a proactive central bank only after anchoring inflation expectations."

Avoiding over-reactions is key for the RBI, the officials said, despite the growing clamour for more rate cuts from business and government after consumer price inflation hit a record low of 3.66 percent in August.

Rajan last week noted that without a favourable base effect, consumer prices would have risen at an annualised pace of around "mid five" percent.

India's inflation has long been difficult to predict, given it is heavily influenced by volatile food and crude prices. To combat that, Rajan formally adopted inflation targeting earlier this year, in the biggest monetary policy overhaul in decades.

But his caution is frustrating Delhi and corporate India, which say the 7.25 percent rate at which the RBI lends to commercial banks is too high for a recovering economy.

Taking into account consumer inflation, India's real interest rates were 3.59 percent in August, the second highest month on record after the 3.79 percent in November 2014, according to Thomson Reuters calculations.

At the wholesale price inflation level, real interest rates are even higher, hitting a record 12.2 percent in August.

High effective interest rates drag on GDP growth, which is seen at the lower end of a government target of 8.1 percent to 8.5 percent for the current financial year.

# UK minister wins more China investment

REUTERS, London/Beijing

British finance minister George Osborne won an offer of more Chinese investment in Britain on Wednesday but his trip to a violence-prone region of China drew criticism from a human rights group.

Hualing Industry and Trade Group, based in China's Xinjiang region, intends to invest 60 million pounds (\$90 million) to kick off the three projects in Manchester, Leeds and Sheffield which will have a final gross value of 1.2 billion pounds.

The ministry said the projects, led by Britain's Scarborough Group, are expected to deliver 10,000 new homes, part of the government's efforts to spur development in northern England which has lagged growth in London and the southeast.

On Monday, Britain and China announced initiatives including an expanded currency swap agreement, Chinese investment in British nuclear power and a study for a scheme to connect the London and Shanghai stock markets.

Osborne said he was aiming to make China Britain's second-biggest trading partner by 2025, compared with its number-six ranking now. He also announced 10 million pounds in extra funding to enable thousands more British schoolchildren to learn Mandarin by 2020.

Osborne's decision to visit the Xinjiang region prompted criticism from the exiled World Uyghur Congress which said he should have used the trip to draw attention to what the group says is China's repression of Uighurs.



SAK Ekramuzzaman, managing director of RAK Ceramics, and Muhammad Shahidul Islam, company secretary, attend the company's extraordinary general meeting at International Convention City in Bashundhara, Dhaka on Sunday. Shareholders approved a rise in ownership of RAK Power Pvt Ltd and RAK Security Pvt Ltd to 100 percent from existing 57 percent and 35 percent respectively and selling of entire shareholding of RAK Paints Pvt Ltd.

## Brazil currency continues its slide

AFP, Sao Paulo

Brazil's currency, the real, continued its fall Wednesday, slipping to 4.057 to the dollar for a new low amid deepening economic woes in South America's largest country.

The real had begun the day with a slight uptick before quickly losing ground.

Late Tuesday, the government revised its GDP projections for the year, forecasting a 2.44 percent contraction instead of its previous estimate of 1.49 percent.



Mohammad Hanif Chowdhury, vice chairman of NRB Global Bank, opens the bank's 25th branch at Khatunganj in Chittagong on Tuesday. Proshanta Kumar Halder, managing director, was also present.

# Tough road ahead for Volkswagen in US

AFP, New York

Volkswagen faces a criminal probe, myriad customer lawsuits and a grilling before hostile legislators in the United States over its emissions cheating scandal, dampening its prospects in a key auto market.

At the top of the worries is a Department of Justice criminal probe into Volkswagen, confirmed to AFP on Tuesday by a person familiar with the matter.

That is in addition to a probe led by the Environmental Protection Agency and the California Air Resources Board into Volkswagen's equipment intentionally developed to allow its diesel cars to meet pollution limits during official testing.

But the software, known as a "defeat device", turns off while the car is being driven, allowing the car to spew out health-damaging pollutants, including up to 40 times the legal amount of nitrogen oxide emissions.

"It's too early to predict what will be the results of the investigation," said Jacob Frenkel, a former US federal criminal prosecutor now at Shulman Rogers law firm.

From the prosecutor's standpoint, key questions concern Volkswagen's response, including how it punishes employees directly responsible for the wrongdoing, Frenkel said.

Frenkel predicted a higher criminal penalty for Volkswagen than those paid by Toyota (\$1.2 billion) over accelerator problems and General Motors (\$900 million) for defective ignition switches linked to at least 124 deaths.

He said those companies were fined for delaying needed vehicle recalls, whereas Volkswagen has already admitted it deliberately cheated on US clean-air standards, including the remarkable statement from Volkswagen America chief executive Michael Horn that the company "totally screwed up."

Volkswagen is also likely to receive a tough once-over in the US House of Representatives energy and commerce committee, which announced plans for a hearing in the coming weeks.

"Auto consumers may have been deceived -- that what they were purchasing did not come as advertised," said Republicans representatives Fred Upton of Michigan and Tim Murphy of Pennsylvania.

"The American people deserve answers and assurances that this will not happen again. We intend to get those answers."

The lawmakers have not announced witnesses yet for the session, but there is a long tradition on Capitol Hill of inviting embattled executives to appear for tough questioning.

Law firms are also lining up to take on the German company, the world's largest automaker by sales in the first half of 2015.

The Seattle law firm Hagens Berman has filed a class-action suit against Volkswagen with clients in more than 20 states alleging fraudulent concealment, false advertising and violations of federal and state laws.

"I paid premium for a Golf TDI because I was promised that it was 'Clean Diesel,'" said a claimant cited by Hagens Berman.

# Saif Powertec to operate two more jetties

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However, the other bidders said the bidding process was unfair, alleging that the tender criteria left no scope for competition and smoothed the way for just one firm to get the job, violating public procurement rules (PPR).

Fazle Ekram Chowdhury, proprietor of Fazle and Sons, a berth operator and also one of the five bidders, said there were three conditions in the tender document that curtailed competition.

The conditions were: applicants needed to have experience in operating a terminal, they had to be Bangladeshi, and also have an annual turnover worth Tk 30 crore.

Such conditions violated the PPR as only Saif Powertec in Bangladesh has experience in operating a terminal, from its experimental operations of Chittagong Container Terminal (CCT) and two berths

of NCT since 2007, Chowdhury said.

Sources said the rate given by Saif Powertec was Tk 49.87 crore, which was nearly 19 percent higher than the CPA's estimated rate of Tk 41.56 crore, approved by the head of procurement office.

Previously, CPA cancelled a tender and repeated the process as the rate given by the contractor was 9 percent higher than its estimated rate.

The CPA chairman said three writ petitions were filed with the High Court alleging irregularities in the tender, but the Supreme Court already vacated those, proving the allegations false.

On May 4, CPA floated two separate tenders to appoint operators for four jetties of NCT. On June 25, CPA appointed Saif Powertec JV (joint venture) with its two partner firms to operate NCT jetty number 4 and 5.

# Plight of cattle farmers

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In fiscal 2013-14, some 21 lakh cattle heads came to Bangladesh from India, according to data from the National Board of Revenue.

Alam of BMMA said they do not want Indian cattle to come, as it hurts the prospects for cattle farming in the country.

"We have reared cattle the whole year hoping to make profits. But the recent surge in cattle inflow from India has spoiled our dreams," said Sultan Ahmed, a cattle fattener at Pabna.

He blamed the government for allowing the entry of cattle from India. "We incurred losses last year. I am afraid many of us will have to face the same situation this year as well."

After failing to attract buyers, Feroz Shah Alam, a farmer of Satkhira, had to take his bull back home. He wanted to sell the Friesian breed of bull at Tk 70,000. He now plans to sell the bull sometime after Eid.

But Jamal Uddin, another farmer from Pabna, wanted to wait to get a buyer and receive a price that allowed him to make some gain.

On September 22, he was offered Tk 70,000 for the bull, but he declined on expectations of getting more the next day.

As of late afternoon yesterday, he did not get any offer.

"Many of us reared more bulls on anticipation that cattle from India will not come, but that did not happen, and we bear the brunt."

# Rawhide prices fixed at 5-year low

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Eid-ul-Azha collections account for half of the annual skin supply in Bangladesh, according to the livestock department. Last year, 70-75 lakh pieces of hide were collected, tanners said.

During this Eid, Muslims will slaughter 55-60 lakh cows and 30-35 lakh goats and buffalos, said Ahmed.

Robiul Alam, secretary general of Bangladesh Meat Merchants Association, said rawhides may get smuggled out of the country because of the low rates.

Leather is the second biggest export earning sector after garments. In 2014-15, exports of leather and leather goods crossed the \$1 billion mark for the second year.

Bangladesh shipped leather and leather goods worth \$1.13 billion last fiscal year, catering only 0.5 percent of the global leather and leather goods market worth \$215 billion, according to industry insiders.

Italy, the UK, Belgium, Spain, France, Germany, Poland, the US and Canada are the big markets for the leather sector. In recent years, exporters have also done well in Japan, India, Nepal and Australia.

# Ticfa meaningless without GSP: commerce minister

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USTR, the chief trade negotiation body of the Obama administration, attached 16 conditions for Bangladesh to regain the status.

The country fulfilled almost all the conditions and submitted the progress reports to USTR twice, but the Obama administration did not renew the status.

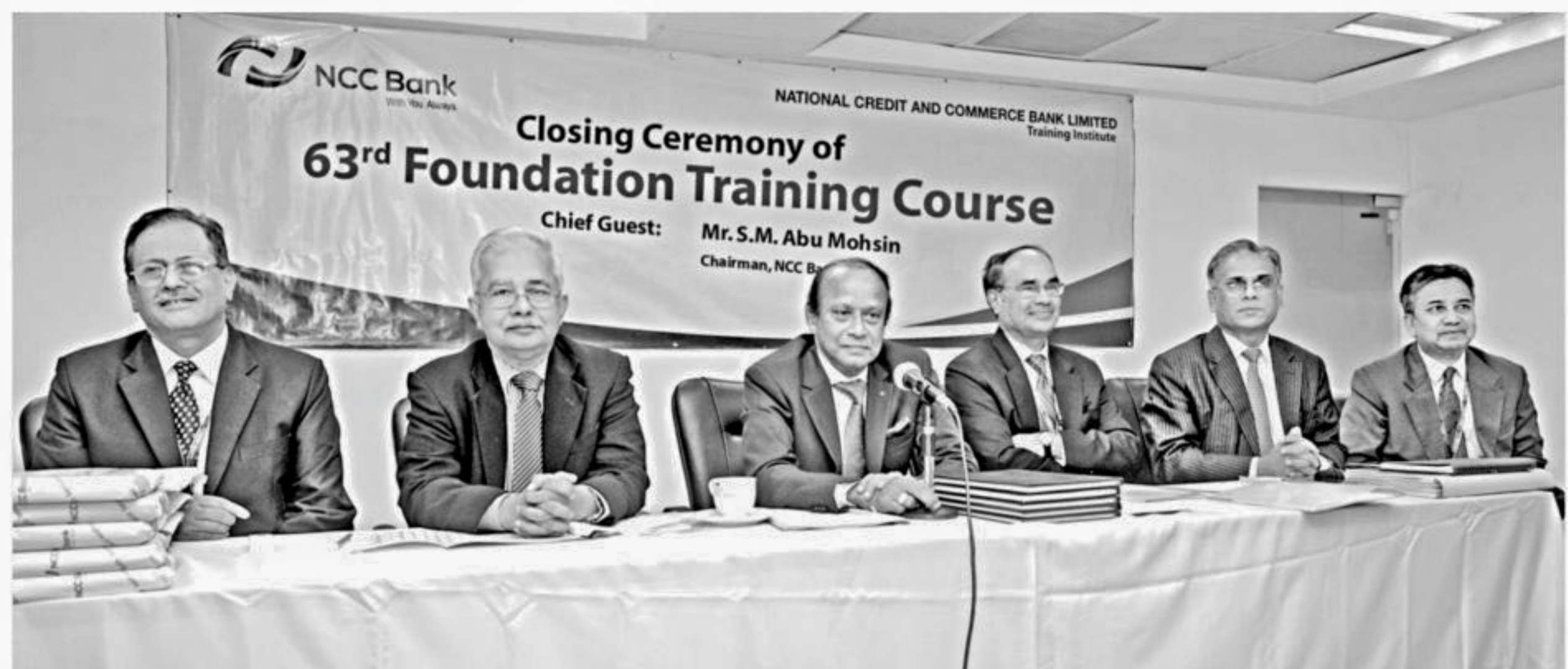
In 2012, the total value of US imports from Bangladesh under GSP was \$34.7 million. The top imports under GSP from Bangladesh included tobacco, sports equipment, porcelain china and plastic products.

The GSP is important for the image of Bangladesh as some other countries where it enjoys duty benefits might be influenced by the US decision.

In fiscal 2013-14, Bangladesh exported goods worth more than \$5.58 billion to the US, with 95 percent of them being garment products that are subject to a 15.61 percent duty.



Plastic goods manufacturer RFL organised a trip to Europe for the company's 28 distributors and their families. The distributors were awarded for their performance in distributing RFL products last year.



SM Abu Mohsin, chairman of NCC Bank, speaks at the closing ceremony of a month-long foundation training course for the bank's management trainee officers. Golam Hafiz Ahmed, managing director, was also present.