

# Ifad to assemble buses in Dhamrai factory

STAR BUSINESS REPORT

Ifad Autos plans to assemble 1,000 luxury and corporate buses in its own factory in Dhamrai in the next one year with an aim to meet the demand for vehicles.

"By the middle of next year, we will be able to assemble latest models of AC or non-AC buses," said Iftekhar Ahmed Tipu, chairman of Ifad Group.

He spoke at the launch of the assembling project at Bangabandhu International Conference Centre in Dhaka yesterday.

Ifad Autos is the sole local agent of Ashok Leyland, the second largest commercial vehicle manufacturer in India.

Progoti Industries has so far been the only passenger vehicle assembler in Bangladesh and most vehicles in the country are imported.

The beginning of assembling of bus bodies will save a lot of foreign currencies and cut the sale prices of the vehicles in Bangladesh, Tipu said.

"On average, Bangladesh imports 2,500 passenger vehicles a year and Ifad accounts for about 30 percent of the import," said Mostak Ahammed, in-charge of Ifad's

passenger vehicles division.

The company's Dhamrai factory will employ around 3,000 to 5,000 people, he said.

"We import a 40-seat AC bus at Tk 1.2 crore from India. The price could be as low as Tk 90 lakh if the body is assembled in Bangladesh," he told The Daily Star.

Much of the raw materials like iron and fabrics will be sourced from the local markets, Ahammed said.

Ifad's initiative to launch a new industry is appreciable and it should be able to meet the demand for passenger buses to a large extent, said Obaidul Quader, road transport and bridges minister.

The minister attended the event as the chief guest.

Dhaka city's traffic condition does not reflect the progress Bangladesh has made so far, Quader said.

The high number of private cars and scarcity of public transport are to blame for the traffic congestion, he said.

The government is working on the issue by bringing in more double-decker buses, he said.

NV Balachandrar, senior vice president of Ashok Leyland, also spoke.

# Samsung unveils \$10b share buyback with Q3 profit surge

AFP, Seoul

South Korea's Samsung Electronics pulled out of an extended earnings dive Thursday, reporting a nearly 30 percent surge in third-quarter net profit and announcing a \$10 billion share buyback.

Favourable exchange rates and a renewed focus on components were behind the profit jump, as Samsung sought to shake off the loss of smartphone market share to Apple Inc in the premium segment, and to Chinese rivals at the lower end.

Net profit in the July-September period stood at 5.46 trillion won (\$4.8 billion) -- an increase of 29.3 percent on the previous year and snapping a streak of seven consecutive quarterly declines.

The company estimated overall gains from a weakening won against the dollar at 800 billion won for the quarter -- generated mostly from the components business which takes in chips, displays and screens.

However, it warned that earnings might shift downwards in the fourth quarter when the exchange rate benefits would be less pronounced.

The cash-rich electronics giant also announced it would buy back and cancel 11.3 trillion won in shares, while also ramping up capital spending.

"Samsung believes that the current share price and the market value of Samsung Electronics are severely undervalued both in terms of the ability to generate earnings and also in terms of the underlying asset or equity value of the company," it said.



Md Rezaul Haque, chairman of Social Islami Bank, launches the SIBL Family Card at an event. Family members of SIBL employees can now get credit cards from the bank. Md Shafiqur Rahman, managing director, was also present.

# Japan now proposes hard terms for loans

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"We are capable of managing the burden," Muhith said in case Bangladesh starts to get loans under hard conditions.

Meanwhile, Bangladesh has become already a mixed country in the definition of the Asian Development Bank.

The country receives loans from the

Manila-based lender at both cheap and commercial rates.

It however came into effect before the WB promoted Bangladesh's status as a lower middle-income country. The WB, the ADB and Japan together account for 85 percent of the \$5.6 billion development assistance Bangladesh receives each year.



Md Rezaul Haque, deputy managing director of Al-Arafah Islami Bank, opens an agent banking outlet of the bank at Abidpur, Comilla yesterday. Abed Ahmed Khan, head of agent banking, was also present.

# China signs deal for 100 Airbus A320s: manufacturer

AFP, Beijing

China signed a contract to buy 100 A320 aircraft from European manufacturer Airbus on Thursday, a spokesman for the firm told AFP, worth \$9.7 billion at list prices.

The deal was signed as German Chancellor Angela Merkel met Chinese Premier Li Keqiang at the Great Hall of the People in Beijing.

The European Union is China's biggest trading partner and Merkel's trip comes as European leaders jockey for trade and investment deals with the world's second largest economy.

Airbus -- which has an assembly facility in the northern Chinese port of Tianjin -- is engaged in a fierce struggle with Boeing of the US for

dominance in the crucial Chinese market.

Thursday's agreement also included the confirmation of 30 options for twin-aisle A330s, which were among a 75-plane deal announced in June ahead of a visit by Li to Airbus headquarters in the French city of Toulouse, the company spokesman told AFP.

During Chinese President Xi Jinping's visit to the US last month, Seattle-based Boeing announced a record purchase of 300 aircraft worth around \$38 billion.

China is expected to add 6,330 new aircraft worth \$950 billion to its commercial fleet by 2034, Boeing said in August in its annual China Current Market Outlook.

Several major EU countries

including Germany, Britain and France are seeking to become hubs for overseas trade of China's yuan currency, and signed up to Beijing's Asian Infrastructure Investment Bank despite US opposition.

Merkel's trip comes between a high profile visit to Britain by China's President Xi Jinping earlier this month, when he stayed at Buckingham Palace in London, and ahead of a trip to China by French President Francois Hollande next week.

Merkel said she was "very happy" to know that Xi had paid such a fruitful visit to Britain, stating: "We welcome competition that is conducive to the promotion of business."

"In Germany, we don't have a Queen," she added, to laughter.

On Friday, the German leader will go with Li to his home province of Anhui, where she will visit a village and a school, echoing President Xi Jinping's escorting of Indian Prime Minister Narendra Modi to his ancestral province of Shaanxi when he visited in May.

"This is the first time since I've become Premier that I've accompanied a foreign leader outside Beijing," Li said.

It "clearly indicates" the good relations between the two leaders and their countries, he added.

Other deals signed in their presence included cooperations between mobile phone manufacturer Nokia and China Mobile, as well as embattled car giant Volkswagen and Chinese bank ICBC.

# Fed improves economic outlook but defers on rate hike

AFP, Washington

The Federal Reserve kept its benchmark interest rate unchanged at near zero Wednesday but said the US economy is growing moderately on "solid" consumer spending and business investment.

Expectations had been that the US central bank would keep the federal funds rate at 0-0.25 percent, where it has sat since 2008.

But the clear improvement in its economic outlook in a new policy statement, including downplaying previous concerns about the slow world economy, raised the possibility that an increase could come as soon as its December meeting.

While a rate increase has been long-awaited, a hike nevertheless raises the prospects of higher costs of capital and weaker emerging-market currencies around the world.

After the Federal Open Market Committee released its policy update following a two-day meeting, US stocks tumbled and the dollar moved sharply higher, gaining more than a cent on the euro at 1.0941.

The S&P 500, which was up 0.8 percent before the statement was released, was up just 0.2 percent shortly afterward.

The FOMC shrugged off some recent data, including a downturn in US monthly job creation numbers, that for many indicated the US economy has been slowing in recent months.

It said that indicators since its mid-September meeting suggest "that economic activity has been expanding at a moderate pace."

"Household spending and business

fixed investment have been increasing at solid rates in recent months, and the housing sector has improved further," it said.

It noted the slower job creation, but argued that the jobs market has been tightening "since early this year."

It also accepted that inflation is weak, but partly blamed the fall in energy prices and cheaper imports, a function of the strong dollar.

The FOMC expressed confidence that inflation will move up toward its 2.0 percent target "as the labour market improves further and the transitory effects of declines in energy and import prices dissipate."

The FOMC also dropped a key line that appeared in the September policy statement showing some worry about how the turmoil in global markets and China's downturn would impact US growth.

Rather than saying, as before, that global developments "may restrain (US) economic activity somewhat", the committee simply said it is "monitoring global economic and financial developments."

The statement made clear that a possible rate increase in December was on the table; prior to Wednesday many analysts and market players were looking to March for the first increase.

"The FOMC statement shows the Fed has become less concerned about global risks feeding back into the US economy," said Ian Shepherdson of Pantheon Macroeconomics.

"The December hike now hinges on the next two employment reports. Some combination of payrolls, unemployment and wages signalling continued improvement will be enough," he said.

# Concern over apathy to gas exploration

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"But the way we are going and the plan we have for the electricity sector, our total import dependence will be 92 percent by 2030 if we don't develop our own coal," said M Tamim, a former energy adviser to caretaker government.

"That is a big challenge. How are we going to manage the finance, the infrastructure of imports and deal with our manpower development?"

He said there is not a single engineer in the country who can manage a 1,200-megawatt coal-fired ultra-critical power plant.

Dr Kamal Hossain, a jurist, said experts had issued warning about the gas crisis long ago but the country has not responded accordingly. "Something has to be done. Otherwise, we see a disaster down the road."

He also said there is a huge disparity in case of electricity between the urban and rural populations. Affordability and pricing is very critical in ensuring energy security, Hossain added.

To have energy security one needs to have full control over the resources, said Abdul Matin, former chief engineer of the Bangladesh Atomic Energy Commission.

"But we don't know what the Russians are doing at the Rooppur nuclear power plant. Everything is dictated by the Russians."

"For the first time, we have come to know about the total cost. But, we still do not know about the cost of generation. Why are they shy about disclosing the figure?"

He raised the question why the project director of the nuclear power plant is a physicist and the regulatory body responsible for ensuring safety is headed by a biologist. "How can we know that the plant will serve the interest of the country and it will be run safely?"

CM Shafi Sami, a former caretaker government adviser, said there should not be any conflict between the bureaucrats and professionals.

Badrul Imam, a professor of geology at Dhaka University, said unless Bangladesh has the capability to explore the gas sector on its own, the interest of the country cannot be fully protected.

Following settlement of maritime boundaries with Myanmar and India, Myanmar has completed initial exploration of its resources but Bangladesh has done very little, he added.

Jamilur Reza Choudhury, vice-chancellor of the University of Asia Pacific, urged the government to strengthen the Bangladesh Petroleum Exploration & Production Company to explore the hydrocarbon potential. It should be in the driving seat while working with the international oil companies, he added.

Muhammad Imaduddin, director of the Bangladesh Gas Field Company, said the country has been trying to develop a liquefied natural gas plant for the last five years without much progress.

Shamsul Alam, energy adviser of the Consumers Association of Bangladesh, said the rights of the consumers in the energy sector are seriously neglected.

"The government does not want to listen to our arguments," he added.

Sohel Ahmed, chief operating officer of Rahimafrooz Renewable Energy Ltd, said the future of renewable energy in the country lies with small-scale solar home and irrigation systems.

Kamal Uddin, deputy general manager of Karnaphuli Fertiliser Company Ltd, called for ensuring energy efficiency.

"Before we produce any energy we need to think about how best we will be able to utilise it," he added.

Sajjad Zohir, executive director of the Economic Research Group; Choudhury Ishrak Ahmed Siddiky, adjunct professor of the University of Asia Pacific; and Tahsin Aman, president of the American Alumni Association, also spoke.

# Robi, Airtel merger worries top operators

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In a joint letter to the BTRC, the two companies said matching the dominance of Grameenphone is the main reason for the merger. The regulator, in principle, approved the merger bid but asked for a number of documents from the two, including schemes of spectrum merger and human resource management after the unification.

Grameenphone currently has 5.5 crore subscribers with 32 MHz of spectrum in the 1,800, 2,100 and 900 bands.

The joint entity of Robi and Airtel will have 3.76 crore subscribers while the combined spectrum of the two companies will be 39.8 MHz in the three bands.

Every one million subscribers of Grameenphone will have 0.6 MHz spectrum, while it will be 1.1 MHz for the merged entity and 0.6 MHz for Banglalink, according to the letter sent by Grameenphone.

## SCOPE FOR VOLUNTARY RETIREMENT

On October 13, the BTRC sent a letter to Airtel and Robi highlighting issues related to the merger.

But the regulator in the letter did not mention anything about voluntary retirement scheme (VRS), which would allow the employees of the two companies to go for retirement willingly. The absence of the VRS issue in the letter worried the employees of Airtel, who fear job losses because of the merger.

"Many Airtel employees do not want to work for Robi. We want the VRS to be introduced," a senior executive of Airtel said, requesting anonymity.

Another executive said: "We want the retirement scheme so that anybody can quit before the merger."

# WB pledges greater support

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The WB will continue to help create more and better jobs through improving the quality of education and vocational training, addressing infrastructure bottlenecks, improving the business and investment climate, and deepening reform, he said. Peters visited the WB-financed projects in Chittagong, where he witnessed that market-oriented vocational and skills training is enhancing the employability of youths.

He also visited the Chittagong Export Processing Zone and a small power plant created through a public-private partnership. Peters and Muhith also discussed issues such as energy, health, education, transport and connectivity.

The WB has agreed to provide funds for Bangladesh's inland water sector for the first time in the country's history, said Muhith. "They last provided such support nearly 50 years ago, which is a good thing," he said.

He said Bhutan is generating 1,000 megawatts of electricity from its huge hydropower resources and Bangladesh can benefit from it. If a regional power grid between Bangladesh, Bhutan, India and Nepal can be established, Bangladesh will not need to lay transmission line to bring power from Bhutan, he said.

# NBR to host winter tax fair

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Of Bangladesh's 16 crore population, 17 lakh have TINs but nearly 12 lakh submitted returns last year, which upsets policymakers. The tax authority aims to collect more than 50 percent of revenue through income taxes by fiscal 2021-22.

Last month, the NBR organised the annual fair up to the upazila level and recorded 7.57 lakh visitors, the highest ever in the six-year history of the event. It also received Tk 2,035 crore in tax, the highest amount so far from the event.

# Stocks end week lower as investors remain cautious

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Turnover, another important indicator of the market, however, jumped 73.7 percent to Tk 456.04 crore with 14.67 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 114 advanced and 151 declined, while 54 securities closed unchanged.

Khulna Power Company dominated the turnover chart with 25.07 lakh shares worth Tk 18.41 crore changing hands, followed by Square Pharma, Shahjibazar Power Company, Ifad Autos and ACL.

Among the major sectors, fuel and power lost 0.88 percent in market capitalisation, followed by food and allied that declined 0.53 percent, engineering

0.33 percent and textiles 0.08 percent.

Conversely, cement and banking sectors were up by 0.36 percent and 0.32 percent respectively.

Samorita Hospital was the day's best performer with a 9.98 percent gain, while Savar Refractories was the worst loser, shedding 14 percent.

Chittagong stocks also fell yesterday with the bourse's benchmark index, CSCX, declining 21.28 points or 0.25 percent to finish the day at 8,491.62 points.

Losers beat gainers as 123 declined and 70 advanced, while 41 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 86.15 lakh shares and mutual fund units worth Tk 26.59 crore in turnover.



Ashok Kumar Saha, chairman of the board executive committee of Standard Bank, opens a branch of the bank at Sitakunda, Chittagong. Mamun-Ur-Rashid, managing director (current charge), was also present.