



Fazle Kabir, new governor of Bangladesh Bank, receives a bouquet from managing directors and chief executives of banks led by Anis A Khan, chairman of the Association of Bankers, Bangladesh, at the central bank head office in Motijheel, Dhaka yesterday.

Bankers greet new BB governor

CEOs of 44 banks meet Fazle Kabir

STAR BUSINESS REPORT

The Association of Bankers Bangladesh, a forum of banks' chief executive officers, greeted Fazle Kabir, the newly appointed governor of the central bank.

The chief executives of 44 banks, led by ABB Chairman Anis A Khan, who is also the CEO of Mutual Trust Bank, attended the simple ceremony at the governor's office in Dhaka yesterday.

"We have pledged our full support to the new governor," said Khan.

Kabir was appointed after Atiur Rahman resigned as the governor on March 15 over

the hacking of the central bank's account with the US Federal Reserve.

The incident that rattled the country caused a loss of \$101 million in reserve money. However, prompt action helped the BB recover \$20 million from Sri Lanka. But the remaining \$81 million that went into the Philippines is yet to be recovered.

In the wake of the cyber heist, the government removed two deputy governors from their posts on March 15.

Later, on March 16, the government announced that former top bureaucrat Fazle Kabir will replace Rahman as governor of the BB.

ECB stimulus has created 80,000 French jobs: Bank of France chief

AFP, Paris

France's central bank chief Francois Villeroy de Galhau said Monday that contested economy-boosting measures by the European Central Bank had produced "tangible results", including tens of thousands of French jobs.

The central banker defended the volley of growth stimulus and anti-deflationary steps launched by the Frankfurt-based ECB and under fire in Germany, as helping to "finance the real economy".

He told a news conference on French inflation that ECB action such as buying up massive quantities of bonds via its quantitative easing (QE) programme underway since 2014 had "allowed a substantial easing of borrowing conditions for eurozone companies".

Such measures also helped "stimulate loans to the real economy", he said.

Their impact in France was a 0.3-percentage point boost to its gross domestic product of 1.1 percent in 2015. "That represents the creation of around 80,000 jobs for the economy," Villeroy de Galhau told reporters. The ECB surprised financial markets after cutting its main interest rate to zero percent for the first time on March 10 and ramping up a huge stimulus programme amid doggedly low inflation and subdued growth.

Germany's Bundesbank chief Jens Weidmann Saturday criticised the latest package saying it did "not convince me overall". "Negative interest rates are only one element of a wider package," Villeroy de Galhau said.

"Monetary policy plays an important role in thwarting weak inflation and supporting economic activity," he said, warning it was "more risky for central banks to act too late than too early".

Ukraine's economy shrinks 10pc

AFP, Kiev

Ukraine's war-torn economy shrank by nearly 10 percent in 2015, but the downturn was still less severe than the government had feared, official data showed Monday.

The gross domestic product (GDP) declined by 9.9 percent in 2015, according to final adjusted figures from the state statistics services, compared with a 10.4 percent contraction predicted by the Ukrainian government at the end of last year and a near-seven percent drop in 2014.

The east European nation of slightly over 40 million has been riven by a 23-month separatist conflict that has claimed the lives of nearly 9,200 people and effectively paralysed its industrial heartland.

A nearly two-month-long political crisis that saw the prime minister survive a no confidence vote and Ukraine's stalled fight against corruption have delayed the disbursement of crucial IMF aid.

Ukraine has further been hurt by a trade war with Russia and a drop in the global price of its wheat and metals exports.

But Ukraine's central bank still expects the economy to expand by 1.1 percent this year.

Boro acreage falls on low paddy prices

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The official has linked the reduction in acreage to the shift of farmers to other crops that offer better prices. The farmers are mainly of Jessore, Kushtia and Rajshahi.

"Farmers are not getting profitable prices for paddy. This is the main factor."

This is the second rice season this fiscal year in which the acreage declined.

Earlier, acreage had dropped due to a shift to summer vegetables by a section of farmers on profitability grounds, according to the Food Planning and Monitoring Unit of the food ministry.

Farmers have failed to recover the cost of production owing to low prices of paddy after the harvest of aman crop, said KM Layek Ali, general secretary of the Bangladesh Auto, Major and Husking Mills Association.

The average cost of production of a maund of paddy is about Tk 600.

The price of medium-quality paddy, like Swarna, which went up as high as Tk 680 per maund at the beginning of aman harvest in November, declined to as low

as Tk 550-Tk 560 per maund at growers' level.

"Many farmers have grown wheat, potato and maize instead of boro. Some are going for jute cultivation after harvesting wheat as the natural fibre cultivation promises better prices than rice."

The prices of paddy have been depressed for a year and a half now, said Sudhir Chandra Nath, programme head of Brac Seed and Agro Enterprise.

"The prices are not profitable for farmers," he said, adding that a portion of the high lands, which are used for rice cultivation when the prices remain higher, are now being used for maize and potato cultivation.

The low prices of paddy have also affected sales of hybrid rice seeds this cultivation season, Nath said.

The total sales of hybrid rice seeds may drop to 6,000-6,500 tonnes in the current season, down from 7,500-8,000 tonnes a year earlier.

"It means hybrid rice coverage has fallen during the boro season."

Pakistan offers duty-free concession to attract new carmakers

AFP, Islamabad

Pakistan on Monday announced that foreign carmakers seeking to enter the market could import machinery for their plants duty-free, in an attempt to boost competition and cut prices for local drivers.

The market has for decades been dominated by Japan's Suzuki, Toyota and Honda who have been accused of colluding to fix prices for lower-quality versions of their models.

"We have introduced this new auto policy and our objective is to address the needs of consumers and the market," Khawaja Muhammad Asif, the country's defence minister and head of a committee on auto policy, told a press conference.

Asif said that despite a captive market, car assemblers in Pakistan failed to introduce basic features available to consumers in international markets such as airbags, anti-lock braking and emission control systems.

"There is no value for money a Pakistani car buyer gets, even after paying 2.6 million rupees (26,000 dollars) for an 1,800cc car," Asif said.

Miftah Ismail, chairman of the Pakistan Board of Investment, said the government hopes to attract two or three new players to the market.

Apart from the duty-free concession for plant, the import duty on car parts for new entrants would be set at 10 percent for those items which cannot be manufactured locally and 25 percent for others.

The incentives would remain in place for five years, Ismail said.

Demand for cars in the South Asian giant of 200 million people is accelerating as economic growth has reached its fastest pace since 2008. Renewed investor confidence and easing inflation have spurred consumer spending.

Last year a delegation from Volkswagen visited the country but the German auto giant has not yet announced plans to build a local factory.

Draft of new industrial policy gets cabinet nod

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In addition, the amount of investment to get temporary residency in Bangladesh while doing business in the country has also been increased to \$200,000 from \$75,000 in the past, he said. The new policy has been framed by updating the 2010 policy. The industrial sector has been divided into five categories -- high priority, priority, service, reserved and controlled industries.

The draft policy has a guideline to set up infrastructure for industrial clusters and industrial parks in the underdeveloped areas in order to establish economic zones, Alam added. As per the policy, Bangladesh Bank will provide incentives and assistance to women entrepreneurs to encourage them to establish micro, small and cottage industrial units.

The cabinet also instructed the defence ministry to place the Cantonments Act-2016 after reviewing it and consulting with stakeholders. The law was placed before the cabinet meeting by translating the Cantonments Act of 1924 into Bangla with some inclusions and exclusions, the cabinet secretary said.

The cabinet endorsed in principle the draft of the Prime Minister's Education Assistance Trust (Amendment) Act-2016 with a provision to bring post-graduate students under a stipend scheme of the trust. As per the existing law, students up to the graduation level were eligible for the stipend, Alam said.

Telcos authorised to block any suspicious number

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It is possible that some real users' numbers may get blocked by mistake, but that can be fixed with a written request from the call generating operator to the call receiving operator, officials said.

The BTRC recently observed a sharp fall in the legal termination of incoming calls from overseas, which slashed the regulator's revenue, an official said.

The daily average of legally terminated international calls has fallen to 8 crore minutes now, from more than 12 crore minutes a few months ago, resulting in the government losing about Tk 2 crore in daily revenue, the official said. Tarana Halim, state minister for telecom, last week in a meeting asked the regulator to punish any mobile operator if their SIMs are used for illegal voice over internet protocol or VoIP.

As of December, all six mobile operators have blocked about 1.16 crore of their own SIMs under self regulation, to weed out illegal terminations. A total of 1.27 crore mobile connections have been blocked in the last nine years for illegal VoIP, according to data from the Telecom Division.

BTRC to buy equipment to gauge telecom services

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Senior officials at the engineering and operation division at the BTRC said they can currently request the operators to improve their service quality. But once the quality-measuring equipment is in place, they will publish their findings and fine the operators who offer substandard services.

Earlier, the regulator ran field studies in different districts and upazilas but the findings were not reliable as it was a manual process and mainly based on user interviews.

"That was not a successful study and that is why we need to buy the service-assessing equipment," said an official working on the issue.



M Monzurul Haque, chairman of Institute of Management Consultants Bangladesh, and M Zakir Hossain, president, attend the institute's third extraordinary general meeting and 15th annual general meeting at Hotel De Crystal Crown in Dhaka on Saturday.

Dhaka bourse recommends 10pc cash dividends

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The net asset value per share stood at Tk 11.68 at the end of June 2015, up from Tk 10.93 a year ago.

"By realising the dividend, we will be able to overcome the financial difficulties that we are facing due to the bearish trend in the secondary market," said Rakibur Rahman, managing director of Midway Securities, a trading right entitlement certificate (TREC) holder, previously known as stockbroker.

The secondary market is yet to recover the losses incurred during the downswings in 2010-11. The DSEX, the benchmark index of the prime bourse, hovered around the 4,500-point level last fiscal year, with an average daily turnover of around Tk 500 crore.

On whether the dividend would reduce the bourse's financial strength, thus making it less attractive for the prospective strategic and institutional investors, Rahman said, "If the market is stabilised, trade volumes will increase and so will DSE's income. We hope

for a vibrant capital market in the near future."

As per the demutualisation scheme, 60 percent of the bourse's shares have been kept in a block account for the strategic and institutional investors. The rest 40 percent were allotted to existing shareholders.

After demutualisation, DSE's paid-up capital stood at Tk 180.38 crore at the end of June 2015.

The demutualisation scheme was approved by Bangladesh Securities and Exchange Commission in 2013, and the law on the issue was passed in 2012, to bring transparency to the stockmarket.

Demutualisation is a way to separate the bourses' management from ownership. It transforms a stock exchange into a profit-oriented company owned by shareholders and ensures alternative business models and operational efficiency.

Prior to demutualisation, Bangladesh's stock exchanges were non-profit cooperatives, owned by the exchange members, who were usually stockbrokers.

Insurance regulator terribly understaffed

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Less than 1 percent of the population have insurance coverage. In neighbouring India, it is 5 percent and in the Philippines 7 percent, he said.

The fair will create awareness and play down the negative idea of insurance, he said, adding that the insurance companies will settle claims against policies at

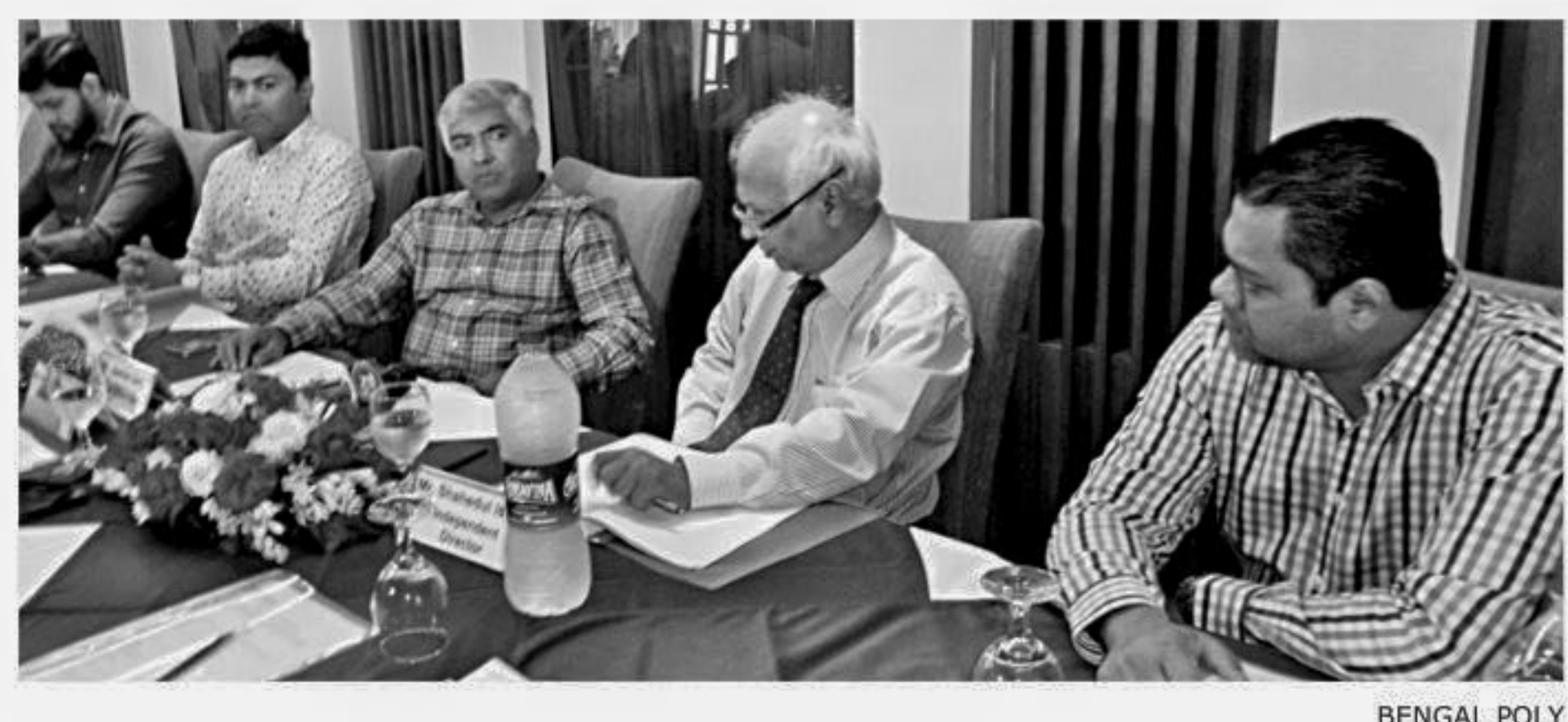
the fair as part of a confidence-building measure.

Farzana Chowdhury, managing director of Green Delta Insurance, said the fair will go some way in changing people's perception of insurance.

IDRA members Zuber Ahmed Khan and Sultan-Ul-Abedine Molla also spoke on the occasion.



Mohammed Nasir Uddin Chowdhury, managing director of LankaBangla Finance Ltd, opens a branch of the company in Alu Patti in Ghoramara of Boalia yesterday. Khawaja Shahriar, deputy managing director, was also present.



Jashim Uddin, vice chairman of Bengal Poly and Paper Sack, a company of Bengal Group of Industries, presides over the company's 14th annual general meeting at Signature Food Club in Gulshan, Dhaka yesterday. Firoz Alam, managing director, was also present.