



Shanjib Mahajon, head of international business at Volvo Eicher, and Sohana Rouf Chowdhury, managing director of Rangs Motors, attend a buyers' conference styled Eicher Customer Night, organised by Rangs Motors, at Bangabandhu International Conference Centre in Dhaka on Sunday.

ECB bond-buying scheme faces new lawsuit in Germany

AFP, Frankfurt

A group of German businessmen and academics are taking the European Central Bank to court over its controversial bond-buying programme, their lawyer said on Tuesday.

A complaint against the ECB's corporate sector purchase programme was filed at Germany's highest court, the Constitutional Court, on May 12, a court spokesman told AFP.

The business leaders argued that the central bank was "going beyond its mandate" in purchasing corporate bonds as part of its programme of so-called quantitative easing, or QE, and "needs to be urgently legally ring-fenced."

In the face of the failure so far by a raft of ECB policy measures in recent years to drive up inflation in the single currency area, the central bank announced in March that it would extend its sovereign bond-buying programme to include corporate sector bonds.

But in doing so, the ECB has "definitely given up its mask of monetary policy," its lawyer Markus Kerber told AFP.

"Through the massive purchase of corporate bonds, countries with high debt level and deficits in competitiveness such as Italy, Spain and France are supposed to improve the financing conditions of public companies.

"The criteria of the selection of those

companies remain uncertain. The ECB has opened a new phase of a direct transfer policy bringing unforeseeable risks for Germany and the other hard currency countries of the eurozone," Kerber argued.

The complaint therefore asked the Constitutional Court to block the programme in Germany.

The ECB's policy measures so far -- cuts in interest rates, ultra-cheap lending schemes for banks and most recently the QE programme -- have failed to kick-start inflation in the euro area, which the central bank estimates needs to stand at just under 2.0 percent to encourage healthy economic growth.

In April, the bloc's inflation was negative, standing at minus 0.2 percent.

"There is total despair in the ECB leadership that none of the measures implemented so far are working," Kerber said.

It is not the first time that the ECB has been taken to court in Germany over its monetary policies.

A group of eurosceptics filed a suit against another debt purchase programme known as Outright Monetary Transactions (OMT) that was set up in 2012, but has ultimately never been used.

The constitutional court referred that particular case to the European Court of Justice, which subsequently ruled that the programme was in line with the ECB's mandate.

Move to high-value agriculture: WB

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The report went on to urge the government to adopt strategies to promote more robust development of the rural non-farm economy, which is growing slowly for rising road connectivity and declining arable land.

"An emerging concern is that the rural non-farm activities do not seem to be growing in scope or sophistication over time," said the WB.

Many rural non-farm activities are linked to agriculture, be it processing, trading or food preparation.

But the conundrum is that they are not progressing much from basic to more sophisticated ones.

Gautam said Bangladesh now needs upgraded market facilities, increased investments in roads to connect secondary cities, improved rural logistics and access to finance to move to the next level, with more modern and efficient supply chains.

"These improvements will help increase income and productivity, and they are especially important as Bangladesh transitions to a more modern food system involving high-value products and greater value additions," he added. The report found that a lack of credit and infrastructure still remains a binding constraint to the rural non-farm enterprises.

"But the good thing is that the cartelisation of markets by few powerful traders fleeing farmers or other forms of uncompetitive behaviour has come down significantly," said the report. Hossain said, though agriculture will continue to play a vital role in the rural economy, there is huge scope for improving non-farm activities.

He also stressed the need for smooth connectivity and transportation system in rural areas.

The minister said the government will improve the database of rural farm and non-farm activities with a view to setting strategies for further development.

Shamsul Alam, member of Planning Commission, said the rural economy needs support, from infrastructure to connectivity and access to credit.

The farm sector has to be modernised through the use of technology and policy support, he added.

Huge stock of coins taking toll on wholesale businesses in Pirojpur

OUR CORRESPONDENT, Pirojpur

The wholesale food and grocery businesses in Pirojpur town have been in a fix with a huge stock of coins for the last one year, as no one is there to accept the coins in exchange.

Around 20 wholesale businessmen are now suffering from the problem, an industry insider said.

Shopkeepers, drivers of different vehicles and even beggars are not accepting the flat and typically round piece of metal now.

Small businessmen usually clear their payments with coins, said Babul Saha, a wholesale businessman, who has a stock of over Tk 5 lakh worth of coins.

"We know that reception of more coins will only increase our burden; but we had to take the coins for the welfare of our business," Saha said sometimes he has to receive Tk 1,000 worth of coins in a day.

Amzad Hossain Khan, owner of a bakery, said he has a stock of coins worth over Tk 2 lakh.

"When my workers go to the local market, they bring the coins. The denial of taking coins will only hurt our business relation."

Cigarette companies never accept coins from the shopkeepers, which is also responsible for making the situation worse, businesses said.

Md Ataur Rahman Sheikh Alam, presi-

dent of Sammlito Baboshai Somity, a platform of shopowners, said he has raised the issue in different meetings with government and bank officials.

"I have informed the regional officers of banks many times during the meetings. Each time, they order their branch managers to accept coins after hearing my complaint. But the result is still zero."

"Whenever, any businessman goes to the bank, it denies taking coins from them."

Some businessmen sell coins to release the burden a bit. "People from Khulna come to our town to buy coins and we sell our coins on 10 percent discounts. Sometimes the rate rises," said Babul Saha.

There is no alternative way to get rid of the problem, he said. "It only increases the volume of loss, as the profit margin of the wholesale business here never touches the 10 percent mark."

Md Abdus Salam Howlader, managing director of Sonali Bank in Pirojpur, said the coins were made to be released in the market, not to be stored in banks.

"The bank has not banned coins," he said, when he was asked whether the banks have banned coins.

"We have manpower crisis. That is why we avoid taking coins from the clients."

It would be a great help for the wholesale businesses if the banks start accepting coins, business leaders of the area claimed.



Golam Hafiz Ahmed, managing director of NCC Bank; AZM Saleh, deputy managing director, and Shamsur Rahman Chowdhury, head of the information technology division, attend a press meet, to mark the bank's 23rd founding anniversary at its headquarters in Dhaka yesterday.



Rabab Fatima, Bangladesh's ambassador to Japan, opens the office of DataSoft Japan Inc at Josui Kaikan in Tokyo.

DataSoft opens office in Japan

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These professionals will later be recruited for the Japanese market.

In May last year, DataSoft registered its Japanese entity as DataSoft Japan Inc, though they started business there a few years ago, company officials said.

DataSoft Japan will recruit engineers in Japan who will play the role of 'bridge engineers', according to DataSoft website.

Japanese IT companies have welcomed DataSoft; representatives from a number

of upscale IT companies of Japan, including NEC, Sony, GMO Cloud, Sekai Lab, Murphy Systems and Toshiba, attended the opening ceremony on Monday.

Board members of DataSoft Bangladesh and management of DataSoft Japan were also present.

Last week, 12 Bangladeshi ICT companies exhibited their products and solutions at Japan's annual IT Week, where DataSoft was a participant.

Simpler tax policy key to attracting investments: PwC

AT 10-11 percent, Bangladesh has the lowest tax-to-GDP ratio in Asia, as only 1.1 million people out of 160 million citizens submit tax returns.

According to US-based Boston Consulting Group, 12.5 million people have annual incomes of \$5,000, while another estimate shows that about 30 million people have annual incomes of more than \$3,500.

They also called for making transfer pricing friendlier to foreign investors.

Rashid said the National Board of Revenue's income from customs duties is increasingly going down as it has to keep the rates in line with international standards. "As a result, the NBR will have to rely on VAT to offset the losses."

PwC experts said it is yet to be seen whether the new VAT law which will enforce 15 percent VAT would increase prices of all items, as each company will give VAT on their value addition. The prices of some items may go up, they said.

PwC recommends that online payment of VAT be introduced through designated or nominated banks so that VAT-registered dealers are able to obtain their challans instantly and the revenue is credited to the government account immediately.

PwC is one of the big four accountancy firms in the world with offices in 157 countries, and earned \$35.4 billion in revenues in the year ending June 2015.

PwC Bangladesh directors Sushmita Basu and Prasun Kumar Maiti also spoke.

Loan defaults spiral back up

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Two state-owned specialised banks' default loans did not go up in the first quarter. Their bad loans are already very high, at 23.24 percent.

In other South Asian countries, the default loans are now below 10 percent.

Two economists have called for the government to immediately privatise state banks except Sonali to stop them from bleeding the economy.

"I think enough is enough. We no longer need state banks," said Mohammed Farashuddin, a former central bank governor, at a meeting on May 13.

"We only need to keep Sonali Bank, which is our treasury bank. Other state banks should be left in the hands of people," he added.

Sadiq Ahmed, a former director of the central bank, wholeheartedly backed Farashuddin.

Ahmed called for turning the state banks into narrow banks, if they are not privatised. Narrow banks can only take deposits; they cannot lend.

"If you can take away the lending decision, there will not be any scope for misuse and abuse," the former World Bank economist said in the same programme.

In India, a majority of the banks are state-owned and are running well and making profit, Khaled told The Daily Star yesterday.

Privatising state banks is not a solution for Bangladesh, he said. "Measures should be taken so that state banks can function without government intervention," he said.

"The finance ministry should not interfere in the state banks -- not in any appointment," he said, adding that an independent committee should select the state banks' boards and top management.

Govt plans to allow rice exports

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However, the minister did not set the purchasing price from the local markets for the exporters or the export price yet. At present, the ministry has only allowed the export of aromatic rice. The minister said the government will start procurement of six lakh tonnes of rice and seven lakh tonnes of paddy from the domestic market to build its stock and ensure better prices of boro crops for the farmers. Ahmed is hopeful that the prices of basic commodities will not increase ahead of the upcoming month of Ramadan as there is a good supply in the markets.

The stock of edible oil, sugar, lentils, chickpeas, onion, and garlic is higher than demand, the minister added.

State-owned Trading Corporation of Bangladesh will sell some basic commodities such as sugar, lentils, edible oil and chickpeas, in 174 trucks at lower prices for consumers during Ramadan.

The prices of TCB goods would be lower so that the other sellers also sell their goods at lower prices during that month, he said.

On the issue of VAT, the minister said the government will not introduce a system that can affect the business community.

At the meeting, Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, urged businessmen not to make excessive profits from sales of basic commodities during Ramadan. Md Helal Uddin, a director of the FBCCI, said prices of local garlic were not supposed to be abnormally high. Prices rose as unscrupulous businessmen booked unusual profits, he added.

Hedayetullah Al Mamon, senior secretary to the commerce ministry, said the government will monitor market prices, and supply and demand of the goods, so that nobody can make windfall profits.

Time to upgrade banks' IT security: top banker

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AZM Saleh, its deputy managing director, said the bank lowered the interest rate on loans to increase investment; its current rate on loans is between 10 percent and 12 percent, while it was 16-17 percent earlier.

Saleh said the bank could not cut the interest rate on deposits at the same pace as its lending rate. The bank has a pile of deposits that will mature after more than 10 years at a rate that is very high, he added.

The bank was set up as an investment company 23 years ago, and now it is functioning as a large commercial bank, he added.

The bank made a profit of Tk 97 crore in the first quarter of this year, he said. The bank's profit was Tk 386 crore last year.

With 104 branches across the country, NCC Bank has agreements with 27 firms in various countries for the transfer of remittance to Bangladesh.



Mashrur Arefin, additional managing director of City Bank, receives the PCI DSS certification from Suresh Dadlani, chief operating officer of ControlCase, a US-based security company that is empowered to set new global standards in bank card safety, at a ceremony at City Bank's head office in Dhaka.