

BASIS election set for June 25

STAR BUSINESS REPORT
The election to choose executive council members of Bangladesh Association of Software and Information Services (BASIS) for 2016-2019 will see four independent candidates in the general member category this year. They are Khondoker Abdul Hafiz of iSoftware Ltd, Abdul Matin Bhuiyan of ABCO Overseas Corporation Ltd, Rashad Kabir of Dream71 Bangladesh Ltd and Md Enamul Haque of STM Vision Infotech Ltd. Two panels led by Mustafa Jabbar of Ananda Computers and Sonia Bashir Kabir of Microsoft Bangladesh will take part in the election, at the office of the national trade body for software and IT-enabled services in Dhaka on June 25. Each of the panels will have nine members in the election that will run from 10am to 5pm. There are 368 voters in the general category and 148 in the associate category.

Scandal-hit VW turns its sights to electric cars

AFP, Frankfurt
Embattled auto giant Volkswagen unveiled Thursday plans to launch more than 30 all-electric models by 2025 as it seeks to reposition itself as a leading player in environmentally sustainable modes of transport. VW, currently entangled in a global engine-rigging pollution scandal, said in a statement that it plans to launch "more than 30 fully electric models" by 2025, which would account for annual sales of between two and three million vehicles or 20-25 percent of the group's global sales. Presenting what he described as the "key building blocks in the new group strategy," chief executive Matthias Mueller said VW aimed to "transform its core automotive business or, to put it another way, make a fundamental realignment in readiness for the new age of mobility." VW would focus on "the most attractive and fastest-growing market segments," he said. "Special emphasis will be placed on e-mobility. The group is planning a broad-based initiative in this area: it intends to launch more than 30

purely battery-powered electric vehicles over the next ten years," he said. VW, which has so far not been particularly active in the electric car sector, estimated that such vehicles "could then account for around a quarter of the global passenger car market." The strategic re-think has become necessary in the wake of VW's deepest-ever crisis after it came to light last September that it had installed emissions-cheating software into 11 million diesel engines worldwide. It has already set aside 16.2 billion euros (\$18.2 billion) in provisions to cover the potential costs of the scandal. But experts believe the total cost could come out much higher. VW, which owns 12 brands in all, ranging from Volkswagen to Audi and from Porsche to SEAT, has abandoned its long-cherished goal of becoming the world's biggest car manufacturer, ahead of Toyota. "Size is not a goal in itself," said CEO Mueller, who was parachuted in to steer the group out of crisis, actively distancing himself from the philosophy of his predecessor Martin Winterkorn.



Making Markets Work for the Jamuna, Padma and Teesta Chars project and Char Development Research Centre, a specialised centre of Rural Development Academy, Bogra, jointly organised a results sharing event titled "Changing faces of the chars", at Long Beach Suites in Dhaka on June 5.

Nokia moves to finalise acquisition of Alcatel-Lucent

AFP, Helsinki
Finnish telecom equipment giant Nokia announced Thursday a plan to complete the acquisition of its former rival, French-American Alcatel-Lucent during the third quarter. The world's former top mobile phone maker had gained control of 80 percent of Alcatel-Lucent's shares by January but has struggled to mop up the remaining shareholders to gain full

control of the company. Nokia said Thursday it was settling the ownership issue "through privately negotiated transactions". "Nokia expects to cross 95 percent ownership thresholds in Alcatel-Lucent and announces intention to file a public buy-out offer in cash for the remaining Alcatel-Lucent securities followed by a squeeze-out," the company said in a statement. France's stock market regulator will

still have to approve the transaction, as its rules require Nokia to cross a 95-percent threshold in order to make a clean sweep by delisting all remaining shares from the Paris stock exchange. "Following these transactions, Nokia will own 95.33 percent of the share capital and 95.26 percent of the voting rights of Alcatel-Lucent, corresponding to 95.16 percent of the Alcatel-Lucent shares," Nokia concluded.



Rajan Pillai, chief operating officer of Apex Footwear Ltd, and Taifur Rahman, head of retail operations of Apex, open a new outlet of the shoe maker at Kandirpar in Comilla.

Vistara, AirAsia India seek quick fleet growth as aviation rules eased

REUTERS, Singapore
Vistara and AirAsia India, airline ventures of India's biggest conglomerate Tata Group, aim to boost their fleet sizes to 20 planes within a year and launch international services after the country overhauled aviation rules, two people familiar with their strategy said. The Indian government revised on Wednesday its so-called '5/20' policy, removing a restriction that domestic carriers have to operate for five years before they can fly abroad. They must, however, still deploy 20 aircraft or 20 percent of total capacity in India, whichever is higher.

Vistara and AirAsia India, which began operations in January 2015 and June 2014, respectively, will prioritise services to the Gulf and flights to Southeast Asia to connect with their investors Singapore Airlines and AirAsia, added the sources, who declined to be identified as they were not authorised to speak to the press. Singapore Airlines has a 49 percent stake in full-service carrier Vistara, while Southeast Asian low-fare pioneer AirAsia owns 49 percent of budget airline AirAsia India. Tata Group has a 51 percent stake in Vistara and 49 percent in AirAsia India. AirAsia India CEO Amar Abrol said on Wednesday that the

airline will increase its fleet from six to 20 aircraft "as soon as possible". These will come from Malaysia-headquartered AirAsia, which supplies Airbus A320s from its large orderbook to affiliates around Asia. AirAsia declined to comment. Vistara has 11 A320s and will get two more this year, and it originally planned to have 20 planes by June 2018. All of these are from leasing firms, and it will turn to them for more planes, said a source familiar with the company's plans. Widebody aircraft could also be on the cards for Vistara, but that is not a priority, added the source.

RBI governor faces ghosts of rupee's past

REUTERS, New Delhi
The looming expiration of an emergency liquidity measure introduced during India's 2013 currency crisis comes at a risky time for the rupee, with about \$20 billion in deposits expected to leave the country as global investment appetite worsens. Analysts warn the rupee already Asia's worst performing currency against the US dollar this year - continues to look vulnerable ahead of September, when dollar term deposits that India raised from citizens abroad in 2013 start to mature. The outflows, though widely anticipated by both markets and policymakers, will present a near-term currency challenge for Reserve Bank of India (RBI) Governor Raghuram Rajan, whose position is also up for renewal in September. "It's a well anticipated event and the flows are largely known. Still, investors will be watching this carefully to see how the Reserve Bank handles the liquidity situation," said Luke Spajic, head of portfolio management emerging Asia at PIMCO. Rajan announced the initiative to shore up foreign reserves soon after taking over the RBI in September 2013, when fears of US Federal Reserve rate hikes punished vulnerable emerging markets such as India.

Under the programme, banks were incentivised to offer dollar deposits to Indian citizens abroad - through instruments known as foreign currency non-resident bank deposits - in a scramble to boost liquidity and regain the confidence of foreign investors. The RBI then exchanged those dollars for rupees at lucrative rates for bankers. With about \$28 billion in deposits maturing in September through to November, the RBI must provide dollars to the banks so they can pay back those depositors. Rajan said last week he expected \$20 billion in outflows in September to November, more than three times the outflow volumes typically seen over a three-month period. Rajan will need to manage those outflows carefully at an especially tricky time for global markets with US rate hikes expected and worries about China and crude prices lingering. A vote by Britain to leave the European Union in next week's referendum would add to these worries. Rajan is talking down the risks, saying he is ready to deal with any rupee volatility in September. Since last October, the RBI has met with banks to assess their respective currency positions, according to bankers who attended those meetings.

Swiss central bank keeps powder dry on rates ahead of Brexit vote

REUTERS, Bern
Switzerland's central bank held fire on tinkering with record-low negative interest rates on Thursday, keeping its powder dry should a British vote next week to leave the European Union spark a flood into the Swiss franc. The franc is viewed as a safe-haven currency in times of uncertainty and rising anxiety over the implications of a British exit from the EU has pushed it higher in recent weeks. On Tuesday, the franc hit a 2016 high of 1.0787 against the euro. "Next week's UK referendum on whether to remain in the EU may cause uncertainty and turbulence to increase," Swiss National Bank Chairman Thomas Jordan told a news conference. "We will be monitoring the situation closely and will take measures if required," he said without elaborating. Several recent opinion polls in Britain showed those who want to leave the EU in the lead, despite warnings from Prime Minister David Cameron, the Bank of England and others that Brexit could cause significant economic disruption. The SNB uses a mixture of negative interest rates and currency purchases in an effort to weaken the "significantly overvalued" franc and ease pressure on Swiss exporters, which are crucial to the econ-

omy. As unanimously expected by economists in a Reuters poll, the SNB kept its target range for three-month Libor between -1.25 and -0.25 percent. It also maintained a charge on cash deposits of 0.75 percent at its quarterly policy review. There was little immediate market reaction to the rate decision. The SNB has said in the past it has the option to go more negative with rates if necessary. "The risk remains that the United Kingdom will leave the European Union, and if that happens, the SNB is only going to be under more pressure," Zuercher Kantonbank senior economist Cornelia Luchsinger said. "With the recent market turbulence, it's very likely that the SNB has grown more aggressive with its intervention." The SNB followed the lead of other central banks including the U.S. Federal Reserve, which on Wednesday kept rates unchanged while acknowledging Britain's possible exit from the EU was one of the factors driving its decision. The Bank of Japan refrained from offering additional monetary stimulus despite external headwinds and anaemic inflation, spiking the yen to a two-year high that clouds an already darkening outlook for the economy.

NBR offers duty cuts to spare parts of farm machinery

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With the latest change in the duty structure though, the locally assembled power tillers are set to become cheaper than the imported ones, said industry operators. Md Kamal Miah, owner of Kamal Machine Tools, said the duty privilege given to manufacturing will also be beneficial to farmers. FH Ansarey, executive director of ACI Ltd, said they plan to go for manufacturing of farm machinery. "We are preparing ourselves very seriously. It will be competitive if the machinery is assembled locally with imported parts," he said. However, the NBR says the firms that are interested in getting the duty privilege will have to register themselves with the Board of Investment as a progressive manufacturer. They will also have to apply to the agriculture ministry with proof of their skills and experience in making, assembling or marketing of agriculture machinery. The firms will also have to submit their plans on the type of machinery they want to make and in what quantity. The reduced duty benefit will then be given based on the approval from the agriculture ministry, according to an NBR notification issued on June 2.

China Harbour signs deal on economic zone in Ctg

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The government is also setting up four economic zones in the public sector: Mirsarai Economic Zone in Chittagong, Mongla Economic Zone in Bagerhat, Srihatta Economic Zone in Moulvibazar and Sabrang Tourism Park in Cox's Bazar. These economic zones are part of Beza's plan to develop 100 such zones by 2030 on 75,000 acres, to create jobs for one crore people and to produce \$40 billion worth of products and services. Beza has so far selected 59 places across the country for economic zones, of which feasibility studies on 22 sites are currently underway.

Sugar should retail at Tk 55-56 a kg: official

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"The wholesalers are not getting adequate supply in time. A smooth supply of sugar should be ensured to bring down its prices to a rational level," said Abul Hashem, vice president of Bangladesh Sugar Merchant Association, who was also present at the meeting. It takes 10 to 12 days to get delivery of sugar from mill gates, and by this time an artificial crisis is created in the local market, Hashem said. He said the refiners even do not know how much sugar they are supplying to the wholesalers every day.

Manufacturers line up for low-cost foreign currency loans

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Nine new banks that came into operation in 2013 are also missing out on the funds, as they are required to be in operation for at least three years to access the loans. Banks with observers in them are also disqualified from the fund. The supply of long-term financing is restricted by the banks' limited access to long-term resources, capacity constraints and their relative comfort and preference to undertake shorter-term financing, according to the WB. The factors inhibit long-term investments by households and the ability of firms to invest in capital upgrade and technology, expand and grow businesses and jobs at a faster pace. A WB estimate shows there is a significant demand for long-term financing by firms, conservatively estimated at \$1.5-2 billion per year, for the export market. Yet, supply by the market lags behind significantly.



Zeeshan Hasib, CEO (in charge) of NRB Bank, and MH Khusr, CEO of Data Fort Ltd, a franchisee of Info Fort LLC, exchange documents of a deal on Wednesday on physical and digital archive management services.