

Social business centre to open in Azerbaijan

STAR BUSINESS REPORT

A Yunus Social Business Centre will be set up in Azerbaijan, the 24th centre to be established across the world to facilitate the promotion and research of social business.

Yunus Centre and Azerbaijan State Economical University signed an agreement to this effect during a visit of Nobel Peace Laureate Muhammad Yunus to the country on Monday.

Ilham Aliyev, president of Azerbaijan, received the Nobel Peace laureate at his palace on Saturday, the first day of the microfinance pioneer's three-day visit to the country, Dhaka-based Yunus Centre said in a statement yesterday.

Prof Yunus briefed the head of the state about the recent developments in social business across the world.

President Aliyev lauded the contribution of Prof Yunus in alleviating poverty, and discussed specifically what role social business could play in his country.

On Monday, Prof Yunus delivered the



Ilham Aliyev, left, president of Azerbaijan, receives Nobel Peace Laureate Professor Muhammad Yunus at the Presidential Palace in Baku, Azerbaijan on June 18. Yunus went to the country on a three-day visit.

keynote speech at an international conference at Azerbaijan State Economical University on "Social Business - The Way to Development," where he was given an Honorary Doctorate.

Ministers, lawmakers, bureaucrats from the country and academicians from Azerbaijan, Russia, Turkey, Kyrgyzstan, Kazakhstan and Georgia participated in the conference.

Earlier, Prof Yunus had separate discussions with Prof Shahin Mustafayev, minister for economy, and Prof Salim Muslumov, minister for labour and social protection of Azerbaijan, and discussed social business and its impact in alleviation of poverty and solving different social problems.

Both ministers decided to send their delegation to attend Social Business Day in Dhaka to get broad understanding of the idea.

Prof Yunus's best-selling book "Banker to the Poor", which has been translated in Azeri language, was also launched during his visit.



Sadia Islam Mou, a model, signs papers of a deal at the head office of Esquire Plastics, under which she became the brand ambassador of the company.



Mohd Nasir Bin Ali, chairman of ICB Islamic Bank, presides over the 29th annual general meeting of the bank, at Unique Trade Centre in Dhaka on June 14. Muhammad Shafiq Bin Abdullah, managing director, was also present.

Turkey central bank trims interest rate

AFP, Ankara

Turkey's central bank on Tuesday cut one of its main interest rates by 50 basis points, in the hope of further stimulating growth against a background of declining inflation.

This is the third rate cut since new governor Murat Cetinkaya took the reins at the nominally independent central bank in April.

The central bank said the overnight lending rate was trimmed to 9.0 percent from 9.5 percent and its one-week repurchasing rate remained stable at 7.5 percent.

The overnight borrowing rate also remained intact at 7.25 percent, it said in a statement on its website.

President Recep Tayyip Erdogan has often pressured the bank to lower interest rates in order to stimulate growth, casting a shadow over its independence.

Economists have also warned a dramatic cut would push up inflation but the bank has been given greater leeway by a significant easing in inflation rate which stood 6.58 percent in May.

New CFO for Karnaphuli Fertilizer

STAR BUSINESS DESK

Karnaphuli Fertilizer Company has recently appointed Habibullah Monju as the chief financial officer of the company.

Monju completed his chartered accountancy articleship from KPMG, the company said in a statement yesterday.

He has also worked with Chevron Bangladesh, Pan Pacific Sonargaon, Pan Pacific Hotels and Resorts Pte, Singapore, ICB Financial Group Holdings, Malaysia, Holcim Bangladesh Ltd and DBL Group of Companies.

He completed his masters in accounting from Dhaka University and he is a fellow member of the Institute of Chartered Accountants of Bangladesh.



Tax collection target too high: analysts

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Subsequently, he suggested discussing the budget in the standing committees of the national parliament, citing England, India, New Zealand and Australia as examples.

On the government's social safety net programmes, Khan said if the allocation in this sector is increased and more people brought under the scheme, the rate of corruption will go up and the number of unemployed will also increase.

"So, the government should design a system by which it can use the allocated money in any productive sector to serve the same purposes."

AB Mirza Azizul Islam, another former adviser to the caretaker government, criticised the proposed cuts in allocation for the agricultural sector from next fiscal year.

The government instead could have proposed cuts for four unproductive sectors including public administration, defence, interests on borrowings and security, where nearly 40 percent of the budgetary allocation is assigned.

However, Islam welcomed the government proposal for higher allocations to the education and health sectors.

In Bangladesh, the tax-GDP ratio needs to be increased; the ratio should not be raised by more than 1 percent in a year, he said.

"It is not possible to increase the tax-GDP ratio overnight."

Islam said black money should not be allowed for investment in any sector as such permissions have failed to yield any positive outcomes in the economy.

Abdul Bayes, director of Brac's research and evaluation division, said attracting more private sector investment is a challenge for the economy.

He went on to lay out four prime reasons for the poor private sector investment: no new gas connections, scarcity of industrial land, weak infrastructures and uncertain political situation.

"We need to overcome the sluggish private sector investment to achieve robust economic growth."

He criticised the government's proposal to allocate money for strengthening the capital base of some scam-hit public banks.

"They have become weak financially for irregularities in disbursement."

Savers squeezed by low interest rates

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While they are concerned about the situation, they cannot raise the deposit rates unless there is a pickup in credit off-take. Otherwise, the banks' profitability would be under further pressure.

"All banks have surplus liquidity, but the demand for credit is not picking up to expectations," said Ahmed Kamal Khan Chowdhury, managing director of Prime Bank. He said foreign funds borrowed by entrepreneurs are also limiting their loan disbursements. "Even the government is taking loans from foreign sources to implement mega projects," he added.

Anis A Khan, managing director of Mutual Trust Bank, analysed the issue comprehensively and found a number of reasons behind the declining interest rates on fixed deposits.

Due to strong anti-money laundering measures and improvements in remittance channels, more money is now being deposited with the banks.

Financial inclusion has also contributed to wider outreach of the banking system, thereby embracing larger swathes of unbanked population.

In other words, money that was previously kept at peoples' homes is now finding its way into the banking system.

Thus, there is more money available in the banking system compared to a few years ago, said Khan, also the chairman of Association of Bankers Bangladesh, a forum of banks' chief executives.

"However, this excess supply is not matched with the demand, which is credit

off-take," he said, adding that the government is also borrowing less from the banking system, which is leading to excess liquidity.

The capital markets too are underperforming, so savers are keeping themselves away from a market that earlier gave them good returns. "Thus, the small savers, especially the elderly who depended on bank interest for their living expenses, have been hit hard," Khan added.

Shafiqul Alam, managing director of Jamuna Bank, said like other banks his bank is also offering 5.5 percent interest on half-yearly or yearly fixed deposits due to low demand for loans.

He said the overall situation has forced banks to reduce lending rates to single digits for short-term loans to their prime customers. However, chief economist of Bangladesh Bank Biru Paksha Paul termed the declining deposit rate a temporary phenomenon.

"When investments will get a boost, the demand for deposits and its interest rate will also rise," Paul said.

He, however, said general people are not well aware about the interest rates on their deposits. He also said earnings from deposits get negative in many countries, including the United States.

Amid this situation, some banks are offering 7 percent plus interest on deposits of more than one year but less than two years. "We are trying to give pensioners and small depositors some more money so that they don't get less than the inflation rate," said Habibur Rahman, managing director of Al-Arafah Islami Bank.

GP moves to rein in cyberbullying

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Yet, more than half of the children between the ages of 8 and 17 years who are currently utilising the net have faced some form of cyberbullying at least once.

As a result, parents in India fear online

bullying more than physical bullying when it comes to their children, according to the statement. Compared to the global average, Indian parents are 20 percent more likely to limit their child's online activities, the mobile operator said.

Volkswagen places question mark over future of diesel technology

AFP, Frankfurt

Volkswagen chief Matthias Mueller hinted in a newspaper interview that the embattled car giant could abandon diesel engine technology in the wake of the massive emissions-cheating scandal it is currently engulfed in.

"Against this background, we have to ask ourselves whether... we want to spend more money on the further development of diesel," Mueller told the business daily Handelsblatt, promising that VW would take a "fundamental" look at the issue.

Mueller pointed to tougher emissions legislation set to come into force in 2020.

"We have an inkling of what will follow in five or 10 years," he said.

"It's clear even today that treating exhaust gas fumes will become very costly and elaborate," he said.



Farman R Chowdhury, managing director of Shahjalal Islami Bank, hands over the keys of a microbus as donation to Asaduzzaman Mia, commissioner of Dhaka Metropolitan Police (DMP), at a ceremony at the DMP office in Dhaka yesterday.

Petrobangla to pay \$90m a year to use LNG terminal

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The state-run agency will mobilise funds by adjusting gas prices, said the proposal. The agreement is the government's first step in alleviating the gas crisis in the long-run.

Excelerate Energy, the pioneer and market leader in innovative floating LNG solutions, would develop the terminal in 23 months.

A 90-kilometre pipeline with a 30-inch diameter will carry the gas from the floating terminal to Anwara to feed the national grid. The land for the terminal has been acquired and the environment clearance certificate obtained, according to the energy ministry proposal.

The LNG will be imported from Qatar, and an agreement has already been signed between the governments to this effect. The Qatar government has assigned RasGas Company Ltd, one of the world's premier integrated LNG enterprises, to supply the LNG to Bangladesh.

The US energy firm has already carried out a met-ocean study and found the construction of the terminal viable. Excelerate Energy will get \$159,186 a day as rent for the floating terminal, \$45,814 a day as operational charge and \$32,000 for port services. The government has fixed a target to add the LNG to the national grid by 2017 after establishing the LNG terminal.

It is being implemented as a fast-track project by the government.

Teletalk gets Tk 676cr for network expansion

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About 65 lakh subscribers were created through the project, according to the planning ministry.

Also at yesterday's meeting, a Tk 1,278-crore project got a go-ahead for the expansion and upgrade of the electricity distribution system in west zone.

After the completion of the construction of the Padma bridge in 2018, the demand for electricity would increase a lot, said Planning Minister AHM Mustafa Kamal after the meeting.

"This project has been taken up to meet the impending demand," he added.

The project is scheduled for completion in 2020. Besides, Ecenc also approved three revised projects whose costs were increased two to four times and deadlines extended.

The project for setting up power generation units and sugar refinery using a co-generation system at the North Bengal Sugar Mills was taken up in 2014, when the estimated cost was Tk 73.47 crore and the completion deadline was 2016.

But as of March this year, only 2.53 percent of the fund has been spent.

The Ecenc revised the cost upwards to Tk 324 crore and extended the deadline to 2018.

The planning ministry proposal said the costs soared as three new components were added to the project.

Another project whose allocation was increased is the Baniachong-Ajmeriganj Road Construction one. Its costs have been raised to Tk 116 crore from the earlier estimate of Tk 73.09 crore.