

Unease as Zimbabwe rolls out 'surrogate' dollars

AFP, Harare

Zimbabwe on Monday started issuing "bond notes", its own currency equivalent to the US dollar, in a bid to ease critical cash shortages, but the move sparked fears of a return to hyperinflation.

The crisis-hit southern African country has used multiple foreign currencies, including the greenback, since 2009 after a rate of inflation that peaked at 500 billion percent rendered the Zimbabwe dollar unusable.

The introduction of \$2 and \$5 bond notes into circulation follows the issuing of bond coins over a year ago to ease shortages of change in smaller denominations.

The country has experienced a severe shortage of US dollar banknotes in recent months which prompted President Robert Mugabe's government to print what locals have dubbed "surrogate money".

"The government is only treating the symptoms without attending to the problems and it's not going to solve anything," Antony Hawkins, an economist at the University of Zimbabwe's Business School, told AFP.

"The problem is we are not earning enough foreign currency and bond notes are not going to solve that. It will make the situation worse."

"There is a situation in economic that says 'bad money drives away good

money', and that is what's going to happen."

The central bank has launched a media advertising blitz trying to allay people's fears, saying retailers and businesses have agreed to accept the bond notes.

But the illiquid Zimbabweans say they have no choice but to accept the pseudo currency.

"We had no solution. We were caught between a rock and a hard place. This is a good stop-gap measure. Let's embrace it," Timothy Salimu, a former bank manager told AFP outside the banking hall in the capital.

Yet "for people needing money to do business outside this will present challenges," he added, "but it's too early to cry."

But even as Lovemore Chitongo, 40, a curbside shoe salesman, accepted payments in bond notes and coins on Monday morning, he remained skeptical.

"We are expecting little change," he told AFP.

"There is no way the bond note will be equal to the US dollar. The market will determine the exchange rate."

Chitongo himself was charging \$20 per pair of shoes -- but \$25 in bond notes. He would use the difference to buy cash on the black market, he said.

The introduction of bond notes stoked fears of gas shortages over the

past week and queues surfaced at some fuel stations.

The government sought to calm panicking drivers, saying the country has enough fuel stocks.

"We wish to assure the nation that there is no basis for alleging that the country will go dry in terms of fuel supply," it said in a statement at the weekend.

Depositors would be limited to a maximum withdrawal of \$150 a week.

The 2009 switch to foreign currencies saw relative economic stability before the economy began to falter again as government policies deterred investors.

The economic decline has worsened in recent months with banks running short of cash and desperate depositors sleeping overnight outside branches to be sure of accessing their money.

Those businesses that have weathered Zimbabwe's successive economic storms are grinding to a halt as the government repeatedly fails to pay soldiers and civil servants on time.

The introduction of bond notes has also stirred anger that has erupted into street protests.

In the past fortnight several activists were beaten up and arrested ahead of a planned street protest to oppose the introduction of the notes.

India may issue more bonds

REUTERS

The government is considering increasing the amount of bonds issued under the so-called market stabilisation scheme (MSS) to drain out excess cash from the banking system, economic affairs secretary Shaktikanta Das said on Monday.

The government will study a current central bank proposal to increase the limit of MSS bonds issued this year and will take a decision accordingly, Das told reporters in New Delhi.

Bank Asia celebrates 17th anniversary

STAR BUSINESS DESK

Bank Asia celebrated its 17th anniversary at International Convention City Bashundhara in Dhaka on Sunday with a commitment to serve the people and contribute to national development, the bank said in a statement.

Commerce Minister Tofail Ahmed and Chairman of Bank Asia A Rouf Chowdhury cut a cake as part of the celebration with clients, dignitaries, well-wishers and bank employees.

Ahmed reminisced about the approval of Bank Asia in 1999 while addressing the function as the chief guest and said he was happy to see the success of the bank.

Chowdhury, chairman of the bank, said they will take banking services to the grassroots in two or three years.

With the change in individuals' economic condition, Chowdhury hoped the economy will witness a significant transformation.

A corporate documentary on the bank was screened at the programme, highlighting the bank's activities and performance including its role in bringing unbanked population under the banking network through agent banking, CSR activities and digital financial services.

Later, five CDs on Tagore songs, sung by the former chairman of Bank Asia, Anisur Rahman Sinha, were unveiled, according to the statement.

Capital market expo kicks off Thursday

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"Peoples' perception of the capital market was mostly negative after the early 2011 crash. But people's mindset has to be changed, if we would like to see the capital market contribute to the country's economy," Ziaur Rahman, editor of the news site, said at a press meet in Dhaka yesterday.

One of the major objectives of the exposition is to raise awareness among people, especially those who have less or a negative understanding of the country's stockmarket, he added.

President of Bangladesh Merchant Bankers Association Md Sayadur Rahman said the economic development of a country is not possible without the capital market's contribution. "The market capitalisation to GDP ratio in our country is only 20 percent, while the ratio is 70 percent in India," he said.

A total of 40 companies, including stock exchanges, stockbrokers, merchant banks, asset management firms, credit rating agencies, audit firms and listed companies will participate in the

show, which will be sponsored by City Capital Resources, Olympic Industries and Shahjibazar Power Company.

Four seminars on the prospects and challenges of mutual funds, investment strategy, good governance in listed companies and role of capital market in economic development will be held on the sidelines.

The fair will also host a variety of entertainment options, including a raffle draw, which will offer Dhaka-Kuala Lumpur-Dhaka air tickets, motorcycles and smartphones.



Abhijit Chakravorty, country head of State Bank of India, hands over a replica cheque to the officials of YWCA School in Dhaka. As part of its CSR activities, the bank has sponsored uniforms and water purifier for 500 students of the school.



Arifur Rahman, managing director of Esquire Electronics Ltd, poses with the winners of a raffle draw at the company's corporate office in Dhaka recently. The company is the sole distributor of Japan's renowned electronics brands Sharp and General in Bangladesh.

A lot remains to be done for workplace safety: Bernicat

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As a result, Bangladesh's apparel industry is now in a much better place for workers, she said.

"I have seen the progress myself as I toured a garment factory in Bangladesh and I met with a proud owner who recognised the benefits of a safe workplace," Bernicat added.

The setting up of fire door and sprinkler systems and undertaking structural renovation presents a real cost to businesses, but improving fire and building safety is a win-win situation, she said.

For example, Bernicat said, a factory owner could increase 20 percent productivity in his unit after completion of all remediation efforts.

Fire and building safety improved a lot and it needs to be continued, said Srinivas Reddy, country director of ILO in Bangladesh. "But any complacency would be disastrous."

A total of 15,000 fire incidents take place across the country a year, according to a survey by Bangladesh Fire Service.

Of the total number of incidents, 55 percent originate from electrical faults. The survey said 75.1 percent of the fire incidents in the garment sector originate from electrical faults.

A total of 311 fire incidents took place in the garment sector in 2016, according to the survey. Of the incidents, factory owners doused 143 fire incidents and the remaining by fire fighters.

BTRC warns Robi for bypassing ICXs

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Robi refused to comment on the allegation of bypassing the ICXs.

Robi and Airtel started its merger process in September last year and have subsequently gotten the government's consent, court's order and finally the BTRC approval to become the second largest operator in Bangladesh in terms of customers. In the merged entity, Axiata, the parent company of Robi, will hold a 68.7 percent stake, while Bharti Airtel will hold a 25 percent share; Axiata's old partner NTT DOCOMO will have a 6.3 percent stake.

Muhith submits tax returns online

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In that case, the prime minister will decide whether the income and assets of the ministers will be disclosed, Muhith said.

As a finance minister, he cannot recommend the disclosure of income and assets of ministers. "This is a private issue and the tax law does not permit its disclosure."

The finance minister said this time, the complex works of calculating taxes have been done through software.

He submitted his details online and the software calculated his tax.

"The revenue collection in the current fiscal year is very good," Rahman said, adding that the growth is above 17 percent as of now.

Revenue earning in the three categories -- value-added tax, income tax and customs duty -- was good, he added.

Samsung to unveil shareholder return plans amid calls to split company

REUTERS, Seoul

Samsung Electronics Co Ltd said it will disclose plans to boost shareholder value on Tuesday - a move that comes amid pressure from US fund Elliott Management to split the company in two and provide more in payouts.

The US activist hedge fund, which owns 0.6 percent of Samsung, called on the South Korean tech giant in October to divide itself into a holding vehicle for ownership purposes and an operating company, as well as pay out 30 trillion won (\$26 billion) in a special dividend.

The Seoul Economic Daily, citing an unidentified source, reported on Monday the firm will say it plans to consider a split. Samsung declined to elaborate further on Monday on its plans, although it said last month it is considering buying back more shares.

A split in two has long been a subject of market speculation with analysts noting that such a move could help the Samsung Group founding family heirs to boost their control of the world's top maker of smartphones, memory chips and televisions.

"It's difficult to argue with the logic of Elliott's proposals," said David Smith, head of corporate governance at Aberdeen Asset Management Asia. "A simpler structure is certainly preferable, and yes most would agree they can afford to pay out more."

"What is important is that these changes should benefit all involved, including family, group, and minority shareholders," he said.

Samsung is also keen not to alienate investors at a time when it is reeling from a disastrous withdrawal of the fire-prone Galaxy Note 7 smartphone that the firm projects will cost 6.1 trillion

won in profits over three quarters.

Its offices have also been raided by prosecutors as part of a widening political scandal involving a confidante of President Park Geun-hye.

Samsung said it will hold a conference call at 9:30am local time (0030 GMT) on Tuesday to discuss its plan.

Other measures proposed by Elliott, which unsuccessfully challenged a controversial 2015 merger of two Samsung Group affiliates, includes the return of at least 75 percent of free cash flow to investors and the appointment of some independent directors.

New shareholder return plans would also follow a tightening of control by de facto Samsung Group leader Jay Y. Lee, who took over the reins after his father and Samsung patriarch was incapacitated following a May 2014 heart attack.

Market lost \$27b to price debacle in 2010: ADB

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But from the next day, the market started falling and within just one year the index came down to below 5,000 points and dipped below 4,000 points in July 2012.

Although the government tried to revamp the secondary market by providing incentives, the measures could not restore the market confidence.

"In January 2011, the government formed a committee to investigate the stock market crash and found that market participants violated rules," according to the report.

Following the crash, the ADB in November 2012 approved a \$300 million loan scheme -- Second Capital Market Development Programme -- to help implement reforms.

"Investor confidence was shaken and it

was urgent to immediately reform the domestic capital market. The programme was designed to complement and support the government's commitment to meaningful capital market reforms," it said.

The ADB report said further follow-up is needed to eventually enact the Financial Reporting Act bill that was submitted to parliament.

"The BSEC and Bangladesh Bank may develop a memorandum of understanding on the collection, sharing, and coordination of supervisory information, risk assessments, and enforcement. Assistance may be considered for supporting the pension sector," it said.

The ADB also recommended monitoring the impact target to achieve long-term financing availability set at 0.5 percent of GDP by 2016.



Sharif Zahirul Islam, head of cards of Standard Bank, and Md Alamgir Alam, a director of Jamuna Group, exchange documents after signing an agreement in Dhaka recently. Under the deal, the bank's Visa cardholders and employees will enjoy instalment facility for up to 12 months at Jamuna Electronics, Jamuna Automobiles and Vogue Future Fitness.