

Jamuna Bank elects new chairman



STAR BUSINESS DESK
Md Ismail Hossain Siraji was elected chairman of Jamuna Bank at the 306th meeting of its board on Thursday. A successful businessman in the leather and the textile sectors, Siraji is associated with a number of business and industries. He is a director of Reliance Tannery Ltd, Shahjahan Spinning Mills, and RTL Footwear Ltd, and proprietor of Assarunnesa Memorial Hospital, Haji Yunus Mia Diagnostic Center, Reliance Footwear and Shahjahan Dairy Farm. He is also a member of the Spain-Bangladesh Chamber of Commerce and Industry.

Global pension funds warm to India's solar power ambitions

REUTERS, Mumbai/New Delhi
Some of the world's biggest pension funds, seeking long-term returns on green investments, are scouting for deals in India's solar power sector, where Prime Minister Narendra Modi is targeting \$100 billion in investment in the next five years. Power demand in Asia's third-largest economy is set to surge as the economy grows and more people move into the cities. India estimates peak electricity demand will more than quadruple in the next two decades to 690 gigawatt (GW), which would require rapid growth in generation and transmission capacity. That potential, helped by cheaper solar material costs and government efforts to curb pollution, is drawing global investors, including Canada's top pension fund managers - Canada Pension Plan Investment Board (CPPIB), Caisse de dépôt et placement du Québec (CDPQ), and Ontario Teacher's Pension Plan (OTPP). Investors' focus is primarily on solar power generation, funding large-scale solar parks. CDPQ, which has C\$270.7 bil-

lion (\$199 billion) in net assets, says it plans to invest in India's solar sector with Azure Power, a New York-listed firm with about 1 GW of solar capacity under various stages of development. "We plan to do more with them. Our approach is really to pick the right partner and then build a platform that can be sustained over several years," said Anita George, CDPQ's South Asia head, adding she wouldn't rule out investing in other solar ventures in future. Other international investors have already entered India's renewable energy sector, such as Dutch fund manager APG, Canada's Brookfield Asset Management, the private equity arms of Goldman Sachs, JPMorgan and Morgan Stanley, and European utilities EDF, Engie and Enel. APG Asset Management, which last year agreed to jointly invest \$132 million with India's Piramal Enterprises into solar power, is looking for more deals. "We expect to be able to announce another investment in the Indian renewable energy sector in the coming months," said Hans-Martin Aerts, APG's infrastructure head for

Asia Pacific. Alok Verma, an executive director at Kotak Investment Banking, which has advised companies on renewable deals, said he expects at least 5 GW of solar power to be added from next year, most of it supported by overseas funds. Solar power generation capacity in India has more than tripled in less than three years to over 12 GW, helped by lower module prices and borrowing costs, and a government drive - but that is still only around 4 percent of total power capacity of about 315 GW. China, the world's biggest solar producer, more than doubled its capacity last year, to 77.42 GW. Suyi Kim, Asia Pacific head at CPPIB, Canada's largest pension manager, said solar appears more attractive in India than wind power. "In India, my impression is that solar seems to be more attractive. But it's case by case," she said. India typically logs more than 300 days of sunshine a year. Kim declined to comment on any specific investment plans, but two people with knowledge of developments said CPPIB was scouting for deals.

Eurozone inflation forecasts rise in ECB survey

AFP, Frankfurt Am Main
Inflation in the eurozone will pick up in future but remain driven by volatile food and energy prices, a quarterly survey of forecasters by the European Central Bank suggested Friday. In 2017, the economists predict an average inflation rate of 1.6 percent -- up from a previous forecast of 1.4 percent -- in the 19-nation single currency area, followed by 1.5 percent in 2018 and 1.7 percent in 2019. Further out, price growth should reach 1.8 percent by 2021, around the ECB's target of close to, but below 2.0 percent per year -- believed to be the most favourable level for growth. The analysts' expectations vary only slightly from the central bank's internal estimates of 1.7 percent in 2017, 1.6 percent in 2018 and 1.7 percent in 2019. Policymakers will have new staff inflation forecasts available at their next monetary policy meeting in June. Many observers expect president Mario Draghi to use his press conference following that gathering to hint at a gradual exit from mass bond-buying next year. Tougher voices on the ECB's governing council are already pushing for an end to the Frankfurt institution's 60-billion-euro (\$65-billion) per month bond-buying programme and a rise in historic low interest rates. The central bank's interventions are designed to pump money through the

financial system and encourage lending to businesses and households, powering the real economy towards growth and stimulating inflation. Draghi and his supporters argue that headline inflation is being pushed up by price changes in volatile items like food and energy, saying that pressure from other sources such as higher wages remains weak. "Core" inflation excluding the fastest changing elements will take longer to approach the target, the president believes -- meaning that the ECB's support will be needed for longer. The survey on Friday suggested that core inflation will reach 1.1 percent this year, followed by 1.3 percent next year and 1.5 percent in 2019 -- still well short of the ECB's goal. The forecasters were more optimistic than the central bank, which currently projects core inflation of 0.9 percent this year. On Thursday, the ECB left its bond-buying programme and interest rates unchanged, and Draghi reiterated in a press conference that present levels of inflation remain dependent on the central bank's interventions. The central bank chief did acknowledge that economic growth was "increasingly solid" in the eurozone. In the survey on Friday, economists lifted their expectations for growth in the single currency area to 1.7 percent, up from 1.5 percent in the last survey.



Tabarak Hossain Bhuiyan, managing director of Prime Bank Investment Ltd, speaks at a media briefing at the company's head office in Dhaka yesterday. The briefing was organised to mark the 7th founding anniversary of the company.

PRIME BANK

Corporate tax may see cuts

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Muhith said he would outline his thoughts on the matter in his budget proposal. On personal income tax, Muhith talked about fixing a tax-free income limit so that the ceiling remains in place for certain years. He cited the example of the US where tax-free income limit stays unchanged for a long period. "I will place a proposal on the issue this year," he said. At the meeting, businesspeople demanded protection of local industries should the supplementary duties as envisaged in the new VAT law are implemented. Muhith said, "We have already started the process to find out ways to protect local industries." He said the new VAT law might be

amended to give protection to local industries. At the meeting, the FBCCI called for introduction of multiple VAT rates, an increase in VAT-free annual turnover to Tk 36 lakh, and imposition of 3 percent turnover tax on annual income of up to Tk 1.5 lakh. It also demanded 2 percent tax for traders, particularly shop-owners irrespective of their annual turnover. The federation demanded a hike of tax-free income limit to Tk 3.25 lakh for individuals, revision in the slabs of income and corresponding tax rates citing erosion of purchasing power because of inflation and rising living cost. It called upon to the government to raise the surcharge-free limit of net wealth to Tk 5 crore from Tk 2.25 crore now.

Brazil joblessness hits 13.7pc

AFP, Rio De Janeiro
Brazil's jobless rate hit another consecutive record, with more than 14 million people out of work, government statistics showed Friday. The quarterly jobless rate covering January through March was 13.7 percent, up from 13.2 percent in the last quarter, which itself showed a rise of half a point from the previous quarter. The increase in the numbers of the unemployed was 14.2 percent, adding more than 1.8 million people, the

Brazilian Geography and Statistics Institute (IBGE) said. The rising unemployment rate mirrors Brazil's struggle to exit a two-year recession. Unpopular President Michel Temer says that austerity reforms are needed to hoist the economy out of its prolonged slump, but leftwing opposition is growing. Unions and other opposition groups called for a nationwide strike Friday and had succeeded in paralyzing much of the transport for Sao Paulo, the country's biggest city and financial hub.

Efficient ports to boost exports by 7pc: WB

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"The potential gains associated with improving port performance are substantial," it said. While container ports in India, Pakistan, and Sri Lanka have attained relatively higher levels of operational and economic performance through reforms and private investment, Bangladesh remains the only country on the Indian subcontinent where the private sector does not play a meaningful role in the container port sector, according to the report. "In Chittagong, which handles over 90 percent of Bangladesh's container traffic, the lack of investments and the growth in exports of garments have forced the port to operate almost at capacity and caused very high turnaround and waiting times." The evidence on South Asia supports global findings that ports at which the private sector provides services to shipping companies (so-called landlord ports) attain higher levels of operational performance and economic efficiency than ports run based on other models. Beginning in the late 1990s/early 2000s, India, Pakistan, and Sri Lanka reformed their port sectors, introducing private sector participation. Bangladesh is the only country on the Indian subcontinent that has not adopted the landlord model. Large and medium-size landlord ports performed better than other types of port on average, according to the report. "Experience from across the globe, including the South Asian experience, indicates that a three-pronged approach that encourages better gover-

nance, private investment, and competition in container ports will lead to more economic opportunities and jobs," said Karla Gonzalez Carvajal, South Asia manager for transport and ICT global practice at the WB. India is by far the largest container market in the region, moving about 10 million 20-foot equivalent units (TEUs) in 2013. Sri Lanka, whose market is dominated by transshipment, is the next largest player in the region, with throughput of more than 4 million TEUs. Pakistan (2.6 million TEUs) and Bangladesh (1.6 million TEUs) handle smaller volumes of cargo. Between 2000 and 2013, annual container volumes rose 12 percent in India, 10 percent in Bangladesh, 9 percent in the Maldives, and 7 percent in Sri Lanka. It was the highest in Pakistan at 15 percent, according to the report. Bangladesh has two international ports in Chittagong and Mongla. The report said Mongla's role is limited as it has a water depth of only 7 metres. In 2013, it handled just 8 percent of container and 10 percent of bulk and break-bulk cargo. Chittagong is the deepest port in Bangladesh, but at 9.1 metres it is much shallower than its competitors. Colombo, for example, has a depth of 18 metres at its newest terminals, Karachi will have a depth of 16-18 metres at its newest terminal, and the Jawaharlal Nehru Port will be 16 metres deep. As a result, Bangladesh's exports have to be carried in feeders to the region's hub ports of Colombo, Singapore, and Tanjung Pelepas to link up with deep-sea services.

In contrast, the exports of India, Pakistan, and Sri Lanka, all of which have deep water, can use direct services to their main markets. The report said Chittagong and Mongla are managed by port authorities that report to the shipping ministry, which provides overall sector policy guidance and some regulatory oversight. "Both guidance and oversight are at best light touch. The Chittagong Port Authority exercises a high degree of operational and financial autonomy, although major expenditures require approval from the shipping ministry." The WB said the development of port facilities at Chittagong has been slow. The CPA has completed only one fully specialised terminal, the Chittagong Container Terminal, and it handles only a third of total traffic. Just over half of the port's container traffic is still handled at general cargo berths. The remaining containers are handled at the New Moorings Container Terminal, built in 2007, which still has no container cranes. Although occupancy at the CPA container berths is high and rising, there is a pressing need for more investment in capacity, according to the report. Mongla Port has had excess capacity for many years. There are five usable berths; another four remain unfinished. Two of the five are used for containers and general cargo, using ships' gear to load and unload. Occupancy is very low (14 percent at one berth, 37 percent at the other). Payra Seaport, the third seaport of the country, was not included in the report. The port started its trial operation last year.

Muhith wants debate on when to start a fiscal year

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Muhith also gave a brief history on how Bangladesh introduced July-June as its fiscal year. Under the British regime, this part of the world followed April-March as its fiscal year. But in 1958, under a caretaker government, the then government introduced a new fiscal year beginning from July, coming under pressure from the United States. At the time, the US had followed a July-June fiscal year. But they have changed it since. "This time, I urge for an open discussion. Let's begin this year. It is something to think about. I will also give my opinion," said the finance minister. On the poor inflow of foreign direct investment, he blamed the domestic investors' shyness regarding investment. "I can't understand why domestic investors are shy after 2014. I am sorry to say, the response was poor in 2015 and 2016, although those

were peaceful years," said Muhith. "We will have to have more domestic investment." In response to businessmen's query on the new VAT law, the minister said it is going to be imposed on July 1. "It is final." Noted Economist Wahiduddin Mahmud said Bangladesh's tax revenue income does not match its efforts to becoming a middle income country. "Paying tax is an exception here, but it should be the reverse." The National Board of Revenue has done well in income tax, but not with VAT, he said. The economist said there are many talks on the advantages and disadvantages of the business community on the new VAT law, but no discussion on the consumers, who will pay the VAT. MCCI President Nihad Kabir moderated the event attended by business leaders, analysts and economists.

Commodity prices won't go up in Ramadan

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Mostafa Kamal, chairman of Meghna Group of Industries, another leading supplier of commodities, said, "The price hike is temporary. Please do not panic for a price hike of certain commodities." Kamal said there was a disruption in the supply of sugar from his factory for a machinery malfunction in the last few days. Maintenance of the equipment would be completed in four to five days and production will resume in full capacity, he added. On the sudden price hike of rice, Nizam Uddin, president of Babu Bazar and Badamtoli Rice Traders Association, suggested allowing rice imports from India to increase supply and bring down the price of the staple.

"The damage of paddy in the haor regions is one of the major reasons behind the rice price hike." Mohammad Hossain, president of New Market Traders Association, said the price of salt increased between Tk 400 and Tk 500 a sack for no apparent reason. The government is taking measures to resume market monitoring to control price manipulation by some vested quarters, the minister said in response to queries by journalists. "Special police forces will work to check extortion from commodity traders at the highways during Ramadan," said Ahmed. Trading Corporation of Bangladesh will resume its 'open market sale' of commodities across the country at affordable prices, he added.

Robi ready to launch 4G services

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Robi and Ericsson's trial was performed using the latest commercial end-user device and a combined carrier of the 1800 MHz and 2100 MHz bands. In addition to ensuring readiness for the launch of 4G services, the trials are being conducted to demonstrate how this technology can facilitate the end-users in experiencing broadband applications, such as high definition (HD) TV and video conferencing. "Although there are some barriers to the adoption of 4G/LTE technology, such as low penetration of compatible smartphones, we recognise and appreciate our customers' growing demand for high speed internet, which can only be served using this technology," said Mahtab Uddin Ahmed, managing director and CEO of Robi Axiata. "Unfortunately, we feel the licensing framework proposed by the government makes the business case for 4G unviable in Bangladesh." According to the Ericsson Mobility Report South East Asia and Oceania June 2016, the number of smartphone subscriptions in Bangladesh will more than double between 2015 and 2021.



Agrotech International Ltd launched "Puriva" rice bran oil at an event at the RAOWA Club in Dhaka yesterday. Prokash Dutta, managing director of Agrotech International, and Ishiaque Ahmed Chowdhury, managing director of Trust Bank, were present at the ceremony.