

# Tesla's SEC deal provides ammunition for US probe, investor lawsuits

REUTERS  
Tesla Inc's settlement with US regulators will help soothe investors calling for more oversight of Chief Executive Elon Musk, experts said, even as it gives ammunition to short-sellers pursuing separate cases and to a probe by the Justice Department.  
Musk and Tesla will pay \$20 million each, bring in two independent directors and have the billionaire step down as board chairman to settle US Securities and Exchange Commission charges that Musk misled investors by tweeting he had financing for a go-private deal.  
That settlement must still be approved by a court, and does not end the Justice Department probe disclosed by Tesla into Musk's tweets or lawsuits by short-sellers and other investors alleging losses and securities law violations.  
"The real worry for the company is not the SEC but private actions that follow a settlement like this," said Charles M. Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. "By paying that size fine, it bolsters investors' claims over stock market losses, he said.

Neither Musk nor Tesla admitted or denied the SEC's findings as part of the settlement. Neither responded to requests for comment.  
Musk settled with the SEC after advisers persuaded him the terms were favorable and a lengthy court fight would not be in the best interest of the company, a person familiar with the deal said. Musk had wanted to personally pay the fine for money-losing Tesla but the SEC rejected that proposal, the person said.  
Tesla shares plunged around 14 percent on Friday, the day after the SEC charged Musk with misleading investors, and are down 30 percent since his Aug. 7 tweet saying he was considering taking the company private at \$420 a share.  
Investor claims could result in substantial settlements in cash or equity, Elson said. An equity settlement could end up diluting Musk's roughly 19 percent stake in Tesla, further reducing his influence on the board.  
Still, Tesla shares could stabilize on Monday on investor relief that the penalties were not higher and that the public face of Tesla will remain in the CEO role under added oversight,

analysts said.  
Tesla is expected to release third-quarter production this week, and investors are watching to see if it hit targets for the Model 3, a high-volume car. Whether Tesla made a profit likely will not be known until it reports financial results for the quarter.  
The settlement disclosed by the SEC on Saturday "is a positive outcome for Elon Musk, Tesla and ultimately shareholders," wrote RBC Capital Markets analyst Joseph Spak, who added he expects Tesla shares to recoup some of their losses from last week.  
An expanded board and new chairman offers hope "a true check on Elon will emerge and there will be greater accountability" over Musk's statements and business targets, Spak added.  
Tesla and Musk ended up accepting harsher penalties than the SEC originally proposed to settle the claims, according to the person familiar with the deal. The SEC initially was ready to accept a fine of a few million dollars and Musk's removal as chairman for two years, but raised its demands after Musk balked at that offer, the person said.

# Eurozone unemployment drops to lowest level in decade

AFP, Brussels  
Unemployment in the 19-nation eurozone fell to 8.1 percent in August, its lowest level since November 2008 and the aftermath of the global financial crash, Eurostat said Monday.  
The official agency's figure was slightly better than the 8.2 percent predicted by the analysts surveyed by financial services firm Factset, and will be taken as an encouraging sign for the bloc. Eurostat estimates that 16.66 million working age Europeans are out of work in the 28-member European Union and 13.22 million in the 19 core economies of the single currency eurozone.  
Unemployment has been falling in the eurozone since it hit a peak of 12.1 percent between April and June 2013, at the height of the debt crisis.

# ASA to give out Tk 31,000 crore in loans

STAR BUSINESS DESK  
Microfinance institution ASA will disburse Tk 31,000 crore in loans among 7.1 million clients in fiscal 2018-19.  
During its 39th annual general meeting at ASA Tower in Dhaka last week, the non-government organisation also decided to spend Tk 66 crore to implement its non-financial welfare programmes.  
Dalem Chandra Barman was elected new chairman of the ASA's governing body while Mohammed Azim Hossain and Md Shamsuzzaman new members, says a statement.  
Taherunnessa Abdullah, the outgoing chairperson, presided over the meeting while Md Shafiqul Haque Choudhury, president, presented a report on the immediate past year.

# New MD for Shahjalal Islami Bank



STAR BUSINESS DESK  
Shahjalal Islami Bank Ltd yesterday saw M Shafiqul Islam, previously additional managing director, take charge as managing director and CEO.  
Earlier he was the additional managing director of United Commercial Bank Ltd.  
Islam started off as a probationary officer at National Bank in 1984. He obtained his postgraduate degree with honours in management from the University of Chittagong, the Shahjalal said in a statement.

# GE gets Unique's \$350m power plant order

STAR BUSINESS DESK  
GE Power yesterday announced that it has been selected by Unique Group to develop a 600 megawatt (MW) natural gas based combined cycle power plant at Meghnaghat.  
GE will be developing the project on a turnkey basis, providing a gas turbine, a heat recovery steam generator, a steam turbine generator, condenser and associated systems. The order value is approximately \$350 million.  
Unique Meghnaghat Power Limited will be executing the project. The plant is expected to start commercial operations by 2021, producing power which can be supplied to about 700,000 homes in the region, GE Power said in a statement yesterday.



Anisul Huq, centre, law minister; Fazle Kabir, third from right, governor of Bangladesh Bank; Mahbubur Rahman, third from left, chairman of Bangladesh International Arbitration Centre (BIAC), and Muhammad A (Rume) Ali, extreme right, CEO of the BIAC, attend a 7th anniversary seminar of the BIAC on "Mainstreaming the Use of ADR Clause in Commercial Agreements: Challenges and Opportunities" in Dhaka on Saturday.

# India September factory growth picks up pace on strong demand and exports

REUTERS  
Indian factory activity expanded more quickly in September on strong domestic and export order growth, a business survey showed, a welcome sign of strength as policy makers worry about a sharp drop in the rupee and fallout from global trade frictions.  
Taken together with evidence of higher inflation pressures from a weak currency and rising oil prices, the survey results may bolster already-firming expectations for an interest rate hike this week from the Reserve Bank of India.  
The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, rose to 52.2 in September from 51.7 in August.  
While the latest PMI was slightly below a Reuters poll median of 52.4, it has held above the 50 threshold that separates

growth from contraction for 14 straight months. The new orders sub-index, a proxy for overall demand, rose to 53.0 from 52.5. And the export orders index rose to the highest in eight months.  
"Growth of India's manufacturing sector picked up during the latest survey period, reflective of strengthening demand especially from foreign clients, which helped to drive export growth up to its highest level since the turn of the year," Paul Smith, economics director at IHS Markit, said in a release accompanying the survey.  
However, optimism about future output slipped to the lowest since June 2018, the survey showed. An escalating US-China trade war has pushed up the dollar and hurt emerging market assets, including the rupee which is down over 13 percent this year and is ramping up the cost of crude oil imports.

# EU regulators receive second Google report on shopping case

REUTERS, Brussels  
Google has provided a second report detailing the effects of its proposal to allow more price comparison rivals to bid for ads on top of its search page, EU antitrust regulators said on Monday.  
Alphabet unit Google came up with the offer after being hit by a fine for 2.4 billion euros (\$2.79 billion) in June for using its search engine market power to boost its own comparison shopping service. It is required to provide periodic reports on the proposal.  
The European Commission in June said competition was improving after the world's most popular internet presented a first report which showed more competition for ads at the top of a search page.  
Rivals however have disputed its claim of creating a level playing field and want more regulatory action.  
Antitrust enforcers could slap fines of up to 5 percent of Google's average daily worldwide turnover for failing to comply with its order but have not indicated they would take further action.  
"We have received the second Google shopping report," the Commission said, without providing details.

# Brazil's next president faces tough austerity juggling act

AFP, Rio De Janeiro  
Whoever wins Brazil's presidential election on October 7 will have their work cut out juggling market pressure to implement austerity measures while trying to drag 23 million people out of poverty.  
According to a World Bank report presented to the 13 candidates, Latin America's biggest economy is facing "three main challenges: a major fiscal imbalance... a lack of sustainable growth in productivity... (and) the state's ever increasing difficulty in providing basic public services."  
In Brazil, "part of the population still lives in the 19th century and the other part is already in the 21st century," says Marcelo Neri, an economist at the socioeconomic think tank Getulio Vargas Foundation.  
Neri says millions of Brazilians have a poor education, live without access to water and sanitation, and are confronted by "levels of violence worthy of a war."  
As for the economy, it's struggling. Public debt hit 77 percent of gross domestic product in July, up from 56 percent in 2014. The World Bank says it won't stabilize unless Brazil manages an unlikely 4.0 percent annual

growth through to 2030.  
Without deep structural reforms, the debt could reach 140 percent of GDP, the World Bank says.  
While hugely unpopular outgoing President Michel Temer has frozen public spending, he has left hanging the delicate question of pension reform, considered by the markets as a cornerstone to fiscal consolidation.  
Most presidential candidates are proposing pension reform and a program to reduce the public deficit, but without going into specifics on the figures for fear of losing votes.  
Right wing frontrunner Jair Bolsonaro has proposed a transition towards a system of funded pensions and a 20 percent reduction in the public debt through "privatization and sales."  
His closest rival, the leftist Fernando Haddad, is offering the opposite: "an end to privatization" while he intends to "increase employment" and "battle tax dodging" in order to balance the public books.  
Former Sao Paulo state governor Geraldo Alckmin has made an ambitious promise to wipe out the public debt "in two years" through privatization and a simplified tax system.  
The problem is that while candi-

dates focus on trying to win votes, they might ignore the most pressing issues affecting those most in need.  
Neri says the country needs social "inclusion policies" but fears that "the elections aren't heading in that direction."  
Six million (33 percent) more people live in poverty than in 2014, the Getulio Vargas foundation says.  
There are also 13 million people unemployed in a country with a population of 208 million that ranks ninth in the world in terms of social inequality.  
Marcos Lisboa, president of teaching and research institute, Inesper, is concerned that all the candidates are traveling a worryingly well-trodden road.  
"The worry is that debates on the most urgent problems are ditched in favor of proposals that either reproduce the disaster the country went through these last few years, or that promise the moon," says Lisboa.  
Brazil needs to choose the "middle path," says Neri, between those who advocate austerity after two years of recession followed by two more of weak growth, and those who believe that such a policy would finish off the sick patient.

# MNP hits a snag

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However, operators are giving subsidies to attract customers. Banglalink is allowing customers from its rival operators to join its network at only Tk 50 as the third largest operator is shouldering the replacement tax.  
Robi, the second-largest operator, is charging Tk 149 for the service. In return, it is giving a good number of facilities to customers.  
Market leader Grameenphone is charging Tk 155 for the service. Customers will have to wait at least 90 days to make another switch.  
Infocillion BD Teletech, a joint venture between a Bangladeshi firm and a Slovenian firm, launched the service.  
Md Jahirul Haque, acting chairman of Bangladesh Telecommunications Regulatory Commission, hopes that the MNP will change the telecom market dynamics for the better within a few months.  
He said the service will enhance competition among the operators.  
"The service will also ensure a level-playing field. All the operators, small or big, will have an equal opportunity in the business."

# Toru to help budding entrepreneurs flourish

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When an entrepreneur has an idea, the road to its execution gets very difficult because of lack of financing, said Rubana Huq, chairperson of Annisul Huq Foundation.  
"This is where the Impactor programme comes in. It provides both the means and the 'know-how' to support the entrepreneurs in every step of the way," she added.  
Bitopi Das Chowdhury, head of corporate affairs, brand and marketing of Standard Chartered Bangladesh, said they are always with the new ideas and innovations.  
The call for application has started yesterday and online applications will be received until October 31. Interested entrepreneurs can apply at <http://impactor.toniinstitute.com/apply/>.

# Home textile exporters in a tight corner

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Pakistan is faring fine as it also has its own cotton, machinery and comparatively better transport infrastructure, said Hossain.  
Another factor behind the closure is the high price of yarn in the local market.  
The widely consumed 16 carded yarn, which is used in manufacturing terry towels, is currently being traded at \$2.25-\$2.30 a kilogramme whereas it was around \$1.80-\$2 in June and July last year, shows the association data.  
Furthermore, a 26 percent devaluation of the Pakistani rupee against the US dollar in the last three years also aided their performance. Bangladeshi taka devalued 8 percent.  
Md Shahidullah Chowdhury, executive director of Noman Group, which caters to retail giants like IKEA, H&M, Kmart, Walmart and Carrefour, acknowledged that Bangladesh's home textile business was struggling for buyers' pressure to lower prices.  
He said new buyers were placing fewer work orders here for home textiles and opting for Pakistan. However, China remains a preferred destination for long for sourcing home textiles as it has a lot of variety, he said.  
The chief of the group, which alone exports home textiles worth \$320 million per year, also blamed an upward trend in cotton prices, saying it led to higher prices for yarn in the local markets.  
The price of cotton per pound in the international market rose to nearly 93 cents at present. It was selling at 65 cents even a year ago.  
The global retail value of home textiles was estimated to be about \$107.24 billion in 2014. Industry insiders expect it to reach \$131.50 billion by 2020.



Commerce Minister Tofail Ahmed opens a newly built Walton Glass Door Manufacturing Unit at Walton Hi-Tech Industries Ltd (WHIL) at Chandra in Gazipur on Sunday. WHIL Chairman SM Nurul Alam, Vice Chairman SM Shamsul Alam and Managing Director SM Ashraf Alam were present.

# NBR plans dedicated unit for multinationals

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The official said all multinational companies would come under the ITU's purview once it was established. The issue of the ITU is likely to be discussed in the upcoming EU-Bangladesh Business Climate Dialogue, he said.  
"The unit will support a more business-friendly environment for foreign SMEs in line with the objective of the government," he said. The tax administration last month assigned officials as "focal points" of its field offices aiming to provide tax related information to foreign SMEs and prospective foreign investors regarding tax related provisions, incentives and business processes.  
The official said the NBR plans to frame a comprehensive reform proposal to ensure better services and increase tax collection. The reform proposal is likely to include a scheme for the establishment of a dedicated "e-TDS zone" for collecting source or withholding tax at source alongside a taxpayer information unit, he added.