

# EBL, JP Morgan to process LCs electronically



**Ali Reza Iftekhar, CEO of Eastern Bank Ltd (EBL), and Madhav Kalyan, managing director and CEO of JP Morgan Chase Bank NA India and head of corporate banking for South and Southeast Asia, exchange signed documents of an agreement in Dhaka recently.**

STAR BUSINESS DESK

Eastern Bank Ltd (EBL) and JP Morgan, Singapore recently joined hands to electronically process letters of credit, ensuring quicker turn-arounds on document processing and faster receipt alongside payments for Bangladeshi exporters.

Ali Reza Iftekhar, CEO of EBL, and Madhav Kalyan, managing director

and bank CEO of JP Morgan Chase Bank NA, India and head of corporate banking for South and Southeast Asia, signed the deal in Dhaka, the bank said in a statement yesterday.

"The service business, approved by Bangladesh Bank, is a new dimension of international business facilitating both importers and exporters and benefiting the trade business of banks and economy," said Iftekhar.

"Bangladesh has seen significant growth in its exports," said Kalyan.

Rajiv Warrier, head of trade for South Asia and the Asean at JP Morgan, said, "This partnership provides an innovative solution to meet clients' needs."

The EBL handles about 4.5 percent of Bangladesh's trade business, which last year amounted to around \$3.5 billion, the statement added.

## India's RCom pays 4.6b rupees owed to Ericsson

REUTERS

Ericsson has received 4.62 billion rupees (\$67.42 million) from Indian telecoms firm Reliance Communications Ltd (RCom), the Swedish company said on Monday, potentially saving billionaire Anil Ambani and two RCom directors from a jail term.

Late last month, India's top court found Anil Ambani, chairman of the debt-laden firm, guilty of contempt of court for wilfully failing to pay the Swedish telecom equipment maker.

The court had ordered Ambani and two RCom directors to pay Ericsson 4.5 billion rupees within four weeks or face a three-month jail term for contempt of court.

Rcom, which owes a total 5.71 billion rupees to Ericsson, including a one-time settlement of 5.5 billion rupees and interest payments of 210 million rupees, had already deposited 1.18 billion rupees with the Supreme Court in February.

## BASIS SoftExpo begins today

STAR BUSINESS REPORT

The 15th edition of the BASIS SoftExpo 2019 is set to begin at the International Convention City Bashundhara in the capital today.

This year's three-day show—that bears the slogan of "Technology for prosperity"—will house four new zones. One will be titled Industry 4.0 and the rest will be experience zone, VAT zone and women zone.

In the event, there will also be zones on digital education, fin-tech, software, mobile innovation, digital commerce, ITES and business process outsourcing.

Organisers shared the information at a press meet at the auditorium of Bangladesh Association of Software and Information Services (BASIS) in Dhaka.

The showcase will be the congregation of ICT companies, personalities, key

polymakers, industry leaders and other ICT stakeholders, according to the organisers.

Telecom and ICT Minister Mustafa Jabbar is scheduled to inaugurate the event, where more than 250 national and international exhibitors will showcase their software and IT enabled services.

Over 100 national and international speakers will also share their thoughts in different sessions of the expo.

The will also be business leaders meeting, corporate hour, ICT career camp and gaming fest, business to business match-making session, including a special session for exploring the business in Japan.

Expansion and development of the local ICT sector is the heart and soul of Digital Bangladesh, State Minister for ICT Zunaid Ahmed Palak said at the press meet.

ICT Secretary NM Zeaul Alam and BASIS President Syed Almas Kabir were also present.

## RBI officials meet bankers, seek feedback on new liquidity tool

REUTERS, Mumbai

Senior officials from the Reserve Bank of India met about two dozen bankers on Monday for feedback on the central bank's new cash infusion tool, according to two bankers who attended the meeting.

While the meeting was aimed at ironing out any procedural issues for implementing the central bank's debut move, it also indicated the RBI's willingness to smoothen tight cash conditions in the banking system,

the bankers said.

The RBI will conduct a forward dollar/rupee buy-sell swap auction worth \$5 billion on March 26, its first such move to infuse rupee liquidity into cash-strapped banks. Under this arrangement, the RBI will buy dollars from banks for three years promising a specified premium for selling back the same at maturity.

The announcement has already pushed down the one-year forward premium by 30 basis points to 3.60 percent.

## Kamal for simple interest rate instead of compound

FROM PAGE B1

The problems have snowballed over the years. "These problems were not created in the last three, five or seven years but they have evolved over the years. We should address the problems now."

One of the problems is the banks' messy balance sheet. "If we can't clean our balance sheet, how will we set our future plans?"

So, the government has decided to run a special audit programme in the banking sector.

Through the audit the government will try to find out which loans are bad and which are good.

In the process, good borrowers would be identified and might be extended special facilities, Kamal said.

The government will take action legally against the bad borrowers and

try to recover the loans. However, the government does not want to send them to jail or shut down their businesses to recover the money.

"When the business is open a lot of people get the chance to continue with their jobs -- that impact is enormous. Those who are talking too much are not creating any jobs."

Entrepreneurs do business by taking huge risks and the country has been witnessing more than 7 percent growth rate in the last few years.

"If the banking sector was in such serious problem, how was the growth rate achieved?"

When the entrepreneurs fall in trouble there is no exit strategy, so the government has decided to draft a bank insolvency act and form an asset management company for recovering the bad loans.

If a company of an entrepreneur falls on hard times, his/her other companies are also deprived of regular benefits. "So good companies are also dragged into the mess -- this is illogical."

The finance minister will hold interviews for the directorial posts in state banks so that informed individuals assume the position in the boards.

Asadul Islam, secretary to the banking division; Fazle Kabir, governor of Bangladesh Bank, and Salman F Rahman, private industry and investment adviser to the prime minister, were present at the meeting.

Representatives of the Bangladesh Association of Bankers, a platform of private banks' directors, and the Association of Bankers, Bangladesh, a platform of banks' chief executive officers, were also present at the meeting.



**Subrata Ranjan Das, executive director of ACI Motors, the sole distributor of Foton in Bangladesh, and David Lee, group executive vice president of Foton Motor for South Asia, pose at the commercial vehicle brand's stall at Dhaka Motor Show at International Convention City Bashundhara in Dhaka recently.**

## 737 MAX disaster pushes Boeing into crisis mode

AFP, New York

After a second air disaster involving the 737 MAX 8, aviation giant Boeing swung into crisis mode, losing \$25 billion of market capitalization and suffering a severe hit to its reputation.

That was made worse by the company's response, according to industry experts, who described their efforts variously as "terrible" and "rough."

The tragedy of the Ethiopian Airlines flight on Sunday, in which all 157 people on board perished, renewed fears about the safety of the plane, and led to it being grounded worldwide -- although the US decision was not made for three days.

"It's been a rough week for them," said Matt Yemma, a crisis communication specialist at Peaks Strategies, based in Connecticut.

Boeing -- which in the first days after the accident said the MAX was reliable and safe -- could have announced it was voluntarily grounding the planes on Sunday to restore confidence and ensure the flying public they were on top of the problem, he said.

"Instead they just kind of let things dragged on and they end up losing a lot of market cap and a lot of business."

It was not until Wednesday after many governments and airlines worldwide had already banned the plane, that Boeing followed suit "out of an abundance of caution."

This was the second tragic accident in less than five months involving this model, which has been in service since May 2017, after the crash of a Lion Air flight in October which killed 189 people.

A malfunction of the new MCAS stall prevention system on the MAX was implicated in the Lion Air accident in Indonesia.

And the Federal Aviation

Administration said evidence at the crash site in Ethiopia and new satellite data showed similarities and warranted "further investigation of the possibility of a shared cause for the two incidents."

And despite the growing use of the MAX worldwide, in China and Europe in particular, Boeing only issued brief statements, and meanwhile appeared to be attempting to prevent the US authorities from grounding the plane.

Two days after the accident, the company's CEO Dennis Muilenburg spoke on the phone with President Donald Trump, who had com-

plained on Twitter that modern airplanes were becoming too complex for pilots to handle.

And it didn't help that the FAA announced it had ordered Boeing to make a software fix to the MCAS flaw, which some American pilots also encountered, raising questions about whether the manufacturer was diligent about getting the word out.

"It's the American arrogance," a source close to the aircraft manufacturer told AFP, which is "dangerous because it shows that the work was not done properly" due to overconfidence. Others said the company should have moved more quickly to get out in front of the problem.

"Typically in a situation like this, you want to give as much information as you possibly can," especially given how quickly news whips around the globe, Yemma said.

"You want to make your clients, passengers and the public feel at ease about wanting to fly your planes. And the market and investors need to know there is nothing wrong and if there is something wrong that it's going to be fixed."

Michael Priem of communications firm Modern Impact in Minneapolis, agreed Boeing should have moved faster to reassure the general public.



**An Air Canada Boeing 737 MAX 8 jet approaches Toronto Pearson International Airport in Canada.**

## Inequality dampens economic success

FROM PAGE B1

The tax-to-GDP ratio, which indicates the financial capacity of a nation to bankroll spending, declined instead of rising during the five-year period.

"It was supposed to grow faster. But we could not raise the tax-to-GDP ratio above 10 percent," said Alam.

The planner said access to electricity was higher than the target in the SYFP period. The country made impressive strides in raising life expectancy and reducing under-5 mortality rate as well as poverty.

"But income inequality widened," said Alam. He, however, added that the level of disparity is yet to reach the danger level.

Economist Prof Wahiduddin Mahmud said private investment

had not increased because of problems in business climate and a lack of infrastructure and serviced land.

The recent economic growth was mainly driven by public investment and remittance, he said.

"It is expenditure-driven," said Mahmud, warning that infrastructure financing based on foreign loan might create problems in future unless export-oriented private and foreign investment flows in.

He said Bangladesh is the only developing country that registered rising economic growth every five years since the 1980s.

"The biggest failure in the SYFP was that the revenue-to-GDP ratio fell below the base year level."

Mahmud said the government would have to pay attention to

create jobs outside the agriculture sector if it wanted to make the most of demographic dividend.

He said a portion of students would drop out from the secondary education level, so the country would have to ensure that the skills of this section of the workforce are in keeping with the requirements of employment-generating sectors.

Mahmud said the real wages of workers were increasing at a slower pace than the growth of per capita GDP. "We have made advancement in social sectors but we could not reduce disparity. It is a matter of concern," said Agriculture Minister Muhammad Abdur Razzaque.

He stressed on skill education instead of churning out graduates without skills.

"Political stability, transparency and accountability have become essential to keep the momentum of the economy."

Planning Minister MA Mannan warned against complacency about the nation's progress on various fronts.

Talking about inequality, he said, "It is good to confront the reality instead of evading it."

He emphasised proper prioritisation, saying there are some problems with determining priorities.

Md Abdul Kalam Azad, principal coordinator for Sustainable Development Goals Affairs at the Prime Minister's Office, said law and order situation was linked with development.

## Pulp, paper can boost use of jute: economist

FROM PAGE B1

The DCCI organised the seminar against the backdrop of opinions that diversification of jute goods through the sector's revival has the potential to earn more foreign currency.

Jute traders, researchers, exporters and government high-ups participated in the seminar.

Golam Dastagir Gazi, textiles and jute minister, said he was going to open a display centre in Motijheel where all types of jute goods would be sold in an attempt to grab the local market.

Such display centres will be set up in divisional and district levels gradually, he said.

The minister also said if Bangladeshi jute exporters fail to grab world markets with quality jute goods, other natural goods would do so.

A massive market for jute goods has been created worldwide as consumers no longer have a liking for plastic goods, said Gazi.

DCCI President Osama Taseer said about 60 countries have demand for Bangladeshi jute goods and Bangladesh annually earns over \$1 billion from export of jute and jute goods.

He said in order to increase export of jute and jute goods, more focus must be put on diversification. "At present 235 types of jute

goods are being made by our entrepreneurs," Taseer said.

In Bangladesh, about 0.5 million people are directly engaged with the jute sector but there is also the need for skilled workforce, the DCCI chief also said.

DCCI Director Rashedul Karim Munna presented a keynote paper, mentioning that according to a World Bank report the annual demand for natural products has increased 2-3 percent worldwide in the last three to four years.

Munna also said according to International Jute Study Group, the global annual demand for shopping bags was 500 billion pieces last year.

The market size for jute bags will reach \$2.6 billion by 2021 whereas for home textile \$130 billion, he said.

Shah Muhammad Nasim, chairman of Bangladesh Jute Mills Corporation, said Bangladesh has the opportunity to save Tk 800 crore to Tk 1,000 crore every year if it could produce jute yarn as many millers import viscose to make fabrics.

Use of jute geotextiles can also save crores of taka in Bangladesh, said Md Asaduzzaman, director general of Bangladesh Jute Research Institute. He also urged the government for increasing banking facilities for small entrepreneurs.

## Stocks in freefall

FROM PAGE B1

The stockmarket is lagging behind the country's economic progress for want of policy support, said Abu Ahmed, the former chairman of the Dhaka University's economics department.

He went on to urge the authorities to ban dumping of placement shares and bring in well-performing companies to the market to boost investor confidence.

Placement shares are those acquired in a capital raising event for a select group of investors and not from the open market.

Large sums are tied up in placement shares and listed companies are mostly providing stock dividend instead of cash dividend, said Shakil Rizvi, president of the DSE Brokers Association.

"So, the stockmarket was impacted by the lower liquidity," he said, adding that institutional investors' participation is low too.

Some banks are under pressure to meet the loan-deposit ratio, so their investment dried up, said Md Nazrul Islam Mazumder, chief executive officer of MTB Securities.

"Our general investors also have this problem that when the stockmarket falls they leave the market and when it rises they pour money. The market is now witnessing

this behaviour," he added.

However, foreign investment is rising every day in some stocks, according to the top stock brokers.

In February, net foreign investment was Tk 323.18 crore, up 84.37 percent from the previous month.

Of the traded issues yesterday, 42 advanced, 279 declined and 24 securities closed unchanged on the premier bourse.

Brac Bank dominated the turnover chart with its transaction of 43.06 lakh shares worth Tk 38.20 crore, followed by British American Tobacco Bangladesh, United Power Generation and Distribution, Square Pharmaceuticals and Dutch-Bangla Bank.

Meghna Milk was the day's best performer with 8.64 percent gain, while United Insurance was the worst loser, shedding 11.25 percent. Chittagong stocks closed low with the bourse's benchmark index, CSCX, declining 122.95 points, or 1.16 percent, to finish the day at 10,391.75.

Losers beat gainers as 191 declined, 26 advanced and 14 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 43.09 lakh shares and mutual fund units worth Tk 17.49 crore.