



Syed Alamgir, managing director of ACI Consumer Brands, attends the launch of the company's new products—Freedom Antibacterial Intimate Wash and Freedom Hair Removal Cream—at ACI Center in Dhaka recently.

Singer Boishakhi Mela offers discounts

STAR BUSINESS DESK

Singer recently launched a monthlong "Singer Boishakhi Mela" campaign marking the Bangla new year offering customers discounts of up to Tk 10,000 on the purchase of refrigerators, Tk 4,000 on air conditioners and Tk 1,300 on microwave ovens.

Customers will also get up to Tk 12,000 on exchange and Tk 7,000 cash discount on purchase of LED televisions. Moreover, washing machines accompany a 14-day free trial, the company said in a statement yesterday.

The campaign also offers customers six months' installment facility at zero interest, which increases to 12 months if credit cards are used.

India likely to cut key rate by just 25 basis points

REUTERS, Mumbai/New Delhi

The Reserve Bank of India is likely to cut its policy interest rate by 25 basis points on Thursday, despite some analysts believing the country's weakening economic growth and subdued inflation outlook warrant a larger reduction.

The RBI's six-member monetary policy committee (MPC) began its three day review on Tuesday, and most analysts expected it to take a cautious approach given uncertainty over who will lead the government after the coming election and what their fiscal policy will be.

Campaigning for votes, political parties have been promising dole-outs including direct cash payments to

poor people if they win power, stoking potential inflation fears.

The inflation outlook could also be upset by the perennial risk of sharply higher food prices if the monsoon season rains disappoint.

With that in mind, more than 85 percent of the nearly 70 economists polled by Reuters expected the RBI to cut its benchmark lending rate, the repo rate, by 25 basis points to 6.00 percent on April 4.

Yet, India's debt market appear to have priced in a 50 basis-point cut. Trading at 5.90 percent, the one-year interest rate swap works out at 5.75 percent on a daily basis, putting it 50 basis points below the current repo rate, according to rate derivative dealers.

Analysts expect China to cut bank reserve ratios soon

REUTERS, Shanghai

China's central bank is expected to cut banks' cash reserve requirements again soon to bolster financial system liquidity as it looks to support the slowing economy, analysts said, as market speculation over another policy move grows.

Liquidity conditions in China's banking system usually tighten in April as companies make first-quarter tax payments, boosting demand for cash and sucking funds out of the market.

But China watchers say Beijing will be keen to reduce the risk of any financing crunches, especially amid early signs that a spate of economic support measures in recent months are starting to take hold.

A marked tightening in liquidity could run the risk of pushing up interbank money rates, which the PBOC has been guiding lower to reduce strains on corporate balance sheets. Expectations of more stimulus have also been a major driver behind a sharp rally in China's stock markets this year that is attracting more local and foreign investors.

Market participants expect tax payments, the issuance of local government bonds and the maturing of medium-term lending facility (MLF) loans to drain more than 1 trillion yuan (\$148.77 billion) in liquidity this month.

That has prompted growing market chatter over when the PBOC will reduce banks' reserve

requirement ratios (RRR) next to make up the funding gap, after five cuts over the past year.

On Friday, chat groups on China's popular social media platform WeChat shared what appeared to be a paragraph pasted from a story by the official Xinhua

For a market accustomed to seeing the central bank ignore such rumors, its quick response came as a surprise. But many market watchers nevertheless say market conditions continue to point to an imminent cut.

Iris Pang, Greater China econo-

Raymond Yeung, chief economist for Greater China at ANZ, is also keeping his forecast unchanged.

"We believe that the PBOC will cut the RRR again in mid-April. Based on our research on liquidity conditions, an RRR cut is still needed. We will not change our expectations for the RRR cut just because of this announcement," Yeung said.

The state-run Economic Information Daily on Tuesday reported Sheng Songcheng, a former PBOC official, as saying that he sees room to lower the reserve ratio further, and that such a move is possible, but it would require an assessment of current economic conditions and overall financial market liquidity.

"(The central bank) will first gauge economic data from the first quarter to decide whether to cut the RRR. If indicators suggest the economy has already stabilized or is about to stabilize, the necessity of lowering the RRR is not huge," Sheng was quoted as saying.

Activity in China's vast manufacturing sector unexpectedly returned to growth in March, both official and private business surveys showed this week.

But analysts cautioned it is too early to tell if the economy is stabilizing, and further support is likely to be needed to produce a sustainable turnaround.

March data will be released around mid-April with first-quarter GDP on April 17.



Headquarters of the People's Bank of China, the central bank, are pictured in Beijing.

news agency saying that the People's Bank of China had announced a cut in the reserve requirement ratio (RRR), to take effect on April 1.

In a post to its official account on China's Twitter-like Weibo service, the PBOC denied the reports. On Tuesday morning, the PBOC went further, saying it had asked police to investigate.

mist at ING, said the PBOC's reaction showed it is becoming more sensitive to market speculation and movements.

"The timing of the RRR cut is important to interbank interest rate movements, it is therefore (necessary that) the central bank clarify quickly," Pang said, maintaining her call for an RRR cut in the first two weeks of this month.



Arifur Rahman, managing director of Esquire Electronics, the sole distributor of Japanese electronics brands Sharp, General and Mitsubishi; Yoshihiro Hashimoto, head of president's office and CEO for Asean Business at Sharp Corporation, and Seiji Hayakawa, managing director of Sharp Singapore Electronics Corporation Pte, attend an annual dealers' conference for 2019 of Esquire Electronics at Le Méridien Dhaka recently.

Apple, luxury brands drop China prices as VAT cuts take effect

REUTERS, Beijing

Apple Inc and other consumer brands lowered prices for their products in China on Monday as a cut in the country's value-added tax (VAT) rate came into effect from April 1.

Price tags for products listed on Apple's China website were lowered on Monday morning, including a discount of up to 500 yuan (\$74.44) for some of its latest iPhone models.

Suggested retail prices for brands including LVMH's Louis Vuitton and Kering's Gucci were also cut by around 3 percent, according to local media reports.

It follows announcements last month from car brands BMW AG and Mercedes-Benz, which said prices for several car models would drop following the tax changes.

Apple declined to comment on the price cuts, while Kering did not immedi-

ately respond to requests for comment.

A spokeswoman for Louis Vuitton confirmed its China business adjusted prices on Friday and said the brand is "fully supportive of the Chinese government's ongoing efforts to narrow the price gap between China and overseas".

Beijing said in March that it would cut taxes and fees for all companies by nearly 2 trillion yuan in 2019, with the manufacturing, transportation and construction sectors set to benefit as it looks to stimulate a slowing economy.

The world's second-largest economy is growing at its weakest pace in almost three decades amid lower domestic demand and a trade war with the United States.

Several Chinese electronics retailers lowered prices for iPhones in January, discounting latest models by up to \$118, after weaker-than-expected sales at end-2018.

Countryside far behind Dhaka, Ctg: ADB

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At the same time, the country also faces challenges of infrastructure deficit, human capital, urban services, financial inclusion, climate change and resilience.

"The quality of life is getting affected," he said, adding, "The country needs to have more inclusive growth and reduce poverty by creating jobs and supporting local development. There is a need to diversify its economic base and create new sources of growth."

The paper presented at the event said the manufacturing sector was largely concentrated among large and medium-sized enterprises located surrounding big cities such as Dhaka and Chattogram.

Meanwhile, micro and small enterprises, which operate mainly in country-

side districts, face various constraints such as inadequate utility supply and access to finance, poor infrastructure, tighter competition and higher labour cost, according to the paper.

Parkash said economic diversification requires decentralised industrial development.

"Promoting a well-planned, integrated industrialisation by synchronising the processes of urbanisation in semi-urban towns near rural areas can be a major development agenda. Spreading industries including SMEs in the countryside will also help develop lagging regions," he said.

The ADB country head said expanding the role of small and medium enterprises (SMEs) in the economy would create jobs in the countryside, stimulate economic development in local economies and strengthen inclu-

siveness.

"As part of inclusive financing, SMEs' access to finance needs to be enhanced, and this will develop businesses in semi-urban areas," he added.

Ralf Schuster, head of Bank Non-OECD Countries, Helaba, Germany, presented another paper on how equitable development has been achieved in Germany by decentralised demographic and industrial development, expanding SME financing and providing education, infrastructure and digitisation in local areas.

Parkash said Germany could be a possible model for Bangladesh to promote equitable development.

Md Tajul Islam, local government, rural development and co-operatives minister, and Salman F Rahman, prime minister's adviser for private industry and investment, were present.



Muhammad Musa, chairman of IPDC Finance, presides over the non-bank financial institution's 37th annual general meeting at Emmanuelle's Banquet Hall in Dhaka on Sunday. The company approved 8 percent stock and 7 percent cash dividends for 2018. Mominul Islam, CEO, was present. IPDC Finance's 15th extraordinary general meeting was also held on that day.



Sadid Jamil, managing director of Metal (PVT) Ltd, sole distributor of Tractors and Farm Equipment (Tafe) of India, and NS Swaminathan, executive director for international business at Tafe, launch Tafe-branded 9500 DI model tractor in Dhaka recently.



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