

India aims to raise \$2.18b by cutting stakes in 18 firms to 75pc

REUTERS, New Delhi

India's government aims to raise up to 150 billion rupees (\$2.18 billion) by reducing its stake in 18 state firms to 75 percent, a finance ministry official involved in the matter said on Monday, as it looks to boost revenues and rein in the fiscal deficit.

Finance Minister Nirmala Sitharaman set an ambitious target of 1.05 trillion rupees (\$15.33 billion) from the sale of stakes in state-run companies, compared with 850 billion rupees the previous year, in her budget on Friday for the fiscal year that began on April 1.

While a third of the divestment target will be met by the outright sale of state enterprises, including Air India, the other sales will be done through a rule under which all listed entities must have a public float of at least 25 percent after three years of listing.

But governments have been putting this off for state firms, winning extensions from the Securities Exchange Board of India (SEBI) each year.

"The government will aim to meet the SEBI norms in state-owned companies this fiscal," said the ministry official, who declined to be identified as he is not allowed to speak to the media, referring to the Securities and Exchange Board of India.

The government is planning to sell 10 percent each in state-owned reinsurers General Insurance Corporation of India (GIC) and New India Assurance (NIA) which will bring its holding down to 75 percent in the two giant companies.

In her budget, Sitharaman proposed increasing the minimum public shareholding for listed entities to 35 percent from 25 percent as part of efforts to make the market more accessible to retail investors.

But the finance ministry official said the new regulation would require at least two years to go into force after approval by the SEBI.

Asia's third largest economy is banking on state enterprise sales, dividends from the central bank and additional levies and taxes to meet a fiscal deficit target of 3.3 percent of gross domestic product from 3.4 percent previously announced.

The official said the government was willing to sell 100 percent of debt-ridden Air India after a previous offer of 76 percent control produced no buyers.

"Air India is our biggest bet," the official said. The government expects to get 150 billion rupees from selling the air line.

The government also plans to sell at least a 5 percent stake in Coal India and ONGC, the official said.

Daffodil chairman gets World Quality Congress award

STAR BUSINESS DESK

Md Sabur Khan, chairman of Daffodil International University and Daffodil Family, has recently been awarded "101 Fabulous Quality Leaders in the World" at World Quality Congress.

The ceremony was held at Taj Lands End, Mumbai, says a statement. The congress says it annually recognises works of leaders that brings significant changes to society.

The organisers mentioned of Khan initiating a project to create 2,000 new entrepreneurs, contributing to writing and publishing several books and forming a Daffodil Foundation and Daffodil Institute of Social Sciences for underprivileged people.

They also informed of him introducing business incubators, a startup market, venture capital and a Department of Entrepreneurship in the university.



China June new loans seen at 5-month high

REUTERS, Beijing

New bank loans in China are expected to have picked up to a five-month high in June, a Reuters poll showed, as Beijing kept ample liquidity in the financial system to support the slowing economy and offset growing US trade pressure.

The central bank also stepped up cash injections last month to calm nerves after regulators seized a troubled regional bank, which sparked worries of financial contagion and briefly drove some short-term lending rates to record highs.

Chinese banks likely extended 1.7 trillion yuan (\$246.92 billion) in net new yuan loans last month, up from 1.18 trillion in May but below 1.84 trillion in June 2018, according to a median estimate in a Reuters survey of 29 economists.

But some analysts are bracing for a weaker reading, after data from the China Banking and Insurance Regulatory Commission (CBIRC) last week suggested lenders doled out more than 990 billion in new loans last month.

"We expect a modest rise in new loans due to seasonal factors," said Tang Jianwei, a senior economist at Bank of Communications in Shanghai.

"But CBIRC's H1 data suggested new loans in June might be slightly lower than May. We think this is due to weak loan demand from the



REUTERS/FILE

Workmen stand on scaffolding underneath a railway bridge located on the outskirts of Beijing.

real economy, as investment and consumption remain sluggish and exports still faces downward pressure."

Banks might also have been more cautious about lending risks in the wake of the takeover of Baoshang Bank in May, Tang added.

Capital Economics forecasts June loans at 1 trillion yuan, while noting that a slowdown may have been offset by faster growth in other forms of credit.

A steady stream of downbeat economic data in recent months has raised expectations that more policy easing is needed in China to put

a floor under cooling growth. But top officials have repeatedly tried to downplay the likelihood of aggressive stimulus measures.

A central bank adviser said last week that China will not need "very big" stimulus to prop up growth, provided its trade dispute with the United States does not worsen. The two sides agreed to a trade ceasefire last month while they resume talks, but existing tariffs remain in place, threatening a continued "slow burn" for the Chinese economy, according to ING.

ACI launches two models of Sonalika tractors

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Deepak Mittal, managing director of International Tractors, said these new tractors would aid Bangladesh's agriculture and economic development.

Subrata Ranjan Das, executive director of ACI Motors, said Sonalika, which they launched in 2007, has been the highest selling tractor brand in Bangladesh for the last five years, with the annual sales volume reaching 3,000 unit.

Rahul Mittal, director of International Tractors, and Gaurav Saxena, president and chief executive officer, were also present.



ACI MOTORS

FH Ansarey, managing director of ACI Motors, and Rahul Mittal, director of International Tractors, attend the launch of two Sonalika tractor models at ACI Centre in Dhaka yesterday. Story on B1

Rangs brings new hybrid SUV

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The model has maintained the best-selling tag in European market in the last four years.

Price of the Japan origin PHEV model will be Tk 60 lakh to Tk 62 lakh. The vehicle is available at Mitsubishi showrooms in Dhaka and Chattogram.

Shadiqul Mostuk, head of private sales; Farhan Hadi, head of marketing, and Farid Al Shohan, assistant manager for supply chain, were present at the launch.

Double-digit export growth in FY19

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The sector is the only segment that had crossed the \$1-billion export mark after garments last year. Exports of jute and jute goods, another important foreign currency earner, fell 20.41 percent year-on-year to \$816.27 million.

The sector's earnings are declining mainly because of higher use of jute goods like sacks in the domestic market and the anti-dumping duty slapped by India.

Home textiles, building materials, ships and bicycles also performed poorly.

New MD for AB Bank

STAR BUSINESS DESK

Tarique Afzal has recently been appointed president and managing director of AB Bank.



He was earlier the acting president and managing director, the bank said in a statement yesterday. He joined AB Bank as deputy managing director.

Starting his career in London in the late 1980s, Afzal served in Credit Union in Canada, ANZ Grindlays Bank and Standard Chartered Bank in Bangladesh and abroad.

He also worked at Brac Bank and Bank Alfalah and represented Dun & Bradstreet in Bangladesh as country head.

RMG core committee yet to fix deadline

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In the yesterday's meeting, Sufian also said the government is monitoring the payment situation so that the workers need not to go to their village homes without receiving the festival allowance and monthly salary.

A participant in the meeting said 36 garment factories did not pay the salary for the month of May yet. So, some factories may face difficulties to pay to their workers ahead of Eid festival.

The ministry holds such meeting with the stakeholders to avoid any untoward incidents ahead of Eid as many garment factories cannot pay the workers on time, prompting workers to take to the streets to realise unpaid wages and festival bonuses.

Steps taken to make capital market vibrant: PM

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"In 2019-20 fiscal year, the limit for tax-free dividend income has been raised from Tk 25,000 to Tk 50,000 for the investors in the market while a number of different bonds, including fixed income financial product, have been issued at our initiative while two rules have been adopted on Short Sale and Risk-based Capital Adequacy."

"Our government has continuously extended its all-out cooperation through providing policy support, law amendments, infrastructure building for creating a stronger capital market," she said.

She also mentioned that accountability and good governance has also been ensured to eradicate corruption at different levels in the capital market.

The prime minister mentioned that the government has taken initiatives for capacity building of the BSEC, including a new organogram with more human resources.

She said the government is implementing a promotional package successfully for protecting the small investors.

"Inculcation of the strategic investors has been guaranteed at the Dhaka Stock Exchange. An increased participation of local and foreign investors is observed to form venture capital and impact fund."

Hasina said a small capital platform has been established at the Dhaka bourse.

As a result, she said, small and medium industries can enjoy the facility to receive capital and this will eventually create a great scope for enlistment of the start-up companies.

Mentioning that the capital market is still a retail investor-driven one, the prime

minister emphasised making the capital market vibrant. "We need to increase the participation of institutional investors in our market."

She said a countrywide programme on investment literacy has been launched to create a knowledge-based investor community. By this time, Bangladesh Academy for Securities Market (BASM) has been established.

To reduce the risk of individual investors, she said, the BSEC is running country-wide investment literacy programme. Under this programme, the BSEC has already arranged financial literacy programme at divisional level which will gradually be extended to district level.

"In fact, investors are the main driving force of the capital market. If investors take informed decision, it will, on the one hand, help reduce investment risk and on the other hand, it will also act as a supplementary element in ensuring stability of the market."

Hasina said the government believes that the knowledge and techniques of investment for all the related stakeholders of the capital market, including retail investors, will accelerate the process of financial inclusion.

"Not only the small investors, all the stakeholders from different walks of life and policymakers in this regard should be well aware of this financial and investment tools and techniques to be included into this financial system."

ADB Country Director Manmohan Parkash and BSEC Chairman M Khairul Hossain also spoke at the programme.

Amazon could be a smart shopper in Southeast Asia

CLARA FERREIRA-MARQUES for REUTERS

Amazon can afford to indulge in some Southeast Asian shopping. The US e-commerce titan pushed into Singapore in 2017 with two-hour deliveries, but has yet to tackle larger and faster-growing markets in the cutthroat region. Buying Sea's Shopee arm would be a fast way to establish a presence.

The youthful population of 640 million stretching from Thailand to Indonesia is a prime online retail target. Significant obstacles, including lumpy logistics and costly subsidies, have been difficult to overcome,

however. Japan's Rakuten retreated in 2016, while China's JD.com and Alibaba have been unable to dominate the way they have at home.

Ambitious investors, including private equity, have kept the industry from consolidating as it has in India. Alibaba alone, directly and through affiliate Ant Financial, backs Tokopedia, Lazada and Bukalapak.

The splintered market offers opportunities for the likes of Amazon. It could snap up a substantial competitor to help counteract cooling growth elsewhere, just as it did in the Middle East by acquiring Souq two years ago. Marketplace operator

Shopee is one option.

Its \$14 billion parent company is a motley collection of video games, payments and e-commerce. After a bumpy start, the success of Free Fire, its first self-developed game, has helped Sea's stock price triple since January. Shopee, however, is burning cash. It spent almost \$150 million on sales and marketing in the first quarter to generate roughly the same amount of revenue.

There's plenty for Amazon to like, though. Shopee would provide an instant regional presence. It also has enough clout in Indonesia to challenge local champion Tokopedia, recently valued privately at \$7 billion.

People's Leasing faces liquidation

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Last year, to get deposits the NBFI offered more than 12 percent interest rate, when many other lenders were paying the highest of 6-7 percent, said a BB official.

"The central bank is now working on the issue. We are looking whether any systemic risk will be created in the banking sector after closing the business operation of the NBFI."

Sources said some banks and other NBFIs and public have Tk 2,000 crore as deposits with PLFS.

If PLFS is liquidated, depositors and shareholders may not get their money back. Latest data shows, nearly 68 percent shares of the NBFI is with the public and 23 percent with sponsors and directors.

Each PLFS share traded at Tk 4 yesterday against the face value of Tk 10. The company last paid dividends in 2014. Many clients have already sought the central bank's intervention to recover their money, the BB official added.

Some 34 financial institutions are

now operating in Bangladesh after securing licenses from the central bank. But many of them are struggling to survive in the absence of corporate governance.

Earlier in 2018, the central bank also sought recommendation from the finance ministry to liquidate another NBFI -- Bangladesh Industrial Finance Company (BIFC) -- which was also facing severe liquidity crunch stemming from loan scams.

But the government did not give any opinion to this end.



TELENOR

Syed Abdul Momen, head of small and medium-sized enterprises at Brac Bank, and Mobydur Rahaman, head of B2B for partnerships and loyalty at Telenor Health, attend a deal signing ceremony at the former's corporate office in Dhaka recently on providing digital healthcare services to underprivileged communities.



ISLAMI BANK BANGLADESH

Md Mahbub ul Alam, CEO of Islami Bank Bangladesh, opens a relocated branch in the capital's Pragati Sarani on Sunday.