

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|------------|---------|--------|-----|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | JPY |
| 0.07% | 0.03% | \$1,500 | \$60.94 | 37,060.37 | 20,618.57 | 3,122.57 | 2,880.33 | 83.50 | 91.63 | 100.59 | .77 |
| 5,223.41 | 9,699.45 | (per ounce) | (per barrel) | | | | | BUY TK | SELL TK | | |
| | | | | | | | | 84.50 | 95.43 | 104.39 | .81 |

সুপার ডিপিএস
বিশেষ সঞ্চয় কিম্বা
প্রাকৃতিক মুদাফা:

| | | |
|-------|-------|--------|
| ৩ বছর | ৫ বছর | ১০ বছর |
| ৯.২৫% | ৯.৫০% | ১০% |

উল্লেখ্য: শীঘ্রই ৬% মুদাফা
সীমিত সীমিত পরিসরে।

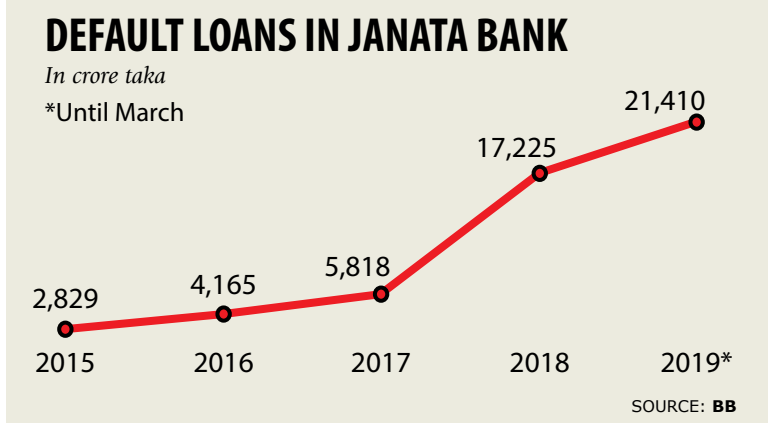
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Star BUSINESS

DHAKA THURSDAY AUGUST 22, 2019, BHADRA 7, 1426 BS starbusiness@thedailystar.net

Defaulter Root Group to get fresh loans from Janata

BB may approve the proposal though probe is ongoing



ALLEGATIONS AGAINST ROOT GROUP'S COMPANIES

They have defaulted loans of Tk 1,049cr with Janata

- Ranka Sohela laundered money, found a BB probe report in 2013
- Ranka Denim diverted fund of Tk 379cr, according to Janata Bank
- Gram Bangla Fertilizer refused to pay \$60,660 to an Indian bank in 2011 for imports
- Four officials of Janata were sacked due to their connection with Root Group

AKM ZAMIR UDDIN

In a baffling move, the central bank is set to allow precarious Janata Bank to reschedule default loans amounting to Tk 1,049 crore of little-known Root Group that ranks 49 out of the top 300 defaulters in the country.

Root Group, a textile and fertiliser producer, will be permitted to regularise its bad loans by providing only 5 percent down payment -- at a time when it is being investigated by two wings of the Bangladesh Bank for charges of money laundering.

Not only that, the state bank is preparing to extend fresh import financing worth Tk 750 crore to the group.

Janata's generosity towards Root Group comes at a time when the bank's financial health is fragile.

As of June, its provisioning shortfall stands at Tk 8,256 crore -- the biggest deficit for a bank in Bangladesh's history.

At the end of March, its default loans stood at Tk 21,410 crore, which was 44 percent of its total outstanding loans. Root alone accounted for 4.90 percent of the sum.

And in giving the loans Janata breached the single borrower exposure limit set by the central bank.

Banks are allowed to disburse a maximum of 15 percent of their capital to a person or group. The total outstanding loans of Root, at Tk 1,060 crore, is 19.51 percent of Janata's capital.

And by extending fresh financing Janata will tread further past the ceiling.

It all started on July 8, when the Janata board decided to reschedule Root's default loans by taking 3 percent down payment -- or Tk 30.80 crore -- of the outstanding amount.

Were the central bank rules followed, Root would have to give at least Tk 142.28 crore as down payment.

Then on July 28 the lender sought the BB's no-objection certificate (NOC) to reschedule the default loans for nine years against 3 percent down payment.

Surprisingly, the central bank's higher ups responded to the plea positively and it has already completed all preparation to regularise the loans.

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89 Bir Uttam C.R. Duttal Road (Soneragan Road)
Dhaka 1205, Bangladesh
Hotline: 0173 656656

India calls for fast-tracking project implementation

JAGARAN CHAKMA

India has asked Bangladesh to complete all official procedures of the projects under its second and third lines of credit with the view to speeding up implementation.

The High Commission of India in Bangladesh has recently written to the Economic Relations Division (ERD) in this regard, said a senior official of the division.

Bangladesh's Foreign Minister AK Abdul Momen recently told The Daily Star that Dhaka also wants speedy disbursement of Indian LoCs as the projects under the funding are facing delays mainly due to technical and bureaucratic reasons.

In the last eight years, Bangladesh managed to use \$523.60 million of the first LoC worth \$862 million despite various steps to expedite utilisation of funds.

Dhaka has so far used \$15.60 million of the \$2-billion second LoC. India is yet to disburse any money from the \$4.5-billion third LoC.

The letter of the High Commission called for a faster processing of the bills for the ongoing projects, the ERD official said.

It said Bangladesh is using a method in the projects funded by other development

partners, where the bills go directly from the project director to funding agencies. For such cases, the bills may be sent directly to Exim Bank of India, according to the letter.

The issue was raised with Indian External Affairs Minister S Jaishankar in Dhaka on Tuesday.

The official said the ERD wrote to the line ministries, which are implementing the projects under the LoCs, to process the bills within a couple of weeks after they are submitted.

"We just forward the bills to the High Commission of India for approval so that the Exim Bank of India pays the bill on time," he said.

Under the first LoC, 12 projects out of 15 have already been implemented. The remaining projects are currently under implementation. Dhaka and Delhi signed the first LoC in August 2010.

Under the second LoC signed in March 2016, 16 projects have been identified for coverage. Thirteen projects have reached the lending stage for consultancy and goods procurement. The third LoC was signed in October 2017 and 17 projects have been initially identified for financing.

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INDIAN CREDIT SCENARIO

| First LoC: \$862m | Second LoC: \$2b | Third LoC: \$4.5b | Fourth LoC: \$500m |
|---------------------------|-------------------------------|----------------------|------------------------|
| (excluding \$200m grant) | Deals signed in 2016 | Deals signed in 2017 | (for defence purchase) |
| Deals signed in 2010 | Total projects: 16 | Total projects: 17 | Deals signed in 2019 |
| Total projects: 15 | Projects at bidding stage: 13 | Projects approved: 4 | |
| Projects completed: 12 | Loans disbursed: \$15.6m | | |
| Loans disbursed: \$523.6m | | | |

Govt to import \$819.3m petroleum product

STAR BUSINESS REPORT

The government will import 14.35 lakh tonnes of petroleum product worth \$819.30 million during July to December this year under a government-to-government arrangement.

The cabinet committee on purchase approved a proposal of Bangladesh Petroleum Corporation (BPC) in this regard at a meeting with Agriculture Minister

Muhammad Abdur Razzaque in the chair yesterday.

According to the BPC proposal, the petroleum will be imported from Malaysia, Thailand, Indonesia, the United Arab Emirates, Kuwait and China.

The premium, which is the cost of shipping and includes freight charges and insurance, for importing diesel will be \$2.95 per barrel, Jet fuel-1 \$3.95, petrol \$4.90 and furnace oil \$28.25 per tonne.

Leather goods exports rebound

REFAYET ULLAH MIRDHA

Export of leather and leather goods from Bangladesh rebounded strongly after more than two years thanks to higher shipments to non-traditional markets and the US-China trade war, exporters said.

Shipments in July amounted to \$106.10 million, a 16.39 percent year-on-year growth, data of the Export Promotion Bureau (EPB) showed. This is the only sector after garments which fetched \$1 billion last fiscal year.

It, however, had registered negative growth over the past two years or so because of a gradual shift of tanneries from Hazaribagh to a newly built Savar Tannery Industrial Estate.

Of the 155 tanneries that have relocated so far, 123 have gone into full or partial operation and the rest are in the process, according to tanners.

Tanners are the main suppliers of raw materials to manufacturers and exporters of leather goods like shoes and bags.

Value addition has recently increased a lot, said Saiful Islam, president of the Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh.

For instance, of last fiscal year's \$1.01 billion exports, 83 percent came from leather goods and the remaining from finished or tanned leather. Previously, it was vice versa, Islam told The Daily Star over the phone.

The performance has been very strong not only in traditional markets like that of the US, the European Union and Canada but also in non-traditional ones like that of Australia, Japan and Singapore, he said.

For instance, leading Australian brand Nimco has been sourcing in bulk quantities.

Moreover, the trade war's benefits are spilling past the apparel sector, swaying a significant quantity of work orders from China as the production cost in Bangladesh is more competitive, Islam said.

Exporters also said winter shipments had started, inflating the export volume compared to that in other seasons.

Moreover, there will be a boom in work

orders once certifications are attained from global rights body Labour Working Group (LWG) and the Savar estate's central effluent treatment plant (CETP) becomes operational, said Islam.

Then local tanners will be able to generate adequate quantities of processed leather, reducing dependency on imports, he said.

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Exports of leather goods rose due to higher shipments to non-traditional markets and the US-China trade war.

DSE turnover up 15pc backed by nine stocks

STAR BUSINESS REPORT

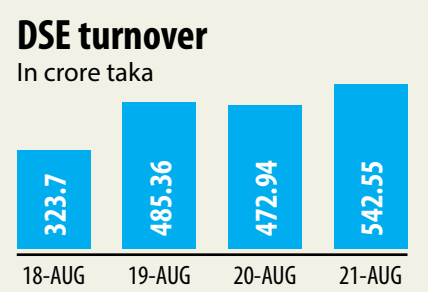
Turnover at Dhaka bourse jumped 14.72 percent yesterday riding on the price rise of nine companies which accounted for around 37.26 percent of the total amount changed hands.

Some Tk202.17 crore of the day's turnover of Tk 542.55 crore, up from Tk 472.94 crore on Tuesday, came from the nine.

They are United Power Generation, Orion Infusion, Fortune Shoes, JMI Syringes and Medical Devices, Bangladesh Shipping Corporation, Monno Ceramic Industries, Beacon Pharmaceuticals, Khulna Power Company and Silco Pharmaceuticals.

Industry experts attributed the rise to the stocks of United Power, which attracted Tk 67.83 crore, almost four times higher than their regular turnover.

A rumour that the company's earnings would grow prompted investors to rush into purchasing its shares in large numbers, said a top official of a leading merchant bank.



He said the company's turnover has been rising for the last couple of days.

The market has been at low levels after the Eid-ul-Azha break which encouraged investors to put in money and take a position, another merchant banker said.

The DSE's benchmark index, the DSEX, declined 4.08 points or 0.07 percent to close at 5,223.41.

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Summit to raise Tk 100cr through Mudaraba bond

MUHAMMAD ZAHIDUL ISLAM

Summit Communication plans to raise Tk 100 crore from the local market by issuing a Shariah-based non-convertible Mudaraba bond to expand its fibre optic cable network up to the remotest part of the country.

Each certificate will have a face value of Tk 1 crore and the minimum subscription will be Tk 5 crore, the company's CEO Arif Al Islam told The Daily Star.

The leading nationwide telecommunication transmission network operator currently has 44,000-kilometre fibre optic cable, covering all the upazilas and about 1,000 union parishes.

"We have a plan to bring at least another 500 union parishes under our coverage within the next six to nine months with this money," said Islam said.

It will also expand the capacity in some of the high demand areas, he added.

According to the proposal of the

company, the initial interest rate of the bond will be 9 percent and subsequently the rate of interest will be determined by an average of interest rate of deposits of commercial Islamic banks as published on the Bangladesh Bank's website plus 3 percent margin.

The interest rate, however, will not be less than 8 percent or more than 10 percent.

The maturity period will be five years starting on the issue date, according to a letter Summit recently sent to the Bangladesh Telecommunication Regulatory Commission (BTRC) seeking permission for it.

The BTRC has decided to seek comment from the Bangladesh Securities and Exchange Commission on whether there is any legal complexity to the issuance of the bond.

Green Delta Capital Ltd will be the issue manager of the bond while LankaBangla Finance will be the trustee. Summit Holdings will be the corporate guarantor.

READ MORE ON B3

Walton to export refrigerators, ACs to India

STAR BUSINESS DESK

Local electronics manufacturer Walton is all set to export refrigerators and air-conditioners to India.

According to a deal signed on Monday, Walton as an original equipment manufacturer will supply 1 lakh units of refrigerators and 20,000 residential air-conditioners to Hyundai Electronics.

Hyundai will import the products through its partner Goldenarch Consumer Electronics Pvt Ltd.

Edward Kim, president for international business unit of Walton Group, and Abhishek Malpani, director of Hyundai Electronics India, inked the deal at Walton Hi-Tech Industries in Gazipur.

SM Ashraf Alam, managing director of Walton Hi-Tech Industries, and SM Mahbul Alam, a director, were present at the signing ceremony.

"Bangladesh is going to set a new milestone by exporting electronic products. Within a very short time Walton will make Bangladesh one of the largest consumer electronic goods exporters," Alam said in a statement.

"We have strong determination and detailed master plan to be recognised as the most reliable business partner of many global brands."

"I am confident about our product quality and technology leadership as we are continuously investing and ready to invest more for Walton to secure global leadership in terms of technologies, quality as well as design," he added.

EM Yang, chief technical officer of Walton, said Walton's products are being manufactured using the world's most advanced technologies and machinery and quality is strictly maintained in every step of production.

"As a result, Walton is ready to deliver reliable products according to the consumers' demand in the international market."

Kim said: "We are very happy to have such a remarkable brand like Hyundai as our sustainable business partner. We will do our best to satisfy our business partners with our differentiated product design and quality."

Hyundai officials visited various production units of Walton, including refrigerator, compressor, glass-door and ACs.

In July, Walton started exporting ACs to Yemen, a Middle Eastern country. The company has been exporting refrigerators to Yemen for the last couple of years, news agency UNB reported recently.

The company has set a target to earn \$1 billion from exports of electronics and electrical appliances by 2028.

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Mahtab Uddin Ahmed, CEO of Robi, and Syed Ferhat Anwar, director of the Institute of Business Administration under the University of Dhaka, exchange documents after signing a deal at the institute yesterday. The telecom operator will set up an innovation lab in the business school to introduce latest developments in data analytics, blockchain and the Internet of Things.

Trump looking at possible tax cuts amid economic jitters

REUTERS, Washington

US President Donald Trump said on Tuesday his administration was considering potential tax cuts on wages as well as profits from asset sales, and sought to play down market anxieties that the world's top economy could be heading for a recession.

Speaking to reporters during a White House visit by Romanian President Klaus Iohannis, Trump said "we're looking at various tax reductions," adding that a "payroll tax is something that we think about."

Recession fears were stoked last week when bond investors briefly demanded a higher interest rate on

2-year Treasury bonds than for 10-year Treasury bonds, a potential signal of lost faith in near-term economic growth.

Trump dismissed fears of a slowdown, extolling low unemployment and a rising stock market over his tenure.

"I think the word 'recession' is a word that's inappropriate...We're very far from a recession," he said.

The Washington Post reported a temporary payroll tax cut was under consideration to juice growth, but Trump said the White House has been weighing tax cuts for some time.

A slowdown would be bad news for Trump, who is building his 2020

bid for a second term around the economy's performance, but whose year-long trade war with China is weighing on growth.

On Tuesday, Trump said he would not need the approval of Congress to link a tax on profits from asset sales, known as capital gains, to inflation. According to tax code experts, investors would pay far less capital gains tax if it was linked to an inflation index.

"I'm not talking about doing anything at this moment, but indexing is something that a lot of people have liked for a long time. And it's something that would be very easy to do," he said. "It is something I am certainly thinking about."

Former Vice President and Democratic presidential hopeful Joe Biden, campaigning in Iowa, said lowering the capital gains tax would only help the wealthy.

"The route that the president has us going down is a big mistake," Biden told reporters after a campaign rally. "We should be focusing on how you re-empower the middle class, we should be rewarding work, not wealth."

Payroll taxes fund the Medicare health insurance programme for the elderly and Social Security, which in turn provides income payments for retirees.

Lowering them temporarily could boost consumer spending, a key driver of the U.S. economy, but it would also deprive the government of tax revenues, at least in the short term.

At the end of 2017, Trump signed a massive tax overhaul passed by the Republican-led Congress and has since promised to follow up with another round of major changes.



US President Donald Trump answers questions from reporters as he meets with Romania's President Klaus Iohannis in the Oval Office in Washington on August 20.

Intel unveils first AI chip Springhill

REUTERS, Jerusalem

Intel Corp on Tuesday unveiled its latest processor that will be its first using artificial intelligence (AI) and is designed for large computing centers.

The chip, developed at its development facility in Haifa, Israel, is known as Nervana NNP-1 or Springhill and is based on a 10 nanometer Ice Lake processor that will allow it to cope with high workloads using minimal amounts of energy, Intel said.

Facebook, it said, already has started using the product.

Intel said its first AI product comes after it had invested in Israeli AI startups, including Habana Labs and NeuroBlade.

"In order to reach a future situation of 'AI everywhere', we have to deal with huge amounts of data generated and make sure organizations are equipped with what they need to make effective use of the data and process them where they are collected," said Naveen Rao, general manager of Intel's artificial intelligence products group.

"These computers need acceleration for complex AI applications."

It said the new hardware chip will help Intel Xeon processors in large companies as the need for complicated computations in the AI field increases.

Daimler to make Mercedes Benz-branded heavy trucks in China

REUTERS, Shanghai

German auto maker Daimler AG plans to build Mercedes Benz-branded heavy trucks in China by revamping truck plants owned by its local joint venture, according to a document seen by Reuters and two sources familiar with the matter.

The plan will deepen the alliance between Daimler and its Chinese truck JV partner, Beiqi Foton Co Ltd, and comes after the purchase of a 5 percent stake in Daimler last month by its Mercedes Benz passenger car partner, Beijing Automotive Group Co Ltd (BAIC), Foton's parent group.

"Localisation of Mercedes Benz-branded trucks had been planned years before, so it has nothing to do with BAIC Group's recent stake purchase in Daimler," one source said.

In 2016, Daimler's then head of its truck business told German media that it planned to make Mercedes Benz-branded Actros heavy trucks in China by the end of the decade. No details of the plan has since been reported or announced.

Under the plan, Beijing Foton Daimler

Automotive (BFDA) will add Actros to its production lines which are mainly used to make Auman trucks, the joint venture's sole truck brand, the sources said.

The JV plans to revamp its No.3 plant, which will have an annual capacity of 60,000 heavy trucks, and expand capacity at its No.2 plant to 100,000 units from 60,000 now, according to a document on the JV's website. The value of the investment was not known.

The No.3 plant will build both Actros and Auman trucks, said the sources, who declined to be identified because the plan had not been made public.

Daimler's office in China did not immediately respond to phone calls seeking comment. Foton declined to comment.

All Mercedes Benz trucks currently sold in China are imported and priced significantly higher than domestically made Auman trucks.

Founded in 2012, the truck joint venture sold just over 100,000 units in China last year. Daimler is seeking to further develop its truck business with Foton, but the lack of a solid supply chain in China remains an obstacle, the sources said.

India has not set deadline to launch electric vehicles: official

REUTERS, New Delhi

The Indian government has not set a deadline to launch electric vehicles or to ban manufacturing of petrol and diesel cars, a government official said on Wednesday.

The Indian auto industry has been caught in the middle of slowing economic growth that has led to a slump in demand for vehicles, forced plant shutdowns and

large layoffs.

Prime Minister Narendra Modi has been working to push electric vehicles in an effort to cut India's fuel import bill and curb pollution. In June, a government think-tank that plays a key role in policymaking had recommended that only electric models of scooters and motorbikes with engine capacity of more than 150cc must be sold from 2025.



Edward Kim, president for international business unit of Walton Group, and Abhishek Malpani, director of Hyundai Electronics India, exchange documents after signing a deal at Walton Hi-Tech Industries in Gazipur on Monday. Walton will supply 1 lakh refrigerators and 20,000 residential air conditioners for Hyundai in the Indian market. SM Ashraful Alam, managing director of Walton Hi-Tech Industries, and SM Mahbul Alam, director, were present.

Goldman moves to take majority control of China joint venture

REUTERS, Hong Kong

Goldman Sachs has applied for majority control of its Chinese joint venture, the bank confirmed on Wednesday, the latest international bank to do so ahead of Chinese plans to eventually allow foreigners full control.

The bank submitted an application with the China Securities Regulatory Commission (CSRC) on Monday to take its stake in Goldman Sachs Gao Hua Securities to 51 percent - the maximum permitted - from its current 33 percent holding.

A spokesman for the bank confirmed the filing, which was first reported by Bloomberg.

Western banks' lack of control over the JVs, along with their limited contribution to revenues, have long been a source of frustration for foreign banks in China.

Management control would allow foreign banks to offer more services through their JVs and potentially leverage their global networks to win China market share, bankers have said.

Unlike most of the other joint ventures, Goldman Sachs already has day-to-day operational control of its joint venture, which offers investment banking services such as equities and bond underwriting and deal advice.

Despite that managerial control, Goldman has long made it clear it would eventually seek to take a majority stake too.

Under the new agreement submitted to regulators, the securities sales, trading and research operations that currently sit in the business of its partner, Beijing Gao Hua Securities, will be folded into the joint venture.

Beijing Gao Hua is controlled by veteran Chinese banker Fang Fenglei.

Goldman's move to go to 51 percent follows similar actions by many of its rivals following a relaxation of the rules in late 2017.

UBS was the first to get approval under the new rules as well as the stake it needed for control. Morgan Stanley is waiting for its stake purchase to be approved.

JPMorgan and Nomura have approval and are working to start up joint ventures from scratch.

Credit Suisse is seeking approval to inject fresh capital into its JV in a move that would take it to 51 percent.

HSBC launched its own majority-controlled joint venture in late 2017 under different rules that allowed Hong Kong-based companies special access to the mainland.

UK supermarkets test plastic-free zones

AFF, London

British supermarkets are starting to go "nude".

Bowing to pressure from environmentally conscious consumers, big brand shops have begun taking steps to strip their shelves of plastic wrapping over concerns about saving the oceans from waste.

"Nude zones" and "Food in the Nude" campaigns are already being rolled out in places such as New Zealand and South Africa, where many fresh fruits and vegetables are grown without relatively easy reach.

Now retailers in Britain -- where even bunches of bananas are often sealed in plastic to keep them fresh and undamaged during long-distance shipping -- are gradually following suit.

"I've just done my first-ever plastic-free shop," said May Stirling, who travelled 60 kilometres (35 miles) from the village of Ramsbury to Oxford for the university city's "unpackaging" event at the local Waitrose supermarket.

"It's so liberating," the 49-year-old mother said, carrying her own containers for the loose products. The Oxford branch of the upmarket chain was selling 160 types of vegetables and fruits, plus cereals, grains, couscous, lentils, wine, beer and other items in bulk, in what was initially planned as an 11-week trial.

"I just wish there were a few more things I could have got today," said Stirling, who added in particular that she would have liked more choice of non-packaged cereals for her son.

Currently, British stores rely greatly on plastic to ship, store and sell items. The country's 10

largest grocery chains produce 810,000 tonnes of single-use plastic packaging every year, a figure that does not include bags, Greenpeace and the UK-based Environmental Investigation Agency said in November.

Like Stirling, other shoppers have also been pressing the Oxford Waitrose supermarket to do more to stop plastics pollution via a wall, set up by staff, where customers have pinned hundreds of suggestions, many asking for refillable bottles for items like milk and cleaning products.

It has now extended its trial in the branch and announced that it would soon introduce the scheme in three other stores.

Waitrose has said however that it has yet to establish whether plastic-

free zones would work in all of its 344 locations across Britain.

"While the priority is the environmental benefit, we clearly need to ensure (the trial) is commercially viable," spokesman James Armstrong said.

Plastic packaging is cheaper than some of the other possible options. So, are shoppers ready to pay more for their groceries to come wrapped in more ecological packaging?

Fran Scott, a 55-year-old marketing consultant, is unsure. "I genuinely don't know," she said, while also shopping at Waitrose, armed with her own plastic containers.

"I would like to think that," she added however. Other big supermarket chains have signed up

to "The UK Plastics Pact".

The pledge's four tenets include eliminating all single-use packaging and making the remainder recyclable or compostable by 2025.

Tesco and Asda, a low-cost retailer, have promised to stop using plastic for online shopping deliveries. Morrisons, which like Tesco and Asda is among the biggest five supermarket chains in Britain, intends to install plastic-free produce zones in 60 locations by the end of the year.

Others are going further.

Budgens Belsize Park, a London branch of the smaller supermarket chain Budgens -- part of a 147-year-old company of nearly 250 franchises -- has already ripped the plastic off more



A shopper pushes a trolley in a supermarket in London.

REUTERS/FILE



Jens Becker

Grameenphone gets new CFO

STAR BUSINESS DESK

Grameenphone has appointed Jens Becker as its new chief financial officer (CFO), effective from August 15.

He is replacing Karl Erik Broten, the telecom company said in a statement yesterday.

Prior to the appointment, Becker had been serving as CFO of T-Mobile in Poland. He was also the CFO at T-Online International AG.

Becker has over 20 years of experience in Deutsche Telekom Group with leadership positions in Germany and Poland and responsibility for controlling T-Online's subsidiaries in France and Spain.

"I am proud to be appointed as CFO of the largest telecom operator of the country that is providing telecommunications and digital services to over 74 million people," said Becker.

"I am thrilled for the journey ahead as the market is about to experience the fourth industrial revolution," he added.

Becker, a German national, holds a master's degree in geography coupled with economics and business administration from the Free University of Berlin.

"Jens has over a decade's experience as a Telecom CFO with a leading multinational operator and is a valuable addition to our team," said Michael Foley, CEO of Grameenphone.

Gold subdued as investors await FOMC minutes

REUTERS

Gold prices eased on Wednesday to hover around the \$1,500 level as investors turned cautious ahead of minutes from the US Federal Reserve's last meeting, which is expected to shed more light on interest rate cuts.

Spot gold was down 0.5 percent at \$1,499.18 per ounce by 0948 GMT, with analysts also attributing the dip to profit-booking following the metal's recent strong run, which saw it gain more than \$80 this month.

US gold futures slipped 0.4 percent to \$1,509.70.

"The market is nervous while it waits for further cues on the outcome of the Fed meeting minutes" said Jigar Trivedi, a commodities analyst at Mumbai-based Anand Rathi Shares & Stock Brokers.

However, "fundamentals for gold remain positive as central bankers have increased their gold reserves amid geopolitical tension, trade spats and signals of stimulus."

Minutes from the Federal Open Market Committee's most recent meeting in July - when the US central bank cut interest rates for the first time in a decade - are due on Wednesday.

Traders are also awaiting the central bank's annual Jackson Hole seminar later this week with major focus on a scheduled speech by Fed Chair Jerome Powell.

Powell's comments are of particular interest after last week's inversion of the US yield curve - widely regarded as a recession signal - boosted expectations the Fed would lower interest rates at its September policy meeting.

Lower interest rates decrease the opportunity cost of holding non-yielding bullion and weigh on the dollar, making gold cheaper for investors holding other currencies.

"Gold is declining below \$1,500, confirming



REUTERS/FILE

Gold bullion is displayed at Hatton Garden Metals precious metal dealers in London.

the consolidation phase that has taken place in the last few days," ActivTrades analyst Carlo Alberto De Casa said in a note

"Despite this, the main trend remains bullish, with further rallies that seems likely in the medium term, while in the short term the scenario is lateral, with prices that could draw a lateral range between \$1,475 and \$1,530."

On the trade front, US President Donald Trump said on Tuesday he had to confront China over trade even if it caused short-term harm to the US economy.

The escalation in the trade war between the

world's biggest economies and an increasingly dovish shift in policy by central banks have contributed to a more than 6 percent rise in gold this month.

Indicative of sentiment, holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.2 percent to 845.17 tonnes on Tuesday from Monday.

Among other precious metals, silver eased 0.2 percent to \$17.09 per ounce, while platinum dropped 1 percent to \$840.07.

Palladium edged 0.1 percent lower to \$1,489.76 per ounce.

Alliance Sandhani declares 8pc cash dividend

STAR BUSINESS DESK

Alliance Sandhani Life Unit Fund has recently declared 8 percent cash dividend per unit for unitholders for 2018-19.

The decision comes at a meeting of the company's trustee committee, according to a statement.

Alliance Capital Asset Management Ltd is the fund's asset manager, Bangladesh General Insurance Company the trustee, Sandhani Life Insurance Company sponsor and Brac Bank custodian.

The unitholders, whose names appeared in the fund's register on June 30, will be entitled to receive the dividend.



STANCHART

Deepal Abeywickrema, managing director of Nestlé Bangladesh, and Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, exchange the signed documents of a deal at the bank's head office in the capital's Gulshan recently to partner in the bank's Distributor Finance Programme which provides access to finance and payment platforms to clients and supply chains.

Defaulter Root Group to get fresh loans from Janata

FROM PAGE B1

Curiously, a BB assessment opposed the decision given the track record of Root subsidiary Gram Bangla Fertiliser and Agro Industries.

In 2011, Gram Bangla refused to pay \$60,660 to an Indian bank to adjust its debt for import payments. The Indian high commission also requested Janata to take an initiative to pay back the fund, but Root held firm.

Meanwhile, Root applied to the High Court to get the default status lifted from the BB's credit information bureau (CIB).

The court on April 24 asked the group to give 5 percent down payment against its outstanding loans to get a clean CIB report for four weeks. But Root failed to deposit the amount on time.

It applied to the HC again and was once again instructed to deposit the amount, which it is yet to do.

Janata though bypassed the court order

and allowed Root to reschedule its loans with only 3 percent down payment. Not only that, it concealed the HC order for 5 percent down payment in its letter to the central bank.

After being informed of the matter, the central bank on July 29 asked the bank to explain why it hid the HC instruction. The bank was also asked to submit a probe report about the accusation of fund diversion by Root.

On August 18, the bank admitted that the group diverted a large amount of fund violating the rules and regulations.

For instance, Ranka Denim Textile Mills, a subsidiary of Root, had not settled the import liabilities of Tk 379 crore from its export earnings. Rather, it paid Tk 218 crore to adjust its sister companies' bank loans.

Besides, it misused Tk 136 crore of the export earnings by diverting the fund, according to the letter sent to the BB.

The group, however, will provide the rest

of the 2 percent down payment within the next two months, the bank said.

"There is no scope to give NOC to Root right now as the bank admitted that it had diverted funds. Besides, the Bangladesh Financial Intelligence Unit is now investigating the matter," said the BB assessment paper.

According to the central bank's draft decision, the rescheduling facility will be annulled if the BFIU find Root's involvement in any form of money laundering.

"The central bank is yet to give any clearance to my companies to reschedule the loans," said Mohammed Razzakul Hossen Tutul, managing director of Root Group.

He declined to give further comments. Md Abdus Salam Azad, managing director of Janata Bank, could not be reached for comment.

Md Serajul Islam, an executive director and spokesperson of the central bank, said the BB would take a decision as per the

court order.

Asked whether the HC had instructed the BB to reschedule the loans by taking 5 percent down payment, he declined to give an answer.

Earlier in 2013, the central bank carried out an inspection at Ramna corporate branch of Janata Bank and found Ranka Sohel Composite Textile Mills, a subsidiary of Root, to be involved in money laundering.

The company had exported goods to a company in Turkey but none of the payment for the shipment came to Bangladesh. It later showed it had realised \$6.71 lakh, but the amount actually came from Dubai and Singapore.

"Janata should not be allowed to reschedule the default loans because of its alleged involvement in financial corruption -- such a move will send a wrong signal to the financial sector," said Khondker Ibrahim Khaled, a former deputy governor of the central bank.

Leather goods exports rebound

FROM PAGE B1

The LWG certification is awarded to companies based on the points presented on factors such as solid waste management, treatment and less usage of water, chemical use and labour welfare, explained Md Shaheen Ahmed, chairman of the Bangladesh Tanners' Association.

Out of 100 points, 85 brings gold certification, 75 silver and 65 bronze, he said.

Once the Savar estate becomes fully operational, including the CETP and dumping grounds, within the next year, at least 65 points can be gained, allowing local tanners to get better prices, he added.

The absence of the certification is causing finished leather exporters to depend on a few Chinese companies not affiliated with the LWG, said Mohiuddin Ahmed Mahin, president of the Bangladesh Finished Leather, Leather Goods and Footwear Exporters Association.

Hence the prices they are getting are 25 percent lower, he said, adding that the authorities assured them that the CETP would become operational by December.

Ahmed was not that optimistic with July's export growth, saying that getting the real scenario requires observing at least four months. He said only 20 out of 120 manufacturers have been performing strong.

Local tanners annually produce around 350 million square feet of leather, of which only 30 million square feet are consumed by local manufacturers, he said. Four million square feet of high-valued leather were imported for high-end products.

Who's tracking you? Facebook users to get more control over data

REUTERS

Facebook Inc said on Tuesday it was tweaking its policies to allow users to see and control the data that the social network gathers from their browsing habits on other websites and apps.

The company defines the data, for example when a clothing website shares information with Facebook on browsing activity of a user, as "Off-Facebook Activity".

Facebook said in a blog post here that the tool is being rolled out in Ireland, South Korea and Spain and would be available to users across the globe in the coming months, adding that it expects the move to have some impact on its business.

"We believe this Off-Facebook Activity information has been pretty valuable to Facebook, enabling it to offer advertisers the ability to reach consumers that have already shown some interest in their products or services," Atlantic Equities analyst James Cordwell said.

The latest action comes as the company faces severe criticism from lawmakers and regulators over its privacy practices. Last month, Facebook agreed to a record-setting \$5 billion privacy settlement with the US Federal Trade Commission.

The company earns money from advertisements and offers tools to advertisers

to target potential customers. Any change in lowering the effectiveness of ad targeting hurts the company's revenue. In the quarter ended June 30, Facebook made nearly \$17 billion from ad sales.

The social network said if a user clears their Off-Facebook Activity, it would remove the

user's information from the data that apps and websites choose to send.

"The question remains as to how many consumers will actually bother to use this functionality, especially given it will require navigating into the app's Settings area," Cordwell said.



REUTERS/FILE

Silhouettes of mobile users are seen next to a screen projection of the Facebook logo in this picture illustration.

DSE turnover up 15pc backed by nine stocks

FROM PAGE B1

Among the major sectors, fuel and power increased 0.67 percent and textile 0.33 percent while general insurance fell 0.37 percent, pharmaceuticals 0.3 percent, and banks 0.28 percent.

RAK Ceramics was the day's best performer with a 10 percent gain while Emerald Oil was the biggest loser, shedding 6 percent.

Losers outnumbered gainers by 1,974 to 123 while 37 securities remained unchanged.

The key index of the port city bourse also rose by 3.4 points, finishing the day at 9,699.45.

Chittagong Stock Exchange traded 93.78 crore shares and mutual fund units worth Tk 21.21 crore.

India calls for fast-tracking project implementation

FROM PAGE B1

India has extended approval for coverage to four projects involving about \$1.51 billion. The majority of the remaining projects are under the detailed project report preparation (DPP) stage. According to the India-Bangladesh bilateral review meeting in the first week of July, several projects under the second LoC and the third LoC are in the stage of DPP, which may be expedited.

For large, complex and high-value projects, the provision of a project monitoring committee may be ensured for better supervision and implementation, the minutes of the meeting said. India has also requested Bangladesh to adhere to the recommended timeframe for tendering process and evaluation of proposal and bids.

Total commitments for various development projects under the first three LoCs amount to \$7.36 billion. The agreement for the fourth LoC of \$500 million has been signed recently for defence purchase, taking the credit commitment to \$7.86 billion.

Summit to raise Tk 100cr through Mudaraba bond

FROM PAGE B1

Earlier in April this year, country's second largest mobile operator Robi applied to the telecom regulator to raise Tk 400 crore from the local market by issuing a Shariah-based security bond. The face value of each certificate was Tk 1 lakh and the BTRC was positive about the fundraising.

In 2015, Banglalink sold \$300 million five-year notes—the first dollar-denominated bonds from Bangladesh—with an aim to boost its business.

Safe food has a cost

ACI Logistics Executive Director Sabbir Hasan Nasir says

SOHEL PARVEZ

GOODNESS has a value and a cost and consumers should understand this and be willing to pay extra because companies have to spend more when they follow good practices with a view to ensuring safety in the value chain of foods.

"Then, we can actually work for them and serve them," said Sabbir Hasan Nasir, executive director of ACI Logistics Ltd, the operator of Shwapno in an interview with The Daily Star recently.

Since the beginning of the country's biggest superstore chain in 2008, the ACI has opened 61 Shwapno outlets on its own and 67 franchisees, known as Shwapno Express, mostly in Dhaka and Chattogram.

The chain, apart from selling groceries, fresh food and fish, also caters various lifestyle products. Today, it serves more than 50,000 customers every day and projects to become a half-a-billion dollar company within five years from \$120 million now.

In its efforts to meet the growing demand for safe food, the chain began to train farmers last year on safe application of pesticides on vegetables and waiting period before harvesting their crops.

Today, it directly collects vegetables from 150 growers, cutting out the middlemen in the value chain in the process.

"Experiences are very interesting. Farmers have become very happy," said Nasir.

Shwapno buys 50-60 percent of its required vegetables and fish directly from farmers and the rest from wholesale markets.

The direct purchase by Shwapno increases productivity of growers as this saves time they would have otherwise needed going to markets selling the produce. It also eliminates the middlemen, who are responsible for 11-15 percent extra cost of prices of perishables.

Shwapno, Nasir said, transfers a portion of the extra cost to the farmers during the direct procurement.

On average, it buys 7-8 tonnes of vegetables and 2 tonnes of fish daily from producers mainly in Bogura,



Sabbir Hasan Nasir

Jashore, Khulna, Satkhira, Bagerhat, Manikganj, Savar, Bhairab and Mymensingh.

"This has created a revolutionary impact although our volume is very low," he said, adding that the positive impact for farmers would be massive if the chain could account for 10 percent of the \$16 billion annual wholesale and retail trade.

Direct procurement from growers also establishes transparency in the value chain.

"All, including regulators and consumers, can see from where and from whom we have bought, what types of pesticides have been used, and whether those are harmful for health. I think it is possible to create transparency in the entire value chain and we are moving towards that," said Nasir.

He, however, said the cost of Shwapno increases if it implements the global good agricultural practices (GAP). However, consumers are still not aware of this and thus are not willing to pay extra for safety.

He urged consumers to come out of what he terms "contradiction" regarding the reluctance to pay extra while remaining concerned about food safety.

Shwapno has had to give up some of its earnings margin because of the

unwillingness of the consumers to pay higher for safe food.

"But we are doing this because if consumers know about our efforts on safe food, they will come to us and buy from us. If the sales volume goes up, we will gain ultimately."

He said Shwapno has been able to make supermarkets a part of the daily life for people from all walks of life and it would continue to grow in the years ahead.

The supermarket chain has improved its margin in the last three-four years as consumers in increasing numbers are shopping at Shwapno.

"I think we are becoming more relevant to consumers. We are getting the results of the learning curve of understanding the consumers' need," he said.

He said consumer confidence in Shwapno is growing. As a brand, Shwapno is much more powerful now than before.

"If we can follow our promise of everyday life as a mantra, financial issues will not only be sorted out, Shwapno will also create a huge impact for Bangladeshi consumers."

There is concern about the losses of Shwapno. But Nasir said the growth of consumers and other indicators, such as gross margins,

earnings before interest and taxes, have improved.

He says the problem of Shwapno is that its financing structure is not right.

The company borrowed a lot when it was formed and for bankrolling its losses, he said, adding that the debt should be reduced and equity should be injected.

"If equity is injected, Shwapno will become profitable," he said.

He said the company is not too much worried about profitability.

"Because we know it will be profitable in future. The management and the board are rather worried about how much of the annual retail and wholesale market we can manage to get."

Shwapno joined organised retailing after Agora, Meena Bazar and the evolution of the supermarkets in an area dominated by millions of small unorganised stores.

The industry grew close to 17 percent annually in the last five

years. Shwapno's compound annual growth rate is 25 percent.

"This year, the growth trend is very good," he added.

However, the journey for supermarkets in Bangladesh has not been smooth and they had to overcome ordeals.

There was a time when people were very concerned about formalin. Now many say that there is nothing like formalin in fruit and vegetables and there was nothing like this in the past, said Nasir, who joined the ACI as the executive director in December 2011.

Nasir, who studied mechanical engineering at the Bangladesh University of Engineering and Technology and obtained an MBA degree from the Institute of Business Administration under the University of Dhaka, also touched upon the impact on businesses of rumours and drives and statements from agencies and individuals related to food safety.

He said a lot of things are

published in the media and spread by general people although they don't have adequate information and understanding on the issue.

In many cases, steps taken by government agencies and comments made by researchers, academicians and responsible persons give the impression that all the people in the private sector have gone bad and are greedy.

"This creates an anti-business stance although many of the allegations were not based on facts," he said.

He said Bangladesh's economy has come this far also because of the contribution of millions of private sector businesses.

He, however, said dishonest businesses should be brought to justice.

Nasir urged academicians, researchers, regulators, bureaucrats and other stakeholders to talk sensibly on food safety issues.

"The issue of food safety should be dealt in a systematic way."



Shwapno outlets serve more than 50,000 customers every day.

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Japan, US ministers meet for trade talks as hopes for early deal fade

REUTERS, Tokyo

JAPAN and the United States will seek to narrow gaps on trade when their top negotiators meet this week, but hopes for a deal in September are fading as both sides fail to make concessions on agriculture and automobiles, sources say.

Japanese Economy Minister Toshimitsu Motegi and US Trade Representative Robert Lighthizer will hold two-day talks in Washington D.C. from Wednesday, which will be their second meeting this month.

The talks aim to lay the groundwork for a possible meeting between Japanese Prime Minister Shinzo Abe and US President Donald Trump on the sidelines of a Group of Seven summit later this month in France, where the two could discuss trade.

As separate trade talks with China and Europe have made little headway, Trump is keen to clinch an early deal with Japan that would open up its politically sensitive agriculture sector, as well as curbing Japan's US-bound auto exports.

Japan also hopes for a timely deal to avoid being slapped with up to 25 percent tariffs on automobile exports to the United States. Trump threatened to do so on national security grounds in May, but put off imposing the duties by six months.

During previous round of talks, Motegi and Lighthizer had agreed to aim for a broad deal by the time Abe and Trump are scheduled to meet on the sidelines of a U.N. General Assembly meeting in New York in late September.

But progress toward reaching a deal has been slow, Japanese government officials with knowledge of the negotiations say.

"It will be a very tough negotiation," said one of the officials, who spoke on condition of anonymity due to the sensitivity of the matter.

"If there is to be an 'agreement'



REUTERS/FILE

Japan's Minister of Economic Revitalisation Toshimitsu Motegi speaks during the agreement signing ceremony for the Trans-Pacific Partnership (TPP) trade deal, in Santiago, Chile.

we need to have something we can formally announce, which is tough," said another Japanese official, adding that it will be difficult to agree on a deal in September unless Washington makes more concessions.

The US Trade Representative had no immediate comment on the meetings.

The key sticking points are agriculture and automobile.

Under his "America First" policy, Trump has been urging Japan and other trading partners to take steps to fix what he sees as unfair trade imbalances with the United States.

Washington is targeting Japan's auto exports, which account for about two-thirds of the US trade deficit with Japan at roughly 7 trillion yen (\$65.82 billion) a year.

Trump also wants to open up Japan's market for agriculture goods and beef. One demand Washington is making is for Tokyo to cut tariffs on US beef and pork imports.

US beef and pork farmers have been lobbying Trump to push Japan

to agree to the same low tariffs for their products applied to imports from Trans-Pacific Partnership (TPP) signatory countries like Australia and Canada. Trump pulled the United States out of TPP when he took office in 2017.

Japan, on the other hand, wants the United States to cut tariffs on imports of car parts and industrial goods - something Washington is reluctant to.

US auto industry officials said this week the deal is likely to involve Tokyo offering US farmers new access to its market, in return for Washington reducing tariffs on certain Japanese auto parts.

US automakers are also urging the US Trade Representative to include in the deal with Japan a provision prohibiting both countries to engage in currency manipulation.

Japanese officials are opposed to adding such language in the deal, for fear of having their hands tied in battling any unwelcome yen spike that hurts the country's exports.

Alibaba postpones up to \$15b Hong Kong listing amid protests

REUTERS, Hong Kong/New York

CHINA'S biggest e-commerce company Alibaba Group Holding Ltd has delayed its up to \$15 billion listing in Hong Kong amid growing political unrest in the Asian financial hub, two people with knowledge of the matter told Reuters.

Alibaba's Hong Kong-listing plans are being closely watched by the financial community for indications on the business environment in the Chinese-controlled territory and provides a window into Beijing's reading of the situation.

While no new timetable has been formally set, Alibaba could potentially launch the deal as early as October, still seeking to raise \$10 billion-\$15 billion, depending on whether political tensions had eased and market conditions became more favorable, one of the people said.

The decision to postpone the deal, initially set to launch in late August, was taken at a board meeting before Alibaba's earnings release last week, the second person said.

The delay was due to the lack of financial and political stability in Hong Kong, the people added, following more than 11 weeks of frequently violent pro-democracy demonstrations which have plunged the city into turmoil.

Police have fired over 1,000 rounds of tear gas while more than 700 people have been arrested, followed by an unprecedented airport shutdown last week.

Hong Kong's benchmark Hang Seng index fell to seven-month lows last week.

"It would be very unwise to launch the deal now or anytime soon," the first person said. "It would certainly annoy Beijing by offering Hong Kong such a big gift given what's going on in the city," the source added.

Preparations for Alibaba's listing, potentially the world's biggest equity deal this year and the largest follow-on share sale in seven years, have been underway for some time.

Earlier this year, Alibaba, the Yahoo

offshoot holding the company's stake in Alibaba, announced plans to sell up to its entire 11 percent stake - an event Alibaba would want to see completed ahead of its Hong Kong float to stabilize its US trading volumes before investors need to adjust to the two prices that would be available following a Hong Kong listing.

The Alibaba sale has been completed, the second person said.

Both people declined to be identified as they were not authorized to speak to media. Alibaba did not immediately respond to a request for comment outside regular business hours.

Alibaba declined to comment on its Hong Kong deal plans.

The second source, however, said Alibaba views the Hong Kong deal

InBev canceled a planned up to \$9.8 billion Hong Kong IPO of its Asia Pacific unit.

"It won't be too bad for investors as long as Alibaba is going to Hong Kong, sooner or later," said Connie Gu, a tech analyst at BOCOM International.

The delay could in fact temporarily benefit rival Chinese tech stocks such as Tencent Holdings Ltd and Meituan Dianping if it meant investors would hold off withdrawing their capital from those companies in preparation for investing in Alibaba's Hong Kong listing, Gu added.

The city loosened its rules last year specifically to lure overseas-listed Chinese tech giants to list closer to home.

Alibaba would be the first to test the new system.



The company sign of Alibaba Group Holding Ltd is seen outside its Beijing headquarters in China.

REUTERS/FILE

as a way to "diversify its access to capital markets", but not as core to its business. Alibaba "does not see the postponement as a blow", the person added.

Meanwhile, a listing by Alibaba is a big deal for the Hong Kong stock exchange, which is lagging behind its New York rivals in the annual battle to be the leading global listings venue.

Just last month, Anheuser-Busch

Asked last week whether Hong Kong's turmoil would affect Alibaba's listing, Hong Kong stock exchange CEO Charles Li avoided directly acknowledging the company's application, which is still technically confidential.

But Li added: "I am confident that companies like that ultimately will find a home here, because this is home and I think they will come. I don't know when though."