



## Crown Cement Group gets new CEO

**STAR BUSINESS DESK**  
Md Mukter Hossain Talukder has recently been appointed chief executive officer (CEO) of Crown Cement Group. He was previously the group's chief operating officer, said the manufacturer of cement and other construction materials in a statement yesterday. Talukder also served Aman Group, Rangs Group and Social Marketing Company in key positions. He obtained a master's degree on accounting and information science from the University of Dhaka. He is also a fellow chartered accountant of The Institute of Chartered Accountants of Bangladesh.

## Govt allows 500 tonnes of hilsa export to India

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He said only one trader will get the chance to export hilsa to India. The five-day Durga Puja is set to begin on October 4.

# Modi's big tax cut unlikely to spur job bonanza in India

REUTERS, Mumbai/New Delhi

With one eye on flagging demand, businesses in India are likely to bank the government's \$20.4 billion corporate tax windfall rather than unleash the investments that Prime Minister Narendra Modi hopes will create millions of jobs and revive the economy.

The tax cuts, which Modi vowed would woo global private investment and improve India's competitiveness, came as a surprise to investors, many of whom had been complaining that Modi's government was not listening to their pleas for action on the economy.

But while the tax rate cut brings the cost of doing business in India into line with its main Asian rivals, the government giveaway will do little to fix the lack of spending power, economists say.

GDP fizzled to a six-year low of 5 percent in the April-June quarter and India's unemployment rate reached 8.19 percent in August, up from 6.27 percent in the same month last year, according to data from the Centre for Monitoring Indian Economy (CMIE).

Modi is counting on companies to quickly relocate or expand and hire but many businesses will need the cash just to tide them over and won't want to take a risk when demand for everything from cars to biscuits has been hit.

"Hopefully this tax cut will give companies a bit more financial space to maintain operations. For the moment I think this is more about job-saving, not job-creating," said Richard Rossow, an India expert at the Center for Strategic and International Studies.

Economists and finance ministry officials expect India's spending plans to mean it will miss its fiscal deficit target this year and be pushed to borrow. That will pile stress on state finances and make any boost in infrastructure spending, which can be a source of quick employment for rural migrants, unlikely.

Although broadly welcomed by businesses, electronics manufacturers are so far among the few to indicate the tax cuts would be enough to trigger investment

as they seek to hedge their bets amid the China-U.S. trade war.

"The psychological stimulus from this 'New Deal' will be higher than the fiscal stimulus," said V.K. Vijayakumar, chief investment strategist with Geojit Financial Services.

With an estimated 1.2 million youth entering India's labour market each month, Modi has made job creation a priority in his 'Make in India' plan, but manufacturing has been sluggish.

India's auto sector has laid off about 350,000 workers this year, while Parle Products, a major Indian biscuit maker, recently warned it may shed some 10,000 workers.

Jewellery designer Shaji Balan said he was laid off in June after his employers sold their factory. The father of three secured another job, but it pays half of what he used to earn, so he has joined the gig economy delivering food for online service Swiggy.

"Too many people are jobless. Why are companies shutting down?" said Balan.

Although markets surged after the tax announcement on Friday they have already given back some gains, with investors waiting to see if there is more to come.

"Further structural reforms to the labour market, land acquisition and regulatory environment," would help generate sustainable growth, said Arnab Das, global market strategist at Invesco in London.

Economists and business leaders who see low wages and depressed crop prices as playing big parts in India's economic slowdown would have preferred measures to stimulate consumption.

The tax cut "is a welcome move by the government," said Mayank Shah, category head at biscuit maker Parle, but he added that a goods and services tax (GST) cut to reduce prices for consumers would have had a more significant impact.

At least some of the unemployment growth, business leaders say, is tied to two of Modi's major economic reforms from his first term - demonetisation to tackle unaccounted wealth and the nationwide rollout of a goods and services tax - both of which caused short-term pain with the promise of long-term gain.



**Md Miarul Haque, country manager for DHL Express Bangladesh, and Feroz Jahangir, chief operating officer of DHL Global Forwarding Bangladesh, pose with students of Fatima Jinnah Government Primary School on its premises in Dhaka on Tuesday marking Global Volunteer Day 2019. DHL organised a training on arts and crafts for the student in partnership with non-government organisation Teach for Bangladesh.**

## VW workers applaud chairman despite indictment

REUTERS, Hamburg

Volkswagen workers applauded Chairman Hans Dieter Poetsch at a mass meeting of employees at its headquarters on Wednesday, according to a participant, as staff appeared to close ranks behind its senior managers, three of whom have been indicted.

German prosecutors have accused Poetsch as well as the carmaker's current Chief Executive Herbert Diess and former CEO Martin Winterkorn of holding back market-moving information on rigged emissions tests four years ago, raising the prospect of more upheaval at the company just as it tries to reinvent itself as a champion of clean driving.

The VW supervisory board was due to meet on Wednesday following the indictments. The mass staff meeting at the company's Wolfsburg base had been long scheduled and is part Volkswagen's normal agenda where such meetings usually take place every three months.

## Sri Lanka forces lending rate cuts on all banks

AFP, Colombo

Sri Lanka's main financial regulator Tuesday ordered local and foreign banks to slash lending rates in an unprecedented move as the economy struggled to recover from the Easter attacks.

The Central Bank of Sri Lanka said it ordered all commercial banks to reduce lending rates by a minimum of 200 basis points within three weeks.

It comes weeks after the government complained that lending rates had not kept pace with sharply lower deposit rates that fell by over 250 basis points since the April attacks, when hundreds were killed in suicide bombings.

Banking experts said it was the first time since the inception of the central bank in 1950 that it had resorted to imposing a mandatory ceiling on lending rates. Average lending rates are currently around 13 to 15 percent, while the country's inflation had slowed to 2.2 percent in July.

Last month the Central Bank cut its main lending rate for the second time in three months, hoping to help the

struggling economy.

The Central Bank said the rate at which it lent to commercial banks was reduced by 50 basis points to 8.0 percent, and added that the 50-basis-point cut in May had not translated into cheaper credit for consumers.

Sri Lanka's economic growth slowed to 3.2 percent last year, but it had been expected to pick up in 2019 -- until the devastating attacks by a homegrown jihadist group.

The finance ministry expects growth to be around 3.00 to 3.5 percent this year as the tourism sector made a faster than expected recovery after the Easter bombings.

Revenues from tourism -- one of the country's biggest incomes -- were expected by the finance ministry to plunge \$1.5 billion this year because of cancellations by foreign tourists after the bombings, but the industry anticipates a much smaller drop.

The International Monetary Fund released a delayed loan installment to Sri Lanka following the bombings, helping government efforts to stabilise the economy.

## Bangladesh to clock highest growth in Asia this year

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The framework must have transparent financial system, good governance as well as skilled manpower, human capital, infrastructure and incentives, all of which encourage investors.

He further said the ease of doing business is important for private investment growth.

Soon Chan Hong, senior economist at ADB's Dhaka office, said the ongoing reforms, including establishment of a one-stop service for private investment and efficient budget spending, especially to develop infrastructure, will help Bangladesh achieve higher growth this fiscal year.

However, he forecast that inflation will edge up to 5.8 percent from 5.5 percent in 2020 on upward adjustments to domestic gas prices, higher price of goods and services due to expansion in value-added tax coverage, and the depreciation of the taka against the US dollar.

In fiscal count, revenue shortfall is expected to be offset by lower public spending, holding the budget deficit under the ceiling of 5 percent of GDP, he said.

Hong is optimistic about the continuing strong growth at 10 percent benefiting from trade redirection arising from the US-China trade conflict this fiscal year.

"Bangladesh should highly concentrate on export diversification and explore new markets such as Canada and Australia."

He forecast that import growth will be 9 percent higher in 2020, thanks to fast-tracking of the implementation of large infrastructure projects, boosts in capital equipment and raw material import, and the rise in new imports of liquefied natural gas.

Food imports continues to be lower, assuming a good harvest and revival of rice import duty, he said.

India will grow at 7.2 percent and Vietnam 6.7 percent, the bank said.



**Md Mahmudul Kabir, an executive director at Building Technology and Ideas Ltd (bti), and Syed Rafiqul Haq, deputy managing director at Mutual Trust Bank Ltd (MTB), exchange the signed documents of a deal at the latter's corporate head office in Dhaka recently. The duo's clients can now avail discounts on flats and home loans.**

## Onion price still high in India

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Prices in Bangladesh surged overnight after traders hiked rates in the wake of restriction imposed by India on shipments of the tuber to other countries to contain its domestic prices.

Bangladesh meets a portion of its annual demand through imports for inadequate domestic production.

Indian Consumer Affairs Minister Ram Vilas Paswan tweeted yesterday that the government has adequate stocks and asked state governments to take as much as they wanted.

The Indian government is improving supply in the domestic market by offloading its buffer stock, which stands at about 50,000 tonnes, out of which 15,000 tonnes have been released.

Paswan said the Indian government has so far released 1,850 tonnes to Tripura, 2,000 tonnes to Haryana and 960 tonnes to Andhra Pradesh at the rate of Rs 15.59 per kg. These states will sell to consumers at a maximum rate of Rs 23.90 per kg.

On Tuesday, the minister had indicated that the government would consider imposing stock limit on traders if current high price situation continues in the coming days.

## Unit-holders want conversion, fund manager opposes

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They carried this out via block trade or market intermediaries concealing their identities with malicious intent to engage in price manipulation and/or remove LR Global for personal gains, it said.

It also said EDGE Asset Management and affiliates coordinated with other parties, including VIPB and IDLC Asset Management in the procedure.

"IDLC Investments is also involved in the process," alleged Reaz Islam, managing director and CEO of LR Global Bangladesh Asset Management, while talking to journalists at his office on Tuesday.

LR Global manages six closed-end mutual funds, but they are buying only two funds although all the funds have the same NAV, he said, adding that they were involved in insider trading and price manipulation.

However, Islam said, there was no

scope now to convert the DBH fund into an open-end one after it got extension on August 21.

Islam alleged that VIPB's open-end funds own 27 percent of illiquid LR Global-managed funds and there was no secondary market for these instruments, including the DBH and Green Delta funds.

Shahidul Islam, chief executive officer of VIPB Asset Management, said they have been buying the units of the mutual funds for about five years as its discount rate was very lucrative.

"We invested in the mutual funds considering their disclosed NAV and underlying assets. But no insider trading was involved," he said.

"We have stakes in their other funds as well but the two funds' tenure was to end within a very short time. So, we invested in these two funds though the government extended the tenure for another 10 years last year," the

asset manager said.

"Like other institutions, we want the funds to be converted to open-end ones because we believe that is good for all the investors. Also it is good for the fund manager," he said.

In September last year, the stock regulator gave nod to the extension of the tenure of closed-end mutual funds. "I don't oppose the extension. I only want to convert the fund into open-ended," said Shahidul Islam.

Edge Asset Management CEO Ali Imam said he invested in the units seeing lucrative price compared to NAV.

"We want to convert the fund into open-ended for the sake of our unitholders," he said, adding that unitholders could exercise the related BSEC rule anytime. Rajib Kumar Dey, managing director of IDLC Asset Management, and Md Moniruzzaman, managing director of IDLC Investments, echoed the same.

## BTRC may waive GP-Robi's late fees

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This prompted the finance minister to call a meeting with Grameenphone Chief Executive Michel Foley last week.

At the meeting, Foley informed Kamal that the stock will continue to sink if its regulatory issues prolong, which alarmed the finance minister.

As soon as his meeting with Foley wrapped up, Kamal summoned Jabbar, Bhuiyan and top BTRC officials to his office to work out an amiable solution to the deadlock.

The finance minister reiterated that the mobile operators will withdraw their cases and the government too will not move legally with the matter.

Robi and Grameenphone filed two cases with a Dhaka court earlier on August 25 and 26 respectively seeking permanent injunctions against the telecom regulator's audit claims.

BTRC too had threatened to cancel the two operators' 2G and 3G licences over nonpayment of the dues.

The two operators have 12.36 crore active mobile connections, which is 76 percent of the country's total.



**Syed Alamgir, managing director of ACI Consumer Brands, launches ACI Pure Flour Ltd's oats mixed flour Nutralife Atta Oats Plus at ACI Centre in Dhaka recently.**



**Muhammed Shawkat Jamil, managing director of United Commercial Bank (UCB), launches prepaid cards Payroll, Corporate Travel and Expense and International Prepaid at the bank's head office in Dhaka on Tuesday.**