



Bangladesh Development Bank gets new CEO

STAR BUSINESS DESK

Kazi Alamgir has recently joined Bangladesh Development Bank as managing director and chief executive officer.

He is a former managing director of Rajshahi Krishi Unnayan Bank and deputy managing director of Karmasangsthan Bank, says a statement.

Obtaining an MSc degree in soil, water and environment science and an MBA (banking) degree from the University of Dhaka, Alamgir started his banking career at Agrani Bank as a senior officer in 1986.

Work abstention at 16 Ctg private jetties

STAFF CORRESPONDENT, Ctg

Work abstention by a group of water transport workers has been hampering the unloading of goods from lighter vessels at 16 private jetties along the Karnaphuli river since yesterday morning.

Bangladesh Noujan Sramik Odhikar Songrokkhon Oikya Parisad announced the work abstention to press home its 11-ponit demand, at a press conference in Dhaka on November 24, said Syed Shahadat Hossain, the convener of the Parisad.

Hossain, also the general secretary of a faction of Bangladesh Lighter Workers Union, claimed that lighterage workers stopped unloading goods at most of the 16 private jetties in Sadarghat and Majhirghat area.

Mahbub Rashid, executive director of Water Transport Cell, a private organisation that allocates lighter vessels, said there was no impact of the work abstention.

Nabi Alam, vice president of another faction of Bangladesh Lighter Workers Union, said they do not support the work abstention.

“Actually, our federation Bangladesh Noujan Sramik Federation earlier announced to start indefinite work abstention from November 30 but a group of leaders who were ousted from our organisation formed a new platform and has recently started this sudden strike.”

The Oikya Parisad leaders were in a meeting with the high officials at the labour ministry till filing of this report at 8.30pm yesterday.

Audi to slash 9,500 jobs in Germany by 2025

AFP, Frankfurt

German luxury carmaker Audi said Tuesday it planned to slash 9,500 jobs in Germany by 2025 as part of a massive overhaul to help finance a costly switch to electric vehicles.

The job cuts will be achieved through an early retirement programme and natural turnover at its two German plants, the company said in a statement.

At the same time, the Volkswagen subsidiary said it would create 2,000 new jobs in the areas of electromobility and digitisation as it pivots to the smarter, cleaner cars of tomorrow.

The shake-up comes as Audi, like other carmakers, grapples with slowing demand in a weaker global economy, tougher pollution rules and the huge investments needed for the battery-powered era.



BKASH

Soumya Basu, director for business development for South Asia of Visa; Ali Reza Iftekhar, CEO of Eastern Bank; Kamal Quadir, CEO of bKash; Mizanur Rashid, chief commercial officer of bKash, and M Khorshed Anowar, head of retail and SME banking of the bank, attend a programme at a hotel in the capital recently when Visa credit card bill payments were enabled through bKash.

Air India will have to close if not privatised: minister

REUTERS, New Delhi

India's state-run airline will have to cease operations if it is not privatised, the country's junior minister for civil aviation said in parliament on Wednesday, in response to a lawmaker's question on the subject.

A group of officials, including India's home and finance ministers, is finalising the process of inviting bids from the private sector for the loss-making national carrier. The company has lucrative landing slots in India and across the world, but has been a burden on the exchequer for years.

Officials are still deliberating over some details, said junior civil aviation minister Hardeep Singh Puri. Once they are finalised, the government will invite bids, he said, adding that India is committed to selling the company.

Last year it failed to attract any bidders when it tried to sell a 76 percent stake in the airline and offload about \$5.1 billion of Air India's debt.

It is now re-evaluating some of the terms and is open to selling the airline in its entirety, Puri said in a written response to a separate question in

parliament today.

It is also significantly reducing its debt to make it more attractive.

One of the biggest hurdles however is its large number of employees - Air India has about 9,400 permanent staff and 4,200 contract workers.

Puri said in parliament that the government is committed to securing a deal that is favourable for the employees.

“The government is committed

to the strategic disinvestment of Air India,” Puri said in a written response to a further question in parliament on the same subject on Wednesday.

“Any further financial support in a mature and competitive aviation market would not be the best use of scarce financial resources of the government,” he added.

“Air India would have a status on a par with other designated carriers of India, post-disinvestment.”



REUTERS/FILE

An Air India Airbus A320 neo plane takes off in Colomiers near Toulouse, France.



SOCIAL ISLAMI BANK

Md Anwarul Azim Arif, chairman of Social Islami Bank, cuts a ribbon to open a branch at Patiya in Chattogram yesterday. Quazi Osman Ali, CEO, was present.

Sanofi to pay staff gratuity, provident fund before exit

FROM PAGE B4

“We have already expressed our interest in buying the shares,” he said.

To begin with, the ministry does not want the French multinational to pack up its Bangladesh operations as it has been performing well here, said the secretary.

Secondly, if they do finally leave, the BCIC wants to buy the remaining shares to maintain the quality of its medicine and for retaining the employees, he said.

However, the negotiation is still at a very primary level, said Halim.

During the conversation, Sanofi's top officials said they wanted to leave for strategic reasons despite being a profitable company over the years.

The officials included Charles Billard, chief financial officer for South Asia, Paul Martingell, head of Asia, Philippe Beaufils, head of strategic project-industrial platform, Rampasad Bhat, country chair, and Muin Uddin Mazumder, managing director.

Sanofi Bangladesh's documents show that it logged in profits of Tk 42.12 crore last year, up 13.62 percent year-on-year.

Over the last couple of years the year-on-year increase in its turnover ranged from 5 percent to 7 percent, according to Mazumder.

The exit though is a massive blow to the government at a time when it is earnestly looking to attract foreign direct investment.

Sanofi's top management announced that it will be sold out with the employment guarantee clause so that some 1,100 employees need not lose their jobs.

Sanofi's share in the country's pharma market is below 2 percent and in this context it ranks the 17th among the local medicine manufacturers.

Over the last four months employees of Sanofi along with their family members and union leaders have been organising press conferences, rallies and human chains in Dhaka and at its Tongi factory opposing the company's sale.

The employees said the closure of the 60-year-old Sanofi Bangladesh would create a huge problem for its 1,100 workers. More than 5,000 people are directly involved with the company, if the family members of the employees are considered, they said.

Defaulted loans hit all-time high

FROM PAGE B1

“Defaulted loans will increase further in the days ahead if the ongoing trend continues.”

At the turn of the year, defaulted loans totalled Tk 93,911 crore. But as the rumours started spreading that the central bank plans to extend a host of facilities to loan defaulters, many stopped paying instalments hoping to avail the benefits.

The rumours were confirmed on May 16 when the BB unveiled a set of extraordinary facilities for the defaulters.

As per the new policy, defaulters are allowed to reschedule classified loans by providing only 2 percent down payment, instead of the existing 10-50 percent.

A maximum 9 percent interest rate is levied on the rescheduled loans, lower than the existing 12-16 percent. The time for repayment was also generously set at 10 years with a grace period of another year.

The policy says the accrued interest on the defaulted loans could be waived, based on a bank's relationship with a client, and the defaulter could only pay the principle amount and the new 9 percent interest rate.

The move came hot on the heels of the BB's attempt to ease the loan classification rules, including giving borrowers more time to pay off instalments and relaxing the loan write-off policy.

These facilities have just inspired the delinquent borrowers not to repay their loans to banks, Khaled said.

“No country in the world encourages defaulters. But this is not applicable to our country.”

For instance, China confiscates the passport of defaulters the instant a borrower enters the defaulted zone, Khaled said.

The new policies have also created

moral hazard as the habitual defaulters are rescheduling their NPLs in a relaxed manner, he said.

The defaulted loans may go down in the coming quarters because of the new policies, but the trend will not be sustainable in the long-run, Khaled said.

BB data showed more than 50 percent of the defaulted loans were with the eight state-run banks. As of September, the eight banks had Tk 59,622 crore defaulted loans, up 11.47 percent from that nine months ago.

Forty-one private banks held defaulted loans of Tk 54,574 crore, up 43 percent from that three quarters ago.

“The rise in the defaulted loans has created crisis in the private sector. The credit growth in the sector has come down alarmingly in recent periods,” said Salehuddin Ahmed, a former governor of the central bank.

He said banks have been facing an unabated liquidity crisis as a large amount of their funds are stuck with the defaulters.

Small and medium entrepreneurs are suffering because of the large volume of the NPLs as they don't get loans, Ahmed said.

“We have to arrest the defaulted loans at any cost in the interest of the financial sector,” said Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, a forum of managing directors of private banks.

“The continuous upward trend of the defaulted loans is not a good indicator at all. The authorities should make an all-out effort to tackle NPLs.”

The high ratio of NPLs has led to an increase in the cost of doing business as well, Rahman said.

US consumer confidence ebbing

REUTERS, Washington

US consumer confidence fell for a fourth straight month in November amid worries about current business conditions and employment prospects, but remained at levels sufficient to support a steady pace of consumer spending.

Another report on Tuesday showed an unexpected drop in new home sales last month, but data for September was revised higher to show purchases hitting their highest level in over 12 years.

The housing market, the most sensitive sector to interest rates, is catching up to the Federal Reserve's easy monetary policy stance, which has pushed down mortgage rates from last year's multi-year highs.

Though housing accounts for a fraction of gross domestic product, it has a bigger economic footprint. The rise in housing activity early in the fourth quarter together with a narrowing in the trade deficit suggest some support for the economy as it slows amid cooling consumer spending and persistent weakness in business investment and manufacturing.

Revenue, job creation dismal despite high GDP growth

FROM PAGE B4

On governance and institutional reform, the report said despite all the efforts, institutional development took place in an extremely slow process.

Policy initiatives are underway in all these areas but a big push is needed to strengthen the underlying institutions.

The strengthening of the financial sector is an immediate priority and with a strong political will, this can be achieved.

Speaking at the report launching, Planning Minister MA Mannan said overall development has improved and growth of GDP and per capita income increased during the period. According to him, 95 percent of the people have been brought under electricity coverage.

HT Imam, political affairs adviser to the prime minister, said 5 crore to 6 crore people are getting benefit from the social safety net programmes.

According to the report, rapid growth and progress in human development have allowed Bangladesh to sharply reduce poverty and secure the lower middle-income status in 2015. In 2018, Bangladesh met the thresholds to graduate from the least developed country status and is now on course to formally becoming a developing country by 2024.

“Going forward, while graduation out of the LDC status inspires hopes of greater prosperity, the transition also comes with the potential of economic shocks unless we make an assessment of possible countrywide impacts and make timely preparation for addressing any emerging challenges.”

About the private sector investment, the report said at the start of FY15, it was virtually stagnant at about 19 percent, prompting the government to aim to break out of the stagnation and target to raise it to 25 percent of the GDP.

“In reality, the increase was limited to only 2.4 percentage points and that was also primarily due to a revision in the base for the national accounts.”

The report said progress is mixed in energy diversification. On the positive side, good progress has been made in securing energy trade agreements with India. “But progress in diversifying the sources of primary energy has been weak. As a result, the fuel mix targets for power generation will be missed by a large margin.”

“The biggest policy debate has been the inability to adopt a comprehensive coal policy that has virtually stopped domestic coal extraction.”

Salman F Rahman, adviser to the prime minister on private industry and investment, also spoke.

Tk 110cr project to connect 772 unions with broadband

FROM PAGE B1

Finance Minister AHM Mustafa Kamal, chairman of both the committees, shared the information with journalists after the meeting.

Earlier, a team of the Asian Development Bank (ADB), including its Country Director Manmohan Parkash and Mission Leader Pierre Van Peteghem, met with the minister and expressed their interest to introduce a bond for corporate houses.

The bond will be in taka to cushion investors against the impact of sudden change in exchange rates.

The ADB leaders also expressed their willingness to finance the interested investors who want to establish their plants in different economic zones of Bangladesh.



NCC BANK

Mosleh Uddin Ahmed, CEO of NCC Bank, and Md Muiz Tasnim Taqui, associate vice president of Ernst & Young, exchange the signed documents of a deal at the former's head office in Dhaka last week for conducting the bank's “IT Security Assessment”.

India extends time for mandatory use of jute bags

FROM PAGE B4

Nearly 3.7 lakh workers and several lakh farm families are dependent on the jute sector for their livelihood.

The Indian jute industry is largely dependent on the government which purchases jute bags worth over Rs 7,500 crore every year to pack foodgrains.

With a view to boosting demand in the jute sector, India has imposed definitive anti-dumping duty on import of jute goods from Bangladesh and Nepal with effect from January 5, 2017.

Other government support to the jute industry includes intervention to improve the productivity and quality of raw jute called Jute ICARE.

The government has been supporting approximately two lakh jute farmers by disseminating improved agronomic practices such as line sowing using seed drills, weed management by using wheel-hoeing and nail-weeders, distribution of quality certified seeds and also providing microbial assisted retting.

These interventions have resulted in the enhancement of the quality and productivity of raw jute and increased income of jute farmers by Rs 10,000 per hectare.