Dev partners should reform process to give assistance

Debapriya Bhattacharya says

Star Business Desk

Development partners need to bring reforms in their assistance processes if they want to respond to the dramatic shifts in the global landscape, Debapriya Bhattacharya, a distinguished fellow of the Centre for Policy Dialogue (CPD), said yesterday.

He emphasised the need for embedding recipient countries' perspectives in the reform agenda by taking into account ground realities regarding the demand for and use of foreign development finance.

This would entail launching a new global conversation based on real time knowledge and evidence with balanced participation of the southern and northern providers as well as new actors of development cooperation, including the private sector and philanthropists, he said.

It has also become important to relate the concerns for development effectiveness to the delivery of the Sustainable Development Goals, underscored Debapriya, a member of the United Nations Committee for Development Policy.

He was presenting a keynote paper titled "Towards a New Conversation on Development Effectiveness" at the opening session of the "2019 Busan Global Partnership Forum: Revitalizing the Global Partnership for the Attainment of the SDGs" in Seoul, South Korea.

The forum was jointly organised by the UNDP-OECD managed "Global Partnership for Effective Development Co-operation" and the South Korean foreign affairs ministry, the CPD said in a press release yesterday. Finance Minister AHM Mustafa Kamal co-chaired the forum.

The Busan Forum, launched in 2011, brings together high level policymakers and practitioners from all over the world to share experiences with a renewed sense of commitment to the "Principles for Effective Development Cooperation".

The principles are shared ownership, focus on results, partnership, transparency and mutual accountability. Tae-ho Lee, South Korean vice minister for foreign affairs, welcomed the forum participants.

The forum's co-chairs Kamal and Elysée Munembwe Tamukumwe, vice prime minister of the Democratic Republic of Congo, delivered the introductory remarks.

CPD

AHM Mustafa Kamal, *seated fourth from left*, finance minister, and Debapriya Bhattacharya, *seated third from left*, a distinguished fellow of the Centre for Policy Dialogue, attend the opening session of the 2019 Busan Global Partnership Forum in Seoul, South Korea yesterday.

German chemical firms see weak growth in 2020

Afp, *Frankfurt*

Germany's key chemicals industry on Tuesday said it expected only a small increase in revenues next year after a "difficult" 2019, as headwinds from trade wars and a darkening economic outlook persist.

German chemical and pharmaceutical firms saw revenues shrink by 5.0 percent this year to 193 billion euros ($213 billion) -- below the symbolically important 200-billion-euro level.

Production meanwhile plummeted by 7.5 percent year-on-year, the VCI industry federation said.

"2019 was a difficult year for the chemical and pharmaceutical industry," the industry body said in a statement.

Foreign demand suffered from "the global economic slowdown and trade conflicts between the United States and China".

At home, there was less demand from industrial customers amid wider manufacturing woes in Europe's powerhouse economy. Chemicals are Germany's third-largest industrial sector, and its products are vital inputs for many manufacturing processes in other industries.

The VCI represents 1,700 firms ranging from giant multinationals like BASF and Bayer to tiny family companies, together employing over 460,000 people.

Brazil's economy grows 0.6pc in third quarter

Afp, *Rio De Janeiro*

Brazil's economy -- Latin America's largest -- picked up pace in the third quarter, official figures showed Tuesday, beating expectations and offering relief to President Jair Bolsonaro who has made reviving growth a priority.

After stalling in the first three months of the year, the economy has now had two consecutive quarters of growth, the statistics agency said, steering clear of a recession that had seemed likely only months ago.

Gross domestic product expanded by 0.6 percent in the July-to-September period, compared with the revised 0.5 percent in the previous three-month period.

It rose 1.2 percent from the same quarter last year.

An initial reading showing the economy contracted by 0.2 percent in the first quarter has also been revised to zero.

The third-quarter figure beat expectations of analysts surveyed by the Brazilian economic daily Valor, who had predicted 0.4 percent growth.

Driving the acceleration was agriculture, industry and services, which grew 1.3 percent, 0.8 percent and 0.4 percent, respectively, from the previous quarter.

Bolsonaro tweeted that the results showed "we're on the right path," referring to the ambitious economic reforms his ultraconservative government has been pushing through Congress since taking power in January.

Bolsonaro's government and outside analysts both anticipate 1.0 percent growth for 2019, edging down from 1.1 percent in 2017 and a revised 1.3 percent in 2018.

That will be too little to put a dent in unemployment which currently affects 12.4 million Brazilians. But analysts expect stronger growth next year, and have raised their 2020 GDP estimates to 2.2 percent from 2.0 percent.

After cutting interest rates to a new historic low of 5.0 percent in October, the central bank said it expected "some acceleration" in growth in the fourth quarter.

The figures come after US President Donald Trump announced plans Monday to reimpose tariffs on steel and aluminum from Brazil and Argentina, apparently blindsiding Bolsonaro, who considers himself an ideological ally of the Republican leader.

REUTERS/FILE

People queue to apply for a job announced during a weekly job fair in Rio de Janeiro, Brazil.

Irrational collection targets put bankers on edge: study

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As part of the move, the banking regulator has already taken different initiatives, including introduction of a six-month maternity leave for women employees and offering facilities for day care centres, he said.

"As per my understanding, the main reason of employee stress is that they don't talk about their problems or share issues with others," he said.

This hesitation can be removed if a counsellor can be appointed in every bank with whom the employees can share their feelings, he said.

The counsellor will then guide them to overcome the issues they are facing in their professional or personal life, said Moniruzzaman, also chairman of BIBM's executive committee. Irrational target should not be imposed on bank employees, said Helal Ahmed Chowdhury, a supernumerary professor of the BIBM.

Lenders should arrange workshop on a regular basis to hone their workplace skills, he said.

Banks should frame policy and guidelines relating to promotion and incentive, said Chowdhury, also a former managing director of Pubali Bank.

A tremendous competition is prevailing among banks, creating stress on their employees, said Md Anwarul Azim Arif, chairman of Social Islami Bank.

"Illogical pressure should not be imposed on anyone to fulfil the targets. And such burden does not bring good result," said Arif, also a former vice chancellor of Chittagong University.

Md Obayed Ullah Al Masud, managing director of Rupali Bank, said the target for deposit collection should not be mandatory for all employees.

"Such decision is not good at all. And banks should create dedicated teams to collect deposits. Time-befitting plans for human resource management can reduce stress on employees."

Bids for 'oversubscribed' Saudi Aramco IPO to conclude

Afp, *Riyadh*

Saudi Aramco is set to conclude Wednesday the bidding period for what is expected to be the world's biggest share sale, with the energy giant pinning its hopes on regional sovereign investors.

The world's most profitable company is seeking to raise up to $25.6 billion -- a fraction of the $100 billion it once sought -- from its much-delayed initial public offering that is heavily focused on domestic and Gulf investors.

The sale of 1.5 percent of the energy giant has so far been oversubscribed, financial advisers say, with bidding for institutional investors set to close at 1400 GMT on Wednesday.

Retail subscriptions, which concluded last week, reached $12.6 billion with almost five million subscribers, advisers said.

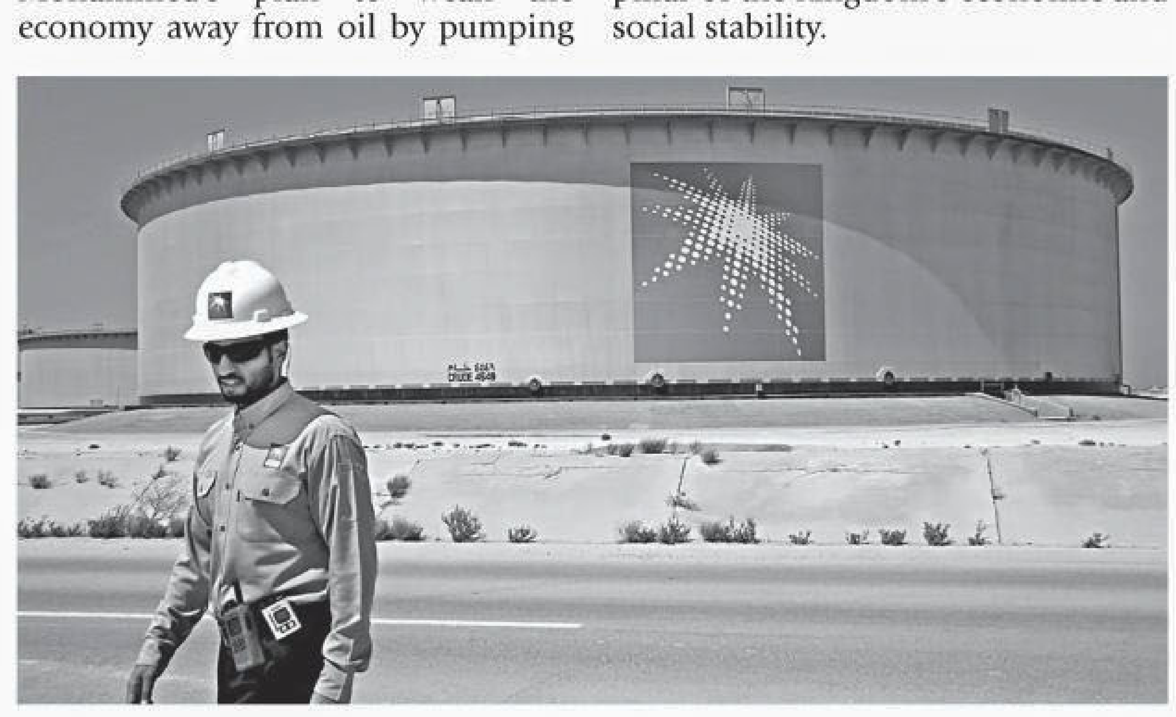
The share sale is on course to beat Chinese retail giant Alibaba's $25 billion world-record IPO of 2014, but "the proceeds would barely cover the kingdom's budget deficit for a year", Capital Economics said.

International investors have baulked at Aramco's valuation of between $1.6 trillion and $1.7 trillion -- a figure still well short of the valuation of $2 trillion targeted by the kingdom's de facto ruler, Crown Prince Mohammed bin Salman.

Amid tepid demand, Aramco executives have cancelled IPO roadshows in the United States and Europe. However Gulf ally Abu Dhabi plans to stump up as much as $1.5 billion, while the Kuwait Investment Authority will invest $1 billion, Bloomberg News reported.

Saudi Arabia has pulled out all the stops to ensure the success of the IPO, a crucial part of Prince Mohammed's plan to wean the economy away from oil by pumping funds into megaprojects and non-energy industries. Saudi banks have offered citizens easy "IPO loans" and nationalists have called for investment as a patriotic duty.

Aramco also dangled sweeteners for local investors, including promises of higher dividends and the possibility of bonus shares if they hold on to the stock. The economic jewel of Saudi Arabia produces about 10 percent of the world's oil and is considered the pillar of the kingdom's economic and social stability.



REUTERS/FILE

An Aramco employee walks near an oil tank at Saudi Aramco's Ras Tanura oil refinery and oil terminal in Saudi Arabia.

India to launch first debt exchange-traded fund

Reuters, *New Delhi*

India will launch its first debt exchange-traded fund (EFT) comprising debt of state-run companies, Finance Minister Nirmala Sitharaman said on Wednesday, in a bid to allow retail investors to buy government debt.

"It will be the first corporate ETF, which will provide additional money for PSUs (public sector undertakings) as well as other government organisations," Sitharaman told reporters, after the proposal was approved by the cabinet chaired by Prime Minister Narendra Modi.

The ETF, called Bharat Bond ETF, will have a fixed maturity of three and ten years and will trade on the local stock exchange. It will invest in a portfolio of bonds of state-run companies and other government entities, a government statement said.

Retail investors will be able to invest in the bonds with as little as 1,000 rupees ($14), it said.

The move reflects Modi's push to ease rules for state companies to raise funds through debt instruments and further develop domestic capital markets.

"It is a positive development for retail investors," said A. Prasanna, head of fixed income research at ICICI Securities Primary Dealership in Mumbai.

"Compared to existing options, the new ETF will have a lower fees and better tax treatment," he said, adding it was unlikely to have a big impact in the short term on corporate bond market.

India has so far allowed only equity ETFs, and the government raised nearly 144 billion rupees ($2 billion) through ETFs in the 2019/20 fiscal year beginning April.

In general, ETFs have become a popular investment vehicle for investors because they allow them to invest in a diverse collection of assets. According to government estimates, India's state-run social security fund, Employees Provident Fund (EPFO), has invested about 870 billion rupees in ETFs.

Zaheen Spinning stocks fly high on rumours

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The spinner's earnings per share fell 64 percent to Tk 0.10 year-on-year in the first quarter of the current fiscal year, DSE data showed. Hossain said their cost of production rose due to higher prices of energy, which brought down the company's production and earnings.

"We are facing problems because of low pressure of gas and a shortage of electricity."

The company's earnings also fell in the last quarter of fiscal 2018-19. Its dividend halved in the year.

In November, the spinning mill declared 5 percent stock dividend for the last fiscal year, the lowest in four years and down from 10 percent a year ago.

The fall in the dividend payment below 10 percent will drag it down to "B" category share from "A" now. Its trading also halted on some occasions in the last eight days as there was no seller of the stock.

Saifur Rahman, spokesperson of the Bangladesh Securities and Exchange Commission, said the company is under the scanner. "If anyone is found to be breaching rules in order to push up the stock's price, we will take steps."

The company's stock prices moved between Tk 4.90 and Tk 13 in the last one year.

Tk 250cr RMG investment plan stuck in limbo

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Since then, the garment factory owners, especially in Gazipur, Ashulia, Savar and Tongi areas, have been complaining that they are facing troubles in obtaining permissions from Rajuk to setup new units.

"Bangladesh Garment Manufacturers and Exporters Association received no written complaint in this regard so far, but verbally some owners have discussed about the issue. Thus, no meeting with Rajuk was held in this regard," said Rubana Huq, president of BGMEA.

"Our suggestion is the revised DAP must be approved as soon as possible to avoid confusion."

On the other hand, Sultan Ahmed, chairman of Rajuk, said if any factory owner submits the documents following the revised strategies of land use, mapping and design, they will get it easily.

"We will take action if there is such specific complaint with the Rajuk," Ahmed told The Daily Star by phone.

But, nobody needs to go through the backdoor or paying bribes to any official of the Rajuk, he said adding, "Anybody can come to the me if he wants. I will solve his problem. I will suggest please come to me I can solve the problems."

Of the total number of garment and textile factories in Bangladesh, nearly 60 percent are located at Gazipur, Ashulia, Maona, Bhaluka, Savar, Tongi and Mirpur areas.

The factory owners chose the high land of these areas when almost all units had gone under water due to massive flood in 1988.

So, these areas have turned into metropolis as the owners built factories and houses for millions of workers.

SEVEN RINGS CEMENT

Seven Rings Cement directors Tahmina Ahmed and Brig Gen (retd) Ahmed Muktadir Arif attend the company's "Dealer Conference 2019" at the Grand Sultan Tea Resort & Golf at Sreemangal in Moulvibazar recently.

Foreign investor sues BSEC over mutual fund tenure extension

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The City of London Investment Management Company (CLIM) filed the writ petition on October 21.

In it, the CLIM said the fund manager did not seek unitholders' approval of the extension, which was a violation of rule 50B of the Bangladesh Securities and Exchange Commission (Mutual Fund) Rules, 2001.

Moreover, the extension contradicted what is stated in the fund's prospectus, it said.

According to the Bangladesh Securities and Exchange Commission (BSEC) rules, the tenure of a closed end mutual fund will have to be fixed before the scheme can be announced.

If a fund manager wants to extend the tenure later on, it will have to hold a vote among unitholders through an extraordinary general meeting and get three-fourths of the votes in its favour, the rule adds.

The fund's prospectus states its tenure to be of 10 years and mentions that the voting rule would come into effect for any tenure extension.

Moreover, on January 24, 2010, the stock market regulator fixed the tenure of all closed end mutual funds at 10 years "realising the benefits of investors and development of the capital market", said its circular.

However on September 16 last year, the BSEC extended the tenure of closed-end mutual funds by another 10 years following calls from some asset management companies.

This led to many asset managers extending their funds' tenure.

On August 5 this year, Bangladesh Race Management Private Company decided to extend EBL First Mutual Fund's tenure by another 10 years.

The tenure extension was a blow for the CLIM as it had invested in it with hopes of getting the profits through the fund's liquidation this year.

So immediately after the tenure extension, the CLIM sent a legal notice to the stock market regulator, Bangladesh Race Management Private Company and the ICB before suing them.

Saifur Rahman, spokesperson of the BSEC, said any investor can exercise his/her right of filing a writ petition. "Our law department is working on it," he added.

The HC bench comprised Justice Moyeenul Islam Chowdhury and Justice Khandaker Diliruzzaman.