

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
As on Monday								As on Monday				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▲ 0.42%	▲ 0.13%	\$1,515.23	\$68.44	▼ 0.73%	Closed	▲ 0.01%	▲ 0.33%	83.95	93.19	109.46	0.75	
4,452.93	8,187.91	(per ounce)	(per barrel)	41,253.74		3,222.83	3,050.12	BUY TK	84.95	96.99	113.26	0.79

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Depositors up in arms over 6pc interest

AKM ZAMIR UDDIN

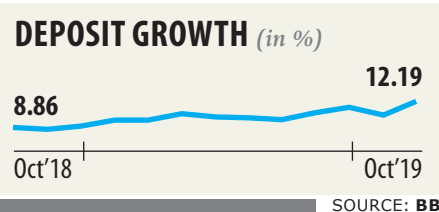
Anxiety gripped Ahmed Kabir the instant he learnt from the morning paper yesterday that the government has decided to fix a uniform interest rate for all types of deposits from April 1.

Kabir had parked all his retirement benefits as fixed deposit receipts in banks after leaving his job as a teacher in a government school three years ago. The Cox's Bazar native got 9-9.5 percent interest against them, enough to live a comfortable life in his senior years.

"No bank will be allowed to take deposits beyond 6 percent as per the prime minister's instruction," Finance Minister AHM Mustafa Kamal told reporters on Monday after a meeting with private banks' sponsors and managing directors, where the decision was made.

The development is a brutal blow for pensioners like Kabir. "I am now feeling uneasy. Will I have to adjust my lifestyle?"

If the new rate is implemented, savers will not get any benefit from banks given the ratio of inflation and service charge imposed by banks, said Khondkar Ibrahim Khaled, a former deputy governor of the



central bank.

Inflation leapt 45 basis points in November to 6.2 percent, a 25-month high.

The new decision, which was taken to facilitate single-digit interest rate for lending with a view to spurring private investment, will not just affect pensioners but also the fixed income group, who usually keep a portion of their income every month in deposit pension schemes (DPS).

Banks too will have to count losses because of the latest decision as they will have to continue their existing fixed deposit receipts (FDRs) and DPSs while giving out loans at 9 percent, said the managing director of a private bank, wishing not to be named.

"Our woes may be softened a bit if the government actually keeps its fund in private banks."

The government has deposited Tk 200,002 crore in the banking sector, but the majority of the sum is with state-run banks, he added.

People will simply stay away from banks when it comes to depositing their money, possibly triggering a liquidity crunch for lenders, according to Khaled.

READ MORE ON B3

New Year's Day boosts flower sales and earnings of growers, especially those of Jhikargacha in Jashore. The photo was taken at the Shahbag flower market yesterday.

RASHED SHUMON



New Year cheer for flower farmers

SOHEL PARVEZ

With great excitement Mohammad Sher Ali and fellow farmers in Panisara of southwestern upazila Jhikargacha began plucking rose, gladiolus, tuberose and gerbera in abundance from earlier this week.

The reason for their excitement was the New Year's Day, an occasion that almost always brings them bonanzas -- and accounts for 10 percent of total annual flower sales.

And this year was no different for Ali and his fellow flower farmers.

READ MORE ON B3

Borrowers jump for joy at 9pc interest

AKM ZAMIR UDDIN

Sadrul Hasan Ripon's dream of building his own home on a piece of land he purchased in Keraniganj six years ago is set to materialise now thanks to the slash in interest rate to single-digit for borrowing from April 1.

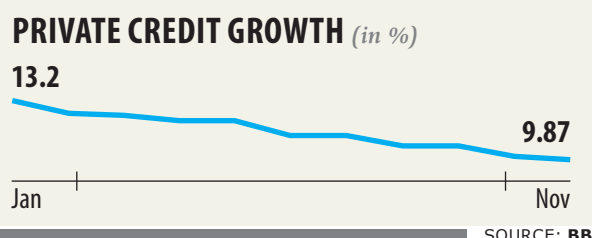
"I am pleasantly surprised," said the mid-level executive at an insurance company, who until now thought a house on his land was unfeasible given his low savings and the high bank interest rates that go up to 15 percent.

But thanks to Prime Minister Sheikh Hasina that house-building plan no longer seems unworkable.

Initially, Finance Minister AHM Mustafa Kamal negotiated with banks to extend 9 percent interest on loans to the manufacturing sector from today.

But the prime minister demanded single-digit interest rates for all loans.

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We wish him every success in life.

On Behalf of Board of Directors & Employees

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Rupali to issue Tk 1,000cr bond

STAR BUSINESS DESK

Rupali Bank's board of directors has decided to raise fund through issuing coupon bearing non-convertible perpetual bond worth Tk 1,000 crore through private placement.

The fund will be raised to meet additional Tier-I revised regulatory capital framework for bank in line with Basel-III subject to the approval from authorities concerned.

2020

Happy New Year

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Md Mahbub ul Alam, CEO of Islami Bank Bangladesh, opens the bank's 1,000th agent banking outlet at Banglabazar of Fatullah union in Narayanganj yesterday.

Singapore GDP growth seen picking up slightly

REUTERS, Singapore

Singapore's economy is forecast to have expanded at a slightly faster pace in the fourth quarter, with economists expecting the services sector to compensate for a prolonged manufacturing slowdown.

Gross domestic product (GDP) is expected to have expanded 0.8 percent from the same period a year earlier, according to the median of nine economists' estimates. The economy grew 0.5 percent in July-September.

Singapore's export-oriented economy has been hit hard this year by the drawn-out trade war between the United States and China as well as a cyclical downturn in the electronics

sector.

"The fourth-quarter advance estimate is expected to pick up mainly on the back of stronger growth in construction and services (finance, tourism-related and business services) sectors, which will offset the continued weakness in the manufacturing sector," said Maybank Kim Eng economists.

GDP is forecast to have grown 0.4 percent on a quarter-on-quarter, on a seasonally adjusted and annualised basis in the fourth quarter, according to the median of seven forecasts.

That is slower than the 2.1 percent expansion in the third quarter when the economy comfortably avoided a recession that was estimated by some analysts.

Last week, data showed that Singapore's industrial output crashed in November, marking its biggest drop in four years, after rising in the previous two months.

"Our 2020 GDP growth forecast for the Singapore economy remains at 1-2 percent yoy (year-on-year), predicated on a modest manufacturing recovery with the services and construction sectors as providing the growth bulwark," said OCBC economist Selena Ling. She forecast 2019 GDP growth of about 0.5 percent.

Singapore's Ministry of Trade and Industry will release advance GDP estimates for the fourth quarter and the whole year 2019 on Thursday morning.

Huawei's 2019 revenue to jump 18pc



People visiting a Huawei stand during the Mobile World Congress introducing next-generation technology in Shanghai, China.

REUTERS, Shanghai

Huawei Technologies on Tuesday said its full-year revenue would likely jump 18 percent in 2019 to 850 billion yuan (\$121.72 billion), lower than its earlier projections, as a US trade blacklisting curbed growth and disrupted its ability to source key parts.

The world's biggest maker of telecom network equipment and the No. 2 manufacturer of smartphones, was all but banned by the United States in May from doing business with US companies, preventing its access to technology

like Google's Android operating system.

The US government alleges Huawei equipment pose national security risks because they could be used by the Chinese government to spy on users. Huawei has repeatedly denied its products are a security threat.

Huawei's Rotating Chairman Eric Xu revealed the numbers in a New Year's message to employees and customers in which he also forecasted 2020 to be a "difficult year", saying that the firm was unlikely to grow as rapidly as it did in the first half of this year.

Its estimate of 18 percent revenue growth in 2019 is less than 2018, when Huawei's annual revenue rose 19.5 percent.

The company did not break down fourth-quarter figures but according to Reuters calculations based on its previous statements, revenue in the quarter to end Dec. 31 rose to 239.2 billion yuan (\$23.28 billion), up 3.9 percent from a year earlier and slower than the 27 percent increase it reported in the third quarter.

"The external environment is becoming more complicated than ever, and downward pressure on the

global economy has intensified," he said.

"In the long term, the US government will continue to suppress the development of leading technology - a challenging environment for Huawei to survive and thrive."

Xu also said that Huawei shipped 240 million smartphones this year, a 20 percent increase from 2018. Huawei has mainly sold smartphones that were launched before the ban.

The newest Mate 30 smartphone first went on sale in September but it cannot access a licensed version of Google's Android operating system because of the trade curbs.

Xu said in his letter that Huawei would in 2020 "go all out" to build its Huawei Mobile Services ecosystem, which comprises services such as cloud storage and an app gallery, describing it as "the foundation of our ability to sell smart devices in markets outside China".

It is also developing its own mobile operating system known as Harmony, although analysts are skeptical that the system is a viable alternative.

Huawei's reputation was dented earlier this month after details of the dismissal and wrongful detention of a former employee went viral.

In his letter, Xu said they would continue to remove mediocre managers and complacent employees as Huawei needed to rid the company of complacency, and that they would remove managers performing in the bottom 10 percent every year.



A sales attendant briefs a customer about a comforter of Comfy, a brand of RFL, at a showroom in the capital's Uttara recently. The brand introduced six new types of comforters with prices ranging from Tk 1,795 to Tk 3,590.

Uber sues California over gig-economy labour law

AFP, San Francisco

Ride-hailing giant Uber and delivery company Postmates have filed a lawsuit against the state of California, claiming a new law that would treat gig-economy freelancers as employees is unconstitutional.

The legislation, due to go into effect on Wednesday, would mean that -- under certain conditions -- independent contractors are classified as employees and granted the minimum salary and health insurance benefits that entails.

This would include drivers for both Uber and Postmates.

"Plaintiffs bring this lawsuit to protect their constitutional rights and defend their fundamental liberty to pursue their chosen work as independent service providers

and technology companies in the on-demand economy," said the lawsuit filed on Monday.

Uber warned earlier this year that it would oppose any change of status for its drivers, which will cost the company extra in social security costs.

In the suit, Uber and its co-plaintiffs argue the law targets independent service providers while exempting direct salespeople, travel agents, construction truck drivers and commercial fishermen.

"There is no rhyme or reason to these nonsensical exemptions," it said.

Uber and its American rival Lyft have each put aside 30 million dollars to organise a referendum, allowed under Californian law, to replace the legislation with a compromise on social rights that has been put before the state Governor.

Ghosh flees to Lebanon, says won't be 'held hostage' by Japan's justice system

REUTERS, Paris/Tokyo

Ousted Nissan boss Carlos Ghosn confirmed he fled to Lebanon, saying he wouldn't be "held hostage" by a "rigged" system, raising questions about how one of the world's most-recognized executives slipped out of Japan months before his trial.

Ghosn's abrupt departure marks the latest dramatic twist in a year-old saga that has shaken the global auto industry, jeopardized the alliance of Nissan Motor Co Ltd and top shareholder Renault SA and cast a harsh light on Japan's judicial system.

"I am now in Lebanon and will no longer be held hostage by a rigged Japanese justice system where guilt is presumed, discrimination is rampant, and basic human rights are denied," Ghosn, 65, said in a brief statement on Tuesday.

"I have not fled justice - I have escaped injustice and political persecution. I can now finally communicate freely with the media, and look forward to starting next

week."

Tokyo officials have previously said the system is not inhumane and that Ghosn has been treated like any other suspect.

It was unclear how Ghosn, who holds French, Brazilian and Lebanese citizenship, was able to orchestrate his departure from Japan, given that he had been under strict surveillance by authorities while out on bail and had surrendered his passports.

Ghosn arrived in Beirut on a private jet from Istanbul on Monday, people familiar with the matter told Reuters.

Immigration authorities had no record of Ghosn leaving the country, Japanese public broadcaster NHK said. A person resembling him entered Beirut international airport under a different name, NHK reported, citing an unidentified Lebanese security official.

His lawyers were still in possession of his three passports, one of his lawyers, Junichiro Hironaka, told reporters.

Hironaka, in comments broadcast

live on NHK, said the first he had heard of Ghosn's departure was on the news this morning and that he was surprised. He also said it was "inexcusable behavior".

Japan has extradition treaties with only the United States and South Korea, according to the justice ministry, meaning it could be difficult to force Ghosn to return to stand trial.

While his arrest on financial misconduct charges last year ensured a dramatic fall from grace in Japan, he retains more popularity in Lebanon, where billboards saying "We are all Carlos Ghosn" were erected in his support and he was previously featured on a postage stamp.

Born in Brazil of Lebanese ancestry, Ghosn grew up in Beirut and has retained close ties to Lebanon.

A spokeswoman for the Lebanese embassy in Tokyo said "we did not receive any information" on the matter. Calls to the Brazilian embassy went unanswered. A French embassy spokesman in Tokyo declined to comment.

Ghosn was first arrested in Tokyo in November 2018, shortly after his private jet touched down at the airport. He faces four charges - which he denies - including hiding income and enriching himself through payments to dealerships in the Middle East.

Nissan sacked him as chairman saying internal investigations revealed misconduct ranging from understating his salary while he was its chief executive, and transferring \$5 million of Nissan funds to an account in which he had an interest.

The case cast a harsh light on Japan's criminal justice system, which allows suspects to be detained for long periods and prohibits defense lawyers from being present during interrogations that can last eight hours a day.

Ghosn was initially released in March on a record \$9 million bail only to be arrested on related charges weeks later and then released on bail again at the end of April.

China's factory activity grows

REUTERS, Beijing

Manufacturing activity in China expanded for a second straight month in December as seasonal demand and signs of progress in trade talks with Washington boosted factories' output and order books.

China's official Purchasing Managers' Index (PMI) was unchanged at 50.2 in December from November, the National Bureau of Statistics said on Tuesday, slightly higher than the 50.1 expected in a Reuters poll of analysts.

It also remained above the 50-point mark that separates monthly growth from contraction.

The better-than-expected readings suggested some recovery in the world's second-largest economy this month. Production rose at the fastest pace in over a year while growth of total new orders was only a notch lower than a recent high hit last month.

While the upbeat indicators show the economy ending 2019 on a firmer footing than initially expected, there are deeper concerns such momentum may not continue

next year.

"The extended strength in the official manufacturing PMI certainly looks positive for markets, but we believe this may not be sustainable, and the economy has yet to hit the bottom," Nomura analysts said in a note after the data.

Still, the stability seen recently prompted Nomura to revise up its gross domestic product forecasts for the fourth quarter to 6.0 percent from 5.8 percent.

Zhao Qinghe, a senior statistician with the statistics bureau, attributed the PMI resilience to increasing demand and production ahead of the Lunar New Year holiday, which falls in late January.

Production for sectors such as the textile, pharmaceutical and auto and telecom equipment industries stood at relatively high levels. The survey also showed a boost in firms' willingness to stock up inventories in order to meet production need ahead of the holidays.

The PMI aligns with other recent signs of strength with profits at China's industrial firms growing at the fastest

pace in eight months in November, data showed last week.

Growth in industrial and retail sectors also beat expectations in November as government support propped up demand.

It also co-incides with signs of improvement in Sino-US trade talks, which have boosted global investor confidence and helped Chinese manufacturers book new orders from abroad, even though a final deal is yet to be inked.

New export orders, in particular, rose for the first time since May 2018 in December.

China and the United States have announced a Phase 1 agreement that would reduce some US tariffs in exchange for more Chinese purchases of American farm products, which analysts believe could stimulate China's exports and corporate investment in the near-term.

On Monday, White House trade adviser Peter Navarro said the Phase 1 deal would likely be signed in the next week and cited a report that Chinese Vice Premier Liu He would visit the United States this week.



Former Nissan Motor Chariman Carlos Ghosn leaves the Tokyo Detention House in Tokyo.



Mohammad Eusuf Daud, an architect of Salesforce, a US-based cloud computing firm that provides customer resource management solutions, and Mohammad Zakir Hossain, Salesforce's community leader for Bangladesh, pose at "Dhaka Dreamin '2019 Trailhead" in Dhaka on Sunday. They shared industry trends and latest innovations in technology of Salesforce.

Modi's office proposes waiving carbon tax on coal

REUTERS, New Delhi

Prime Minister Narendra Modi's office has proposed waiving a tax on coal to help finance pollution-curbing equipment, according to documents, but the move would also make coal more competitive in price with solar and wind energy.

Modi's office has proposed waiving the carbon tax of 400 rupees (\$5.61) per tonne that was levied on the production and import of coal, according to the documents reviewed by Reuters.

The documents say the savings would improve the financial health of utilities and distribution companies, and help the power producers to install pollution-curbing equipment.

The prime minister's office and the power ministry did not respond to requests seeking comment on the proposals and when a decision was likely to be made.

Despite struggling with some of the world's worst air pollution levels, India has already pushed back a deadline to cut emission levels to up to 2022.

Over half of India's coal-fired plants are already set to miss a phased deadline starting Dec. 2019 to cut emissions of sulphur oxides, which have been proven to contribute to lung disease.

The proposal is a big win for India's coal industry, which has lobbied for government help, citing high debt levels and burgeoning payment dues from government-owned power distribution companies. Distribution companies owed power producers more than \$11 billion in dues as of October, according to government data.

Hardik Shah, deputy secretary at Modi's



A worker carries coal in a basket in an industrial area of Mumbai.

REUTERS/FILE

office, advocated waiving the carbon tax on coal in an October note to the top bureaucrat at India's power ministry, seen by Reuters.

"A possible solution is to waive the goods and services tax (GST) compensation cess on coal," Shah said in the note on the installation of equipment to cut emissions of sulphur oxides.

Shah argued for a waiver saying even if India ensured adequate financing to power plant operators to install the equipment, it would lead to higher electricity tariffs that would further

burden distribution companies which buy power from utilities.

The proposal comes at a time when India is set to open up coal mining to global mining companies for the first time. An implementation of the proposal would provide a fillip to state-run Coal India (COALNS), whose stock has lost a fifth of its value over the last 12 months.

Thermal power companies, in addition to emitting greenhouse gases, account for 80 percent of all industrial emissions of particulate matter, sulfur and nitrous oxides in India.

The average rate at which coal-fired power is sold to distribution companies stands at about 3.50 rupees per unit, according to a Reuters analysis of data provided to the power ministry by many Indian utilities in October.

That compares with an average cost of 2.50 rupees to 3.00 rupees for renewable energy projects. The current carbon tax on coal contributes to 0.25 rupees per unit, according to industry estimates.

If implemented, the move would reduce the price gap between coal-fired power and renewables, and potentially impact Modi's plan to increase adoption of green energy.

"Cutting taxes on coal would impact growth of renewable energy as well as the transition away from coal," said Nandikesh Sivalingam, Director at Center for Research on Energy and Clean Air (CREA).

The prime minister's office says installation of pollution cutting equipment would cost companies 0.30-0.35 rupees per unit and hence removal of the carbon tax would help companies meet emissions targets while ensuring electricity costs do not rise.

But it will be a one-time cost and going forward, coal-fired utilities would be able to compete better with renewable energy.

The proposal, if implemented, would cost India over 3 percent of its total indirect tax collection, which has been falling due to a broader economic slowdown.

An abolition of the cess could also subject the federal government to further criticism from state governments, since they received the realised revenue from the government to compensate for shortfalls due to the implementation of a new tax structure in 2017.

Singer launches New Year campaign

STAR BUSINESS DESK

Singer has recently launched a campaign offering discounts and the scope for exchanges marking the new year.

"Notun Bochor, Notun Din, Purono Bodle Notun Nin" provides up to Tk 15,000 in discounts on television exchanges while up to Tk 6,000 on washing machines.

Rice cookers or pans come free with purchase of select refrigerator models. Up to Tk 7,500 can be availed purchasing Singer-branded ones.

Besides, customers will also get up to Tk 3,500 in discounts on select HP and Dell laptops and up to Tk 1,300 on Singer microwave ovens.

The company has also offers zero interest six-month instalment and 12-month "easy instalment" till January 31 next year.

Depositors up in arms over 6pc interest

FROM PAGE B1

They might head back to savings instruments, which carry 11.04-11.76 percent interest.

Because of their high interest-bearing nature, their sales hit a staggering Tk 49,939 crore last fiscal year.

To reduce the appetite for the savings tools, the government from this fiscal year has lowered the ceiling. And to ensure the ceiling is not breached, the government digitised the system.

This led to a spike in bank deposits, said a Bangladesh Bank official.

He fears that people will now invest their money in land and capital market and avoid banks entirely. A section of them will even try launder money abroad.

But pensioners like Kabir, who are not as investment-savvy and are shut out from those options, are at wits' end. "I really don't know what to do."

US-China Phase 1 trade deal to be signed Jan 15

AFP, Washington

A partial new US-China trade agreement will be signed in the middle of next month, US President Donald Trump said Tuesday, announcing that he will also then travel to China for continued talks.

"I will be signing our very large and comprehensive Phase One Trade Deal with China on January 15," Trump tweeted moments before Wall Street was due to open.

"The ceremony will take place at the White House. High level representatives of China will be present."

Trump said he would then travel to Beijing

to continue negotiations "at a later date."

Word of the deal, and the de-escalation of the trade conflict, has driven a Wall Street rally this month but US stocks were lower at the open early Tuesday.

The two sides earlier this month announced a "Phase One" deal in their nearly two-year trade confrontation, with Washington canceling and reducing some tariffs in exchange for Chinese pledges to increase purchases of US exports and adopt trade reforms. The text of the agreement has not yet been made public pending legal and translation reviews, US officials say, and details remain scant.

Banks bracing for big hit on profits

FROM PAGE B4

"The decision will immensely benefit the economy," said Mashrur Arefin, managing director of City Bank, adding that the authority concerned will have to extend some support to the banking sector.

When his attention was drawn to the government promise to allocate Tk 202,000 crore of its funds to all banks based on their paid-up capital, he said: "I need to see some formal confirmation of that before I change my deposit rates. I need to know how much I may get and when."

The 6 percent interest rate will ward off savers from the banking sector given the existing inflation rate, which will create a severe liquidity crisis for lenders, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

"Default loans in banks have been on the rise for months. The trend is not suitable for banks to bring down the lending rate."

As of September, default loans in the banking sector stood at Tk 116,288.31 crore, up 23.82 percent from nine months earlier, according to data from the central bank.

Banks face a huge burden of provisioning because of the large volume of the default loans, which erode their capacity to give out loans, Rahman said.

"Default loans will have to be brought

down drastically to implement the single digit lending rate," Rahman said, adding that corporate governance in the banking sector needs to be strengthened in tandem.

The central bank will have to beef up its monitoring on the banking sector with a view to strengthening the financial health of lenders. And the government must give full autonomy to the central bank to do so.

If the banks try to implement the single-digit interest rate without improving their health, profitability will decline alarmingly, Rahman added.

Khondkar Ibrahim Khaled, a former deputy governor of the central bank, echoed the same. The forthcoming central bank notice on the matter will go against its own policy, he said.

The central bank earlier took the decision to not intervene in banks' decision when they set the interest rate. But now it is dictating the rate, which will not be good for banks, Khaled added.

Time will tell whether the decision will help banks, said Ali Reza Iftekhar, the newly elected chairman of the Association of Bankers, Bangladesh, a forum of bank MDs.

"We are waiting for the central bank's notice on this. Then we will get an idea of the actual situation," said Iftekhar, who is also the MD of Eastern Bank.



Rupali Chowdhury, managing director of Berger Paints Bangladesh, and Yuichiro Nagakawa, managing director of Chugoku Marine Paints (S) PTE, a Japanese marine coatings supplier, pose while signing an agreement in Dhaka recently for jointly producing and marketing marine and related industrial paints in Bangladesh.

BERGER PAINTS

Borrowers jump for joy at 9pc interest

FROM PAGE B1

The decision is not only a huge blessing for individuals like Ripon but also for hundreds of thousands of entrepreneurs who have long been demanding single-digit interest rate to further their businesses.

The double-digit interest rate is often cited by experts and businesses as the main reason for the declining trend of private sector credit growth in the last 21 months.

Business leaders, however, welcomed the out-of-the-box move of the government cautiously as sponsors of banks had previously gone back on their word to bring down the interest rate to less than 10 percent by August last year despite bagging a number of facilities for this end.

The benefits include a reduction of cash reserve ratio -- which is the percentage of total deposits banks must maintain in the form of cash reserve with the central bank -- and repo rate -- which is the rate at which the central bank lends money to banks.

"This is a good decision, but we are observing it cautiously," said Sheikh Fazle Fahim, chairman of the Federation of Bangladesh Chambers of Commerce and Industry. He, however, said such decisions should not be implemented by issuing a notice.

"We should ensure an ecosystem, ranging from banks and businesses to savers and common people, for bringing down the lending rate."

A complete business model is important for materialising the issue, Fahim said, adding that the interest rate on credit card also should be brought down.

But Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, expressed her dissatisfaction with the new move.

"The rate should be implemented from today, the first day of the new calendar year," she said.

As per the decision, it will take three months more to implement the single-digit lending rate, which will be too late given the existing feeble

situation in the industrial sector.

But the BGMEA, the Bangladesh Knitwear Manufacturers and Exporters Association and the Bangladesh Textile Mills Association, the three trade bodies in the apparel sector, want them from January 1, as previously stated.

The three jointly wrote to the finance minister yesterday urging the implementation of the single-digit interest rate for lending without further delay. Entrepreneurs would be hugely benefitted from single-digit interest rates, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

"But it is difficult to lower the lending rate right now. Besides, banks will have to cut down on their default loans significantly to be able to give out fresh loans."

"The government should give all-out effort to decrease the inflation in order to attract savers to banks. Or else, liquidity crisis will hit lenders if depositors shy away from banks," Rahman added.

India's current account improves as trade deficit shrinks

REUTERS, Mumbai

India's current account deficit narrowed in the September quarter of the fiscal year as the trade deficit shrank, central bank data showed on Tuesday.

The current account deficit declined to 0.9 percent of gross domestic product in the second quarter of the fiscal year ending March 2020 from 2.9 percent in the same period a year ago.

On a quarterly basis, it shrank from 2.0 percent of GDP in the June quarter.

The deficit measures the difference between the value of a country's imported and exported goods and services.

"The contraction ... was primarily on account of a lower trade deficit at \$38.1 billion as compared with \$50.0 billion a year ago," the Reserve Bank of India said.

The trade deficit stood at \$12.12 billion in November compared with \$16.67 billion a year earlier, trade ministry data shows.

"The trade deficit is lower primarily because imports have fallen at a faster rate than exports due to weak manufacturing activity and lower imports of raw materials and capital goods," said Rupa Rege Nitsure, chief economist at L&T Financial Services.

Britain says will raise minimum wage by more than 6 percent in 2020

REUTERS, London

Britain's national minimum wage will rise by more than 6 percent next year, taking it to 8.74 pounds an hour, the government announced on Tuesday.

The move puts Britain on track to meet its target for the minimum wage to reach 60 percent of median earnings by 2020, it added.

"Hard work should always pay, but for too long, people haven't seen the

pay rises they deserve," Prime Minister Boris Johnson said in a statement.

Britain's unemployment rate has fallen to its lowest since the 1970s and employment recently hit a record high, despite the minimum wage rising by more than a quarter since 2015 to now stand at 8.21 pounds an hour for those aged 25 and over.

The rise to 8.74 pounds is due to take place on April 1.

Minimum pay rates for younger

workers will also increase by between 4.6 percent and 6.5 percent, depending on their age, the government said.

The British Chambers of Commerce (BCC) said: "Raising wage floors by more than double the rate of inflation will pile further pressure on cash flow and eat into training and investment budgets. For this policy to be sustainable, government must offset these costs by reducing others - and impose a moratorium on any further upfront costs for business."

Britain's minimum wage was introduced under Labour Prime Minister Tony Blair in 1999, and rose relatively modestly following the annual advice of a committee of academics, trade unionists and business representatives.

In 2015, faced with complaints about stagnant living standards, Conservative finance minister George Osborne said he wanted to raise the minimum wage for over-25s to 60 percent of median earnings by 2020 - implying bigger annual increases.

The Resolution Foundation, an anti-poverty think-tank, said in May that Britain should slow the rate at which it increases its minimum wage to avoid the risk of low-paid workers being priced out of a job during the next recession.

New Year cheer for flower farmers

FROM PAGE B1

"We really had an exceptionally good market -- we got profitable prices for our flowers," said Sajeda Begum after selling gerbera at 50 percent higher rates than the regular market price of Tk 6-7 each piece.

The mid-aged women boarded the ship for flower cultivation with many other farmers in their locality two decades back -- a decision that has served them well more often than not.

Her family began cultivating flowers on half an acre of land and soon expanded to more than one acre -- encouraged by increasing demand for flowers thanks to rising income and cultural sophistication.

"There was a time when we gave away flowers for lack of demand. Those days are long gone now," said Md Abdur Rahim, president of the Bangladesh Flower Society (BFS).

No occasion is complete without a flower in sight nowadays, he said, adding that the demand is growing at 10-12 percent annually.

Flower cultivation first began in Bangladesh in the 80s in Panisara. From there, it spilled over to other districts.

Today, flowers are grown on 2,200-2300 hectares in Bangladesh, according to the Department of Agricultural Extension (DAE).

Farmers mainly cultivate 9 types of flowers, including marigold, gladiolus, tuberose, rose, gerbera and

chrysanthemum, according to Rahim.

The actual data on market size is not available and guesstimates of stakeholders vary between Tk 200 crore and Tk 1,500 crore annually.

Occasions like the first day of both the English and Bangla calendar year, Valentine's Day and national days such as the International Mother Language Day on February 21 account for most of the yearly sales, Rahim added.

"Youths are the major drivers of the flower market," said Ashrafuzzaman Khan, owner of Flower Source BD, a flower shop in Dhanmondi, adding that the market has been growing since 2005. Flower Source BD's sales on New Year's Day go up to Tk 7-8 lakh, which is 17 times more than his daily sales on normal business days. The trade has also created thousands of jobs throughout the country, according to Khan. There will be more than 500 shops in Dhaka alone. "You will find flower stores even in upazila towns."

"The market prospect is huge and what is needed is large investment to produce flowers in greenhouse so that we can get quality flowers," said Khan, who sells imported flowers mainly from China. Only those varieties of flowers that are not grown here are imported, according to BFS President Rahim. Otherwise, locally-grown flowers meet most of the domestic requirement.

The locally-grown flowers though have not been able to make any

breakthrough in the global market.

In the absence of facilities for sorting, grading, cooling and cool chain transport, the quality of flower simply deteriorates, hampering the prospect for exports. "We will be unable to export unless we ensure the supply of quality flower in the domestic market," he said, adding that a flower processing centre is being established in Panisara to address the shortcomings.

In addition, the Department of Agricultural Marketing (DAM) is also taking on a Tk 50 crore-project to strengthen the marketing system of flowers. Under the project, which is being funded from the public exchequer, a wholesale market for flowers with facilities such as air conditioning, sorting, grading and bunching would be established at Gabtoli in Dhaka city, said Dewan Ashraf Hossain, the scheme's project director.

Besides, four assembling centres would be set up in four flower growing hubs under the project initially, he said.

Despite the progress, the popularity of plastic flowers have become a source of concern for growers.

"Various event management firms are using plastic flowers for decoration. This is hurting us seriously," Rahim said.

DAM official Hossain echoed the same and said they will write to the higher ups urging them to use real flowers in government programmes instead of the plastic ones.



A general view of the factory floor at Camira Fabrics in Huddersfield, Britain.

REUTERS/FILE

SINGLE-DIGIT INTEREST RATES

Banks bracing for big hit on profits

OPERATING PROFITS <i>In crore taka</i>		
Banks	2018	2019
City	668	825
Bank Asia	820	940
Mercantile	609	753
Prime	575	700
SIBL	667	682
NRBC	196	252
South Bangla	203	228
Jamuna	468	730
Shahjalal Islami	475	653
National	1,205	952
Exim	750	780
Al-Arafah	640	801
Southeast	1,012	1,060
Eastern	780	900
Modhumoti	197	218
Meghna	93	124
Union	232	275
Pubali	968	1,050
NRB	90	93
IFIC	410	675

STAR BUSINESS REPORT

Banks will have a hard time logging in profits in the coming days because of the latest government decision to fix interest rate for lending at 9 percent and for deposit at 6 percent.

Although the government has announced splitting its funds equally between the state-run banks and private ones, the latest decision may create a haphazard situation for them nevertheless, said experts and a good number of managing directors of banks.

"Banks will have to implement the new rates as per Prime Minister Sheikh Hasina's instruction," Finance Minister AHM Mustafa Kamal told reporters after a meeting with private banks' sponsors and managing directors at the headquarters of Bangladesh Association of Banks on Monday.

While the bank sponsors went along with the decision, the managing directors said it will be much too difficult to implement.

For instance, banks will have to incur a large amount of loss from their retail lending programme if they set 9 percent interest rate on home, auto and personal loans as well, said managing directors of three banks wishing not to be named due to the sensitivity of the matter.

A good number of employees is required to operate the retail programme, and the cost of monitoring and supervision on retail lending is much higher than corporate lending, they said.

READ MORE ON B3

A TURBULENT YEAR FOR STOCKS



DSE 2018 VS 2019

Points shed by DSEX
-858.88
-932.71

Points lost by DS30
-402.44
-367.44

Market cap lost (in crore)
Tk 35,599
Tk 47,744

Daily average turnover (in crore)
Tk 480.26
Tk 552.03

Foreign investment lost (in crore)
Tk 593.13
Tk 488.17

Market PE ratio
15.09
11.48

Funds raised by IPO (in crore)
Tk 601
Tk 614.67

Funds raised by right share (in crore)
Tk 367.07
Tk 231.30

Market cap to GDP
17.21%
11.16%

PRIVATE ECONOMIC ZONE

City Group to snag its second licence

To generate \$2b in investment, employ 10,000

JAGARAN CHAKMA

City Group is set to get the licence today to establish an economic zone, which would be the 11th under the private sector, as part of the government's push towards industrialisation.

The government plans to set up 100 economic zones by 2030 with the view to generating one crore new jobs, earn \$40 billion in additional exports and attract \$20 billion in foreign direct investment.

To be called the Hossendi Economic Zone, the industrial park would span 108 acres of land in Narayanganj's Gajaria upazila, according to the Bangladesh Economic Zones Authority (Beza).

The economic zone, which would be the second for City Group, is expected to be completed by 2021 and will generate \$2 billion



in investment from home and abroad and create employment for 10,000.

The plants being planned are for: manufacturing salt, chemicals, prefabricated building materials, cement, dock and shipyard items, ceramics, paper, automobile and light engineering.

Of the land, 63.39 percent has been demarcated for industrial use, 4.51 percent for specialised infrastructure, 17.10 percent for

utility and 15 percent for amenities.

The green economic zone will also have open spaces and facilities to care for children and for waste management and treatment of effluent and sewerage.

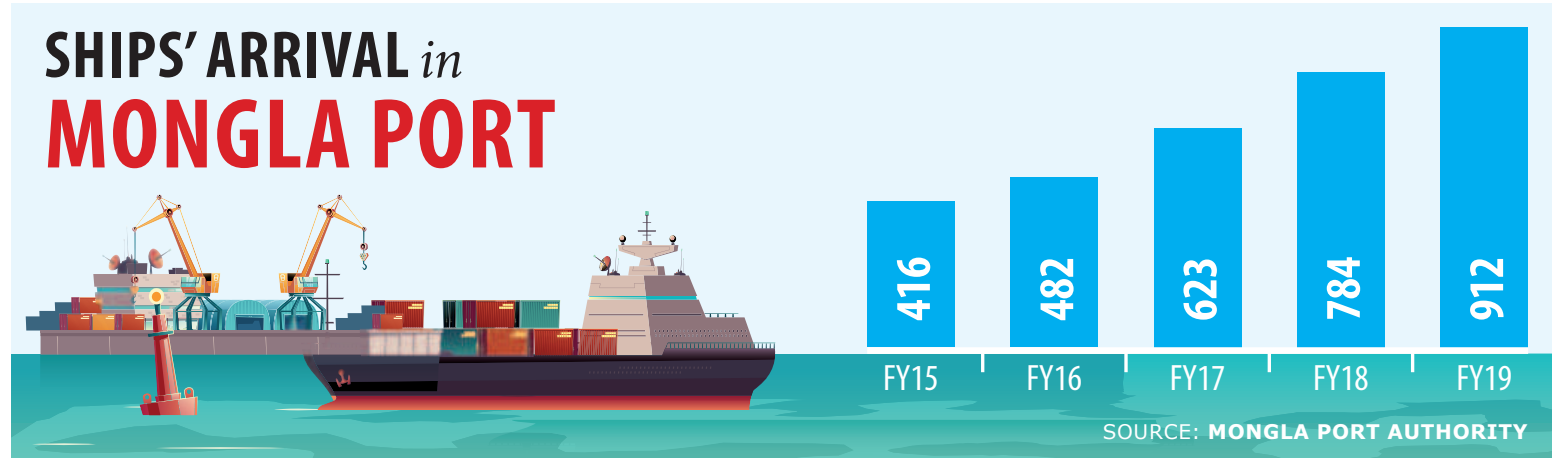
City Group officials declined to comment on the matter.

The consumer goods-focused business group already has a City Economic Zone in Narayanganj's Rugganj upazila. It got the licence in January 2018.

Beza is sitting on nine more proposals for private economic zones.

Given the high demand, Beza is being scrupulous with the applications before giving out licences, Paban Chowdhury, executive chairman of Beza, told The Daily Star.

Tk 767cr project for Mongla port facelift



STAR BUSINESS REPORT

A government project is set to boost the capacity of the country's second busiest seaport of Mongla.

This is to support an increase in trade arising from development initiatives scheduled to be completed around the country by 2020-21.

The initiatives include the construction of the Padma bridge, Khan Jahan Ali airport in Bagerhat, a rail line from Khulna to Mongla and a special economic zone under a Bangladesh-India joint initiative.

The capacity enhancement will

also raise possibilities for transit-based trade for exports of India, Nepal and Bhutan.

The port's container handling capacity is predicted to increase from 8.72 lakh twenty-foot equivalent units (TEUs) in 2025 to 45.32 lakh TEUs in 2049, says a research report.

Some 30,000 vehicles will go through it in 2049 whereas over 1,200 ships a year in 2019-20, up from 912 in 2018-19 and 416 in 2014-15.

Moreover, it could facilitate import of around 45 lakh tonnes of coal every year once the 1,320MW

Rampal power plant starts running.

The Mongla project encompasses purchase of some state-of-the-art vessels and equipment worth Tk 767 crore.

This includes a mother vessel, two tugboats, a search and rescue vessel, a survey and research vessel, a buoy laying vessel and official equipment.

The vessels and equipment are expected to ensure safer channels, organised handling of ships and emergency rescues during natural calamities.

The plans and predictions were described by Planning Minister

MA Mannan after a meeting of the Executive Committee of the National Economic Council (Ecne) at the NEC in Dhaka yesterday.

The meeting approved seven projects worth Tk 4,460 crore, four of which were revised ones.

One of the revised projects was for strengthening the power grid network, with the cost raised by Tk 622 crore to Tk 14,326 crore.

Approved in 2016, the project was scheduled to be completed in June 2021. The deadline was revised to June 2024 for delays of the financier, China, according to a planning ministry proposal.

DITF begins today

Minister tries to freshen up 25th edition

STAR BUSINESS REPORT

The 25th edition of Dhaka International Trade Fair (DITF) kicks off today in the same old dusty setting of the capital's Agargaon area although a good number of stalls are still under construction.

Prime Minister Sheikh Hasina is scheduled to inaugurate the event, which is organised by the commerce ministry and the Export Promotion Bureau (EPB).

The month-long event, which was conceived with the view to increasing the sales of local commodities and bringing in foreign goods in Bangladesh, was once awaited all year-long.

The event has now lost sheen for the shrinking number of international stalls and the easy availability of foreign products in the local market. In short, the exhibition no longer offers anything novel.

Commerce Minister Tipu Munshi acknowledged that the fair environment has lost its international flavour but he attempted to shake up proceedings this year to bring back the event's charm.

"We have left some open space so that the visitors can walk easily without any human congestion like in previous years," he said at the press conference.

This year, the number of stalls and pavilions has been reduced to maintain a good environment for visitors. The minister and the EPB said the area was rinsed with water to control the dust, which tend to cause breathing problems among visitors. "We cannot expect a radical change overnight -- it is a gradual process. This year we tried to improve the environment."

The organisers have spent Tk 23.17 crore to prepare the fairground this year, he said,

adding that this time the show will have 483 stalls and pavilions, down from 550 in 2019.

Some 55 foreign companies from 21 countries will take part in this year's trade fair, the commerce ministry said in a statement.

The government is still hopeful that the export earnings will reach \$60 billion in 2021, up from last year's \$46 billion as some new products are showing good

Tipu Munshi acknowledged that the fair environment has lost its international flavour but he attempted to shake up proceedings this year to bring back the event's charm

prospect, the minister said.

Apart from the apparel items, the earnings from shipments of jute and jute goods, leather and leather goods, furniture, ceramics, light engineering products, footwear and frozen foods will increase in the near future.

The government will announce light engineering goods as the product of the year as they have been showing a positive export growth over the last few years, he said.

Commerce Secretary Md Jafar Uddin and EPB Vice-Chairman Fatima Yasmin also spoke.

EU seeks reset in trade talks with US

REUTERS, Dublin

THE European Union's new trade commissioner, Irishman Phil Hogan, was quoted on Monday as saying he would seek a reset of EU/US trade relations on a number of contentious issues when he meets his US counterpart for the first time next month.

The Trump administration imposed tariffs on European steel and aluminium in mid-2018. It has done the same to \$7.5 billion worth of EU products over a dispute about subsidies for European planemaker Airbus, and is threatening action against France over a digital services tax.

Hogan, who was promoted from the role of EU farm chief this month, spoke to US trade representative Robert Lighthizer just before Christmas, he told the Irish Times newspaper.

"We agreed to meet in Washington in mid-January to discuss the long list of issues causing strain in the relationship between the EU and the US. There is no point in getting into the details of resolving trade irritants unless we agree a line on a common trade agenda," he was quoted as saying.

"I will be seeking a reset of the EU/US trade relationship on issues like tariffs on steel and aluminium and the threat of US tariffs in response to a digital tax in Europe."



A worker adjusts European Union and US flags at the EU Commission headquarters in Brussels.

Vertical farming takes off in ageing Japan

AFP, Kyoto

THE nondescript building on an industrial site near Kyoto gives little hint to the productivity inside: 30,000 heads of lettuce grow here daily, under artificial light and with barely any human intervention.

This "vegetable factory", using the latest vertical farming techniques, is part of a trend born out of necessity in Japan, where traditional farming faces a double threat from the ageing population and migration towards the cities.

With the average age of a farmer in Japan at 67 and few candidates to replace those dying out, the country has been forced to become a pioneer in so-called vertical farming.

Globally renowned firms such as Panasonic, Toshiba and Fujitsu have tried their hand -- converting old semi-conductor production lines with varying levels of success.

One of the few companies to turn a quick profit, Spread produces 11 million heads of lettuce annually from its latest factory in Kyoto, a vast sterile area where the vegetables are stacked on shelves several metres high.

Machines shift the lettuces around the factory to areas where the light, temperature and humidity are ideal for that stage of growth. The process works without soil or pesticide, and only a dozen or so humans are employed to collect the lettuce at the end.

Other countries have employed vertical farming techniques -- notably in Denmark and the United States -- but Japan's population crisis means the farmers are dying out, with question marks over how the world's third-biggest economy will feed itself.



An employee inspecting lettuce growing in a facility that uses vertical farming techniques in Kyoto, Japan.

"Given the lack of manpower and decline in agricultural production, I felt a new system was needed," Shinji Inada, Spread's boss, told AFP.

Spread has taken some time to make the process nearly fully automated: an older factory in Kyoto still employs several dozen humans to move the lettuce -- a "difficult task", admits one staff member.

But the advantages are clear: "We can produce in large quantities and at a stable rate all year round, without being affected by temperature changes," said Inada.

"The other benefit is that we have few losses

because our products are preserved for longer," added the vegetable tycoon.

Inada said the firm initially experienced some difficulty in selling the lettuce, but they have now grown a good brand by producing consistent quality at a consistent price -- in a country where prices vary considerably depending on the season.

Spread's lettuce are found on supermarket shelves in Kyoto and the capital Tokyo and Inada has grand expansion visions to move production closer to where the vegetables are consumed.