

## Pharma Aids to outsource glass ampoules making

STAR BUSINESS REPORT

Pharma Aids Limited is going to outsource the manufacturing of glass ampoules as demand has outpaced its production capacity.

The board of the manufacturer and supplier of pharmaceutical glass ampoules has decided to come to an agreement with a private limited company for toll manufacturing of glass ampoules, according to a filing on the Dhaka Stock Exchange.

Toll manufacturing, also known as toll processing, is a type of contract manufacturing where the customer provides the raw materials, formulas, and specifications to the manufacturer, which then processes them into finished or semi-finished products.

The deal will be effective from October 1 this year for a trial period of six months to March 31 and may be renewed subject to a satisfactory outcome, the filing said.



Large quantities of hilsa are being packed for export in a wholesale market in Barisal's Port Road. The government on Wednesday approved the export of 3,950 tonnes hilsa to India.

PHOTO: TITU DAS

## Insurers to be brought under corporate governance guideline

SUKANTA HALDER

The government is going to formulate corporate governance guidelines to ensure compliance with applicable laws and regulations and good governance in the operation of insurance companies in Bangladesh.

As part of this initiative, the Insurance Development and Regulatory Authority (Idra) published the draft guidelines on its website on September 19.

Stakeholders concerned and the public have been given until September 24 to submit views and feedback on the draft.

Corporate governance covers areas of environmental awareness, ethical behaviour, corporate strategy, compensation and risk management. The basic principles of corporate governance are accountability, transparency, fairness, responsibility, and risk management, according to Investopedia.

The guidelines set the maximum number of directors on the board of an insurer at 20, including two neutral directors.

In addition, there will be a clear procedure for appointing and reappointing directors, the guidelines said.

A person who has been declared bankrupt by the appropriate court or been found to be a loan defaulter from any bank or financial institution, in Bangladesh or elsewhere, cannot become a director of an insurance company.

A person who has been convicted of any criminal offence or is involved in any fraud, financial offence or other illegal activity is also barred from becoming a director.

The chairperson of the board of directors shall be elected from among the non-executive directors of the company.

In the absence of the chairperson of the board of directors, the remaining members may elect one of the non-executive directors as chairperson. They must properly record in the minutes the reason for the chairperson's absence for that particular board meeting, the guidelines said.

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Each director shall submit to the Idra within 15 days of their appointment the details of shares held by them or their family in any insurance company. They must also share details of themselves or of their family members holding the post of director or senior executive in any other organisation.

It is the primary responsibility of the board of directors to achieve long-term goals and to guide and supervise effective and efficient management. The board of directors will develop the necessary policies and corporate governance frameworks or mechanisms to achieve this goal.

According to the guidelines, the board of directors will formulate a code of conduct for all officers or employees, including the

chairman of the board, members of the board and the chief executive officer of the company on the recommendation of the nomination and remuneration committee.

On behalf of the board of directors, there will be an investment sub-committee which will oversee the company's overall investments in the interest of insurance customers, shareholders and stakeholders, the guidelines said.

A sub-committee on behalf of the board of directors will play an effective role in mitigating emergent and potential risks in implementing strategies and action plans formulated by the board, the guidelines said.

The company should also draft a whistle-blowing policy. This would enable any officer, employee, organisation representing them, external stakeholders and stakeholders within the organization to inform the board of undesirable behaviour or activities, the guidelines added.

Sheikh Rakibul Karim, chief executive officer of Guardian Life Insurance Ltd, said this new standout corporate governance guideline would craft a framework that would open the doors for a leap towards integrity and sustainability in the insurance industry.

It will not only cultivate trust, but also bolster the credibility of the entire sector, he said.

These corporate governance regulations will be the foundation of Bangladesh's insurance industry. It will ensure that we operate with the highest levels of transparency, accountability, and ethical conduct, he added.

Within 24 hours of receiving the order from the commerce ministry, 40 tonnes of hilsa were exported from the Barisal region, said Nirab Hossain Tutul, owner of Mahima Enterprises, a hilsa exporter.

He added that most shipments of hilsa, around 1,500-2,000 tonnes, would be from the Barisal region.

Prices increased by Tk 2,000 per

maund in the local market compared to Wednesday, said Barisal Fisheries Officer (Hilsa) Bimal Chandra Das.

He said that a maund of hilsa, containing fish weighing between 600-900 grammes, was sold at Tk 52,000 on Wednesday. But yesterday, a maund was being sold at Tk 54,000.

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## Fed holds interest rates at 22-year high

AFP, Washington

The US Federal Reserve voted Wednesday to keep interest rates at a 22-year high, while forecasting an additional rate hike before the end of the year to bring down inflation.

The Fed's decision to keep its key lending rate between 5.25 percent and 5.50 percent gives policymakers time to "assess additional information and its implications for monetary policy," the central bank said in a statement.

After 11 interest rate hikes since March last year, inflation has fallen sharply but remains stubbornly above the Fed's long-run target of two percent per year -- keeping pressure on officials to consider further policy action.

On Wednesday, the Fed said economic activity had been expanding "at a solid pace," while noting strong job gains and a low unemployment rate.

A recent string of positive economic data has raised hopes that policymakers can slow price increases without triggering a damaging recession.

Alongside its interest rate decision, the rate setting Federal Open Market Committee (FOMC) also updated members' forecasts for a range of economic indicators, as well as expectations of future monetary policy.

FOMC members left the median projection for interest rates between 5.50 percent and 5.75 percent, keeping alive the possibility of another quarter percentage point hike before year-end.

They also lifted expectations for interest rates next year by half a percentage point, suggesting the Fed anticipates rates will have to stay significantly higher for longer in order to lower inflation to target.

FOMC members more than doubled the median projection for economic growth this year as well to 2.1 percent, from 1.0 in June, and sharply raised their forecast for next year.

## China's economic woes embolden calls for deeper reforms

REUTERS, Beijing

China's economic slowdown is polarising government advisers over the best way forward, with advocates of structural reforms now emerging from the shadows in a challenge to others calling for more state spending to shore up faltering growth.

The rare debate among advisers, who influence policy-making but do not wield direct power, comes as global markets scramble for clues on how authorities will halt a downturn that has left millions without jobs, forced investors to flee and the yuan to tank.

A dribble of piecemeal support measures from Beijing in recent months has raised questions about the tough choices China's new economic leadership now faces over whether to prioritise short-term relief or long overdue reforms.

Advisers calling for immediate stimulus argue the central government's low debt means it can shoulder the burden with municipalities to finance infrastructure and other spending to rev up activity. But pro-reform advisers argue the stimulus playbook that helped drive growth for decades has run

its course and that bolder structural changes to the economy are now needed.

Both camps argue their proposals should be treated with urgency by

policymakers, ahead of the annual Central Economic Work Conference, an agenda-setting gathering of top leaders expected in December.



Shoppers browse through clothing for sale at a mall in Beijing on September 17.

"We need stronger stimulus policies and an overall plan, a package of macroeconomic policy measures," said Yu Yongding, an influential government economist who previously advised the central bank.

"China should issue more government bonds to finance infrastructure investment, including more investment in public facilities such as hospitals and old people's homes. China should not be afraid of increasing its budget deficit-to-GDP ratio and government bonds-to-GDP ratio," Yu told Reuters.

China's central bank is constrained in how much it can ease monetary policy amid fears a widening interest rate gap with the United States would trigger capital flight and yuan falls, Yu said.

"We need to step up fiscal stimulus. There is room for the central government to step up spending given its sound fiscal position," said an adviser who spoke on condition of anonymity.

The central government's debt as a share of gross domestic product is just 21 percent, far lower than 76 percent for local governments, including their hidden debt.

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## Why CEOs can't stand together in crisis

MAHTAB UDDIN AHMED

Ever imagined a bank CEO getting slapped in a board meeting? Or a CEO changing his name through an affidavit to save his job just because it annoys the owner of his bank? These are real-life events that took place in our banking sector in recent years.

The banking sector is rife with such hushed rumours, and we wonder what happened to the practice of having each other's back.

Recently I was invited by a close friend at a dinner party where I had the opportunity to be a part of a discussion with former and current CEOs of banks. At one point the issue of resignation of several bank CEOs in recent times was raised and all agreed on how corrupt and motivated board members can be.

One of these CEOs who resigned happens to be an old close friend of many who were present. To my utter surprise, instead of supporting the reasons for resigning, there was hardly a word of sympathy for him -- so much so that at one point, one of the CEOs cut into the criticism with "Look guys, we have known him long enough to know he is a man of integrity, so why can't we all stand by him?"

While three CEOs resigned from different banks in recent times, we have not seen a single CEO from the industry come forward to lend support at this time of crisis that seems to have gripped the top job holders in the sector. Alternatively, it could have been a rare opportunity for all the CEOs of the banking industry to get united and collectively speak against the corrupt and motivated board members.

To be fair with the board members, not all fall into the same category.

It is sad to see the serving CEOs letting such an opportunity slip for fear of their jobs. But there appears a silver lining in the central bank taking the matter seriously.

Last week, I met one of the veteran bankers who left the CEO job to start his business. Regarding the aforesaid crisis, he mentioned how he saw it coming in the banking industry a long time back and decided to step aside gracefully. Not too many have such guts!

There is no definitive answer to why CEOs in the corporate world don't stand by each other. But probable reasons include how CEOs face intense pressure and scrutiny from stakeholders, such as shareholders, customers, employees, regulators, and the media. Consequently, they can get wary of publicly supporting or defending other CEOs who may be involved in controversies.

Then there is also the fact that CEOs often compete directly or indirectly with each other for more prominent roles in the industry, creating a sense of rivalry and mutual distrust, especially in highly dynamic industries.

Following the violent clashes in Charlottesville of Virginia in 2017, several CEOs resigned from President Trump's economic councils to protest his response to the events. Among them, Kenneth Frazier, CEO of Merck, being the first to announce his departure, faced heavy criticism from Trump on Twitter.

Interestingly, other CEOs, such as Jamie Dimon of JPMorgan Chase, Indra Nooyi of PepsiCo, and Tim Cook of Apple, took to expressing their solidarity with Frazier, praising his courage and integrity. However, in my long career, I have not seen such an example in Bangladesh.

Lessons learnt in childhood such as "Unity is Power" and "A friend in need is a friend indeed" ring high at such times only to fall on deaf ears. Do they strike a chord with the so-called CEO clubs?

Unity gives people strength, courage, and confidence to face challenges and overcome obstacles. With unity a community can stage a war against corruption and a country can achieve freedom from foreign powers.

Above all, unity promotes stability and security, with everyone standing tall and having each other's back.

The author is founder and managing director of BuildCon Consultancies Ltd