MTB

Md Hedayetullah, chairman of Mutual Trust Bank, poses at the bank's town hall meeting in Dhaka yesterday. Syed Mahbubur Rahman, CEO, was present.

Intel's blockbuster results lift shares to dotcom peak, fire up sector

Reuters

Intel Corp's shares hit their highest in nearly two decades on Friday after cloud computing demand fired up the chipmaker's data center business and allayed concerns of market share loss to rival AMD, lifting stocks across the sector.

At least 15 brokerages raised their price targets on Intel's stock, with J.P.Morgan making the most aggressive move by boosting its target by $12 to $80, well above the median price target of $65.

Revenue at Intel's data center business jumped 19 per cent and sales to cloud computing providers surged 48 per cent year-over-year in the fourth quarter.

"We think Intel is benefiting from an improving macro economic climate versus company specific improvements at this time," RBC Capital Markets analyst Mitch Steves said, adding that he expects strong results from data center rivals AMD and Nvidia.

Shares of AMD, which will report earnings next week, rose 1 per cent to a record high. Nvidia shares were also up 1 per cent. European chipmakers ASML Holding NV and STMicroelectricals NV rose almost 2 per cent.

Intel's stock was up 8.6 per cent at $68.75, a level it has not seen since the peak of the dotcom boom in 2000, propelling the broader Nasdaq and the Philadelphia SE Semiconductor Index to record highs.

India faces first fall in direct taxes in at least two decades

Reuters, *Mumbai*

India's corporate and income tax collection for the current year is likely to fall for the first time in at least two decades, several senior tax officials told Reuters, amid a sharp fall in economic growth and cut in corporate tax rates.

Prime Minister Narendra Modi's fiscal year - the slowest in 11 years.

The tax department had managed to collect only 7.3 trillion rupees as of Jan. 23, more than 5.5 percent below the amount collected by the same point last year, said a senior tax official.

After collecting taxes from companies in advance for the first three quarters, officials typically the first time that we'll see a fall in direct tax collection ever," said a tax official in New Delhi.

He estimates that direct tax collections for this year could end up roughly 10 percent below fiscal 2019.

The finance ministry did not immediately respond to requests for comment.

REUTERS/FILE

An India Rupee note is seen in this illustration photo.

government was targeting direct tax collection of 13.5 trillion rupees ($189 billion) for the year ending March 31 - a 17 percent increase over the prior fiscal year.

But a sharp decline in demand has stung businesses, forcing companies to cut investment and jobs, denting tax collections and prompting the government to forecast 5 percent growth for this garner about 30-35 percent of annual direct taxes in the final three months, data from the past three years shows.

But eight senior tax officials interviewed by Reuters said despite their best efforts, direct tax collections this financial year were likely to fall below the 11.5 trillion collected in 2018-19.

"Forget the target. This will be

Direct taxes typically account for about 80 percent of the government's projections for annual revenue, and the shortfall may leave the government needing to boost borrowing to meet expenditure commitments.

The tax officials also say that a surprise cut in the headline corporate tax rate last year aimed at wooing manufacturers and boosting investment in Asia's third-biggest economy is another reason behind the sluggish tax collections.

"We'll be very happy if we can even break even with what we collected last year," said another senior tax official in the financial capital, Mumbai, the biggest tax generator, accounting for about a third of revenues from direct taxes. "But given the state of the economy, I'm not too hopeful."

The concerns are exacerbated by a gaping shortfall in the goods and services tax (GST) that is expected to further hurt total collections.

The total tax collection shortfall for the current fiscal year could be about 3 trillion rupees - the highest shortfall ever recorded.

"With revenue sources stretched, we're not assuming any rise in the capex bill in FY21," Pranjul Bhandari, chief economist at HSBC in India, said in a note, adding she expects the government to resort to higher borrowing from the market.

The government is likely to keep the fiscal deficit under 3.8 percent of gross domestic product, sources told Reuters earlier this month, while letting it slip from its earlier set target of 3.3 percent for the year.

Tax officials have been stuck between the increasing number of complaints of harassment from Indian businesses, dubbed "tax terrorism" by Indian media, and the government's push to meet the target.

The government asked its officials at a meeting on Dec. 20 to identify and initiate stern action against wilful tax evaders, sources said.

"The message from the top is very clear - go all out and collect," said a senior tax official in the eastern city of Kolkata.

ONE BANK

Sayeed H Chowdhury, chairman of One Bank, cuts a ribbon to open the bank's 102nd branch in Mongla Port on January 22. M Fakhrul Alam, managing director, was present.

Bezos allegations put phone hacking technology in the spotlight

Reuters, *Washington*

Allegations that Amazon.com boss and Washington Post owner Jeff Bezos had his phone hacked by Saudi Crown Prince Mohammed bin Salman have put a spotlight on the security of smartphones and the secretive tools used to hack them.

Smartphones are effectively pocket-sized computers that run apps on operating systems such as Apple's iOS or Google's Android. Those devices have enabled a new world of connectivity - unlimited free calls over WhatsApp, for example, or an atlas worth of up-to-the-second maps from Google - but also a parade of potential security problems.

Here is how smartphones can be hijacked and a look at the potential consequences and the thriving market in surveillance vendors helping the world's spies get access to people's secrets. Smartphones operate through a collection of apps, sometimes scores of them, running over an operating system, which in turn runs on a complex piece of hardware embedded with receptors, lenses and sensors.

Each one carries potential flaws - sometimes called bugs - that can cause a system to crash or behave unexpectedly when sent a rogue command or a malicious file. Even small openings like that can allow hackers to take control of a device. It is akin to illicitly lowering a coat hanger through a tiny seam in the car door to unlock a vehicle.

Many developers work hard to ensure those seams stay sealed, but with millions of lines of code to choose from, it is virtually impossible to guarantee total safety.

"There is no software that is bugless," said Oded Vanunu, a researcher with Israeli cybersecurity firm Checkpoint who often finds flaws in popular messaging programs.

Once hackers are in, the possibilities are vast - and frightening. Anyone with full control of a smartphone can turn it into a powerful surveillance device, silently tracking users' locations while quietly copying their emails, instant messages, photos and more. A 2015 technical document from NSO Group - one of the better known spyware vendors - outlines the capability of its Pegasus spyware program to monitor the smallest details of a target's life, throwing up alerts if a target enters a certain area, for example, or if two targets meet, or if a certain phone number is called.

In Davos, Hong Kong battles to regain lost investor glitter

Afp, *Davos*

Bruised by months of street protests and calls to resign, Hong Kong's pro-Beijing leader Carrie Lam came to Davos with a tricky pitch to sell -- that the Chinese territory is still a safe destination for investment and she is not going anywhere.

Her stay at the four-day event in the Swiss Alps, which wraps up Friday, was shadowed by a downgrade from Moody's a day before World Economic Forum (WEF) even began on the grounds of a lack of government response to the protests.

Lam must also now deal with the health, social and economic consequences of the coronavirus in China, openly admitting Hong Kong is extremely vulnerable due to the flows of people from the mainland.

"I feel that we have gone through some very tough times. I personally have gone through and am still going through some very tough times," she said in candid remarks at a dinner late Thursday.

Lam has come under huge pressure as she struggled to end more than seven months of huge and often violent pro-democracy protests in Hong Kong, the most severe challenge to Beijing's rule since the former British colony's 1997 handover to China.

She expressed disappointment with the downgrade from Moody's and acknowledged that negative growth was possible in 2019 and 2020.

But she insisted that the key financial services sector was "as robust as ever" and insisted that it was Hong Kong's special status within China that meant it was still attractive for investment.

"It's a wonderful gateway between the mainland of China as well as the rest of world. It is still a wonderful financial centre," she sad in a keynote speech to Davos on Wednesday.

AFP

The Davos Congress Centre, where the 50th World Economic Forum annual meeting took place.

With Hong Kong also hit by the fallout from US-China trade tensions and now by the outbreak of the coronavirus in China as well, the economy has tipped into recession.

"We don't need a crystal ball to know that there are more changes and uncertainties ahead," acknowledged Laura Cha, the chair of Hong Kong's bourse operator HKEX.

But she added: "We do believe that Hong Kong is resilient. One message tonight is clear: Hong Kong is open to business." The downgrade by Moody's reflected growing concern within the business community that the institutional features that give Hong Kong more political and economic autonomy are weakening under pressure from Beijing under President Xi Jinping. David Chiu, head of the Far East Consortium conglomerate, said it was Hong Kong's status within China that would help it out of the crisis.

"In the long run, I think faithfully Hong Kong will come back, there are many, many reasons that I think as a businessman that Hong Kong will come back," he said.

"One of the main reasons is that China is still the best manufacturer of the world." - 'Only more uncertainty' - But according to reactions quoted by Bloomberg News, not everyone was buying what Lam was selling.

Yuan Ding, vice president of China Europe International Business School, said it was unclear what power Lam had to make critical decisions to end the protests. "They are merely putting on a show," he said. "Foreign investors also don't buy this." Moody's in its downgrade said Lam's administration had no "tangible plan" to address the economic and political concerns of Hong Kongers, and also voiced concerns that Beijing's increased control was threatening the city's much vaunted institutional autonomy.

BEF

AKM Mizanur Rahman, director general of the department of labour, speaks at a stakeholder consultation workshop on drafting a strategy on rehabilitation of injured workers in Dhaka on January 23. Bangladesh Employers' Federation and Bangladesh Business and Disability Network in association with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH, a German development agency, organised the event.

NRB BANK

Mohammed Mahtabur Rahman, chairman of NRB Bank, poses at the bank's annual business conference for 2020 at Dhaka Regency Hotel and Resort in Dhaka yesterday. Md Mehmood Husain, CEO, was present.

US-China tech rivalry raging

AFP, *Davos*

China and the United States may have laid down their arms for now in a trade truce, but their technological rivalry is still raging, raising the spectre of a high tech cold war.

The coming battle played out this week in the corridors of the World Economic Forum in Davos, where Chinese executives rubbed shoulders with Silicon Valley supremos, and US diplomats lobbied hard to keep companies from embracing Made in China for their tech revolution.

At the centre of this cold war 2.0 is Huawei, the Chinese telecom giant whose 5G technology is key to delivering artificial intelligence (AI) and the next generation of computing.

Despite the idyllic winter setting, the tensions over Huawei between Beijing and Washington couldn't be higher.

Huawei has been banned from the United States, which insists on the risk of Chinese espionage and implores its European allies to do the same as the company rolls out deals in major emerging markets led byBrazil and India.

Making matters personal, company founder Ren Zhengfei, a Davos star this year, came to the snowy resort just as his daughter, the company's chief financial officer, was being grilled in Canada for extradition to the US where she is wanted on charges of fraud and breaking US sanctions against Iran.

"A world divided? I don't believe it," Ren told to an audience of CEOs and top executives, avoiding all controversy.

But experts assessing this new battleground warn the world is entering a digital schism.

"There is a competition for the predominance globally on digital questions. Huawei is a symbol

AFP/FILE

A pedestrian walks past a Huawei product stand at an EE telecommunications shop in Central London.

of that but it runs much deeper," Carlos Pascual, a former US diplomat and vice-president of IHS Markit, told AFP.

For Pascual, cyber-conflicts and "battles of influence" are paving the way for "a major Sino-American confrontation".

The confrontation ratcheted up in 2015 when Beijing adopted the "Made in China 2025" programme to boost its technologies, along with a massive infrastructure investment plan for the "Silk Roads" to Asia, Europe and Africa.

"This could lead many developing countries to look to China to build their telecom networks, relay stations, data centres and government IT systems," said John Chipman, head of the International Institute for Strategic Studies.

He noted that as they expand across all continents, Chinese companies are also gaining access to troves of data, the key to developing AI and the foundation for tomorrow's economy.

Washington, irked by this data harvesting, has also blacklisted several Chinese cybersurveillance and facial recognition firms.

Meanwhile, Chinese internet giants Baidu, Alibaba and Tencent, pushed by Beijing, are developing AI platforms, autonomous cars or connected objects distinct from those developed in Silicon Valley by Google or Amazon.

"The concern is that there will be two types of systems that are not compatible. Technology is an issue of power and a bipolarisation is taking place," said Jacques Moulin, head of the European think tank Idate.

Jean-Philippe Courtois, executive vice-president of Microsoft, echoed fears of a digital divide in global standards.

"The risk is that the tectonic plates" of the major technological markets "will become more and more fragmented or more and more distant", Courtois, who leads global sales for the US-based giant, told AFP.

"Our role is to take charge of this complexity by offering companies tools adapted to each regulatory environment," said Courtois whose company, along with Apple, is still largely dependent on Chinese suppliers.

At the same time, China strictly regulates its domestic internet, reinforcing the concept of a "splinternet" around the world as companies are forced to adopt different approaches depending on the market.

Can China meet its ambitions? In 2018, the telecom equipment manufacturer ZTE, another 5G giant, nearly disappeared, unable to import American components after a ban by the Trump administration that was finally lifted.

The episode was traumatic for Beijing and highlighted the Asian giant's dependence on American semiconductors: in total, China imports more chips than oil in terms of value.

SBAC BANK

SM Amzad Hossain, chairman of SBAC Bank, speaks at the bank's annual branch managers' conference at Fars Hotel and Resorts in Dhaka yesterday. Md Golam Faruque, CEO, was present.

Stingy listed companies sap investor spirit

FROM PAGE B1

Many local listed companies either cannot pay their shareholders or are not willing to pay, said Mizanur Rahman, a stock market analyst. "This is because of poor corporate governance." The companies' underlying cash flow is lower compared to their profits because the companies are ill-managed and run as a family business, he said.

If the companies are not sharing their profits, they may be cheating investors in various ways like over-invoicing, said Rahman, who is also a professor at the Dhaka University's accounting and information systems department.

The chief financial officer of a listed company said upon condition of anonymity that his firm was able to provide at least 80 per cent cash dividend last year but the allowed only 20 per cent.

The company's directors either want to give stock dividends or keep the profits although it already has a reserve of more than Tk 700 crore. "Worldwide, stock dividend is not considered as any dividend because it pays nothing," said Md. Moniruzzaman, managing director of IDLC Investments, a merchant bank.

But the retail investors here have to make do with stock dividend.

Poorly performing companies normally provide stock dividend year after year. "This is because of lack of corporate governance."

Globally, when a company has huge reserves and lower possibility of further growth, it buys back shares, which increases its earnings per share.

"But we are seeing many companies here and yet they are not buying back shares," he added. A top official of the BSEC said requesting anonymity that they are aware of the issue and will look into it.

VIRUS OUTBREAK

Starbucks shuts shops in China's Hubei province

REUTERS, *Beijing*

Starbucks has closed all shops and suspended delivery services in China's Hubei province for the weeklong Lunar New Year holiday, where a coronavirus outbreak originated from its capital Wuhan has caused 41 deaths in China.

Starbucks said on Saturday that the move is out of "health concerns" for its customers and employees, according to a post on China's twitter-like Weibo. The central province of Hubei is home to nearly 60 million people.

IDLC becomes kitchen market vendors' white knight

FROM PAGE B1

Abdullah believes that IDLC will continue to lend support to help materialise his plans given his good track record.

IDLC, Bangladesh's leading NBI in terms of business volume and profitability, plan to take the credit facility to all over the country within the year.

Its target is to disburse loans to at least 2,000 kitchen market businesses.

So far, IDLC has recovered 99.5 per cent of their total disbursed loans, which in turn helped them manage the credit facility for underprivileged businesses, Khan said.

IDLC's initiative comes at a time when the country's NBFI sector is struggling to survive in the wake of rising default loans, which stems from a lack of corporate business.

A fair number of NBFIs recently became defaulters as they failed to pay back bank loans taken to run their businesses. However, IDLC has set an example by containing its default loans while maintaining profitability.

As of September last year, default loans at IDLC stood at 2.94 per cent of its total outstanding loans -- far below the industry average of 10 per cent.

Dream71 to help Bhutan digitalise citizen service

FROM PAGE B1

"We will sit with their senior officials again and try to provide support as much possible," Kabir added.

Dream71 started out as a games developer and has now become a full-fledged software company with clients in 14 countries, including Japan, South Korea, the Netherlands and the UAE.

It has particularly developed expertise in creating human resource and tax software.

Recently, Dream71 expanded their network to Africa and struck an agreement with Melt Group, a company specialising in recruitment, selection, workforce management, staffing and professional training, for various ventures in Africa.

PRAN-RFL GROUP

Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, and RN Paul, managing director of RFL Group, pose at the dealers' conference of the group's concern Banga Building Materials at RFL Industrial Park at Kaliganj in Gazipur on Thursday.

FAA tells US airlines it could approve MAX return to service before mid-year

REUTERS, *Washington*

Federal Aviation Administrator Steve Dickson called senior US airline officials on Friday and told them the agency could approve the grounded Boeing 737 MAX's return to service before mid-year - a faster time frame than the planemaker suggested this week, people briefed on the calls said.

Dickson's calls came as the FAA issued a statement on Friday voicing progress on the 737 MAX, in a shifting tone that helped push the planemaker's shares higher even as concerns grew that it may cut production of another aircraft, the 787 Dreamliner.

"While the FAA continues to follow a thorough, deliberate process, the agency is pleased with Boeing's progress in recent weeks towards achieving key milestones," the agency said in a statement.

A person briefed on one of Dickson's calls with the airlines said he told officials the Boeing mid-year timeline is "very conservative."

India likely to raise import duties on more than 50 items next week

REUTERS, *New Delhi*

India plans to increase import duties on more than 50 items including electronics, electrical goods, chemicals and handicrafts, targeting about $56 billion worth of imports from China and elsewhere, officials and industry sources said. Finance Minister Nirmala Sitharaman could make the announcement when she presents her annual budget for 2020/21 on Feb. 1, along with other stimulus measures to revive sagging economic growth, one of the government officials said.

Higher customs duties are likely to hit goods such as mobile phone chargers, industrial chemicals, lamps, wooden furniture, candles, jewellery and handicraft items, two government sources with direct knowledge of the matter said.

The move could hit smartphone manufacturers that still import chargers or other components such as vibrator motors and ringers, along with retailers such as giant IKEA that is in the process of expanding its footprint in India.

IKEA had previously flagged higher Indian customs duties as a challenge. The government had identified items and decided to increase import tariffs by 5-10 percentas recommended by a panel of trade and finance ministry officials, among others, the second government official said.

"Our aim is to curb imports of non-essential items," said the official, adding a hike in import duties would provide a level playing field for local manufacturers-hit by cheap imports from China, the Association of Southeast Asian Nations (ASEAN), and other countries that enjoy trade pacts with India. The sources asked not be identified as the discussions were private.

A spokesman for the finance ministry and a spokeswoman for the commerce ministry declined to comment. Since taking charge in 2014, Prime Minister Narendra Modi has imposed several restrictions on imports while allowing more foreign investment in manufacturing, defence and other sectors.

Modi's ruling Bharatiya Janata Party (BJP) has also asked the government to increase duties on non-essential items to boost local manufacturing.

"We expect the budget will address the issue of ... cheap imports under free trade pacts," Gopal Krishan Agarwal, the head of BJP's Economic Affairs Cell, told Reuters. A committee of trade ministry officials in consultation with local industries had initially planned to target more than 130 items accounting for roughly $100 billion worth of imports, but it has since pruned the list, the first official said.

The government is separately considering imposing "quality standards" on imports as less than 10 percentof India's tariff lines are regulated for safety, health and environmental standards, an industry official, who is participating in the pre-budget consultations, said.

Ahead of the budget, the trade ministry has also asked the finance ministry to consider a Border Adjustment Tax (BAT) on imported goods to level the playing field for domestic players that also have to pay local taxes like electricity duties and levies on fuel, the second government official said. The official added this could be imposed on top of any tariffs further raising the costs of imported goods.

Last July, the government raised import tax on more than 75 items, including gold and automobile parts, in its post-election budget.

India's goods imports, which had been growing faster than exports in the last several years, fell some 8.90 percentduring the April-December period from year-earlier levels, compared to a roughly 2 percentdecline in exports. This has helped the Modi administration cut its trade deficit that stood at $118 billion during April-December, down from $148 billion a year earlier.

The United States wants India to buy at least another $5-6 billion worth of American farm goods if New Delhi wants to win reinstatement of a key US trade concession and seal a wider pact, four sources familiar with the talks told Reuters.

US President Donald Trump cited trade barriers last year when removing India from its Generalized System of Preferences programme that allowed zero tariffs on $5.6 billion of exports to the United States. In retaliation, India slapped higher tariffs on more than two dozens US products.

Indian Finance Minister Nirmala Sitharaman

RAKEEN DEVELOPMENT COMPANY

SAK Ekramuzzaman, managing director of Rakeen Development Company, opens the construction work of a condominium project, Rakeen Tranquil Town, of the real estate company in Narayanganj yesterday. A number of 23-story buildings will be constructed on a 120-bigha land.

US pushing India to buy $5-6b more farm goods to seal trade deal

REUTERS, *New Delhi*

The United States wants India to buy at least another $5-6 billion worth of American farm goods if New Delhi wants to win reinstatement of a key US trade concession and seal a wider pact, four sources familiar with the talks told Reuters. US President Donald Trump cited trade barriers last year when removing India from its Generalized System of Preferences (GSP) programme that allowed zero tariffs on $5.6 billion of exports to the United States. In retaliation, India slapped higher tariffs on more than two dozens US products.

Ahead of a Trump visit to New Delhi to meet Prime Minister Narendra Modi next month, negotiators on both sides are hammering out terms for a trade deal that would include New Delhi rolling back higher tariffs on some farm goods such as almonds, walnuts and apples, one of the sources said.

Both governments had hoped to work out a limited trade deal last year, but struggled to reach an agreement.

India's commerce ministry and the US Embassy in New Delhi did not respond to a request for comment. The office of the US Trade Representative did not immediately respond outside regular business hours. While India has offered partial relief on medical device price caps that have hurt American pharma giants and a roll-back in tariffs on some US goods, Trump's team wants a sweetener of $5-6 billion in additional trade for US goods to restore GSP privileges, three of the sources said.

That demand was conveyed by the United States to India in late December, said two sources. As part of the negotiation, the US wants India to increase imports of frozen poultry products, the first source said. The US has already been pushing India to cut the high import taxes on poultry products.