

India's SBI would need to invest \$331m in Yes Bank rescue

REUTERS, Mumbai
State Bank of India said on Saturday it would need to invest up to 24.5 billion rupees (\$331 million) to buy a 49 per cent stake in Yes Bank Ltd as part of the initial phase of a rescue deal for the troubled lender.

"We are the largest bank in the country and we have a role to play," SBI Chairman Rajnish Kumar said, adding that India's largest state-run lender had been asked by the government to stand behind Yes Bank.

"Any restructuring plan will now become more credible both with the

depositors as well as the potential investors," he told media, saying the survival of India's fifth-largest private bank as "a must".

Yes Bank, weighed down by an increasing pile of bad debt, has struggled for months to raise the capital it needs to stay above regulatory requirements, without any success.

On Thursday, the Reserve Bank of India (RBI) took control of Yes Bank, imposed limits on withdrawals to protect investors and said it would work on a revival plan. The move led to a 56 per cent fall in Yes Bank's share price on Friday, and spooked

depositors, who rushed to withdraw funds from the bank.

Analysts said the moves to bring in SBI to stabilize things was a good first step but more funds would be needed to bailout the lender.

In a client note, Macquarie Capital analyst Suresh Ganapathy estimated that Yes Bank could need as much as \$3 billion of new funding in the next 12 to 18 months.

"So the question arises, would SBI bring in more capital in the future if required?" said Ganapathy.

Analysts also noted speed was crucial at this stage.

"An immediate equity infusion will be critical to prevent any significant damage to the business," said Acuite Ratings & Research, in a note.

SBI said it would try to implement a reconstruction of Yes Bank much before the end of a 30-day moratorium imposed by the central bank. It also said it was in talks with others keen to invest in the troubled bank.

Kumar also acknowledged SBI's investment in Yes Bank could increase to as much as 100 billion rupees (\$1.35 billion) over time, depending on the lender's capital requirements.

The rescue plan states SBI will not be allowed to reduce its stake to below 26 per cent for at least three years.

"Now that SBI's there for at least for three years, there's a possibility that now you might get some serious players coming to invest," said Siddharth Purohit, a research analyst at SMC Institutional Equities.



Quazi Osman Ali, CEO of Social Islami Bank, opens the bank's 'Upashahar Subbranch' in Bogura yesterday.



Customers make enquiries with the security personnel at a Yes Bank branch in Bangalore on March 6.

Tour buses idle as Thai economy takes gut punch from virus

AFP, Bangkok
Ranks of tourist buses idle under a burning sun while once-bustling theme parks lie empty -- from above, striking images reveal the hollowing out of Thai tourism due to the effect of the new coronavirus.

Chinese tourists -- 10 million of whom were expected to visit this year -- have abandoned Thailand, staying at home as a health crisis sweeps the globe, or under quarantine by their government.

The attractions around Pattaya, a Thai tourist resort close to Bangkok which for several years has made its money from mainland tour groups,

are struggling for survival.

Beaches are quiet and shopping malls deserted as an economic malaise settles over a kingdom heavily dependent on tourist spending.

"The situation is very bad, there are very few tourists left," said Songsak Srimuang, a 27-year-old tattoo shop manager.

"Maybe I'll go back to my hometown and go back to farming," Pattaya, like the capital Bangkok, is fuelled by migrant labour from poorer Thai provinces as well as neighbouring countries.

Economic growth is forecast to shrink to as low as two percent this year.

As tourism is eviscerated by the virus, Thais in spin-off industries fear the worst.

"I make 1000 baht (\$30) a day, it's not enough to earn a living," Pattaya ice-cream seller Rasmee Thapa, 28, told AFP.

Hotels and shops are shutting down, while those that stay open rely on Western expats and Russian tourists who are still holidaying.

"Usually there are many tour buses but now it's nothing," said waitress Kochawan Greenglang, 30.

"If this keeps... the bar will have to close down and I won't have anywhere else to work." Thailand has confirmed 50 cases of the virus, with one death.

Munshi remains optimistic amid coronavirus fallout

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"As a result, goods are sold today in more countries, in larger quantities, in greater variety, and at a faster pace."

But as both the volume and complexity of global trade increase, so do possibilities for misunderstandings and costly disputes when sale contracts are not adequately drafted.

The Incoterms® 2020 rules take account of the increased attention to security in the movement of goods, the need for flexibility in insurance coverage depending on the nature of goods and transport and the call by banks for an on-board bill of lading in certain financed sales under the Financial Conduct Authority rule.

Incoterms rules are used globally for imports and exports, he added.

ICCB Banking Commission Chairman Muhammad A. (Rumee) Ali in his welcome

address advised the participants to acquaint themselves with all the rules of Incoterms® 2020, which includes appropriate rules in contracts to future risks in international transactions.

Ali, who is also the chief executive officer of Bangladesh International Arbitration Centre, suggested for keeping provision for arbitration following the Bangladesh Arbitration Act and the rules of the Bangladesh International Arbitration Centre for settlement of disputes, if any.

A total of 125 participants from banks, law firms and national companies attended the day-long workshop on Incoterms® 2020.

Syed Mahbubur Rahman, managing director and CEO of Mutual Trust Bank, emphasised on the need for having appropriate technical know-how for safeguarding international trade transactions.

US judge says Amazon likely to succeed on key argument in contract challenge

REUTERS, Washington
A US judge said Amazon.com Inc is likely to succeed on a key argument of its challenge to the US Department of Defense's decision to award cloud computing deal worth up to \$10 billion to Microsoft Corp.

The opinion by US Court of Federal Claims Judge Patricia Campbell-Smith was unsealed on Friday. On Feb. 13, she issued an order blocking work on the contract pending resolution of Amazon's court challenge.

Amazon contends the contract was awarded to Microsoft because of improper influence by President Donald Trump.

The opinion did not mention

Trump or address Amazon's claims of improper influence, but instead focused on how the Pentagon assessed Microsoft's data storage in one price scenario.

Campbell-Smith wrote that Amazon "is likely to succeed on the merits of its argument that the DOD improperly evaluated" a Microsoft price scenario. She said Amazon is likely to show that Microsoft's scenario was not "technically feasible" as the Pentagon assessed.

Microsoft spokesman Frank X. Shaw said in a statement the company believes it will ultimately be able to move forward, noting the decision focused on a "lone technical finding by the Department of Defense about data storage" under one price scenario out of six.

Shaw said in the one issue cited by the judge, "The government makes clear that in their view Microsoft's solution met the technical standards and performed as needed."

Amazon did not immediately comment on Saturday.

Campbell-Smith said, "In the context of a procurement for cloud computing services, the court considers it quite likely that this failure is material."

Amazon, which had been seen as a front-runner to win the contract, filed a lawsuit in November just weeks after the contract was awarded to Microsoft. Trump has publicly derided Amazon head Jeff Bezos and repeatedly criticized the giant online retailer.

The Amazon lawsuit said the

Defense Department's decision was full of "egregious errors," which were a result of "improper pressure from President Donald Trump."

Bezos also owns the Washington Post, whose coverage has been critical of Trump and which has frequently been a target of barbs by Trump about the news media.

The Pentagon, which had planned to start work on the contract on Feb. 13, has said it was disappointed in the ruling.

As part of the lawsuit, Amazon asked the court to halt the execution of the contract, known as the Joint Enterprise Defense Infrastructure Cloud, or JEDI. The contract is intended to give the military better access to data and technology from remote locations.

Aramco trades below IPO price for first time, after Opec pact unravels

REUTERS, Dubai
Shares of Saudi state oil company Aramco 2222.SE slumped below their initial public offering (IPO) price on Sunday for the first time since they began trading in December, after OPEC's pact with Russia to restrict oil supplies fell apart on Friday.

Aramco shares were down 6.2 per cent at 30.85 riyals (\$8.22) at 0852 GMT, their sharpest percentage fall in a day, and below the IPO price of 32 riyals. The Saudi market was down 7.4 per cent. Aramco's record IPO in December gave it a price tag of \$1.7 trillion, making it the world's most valuable company. The stock hit an intraday high of 38.70 riyals on its second day of trading, but has eased since then.

The shares have fallen more than 11 per cent since the start of the year amid

concerns the coronavirus outbreak will slow oil demand from China and hurt the global economy. Oil prices have also slumped, and fell further on Friday after a three-year pact between OPEC and Russia aimed at supporting the market ended in acrimony when Moscow refused to back deeper production cuts. OPEC responded by removing all limits on its own production.

"Aramco is under pressure because of the failure of the deal," said Marie Salem, head of institutions at Daman Securities. Other Gulf markets were also in the red. The Abu Dhabi stock index was down 5.8 per cent and Dubai's DFMGI down 7.4 per cent.

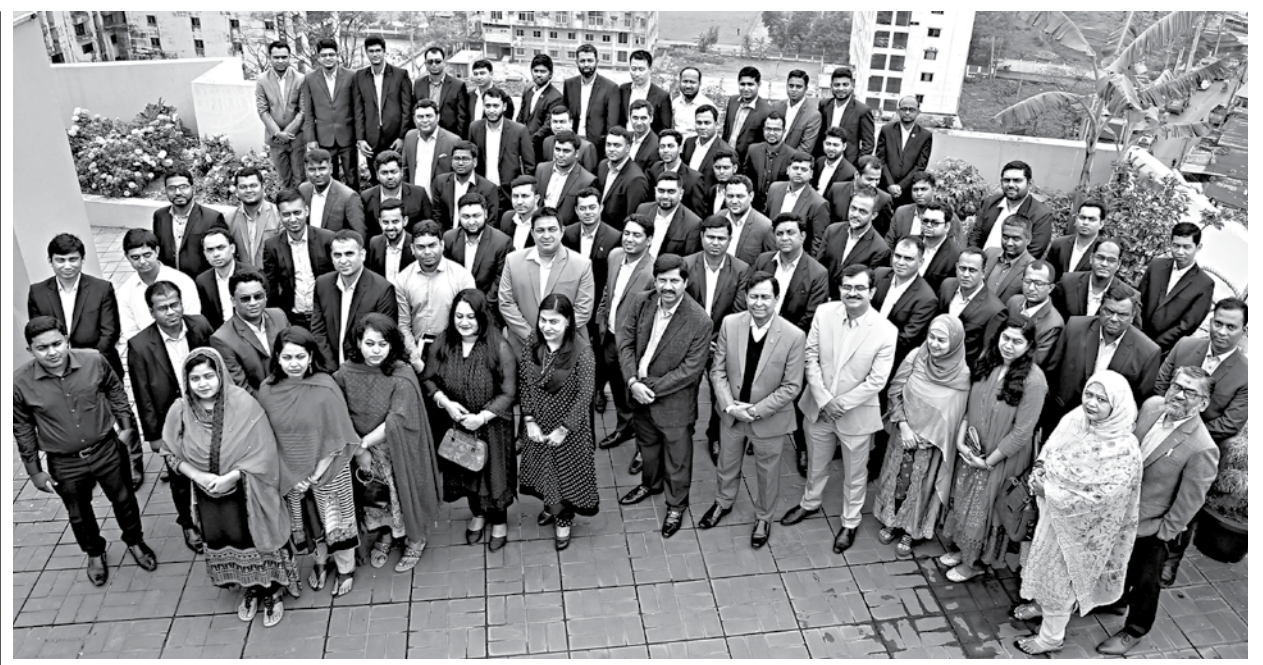
"We expect to see Saudi Arabia, the UAE and other large producers in Opec increase production over the rest of 2020 as they return to a market-share strategy rather than price targeting,"

said Edward Bell, commodity analyst at Emirates NBD in a note on Sunday.

"The market-share strategy bears considerable risk for Opec producers as fiscal positions would deteriorate and balance of payments crises and questions about the sustainability of monetary policy re-emerge."

Saudi Arabia is the de facto leader of the Organization of the Petroleum Exporting Countries and the world's biggest oil exporter. Its economy has suffered in recent years from low oil prices and austerity measures aimed at reducing a huge budget deficit.

Jaap Meijer, head of equity research at Arqaam Capital, said Aramco investors should be sheltered by the guaranteed dividend streams, as the government will scale back its own dividend payments to protect minority shareholders.



Khondoker Rashed Maqsood, CEO of Standard Bank, poses at the bank's 'Town Hall Meet-2020' for the bank's officials of Sylhet regional branches at Rose View Hotel in Sylhet on Saturday.

Mobile operators cool down on investment plans

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Banglalink made significant investment in 2018 to purchase spectrum in order to roll out 4G, which ultimately resulted in an enhanced quality of service for customers, said Taimur Rahman, chief corporate and regulatory affairs officer of the company.

The country's third largest carrier invested Tk 3,524.16 crore in 2018, which included the spectrum charges it paid for buying 10.6 MHz spectrum. Without the spectrum charges, the investment stood at Tk 776.61 crore in 2018.

"Regrettably, the less favourable regulatory environment made it challenging for Banglalink to invest in rolling out more sites recently."

In 2019 it invested Tk 810.62 crore.

"However, we remain hopeful that the government will take our challenges into consideration and take necessary steps such as implementing the SMP guidelines that would encourage small operators to invest further in future," Rahman said in reference to the rules on the significant market player.

Banglalink's continued investment has allowed it to meet the growing demand from its customers for digital services, he added.

Market leader Grameenphone declined

to comment.

The carrier has yet to get the NOC's after depositing Tk 1,000 crore to the BTRC in line with a court order.

The telecom regulator imposed a bar on Grameenphone and Robi in July last year and the bar is still ongoing for the Norwegian Telenor Group subsidiary.

A major chunk of the investment of mobile operators goes into network expansion and building towers to improve coverage and service quality. Upgradation and maintenance of towers also require additional investments.

In order to make sustainable businesses, mobile carriers will have to invest an adequate amount to satisfy their customers, said Md Jahurul Haque, chairman of the BTRC, when contacted.

The telecom watchdog regularly runs the quality of service drive tests.

"We will punish operators if they fail to meet the quality. We will not go to find out how much they have invested or not -- our main agenda is to ensure proper service to the customers."

The operators are cutting back on investment and repatriating more sums, he said.

"This is a common trend among the telecom operators. This needs to be discussed."

Rustle up an action plan for coronavirus

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Defaulters make bad loans regular through court writs. "So, a tougher law is necessary to stop them from availing this scope."

The central bank had hoped that many defaulters would pay the 2 per cent down payment to restructure defaulted loans.

But the top 20 defaulters have not availed the offer, Islam added.

In order to create jobs, investment is needed, said Mostafa Kamal, chairman of Meghna Group, one of the leading business groups in the country.

"But, we, the entrepreneurs, are suffering because of bureaucratic red tape."

One of the files of Meghna Group has been caught in bureaucratic tangle for over two years, he said.

"I wrote to the ministry. One of the senior officials of the ministry told me that the file is moving across desks."

Decisions from the government should come quickly and harassment facing the businesses should come to an end, the entrepreneur said.

He also opposed devaluation

of the taka, which the garment exporters have been demanding.

"Bangladesh is an import-dependent economy," Kamal said, while suggesting incentives for exporters instead of devaluing the currency.

Plans should be framed in light of the weaknesses facing Bangladesh in order to move towards to a sustainable economy, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Sluggish investment, low revenue growth and the weak banking sector are the three major challenges confronting the economy, he said.

In order to bring about changes, attention should be given first to the banking sector.

"If we can't strengthen the banking sector, investment will not flow in," said Mansur, also a former economist of the International Monetary Fund.

Bangladesh wants to raise its per capita income to \$16,000 by 2041, meaning per capita income has to be increased by 11 per cent per annum from 8 per cent at present, said Mustafizur Rahman, a

distinguished fellow of the Centre for Policy Dialogue (CPD).

"In order to prepare for that, Bangladesh has to develop skilled workforce and for this investment in the education sector has to be augmented."

Bangladesh needs to raise its capacity to boost exports to China and India, the trade expert added.

The country has achieved many successes, including lifting the economic growth rate to a higher level, but the country also faces challenges, said Salehuddin Ahmed, a former governor of the Bangladesh Bank.

"There are policies in Bangladesh, but they are not implemented properly. This is very disappointing."

The most concern stems from institutions. "The Bangladesh Bank, the Bangladesh Securities and Exchange Commission, banks, financial institutions and even educational institutions are getting weaker day by day," he added.

There has been a lot of criticism about the 9 per cent interest rate for loans set by the central bank, said Sheikh Fazle Fahim, president of the FBCCI. Many people who once

vouched for the 9 per cent interest rate are now criticising it.

"Constructive criticism is good, but it is not good to say something for the sake of saying something. 99.99 per cent of the businesses in Bangladesh are happy about the 9 per cent lending rate," he added.

Finance Minister AHM Mustafa Kamal said his maiden budget spoke of the many reforms needed to advance the economy.

"These will be implemented gradually. But you can't make haste about them."

Speaking about the fall in exports, he said exports of all other countries such as Vietnam and Sri Lanka have dropped as well.

He also touched upon the bleak state of the stock market.

"It can't be that the country's economy is strong but the stock market sounds like an empty vessel. So, you [stakeholders of the stock exchanges] will have to identify the reasons. The government will extend all sorts of support," he added.

Iqbal Sobhan Chowdhury, editor of the Daily Observer, and Fahmida Khatun, executive director of the CPD, also spoke.