
GUARDIAN LIFE INSURANCE

**Ananta Ahmed, a faculty of the United States Green Building Council (USGBC), hands over the 'LEED Platinum Certificate' to MM Monirul Alam, CEO of Guardian Life Insurance Ltd, and M Mosharraf Hossain, chairman (in-charge) at Insurance Development and Regulatory Authority, at an event in Dhaka recently. The insurer received the certificate from the council in 'Interior design and construction' category for its eco-friendly head office in Gulshan. Tapan Chowdhury, sponsor and patron of Guardian Life, participated in the event through a digital platform.**

# Germany plans reform to avoid bankruptcy wave due to Covid-19

Reuters, *Berlin*

Germany would relax insolvency rules under proposals set out on Saturday to help avert a wave of bankruptcies in Europe's biggest economy, provided companies hit by the coronavirus crisis have a robust business model.

Keen to avoid bankruptcies and mass layoffs, Chancellor Angela Merkel's government has launched a range of stimulus and relief measures as Germany braces for its biggest slump since World War Two, having shrunk by an unprecedented 9.7 per cent in the second quarter.

"Companies that can show creditors a realistic prospect of restructuring should be able to implement their concept outside insolvency proceedings," said Justice Minister Christine Lambrecht in a statement.

Under the draft reform, which would take effect at the start of 2021, the deadline for firms to file for insolvency would be extended to six from three weeks and authorities will apply more relaxed benchmarks when examining over-indebtedness.

The government has already taken steps such as allowing firms in financial trouble due to the pandemic to delay filing for bankruptcy until the end of the year, extending an original deadline of the end of September.

Helped by these measures, the number of firms declaring insolvency in Germany fell 6.2 per cent to 9,006 in the first half of this year from the same period last year. Critics say suspending insolvencies delays, but does not prevent, the collapse of "zombie companies" artificially kept afloat.

However, defenders of insolvency protection steps say they have helped to spare Germany deeper economic contraction and prevent a spike in unemployment.


**German Justice Minister Christine Lambrecht**

# Eye-watering problem: Indian optician's claim threatens nation's banks

Reuters, *Agra, India*

When business evaporated at Gajendra Sharma's eyeglass shop a couple of miles from the Taj Mahal during India's strict COVID-19 lockdown, he was relieved to hear about a pandemic debt moratorium that would give him breathing room on his home loan.

Now, however, the 53-year-old optician's $13,500 debt risks destabilising India's banks, authorities warn.

That is because a complaint he brought challenging the loan relief plan, grouped with those of other borrowers and now before the Supreme Court, could mean a $27 billion hit to lenders - more than half their annual profits - that could shake the nation's financial system, the industry and regulators fear.

The battle, launched from Sharma's small shop in the northern city of Agra and now involving more than 120 lawyers, has the central bank and government struggling to defend what was meant to be a helping hand.

The problem, as the other borrowers see it, is that they must pay additional interest on their skipped repayments during the moratorium, which they call "interest-on-interest."

The borrowers - including a leading real estate industry group, power utilities, shopping malls and small businesses - says the scheme unfairly hits them even as many have been financially devastated by the pandemic, that the banks must forgive the interest and compound interest that accrued while their payments were suspended.

Sharma, a voluble man with a thick moustache and a crop of dark hair, says the six-month reprieve, which ended on Aug. 31, increased his debt load because of the extra interest. He is also paying monthly instalments on a $21,700 business loan, for which he did not seek a moratorium.

"I realized this scheme was not to give us relief, but to give us more grief," he told Reuters in his shop, where idols of Hindu deities compete for space with Ray Ban and Prada sunglass displays.

After Prime Minister Narendra Modi's government imposed the world's strictest COVID-19 lockdown in March, Sharma saw no customers for months, though he had to keep paying his $2,700 in monthly recurring costs.

Across this nation of 1.3 billion people, companies say they are struggling to keep up with their loans as the lockdown has choked business and consumer spending. The economy collapsed a record 23.9 per cent in the April-June quarter from a year earlier.

Now, even with the moratorium, "the interest-on-interest will result in winding up various real estate and other companies," said Utsav Trivedi, a lawyer representing one group of Sharma's fellow complainants.

In a typical case, a homeowner with 15 years remaining on a roughly $40,000 loan would pay an additional $6,000 in interest due to the moratorium, an extra 16 months' worth, explains SBI, India's top state-run bank.

Citing Sharma's case, the finance ministry last week ordered a panel to analyse the impact of withdrawing interest and the compounding levy.

The Supreme Court appears sympathetic to the borrowers on the extra interest.


REUTERS

**Gajendra Sharma, 53, an optician, poses inside his shop selling eye glasses in Agra, India recently.**

During the most recent hearing on Sept. 10, Justice Ashok Bhushan said the court was "inclined to pass an order" that banks forgive the additional levies.

India's banks, too, are reeling from the pandemic, and the industry fears a major judicial setback, given that the court has previously overturned government decisions in ways that hit sectors from coal mining and telecommunications.

Banks already have bad loans of over $120 billion, much of it on the books of state-run lenders, which dominate India's banking landscape, and the non-performing debt is set to surge in coming months. Any deterioration in their books would force the government, itself deeply indebted, to set aside billions of dollars to recapitalise the banks.

Combined annual profits at private banks and state-owned banks is some 3.2 trillion rupees ($43 billion), "so a waiver of interest will be totally destabilising," said analyst Anil Gupta at credit rating agency ICRA.

The Reserve Bank of India told the court an "interest-free" moratorium would cut the sector's income by at least 2 trillion rupees ($27 billion), or 1 per cent of India's GDP. "There would be huge consequences for the stability of the banking system," the central bank said.

The finance ministry told the court last month what waiving what it says is standard compound interest would be "against the basic canons of finance", adding it was crucial to protect the more than 1.9 billion deposit accounts that earn interest income.

The central bank and ministry did not respond to requests for comment.

Sharma, while performing his daily Hindu prayers, said he remains hopeful he will get relief.

"With faith in God I've thought of ways to come out of this muddle," he said about his case, which will next be heard on Sept. 28.

# China's commerce ministry issues rules on 'unreliable entities' list

Reuters, *Beijing*

China's commerce ministry on Saturday issued rules on its proposed list of "unreliable entities," part of an intensifying rift with the United States, saying it will target foreign firms and individuals endangering China's sovereignty and security.

After President Donald Trump's administration imposed additional tariffs on Chinese goods and curbs on Huawei Technologies Co last year, China vowed to draw up a list aimed at punishing foreign firms deemed harmful to Chinese interests.

It has yet to publish the list.

The United States said on Friday it will ban WeChat and video-sharing app TikTok from US stores starting on Sunday night, a move that will block Americans from downloading the Chinese-owned platforms over concerns they pose a national security threat.

China's list will target foreign firms and individuals violating normal market transactions in China, interrupting deals with Chinese firms or taking discriminatory measures against Chinese firms, the ministry said.

In May, state-run tabloid Global Times reported the measures would target such U.S. companies as Apple Inc, Cisco Systems Inc, Qualcomm Inc, while suspending purchases of Boeing Co BA.N airplanes.

The ministry said the list will help "safeguard national sovereignty, security and development interests, maintain a fair and free international economic and trade order, and protect the legitimate rights and interests of Chinese enterprises, other organizations or individuals."

Authorities will set up a working mechanism and an office to help implement work related to the list, it added.

China will prohibit foreign firms listed as unreliable entities from engaging in import, export and investment in China, the ministry said.

Foreign firms could be removed from the list if they correct their behaviours and takes steps to eliminate the consequences of their actions, it said.

# TikTok files complaint against Trump administration to try to block US ban

Reuters

Popular video-sharing app TikTok has asked a US judge to block the Trump administration from enforcing a ban on the Chinese social media network, according to court documents filed late on Friday.

TikTok and its parent company, ByteDance Ltd., filed a complaint in a Washington federal court challenging the recent prohibitory moves by the Trump administration.

The US Commerce Department announced a ban on Friday blocking people in the United States from downloading Chinese-owned messaging app WeChat and TikTok starting Sept. 20.

The ban was being introduced for political reasons, TikTok and ByteDance alleged in their complaint. TikTok also said the ban would violate the company's First Amendment rights.

US President Donald Trump, who has been locked in a long-running trade dispute with China, issued an executive order on Aug. 6 that prohibited US transactions with the Chinese owners of messaging app WeChat and TikTok.

Both ByteDance and TikTok are seeking a "declaratory" judgment and an order "invalidating and preliminarily and permanently enjoining the Prohibitions and the August 6 order," according to the complaint.

The White House did not immediately respond when Reuters contacted it for comment early on Saturday.

TikTok, which has over 100 million users in the United States, said the ban would "irreversibly destroy the TikTok business in the US"

# Fiscal fizzle saps US economic recovery, a possible boost to Biden

Reuters

This week's economic data offers fresh hints that the US recovery will slow without new federal aid, a possible blow to President Donald Trump's reelection bid, especially since any new spending before the Nov. 3 presidential election seems unlikely.

A slowdown in US consumer spending in August provided the clearest evidence this week that as millions of Americans lost the extra unemployment benefits that had sustained their finances in the early months of the COVID-19 recession, they have begun to cut back.

In an economy where consumer spending accounts for two-thirds of the total output, less shopping means less overall growth.

The number of Americans filing new claims for unemployment dropped less than expected, and applications for the week before were revised up, suggesting the labor market recovery has plateaued. Meanwhile, a Fed survey released Friday showed that American households were better off financially in July than they were in the first months of the crisis, in large part because of their access to government aid.

Other data this week indicate the recovery is ongoing in some parts of the economy.

US factory production increased for a fourth straight month in August, and confidence rose to a record among single-family homebuilders, who saw a boost to demand from low interest rates and pandemic-fueled demand for homes suited to remote work.

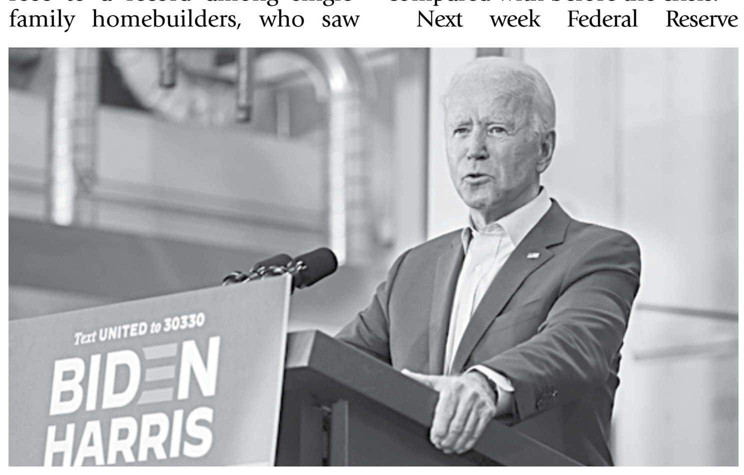
Broad consumer sentiment also picked up in September, a report showed Friday. Democrats grew more upbeat about the economy's outlook while Republicans' enthusiasm dipped, but overall consumer optimism is still down compared with before the crisis.

Next week Federal Reserve Chair Jerome Powell is scheduled to address lawmakers at three separate hearings, where he will undoubtedly make the same observation he has repeatedly made for months, including after this week's policymaking meeting: more stimulus "is likely to be needed" for the recovery to continue.

The House, controlled by Democrats, and the Senate, controlled by Republicans, are deadlocked on any stimulus bill, and there's little chance of it passing before the election.

Eventually, Congress will pass some pandemic relief, no matter who wins the presidential contest. But it's likely to be less under Trump, a Republican, than under Democratic presidential nominee Joe Biden.

"If Trump wins and (Republicans) retain control of the Senate and the president says he wants more stimulus, Republicans will find a way to go along with that," said Eric Winograd, senior economist at AllianceBernstein. "If Biden wins, you would get bigger stimulus."




**Joe Biden**

Goldman Sachs economists said they would likely boost their fourth-quarter GDP forecast if Biden wins and Democrats retake the US Senate, because Democrats would approve a spending package larger than the $1 trillion Goldman has penciled in.

Despite overall concerns about the strength of the recovery, and millions out of work since the pandemic hit, a recent Reuters/Ipsos poll found that 45 per cent of US adults think Trump is the better candidate for rebuilding the economy. That's compared with 36 per cent who say Biden would be better.

But the same poll showed that likely voters were much more concerned about a candidate's ability to fight the coronavirus and restore trust in government, both issues on which voters gave Biden a lead.

COVID-19 has killed more than 197,000 in the United States since the pandemic began. New daily cases are now averaging about 40,000, about 60 per cent of the July peak.