India retreats on parliament plan for goods and services tax

REUTERS, *New Delhi*

The Indian government has given up plans to reconvene a parliament session to secure approval for a common goods and services tax (GST) because of lack of political support, Finance Minister Arun Jaitley said on Wednesday, making it harder to meet an April 2016 deadline to implement the reform.

The retreat came just as Prime Minister Narendra Modi's administration has been assuring an increasingly sceptical business community that Asia's third-largest economy can withstand global market turbulence and China's slowdown.

Jaitley said a cabinet committee had recommended to President Pranab Mukherjee that he prorogue the monsoon session of parliament that had been kept alive since last month to allow for a consensus on the GST.

"There was a meeting of the cabinet committee on political affairs. It was decided to recommend the president to prorogue the monsoon session. We will keep trying, we are in touch with all political parties," Jaitley said.

The main opposition Congress party, which itself had pushed the tax legislation when it was in government, continued to play politics, Jaitley said, throwing into doubt the April deadline.

"Your guess is as good as mine," he shot back when asked if the government would be able to implement the tax measure.

"It is time for political parties to display some element of statesmanship, particularly when India is trying to emerge as an important economic force." The government needs the support of the opposition to win parliament's approval as it lacks a majority in the upper house.

Business is clamouring for the GST, which would replace an array of state and federal levies and transform India into a more uniform market. Economists estimate that could add up to 2 percentage points to gross domestic product.

"It's massive. GST has to happen," Juvencio Maeztu, India CEO for Swedish retailer IKEA, which buys wares from India but has yet to open any stores. "We cannot lose more time on this."

Fifteen months into Prime Minister Narendra Modi's term, officials are pushing hard to kickstart an economy that remains sluggish, despite rosy official growth figures.

Modi met business leaders and economists on Tuesday to ask for investment; he was met with demands for trade protection and big cuts in interest rates to bolster growth.

The government has argued India's relatively closed economy offers protection against the turmoil sweeping emerging markets, but India has not been immune. Most of the gains in Indian stocks since Modi took office in May 2014 have been wiped out.

Jaitley, speaking at an Economist conference earlier in the day, said it was vital to stay on the path of reform and build toward higher growth, which the International Monetary Fund forecasts at 7.5 percent this year.

Touching on a sensitive subject for investors, Jaitley said the government was also seeking to resolve pending tax disputes and hoped to resolve "legacy" issues in short order.

The finance ministry decided last week against pursuing demands for foreign portfolio investors to pay Minimum Alternate Tax. But India is still locked in back-tax disputes with UK telecoms group Vodafone and Cairn Energy.

Without referring to these directly, Jaitley said the government hoped to resolve pending disputes "in not much time".

SOUTHEAST BANK

Shahid Hossain, managing director of Southeast Bank, and IFC officials Inessa Tolokonnikova, Rehan Rashid and Ehsanul Azim attend the signing ceremony of a loan deal.

China, Pakistan set to sign economic zone deal

AFP, *Karachi*

Pakistan is set to sign a 40-year-lease with a Chinese company to develop a massive special economic zone in the deep sea port of Gwadar, officials said Wednesday.

The scheme is part of the China-Pakistan Economic Corridor (CPEC), an ambitious $46 billion investment plan linking western China to the Arabian Sea with infrastructure, energy and transport projects.

The contract assigning the 923 hectare (2300 acre) swathe of tax-exempt land to China Overseas Port Holding Company (COPHC) is likely to be signed this month or October, Dostain Khan Jamaldini, chief of the Gwadar Port Authority (GPA) told AFP.

As part of the wider plans, "work on the Gwadar International Airport would start in the next couple of months and we are quite hopeful of completion of the national highway connecting Gwadar with the north within the next month", he added.

Pakistan is also raising a special security force of between 10,000 and 25,000 men to protect the port, which lies in the restive southwestern province of Baluchistan which since 2004 has been roiled by a separatist insurgency.

Abdul Razzaq Durrani, the director general of GPA, confirmed the deal.

ROBI

Tawfique Imam, general manager for loyalty and win-back at Robi, and Sohail Majid, head of marketing and sales at Novoair, pose at the signing of an agreement at the telecom operator's corporate office in Dhaka on Monday. Robi's Platinum Ace and Platinum category customers under Dhonnobad programme can avail 10 percent discounts on base fare, carry 5 kg extra baggage and also utilise priority check-in with Novoair.

Indonesia unveils stimulus to bolster economy, currency

AFP, *Jakarta*

Indonesian President Joko Widodo on Wednesday unveiled a series of stimulus measures to lift slowing growth in Southeast Asia's top economy and shore up the country's plunging currency.

In a televised address, Widodo was joined by key policymakers to announce a broad range of measures including the slashing of red tape to woo investors, moves to bolster the rupiah, and programmes to help the poor.

The president said the stimulus was aimed at providing an "economic jump forward", and that two other parts of the package would be unveiled in the coming weeks.

Widodo came to power last year pledging to boost the G20 economy but his government has faced criticism for a series of policy flip-flops, sending mixed messages to investors and a failure to get key initiatives off the ground.

In a bid to cut through red tape, the president said Wednesday that adjustments were being made to 89 regulations to simplify doing business and cut "irrelevant regulations which have hampered the competitiveness of national industry".

Policies announced to help the poor included the provision of cheaper fuel to fishermen, more funding to villages and the strengthening of a programme to provide cheap rice.

Agus Martowardojo, governor of the central bank, Bank Indonesia, announced measures to help the rupiah, including improving the management of foreign exchange flows.

Other steps unveiled in the package included helping exporters with financing and making it easier for frequent foreign visitors to Indonesia to open bank accounts.

Widodo had pledged to kickstart growth by creating new jobs for the young, starting a flurry of infrastructure projects and boosting the manufacturing sector.

But growth has continued to slide, hitting a six-year low of 4.7 percent in the second quarter, while the rupiah has fallen to a 17-year low in recent months. On Wednesday, the unit was changing hands at 14,250 to the dollar.

IMF warns deficit could erode Saudi reserves

AFP, *Dubai*

The International Monetary Fund warned Wednesday that Saudi Arabia's growing budget deficit could rapidly erode its reserves unless it adapts to slumping oil prices by adopting a host of painful reforms.

"With the large decline in oil prices, the fiscal deficit has increased sharply and is likely to remain high over the medium term," the IMF said in a report released after talks with Saudi officials.

"These deficits will rapidly erode the fiscal buffers that have been built over the past decade," it said.

The kingdom must undertake "a large multi-year fiscal adjustment" to balance the budget, the IMF said.

The reforms should include comprehensive energy efficiency and price alterations, expanding non-oil revenues, reviewing capital and current expenditures and reducing the government wage bill, it added.

The report projected the Saudi budget deficit to run at 19.5 percent of Gross Domestic Product, or around $130 billion, in 2015.

NBR to organise tax fair at upazila level

FROM PAGE B1

Since the beginning, the fair has gained popularity as taxpayers say it gives them a hassle-free environment, thanks to tax-related assistance provided by taxmen at the show.

Last year, the weeklong event brought the state coffer a record Tk 1,675 crore, which was 50 percent higher than the amount collected from the fair in the previous year.

The fair also attracted a record 6.49 lakh visitors and the number of tax returns submitted last year was also the highest -- 1.49 lakh. Some 15,907 persons had signed up online for TIN at the fair, up 23 percent from the previous show, according to the NBR.

Smartphone giant seeks mobile payments spark

REUTERS, *Seoul*

In a new Samsung Electronics Co ad, a mysterious monk strides through a supermarket to a hip-hop beat using his staff to wizard groceries into a cart. At the checkout, an acolyte whips out a smartphone to settle up using Samsung's new mobile payment system, as if by magic.

The tongue-in-cheek nod to martial arts movies is a plug for Samsung Pay, a technology to be rolled out in the United States later this month that allows customers to pay for goods by simply placing their handsets on or next to a point-of-sale terminal.

Since its Aug. 20 launch in South Korea, Samsung says the service is beating internal expectations by averaging 25,000 new users and more than $620,000 in transactions per day.

The world's top smartphone maker is trying to push into mobile payments, a sector seen by researcher IDC as being worth $1 trillion in 2017, as part of a drive to stem market share losses to Apple Inc, Huawei Technologies Co and Xiaomi Inc.

Gartner says Samsung's global smartphone market share fell to 21.9 percent in April-June from 26.2 percent a year earlier.

Samsung Executive Vice President Rhee In-jong said in an interview the firm will likely launch new mid and low-tier smartphones compatible with Samsung Pay next year. "The way to protect pricing power, even for low-end or mid-range phones, is to offer a service that users can't get elsewhere," he said.

The firm hopes the new service will set its phones apart from competing devices and compel users to pay a bit more for the universal convenience it offers. But with Apple already offering payments and others like Google Inc preparing to launch Android Pay, some analysts say Samsung's relatively late entry and weaker software ecosystem pose challenges.

"Samsung Pay is a necessary step in the right direction but it doesn't guarantee increased sales of smartphones for the company," said IDC analyst Shiv Putcha.

Apple and Google did not respond to requests for comment on how they perceive Samsung's mobile pay services. Samsung has declined to disclose its overall investment in launching Samsung Pay, which follows the February acquisition of mobile payments start-up LoopPay for $230 million.

Samsung's system offers wider coverage than rivals because it allows users to make payments by putting their phone on, or near, magnetic stripe card readers already in wide use. It has signed up credit card firms and banks such as Visa, MasterCard and Chase as partners.

By comparison, Apple Pay, launched last September, requires retailers to install new equipment compatible with its service.

Cho Min-kyung, a Seoul office worker who recently tried out Samsung Pay through her Galaxy S6 phone, said the service was convenient because it cuts out the hassle of having to carry around both her wallet and phone every time she heads out.

In a research report, brokerage SK Securities said Samsung Pay may be helping shipments. Estimated South Korea sales of Galaxy Note 5 and Galaxy S6 edge+ devices - which support Samsung Pay - for the first three days after launch were more than double comparable sales of the Note 4 and Note Edge handsets last year.

Samsung executive Rhee declined to give targets on Samsung Pay, though he said the company, for now, was focussed on adding new users, rather than making money. Samsung's Gear S2 smartwatches, which go on sale in October, are also compatible with Samsung Pay.

Alliance happy with upgrades in garment factories

FROM PAGE B1

"Real, measurable improvements in garment factories are now well underway, with the Alliance and our partners providing the training, financial support and remediation expertise to make a safer Bangladesh garment industry a reality for millions of workers," said Ellen Tauscher, independent chair of the Alliance.

The report also said the Alliance signed an agreement with the International Finance Corporation to provide $50 billion to factory owners for remediation work.

It has another pending partnership agreement -- of $18 million with the United States Agency for International Development -- to finance the remediation programme.

Both the agreements are designed to provide critical financing to speed repairs, and each is the first of its kind executed with an industry coalition, said the report.

The Alliance also touched upon the significant milestones achieved in the area of worker empowerment.

"We are proud of our efforts to empower garment factory workers through training and to help them develop lines of communication necessary to build safe and more productive workplaces," said James Moriarty, executive director of the Alliance. The platform provided training to factory security guards to inform them of the unique role they play in helping evacuate workers in case of an emergency.

As of July, some 13,800 guards had undergone specialised safety training. "In doing so, we are working to set a standard of worker safety and empowerment that we hope the entire Bangladesh garment industry will follow."

As of July, the Alliance members were sourcing from 662 active factories, representing an estimated 1.2 million workers, the report also said.

US retailers express satisfaction over workplace safety

FROM PAGE B1

In Dhaka, the two met the US labour attaché, and executives of the Alliance and Bangladesh Garment Manufacturers and Exporters Association. They also toured one of the first factories to complete Alliance's audit and compliance programme, and visited a laboratory that conducts factory testing, according to the statement.

NRF helped bring together 26 apparel brands to form the Alliance in response to the 2013 Rana Plaza garment factory collapse in Dhaka that killed more than 1,100 people and injured more than 2,500.

US firm gets more time to complete satellite work

FROM PAGE B1

The project was approved by Ecnec in 2010 with a cost of Tk 1,721 crore and it was scheduled to be complete by 2013.

Later, the timeframe was extended twice and the new deadline is 2018, which also caused the costs to go up. India increased the amount of credit in line with the rise.

The project is an important part of the transit arrangement between Bangladesh and its neighbours -- India, Bhutan and Nepal.

Robi, Airtel in merger talks

FROM PAGE B1

In the intensely competitive telecom markets of South Asia, an acquisition or merger should not raise any big red flag, said Rohan Samarajiva, chief executive officer of LIRNEasia, a Colombo-based telecom think-tank.

Even with the reduction of one player, the concentration levels should still be lower than in most developed country markets, he said, adding that the customers have no reason to worry about the merger.

"What requires attention is spectrum, especially in light of the convoluted rules that were applied in giving operators spectrum at various times," Samarajiva said.

In the statement, both the parties said there is no certainty that this discussion will lead into the execution of binding definitive agreements between the parties.

The announcement is to facilitate the ongoing discussions and exchanges of information between the parties, including, but not limited to, discussions with the relevant regulatory authorities, it said.

Axiata and Bharti Airtel will issue further announcements if there is any material development on the matter.

Airtel entered Bangladesh in 2010 by acquiring a 70 percent stake in Warid Telecom, picking up the remaining 30 percent in 2013. Its licence expires in 2018.

Robi started operations in 1997 under the brand name of AKTEL. The operator renewed its licence in 2011 after completing its first 15-year tenure. In Bangladesh, Robi employs 1,800 people and Airtel 800.

The new entity will apply for a combined licence soon after the merger.

NRB BANK

Muklesur Rahman, managing director of NRB Bank, launches the bank's Visa platinum credit card in Dhaka. Rahat Shams, head of retail banking, was also present.