

Plunging oil prices affect 7m Indians working in Gulf countries

THE STRAITS TIMES

The plunge in oil prices has led to growing alarm about job security among millions of foreign workers in the oil-rich Gulf region - many from India and the Philippines - who remit billions home annually. They are already bracing for leaner times.

Some seven million Indians work in the Gulf countries in everything from banking to construction and real estate. Annually, they send a staggering US\$40 billion (\$56.2 billion) back home. Thus the economic impact of cutbacks in the Gulf will be substantial, particularly on the southern state of Kerala which has more than 2.5 million people working in the region.

So far, plummeting oil prices have not hurt such remittances. But people living in the Gulf told The Straits Times that there is a growing

sense of insecurity, although it has not yet reached a crisis point. Still, some people have already lost their jobs or seen delays or even cuts in their pay cheques.

"It is not yet a major problem. I don't see a lot of people coming back. In Qatar (for instance), some people lost their jobs but they are staying on with their own money because they have children who need to complete their school year," said Professor Irudaya Rajan at the Centre for Development Studies in Kerala.

Qatar Petroleum and its subsidiaries last year laid off more than 3,000 people, which included Indians. "I am not sure it will have a large-scale impact," said Prof Rajan. "But we have to wait and watch if this trend continues for some time."

KV Shamsudheen, chairman of the UAE-based Pravasi Bandhu

Welfare Trust, said: "Some people will lose (their) jobs especially in the petroleum companies, which, when there was a bonanza, were paying high salaries... But there is no panic. Like any other crisis, people are a little more careful with their financial resources."

Still, the Associated Chambers of Commerce of India warned that the crude oil price crash could affect fresh recruitment and impact remittances. It has urged the government to keep a contingency plan in place.

"With a severe economic pressure in all these oil-producing nations, the expatriates mostly in the low-income and labour-oriented sectors, like construction, hotels and restaurants, would feel the heat in terms of wage cuts, layoffs and the terms of employment deteriorating," the body said in a release last month.

Kerala legislator KV Abdull Khader, who is also general secretary of the Kerala Pravasi Sangam which deals with the welfare of those working in the Gulf, said 5,000 people from the state working in different sectors had returned home in the last three months. But it was unclear if this was a fallout of the oil crisis.

"We have information some Gulf countries like Qatar and Saudi Arabi have sent back labourers," he said. "We are afraid more people will come back. The decision to impose tax will also have an impact."

Still Shamsudheen noted: "The Indian community has survived eight crises, including the invasion of Kuwait, and has continued to grow."

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New AMD for Standard Bank



STAR BUSINESS DESK

Mamun-Ur-Rashid has recently been promoted to additional managing director of Standard Bank, the private commercial bank said in a statement yesterday.

He started his 33-year-long career in the banking sector with National Bank, according to the statement. He later worked for NCC Bank, Prime Bank, United Commercial Bank and Premier Bank. He joined Standard Bank in 2013.

For some Nordic banks, boring may be better than bonuses

REUTERS, Stockholm

Just seven months ago, Sweden's Handelsbanken was worth almost \$20 billion less than Deutsche Bank. This month, it eclipsed Germany's flagship lender.

Its market value has held up as concerns over negative interest rates and bad debts, along with spiralling macro-economic worries, have seen other European lenders slide this year.

Handelsbanken epitomises a more conservative Nordic banking style that prioritises cost control over revenue growth. It pays no annual bonuses to executives and has a decentralised model that gives branch managers control over lending, which it says helps reduce bad loan risks.

It had an efficiency ratio - a measure of a bank's operating costs as a percentage of its revenue - of 45.3 percent in 2015. By comparison, Deutsche Bank had 115.3 percent and BNP Paribas 82.9 percent.

Former Swedish Finance Minister Anders Borg has lauded its approach, calling for more "boring" banking based on borrowing and lending over the risk-taking and expansionist policies in the global industry that helped cause the 2008 financial crisis.

"I wouldn't use the word boring, but we don't want any surprises," Handelsbanken finance chief Ulf Riese told Reuters. "The one risk we do like to take is credit risk because we know our customers so well and have such a local presence."

Nordic banks' relatively conservative approach to risk and cost control has sheltered them somewhat from the turbulence across the continent; while the European banking index had dropped more than 20 percent this year, as of 0800 GMT on Friday, the six major Nordic banks were down on average about 8 percent.

Handelsbanken has fallen just 1 percent this year, giving it a market value of about \$24.5 billion on Friday, topping Deutsche Bank's \$23.8 billion. At the beginning of August it was worth around \$28.5 billion against Deutsche's \$48 billion.

The six Nordic lenders - also including Sweden's Nordea, Swedbank and SEB, Norway's DNB and Denmark's Danske Bank - made a combined net profit of 13.2 billion euros (\$14.6 billion). Handelsbanken reported the biggest profit in its 144-year history.

They have all slashed costs as they sought to recover from the crisis and navigate negative interest rates; Sweden and Denmark were among the first countries to introduce such rates.

Danske for example has reduced the number of branches to about 300 in 2015 from almost 800 in 2008 while Swedbank plans to cut costs by a tenth this year compared with 2014. Many have moved parts of their operations from city centres to the cheaper suburbs and invested heavily in digitalisation, allowing them to cut staff. Nordea held one in seven customer meetings online in the fourth quarter.

"We have argued for a long time that Nordic banks, Swedbank and Nordea in particular, have been the canaries in the coal mine," said Adam Barrass, banking analyst at Berenberg bank. "They have shown the path that you should follow in a negative rate environment or as net interest margins get squeezed."

Alliance blacklists three factories for certificate forgery

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"I don't know whether any factory has been blacklisted," said Siddiqur Rahman, president of BGMEA.

However, the Accord and the Alliance have given a list of factories that are still low in remediation, according to Rahman. "We have formed a committee to review progress on the remediation and it will start reviewing the corrective action plan from February 24."

He said the engineers of the Accord and the Alliance have frequently been changing the CAPs in the same factories.

As a result, the remediation costs for the factories have been increasing by the day.

"We have already urged the Accord and the Alliance to recommend CAPs for once and not to change it frequently," he said.

Earlier, the Alliance members severed relationship with 23 factories, as those were not interested in remediation as per recommendations by the Alliance engineers.



Mahbubur Rahman, president of International Chamber of Commerce Bangladesh, poses with Susilo Bambang Yudhoyono, former president of Indonesia, in Bali recently while inviting Yudhoyono to be the keynote speaker at the Asia Pacific Business Forum of UNESCAP to be hosted by ICCB in Dhaka this year.

India Post rides e-commerce wave as villagers buy online

AFP, Alwar, India

With his rickety bicycle and sackcloth mail bag, 62-year-old Indian postman Chet Ram does not look like a worker at the vanguard of an e-commerce revolution delivering everything from mobile phones to cow manure.

He pedals miles each day in rural Rajasthan state, ferrying packages to villages and takes payments in cash because most of his customers do not have bank accounts, let alone credit cards.

While in the United States online giant Amazon and its ilk experiment with futuristic drones and one-hour deliveries, in rural India e-commerce retains a distinctly old-fashioned feel.

Yet the dawn of online shopping is changing the lives of people in rural areas -- and is breathing new life into India Post, the ailing state-run postal network, which has struggled with a huge deficit for years.

In the past two years the 160-

year-old postal giant has tied up with 400 e-commerce companies including Amazon and Indian giant Flipkart to deliver a diverse range of goods.

It deploys its vast network of about 460,000 employees across 155,000 post offices to take goods to customers in remote areas, often hundreds of kilometres (miles) from the nearest town.

Government clerk Surinder Singh Yadav from rural Ula Hedi village in Neemrana district says the dawn of e-commerce has transformed shopping for his family, who now nudge him to order products they see advertised on television.

"These companies give us a variety we don't get in our local markets, quality at competitive rates and a doorstep delivery," said Yadav, as he accepted a delivery of a spray paint machine.

The absence of reliable private delivery companies outside the big cities led India Post to step in to fill the gap.

"Until recently, people in these

rural areas had aspirations but no means to access the market," Kavery Banerjee, secretary of India Post, told AFP.

"Now we are delivering women's clothes and latest electronic gadgets even in the remote regions of country like Leh and Ladakh," she added.

It has been a huge success, with parcel deliveries increasing 15-fold to 75,000 daily deliveries in the past two years.

But India's vast areas of rural terrain, where roads can be poor and infrastructure patchy, pose challenges to the digital revolution.

Most small post offices, like the one in Neemrana, depend on unreliable public transport to collect parcels from region's bigger post offices.

Postal workers use bicycles and old cloth mail bags which make it difficult to transport bigger or multiple parcels.

Many rural Indians are still new to the Internet -- up to a billion people are not yet online in

the country -- and are wary of e-commerce sites, preferring to hand over money only after receiving the goods.

Part of the firms' success has been driven by giving customers the chance to pay cash on delivery -- although it takes up to two days to find out if a parcel was accepted by a distant recipient.

"It has given a sense of empowerment to customers who are not confident about e-commerce shopping," said K.C Verma, an assistant superintendent at a post office in Behror, a town close to Neemrana.

One such customer is Sudesh Yadav, a farmer's wife in Daulat Singh Pura village in Neemrana who refused to accept her parcel of a car cleaning kit.

"The company has sent the order almost a week late," she told the postman who had cycled to her home on a cold January morning to deliver the goods.

"We have already purchased it from a nearby town. Take it back," she said.

India Post, which was founded under colonial rule in 1854, hopes the huge growth of e-commerce will enable it to reverse its ailing financial situation.

The value of cash-on-delivery parcels handled by the postal department is expected to register a 300 percent increase by the end of financial 2015 compared with last year, India Post said.

It hopes to slash its \$800 million average annual deficit and improve profitability at its 140,000 rural post offices.

Communication and Information Technology Minister Ravi Shankar Prasad told reporters last month that the Indian postal department had the potential to become the "world's leading e-commerce delivery platform".

The department has upgraded or added around 70 modern parcel handling centres with existing post offices in the last two years and plans to add to its standing fleet of around 900 mail vans across India.

Six officials of China's ICBC bank held in Spain for money laundering

AFP, Madrid

Six officials of Chinese megabank ICBC have been placed in detention by Spanish authorities on suspicion of laundering tens of millions of euros, judicial sources said on Saturday.

They were detained overnight and while three of them can be freed if they post bail of 100,000 euros (\$111,000) each, the others will remain in custody for the time being, the Madrid appeals court said.

The suspects were arrested on Wednesday at the bank's central Madrid branch as part of a probe into the suspected laundering of at least 40 million euros (\$44.5 million). They were questioned from Friday afternoon through to early Saturday.

The Industrial and Commercial Bank of China is accused of allowing traders to move money earned through smuggling and tax fraud out of the country, to China, "in a way that appeared legal", Spanish police said in a statement.

Spanish prosecutors said the employees were being sought for "economic crimes" but did not elaborate.

The raid was a follow-up to an operation last year that targeted Madrid-based Chinese syndicates suspected of importing huge amounts of goods from China without declaring them, to avoid duties and taxes.

The groups allegedly deposited the proceeds in ICBC accounts, with the lender accused of sending the funds to China without checking their origin as required by law.

ICBC is the world's largest bank by market capitalisation. It entered the Spanish market in January 2011 with the inauguration of its branch in Madrid. A year later it opened a second branch in Barcelona.

GM could cancel \$1.6b investment in Brazil

REUTERS, Sao Paulo

General Motors Co will reconsider plans for new investment in Brazil if the economic and political situation does not improve, the company's president Dan Ammann said in an interview published on Sunday.

Brazil was until recently one of the world's five biggest auto markets, but it has sunk into the worst recession in 25 years and business confidence has been undermined by political uncertainty and a bid to impeach President Dilma Rousseff.

"I hope to see political and economic advances in the next six to 12 months, which would allow us to stick to our investment plan," Ammann told the Estado de

S.Paulo newspaper.

Otherwise, GM would "re-evaluate," he said.

GM announced last year that it plans to invest 6.5 billion reais (\$1.62 billion) in new products and technology in Brazil through to 2019.

But recession has hit the auto sector badly. Production of cars and trucks dropped 29.3 percent in January from a year earlier, the lowest for the month since 2003, and sales fell 38.8 percent, the lowest monthly total in almost nine years, according to the national automakers association Anfavea.

Despite the severe downturn, Brazil remains a major base of operations for Fiat Chrysler Automobiles NV, Volkswagen AG,

Ford Motor Co and GM.

Barry Engle, GM president for South America, said in the same interview that Brazil needs changes in fiscal policy and reforms to its tax, labor and regulatory laws because it is "terribly uncompetitive."

A third of the Brazilian auto industry's nearly 130,000 workers are on some kind of furlough, as automakers struggle to cut capacity without resorting to more costly layoffs.

Ammann said it was too early to say whether GM will close any of its five plants in Brazil, two of which make components for vehicles produced at the other three.

GM continues to view Brazil as a market with great potential in the long run, but "a big change" is

needed to reach that potential, Ammann said.

"The important question is to know when we will see the stability that allows us to continue investing. We are worried because the environment is unstable and the outlook is uncertain for the next few years," he said.

Ammann suggested Brazil follow the example of Argentina, where the election of President Mauricio Macri brought a shift to business-friendly policies that are restoring investor confidence in a country beset by heavy-handed trade and currency controls.

"Argentina showed how the situation can quickly change with the right leadership of the economy," he said.



Ron Haque Sikder, a director of National Bank, hands over a cheque for Tk 25 lakh at an event on Tuesday to Annisul Huq, mayor of Dhaka North City Corporation, for the city corporation's project for installing surveillance cameras in Gulshan, Banani and Baridhara.