

India's growth pace likely slowed in April-June: poll

REUTERS, Bengaluru
India's economic growth likely lost some momentum in the April-June quarter on cutbacks in domestic and global demand, a Reuters poll showed.

The poll also found that economists expect the newly-passed goods and services tax (GST) will take time to have an impact on gross domestic product growth.

For April-June, the median forecast of 40 economists was for GDP growth of 7.6 percent from a year ago, slower than the 7.9 percent in the previous quarter.

The slower pace would still be rapid, by any standard. China reported 6.7 percent annual growth for April-June, and the Philippines posted 7.0 percent.

Much of India's slowdown was attributed to slumping demand. On an annual basis, the country's exports fell for 18 consecutive months until June, when they finally rose. Business surveys have pointed to slowing foreign and domestic demand.

The latest reform from the government,

the goods and services tax, should transform the country into a common market and is widely expected to add up to two percentage points to the GDP growth pace after implementation.

But the median forecast of 13 economists who answered an extra question on the tax change was that GST will have no major addition to the country's GDP during the fiscal year starting April 2017, when the measure is slated to take effect.

The standard rate for GST of more than 17-18 percent "could be negative for the services economy, which is more than 60 percent of GDP," said Abhishek Upadhyay, economist at ICICI Securities.

"Net impact may be negative initially, even as medium term impact will be undoubtedly positive," he said.

But in the fiscal year 2018-19, GST is expected to increase the GDP growth rate by 0.75 percentage points.

"Near-term costs may exceed the benefits, though investment ramp-up and streamlining benefits will follow," said Vishnu Varathan, economist at Mizuho.

Md Lokman Hossain, managing director of Panna Group, poses for photographs with dealers from across the country at the VOLVO Battery Wholesalers Conference at the International Convention City Bashundhara in Dhaka recently.



VOLVO BATTERY

EU insists 'ball still rolling' on US trade deal

AFP, Brussels

The European Commission on Monday insisted talks on a huge US free trade deal were on track, rejecting German claims that irreconcilable differences had left the deal dead in the water.

"The ball is rolling right now. The Commission is making steady progress," Commission spokesman Margaritis Schinas said when asked about comments by German vice chancellor and economy minister Sigmar Gabriel that

the talks had "failed."

"Talks are now indeed entering a crucial stage but ... provided the conditions are right, the Commission stands ready to close this deal by the end of the year," Schinas told a regular press briefing.

The EU and US began work on the Transatlantic Trade and Investment Partnership (TTIP) in 2013, aiming to create the world's largest free trade area by the time President Barack Obama leaves office in January next year.

But the talks have got bogged

down amid widespread suspicion in the 28-nation EU that a deal would undercut bloc standards in key areas such as health and welfare.

Gabriel told German television on Sunday that "the talks with the US have de facto failed because we Europeans of course must not succumb to American demands... Nothing is moving forward."

Schinas insisted that while the Commission, the EU's executive arm which conducts all bloc trade negotiations, wanted a deal, it

would not come at any cost.

Commission President Jean-Claude Juncker has made clear "the Commission will not sacrifice Europe's social health and its data protection standards, nor its cultural diversity on the altar of free trade," Schinas said.

Asked whether TTIP could go through without support from Germany, the EU's paymaster and largest economy, he said Juncker had won fresh backing for the negotiations from all bloc leaders at a summit in July.



SERVICEENGINEBPO

Prime Minister Sheikh Hasina hands over the National Export Trophy (Gold) to ASM Mohiuddin Monem, chairman of ServEngineBPO, an outsourcing company, recognising the firm's contribution to computer software exports, at Osmani Memorial Hall in Dhaka on Sunday.

RBI says focused on bringing inflation down to 4pc

REUTERS

The Reserve Bank of India said on Monday its focus remains on bringing down consumer inflation to 4 percent, while managing cash conditions and cleaning up the banking sector of soured assets would be its other priorities.

"The short-term macroeconomic priorities of the Reserve Bank continue to be to focus on bringing down inflation towards the government-set target of 4 percent," central bank Governor Raghuram Rajan wrote in the foreword to its annual report published on Monday.

Rajan also warned that "room to cut policy rates can emerge only if inflation is projected to fall further," after consumer prices rose 6.07 percent in July, although the report noted the fall in prices outside of food and fuel were "a heartening development." The annual report provides details on the RBI's thinking across a slew of topics. It will be the last one published under Rajan, who will be replaced by Deputy Governor Urjit Patel next month.



B2M TECHNOLOGIES

Rizwan Bin Farouq, second from left, managing director of B2M Technologies, and Mazharul Islam, second from right, vice-president of Anyprokash, exchange documents after signing an agreement in Dhaka on Sunday. The deal will give readers easier access to books of top writers enlisted with the publisher through the IT firm's e-book service. Tariqul Islam, country manager of B2M Technologies, and Abdullah Nasir, executive editor of Anyprokash, are also seen.

Kerry calls for safeguarding labour rights

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Bangladesh's poor labour rights and weak workplace safety measures came to focus after the Tazreen Fashions fire and Rana Plaza building collapse that took the lives of more than 1,200 workers together.

Following the Rana Plaza building collapse, the US government suspended Bangladesh's trade benefit to the US market in June 2013, laying down 16 conditions to be fulfilled by Bangladesh for reinstatement of the GSP.

Bangladesh has fulfilled almost all the conditions, like amending the labour law and inspecting garment units by foreign agencies Accord and Alliance to address the structural, fire and electrical flaws in

the factories.

The commerce ministry submitted a progress report to the US government twice for reinstatement of the GSP, but the Obama administration did not revive duty benefits for Bangladesh, although its third annual review since 2014 went by in June this year.

The US government suspended the trade benefits, citing serious shortcomings in workplace safety and poor labour rights in the factories.

The US is the single largest export destination for Bangladesh, sending goods worth more than \$6.22 billion last fiscal year. Of total exports to the US, 95 percent is apparel items.

Rice at Tk 10 a kg for poor

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At present, the price of rice for open market sale is Tk 15 per kg. In future, OMS may not be required at all, according to Rahman. To distribute rice at discounted price, the food subsidy this year has been bumped up 43 percent to Tk 2,821 crore.

A major portion of the food subsidy may be spent for rice distribution programme for the poor, said a finance ministry official. "If the poor really get low-priced rice, it will be a big step toward reducing extreme poverty."

Under the programme, women-led poor families -- particularly those of widowed, divorced or abandoned women -- will be given priority, said the guideline.

The extreme poor families with children will be given preference as well.

Those under the Vulnerable Group Development (VGD) programme of the government's social safety net scheme will not be included.

For selecting the beneficiaries, a five member committee will be formed at the upazila level, with a government official at the level acting as the head of the body.

The members of the committee will include the union parishad chairman and two noted persons of the union. An upazila level committee headed by the local lawmaker will scrutinise the list.

For every 500 households there will be a dealer, and the dealers will sell the rice to the target group as per the list prepared by the committee.

The government introduced a similar project in February 2011 to distribute rice at lower than the market price to the grassroots poor. Called the "fair price card" scheme, it is currently dormant.

As the market price of rice plummeted this year, the food grain was not selling much under the OMS.

Stocks piled up in the warehouses, which prompted the government to lower the OMS price several times to finally settle on the current price of Tk 15 per kg.

As a result, stocks declined slightly in recent times.

On August 24, rice stock in government warehouses stood at 7.56 lakh tonnes. A year earlier, it stood at 12.32 lakh tonnes of rice, according to data from the food ministry.

Gold hits near 5-week low after Fed strikes hawkish note

REUTERS, London

Gold slid to a near five-week low on Monday after comments from top Federal Reserve officials fuelled speculation that US interest rates would rise sooner rather than later, weighing on the dollar.

Speaking at a meeting of leading central bankers in Jackson Hole, Wyoming, Fed chair Janet Yellen said on Friday that an improvement in the economy and the labour market in recent months had boosted the case for hiking rates.

The CME Group's FedWatch tool showed the market pricing in more than a 30 percent

chance of a hike in September, up from 18 percent before Yellen and her deputy Stanley Fischer spoke. Spot gold touched its lowest since July 26 at \$1,314.70, and was down 0.2 percent at \$1,318.66 an ounce at 0915 GMT. US gold futures for December delivery were down \$4 an ounce at \$1,321.90.

Gold whipsawed on Friday, rising as much as 1.5 percent in the immediate wake of Yellen's comments, before slipping back to end the day marginally lower.

"The market was surprised (by Yellen) -- that is why it went all the way up first, before losing it all," Afshin Nabavi, head of trading at MKS in Switzerland, said.

BB moves to fix land tussle of People's Leasing

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It found insider lending by some directors of PLFS and suggested the NBF remove the directors and file cases against them to recover the money.

Some directors of PLFS embezzled about Tk 400 crore using family members and people and representatives of companies in which they have interests, according to the BB report.

Though five directors were removed from the board, no case was filed to recover the funds they misappropriated between 2002 and 2014.

Of the irregularities, some directors took about Tk 124 crore in the name of buying a piece of land in the capital's Green Road. But PLFS is yet to get the land.

Hossain, the former chairman of PLFS, said the central bank has asked them to

settle the land fiasco, which is owned by eight persons. "When I came to know that some directors took the money in their and some other fictitious names, I stepped in to recover the funds. Then I got the power of attorney on the land to help my company get back the money."

Now, the current chairman of the company wants Hossain to hand over the power of attorney on the land to him.

"I cannot hand over the power of attorney, but I can register the land in the name of PLFS," he said.

Nandi, the present chairman of PLFS, said the BB remains steadfast to its previous decision of filing cases against the directors responsible for the irregularities.

He declined to comment on his demand for the transfer of power of attorney on the land from the previous chairman.



SBAC BANK

SBAC Bank Director Abu Zafar Mohammad Shofiuddin inaugurates a branch at Mouchak in Gazipur yesterday. The bank's Managing Director Md Rafiqul Islam and Deputy Managing Director Md Shawkat Ali were also present.



DHAKA BANK

Syed Mahbubur Rahman, managing director of Dhaka Bank, and A Matin Chowdhury, chairperson of the board of governors of Underprivileged Children Education Programme (UCEP), exchange documents after signing an agreement in Dhaka recently. The bank will provide Tk 30 lakh to help establish electrical laboratory at UCEP Institute of Science & Technology. Emranul Huq, DMD of the bank, and Zaki Hasan, CEO of UCEP Bangladesh, were also present.

Citycell gets more time to clear dues

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The shareholders have been trying to sell the company for the last few years but they did not find any interested party. Insiders said Citycell has about Tk 4,000 crore in loans and dues with different banks, financial institutions, the National Board of Revenue, the BTRC, vendors and other operators.

The operator's revenue was Tk 139.77 crore in fiscal 2014-15, according to the BTRC. Its revenue was Tk 230.52 crore in fiscal 2013-14 and Tk 267.64 crore in 2012-13. Citycell's subscription had reached a peak of 19 lakh in 2011, but it has been a minor player in the market for at least 10 years now.

Currently, it has about 1.5 lakh active connections, and a good number has already jumped ship after getting the BTRC's notice.



NRB BANK

Lawmaker Mohammad Mizanur Rahman inaugurates a branch of NRB Bank on KDA Avenue in Khulna city yesterday. The bank's Chairman Mohammed Mahtabur Rahman and Vice-Chairman Tateyama Kabir were also present.