

# China facing possible debt crisis: bank watchdog

AFP, Beijing

China's banking sector could be facing an imminent debt crisis, a global central bank watchdog has warned, fuelling fresh fears of a blowout in the world's second largest economy which could hit the global financial system.

The Bank for International Settlements (BIS) -- dubbed the central bank of central banks -- said a gauge of Chinese debt had hit a record high in the first quarter of the year.

China's credit-to-GDP gap reached 30.1 percent in the first quarter of 2016, its highest level ever and far above the 10 percent level thought to present a risk to a country's banking system, the Switzerland-based bank said in a quarterly report released late Sunday.

The gauge measures the difference between a country's current credit-to-GDP ratio and its long-term trend.

The BIS gave China a red signal: a warning that it could face a financial crisis in the next three years.

China's total debt hit 168.48 trillion yuan (\$25 trillion) at the end of last year, equivalent to 249 percent of national GDP, the China Academy of Social Sciences, a top government think tank, has estimated.

The warning comes as Beijing tries to avoid a "hard landing" for the economy while transforming it from one based on state investment and exports to consumer-led growth.

Analysts have warned that the ballooning borrowing risks sparking a financial crisis as bad loans and bond defaults increase.

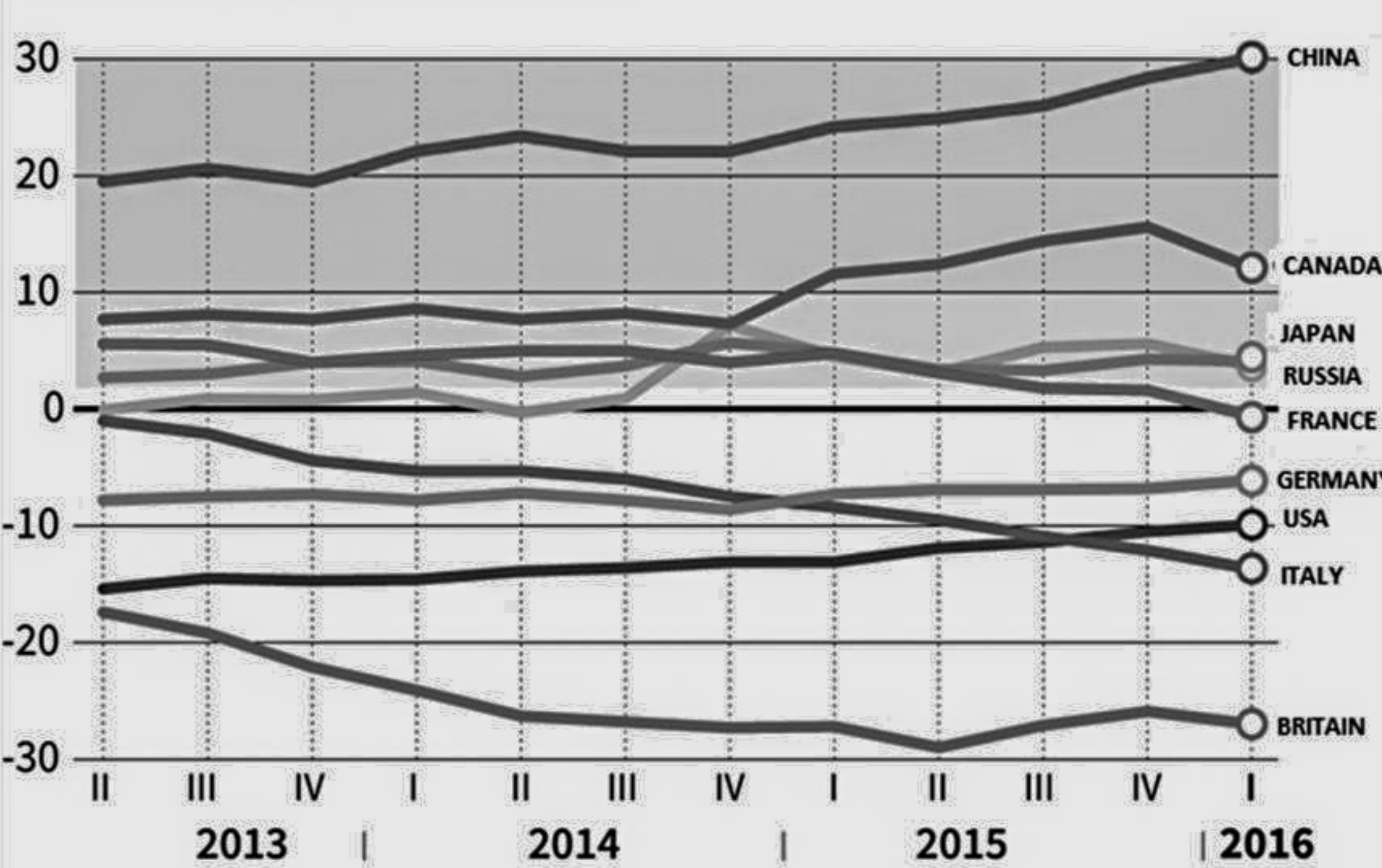
Because China is a key driver of world growth, a crisis in its banking sector could have catastrophic implications around the world, with the global economy still struggling to recover from the 2008 financial crisis.

China's credit-to-GDP gap for the period was well above all other countries in the survey,

## BIS warning over China's debt levels

Large gaps 'early warning indicator of banking crises or severe distress'

Credit-to-GDP gap (as a % of GDP)



Source: Bank for International Settlements

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which covered 43 economies including the United States, Greece and the United Kingdom.

The BIS early-warning indicators are intended to capture "financial overheating and potential financial distress" in the medium term and to highlight the fact that rapid credit growth could "sow the seeds" for future crises, it said.

China's "Big Four" state-owned banks reported mounting bad loans in the first half of the year. Earlier in the summer an official with the banking regulator said lenders had written off more than \$300 billion of bad loans in the past three years.

Authorities have unveiled a set of policies intended to tackle the problem of souring loans, including debt-for-equity swaps.

Analysts say the country's vast foreign-exchange reserves and control over the banking system could help cushion the economy from financial crises.

"Cleaning up China's debt problem will be expensive, but this process is likely to result in gradually slower economic growth rates, greater volatility, and a higher fiscal deficit/GDP ratio, not the dramatic hard landing or banking crisis" that many fear, said Andy Rothman of Matthews Asia in a note.

And because most potential bad Chinese debt is held by state-controlled companies and banks, Beijing has control over the pace of recognising and dealing with bad loans, he said.

But the impact of a debt crisis could be widespread, the

International Monetary Fund has warned.

Its number two official David Lipton said this summer it was "crucially important" for the world economy that China tackle its debt problem, since "we have learned over and over in the past 20 years how disruptions in one country's economy and markets can reverberate worldwide".

The risk of a debt crisis in China remains manageable "though it's undoubtedly growing", Qiang Liao, senior director at S&P Global Ratings, told AFP, adding that the global impact of such a crisis through disrupted trade flows, investment, and changes in risk appetite "could be huge, given the size of the Chinese economy".

# Moody's says Indian banks moving past worst of bad loans

REUTERS

India's banking sector is moving past the worst of its asset quality down cycle, Moody's Investors Service said on Monday, although it warned that state-run banks' capital levels remain a key weakness.

Gross bad loans as a percentage of total loans of Indian banks have nearly doubled to 8.7 percent as of June, from 4.6 percent in March last year, according to data from the nation's central bank. Including rolled-over or restructured loans, 12 percent of all bank loans were stressed as of end-June.

Banks' additions to bad loans surged this year after an asset quality review ordered by regulator the Reserve Bank of India, which wants the commercial lenders to clean up their balance sheets by March 2017.

Moody's said it had a "stable" outlook for the banking sector over the next 12 to 18 months.

"While the stock of impaired loans may still increase during the horizon of this outlook, the pace of new impaired loan formation should be lower than what it has been over the last few years," the rating agency said in a report.

For the 11 Indian state-run banks the agency rates, it estimates a capital requirement of 1.2 trillion rupees (\$18 billion) by March 2019 to meet the global Basel III banking rules, Alka Anbarasu, a senior analyst, said at a press conference, reiterating earlier forecasts.

The Indian government has estimated a total capital requirement of 1.8 trillion rupees for all 22 state-run banks. It has pledged to inject over four years to March 2019 a total of 700 billion rupees, which many including Moody's believe will not be enough.

"A potential way to bridge this capital shortfall would be to slow loan growth to the low single digits over the next three years," Moody's said in the report.

# Google faces \$400m bill as Indonesia starts tax probe

AFP, Jakarta

Google faces a bill of over \$400 million in Indonesia if authorities find it avoided taxes last year, an official said Monday, as Jakarta began a probe into the US tech giant.

Indonesia last week announced it was launching an investigation into Google, alleging that the company had refused to cooperate with tax officials.

Google has insisted that it has paid all taxes due in Indonesia since opening its Jakarta offices in 2011.

On Monday tax investigators visited Google's office as the probe got under way, with senior official Muhammad Haniv telling AFP the California-based company had not fulfilled its obligations while earning millions of dollars in Southeast Asia's top economy.

If authorities find that Google had not paid all its taxes for 2015, it could be forced to pay what it owes and then a hefty fine, he said. This could add up to a total of some 5.5 trillion rupiah (about \$420 million).

"Foreigners reap trillions of rupiah profit here but refuse to pay tax -- that is not fair,"

said Haniv after visiting Google's office.

"If necessary we will take this to court."

He did not comment on what Google could owe for the years before 2015.

In a statement last week Jason Tedjakmana, the head of corporate communications for Google Indonesia, said the company had always worked closely with the government and had "complied by paying all taxes which apply in Indonesia".

Haniv said the probe was inspired by similar moves against Google in the European Union, where the tech giant is facing a series of fiscal probes.

Jakarta has also put pressure on other foreign tech behemoths such as Facebook and Yahoo over their tax arrangements inside Indonesia.

Global tech businesses have flooded Indonesia in recent years to capitalise on the exploding number of internet users in a country with an enormous young population increasingly using smartphones.

A third of Indonesia's 255 million have access to the internet. Analysts say that number is likely to increase as connectivity improves across the sprawling archipelago.



Officials of Navana Ltd, the sole distributor of Toyota's industrial equipment in Bangladesh, brief visitors about the company's products, at the 17th Textech Bangladesh 2016 International Expo. The four-day event started on August 31.

# EU opens probe into tax deals between Luxembourg and Engie

REUTERS, Brussels

European Union antitrust regulators opened a probe on Monday into tax deals granted by Luxembourg to French power utility Engie, stepping up the EU's campaign against tax avoidance by multinationals.

The European Commission said it had concerns the tax rulings granted by Luxembourg since 2008 appeared to treat the same financial transaction as both debt and equity, leading to double non-taxation of companies in the GDF Suez group, as Engie was formerly known. That may have given GDF Suez an unfair advantage over other companies in breach of EU state aid rules, the Commission said.

"Financial transactions can be taxed differently depending on the type of transaction, equity or debt - but a single company cannot have the best of two worlds for one and the same transaction," Margrethe Vestager, EU Competition Commissioner, said in a

statement. Engie did not immediately respond to a request for comment.

Only last month Vestager made headlines by ordering Apple to pay Ireland up to 13 billion euros (\$14.5 billion) in unpaid taxes, angering both Washington and Dublin.

Vestager will meet with U.S. Treasury Secretary Jack Lew in a trip to the United States this week, where she has been criticized for allegedly targeted U.S. companies, something the EU denies.

A Commission spokesman said it was a coincidence the investigation into Engie, a French company, was opened the same week.

The financial transactions are loans granted in 2009 and 2011 between four companies in the GDF Suez group that can be converted into equity and bear zero interest for the lender.

"The final result seems to be that a significant proportion of the profits recorded by GDF Suez in Luxembourg through the two arrangements are not taxed at all," the Commission said.


The borrower companies - GDF Suez Treasury Management and GDF Suez LNG Supply - were able to significantly reduce their taxable profits in Luxembourg by deducting the provisioned interest payments, which are tax deductible expenses, it said.

The lender companies - LNG Luxembourg and Electrabel Invest Luxembourg - avoided paying any tax on the profits from the transaction because Luxembourg tax rules exempt income from equity investments from taxation, the Commission said.

A Commission spokesman said it was too early to say how much tax Engie may have to pay if it is found to have breached state aid rules.

The EU has already launched investigations into tax deals granted by Luxembourg to other multinationals such as McDonald's and Amazon.

In December last year the Commission ordered carmaker Fiat to pay back up to 30 million euros to Luxembourg.



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### নিয়োগ বিজ্ঞপ্তি

পাওয়ার গ্রীড কোম্পানী অব বাংলাদেশ লিমিটেড (পিজিসিবি) জাতীয় বিদ্যুৎ গ্রীড পরিচালন, সংরক্ষণ ও উন্নয়ন কাজে নিয়োজিত। পিজিসিবি'র নিম্নোক্ত শূন্য পদ পূরণের জন্য বাংলাদেশের স্থায়ী নাগরিকদের নিকট হতে দরখাস্ত আহ্বান করা যাচ্ছে :

ক্রমিক নং	পদের নাম	সংখ্যা	শিক্ষাগত যোগ্যতা ও অভিজ্ঞতা
১.	ডেপুটি লিগ্যাল কাউন্সিলর (উপ-ব্যবস্থাপক)	০১ (এক) টি	ক) আইন বিষয়ে চার বছরের স্নাতক ডিগ্রী বা তিন বছরের সম্মানসহ স্নাতকোত্তর ডিগ্রী। সকল পাবলিক পরীক্ষায় কমপক্ষে দ্বিতীয় শ্রেণীতে উত্তীর্ণ হতে হবে। খ) বার কাউন্সিলের সদস্যসহ আইন পেশায়/আইন সংশ্লিষ্ট কাজে ৪ (চার) বছরের অভিজ্ঞতা থাকতে হবে। হাইকোর্টে বারে এনরোল থাকলে অগ্রাধিকার দেওয়া হবে। বয়স (১০/১০/২০১৬ খ্রিঃ) : সর্বোচ্চ ৪০ বছর।

বেতন-ভাতা ও অন্যান্য সুবিধাদি : মূল বেতন = ৬৩,০০০/- (বেতন স্কেল ২০১৬ অনুযায়ী), বাড়ী ভাড়া ভাতা (মূল বেতনের ৬০ শতাংশ), চিকিৎসা সুবিধা, যাতায়াত ভাতা, জীবন বীমা, গ্র্যাচুইটি, সিপিএফ, ছুটি নগদায়ন, উৎসব বোনাস ও অন্যান্য সুবিধাদি।

**শর্তাবলী**

- সাদা কাগজে নিম্ন বর্ণিত বিবরণাদি উল্লেখ করে আবেদন করতে হবে :  
(ক) প্রার্থীর নাম (বাংলা ও ইংরেজীতে স্পষ্ট অক্ষরে) (খ) পিতা ও মাতার নাম (গ) স্থায়ী ঠিকানা (ঘ) বর্তমান ঠিকানা (ঙ) শিক্ষাগত যোগ্যতা (চ) জন্ম তারিখ (এফিডেভিট গ্রহণযোগ্য নয়) (ছ) জাতীয়তা (জ) ধর্ম (ঝ) মুক্তিযোদ্ধার পোষ্য (প্রযোজ্য ক্ষেত্রে) হলে মুক্তিবার্তা নম্বর, গেজেট নম্বর ও তারিখ, সনদ নং, তারিখ ও স্মারক নম্বর (ঞ) বৈবাহিক অবস্থা (ট) অভিজ্ঞতা (যে প্রতিষ্ঠানে চাকুরী/প্র্যাকটিস করছেন বা কর্মরত তার নাম ও সময়কাল উল্লেখ করতে হবে) (ঠ) বার কাউন্সিলের সদস্য প্রাপ্তির তারিখ ও নম্বর (ড) মোবাইল নম্বর।
- প্রার্থীকে আবেদন পত্রের খামের উপরে পদের নাম এবং নিজ জেলার নামসহ পূর্ণ ঠিকানা স্পষ্ট অক্ষরে লিখতে হবে। আবেদন পত্র আগামী ১০/১০/২০১৬ খ্রিস্টাব্দের মধ্যে অফিস চলাকালীন সময়ে মহাব্যবস্থাপক (পিএডএ), পাওয়ার গ্রীড কোম্পানী অব বাংলাদেশ (পিজিসিবি) লিঃ, আইইবি ভবন (নতুন), ৪র্থ তলা, রমনা, ঢাকা-১০০০ বরাবরে পৌছাতে হবে। নির্দিষ্ট সময়ের পরে কোন আবেদন গ্রহণযোগ্য হবে না।
- আবেদন পত্রের সাথে নিম্নোক্ত কাগজ প্রস্তুত করে সত্যায়িত করে সংযুক্ত করতে হবে :  
(ক) শিক্ষাগত যোগ্যতা ও অভিজ্ঞতার সনদপত্রের ছায়াছবি।  
(খ) বার কাউন্সিলে সদস্য প্রাপ্তির সনদের ছায়াছবি।  
(গ) সম্প্রতি তোলা ও (তিন) কপি পাসপোর্ট সাইজের রঙিন ছবি।  
(ঘ) জাতীয় পরিচয় পত্রের ছায়াছবি।  
(ঙ) স্ব স্ব এলাকার ইউনিয়ন পরিষদ/পৌরসভা চেয়ারম্যান/সিটি কর্পোরেশনের কাউন্সিলর কর্তৃক প্রদত্ত নাগরিকত্বের সনদপত্র।  
(চ) প্রার্থী মুক্তিযোদ্ধার সন্তান/পোষ্য হলে তার পিতা/মাতা/দাদা/দাদী/নানা/নানী'র অনুকূলে মুক্তিযুদ্ধ বিষয়ক মন্ত্রণালয় কর্তৃক ইস্যুকৃত মুক্তিযোদ্ধার সনদ, গেজেট, মুক্তিবার্তা ও জাতীয় পরিচয় পত্রের ছায়াছবি।
- যে কোন তফসিলি ব্যাংক হইতে ইস্যুকৃত ১,০০০/- (এক হাজার) টাকা মূল্যমানের ব্যাংক ড্রাফট/পে-অর্ডার (অফেরতযোগ্য) পাওয়ার গ্রীড কোম্পানী অব বাংলাদেশ (পিজিসিবি) লিঃ এর অনুকূলে সংযুক্ত করতে হবে।
- সকল জেলা/প্রার্থীগণ আবেদন করতে পারবেন।
- নির্বাচিত প্রার্থীকে ০১ (এক) বছর প্রবেশন কালসহ প্রাথমিকভাবে ০৫ (পাঁচ) বছরের জন্য নিয়োগ প্রদান করা হবে। প্রবেশন কাল সফলতার সাথে সম্পন্ন করলে চাকুরী নিশ্চিত করা হবে। পরবর্তীতে কর্মদক্ষতার ভিত্তিতে চাকুরী চুক্তি নবায়ন করা হবে।
- পিজিসিবি কর্তৃপক্ষ এই নিয়োগ স্থগিত বা বাতিল বা নিয়োগের বিষয়ে যে কোন সিদ্ধান্ত গ্রহণে ক্ষমতা রাখে।
- যে কোন ধরনের তদবীর বা ব্যক্তিগত যোগাযোগ প্রার্থীর অযোগ্যতা হিসেবে গণ্য হবে।

মহাব্যবস্থাপক (পিএডএ)