



M Kamal Hossain, managing director of Southeast Bank, and Md Safiul Islam, managing director of SME Foundation, exchange the signed documents of a deal at the latter's office in Dhaka on Monday. The bank will provide funds to hosiery industry operators in Pabna district.

# British inflation slows to 2.6pc

AFP, London

Britain's annual inflation rate surprisingly slowed to 2.6 percent in June, mainly owing to a drop in motel fuel prices, official data showed Tuesday.

The Consumer Prices Index had hit 2.9 percent in May, close to a four-year high, as a Brexit-hit pound raises import costs.

Analysts' consensus forecast had been for no change in June's rate.

Despite the drop, British inflation remains well above the Bank of England's 2.0-percent target.

And the latest reading "has shown that

inflation is still high when compared to the likes of the eurozone and the US, and remains a problem", noted James Hughes, chief market analyst at brokers GFKX.

Britain's high inflation sits alongside weak average earnings growth in the country, reducing the chances of an interest rate hike from the Bank of England this year, that would mirror the policy of monetary tightening in the United States.

Tuesday's inflation update "sent the pound sharply lower as currency traders adjusted their outlook for interest rates", said Ben Brettell, senior economist at stock-broker Hargreaves Lansdown.

# Ahead of privatisation, Air India eyes bumper staff buyout

REUTERS, New Delhi

Air India is drawing up a proposal to offer voluntary buyouts to just over a third of its 40,000 employees, a senior company official said, one of the largest such offers in India's state sector, as the carrier slashes costs ahead of a 2018 sale.

The official, who could not be named as the plans are not public, said the state-owned airline had also put fleet expansion on hold, scrapping a proposal to lease eight Boeing 787 wide-body aircraft. Air India's board approved the proposal in April but nothing further had been done.

India's flag carrier is on the block after Prime Minister Narendra Modi's cabinet last month approved plans to privatize the loss-making airline - selling part or all of the company and ending decades of state support.

Founded in the 1930s and known to generations of Indians for its Maharajah mascot, Air India has a complex fleet, too many staff relative to its peers and \$8.5 billion in debt. Since 2012, New Delhi has injected \$3.6 billion to keep it afloat.

An official in Modi's office said the leader, under pressure to cut spending and boost basic infrastructure like ports and roads, is in



Air India employees hold placards as they shout slogans during a protest against the proposed privatisation of Air India by the government, in New Delhi yesterday.

"no mood" to provide fresh monetary assistance to any loss-making public sector company.

The official said that top bureaucrats in the civil aviation ministry and at Air India had been asked to present a report on how a Voluntary Retirement Scheme (VRS) could be offered to about 15,000 of Air India's 40,000 staffers, including contractors.

"Nothing has been finalised but our aim is to make the strategic sale as simple as we can," said a second top official in New Delhi, involved in the airline's daily operations,

adding that any fresh investments would be put on hold.

Previous attempts to offload the airline have failed mainly because of the scale and complexity of problems at Air India, as well as its influential unions.

If Modi can pull the privatisation off, it will buttress his credentials as a reformer brave enough to wade into some of the country's most intractable problems.

In its heyday, Air India boasted of a talent pool that newly founded airlines dipped into.

The government will, however, need to convince seven trade unions to accept the plan to make the company attractive to potential buyers, including buyouts and other efforts to slash costs. Their initial response was not positive.

"The government will propose a VRS scheme and we will throw their proposal in the dustbin," said JB Kadian, leader of a union that represents 8,000 non-technical staff of Air India.

Kadian said a joint forum of unions representing Air India employees will launch "an agitation" in August if the government pursues its plans to privatize the national carrier.

A committee of five senior federal ministers, led by Finance Minister Arun Jaitley, is expected to meet this month and begin ironing out the finer details of the privatisation plan.

In the meantime, Civil Aviation Minister Ashok Gajapathi Raju said he wants Air India to begin cutting at all levels.

Earlier this month, the airline decided to stop serving non-vegetarian meals in the economy class on domestic flights, in a bid to save up to 100 million rupees (\$1.6 million) over 10 months.

# Corporate tax reform negotiators aim above Trump's 15pc pledge

REUTERS, Washington

President Donald Trump campaigned on cutting the U.S. corporate tax rate to 15 percent, but administration officials said on Monday negotiators engaged in closed-door talks are now shooting for a little over 20 percent because they realize the super-low rate would balloon the federal deficit.

Republican leaders in the House of Representatives and the Senate are unlikely to allow the budget deficit to grow, so officials said they now hope for a corporate tax at the low end of a 20 percent to 25 percent range.

"It's going to be truly deficit neutral," House Ways and Means Committee Chairman Kevin Brady told reporters. "We're going for permanence. That means our reforms have to balance in the budget."

Six months into Trump's presidency, Republicans who control House, Senate and the White House have yet to agree on important features of a tax code overhaul. Under Senate rules, Republicans who want to take advantage of their simple majority and pass tax legislation without Democratic support must show the new policies will not add to the federal deficit after 10 years.

Cutting the corporate tax rate to 15 percent from a current 35 percent would cost more than \$2 trillion over a decade, according to independent analysts, and that total would be hard to offset when proposals to raise revenue

face broad political opposition.

"I don't think there are \$2 trillion of politically saleable offsets on the corporate side of the ledger," said Rohit Kumar, a former aide to Senate Republican leader Mitch McConnell who now serves as a principal in the tax policy group at the consulting and accounting firm PwC LLP.

Two House Republican proposals could help pay for such a reduction: a border adjustment tax and a proposed elimination of business deduction of debt interest payments. But these face broad opposition from industry and many Republican lawmakers.

Administration officials hope the negotiators will agree on a plan by the end of July, convert it to legislation during August, unveil it in September and have Trump sign it into law well before the end of 2017.

Independent analysts and lobbyists say a more likely timeline would see the release of tax legislation in October or November and a vote in early 2018.

The negotiators, Brady, Treasury Secretary Steven Mnuchin, White House economic adviser Gary Cohn, House Speaker Paul Ryan, Senate Republican leader Mitch McConnell and Senate Finance Committee Chair Orrin Hatch, have yet to agree on a new corporate tax rate or how to pay for tax cuts. They also have yet to agree on which tax breaks to eliminate or whether to include a controversial border tax on imports.

# Banks loosened loan rules in second quarter: ECB

AFP, Frankfurt Am Main

Eurozone banks offered businesses and households easier access to credit and more lenient repayment conditions in the second quarter, the European Central Bank said Tuesday, confounding expectations the market would tighten.

"The net easing of credit standards... followed a net easing in the previous quarter, despite expectations in the previous survey round that they would tighten slightly," the ECB said in a press release.

Banks loosened standards they use to judge creditworthiness both on loans to businesses and mortgage lending to households, the Frankfurt institution found in a June survey of 142 banks in the single currency area.

ECB figures showed lenders eased requirements for businesses by 3.0 percent, accelerating the 2.0 percent loosening seen between January and March.

Banks said that pressure from competitors for borrowers' business was the main factor behind the changes.

Meanwhile, creditworthiness standards

were 4.0 percent looser for mortgages, a slight slowdown from the previous quarter's 5.0 percent.

The central bank also found that banks had offered more generous terms and conditions in all categories of loan contracts in the second quarter, continuing a trend seen in the first three months.

On the demand side, "merger and acquisition activity and fixed investment made an important and increasingly positive contribution to demand for loans to enterprises," the ECB pointed out.

Historic low interest rates also encouraged both companies and households to borrow money, while mortgage borrowing was boosted by a rising housing market.

Low rates are one of the ECB's massive interventions in the economy, alongside buying tens of billions of euros of government and corporate bonds every month and a programme of cheap loans to banks.

Central bank governors designed their policies to pump cash through the financial system and into the real economy by encouraging banks to lend, aiming to power growth and drive inflation towards their target of just below 2.0 percent.

## Puma raises forecast after leap in sales and profits

AFP, Frankfurt Am Main

German sporting goods firm Puma raised its sales and profits forecasts for the full year Monday, saying it enjoyed strong second-quarter performance and was confident for the second half.

The Bavaria-based firm now expects to increase sales between 12 and 14 percent, adjusting for currency effects -- up from "a low double-digit percentage" increase previously.

That would mean growth up to twice as fast as last year's, when high-profile sponsorships of sports teams like France's footballers, star athletes including sprinter Usain Bolt and celebrity endorsements from Rihanna and other musicians powered Puma ahead.

Global sporting events such as the Summer Olympics in Rio de Janeiro and the UEFA Euro 2016 tournament helped showcase the leaping-cat logo to millions worldwide.

But the lack of such rare high points hasn't held back growth this year for the Nike and Adidas rival, with currency-adjusted sales reaching 968.7 million euros between April and June -- a 16.3-percent increase on the same period in 2016.

The group also saw a massive boost to its operating, or underlying, profit in the second quarter, bringing in 43.4 million euros compared with 11.9 million last year.



Samsung Electronics Bangladesh's Managing Director Seungwon Youn, Head of Consumer Electronics Firoze Mohammad, Business Lead Badiuzzaman Apu and Smart Technologies Ltd's Managing Director Mohammad Zahirul Islam attend the launch of Samsung's QLED gaming monitor with Smart Technologies, an authorised distributor of Samsung for IT products, at Sonargaon hotel in Dhaka yesterday.

# China's Xi calls for more imports and more open economy

AFP, Beijing

Chinese President Xi Jinping has called for an increase in imports and fewer restrictions for foreign investors as Beijing comes under pressure from the US and Europe to provide a more level playing field for companies in the country.

Donald Trump has railed against China's massive trade surplus while the European Union and US companies have complained about a lack of access to the huge market.

Speaking to a Communist Party committee on financial and economic affairs, Xi called for "expanding imports while stabilising exports", state-run media reported on Tuesday.

China's leaders trying to transform the economy from a reliance on exports and state investment to one driven by domestic demand, though that has led to a slowdown in growth to 6.7 percent.

Xi also said "an open economy"

called for measures to liberalise trade and simplify import procedures while reducing tariffs on certain consumer products.

He stressed keeping the yuan currency's value "basically stable at a reasonable and balanced level", and steadily pushing it "to become an international currency", Xinhua state news agency reported.

At the World Economic Forum in Davos, Switzerland, at the start of the year, Xi stood out as a defender of free trade and globalisation in the face of Trump's protectionist rhetoric.

But foreign firms in China have long pointed out the obstacles to doing business in the country, where they say domestic companies enjoy distinct advantages.

"A market environment featuring fair play should be created in the country," Xi said in his statement, noting that "national treatment in laws and policies should be granted to foreign-funded companies after they enter the market."



NRB BANK

Md Mehmod Husain, CEO of NRB Bank, and Kaysar Ahmed, CEO of Milltech Solutions, exchange the signed documents of a deal at the bank's corporate head office in Dhaka on Monday. Milltech will provide the bank's savings accountholders with a value added service called "Offline missed call top up solutions".