

Factory activity in India shrinks most in 9yrs on GST confusion

REUTERS, New Delhi/Bengaluru

India's factory activity slumped to its lowest level in more than nine years in July, a private survey showed on Tuesday, dragged down by disruptions to business activity following the launch of a new national sales tax.

The Nikkei/IHS Markit Manufacturing Purchasing Managers' Index (PMI) unexpectedly fell to 47.9 in July from 50.9 a month earlier.

It was the first time the reading has dropped below the 50 mark that separates growth from contraction since December and was its lowest reading since February 2009.

Analysts polled by Reuters had expected only a marginal easing in the growth rate.

July also marked the biggest month-on-month decline since November 2008, just after the collapse of Lehman Brothers triggered the global financial crisis.

The figures came a day before the conclusion of the Reserve Bank of India's (RBI) rate setting meeting. The central bank's monetary policy committee is widely expected to cut the policy repo rate by 25 basis points to a more than 6-1/2 year low.

Although the monetary policy panel is under pressure from the government and investors to do more to spur economic growth, it is not expected to read too much into Tuesday's PMI findings as the disruption from the rollout of the nationwide Goods and Services Tax (GST) is not expected to last for long.

"One month's data alone wouldn't have a significant bearing," said Shilan Shah, India economist with Capital Economics. "We expect conditions to improve as firms get familiar with the new system."

The GST came into effect on July 1. It is India's most ambitious tax overhaul in 70 years and is meant to unify the \$2 trillion economy into a customs union.

New chairman for NCC Bank

STAR BUSINESS DESK

Md Nurun Newaz Salim has recently been elected as the chairman of NCC Bank Ltd, the bank yesterday said in a statement.

Salim is the chairman of Electro Mart Ltd and Trade International Marketing Ltd. He is also the senior vice president of Chittagong Chamber of Commerce and Industry.

He was the chairman of Central Insurance Company Ltd, according to the statement.



New additional managing director for UCB

STAR BUSINESS DESK

Mohammed Shawkat Jamil has recently been promoted as the additional managing director of United Commercial Bank, the bank yesterday said in a statement.

Prior to the promotion, he was the deputy managing director of the bank.

Jamil started his career as a probationary officer at the bank in 1983. He also served the bank as senior executive vice president and head of principal branch, according to the statement.

He earned his master of social science degree from Dhaka University in 1982.



Galib Mohammad, head of marketing and sales at GPH Ispat, poses with the award-winning customers and retailers of Siyam Steel House, an exclusive dealer of the company, at a "Halkhata" programme at Bhairab in Kishoreganj.

Grameen Bank wants power back to elect borrower-directors

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But the central bank objected to the additional responsibility.

Later, the banking division of the finance ministry amended the rules in October 2014, saying the government itself would form a three-member committee to elect the directors.

The rules said the committee will have two deputy managing directors, one from a state-owned commercial bank and another from Palli Karma-Sahayak Foundation. A former district judge will serve as the chief election commissioner.

The amended rule also changed the timeframe for electing the board of

directors: it gave 12 months from the date of formation of the election commission as opposed to six months from the activation of the rules.

But still the election has not taken place.

Meanwhile, the nine elected directors demanded that their directorship in the board had remained intact as the election schedule was not announced and the election did not take place as per the new rules. They filed a writ petition in court in 2015.

The case is under trial, said the Grameen Bank chairman in the letter.

Haque's letter said many important tasks remain stuck at a financial

organisation if there is an absence of a full board for a long time. This disrupts the running of all activities in a disciplined way.

If the changes are approved, the election of the directors would take place like in the past, according to a senior official of Grameen Bank.

"It would be good for the bank if the election is held," he said, seeking anonymity as he is not authorised to make comments on issues relating to the board.

As per the previous rule, the Grameen Bank board picked an official of the bank to conduct the elections.



Christoph Voegeli, general manager of Radisson Blu Dhaka Water Garden, poses with the World Luxury Restaurant Awards. The hotel's Sublime Restaurant won the award in the Best Restaurant for European Cuisine in South West Asia Region category while the award for Best Restaurant for Asian Cuisine in the same region went to its Spice and Rice Restaurant.

RADISSON BLU DHAKA



Saidul Amin, director of AFC Health Ltd, and Md Shafquat Hossain, head of retail banking at Dhaka Bank, exchange the signed documents of a deal at a programme. The bank's cardholders and employees will get premium services and discounts in different branches of AFC Health Fortis Heart Institute and OPD Centre operated by AFC.

AFC HEALTH

Agrani not closing loss-making Canada exchange house

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Agrani is trying to continue operation of the exchange house due to the demand of Bangladeshi expatriates living in Canada, said Mohammad Shams-Ul Islam, managing director of the bank.

"We took various measures to reduce the expenditure of the exchange house, and the remittance inflow through the branch has gradually been improving," Islam said. "It is our last attempt to keep Bangladesh's flag hoisted in Canada."

The bank received BB's consent to open the exchange house in 2012 and started its operation in June 2014. The bank has so far invested around \$680,000 to establish the exchange house, according to the BB report.

Due to the high expenditure, the exchange house made a loss of \$153,000 in the first year of its operation in 2014 although it brought in around \$564,000 in remittance.

In 2015, the amount of loss decreased to around \$100,000 although the branch channelled around \$1.5 million in remittance into Bangladesh.

In 2016, the bank managed to minimise the loss to \$60,704 while the remittance through the exchange house touched around \$1.5 million, according to Agrani data.

Canada was the 20th top remittance sending country for Bangladesh in 2015-16. Bangladesh received \$55.10 million in remittance from Canada, 2.79 percent of which came through the exchange house.

The remittance inflow from Canada decreased by 10 percent year-on-year to \$49.54 million in 2016-17, according to the central bank data. Currently, Exim Bank has a money exchange house in Canada and has remittance drawing arrangement with seven money exchange houses of the country.

Agrani fell in a capital shortfall of Tk 442.63 crore in March this year from a surplus of Tk 46.56 crore in December last year, central bank data shows.

The classified loan of the bank also increased to 25.83 percent from 25.44 percent during the same period. The bank made a net profit of Tk 59.56 crore in March this year.

The bank has 935 branches across Bangladesh. Of them, 78 counted loss in 2016 while the number was 16 in the previous year.

Get ready for paperless trade: minister

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"We are working to introduce an e-commerce trading system everywhere in Bangladesh as it is very much related to the WTO's paperless trading system," he told a workshop on paperless trade facilitation in Bangladesh at the Cirdap office in the capital.

Bangladesh exports will cross the \$60 billion mark within 2021, the minister said, urging government officials, businessmen, entrepreneurs, exporters and importers to prepare for entering the digital business system.

Amir Hossain, a freight forwarder, said Bangladesh is not producing the required skilled manpower for paperless trading system whereas countries like India and Vietnam have already produced their manpower to handle this new kind of business system.

For example, Hossain said India has targeted to produce 2 million of the much needed skilled workforce only in the logistics service sector by 2020. Logistics and transportation are very important parts of the paperless business, he said.

Kamal Hossain, an official of the Bangladesh Garment Manufacturers and Exporters Association, suggested that the government open a separate IT company to produce the required

technical equipment and software for the paperless trade.

He also said his association already started adopting the paperless documentation system on a limited scale, such as issuing of e-certification for member factories.

A commerce ministry official said the paperless trading system needs to be introduced in the country first on a trial basis before using it for cross-border trade.

Although paperless trade will reduce both time and money, it is not good news for all sectors like C&F agents, freight forwarders, dishonest traders and courier service providers, said Amitava Chakraborty, director of Bangladesh Foreign Trade Institute (BFTI), while presenting a keynote.

The C&F agents will not have much of a job left and there is a threat of unemployment in the C&F agents business, Chakraborty said.

Some dishonest traders tamper with the documents to evade taxes and if the paperless trade is implemented, such tampering would be curbed.

The business of courier service providers will decline for the paperless trade and cost of transformation will go up, he said.

The agreement will mainly boost digitisation of customs clearance

and documentation both in the export and import business, according to a report from the WTO.

The agreement contains provisions for expediting the movement, release and clearance of products, including goods in transit.

It sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. The treaty also contains provisions for technical assistance and capacity building in this area, the WTO said.

The agreement has the potential to increase global merchandise exports by up to \$1 trillion.

If the agreement is implemented properly, exports from developing countries are estimated to increase by \$170 billion to \$730 billion, while that from developed economies by \$310 billion to \$580 billion a year, according to the WTO.

The fuller and faster implementation of the agreement will also boost the overall world export growth by up to 2.7 percent and global GDP growth by 0.5 percent, the WTO said.

The agreement is expected to help the developing countries diversify their exports as well.

Ali Ahmed, CEO of BFTI, chaired the workshop.

Govt to improve four land ports at Tk 693cr

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Under the project, the infrastructure, warehousing facilities, transshipment and inspection system, customs control procedure and institutional and regulatory framework would be developed to facilitate smooth functioning of the ports.

The modernisation is aimed at smooth clearance of goods at the ports, improving the procedures, infrastructure and systems. Necessary facilities will have to be ensured at the ports so that women can participate in cross-border trade with ease, according to the WB.

Cross-border connectivity makes commercial sense too, as each hour's delay in border entails an additional cost of \$10-15 and a single day's delay at the border raises the tariff on goods by 1 percent, the WB said. Ecneec yesterday also approved a project to set up a textile engineering college in Sylhet at a cost of Tk 110 crore. The project will end in 2020.



Shah A Sarwar, CEO of IFIC Bank, attends the bank's "Leaders' Meet 2017" for its branch managers, at IFIC Tower at Purana Paltan in Dhaka yesterday.

IFIC BANK