



M Fakhru Alam, managing director of One Bank, attends an orientation programme for newly appointed special cadre officers of the bank at its training institute in Dhaka on Monday.

Basel regulators near final deal on global bank capital

REUTERS, London

Global banking regulators are nearing a final deal on their package of crisis-era capital rules as Europe and the United States look set to meet halfway over the last main element under dispute, banking and regulators sources said on Tuesday.

The Basel Committee met last week in another attempt to finalise its "Basel III" rules aimed at averting another global banking meltdown as seen in 2007-09. Most of the rules are in force, but the committee has hit resistance trying to finalise the last part of the regulatory package.

Europe and the United States have disagreed over the extent to which banks can

use their own risk models to calculate their capital requirements.

Basel is trying to set an "output floor" that would limit the extent to which a bank's capital requirements based on the lender's own risk model can diverge from how the would be calculated under a more conservative model set by regulators.

Europe has wanted a floor set at 70 percent, while the United States has called for a tougher level of 75 percent. A deal at 72.5 percent now looks on the cards, the sources said.

Basel's oversight body now needs to approve any deal, and its members will be present in Washington this weekend to attend International Monetary Fund meetings, the sources added.

Uber says giving UK drivers worker rights would cost tens of millions of pounds

REUTERS, London

Uber said on Tuesday that treating its British drivers as workers, entitling them to rights such as the minimum wage and holiday pay, would add tens of millions of pounds to the taxi app's costs.

Uber currently classifies its around 50,000 drivers in Britain as self-employed, affording them only basic entitlements.

"I don't have the precise figures ... but I'm certain it would be the tens of millions certainly," the firm's UK Head of Policy Andrew Byrne told parliament's business committee.

Also appearing before lawmakers, Deliveroo's UK and Ireland Managing Director Dan Warne said additional costs

including National Insurance contributions, would add around 1 pound (\$1.32) to the cost of each delivery.

Firms operating in the so-called gig economy - whereby people tend to work for different companies without a fixed contract - have been criticised by unions and some lawmakers for what they call exploitative practices.

Uber and Deliveroo both say their drivers enjoy the flexibility they offer but last year two drivers won a tribunal hearing against Uber and were granted working rights, in a decision which the Silicon Valley firm appealed last month.

Uber's Byrne said on Tuesday he expected the judge to make a ruling by around Christmas.

As India's smaller firms struggle, Modi faces stimulus dilemma

REUTERS, New Delhi/Mumbai

India's festive season should be a time of celebration for textiles businessman Habib Ansari, who usually spends October counting a boom in profits from supplying retailers ahead of a month of peak shopping.

This year Ansari is grappling with losses, and blames a 50 percent drop in sales in the last three months on confusion wrought by the July launch of a national sales tax and the after-effects of a government crackdown on untaxed wealth.

"Small garment units are not buying due to weak demand. We have cut down our workforce to 600 from 1200," Ansari said from a textiles hub outside Mumbai, as laid off labourers napped in nearby warehouses.

Ansari's woes highlight how Asia's third-largest economy has cooled rapidly over five consecutive quarters as small and -medium-sized businesses across India report tumbling sales, undermining job creation and damaging sentiment in industries crucial to Prime Minister Narendra Modi's political powerbase.

That has pushed Modi into a tight corner - stepping up stimulus could reduce political damage ahead of a round of state elections beginning in December but shatter the confidence of investors worried about fiscal slippage.

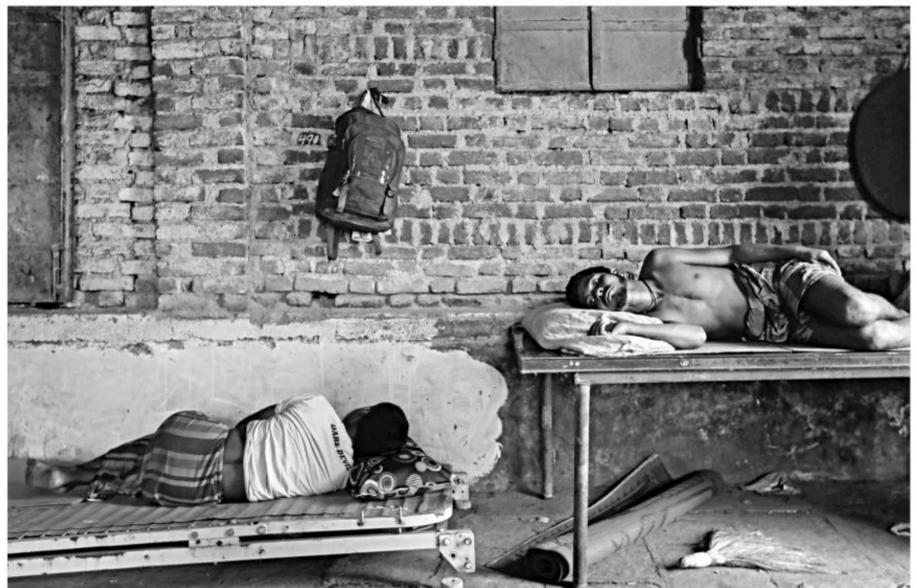
The government is considering spending between 400 to 500 billion rupees (\$7.7 billion) more this financial year than it had budgeted for, two senior finance ministry officials told Reuters.

New Delhi has already cut petrol and diesel taxes, but the focus now is on whether to spend more money on rural jobs, housing and recapitalisation of state-run banks, or to give targeted relief to sectors hit hardest by sliding growth, the officials said.

"We face our toughest challenge in three years," said a government official, adding fiscal consolidation was under pressure amid slowing revenue receipts.

The economy grew at an annual 5.7 percent year-on-year in the three months to end-June, its slowest in three years, while tax collection is falling - a turnaround from a year ago when India boasted the fastest growth among major economies.

People close to Modi, who romped to power in a landslide victory for his Bharatiya Janata



Workers rest inside a closed-down factory in an industrial area on the outskirts of Mumbai, India.

Party (BJP) in 2014, say he wants to control the political damage and ensure the economic slowdown remains temporary.

Two BJP grandees, Yashwant Sinha, an ex-finance minister, and Arun Shourie, a former cabinet minister, have been critical of Modi's recent handling of economic reforms.

But the prime minister has to walk a tight rope as pandering to populist policies could risk damaging investor confidence. The BJP has won praise from investors after trimming the fiscal deficit from 4.5 percent of GDP in 2013/14.

When the government last month hinted at more spending, India's stock market skidded for seven consecutive days and the rupee dropped to its lowest level in six months as investors worried about the impact on public debt.

On Sept. 28, the government decided against announcing more borrowing and maintained a target for the 2017/18 financial year in line with a deficit of 3.2 percent, a move welcomed by markets.

Modi could seek parliament's approval for up to 500 billion rupees in extra spending over the budgeted spending, the two finance ministry officials said, which could widen the fiscal deficit to a three-year high of around 3.7 percent of GDP.

India's former chief economist, Arvind Virmani, told Reuters there

was no scope for additional spending.

Acknowledging the slide in sentiment, Modi took the rare step last week of defending his record in a 90-minute speech, calling the economic slowdown a blip, and promising relief.

Small and medium-sized businesses across India are meanwhile cutting staff because of falling demand.

The launch in July of the long-awaited Goods and Service Tax (GST), which transformed India's 29 states into a single customs union, has left firms at the bottom of the supply chain short of working capital.

That came on top of Modi's "demonetisation" decision last November, in which he suddenly banned high-denomination banknotes to force people to declare illicit or untaxed wealth.

Smaller enterprises accustomed to dealing entirely in cash are now required to register themselves under the GST and to file tax returns.

Rashid Tahir Momin, treasurer of the Bhiwandi Powerloom Weavers Federation, said more than 200,000 people have lost their jobs since July in the textiles hub outside Mumbai.

Previously exempt of tax or taxed at lower rates, the requirement to pay higher taxes and then claim them back has left the government owing \$10 billion to the textiles, jewellery and other exporting

industries.

On Friday, the government announced it would ease tax rules to help smaller businesses.

Narendra Jadhav, a lawmaker close to Modi, said the government was operating with "a great sense of urgency" to resolve the problems faced by the small and medium enterprises.

"Complaints are being noted and addressed. We are committed to bring about structural changes, create jobs and improve infrastructure," Jadhav said.

Finance Minister Arun Jaitley had estimated a 16.4 percent rise in tax receipts to \$188.7 billion this year, but the government faces a shortfall of up to 1 trillion rupees following the GST launch, one of the two finance ministry officials said.

India's fiscal deficit including federal and state borrowing is close to 6 percent, and the central bank governor, Urjit Patel, warned this month that further widening could hit fiscal stability.

Mahesh Vyas, head of the Centre for Monitoring Indian Economy, said that 500 billion rupees (\$7.65 billion) of extra spending would not be sufficient to turn the economy round.

"The government should send a clear message whether it wants to provide a stimulus or not," he said.

"The uncertainty is hitting markets and any small stimulus would just be a waste of money."



Anwar Hossain, group managing director of Anwar Group; AKM Shahadat Hossain Majumdar, executive director for sales and marketing; AI Emran Chowdhury, chief operating officer of Labaid Group, and Md Alamgir, head for corporate marketing, attend an agreement signing ceremony. Customers of Anwar Landmark will receive special discounts on medical services from Labaid Group.

Catalonia, one of Spain's economic heavyweights

AFP, Madrid

Catalonia, which may be poised to declare independence from Spain, is one of the powerhouses of the Spanish economy, buoyed by industry, research and tourism but burdened with heavy debt.

ECONOMIC HEAVYWEIGHT

Contributing 19 percent of Spain's GDP in 2016, Catalonia rivals Madrid as the richest region in the country.

It is fourth in terms of GDP per capita with 28,600 euros (\$33,600), after Madrid, the northern Basque Country and neighbouring Navarra. GDP per capita in Spain overall is 24,000 euros.

Like in Madrid, unemployment is also lower than elsewhere: 13.2 percent in the second quarter of 2017 compared with 17.2 percent nationally.

EXPORTS, BIG COMPANIES

Catalonia is by far Spain's top exporting region, with a quarter of all goods produced there sold abroad in 2016 and in the first quarter of 2017.

It attracted about 14 percent of foreign investment in Spain in 2015, behind Madrid, which received a huge 64 percent, but far ahead of all the other regions, according to official data.

Several large companies have their headquarters in Barcelona.

But a handful have already announced plans to shift their legal headquarters out of the region because of the crisis, including Spain's third-largest bank CaixaBank, the lender Sabadell and energy giant Gas Natural.

On Monday, highway operator Abertis, telecoms company Cellnex and real estate firm Colonial became the latest to move their registered base from Barcelona to

Madrid.

MAJOR INDUSTRIAL PLAYER

The food and agriculture, chemistry and automotive sectors are pillars of Catalan industry, and the region is also a big logistics hub.

The biggest industrial sector in terms of jobs and turnover is agriculture and food, buoyed by the meat business which exports a lot of pork. Oil, cattle feed and grocery products also contribute.

The region concentrates around half of all of Spain's chemical production, with a major hub in Tarragona.

In 2016, it was also the second-biggest car producer in Spain after the region of Castilla y Leon. Nissan and Volkswagen, via its brand Seat, have factories there.

Spain is the second-biggest vehicle maker in the EU, after Germany.

RESEARCH AND BIOSCIENCE

Since the 1990s Catalonia has invested heavily in research, particularly in biosciences such as genetics, neurosciences and cell biology, and the sector now represents seven percent of its GDP.

With many cutting-edge hospitals and research centres, including in the nuclear sector with a particle accelerator, the region says it is number one in Europe for pharmaceutical companies per capita.

New technologies are also very present in Barcelona, which every year hosts the Mobile World Congress.

Catalan universities are among the best in the country: of the top five Spanish universities in the annual ranking compiled by the Shanghai Ranking Consultancy, three are Catalan -- Pompeu Fabra, the University of Barcelona and the Autonomous University of Barcelona.

Syed Mohammad Kamal, country manager for MasterCard Bangladesh, poses along with high officials of business organisations and corporate personnel of the country at "Mastercard Corporate Payment Solutions Conclave" at Westin Dhaka.



MASTERCARD BANGLADESH