Modi's bonanza to farmers hit by funds, storage

REUTERS, *Mumbai/New Delhi*

Indian Prime Minister Narendra Modi's pre-election gambit to sharply hike state-mandated prices for summer crops, including rice, may mean little to millions of farmers, as the government lacks the storage and funds needed to buy most of the produce.

The median increase in the so-called minimum support prices (MSPs) approved by the government on Wednesday was 25 percent, compared with 3-4 percent in the first four years in office for Modi, whose bid for a second term next year is expected to be much tougher than his landslide victory in 2014.

The government announces MSPs for most crops to set a benchmark, but state agencies mainly buy limited quantities of staples such as rice and wheat at those prices, restricting benefits of higher prices to only around 7 percent of the country's 263 million farmers, according to various studies.

Implementing the scheme in full would be expensive, economists say. The government's fiscal deficit target for the current financial year, at 3.3 percent of GDP, is already under pressure due to high oil prices.

"With funding under stress, the government can't widen the scope of agri purchases," said Sanjay Mookim, India equity strategist at Bank of America Merrill Lynch. "And even if it does, there is no storage available and you can't build storage in two-three months." The ministries of agriculture and food did not immediately respond to requests for comment.

The government said its limited purchases could cost it 150 billion rupees ($2.18 billion) this year, although industry officials say it is difficult to estimate actual spending, which depends on the quantity procured.

MSPs typically dictate crops that most farmers opt for, often leading to a glut of certain commodities, millions of tonnes of which have to be sold into a depressed local market at well below the cost of production, sparking angry farmer protests across the country.

"What's the use of a hike when we did not even get last year's MSP?" asked Purshotam Sontakke from a village in Wardha district in the western state of Maharashtra, who sold soybean at 2,700 rupees per 100 kg in 2017, 11 percent below the state-set price.

A crash in farm commodity prices over the past few months has led to a waning of Modi's popularity in the countryside - where more than two-thirds of India's 1.3 billion people live - prompting the premier to invite a group of farmers to his residence last week and promise MSPs at 1.5 times of input cost.

He called the latest hike historic and said he was committed to do more for farmers. His stated goal is to double farmer's income by 2022.

State agencies bought only 71 million tonnes of wheat and rice in 2017/18 out of 210 million tonnes produced. In the same year, the country produced hundreds of millions of tonnes of oilseeds and horticulture crops like onion and potatoes, which are not typically procured by the government.

The food ministry told parliament bit.ly/2z8C3RO in March that the peak storage demand for food grains like rice and wheat was 60 million tonnes for the central pool, compared with a capacity of 73.5 million tonnes, 17 percent of which was open storage covered by plastic or other material.

The ministry says on its website that the government will add more storage capacity by 2020.

BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, and Mohammed Bin Quasem, a director of Echotex Ltd, exchange signed documents of a deal at the bank's head office in Dhaka yesterday. Over 5,000 garment factory workers will receive monthly salaries through the bank's digital channel.

Nafta talks on track

Says Mexico's future finance minister

AFP, *Mexico City*

The renegotiation of the Nafta trade agreement is still on track and could "accelerate" after the US mid-term elections in November, Mexico's next finance minister, Carlos Urzua, said Wednesday.

Urzua, a respected academic tapped by president-elect Andres Manuel Lopez Obrador to head his economic team, said he was optimistic on the talks, dismissing speculation that Mexico's newly elected leftist president would throw a wrench in the works.

"We are confident that after the (US mid-term) elections in November, things could accelerate very quickly," Urzua told Mexican TV network Televisa, adding that a deal was possible by the end of the year.

"President Tump just has to give the go-ahead," he said.

Lopez Obrador, an anti-establishment firebrand, was elected in a landslide victory Sunday, promising to bring "profound change" to Mexico. He takes office on December 1, the first leftist president in recent history.

A free-trade skeptic, he has raised new doubts about the future of the North American Free Trade Agreement (Nafta) between the United States, Mexico and Canada. The deal is already under attack by US President Donald Trump, who has insisted on overhauling it.

Trump said over the weekend that he would delay signing a new version of the deal until after the November 6 elections, in which his Republican party is battling to maintain control of Congress.

The three countries have been renegotiating the deal since August, but the talks have stalled over a series of issues, including the Trump administration's demands for increased American content in cars and a five-year "sunset clause."

Trump's decision to impose steep steel and aluminum tariffs on Mexico and Canada -- met with retaliatory tariffs by both countries -- only added to the strain.

Urzua said the incoming Mexican government would collaborate closely on Nafta with the country's current negotiating team.

Nafta is vital for Mexico, which sends 80 percent of its exports to the United States.

Lopez Obrador clashed with the business sector during the campaign, but has since gone to great lengths to insist his presidency will be business-friendly.

He reiterated a soothing message to Mexico's business community after meeting top officials from the influential Business Coordinating Council (CCE). "We won't act in high-handed fashion.

Nothing will be imposed from above," he said after what he called a "respectful" meeting.

CCE chief Juan Pablo Castanon said the president-elect had agreed to meet with the group every three months.

"We established working mechanisms for the transition period, which for us will generate a lot of confidence and an opening where it will be possible to work with (Lopez Obrador's) team," he told a press conference.

India's richest man unveils broadband plan

AFP, *Mumbai*

India's richest man Mukesh Ambani, who turned the country's mobile market upside down by offering free voice calls for life, is zeroing in on a new market -- broadband internet.

Ambani told shareholders Thursday that Reliance Industries, his oil-to-telecoms conglomerate, will roll out fibre broadband across 1,100 Indian cities.

"We will now extend fibre connectivity to homes, merchants, small and medium enterprises and large enterprises simultaneously," he told investors in Mumbai.

His ambitious foray into fibre-based broadband would be "the most advanced" in the country, Ambani told shareholders at Reliance's annual general meeting.

The announcement is likely to send a chill up the spines of India's broadband providers as the hugely wealthy conglomerate expands its drive into internet services.

Tapan Kanti Sarkar, managing director of ADN Eduservices Ltd, and Somsuvra Baksi, senior manager at Aptech International, attend a press meet at the BASIS auditorium in Dhaka yesterday. They joined hands to create skilled manpower in Bangladesh's IT sector.

ADN

Debt curbs likely hit China's second quarter GDP growth

REUTERS, *Beijing*

China's second-quarter economic growth is expected to have slowed slightly from the previous quarter, a Reuters poll showed, as the government's efforts to tackle debt risks crimp activity and a looming US trade war threatens exports.

The economy has already felt the pinch from a multi-year crackdown on riskier lending that has driven up corporate borrowing costs, promoting the central bank to pump out more cash by cutting reserve requirements for lenders.

Recent data have started to show signs of fatigue as credit expansion slowed and domestic demand ranging from government-funded infrastructure investment to consumer spending looked to be softening. This comes as a deepening trade war with the United States looks set to hit China's export machine.

A poll of 55 economists showed growth in gross domestic product likely eased marginally to 6.7 percent in the second quarter from a year earlier, compared with the 6.8 percent clip in the previous three quarters. Forecasts in the poll ranged from 6.5 percent to 6.9 percent.

"The synchronized slowdown in domestic and external demand is likely to put pressure on economic growth in the second half," said Lian Ping, chief economist at Bank of Communications.

Lian said he expected GDP growth to slow to 6.6 percent in the third quarter and stay steady in the fourth quarter, bringing full-year growth to 6.7 percent - above the government's target of around 6.5 percent.

China's Commerce Ministry on Thursday warned the proposed US tariffs would hit international supply chains, including foreign companies in the world's second-largest economy.

Faced with a slowdown in domestic demand and the potential fallout from the trade war, Chinese policymakers are likely to step up policy support for the economy and soften their stance on deleveraging.

The People's Bank of China, which has cut banks' reserve requirements three times this year, has recently replaced its use of the term "deleveraging" with "structural deleveraging", a change that suggests less harsh curbs on debt.

The central bank also said it will keep liquidity "reasonably ample", a shift from the previous wording of "reasonably stable".

Chinese currency and equity markets have been volatile ahead of July 6, when US tariffs on $34 billion worth of Chinese goods are set to kick in, with the yuan losing about 3.3 percent in June against the dollar - its worst month on record.

Beijing has said it would retaliate with tariffs on US products.

Ford says no plans for now to hike China prices

REUTERS, *Beijing/Shanghai*

US car maker Ford Motor Co said on Thursday it has no plans currently to hike retail prices of its imported Ford and Lincoln models in China, despite steep additional tariffs on imported US vehicles set to come into play on Friday.

The firm, which has been facing sluggish sales in the world's largest auto market, said in a statement "it has no current plans to increase the manufacturer's suggested retail price (MSRP) on its import line-up in China". Ford is the first foreign automaker to address pricing issues ahead of the new tariffs that will affect around $34 billion of US imports from soybeans and cars to lobsters.

China, which just days ago cut tariffs on all imported automobiles, has said that it will slap an additional 25 percent levy on 545 American products, including US-made cars, should the Trump administration go ahead with plans to implement tariffs on $34 billion of Chinese imports from July 6.

Ford added it encouraged Washington and Beijing to resolve their issues over trade and that it would "continue to monitor the situation as it evolves".

Cutting extreme poverty should be top priority

FROM PAGE B1

He suggested that the government work to diversify export products as well as markets.

The distinguished development activist called the Rohingya issue very crucial for Bangladesh, saying that it might affect the economy.

"The issue should be solved as it is also involved with SDG achievement."

He said NGOs were stakeholders in helping Bangladesh achieve the SDGs.

Speaking at the session, Commerce Minister Tofail Ahmed said Bangladesh would attain the targets of the SDGs like it did in case of the Millennium Development Goals.

Ahmed said he believes the extreme poverty rate would come down to 3 percent in 2030 if the government could implement its tasks.

According to the minister, Bangladesh has completed the first phase of the SDG implementation in June this year.

The second phase will be completed by 2020 and the third and final phase by 2030, he said.

Abul Kalam Azad, principal coordinator for SDG affairs at the Prime Minister's Office, Md Mozammel Haque Khan, immediate past senior secretary to the public administration ministry, and Prof M Shamsul Alam, a member of the GED, also spoke.

Bright future awaits paint producers

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The manufacturers have to distribute products to retailers on credit, which is a big challenge, she noted.

Even the payment system of retailers in Bangladesh is a traditional one: sometimes they do not clear their dues on time. She said Berger conducts surveys through market research firms or by its own team before producing and launching new products.

There are different kinds of consumers in the market and they have different choices: some people like a usual product and some prefer the premium ones.

The market was mainly dominated by foreign companies as they had capital and distributed products among retailers on long-term credits, which was not a possible option for local companies, Abdur Rahman, vice president of BPMA, told The Daily Star.

He said the future of decorative painting is bright as the market has been increasing rapidly, which encouraged many foreign companies to invest in the sector.

M Shamsuzzaman, general secretary, said the ups and downs in demand for decorative paint were directly related to the housing sector.

Besides, business insiders said, last year's experience was not positive for local companies due to natural disasters.

However, they said there was huge potential for the decorative paint market as the consumption was increasing in rural areas alongside in urban areas across the country.

According to Ali Ashraf, owner of Ali Paint at Karwan Bazar, the demand for Berger's products is higher compared to other brands, followed by Asian and Elite.

NBR thwarts solar energy march

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As a result it will be difficult to attain the government's renewable energy target. Besides, large panels are used to generate power through solar energy-based mini-grid, irrigation pump and rooftop systems.

But these plants do not have the capacity to make such type of panels or do not have proper certification, Idcol said.

Better quality solar panels could be imported at prices lower than those of locally assembled panels if import duty and taxes are exempted, it added.

Contacted, Idcol Executive Director and CEO Mahmood Malik said the rise in import cost for the imposition of advance trade VAT and VAT will be beneficial for local assemblers. "But overall, the impact will be negative."

Idcol is promoting the expansion of solar rooftop systems to generate more energy.

"Solar rooftops will not become attractive. But, there will be huge impact in the long-term if we can generate 400-500MW of electricity from solar rooftops," he added.

BSREA Treasurer Md Ataur Rahman Sarker said misdeclaration in imports will increase because of the VAT.

Bangladesh requires 50MW equivalent solar panels annually and most of the demand is met through imports because of insufficient domestic production, he said.

NBR Chairman Md Mosharraf Hossain could not be reached for comments despite repeated attempts.

Be proud of your garment sector

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Bangladesh will have to ratify 27, including four core, conventions of the UN to be eligible for the continued GSP plus benefit to the EU.

BGMEA has accorded the farewell to Cuelenaere recognising her extraordinary advocacy in favour of locally made garment items during the turbulent times for the sector.

After each of the incident, the garment sector faced an image crisis, but the ambassadors of different countries, including the Netherlands, launched massive campaigns in favour of Bangladesh.

The campaign by the envoys helped in brightening the image of the country. Before her departure, the ambassador, who completed her three-year tenure in Dhaka, also said Bangladesh's garment sector is now safe.

In his recognition speech, Siddiqur Rahman, BGMEA president, highlighted the Dutch ambassador's contribution in the meetings of three secretaries and five diplomats committee formed to strengthen the safety in the country's garment sector.

SINGER BANGLADESH

MHM Fairoz, CEO of Singer Bangladesh, opens a "Singer Plus" outlet at Sreenagar in Munshiganj on Wednesday.