

RBI accountable to govt

Says reserves panel chairman

REUTERS, New Delhi

The Reserve Bank of India is accountable to the government and should make policies within the framework set by the government, according to a former central bank chief now heading a panel tasked with framing guidelines for the transfer of the RBI's surplus funds to the government.

Bimal Jalan, the 77-year-old ex-bureaucrat, was appointed to chair the panel late last month, just weeks after a fierce row over central bank independence led to a change at the top of the RBI.

Having clashed with the government over policy issues for several months, Urjit Patel resigned as governor on Dec. 10, and was swiftly replaced by a former finance ministry official, Shaktikanta Das.

One of the most contentious issues between the RBI and Prime Minister Narendra Modi's government was how much of the profit made from central bank's trading in bonds and currencies should be transferred to the government, and how much should be retained to build up reserves.

Modi faces an election by May and his government is urgently seeking extra funds to finance populist measures like financial aid to farmers and

tax cuts for small businesses and the middle class.

Speaking to Reuters, Jalan, who was the RBI's governor between 1997 to 2003, declined to comment on his committee's recommendations, but he set out his view on the relationship between the government and the central bank.

"The RBI is accountable to the government for executing the kind of monetary policy that has been announced," Jalan said in his first interview since being appointed chairman of the six-member Expert Committee on Economic Capital Framework.

"There may be differences of views between the autonomous institution and the government. In this case, the government should take a larger view depending on what the political situation is, what is actually happening on the ground.

"On the other hand, the autonomous institution has to deliver the services that the government has approved as part of policy framework."

Jalan went on to voice hope that differences with the government would be settled, now that the central bank was under new management.

"Now we have a new RBI governor

who is from the government," Jalan said. "I hope the RBI will work well under his leadership. Differences in views are fine, but these have to be resolved internally in the country's interest."

The RBI said it had no immediate comment on Jalan's remarks.

Soon after taking office on Dec. 12, Das said he would consult more closely with the government on policy issues.

Under Das, the central bank is likely to transfer an interim dividend of 300-400 billion rupees (\$4.32 billion-\$5.8 billion) to the government by March, Reuters reported earlier this week citing three sources with direct knowledge of the matter.

Das has also struck a dovish tone on prospects for inflation and the economy, hinting that the RBI might adopt a more growth-friendly monetary framework under his watch, as desired by the government.

The government also wants the RBI to release more liquidity to the shadow banking sector and relax its provisioning norms for banks.

Das has said the RBI was open to infusing "need-based" liquidity into the financial system, noting that the shadow banking sector was facing a funding crunch.



Sarder Akhter Hamed, head of channel banking of Bank Asia, and Mosharrof Hossain, finance director of BURU Bangladesh, exchange documents after signing a deal at the latter's head office in Dhaka on Tuesday on micro-credit disbursement and collection from BURU's beneficiaries through the bank's agent banking services. Md Arfan Ali, the bank's president and managing director, and Zakir Hossain, executive director of the non-government social development organisation, were present.

India doubles GST exemption limit for small businesses

REUTERS, New Delhi

India will exempt small businesses with annual sales of up to 4 million rupees (\$56,701) from paying taxes under a national sales tax, finance minister Arun Jaitley said on Thursday, a move aimed at wooing a key voting group ahead of a national election.

Currently, firms with an annual turnover of up to 2 million rupees are exempted from registration under a unified national goods and service tax launched in 2017.

Arun Jaitley said the small companies would have the option to opt out of the GST tax net.

China says US trade talks 'laid foundation' to resolve concerns

AFP, Beijing

China said Thursday that trade talks in Beijing with a US negotiating team had "laid the foundation" to resolve concerns held by both sides in a bruising trade war.

US officials visited Beijing from Monday to Wednesday for the first sit-down talks since President Donald Trump and Chinese leader Xi Jinping agreed on December 1 to a three-month truce in the escalating spat.

World markets rose Wednesday on increasing optimism that the two sides would be able to hammer out a deal ahead of a March deadline and avert further import tariff hikes -- though Asian stocks were mostly down on Thursday.

China and the US "conducted extensive, in-depth and meticulous exchanges... which enhanced mutual understanding and laid the foundation for resolving issues of mutual concern," the Chinese commerce ministry said in a statement. "Both parties agreed to continue to maintain close contact."

Washington has been clamouring for an end to the forced transfer -- and even theft -- of American technology and intellectual property, as well as steep government subsidies for Chinese companies.

When asked about progress in those areas on Thursday, China's commerce ministry spokesman Gao Feng said that structural issues were a focus of the talks.

"Negotiations between the two sides in this area made progress," he said.

The US Trade Representative office said Wednesday that the talks focused on "ways to achieve fairness, reciprocity, and balance in trade relations", as well as the need for "ongoing verification and effective enforcement" of any agreement.

For Washington, ensuring China makes good on its pledges is key -- and Gao acknowledged that was important to China as well on Thursday.

"The Chinese side also believes that the implementation mechanism of any agreement is very important and both parties have an obligation to carry it out," Gao told reporters during a regular press conference.

"For the next step, both sides will continue to work hard together, and advance the negotiation work according to the original plan."

The Trump administration also wants Beijing to buy more American goods to narrow a yawning trade gap -- a sticking point for US president -- and allow foreign players better access to the Chinese market.



Md Mustafa Khair, deputy managing director of First Security Islami Bank Ltd (FSIBL), opens an ATM booth inside 24th Dhaka International Trade Fair-2019 on Wednesday.

China factory gate inflation dives as trade war rumbles on

AFP, Beijing

The cost of producing goods in China's factories slowed sharply in December, a sign demand remains weak as the US trade war drags on, while consumer inflation also flagged, official data showed Thursday.

The producer price index (PPI) -- an important barometer of the industrial sector that measures the cost of goods at the factory gate -- rose 0.9 percent on-year in December, compared with a 2.7 percent rise the previous month.

The reading marks the lowest growth since September 2016, and fell short of forecasts in a Bloomberg News survey.

A slowdown in factory gate inflation reflects sluggish demand, while a turn to deflation could dent corporate profits.

It "may enter negative territory very soon given the negative sequential growth it already recorded", Goldman Sachs economists forecast.

"This disinflation is reflected already in the industrial profit data, which entered negative territory," they wrote in a research note.

Many stalls still not ready

FROM PAGE B1

Instead of joining the event, sometimes the foreign entities send their local agents to the fair, he said.

The 24th edition of the month-long fair at Sher-e-Bangla Nagar has turned into a spot for recreation and shopping for city dwellers while serving the Export Promotion Bureau's primary purpose of highlighting the latest products of the local brands.

According to Rob, the DITF offers local manufacturers a unique opportunity to showcase their products and produce before an audience which is comprised of both Bangladeshi and international citizens.

This correspondent found only

Turkish, Japanese and Thai companies representing themselves in their individual pavilions.

Indian Kashmiri shawl manufacturer Amit Agrawal, taking part in the fair for the first time, said he was looking to get business in Bangladesh.

"I have no idea about the demand of cashmere shawls in Bangladesh. I brought products only for the common customers, not high-end ones," he said.

Agrawal said if he gets good response from the local market, he would bring in high quality pashmina shawls, each of which would be priced a minimum of Tk 25,000.

Foreign satellites will have to pay fees

FROM PAGE B1

Once the guidelines are finalised, foreign companies would require regulatory approval for entering Bangladesh along with payment of fees.

A senior official of Bangladesh Communication Satellite Company Limited (BCSCL) said they are facing huge challenges in getting the satellite landing rights in different countries but satellite companies are facing no challenges in Bangladesh and are not paying any money to the country's coffers.

In a recent meeting, the BTRC has formed an 11-member committee headed by Md Aminul Hassan, commissioner of its spectrum department, with representatives from

the telecom and information ministry, Bangladesh Television and BCSCCL.

The committee will finalise the fees and charges for the landing rights. It will look into the practices of other countries before formalising them, said a member of the newly formed committee.

Not just for television channels, the country needs satellite service to ensure connectivity in the remotest places and for other digital services, all of which Bangabandhu-1 will be capable of providing, officials said. In March 2013, the telecom regulator had formed a committee in this regard but that never got to work and its convener later died.

Kamal in denial about bad loan situation

FROM PAGE B1

"If the businessmen do not become influential, how will investment come? From where will employment come and how will poverty be reduced?"

Influential businessmen account for 82 percent of the economy and it is impossible to run the economy without them, he said. "Your idea about the people is your perception."

Rice prices up for polls disruptions

FROM PAGE B1

"The interests of farmers, millers, traders and consumers will be protected if the market prices remain consistent with the government's procurement prices of rice and paddy." At the meeting with the millers, referring to reports in the media Majumder said it was a puzzle that rice prices were rising even after bumper production and adequate stock.

Munshi said they sat with the millers to ensure that none hike prices intentionally.

The prices of coarse did not increase, said KM Layek Ali, general secretary of the Auto Major and Husking Mills Association.

The prices of rice have increased in areas that saw supply disruption during election, said Nirod Boron Saha, president of Naogaon Dhan O Chal Arathdar Babshayee Samity, rice wholesalers' and commission agents' association.

He went on to stress on authentic and timely data on production and stock of food grains as well as better coordination among agriculture, food and commerce ministries.

Amazon to invest in French firm's technology for self-driving forklifts

REUTERS

Amazon could build a stake of almost a third in warehouse robotics firm Balyo in the next seven years, as part of a deal that could boost sales of the French company's technology for self-driving forklift trucks.

Warehouse automation is a key element in efforts by Amazon to cut costs and speed up deliveries. The world's biggest online retailer currently uses robots developed by Kiva Systems, a company it bought for \$775 million in 2012.

"This agreement ... represents an unprecedented opportunity for Balyo to grow its business and supports the soundness of our investments over the years to perfect our robotic solutions," Balyo Chief Executive Fabien Bardinnet said on Thursday.

Pakistan eyes investment pacts with Saudi Arabia, UAE

REUTERS, Islamabad

Pakistan expects to sign investment agreements with Saudi Arabia and the United Arab Emirates in the coming weeks, the prime minister's office said, as Islamabad builds on its ties with states that have recently lent it billions of dollars.

A memorandum of understanding was expected with Saudi Arabia this

month, with an investment framework accord set to be signed with the UAE in February, Prime Minister Imran Khan's office said in a statement following a meeting on Wednesday.

The MoUs follow a similar agreement signed last month with China, it said.

The statement gave no details but the daily Dawn newspaper quoted Board of Investment Chairman

Haroon Sharif, as saying the investments were likely to be in the oil refining, petrochemicals, renewable energy and mining sectors.

"We are expecting \$10-billion-plus Saudi investments and the MoUs to be signed in this regard will not be common or vague but concrete agreements," Dawn quoted him as saying, adding that Saudi Aramco would invest in an oil refinery and also set up its own refinery in Pakistan.

Sharif said the UAE was interested in agriculture and housing investments and four Malaysian firms were interested in investments in the areas of halal meat, gemstones, information technology and hi-tech education.

The investments would be in addition to a \$6-billion package provided to Pakistan by Saudi Arabia and a similar-sized package, made up of loans and an oil payment credit facility, offered by the UAE.

The agreements come as Pakistan has sought to strengthen its public finances and reduce its current account deficit, which a report from the International Monetary Fund in November estimated to stand at 5.9 percent of gross domestic product in 2018.



Pakistani Prime Minister Imran Khan speaks at the opening ceremony for the first China International Import Expo in Shanghai.