

India approves \$400m currency swap for Saarc nations

PALLAB BHATTACHARYA, New Delhi

India yesterday approved an amendment to a "Framework on Currency Swap Arrangement among Saarc member-countries" to incorporate a "Standby Swap" amounting to \$400 million to guard against global economic volatility.

The \$400 million swap amount is operated within the overall size of the facility of \$2 billion.

It builds in flexibility with respect to modalities of its operation such as period of swap and rollover after due consideration of conditions of requesting Saarc countries and domestic requirements of India.

The clearance was given by the Indian cabinet meeting presided by Prime Minister Narendra Modi.

It is an "ex-post facto approval for the amendment to the 'Framework on Currency Swap Arrangement for Saarc countries'", an official statement said.

It said due to heightened financial risk and volatility in the global economy, short-term swap requirements of the South Asian Association for Regional Cooperation (Saarc) countries could be higher than the agreed lines.

"The incorporation of 'Standby Swap'

within the approved Saarc Swap Framework would provide necessary flexibility to the Framework and would enable India to provide a prompt response to the current request from Saarc member-countries for availing the swap amount exceeding the present limit prescribed under the Saarc Swap Framework," according to the statement.

The Indian cabinet had approved the framework on March 1, 2012 to provide a line of funding for short-term foreign exchange requirements or to meet balance of payments crises till long term arrangements are made or the issue is resolved.

Under the facility, India's Reserve Bank of India (RBI) offers swaps of varying sizes in US dollars, euro or Indian rupees to each Saarc member country depending on their two months' import requirement and not exceeding \$2 billion in total.

The swap amount for each country has been defined in the facility, subject to a floor of \$100 million and a maximum of \$400 million. Each withdrawal will be for a three-month tenure and up to a maximum of two rollovers.

The RBI will negotiate the operational details bilaterally with the central banks of the Saarc countries availing the standby swap.

Cloud, services fuel IBM's profit forecast

REUTERS

IBM Corp beat Wall Street quarterly earnings estimates and also forecast 2019 profit above expectations on Tuesday, in the latest indication that Chief Executive Officer Ginni Rometty's efforts to turn around the technology services company were gaining traction.

Shares rose 7 percent in extended trading after IBM also posted its first annual revenue growth since 2011.

Rometty, who has been CEO since 2012, has steered the company toward faster-growing segments such as cloud, software and services and away from traditional hardware products, but not without a bumpy journey. The newer areas of focus have sometimes overwhelmed investors.

Chief Financial Officer James Kavanaugh told Reuters that IBM signed roughly \$16 billion worth of contracts in the quarter, its strongest by that measure in a long time.



TELENOR HEALTH

Sajid Rahman, CEO of Telenor Health, attends the launch of "Premium Partnerships" at its Dhaka office recently. Members of Tonic, a digital health service of Telenor Health, will get benefits, including discounts, at Popular Diagnostic Center, Marie Stopes Bangladesh, IBN Sina Diagnostic & Imaging Center and Ad-din Hospital.

China says it will step up fiscal spending to support economy

REUTERS, Beijing

China will step up fiscal spending this year to support its economy, focusing on further cuts in taxes and fees for small firms, finance ministry officials said on Wednesday.

Mounting pressure on the world's second-biggest economy pushed growth last year to its lowest since 1990 even as Beijing stepped up stimulus measures and spurred banks to lend more.

The government may unveil more fiscal stimulus during the annual parliamentary meeting in March, including bigger tax cuts and more spending on infrastructure projects, economists say.

China's fiscal spending rose 8.7 percent to 22.1 trillion yuan (\$3.3 trillion) in 2018, while revenue increased 6.2 percent to 18.3 trillion yuan, said Li Dawei, an official at the finance ministry.

China achieved its 2018 fiscal revenue target despite extensive tax cuts last year, Li added.

Beijing delivered about 1.3 trillion yuan of cuts in taxes and fees in 2018.

Finance Minister Liu Kun said this month that China will further lower taxes and fees this year. The government is also studying a plan to reduce social security fees to lighten the burden on small companies, Liu said.

Policy insiders also expect Beijing to

cut the value-added tax, which ranges from 6 percent for the services sector to 16 percent for manufacturers.

Policymakers' pledge of more aggressive tax reductions in 2019 has fanned expectations that the annual budget deficit ratio could be lifted to 3 percent of gross domestic product.

The government had lowered the 2018 deficit target to 2.6 percent of GDP from 3 percent the previous year—the first cut since 2012.

The finance officials, speaking to reporters on Wednesday, did not report the size of the 2018 budget deficit.

China will "appropriately" step up fiscal spending in 2019, said ministry official Hao Lei.

Fiscal revenue growth is expected to slow this year, Li said.

Earlier, sources told Reuters the deficit target could rise from 2.6 percent of GDP but is likely to be kept below 3 percent.

The slowdown in China has also raised concerns of rising indebtedness of local governments as they ramp up measures to support growth.

China must be on guard against "black swan" risks while fending off "gray rhino" events, President Xi Jinping said on Monday.

A "black swan" event refers to an unforeseen occurrence that typically has extreme consequences, while a

"gray rhino" is a highly obvious yet ignored threat.

Local governments and state organizations should find a balance between stabilizing growth and fending off risks, controlling the pace and intensity of such policies, Xi warned.

China will be more strict in curbing local government bond risks and any form of hidden debt, Hao said.

Outstanding local government debt stood at 18.39 trillion yuan at the end of 2018, Hao said, adding that local government debt risks remain manageable overall.

Total outstanding local government debt was 16.47 trillion yuan at the end of 2017, according to the finance ministry's 2018 work report.

Special bonds are usually issued to fund public works spending including infrastructure projects or land development.

At the end of 2018, the State Council, or cabinet, approved a 2019 quota for new local government bond issuance of 1.39 trillion yuan, enabling local authorities to start issuing debt from January.

Local government bond issuance typically begins in March, following approval of quotas at the National People's Congress, or parliament.

Special purpose local bond issuance is expected to be completed by September, Hao said.



EVONIK BANGLADESH

Peter Fahrenholtz, German ambassador in Dhaka; Sanjit Kumar Chakraborty, managing director of specialty chemicals producer Evonik Bangladesh, and Peter Meinshausen, regional president of Evonik Asia Pacific South, open Evonik Bangladesh's new office at Uttara Sector-6 in Dhaka yesterday.

Dhaka stocks hit 11-month high

FROM PAGE B1

"The low price earnings ratio of banking stocks has encouraged investors to buy these shares," said a managing director of a leading brokerage house, preferring anonymity.

However, he thinks people would not invest on the sector all the time, as listed banks are now burdened with huge default loans.

"So, the stock market regulator and merchant banks have to be prompt to bring well performing companies to the market now to meet the investors' demand."

Turnover, one of the important indicators of the market, rose 17.4 percent to Tk 1,045.52 crore.

Of the traded issues, 165 advanced, 150 declined and 31 closed unchanged on the

premier bourse.

Top five gainers of the Dhaka stocks were United Finance, Dhaka Insurance, Imam Botton, Meghna Milk and Karnaphuli Insurance.

Premier Bank dominated the turnover chart with 2.61 crore shares worth Tk 44.62 crore changing hands, followed by United Power Generation, IFIC Bank, City Bank and Legacy Footwear.

Chattogram stocks also rose yesterday with the bourse's benchmark index, CSCX, increasing 125.33 points or 1.15 percent to finish the day at 11,004.10.

Losers beat gainers as 153 declined, 90 advanced and 28 finished unchanged on the port city bourse. The stock exchange traded 1.94 crore shares and mutual fund units worth Tk 47.76 crore.

Financial services ease hassles

FROM PAGE B1

bKash, the largest mobile financial service provider in Bangladesh, is offering cash back to customers on the occasion of the showcase.

Customers are enjoying 50 percent cash back on the prices of entry ticket brought through the app or the USSD channel *247# of bKash or through DITF's online portal.

However, entry to the venue will be free for those opening bKash accounts on the fair premises. Entry fee is Tk 30 per person. Customers can get up to 15 percent

instant cash back if they make payments through bKash app and up to 5 percent instant cash back for paying through USSD channel at selected merchant pavilions or stalls.

The maximum cash back limit for a customer on entry ticket purchase is Tk 30 a day and Tk 60 during the month-long fair period.

Customers will get a maximum of Tk 500 cash back on payment through bKash app and Tk 250 cash back on payment through the USSD channel.

Electronic waste disposal rules on the cards

FROM PAGE B1

"The workers involved in e-waste handling, dismantling and recycling are at risk of carcinogenic and non-carcinogenic health hazards through inhalation of toxic elements such as lead, cadmium and chromium," the report said.

It said the awareness level among the workers regarding the health impacts of e-waste is almost non-existent.

"Weathering actions and chemical reactions accelerate leaching of hazardous elements from e-wastes and release those in air, water and soil and thereby pose a serious threat to the environment."

The government took the step to frame the electronic waste management rules in 2012. But it is yet to finalise the document.

The draft rule said manufacturers, assemblers, stores, recyclers, repairer and dismantlers will have to get registered with the DoE.

In addition, manufacturers and assemblers will have to do awareness campaigns regarding the presence of dangerous elements in electrical and electronic goods and the risk related to improper management, dismantling and disposal of e-wastes, according to the draft.

Companies will also have to keep records related to e-waste management and furnish a report to the DoE within 60 days of a fiscal year's end.

Not only that, manufacturers and assemblers will have some extended responsibilities that include providing

financial incentives to consumers for return of expired, unused, malfunctioned goods and submission of plans describing the target of collection of e-waste.

The draft rules seek that dismantlers and recyclers get clearance from the DoE and make sure that there will be no risk to environment and public health for storing, transporting, dismantling and recycling of the e-waste.

Export of the e-waste would be encouraged if there is no required arrangement for recycling and reuse of the goods, according to the draft.

The draft says the e-waste cannot be stored for more than 180 days. Every manufacturer will have to take steps to reduce the use of dangerous elements within five years from the effective date of the rule.

And all the information related to the presence and reduction of the dangerous element in the electrical and electronic goods should be presented in the product information booklet, according to the draft.

"Once the rule is framed, we want to sit with the companies, particularly big importers and producers, in order to implement it step by step," Ali said.

The DoE will encourage businesses to comply with the rules voluntarily.

"We want to play a facilitating role. We will encourage them, facilitate them. We do not want to go for any tough measure initially. We do not want to affect our industrialisation."

Russia says oil price war with US would be too costly

REUTERS, Davos, Switzerland

Russia should not unleash an oil price war against the United States but rather stick with output cuts even at the cost of losing market share in the medium term, one of the main Russian architects of a production pact with Opec said.

Since 2017, Russia and Opec have cut oil production jointly for the first time in an effort to boost the price of crude. Following their supply pact, oil has traded between roughly \$60 and \$85 per barrel, from below \$30 before the deal took effect.

Govt to build 590MW plant in Anwara

FROM PAGE B1

The committee gave a nod to another proposal of the Power Division to buy 150,575 prepaid metres and related equipment for Cumilla and Mymensingh zone at Tk 137.75 crore. China-based company Shenziang Star Instrument Ltd got the job.

It also approved a proposal to award a Tk 101.98 crore component of the Elenga-Jamalpur national highway widening project to Wahid Construction Ltd.

Locally assembled electric cars to hit streets soon

FROM PAGE B1

The battery's lifetime will be at least six years. In the near future EV owners can go for long drives as fast-charging stations will be set up at refilling stations along the highway.

In 2017, the car market size in Bangladesh hit Tk 5,000 crore, according to industry insiders.



IGLOO ICE CREAM

Mazidul Haque, national sales manager of Igloo Ice Cream, and Surayya Siddiqua, head of marketing, attend the launch of Colors ice cream at Dhaka International Trade Fair on Tuesday.



LAL TEER SEED

Tajwar M Awal, a director of Lal Teer Seed Ltd, unveils new seed packaging materials of the company to celebrate its anniversary—Lal Teer Day-2019—at Joydebpur in Gazipur on Sunday.