

India's manufacturing growth slowed in June on weaker demand



A worker grinds a metal gate inside a household furniture manufacturing factory in Ahmedabad, India.

again, according to a private survey which also showed a decrease in the rate of hiring. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, fell to 52.1 in June from 52.7 in May, but remained

above the 50-mark that separates growth from contraction for a 23rd month.

"PMI data highlighted a slight setback in the Indian manufacturing sector during June," said Pollyanna De Lima, principal economist at IHS Markit.

"Gauges of factory orders, production, employment and exports remained inside growth territory, but rates of expansion softened in all cases as domestic and international demand showed some signs of fading."

A sub-index tracking output prices fell to a 45-month low in June, in contraction territory for a second straight month, although the rate of increase in input prices was unchanged.

Easing price pressure is likely to keep overall retail inflation in check. It hit a seven-month high in May but remained below the Reserve Bank of India's medium-term target of 4 percent for a 10th month.

That, along with an economic slowdown, might lead to further policy easing by the RBI which last month made its third cut to interest rates this year.

Optimism about output over the coming 12 months also fell, acting as a drag on job growth in the industry.

"Also, a further decline in unfinished business points to excess capacity among goods producers, meaning that job creation may come to a halt in the near term should demand growth fail to revive," De Lima added.

PKSF gets new managing director



STAR BUSINESS DESK

Mohammad Moinuddin Abdullah has recently joined the government established development organisation Palli Karma-Sahayak Foundation (PKSF) as managing director for a three-year term.

He is also a former senior secretary of the agriculture ministry.

Abdullah joined public administration in 1983, PKSF said in a statement.

Abdullah also served the Prime Minister's Office as director general, according to a statement.

He obtained his graduate and postgraduate degrees from the soil science department of Dhaka University.

Sonia, Rubaba come up with The Angels Network



Sonia Bashir Kabir

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A consortium of angel investors in Bangladesh—The Angels Network (TAN)—has been launched with Sonia Bashir Kabir as president and Rubaba Dowla as vice president.

Formed in April this year, TAN is currently working with more than 25 angel investors who are sector agnostic and ready to invest in different vertical markets. The consortium is also currently working closely with more than 30 startups and evaluating their solutions, it said in a statement.

Shameem Ahsan, Tahsin Aman and Hamidul Mishbah are the board members of the consortium, according to the statement. "We are passionate about connecting startups to capital and honing management skills of the C level teams of startups we will invest in," said Sonia.

"Exposing startups to deep tech and ensuring scalability is another area of important focus."

"Last but not least, those startups which target their solutions to bigger addressable markets will be given preference over startups that address niche markets (less than 20 percent of the population)," Sonia said.

"TAN plans to bring together promising early stage companies and expose them to serial entrepreneurs, high tech executives and other professional investors," said Rubaba.

"We will primarily spearhead our efforts on providing startups exposure to a large active forum of investors, bringing knowledge and mentoring for each company and execute a pro entrepreneur process with fast go/no-go decisions plus feedback." "I am very excited about promoting our local startups," Rubaba said.



Rubaba Dowla



Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, poses with the Best International Bank and Best International Investment Bank in Bangladesh for 2018 awards presented by FinanceAsia at the Country Awards 2019 in Hong Kong recently.

Banks' operating profit rises despite liquidity crisis

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Jamuna's operating profit increased 17 percent. Most of the private banks emphasised trade-based financing because of their ongoing liquidity crisis, said a Bangladesh Bank official.

As a result, the low private sector credit growth did not impact their profitability. Private sector credit growth sank to a 56-month low of 12.07 percent in April.

The recent hike in interest rate on lending played a role in increasing the bank's operating profit, said Ahsan H Mansur, executive director of the Policy Research Institute. "But operating profit does not reflect the actual scenario of banks as they have to maintain provisioning and pay tax out of the sum."

After the deductions the banking sector's net profit may shrink this year given the upward trend of default loans, he said. At the end of March, default loans stood at record Tk 110,874 crore.

The central bank has recently relaxed its loan classification policy and that helped banks get additional time to classify their loans, said Khondker Ibrahim Khaled, a former deputy governor of the central bank. The relaxed policy may help banks to achieve profits, he added.

India considers more powers for RBI

REUTERS, New Delhi

The Indian government is considering giving more powers to the central bank to regulate the struggling shadow banking sector, Finance Minister Nirmala Sitharaman informed Parliament on Monday.

The government does not have any plans to infuse funds in privately-held shadow banks, she said in a written reply.

"Government has received a proposal from RBI to strengthen RBI's regulatory and supervisory powers."

Floating containers yet to be recovered from Bay

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With the help of four to five country boats the vessels managed to keep almost 40 of the containers floating together until Sunday evening. "But later the sea became so rough that the two vessels had to move to a safer place," he added.

Meanwhile, Bangladesh Inland Water Transport Authority (BIWTA) yesterday sent a vessel to identify the containers and mark the area in order to keep the channel clear for cargo vessel movement through the inland water route.

Some 15 containers floating near Sandwip Banglabazar ghat have been identified, according to BIWTA Chattogram Deputy Director Mohammad Selim.

The BIWTA official said they issued a letter to the ship's owning firm for recovering the containers within 15 days.

Interport Maritime, representative of the ship owner's international protection and indemnity club that provides liability coverage for the ship, yesterday appointed Chattogram-based salvage firm Genuine Enterprise for searching the containers but the firm failed to send any search ship due to the rough sea.

German jobless rate steady in June

AFP, Frankfurt

Unemployment in Germany held steady in June, official data showed Monday, after the measure rose off historic lows for the first time in almost six years the previous month. At 5.0 percent, the jobless rate was the same as in May, when it rose 0.1 percentage points from April, figures from the BA federal labour agency showed.

The measure's steady level was in line with forecasts from analysts surveyed by Factset. In absolute terms, the number out of work fell by 20,000 people, to just over 2.2 million.

"Weaker economic development has left slight traces on the labour market," BA chief Detlef Scheele said in a statement.

"The number of open positions has fallen back, while remaining at a high level, and employment growth is losing momentum."

MFS transactions hit record high

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Customers can now add money to their wallet by making a direct transfer from the bank account through internet banking and through foreign inward remittance.

"We are hoping the process of financial inclusion will accelerate and we would witness further increase in transactions in the coming days," he added.

At the end of May, the total number of registered MFS accounts reached 7.05 crore, of which 3.21 crore are actively using the service, according to the BB report. At the end of April there were only 2.91 crore active accounts.

"We found people were using MFS to do their regular shopping and pay

tuition fees and bills. And in some cases, salaries were also disbursed through the platform," the BB spokesperson said.

Salary disbursement through the platform crossed the landmark of Tk 1,000 crore in May, when Tk 1,243.67 crore was sent.

Government's payments soared 53.9 percent month-on-month to Tk 322.52 crore and utility bill payments 32.1 percent to Tk 482.91 crore.

Some MFS operators are collecting foreign remittance: in May Tk 26.71 crore was received, up 74.9 percent from the previous month.

The average daily transaction in May stood at Tk 1,362.46 crore, up 16.86 percent from April.

"Actually, the amount transacted through the platform is much higher as the postal department's MFS service Nagad is enjoying great popularity," Islam of the BB said.

But Nagad's numbers are not reflected in the central bank's data.

Nagad currently has about 30 lakh active users, according to one of its high officials. Businesspeople mostly use Nagad for its higher ceiling.

A Nagad customer can deposit Tk 2.5 lakh every day into his/her account, which is way higher than the Tk 30,000 allowed by the other MFS operators.

However, the Nagad officials could not confirm the monthly transaction volume.

Banks to transfer incentive to accounts of remitters

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But in the case of remittance, the cash incentive recovery will not be easy, the central bank said.

However, a high official of the finance ministry said the ministry has calculated the cost involved in sending money abroad through hundi and it found that the charge of hundi is more or equal compared to the incentive.

So, there is no possibility to misuse

the cash incentive benefit, he said.

The official said the incentive will just cover the cost of sending money through official channels.

If the remittance comes through proper channel, the deficit of the current account will come down and the foreign exchange rate will remain stable, he said.

A finance ministry official says the government will take step if any problem arises.

Earlier Zahid Hussain, a consultant of the World Bank Dhaka office, differed with the government move, saying it will not be the best way to encourage remitters to send money through legal channels.

The government should depreciate the taka to incentivise remitters and exporters, he said.

Hussain said the flow of remittance already rose compared to last year's, so this incentive was not required.

Improve char livelihoods to help attain SDGs: analysts

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"This type of body will be effective for holistic transformation of the char lives."

Abu Sayeed Al Mahmood Swapon, a whip of the parliament, alleged that hundreds of projects were implemented for river training or char development but money was wasted.

He demanded a special development body for char areas.

"Without the livelihood development of backward communities like those in char, haor, hill and coastal areas, SDGs will not be achieved," he said.

Md Faridul Haque Khan, a lawmaker, said there is a need for a combined development plan for the char areas to use the allocation for development.

He said the allocation of Tk 100 crore for char areas was returned to the government exchequer in the last fiscal year due to a lack of policy about the utilisation of the fund.

MA Matin, another lawmaker, said there is no safety in char areas owing to weak communication system. Robbery is very common in the areas.

He suggested setting up cottage industries and fishery projects for income-generating activities for the people in the char areas. Dairy farms and dairy product purchase centres will be very effective along with educational institutions to ensure government services in

the char areas, Matin said.

René Holenstein, ambassador of Switzerland to Bangladesh, appreciated the government measures aimed at improving char livelihood and expected continuous initiative for the char areas. He is hopeful about the role of elected public representatives to improve people's livelihood.

Khondker Ibrahim Khaled, chairman of the National Char Alliance, a platform that advocates for the welfare of char dwellers, said if non-governmental organisations work in coordination with lawmakers and local elected public representatives, chars will develop.

While presiding over the event, Atiur Rahman, chairperson of the Shamunnay, said char-dwellers are very vulnerable and lead miserable life. They are also the victim of the climate change, he said.

The former governor of the Bangladesh Bank added that the extreme poverty rate in the char areas is double the country's extreme poverty rate of 11 percent.

Aroma Dutta and Shameem Haider Patwary, both lawmakers; Russel Ahmed Liton, chief executive of SKS Foundation; Khairul Islam, country director of the WaterAid Bangladesh, and AKM Musha, country director of Concern Worldwide, also spoke.



Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, speaks at a seminar titled "A Review on Proposed Budget of FY 2019-20: Prospects and Challenges" organised by the economics department of the Bangladesh University of Business and Technology (BUBT) on its campus in Dhaka on Sunday. Shafique Ahmed Siddique, chairman of the BUBT Trust, and Md Abu Saleh, vice-chancellor of the university, were present.



Daisuke Arai, president of the Japan-Bangladesh Chamber of Commerce and Industry (JBCCI), presides over the chamber's 15th annual general meeting at the Amari Dhaka hotel on Sunday. The JBCCI awarded five member companies at the "2nd JBCCI Business Excellence Award 2019".