

India's economy seen growing at 4.7pc in Sep quarter

REUTERS, New Delhi

India's economy probably expanded at its weakest pace in more than six years in the quarter to September, a Reuters poll showed, as consumer demand and private investment weakened further and a global slowdown hit exports.

The median of a poll of economists showed annual growth in gross domestic product of 4.7 percent in the quarter, down from 5.0 percent in the previous three months and 7 percent for the corresponding period of 2018.

Economic growth could dip to around 4 percent in the September quarter, two domestic television channels said on Wednesday, citing government sources.

If the latest figure for expansion of

gross domestic product is 4.7 percent or less, the quarter will have registered the slowest expansion in 26 quarters, since 4.3 percent in January-March 2013.

Prime Minister Narendra Modi's government has taken several steps, including cutting corporate tax in September, to boost investments and bolster economic growth.

Economists in a Reuters poll predicted the Reserve Bank of India would cut its repo rate INREPO=ECI for the sixth time in a row, by 25 basis points, to 4.90 percent at its Dec. 3-5 meeting.

"Agrarian distress and dismal income growth so far, coupled with subdued income growth expectation in urban areas, have weakened consumption demand considerably," said Devendra Pant, chief economist

at Fitch arm India Ratings & Research. "Even the festive demand has failed to revive it," he said, citing data on non-food credit, auto sales and select fast moving consumer goods.

On Wednesday, in a heated parliamentary debate on the economic slowdown affecting jobs, opposition parties said million of people had lost their jobs and the country faced a "economic emergency".

In her reply, Finance Minister Nirmala Sitharaman said the economy faced a slowdown but no "recession" and cited several government measures to support economic growth.

On Thursday, she sought parliament's approval to spend \$2.7 billion in addition to a budgeted 27.86 trillion rupees (\$388 billion) in the 2019/20 fiscal year.



ICCB

A 7-member delegation of the International Chamber of Commerce Bangladesh led by its president, Mahbubur Rahman, meets President Md Abdul Hamid at Bangabhaban in Dhaka on Wednesday. Rahman informed the president about its three-day "Asia-Pacific Conference on Financing Inclusive and Sustainable Development", starting on December 10. ICCB executive board members AK Azad, Aftab ul Islam, Mir Nasir Hossain, Anwar-Ul-Alam Chowdhury (Parvez) and Md Fazlul Hoque and Secretary General Ataur Rahman were present.



SAK Ekramuzzaman, managing director of RAK Ceramics (Bangladesh), receives the "CIP Industry 2017" trophy in large industry category from Industries Minister Nurul Majid Mahmud Humayun and Prime Minister's Adviser Salman F Rahman at a programme organised by the ministry at Radisson hotel in Dhaka recently.

Joint meeting next week to step up pace

FROM PAGE B1

This was to avoid repetition of an incident a few months back when a Chinese worker was killed at the Payara coal-fired power plant.

Besides, China will raise problems faced by its contractors in implementing projects like slow land acquisition and approval delays of engineering drawings.

The finance ministry official said Bangladesh was likely to raise issues such as rapid approval of the Chinese government's project financing offers, terms and conditions of loans and approval procedures.

Bangladesh will discuss swapping some of the 27 projects for new ones as it does not want to implement those with Chinese financing.

For instance, the source of finance for the Dhaka-Sylhet four lane project has been switched to the Asian Development Bank.

With much pomp and circumstances, Xi Jinping arrived in Bangladesh in October 2016, the first visit by a Chinese president in 30 years.

He left with a promise to provide about \$20 billion -- the largest amount yet by a single country -- over the next four years

for Bangladesh's development, as Beijing looked to one up New Delhi in their contest for geopolitical influence in South Asia.

Three years on, only one-fourth the amount entered the aid pipeline -- an anticlimax of sorts.

Some 27 projects are supposed to be funded with the \$20 billion as per the initial agreement of October 2016.

As of this month, loan agreements -- which is the last step before the release of funds -- for seven projects involving \$5.4 billion were signed. Till July \$981.36 million was disbursed.

Red tape on both sides is largely to blame for the snail's pace of loan processing for the implementation of projects, according to officials of finance and other ministries concerned.

"Having said that, whatever the amount China has released thus far is a big step up when viewed from a historical perspective. They always made negligible donations and their assistance was mostly in the form of cheaper contracts," a senior finance ministry official told The Daily Star.

Since 2016, \$1.8 billion was committed on an average each year, which is in line with what the multilateral lenders do.

Invest in people, decent work

FROM PAGE B1

The ILO and the Ministry of Labour and Employment jointly organised the dialogue marking the ILO's 100th anniversary. The attendees were from home and abroad, including ministers, government high-ups, advisers, diplomats, ILO officials, labour leaders, and factory owners.

While Boonpala highlighted the ILO's glorious past and contribution to establishing global peace by ensuring social justice and decent work, Gowher Rizvi, prime minister's foreign affairs adviser, said the organisation was expected to do the same for a better world in the next century.

However, the sad truth still remains as by and large labourers are treated as commodity and the value of labour is paid off in their salaries and wages, which is not enough, he said.

They are equal partners and have much contribution in generating wealth and prosperity both for the government and the private sector. "Workers should be equal partners and this can be done by giving them equitable share of the wealth they create," Rizvi said.

Kamran T Rahman, chairman of the Bangladesh Employers' Federation, said as a specialised body, the ILO's worth has centred around four strategic objectives -- standard, social dialogue, social security and employment.

He said five factors are impacting businesses irrespective of their size, sector and location: technological innovation, global economic integration, demographic and generational shift, climate change and sustainability and the global shortage of skilled labour.

As of this month, loan agreements -- which is the last step before the release of funds -- for seven projects involving \$5.4 billion were signed. Till July \$981.36 million was disbursed.

Red tape on both sides is largely to blame for the snail's pace of loan processing for the implementation of projects, according to officials of finance and other ministries concerned.

"Having said that, whatever the amount China has released thus far is a big step up when viewed from a historical perspective. They always made negligible donations and their assistance was mostly in the form of cheaper contracts," a senior finance ministry official told The Daily Star.

Since 2016, \$1.8 billion was committed on an average each year, which is in line with what the multilateral lenders do.

Begum Monnujan Sufian, state minister for labour and employment, spoke of reforms in the labour administration for improving safety, welfare and access to justice for workers.

"I would like to acknowledge the support of the ILO in our journey since 1972," she said.

"There is increasing use of automation, artificial intelligence and robotics in enterprises. To address the challenges that may arise from these technological changes, harmonious cooperation between workers and employers is important," Sufian said.

In January 2019, an independent report titled "Global Commission on the Future of Work" was published by the ILO.

The report called for a "human-centred agenda" for the future of work through increased investment in people's capabilities, strengthening the institutions of work and advancing decent and sustainable work. These recommendations were reiterated at yesterday's dialogue.

Created in 1919 as part of the Treaty of Versailles that ended World War I, the ILO became the first specialised agency of the United Nations in 1946.

The organisation received the Nobel Peace Prize in 1969 and today is recognised as the global authority on the world of work offering over 100 years of knowledge, experience and technical support in the pursuit of social justice.

Md Shahidul Haque, senior secretary to the foreign affairs ministry, KM Ali Azam, secretary to the labour and employment ministry, and Tuomo Poutiainen, country director of the ILO Bangladesh, also spoke.

Economic indicators contradict GDP growth figure: economist

FROM PAGE B1

"If the economic growth rate is high, companies should be selling, selling and selling. They should be booming," said Mansur.

He said the deposit rate in the banking sector is declining and if the trend continues, many banks would face problems.

Prashanta Kumar Banerjee, a director of the BIBM, said banks are giving long-term loans in the housing sector though they collect deposits for three to five years.

"So, banks are facing many problems," he said, adding that entrepreneurs should raise long-term funds from the stock

market. "Without a thriving bond and stock market, the economic growth will be impacted."

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said the fourth industrial revolution is coming where the industrial sector and the garment sector will be capital-based, instead of labour-intensive. So, entrepreneurs will need skilled workforce.

He said local youths are educated but not skilled enough. As a result, entrepreneurs have to rely on foreign skilled personnel. In order to create skilled workforce, he emphasised skill-based education.

12 banks face provision deficit

FROM PAGE B1

"Provisioning shortfall in a bank means regulatory violation. Developed and many developing countries impose financial penalty against the lenders if they breach regulations," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

But, the BB is yet to take any exemplary punishment against the errant banks; rather they have managed to get time from the regulator to meet the shortfall in phases over a period of three to four years, he said.

The banks even offer dividends with prior approval of the central bank, which encourages them to stay in the shortfall zone for long, said Mansur, also a former economist of the International Monetary Fund.

"They should be asked to get out of the shortfall zone within six months." The sponsors of the errant banks should be forced to inject fresh capital into the lenders to fill up the shortfall, said Mansur, also the chairman of Brac Bank.

Provision shortfall is an indication of worsening trend of capital base in a bank, said Salehuddin Ahmed, a former governor of the central bank.

The image of the country's banking sector will be tarnished at home and abroad if the ongoing provision shortfall continues, he said. Defaulted loans are on the rise and it will hit adversely banks' ability further to keep required provisioning, he said.

Non-performing loans surged 24 percent to Tk 116,288 crore in September compared to that in December last year, the amount being the highest in the country's history.

The interest of depositors will erode if banks are persistently facing provisioning shortfall, Ahmed said.

Robi's profit goes up

FROM PAGE B1

"We are truly touched by their [customers] continued support towards us. Even in these difficult times, they have given us resounding endorsement on the superiority of our network as five out of seven customers who have availed the Mobile Number Portability (MNP) service have switched to our network from other networks."

Robi also logged its recorded highest ever revenue of Tk 1,902.3 crore in July-September quarter, a 10.1 percent year-on-year rise.

In the quarter, Robi's revenue market share also increased by 0.3 percentage points year-on-year to 28.2 percent.

However, the surprise introduction of new taxes, including the rise in tax on revenue from 0.75 percent to 2 percent, in the latest national budget would negatively impact Robi, officials of the company said.

In the July-September quarter, Robi's average revenue per customer per month also rose 4.2 percent year-on-year to Tk 125. Of the total revenue, Robi is now getting 29 percent from data business, which was 25 percent in the same period last year, thanks to the roll-out of 4G services.

At the end of September, Robi had 4.82 crore active customers with 29.49 percent market share, which was more than 30 percent in the same period last year.

US sanctions on French digital tax 'incomprehensible': minister

AFP, Paris

French Economy Minister Bruno Le Maire said Wednesday it would be "incomprehensible" for the United States to slap sanctions on France for a digital tax on big internet companies.

Le Maire told AFP that the OECD group of wealthy democracies was finalising a way to tax global revenues of digital giants, many of which are based in the United States, at which point France would rescind its own tax.

"It would be incomprehensible for the United States to engage in a logic

of sanctions and trade wars while we are close to an excellent agreement at the OECD on digital taxation," the minister said.

Le Maire shortly after the United States Trade Representative said in Washington that it would issue a report on Monday and "announce any proposed action" following an investigation of France's Digital Services Tax.

"I spoke yesterday with Treasury Secretary Steven Mnuchin who assured me there was no suggestion of immediate sanctions," Le Maire said.

However the French minister acknowledged that sanctions remained possible, with products like

French wines likely to be targeted. The French digital tax applies to internet giants and is based not on profits which are reported in countries where they are subject to low taxes, but on actual sales in France.

Many governments are under pressure to address public anger over tech multinationals exploiting global tax rules that date back to the 1920s to pay only cursory taxes on their profits.

The Paris-based Organisation for Economic Co-operation and Development is leading the talks to reach an accord next year, and has published suggestions to bridge gaps between three competing plans.

This is helpful for transport sector investors and developing the skills of technician and workforce, he said.

Traders have to pay 39 percent in customs duty to import a complete unit of commercial vehicle, but for chassis, the duty is only 22 percent.

Kabir said the cost of body manufacturing for a super luxury bus is a maximum of Tk 40 lakh, while it is Tk 30 lakh for an AC bus. The cost does not include the expenses for chassis.



Jong Won Kim, director general of Korea Trade Investment Promotion Agency; Mehreen Mahmud, a singer, and Md Faizul Alam, managing director of Savor International, open the fourth edition of a three-day "Health & Fitness 2019" exhibition at International Convention City Bashundhara in Dhaka yesterday.



Nelson Zhang, managing director of Neways International, a Chinese company that provides residence service to bachelors in Dhaka, and Jimmy Zhang, chief operating officer, attend a press conference to announce the renaming of the company's brand to "Super Home" from "Super Hostel" at its sixth branch at Shahbag in Dhaka yesterday.

Bus-truck body builders flex muscles

FROM PAGE B1

Besides, Aftab Automobiles has to report to Hino Motors after completing the manufacturing of every bus, Shafqat said.

Around 400 employees, including engineers and technicians work at Aftab Automobiles.

Kabir Ahmed, owner of Everbright Motors Ltd, another top automobile body manufacturer, said local manufacturing saves the cost of body building by around 60 percent for luxury bus on the back of lower import duty and cheap labour.

This is helpful for transport sector investors and developing the skills of technician and workforce, he said.

Traders have to pay 39 percent in customs duty to import a complete unit of commercial vehicle, but for chassis, the duty is only 22 percent.

Kabir said the cost of body manufacturing for a super luxury bus is a maximum of Tk 40 lakh, while it is Tk 30 lakh for an AC bus. The cost does not include the expenses for chassis.

His 300 technicians and engineers produce the bodies for around 220 to 240 units of bus of Isuzu, Ashok Leyland and Tata brands at its workshop at Amin Bazar in Savar.

Kabir says that his workshop can ensure 95 percent to 98 percent of the quality of body building by Japanese automotive manufacturers.

Mohammad Alam, owner of Alam Engineering Workshop in Savar, said his workshop can manufacture the body of 25 to 30 buses per year with 25 employees.