

Swiss spooked by using debt to prop up economy

AFP, Zurich

Germany, which is known for strict budgets, has tapped debt markets to prop up its virus-hit economy, while neighbouring Switzerland has consistently curbed borrowing despite calls to change course.

With Swiss firms struggling through another lockdown, the federal government last week finally loosened its purse strings a bit, doubling emergency aid to 10 billion Swiss francs (\$11.2 billion, 9.3 billion euros) as part of a programme to boost the economy.

But when he presented the package for companies worst hit by the latest Covid restrictions, Finance Minister Ueli Maurer again lamented that Switzerland had to borrow to boost the economy.

Some 10 billion francs in debt will have to be paid off within six years according to a constitutional debt brake rule, Maurer warned.

He promised to present various options to do so as soon as the economic outlook cleared a bit. Despite mounting criticism that the wealthy Alpine nation isn't doing enough to support companies, Maurer has repeated time and again that the Swiss government has "no money".

The government is already borrowing "150 million francs a day, or six million per hour, or 100,000 a minute," he notes. In 2020, Switzerland's federal government spent 15 billion francs (\$16.7 billion, 13.8 billion euros) to support the economy, and preliminary data shows it ended the year with a deficit of 15.8 billion

(\$17.6 billion, 14.5 billion euros).

Some have called for Switzerland to put balanced budget dogma aside during the crisis, to protect against potential long-term economic damage. "Switzerland could be much more generous," said Michael Graff, an economics professor at ETH Zurich, a public research university.

He believes the country could borrow what it needed to boost business activity without a problem. A study published by Graff in January argued the nation's post-crisis finances would remain healthy even if borrowing rose, primarily because the country entered the pandemic with one of the world's lowest debt ratios.

National debt stood at 25.8 percent of gross domestic product (GDP) at the end of 2019. That was less than half the European Union's widely breached target of 60 per cent.

According to Graff, if the Swiss debt ratio rose by 10 percentage points, or even 20, and "if things take a turn much worse than expected" the country would still be at a level that is "extremely low, compared to other nations, once the crisis is overcome." If Switzerland is in some ways a very liberal nation, Graff pointed to a "public debt phobia" which he said was a cultural trait.

After debt soared at the end of the 1990s owing to a crushing real-

estate crisis, Switzerland became a champion of fiscal rectitude, introducing a debt brake into its constitution in 2003.

"This fear of going into debt is something irrational," argued Cedric Tille, an economics professor at Geneva's Graduate Institute of International and Development Studies.

This is especially so, he said, because Switzerland currently benefits from negative interest rates, which means investors are willing to lose money to own Swiss 10-year bonds.

Former Swiss central bank vice president Jean-Pierre Danthine believes the country's debt brake rule should be suspended when the economy is facing a crisis. With negative rates, Switzerland can borrow "all it needs for its economy", he said in a recent interview with Lemman Bleu television.

The country did not suffer as badly as some European neighbours during the first wave of the pandemic moreover, and its economy has fared better. It was able to ease restrictions faster and count on strong pharmaceutical exports.

The Swiss government rapidly implemented economic support measures and allocated 70 billion francs (\$78 billion, 64 billion euros) to finance partial unemployment benefits for workers and short-term business loans.

After falling by 8.6 per cent in the first half of the year, Swiss GDP rebounded with a 7.2-per cent gain in the third quarter.



People line outside a supermarket during the coronavirus disease outbreak in Geneva, Switzerland.

REUTERS/FILE

Sunak to raise business tax to pay for Covid-19 support

REUTERS

British finance minister Rishi Sunak is set to increase a tax on business to pay for an extension to Covid-19 support schemes in the budget next month, The Sunday Times reported.

Sunak, in his speech on March 3, will announce he is increasing corporation tax from 19 pence in the pound and will outline a pathway where it rises to 23 pence in the pound by the time of the next general election, the report said. The move will raise an expected 12 billion pounds (\$16.8 billion) a year, the report added.

According to the report, at least 1 pence is set to be added to the bill for business from this autumn, at a cost to business of 3 billion pounds, with further rises in subsequent years.

Allies of Sunak clarified he would not increase corporation tax higher than 23 per cent.

These measures will be helpful in paying for an extension to the furlough scheme, VAT cuts and business support loans until at least August.

Unlike the 2010 Conservative-led government, which pursued spending cuts to rebalance the economy after the global financial crisis, Sunak is expected to defer most of the toughest decisions about how to pay for that support in his budget speech.



Britain's Chancellor of the Exchequer Rishi Sunak

"The corporation tax hike will be higher than expected and the extension of the support schemes will be longer than most people expect," the newspaper quoted a source as saying.

Insiders indicated the stamp duty holiday on property purchases would also be extended in line with the other coronavirus support measures, the report said.

Britain's economy had its biggest slump in 300 years in 2020, when it contracted by 10 per cent, and will shrink by 4 per cent in the first three months of 2021, the Bank of England predicts.

Former Bank of England Governor Carney joins board of digital payments company Stripe

REUTERS

Mark Carney, former head of the UK and Canadian central banks, has joined the board of US digital payments company Stripe Inc, days after the company was reported to be planning a primary funding round valuing it at over \$100 billion.

"Regulated in multiple jurisdictions and partnering with several dozen financial institutions around the world, Stripe will benefit from Mark Carney's extensive experience of global financial systems and governance", the

company said on Sunday, confirming a report by the Sunday Times newspaper.

Forbes magazine had reported on Wednesday that investors were valuing Stripe at a \$115 billion valuation in secondary-market transactions.

A senior Stripe executive told Reuters in December that the company plans to expand across Asia, including in Southeast Asia, Japan, China and India. The company offers products that allow merchants to accept digital payments from customers and a range of business banking services.

Stripe raised \$600 million in April in an

extension of a Series G round and was valued back then at \$36 billion.

Consumer-facing fintechs have seen a boost to their businesses during the COVID-19 pandemic, as people have been staying at home to avoid catching the virus and have increasingly been managing their finances online.

Carney, who headed the Bank of England and the Bank of Canada, had a 13-year career at Wall Street bank Goldman Sachs Group Inc in its London, Tokyo, New York and Toronto offices.

He is the United Nations special envoy on climate action and finance.

Volkswagen to make decision on selling Bugatti in H1: German weekly

REUTERS, Frankfurt

Electric hypercar maker Rimac Automobili and Volkswagen's supercar brand Bugatti are a good technological fit, Porsche AG's CEO told German weekly Automobilwoche, fuelling hopes that a deal between the two could happen soon.

British automotive magazine Car last year reported here that Volkswagen was on the verge of selling Bugatti to Rimac Automobili, citing sources.

In exchange, Porsche AG, also owned by Volkswagen, would raise the 15.5% stake it owns in Rimac Automobili, founded by Croatian entrepreneur Mate Rimac, Car said.

"At the moment there are intense deliberations on how Bugatti can be

developed in the best possible way. Rimac could play a role here because the brands are a good technological fit," Porsche AG CEO Oliver Blume said.

"There are various scenarios with different structures. I believe that the issue will be decided by the group in the first half of the year," said Blume, who also sits on the management board of parent Volkswagen AG.

Rimac has developed an electric supercar platform, which he supplies to other carmakers, including Automobili Pininfarina.

Blume also confirmed higher savings targets for Porsche, saying the carmaker plans to support results by 10 billion euros (\$12.1 billion) of cost cuts by 2025, up from 6 billion previously.

Bitcoin and ethereum prices seem high, says Musk

REUTERS

Billionaire CEO Elon Musk said on Saturday the price of bitcoin and ethereum seemed high, at a time when the cryptocurrencies have hit record highs, with bitcoin crossing the \$1 trillion market-capitalization threshold.

The chief executive of Tesla Inc, whose recent tweets have fueled the digital-currency rally, made the remark on Twitter while replying to a user who said that gold was better than both bitcoin and conventional cash.

Musk, who earlier in the week remarked that he found the prospect of holding bitcoin adventurous for an S&P 500 company, said in a tweet: "Money is just data that allows us to avoid the inconvenience of barter ..."

"That said, BTC & ETH do seem high lol," he added.

Bitcoin, the world's most popular cryptocurrency, hit a fresh high in Asian trading on Saturday, extending a two-



Tesla CEO Elon Musk speaks at the E3 gaming convention in Los Angeles, California.

REUTERS/FILE

month rally a day after the digital currency's market capitalization exceeded \$1 trillion.

Ethereum or ether is the second-largest cryptocurrency by market capitalization and daily volume.

Musk, an ardent proponent of digital currencies, has defended Tesla's recent purchase of \$1.5 billion of bitcoin, which has ignited mainstream interest in the digital currency.

US existing home sales edge up as supply plummets

AFP, Washington

The hot US housing market continued in January as sales of existing homes rose again, but high demand drove supply to a record low, according to industry data released Friday.


Home sales have remained solid, consistently one of the strongest sectors of the pandemic-ravaged US economy, fueled by record low borrowing costs, even as builders have struggled to keep up with demand.

Sales of existing single-family homes, townhomes, condominiums and co-ops increased 0.6 percent from December to a seasonally-adjusted annual rate of 6.69 million in January, the National Association of Realtors (NAR) said. That put sales up 23.7 per cent from the 5.41 million annual rate in January 2020, the data showed. "Home sales continue to ascend in the first month of the year, as

buyers quickly snatched up virtually every new listing coming on the market," NAR chief economist Lawrence Yun said in a statement. "Sales easily could have been even 20 percent higher if there had been more inventory and more choices. "Total housing inventory at the end of January fell 1.9 per cent to just over a million units, 25.7 per cent below January 2020, the report said.

However, the hot buying environment has continued to push prices higher, driving the median existing-home price in January to \$303,900, up 14.1 per cent from January 2020, marking 107 straight months of year-over-year gains.


While strong sales are expected to continue this year, "a lack of supply and eroding affordability are expected to lead to a moderately slower pace of existing home sales relative to their late 2020 momentum," said Nancy Vanden Houten of Oxford Economics.



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৮, শহীদ সাংবাদিক সেলিনা পারভীন সড়ক, গুলশেণা প্রাজা (৭ম তলা)
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ক্ষুদ্রঋণ কার্যক্রম পরিচালনার সনদের আবেদন বিষয়ক বিজ্ঞপ্তি

দেশের ক্ষুদ্রঋণ প্রদানকারী প্রতিষ্ঠানগুলোর কার্যক্রমে স্বচ্ছতা ও জবাবদিহিতা নিশ্চিত করা ও অভ্যন্তরীণ ব্যবস্থাপনায় সুশাসন প্রতিষ্ঠার প্রয়োজনে সরকার মাইক্রোক্রেডিট রেগুলেটরী অথরিটি আইন, ২০০৬ এর আওতায় মাইক্রোক্রেডিট রেগুলেটরী অথরিটি (এমআরএ) প্রতিষ্ঠা করেন। উক্ত আইনের ১৫(১) ধারা অনুযায়ী অথরিটির সনদ ব্যতীত কোনো বেসরকারি প্রতিষ্ঠান কর্তৃক দেশে ক্ষুদ্রঋণ কার্যক্রম পরিচালনা করার সুযোগ নেই। দারিদ্র্য বিমোচন, কর্ম-সংস্থান সৃষ্টি ও ক্ষুদ্র-উদ্যোক্তাদের আর্থিক সহায়তা প্রদান অব্যাহত রাখার নিমিত্ত উপযুক্ত প্রতিষ্ঠানকে নতুনভাবে সনদায়নের লক্ষ্যে দেশের সকল জেলা হতে নিম্নোক্ত বিষয় ও শর্তে ক্ষুদ্রঋণ কার্যক্রম পরিচালনার সনদের আবেদন আহ্বান করা যাচ্ছেঃ

- ১। আবেদনকারী প্রতিষ্ঠানকে আবশ্যিকভাবে নিম্নে উল্লিখিত যে কোন একটি আইনের অধীনে নিবন্ধিত হতে হবেঃ-
 - (ক) The Societies Registration Act, 1860 (Act XXI of 1860);
 - (খ) The Trust Act, 1882 (Act II of 1882);
 - (গ) The Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (Ord. No. XLVI of 1961); বা
 - (ঘ) কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮নং আইন)।
- ২। অগ্রহী প্রতিষ্ঠানকে অনলাইনে আবেদন দাখিল করতে হবে। অথরিটির ওয়েবসাইট www.mra.gov.bd এর Home Page এ Apply for New License শিরোনামে প্রদত্ত লিংকে প্রবেশ করে আবেদন করা যাবে। আবেদন ফরম পূরণের সহায়ক নির্দেশিকা উক্ত ওয়েবসাইটে পাওয়া যাবে। আবেদন ফরমের নির্ধারিত ছক/ঘরসমূহ যথাযথভাবে পূরণ করতে হবে এবং আবশ্যিক সংযোজনীসমূহ pdf ফাইল আকারে সংযুক্ত করতে হবে।
- ৩। দেশের যেকোন তফসিলি ব্যাংক হতে মাইক্রোক্রেডিট রেগুলেটরী অথরিটি এর ব্যাংক হিসাবে (সোনালী ব্যাংক লিমিটেড, মগবাজার শাখা, হিসাব নম্বর-০১১৯৮০৩০০০০২৯) ১,০০০/- (এক হাজার টাকা মাত্র) জমা প্রদানপূর্বক জমা রশিদ/প্রমাণক আবেদনের সাথে সংযুক্ত করতে হবে। ব্যাংক রশিদে আবেদনকারী প্রতিষ্ঠানের নাম উল্লেখ থাকতে হবে।
- ৪। আবেদনপত্রে প্রারম্ভিক ঋণযোগ্য তহবিল হিসেবে ন্যূনতম ৩০ (ত্রিশ) লক্ষ টাকা প্রদর্শন করতে হবে যা পরবর্তীতে অথরিটির নির্দেশনা অনুযায়ী সংশ্লিষ্ট প্রতিষ্ঠানের ব্যাংক হিসাবে সংরক্ষণ ও অথরিটির অনুমতি সাপেক্ষে ক্ষুদ্রঋণ কার্যক্রমে ব্যবহার করতে হবে। উল্লেখ্য, কোনো ব্যক্তি বা প্রতিষ্ঠান কর্তৃক প্রদত্ত ঋণ/অনুদান প্রতিষ্ঠানের ঋণযোগ্য তহবিলের অংশ হিসেবে প্রদর্শন করা হলে উক্ত ঋণ/অনুদান সংশ্লিষ্ট ব্যক্তি বা প্রতিষ্ঠানের আয়কর বিবরণী সমর্থিত হতে হবে।
- ৫। দাখিলকৃত আবেদন অথরিটির নিকট সন্তোষজনক মর্মে বিবেচিত হলে সংশ্লিষ্ট প্রতিষ্ঠানকে অথরিটির আইন-বিধি অনুসরণসহ শর্ত সাপেক্ষে ৩ (তিন) বছরের জন্য সাময়িকভাবে ক্ষুদ্রঋণ কার্যক্রম পরিচালনার অনুমতি দেয়া হবে। সাময়িক অনুমোদন প্রাপ্ত প্রতিষ্ঠান কর্তৃক ক্ষুদ্রঋণ কার্যক্রম শুরু করার পর নিম্নবর্ণিত লক্ষ্যমাত্রা অর্জন করতে হবেঃ

সময়সীমা	লক্ষ্যমাত্রা
১ম বছর শেষে	ন্যূনতম ঋণগ্রহীতার সংখ্যা ৩০০ এবং ঋণস্থিতি ৪০ লক্ষ টাকা
২য় বছর শেষে	ন্যূনতম ঋণগ্রহীতার সংখ্যা ৬০০ এবং ঋণস্থিতি ৭০ লক্ষ টাকা
৩য় বছর শেষে	ন্যূনতম ঋণগ্রহীতার সংখ্যা ১০০০ এবং ঋণস্থিতি ১ কোটি টাকা

৬। উপরোল্লিখিত শর্তাবলী পরিপালন ও সক্ষমতা অর্জনসহ অথরিটির আইন, বিধিমালা ও নির্দেশনা অনুযায়ী সন্তোষজনক কার্যক্রম পরিচালনা করতে সমর্থ হলে অথরিটি কর্তৃক ক্ষুদ্রঋণ কার্যক্রম পরিচালনার সনদ দেয়া হবে। উল্লেখ্য, কোন প্রতিষ্ঠান কর্তৃক নির্ধারিত ৩ বছর সময়ের পূর্বে ন্যূনতম লক্ষ্যমাত্রা (ঋণগ্রহীতার সংখ্যা ১০০০ ও ঋণস্থিতি ১ কোটি টাকা) অর্জনের মাধ্যমেও সনদ লাভের সুযোগ থাকবে।

৭। আগামী ৩১ মার্চ, ২০২১ তারিখ পর্যন্ত আবেদন দাখিল করা যাবে।

৮। অথরিটি বিজ্ঞপ্তির যে কোন শর্ত সংশোধন বা বাতিল করতে পারবে।

জিডি-৩৪৩

এলেক্সিকিউটিভ ভাইস-চেয়ারম্যান