

India's food plan falls short on scope

REUTERS, New Delhi

India's multi-billion dollar plan to give cheap grain to 67 percent of its population bypasses some of the needy and does not tackle malnutrition, said Raman Singh, the chief minister of Chhattisgarh, which gives 90 percent of its people low-cost food.

With an eye to elections which are due by May 2014, the Congress-led government last month sidestepped parliament by launching its \$22 billion food subsidy plan with an ordinance, which brings it into law immediately.

Singh, a member of the main opposition Bharatiya Janata Party (BJP), told Reuters the ordinance should have broadened the range of beneficiaries and distribute protein-based foods as well as rice and wheat.

"If you have to end malnutrition, infant and maternal mortality, you have to give proper, balanced and nutritious food as we have been doing (in Chhattisgarh)," said Singh, who

was in New Delhi to address a seminar on food security.

The National Food Security Ordinance aims to give five kg (11 lb) of cheap rice and wheat every month to 800 million people, more than doubling the reach of the existing subsidised food system.

Despite being the world's second-biggest producer of rice and wheat and sitting on huge mountains of grains, India is home to a quarter of the world's hungry poor and every day some 3,000 children die of illness related to malnutrition.

"We give iodised salt, pulses and chick pea. We demand the same for the National Food Security Ordinance. We also ask them to broaden the list of beneficiaries," Singh said.

A government source involved in food decision making said that rice and wheat were staples for the poor and the government was taking care of those needs.

"The ordinance makes subsidised food a legal entitlement for beneficia-

ries and that shows our commitment. Since India imports pulses, we cannot distribute them," the source said.

Singh said his state government's investment in irrigation, free electricity to farmers, interest-free farm loans and better seeds have helped Chhattisgarh raise rice production to 7.1 million tonnes from 1.7 million tonnes in 2005/06.

"If we can do it, the government of India has a bigger budget," he said, adding that a debate in parliament would have allowed these issues to be raised.

Chhattisgarh's farm sector is growing at about 6 percent per year, more than double the national average, while the state's total GDP has grown at 8-9 percent against India's economic growth of about 5 percent.

"You don't get growth by fixing a target. You need to invest in micro irrigation, seed replacement, power to farmers, interest-free loans for agriculture to cut input costs. Slogans do not help," Singh said.

Maruti Suzuki posts first monthly sales rise in 2013

REUTERS, Mumbai

India's biggest carmaker Maruti Suzuki said on Thursday its July vehicle sales rose for the first time this year, but analysts warned the gain was likely to be short-lived as high ownership costs continue to weaken domestic demand.

Maruti's July sales rose 1 percent from the same month a year ago largely due to the popularity of its entry-level Dzire sedan. Sales last year were also hit by a plant shutdown due to labour unrest.

The gain contrasted with a 21 percent drop in vehicle sales by Mahindra and Mahindra, India's largest manufacturer of utility vehicles and SUVs, which has been hurt by rising competition and a hike in excise duty.

Mahindra said it would halt production at its plants for up to 6 days in the next few months due

to the slowing demand.

Maruti is India's leader in the small car market and accounts for 40 percent of all passenger vehicles sold in the country. It faces increased competition as global automakers step up launches in a market that has endured falling sales for the eighth-straight month after double-digit growth just two years ago.

Demand for cars, especially diesel-powered vehicles, was hit by a government decision to allow monthly increases in the prices of the fuel.

Maruti, controlled by Suzuki Motor, sold a total of 83,299 vehicles in July, with Dzire sales rising 34 percent to 15,249.

Overall car sales in India are expected to rise 3-5 percent in the financial year that began on April 1, according to a local industry body, compared with double-digit growth just two years ago.



MEENA BAZAR

Shaheen Khan, chief operating officer of Meena Bazar, and Mashiur Rahman, managing director of White Hen Gourmet, exchange documents of a deal recently to open a bakery and café in the upcoming outlet of Meena Bazar at Uttara sector 6 in Dhaka.

Procter & Gamble profits drop but beat expectations

AFP, New York

US consumer goods giant Procter & Gamble reported a 48 percent drop in quarterly earnings Thursday due to an asset sale but bested expectations on higher revenues.

P&G, a component of the Dow index, said fourth-quarter net income was \$1.9 billion on revenues of \$20.7 billion, compared with net income in the year-ago period of \$3.6 billion on revenues of \$20.2 billion.

The 2012 period included profits from Pringles, which was sold by P&G to Kellogg Company. The 2013 results were also hit by some other charges, including a foreign exchange charge of 6 cents per share.

The results translated into "core" earnings of 79 cents per share, two cents higher than analyst expectations. Revenues came in about \$95 million above expectations.

P&G said net earnings increased in its beauty, grooming and health care segments. But the company saw profit declines in its fabric care/home care and baby care/family care segments.

Volumes were higher in four of five segments. Pricing was unchanged compared with last year.

The current earnings period is the first since former chief executive A.G. Lafley reassumed the top post in an executive shakeup in May.

Lafley is expected to focus on cost-cutting and improving the performance of P&G's brands, many of which are considered premium products compared with offerings from rivals like Unilever and Colgate-Palmolive.

P&G forecast 2014 organic sales growth of 3-4 percent and "core" earnings of growth of 5-7 percent. The company anticipates somewhat lower restructuring costs in 2014 compared with 2013. P&G shares were up 1.4 percent in pre-market trading.

Etihad buys 49pc of Serbia's JatAirways

AFP, Abu Dhabi

Etihad Airways based in Abu Dhabi said Thursday it has signed an agreement with Serbia to acquire 49 percent of its loss-making JatAirways, which will be rebranded as Air Serbia.

The Gulf's fast-growing carrier and the Serbian government have agreed to inject \$40 million into the Serbian national carrier, a statement said.

Under the deal signed in Belgrade, the \$40 million will be converted into Etihad equity in the Serbian carrier on January 1, 2014, after approval of the acquisition by regulators.

The two parties will also "each provide up to \$60 million further funding," the statement added.

Etihad has been awarded a five-year contract to manage the carrier.

"We will have tough decisions to make," said Etihad's chief James Hogan.

"But the financial investment by Etihad Airways and the government of Serbia, together with the positive impact of our joint management expertise and experience, will help ensure this airline, with its proud history, now has an even brighter future."

BGMEA takes charge of 300 children of Rana Plaza victims

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Purpose-made buildings are for setting up factories only, while the shared buildings can be used for other purposes, and buildings constructed for residential purposes and later turned into factories are the converted ones.

Jahangir Kabir Nanak, state minister for Local Government, Rural Development & Co-operatives, said the government will confiscate the land where the Rana Plaza was built and construct structures there for the victims.

A vested quarter is conspiring to destroy the garment sector of the country as well as its economy, Nanak said. The government has already allocated 550 acres of land to construct a 'Garment Palli' at Bausia in Munshiganj to relocate the garment factories there, he added.

Nanak also said a total of Tk 17.50 crore has so far been given to the relatives of the dead victims from the Prime Minister's relief fund.

Dr Md Enamur Rahman, chairman of Savar-based Enam Medical College and Hospital, where a total of 1,746 victims received treatment, and Nazma Akter, president of Sammito Garment Sramik Federation, a platform of workers, also spoke.



GP

Hossain Sadat, company secretary of Grameenphone (GP), attends the 20th extraordinary general meeting of the company at Bashundhara Convention Centre in Dhaka yesterday. Shareholders approved the transfer of 51 percent share of GPIT, a subsidiary of the mobile operator, to Accenture Holdings BV.



KFC

Akku Chowdhury, managing director of Transcom Foods Ltd, singer Topu and models Moonmoon, Sharmin Lucky and Bonnya Mirza pose at the launch of a new food item -- Tom Yum Crunch -- at the flagship KFC outlet in Gulshan in the capital yesterday.

HSBC bank says Comey resigns from board to head FBI

AFP, London, England

Global banking giant HSBC said Wednesday that non-executive director James Comey has stepped down from the board after his confirmation as director of the FBI.

The US Senate had on Monday confirmed President Barack Obama's pick to head the FBI at a time

of heightened scrutiny of US intelligence operations.

"James B Comey, Jr., an independent non-executive director of HSBC Holdings plc, has resigned from the board with effect from 4 September 2013, following his confirmation by the US Senate as the next Director of the Federal Bureau of Investigation," HSBC said in a brief statement.

Banks weighed down by top defaulters

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This year, the Hall-Mark Group, which swindled Tk 2,600 crore loans from Sonali Bank, is tipped to top the list.

Earlier, a businessman from Narayanganj, with his bad loan of Tk 163 crore, was the country's top defaulter.

"Other than the identified defaulters, there are some influential business houses which are heavily indebted.

What they do is, they take out loans from another bank to service their loan in one bank—and the cycle continues," said an official of Janata Bank. "In theory, they are big

defaulters, but have been flying under the radar."

No statistics on private banks are available, but a top official of a private bank said their recovery of default loans is far from satisfactory due to pending court appeals.

As of March 2013, the amount of default loans stood at Tk 51,019 crore. Once the written-off loans are added, the figure goes upwards of Tk 70,000 crore.

In the last one year, default loans almost doubled due to various scams in the banking sector and unfavourable business climate.

H&M joins battle for US e-shoppers

REUTERS, Stockholm

Budget fashion retailer Hennes & Mauritz launched an e-commerce operation in the United States on Thursday, taking on rivals in the world's biggest online market.

The launch is highly anticipated and follows successive delays. But retail experts say H&M may struggle to make the kind of profits from US e-commerce enjoyed by pricier rivals.

H&M has prospered in the United States without a big online presence and is mindful of the likely impact on profit margins of the high shipping and return costs associated with such a vast country.

However, with more and more shoppers buying clothes from home, the Swedish firm is speeding up its online roll-out to capture a slice of the growing market.

H&M has grown fast in recent years in the US, it's second-biggest market, but has twice pulled back from announced dates for the online launch, blaming unexpected complexities in setting up an operation well integrated with its stores.

Meanwhile, its main rival Inditex and others such as online e-store ASOS have expanded in the market, while Amazon is pushing further into apparel after eBay prospered with its fashion offering.

"You don't want to lose out on being the port of call for younger shoppers. So H&M should really get in there," Planet Retail consultant Isabel Cavill said.

Apparel has become one of the fastest-growing online retail seg-

ments. H&M has e-stores in eight European countries and says they are now as profitable as its bricks-and-mortar shops.

In North America, a quarter of clothing sales will take place on the internet in 2030, up from 7 percent in 2011, Goldman Sachs predicts. Researcher Euromonitor International sees the US online apparel market more than doubling in a decade to \$41 billion in 2017.

"Generations of shoppers are growing up for whom the multi-channel is a basic expectation," said Kantar Retail consultant Bryan Roberts.

H&M has been struggling to work out a viable logistics model in the country, where many shoppers expect free deliveries.

"H&M is low-price, quite low-margin and makes it work by selling very high volumes. An issue with that is very high costs for shipping and, most significantly, returns. It's a particular problem in the US," Conlumino consultant Neil Saunders said.

Up to half of fashion items sold online are returned. At H&M, a shopper may well buy up to three times as many items than at Zara or ASOS. Analysts place average prices at Zara at least 40 percent above H&M's, with ASOS in between.

H&M would be wise not to charge for shipments in the US, consultants have said. One more likely way for H&M to support margins is to focus the website on its pricier garments.

H&M's US online store offers free shipping but charges for

returns. All items on offer in stores will be available on the website, said Nils Vinge, head of investor relations at H&M.

There is pent-up demand for H&M online and the launch will make a buzz after the brand became well-known. But for a latecomer to an already crowded market, it may be a challenge to lure enough shoppers already used to other sites.

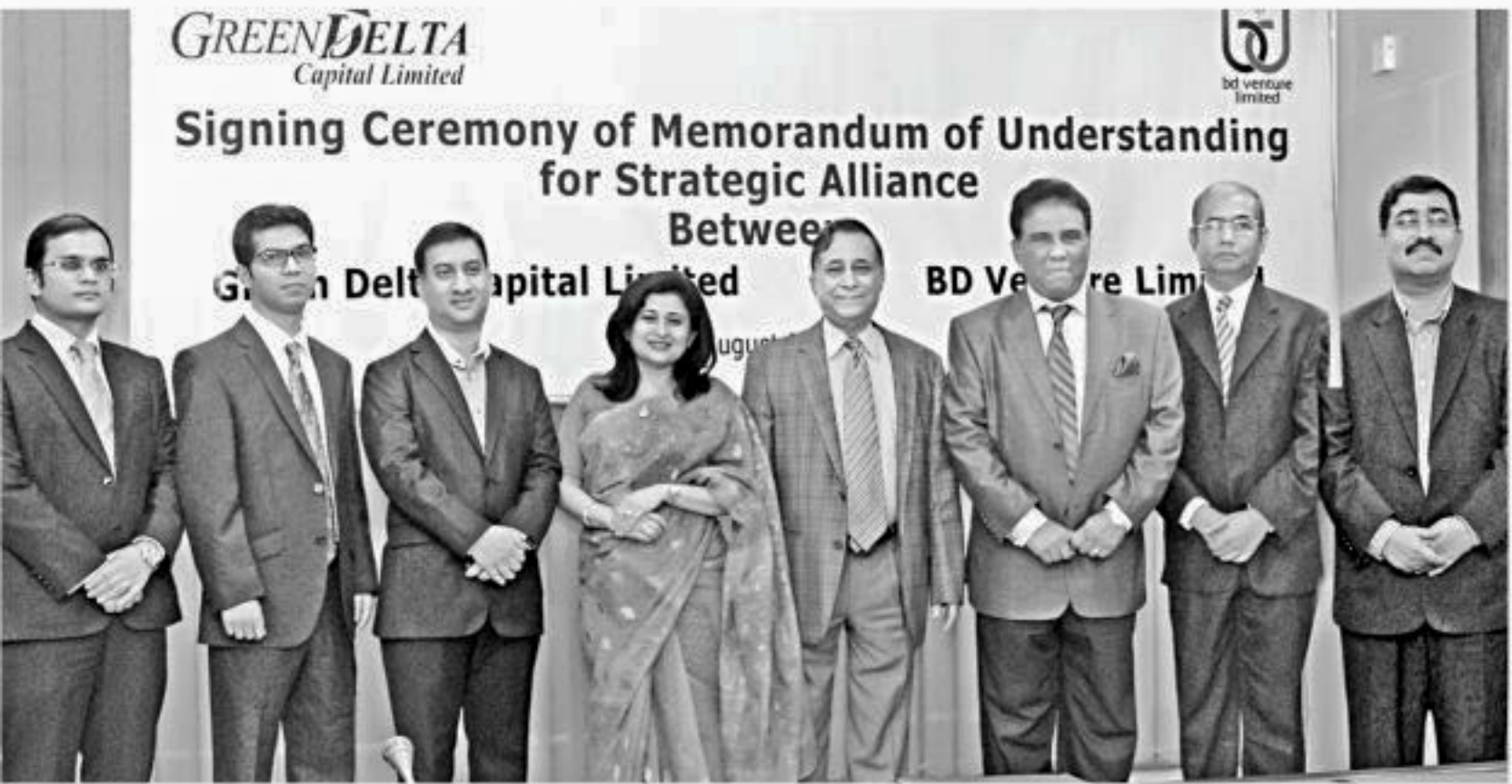
"H&M will need significant volume. That's absolutely key, and that is going to take time to build. It may take years to get to a good level of profitability, also because of the cost for the infrastructure," Conlumino's Saunders said.

Inditex and ASOS ship all goods straight from home markets Spain and Britain. H&M's model is one with regional hubs, meaning bigger costs when entering some markets, but shorter shipping distances. In the US, it has built a hub for the online business, the running of which it has outsourced.

Bank of America Merrill Lynch estimates H&M's online sales make up about 6 percent of group turnover, which last year amounted to 121 billion Swedish crowns.

Some consultants said that, for an even wider exposure online, H&M should also sell its clothes through one of the big one-stop online shops, along the lines of a recent deal between British discount retailer Primark and ASOS.

Vinge said the chain was focusing on rolling out its own online stores, but did not rule it out. "We are very very pragmatic. We want to be where our customers are," he said.



GREEN DELTA

Nasir A Choudhury, chairman of Green Delta Capital Ltd (GDCL), and Aftab ul Islam, chairman of BD Venture Ltd, attend the signing of a memorandum of understanding for mutual cooperation, at the head office of GDCL recently.



WESTERN UNION

Syed Mahbubur Rahman, managing director of BRAC Bank, presents motorbikes to the winners of Western Union Global Campaign that started on July 11 and will continue till August 14, at a programme in the capital yesterday. Each day, one remittance customer will win a motorbike (TVS Metro 100 cc) through a draw conducted by Western Union.



LR GLOBAL

Reaz Islam, chief executive officer of LR Global Bangladesh, and AK Azizul Huq Chaudhuri, chief executive officer of Bangladesh General Insurance Company Ltd (Trustee), attend the signing of trust deeds and investment management agreements for LRGB Strategic Investment Fund and LRGB Unit Fund yesterday.