

# India Supreme Court declares coal licences illegal

BBC News

India's Supreme Court has ruled that all coal mining licences awarded between 1993 and 2010 are illegal.

Successive governments gave rights to mine coal to state and private companies in a manner which was "not fair and transparent" and without competitive bidding, the court said.

The court will now examine whether 218 such licences should be cancelled.

India's federal auditors say the country lost \$210bn (£134bn) because coalfield rights were sold off cheaply.

"All coal block allocations since 1993 till 2010 before pre-auction era have been done in an illegal manner," the Supreme Court was quoted as saying by the Press Trust of India news agency.

A 2012 report by the Comptroller and Auditor General (CAG) into the sale of coalfields had said private and state companies had benefited from the allocations.

Opposition politicians accused the then Congress government of "looting the country" by selling coalfields to companies with-

out competitive bidding.

But Monday's Supreme Court ruling has implications for most of India's main political parties which governed India between 1993 and 2010, including the current Bharatiya Janata Party (BJP)-led government, reports the BBC's Soutik Biswas in Delhi.

India is one of the largest producers of coal in the world and more than half of its commercial energy needs are met by coal.

The coal-rich regions include huge swathes of eastern states like Orissa, Jharkhand and Chhattisgarh, and pockets in the central and southern parts of the country.

Large areas containing coal are divided into blocks, which can then be leased to mining companies.

Correspondents say mining has become a source of massive corruption in India after the country opened up mining to private companies without strong and independent regulation.

Mining is going on in some of the coalfields affected by Monday's ruling - others are still lying idle.

The court has yet to decide whether the licences should be cancelled.



REUTERS

India is one of the largest producers of coal in the world.

# Thai Airways denies reports that 200 pilots have suddenly quit

REUTERS, Bangkok

Thai Airways International, whose earnings have been hit by fierce competition and high operating costs, denied local media reports that 200 pilots have suddenly left the company due to concerns over the carrier's finances.

It is untrue that 200 pilots have left the company, First Lieutenant Athisak Padchuenjai, executive vice president for operations, told a press briefing in Bangkok on Monday.

About 30 pilots have resigned this year, but that has not affected the airline's operations, Athisak said.

The media reports sent Thai Airways shares down 1.9 percent at 0755 GMT, while the broad index was 0.45 percent higher.

The airline is undergoing restructuring after the carrier, majority-owned by the government, posted losses for five straight quarters. It plans to shed more than a quarter of its full-time employees by 2018.

Thai Air has also vowed to boost revenue and transform itself into a world-class carrier again in the next five years. The airline has yet to say how it would achieve that goal exactly.

Acting president Air Chief Marshall Siwakiat Jayema told reporters on Monday that the airline would rework its business strategy plan after an initial proposal was rejected by a military-appointed committee overseeing state enterprises.

The committee widely known as the "super board" was set up by Thailand's

military government to scrutinise operations of state companies. Thai Air is at the top of the junta's list of firms to undergo restructuring.

"The super board has asked the Thai Air board to work on details of the restructuring because the existing plan has no details on how the airline will become a leader in the region and on the appropriate size of its fleet," Siwakiat said.

The airline will hold the next board meeting on Aug. 29 to set up a new board to draft the plan, Siwakiat said, adding that Thai Airways' plan to seek 20 billion baht (\$625.78 million) in loans would be delayed pending the approval of the restructuring plan.

The proposal to cut 1,500 jobs this year is not affected.

# Venezuela to take steps to stop food smugglers

AFP, Caracas

Venezuelan President Nicolas Maduro has announced plans to introduce fingerprint scanners at supermarkets in a bid to stop food smugglers he blames for the crippling shortages gripping the country.

Price controls in Venezuela keep food and other basic goods up to 10 times cheaper than in neighboring countries, and Maduro blames the shortages on smugglers who buy cheap products and sell them for large profits across the border, particularly in Colombia. Under the new system, the scanners would be used to prevent people from making repeat trips to the supermarket and buying abnormally large amounts of food.

"The order has been given to the superintendency of prices to establish a biometric system in all supermarkets and commercial and distribution chain networks of the republic," Maduro said in announcing the measure Wednesday. "The biometric system will be perfect," he said, calling it an "antifraud blessing." Despite holding the world's largest oil reserves, Venezuela is mired in an economic crisis marked by a soaring deficit, chronic shortages and annual inflation that stood at 60 percent when the government stopped releasing the figure two months ago.

# Merkel backs Spain's economy minister to lead Eurogroup

AFP, Madrid

German Chancellor Angela Merkel gave her powerful backing Monday to Spain's economy minister, Luis de Guindos, in his bid to lead the Eurogroup forum of eurozone finance ministers.

The German leader's support could be crucial in landing him the job, a testament to Spain's changed fortunes two-and-a-half years since the nation was fighting off the threat of an all-out financial and economic bailout.

Now, the eurozone's fourth-largest economy is being touted by some as an example of fiscal restraint and economic reform, despite suffering an unemployment rate of more than 24 percent.

Merkel praised De Guindos' handling of the Spanish crisis as she supported his candidacy in the run-up to a European Union summit on Saturday in Brussels, where top jobs in the 28-nation bloc for the next five years will be decided.

"We will support Luis de Guindos' candidacy," she told a news conference at the end of a two-day visit to the northwestern Spanish city of Santiago de Compostela, birthplace of Prime Minister Mariano Rajoy.

"Luis de Guindos was an excellent economy minister in Spain in difficult times," Merkel said during a joint appearance with Rajoy, according to a Spanish translation of her remarks.

Germany's Finance Minister, Wolfgang Schauble, had worked closely with De Guindos to create a new eurozone "banking union" giving the European Central Bank direct supervision of the bloc's largest banks, she said.

Spain had campaigned for a banking union after being saddled with the bill for a rescue of its bad loan-ridden banking sector in 2012.

The impending collapse of the Bankia group and the broader banking system forced Madrid to take a 41-billion-euro (\$56 billion) rescue loan from the eurozone but the loan also pushed up Spain's accumulated sovereign debt.

De Guindos can claim to have overseen an improvement in Spain's economy, which emerged in mid-2013 from a double-dip recession sparked by a 2008 property crash, and is now enjoying a gradual pickup in activity.

Merkel arrived in Spain on Sunday and walked along a six-kilometre (four-mile) stretch of the pilgrimage road to Santiago de Compostela with Rajoy in a highly symbolic show of unity with Spain and its arduous, austerity-driven path to economic recovery.



MCCI

Third from right, Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, Dhaka, speaks to junior diplomats of Afghanistan, Bhutan, Maldives, Nepal, Pakistan, Myanmar, Sri Lanka and Bangladesh, at a programme at the chamber's conference hall in Dhaka yesterday.



NRBCB

Farasath Ali, chairman of NRB Commercial Bank, inaugurates the bank's 21st branch at Banani, Dhaka on Thursday. Dewan Mujibur Rahman, managing director, was also present.



AB BANK

M Wahidul Haque, chairman of AB Bank, attends a discussion on the garment sector organised by the bank at Spectra Convention Centre in Dhaka on Saturday. Shamim A Chaudhury, managing director, was also present.

# Why inflation is so persistent

DH PAI PANANDIKER for Reuters

Inflation has been high for nearly four years and has not responded to the policies of the Reserve Bank of India or the central government. This is because the kind of inflation that we have is of an unusual variety and cannot be checked by conventional means.

It is important to look at the numbers. In July, the consumer price index (CPI) was up 8 percent and threatens to crawl up further after a deficient monsoon. That's because 68 percent of the increase in CPI comes from food.

In the food basket, the prices of vegetables, fruits and milk have jumped the most. Together, this accounts for 31 percent of food inflation. Of these, vegetables were responsible for the entire increase in July's CPI.

Vegetables and milk are critical components of CPI and an adequate increase in supply to cover higher demand can make all the difference. Demand should not be curbed in the interest of a healthy diet. This is also true of other nutritious food such as meat and eggs. Since production was slow to grow, a demand-supply gap has emerged. Inflation is all about that.

What is not understood is why production has not increased in spite of the phenomenal rise in prices. Why are farmers not responding to a market that offers them huge opportunities? It is not that farmers are too conventional to change cropping patterns. They do switch production from one crop to the other depending on prices. Why then does the supply defi-

cit continue?

There are three reasons that have together prevented the market from operating. First, the prices of fruits and vegetables fluctuate widely, making it difficult for the farmer to plan production. Second, there is no infrastructure like cold storage and a cold chain. Third, the markets are monopolised by traders. Consequently, farmers remain outside the market for the most part and are unable to take advantage of higher prices, thereby failing to make up the supply deficit.

No wonder food inflation persists. The higher rate of interest has no impact on demand for fruits and vegetables or meat and eggs. What is required is action at the farm level. One possibility is for the companies in retail to get into the loop and undertake contract farming. This presumes that the contract is made legally valid and binds the company and the farmer to contractual obligations. That will eliminate the trader, who is presently the principal beneficiary of food inflation.

But there are political pressures that make the elimination of traders difficult. It is no surprise that not many states have withdrawn the agricultural produce marketing act, which forces the farmer to sell only in the local market.

Two types of food are critically important. If production of vegetables and milk increases to catch up with demand, food inflation will drop by two percentage points from 8 to less than 6 percent.

The writer is the president of RPG Foundation, a private think tank.

# Chinese move into luxury Manhattan property

BBC News

Owning a home on US soil is no longer only an American dream. Increasingly, buyers from China are snapping up luxury property in America, particularly in high-priced markets like New York.

Cynthia Liu, 26, is among the Chinese buyers who have decided to invest in upmarket residential real estate here.

Liu grew up in Beijing but now works in Manhattan, where she recently bought a spacious one-bedroom flat in a high-rise with a view of the city's famous skyline. She is still unpacking boxes, but says she is very happy with her new home.

"The amenities are amazing," she says. The modern building boasts a tennis court and swimming pool among its many perks.

Liu's family sold property in China to pay for her new flat, believing that the Chinese real estate market is cooling and American property is a better asset.

"I feel like it's safer to move the money from China to New York and invest in some more stable real estate properties," Liu says.

She recognizes that she's part of a bigger trend.

"I have more and more friends trying to buy apartments," she says, counting off several Chinese friends who've also recently bought flats in Manhattan.

The real estate sector in New York is scrambling to court buyers



BBC NEWS

Estate agent Nikki Field is learning Mandarin to help her to sell to Chinese buyers.

like Liu and her peers.

"We are becoming very, very focused on our Asian neighbour," says Nikki Field, a senior estate agent at Sotheby's International Realty.

Field specialises in selling luxury flats to the Chinese. Since 2008, she has taken regular trips to mainland China to meet with potential buyers and has also enrolled in Mandarin lessons and university courses on Chinese business and culture.

The number of her Chinese clients keeps increasing, Field says, and has shown no signs of slowing down so far this year.

The National Association of Realtors reports that the Chinese invested \$22bn (£13bn) in

American residential real estate in the year ending in March, a nearly 72 percent increase from the year before.

According to Field a quarter of all buyers in Manhattan came from Asia in the first half of this year.

"This is a mind blowing number," she says.

Field's Chinese clients typically buy properties worth between \$30m to \$50m.

The Carlton House is a soon-to-be-completed luxury apartment building minutes from New York's Central Park.

Potential buyers can see what the complex will have to offer by touring the showroom, a mock-up of the flats for sale in the building.

Jane Klaris, a senior sales executive at the building, points out the various features designed to appeal to the wealthiest house hunters: marble inlaid floors, high gloss appliances and a 24-hour concierge and doorman service.

Properties like these come with a high price tag: the 9,000 square foot, two-storey penthouse apartment recently sold for \$65m.

It's just the sort of property that appeals to wealthy Asian buyers.

But these purchases aren't just for the pleasure of a well-appointed place to stay.

Chinese buyers view American property as a way of diversifying and preserving their assets at a time when many are leaving their own country.

According to the Shanghai research firm Hurun Report, 64 percent of Chinese individuals with a net worth of more than £1m are either emigrating or planning to do so.

"I like to describe the phenomenon as: we're building the world's most expensive bank safety deposit boxes," says Jonathan Miller, chief executive of Miller Samuel Inc, which values property in New York City.

With at least a dozen new residential skyscrapers planned or currently under construction around New York City, for the time being there should be plenty of boxes available for the growing number of buyers to invest their money in.