China on track to develop Indian railways as Xi heads to S Asia

REUTERS, *New Delhi/Beijing*

China will pledge to invest billions of dollars in India's rail network during a visit by President Xi Jinping this week, bringing more than diplomatic nicety to the neighbours' first summit since Narendra Modi became prime minister in May.

The leaders of Asia's three biggest economies - China, India and Japan - have crisscrossed the region this month, lobbying for strategic influence, building defence ties, and seeking new business opportunities.

Beijing's bid to ramp up commercial ties in India comes despite a territorial dispute that has flared anew in recent years, raising concerns in New Delhi, where memories of a humiliating border war defeat in 1962 run deep.

It follows a pledge by Japan to invest $35 billion in India over the next five years - including the introduction of bullet trains - and a drive to deepen security ties during talks earlier this month between Modi and Prime Minister Shinzo Abe in Tokyo.

India and China are expected to sign a pact that will open the way for Chinese participation in new rail tracks, automated signalling for faster trains and modern stations that India's British-built rail system desperately needs, having barely added 11,000 km of track in the 67 years since independence.

China, which added 14,000 km of track in the five years to 2011, is also pushing for a share of the lucrative high-speed train market in India, which it says would be cheaper than Japanese proposals.

"India has a strong, real desire to increase its cooperation with China and other countries to perfect and develop its rail system, and has concrete cooperation ideas," Assistant Chinese Foreign Minister Liu Jianchao told reporters ahead of Xi's trip.

"India is considering building high-speed railways, and China has a positive attitude towards this."

REUTERS/FILE

A passenger squeezes in through the window of a stationary train at a railway station in Jammu, India.

China's consul general in Mumbai, Liu Youfa, told the Times of India last week that Chinese investment in the modernisation of India's railways could eventually touch $50 billion.

Beijing is looking to invest another $50 billion in building India's ports, roads and a project to link rivers, part of an infrastructure push that Modi has said is his top priority to crank up economic growth.

Chinese investment will also help narrow a trade deficit with India that hit $31 billion in 2013.

From economic parity in 1980, China's growth has outstripped India's fourfold. Beijing is now seeking to recycle some of its vast export surpluses into foreign investment in resources and infrastructure in South Asia to feed its industrial machine.

New Delhi's ties with Beijing have long been held back by distrust, mostly over their contested border. India has reported a rise in incursions by Chinese troops in recent years across a military control line, prompting a drive to beef up defences. India also views Chinese military collaboration with its arch-rival, Pakistan, as a security threat.

Beijing, for its part, is concerned about the activities of Tibetans led by the Dalai Lama who fled to India following a failed uprising in 1959.

Xi kicks off his visit in Ahmedabad, the commercial capital of Modi's home state, Gujarat, on Wednesday when the nationalist Indian leader will be marking his 64th birthday.

Xi is set to launch one of two industrial parks focused on building power equipment in the booming state, which topped India's growth rates when Modi was its chief minister. China will set up another park in the neighbouring state of Maharashtra that will be mainly involved in the autos sector.

The informal setting of the first meeting between Xi and Modi is expected to bring a personal touch, much like the friendly get-together of the new Indian leader and Abe in Kyoto before their formal summit in Tokyo.

"We hope that during this visit the Chinese and Indian relationship of the last 50-60 years would see a directional change," India's Trade Minister Nirmala Sitharaman said.

For all that, Modi's bonhomie with Abe and his plans to meet US President Barack Obama later this month point to a carefully balanced approach to relations with big powers.

World's largest passenger aircraft to serve Qatar Airways

STAR BUSINESS DESK

Qatar Airways' first A380-800 is set to join the company's fleet through an inaugural ceremony at Hamad International Airport on Thursday, the airline said in a statement.

Sheikh Abdullah bin Nasser bin Khalifa Al-Thani, prime minister and interior minister of Qatar, will attend the launch of the world's largest passenger aircraft into the airline.

The aircraft will be operated in a tri-class configuration of first business and economy class spread over twin decks, according to the statement.

Qatar Airways is set to receive four Airbus A380s into the fleet by the end of this year, it said.

"It is a significant moment in our airline's history to welcome this aircraft into our rapidly expanding fleet," said Akbar Al Baker, group chief executive of Qatar Airways.

"We remain committed to offering our passengers the best possible experience when it comes to travelling with our airline and our exacting standards are reflected in our award winning five-star service."

"Soon to operate on the Doha to London Heathrow route, this aircraft, with a customised interior cabin, will set a new level of comfort for our passengers, who will also benefit from a smooth and pleasant passenger experience at the world's newest airport, Hamad International Airport."

Qatar Airways flies a fleet of 136 aircraft to 144 key business and leisure destinations across Europe, the Middle East, Africa, Asia Pacific, North America and South America, according to the statement.

Special cards for 402 top taxpayers

FROM PAGE B1

The NBR will honour the top taxpayers, marking Income Tax Day today which the tax collector has been organising since 2008 to motivate people in a country rife with tax-dodging and non-compliance to pay taxes regularly.

At present, less than 1 percent of the 16 crore population pays taxes. The revenue authority thinks the number should be higher, given that the country has been experiencing steady economic growth, rising income and a growing middle-class.

The NBR also organises tax fairs throughout the country to help taxpayers do tax-related jobs at the fair without having to visit the tax offices. The fair, which is being organised since 2010, is gaining popularity.

Towfiqul Islam Khan, research fellow of Centre for Policy Dialogue, said honouring taxpayers with tax cards is a good initiative.

"It has symbolic value. It may also help tax card winners earn respect in society."

"But the tax authority should also go against tax evasion and unmask the tax evaders to society to create instances of reward and punishment to ensure compliance."

This is the third time the government is going to honour top taxpayers with cards, which will give winners some privileges, such as invitations to government functions and seat reservation priority in the state-run airline, trains and water transport.

Winners will also be able to use the lounge for commercially important persons at the airports with the one-year valid card.

Tax card winners, along with their family members, will easily get cabins at government hospitals as well.

Tesco seeks to be Britain's best-loved grocer again

REUTERS, *Thetford, England*

Standing with bags of groceries outside discount store Lidl in Thetford, eastern England, Jodie McGloughlin explains simply why she turned her back on Britain's biggest retailer - its high prices.

"With Tesco.. all them pounds add up," the 22-year-old mum says. "I think that's what people notice."

Tesco has issued three profit warnings in two and a half years as McGloughlin and other former customers depart for discount rivals Aldi and Lidl. It has spent more than 1 billion pounds ($1.62 billion) to try to win them back with better-looking stores and product promotions but industry experts say the nation's former favourite has a more fundamental problem to fix - that of shoppers' emotional response to it.

"People no longer feel that Tesco is on their side," said Marc Cave, who worked with the retailer for nearly ten years during its heyday. "We, the British public, just don't like it anymore. It's a cold, commercial monolith."

The world's third largest retailer is in part a victim of its own success.

Founded in 1919 as a market stall in London's East End where Jack Cohen could "pile 'em high, sell 'em cheap", Tesco grew fast in the 1990s by expanding its range from basic food products at one end to "Finest" top of the range meals at the other - in the process more than doubling its market share.

Its "Every Little Helps" campaign mixed advertising with loyalty schemes and wowed shoppers by seeing to every detail: more tills opened when queues were long, extra staff came to help shoppers pack their bags and wobbly trolleys were fixed. So-called Clubcards registered purchases so that customers got promotions based on their weekly essentials.

But then came complaints that Tesco was too aggressive, gobbling up retail space and building out-of-town superstores that drove smaller businesses out of existence. At the height of its popularity, its annual results were being compared to the economic output of small countries by the financial press.

Those profits fell away fast after a long economic downturn made Britons rethink the way they shopped and Tesco - despite being renowned for its ability to gauge the British mood - took too long to respond.

"You're seeing a resetting of values as a result of a period of austerity and a strengthening discounter retail presence," said Russ Lidstone, head of ad agency Havas Worldwide London.

Britain's supermarkets once reflected the country's class system with Waitrose and Marks & Spencer the most upmarket, Tesco and rival Sainsbury fighting for the largest market share from middle-income shoppers and Wal-mart's Asda and Morrison's offering cheaper products.

But the recession, and people's need to save money, broke down those distinctions. Shoppers are now willing to go to several different stores for different products in an attempt to keep down spending - Marks & Spencer says 67 percent of its consumers also shop at discounters. That kind of behaviour is a big blow to Tesco, which built itself as a "one-stop shop."

"The market has repositioned around Tesco," said Tracy de Groose, the UK head of advertising group Dentsu Aegis Network. "I think they've lost their way. The brand is tired. The concept of value has changed." Critically for Tesco, shopping in Aldi and Lidl is now seen as cool, as well as clever.

Both discounters have won over Britons who might have turned their noses up at them by selling award-winning champagne and other luxury products such as prized Wagyu beef at rock-bottom prices. They have also introduced time-saving strategies like sticking several barcodes on every product to save cashiers from having to inspect each one closely at the till.

Neil Saunders, managing director of consultancy Conlumino, said Tesco was sometimes cheaper than the discounters, but those products were often too difficult to find because it had branched into so many areas. In many Tesco stores shoppers have to pass by a cafe, lottery stand, cigarette outlet, clothes and electrical goods before finding the produce.

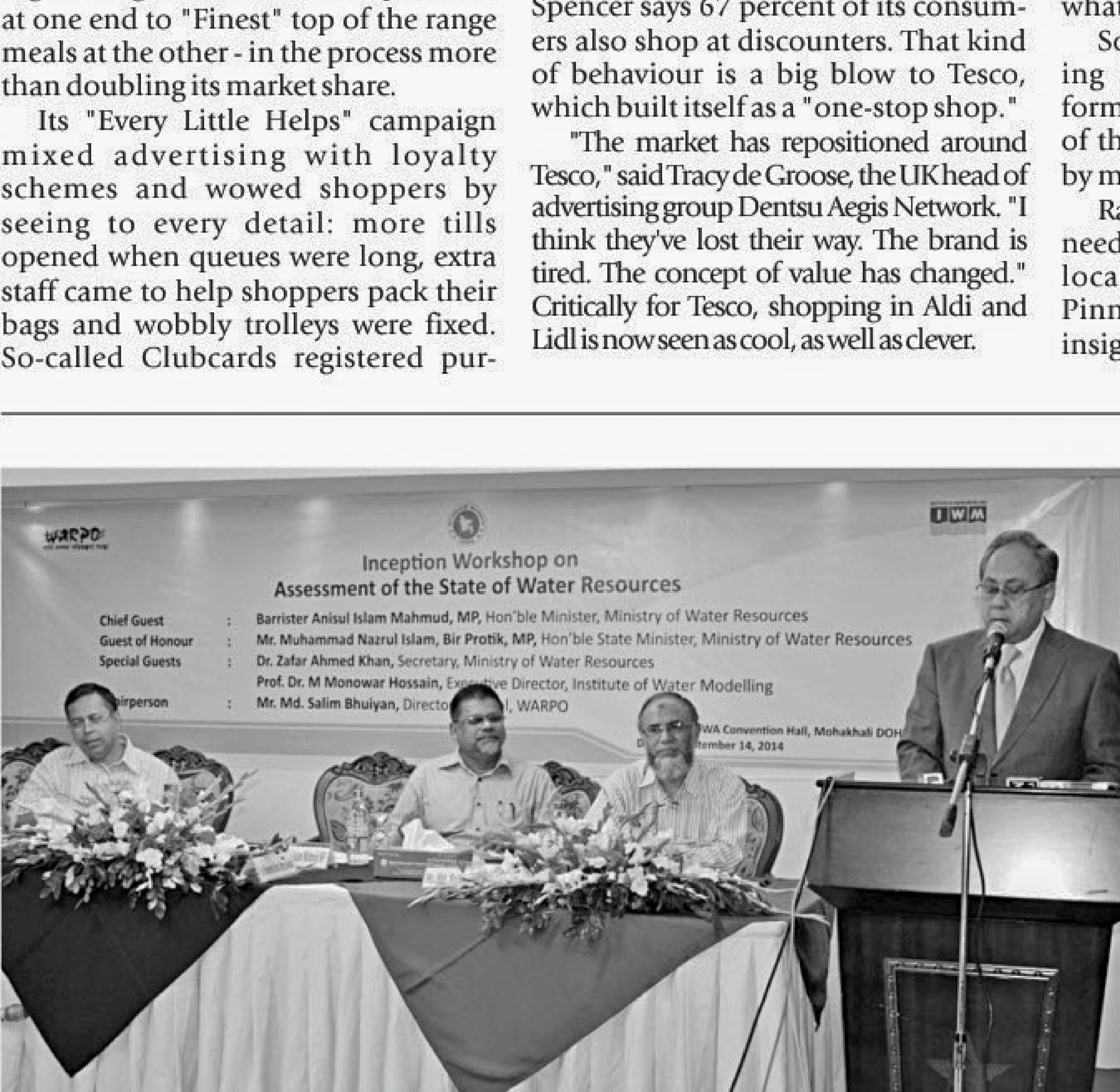
"In Tesco it is difficult to find value. You have to do a lot of work to find the cheapest products," Saunders said.

Michelle Atherton, a 30-year-old cleaner shopping at Aldi in Thetford - a small market town where flint cottages sit alongside kebab shops and pubs - says the retailer's stores now make shopping stressful. "You've got the toy aisles and I've got kids," she said. "It ends up costing me an arm and a leg."

But value is not just about saving money. Before Tesco can persuade shoppers to come in and spend from their reduced budgets it must decide what it wants to be to them.

Some city analysts proposed breaking Tesco into different rebranded formats to better compete at either end of the market. But that was dismissed by marketing experts as too drastic.

Rather than break up, the grocer needs to tailor its supermarkets to their local environments, said Danielle Pinnington, founder and owner of insight group Shoppercentric.



Anisul Islam Mahmud, water resources minister, speaks at a workshop on assessment of water resources, organised by the Water Resources Planning Organisation (Warpo) and the Institute of Water Management (IWM), at RAOWA Convention Centre in Dhaka yesterday. M Monowar Hossain, executive director of IWM, and Md Salim Bhuiyan, director general of Warpo, were also present.

BWDB

Coming out of the union: Scots focus on money issues

AFP, *London*

This week's Scottish independence referendum is a lot about the economy, experts say, as voters mull the outlook for their currency, oil revenues, jobs, national debt and EU membership.

Scots will cast their ballot Thursday in a knife-edge vote that could see Scotland scrap its historic union with the rest of the United Kingdom.

British Prime Minister David Cameron, who wants Scots to stay in the union, has already vowed that he will not allow an independent Scotland to keep using the pound, and ruled out any form of currency union.

Other key issues are how an independent Scotland will manage to pay its share of the UK's national debt, and how it will raise the extra billions needed to fund a credible "lender of last resort" to any stricken banks.

Scottish National Party (SNP) leader and First Minister Alex Salmond, who heads Scotland's devolved government, argues independence will allow it to take full control of economic policy -- how taxes are raised and spent.

Divisions have also emerged over the potential of oil reserves in the North Sea off the coast of Scotland -- which has a direct impact on revenues.

The Scottish government is predicting up to £38.7 billion ($62.9 billion, 48.5 billion euros) in revenue over the next five years, while Britain is forecasting £17.6 billion.

"The 'Yes' campaign faces many questions over the economy, not least the issue around what currency it takes and how it intends to pay its share of the national debt, but also concerns around the overstating of North Sea oil reserves and their likely tax receipts," said Nick Lewis, head of trading at Capital Spreads.

The pro-unity camp also argues that the 300-year-old union has allowed Scotland to capitalise on its strengths in the global market, adding that independence would endanger an estimated 270,000 Scottish jobs that are directly linked to trade with the rest of the UK.

Economic concerns have intensified after a string of major financial firms -- Royal Bank of Scotland, Standard Life, TSB, Lloyds Banking Group and Clydesdale Bank -- warned they could move their registered offices to England in the event of a "Yes" vote.

AFP

Pro-independence 'Yes' and pro-Union 'No' signs are displayed in windows in Edinburgh. Scots head to the polls on Thursday for an independence referendum that could end its three centuries old union with England and create Europe's newest country since the collapse of Yugoslavia.

Bank of England governor Mark Carney has warned that a currency union is "incompatible" with sovereignty, adding that an independent Scotland would need to raise billions more pounds of extra reserves to fund a lender of last resort, or central bank, to ensure financial stability.

Nobel laureate economist Paul Krugman warned Scotland against using the pound without a currency union.

"Everything that has happened in Europe since 2009 or so has demonstrated that sharing a currency without sharing a government is very dangerous," Krugman said in the New York Times.

"In economics jargon, fiscal and banking integration are essential elements of an optimum currency area.

"An independent Scotland using Britain's pound would be in even worse shape than euro countries, which at least have some say in how the European Central Bank is run."

Markets remain on edge, as the pound slumped last week to 10-month dollar low and three-month euro troughs on fears over the impact of Scottish independence.

"They are mostly economic (concerns), with currency undoubtedly being the biggest issue" in the referendum debate, Alpari analyst Craig Erlam told AFP.

"One other issue is its membership of the European Union, which despite Salmond's assurances otherwise, could be a big problem for them."

European Commission President Jose Manuel Barroso angered Scottish nationalists when he warned in February it would be "difficult, if not impossible" for an independent Scotland to become an EU member.

Britain's Conservative-Liberal Democrat government and the opposition Labour party want Scotland's 5.3 million people to stay in the UK, arguing that the Scottish economy can prosper in the union alongside England, Northern Ireland and Wales.

Salmond claims that an independent Scotland would pursue more redistributive policies that would share the wealth of its oil revenues, while also protecting the free-to-access tax-funded National Health Service from creeping privatisation.

However, "No" campaigners say that argument is deceptive because the devolved Scottish Parliament already makes its own decisions on health policy, with the British government in London having no say.

If Scots vote "Yes" this week, Edinburgh would need to open negotiations with London over currency and the splitting of state debt and assets -- a complex process leading up to the full independence which the Scottish government is planning for 2016.