G20 vows to breathe new life into world economy

AFP, *Cairns, Australia*

AFP

IMF Managing Director Christine Lagarde speaks at the end of the G20 Finance Ministers and Central Bank Governors Meeting in Cairns, Australia yesterday.

G20 nations including the United States and China said Sunday they can overcome geopolitical tensions and financial risks to achieve extra combined growth of 1.8 percent, adding trillions of dollars to the world economy.

Their two-day meeting in Cairns was focused on developing a suite of policies to reach an ambitious goal of raising the total GDP of the 20 major world economies by two percent above current projections over the next five years.

Finance ministers and central bank governors, including US Federal Reserve Chair Janet Yellen, want to take their plan to the G20 leaders' summit in Brisbane in November.

In a communique, they said that the 1,000 measures agreed so far -- including to accelerate infrastructure investment, financial reform and encourage free trade -- could add 1.8 percent to GDP and create millions of new jobs.

But more reforms were needed to meet the two percent goal, agreed in Sydney earlier this year.

"Preliminary analysis by IMF-OECD indicates these measures will lift our collective GDP by an additional 1.8 percent through to 2018," they said.

"In the lead up to the Brisbane (leaders') summit, we will continue to identify a series of additional measures to meet our collective growth ambition.

"We will hold each other to account in implementing these policy commitments."

International Monetary Fund chief Christine Lagarde hailed what she called "significant progress" despite increased geopolitical tensions, including in Ukraine and the Middle East, since the ministers last met in February.

"Despite the global recovery continuing, the pace of growth remains low and uneven, in part given increased geopolitical tensions and risks of financial market turmoil," she said.

"Promoting economic policies that can contribute to a more robust and job-rich recovery is therefore critical at this stage.

"I commend G20 countries for significant progress in developing growth strategies to lift medium-term growth."

While welcoming developments, US Treasury Secretary Jack Lew said the world economy was facing headwinds, pointing to disappointing growth in Europe and Japan and a slowdown in emerging economies, including China.

"In light of these challenges to the global economy, the G20 has stressed the importance of immediate support for creating jobs, growing the economy, and implementing fiscal strategies flexibly to support demand," Lew said.

The G20 also stressed concern over the human and financial costs of the Ebola epidemic sweeping through west Africa, which had potentially serious impacts on growth and stability in affected countries.

Australian Treasurer Joe Hockey, who was chairing the meeting, welcomed the "genuine measures" put forward but warned against complacency, pointing to high levels of global unemployment and subdued international confidence.

"The G20 recognises that many of the decisions and actions to get the world economy moving are difficult," he said.

"But we are determined to lift growth, and countries are willing to use all our macroeconomic levers -- monetary, fiscal and structural policies -- to meet this challenge."

To help shift from government-led growth towards private sector-led growth, a key G20 goal, the ministers agreed to establish a global infrastructure hub to share information between countries.

The Global Infrastructure Initiative was meant to increase "quality investment, particularly in infrastructure".

"Investment is critical to boosting demand and lifting growth," they said.

Hockey added the hub would provide a database to help match potential investors with global infrastructure projects, with the World Bank helping to set it up.

"We want to create a knowledge platform to build public sector expertise, and develop standardised documentation to reduce the costs of new investment," he said.

The meeting also saw progress on reforms to the world's financial system, particularly on how banks apply capital rules, and ways to close tax loopholes that are used by many multinational companies.

G20 emerging economies welcome Fed policy transparency

AFP, *Cairns, Australia*

G20 finance chiefs promised Sunday to "clearly communicate" their monetary policy actions "in a timely way", as emerging market member nations welcomed the US Federal Reserve's transparency on its tightening measures.

"We will continue to clearly communicate our actions in a timely way and be mindful of impacts on the global economy as policy settings are recalibrated," finance ministers and central bankers from the Group of 20 of the world's biggest developed and emerging economies said in a communique following a meeting in Cairns.

"We are mindful of the potential for a build-up of excessive risk in financial markets, particularly in an environment of low interest rates and low asset price volatility."

An improving US economy has led the Federal Reserve to withdraw its unprecedented stimulus and recently flag a possible sharper-than-expected rise in interest rates when it does start increasing them. But central banks in Europe and Japan are set to continue pursuing loose monetary policies amid stuttering growth.

The tightening of US monetary policy has sparked concerns among emerging economies fearful of capital flight.

But European Central Bank board member Benoit Coeure said G20 members from emerging economies welcomed the transparency shown by Fed chair Janet Yellen at the meeting.

"It was important to notice the transparency of our Fed colleagues -- the transparency of Fed chair, Mrs Yellen -- on their path of tightening of monetary conditions, which was communicated in a very clear and comprehensive manner to the G20," Coeure said.

"This has been very appreciated by the colleagues from emerging markets and economies."

Coeure said the central bankers were also aware of the financial stability risks posed by the low interest-rate environment, which was highlighted by the Financial Stability Board before the G20 meeting.

"It is critical that the G20 retains its commitment to strengthening macroeconomic, structural and also financial policy frameworks to respond to such risks," he added.

International Monetary Fund chief Christine Lagarde said she believed central banks were equipped to tackle the possible build-up of excessive risks.

"we believe that central banks do have the tools, particularly the macro-prudential tools, to actually react to potential excess evaluation in various corners of the market and they have all committed to potentially use them if and when necessary," she said.

DBBL

Teng Wei Tat, regional marketing manager for Southeast Asia and South Asia at UnionPay International, and KS Tabrez, managing director of Dutch-Bangla Bank, launch UnionPay card at a merchant get-together at Cox's Bazar on Friday. UnionPay card's will now be accepted at 2,600 ATM booths and 7,500 point of sales terminals of the bank in the country.

Microsoft delays launch of its Xbox One console in China

REUTERS, *Beijing*

Microsoft Corp has delayed the launch of its Xbox One game console in China, which had been set for release on Tuesday, but the world's biggest software company said it would be released by the end of the year.

Microsoft did not give a reason for the delay in a statement on Sunday.

The delay is the latest in a series of setbacks for Microsoft in China, where it is under investigation for suspected antitrust violations related to the Windows operating system and Microsoft Office.

The Chinese government lifted a 2000 ban on gaming consoles earlier this year. Microsoft had reached a deal with Chinese internet TV set-top box maker BesTV New Media Co Ltd to form a joint venture to manufacture the consoles in Shanghai's Free Trade Zone a year ago.

The Xbox One console will cost 3,699 yuan ($602.37) without the Kinect motion detection system and 4,299 yuan ($700) with Kinect, Microsoft said in July.

China is the world's third-biggest gaming market, where revenues grew by more than a third from 2012 to nearly $14 billion last year.

However, piracy and the dominance of PC and mobile gaming may leave little room for legitimate console and game sales.

In May, Sony Corp said it would set up a joint venture with Shanghai Oriental Pearl Group to bring the PlayStation games console to China.

AATB

Swapan Kumar Bala, managing director of Dhaka Stock Exchange, poses with the participants of a training programme on direct tax and VAT, organised by the Association of Accounting Technicians of Bangladesh (AATB), at SAFS Centre in Dhaka recently. Abdul Mannan Sikder, customs commissioner, and Shahidur Rahman, vice president of AATB, were also present.

Prada's profit falls 20 pc, hit by fall in leather goods sales

BBC NEWS

The Italian fashion house Prada has reported a drop in profit, hit by a fall in leather goods sales and currency fluctuations.

First-half net profit fell 21 percent to 244.8m euros (£192.5m; $314m), the company said.

It said the strength of the euro had hurt sales as well as a "difficult economic" environment.

Ahead of the announcement, Prada shares fell 1.3 percent in Hong Kong, to their lowest level in more than two years.

Prada expects profits in the second half of the year to be broadly in line with the first half, however "margins will continue to be under pressure with some marginal improvements deriving from the costs-cutting actions," the company said in a statement.

"We remain confident that the luxury goods market - especially the high-end segment where the Prada Group operates with success - will continue to offer interesting growth prospects in the medium-term," said Prada's chief executive Patrizio Bertelli.

Revenues from sales of leather goods, a category with a high profit margin, decreased by 1.4 percent , mainly because of a decrease in tourist footfall in the main shopping destinations in Europe and Asia, Prada said.

Sales in shoes and ready-to-wear clothes rose, as did menswear, which saw sales rise 19 percent in the first half of the year as men become more fashion conscious.

Rahul Sharma, a retail analyst at Neev Capital said the company had become less exclusive as a brand, but more exclusive in price, and as a result was losing out to competitors.

India's jet-set tycoons crash to earth

AFP, *Mumbai*

AFP/FILE

Force India-Mercedes Team Principal and Chairman and CEO of India's Kingfisher Airlines Vijay Mallya (C) walks in the paddock during the third practice session at the Buddh International circuit in Greater Noida, on the outskirts of New Delhi on October 27, 2012.

They were famed for their jet-set lifestyles and the names of their companies were emblazoned on airplanes, Formula One cars and the shirtfronts of cricket teams.

But now the debt-laden empires of three of India's best-known tycoons -- Vijay Mallya, Subrata Roy and T Venkattram Reddy -- are crumbling before their eyes, downfalls that observers say stem from a climate of weak regulation and deference to conspicuous wealth.

"All too often, the banks are dazzled by the halo of personal fortunes," said Vishwas Utagi, a veteran campaigner for banking regulation.

Some of India's most successful businesses, such as the family-run Tata and Reliance conglomerates, have been led for years by men with little appetite for publicity and who prefer to operate in the shadows.

But Kingfisher boss Mallya and Sahara supremo Roy came to epitomise a new breed of tycoon, unafraid of trumpeting their achievements when they started making a name for themselves in the early 2000s.

Mallya -- the self-styled "King of Good Times" -- became something of an icon as he turned the United Breweries Group which he inherited from his father into one of the world's largest spirit makers.

As his core business flourished, Mallya branched out by launching the Kingfisher airline, named after his company's best-known beer. His profile rose further when he acquired a stake in the Force India F1 team and ownership of the Royal Challengers Bangalore cricket team.

But as the Indian economy began to slow sharply at the turn of the decade, with the aviation industry becoming one of the sectors to be worst hit, Mallya's fortunes nosedived too.

After selling the liquor business to Diageo in a bid to shore up his airline, Mallya looked on helplessly as Kingfisher continued to haemorrhage cash. The airline never took to the skies again after a pilots' strike over unpaid wages in 2012.

Having run out of patience over Mallya's failure to clear debts said to be in excess of $60 million, the United Bank of India this month declared him a "wilful defaulter", making it nigh impossible to access fresh loans.

While Mallya is fighting to keep his properties from creditors, Roy is trying to sell his portfolio of luxury hotels -- including New York's Plaza Hotel and the Grosvenor House in London -- to raise the $1.6 billion he needs to secure bail from Delhi's Tihar Prison.

While he has several media interests, including a Hindi TV channel and newspaper, Roy's profile was heightened by his co-ownership with Mallya of Force India and involvement in cricket.

As well as sponsoring the national side, Sahara set up a Pune-based franchise to enter the glitzy Indian Premier League (IPL).

The team's expulsion from the IPL at the end of last year's tournament in a dispute over finances hinted that all was not well.

Things dramatically worsened in March when Roy was detained after failing to meet a demand by regulators to pay back millions of small savers the $3.2 billion that Sahara raised via an illegal bond scheme.

While Roy owns homes modelled on the White House and Buckingham Palace, Reddy's penchant is for luxury cars with a fleet which reportedly included a Rolls Royce Phantom.

He also couldn't resist the glamour of the IPL, buying the Deccan Chargers franchise before it went bust in 2012.

While Roy's fortune was self-made, Reddy and his brother T Vinayak Ravi Reddy inherited the ownership of the Deccan Chronicle from their father.

The Hyderabad newspaper's prestige enabled them to draw loans for riskier ventures including a chain of bookstores and a chartered jet company.

Even if the cricket team is no longer sucking money, the Reddys are struggling to keep the wolf from the door and lenders have already seized several of their properties.

Tamal Bandyopadhyay, author of a book on Sahara, said a weak regulatory framework enabled tycoons to build up debts that should never have been allowed.

"Mallya is a case of over-stretching and over-leveraging, while Roy is the case of exploiting regulatory arbitrage or the loopholes in regulation," Bandyopadhyay told AFP.

Utagi, a retired bank worker who is vice president of the All India Bank Employees' Association, said there were too many "pliable people" in the industry who face little comeback if money they lend is not repaid.

"When it comes to credit appraisals for corporates, the rules are more often honoured in the breach than the observance," he said.

Bandyopadhyay said the ambitions of Indian tycoons were rarely held in check as they were "surrounded by sycophants". "That makes it very difficult for them to stay in touch with reality," he added.