

Long, tough road to make India 'easiest' place for business

AFP, Gandhinagar, India

Narendra Modi may have pledged to make India the "easiest" place to do business but experts remain skeptical about how the prime minister intends to overcome obstacles such as corruption, red tape and an arduous tax regime. Hundreds of executives gathered this week in Modi's longtime fiefdom of Gujarat to hear him promise to transform India's business climate, with "unlimited" reforms designed to attract foreign investment. Everyone from World Bank president Jim Yong Kim to US Secretary of State John Kerry publicly heaped praise on Modi's efforts to kickstart economic growth since his right-wing party stormed to power at elections in May. But behind the scenes at the major "Vibrant Gujarat" summit, the mood among some was more cautious while economists rattled off a string of substantial reforms the government still needs to tackle.



A handler leads his sniffer dog during a security check outside the Mahatma Mandir in Gandhinagar, some 30 kms from Ahmedabad, India.

India currently ranks 142 out of 189 on the World Bank's "ease of doing business survey", behind its arch rival Pakistan, and even dropping two places on the list last year. Kerry hailed Modi as a "visionary" in his address at the summit, enthused by his government's promises to cut a swathe through red tape and simplify a tax regime that often leaves foreign business in despair. But, speaking on the sidelines of the gathering, one of Kerry's own officials struck a more cautious wait-and-see note. "I think there are companies who are sort of watching to make sure that what's projected actually happens," a senior US State Department official said in the Gujarati capital Gandhinagar. "And there's no reason to believe it won't, but at the same time these are very entrenched things that take a while to change," he said. Also speaking at the three-day gathering, Finance Minister Arun Jaitley defended his government's pace of reforms so far and stressed that Modi's pledge to make India the "easiest" place to do business was not an empty slogan. Jaitley pointed to moves to fast-track changes to land purchases -- a major business bugbear -- and steps to introduce a national sales tax to replace myriad confusing duties imposed by state and national governments. "I see investments significantly moving up in days to come," said Jaitley. Economist Rajiv Kumar applauded Modi's efforts but said more was needed to remove

cumbersome and often opaque rules and regulations for every kind of business, from private schools to major industries, operating in India. Kumar also said India's notoriously inert and labyrinthine bureaucracy charged with imposing those regulations needed to be overhauled. "It's a paradigm shift that's needed. It's not incremental," Kumar, a senior fellow at the Delhi-based Centre for Policy Research think-tank, told AFP. And he was brutal about India's "completely arbitrary" taxation regime, which he blamed for keeping international investors away and which the government has also promised to fix. British mobile giant Vodafone is embroiled in a bitter, \$2.4-billion battle with India's tax authorities who are sometimes accused by business of acting capriciously, while Finnish company Nokia had a plant in India seized over a tax dispute. While he agreed there was "still a long way to go", Kumar said he was optimistic the government could transform the economy "because India will never have another chance like this and Modi understands that". India needs \$800 billion a year in investments, well above the current \$200 billion, to help the economy accelerate to seven percent growth, the government's financial services

secretary told the summit. Asia's third largest economy has been struggling through its worst slowdown since the 1980s, with growth at around five percent, too low to help create jobs for tens of millions of young people. While some experts pointed to a need to overhaul dilapidated infrastructure including pot-holed roads and unreliable power supplies to boost business, others singled out endemic corruption. India-born economist Jagdish Bhagwati, a professor at Columbia University in New York, said the government must do more to tackle corruption among public officials that plagued the previous left-leaning Congress government's decade in power. "They have inherited the UPA-2 (Congress coalition) government's inactions. They (UPA-2) didn't really do anything about corruption," Bhagwati said in an interview with the Hindustan Times newspaper. On the sidelines of the summit, foreign and local companies announced planned joint projects worth billions of dollars in a sign of growing investor confidence in India. Analysts however expressed scepticism, saying some businesses promised projects at the biennial summit in the hope of winning government favour.

Japan approves record \$812b budget

REUTERS, Tokyo

Japanese Prime Minister Shinzo Abe's cabinet approved on Wednesday a record \$812 billion budget for the fiscal year starting on April 1, while cutting new borrowing for a third straight year in a bid to balance growth and fiscal reform. The 96.34 trillion yen (\$812.45 billion) general-account budget draft, the third since Abe swept to power in late 2012, marks a rise from this fiscal year's initial 95.88 trillion yen, reflecting higher welfare spending and military outlays. A projected rise in tax revenue to a 24-year high of 54.53 trillion yen on an expected economic recovery allows Tokyo to cut new bond issuance to a six-year low of 36.86 trillion yen. That accounts for 38.3 percent of the budget, a six-year low. With Japan's public debt above twice its gross domestic product (GDP), the industrial world's heaviest burden, Abe sought to restore fiscal health while lifting growth in the world's third largest economy. "I believe the budget will contribute to achieving economic revival and fiscal consolidation at the same time," Abe told reporters. Abe said Japan is on course to meet his promise of halving the primary budget deficit - excluding new bond sales and debt servicing - in the next fiscal year from levels

seen in 2010/11. But the improvement is largely a result of the tax revenue windfall from rising corporate profits under the easy-money policies of "Abenomics." Fitch Ratings last month threatened to cut its A plus rating on Japan's government debt if the budget did not offset revenue from Abe's delay of a planned sales-tax hike. "This budget underlines slowness in fiscal consolidation and it highlights the risk of relying too much on growth to cover rising spending," said Yasuhide Yajima, chief economist at NLI Research Institute. "It's impossible to achieve a primary budget balance without credible measures for spending restraint." Masaki Kuwahara, senior economist at Nomura Securities, said the budget is neutral for his 2.2 percent GDP growth forecast for next fiscal year. The budget projects the primary budget deficit will narrow by 4.6 trillion yen to 13.4 trillion yen. But Finance Ministry projections show that without further efforts, the government can't keep its promise of balancing the budget by 2020/21. The largest budget item, social welfare spending, will rise 1 trillion yen to a record 31.53 trillion yen. Defence spending also hit a record 4.98 trillion yen, up about 100 billion yen from this fiscal year and rising for a third straight year, reflecting Abe's ambition to counter China's rising military might.

Chinese-made Volvo to be China's first car export to US

AFP, Detroit

China's first-ever car export to the United States is going to be a Chinese-made Volvo, the company announced. Hakan Samuelson, president and chief executive officer of the Volvo Car Group, said Monday that the company will begin shipping a new S60 model produced in China to the US market in mid-year. The move will be a landmark for Volvo, which was bought by China's Geely Holding auto group in 2010. The S60 will be built at a brand new factory in Chengdu that was developed to help launch the Volvo brand in the Chinese market. Samuelson said the factory where the S60 is being built uses the very latest technology and operates on the strict standards laid

down by Volvo. "It's built like a Volvo in every way. You can't tell the difference between a Volvo built in China and Volvo built in Gothenborg (Sweden) or Ghent (Belgium)," Samuelson said. Sales personnel in Volvo's dealerships around the US will be coached to make the same point, he said, given the potential skepticism that could greet a made-in-China vehicle. However, the long-wheel base S60 will not be exported to Europe from China because of regulations and tariffs, he said. Samuelson told AFP that Volvo is in the midst of overhauling its product line in the United States. Volvo's US sales dropped 8 percent to just over 56,000 units last year, according to AutoData.

Airlines prepare to hedge more jet fuel to lock in huge savings

REUTERS, Singapore/Berlin

Global airlines, looking to lock in huge savings, are preparing to hedge more jet fuel to fix prices as they bet a slide in crude oil to six-year lows may peter out near \$40 a barrel. Some airlines have already stepped up hedging, especially after benchmark Brent crude slipped below \$50 a barrel earlier this month, fuel traders and brokers said. In Europe, airlines such as Aer Lingus and Ryanair are aiming to take advantage of the low oil prices to lock in fuel costs into 2016 and beyond. Thai Airways plans to hedge 100 percent of its fuel purchases this year. "If you a sensible hedger, you have to look at this as an excellent opportunity," said Robert Campbell, head of oil products research at Energy Aspects. Current crude output can't be sustained at these prices, Campbell said, and with "some increase in demand and some reduction in supply ultimately the price will be forced higher". Jet fuel can account for between 20 and 50 percent of an airline's operating costs, and swings in oil prices can mean a huge boost or hit to profits. In December, the International Air Transport Association (IATA) said lower fuel prices could mean that airlines globally will report their strongest profit margins in more than

five years in 2015. Still, Brent crude slipping 60 percent since June has caught many by surprise. U.S. airlines that hedged based on higher oil prices, such as United Airlines, have had to dump losing bets and are now reviewing their strategies for protecting themselves from oil market volatility. "Over the last six months of 2014, very few airlines were brave enough to go into the market and if they did, it was in very small volumes," said Shukor Yusof, founder of aviation research firm Endau Analytics. At least one Asian carrier, South Korea's Asiana Airlines, has stopped hedging since November due to recent price volatility, while Germany's Air Berlin has said it is considering reducing its hedging rate. Now, hedging interest has picked up, according to brokers and traders, although some airlines remain skittish because of free-falling prices. In line with benchmark crude, jet fuel prices have fallen about 50 percent over the last six months to around \$60 a barrel this week, Reuters data showed. "Even though hedging volumes have picked up, they are still limited," said a fuel trader with a Singapore-based bank handling hedges for airlines. Airlines typically hedge some of their fuel needs - or buy fuel in

advance at pre-determined prices - to reduce the impact on earnings from wide swings in the market. But many carriers, particularly in Asia, have been cautious about hedging since 2008, when airlines scrambling to lock in fuel costs as crude surged above \$100 a barrel for the first time saw oil plummet to less than \$40 before year-end. And with prices dropping, airlines may see buying in the spot market as a better option than possibly getting caught on the wrong side of a long-term hedge, Yusof said. Air India, for instance, which goes largely unhedged, projected it could shave as much as \$375 million off its annual fuel costs of about \$1.5 billion based on savings made since prices started to fall in June 2014, according to its director of finance S Venkat. Still, Air India is starting to consider hedging between 30 and 40 percent of its fuel needs, or about 300,000 barrels a quarter at current jet fuel prices, Venkat said. Ryanair, Aer Lingus and Thai Airways are also among those looking to use the low oil price to extend their hedges. Aer Lingus said last week it had increased its hedging, with 90 percent of its requirements for 2015 now hedged at an average jet fuel price of \$830 per tonne (about \$104 a barrel), compared with \$954 a tonne for 2014.

Ericsson and Apple in legal showdown

AFP, Stockholm

Swedish telecoms equipment maker Ericsson filed a complaint Wednesday against Apple in a US court over the iconic American brand's use of its technology in iPhones and other wireless devices. The complaint came after Apple filed a case Monday against the Swedish company, claiming that Ericsson's fourth generation mobile LTE wireless technology patents are not essential to industry standards and that the Swedish company was demanding excessive fees to renew a licensing agreement. Ericsson said it filed the counter suit in order to get an independent assessment of its global licensing offer since

Apple refused to accept it. "We have made an offer to Apple which is in accordance with our fair, reasonable and non-discriminatory commitment," Kasim Alfalahi, Ericsson's head of intellectual property, told AFP, adding that the company's licensing system does "not discriminate against any player in the industry." In the court document Ericsson argued that its technology was behind the phenomenal success of smartphones "such as the iPhone" and that Apple was trying to get an unfair advantage over its competitors. "Without LTE technology and Ericsson's inventions... smartphones and other mobile devices would not be able to provide the constant on-the-go access to video, streaming media, and

gaming that we are accustomed to today," the company wrote. It added that it reinvests much of its licensing revenue into a \$5 billion (4 billion euro) research and development budget. Ericsson also claimed that Apple's complaint to the court "honed in" on a handful of patents rather than referring to global patent agreements which was how the mobile telecom industry worked. However the Swedish company struck a conciliatory note in a statement which called Apple "a valued partner." "Our goal is to reach a mutually beneficial resolution with Apple," the statement said, adding that the company hoped to continue its partnership with the US technology giant.



Shamim Ahmed Chaudhury, managing director of AB Bank, hands over 5,000 blankets to SK Sur Chowdhury, deputy governor of Bangladesh Bank, for distribution among the winter-affected poor recently.

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Addendum

Last date of submission of the tender for the Goods of "Supply of Server for Developing E-Teaching Learning System, Package No: G24" against tender Invitation Reference No. : DUET/ME/HEQEP/OTM/G24/2014/244, Date: December 29, 2014 is hereby amended as mentioned below:

Sl. No.	Reference Clause of Tender Document	Item Description as per Tender Document	Amended as
01	Tender Notice Sl. No. 17, 18 & 19	Last date and Time for Selling the Tender document was Date : 14/01/2015; (08:00am-04:00pm)	Last date and time for Selling the Tender document is now Date : 26/01/2015; (08:00am-04:00pm)
02		Last Date and Time for Submission of Tender Document was Date : 15/01/2015 Time : 12.00 Noon (BST)	Last date and time of Submission of the Tender Document is now : Date: 27/01/2015 Time : 12.00 Noon (BST)
03		Date and time for Tender Opening was Date : 15/01/2015 Time : 12.15 pm (BST)	Date and time for Tender Opening the Tender in now. Date : 27/01/2015 Time : 12.15 pm (BST)

All other Terms and Conditions will remain unchanged.

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