

India's labourers toiling in heatwave have little choice



A ragpicker sleeps on a sack at a road junction on a hot summer day in New Delhi, India.

REUTERS, Gurgaon, India

In India's upmarket "Millennium City", labourers building luxury homes say they have little choice but to toil in the extreme heat, despite government warnings not to venture outside after this week's heat wave killed 1,700 people.

"How do we cope with the heat? We have to raise kids and so we have to work even though it's hot. Otherwise what will our children eat?" said 38-year-old bricklayer Sunder in Gurgaon, a satellite town near Delhi where the offices of several multinational companies are located.

Sunder, who did not give his second name, lives on the construction site with his wife and their 12-year-old daughter, in a brick hut without electricity.

This week's heat wave, the deadliest in a decade, has exposed the vulnerability of millions of Indians who work outside in extreme temperatures that meteorologists say are increasingly common.

While temperatures regularly top 40 degrees Celsius (104 degrees Fahrenheit) in May and June, parts of the south and east of India have baked under heat as high as 47C for seven straight days.

Authorities have cancelled doctors' leave, set up water and milk distribution points and warned people not to go outside in the middle of the day to avoid the worst of the heat.

In some parts of southern India, streets were empty on Friday, construction sites abandoned and offices half empty. But for many poorer Indians the need to earn

money outweighs the risks of working in the sun.

Most of those who have died are labourers or old people suffering from sunstroke or dehydration.

In Gurgaon, where temperatures remained above average at 43C on Friday, some labourers earning 200 rupees (\$3.14) a day said they had worked all through the week, constructing high-rise blocks and laying cables.

Farmer Ijaz Ul Miyan left his village two months ago to move to Gurgaon, where he lays cables for about the going rate.

He said his employer allowed him to start work earlier so he could stay in the shade during the midday sun, and then work again in the late afternoon once the heat had subsided.

"Yesterday I felt dizzy and vom-

ited because of the heat. Some men are on leave because of weather. Three people are resting in their rooms today," he said.

Komal Prasad, 56, a supervisor overseeing a separate group of 10 to 15 labourers, said they were given hats and asked to avoid working during the middle of the day.

"We have cold water for bathing and drinking water is stored in earthen pots," he added.

Many of the city's wealthier residents have meanwhile rushed to air-conditioned malls to cool off after a spike in energy demand triggered widespread power cuts that have lasted as long as 10 hours.

The malls typically run their own back-up diesel generators, an inefficient source of power that sends pollutants into the air.

The Indian Meteorological Department said that ozone levels in parts of Delhi had this week breached permissible limits, local media reported on Friday.

"Power supply at my residential area is the worst. There's a power cut from night till morning and sometimes it's for the whole day and the whole night," said 26-year-old Eva Das, who works in marketing and moved to Gurgaon six months ago.

"I cannot bear this heat ... I'll be moving out of this place from July."

Disaster management officials have said more needs to be done to alert residents to the risks of staying outside in the heat, particularly if the heat waves persist.

Delhi-based research group Centre for Science and Environment said on Thursday that eight out of the 10 warmest years on record in India were during the decade to 2010.

In cities like Gurgaon, paved surfaces and a lack of trees magnify the effect of the heat, making ambient temperatures feel 3 to 4 degrees hotter, the CSE said.



Mahaboob Morshed Hasan, sponsor director of Meghna Cement, a concern of Bashundhara Group, chairs the 23rd annual general meeting of the company in Mongla Port Industrial Area, Bagerhat yesterday. AKM Mahub-Uz-Zaman, deputy managing director of Bashundhara Group, was also present. Meghna Cement declared 15 percent cash dividends for 2014.

AirAsia profit up in Q1

AFP, Kuala Lumpur

Malaysia-based AirAsia, the region's biggest low-cost carrier by fleet size, said its first-quarter net profit climbed seven percent year-on-year due mainly to lower fuel and operating costs.

Net profit for the quarter ending March 31 was 149.3 million (\$40.8 million) the company said in a statement late Thursday, while revenue dipped 0.4 percent to 1.30 billion ringgit.

"As seen in the first quarter of 2015, we are beneficiary of the low fuel price," Tony Fernandes, group CEO said in a statement.

AirAsia recorded a net profit of 139.7 million ringgit in the same period last year while it posted its first net loss (since 2008) of 429.4 million ringgit in the previous fourth quarter.

US economy shrinks in first quarter

BBC NEWS

The US economy shrank 0.7 percent in the first three months of 2015, compared to the same period last year.

The Bureau of Economic Analysis significantly revised down its earlier economic growth estimate of 0.2 percent.

The previous calculation underestimated the rise in the volume of imported goods and overestimated capital investment by companies, it said.

The US economy last contracted in the first quarter of 2014, when it shrank by 2.1 percent. As was the case last year, a harsh winter may have been partly to blame for falling goods and services production in the US.

Consumer spending, which accounts for about 70 percent of economic activity, slowed to 1.8 percent growth in the first quarter, slightly below the 1.9 percent growth initially estimated. The Bureau also highlighted the impact of weak exports and government spending.

The strong US dollar has pushed up imports and lowered exports. At current dollar prices, GDP slipped further from 0.1 percent growth to a 0.9 percent contraction.

The revision in GDP prompted investors to shift to traditionally safer assets, such as bonds. This is why yields on US Treasuries have fallen as their price has risen.

GDP figures are closely watched by investors, as the Federal Reserve makes decisions based on the health of the economy. "From a policy perspective, the first quarter lull is already history; it's the extent of the rebound that will be critical in determining the timing of the Fed's first move on interest rates," says Chris Williamson, chief economist at Markit.



Mohammad A Hafiz, acting chairman of FAS Finance and Investment, presides over the company's 18th annual general meeting held at Hotel Abakash of Bangladesh Parjatan Corporation in Dhaka yesterday. Md Russel Shahrior, managing director, was also present. FAS Finance announced 10 percent cash dividends for 2014.

Japan posts lacklustre household spending, inflation

AFP, Tokyo

Japanese household spending unexpectedly fell in April while inflation and factory output were also lacklustre, a string of official data showed Friday, aggravating concerns about the world's third-largest economy.

The figures come as economists warn Japan could see a weak second quarter, following a better-than-expected 0.6 percent expansion -- or 2.4 percent at an annualised rate -- during the first three months of the year.

Household spending remains stubbornly weak as the Bank of Japan struggles to boost prices in a bid to end decades of deflation for good and kickstart the long-lumbering economy.

Despite wage rises at big firms and a tighter labour market, convincing people to splash out on consumer goods has been a struggle after Japan raised sales taxes last year to help pay down a huge national debt.

The rise hammered consumer spending and pushed the economy into a brief recession.

On Friday, the internal affairs ministry said household spending -- a broad measure of private consumption -- fell 1.3 percent from a year ago, the 13th consecutive month fall.

The drop was a surprise given market expectations that spending would turn up for the first time since Tokyo raised the sales levy in April 2014.

"Consumption has not recovered to the levels before the tax rise," said Takeshi Minami, chief economist at Norinchukin

Research Institute.

"With the labour force decreasing, there should be upward pressure on wages and then inflation if the economy grows.

"Japan is now standing at a crossroads as to whether this cycle starts or not."

Core inflation, excluding volatile fresh food prices, hit 0.3 percent on-year, beating market expectations for a 0.2 percent rise but still way off the Bank of Japan's 2.0 percent target. Excluding the lingering effect of last year's tax rise, inflation was around zero.

Analysts say central bank policymakers will almost certainly be forced to expand the BoJ's monetary easing scheme to jack up prices and counter a downturn in the economy.

Sustained inflation is a cornerstone of Prime Minister Shinzo Abe's drive to reverse years of falling or stagnant prices.

Japan's factory output turned up 1.0 percent on-month in April, reversing a drop in the previous month, while the unemployment rate edged to an 18-year low of 3.3 percent last month.

"Unfortunately ... a tighter labour market is no guarantee for stronger price pressure," Marcel Thieliand from Capital Economics said in a commentary.

"The rise in industrial production in April did not reverse the sharp falls in prior months," he added.

The BoJ last week refrained from expanding its annual 80 trillion yen (\$646 billion) asset-buying programme as its chief Haruhiko Kuroda said the economy was on the mend.

No quick recovery for Russian economy: ex-minister

REUTERS, Moscow

The Russian economy will not start recovering from crisis for another year, ex-finance minister Alexei Kudrin said on Friday, forecasting more pain after the 1.9 percent contraction in the first quarter of 2015.

Analysts expect the Russian economy to contract by 3.3 percent in the whole of the year as it suffers from low oil prices and a weak rouble currency, coupled with Western sanctions imposed over the conflict in Ukraine.

Russian officials have said the worst is over for the Russian economy.

But Kudrin, a rare critical voice in President Vladimir Putin's Russia, offered a more pessimistic view.

"The situation is not getting better but is only getting worse in the second quarter," Kudrin told journalists.

Greece, EU partners pressed to resolve debt crisis at G7 finance meeting

AFP, Dresden, Germany

The United States and Japan pressed Greece and its European partners to resolve Athens' debt crisis and avoid rattling the eurozone and the global economy, as the issue dominated talks of the Group of Seven finance ministers on Friday.

Even though Greece was not on the official agenda of the three-day meeting in Dresden, it was a key topic as time runs out for Athens to reach a deal with its international creditors to unlock 7.2 billion euros (\$7.9 billion) in bailout cash.

"All parties need to move," US Treasury Secretary Jack Lew told reporters after the meeting wrapped up.

Lew urged Greece to bring forward a "credible plan" and "take serious action."

But there also "needs to be some flexibility on the part of the institutions," namely the European Central Bank, the International Monetary Fund and the European Commission, Lew said.

The three lenders are demanding that the Greek government push through economic reforms in return for the last tranche of bailout funds.

"Greece needs to make very tough decisions," the US finance chief continued, but "one won't happen without the other."

"Everyone agrees that resolving this without crisis would be in the interest of everyone and the global economy," he said.

Representatives of the key actors in the Greek negotiations -- IMF chief Christine Lagarde, ECB president Mario Draghi and the EU's commissioner for economic and monetary affairs Pierre Moscovice -- all attended the Dresden talks, held to prepare for a wider summit of G7 leaders starting June 7.

Lagarde had caused a flurry the day before by saying in a newspaper interview that a so-called "Grexit" -- or Greek exit from the eurozone -- was "a potential."

But French Finance Minister Michel Sapin insisted: "There is no Grexit scenario."

There had been "progress" in the negotiations, but "results are still insufficient so far," Sapin said.

The meeting's host, German Finance Minister Wolfgang Schaeuble,



People walk past wallets whose exteriors are made in the image of euro banknotes hanging outside a kiosk in Athens.

also sought to play down assertions by Athens that Greece is on the verge of reaching a deal with its creditors.

"The positive reports out of Athens don't fully reflect the state of talks," Schaeuble said.

The Greek government has sent mixed signals about how close the two sides are to a deal. On the one hand it has suggested that an agreement could be reached by Sunday.

But Finance Minister Yanis Varoufakis told VimaFM radio on Friday that while a deal was close, under a February agreement "the country's aid programme was prolonged until June 30, thus that is the date by which we need to arrive at a deal."

If Varoufakis sees the end of June as the ultimate deadline for a deal, this would offer Athens and its creditors a longer timeframe to conclude their talks than next week, when Greek officials have said they may not have enough money to make a repayment to the IMF.

The governor of the Bank of Japan Haruhiko Kuroda warned of the consequences of a possible "Grexit."

"If for the first time a country leaves the eurozone, then it won't be the same stable monetary union as before," Kuroda told the German business daily Handelsblatt.

In fact, the euro area would then simply resemble a system of fixed

exchange rates and such systems had never proven particularly successful in the past, the central bank chief said.

Among the official topics on the G7 agenda were the state of the global economy, financial regulation, fighting tax evasion and ways of starving jihadist groups like the Islamic State of funding.

The Chinese currency, the yuan or renminbi, also featured in discussions, as Beijing continues to push for it to play a greater role in the world financial system.

It wants the yuan to be included in the basket that makes up the IMF's own "special drawing rights" reserve currency.

Meeting host Schaeuble said there was fundamental agreement that this should be the case, but he added that "there are technical issues and not just technical ones" to sort out first.

"It would not be good to rush it," he said.

Schaeuble also said the G7 countries were prepared to make further financial aid available to Nepal in the wake of the recent devastating earthquakes there.

And the head of the German central bank or Bundesbank, Jens Weidmann, said the G7 was pushing for a "code of conduct" for banking professionals following a wave of scandals such as the rigging of interest rates and foreign currency markets.