

For many Chinese migrants, the lure of the city is fading



Half-demolished buildings and debris are seen in Wenzhou, China.

REUTERS, Wenzhou, China/Hong Kong

After two decades trying to make a life in China's entrepreneurial city of Wenzhou, Ji Shouquan and his brother Shoufang are ready to head home.

They say they have no hope of stepping onto the city's housing ladder and it is getting more difficult to earn a decent wage.

China is relying on millions of internal migrants taking up jobs in cities to boost the urban population and consumption. It hopes this will fuel more sustainable long-term economic growth and reduce the country's reliance on big industry and exports that powered the country's rise in the last three decades.

But migration is slowing down and workers are more reluctant to travel across the country to find jobs, trends that could undermine these efforts.

"It's really tough to make money," said Shouquan, who earns about 5,000 yuan (\$767) a month as a sound technician in a karaoke lounge. "Of the six or seven friends who used to work

at the KTV, only two of us are still holding on. Most have gone home."

His taxi-driver brother, Shoufang, said that's what they'll probably end up doing too.

Both have scrimped enough to buy property in their home town of Fuyang in the largely agricultural province of Anhui in eastern China, where home prices are about a fifth of the cost of Wenzhou, which is in the neighbouring province of Zhejiang.

"It's unrealistic for migrant workers like us to buy in Wenzhou, unless you've got your own business," Shoufang said.

Government data shows that the number of migrant workers in 2015 reached close to 169 million. But that was up just 0.4 percent from 2014 - the weakest rise since the global financial crisis in 2009. The number of migrants searching for jobs outside of their home province dropped 1.5 percent - the first decline in six years.

The government wants 60 percent of its population of almost 1.4 billion to be urban residents by 2020, up from 56.1 percent in 2015.

Analysts say China's massive stock of unsold homes is evidence that the urbanisation drive is faltering as migrants struggle to build a future away from their villages or towns. Despite some signs that house prices are recovering from a downturn, official data shows that the inventory of unsold homes in China rose in the year to April by 4.5 percent to 450 million sq metres.

The National Development and Reform Commission, the state planning agency, did not immediately respond to a request for comment.

Housing built in many third-and fourth-tier cities was initially designed to absorb demand from the government's urbanisation drive. But a lack of job prospects and access to social services has meant migrants continue to take their chances in China's biggest and most expensive urban centres - or head back home.

"Urbanisation should be based around human beings, and not just driven by man-made cities," said Wang Jun, a senior economist at China Centre for International Economic Exchanges, a Beijing-based think-tank.

However, some industry watchers said the main impediment to migrants buying homes and settling in other cities is a lack of access to local services, such as free schooling for their children and healthcare.

Under China's system of internal passports, or hukou, migrants in search of better jobs in urban areas leave behind the public services they are entitled to as residents of their home towns and villages. Losing such privileges discourages many from leaving in the first place.

"If China's urbanisation was growing at its planned rate there would not be any (housing) oversupply. The main bottleneck for China's urbanisation is the issue of hukou," said Alan Chiang, managing director of Shenzhen-based real estate consultancy DTZ.



Akku Chowdhury, managing director of Transcom Foods, poses at the launch of new offers of Pizza Hut in Gulshan-1, Dhaka on May 22. The offers are unlimited pizza slices on Sundays, 50 percent off on the second medium-sized pizza on Mondays through Wednesdays and a family deal for four on Thursdays.

Mahindra net profit up 6pc

REUTERS

Mahindra & Mahindra Ltd, India's top-selling utility vehicle maker, on Monday reported a 6 percent rise in quarterly net profit helped by strong sales of its newly-launched SUVs, and rising demand for trucks as the domestic economy slowly recovers.

Mahindra's standalone net profit for the three months ended March 31 rose to 5.84 billion rupees (\$87 million), from 5.51 billion a year earlier, but fell short of analyst expectations of 6.45 billion rupees, Thomson Reuters data showed.



Rezaul Hossain, chief commercial officer of bKash, and Alexis Ellicott, chief of party for Agro-Inputs Project, pose after the signing of a memorandum between bKash and Agro-Input Retailers Network on May 24. The organisations will work to empower and improve livelihoods of women retailers through additional income generation activities.



Gazi Golam Murtoza, chairman of Jamuna Bank, presides over the bank's 15th annual general meeting at Police Convention Hall in Ramna, Dhaka yesterday. Shafiqul Alam, managing director, was also present. The bank declared 19.5 percent cash dividends for 2015.

Oil prices dip as Iraq raises exports

REUTERS, London

Oil prices dipped to around \$49 a barrel on Monday as Iraq raised its crude exports target ahead of an OPEC meeting while Canadian production was set to restart after huge wildfires.

Attention turned to a meeting by the Organisation of the Petroleum Exporting Countries (Opec) in Vienna this week, although most analysts did not expect any changes in the group's production.

While the group has been unable to agree on an output freeze in an effort to support prices, Iraq was the latest Middle East producer to raise its exports quota ahead of the meeting, supplying 5 million barrels of extra crude to its partners in June.

Brent crude futures were at \$48.97 a barrel at 0959 GMT, down 35 cents in a third straight day of declines. U.S. West Texas Intermediate (WTI) crude futures were trading at \$49.13 per barrel, down 20 cents.

The strengthening of the dollar on higher expectations for a near-term U.S. interest rate hike further weighed on greenback-priced commodities.

Trade was however limited due to public holidays in Britain and the United States, where Monday's Memorial Day is seen as the traditional start of U.S. peak demand summer driving season.

Vienna-based consultancy JBC Energy said global oil demand between January and April 2016 rose by 1.5 million barrels per day from a year earlier, stronger than many forecasts, driven by strong consumption in the United States, China and India.



Arifur Rahman, managing director of Esquire Electronics, and Morishita Yoshihisa, sales manager of Fujitsu General (Asia) Pte Ltd, open a showroom of Esquire Electronics at Alliance Mohona in Mirpur 11, Dhaka. Esquire is the sole distributor of Japanese brands, Sharp and General, in Bangladesh.



Md Tabarak Hossain Bhuiyan, deputy managing director of Prime Bank, and Dilip Madhok, general manager of The Westin hotel, pose at the signing ceremony of a memorandum. The bank's World MasterCard clients will now enjoy Buy One Get One Free offer on buffet breakfast, buffet lunch, and buffet dinner at Seasonal Tastes, the hotel's signature dining venue.

India to crack down on savings scams as Modi backs banking for all

REUTERS, New Delhi

India plans legislation to close a regulatory loophole that has made it possible for fraudsters to dupe millions of savers, as Prime Minister Narendra Modi strives to bring the rural poor into the mainstream banking system.

Unscrupulous operators have bilked savers of billions of dollars by running pyramid schemes or promoting questionable investments in everything from tree plantations to farming emus, a flightless bird.

The most notorious has been Sahara, whose founder Subrata Roy was jailed in 2014 after failing to comply with a Supreme Court order to repay money raised under deposit plans later ruled illegal. The court has asked Sahara to return \$5.4 billion to investors in those banned plans.

"Our aim is to take steps so that there are no more scams like Sahara in future," said Nishikant Dubey, a member of parliament's standing committee on finance from Modi's ruling Bharatiya Janata Party (BJP).

Parliament could consider a bill in July that would replace weak rules that now govern credit cooperatives operating in more than one state. These are now overseen by just 10 staff at the Agriculture Ministry.

The officials lack the resources to monitor such savings groups and, one told Reuters on condition of



Sahara group chairman Subrata Roy, centre, has his face smeared in ink thrown by an unidentified man upon his arrival at the Supreme Court in New Delhi, India in 2014.

anonymity, have faced pressure to turn a blind eye from politicians who personally profit from them.

India does not have a unified regulatory regime to counter Ponzi, or pyramid, schemes whose operators typically grab new deposits to meet their promise of guaranteed returns to existing savers.

Such schemes can snowball but are doomed to eventual collapse when they run out of new savers. Federal investigators are probing cases in which 60 million savers have lost some \$10 billion.

million) and fall under its purview.

But, say lawmakers, stronger sanctions are needed to protect poor people who often save tiny sums for a rainy day. India's 1.3 billion people live on an average income of \$3.60 a day in 2011 dollars, the World Bank estimates.

"The looseness in implementation of state acts, including looseness at the SEBI end, has helped fraud operators to loot the people," said Kirit Somaiya, president of the Investors' Grievances Forum and another lawmaker from Modi's ruling party.

Asked to respond, SEBI said in an emailed statement that it had passed interim orders against 273 entities over the past three years, directing them not to collect money or sell property, for a range of violations.

It issued final orders against another 144 entities to refund money to investors with the promised returns.

The government expects to win opposition support for the reform, yet some politicians and a lobby group representing credit cooperatives oppose it saying it could cause job losses.

The Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill, based on Britain's Financial Services Act, would create a committee to decide on whether deposit schemes should be investigated.