

Automaker GM adapts \$1b recipe for 'tough' Indian market

REUTERS, Detroit

After an 18-month review, General Motors Co is nearer to resolving a raft of issues that have hobbled its \$1 billion strategy for India, one of the fastest growing emerging markets for automobiles.

The strategy, announced in July 2015, includes selling one of its two Indian assembly plants to a Chinese partner; changing its vehicle platform to provide a product line-up better suited to the local market; and making India an export hub, two Asia-based people with knowledge of the plans told Reuters in Detroit this month. They did not want to be named as the review is ongoing.

GM needs to finalise these moves to turn around its money-losing business in India, where its sales fell by more than a fifth last year to just 28,949 vehicles, taking its market share to below 1 percent.

"India is a very tough market. It's growing and has potential for the future. But you need the right recipe," one of the individuals said.

India's auto market, dominated by Japan's Suzuki Motor and South Korea's Hyundai Motor and their local partners, is widely tipped to overtake Japan as the world's third

biggest by around 2020.

GM said in mid-2015 it aimed to double its India market share by 2020. But its share fell to 0.93 percent last year from 1.18 percent in 2015 - even as India's market grew 7 percent to around 3 million vehicles.

"Despite being one of the earliest entrants to India ... GM has consistently lost share. One issue is that it misunderstood what value means to Indian consumers. Value doesn't mean low price, it means having a product that has the right mix of good price and content," said Puneet Gupta, an analyst at IHS Markit in New Delhi.

"That said, GM understands the market's potential and is positioning itself for a comeback. It has already been fairly successful in exporting small cars by leveraging the frugal engineering skills of India suppliers."

The U.S. automaker is close to selling its Halol plant in Gujarat to SAIC Motor, its main Chinese joint-venture partner, the two people said, predicting a deal would be finalised this year.

"We have a defined path: we are aligned with our partner SAIC. They want to take over that plant," one of them said. SAIC declined to comment.

Selling the Halol facility, which has

annual capacity for up to 110,000 vehicles, would allow GM to consolidate and modernize its India manufacturing capability at Talegaon, about 100 km (62 miles) southeast of Mumbai, which currently can produce 150,000 vehicles a year.

The proposed sale to SAIC has dragged on, the people said, in part because of India's complex official approval process, which involves multiple stakeholders and regulators. They said a deal still needs to be approved by government agencies and the plant's labour union.

GM is also reviewing its vehicle architecture so it can be more flexible and produce a range of more competitive small cars for India, the two people said, noting a market shift from no-frills sedans and 'people movers' to crossover sport utility vehicles (SUVs).

And GM needs to "adjust to the new normal of ... low oil prices, foreign currency fluctuations and geopolitical instability" to make its operations leaner and more efficient, one of the two people said, adding this could impact the \$1 billion strategy price tag.

"That's what we're looking into now; whether it will be that \$1 billion or whether it will be less or more."



Hasmat Jahan, headmistress of Dr Khastagir Govt Girls' High School, and Hasibur Rahman, executive director of the Management and Resources Development Initiative (MRDI), pose with the winners of quiz and essay competitions organised under a project titled "Understanding finance by the youth". The MRDI is implementing the project under the CSR programme of HSBC Bank.

Goldman Sachs to slash London presence due to Brexit

AFP, Frankfurt Am Main

US bank Goldman Sachs will move 1,000 staff from London to Frankfurt as part of a post-Brexit reorganisation that will reduce its City headcount by half, German business daily Handelsblatt reported Thursday.

"The bank is weighing transferring up to 1,000 employees to Frankfurt, including traders as well as top bankers," the paper reported, citing financial industry sources.

In total, Goldman Sachs will cut its headcount in London from 6,000 to

around 3,000.

Goldman plans to create a listed company in Frankfurt as the parent of all of its European businesses, a person familiar with the plans told Handelsblatt.

Frankfurt was the top choice because that is where the European Central Bank -- which supervises the largest banks in the eurozone -- is headquartered. Other London-based posts will be moved to New York, France, Spain and Poland.

British bank HSBC confirmed Wednesday that 1,000 of its investment banking jobs would leave

London for Paris, after UK Prime Minister Theresa May announced that her country would leave the European common market.

Multinational banks with a European base in London risk losing the right to do business in the remaining 27 EU countries once Britain has left, as UK-based financial firms may no longer be granted a "passport" to trade within the bloc.

Cities across the EU, including Frankfurt, Paris and Dublin, have been jostling to attract banks mulling moves away from the City of London.



Kamran Bakr, chairman of Unilever Bangladesh, speaks at a seminar on "Chemical metrology in upgrading life-style" in the capital on January 17. Syed Ashraf Islam, minister for public administration, and Abdul Matlub Ahmad, president of the Federation of Bangladesh Chambers of Commerce and Industry, were also present.



Parveen Haque Sikder, chairperson of the executive committee of the board of directors of National Bank, opens an ATM booth of the bank at Shimanto Square Market in Dhaka yesterday. AFM Shariful Islam, managing director, was also present.

Rajshahi Krishi Unnayan Bank gets new chairman



Muhammad Nazrul Islam

STAR BUSINESS DESK

Muhammad Nazrul Islam has recently been appointed as the chairman of Rajshahi Krishi Unnayan Bank, the bank said in a statement yesterday.

Islam is a former secretary of the Ministry of LGRD and Cooperatives, according to the statement.

Islam joined Bangladesh Civil Service in 1977. He completed his MA in political science from Rajshahi University.

Rice millers making jute bags as demand rises

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Jute goods production rose to 9.63 lakh tonnes last fiscal year, up 11 percent from a year earlier, DoI data show.

Faruk said they initially bought jute bags but decided to jump into production themselves after discovering that there was no mill to make jute bags in Kushtia, one of the main rice hubs. Around 50,000 bags are needed daily in the district, he said.

He sourced jute bags from traders at Tk 52-53 each, but production at his own mill saves him Tk 3 per piece.

Rashid Automatic Rice Mills, one of the leading auto-rice millers, is in talks with a jute mill to make bags to meet its requirement for 12,000 pieces daily, said its owner Md Abdur Rashid. "We want to use the machines to make jute bags based on profit sharing. We are almost in the final stages of negotiations."

Rashid went on to blame the private sector jute mills for making high profit from jute bags by cashing in on the increased demand as a result of enforcement of the law.

Within the next one or two years, major rice mills will start to produce jute sacks of their own, he said. Chitta Majumder, managing director of Majumder Group of Industries that operates an auto rice mill, also plans to establish a plant to make bags to break the 'monopoly' of jute mills.

A private jute mill initially charged Tk 44 for a sack, which it later increased to Tk 47. Now, the same bag costs Tk 50, he added. "And we never get as many pieces as we need," Majumder said, adding that they require 15,000 pieces of sacks per day to package rice and its by-products.

"There is also business prospect as the government is going to make packaging of more commodities mandatory by jute bags." The Ministry of Textiles and Jute has recently taken a decision to bring 11 agro items - chilli, onion, ginger, garlic, turmeric, pulses, coriander, potato, flour and rice bran - under the compulsory jute packaging law.

The latest move is expected to create an additional demand for 7.26 lakh bales or 1.32 lakh tonnes of jute a year, according to an estimate of the DoI.

India rules out lowering sugar import tax for now

REUTERS

India, the world's biggest sugar consumer, has no plan to lower import duty on the sweetener, at least in the near term, a government official said on Thursday.

Sugar prices in the local market have

risen more than 10 percent in a month on an expected drop in production after back-to-back drought ravaged cane crop in the top producing western state of Maharashtra. Traders were speculating that the price increase may force the government to lower import duty.

Edotco to boost telecom coverage in Gulshan

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"Once the towers are installed, customers will get better data and voice services," said Islam.

The tower management company has already set up carbon-fibre tower and a camouflage tower in the city as part of the company's pursuit of establishing innovative telecom infrastructure in the region.

Edotco installed its first carbon-fibre tower in front of Mirpur Bangla College and a camouflage tower on the premises of Kurmitola General Hospital.

Edotco, a unit of Malaysia's Axiata, said the innovation is a great solution to the overcoming constraints of buildings in Bangladesh. The towers weigh about 160kg, 70 percent less than the conventional structure made up of steel. It will also reduce the foundation requirements by half, which are needed to provide higher strength to the weight ratio.

Edotco is investing in high quality infrastructure and encouraging tower sharing, where the tenancy ratio has improved to 1:3 now. The structure has high rigidity with a tensile strength 10 times more than steel, allowing it to better withstand harsher forces of nature.

Installation will also be completed 40 percent to 50 percent faster than the previous one. The cost for the mobile phone operators will go down by 20 percent for using the tower service.

Currently, Edotco has about 9,200 sites across the country and all of the sites are used by Robi that owns 20 percent of Edotco Bangladesh. Edotco also shares another 2,500 sites with three other mobile phone operators - Grameenphone, Banglalink and Teletalk, said Md Shariful Islam, a manager of the tower company.

Edotco has also installed wind turbine towers and solar towers in the country and is planning to introduce towers made up of bamboo and wood. The company, the lone tower management company in Bangladesh, is going to install a site made up of bamboo in the capital's Uttara, said another official of the company.

In 2012, Edotco was established as the first regional and integrated telecom infrastructure company in Asia, providing end-to-end solutions in tower services.

It started its operation to full in Bangladesh in June 2015. The government is now considering awarding two more tower company licences through an open auction.

Tribunal rules in favour of lenders in Kingfisher loan default case

REUTERS

A tribunal in Bengaluru has ruled in favour of a group of creditor banks seeking to recover more than \$1 billion in loans now-defunct Kingfisher Airlines owes them, television channels reported on Thursday.

Kingfisher, once India's second-biggest airline and controlled by liquor baron Vijay Mallya, stopped flying in October 2012, leaving creditors, suppliers and employees unpaid. Mallya, a flamboyant former billionaire, moved to Britain in March last year after being pursued in courts by the banks. The Indian authorities have sought ways to have Mallya, who denies being an absconder, deported by Britain.

Benapole land port plagued by problems

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"Steps are being taken to stop stealing," he added.

Imports through Benapole rose around 10 percent on average each year between 2005-06 and 2014-15, according to the customs house of the port. During the period, imports increased from Tk 5,191 crore to Tk 15,665 crore.

The port could not reach its revenue earning targets in the last five fiscal years. The government earns Tk 2,500 crore to Tk 3,000 crore from the port every year.

In 2014-15, a total of 13.79 lakh tonnes of goods were imported from India through the port. It fell nearly 6 percent to 12.98 lakh tonnes in 2015-16.

Govt urges Tata to invest in Teletalk

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Bharat Sanchar Nigam now owes \$600,000 to BSCCL as the Indian company has not yet cleared the payments for two quarters, said Hossain, the BSCCL MD.

In February last year, BSCCL started exporting bandwidth to the Indian company at \$10 per Mbps.



Mominul Islam, CEO of IPDC Finance Ltd, and Moeen Tariq, managing director of Concito PR, attend a deal signing ceremony at the head office of IPDC in Dhaka. Concito will serve IPDC as the public relations agency.

IPDC FINANCE



Mirza Abbas Uddin Ahmed, founder of Dhaka Bank, and Syed Mahbubur Rahman, CEO, attend the opening of the bank's Shahjahanpur branch in Dhaka on Wednesday.

DHAKA BANK