

India forecasts over 7pc economic growth ahead of elections



Vendors wait for customers at their respective shops at a retail market in Kolkata.

REUTERS, New Delhi

India forecast its economy will grow more than 7 percent in the current financial year ending in March, giving some relief to Prime Minister Narendra Modi who seeks a second term in national elections to be held by May.

Annual economic growth had fallen to a worse-than-expected 7.1 percent in the July-September quarter, from 8.2 percent in the previous quarter, dragged down by a slower consumer spending and farm growth, posing a

risk to Modi who plans a populist budget to win back voters. With the fall in global crude oil prices and strengthening of the rupee in recent weeks, the Modi administration plans to prop up rural demand through higher state spending and a financial package for farmers in the annual budget to be presented on Feb. 1.

Gross domestic product is estimated to grow 7.2 percent in 2018/19, faster than a provisional 6.7 percent growth in 2017/18, Ministry of Statistics said in a statement.

Manufacturing is now forecast to grow 8.3

percent this fiscal year compared with 5.7 percent in the previous year. Farm output may grow 3.8 percent, up from 3.4 percent.

Most private economists have already lowered India's growth forecast to around 7 percent for the 2018/19 fiscal year, compared with the Reserve Bank of India's earlier estimate of 7.4 percent, citing weakening consumption and a slowdown in credit offtake.

"Sequential growth has slowed down across the board. Slowdown in manufacturing, construction and select services are the main reasons for slowdown seen in 2018/19," said Rupa Regniture, chief economist at L&T Financial Holdings Ltd.

She said the government could prop up rural demand ahead of the elections and the first half of 2019 could remain volatile due to political uncertainty and global headwinds.

Having swept to power in 2014 promising to galvanise the economy, Modi has been criticised for failing to create enough jobs for the more than 12 million young Indians entering the labour force each year.

India needs growth of 8 percent-plus to generate enough jobs for those workers.

The unemployment rate shot to a 27-month high of 7.38 percent in December and numbers of those employed fell by about 11 million over the last 12 months, data released by the Centre for Monitoring Indian Economy, a Mumbai-based think tank, showed. The statistics office will release economic growth data for the October-December quarter on Feb. 28, along with revised full-year growth estimates.

Qatar Airways offers 25pc off on tickets

STAR BUSINESS DESK

Qatar Airways has recently announced a global 25 percent discount on flights booked between January 7 and 16 for travel between January 7 and May 20.

Economy class travellers will also receive 50 percent bonus air miles and Qpoints,

which is awarded to achieve membership status, while it is double for those in business and first class.

Passengers can visit qatarairways.com/adventure or any Qatar Airways sales office, or contact their nearest travel agent to avail the offer, the airline said in a statement yesterday.

bproperty.com buys Lamudi Bangladesh

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About 30 employees, who will get salaries for January, can join bproperty.com following an interview, said a senior executive requesting anonymity.

"Actually bproperty.com is buying Lamudi's client base as they are not getting business success in Bangladesh seven years past its launch," he said.

Lamudi Bangladesh currently has exclusive agreements with different developers, including Concord Group of Companies, Navana Real Estate, Priyoprongon, Imagine Properties, Rangs Properties, Acme Technologies, Rakeen Development Company, Anwar Landmark, Union Development and Technologies, The Civil Engineers, Japan Taguchi Construction Co, Adobe Builders, and JMI Builders and Construction.

Following the deal, bproperty.com has already started working with these companies in an attempt to push business forward.

The company has already expanded business from Dhaka and Chattogram into Sylhet

and Cumilla and aims to widen coverage across the country within a short time.

It already has two offices in Gulshan and Banani. It recently opened another in Mirpur and is setting up one more in Uttara.

"Our business volume has been growing manifold in the last two years and we want to maintain the growth and that is why bproperty.com was very keen to buy Lamudi Bangladesh's business from the beginning," said a top executive of bproperty.com.

Lamudi has been earning from advertisements on their websites and other communication tools alongside branding programmes but the business model will definitely be changed, said bproperty.com officials.

Though Lamudi has sold their business in Bangladesh, it has good business in Indonesia, the Philippines, Sri Lanka, Colombia, Mexico and Peru with about 7 lakh listings worldwide.

Japan starts \$9 departure tax for travellers

AFP, Tokyo

Japan on Monday started levying a 1,000 yen (\$9.22) departure tax on each person leaving the country, a measure aimed at raising funds to further boost tourism.

The International Tourist Tax will cover everyone regardless of nationality -- from business people to holidaymakers older than two years of age -- and will be tacked on to the price of a airline ticket.

The government wants to use an estimated 50 billion yen (\$460 million) it will generate in additional tax revenue to improve tourism infrastructure, such as making airport immigration processes faster and encouraging visitors to explore areas beyond traditionally popular destinations such as Tokyo and Kyoto.



Selim RF Hussain, managing director of Brac Bank, and Kamal Quadir, CEO of bKash, exchange documents after signing a deal at the bank's head office in Dhaka yesterday for enabling fund transfer facilities.

Pakistan says UAE's financial assistance to shore up economy

REUTERS, Islamabad

A loan facility from the United Arab Emirates (UAE) will help cash-starved Pakistan bridge a yawning current account deficit and shore up foreign reserves, Pakistan's chief government spokesman said on Monday.

The UAE's crown prince, Sheikh Mohammed bin Zayed Al Nahyan, visited Islamabad on Sunday and confirmed a \$3 billion loan package first announced last month.

"The \$3 billion package which has already been announced was formalised," the government's top spokesman, Information Minister Fawad Chaudhry, told a news conference.

US negotiators in Beijing for trade war talks

AFP, Beijing

US and Chinese negotiators on Monday held their first face-to-face talks since the world's two largest economies agreed to a truce aimed at resolving their trade dispute.

The visiting delegation, led by Deputy US Trade Representative Jeffrey Gerrish, left its hotel in Beijing Monday morning without speaking to reporters for a first day of talks.

The two sides plan to continue discussions on Tuesday.

President Donald Trump raised hopes last week that an agreement could be found to end the months-long dispute, during which the world's top two economies have imposed import duties on more than \$300 billion of each other's goods.

"I think we will make a deal with China," Trump said on Friday.

"We have a massive trade negotiation going on with China. President Xi (Jinping) is very much involved, so am I. We're dealing at the highest levels and we're doing very well."

Trump on Sunday headed to the US presidential retreat at Camp David, where he said he would discuss a trade deal with China with senior aides, among other issues.

The American delegation in Beijing includes officials from the Treasury, Commerce, Agriculture and Energy

departments. The talks come a month after Trump and Xi agreed to suspend a planned tariff hike for three months to give negotiators space to reach an agreement and end a dispute that has roiled world markets.

"Both China and the US agreed to follow through on the consensus reached by both leaders to conduct positive and constructive talks in resolving our dispute," China's foreign ministry spokesman Lu Kang told reporters on Monday, declining to provide further details.

"The trade friction between China and the US is not beneficial to anyone, or the global economy," Lu said.

The rattling dispute has pummeled confidence in China, sending the stock markets tumbling while the yuan has fallen against the dollar.

Chinese stocks closed higher Monday as the trade talks got underway and the central banks in both Beijing and Washington signalled looser monetary policy.

China is grappling with a slowing domestic economy, with growth easing to 6.5 percent in the third quarter, as a battle against debt has ramped up. The government has set a growth target of around 6.5 percent for 2018, down from 6.9 percent in 2017.

Since the truce announced last month, China has taken initial measures to support the negotiations.

Beijing suspended extra tariffs on US-made cars and auto parts for three months, while a major state grain stockpiler made purchases of American soybeans.

American electric car-maker Tesla broke ground Monday on a Shanghai factory, becoming the first foreign automaker to take advantage of liberalised ownership restrictions in the sector, official news agency Xinhua reported.

The manufacturing sectors in both countries have been hit by the trade dispute, with China's contracting last month for the first time in over two years, according to official data.

But in a sign of how interconnected the two economies are, Apple shares dropped last week after the tech giant reported steeper-than-expected "economic deceleration" in the last quarter in China -- one of its largest overseas markets.

The Beijing talks follow small signs of progress -- and the absence of new threats from Trump -- while the two sides work to ease trade tensions by March 1. Trump initiated the hostilities because of complaints over unfair Chinese trade practices -- concerns shared by the European Union, Japan and others.

The president has taken heart in China's faltering economy, repeating that it makes Beijing more likely to strike a deal.

Samsung Electronics braces for profit drop

REUTERS, Seoul

Samsung Electronics Co Ltd is set to post its first drop in quarterly operating profit in two years as slowing economic growth in China, a key market for the South Korean tech giant, erodes demand for its products.

Bleak results from the world's top maker of semiconductors and smartphones would add to worries for investors, already on edge after Samsung's biggest rival Apple Inc this week took the rare step of cutting its sales forecast on slowing iPhone demand in China.

Samsung, due to publish preliminary fourth-quarter results on Jan. 8, is expected to see a 12 percent year-on-year drop in operating profit to 13.3 trillion won (\$11.85 billion) for the period, 1/B/E/S data from Refinitiv shows.

"Depressed demand in China will further drive down Samsung's chip sales there. And China's overall smartphone market is stalled and declining, which will affect not only Apple but Samsung," Song Myung-sup, a senior analyst at HI Investment & Securities, told Reuters.

Revenue is expected to have slipped 5 percent, hurt by lower memory-chip shipments. Samsung had in October slashed its 2018 capex, calling an end to a two-year bonanza for memory chips as the global smartphone market slowed.

This headwind continued to buffet the industry in the fourth quarter, with

overall sales in the world's top smartphone market China falling 8 percent in the preceding three months, according to Counterpoint Research.

Samsung's worldwide smartphone business has not been spared, with profit at the unit expected to have slumped by a fifth in the fourth quarter, Refinitiv data shows.

"You see, Apple's iPhones are already losing sales in China. For Samsung too, how long this weak demand from China's mobile phone market will continue is key," said Park Jung-hoon, a fund manager at HDC Asset Management, which owns Samsung shares.

Samsung has a less than 1 percent share of China's smartphone market, versus 9 percent for Apple. But its mem-

ory and processor chips, which account for over three-quarters of its earnings and about 38 percent of sales, power smartphones including those from China's top player Huawei.

Amid the smartphone woes, overall operating profit at Samsung's chip business is expected to have slipped 3.7 percent from a year ago to 10.5 trillion won.

Its memory-chip shipments fell 10 percent on an average in the fourth quarter, according to brokerage Eugene Investment & Securities.

Analysts say that Apple's woes and Samsung's are indicative of tougher times ahead for global businesses, as dismal growth in the world's second largest economy, exacerbated by a long China-US trade war, takes a toll.



REUTERS/FILE

The logo of Samsung Electronics is seen at its office building in Seoul.

City Group gets licence for economic zone

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Talking to The Daily Star, Paban Chowdhury, executive chairman of the Beza, said investment proposals of \$17 billion had already been received from different countries.

He said the Beza already awarded prequalification licences for the establishment of 18 private economic zones. Till date, it has handed over final licences for seven private economic zones to go into operation.

Fazlur Rahman, chairman of City Group, was present at the presentation programme in the Beza headquarters in the capital.

More IPOs needed

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"So, some issue managers are reluctant to bring in IPOs. The lengthy process, apart from many other reasons, also makes many companies reluctant to go public."

Bashar, also the chief executive officer of MTB Capital, a leading merchant bank, said policy support was needed to attract new companies to the market. "Then the activities of merchant banks will be a lot easier."

Saifur Rahman, spokesperson of the BSEC, says the regulator gives approvals as early as possible. "But issue managers submit incomplete documents. So, it takes time."

Bashar admitted that it was true that issue managers sometimes submit incomplete documents and this was largely because of a dearth of skilled workforce dealing with IPOs.

Textile has room for Tk 50,000cr investment

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The local textile millers did not take the connections of LNG due to the higher prices fixed by the government, he said.

"We are lobbying with the government to lower the LNG prices so that the industry owners can easily get connections."

Another problem of the sector is the illegal import of fabrics, especially from India, he said.

The local millers are capable of meeting the demand for domestic users, he said, adding that unfortunately some unscrupulous traders are meeting this demanding by illegally importing from India.

The listed textile mills have been unable to give dividends for years mainly due to higher bank interest rate, high energy prices and other operational costs.

The BTMA chief said some of the old factories, which used to ensure supplies to the local market, were closed mainly due to financial problems.

The law enforcement agencies used to conduct raids in different markets to seize illegally imported sarees and other fabrics but it has stopped for the last five years.

He welcomed foreign investment in the PTS with a condition of prioritising the facilities for local investors.

The fair will take place at International Convention City Bashundhara from January 9 to January 12.

This time, 1,200 textile and garment machinery producing companies from 37 countries will showcase their wares in 1,650 booths spread across 11 halls, he said.

Turkey to investigate whether Google violated competition law

REUTERS, Ankara

Turkey's competition authority said on Monday it had launched an investigation into whether internet search engine Google broke competition law with algorithms it uses for searches and to target advertisements.

The probe follows a complaint that Alphabet Inc's Google unit had "abused its dominant position and made the efforts of other companies difficult", the authority said.

The investigation will include companies Google Reklamcilik ve Pazarlama, Google International LLC, Google LLC, Google Ireland Limited and Alphabet Inc., it said.

Calls by Reuters to Google Reklamcilik ve Pazarlama, Alphabet's local unit, were not answered on Monday.

In September, the authority fined Google some 93 million Turkish lira (\$17.38 million) for violating competition law with its mobile software sales.