

Business

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India spends big to revive pandemic-hit economy

Budget focuses on healthcare, infrastructure

NEW DELHI: India unveiled a massive spending plan focused on healthcare and infrastructure yesterday, as the government sought to boost a coronavirus-ravaged economy on course for its biggest annual contraction on record.

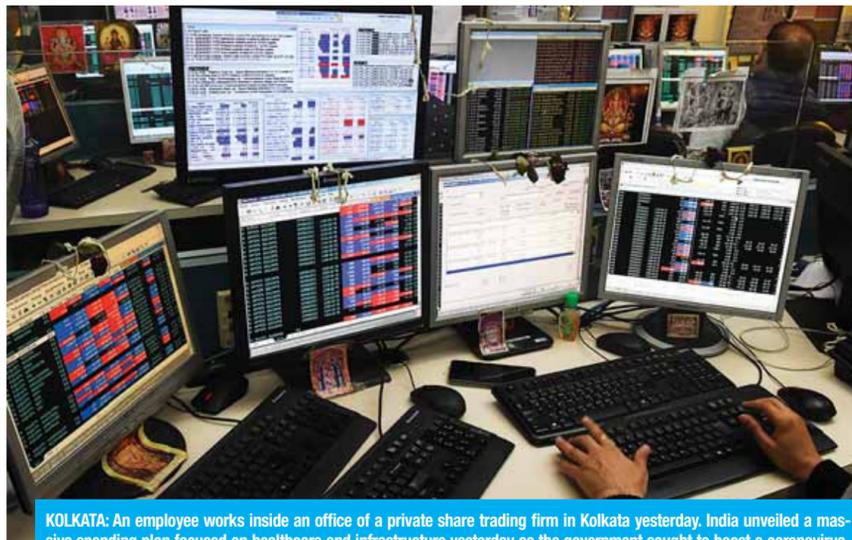
The nation of 1.3 billion was badly hit by one of the world's strictest virus lockdowns, with growth slumping by a historic 23.9 percent in April-June, and the economy expected to contract 7.7 percent in 2020-21. "This budget provides every opportunity for our economy to raise and capture the pace that it needs for a sustainable growth," Finance Minister Nirmala Sitharaman told parliament in her annual budget speech.

Prime Minister Narendra Modi added: "We have presented a proactive budget... that will speed up progress in terms of wealth and wellness." The planned expenditure of \$30.6 billion on health and well-being schemes was more than double the equivalent outlay in the previous budget, although it included \$4.8 billion for the country's ambitious COVID-19 immunization drive, with plans to vaccinate 300 million by July.

The health sector has long suffered from chronic underinvestment. As of 2017, the country had 0.8 doctors per 1,000 people, around the same level as Iraq, according to the World Bank. Infrastructure was another big-ticket item in the budget, with \$76 billion — 34.5 percent more than in the previous budget-to be sunk into major projects, including roads and railways.

Divestments-including of national carrier Air India and part of the government's stake in the country's largest insurer, Life Insurance Corporation-would help raise \$24 billion, Sitharaman said. But the sales of both state-run firms have been on the cards, with the mooted IPO of the insurer sparking a walk-out by nearly 100,000 staff last year.

With lenders struggling with a mountain of bad debt, Sitharaman said \$2.74 billion would be put aside for the next financial year to recapitalize state banks. Social security benefits, including minimum wages, would be extended to workers in the gig economy, which has flourished amid cheap mobile data and abundant labor. The spending measures will blow out the fiscal deficit to 9.5 percent of GDP for the financial



KOLKATA: An employee works inside an office of a private share trading firm in Kolkata yesterday, India unveiled a massive spending plan focused on healthcare and infrastructure yesterday as the government sought to boost a coronavirus-ravaged economy on course for its biggest annual contraction on record. — AFP

year ending March, Sitharaman said, from a forecast 3.5 percent.

The government plans to borrow an additional \$1.1 billion to fund the deficit, she added. As fears of higher income taxes proved unfounded, markets soared with Mumbai's Sensex index up 4.87 percent yesterday afternoon.

'Inequitable growth'

In its annual economic survey, the government said there would be a "V-shaped" recovery after the severe contraction, forecasting growth to hit 11 percent in 2021-22. With Asia's third-largest economy in the throes of a slowdown even before the pandemic, ana-

lysts said the budget provided much-needed stimulus. "On the whole it is a pretty positive signal and a pro-investment budget," Sujan Hajra, chief economist at Anand Rathi Securities, said.

"Given the relatively low outlay by the government last year, India... had the space to provide more stimulus." But some also warned that millions of poorer workers left jobless during the virus shutdown needed more support. "The budget does not adequately address concerns over inequitable growth," HDFC Bank chief economist Abheek Barua said in a note. "There has... not been any cushion provided for households-especially in the informal sector that has been hit the most by the pandemic." — AFP

Japan Airlines projects higher losses over virus

TOKYO: Japan Airlines said yesterday it forecasts a larger-than-expected annual net loss of nearly \$2.9 billion, as the aviation industry continues to struggle from the fallout of the coronavirus pandemic.

Japan's second-largest carrier said it projected a net loss of 300 billion yen for the year ending March 2021, up from its previous forecast of 240-270 billion yen. "Severe worldwide restrictions on international travel have caused international passenger demand to virtually disappear," it said in a statement.

"Many countries and areas are suffering again from the rebound of the (virus's) spread, which makes the recovery of international passenger demand hard to foresee." JAL suffered a net loss of 212.7 billion yen in the April-December period, plunging from a 74.8 billion yen profit for the same period a year before.



TOKYO: A Japan Airlines (JAL) Airbus A350 passenger aircraft takes off from Tokyo's Haneda airport. — AFP

UK applies for membership of Asia-Pacific free trade bloc

LONDON: Britain yesterday formally applied to join the Pacific free trade bloc, just a month after quitting the European Union's single market. "I have just formally notified CPTPP nations of our intent to join," tweeted International Trade Secretary Liz Truss. She said membership would put Britain "at the heart of some of the world's fastest-growing economies", and help "create high value jobs across the country".

Truss made the request for Britain to be admitted to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in meetings with min-

isters from Japan and New Zealand.

The bloc represents a market of half a billion people and roughly 13.5 percent of the global economy. The move comes a year after Britain left the EU, ending more than 40 years of membership, and after five years of complex trade discussions with Brussels.

A year-long transition deal that saw Britain trade as part of the EU's single market and customs union ended on New Year's Day. Ahead of the formal application, British Prime Minister Boris Johnson said the potential new partnership would "bring enormous economic ben-

Nintendo profit soars as pandemic payoff continues

TOKYO: Japanese gaming giant Nintendo reported bumper results yesterday, with unprecedented demand soaring as virus lockdowns boost the sector. While fresh waves of infections have dashed economic recovery hopes in many industries, tightened restrictions have helped extend a run of good fortune for gaming companies.

Nintendo hiked its full-year forecast again on the strong results, including the runaway success of its Switch console and blockbuster pandemic hit game "Animal Crossing". The firm said global sales of the Switch for October-December rose to their highest level since the wildly popular console launched in March 2017. Net profit for April-December hit a record 376.7 billion yen (\$3.6 billion), up 91.8 percent from the same period a year earlier, while sales climbed 37.3 percent to 1.4 trillion yen, it said. Nintendo, which revised its annual forecasts up last quarter, said it was further upgrading its net profit outlook to 400 billion yen for the fiscal year to March, from an earlier estimate of 300 billion yen. Full-year sales are now projected at 1.6 trillion yen, compared with the 1.4 trillion yen forecast in November.



TOKYO: Stuffed animal toys from the Animal Crossing series video game are pictured in a Nintendo store in Tokyo yesterday as the company announced a gain of 2.51 percent. — AFP

"Although it has not released major titles recently, software sales were also strong," said Hideki Yasuda, an analyst at Ace Research Institute in Tokyo. He told AFP the company "appears to have sailed through the crucial Christmas season in style". "The pandemic was a key factor, but the current strong performance underscores the Switch's high popularity." Nintendo shares have surged more than 50 percent over the past 12 months and closed up 3.4 percent ahead of the earnings release.

Fourth-year 'jinx'

Since it first hit stores nearly four years ago, the Switch has become a huge global seller, helped by innovative, family-friendly titles such as "Animal Crossing" that have wowed critics and gamers alike. In 2019, Nintendo released a scaled-back, cheaper version called Switch Lite. Nintendo's new console sales have tended to peak in the third year after release, and then taper off, but the Kyoto-based company is hoping to break the fourth-year jinx, counting on continued strong demand for the Switch.

Analysts said investors were shifting their focus towards signs that a new version of the Switch may be unveiled, as sales may start to decline for the next fiscal year. "Without a Switch Pro and suite of new games such as a sequel to "Zelda Breath of the Wild", Nintendo's 2020 will mark the high watermark as the Switch cycle wanes," said Bloomberg Intelligence analysts Matthew Kanterman and Jitendra Waral. It will also be difficult to match this year's performance "as 2020 results were significantly boosted by Covid-19 demand", they added. Rival Sony, which launched its much anticipated PlayStation 5 late last year, is scheduled to release its third-quarter earnings this week. — AFP



BP part sells Oman gas field to Thai group for \$2.6bn

LONDON: British energy giant BP yesterday said it had sold a 20-percent stake in Oman's block 61 gas field to Thailand's state-controlled PTTEP for \$2.6 billion. BP, which like its peers has been hit hard as coronavirus lockdowns slash energy demand, will retain a 40-percent stake and continue to operate the block, it added in a statement.

"We are committed to BP's business in Oman," said BP chief executive Bernard Looney.

"This agreement allows us to remain at the heart of this world-class development while also making important progress in our global divestment program." Looney, who took over the reins at BP a year ago as the pandemic began taking hold worldwide, the group is looking to raise \$25 billion from asset sales by 2025.

Its previous divestment was last year's sale of BP's petrochemical business to privately-owned rival Ineos for \$5.0 billion. Block 61, which covers around 3,950 square kilometers in central Oman, contains the largest tight gas development in the Middle East, Monday's statement added.

Tight gas refers to natural gas trapped in rock. In a separate statement, PTTEP said its entry into one of the largest gas developments in the Middle East "will immediately add to the company's petroleum reserves and sales volumes... and open up further investment opportunities" in the region.

"Block 61 is a producing onshore gas field with enormous resources and significant importance to Oman's natural gas market," it said, adding that it has the capacity to deliver about 35 percent of total gas output in the Gulf sultanate. The announcement comes ahead of BP's 2020 results today.

The group made a second-quarter net loss \$16.85 billion, followed by a much slimmer \$450 million loss after tax in the third. BP is meanwhile axing 10,000 jobs, or 15 percent of its global workforce, after the pandemic caused huge asset writedowns.

After companies worldwide closed their doors and airlines grounded planes at the height of the COVID-19 outbreak towards the end of last year's first quarter, oil prices dropped off a cliff, even briefly turning negative. Prices then rebounded sharply and are currently trading above \$50 per barrel. — AFP

efits for the people of Britain". "Applying to be the first new country to join the CPTPP demonstrates our ambition to do business on the best terms with our friends and partners all over the world and be an enthusiastic champion of global free trade," he said. Negotiations between the UK and the partnership — which represents 11 Pacific Rim nations including Australia, Canada, Chile, Japan, Mexico and Vietnam — are expected to start this year, the trade department said. But opposition Labor party shadow international trade secretary Emily Thornberry questioned the lack of transparency surrounding the pact. After five years of debate over Brexit trade agreements, she said people would question the British government's decision "to rush into joining another one on the other side of the world without any meaningful public consultation at all." — AFP