

DHAKA SUNDAY FEBRUARY 3, 2013, e-mail:business@thedailystar.net

# Investment to drop further: study

STAR BUSINESS REPORT

Private investment is likely to drop at a higher rate than last fiscal year due to a lack of economic and political improvement, Policy Research Institute said yesterday.

Private investment declined 19.1 percent year-on-year in fiscal 2011-12, according to the research organisation.

"The outlook for private sector investment is that it is unlikely to rebound strongly in the period until the election," Ahsan H Mansur, executive director of PRI, said, citing weak domestic demand and the absence of a conducive business environment.

The remark came at the launch of the private research firm's quarterly policy brief on the Bangladesh economy, at its office.

Utility and infrastructure deficiencies and weak institutions and governance continue to remain major barriers to investment, the PRI said.

"All the economic and non-economic indicators are pointing to significant shortfalls in growth and investment for fiscal 2012-13 in comparison to the Sixth Five Year Plan targets," Mansur said.

The PRI said domestic demand has weakened in recent months due to low prices of rice, burst of stockmarket bubble, deflation in land and real estate prices, and



Analysts attend the Policy Research Institute's quarterly policy brief on the economy, at the office of the research firm in Dhaka yesterday.

sluggish construction activities. Export demand is also likely to remain sluggish because of the continued Eurozone slowdown and slower than expected recovery of the US economy, Mansur said.

Buoyancy in remittance inflow, however, is likely to continue, facilitating domestic demand in the usual manner.

Along with a projected recovery in exports, Bangladesh's economic growth should still remain at around 6 percent in fiscal 2012-13, he said.

He also differed with the perception that interest rate on loans is

high, and that it has been affecting investment.

The real average lending rate in Bangladesh was 2 percent in fiscal 2011-12, the lowest since 1990, Mansur said, adding that depositors had to accept the negative average real interest rate.

"So the hue and cry of the private sector is not justified," the economist said.

"Monetary policy should not be relied upon excessively to boost investment. While economy needs liquidity, its injection in excessive amounts is counterproductive."

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## Political gloom damps business spirits: analysts

STAR BUSINESS REPORT

A higher credit growth target for the private sector will likely divert funds to 'the wrong hands' as the political situation is not appropriate to attract investment in the productive sector, analysts said yesterday.

They cited power and gas crisis, higher interest rate and political unrest as the main setbacks to investments. So, many businesses are waiting for the next general election to pass, before going for expansion, they said.

"Bangladesh Bank has signalled easing private sector credit. It is a good sign. But it is not the right time," said Salehuddin Ahmed, former governor of the central bank.

Ahmed spoke at a focus group discussion on 'Monetary Policy in Bangladesh' organised by Financial Excellence Ltd (FinExcel) at its office in Dhaka.

The country may witness political unrest in the coming days with the national election approaching, he said. "It may prevent entrepreneurs from making new investments this year."

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## Give ample budget to haor region for economic growth

Experts call for effort to improve livelihoods



Speakers take part in a seminar on budget for haors, organised by Haor Advocacy Platform at The Daily Star Centre in Dhaka yesterday, to mark World Wetland Day.

STAR BUSINESS REPORT

The government should back up its master plan of developing the haor region with sufficient budgetary allocation, experts said yesterday.

They also stressed the need for co-ordination among the government bodies and nongovernmental organisations (NGOs) to improve the livelihoods of people in the haor areas.

The comments came at a seminar on budget allocation for haors, organised by the Haor Advocacy Platform at The Daily Star Centre in Dhaka yesterday, to mark World Wetland Day.

The government in May last year approved a 20-year master plan comprising around 135 projects, aiming to

develop the haor areas and improve the livelihoods of people.

"The people of that region do not see benefits of the different development activities carried out by the government bodies and NGOs due to lack of co-ordination among them," said Matuir Rahman, a lawmaker.

The resources of the haor region will have to be leveraged for the sake of country's economic growth, he said.

"The government must have political will and proper planning to develop that region," he added.

Shah Zikrul Ahmed, another lawmaker of haor region, suggested continued negotiation with the government for sufficient budgetary allocation.

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## Deal soon with India to import 1.5m bales of cotton a year

REFAYET ULLAH MIRDHA

Bangladesh will soon sign an agreement with India to import 1.5 million bales of cotton a year, said Commerce Minister GM Quader yesterday.

"The agreement is under way. It might be signed anytime," said Quader who returned from India last week.

Through the state-level agreement, India will have to export the quantity even from its stocks if it suffers from a production shortfall.

"During a meeting last week, Indian Commerce Minister Anand Sharma assured me of signing the agreement as soon as possible," Quader said.

Recently, India has responded to Bangladesh's call for signing the deal, Quader told The Daily Star by phone.

Earlier, Bangladesh called upon India to enter into the deal as the spinners of the country, which is dependent on imported cotton, suffer during a dearth in cotton supply.

Now, both the countries are fixing the rates, modes of payment and whether the shipment will be done in one go, for finalising the agreement, the minister said.

The cotton will be imported through the private sector spinners, he said.

## 64 injured as false fire alarm triggers garment stampede

STAR BUSINESS REPORT

At least 64 garment workers, mostly women, were injured as they stampeded over a false fire alarm in an Ashulia factory yesterday.

The railing of a staircase collapsed when the workers were trying to rush out of the six-storey factory of Envoy Group at around 7:50am, police said.

The alarm rang on its own when a worker was repairing a plastic cover of the fire alarm box, said Mostafa Kamal, an inspector of Ashulia Police Station.

The railing of the staircase between the ground and first floors of the factory of 6,000 workers fell down due to the huge rush, he said.

The false fire alarm panicked the workers and led to the stampede, said Abdus Salam Murshedy, managing

director of Envoy Group.

The injured were admitted to different hospitals and clinics, said Murshedy, also a former president of Bangladesh Garment Manufacturers and Exporters Association.

A worker, who broke her left arm, is now receiving treatment at the city's National Institute of Traumatology and Orthopaedic Rehabilitation, he said.

"If necessary, we will shift her to a private hospital," Murshedy said.

However, the factory resumed production after the lunch breaks, he said.

Chief Operating Officer of the Centre for Woman and Child Health Rafiqul Islam said his hospital gave treatment to 64 workers.

"All of them were released by 1pm after giving necessary treatment. But many of them need bed rest for a few days."

## Oil market strikes four-month peak

Crude oil prices spiked to four-month peaks this week, energised by the weak dollar, mostly upbeat global economic data and Middle East tensions particularly in Syria, while other commodities mainly rose. --AFP

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## Panel sits today to find ways to boost stocks

STAR BUSINESS REPORT

A panel formed by Dhaka Stock Exchange will sit for talks today to find ways to solve the problems surrounding an ailing stockmarket.

"The panel will try to find ways to pull the market out of the current bearish trend," said an official of the Dhaka Stock Exchange. The recommendations will be sent to the regulators for implementation, the official added.

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