

Chittagong still fighting for due importance

Port-city chamber's new president shares his vision

UDAY SANKAR DAS, from Chittagong

CHITTAGONG must be given the importance it deserves and concrete steps need to be taken to convert it into the real 'commercial capital' of the country, said the newly-elected president of Chittagong Chamber of Commerce and Industry.

Referring to Chittagong as the commercial capital is nothing more than lip-service as even the most essential amenities are completely missing, Mahbubul Alam said in an interview with The Daily Star.

"The infrastructural development of a true commercial capital is not taking place yet."

"To ease the present load that the city is enduring, it is important to build an Outer Circular Road, which could be used to transport goods in and out of Chittagong," Alam said.

He was also apprehensive about the pace of work on the four-lane Chittagong-Dhaka highway.

This expanded highway needs to be operational as soon as possible for the betterment of Chittagong, Alam said.

On businessmen in Chittagong facing bureaucratic problems, the CCCI chief said: "We have repeatedly asked for at least two to three banks and insurance companies to have their head offices in Chittagong so that the business community in Chittagong does not have to waste time and money to get decisions and approvals."

In business, time is of essence, Alam said. "As CCCI assumes greater importance because of Chittagong Port, we would like to present a blue print to the government to convert Chittagong into a real commercial capital."

Turning to the work load at Chittagong Port, Alam said the port is working only up to 30 to 40 percent of its capacity, leaving



Mahbubul Alam

a huge portion of capacity utilised.

If expansion work of the port is completed, not only would Bangladesh be benefited, it could open new doors with the neighbouring country, particularly, the seven north-eastern states of India that are keen on taking advantage of this port.

Tourism is another sector that has long been neglected in Chittagong, said Alam.

The scenic spots near the sea in Chittagong and Cox's Bazar, and the tourist attractions in the hill districts of Bandarban and Rangamati could be transformed with proper plans to woo both domestic and foreign tourists.

The private sector could be asked to participate in the expansion and development of the tourist spots in Chittagong."

On the lack of expansion of business and industrialisation in Chittagong mainly for a shortage of gas, the CCCI president said it is unfortunate that the city's requirements are overlooked.

"There has to be a change in policy, and Chittagong's needs for gas and power must be met." He urged the government to reschedule its priorities in distributing gas to various regions of the country.

Alam was upbeat about his brainchild that he calls a 'Mini Economic Parliament' for CCCI.

Explaining his concept, he said, "As political matters are discussed in parliament, he wants the business community of Chittagong to talk about their problems in the chamber."

The points discussed in this parliament could be placed before authorities through CCCI.

Alam said this is just not rhetoric and a CCCI research cell has already started work to put this concept into practice.

On the industrialisation, he said he would like to see diversification.

While agreeing that the readymade garments industry brings in a huge amount of foreign exchange, Alam said a country just cannot depend on one product and diversification is the answer.

"Pharmaceuticals, ceramic products, glass, rubber and, to some extent, steel have taken a place in our export basket, and this is a good sign."

"What is needed to improve this situation is for the government to play a 'facilitating role' by introducing business friendly policies," Alam said.

The CCCI president is an advocate of small and medium enter-

prises, which he says would not only help more people to come into business and prosper economically, but also reduce the risks of banks in writing off huge amount of default debt.

"SMEs need to be encouraged by the banks with attractive offers and Bangladesh Bank has already come forward in this respect."

The CCCI president also feels that the business loan interest rates need to be reduced even in cases of those who import essential food commodities.

"Initiatives must be taken to bring the interest rates down to acceptable levels through discussions with Bangladesh Bank, the finance ministry and other relevant parties."

On infighting within CCCI that led to one group taking the matter of 'proxy vote' up to the highest court, Alam said there was a misconception on 'alternate nominee' voting and he is happy the matter has finally been resolved and all members would now be able to work together for the betterment of CCCI.

A project that CCCI and Alam as its new president are proud about is the under-construction World Trade Centre, the first of its kind in Bangladesh.

Situated in the commercial area of Agrabad in Chittagong, this 21-storey state of the art building will have all the modern facilities and amenities that are required in an International Trade Centre.

Being constructed with CCCI's own funds, this trade centre is a registered member of the New York based World Trade Centres Association and it would have offices, banks, shopping malls, convention halls, recreation and entertainment centres, and a five-star hotel.

The CCCI president was optimistic that this Tk 200 crore project that started in May 2006 would be ready for inauguration in July 2013.

IMF sees mixed Asian outlook for 2013

AFP, Beijing

THE IMF painted a mixed picture for Asia's top economies on Tuesday, trimming its Chinese growth forecasts but predicting Japan's fiscal stimulus will help end years of stagnation and Indian growth will accelerate.

For the region as a whole, it predicted growth will "pick up modestly" to about 5.75 percent this year, boosted in part by a recovery in demand from outside the region and firm consumption and private investment within.

But the IMF's World Economic Outlook also cautioned that possible dangers inside and outside the region could upset the positive scenario.

"The potential impact of external risks on Asia remains considerable," the report said. "In the event of a severe global slowdown, falling external demand would exert a powerful drag on Asia's most open economies."

It cited financial imbalances and rising asset prices as risk factors and also warned of potential "disruptions to trade from territorial disputes", an apparent reference to ongoing rows China has with Japan and some Southeast Asian nations over maritime claims.

For China, Asia's largest economy, the Washington-based International Monetary Fund lowered its growth forecast for this year to 8.0 percent, a day after Beijing announced a shock downturn in the first quarter.

The IMF cut its prediction for growth in China, Asia's largest economy, from the 8.2 percent it had given in January.

It did not give a reason for the reduction, but said expansion would pick up slightly from last year's actual 7.8 percent, citing "continued robust domestic demand in both consumption and investment and renewed external demand".

On Monday China announced that economic growth slowed to a surprisingly weak 7.7 percent in the first three months of this year, well below forecasts and fuelling fears a recent pick-up

is faltering.

Beijing's January-March figure compared with a median 8.0 percent forecast in a poll of economists by AFP and marked a slowdown from 7.9 percent in the previous quarter.

China's 2012 economic growth of 7.8 percent was its slowest in 13 years amid weakness domestically and in overseas markets. Authorities last month kept their growth target for this year unchanged at a conservative 7.5 percent.

The fund also cut its forecast for China's growth in 2014 from 8.5 percent to 8.2 percent.

Earlier Tuesday ratings agency Moody's cut China's credit outlook to stable from positive, citing concerns on the country's opaque local government

IMF: The global economic outlook

Change in GDP in percent	2012	Forecast 2013	Forecast 2014
World	3.2	3.3	4.0
Advanced economies	1.2	1.2	2.2
United States	2.2	1.9	3.0
Japan	2.0	1.6	1.4
Eurozone	-0.6	-0.3	1.1
Germany	0.9	0.6	1.5
France	0.0	-0.1	0.9
Italy	-2.4	-1.5	0.5
Spain	-1.4	-1.6	0.7
United Kingdom	0.2	0.7	1.5
Canada	1.8	1.5	2.4
Emerging and developing economies	5.1	5.3	5.7
Central and Eastern Europe	1.6	2.2	2.8
Russia	3.4	3.4	3.8
Developing Asia	6.6	7.1	7.3
China	7.8	8.0	8.2
India	4.0	5.7	6.2
L. America and Caribbean	3.0	3.4	3.9
Brazil	0.9	3.0	4.0
Mexico	3.9	3.4	3.4
Middle East and N. Africa	4.7	3.1	3.7
Sub-Saharan Africa	4.8	5.6	6.1
South Africa	2.5	2.8	3.3

Source: IMF

debt, fast bank lending growth and stalled economic reforms.

The IMF was more optimistic about Japan, tipping its economy to grow 1.6 percent in 2013 and 1.4 percent in 2014, up from its January forecast of 0.4 percent and 0.7 percent.

It also said consumer prices will edge up 0.1 percent on-year in 2013, but rocket 3.0 percent in 2014, against 0.0 percent in 2012, thanks to the Bank of Japan's fresh monetary easing announced this month.

"After many years of deflation, and little or no growth, the new government has announced a new policy, based on aggressive quantitative easing, a positive inflation target, fiscal stimulus, and structural reforms," the IMF said.

Indian woman works to transform dirt-poor village

AFP, Soda, India

CHAVI Rajawat is a one-woman whirlwind as she seeks to drag her impoverished ancestral village in the desert state of Rajasthan into the 21st Century.

Rajawat, who spent her family holidays in sun-scorched Soda, became its sarpanch or elected village head three years ago after villagers implored her to take charge with dozens turning up at her home in state capital Jaipur to persuade her.

"The villagers broke all caste, gender and religious barriers to elect me," said Rajawat, a glamorous 33-year-old whose 10,000 constituents are mostly farmers and labourers largely untouched by India's economic boom.

The MBA graduate ditched her corporate career with one of India's biggest telecom firms to become sarpanch and has been working ever since to bring better water, solar power, paved roads, toilets and a bank to her ancestral village.

Soda is a byword for backwardness in this remote corner of Rajasthan where the houses are made of mud, electricity supplies are erratic, literacy levels are below 50 percent and the fear of drought is never far away.

The villagers said there had been no progress since Rajawat's brigadier grandfather, now in his 90s, had served



Village headwoman Chhavi Rajawat (2L, back) interacts during a village meeting in Soda, a remote village in Rajasthan state.

difference in a country plagued by corruption and inefficiency. It also shows the limitations.

Swarmed by villagers as she walks down the road, Rajawat greets them by name as they share family news and pepper her with questions about progress on various projects.

Citi reaps profits from hiring rainmakers

REUTERS, New York

IN the summer of 2010, senior executives at Citigroup Inc told the board of directors the bank needed to hire more dealmakers to have any chance of snagging underwriting assignments and rich takeover advisory fees.

Competitors, including JPMorgan Chase & Co and Morgan Stanley, had picked off the company's rainmakers during the financial crisis, when Citigroup's stock fell more than 95 percent. After the US government rescued the bank, it took a more direct role in setting Citigroup's pay.

If Citigroup did not hire more dealmakers, the executives said, the bank would lose more and more market share. The board, despite some naysayers, approved the hiring campaign. On Monday, the bank showed how its investment is paying off.

Citigroup reported that its investment banking revenue from advising companies on mergers rose 84 percent to \$204 million in the first quarter. It was the third consecutive period of big gains in investment banking revenue.

"They've picked up people who have produced results," said Michael Holland, founder of money manager Holland & Co, which owns warrants on Citigroup shares. The results bode well for Michael Corbat, who took the reins at Citigroup in October, Holland added.

The improvement in investment banking is emblematic of the larger healing happening at

the bank, which the government bailed out three times during the crisis. Citigroup is slowly improving results in its Citi Holdings unit, which houses the assets the bank is looking to shed, and its lending margins are holding strong even as they weaken at other banks.

Not everything is perfect at the bank. Revenue in its transaction services unit, a processing business that generates stable earnings, shrank in the first quarter. In

June 2011 that the bank had added around 50 to its energy business.

Such hires are initially costly, and the revenue that results can take one to two years to appear in a bank's financial statements.

The investment banking operation came under considerable criticism within the bank because of its high compensation costs,

said a company insider who declined to be named.

And the numbers sometimes did not look good. In 2011, revenue fell 9.5

percent, while expenses rose 7.5 percent.

But the bank's revenue rose faster than expenses in the first quarter of 2013, boosted by higher deal activity. One example: Trauber's team helped advise China's CNOOC Ltd on its \$15.1 billion takeover of Canadian oil and gas company Nexen Inc.

Looking at deals that closed, the best measure of how mergers and acquisitions contributed to a bank's bottom line in a quarter,

Citigroup was usually in the top three in global rankings before the financial crisis. It started falling in 2010 and sank as low as 11th in the first quarter of 2012. In the first quarter of 2013, however, the bank was ranked fifth, Thomson Reuters data show.

In North America, the bank fell as low as 14th in the first quarter of 2012 but was fifth in the first quarter of 2013.

The bank is making gains in equity underwriting rankings, too. Citigroup fell as low as ninth globally in the third quarter of 2008, and as recently as 2011 was seventh for several quarters. In the first quarter of 2013, the bank ranked second.

"The revenues have been increasing fairly steadily in investment banking for several quarters now," Chief Financial Officer John Gerspach said in a conference call with journalists after the latest results were announced.

The gains are the result of the hiring campaign, Gerspach said, pointing to decisions to rebuild banking teams that specialize in energy, healthcare and technology industries.

At least some of that benefit has come because of the weakness of European rivals, competitors said. As big Continental banks grow less willing to lend to companies, Citigroup can step in and win back business.

Citigroup's corporate lending profit -- from loans made to big companies -- rose in the first quarter of 2013 to \$309 million