

## Fiat changes name, disappoints with profits

AFP, Milan

Italian car giant Fiat announced on Wednesday it was changing its name after completing the purchase of US automaker Chrysler to "Fiat Chrysler Automobiles", but posted disappointing 2013 results.

Fiat chairman John Elkann said the name change heralded "a new chapter".

"A journey that started over a decade ago, as Fiat sought to ensure its place in an increasingly complex marketplace, has brought together two organisations each with a great history in the automotive industry and different but complementary geographic strengths," he said.

"FCA allows us to face the future with a renewed sense of purpose and vigor," he added.

# Indian firms keen on investing in Bangladesh: minister

STAR BUSINESS REPORT

Indian entrepreneurs want to increase investment in the Bangladeshi priority sectors in bids to boost bilateral trade, said Industries Minister Amir Hossain Amu yesterday.

"Big industrial groups in India are interested in investing in Bangladesh," he said after holding a meeting with Indian High Commissioner to Dhaka Pankaj Saran in the ministry office.

Indian conglomerates are interested in information and communication technology, pharmaceuticals, spare-parts, accessories and tyres under joint venture or public-private projects, added Amu.

The minister, however,

could not provide the actual amount that the Indian entrepreneurs plan to invest as the government has not yet received any concrete proposals from them.

Indian investment in Bangladesh currently stands at around \$2.5 billion and is expected to expand to \$5 billion in the next three years, according to industry insiders.

The minister also urged the Indian government to take effective measures to remove all types of para-tariffs and non-tariff barriers that the Bangladeshi exporters face.

"India should accept our goods that are accredited by Indian accreditation and testing agencies through Bangladesh Standards and Testing

Institution, without any hassle," said Amu.

A large number of Indian firms have queued with investment proposals worth millions of dollars, taking advantage of the zero-duty export privileges offered by India for goods produced in the least developed countries.

In terms of merchandise trade, total bilateral trade has increased from \$1 billion in fiscal 2001 to around \$4.4 billion in fiscal 2012, according to the Federation of Indian Chambers of Commerce and Industry.

Currently, the trade balance is heavily in India's favour. India's share in bilateral trade is around 86 percent of total trade, it said.

## IDLC to raise \$105m for shipbuilder

STAR BUSINESS REPORT

Karnafuly Ship Builders (KSB) has mandated IDLC Finance to arrange \$105 million term loans to set up a dry-dock project in Chittagong.

The project is expected to cost \$150 million or Tk 1,200 crore. KSB will provide \$45 million.

Currently, Bangladesh has only one dry-dock with capacity of 20,000 tonnes, which is not enough to meet the demand of local and international shipbuilders, IDLC Finance said in a statement.

A dry dock is a large dock in the form of a basin from which water can be emptied, used for building or repairing a ship below its water line.

KSB, a reputed local ship building company in operation since 1994, is planning to set up a larger dry dock, which will repair ocean-going vessels of more than 50,000 tonnes, it said.

"The project is expected to generate significant foreign currency earnings," IDLC said.

The shipbuilder has already purchased 20 acres of land on the bank of the river Karnaphuli in Chittagong.



LAFARGE SURMA

Tarek Elba, chief executive of Lafarge Surma Cement, attends a dealers' meet organised by the company at a local hotel in Dhaka on Tuesday. Shamarukh Fakhruddin, marketing director, was also present.

## A quiet revolution: Women in Bangladesh

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Despite the fact that women do not generally have ownership over land and tools necessary for agriculture, their labour has been a vital part of the success Bangladesh has had in agricultural productivity—the country stands out compared with other countries in Asia in terms of enhancing agricultural productivity.

In addition, Bangladesh has experienced significant improvements in women's health over the past three decades. Women's life expectancy, for example, increased from 54.3 years in 1980 to 69.3 years in 2010, one of the largest increases in the region.

A TEXTBOOK EXAMPLE

In the social sphere, Bangladesh is a textbook example of what is possible when women are involved in decision-making. Indeed, it is a heartening story of social innovation and development, in no small part due to the help of microfinance, which has played an integral role in rural and social development in Bangladesh—92 percent of the borrowers are women and 90 percent live in rural areas.

While there is some debate over the efficacy of microfinance in poverty reduction, studies have shown that in Bangladesh, female participation in microfinance activities has led to an increased sense of empowerment, measured by factors such as decision-making, social acceptance and political involvement, which in turn have led to general welfare improvements.

Take for example the fact that Bangladeshi mothers increasingly have a say on their children's education. The country has managed to reduce the gender gap at all levels of education, particularly at lower levels of education: youth literacy and secondary school enrolments. In these two areas, disparities have been reduced at a faster rate in Bangladesh than the global average.

CHALLENGES REMAIN

Yet, Bangladeshi women continue to face numerous challenges. The recent industrial disasters in the RMG sector, where a large majority of workers are women, highlight the serious concerns about occupational safety and health.

The Bangladesh government, employers and workers organizations are making important strides in the right direction, with the support of the ILO and many development partners, but still a lot needs to be done.

Women also have been getting the short end of the stick in the labour market. The employment rate of women in 2010, at 58 per cent, was close to 30 percentage points lower than the rate for men.

Women are also disproportionately affected by unemployment, underemployment and vulnerable employment.

Moving forward, it is important to put in place gender-responsive labour market policies that would pave the way for more equitable employment outcomes and decent work for all.

## Monetary policy for 'animal spirits'

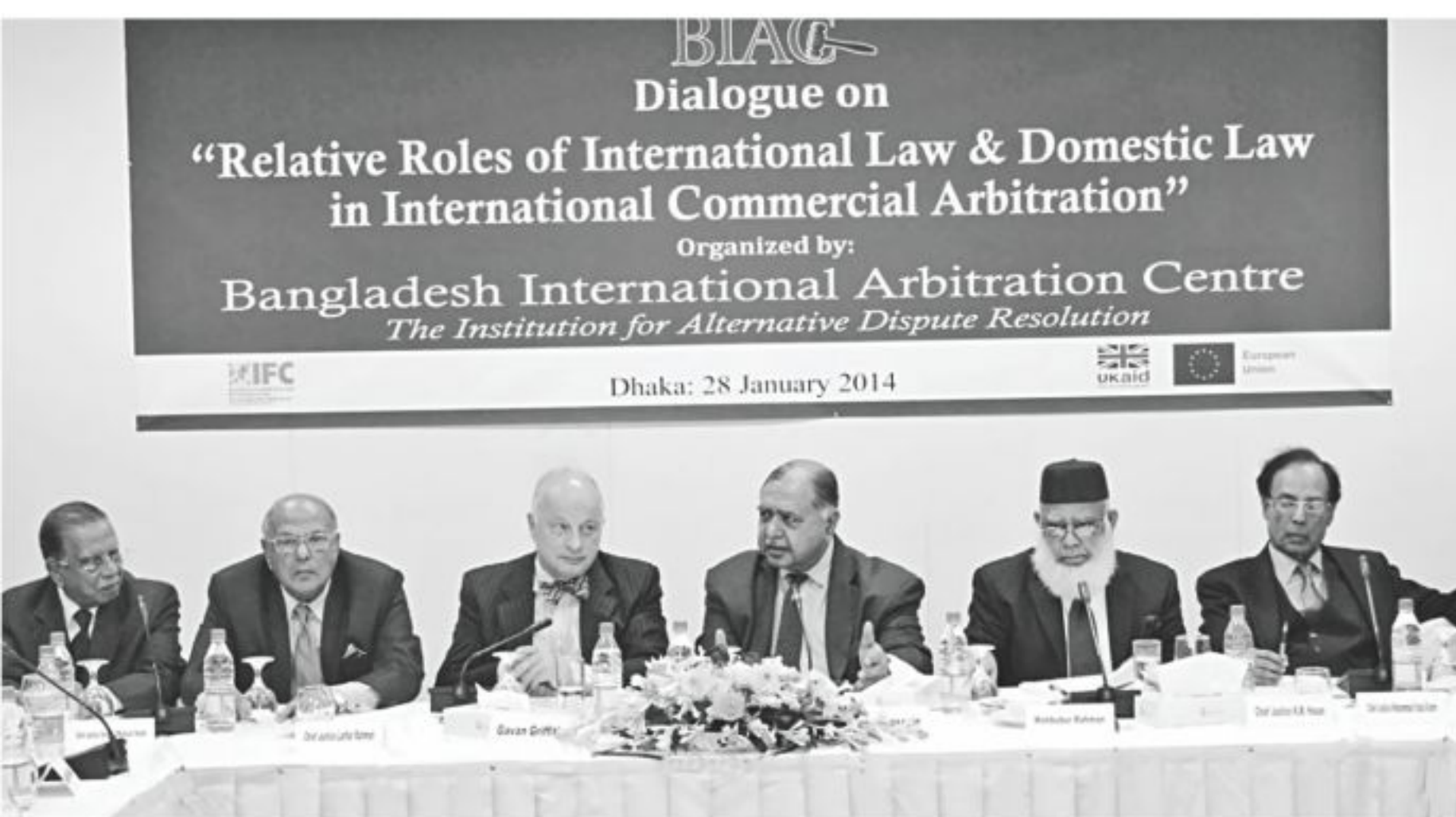
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Let the banks exhaust that excess liquidity as investors' animal spirits kick off. A target of 16 percent reserve money growth, which is pivotal to determining broad money growth, seems ambitious and potentially inflationary. We expect that the BB governor will maintain his anti-inflationary reputation in the years to come.

At the end of the day, the substantial part of monetary policy's outcome lies in the kind hands of our politicians. If economists like Keynes and Friedman come out of their graves and formulate the best fiscal and monetary policy for Bangladesh, the 'animal spirits' of our politicians can easily ruin the results and can make it the worst ever.

Pakistan is an ideal example to illustrate how political vandalism can change the fortune of a potentially emerging country. Political unrest has eroded its growth for ages. While Pakistan's per capita income is still 1.5 times higher than Bangladesh's, the country lags behind Bangladesh in output growth for the last two decades. If this monetary policy can be tied with a responsible political behaviour, economic growth of 6 percent or even higher won't be difficult to achieve.

The author is associate professor of economics at the State University of New York at Cortland.



BIAC

Mahbubur Rahman, chairman of Bangladesh International Arbitration Centre, attends a dialogue on relative roles of international law and domestic law in international commercial arbitration, at a local hotel in Dhaka on Tuesday. Gavan Griffith, former solicitor general of Australia, was also present.



IDLC

MA Rashid, managing director of Karnafuly Ship Builders, and Selim RF Hussain, managing director of IDLC Finance, exchange documents of a deal at a programme on Thursday. IDLC will arrange \$105 million to set up a dry dock project in Chittagong.

## FDI drops 6pc in first half of 2013

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Although there might be some stability in the political scenario in the next six months, investors universally tend to look at long-term stability, he said.

"After the last four general elections, one could easily predict that the economy will function properly. But it is uncertain this time around. So, uncertainty lingers," added the economist.

The economist said a scarcity of land for industrial plants, the lack of smooth road connectivity and failure of the power sector to keep pace with rising demand, which is growing at least 10 percent a year, are major barriers.

However, Mandal of BoI said: "The foreign investors are never the target of the political parties in the country. Some scattered incidents might happen."

"No investor has ever come to BoI and said that they are withdrawing their investment due to attacks on them."

fazlur.rahman@thedailystar.net

## Bangladesh's GDP growth will be 6.3pc, Bloomberg says

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Though the government had targeted a 7.2 percent growth at the beginning of the current fiscal year, it now plans to revise the outlook down to 6.3 percent as a severe political crisis dealt a huge blow to the economy during the first half.

Finance Minister AMA Muhith has also recently said the GDP growth would not be less than 6.3 percent.

However, development partners, including the World Bank, forecast the rate to be less than 6 percent, with the central bank saying the growth would be between 5.8 percent and 6.1 percent.

Bloomberg has also revised down its forecasts for inflation, saying the Consumer Price Index would be 7.5 percent in the fiscal year, which was 7.68 percent in the previous survey.

Bangladesh Bank in its new monetary policy, which was released on Monday, targeted to bring down inflation to 7 percent by June this year.

Inflation went up by 0.20 percentage point to 7.35 percent in December compared to the previous month, according to Bangladesh Bureau of Statistics.

## MCCI calls for export-friendly exchange rate

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It also hailed the inclusion of new sectors like leather and ceramics in the EDF and the plan to include more such emerging sectors in future.

MCCI also appreciated BB for encouraging big companies to turn to the stockmarket for their financing needs instead of borrowing from banks, as it will help banks comply with the recently revised regulation on single borrower exposure limits for business groups and make more funds available for small borrowers.

The chamber also appreciates that the monetary policy limits the government's bank borrowing target to the same level as before, of Tk 260 billion. "Sticking to the previous borrowing target in money terms rules out any fear of crowding out of private sector credit," MCCI said.

It also lauded BB's move to set up a Tk 2 billion refinancing scheme to stimulate entrepreneurship among low-income rural households.

MCCI, however, expressed concerns about the "growing menace of loans scams" in the banking sector, poor recovery of bank loans that led to a large increase in the volume of classified loans and the falling capital-asset ratio of banks in general.

"The recent Tk 40 billion recapitalisation of state-owned banks by the government with taxpayer's money cannot be considered very prudent as it may cause moral hazard and encourage banks to indulge in more malpractices such as recklessly granting bad loans, weakening of loan recovery efforts and so on."

## Foreign aid spending loses steam

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Talks are going on with the development partners for financing around \$8 billion in different development projects, the official said.

The amount of commitment for foreign assistance will increase further once the government starts signing deals with development partners on various projects, he said.

The WB, which is the largest development partner of Bangladesh, has hinted that it would make a commitment for \$1.7 billion this fiscal year. The WB board has approved 64

percent of the amount or \$1.1 billion till January.

The approved projects are: \$125 million for higher education quality enhancement project, \$265 million for secondary education quality and access enhancement project, \$140 million for emergency cyclone recovery and reconstruction project, \$210 million for modern food storage, and \$410 million for municipality governance project.

Due to a rise in commitment and a slow pace in disbursement, the unutilised fund in the pipeline has been

increasing every year; the total amount stood at around \$16 billion at the end of December last year.

Problems were identified and various steps were taken in the last several years to speed up foreign aid disbursement, the ERD official said.

As a result, the disbursement rose significantly last year, he added.

The government has also formed two separate committees to review the existing rules and procedures for land acquisition and ease project documentation, which is expected to help expedite



## IDRA appoints acting chairman

STAR BUSINESS DESK

Md Fazlul Karim, Insurance Development and Regulatory Authority member, has been appointed acting chairman of the authority, a statement said yesterday.

Karim is filling the vacancy left by M Shefaq Ahmed after his contract expired.



GIZ

Albrecht Conze, German ambassador to Bangladesh, and Olaf Handloegeten, outgoing country director of GIZ, attend a press conference in Dhaka yesterday when the returnees of a fire safety mission from Germany shared their experience. GIZ organised the event as part of the Global Initiative on Disaster Risk Management.



ORION POWER

Aalman Obaidul Karim, managing director of Orion Group, Patric Ledermann, managing director of Alstom, attend the signing of an agreement to implement 630 MW coal based IPP recently. Mishel Triskuar, French ambassador, and Mohammad Obaidul Karim, chairman of Orion Group, were also present.



BNO

Amir Hossain Amu, industries minister, hands over a Bangladesh Accreditation Board certificate (BAB) to Mhammed Yousuf, managing director of Lub-rref (Bangladesh) at a ceremony organised by BAB and National Productivity Organisation in Dhaka on Tuesday.