

Reforms improve economic climate

IFC official stresses government's role in raising the investment-to-GDP ratio

SAJJADUR RAHMAN

BANGLADESH has carried out some important reforms in the last few years to create an enabling environment for domestic and foreign businesses, an official of International Finance Corporation (IFC) said.

The reforms include enactment of value-added tax laws; launch of alternate dispute resolution; formation of Business Initiative Leading Development (BUILD), which is a platform for public-private dialogue; and electronic registration of income tax, company and investment.

The economic zones law is another major feat the country has achieved in recent times.

"More reforms, such as automation of the entire revenue board, are in the pipeline that will significantly improve Bangladesh's business climate," said M Masrur Reaz, IFC programme manager on Investment Climate, Bangladesh.

These reforms were an outcome of IFC's efforts to strengthen processes to push sustainable industrialisation and development practices in Bangladesh. IFC has been working extensively in conducting capacity building programmes and helping the government carry out reforms on different issues to create an enabling environment for the private sector.

IFC has extended about \$800 million in credit to the private and public sectors in Bangladesh in fiscal 2012-13, which may go up to \$1 billion this year.

Though Bangladesh grew impressively—over 5.5 percent in the last two decades—it was not enough to



M Masrur Reaz

lift the country to a middle-income status, Reaz said in an interview.

Bangladesh needs at least 7-8 percent growth to become a middle-income country, but where investment will come from has become an issue, especially after the investment to GDP ratio stagnated at 24-25 percent for nearly a decade, he said. Close to 80 percent of this incremental investment has come from the private sector, he added.

Bangladesh needs to raise the investment-to-GDP ratio to 30 percent to see economic growth of 7-8 percent, but this needs an enabling business environment.

"Fund is not a big problem, provided that business people have confidence and a supporting climate." This is where the government has a lot of work to do, Reaz said.

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The IFC official said the government is on track to create that enabling environment for businesses as its cost to do so is low, but it will have the highest impact.

He gave the example of BUILD, which was launched in 2011 to have a structured systematic dialogue between the government and the private sector. So far, the government has made 24 business reforms, responding to suggestions from BUILD.

These reforms include simplification of bonded warehouses, ranking of the thrust sectors, simplification of import registration certificate renewal, publication of a regulatory guide on start-up business licences.

It was a challenge changing the mindset of the civil servants towards the private sector, said Reaz.

Role of professional engineers in garment workers' safety

M SHAMIM Z BOSUNIA

ON behalf of the Institution of Engineers, Bangladesh, I welcome the launching of a \$24.21 million safety campaign by the government and the International Labour Organisation to improve the working condition in the readymade garment industry.

The programme is intended to focus on minimising the threat of fire incidences and collapse of buildings due to faulty construction thereby ensuring the safety of million of workers of the sector.

While we acknowledge that there are hundreds of well-designed compliant garment factories in the country (and their number is increasing), there are hundreds of sweatshops set up in unsuitable buildings all over the cities of Dhaka and Chittagong and its suburbs, without or say very little fire/safety protection, narrow stair and inadequate emergency exits.

Many of these buildings were converted from residential or commercial space to house garment factories.

These factories were, in most cases, set up without proper evaluation of the building's ability to carry the weight of the machine, work benches and workers and the effect of vibration of the machine, including standby/captive generator.

The plight of the people working in such buildings is now known and documented beyond our borders and has become a matter of grave concern within and outside the country.

The importance of launching the Safety Campaign in the backdrop of this scenario can not be over emphasised.

Under this project, Bangladesh University of Engineering and Technology (Buet) is expected to conduct building and fire safety assessment in around 1,500 garment factories.

Having been a faculty in the



STAR/FILE
Faulty structure caused a heartbreaking accident in Savar of Dhaka last year where 1,135 people died in the Rana Plaza building collapse.

Department of Civil Engineering in BUET for over 40 years and involved in its Bureau of Research, Testing and Consultation (BRTC), I personally feel that it is a big task for Buet.

Buet is the mother institution for engineering education in Bangladesh, but we have to realise that it is primarily an educational institution and its faculties are more focused on academic programmes.

The BRTC of Buet itself remains busy throughout the year in testing construction materials and many other related assignments from both the public and private sectors and the work load is increasing every year as people are becoming more and more conscious of the need for such testing.

Considering the importance of the matter and in the greater interest of the country, we in the Institution of Engineers, Bangladesh (IEB) would also like to extend our professional services and supplement the efforts of Buet for such safety projects.

The IEB has a large number of engineers of various disciplines qualified from various engineering universities/colleges of the country, including Buet, and also from universities abroad as its member.

This large pool of engineers

young and experienced would certainly come forward and render their services for the country whenever needed. The IEB is in a position to render such technical services and would be pleased to be associated with such work.

The involvement of Buet and other technical universities in the country for such assignments is very important because they have the testing facilities. It is important to mention here that many fellows/members of IEB are qualified PEng, which is a very important qualification for a practising engineer.

Many other civil, electrical, mechanical engineers have qualified and registered under the Bangladesh Professional Engineers Registration Board of the IEB to practise in relevant engineering sectors/fields professionally.

In view of the above, the IEB would like to offer its services to the government, donor agencies and trade bodies in ensuring safe construction and safety of buildings in addition to providing consultancy service and investigative work following any industrial disaster.

Prof Bosunia is the president of the Institution of Engineers, Bangladesh.

New Microsoft chief underlines Indian-bred success abroad



REUTERS

Satya Nadella (C), Microsoft's new CEO, addresses employees along with founder and technology advisor Bill Gates (L) and outgoing CEO Steve Ballmer on the company's campus in Redmond, Washington on Tuesday.

AFP, Mumbai

INDIA on Wednesday celebrated the appointment of Satya Nadella as the new chief executive of Microsoft, seeing it as another endorsement of home-grown talent that has risen to the top of the US corporate world.

Nadella, who became the giant company's third CEO on Tuesday, was born and grew up in the southern Indian city of Hyderabad and studied at Mangalore University before shifting to America to further his studies and career.

"India makes a power point," said a proud front-page headline of the Times of India newspaper about the 46-year-old cricket lover's appointment.

"India has clearly emerged as the talent machine that is consistently churning out global CEOs," said the daily.

Nadella, who has spent nearly half his life working for the technology titan, follows a string of Indian-origin business leaders who have made it to prestigious chief executive positions.

They include Indra Nooyi at PepsiCo and Ajay Banga at Mastercard, while Vikram Pandit ran Citibank until late 2012. Further afield, Anshu Jain is currently head of German banking giant Deutsche Bank.

Uttam Majumdar, founder of Locuz Enterprise Solutions, a technology firm based in Hyderabad, told AFP his appoint-

ment was "a matter of immense pride".

"He can be a role model for millions of youngsters. His appointment enhances the image of India as a nation in the eyes of the world," he said.

Vibhor Singh, a Mumbai-based executive at brokerage PhillipCapital India, said a key reason for the success of India-origin executives was the "openness of the US economy in terms of accepting and allowing talent from outside to rise to the top".

Vikram Dhawan, director of investments at financial research firm Equentis Research, said that proficiency in the English language "also gives Indians an edge over the competition".

The South Asian nation produces about a million engineering graduates a year and has earned a reputation for its booming IT outsourcing business, thanks to its large educated workforce and low labour costs.

But many bright, middle-class youngsters leave the country due to a lack of well-paid jobs and difficulty in getting places at prestigious Indian Institutes of Technology (IIT).

In some cases, studying in the US is a choice for those who fail to gain entry to the IITs where competition is fierce for limited places.

"Is the appointment of Satya Nadella a feather in India's cap or a slap in the face for the Indian system?" asked an editorial on the Firstpost online news portal.

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REUTERS
Bollywood actress Priyanka Chopra poses on the bonnet of a Range Rover "LWB AUTOBIOGRAPHY BLACK" after the launch ceremony at the 12th Auto Expo in Greater Noida on the outskirts of New Delhi yesterday.

In emerging countries, focus on progress, not volatility

ZACHARY KARABELL

THE start of the year has not been an easy one for financial markets. The Federal Reserve is continuing its policy of trimming its bond purchases by \$10 billion a month, and the immediate result has been a sharp pullback of the currencies, and to some degree equities, of countries such as Indonesia, Turkey, India, South Africa and Argentina. The reason? According to traders, commentators, and even the head of Brazil's central bank, Fed policy will trigger interest rate rises around the world, stanching the flow of easy money that has purportedly fuelled global growth—and leading to struggles everywhere.

That thesis is hardly new. It was widely circulated last summer, when the Fed first hinted that it might begin to wind down its more aggressive measures to stimulate economic activity, which it introduced after 2009. In this reading, the boom times of many countries around the world has had nothing to do with the change in economic fortunes, or

skilled leadership, or shifting global sands. It was and is simply a derivative of US policies.

This view has wide play, and goes nearly unchallenged. That does not make it correct.

Indeed, it is likely wrong for at least two major reasons: it forgets that financial markets are not perfect proxies for real world economies, and it misses the fundamental transformation in countries around the world that has taken place over the past few decades and is about to accelerate this year.

As I wrote in a column last August, a US-centric view extends well back into the 20th century, and the only wrinkle today is that China has now entered the mix. Low and behold, China, too, has recently seen some slowing of its growth, largely because of the determination of the Chinese government to shift the mix of its economic growth from state-led infrastructure and exports to domestic consumption. That transition will, inevitably, result in diminishing demand for commodities and raw materials, and that demand had also been a key factor in the strength of other economies, including many of the ones above.

Yes, China's voracious demand for raw materials did provide a boost to countries as far-ranging as Chile, South Africa, Indonesia and Brazil. And yes, easy money from the Federal Reserve did get deployed to more speculative currencies ranging from Turkey to Argentina. But that speaks only to the narrow—albeit attention-grabbing and important—financial markets. Financial markets are roiling, as they do from time to time, but that doesn't result in less activity by companies such as Unilever or Starbucks, nor a halt in the emergence of a global middle class in numerous countries.

We shouldn't overweight the significance of financial markets when evaluating the status of emerging markets; to do so is to espouse a particularly US-centric view of how the world works. More voters, and more Starbucks lattes, are bellwethers for progress, irrespective of how markets are performing.

Zachary Karabell writes for Reuters.