

# Obama pledges \$4b to India in loans, investments

REUTERS, New Delhi

US President Barack Obama ended a landmark day in India on Monday with a pledge of \$4 billion in investments and loans, seeking to release what he called the "untapped potential" of a business and strategic partnership between the world's largest democracies.

Earlier in the day, at the invitation of Prime Minister Narendra Modi, Obama was the first US president to attend India's annual Republic Day parade, a show of military might that has been associated with Cold War anti-Americanism.

It rained as troops, tanks and cultural floats filed through the heart of New Delhi, but excitement nevertheless ran high over Obama's visit, which began on Sunday with a clutch of deals to unlock billions of dollars in nuclear trade and to deepen defence ties.

Both sides hope to build enough momentum to forge a relationship that will help balance China's rise by catapulting democratic India into the league of major world powers.

The leaders talked on first name terms, recorded a radio programme together and spent hours speaking at different events, but despite the bonhomie, Obama and Modi reminded business leaders, including the head of PepsiCo, that trade ties were still fragile.

India accounts for only 2 percent of US imports and one percent of its exports, Obama said. While annual bilateral trade had reached \$100 billion, that is less than a fifth of US trade with China.

"We are moving in the right direction... That said, we also know that the US-India relationship is defined by so much untapped potential," Obama told the Indian and US business leaders. "Everyone here will agree, we've got to do better."

Modi said US investment in India had doubled in the past four months and vowed to do more to slash the country's notorious red tape and make it one of the world's easiest places for business.

Obama said that US Export-Import Bank would finance \$1

billion in exports of 'Made-in-America' products. The US Overseas Private Investment Corporation will lend \$1 billion to small- and medium-sized enterprises in rural areas of India.

Regarding renewable energy, a key focus for Modi, \$2 billion will be committed by the US Trade and Development Agency for renewable energy, Obama said.

Most significant was an agreement on issues that, despite a groundbreaking 2006 pact, had stopped US companies from setting up nuclear reactors in India and had become one of the major irritants in bilateral relations.

"Obama breaks N-deadlock," ran the front-page headline of the Mail Today newspaper, which carried a photograph of Modi and Obama hugging each other warmly.

Obama and Modi sat behind a rain-spotted screen as the parade unfolded along Rajpath, an elegant lawn-bordered boulevard dating from the British colonial era that connects the presidential palace to India Gate.

Helicopters showered petals

on the crowds, and then tanks, missiles, stiffly saluting soldiers, brass bands and dancers filed past the guests.

Obama's presence at the parade signals Modi's willingness to end India's traditional reluctance to get too close to any big power. Instead, he is seeking close ties with them all, even as he pushes back against China and take sides on other global issues.

Modi has injected a new vitality into the economy and foreign relations since his May elections.

Obama's second visit to India is the latest upturn in a roller-coaster relationship with Washington that a year ago was scarred by protectionism and a fiery diplomatic spat.

The United States views India as a vast market and potential counterweight to China's assertiveness, but has been frustrated with the pace of New Delhi's economic reforms.

"There are still too many barriers, hoops to jump through, bureaucratic restrictions that make it hard to start a business, or

to export, to import, to close a deal, deliver on a deal," Obama told a forum of CEOs from both countries in New Delhi.

In a joint statement that made a veiled reference to China's territorial claims, Modi and Obama stated their commitment to freedom of navigation in the South China Sea.

India could even play a role in battling Islamic State, the White House said on Monday, underlining the confidence that New Delhi is increasingly prepared to engage with global security.

"The leaders agreed to exchange information on individuals returning from these conflict zones and to continue to cooperate in protecting and responding to the needs of civilians caught up in these conflicts," the two sides said in a joint statement.

They also agreed to a 10-year framework for defence ties and struck deals on cooperation that included joint production of drone aircraft and equipment for Lockheed Martin Corp's C-130 military transport plane.

## Dhaka Women Chamber elects president

STAR BUSINESS DESK

Naaz Farhana Ahmed has been elected president of Dhaka Women Chamber of Commerce and Industry, the chamber said in a statement yesterday.

The chamber's election was recently held at its office in Purana Paltan, Dhaka. Seventeen members of the chamber's executive board were also elected, according to the statement.



## Turkey forecasts inflation at 45-year low

AFP, Istanbul

Turkey's central bank said Tuesday that inflation could sink to its lowest in 45 years, pushed down by falling oil prices and the country's tight monetary policy.

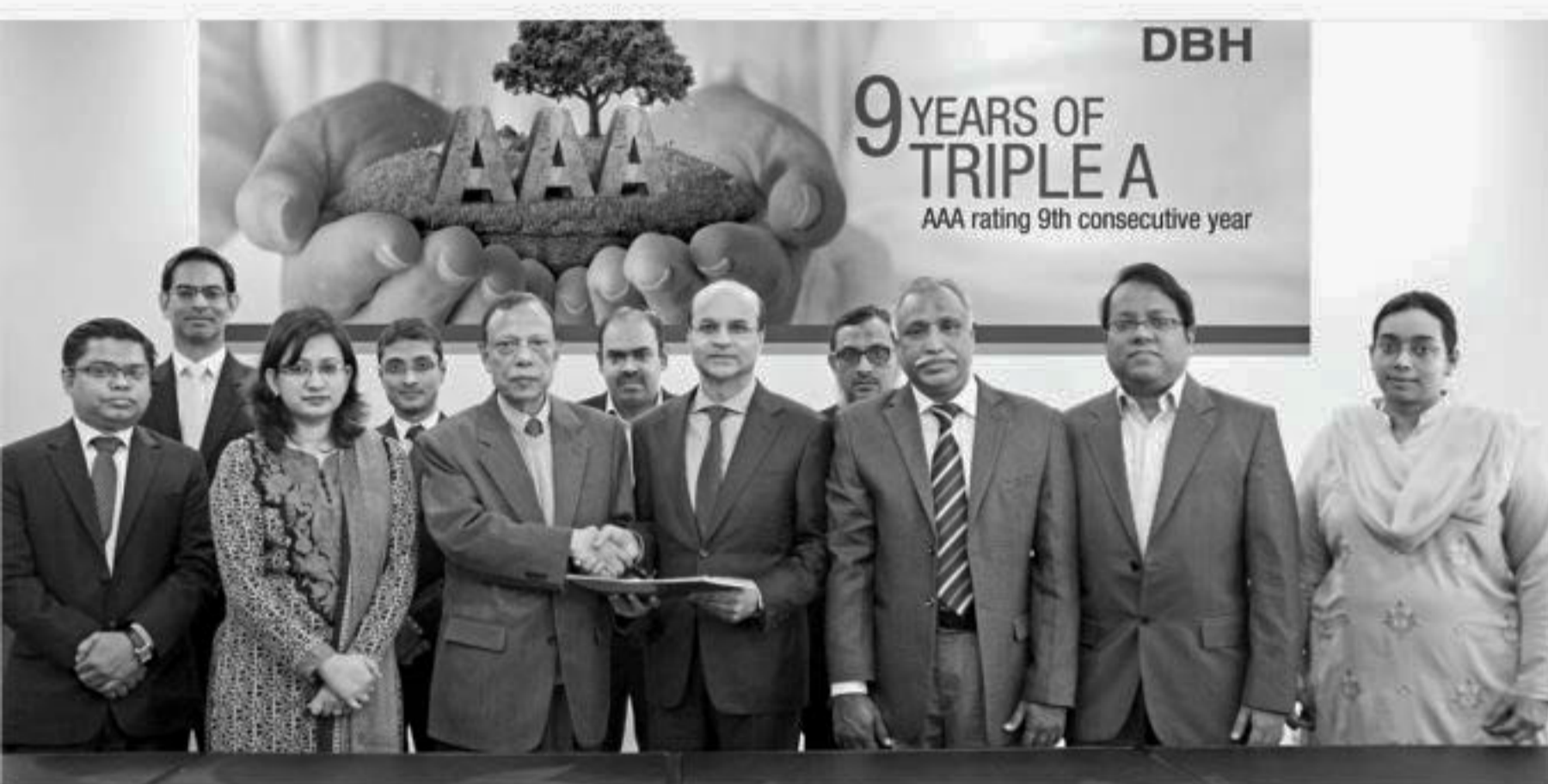
Central bank governor Erdem Basci said at a press conference that the inflation rate was forecast to end this year at 5.5 percent, within a range of 4.1 percent and 6.9 percent.

That compares with a previous forecast of 6.1 percent and is sharply down from the rate of 8.7 percent for 2014.

Basci also projected inflation would fall further to five percent next year, saying the bank's tight monetary policy was beginning to take effect.

"As long as we keep our cautious stance during the rate reduction period, it is possible that we will see the lowest level of inflation in the past 45 years by the end of 2015," he said.

The central bank, which is nominally independent, has been under pressure from President Recep Tayyip Erdogan to bring interest rates down to sustain growth.



Hamidul Huq, managing director of Credit Rating Agency of Bangladesh, hands over AAA rating certificate for the 9th consecutive year to QM Shariful Ala, managing director of Delta Brac Housing Finance Corporation, at DBH corporate office in Dhaka recently.

## Maruti profit up 18pc, misses estimates

REUTERS, New Delhi

India's largest carmaker Maruti Suzuki India Ltd posted a smaller-than-expected rise in profit for the third quarter, hit by one-off items including a jump in advertising costs, a higher tax rate and lower income from investments.

Maruti, which sells nearly one in two cars in India, reported a quarterly net profit of 8.02 billion rupees (\$130.53 million), up 18 percent. Analysts on average expected the company to make a profit of 9.06 billion rupees.

Analysts attributed the miss largely to higher taxes and adver-

tising spending that increased in the quarter due to the number of new launches. The drop was also due to lower income from a cash pile, net of debt, that ranks among the largest in the Asian auto sector, they said.

"There is a lot of surplus cash and we had expected around 2 billion rupees (of other income) for the quarter but... it came at 1.28 billion, so that is a major gap," said Jigar Shah, head of research at brokerage Kim Eng.

Maruti's \$1.3 billion cash pile, net of debt, is invested mainly in debt mutual funds and is expected to grow an annual 27 percent by

March 31, Reuters data showed. But investors have demanded a more transparent use of the capital or higher dividends.

"The other income is largely a timing issue where the redemption of these investments happen, so it will always vary year to year... this time it (redemptions) would happen in Q4," said Maruti.

Net sales rose 15.5 percent to 122.63 billion rupees, outpacing growth in the number of cars sold by Maruti, majority owned by Japan's Suzuki Motor Corp.

Sales of Maruti's cars during the October to December quarter rose 12.4 percent to 323,911 vehicles. It

had warned of comparatively slower growth in the second half of the 2014-15 year, dampening expectations of a rapid recovery in an auto market that is hobbling back after two weak years.

"Compared to what we estimated, the sales are slightly lower, and also the kind of advantage that one should see because of the benign raw material costs and a favourable exchange rate is not seen in the profits," said Shah of Kim Eng.

Sales of passenger vehicles in India will grow just 1 percent in the year to March 2015, officials have said, blaming a government decision to scrap tax breaks.

## New IPO subscription system gets green light

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The stockbroker or the merchant bank will have to maintain a separate bank account namely "Public Issue Application Account" for the IPO purpose, where the blocked amount will be deposited.

In case of applications submitted by the stock dealer or the merchant bank's own portfolio, the application amount should also be transferred to this account.

After blocking the accounts, the banks will issue a confirmation certificate to the stockbrokers and merchant banks.

The stockbrokers and merchant banks will send the IPO applications within three working days from the subscription closing date to the stock exchanges, both in electronic and print format, along with the certificate issued by the banks.

After verification, the stock exchanges will provide all the information to the issuer the next day, who will then prepare a consolidated list of the IPO applications and forward them to the Central Depository of Bangladesh Ltd (CDBL) for verification.

Along with a verification report, the CDBL will provide the issuer with an updated database of the IPO applicants containing the BO account number, name, address, parents' name, joint account information and bank account information.

After receiving the verification report and information from the CDBL, the issuer will scrutinise the applications, prepare category-wise consolidated lists of the valid and invalid applications, and submit status reports of subscription to the commission and the stock exchanges.

Within two working days of the lottery, the issuer will send the lists of the successful and unsuccessful applicants in electronic and printed formats to the stockbrokers and merchant banks, requesting them to unblock the amount blocked earlier and remit the amount of successful applicants to the issuer's respective "escrow account" opened for subscription purpose.

The issuer will issue allotment letters in the name of successful applicants in electronic format with digital signatures and send those to respective stockbrokers and merchant banks.

On the next working day, the banks will release the blocked amount and remit the aggregate amount of successful applicants, deducting a service charge to the issuer's "escrow account".

Simultaneously, the stockbrokers and merchant banks will unblock the customer accounts, informing the successful applicants about allotment of securities and the unsuccessful ones about the release of their blocked amounts.

The stockbrokers and merchant banks will get a service charge of Tk 5 per application from the applicants.

To credit the allotted shares to the respective BO accounts, the issuer will also send consolidated allotment data in text format to the CDBL.

Also at yesterday's meeting, the regulator fined two stockbrokers and a non-listed firm for breaching securities rules.

United Financial Trading Company was fined Tk 5 lakh, South Asia Securities Tk 1 lakh and AA Rashayan Shilpa Ltd, the non-listed firm, Tk 2 lakh.

## Safe food act to be effective from Feb 1

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The appointees include Md Abdul Malek, a professor at the microbiology department, Md Iqbal Rouf Mamun, a professor at the chemistry department, and Majeda Begum, a former member of the BCSIR.

The new law aims to combat food adulteration in all stages of the supply chain and look at a variety of other food-related concerns of consumers.

The law is also expected to put an end to the current multi-pronged, multi-ministry controlled mechanisms of food safety issues.

The Bangladesh Pure Food (amendment) Act 2005 is currently in effect, but its implementation remains a far cry due to a lack of coordination among various ministries and agencies that are responsible for ensuring food safety.

"There was no agency to look after the food safety issues. As a result, food safety issues have been dealt with in a scattered manner by various government agencies. The authority will act as an umbrella to coordinate activities of all involved in the food supply chain," said a senior official of the food ministry, seeking anonymity.

In October 2013, the government framed the safe food act amid rising health threats and widespread food adulteration through the use of chemicals. But the law could not be enforced owing to a delay in framing rules and formation of a food safety advisory council and the BFSA, officials said.

The food ministry official said some rules have already been framed and the rest would be formulated as the BFSA starts working.

## Realtors' woes compounded by blockade

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Of late, the carrying cost has increased by more than 50 percent, said Bhuiyan, also the chairman of Brick Works Development Ltd.

For instance, a real estate company paid up to Tk 5,000 to hire a truck to bring in bricks from the outskirts of Dhaka like Gazipur's Konabari, Narayanganj's Pagla and Manikganj. The same now cost Tk 8,000-10,000, he said.

Realtors said such higher overhead costs will obviously increase the price of apartments, which are already experiencing a slump in sales in the last couple of years.

The sector's sales fell as much as 60 percent in 2013 and the situation is not any better now, according to REHAB.

The slump can mainly be attributed to

buyers' lack of access to low-cost home loans and abnormal rise in apartment prices between 2011 and 2012, industry people said.

The number of new projects undertaken by developers has declined by around 75 percent from the previous year in 2013, according to the association.

Currently, REHAB has around 1,200 members that build, on average, 15,000 units of apartments annually.

The real estate sector now contributes around 7 percent to the country's gross domestic product, while employing around one lakh skilled people and another 35 lakh in linkage industries, according to industry people.

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## Dubai overtakes Heathrow as top international airport

AFP, Dubai

Dubai airport has soared ahead of London's Heathrow, riding a boom in long-haul flights between Asia and the West to become the world's top international travel hub, it said Tuesday.

Traffic at the airport increased 6.1 percent last year to 70.47 million passengers, Dubai Airports said, adding that it expected a further surge in traveller numbers in 2015.

Dubai International is home to Emirates, the Middle East's largest carrier, which along with Abu Dhabi's Etihad and Qatar Airways has seized a significant portion of travel between the West, Asia and Australasia.

"This historic milestone is the culmination of over five decades of double-digit average growth," Dubai Airports Chairman Sheikh Ahmed bin Saeed al-Maktoum said in a statement.

"The shared goal is to make Dubai a global centre of aviation and we are nearing that goal," he said.

Dubai Airports CEO Paul Griffiths said Dubai International would boost its annual capacity to 90 million passengers this year with the opening of Concourse D -- a new hall for arrivals and departures.

Oil-poor Dubai has spent years trying to diversify its economy with core sectors now including trade, transport and tourism.

Aided by a rapid expansion in capacity, aviation is expected to account for more than a third of the emirate's GDP by 2020.

London Heathrow by contrast has struggled to grow, with a commission still studying proposals to increase capacity there and at Gatwick airport, south of London.

The two are among five airports serving the UK capital that form the busiest hub in the world with around 135 million passengers a year.

Heathrow handled 68.1 million international passengers in 2014, according to airport figures.

The British hub still outclassed Dubai International in overall numbers, handling 73.4 million passengers if travellers on domestic flights are included.



AMM Farhad, deputy managing director of Social Islami Bank, and Md Hemayet Ullah, managing director of Fareast Islami Life Insurance Company, attend the signing of an agreement recently. Credit cardholders of the bank will get group insurance facility from the insurer.

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