

Economic gains to vanish without good governance

Akbar Ali Khan says at a book launching ceremony

STAR BUSINESS REPORT

Bangladesh's socio-economic gains over the past decades will not be sustainable without ensuring good governance, Akbar Ali Khan, former adviser to the caretaker government, said yesterday.

"There are many countries that suffered for deteriorating economic conditions after registering progress. It may happen to our country if we cannot establish good governance," said Khan at a book launching ceremony of two books on rural development and transformation of rural economy at Brac Centre.

Mahabub Hossain, adviser to executive director of Brac, and Professor Abdul Bayes, a teacher at the economics department at Jahangirnagar University, authored the books, "Leading issues in Rural Development: Bangladesh Perspectives" and "Tales of Twenty Villages".

The first one is written in English and the second in Bangla. The University Press Ltd published the books that highlight major changes in livelihoods, transformation and

development in rural areas.

Based on data from 62 villages in 1988 and oral history shared by elderly people, the two books take into account drivers of rural development -- modernisation of agriculture and expansion of high yielding varieties (HYV) of rice, farm mechanisation, development of rural road networks, and reducing fertility or household size -- over the past decades.

In his foreword in the book, Leading Issues in Rural Development, Khan said he noticed a few distinct areas where the book stands unique.

Sir Fazle Hasan Abed, founder of Brac, said the book Tales of Twenty Villages is a fiction on socio-economic changes and transformation.

Both Khan and Abed find the inclusion of oral history in explaining socio-economic progress 'rare'.

"This is perhaps the most non-technical but highly meaningful glimpse of the turnaround in rural spectrum. The authors have reportedly visited some randomly selected villages to listen to the views of the

rural people on transformation.

"Interestingly, the feelings of the people seem to fit the quantitative evaluation of the social scientists," said Khan.

He said the books were written avoiding economic jargons and presented observations to reach a large audience. He said Bangladesh's rural economy and society witnessed transformation that many could not image in 1972.

"There is no debate about the achievements but there is a big weakness in the economy," he said, adding that a lack of good governance remains the main problem.

"Newspaper reports show that the law and order situation has deteriorated. As a result, parents (in many rural areas) do not want to keep their daughters unmarried," he said, citing the reasons behind early marriages.

MM Akash, a professor at the economics department at University of Dhaka, said the book, Leading Issues in Rural Development, identified five drivers of rural transformation, such as increasing agricultural

productivity by adopting HYV rice, and expansion of non-farm activities for development of rural road networks.

He said apart from long term issues, the book also focuses on contemporary issues such as mechanisation of agriculture and climate change. "The main feature of the book is its authenticity."

Co-author Hossain said there has been a change in perception of rural people in keeping the size of their families small. The average size of a family is now 4, which was 6 earlier, he added.

"It has made big contribution to the rural economy," he said, adding that a reduction in the number of dependants facilitates people in generating surplus and invest in non-farm activities. Some 90 per cent of croplands have come under HYV cultivation; as a result, surplus foods are produced and are sent to urban areas, he said.

Hossain said government's policy and investment in rural road networks facilitated expansion of non-farm activities.



Ali Reza Iftekhar, managing director of Eastern Bank, and Martin Malmstrom, head of Bikroy.com, exchange documents of an alliance partnership signed in Dhaka recently. Bikroy.com users will now enjoy free processing on EBL Loans, and other benefits.

Bangladesh and India to improve infrastructure at land ports

DIPLOMATIC CORRESPONDENT

Dhaka and New Delhi yesterday agreed to improve infrastructure and install testing and warehouse services in all the 16 land ports along the borders of the two countries.

The Joint Group of Customs took the decision to bolster bilateral trade, during its 10th meeting held in New Delhi.

Also, India and Bangladesh will now share intelligence information to prevent smuggling of goods and narcotics/psychotropic drugs, the foreign ministry said in a statement.

The countries also decided on steps to minimise administrative complexities and operational barriers for quicker clearance of goods through the land ports. Moreover, the standard regulatory organisations of India and Bangladesh will meet soon to sort out unresolved standardisation issues between the two countries, the ministry said.

Md Farid Uddin, member at the National Board of Revenue, headed the Bangladesh delegation while Najib Shah, director general of the Directorate of Revenue Intelligence, led the Indian one, according to the statement.



Taufiqur Rahman, director of Brac Dairy and Food Enterprises, and Matthew Pritchard, team leader of the Chars Livelihoods Programme, pose at the signing ceremony of a memorandum to work on expanding dairy production and marketing in char areas, at Brac Centre, Dhaka recently.

World's biggest jewellery firm forays into China's oil trading business

REUTERS, Beijing

Hong Kong-based Chow Tai Fook group, owner of the world's biggest jewellery company, is making an unlikely foray into China's oil trading business, according to several traders recruited by the group.

China's state-controlled oil sector is subject to heavy restrictions, but independent companies are expecting Beijing to lift at least some of the barriers this year, and family-controlled Chow Tai Fook has already prepared the ground to take advantage of the opportunities.

The group, which also has a large property business, set up Chow Tai Fook Energy Co. Ltd last July, the traders said, and Gao Jianfeng, a former trading manager for Chinese oil and gas giant Sinopec Corp, said he had been appointed as its president.

The company traders said the jewellery maker had been looking at diversifying into the oil business for some time, but the decision to launch a trading operation may have been prompted by a slowdown in its core activities.

Its China-centric Chow Tai Fook Jewellery business, which has a market value of around HK\$102 billion (\$13 billion), posted a 10 percent drop in sales in its most recent quarter and is expecting the current quarter to be weak, too.

A slowing Chinese real estate market has also clipped cash flow for its property arm, New World Development, worth just over HK\$83 billion.

The company is not alone in gearing up for the opening up of China's oil markets; traders told Reuters this week that CEFC China Energy, a small chemicals and fuel company, is also beefing up its oil business in readiness.

Like CEFC, Chow Tai Fook could be looking to obtain a permit from Beijing authorities to import crude oil into China, senior China-based oil traders said, though the fact it does not own oil and gas producing assets could prove an obstacle.

In the meantime, it could start by acting as a regional trader or a supplier in China, they said.

Company traders said Chow Tai Fook Energy has already opened a Beijing operation, led by Zhou Xuan, another former Sinopec trader. The company has also registered a Singapore operation, led by James Goh, a seasoned Singapore-based crude oil trader formerly with Astra Transcor Petroleum. Goh and Zhou confirmed their appointments. It will soon set up London and Houston outlets.

Beijing hopes market-based reforms will make the energy sector more efficient, and the involvement of independents would also help make a success of its launch of oil futures in Shanghai.

Henry Cheng Kar Shun, head of the family's business interests, is a member of the Chinese People's Political Consultative Conference (CPPCC), an advisory body to parliament. His office declined to comment on this story.

Banks in India feel squeeze of rock-bottom fees

REUTERS, Mumbai

Foreign investment banks are showing signs they will be more choosy about bidding for roles to help manage government share sales after the country's largest ever equity offering of \$3.6 billion left them splitting a fee of just one rupee.

Measly fees for advisory roles in government share sales are not unusual in India, but bankers say they are struggling now to justify the costs to shareholders in the current environment of low interest rates and rising regulatory costs.

Bankers say state share sales - a key plank of New Delhi's efforts to trim its fiscal deficit - tie-up staff for months on end, leaving teams stretched and the advisers out of pocket.

The low fees are also eroding their pricing power in private sector deals, they say.

"The bitter reality is the government deals are the biggest deals in India. If you are not making money on them, how can you justify a rise in cost in India and hire more bankers?" said the investing banking head of a large European bank in Mumbai.

The banker, who declined to be named, said that in the absence of being able to hire more staff, banks would pick and chose large govern-

ment share sales to "get you some league table credit".

"We are doing just that," he said, reflecting a view shared by other bankers.

Late last week, seven banks, including four foreign ones, managed the Indian government's sale of a 10 per cent stake in Coal India Ltd.

New Delhi is also looking to hire banks to sell minority stakes in five other companies, which could raise a combined \$3 billion based on current market values, as soon as this week. The government needs to raise \$10 billion by the end of March to reach its fiscal deficit target.

However, in the latest deal, no foreign banks submitted bids to manage the sale of a government stake worth about \$900 million in state miner NMDC Ltd. The tender closed on Tuesday with four Indian banks bidding, compared to five sought, a government website showed. When the government sold a similar stake in NMDC in 2012, more than a dozen banks had bid for the business.

Advisory fees on government share sales are not particularly lucrative globally, but India is probably the toughest market, said Tarun Kataria, chairman of advisory firm Cityspring Management in Singapore.

"India is perhaps the only market

globally where (government) deals are done for zero fees," Kataria said.

"It's massively sub-optimal for the issuer since the bankers are not sufficiently incentivised to get the best possible price execution from global investors," said Kataria, who was HSBC's India head of global banking and markets until 2010. "In addition, it reduces the banks' bargaining power in private-sector deals."

Aradhana Johri, secretary in the government's Department of Divestment, did not respond to Reuters request for comment.

Privately owned HDFC Bank hired nine banks, including Bank of America Merrill Lynch, JPMorgan and Credit Suisse, for its \$1.6 billion share sale launched on Wednesday.

The fee, say people with direct knowledge of the situation, will be 1.2 percent of the total amount raised, which compares with at least 2 percent typically seen a year ago.

All in all, foreign banks are now reluctant to bid enthusiastically for government sales.

"One would have taken pride in doing this a couple of years ago because of the league table credit you get, but today people are under huge pressure to show income," said the equity market head of a foreign bank, who worked on the Coal India offering.

Volvo cuts 1,000 jobs as China sales dip

AFP, Stockholm

Sweden's Volvo, the world's second-largest maker of trucks, reported a sharp fall in annual profits Thursday and announced 1,000 redundancies in its construction equipment business which was hit by falling demand from China.

The group's net profits plunged 41 percent in 2014 to 2.1 billion kronor (\$254 million, 223 million euros) compared to the previous year, largely due to a 30 percent drop in construction equipment deliveries towards the end of the year.

"In China demand for new equipment dropped significantly as a result of low machine utilisation following the reduced mining and construction activity," Volvo chief executive Olof Persson said in a statement.

Volvo's truck business saw a seven percent increase to 190.90 billion kronor last year and a 16 percent increase in orders in the fourth quarter, driven mainly by strong growth in North America.

Japan to extend duty benefits for knitwear products

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At the meeting, Bangladesh also proposed that a joint working group be formed to further enhance agricultural cooperation between the two countries. The Japanese side agreed to look into it and requested for concept paper.

The country also sought Japan's technical and financial support to establish a "National Disaster Management Training Centre".

Bangladesh reiterated its request to Japanese government to recruit skilled workers from the country for construction work of the 2020 Olympics and Paralympics.

Business leaders once again call for an end to unrest

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At the meeting, FBCCI President Kazi Akram Uddin Ahmed said it is very difficult to say at this moment whether the association will lobby with the political leaders for holding dialogues.

The political leaders do not even want to give the association leaders any appointment slot, he said.

"If it is possible to obtain appointments with the political leaders I will definitely ask them

for holding dialogues to resolve the crisis."

Ahmed suggested the businessmen from across the country to bring out a rally carrying national flags with slogans such as 'the country is above all', 'save the country, save the economy', 'we want security of lives and assets', 'we want business-friendly environment'.

About 3.5 crore people are expected to participate in country-wide rallies to be organised by FBCCI on February 8,

demanding an end to the current political impasse that is weighing on business.

Businessmen will gather in front of the FBCCI office in Dhaka and all district chambers from 12pm to 12:15pm.

The national anthem will be played during the rallies and the businessmen will send separate memoranda to the president, the prime minister and the BNP chairperson after the event, FBCCI said in a statement.

Bangladesh goes live on Google Street View

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A shop-owner in Old Dhaka, for instance, could provide links to Street View images on their website and social media to help customers locate the shop more easily, he said.

Hotels in Dhaka can also show prospective guests what the building looks like from the street, and give them a sense of the surrounding neighbourhood.

"The Street View project is an interesting one, because it shows how ICT technologies can have benefits across a range of sectors, from business to tourism to education," said Obaidul Quader, road transport and bridges minister.

Through Street View, people will be able to get a panoramic view of the country's leading archaeological and tourist spots,

said Khorshed Alam Chowdhury, civil aviation and tourism secretary.

Easy access is a unique feature of this service, said Janina Jaruzelski, USAID mission director to Bangladesh. "Launching such a service will help Bangladesh turn its digital vision into reality."

Since February 2013, Google captured street images of Dhaka and Chittagong with two cars equipped with powerful cameras.

As part of its privacy policy, Google blurred human faces and license plates of vehicles in the imagery to render them unidentifiable.

Google Street View was launched in 2007 for several US cities and has since expanded to include 65 countries, and around 3,000 cities and rural areas worldwide.



Niaz Habib, managing director of Dhaka Bank, hands over blankets for distribution among the winter-affected poor to SK Sur Chowdhury, deputy governor of Bangladesh Bank, at the central bank's office in Dhaka recently.

Thailand's PM Group to invest \$150m

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BOPP is a polymer widely used in place of cellophane, waxed paper, and aluminium foil for packaging a wide variety of consumer products including foods, garments, textiles, and stationary.

BOPP can also be recycled and reprocessed into other products. When incinerated, it only releases carbon dioxide and water vapour, with no pollution, and the resulting heat is twice that of coal.

BOPP is not biodegradable.

PM Group has interests in industrial products, consumer products, property development, golf courses, entertainment, education and investments, its website says.

Bangladesh Ambassador to Thailand and Cambodia Saida Muna Tasneem was also present at the signing programme.