



Farid Uddin Masoud, chairman of Bangladesh Jamiyatul Ulama (BJU), speaking at a press briefing at the Dhaka Reporters Unity yesterday. Islamic scholars issued fatwas against militancy at the programme organised by the BJU. PHOTO: STAR

Act now to boost pvt investment

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railways as the private sector would not go into these areas.

Private investment rate has continued to stagnate and has remained largely unchanged as a share of the GDP since fiscal year 2012-13, according to the World Bank.

Private investment rate is estimated to have declined to 21.78 percent in fiscal year 2015-16 from 22.07 percent of the GDP in fiscal year 2014-15. Private investment and growth remain constrained by disabling regulations, infrastructure deficiencies, financial sector weaknesses and political uncertainties, said the World Bank in April.

Ahsan of the PRI said a significant part of the desired private investment growth would come from foreign direct investment (FDI).

The former economist of the International Monetary Fund said the FDI went up this year but the economy also widened. As a result, the FDI was still below 1 percent in relation to the GDP.

Ahsan said the private sector was facing problems in getting utility services from the public sector. "... But the government will have to be proactive in giving certain things to private enterprises."

The economist said Bangladesh should go aggressive in borrowing capably cheap funds from abroad, as the country's foreign debt to the GDP ratio came down to 13 percent in the 2015 fiscal year and would go down to below 12 percent in the outgoing fiscal year.

"It is very low for a country like us. The capital is so cheap outside of Bangladesh but we are not using it as well as concessional capital," he said.

Due to stalled regulatory reforms, Bangladesh was 174th, among 189 nations, in the World Bank's 2016 ranking of the ease of doing business.

Ahsan questioned: "What have we done [in the area]? Why aren't we working systematically on the constraints which are well-identified?"

Binayak Sen, research director of the Bangladesh Institute of Development Studies, said one of the sources of private investment is the long-term borrowing from the financial system. But that long-term borrowing from the financial system is very inequitably distributed.

He said the bulk of the private investment, especially organised private investment, was happening in the larger segment.

"Inequality in the distribution of private investible assets is itself a stumbling block to accelerating private investment. We hear about the issue of the excess liquidity in the banking system and that private investors are not sufficiently stimulated to invest in the country. Because of investment uncertainty, capital flight takes place."

But medium and small investors don't have the luxury of capital flight and are sitting idle, he said. "The problem is that they don't have equal access to the financial system. That is perhaps one of the structural reasons that private investment is not sufficiently getting momentum. This is an issue of financial inequality and an issue that has to be squarely brought into discussion."

Binayak said the country could easily raise the private investment-to-GDP ratio to 26 percent from 24 percent if the government could slightly bring in equity in the distribution assets. Biru Paksha Paul, chief economist of the Bangladesh Bank, said the country was turning into a savings society as savings rate had exceeded the investment rate. Too much savings discourages investment.

He also said markets should control the interest rates on savings certificates. He also said without a low interest

rate regime, apart from other regulatory issues, one can't stimulate the stock market.

Moazzem of the CPD said the 7-plus percent GDP growth was the result of investment in the service sector rather than contribution from manufacturing sector.

"As a result, you will not see investment but there will be growth there. We will have to switch to a scenario where a lot of investment will take place and jobs will be created," he said, adding that new private investment in the manufacturing sector was of utmost importance.

The economist said the ineffectiveness in investment was also growing. "India is getting better economic growth compared to ours although they are investing comparatively less than Bangladesh. We are investing a lot but are not getting expected returns."

He said banks could tie up with NGOs to lend money among grassroots SMEs, as microfinance organisations have established models of giving loans bypassing various documentations demanded by formal financial organisations.

Moazzem said predictability was needed for industries. "It is very difficult for industries to go for long-term investment planning," he said, suggesting framing tax policies in a way that allows businesses to predict tax regimes for three to five years.

Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce & Industry, said the existing investment was suffering due to power and energy crisis, inadequate infrastructure and lack of trust between the government bodies and the business people.

"We know how difficult it is to get power and gas connections. So, running an industry and the cost of doing business is very high," she said.

Whenever businesses demand something from the government or its agencies, including the National Board of Revenue, it is not only to maximise profits, but also to survive in the market and to provide employment for people, she said.

"There is a huge amount of distrust between the government bodies and the business people. This mindset has to be changed," said Rupali, who has been serving Berger Paints Bangladesh as managing director since 2008.

She said frequent change in tax structures also hampers the businesses. "The tax structure should remain stable for a few years so that we can plan ahead and do the business accordingly," she added.

She also said getting approvals in different stages for investment was a big problem. "Starting from the Board of Investment to environmental licence, it takes a long time -- 8 to 10 months -- to get the clearances. In other countries, it's only two and a half months."

Abdus Salam Murshedy, president of the Exporters Association of Bangladesh, said there was problem in getting industrial land. Besides, the factories can't start production until they get gas connection.

"Had there been investment and demand for money, would the bank's interest rate come down to below single digit? Still, investors are not borrowing. The reason is lack of confidence."

Political uncertainty is not the only reason behind stagnant private investment, Murshedy said.

He said only one-third of the industries, who had set up factories in the last few years, had received energy connections.

Sardar M Amin, vice-president of the Real Estate & Housing Association of Bangladesh, said sales had dropped by 80 percent across the country and new projects have been cut by 90 percent since the 2013 violence with up to

90 percent jobs in about 1,200 REHAB members and 1,500 in other developers lost.

"But the government has not come up with support," he said, adding that the increase in advance income tax and the 15 percent value added tax had increased the cost of doing business.

Humayun Rashid, acting president of the Dhaka Chamber of Commerce and Industry, said his company Energypac Ltd's factories outside Dhaka had to pay the same amount for electricity that industries inside Dhaka pay.

"This is discrimination," he said. Humayun Kabir, chief executive of Beximco Group's jute and ceramics divisions, lambasted the government for increasing tax at source for all export industries irrespective of them making a profit or losing money.

"All these industries have to pay the same tax [1.5 percent]. Is it fair?" said Kabir. But the major change in the proposal is that this tax at source would be counted as final settlement and minimum tax without considering a company's profits or losses.

Also, this tax measure would discourage diversification of the export basket, he said.

Kabir, also a certified accountant, criticised the government for imposing surcharge on wealth tax, which he said would discourage capital formation and private investment as well.

"Effective tax rate for a corporate house stands at over 70 percent in Bangladesh. Tax structure becomes anti-investment," he said.

Mohammed Shoheler Rahman Chowdhury, manager of the Bangladesh Economic Zones Authority, said 100 economic zones would be set up in the next 15 years to attract local and foreign investment as well as to create jobs.

"We want to be a part of the global value chain especially by entering the East Asian value chain first," he said.

Anis A Khan, chairman of the Association of Bankers, Bangladesh, called for merger and acquisitions of banks in order to solidify their foundation, as the capital base of most banks was weak.

"If they can merge they will be able to do businesses, give large loans and help private investment," said the managing director of Mutual Trust Bank.

Luthful Bari, director for operations of Meghna Group that manufactures bicycles, said export of bicycle had been growing at 15 percent over the last several years.

"Now 80 percent parts of a bicycle are produced locally. Bangladesh can be a hub of bicycles," he said.

He said Bangladesh could be a hub of bicycle exports, if the government extends facilities, such as reducing corporate tax to 10 percent from 35.

Mahfuz Anam, editor of The Daily Star, and Brig Gen Shahedul Anam Khan (ret'd), associate editor of the newspaper, also spoke on the occasion.

Children used

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child, criminalises cruelty inflicted on children in both formal and informal work and engaging them in carrying illegal commodities.

Contacted, MM Mahmud, assistant superintendent of police in Jhalokathi, said they have no knowledge of horse racing in the area.

Mizanul Haque Chowdhury, deputy commissioner of the district, said no one has taken permission from them to organise horse races. He added that he was not aware of children being used as jockeys.

"I will raise the issue in the next law and order meeting," said the DC, who started working in Jhalokathi recently.

Schoolboy killed over 'delivery of 1kg beef'

OUR CORRESPONDENT, Sathkira

An eight-year-old boy was killed allegedly by a man over delivery of one kilogram of beef at Kushkhali village in Sathkira on Tuesday.

Police recovered the body of Fahim Ahmed, a class-II student at Kushkhali Govt Primary School, from a jute field near the village on Wednesday, a day after the kid went missing.

A case was filed with Sathkira Sadar Police Station on Wednesday in this connection.

Cops on Friday night arrested four people at the village in connection with the incident. They are Mujibur Rahman of the same village, his wife Safura Khatun, their sons Ibrahim Hossain and Israfil Hossain, said Emdadul Haque Sheikh, officer-in-charge of the police station.

A local court yesterday sent the four to jail after police produced them before it.

Quoting arrestees, the OC said Mujibur, owner of a cycle repairing shop at a local bazaar, bought a kg of beef on Tuesday morning and gave the packet of beef to Fahim to deliver it to his home at the village, some 25 kilometres off Sathkira town.

The schoolboy went to Mujibur's house, but found nobody there. He then left the packet on a rickshaw van in front of the house. Mujibur's family members later found that dogs were taking away beef from the packet.

Knowing this, Mujibur called in Fahim, beat him up brutally and kept him in a box. The critically injured kid died of his wounds in the box.

The OC said the victim's body was dumped in the jute field sometime on Tuesday night.

GAS CYLINDER BLAST 3 Bangladeshis killed in Libya

UNB, Dhaka

Three Bangladeshis were killed and two others injured in a gas cylinder explosion in Zawiya city of Libya on Thursday, an official at the Bangladesh embassy in Tripoli said yesterday.

The three dead are Hanif and Belal from Barguna and Mostafa from Pirojpur. Dulal and Chunnu from Pirojpur and Barguna sustained injuries in the incident.

The Bangladesh embassy in Libya was waiting for permission to repatriate the victims' bodies, said Ashraful Islam, counsellor (labour) at the embassy.

Hijra facts

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current miserable situation by attaining education and we can also contribute for the country by getting employed in different professions."

However, NCTB officials thought adding a new chapter in textbooks would make books heavier, recommending teaching facts about hijras through a "supplementary reading material instead of including a new chapter."

"It is difficult for us to include everything... (making it tougher) to finish the curriculum on time. Besides, people of different groups and communities make this type of demand. We cannot fulfill all of the demands because of our limitations," said Dr Ratan Siddique, member of Textbook at NCTB.

The supplementary reading material "will be more helpful than a textbook chapter, because students will only memorise the chapter to get (better) marks instead of learning the facts", he said.

He also said NCTB would take up initiatives to train teachers to disseminate knowledge about the third gender.

Governor house opened

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Located at a hilltop, Good Morning House is now an attractive place for people to organise programmes.

The facilities of the official residence made available for wedding ceremonies include a banquet hall, kitchen and living room to be used as wedding hall, waiting room for the bride, a traditional service room, etc.

"The governor house is a public property. People should have access to it. So, after some renovations, I opened it for people," Governor Nam told this correspondent at Good Morning House during the latter's recent visit to South Korea.

Nam invited some 80 journalists from 50 countries, who were visiting South Korea last month, for dinner at his official residence.

"Where do you live, then?" asked one of the journalists.

"I live in an apartment," he replied with a smile.

After he was sworn in in June 2014, he said, "Innovation is to change myself, as governor. I will try to create a harmonious society."

Regarding his role as the head of the provincial government, Nam said, "I will first make citizens and residents happy through job creation."

He believes if he changes his province, South Korea will change eventually.

Asked about his philosophy of life, he put it in one simple word, "happiness."

"If everyone in a family is happy individually, the family will be happy. If all the families are happy, the society will be happy. In this way, the country will be a happy country," Nam explained.

Gyeonggi is the most populous province in South Korea. Its name, Gyeonggi, means "the area surrounding the capital". Seoul, South Korea's largest city and national capital, is in the heart of the province but has been separately administered as a provincial-level special city since 1946.

The province has witnessed development of heavy industries of electronics, machine and steel, chemical, light and farm, livestock and fisheries industry.

The governor said his administration was trying in many ways to improve and modernise the conventional structures of industries.

About 30 percent corporations of South Korea are based in his province, generating 35 percent of national jobs, said Nam, a seasoned politician and former journalist, who had served as a lawmaker from the ruling party five times.

His election to the governor office was one of the toughest races as he beat his rival, NPAD [New Politics Alliance for Democracy] candidate Kim Jin-pyo by a margin of less than 1 percent.

Some of Nam's campaign pledges are related to public safety and eco-

Nato accused

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old confrontation."

Nato is currently staging a simulated attack on Poland involving more than 30,000 troops and has announced the "strengthening" of defences in Ukraine, while sending battalions to two of Russia's neighbours.

Large-scale military drills, which take place every two years, are intended to test the alliance's ability to respond to threats.

About 12,000 Polish and 14,000 US troops are taking part in exercises code named Anaconda-16 that started earlier this month, as well as 1,000 from the UK and others from Nato states and five other nations.

The drills feature fighter jets, warships and thousands of tanks and armoured vehicles.

Tensions between Nato and Russia remain high over the continuing conflict in eastern Ukraine, which was awarded increased funding and assistance this week.

Jens Stoltenberg, the alliance's Secretary General, called on Russia to "stop supporting the militants and withdraw its forces from Ukrainian territory" - two allegations that the Kremlin denies.

Nato defence ministers also agreed to "strengthen defence and deterrence" on Tuesday by announcing the deployment of four multinational battalions to Estonia, Latvia, Lithuania and Poland.

Russia has repeatedly said it considers Nato troops close to its borders to be a threat to its security.

"For some reason, Nato infrastructure must constantly be expanded and moved closer to the Russian borders," Vladimir Putin told a forum in St Petersburg on Friday.

"If we continue following such logic, act to escalate and intensify efforts to scare each other, then one day we may come to a Cold War."

"We (Russia) have a completely different logic, it is aimed at cooperation and search for compromise."

Steinmeier urged the military alliance to turn to dialogue and partnership, as well as building the case for disarmament, as Nato and Russia face joint threats in the Middle East.

economic development. Over the last two years, he regularly met people and heard their complaints and suggestions as to how to develop the province and services for people.

Nam is considered one of the few innovative members of the ruling Saenuri Party.

His action made him emerge as one of the potential presidential candidates for the election to be held next year.

Apart from Nam, most of those thought to be potential president candidates are either sitting or former governors or mayors of provinces and metropolitan governments in South Korea.

The new local autonomy law designated the special city of Seoul, six autonomous cities, and nine provinces as wide-area autonomous governments, and the districts in Seoul and cities and counties as local autonomous bodies. The division was made to make smoother transition in stages from a centralised system of government to local autonomy. These local administrative heads of government are elected for a four-year term for a maximum of three terms.

The country has presidential form of government with the president head of the state and the executive. One cannot serve as president more than once.

In the decentralised system of governance, the local government institutions are creating future leaders to lead South Korea, a country with a population of 50 million and an area of around one lakh square kilometres.

Like Nam, Seoul Mayor Park Won-soon has been dominating the discussion as one of the presidential candidates since his re-election as mayor in 2014.

The chief of the South Korean capital with a population of 10 million has overwhelmingly strong communication abilities. Under his leadership, the Seoul Metropolitan government has drawn people's attention through the implementation of many innovative programmes which immensely benefited city dwellers.

Former president Lee Myung-bak obtained a ticket to the Blue House presidential residence based on his achievements as the mayor of Seoul.

Park Won-soon, a leader of the Democratic Party and a former human rights lawyer, is a leading citizen movement activist in South Korea.

For his popularity, many believe Kim Kwan-yong, governor of Gyeongsangbuk-do province, will emerge as ruling party's presidential candidate in the next election.

He has been serving as governor since 2010. He was elected for the third time in 2014.

Kwan-yong is now the president of the governors association of South Korea.

He has been awarded more than a dozen times for his outstanding performances. Economic leader of Korea and communication management of Korea were among the awards.

Asked if he was interested in taking part in the presidential race, he said, "I like to stay close to people and work in the field. I am not interested."

He, however, dreams about a bigger achievement in terms of science and technology capacity of his province.

How Rajshahi

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Kashbon, grass, cultivation of crops and plantations."

He said instead of diesel or petrol driven vehicles, the city streets were now full of battery-run auto-rickshaws and gas driven vehicles; carbon emissions were remarkably reduced by this.

The corporation has been constructing footpaths covering the open soil on roadsides, improving the drainage system, increasing mango orchards, and beefing up the cleansing operations, Haque added.

"The news (of air pollution level going down in Rajshahi) is dramatic and surprising in the face of growing urbanisation and increase of brick-kilns," said Prof Golam Sabbir Sattar of Rajshahi University.

Sattar said, "The given data is not detailed. We need to know whether the PM particles are combined with carbon or not."

He said he, in a research in 2003-04, found the harmful PM particles to be at much higher level.

Although it was reduced drastically, heat radiation followed by sand storm was still driving away clouds in summers, as a result the city was witnessing lesser rainfall, he emphasised.

Besides, massive afforestation in the last 10 years, introduction of CNG and battery-run vehicles, increase of the greeneries, raising the height of the brick-kiln chimneys might have worked for reducing the pollution level, he said. "The city has no major industry, and so, there is no threat on its environment," he added.

However, Aminul Islam Sohel, a business owner of Sastitola, said, "This report is really encouraging, but I still have to wear a face mask whenever I'm riding my bike because of the dust."

"It's true that the air has become cleaner because of the introduction of CNG and battery-run vehicles, but it also has increased traffic congestion," said Pijush Kumar Sarker, a government employee.