

star BUSINESS

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Foreign investment plunges

REJAUL KARIM BYRON

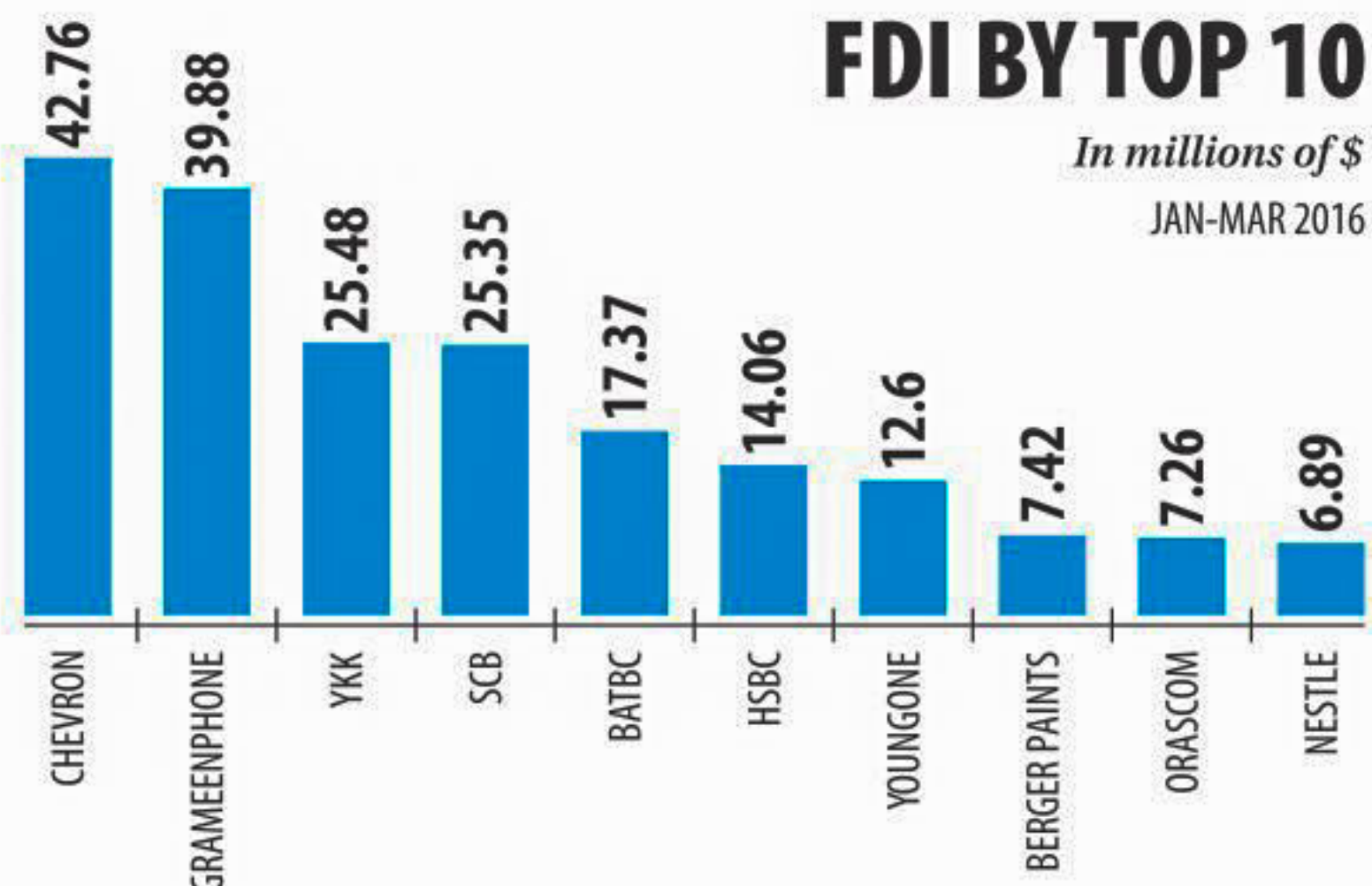
Foreign investment dropped 32 percent year-on-year in the first quarter of the year due to uncertain business climate.

Between January and March, foreign direct investment or FDI stood at only \$410.68 million in contrast to \$606.92 million a year earlier, according to data from the central bank.

Foreign investment is split into three categories: equity, reinvestment of earnings and intra-company loan.

In the first quarter of the year, equity capital or new investment declined 54 percent from a year earlier to \$90.29 million. Reinvestment of earnings also fell 9 percent to \$299.86 million.

Intra-company loans also declined four-fold year-on-year to



\$20.53 million during the period.

FDI also decreased over the previous quarter by 24 percent.

Economists and businessmen blamed at different times the

perennial infrastructural bottlenecks, administrative barriers and uncertainty for the fall in fresh FDI.

The problems with roads and highways, ports and land have

remained the same.

"If uncertainty persists in a country, attracting foreign investment is very difficult," said Aftab ul Islam, former president of the American Chamber of Commerce.

And the uncertainty has compounded after the recent Islamic militant attacks.

However, it is just not Bangladesh but many other countries are facing this uncertainty. As a result, FDI has decreased in those countries too, he said.

The former AmCham chairman did not agree with the notion that the lack of infrastructure affects FDI. "Investors would invest in a country where infrastructure deficit exists."

To attract more foreign investment, governance has to be improved, he added.

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India calls for simpler capital repatriation

High Commissioner Harsh Vardhan Shringla speaks at MCCI's luncheon meeting

	2013-14	2014-15	2015-16
India's exports (% growth)	\$6,034.8m (26.35%)	\$5,816.9m (-3.6%)	\$4,061m* (July-March)
Bangladesh's exports (% growth)	\$456.63m (-19.03%)	\$527.16m (15.44%)	\$689.62m (30.82%)
Total trade (% growth)	\$6,491.43m (21.5%)	\$6,344.06m (-2.27%)	

SOURCE: BB/EPB

*Data not available for the whole FY2015-16

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India has urged Bangladesh to simplify repatriation of capital and staff salaries as a step toward bringing in more investment.

Indian High Commissioner in Bangladesh Harsh Vardhan Shringla yesterday urged the Bangladesh government to make the processes of getting visas and no-objection certification from police simpler for Indian nationals.

"When you come to the fact of Indian investment in Bangladesh, you will see that Indian companies have invested over \$3 billion. The figure is only going up," he said.

India's foreign direct investment in Bangladesh increased 45 percent to \$82.79 million in fiscal 2014-15 from a year earlier, according to data from Bangladesh Bank.

Some notable Indian companies such as Airtel, CEAT Tyre, Marico and Aditya Birla Group have made investments in Bangladesh, Shringla said.

Recently, Hero Motors has entered into a

joint venture with Nitol-Niloy Group to set up a manufacturing plant in Jessore for \$35 million, he said.

Two major Indian companies -- Adani and Reliance -- showed interest in investing \$11 billion in energy and power in the first Bangladesh Investment Summit held in India in January.

Apart from the investment by the private sector, the Indian government has been giving another \$3 billion under a line of credit to Bangladesh for different purposes.

Shringla's comments came at a luncheon meeting organised by the Metropolitan Chamber of Commerce and Industry.

At the same time, Bangladeshi investment in India is also increasing. Companies such as Pran and Rahimafrooz Group have invested in India, the envoy said.

Investment is the best way to increase trade and commercial ties between the two countries, he said, adding that both the countries need to improve their infrastructure.

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Moriarty praises progress in factory upgrades

REFAYET ULLAH MIRDHA

More than 54 percent of remediation works have been completed in the garment factories that the Alliance members, including Walmart and Gap, source from.

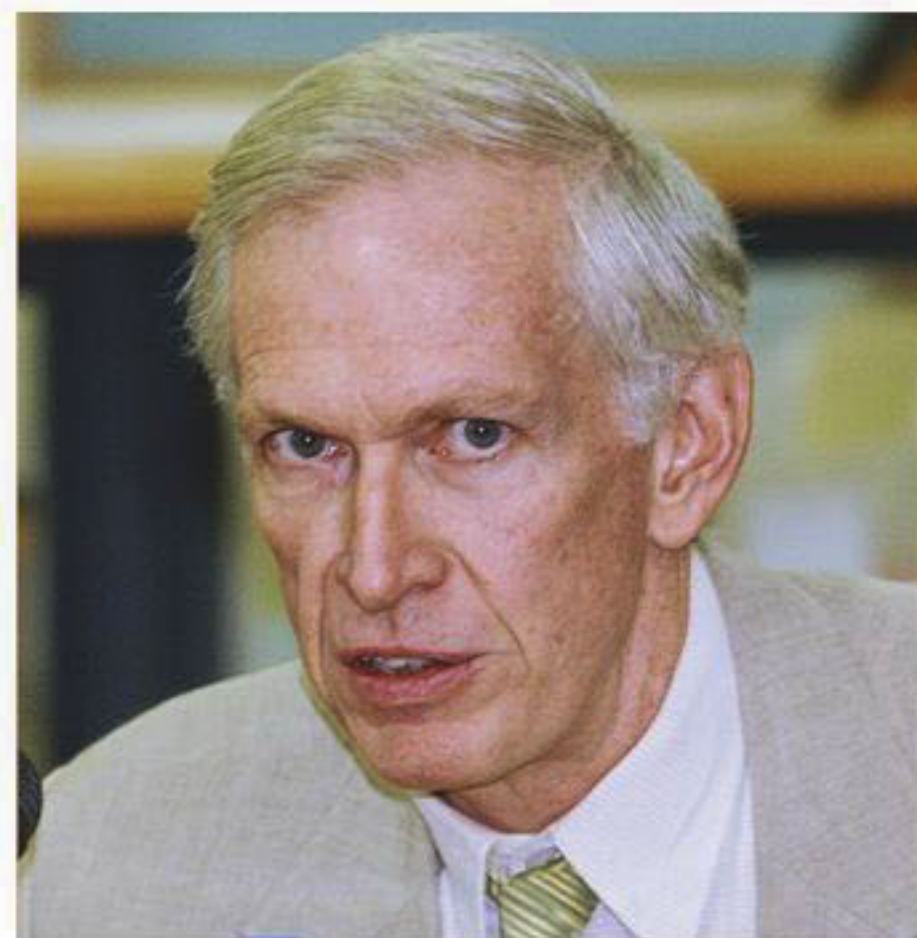
"Remediation is an important part of the safety initiative. I am amazed with the transformation of the factories in Bangladesh," said James Moriarty, country director of Alliance, speaking to a group of journalists at his office in Dhaka on Sunday.

"The Alliance members have also severed business ties with 91 factories so far, as they were not eager to remediate their units to plug the safety loopholes," said Moriarty.

Alliance is a factory inspection and remediation agency of 29 North American retailers and brands.

Factory owners can manage the remediation funds from banks, as many financing agencies are providing low-cost funds, he added.

Engineers of Alliance have been monitor-



James Moriarty

ing the progress in remediation on fire, electrical and structural elements after the completion of the preliminary inspection in September 2014.

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Five SIMs can be registered against each NID: regulator

STAR BUSINESS REPORT

A prepaid mobile phone user can now register maximum five SIMs against his national identity number, down from 20 connections previously, the telecom regulator said.

No bar has been imposed on post-paid or corporate users, according to a notice sent to operators on Thursday.

In a notice in June, Bangladesh Telecommunication Regulatory Commission had said maximum 20 prepaid SIMs can be registered against each national identity number.

Even after the biometric SIM registration process, SIMs are being used for criminal activities and illegal call termination, officials said.

Lots of SIMs were re-registered without the knowledge of NID cardholders, they said. Mobile phone operators said the latest directive will create confusion among customers.

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Wal-Mart to buy Jet.com for \$3.3b

REUTERS

Wal-Mart Stores said it would buy online retailer Jet.com for about \$3.3 billion to give a boost to its e-commerce division and to better compete with other online retailers.

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FSIB ISLAMIC BANK

Joint venture to produce 414MW

STAR BUSINESS REPORT

A Bangladesh-Singapore joint venture yesterday signed a number of agreements with different parties to set up a 414-megawatt power plant in Sirajganj at a cost of \$412 million.

Sembcorp North-West Power Company Ltd, the joint venture of Sembcorp Utilities of Singapore and Bangladesh's state-run North-West Power Generation Company Ltd, will build the dual fuel power plant.

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