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Businesses frustrated with lethargic reforms

STAR BUSINESS REPORT

Businesses yesterday expressed frustration over the lack of improvement in the processes for doing business and the sluggish progress in implementation of reform measures.

The economy is buoyant, the macroeconomy, on balance, is positive; yet the private domestic and foreign investment are not showing the dynamism that is needed to accelerate growth to 8 percent, said Sadiq Ahmed, vice-chairman of the Policy Research Institute of Bangladesh.

"A big part of the answer is the continued high cost of doing business as suggested by the ease of doing business rankings."

Ahmed's comments came at a roundtable on doing business in Bangladesh, organised by the PRI at its office in Dhaka.

Businesses and analysts also talked on the lack of willingness among civil servants to ease the process of doing business, which is badly needed to take the economy to the next level.

Some stressed on ensuring the accountability of civil servants and expressed dissatisfaction over the quality of education and the low skills of workforce.

In the World Bank's ranking of Doing Business, Bangladesh was ranked 177 out of 189 economies in 2018, down one notch from 2017.

"Bangladesh's ranking is at the lower end of the rankings in 9 out of the 10 categories," said Ahmed.

It fared the worst in enforcing contracts, registering property, getting electricity and trading across the borders.

"These suggest that the investment climate challenges are broad-based and will require fundamental reforms over a long period of time."

The Bangladesh Investment Development



Farooq Sobhan, president of Bangladesh Enterprise Institute, Ahsan H Mansur, executive director of Policy Research Institute, Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority, and Sadiq Ahmed, vice-chairman of PRI, attend a roundtable in Dhaka yesterday.

Authority has prepared an action plan for eight indicators of doing business through stakeholder consultations earlier, according to Ahmed.

But the implementation of the developed action plan is yet to be initiated, he said, adding that the National Committee for Monitoring Implementation of Doing Business Reforms needs to be operationalised for stronger oversight of the reforms.

"With the national election cycle fast

approaching, swift efforts are needed to show progress in the next few months."

As an immediate task, he suggested addressing the problems faced by the banking sector.

"If the banking sector problems that we are facing, if the pressure that we see on the balance of payments and on the credit side are not resolved quickly, there is a risk that some of the gains that we have made on the economy might be lost."

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Japanese investors gaining confidence: survey

REFAYET ULLAH MIRDHA

Confidence among the Japanese investors doing business in Bangladesh has improved remarkably as they think the country is a lucrative destination for their investment, according to a new survey by Japan External Trade Organisation (Jetro).

In particular, the 2018 diffusion indices of Bangladesh, India, Sri Lanka and Pakistan, plus Vietnam and Laos, exceeded 50 points, indicating a remarkable improvement of business confidence, the survey said.

Among reasons for the improvement "increased sales in local markets" ranked first, followed by "improvement of productivity" and "increased sales due to expansion of exports".

The survey ran on the business condition of Japanese companies in 20 countries and regions in Northeast Asia, Southeast Asia, Southwest Asia, and Oceania from October to November 2017.

The questionnaire included operating profit forecast, future business plan, management matters, rising cost of production and services, procurement of raw materials and parts, export and import, efforts at local market development and wages.

"The survey result has the reflection in reality as I have been noticing an influx of Japanese investors in Bangladesh over the last six months," said Tareq Rafi Bhuiyan, secretary general of the Japan Bangladesh Chamber of Commerce and Industry (JBCCI).

Japanese investors are looking for an alternative destination, pulling back their investment from China for the Japanese government's "China Plus One" policy, adopted in 2008, he told The Daily Star over phone.

Moreover, Japanese investors see Bangladesh as a good destination for production and sales of goods for having a strong consumer base with rising income, said Bhuiyan.

Bhuiyan said nearly 50 Japanese companies inquired to the JBCCI, apart from Jetro, over the last six months on the business potential in Bangladesh. Japanese businesses are interested in investing in textile and garment and consumer goods.

Another reason for the high turnout of Japanese investors is the implementation of some mega infrastructure projects involving Japanese experts, he said.

Asked, Bhuiyan said the killing of seven Japanese in the Holey Artisan Café attack in July 2016 was an isolated incident.

"Still the Japanese people believe that the nature of Bangladeshis is not like this. Japanese people love Bangladesh very much," he said.

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ADP spending rises 32pc

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The government's development spending rose 32.11 percent year-on-year to Tk 44,331 crore in the first six months of 2017-18 thanks to the increased use of foreign aid.

Project aid utilisation increased by more than 124 percent year-on-year to Tk 19,918 crore, according to the Implementation Monitoring and Evaluation Division (IMED). In comparison, use of the government's own funds rose by 2.79 percent.

Interestingly, development spending by state-owned enterprises—a part of the country's annual development programme (ADP)—declined by 30 percent.

In the current fiscal year, the total size of the ADP was Tk 164,085 crore. Its implementation slightly declined due to decreased use of the own funds of the government and the state-owned enterprises.

In six months to December 2017, the ministries and divisions spent 27.02 percent of the ADP allocation, down from

ADP IMPLEMENTATION in percentage



27.20 percent or Tk 33,554 crore spent in the same period previous year.

Project aid utilisation in ADP stands at 32.97 percent of the allocation while it was 22.15 percent in the same period a year ago.

However, the rate of spending from the government's own resources was much slower.

Allocation from the government's own fund in the ADP was Tk 95,515 crore, of which 23.42 percent was spent. It was 30.77 percent in the corresponding period last fiscal year.

The spending, however, rose in terms of amount—Tk 22,365 crore against Tk 21,757 crore a year earlier.

State-owned enterprises utilised only Tk 8,154 crore or 4.97 percent of the allocation from their own resources which was Tk 12,646 crore or 10 percent during the same period last fiscal.

Of the 15 large ministries and divisions that account for 80.83 percent of the allocation, five spent a higher amount than the average.

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BTRC lifts minimum speed limit for 4G

MUHAMMAD ZAHIDUL ISLAM

The Bangladesh Telecommunication Regulatory Commission will not enforce a precondition that instructed mobile phone operators to ensure a minimum 20 megabytes per second download speed while scrutinising their 4G licence applications.

The minimum speed issue will be kept in a "quality of service (QoS) directive" for telecommunication service providers and the figure will be updated from time to time.

"The directive will be on the table within a short time," Shahjahan Mahmood, chairman of the telecom regulator, told The Daily Star.

Now 20mbps seems high but

time will come when customers will get faster speed, he said. "In the QoS directive, we will set a standard speed and if operators fail to ensure it, they will face tough action," he added.

The BTRC on Sunday received five licence applications, including from state-run Teletalk and now out-of-service Citycell. The private entities are scheduled to sit in a spectrum auction on February 13.

The regulator has formed two separate committees to evaluate the applications for licences and spectrum auction. The names of those qualifying will be published on January 25 and a mock auction will take place on February 12.

The BTRC expects mobile internet users, especially in cities, to enjoy

super-fast data service by March as all the operators are set to roll out the 4G service.

The minimum speed was initially set at 1 gigabyte per second and later brought down to 100mbps. It however settled at 20mbps when Prime Minister Sheikh Hasina last November approved the 4G guideline containing the licence prerequisites.

For 3G, mobile operators enjoyed a minimum speed regulation of 512 kilobits per second whereas the global average was 4.4mbps.

Mobile operators praised the BTRC for overlooking the prerequisite, saying all such conditions need to be fixed taking ground realities into consideration.

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NRBC Bank gunning to impress in 2018

STAR BUSINESS REPORT

NRB Commercial Bank is gunning for an operating profit of Tk 250 crore in 2018 as the embattled bank looks to shake off the image crisis that befell towards the end of last year.

The fourth generation bank's operating profit in 2017 was Tk 200 crore,

said Kazi Md Talha, the current charge of NRBC, at a press briefing held yes-

terday at the capital's Westin hotel following NRBC's annual conference.

NRBC's new Chairman Tamal SM

Parvez presided over the annual con-

ference.

"We are now getting back the deposi-

tors' confidence," Talha said.

The tendency of depositors pulling

out their funds from the bank has stopped. Rather, in the last one month,

Tk 200 crore of new deposits came in.

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