

Bangladesh seeks big Indian investment in 13 sectors

PALLAB BHATTACHARYA, New Delhi

Bangladesh has identified 13 sectors where it is seeking 'mega investment' from India in joint venture projects.

The sectors include agro-processing, automobiles, ceramics, chemicals, gems and jewellery, light engineering, ICT, hospital and medical equipment, pharmaceuticals, and textiles.

Syed Muazzem Ali, Bangladesh's high commissioner to India, pointed out the sectors and urged Indian companies to make mega investment by taking advantage of the country's impressive economic growth.

He spoke at a seminar in Kolkata on Monday organised to mark Bangladesh's graduation from the least developed country's category, said the high commission in a statement.

The Deputy High Commission of Bangladesh in Kolkata and the Merchants Chamber of Commerce and Industry (MCCI) jointly organised the seminar.

"The most practical cause of action would be to set up a series of buy-back projects where Indian investors will set up industries in Bangladesh and re-export to India and some other neighbouring countries," said Ali.

He advised the Indian businesses to

take advantage of Bangladesh's competitive labour costs and closer proximity to India's north-eastern markets.

Several Indian large companies such as Hero Honda, Tata Group and CEAT Tyres companies have already set up projects in Bangladesh. "But, these are small projects. What we need is much bigger investment. If we could engage in the bigger projects, it will also ensure the stability of our relationship," Ali said.

The envoy said Bangladesh has seen a steadily upward run in almost every sector of governance, economy, politics and social upliftment.

"Today, Bangladesh is one of the fastest growing economies in the world with a record 7.28 percent GDP growth. Our growth rate is expected to reach 7.65 percent in the current fiscal year."

The country which was once ridiculed as bottomless basket is now globally considered as a 'development miracle', Ali said, adding that Bangladesh's socio-economic achievement is a global role model.

Jamaluddin Ahmed, general secretary of the Bangladesh Economic Association; Ramesh Agarwal, president of the MCCI; and Sheikh FazleFahim, senior vice president of the Federation of Bangladesh Chambers of Commerce and Industry, also spoke.

IndiGo to connect Dhaka, Kolkata from Aug 1



INDIGO

Civil Aviation and Tourism Minister AKM Shajahan Kamal and Indian High Commissioner to Bangladesh Harsh Vardhan Shringla pose at Indian airline IndiGo's Partners' Meet at the Sonargaon hotel in the capital yesterday. IndiGo's general sales agent in Bangladesh, Renaissance Aviation Services Ltd, joined the event along with its travel agents and stakeholders.

STAR BUSINESS REPORT

IndiGo, a low-cost Indian carrier, is all set to start daily flights from Dhaka from August 1 to provide the passengers with relatively inexpensive air fare.

The flights between Dhaka and Kolkata will also connect Bengaluru, Chennai, Delhi and Mumbai.

A 180-seater A320 will depart Dhaka at 7.10pm and reach at Kolkata at 8pm while it will leave Kolkata at 4.40pm and arrive in Dhaka at 6.10pm.

"Our passengers on the route will get special opportunity to travel to any big cities in India from Kolkata by our carriers as we operate many flights every day on

several routes," said William Boulter, chief commercial officer of IndiGo. He spoke at a press conference at Sonargaon hotel in Dhaka yesterday.

Passengers would be able to book tickets through the official website of the airline and the all-inclusive fares start from Tk 4,918 (one way).

"The main characteristics of IndiGo are that the fares are low, flights are on time and we ensure hassle-free travel experience."

"Dhaka will be our ninth international destination," he said. The airline now operates flights to 42 domestic and eight international destinations with its fleet of 160 aircraft.

New chief for Nestle Bangladesh



Deepal Abeywickrema

STAR BUSINESS DESK

Nestle Bangladesh Ltd has recently got a new managing director.

Deepal Abeywickrema replaces Stephane Norde, who was transferred to Nestle's Switzerland headquarters, the company said in a statement yesterday.

Abeywickrema, a Sri Lankan, was earlier senior vice president for sales at Nestle Lanka Ltd. He joined Nestle Lanka in 1985 in its sales unit.

Abeywickrema acquired a wealth of expertise and a deep understanding about business dynamics during his expatriation assignments in countries such as India, Australia, (Fiji and Papua New Guinea) and Malaysia.



MD Wahid Uz Zaman, managing director of Express Systems Ltd (ESL), poses with Oracle's "Partner of the Year 2018" award at the Sonargaon hotel in Dhaka recently on setting up and executing Oracle system, database and cloud across Bangladesh.

ESL

Muhith rejects NBR claim over BB gold

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The issue has drawn criticism and the central bank has come under fire. The CIID probe also revealed that the gold samples tested weigh more than that in the BB record books, raising questions about the central bank's seriousness in its vault management.

The investigation between late 2016 and early 2017 found that the government could lose Tk 1.9 crore for the discrepancy in weight and karat, an indicator of the purity of gold.

Based on a random sampling, the team checked 963.404kg of gold bars, ornaments and gold cut pieces. It found they actually weighed 963.854kg, meaning there was a discrepancy of 0.45kg.

In another case, which examined 3.3kg of gold, it found that there were 46 percent

gold in them instead of 80 percent recorded by the BB. The government stands to lose more than Tk 1 crore because of the differences, according to the investigation report by the CIID, a field office of the NBR.

Muhith said the NBR had come up with the report unnecessarily.

On Wednesday, the BB defended itself, saying it mistakenly wrote 80 percent and that it was a "clerical" error.

The central bank yesterday formed a six-member committee headed by Executive Director ANM Abul Kashem to scrutinise the gold stored at its vault and the overall vault management. The committee was constituted following an instruction from the finance minister, said Md Serajul Islam, the newly appointed spokesperson of the BB.

Oil steady as US-Iran row balances trade worries

REUTERS, London

Oil prices steadied on Tuesday as tension between the United States and Iran highlighted risks to supply and trade disputes raised prospects for slower economic growth and weaker energy demand.

Brent crude oil was unchanged at \$73.06 a barrel by 1145 GMT. US light crude was 35 cents higher at \$68.24.

"The impact on oil supplies if US-Iran tensions escalate significantly cannot be underestimated," said Abhishek Kumar, senior analyst at Interfax Energy. "Market participants are also keeping a close eye on the US-China trade war."

Both crude oil benchmarks have fallen this month as crude supplies from Russia, Saudi Arabia and other members of the Organization of the Petroleum Exporting Countries have increased and some unscheduled production losses have eased.

Market sentiment has been driven by geopolitical worries, namely fears that supply could be disrupted by confrontation in the Middle East or that Washington's trade dispute with its major trading partners could dampen global growth.

Foreign donations rise riding on Rohingyas

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The donation hit its previous record—\$749.86 million—in 2014-15, which declined to \$650.55 million in 2015-16 and reached \$715.05 million the following fiscal.

Senior bureau officials said about \$130 million came for the refugees who took shelter in Cox's Bazar since August last year after fleeing violence in their homeland Myanmar.

As of April, the government registered about 10.38 lakh Rohingyas in the southern districts.

"The amount was not unexpected as the donors are supporting us in providing assistance to the Rohingyas on humanitarian grounds," KM Abdus Salam, the bureau's director general, told The Daily Star.

The figure might increase in the current fiscal year as issues involving the Rohingya had not been resolved, Salam added.

There are 2,625 registered NGOs in the country, 259 of which are international ones. According to the bureau, about 1,600 NGOs are now in operation.

Insiders say the amount of donation received by the NGOs has been waning in the past couple of years, as the government took punitive measures against some for non-compliance to regulations while strengthening monitoring and passing an act on the issue.

The National Board of Revenue recently took steps over compliance after discovering that more than half of

the NGOs do not have tax files. Some NGOs were also banned from providing humanitarian assistance to Rohingyas because of non-compliance issues, such as not properly getting registered with the bureau.

Salam said the latest increase in donation inflow was in part a result of the efforts on ensuring compliance.

He mentioned of countries like Kuwait and some Islamic organisations in the UK and Australia which wanted to provide funds to proper authorities and disbursement under strict monitoring.

"That might also be a cause for the decline in the past," said Salam.

The director general also reasoned the decrease to tremendous improvements in socio-economic conditions, prompting donors to shift their focus and provide funds only for emergency disaster management such as that for floods.

Brac, the world's top NGO, said 2017-18 has seen a rising inflow of donations into Bangladesh mainly due to the influx of forcibly displaced Myanmar nationals in Cox's Bazar.

"Leading global donors stepped in to support Bangladesh to respond to the humanitarian crisis," said Moutushi Kabir, director for communication and outreach at Brac.

As the biggest on-the-ground responder to the crisis, Brac also initially mobilised its own funds to meet emergency needs after the influx began, she said.

Now they are working closely

with the government, local and international NGOs and other stakeholders through an Inter Sector Coordination Group, she added.

Although the two initial "recovery" phases were over, a third "rehabilitation and repatriation" phase required a significant amount of resource to meet the needs of both the Rohingya and the host community of the tourist district, said Kabir.

Rasheda K Choudhury, executive director of the Campaign for Popular Education, a network of over 1,000 NGOs and basic educator groups, said the fund flow for general development activities has declined over the years although some emergency funds have come in.

"Rohingya was the biggest issue for receiving grants last fiscal year. Apart from that, some NGOs also got funds for early child marriage prevention and last year's flood management," said Choudhury, a former adviser to a caretaker government.

She said Bangladesh improved a lot in different socio-economic indicators, causing donors to reconsider funding issues, which was also a matter of pride for the country.

Both Kabir and Choudhury said the global socioeconomic situation has been going through a transition in recent years and for that there has been a shift in the flow of global donations towards countries ravaged by conflict and war.

Bangladesh has stable economic outlook

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Moody's echoed the same concerns about the narrow government revenue base.

"We expect Bangladesh's government revenue to GDP ratio to remain among the lowest within our rated universe, given the delay in the implementation of the VAT law."

Moody's assessed Bangladesh's economic strength as "Moderate (+)", which is similar to Sri Lanka and Costa Rica.

It also assessed that Bangladesh's banking sector risk as "Moderate (-)", which indicated that the country's banking sector is not performing well enough.

The country's state-owned commercial banks account for 30 percent of banking system assets and exhibit significantly weaker asset quality, profitability, and capital adequacy than private commercial banks.

Gross non-performing loans of state-owned banks amounted to 29.3 percent of total loans in the third quarter of 2017, compared to 6 percent for private commercial banks, and have been rising since 2015, said the Moody's.

"The banking sector's health and governance standards are generally weak, particularly in public sector banks," Fitch said in its report.

It also said Bangladesh exhibits one of the highest real GDP growth rates in the sovereign space.

However, the economy is less developed on a number of metrics than many of its peers.

The average per capita GDP remains low compared with the 'BB' range median of \$5,611, although major improvements have taken place over the past decade on a number of social metrics.

Political and safety risks remain substantial, Fitch said.

"Continued strong political polarisation could again lead to widespread violence and blockades, especially nearer to the general elections."

Arif Khan, CEO of IDLC Finance, and Md Moniruzzaman, managing director of IDLC Investments Ltd, pose with an "Euromoney Awards for Excellence 2018" trophy in Hong Kong recently on IDLC Investments being recognised as the "Best Investment Bank in Bangladesh".

IDLC

