

# Bangladesh a promising destination for FDI

SAFA president says at ICAB event

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Bangladesh is one of the promising economies with a large domestic market, labour at competitive prices, low utility charges, seaports, long-term tax holiday and easy access to largest regional market like India and China, SAFA President PVS Jagan Mohan Rao said yesterday.

The certified management accountant and the leader of the South Asian Federation of Accountants (SAFA) made the

comment at a press conference on foreign direct investment (FDI) and corporate governance.

President of the Institute of Chartered Accountants of Bangladesh (ICAB) AF Nesaruddin, Council Member Humayun Kabir and Delegates from India, Pakistan, Sri Lanka and Nepal also spoke in the event organised by ICAB in Dhaka.

"Bangladesh is already being recognised as a thriving investment hub, and this is reflected in the country's FDI inflows," Rao said.

The government's investment facility in export processing zones, establishment of private economic zones, public private partnership and special economic zones could be bonanza for FDI in Bangladesh.

The apparel sector accounts for around 80 percent of the country's total exports. However, Bangladesh needs to go for export diversification now, the SAFA president suggested.

The ICAB president Nesaruddin said fiscal and other incentives, including repatriation of capital and profit, are available for foreign

investors.

Bangladesh is also in a suitable position to supply skilled manpower and ready to undertake high-tech industries. This is high time to invest in Bangladesh, he added.

In the Ease of Doing Business index 2020, Bangladesh progressed 8 notches up and "we have FDI potential in many fields, including industries and infrastructure", he said.

"We are working hard in delivering quality services to support enterprise, corporate governance and sustainable growth in the overall business environment."

The Bangladesh government has taken many policies to attract FDI, he said.

However, these policies are not implemented properly in the country. There is an ardent need to formulate pragmatic policies so that foreign investors feel comfortable to invest in Bangladesh, he further added.

To boost FDI inflow, the government offers one of the most liberal investment policies and attractive packages of fiscal, financial and other incentives for foreign entrepreneurs, Nesaruddin said.

ICAB organised the press meet after hosting various events of SAFA International Conference 2019, the 19th ICAB National Award for Best Presented Annual Reports 2018 ceremony and hosted the SAFA Best Presented Annual Report Awards and Saarc Anniversary Award for Corporate Governance Disclosures 2018 ceremony and a number of meetings.

## Malaysia to examine ringgit's fall

REUTERS, Kuala Lumpur

Malaysia's government will discuss a depreciation of the ringgit that is making imports more expensive and raising living costs, Prime Minister Mahathir Mohamad said on Saturday, addressing one of the biggest criticisms of his administration.

The Malaysian ringgit fell for a third straight week this week.

"Previously, our currency was quoted at 3.80 against the U.S. dollar, but now it is at 4.20. Due to our currency's value, everything that we buy has become more expensive," Mahathir told reporters when asked about high cost of basic necessities.

"This is one of the reasons. We will discuss this problem in the government."

The 94-year leader took office in May 2018 after unexpectedly winning a general election.

## AmCham gets new top brass

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Syed Ershad Ahmed, country manager and managing director of Expeditors (Bangladesh), has recently been elected president of the American Chamber of Commerce in Bangladesh (AmCham) for 2019-20.



Syed Ershad Ahmed



Syed Mohammad Kamal

Ahmed is a former president of the Foreign Investors' Chamber of Commerce and Industry.

The chamber also elected Syed Mohammad Kamal, country manager of MasterCard Singapore Holding, as vice president during an executive committee meeting at its office in Dhaka, says a statement.

Md Shafiqul Azim, general manager of R-Pac (Bangladesh), became treasurer while Showkat Ali Sarkar, a DuPont Bangladesh director, N Rajashekar, managing director and country officer at Citibank NA, and Mirza Shajib Raihan, business manager for Bangladesh at Becton Dickinson India, members.



ICAB

PVS Jagan Mohan Rao, president of the South Asian Federation of Accountants, speaks at a press conference on "Foreign Direct Investment and Corporate Governance" organised by the Institute of Chartered Accountants of Bangladesh at its conference room in Dhaka yesterday. AF Nesaruddin, the institute's president, was present.



## New DMD for One Bank

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John Sarkar has recently been promoted to deputy managing director of One Bank.

He was previously an additional deputy managing director, company secretary and head of human resources, said a One Bank statement yesterday.

Sarkar started his banking career as a probationary officer of Arab Bangladesh Bank (presently AB Bank) in 1986. He holds a master's degree in economics.

## Take up productive social safety net schemes

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Khan Ahmed Sayeed Murshid, director general of the BIDS, said there has been a recent outcry that many educated people were not getting jobs.

The BIDS research on employment among educated people shows overall unemployment to be the lowest among those having passed SSC and HSC exams (27.28 percent) and the highest for those attaining Bachelor of Arts degrees (36.6 percent). Meanwhile, some 34.3 percent of those holding Master of Arts degrees are unemployed.

A stark difference remains with salaries being shaped by education levels so people still want to attain postgraduate degrees, he said while presenting a paper on employment and unemployment amongst educated youth. "So, education still matters."

He found the performance of arts graduates to be poor, those with vocational training well, science students not particularly well and O-level students very well.

SM Zulfiqar Ali, senior research fellow of the BIDS, said Bangladesh has made remarkable progress in reducing poverty over the past decades but there were some pockets where poverty was really high and "probably" increasing as well. The HIES 2016 data says 70.8 percent people of Kurigram are still poor whereas Ali's research puts it at 77.3 percent. He ran the research in four districts where his figures were higher than those of the Bangladesh Bureau of Statistics.

Over the past decade, income in Kurigram and Dinajpur has remained the same, he said while presenting a paper on finding the reasons of increasing poverty in some districts.

He cited some reasons for persistent poverty like poor asset and human capital bases, high dependence on day labour, high dependency ratio, poor access to infrastructure and credit, high exposure to various shocks and high incidents of natural hazards.

## Drugmakers' spending on doctors raises medicine prices

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He said medical representatives visit doctors with samples of newly introduced drugs. "If we give a pen with the samples will the prices of medicines increase?" he questioned.

On sending full family of doctors abroad, Shafiuzzaman said: "This is not based on facts," he told The Daily Star.

He said there are expenses involved if spouses and children of doctors are sent abroad.

"How many medicines a doctor can prescribe? All companies visit a doctor and have you ever seen a doctor prescribing medicines for a single company?"

He said it would be correct if the researchers can give authentic references. "Otherwise, it is not correct."

The BAPI secretary-general also said the prices of drugs are cheaper in Bangladesh than any other country.

The prices of drugs of the same generic group of different companies vary in Bangladesh and the patients have to spend more to buy high-priced medicines while following doctors' prescription, Nazneen said.

For instance, the price of a tablet of one company is Tk 5 but the consumers purchase the same tablet at Tk 15 of another company although both tablets are under the same generic group, she said.

The patients do not verify the prices and

generic groups, she said.

Monzur Hossain, senior research fellow of the BIDS, said the research found that garment factory workers now feel safe at their workplaces after the improvement in compliance following the recommendations of the Accord, the Alliance and a national initiative.

Hossain shared the information in a paper on the "Impact of compliance on RMG industry in Bangladesh".

"We did not find any significant impact of compliance on labour productivity, total output, market access of firms and on crisis like labour unrest, accidents and injuries faced by firms after the remediation work from 2013 to 2018."

Higher investment on fire safety compared to the total cost of the firm leaves negative impact on labour productivity and total output, he showed in the paper.

The findings, however, showed that compliance or remediation measures have positive effect on workers' perceptions on building safety, fire safety and electrical safety at workplace.

Another paper was presented on "A macro model of the Bangladesh economy" that aimed to construct a model to be used to update the input-output table and assess the effects of different interventions in the short- and long-run period.

After the Rana Plaza building collapse, a lot of

electrical, fire and structural safety improvements have taken place in the garment factories, the researchers said.

However, at the same time the prices of garment items did not increase; rather in some cases the prices fell to some extent, they said.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said in many factories compliances exist in papers only, not in reality.

"Compliance cannot be a choice in the factories - it's a must to run the business," he said.

Prof Raihan also shed light on the quality of Bangladeshi drugs. He said Thai doctors prescribe one paracetamol tablet for fever, but in Bangladesh it needs two paracetamols.

One Thai paracetamol is enough to cure fever, but two tablets are needed in Bangladesh only because of a lack of quality, he said.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said there is a slowdown in demand for apparel items globally.

As a result, the prices of garment items declined to some extent not only in Bangladesh, but also all around the globe, Moazzem said.

He said it should be investigated whether big pharmaceuticals companies are manipulating the drug prices in the local market as 10 large firms control over 70 percent of the market.

## Africa a potential market for software companies

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"We have incorporated the tax policies in the 11 countries in the software so that it becomes helpful to any of their offices," said Kabir, who recently travelled to Cameroon to attend the formal launch of the software.

The software will also be used in Nigeria, Gabon, and Congo and in other countries where Melt Group has offices, employing 5,000 people, he said.

"Definitely, this is a very big achievement for us as well as for Bangladesh. This is a sign that Bangladeshi companies are gradually achieving a leading position in the ICT sector," he said.

"At the same time, we, as a nation, are not only developing our country, we are contributing to the development of other countries."

Kabir declined to give the value of the contract.

Africa is the world's fastest-growing continent for software developers, according to an article published on the business news website Quartz last month.

"For us, opening up the opportunity is the main achievement, especially in this case. We really don't bother about the price of the deal," Kabir said.

He said 95 percent work in Cameroon and other countries in the region are carried out manually so the opportunity is huge.

"There is no established local firm in the country. Besides, there are many local people who studied computer sciences in Bangladesh."

Dream71 has previously worked with companies in Japan, South Korea, the Netherlands, the United Arab Emirates and 14 other countries.

In October 2017, DataSoft inked an agreement with the Ministry of Transport and Communication Channels of the Democratic Republic of Congo to advise and install Internet of Things-based toll management solutions for its Matadi Bridge, becoming the first Bangladeshi software company to make entry into the continent.

Posts and Telecom Minister Mustafa Jabbar said it is good news for Bangladesh that local companies are doing well abroad.

"Africa is an untapped market and we can explore it and it can help boost our earnings from the ICT sector," said Jabbar, also a former president of the Bangladesh Association of Software and Information Services (BASIS).

According to the BASIS, software exports fetch about \$1 billion a year and the government has a target to raise it to \$5 billion by 2021.

Bangladesh began exporting software in 1999-2000, bringing home \$2.8 million in the year. In 2012-13 fiscal, the earnings surpassed \$100 million.

More than 10 Bangladeshi companies, including REVE Systems, Tiger IT, DataSoft, Dohatec, eGeneration, Southtech, and Dream71, have offices in different countries such as India, Nepal, Bhutan, Malaysia, Japan, the UK, the US and various African nations.

## US cryptocurrency promoter charged after advising North Korea

AFP, Washington

A prominent American cryptocurrency promoter and former hacker was charged with sanctions violations Friday after he allegedly advised North Korea on using virtual money to avoid international controls.

Virgil Griffith, 36, who lives in Singapore and works for the blockchain and cryptocurrency developer Ethereum, was arrested at Los Angeles International Airport on Thursday, the Justice Department said.

He attended a conference on blockchain and virtual currencies in Pyongyang in April, where he spoke about how to use both technologies "to evade sanctions," the department said. Doing so violated US Treasury bans on "exporting any goods, services, or technology" to North Korea, put in place in response to the country's nuclear weapons program.

The department said North Korean officials at the conference appeared to show particular interest in Griffith's presentation. After the conference, it said, Griffith "began formulating plans to facilitate the exchange of cryptocurrency between the DPRK and South Korea."

## No syndicate in rice market: BIDS study

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Co-authored by BIDS Research Fellow Mainul Haque and Research Associate Nahian Azad Shashi, the paper said traders known as middlemen play a major role in moving paddy from farmers to millers or stockists or commission agents.

It found the dominance of millers who procure paddy mostly during the harvesting season when prices remain low and store the grains to continue milling for several months until the next harvest takes place.

Millers, as per laws, can store paddy five times their milling capacity for 30 days and rice twice their fortnightly milling capacity.

So, if a mill stores grains as per law, the person can't be called hoarder legally, Nazneen said. She, however, added that they found during their field visits to 16 mills that 12.5 percent mills had higher storage capacity compared to their milling capacity.

"We have also found that very big millers have grain in the hands of aratdars (stockists or commission agents) and other actors in their chains. Very big mills can afford this, small and medium-sized millers can't."

The researchers analysed the trend of wholesale and retail prices of fine, medium and coarse rice since 2006 and found seasonality as one of the major factors for

variation in rice prices.

The researchers found that the gap between wholesale and retail prices widens during the slack season, meaning prices go up prior to harvesting of paddy.

"At that time, it is natural that prices would go up because of low supply. So, if prices increase at that time, apparently it would not be right to think there is anti-competitive behaviour or collusion in the market," said Nazneen.

There is competitive behaviour among the actors in the market. "Apparently there is no syndicate. We can't say strongly that there is anti-competitive behaviour," she said.

The study found the link of the price hike with the low stock of grains at public warehouses and suggested the government monitor food stocks in public godowns.

Prof Shamsul Alam, a senior secretary and member of the General Economics Division under the planning ministry, said the study findings show there is no market concentration. No certain group can influence the market alone.

"In broader sense, what I can say is that the rice market works competitively," said Alam. He recommended taking timely measures to provide objective data on demand, production and import.

He said the market would function properly if price, supply

and demand are forecast timely. A price commission can be formed, said Alam, who was also critical about production and demand estimates of rice and onion.

At the opening session, Prof Alam said Bangladesh should have 50-60 lakh tonnes surplus rice if the production estimates were accurate.

He said production and demand estimates of onions are done by government agencies. If production is 22 lakh tonnes and demand is 24 lakh tonnes, why aren't prices falling even after large imports?

"We need to do some soul-searching before blaming businesses," he said.

In his speech, Muhith said the current pace of economic growth of Bangladesh would continue for two-three years.

"But we have to be careful about international developments," he said, suggesting following the economic situation in India as developments in the neighbouring country can influence Bangladesh economy.

Muhith stressed maintaining the achievements in the social sector and increasing national savings. "Our savings are very low, one of the lowest in the world."

Former Finance Minister M Syeduzzaman and Planning Division Secretary Md Nurul Amin also spoke in the opening session, which was chaired by BIDS Director General KAS Murshid.