

## Ministry seeks Tk 5000cr aid for textile sector

'Govt initiative inadequate to face quota-free era'

SHAKHAWAT LITON

The government has done very little to upgrade the textile sector to tackle the impending crisis in the quota-free regime after 2004, observed the Ministry of Textiles in a report on the state of the sector.

The ministry also sought urgent assistance from the banking system over the next two years to set up new textile industry and modernise old mills for increasing their production.

The report submitted yesterday to the parliamentary standing committee on the ministry said Bangladesh needs Tk 10,000 crore investment to face the crisis, but efforts to woo such a huge invest-

ment were inadequate.

After discussion on the report, the standing committee supported the ministry's observation and urged the government to take up the issue seriously.

Textiles Minister Abdul Matin Chowdhury, a member of the standing committee, expressed his discontent over the finance ministry's inaction to arrange soft term loans for setting up textile industry, said a meeting source.

"We appealed to the finance minister but so far we received no response," the textiles minister was quoted as saying at the committee meeting.

The report estimates Bangladesh's annual yarn demand at 69.5 crore kg while only 30 crore

kg is produced locally. The readymade garment industries need 418 crore metres of fabrics a year mainly for export.

However, local textile industries can manufacture only 200 crore metres leaving the rest on imports, the report said.

To face the challenges ahead, the country needs at least 40 spinning mills, 60 weaving mills and 65 knitting, dyeing units that would require an investment of about Tk 10,000 crore as assessed by the ministry.

The ministry recommended fixing lowest interest rate on bank loans, reducing import tax and duty on textile machinery and primary raw materials, setting up of modern machinery and providing training to

the workforce.

The report urged the government to take immediate steps like providing more funds to the private sector and setting up a supportive fund for textile sector.

The ministry opposed introduction of Saarc cumulation saying that it will have a negative impact on the textile sector.

It recommended handing over the responsibility of looking after the garments sector to textiles ministry to ensure smooth coordination between the textile and ready made garment industry.

Prof MA Matin, chairman of the committee, presided over the meeting while committee members and officials concerned were present.

## Stop collection of all import charges but NOC fees

Govt directs freight forwarders

ZAHIDUL HAQUE

In a move to reduce import charges, the government has directed all the freight forwarders to stop collection of various charges and fees, excepting no objection certificate (NOC) charge, from importers in the bill of lading.

From now on, the importers will have to pay only Tk 1,250 as NOC charge per consignment fixed by the government. Earlier, they had to pay around Tk 7,000 in various charges and fees to the freight forwarders.

The Ministry of Commerce fixed the NOC charge after a joint meeting held on October 16. The com-

merce minister and leaders of Chittagong Chamber, BGMEA and clearing and forwarding (C&F) agents association attended the meeting.

Ready made garment (RMG) manufacturers and exporters are happy with the government directive, made effective from yesterday, as the move would help them save a huge amount in import cost for RMG raw materials.

The members of Bangladesh Garment Manufacturers & Exporters Association (BGMEA) had to count Tk 42 lakh a day in extra import cost, BGMEA Acting President SM Nurul Hoque told a

group of reporters in Dhaka yesterday.

He said some 600 shipments of RMG raw materials are cleared everyday at Chittagong Port, Kamalapur inland container depot (ICD) and Dhaka airport.

Nurul Hoque said freight forwarders having no affiliation with any trade association used to take extra charges in different names including status charge, China charge, co-loader charge and documentation charge.

The ministry of commerce has also made it compulsory for each forwarder to be a member of any recognised trade body, receive

multi-modal licence from National Board of Revenue (NBR) and a clearance certificate from Bangladesh Bank.

In view of the importers' complaint about collection of extra shipping charges, the ministry will also fix such charges within a month. Shipping agents will then be asked to collect the fixed charge from importers.

The Oct 16 joint meeting also decided that NBR would formulate a code of conduct for freight forwarders and award licence to them if they comply with the rules. Bangladesh Bank will form a monitoring cell to observe their activities.

## New DMD of AB Bank



Ali Reza Iftekhar has been promoted as deputy managing director of Arab Bank Bangladesh Limited recently.

Prior to his new assignment, Iftekhar had been serving as the senior executive vice-president of the bank, says a press release.

He also served a good number of banks including Banque Indosuez and Standard Chartered in his banking career.

## Premier Bank opens Islamic banking branch in Sylhet

Premier Bank has opened its 2nd Islamic banking branch in Sylhet.

Dr H B M Iqbal, chairman of the bank, inaugurated the branch on Saturday, says a press release.

A Shariah Council consisting of renowned Islamic scholars will ensure the total operations of the branch.

Among others, Sponsor Director of the bank B H Haroon, Managing Director of the bank M A Yussouf Khan, Deputy Managing Director Neaz Ahmed and Business Development Consultant Muhammad Akram Hussain were also present.

## Call money rate low

BSS, Dhaka

The call money rate rose slightly but remained at its low level yesterday, fund managers of different commercial banks said.

In most deals, the call money rate ranged between 4.00 per cent and 6.50 per cent, they said.

The banking sector is suffering various problems due to surplus funds that are costly. But the demand for credit and investment is very low due to high interest rates and too cautious policies, fund managers said.

## US oil prices hover above \$30 a barrel

REUTERS, Singapore

US oil prices were steady and hovering above \$30 a barrel Monday, although dealers said sentiment was bearish given the market's gains in the past month.

"We've had a pretty phenomenal run-up, but I think on the risk-reward basis, the good money may already have been made," said David Thurtell, commodities strategist at Commonwealth Bank of Australia.

Benchmark US crude prices shot up to more than \$32 a barrel after oil cartel OPEC announced plans in September to cut production from November 1. But it has been in a down trend since then as speculators cashed in their gains. The key December contract, quoted by the New York Mercantile Exchange Clc1, was flat at \$30.16 per barrel after losing 14 cents in Friday's trading.

## Automated billing makes Caab financially better

M ABDUR RAHIM

The Civil Aviation Authority of Bangladesh (Caab) has been able to consolidate its financial position by ensuring timely collection of aeronautical bills from airlines.

Automation of aeronautical bill collection system in July last year helped Caab drastically cut the collection time. At present, no bill is pending with any foreign airlines.

Caab collects aeronautical charges from both local and foreign airlines in different heads like landing, route navigation, parking, housing, security and boarding bridge. It also charges offline airlines for over-flying through Bangladesh airspace.

Before the automation, bills were prepared on monthly basis and it took a long time to prepare a bill and send it to respective airlines. Many bills used to remain pending. But now the bills are processed within seconds, officials said.

The charges are now calculated on weekly basis with the help of

Revenue Collection System software and forwarded to the recipients by e-mail on every Monday. BD Tech Ltd developed the software for Caab.

Caab officials said the accounts department used to take three to four months to prepare the bills manually before the automation. The slow bill processing and correspondence sometimes consumed a year to settle a monthly bill.

Air Transport and Regulations Division under Flight Safety and Regulations Department of Caab supervises the billing system with helps from Air Traffic Control, Zia International Airport (ZIA) and accounts department.

"The automation has brought in revolutionary change in financial condition of the authority. Now there is no outstanding aeronautical bills, which accounts for 75 per cent of Caab's revenue, with any foreign airlines," a Caab official said.

Caab's earnings from aeronautical services at airports amount to about Tk 100 crore a year. Currently,

14 foreign airlines and Biman Bangladesh Airlines are operating in Bangladesh.

Some 100 offline foreign airlines take route navigation facility from Caab for overflying Bangladesh territory. In 2002, foreign airlines made 27,777 overflying flights paying \$73.11 lakh to Caab. The earning was \$72.17 lakh in 2001 from 26,713 flights.

An aircraft weighing over two lakh kg has to pay \$300 for an overflying flight. The amount is Tk 2,500 for domestic airlines. The aircraft weighing 1-3 lakh kg have to pay \$800-2400 as landing charge.

An aircraft weighing 2-3 lakh kg has to pay \$125 for first two hours of using boarding bridge. Security charge is 10 per cent of landing charge of an aircraft. Route navigation charge for an aircraft weighing 1-2 lakh kg is \$280.

For first six hours airlines are not charged for parking. When an airlines exceeds six hours it will be charged 25 per cent of landing charge for every 25 hours.



Md Atiqur Rahman, chairman of Jamuna Bank Limited, inaugurates the bank's first Islamic branch at Nayabazar in Dhaka on Saturday. SA Chowdhury, managing director of the bank, and directors were present.

## Legal framework needed for micro-credit banks: Yunus

BSS, Dhaka

Creation of separate kind of legal framework like Micro-credit Regulatory Commission is required to institutionalise micro-credit banks (MCBs) in the country where over 10 million poor borrowers are reached by MCBs each year.

The observation came from the exponent of Micro-credit concept and Grameen Bank chief Prof Mohammad Yunus recently at a web-based newsletter of Grameen Trust.

The Grameen Bank chief pointed out that now all policymakers do recognise that micro-credit needs different kind of banking format than conventional banking. "Creation of separate legal framework, and a separate Micro-credit Regulatory Commission will be the result of that recognition," he said.

The Grameen chief said

although some countries like Pakistan, The Philippines, Venezuela and Uganda have already passed laws to create microcredit banks but they followed the law that already exists for the conventional banks.

Prof Yunus argued that Bangladesh needed to have sharper departure from the existing banking laws. He said "It will be an important initial step towards institutionalisation of micro-credit. India has created separate regulatory body for rural finance. I see no reason why a separate regulatory body cannot be created for micro-credit which can develop into a dynamic financial sector in any country with appropriate policy support."

Central bank of the country can play an important role within the micro-credit commission. The

micro-credit exponent said selection of the first chairman of the commission will be very critical. He or she must have deep understanding of micro-credit and patience and skill for creating an entirely new financial sector.

Yunus observed that the law for creating a micro-credit bank should have two things in mid. First, it should allow and encourage NGOs to convert one or more units of their micro-credit operations into MCBs to test out the formal financial world.

"If NGOs convert more and more of their units into MCBs, this will be a testimony to the success of the new law," he said.

Second, the law should encourage creation of start-up MCBs, without going through the process of being born as an NGO-MCP as a first step, and then converting it into an MCB as a second step.



Mohasin Miah of Dhaka Bank Limited and Norbert G. Mendes, CEO of neno, LLC of USA, exchange documents after signing a money transfer agreement recently. Under the deal, non-resident Bangladeshis will be able to remit money from USA to Bangladesh. Dhaka Bank Ltd Managing Director Shahed Noman was also present at the signing.

## Tk 3000cr new agri schemes to be implemented in 3 yrs

BSS, Dhaka

Forty new projects at a cost of about Tk 3,000 crore would be implemented within the next three years for overall development of the agriculture sector.

These projects are in addition to the ongoing 76 projects involving Tk 560 crore, officials told a meeting in the conference room of the agriculture ministry yesterday.

Speaking at the meeting Agriculture Minister M K Anwar gave emphasis on extending sufficient laboratory and equipment facilities for soil testing at upazila and even at union levels.

He said, "We will have to take immediate steps to help arrest erosion of soil fertility due to overuse of chemical fertilizers and other impurities and unplanned cropping."

Chief executives of various training institutes and organisations related to agriculture attended the meeting.

State Minister for Agriculture

Mirza Fakhru Islam Alamgir, Agriculture Secretary Ayub Quadri, representatives of different ministries attended the meeting.

Urging the agriculture scientists to quantify the depletion of soil fertility and cost to recoup it, Anwar said, "We will have to attract farmers to use fertilizers and plan their crop pattern after soil testing. Sufficient equipment and logistic support from the government should be available to farmers for the soil testing."

The minister said, agriculture is the mainstay of our economy and its contribution will be strengthened if we switch over to agro-processing equally maintaining growth in agriculture production.

The meeting was informed that the Department of Agriculture Extension (DAE) has identified the upazilas which have cropping intensity of less than 100. Through workshops, they have identified reasons and probable remedies.

The minister asked DAE and BADC to take joint efforts to

increase cropping intensity in these areas to level with national average of 180. He also asked them to take initiatives to increase irrigation facilities with surface water.

The DAE is providing identity cards for orange growers of greater Sylhet to facilitate marketing of their produces. Besides, DAE and BARI is providing multi-dimensional support to orange growers to exploit full potentialities.

Anwar asked the BARI to expedite the work at Spices Development Centre (SDC) at Bogra. He also called upon the DAE to replicate the improved varieties developed by SDC especially of onions, ginger and garlic.

The minister also directed the DAE to introduce the integrated pest management concept at all upazilas as it gives very good result to increase yield, and reduce pollution and production cost.

## Thailand, Myanmar, Cambodia, Laos plan to form trading bloc

ANN/ THE NATION

Thailand, Myanmar, Cambodia and Laos are planning to form an Economic Cooperation Strategy (ECS) trading bloc, within which import taxes on raw materials and goods will be reduced to zero.

The Thai commerce ministry yesterday hosted the first meeting of ECS trade ministers in Bangkok to prepare agenda items for the four countries' leaders summit, which will be held in Bagan, Myanmar, on November 11-12.

Initiated by Prime Minister Thaksin Shinawatra, the ECS is aimed at pulling Thailand's neighbours -- Laos, Cambodia and Myanmar -- out of poverty and solving economic and politic problems in border areas.

ECS Chairman Commerce Minister Adisai Bodharamik said important points to be forwarded to the leaders next month include how to strengthen border trade among the four countries.

Cham Prasidh of Cambodia, Soulvong Daravong of Laos and Pyi Sone of Burma also attended

yesterday's meeting of commerce ministers.

"Intra-group trade is low, so we have to focus on increasing trade between members," Adisai said.

Last year, Thailand's total trade volume with Cambodia was US\$527.4 million (Bt21 billion). Trade with Laos totalled \$490.6 million and trade with Myanmar stood at \$1.23 billion.

Thailand enjoyed a trade surplus with all countries except Myanmar, with which Thailand has a gas purchase agreement.

As the strongest economy in the group, Thailand has the potential to become the production base of the ECS grouping by drawing on cheap raw materials from the other three members. The resultant products will not only be sold within the group, but also exported to other markets.

Adisai said Thailand has granted tax privileges at zero to 5 per cent on import tariffs to Cambodia, Laos and Burma, under the Asean Integration System Preferences (AISP).

So far, 48 products from Cambodia, 26 from Laos and 72

products from Myanmar receive low import-tax privileges from Thailand.

The Commerce Ministry said Cambodia, Laos and Myanmar have proposed that Thailand extend the product list in its annual review of special tax privileges. Cambodia has proposed 249 additional products, Laos has submitted requests for 150 products and Myanmar has forwarded between 300 and 400 items.

Adisai pointed out that the private sectors of the four countries would play a key role in driving the ECS. Members should each set up an ECS Business Council in their countries to facilitate communications, he said.

Cambodia, Laos and Myanmar have also asked Thailand to provide loans for infrastructure development projects, which they say is a key factor to creating a freer flow of trade.

## Dhaka Bank to lend Tk 200m to IIDFC

Dhaka Bank Limited will extend a Tk 200 million (Tk 20 crore) loan to Infrastructure Development Finance Company Limited (IIDFC).

An agreement to this effect was signed between the two organisations in Dhaka recently, says a press release.

Shahed Noman, managing director of Dhaka Bank Limited, and AKM Nozmul Haque, Managing Director of IIDFC, signed the accord on behalf of their respective organisations.

## Repo auction

UNB, Dhaka

The reverse Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Four bids of 1-day tenor amounting to Tk 220 crore and one bid of 7-day tenor of Tk 40 crore were received, of which two bids of 1-day tenor of Tk 150 crore and one bid of 7-day tenor of Tk 40 crore were accepted.

The rates of interest against the accepted bids of 1-day and 7-day tenor ranged from 2.40 per cent to 2.50 per cent per annum, said a press release of the central bank.

## Dollar firm against taka

BSS, Dhaka

The Bangladesh taka lost further ground against the US dollar yesterday as pressure for import payments was higher when some dealers kept dollar in their hands after its rise against the yen, dealers said.

The dollar traded between 58.4300 taka and 58.4400 taka to the dollar compared to its previous rates between 58.4250 Taka-58.4350 taka on Sunday, dealers of different commercial banks said.

The demand for the US dollar rose as many importers were under pressure to pay their import payments when some dealers kept the US unit in their hands anticipating that the US dollar might be strong against the yen due to Japanese intervention, dealers said.

The dollar stumbled against the yen after Japanese stocks battled back and dealers speculated over whether the United States will maintain its pressure on Japan to refrain from currency manipulation.

The euro eased to 1.1764 dollars in late inter-bank trading from 1.1778 late on Friday in New York while the dollar fell to 108.50 yen from 109.22 on Friday, dealers said.

Currency analysts said the Japanese yen staged a rally in Asian trading, as the Nikkei's tone improved after last week's slide, on positive expectations for exporter results this week.

They said the market was also looking ahead to a report on international exchange rate policy from US Treasury Secretary John Snow to US Congress on Thursday to see whether Japan might come under fire for trying to curb the rise of the yen.

With a relatively thin economic calendar on Monday, dealers were also looking ahead to the US Federal Reserve's interest rate meeting on Tuesday as well as a slew of US data, including durable goods orders and consumer confidence on Tuesday and third quarter GDP on Thursday, analysts said.

For the Fed's decision, an unchanged policy outcome is a done deal -- the uncertainty relates more to what will be said on growth, dealers on online trading said.