

## Allegation of RMG export in name of Bangladesh

# Investigation starts to catch wrongdoers

### STAR BUSINESS REPORT

A joint committee yesterday started investigation to identify the companies that allegedly supplied documents to export ready made garments from third countries in the name of Bangladesh.

The Export Promotion Bureau (EPB) and the National Board of Revenue (NBR), Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) are jointly investigating the allegation.

"Initially, we will observe the activities of some top 10 exporters

and later others'. It will not be a problem to identify the wrongdoers if we take their export volume and capacity into account," Monjurul Hoque, president of BKMEA, told The Daily Star yesterday.

The Ministry of Commerce Monday formed the joint monitoring committee to investigate the case after apparel exporters complained that some of their Asian competitors are marketing their products in the name of Bangladesh to enjoy duty-free market access given only to the LDCs by the EU and Canada.

"Although shipments are made from third countries, complete documentation is being done here, where local collaborators must have

a role," BGMEA chief Kazi Moniruzzaman told reporters Monday at the commerce ministry.

No assessment could be made yet on the extent of such malpractice, but BGMEA guessed it would be quite significant and suspected that a vested-interest group in the business and also in the government agencies must be involved in the undercover deals.

The theft was unearthed first when a BGMEA team went to Canada, where buyers handed over documents on exports made from a third country using Bangladesh's name as the origin of products. The third-country exporters, including from China, use Bangladesh

labels to get privileged access to the EU and Canada. The recent cases were detected in export of sweaters (under category 5) in the EU.

Commerce Minister Amir Khosru Mahmud Chowdhury warned tough action against those locals involved in the racketing.

"From now on, certificates of origin will be issued after strict scrutiny of the exporters both at Customs and EPB points," he said after the ministry meeting on Monday.

Besides, all the export licences issued in last one year for pullover (Category 5) will be verified to detect the wrongdoers.

## Striking steel mill owners resent Saifur's remark

### UNB, Dhaka

Striking owners of steel mills resented the remark of Finance Minister Saifur Rahman as he recently identified the steel and re-rolling industry as a major tax-dodger.

Bangladesh Steel Mill Owners Association in a statement yesterday termed the finance minister's observation "unfounded and one-sided", based on statements of VAT authorities.

The Association demanded clarity and transparency in VAT administration. Re-rolling millers supply their products at night because trucks are allowed to ply in Dhaka city only at night, it explained, denying any wrong practice in night time delivery of goods.

The steel mills have been on strike since December 23, while re-rolling mills suspended operation from December 27 to press home their 9-point demands.

Meanwhile, leaders of the industry Ali Hossain, Shafiuddin Ahmed and Sheikh Masadul Alam Masud visited Chittagong yesterday and held a rally there to drum up support for a grand rally planned at Muktangan in Dhaka on January 4.

A meeting will be held at Narayanjan at 12 noon today.



PHOTO: STAR

Debapriya Bhattacharya, executive director of Centre for Policy Dialogue (CPD), an independent think tank, presents the Independent Review of Bangladesh's Development (IRBD) at a function in Dhaka yesterday.

# Political will needed to remove trade barriers

## Indian minister of state for commerce tells DCCI dialogue

### STAR BUSINESS REPORT

The visiting Indian minister of state for commerce and industry has underscored the need for political will to eliminate trade barriers with Bangladesh.

"Mindset has to be changed and political will has to be there to remove barriers in trade and commerce for the interest of both the countries," Satyabrata Mookherjee said speaking at a discussion in Dhaka yesterday.

The dialogue on 'Trade Promotion between Bangladesh and India' was organised by the Dhaka Chamber of Commerce and Industry (DCCI) at the chamber building.

The Indian minister however said the difficulties including non-tariff barriers can be resolved even before signing an FTA (free trade agree-

ment) between the two countries.

"We can sit together to remove the barriers before the FTA," Mookherjee said. "What we see in newspapers is that the difficulties are so big, but I don't think so. Actually we are fighting against shadow of these difficulties."

He said the FTA would help reduce the existing trade gap between Bangladesh and India.

Citing an example he said Sri Lanka's import-export ratio was 16:1 with India which came down to 6:1 a couple of years after signing of an FTA between the two countries.

Proper infrastructure is also needed to reduce the trade gap. Bangladesh can seek Indian help in infrastructural development through joint venture, he said.

About WTO ministerial meeting at Cancun the Indian minister said developing and least developing

countries should be integrated to tap benefit out of the global trade.

DCCI President Fazle RM Hasan emphasised reducing the ever-increasing trade imbalance between the two countries.

He mentioned that exports from India to Bangladesh was \$1.35 billion while exports from Bangladesh was not even \$100 million during 2002-03.

The DCCI president urged the Indian business community to take advantage of incentives and facilities offered by Bangladesh for attracting foreign investment.

DCCI Director Sayeeful Islam made a presentation on 'Bangladesh-India Bilateral Trade' at the meeting while immediate past president of DCCI Matur Rahman, directors MH Rahman and Manzur Ahmed spoke, among others.

## Janata Bank cuts interest rates again

Janata Bank has again cut the rates of interest on loans and advances.

The interest rates have been cut to accelerate trade and commerce in the country, says a press release.

The new rates will be effective from January 1, 2004.

Interest rate on all loans and advances has been reduced from 0.50 up to 6 percentage point. The rate of interest has been re-fixed on agriculture loan including Swanirvar and poverty alleviation, special credit and micro credit at 10 per cent, large and medium-term industries loan and working capital loan at 11 per cent, export credit at 7-9 per cent, small and cottage industries at 10 per cent, and other credits at 10-12 per cent.

This reduction of interest rates will accelerate the flow of investment, expand agro-based industries and develop trade and commerce.

## GP awards individual sales agents

GrameenPhone Ltd has awarded all of its individual sales agents of Dhaka zone with Easy Gold Pre-Paid connection with handsets.

The awards were given in recognition of their excellent performance.

Mahboob Hossain, head of Distribution of GP, handed over the subscriptions to them at the GP head office in Dhaka recently, says a press release.



PHOTO: MCCI

Tapan Chowdhury, outgoing president of Metropolitan Chamber of Commerce and Industry (MCCI), speaks at the 99th annual general meeting of the chamber held in Dhaka yesterday. Kutubuddin Ahmed, the new president, and former presidents of MCCI, among others, are also seen in the picture.

# Workshop for welfare funds for low-paid factory workers

### UNB, Dhaka

A prominent banker yesterday advised NGOs upholding workers' right to look for alternatives to traditional banks for generating small savings and welfare funds for low-paid factory workers, particularly women earners.

"Such schemes are not viable for commercial banks. Banks are for business, they are not charitable organisations," Pubali Bank Managing Director Khondker Ibrahim Khaled told a workshop.

Several speakers including Population Council (PC) Country Director Ubaidur Rob, Executive Dr Sajeda Amin, Project Director Joachim Victor Gomes addressed the workshop. Centre for Policy Dialogue Executive Director Dr Debapriya Bhattacharya chaired

the workshop here at Hotel Sheraton.

Moreover, Khaled said deposits with commercial banks would be less attractive in coming days, as deposit rates would start going down from next month and would set at 2 to 4 per cent in the long run.

He recalled how small savings schemes for factory owners, ventured by some banks back in '60s, ended up in mismatch due to less commercial viability.

He suggested that savings with micro-finance institutions (MFIs) or schemes like provident fund, shared by workers and owners, could be suitable and sustainable options for small savings of factory workers.

Since small savers like female garment workers have no access to institutional savings due to absence of interest of commercial banks,

Population Council took up a scheme for small savers in 2002.

Initially, Pubali Bank and Prime Bank responded, extending banking facilities on the factory premises once a month and so far opening over 300 accounts. The pilot scheme was taken in six factories in co-operation with the factory owners.

Population Council executive Dr Sajeda Amin said poorly paid women workers in RMG industry have a higher desire to save money, whatever small amount it may be.

Narrating the experience of the scheme, Population Council Project director Victor Gomes said average women garment workers could save about Tk 750 every month from their meager wages after meeting their bare necessities.

## Capital market in 2003

# Market sees maturity in regulators' actions, investors' decisions

### M ABDUR RAHIM and SARWAR A CHOWDHURY

The capital market showed signs of resilience and maturity in 2003 overcoming many ups and downs.

When the market witnessed an unusual bullish trend in November-December that signalled a possible crisis, regulators' prompt actions and investors' sensible decision tackled the situation.

Both primary and secondary markets were vibrant with investors keeping their account busy for daily transactions. They also kept faith in new initial public offerings (IPOs).

Market observers feel that fixing of a date for launching the central depository system (CDS) was a major development in the capital market in 2003.

The Securities and Exchange Commission (SEC) on December 23 granted business commencement licence to Central Depository Bangladesh Ltd and asked it to start operation from January 24.

The market absorbed 14 new IPOs which raised a total of Tk 135.12 crore. All but a few IPOs were oversubscribed and the bank IPOs got tremendous response.

Evaluating the 2003 market, DSE CEO Salahuddin Ahmed Khan said though there were ups and downs, there was effective trading. "Scripts with strong fundamental performed well which showed maturity of the market," he observed.

The market grew slowly but steadily, he said adding that the

suspension of 16 companies was a major and bold step by the regulators which brought the post-Eid restive situation under control.

Of the 14 IPOs issued in 2003, eight got listed at Dhaka Stock Exchange (DSE) and 11 at Chittagong Stock Exchange (CSE).

Of the 248 companies listed at DSE, 196 held annual general meetings, 154 paid dividends, 18 issued bonus shares and six declared right shares. Forty five companies did not declare dividend and 46 companies even did not hold AGM.

Trading took place on DSE on 286 days throughout the year and a total of 61,27,38,635 shares worth Tk 1915,23,16,355 were transacted. The highest transaction on a single day was 1,02,04,764 shares worth Tk 31.32 crore.

SEC on December 8 withdrew the stagnant Weighted Average Index from both bourses. Market operators as well as investors were demanding withdrawal of the index which they said does not reflect real strength of the market.

Following withdrawal of the index, DSE General Index emerged as the prime indicator, which rose to the highest 1015.97 points on December 6. The lowest was 742.23 points on March 18.

CSE saw the highest transaction on December 3 with trade volume and value hitting 78.55 lakh shares and Tk 2.87 crore respectively. The CSE General Index peaked at the highest 1753.24 points on December 6 while the lowest was 1269.21 on June 12.

A total of 11 new issues got listed at CSE in 2003. Of the 180 listed companies at the bourse, 153 held AGM and 135 declared dividend.

CSE started internet based trading services from January 1, 2003. It received licence to act as depository participant in the CDS. CSE also retained its status as South Asian Federation of Exchanges (SAFE) Secretariat for another year.

CSE CEO Wali-ul-Marooof Matin said a few IPOs this year experienced under-subscription which show that investors are now more aware of quality of company management.

"The market performed well but it should have been much better if it was guided properly," he said mentioning that the top post of the SEC remained vacant for few months.

The market capitalisation is steadily increasing in both bourses. If top policymakers can be made understood the importance of capital market, the market would have grown further, he said.

Yawar Sayeed, managing director and CEO of Assets and Investment Management Services of Bangladesh (AIMS), said the year of 2003 was a year of hope for the country's capital market.

"Quality IPOs have come to the market, investors regained confidence, regulators become more alert which give a matured, stable character to the market," he said.

In the face of an unusual bullish trend in the stock exchanges after Eid-ul-Fitr, SEC on December 3 suspended trading of some 16 Z

category company shares. The SEC is yet to lift the embargo as none of them fulfilled the regulators' condition of resuming production.

Analysts found the market responding well to the incentives declared in the national budget for 2003-2004. In the budget, the finance minister exempted investment in purchase of shares for two years (up to June 30, 2005) from explanation by tax department.

To give a boost to capital market, income from dividend was made tax-free and tax gap between listed and non-listed companies was widened in the budget.

The companies that issued IPOs in 2003 are Khaja Mosaic, Keya Detergent, Mutual Trust Bank, ICB AMCL 1st Mutual Fund, Jago Corporation, First Lease International, Agni Systems, Standard Bank, Bank Asia, One Bank, Mercantile Bank, Daffodil Computers, JMI-Bangla Co and Lafarge Surma Cement.

Mirza Azizul Islam joined SEC as chairman on November 1. The post fell vacant on July 12 when tenure of immediate past chairman Manir Uddin Ahmed expired.

DSE got new chief executive officer when Salahuddin Ahmed Khan, associate professor of Finance and Banking Department of Dhaka University, joined the bourse on September 10.

Election to the Board of Directors of CSE council was held on November 18. Habibullah Khan took over charge of presidency on November 19.