

Star Business

DAKA MONDAY OCTOBER 12, 2009

Stocks

DGEN	0.01%
	3,259.65
CSCX	0.07%
	7,046.87

Currencies

	Buy Tk	Sell Tk
USD	68.42	69.42
EUR	98.65	104.39
GBP	106.31	112.17
JPY	0.75	0.84

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▼
	\$1,051.50
	(per ounce)
Oil	▲
	\$71.89
	(per barrel)

SOURCE: AFP

(As of Friday)

AIMS mutual fund valuations every Sunday

SARWAR A CHOWDHURY

AIMS of Bangladesh, an asset management company, has started announcing the net asset value (NAV) of mutual funds on a weekly basis instead of monthly disclosures.

AIMS will disclose the NAV of the three mutual funds it manages every Sunday, the first trading day of the week. The company yesterday announced the NAV of the three mutual funds: AIMS 1st Mutual Fund, Grameen Mutual Fund One and Grameen Mutual Fund One: Scheme Two.

The NAV shows the performance of a fund -- the returns on investment.

"The weekly NAV declaration will help investors make informed decisions," Yawer Sayeed, managing director of AIMS, told The Daily Star.

"The investors will no longer have to wait a month to see the performance of the fund," he said.

The total NAV of a mutual fund is calculated by excluding all liabilities from the total market price of the fund. A per unit NAV is found by dividing the total NAV by the total number of mutual fund units.

In line with existing rules, closed-end mutual funds have to announce the NAV once in a month, while open-ended funds have to declare the fortnightly NAV.

The Securities and Exchange Commission (SEC) also thinks the NAV should be announced more frequently.

The SEC is working to bring some changes to the mutual fund rules regarding declaration of the NAV.

A mutual fund, considered a moderately risk-free investment tool, is a professionally managed collective investment scheme that pools money from many investors and invests in stocks, bonds and short-term money market instruments.

Presently, 18 mutual funds are listed on the Dhaka Stock Exchange that accounts for around 6 percent of total market capitalisation.

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Correction

In a news item headlined "GPO expects four times oversubscription" and published on Friday, it was inadvertently mentioned that Grameen Telecom is a subsidiary of Grameen Bank. Grameen Bank says it does not own any share in Grameen Telecom. We regret the mistake.

Debate heats up over PSI firms

STAR BUSINESS REPORT

Top business leaders have backed the pre-shipment inspection (PSI) firms, saying the government cannot get rid of the system right away.

The government has done little to equip the customs department in the past 10 years to replace the PSI firms, they pointed out.

But the government is ambiguous in its stance on the PSI firms.

"We will be in a huge trouble if we cancel the PSI system now," Finance Minister AMA Muhith told a seminar chaired by National Board of Revenue (NBR) Chairman Nasiruddin Ahmed in Dhaka yesterday.

The customs was supposed to replace the system, but it could not do so due to its inability," the minister told the seminar designed to take views from business leaders

and customs officials.

Gazi Golam Dastagir, a member of the standing committee on the finance ministry, said business has improved significantly since the PSI system was introduced.

"The capacity of the customs department has not developed in the past 10 years. So it cannot take over the PSI firms," said Abul Kasem Ahmed, acting president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Some 90 percent businesses support the PSI system, while 95 percent customs officials oppose it," Ahmed said, quoting a taskforce report on PSI.

He said the FBCCI has suggested extending the service period of PSI firms for another six months to June 2010.

The government may extend their service period despite their poor performances and irregularities, NBR officials hinted earlier.

Revenue officials were also

present at the seminar on "PSI system in Bangladesh: Perspective and future action plan".

Muhith criticised the NBR for its failure to monitor PSI activities. No auditor had been appointed in the last 10 years, he said.

Earlier, PSI of imported goods was made mandatory in August 2000 in the wake of growing complaints of corruption and inefficiency against customs officials.

The BNP-led government appointed four PSI companies -- Cotecna Inspection SA, SGS (Bangladesh) Ltd, Bureau Veritas BIVAC (Bangladesh) Ltd and Intertek Testing Service (ITS) -- in August 2005 for three years.

Later, the caretaker government in 2008 extended their service period until December this year.

"I don't want the system to run forever. But the NBR has to develop its own capacity before scrapping the deals with the PSI agencies, otherwise businesses will suffer," said Abdul Awal Mintoo, a former

FBCCI president.

Abdul Qaium Khan of Bureau Veritas said customs revenue has increased by 107 percent in the last one decade due to the PSI system.

The customs officials and the Dhaka Chamber of Commerce and Industry (DCCI) said the government is losing revenues and spending crores of taka a year on the PSI contracts.

"PSI system is weakening the customs department. But it's not possible to replace PSI firms now," said Fariduddin Ahmed, member, customs administration, of NBR.

"We want the PSI system to go because it takes away our money outside," said Shahidul Islam, a DCCI director.

Mushfiqur Rahman, another customs official, showed in a presentation how PSI firms cause revenue loss through under- and over-valuation of imported goods.

The government paid PSI companies Tk 1,384 crore between 2000 and 2008, NBR data shows.

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New pay scale for govt staff runs into delay

STAR BUSINESS REPORT

Government employees will have to wait another month for a new pay scale, as Finance Minister AMA Muhith said yesterday it would come along with the final salary structure for the judicial service.

"The announcement of the new pay scale is taking time as we have received a report on the judicial service later," the minister said in a press briefing at the Economic Relations Division (ERD).

The new pay scale will fall in line with all proposed salary reports. According to an earlier plan, the pay scale was expected to come out this month.

The minister spoke to reporters a second time after his return from the World Bank-International Monetary Fund annual meeting in Istanbul.

The judiciary is independent, and the service cadre will get a separate pay scale, Muhith said. "But it doesn't mean the judiciary pay scale will be abnormally higher than other service holders."

The government has planned to make a new civil service law to improve governance as part of its reform effort.

The new Civil Service Act -- if put in place -- will abolish forced retirement. "But it's not final yet. The government will take into account opinions of all stakeholders before finalising the law," Muhith said.

In another disclosure, the minister said the government would revise the annual development programme (ADP) by December, which traditionally comes out in the March-April period.

The ministries, which are implementing ADP faster, will get more allocations after a revision in December, he said.

Muhith said it might not be possible to increase public investment massively in development works. "We are looking for private and foreign investments," he said.

ERD Secretary Mosharraf Hossain Bhuiyan described some bilateral meetings with donor representative on the sidelines of the World Bank (WB)-IMF annual meeting in the Turkish city.

He said the WB had stopped funding the road sector reform project in Bangladesh.

When Bangladesh urged the WB to continue financial support, WB officials replied that the support depends on what action Bangladesh would take against corruption in the project, Bhuiyan said.

RMG stimulus likely this month

STAR BUSINESS REPORT

Commerce Minister Faruk Khan said yesterday a stimulus package for the garment sector is likely to be announced anytime this month.

Khan was speaking to reporters at the BGMEA Institute of Fashion and Technology (BIFT) at Uttara in Dhaka after the inauguration of the Centre of Export and Product Development (CEPD).

On September 16, ministries and stakeholders concerned held the second taskforce committee meeting on recession to decide on how to support the sector and offset the bad impacts of financial crisis worldwide.

Industry insiders complain a sub-committee that was supposed to be formed to report on such stimulus within a month as per the taskforce body decision is yet to come into being.

The minister spelt out the government's firmness to support the readymade garment industry, still the prime foreign exchange earner.

The human resource in the sector should come under garment owners' investment plans, besides production and exports, Khan suggested.

At the inauguration, Abdus Salam Mursedy, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), pointed out that the country is now largely dependent on foreign technical personnel to run factories and business.

"I hope BIFT will produce human resources according to global standards to fulfill the garment sector needs. Garment factory owners are also investing to train technical personnel now," Mursedy said.

David Lee, project manager of United Nations Industrial Development Organisation (UNIDO), said businessmen should develop different technical sides of the garment sector.

Initiatives jointly taken by BIFT and CEPD will help produce technical personnel to meet the current crisis in the garment sector, Lee added.

BIFT and UNIDO jointly set up CEPD on the BIFT campus to impart practical training to learners.

REFAYET ULLAH MIRDHA

Bangladesh has lost its number one position to China in export of denim jeans and cotton trousers to US market due to less competitiveness, said industry insiders.

According to statistics of the US Department of Commerce, the country was the number one supplier of denim jeans and cotton trousers to the US in 2008.

Experts also said China outpaced Bangladesh in such exports as the safeguard measures imposed against China in US market was lifted at the end of December 2008. The US government set a safeguard measure against China when the multi-fibre arrangement (MFA) or quota regime was eliminated from January 1, 2005.

Local manufacturers and exporters said China outpaced Bangladesh in denim jeans and cotton trousers export as the country came back to low-end apparel production and was offering financial supports to entrepreneurs during recession.

Talking to The Daily Star, Showkat Aziz Russell, managing director of Partex Denim, the country's largest denim factory, said China started producing low-cost denim and trousers again, for which Bangladesh is losing competitiveness to that country.

Moreover, the Bangladeshi government did not give any stimulus to the manufacturers during the recession, but the Chinese government offered several incentives to its entrepreneurs to offset the recession impacts.

But, by August 2009, China outpaced Bangladesh as the number one jeans and cotton trousers supplier to the US, the largest

single market in the world.

In eight months of the current year, shipments of Bangladesh have grown only 7 percent to 1.9 million dozens, while China saw a growth of 94 percent to 2.99 million dozens, the data showed. Denim jeans is the number one product in Bangladesh's apparel export basket.

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Moreover, the Bangladeshi government did not give any stimulus to the manufacturers during the recession, but the Chinese government offered several incentives to its entrepreneurs to offset the recession impacts.

It is not true that the bid documents target only foreign suppliers," he said. "It does not matter who will be selected. We are not ready to compromise on quality."

Earlier, local manufacturers said at least nine contradictory conditions in the bid paper might stop them from taking part in the bid to supply compact fluorescent lights (CFLs).

Dhaka Power Distribution Company Ltd (DPDCL) is implementing the pilot project to replace traditional incandescent bulbs with energy saving bulbs and magnetic ballasts with electronic ballasts.

The government will distribute 10.5 million energy-saving lights in March 2010 for free, aiming to replace incandescent bulbs. The

import of cotton at higher prices, frequent outages, inadequate supply of gas to the factories, failure in timely delivery of goods and weak infrastructure are also responsible for losing our position," Russell said.

AK Azad, managing director of Ha-Meem Group, which also has denim production unit, said: "When China was strengthening its foothold in US market, we were just running our factories for survival. We were in order crisis due to the recession."

But, during that time the Chinese government offered several types of incentives to the manufacturers and so they became competitive and captured the US market, Azad said.

He said Bangladesh's denim export to the US market may peak in November and onwards as the orders from the buyers are increasing now.

Abdus Salam Mursedy, president of Bangladesh Garment Manufacturers and Exporters Association, said not only China, but some other competitive countries like India, Pakistan, Vietnam and Indonesia are also coming

vigorously to compete with Bangladesh in US market in this category.

According to statistics of Bangladesh Textile Mills Association (BTMA), there are 17 denim factories in the country now with their churn-out capacity of 300 million metres of denim a year.

The growth rate of this industry is 20 percent a year and the total investment in this sub-sector is Tk 2,000 crore.

At present the local denim factories can supply 20 million metres of fabric per month against the domestic demand for 50 million metres a month.

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