

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
1.24%	1.21%	\$1,901.70 (per ounce)	\$83.63 (per barrel)	16,862.81	8,950.57	Flat	0.33%	73.55	101.90	116.82	0.95	
6,065.59	11,008.10							BUY TK	74.55	105.83	120.88	1.04
								SELL TK				

**NCC BANK**  
Where Credit and Commerce Integrates  
www.ncc-bank.com.bd

# Star BUSINESS

DHAKA WEDNESDAY SEPTEMBER 7, 2011, e-mail: business@thedailystar.net

## Milestones in trade between Bangladesh and India

STAR BUSINESS DESK

Trade relations between India and Bangladesh have witnessed a significant improvement in the recent past. In 2010-11, two-way trade crossed the \$5 billion mark as a result of a significant increase in Bangladesh's exports to India (68 percent over the previous year) and India's exports to Bangladesh (43 percent over the previous year).

Bangladesh's exports to India in 2010-11 were worth \$512.5 million and India's exports to Bangladesh in the same period were of \$4,586.8 million.

Tariff concessions granted by India to Bangladesh under Safta (as Saarc LDC) include a zero-duty market access for all but 480 items in the sensitive list. India had further increased the duty-free access to 10 million pieces of readymade garments from Bangladesh every year.

Furthermore, Indian Prime Minister Manmohan Singh announced yesterday the removal of all 46 Bangladeshi textile items from the sensitive list and zero-duty access in all these 46 items for exports to India.

India is upgrading seven main border land customs stations (LCS) as integrated check posts (ICPs) at a total cost of Rs 467 crores. ICPs will have facilities for immigration, customs, parking, banks, warehousing, quarantine, and fuelling.

The measure will help improve trade with Bangladesh across West Bengal, Assam, Meghalaya, Tripura and Mizoram. Movement of goods between the two countries is covered by the existing 'Protocol on Inland Water Transit and Trade' for use of waterways, 'Fundamental and Subsidiary Rules' guiding movement of railways, 'Standard Operating Procedures for Movement of Trucks' between LCSs and 'Air Services Agreement'. Further, to restore the traditional economic and cultural links between people in adjoining states in India and Bangladesh, border haats have been established, starting with inauguration of Border Haat in Meghalaya.

So far 225 Indian firms have proposed foreign direct investment totalling \$558.77 million as 100 percent Indian-owned or joint venture proposals. In 2008 and 2009, the total Indian investment was \$400 million.



Indian Prime Minister Manmohan Singh waves to people upon arrival in Dhaka yesterday.

SK ENAMUL HAQ

## Apparel makers cheery over duty waiver

SOHEL PARVEZ

Garment makers yesterday welcomed the zero-tariff benefits that India extended to 46 Bangladeshi clothing items, saying exports would rise if there were no non-tariff barriers.

The reaction came after India agreed to give the facility to 46 apparel items out of the 47 items that Bangladesh sought, marking the visit of Indian Prime Minister Manmohan Singh.

Bangladesh had been lobbying the Indian government for the last two years to get duty waiver on 61 products. Of the products, 47 were apparel items including pants, shirts, blouses, skirts, kids wear, cotton nightwear, jeans, swimwear and tracksuits.

David Hasanat, chairman of leading clothes maker Viyellatex Group, said the duty-free benefit will help boost garment exports to India, a market with a population of more than 100 crore and a growing middle class.

"But a rise in exports will depend largely on the non-tariff barriers. If there are no

non-tariff barriers, our exports will rise," he said, adding that many Bangladeshi products already enjoy a duty free facility but they cannot take advantage of it as non-tariff barriers prevail.

"We will be able to understand the full benefits at the time of implementation. However, let's hope for the best," said Hasanat.

He said Bangladeshi clothes are better than those of India in terms of quality.

"We are ahead of India in terms of quality. Our benchmark is better than India's," he said.

Hasanat was, however, less hopeful about a decline in the trade imbalance between the nations.

The third biggest economy of Asia enjoys a trade surplus with Bangladesh, and the deficit between the neighbours more than doubled to \$4,057 million in 2010-11 from \$1,998.58 million in fiscal 2006-07, according to official data.

"Our exports will rise. But that may not help narrow the trade gap significantly," said the Viyellatex chief.

Salim Osman, president of Bangla-

desh Knitwear Manufacturers and Exporters Association (BKMEA), said Bangladeshi apparel makers will do well in the Indian market.

"I am hopeful that our clothes will be competitive in terms of both quality and prices," said the BKMEA president.

"Our export earnings will double in the years ahead due to an opening of market opportunities in India," said Osman.

He also said the zero duty benefit will give a boost to the hosiery industry, which employs three lakh people, by widening the market opportunities for undergarments.

Based on knitwear wastage, the hosiery sub-sector makes undergarments for the domestic market as the wastage cannot be exported to Europe.

"In India, these undergarments are expensive," said Osman. "If we can make undergarments for 20 crore users in India, it will be a great opportunity."

The duty-free benefit will give rise to opportunities for contract manufacturing by Indian firms as well, he said.

## Tripura CM sees mutual benefits from port use

STAR BUSINESS REPORT

Chief Minister (CM) of Tripura Manik Sarkar has said the northeastern states of India as well as Bangladesh will benefit from allowing India to use Chittagong and Mongla ports.

His comment came after Sarkar and three other chief ministers of India's northeastern states met nine Bangladeshi ministers at Hotel Sonargaon yesterday.

Finance Minister AMA Muhith led the Bangladesh delegation while the Indian side was led by Sarkar.

Bangladesh is closer to the Indian northeastern states than the Indian capital of New Delhi.

Sarkar said regional connectivity will increase trade and investment between these states and Bangladesh.

Muhith said trade and commerce will rise due to deepening cooperation between the two growing economies.

Assam CM Tarun Gogoi, Meghalaya CM Mukul Sangma and Mizoram CM Lal Thanhawla were present at the talks.

Commerce Minister Faruk Khan, Communications Minister Syed Abul Hossain, Information Minister Abul Kalam Azad, Civil Aviation and Tourism Minister GM Quader, Shipping Minister Shajahan Khan and State Minister for Home Shamsul Haque Tuku also attended the meeting.

## Stocks dip further

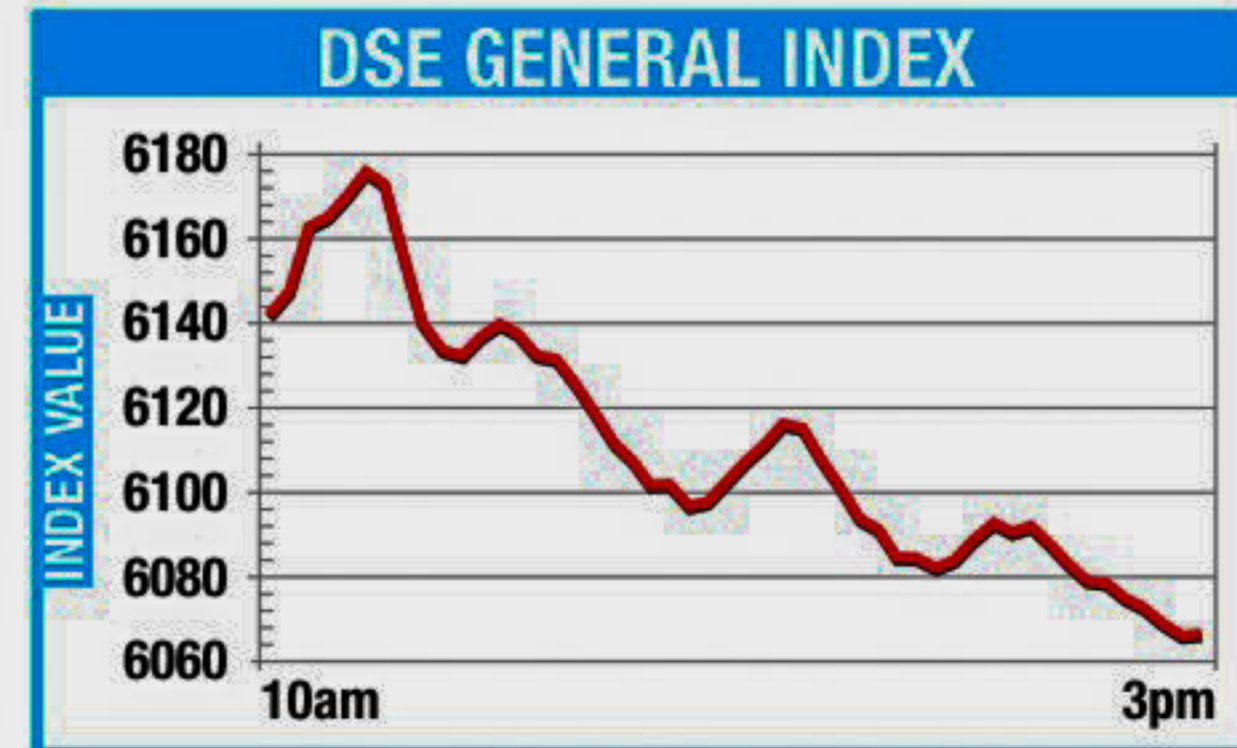
STAR BUSINESS REPORT

Stocks dived yesterday due to a liquidity dearth and low participation by institutional investors, maintaining the legacy of a falling trend since the first trading session of the week.

The general index of the Dhaka Stock Exchange went down 76.19 points or 1.24 percent to 6,065 points, as investors, especially the institutions, chose to remain on the sidelines.

The investors feared a further liquidity crisis in the stockmarket after the central bank's recent tightening of policy interest rates.

The Bangladesh Bank on Monday increased the policy rates for the fifth time in the last 13 months as non-food inflation jumped in the last few months.



The central bank raised the repurchase rate to 7.25 percent from 6.75 percent. The reverse repurchase rate was increased to 5.25 percent from 4.75 percent.

The investors went for selling shares, fearing a further liquidity dearth, said a market analyst.

Credit flow from the banking channel will decline due to the central bank initiatives, he added.

Fakhor Uddin Ali Ahmed, president of the Chittagong Stock Exchange, said the central bank should take investment friendly decision to boost the country's stockmarket.

A thin participation by institutional investors also pushed down the market, said Ahmed.

He said the investors should have patience in the current market situation and normalcy will be back soon.

Investors took a wait-and-see policy as they were expecting some positive outcomes from Indian Prime Minister Manmohan Singh's visit to Bangladesh, that can create a positive impact on the country's economy, said an analyst.

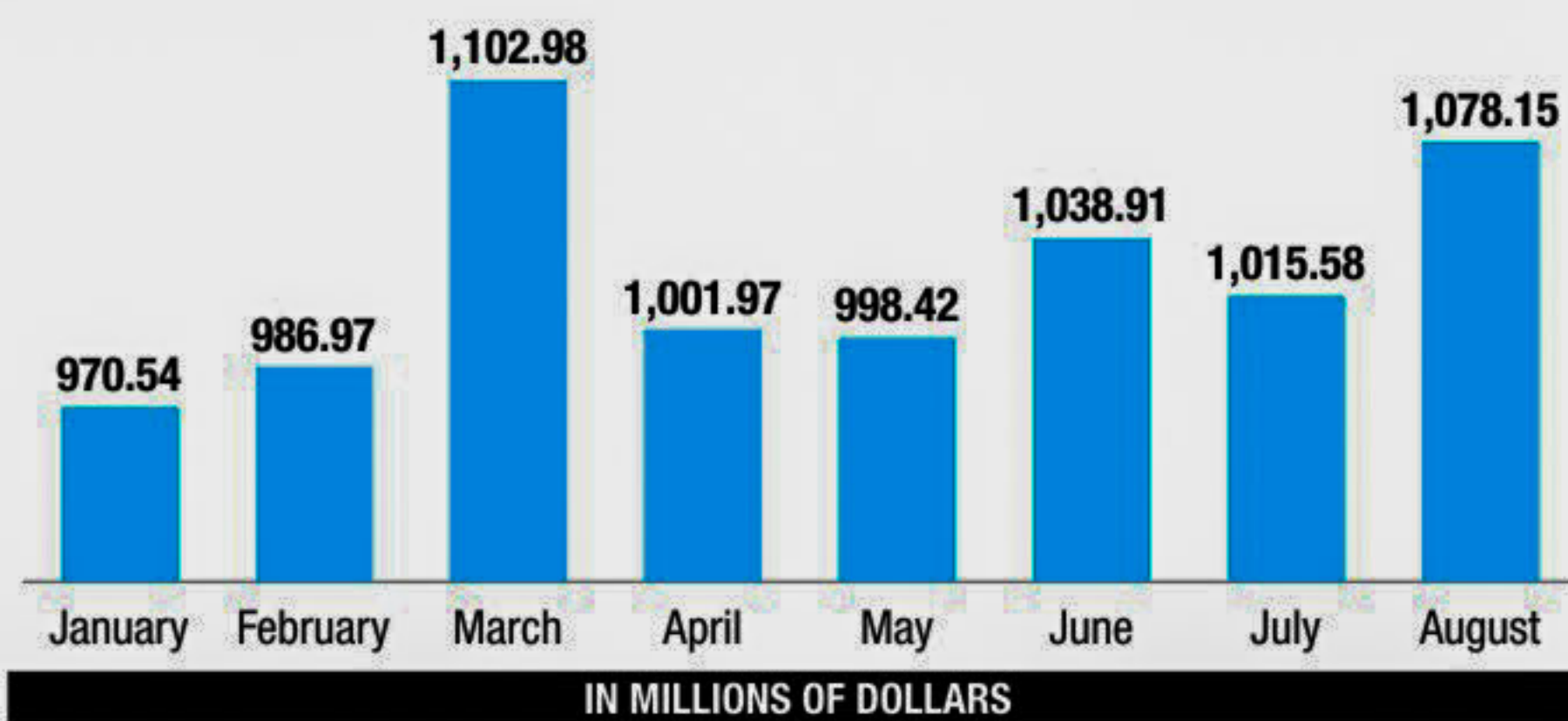
The month-long chronic bearish trend in the market was intensified by a number of factors. Firstly, a confidence loss triggered by the finance minister's comments on the index hike and his dissatisfaction over the consecutive rises in the market prompted the investors to book accumulated gains, said LankaBangla Securities.

Secondly, the regulator's pre announced action of filing cases against some individual investors allegedly involved in the stockmarket manipulation kept the investors in anxiety and contributed to a selling spree.

Also the liquidity dearth due to a high demand of money ahead of Eid-ul-Fitr almost kept the institutional investors inactive in the market, while retail investors remained on the sidelines, seeing the continuous volatility, it said.

## Remittance buoyant

### INWARD REMITTANCE



STAR BUSINESS REPORT

Remittance flow to Bangladesh remains buoyant as migrant workers sent home over \$2 billion in the first two months of the current fiscal year, allaying fears of a slowdown.

Remittance inflow weathered impacts of crisis in the Middle East to grow more than 13 percent in July and August, fetching \$1,015.58 million and \$1,078.15 million respectively.

Bangladesh received \$857.31 million and \$963.92 million in July and August respectively in the previous fiscal year, when migrant workers sent home a total

of \$11,650.31 million in remittances.

In August this year, state-run commercial banks brought in \$308.4 million, specialised banks \$10.09 million, private commercial banks \$751.58 million and foreign commercial banks \$8.07 million.

The upward trend in the remittance flow will help the country ease pressure on the current account balance, which is under pressure due to high import cost.

The trend could also help dispel fears that Bangladesh's foreign currency income through remittance will be hit hard by the crisis in the Arab world, which is the major destination for the country's 70 lakh migrant workers.

## NBR to motivate taxpayers through fair

STAR BUSINESS REPORT

The National Board of Revenue (NBR) will organise the fourth income tax fair by the end of September to motivate eligible persons to pay income tax, said a top official of the government agency on Monday.

NBR Chairman Nasiruddin Ahmed said the fair will be held from September 17 to September 22 in all divisional cities. Ahmed spoke to senior journalists at Dhaka Club.

In Dhaka, the fair will be held at the Officers' Club on Bailey Road where NBR will offer various facilities to the taxpayers, he said.

At the fair, tax officials will ensure proper submission of income tax return, provide instant acknowledgement certificates of tax payment to the taxpayers and cooperate in preparation of the tax

submission at individual level, he said.

He said income tax receipts registered a 33 percent rise in 2010-11, compared to the previous year, after the government took motivational measures.

The NBR collected a total of Tk 22,730 crore against the target of Tk 22,105 crore in income tax in 2010-11, he added.

Ahmed also said the NBR will launch different kinds of motivational campaigns across the country on the national income day on September 15, so that the eligible persons pay taxes spontaneously.

He said a rally will be brought out from the premises of the NBR head office in Dhaka on September 15. Finance Minister AMA Muhith is scheduled to lead the rally, he said.

The national exchequer will award crests to three highest taxpayers in each district and city corporation, he said.

### NOTICE

We bring out today four pages instead of our regular eight, as business activities are yet to pick up after the Eid-ul-Fitr holidays.

Elevate your home décor with designer furniture from

**KODA**  
Singapore

242 Gulshan Link Road, Dhaka 1208  
t: 8822511-2. m: 01713 186 770-1  
www.kubebd.com



Now open @ Dhorkara Bazar

www.mutualtrustbank.com

মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
Mutual Trust Bank Ltd.  
your trust bank on us