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Basic RMG exports to shape the future

World Bank suggests efforts to improve trade logistics, workers' skills and labour standards



FOCUS BANGLA

From right, Wahiduddin Mahmud, chairman of Economic Research Group; Sanjay Kathuria, lead economist of the World Bank's South Asia economic policy unit; Abul Basher, a WB economist; and Mustafizur Rahman, executive director of the Centre for Policy Dialogue, attend a programme where the WB launched a study on exports at its Dhaka office yesterday.

STAR BUSINESS REPORT

The exports of basic garments will continue to be important in future but Bangladesh's competitive advantage in the area could erode over time, the World Bank said in a study yesterday.

To accelerate exports, the study suggested consolidating existing strengths in basic garments and at the same time, diversifying into other products such as higher-value garments and services sector.

"Forward-looking policymaking requires that measures be put in place now to encourage such diversification in future, while building on existing strength," said the study

released at a function at the World Bank office in Dhaka.

The study, 'Consolidating and Accelerating Exports in Bangladesh', showed that the infrastructure deficit, especially energy, lack of appropriate skills and a weak regulatory environment continue to hinder exports from Bangladesh.

To overcome these, the study suggests improving trade logistics and workers' skills and complying with labour standards. The study also suggests graduating to high-end garment items from basic products to be more globally competitive in future.

According to industry leaders, basic garments account for 75 per-

cent of the nation's total garment exports. Bangladesh exports \$18 billion worth of garment products a year.

The WB study examines the prospects for diversifying into IT-enabled services, a sector that is growing fast worldwide and can provide high-quality jobs.

The study showed an inter-link between increasing per capita income and the export of garments. It said evidence from garment-exporting countries suggests that there is a 'threshold' level of per capita income, after which per capita garment exports begin to decline.

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Economic growth hinges on garment: Wahiduddin

STAR BUSINESS REPORT

Bangladesh's economic growth in the coming years will depend on the performance of the readymade garment sector, said a noted economist yesterday.

But a big challenge for the country is how it will maintain the growth of the apparel sector at this moment amid a financial crisis in its largest export destination, the EU, said Wahiduddin Mahmud.

However, he hoped Bangladesh will perform well due to the benefit of its low wage compared to its competitors.

Moreover, China, the largest apparel supplying country worldwide, has become a major export destination for Bangladeshi garments as it is focusing on high-end apparel products now and not interested in making basic items for its own use.

"If we can grab even a small segment of the Chinese market, we will be doing well because China is a very big market," he said at a report launching ceremony of the World Bank at its office in Dhaka.

"Poverty is the base of our competitiveness. It is not a good thing," he said.

The entrepreneurs should gradually increase productivity and enhance competitiveness so that the wage of the workers can be hiked to some extent, Mahmud said.

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Infoladies get financial clout

National Bank to disburse Tk 10cr; D.Net to introduce 15,000 Infoladies by 2016



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Seated from left, Ananya Raihan, executive director of D.Net; Urmi Lohani, managing director of Fair Price International, and Md Badiul Alam, acting managing director of National Bank, exchange documents of a tripartite deal at Ruposhi Bangla Hotel in Dhaka yesterday. Shaheen Anam, executive director of Manusher Jonno Foundation; Atiur Rahman, Bangladesh Bank governor, and Parveen Haque Sikder, chairman of the executive committee of National Bank, were also present.

STAR BUSINESS REPORT

Meet Sathi Akhter, known in her village in Gaibandha district as the 'Infolady'. Armed with a laptop, internet dongle, printer, digital camera, basic medical equipment, she sets off on her bike to attend to house calls from her villagers.

But what does she do on her house calls? From blood tests to filling-in forms, she provides a myriad of ICT-enabled services to her literacy-challenged community.

In exchange, Sathi earns a living for her family, but more importantly, she feels empowered.

D.Net, said his organisation aims to introduce 15,000 Infoladies to all union parishads by 2016.

Each Infolady needs Tk 1.5 lakh for the equipment, so around Tk 275 crore in loans is required to reach the target, he said.

"This is not banking, this is an initiative that helps to build people's self confidence and faith," said Atiur Rahman, the central bank governor who is willing to refinance hundreds of crores of taka for such causes.

He suggested D.Net guide Infoladies so that they pay back their loans timely, otherwise banks will be put off from extending loans to them.

"Sky is the limit for such innovative work."

Brainchild of D.Net, a development organisation, the 'Infoladies' project gave ICT training to rural young women to handle basic issues pertaining to health, education, agriculture, job search and legal aid among others.

But the women needed to arrange the funding themselves to purchase the equipment, which more often than not involved pursuing informal channels and exorbitant rates.

Thanks to an agreement signed yesterday among National Bank Ltd (NBL), D.Net and Fair Price International, the aspiring 'Infoladies' can now obtain easy loans from the bank.

Bangladesh Bank allocated Tk 10 crore for the project, and NBL will disburse the loan on the central bank's behalf.

Ananya Raihan, executive director of

Shaheen Anam, executive director of Manusher Jonno Foundation, the organisation funding the 'Infoladies' project since 2005, asked private or public sectors to work in unison as nongovernmental organisations are not endowed to meet all the needs.

"The project is a 'win-win' initiative: it not only empowers women but also gives out essential information to those in need," she said.

Parveen Haque Sikder, chairman of the executive committee of NBL, said no nation or state can prosper without active participation of women in economic activities.

"Repression of women will be excluded only when they will be empowered."

Pran exports rise 65pc in Q1

SUMAN SAHA

Agro-processor Pran's exports rose more than 65 percent to \$22 million in the first quarter of this year compared with the same period a year ago, boosted by aggressive overseas marketing and diversified products.

The company's exports rose 47 percent to \$53 million in 2011 from a year ago. Pran plans to reach the export volume to \$100 million this year, said Kamruzzaman Kamal, marketing director of PRAN-RFL Group.

Currently, the group exports products to over 83 countries where India, UAE, Saudi Arabia, Qatar and Malaysia are its top five export destinations, he said.

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Stock enough to curb price spiral during Ramadan

Says Tariff Commission chairman

STAR BUSINESS REPORT

The public and private sectors have built stocks of essential commodities higher than the projected demand for the month of Ramadan, with Bangladesh Tariff Commission (BTC) saying the stocks are adequate to curb a price spiral during the fasting days.

Stocks of key items -- sugar, cooking oil, onion and chickpea -- are enough to meet the increased consumption during Ramadan, said Md Mozibur Rahman, chairman of the BTC, which monitors the prices of essentials on part of the government.

He said the prices of these items should not increase during Ramadan, beginning in the third week of this month.

"The government will take action if anyone tries to hike the prices without any reason," said the commission chairman.

The present stock of sugar is six lakh tonnes, while that of cooking oil is two lakh tonnes, said the official, citing imports and local production by the government and the private sector.

The demand for the two items soars to 1.50 lakh tonnes during Ramadan from 1.04 lakh tonnes in the usual months, according to the estimates of the commission.

Of the sugar stocks, state-owned Bangladesh Sugar and Food Industries Corporation holds nearly 175,000 tonnes, while Trading Corporation of Bangladesh (TCB) has 10,000 tonnes.

Some 25,000 tonnes of sugar will

be added to the existing stocks of the TCB in the next two weeks, said an official of the TCB.

"Considering the stockpile, consumers should not cause a price spiral through panic buying," said Rahman.

Consumers Association of Bangladesh (CAB), however, expressed doubts whether the prices would remain steady.

"It's good to know that stocks are adequate. But our past experiences are not good to be hopeful," said CAB President Qazi Faruque.

"Higher stocks will not be meaningful unless the prices remain stable. We want to see the government taking strict actions against market manipulators instead of making empty promises," he said.

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Air India pilots call off strike

REUTERS, New Delhi

A group of pilots at ailing national carrier Air India demanding exclusive rights to fly new Boeing Dreamliners called off a 58-day strike late on Tuesday.

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