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BUSINESS

DHAKA SUNDAY NOVEMBER 25, 2012, e-mail:business@thedailystar.net

Hands full for new FBCCI president

REFAYET ULLAH MIRDHA

A rough ride awaits the upcoming president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) as voters demand prompt resolution of vital issues.

FBCCI, being the apex trade body, broadly, guides the government in trade and commerce, tax and duty fixation on import and export, annual budget preparation and assists the government in policy formation and implementation.

"I hope the new president will work with the government for the next budget, which is six months away. We want our demands reflected in the next budget," said Jahangir Alamin, a voter and president Bangladesh Textile Mills Association.



Kazi Akramuddin Ahmed

Abu Alam Chowdhury

Dewan Sultan Ahmed

Forefront among the issues is the high bank rates, which, at 16-18 percent, businesses say have been eating into a major portion of their profits.

"It is our first demand that the new president will work for lowering the bank interest rate to single digit," said Faruque Hassan, a voter and vice-president of Bangladesh Garment Manufacturers and Exporters Association.

Secondly, the businesses, many of

whom are sitting idle due to lack of utility supplies, called for an immediate solution to the power crisis in industrial units.

The issues contributing to the sluggish inflow of foreign direct investment, such as the poor supply of land, gas and power and weak infrastructure, will have to be looked at as an exigency.

Lastly, the voters demanded that the new president works with the government to formulate a robust policy to counter the impact of the ongoing financial crisis in the EU and the US, the country's main export markets, on Bangladesh.

Hassan also expects the new president to prioritise the export-oriented industries, as they decidedly add value and create employment for many at a time.

A total of 63 candidates contested for the posts of 30 directors (15 from chamber group and 15 from association group) from two panels.

In the electoral process, 30 elected directors along with 18 nominated directors (nine from chamber group and nine from association group) will choose the president for a two-year term November 26.

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A supporter of Ganatantrik Parishad roughed up at FBCCI polls

STAR BUSINESS REPORT

A supporter of Ganatantrik Parishad, an influential panel supported by Annisul Huq, was manhandled when he was going to cast his vote in the biennial election to the country's apex trade body, FBCCI, in Motijheel yesterday.

Witnesses said a group of 15-20 unidentified people swooped on Md Amir Uddin Bipu, a director of Bangladesh Paper Merchant Association, at around 12:40pm and beat him.

The attackers also tore off his panjabi, the witnesses said. The law enforcers rescued Bipu but did not detain anyone in this connection.

During the scuffle with the attackers, Bipu received minor injuries in his head and the left arm.

Bipu was entering the polling centre along with Annisul Huq, a former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Huq is supporting the Ganatantrik Parishad panel, but is not contesting the election.

"I could not identify the attackers. They carried out the attack suddenly," Bipu said.

He filed a general diary with the Motijheel Police station in this regard.

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Banks' investment in stocks to remain high despite amendment to Companies Act

REJAUL KARIM BYRON

Banks' scope to invest in the stockmarket will remain high despite a proposed amendment to the Banking Companies Act, as the banks have a strong capital base now.

The amendment will allow the banks to invest 40 percent of their capital in stocks though the present law allows them to invest 10 percent of their total liabilities in the stockmarket.

After the amendment, banks will be able to raise their stock investment up to Tk 23,000 crore from Tk 16,000 crore recorded in September.

According to Bangladesh Bank statistics, the amount of total capital in the banks was Tk 56,201 crore in June.

When the stockmarket was booming in 2010, the banks' investment in stocks was below Tk 20,000 crore.

Though as per the draft amendment, the scope for banks' investment in the stockmarket will decrease, the remaining scope is still much higher than the global standard, said a BB official.

The International Monetary Fund also suggested that banks' investment in the stockmarket should be 25 percent of their capital.

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From right, Dilliraj Khanal, chairman of Institute for Policy Research and Development, Nepal; Prof Wahiduddin Mahmud, an economist; Rehman Sobhan, chairman of the Centre for Policy Dialogue (CPD); and Abdur Razzaque, food minister, attend a dialogue on "Value chains for inclusive development", organised by the CPD in association with several national, regional and international organisations, at BRAC Centre Inn in Dhaka yesterday.

Economic integration to fuel growth in South Asian nations: UN report

Economists at a CPD discussion say political will is key to economic integration

STAR BUSINESS REPORT

Economic integration among states in South and South West Asia offers a huge potential for sustainable development in the region, said a report of the UN Economic and Social Commission for Asia and the Pacific (ESCAP) launched in Dhaka yesterday.

But analysts said political will is pivotal to make economic integration successful as a lack of trust and confidence among the Saarc states still holds the region back from reaping its full potential.

"For far too long politics has held back the progress in the sub-region. The time has come to allow economics to play a greater role and for regional cooperation to finally take the centre stage in the South and South West Asia," said the report.

The South and South West Asia (SSWA) Development Report 2012-13 was launched at a policy dialogue on "value chains for inclusive development: lessons and policies for South Asia".

The Centre for Policy Dialogue

(CPD) in association with several national, regional and international organisations arranged the dialogue at BRAC Centre Inn. CPD Chairman Prof Rehman Sobhan chaired the session.

The sub-region, which includes Iran, Turkey and eight Saarc states, can become a \$30-trillion market for the middle class by 2040-2050, said Nagesh Kumar, director for SSWA office of UN ESCAP, presenting the report.

The report said 57 percent of intra-regional trade potential remains unexploited in the Saarc (South Asian Association for Regional Cooperation).

It said countries in the sub-region can benefit from cooperation by facilitating regional investments and cross-border banking and raising capital. The countries will also benefit from cooperation in transport connectivity, food and energy security, agriculture and natural disasters.

The UN ESCAP argues that sub-regional economic cooperation can become a shield for the countries to

withstand the global economic turmoil and slowdown.

"The report presents a very strong case if the region wants to re-emerge as a hub," said Saman Kelegama, executive director of Institute of Policy Studies, Sri Lanka.

"The region shows enormous potential to take off. But what is needed is implementation. In this area, the Saarc has been lagging behind," he said.

Citing strategic concerns of power outside the region to isolate Iran, CPD Chairman Rehman Sobhan said countries want to recognise Iran as a legitimate partner, and the issue of political economy should be addressed.

He also cited the domestic markets of the countries in the region and said raising the purchasing capacity of the working class can help create big domestic markets.

Prof Wahiduddin Mahmud said the rebalancing of economies will require for taking the advantage of domestic and regional markets.

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Weaving mills starved of investment

High interest rates and EU laws weigh on local millers

SUMAN SAHA

Fresh investments in weaving mills, a sub-sector of primary textile mills, have dried up in the last two years, mainly due to higher costs of funding and relaxation of EU rules, sector leaders said.

Weaving mills secured Tk 990 million of fresh investments in 2011 and 2010 each, down by 90.7 percent from 2009's Tk 10.7 billion, according to Bangladesh Textile Mills Association (BTMA).

Overall primary textile sectors, however, registered 77.27 percent growth in new investment in the last three years, said Jahangir Alamin, president of BTMA.

The primary textile sector, which includes spinning, weaving, printing, dyeing and finishing, plays a vital role as backward linkage industries for woven and knitwear garments by supplying fabrics and yarn.

The country attracted Tk 10.62 billion new investments in spinning mills in 2011, which was Tk 1.69 billion in 2010 and Tk 9.78 billion in 2009, said Alamin.

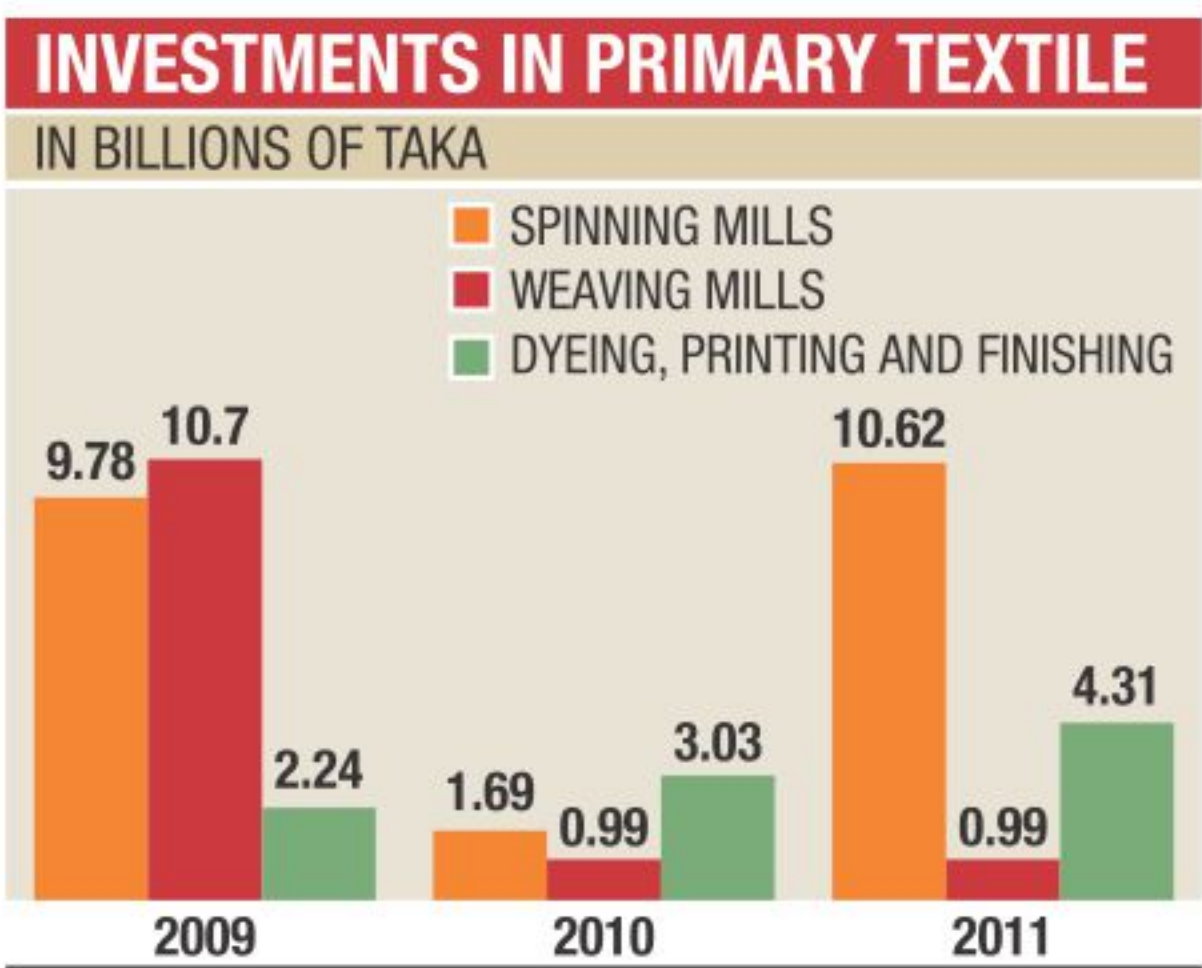
Dyeing, printing and finishing, another sub-sector of the primary textile mills, logged Tk 4.31 billion of fresh investments in 2011, up 42.24 percent from Tk 3.03 billion in 2010.

"We witnessed sluggish investment in the weaving mills in the last two

years partly because of the relaxation of the rule of origin (RoO) by the EU," Alamin said.

The EU has relaxed the RoO for least developed countries from January 1, meaning Bangladesh can enjoy the zero-duty facility for its exports to the region -- even by using imported fabrics.

"This has created a pressure in the local weaving mills," Alamin said.



Previously, the country's primary textile sector remained shielded for decades, as the garment makers were obligated to purchase fabrics from the domestic market to enjoy the 12.5 percent duty-waiver from the EU.

Currently, primary textiles meet the demand for around 90 percent of the fabrics in knitwear and 40 percent in woven.

Alamin said the higher cost of funding is another reason behind the slow pace of fresh investments in weaving mills.

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Textile fair begins in city Tuesday

STAR BUSINESS REPORT

A three-day textile fair -- Texbangla 2012 -- begins in Dhaka on Tuesday to promote more use of local fabrics in the country's booming readymade garment sector.

Bangladesh Textile Mills Association (BTMA) will organise the biannual exposition for the fifth time at Ruposhi Bangla Hotel. Prime Minister Sheikh Hasina is expected to inaugurate the fair as the chief guest.

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