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DHAKA SUNDAY DECEMBER 16, 2012, e-mail: business@thedailystar.net

Bond market goes online tomorrow

STAR BUSINESS REPORT

The central bank will launch an online trading platform for government treasury bonds and bills tomorrow, opening up an easy market for both institutional and individual investors.

The launch of the platform -- Trader Work Station -- will meet a long-pending demand, as the existing secondary bond market in the stock exchanges is still inactive, especially for government treasury bonds and bills. A bond is a debt instrument.

Bangladesh Bank issued a guideline last week for the sales of Bangladesh Government Treasury Bond (BGTB) and bills in the secondary market.

BB Governor Atiur Rahman will inaugurate the platform, a central bank official said yesterday.

Anis A Khan, managing director of Mutual Trust Bank, said Bangladesh lags far behind the advanced and regional countries where the secondary bond market is vibrant.

"However, we appreciate the introduction of the platform," he said.

The secondary bond market may not be lucrative for investors right now due to the present economic condition of the country. "But it will be lucrative in the long run."

Online trading will expand the bond market at the secondary level, bring innovations in market-based rate and smooth participation of investors -- both individual and institutional, according to the BB guideline.

The guideline said individual or institutional investors can participate in trading in the platform through primary dealer or scheduled banks and financial institutions having current accounts with the BB.

The market value of all treasury bills and bonds, yield, amount, date of issuance and date of expiry will be shown on the ticker screen of the website.

Any buyer or seller can place orders on the platform through his bank for buying or selling all government treasury bills on the price or yield shown on the ticker screen, the guideline said.

It said T+0 trading system will be followed in settlement of purchase and sale of BGTB or treasury bills through the platform. The T+0 means, the trading will be settled on the same day.

The ticker screen will show the total sales of securities, highest and lowest market rates, yield and the total value of securities purchased and sold in a day.

If necessary, the central bank will impose circuit breaker to prevent any abnormal fall or rise in the market price. The market watch screen of the platform has the option of monitoring market-related information and data.

Detailed information of all orders, sale and purchase of securities can be seen on the market watch screen.

The members can get detailed information of each of their orders from the order book of the platform and, if necessary, cancel or change their orders, according to the guideline.



From right, Magnus Schmidt, project coordinator of Promotion of Social & Environmental Standards in the Industry, GIZ; Ainun Nishat, vice chancellor of BRAC University; Faruk Khan, tourism and aviation minister; and Shafiul Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association, attend a seminar on environment-friendly garment production at the Westin hotel in Dhaka yesterday.

Eco-friendly RMG sector can save \$150m a year: study

STAR BUSINESS REPORT

Bangladesh's garment industry can save at least \$150 million a year by introducing an environment friendly production method, according to a study of the International Finance Corporation. Cleaner production will also make the industry more competitive in the global market, said the study.

The study was released at a seminar on 'environment friendly and resource efficient production: the context of textile and clothing industry' organised by Bangladesh Garment

Manufacturers and Exporters Association (BGMEA) at the Westin Dhaka.

SouthAsia Enterprise Development Facility (SEDF) conducted the study on behalf of the IFC.

Naureen Chowdhury, associate operation officer of the IFC-SEDE, said cleaner production is needed for sustainable development.

So the apparel makers should practise an environment friendly production method as part of their daily operation, she said in a keynote.

A cleaner production method not only increases output but also cuts input costs, she said.

Ainun Nishat, vice chancellor of BRAC Uni-

versity, said the garment industry is facing three major challenges -- weak factory structure, workplace safety and environmental issues.

He urged apparel makers to be pro-active in setting the industry's own standards instead of waiting for pressure from international buyers.

"We should make every industrial unit environment-friendly."

"We don't want to hear that buyers are leaving Bangladesh due to a lack of standards. I will ask garment owners to increase efficiency in water and energy use," said Nishat.

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Dark trade in shrimps

Middlemen inject jelly-like substance into shrimps to boost weight; exporters fear business loss

SOHEL PARVEZ

A group of middlemen injects water, jelly and glue-like substances into shrimps to boost their weight.

Shrimp exporters now fear they may lose overseas markets if such consignments are detected by importers abroad.

Shrimp processors in Khulna, the main shrimp growing region, have already suspended some shipments.

"We will be in trouble if our foreign buyers reject our consignments," said Kazi Belayet Hossain, owner of Chhobi Fish, a processed shrimp exporter.

"We are worried."

The middlemen, not the farmers, are

involved in the malpractice, said Hossain, also a former president of Bangladesh Frozen Foods Exporters Association.

The practice increases manifold when the harvest of big shrimps starts.

"We are very anxious," said a top executive of Modern Sea Foods Industries, another shrimp exporter.

"It's not possible to detect the substances at the time of purchase," said the official, asking not to be named.

The government is also aware of the problem, said Nitya Ranjan Biswas, principal scientific officer of the Department of Fisheries.

The fisheries authority and other law-

enforcement agencies, including the Rapid Action Battalion, regularly carry out drives against the dishonest traders, he said.

This year around, seven tonnes of shrimps injected with these substances were destroyed, and mobile courts fined the traders Tk 33 lakh, Biswas said.

Traders inject green jelly, gum and other substances into the shrimps, said a senior official of the fisheries department in Khulna, asking not to be named.

"We had earlier found barley and rice starch in the bodies of the shrimps," he said.

Traders involved in the malpractice are more organised now, said a salesman of

Haji Arif Fish, an agent of some processors.

They now have a strong network and know about the drives in advance, he said.

Frozen shrimp and fish is the third biggest export earning sector of Bangladesh after garments and jute.

In the past several months, demand for locally grown black tiger shrimps has fallen amid an influx of vannamei, a shrimp variety that grows mainly in India and Thailand.

Export receipts fell 20 percent to \$160.53 million in July-October of fiscal 2012-13 from \$201.34 million in the same period a year ago, according to the Export Promotion Bureau.

Panel to oversee stock reforms

GAZI TOWHID AHMED

The government has formed a panel to oversee the implementation of a set of reforms prescribed by the Asian Development Bank for the stockmarket.

The banking division of the finance ministry came up with the 11-member committee on Monday in line with the lender's conditions attached to a \$300-million credit, according to a government notification.

"The committee will look into the implementation of the 25 conditions set for the development of Dhaka and Chittagong stock exchanges," said Saifur Rahman, a committee member.

The committee will coordinate among all the stakeholders and ensure that the project is completed on time, said Rahman, also executive director of the Securities and Exchange Commission.

The major conditions of the lender include demutualisation of the bourses, and amendments to the Banking Companies Act, and the Insurance Act 2001.

The ADB also suggested setting up a special capital market tribunal and developing the bond market.

The lender said the conditions are "to strengthen stabilisation measures of the securities markets following the history of booms and busts characterising the markets".

Another objective is to make the capital market more effective in mobilising resource to support the economy's financing requirement and to better promote growth and development.

The ADB said the capital market tribunal will help the stock regulator detect trading irregularities and market abuse, leading to a rise in investor confidence.

Banking Division Secretary M Aslam Alam has been made the chief of the committee.

The ADB on November 29 signed an agreement with the government to provide the \$300-million credit -- \$150 million as soft loan, \$55 million as hard loan and \$95 million as ordinary capital resource under the project.

Wal-Mart email reveals strategy to upgrade Bangladesh factories

BLOOMBERG, New York

Wal-Mart Stores Inc has begun discussions with other retailers that would force suppliers to pay for safety upgrades of overseas factories after a Bangladesh fire killed more than 100 people last month.

Four days after the blaze, Rajan Kamalanathan, Wal-Mart's vice-president for ethical standards, sent a proposal to members of the Global Social Compliance Programme. The industry group represents more than 30 companies, including Wal-Mart, Carrefour SA and PVH Corp, and says its mission is to improve environmental and working conditions in global supply chains. A person familiar with the document confirmed its authenticity.

Since the blaze at the Tazreen factory on Nov 24, Western companies have



Protesters participate in a "Global Day" of action against Wal-Mart in Florida on December 14. The protesters called for an end to alleged retaliation against US Wal-Mart worker activists.

faced increased calls from labour-rights organisations to pay suppliers higher prices so factory owners can afford safety upgrades.

The three-page proposal said "fire and electrical safety aspects are not currently adequately covered in sourcing audits," and outlined steps "to significantly improve fire safety precautions on all fronts."

Among the steps: members of the group would pay to review all factories, which would be given six months to "implement corrective action at supplier cost."

In an e-mail sent to the group on Nov 30, Kamalanathan called the proposal "a framework for us to discuss." "Wal-Mart has been advocating for improved fire safety with the Bangladeshi government, with industry groups and with suppliers," Kevin Gardner, a Wal-Mart spokesman, said in an e-mail.

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