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# STAR BUSINESS

DHAKA SUNDAY JANUARY 27, 2013, e-mail: business@thedailystar.net



An official of Bangladesh Fire Service and Civil Defence checks out the Partex Plastics pavilion that collapsed yesterday, killing an employee of the company at the Dhaka International Trade Fair. Story on page 20

## Sign TICFA with no delay

GM Quader fears scrapping of GSP will hurt country's image globally

**STAR BUSINESS REPORT**

..... Bangladesh should sign the TICFA with the US before the next GSP hearing at the United States Trade Representative in March, Commerce Minister GM Quader said yesterday.

"We have to protect the generalised system of preferences in the US market. It is needed not only for economic reasons, but for protecting the country's image globally," Quader said.

Early signing of the TICFA [Trade and Investment Cooperation Framework Agreement] will enhance Bangladesh's bargaining power to the USTR hearing, he said.

Quader's comments came at the

closing ceremony of the eight International Plastic fair, a four-day exhibition on plastic goods, printing and machinery, held at Bangabandhu International Conference Centre in Dhaka.

"Bangladesh and the US have been negotiating over the TICFA for the last 8-10 years," Quader said, adding that the key bottleneck to the deal is the labour rights issue.

The US wants immediate elimination of child and forced labour from all sectors and permission for trade union at factories, but Bangladesh wants to implement them in phases.

Bangladesh is now following the labour standards of both International Labour Organisation (ILO)

and its own labour laws, and is currently in the process of implementing ILO's 'better work programme' at the factory level.

Meanwhile, Bangladesh's garment sector has been declared free from child labour by the US Department of Labour.

Some 86 countries, including India, Pakistan, Sri Lanka and Nepal, have inked the TICFA deal with the US, Quader said.

"TICFA is a mutual understanding deal between the two countries. Under the deal, neither is Bangladesh giving anything to the US nor is the US giving anything to Bangladesh," he added.

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## India's CEAT to make tyres in Bangladesh by 2014

Mumbai-based company signs deal with AK Khan & Co; \$67m set aside for the project

**SUMAN SAHA**

..... India's tyre giant CEAT and its local partner AK Khan & Company plan to set up a manufacturing plant in Bangladesh with an initial investment of \$67 million, to cash in on the automotive boom.

The Mumbai-based company formed a joint venture with Bangladesh-based AK Khan & Co in India on Friday.

CEAT will hold a 70 percent stake in the subsidiary to be named CEAT AK Khan Bangladesh Ltd, while the remaining by AK Khan & Co.

The plant, expected to be functional by 2014, will have a production capacity of 110 tonnes a day, Salahuddin Kasem Khan, managing director of AK Khan & Co, said yesterday.

The plant to be sited outside Dhaka will make tyres for trucks, light commercial vehicles (LCVs) and motorcycles for the Bangladeshi market.

CEAT will provide technical and business expertise and manage the operation, while AK Khan will bring in knowledge of the Bangladeshi market besides providing the strength of goodwill and local presence.

Khan said the joint venture has prompted one of the largest Indian investments in the country's manufacturing sector, while creating jobs for around 1,000 people.

"The plant will earn valuable foreign exchange for the country by exporting around 20 percent of its output to the North eastern part of India and rest of the world."

Moreover, the plant will save foreign currency as its products would be import substitutes, added the AK Khan MD.

The joint venture company comes at a time when demand for tyres is rising fast in the country.

Around 10,000-12,000 buses and trucks are entering the roads a year, according to an industry insider.

Demand for motorcycle tyres is booming as well, with 25,000-30,000 pieces being sold a month.

Bangladesh spends over Tk 1,500 crore annually to import around 15 lakh tyres of all sizes, as per importers, distributors and sellers.

Of the amount, more than a third is spent on LCV tyre imports.

Around 70 percent of the imported tyres come from India, followed by China, Indonesia, Japan and Thailand, industry insiders said.

CEAT, which supplies to Tata Motors and Bajaj Auto, will fit those brands' vehicles to be sold in Bangladesh with the tyres manufactured in the plant, Khan said.

## Farm loan roll-out shoots up

STAR BUSINESS REPORT

..... Farm loan disbursement rose 12 percent to Tk 6,420 crore in the first six months of the current fiscal year, compared to the same period a year ago.

State banks distributed 44.29 percent of their target for Tk 3,812 crore, while private and foreign banks disbursed 47.23 percent of Tk 2,608 crore.

Banks disbursed 45.4 percent of their full-year target of Tk 14,130 crore in agricultural loans, according to data from the central bank.

The monetary policy set a target to cut private-sector credit growth in the current fiscal year to minimise inflationary pressure, a Bangladesh Bank official said.

But farm credit has been kept outside, so that food production is not hampered, the official said.

There will be pressure on food inflation if agricultural production gets affected, he said.

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## Tazreen families demand compensation

STAR BUSINESS REPORT

..... The cries of Tazreen workers and their families once again filled the air of Nishchintapur on Friday as they expressed their frustration over the slow DNA identification and compensation process and legal action against the Tazreen owner.

Two months after the fire that claimed at least 112 lives, the families of the victims organised a demonstration outside the factory premises, with the help of Garments Sramik Oikko Forum and Activist Anthropologists, to vocalise their demands.

The bodies of their loved ones are yet to be identified despite the DNA tests, said the family members who spoke at the rally attended by hundreds.

"We have been sent from one place to another and made to go through a series of bureaucratic processes and yet we have not seen their bodies," said one Wahidul, widowed by the inferno on November 24.

Atiur Rahman, another affected family member, said the indifference of the government, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Delwar Hossain, the owner, towards the issue vexed him greatly.

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## Experts suggest concerted CSR effort for big impact



From right, SK Sur Chowdhury, deputy governor of Bangladesh Bank; Rokia A Rahman, president of MCCI; Hasibur Rahman, executive director of MRDI; Moazzem Hossain, editor of The Financial Express; Prof Wahiduddin Mahmud, former caretaker government adviser; Shaheen Anam, executive director of Manusher Jonno Foundation; and Anis A Khan, CEO of Mutual Trust Bank, pose with a study on the impact of CSR activities, at Ruposhi Bangla Hotel in Dhaka yesterday.

STAR BUSINESS REPORT

..... The government should pool the money companies set aside for corporate social responsibility (CSR) activities for enhanced impact, speakers said yesterday.

Spending for social causes by companies is largely sporadic, they said, while calling for a credible platform with which the businesses feel comfortable putting in their money.

The comments came at the presentation of a study, conducted by the non-governmental organisations Manusher Jonno Foundation (MJF) and Management and Resources Development Initiative (MRDI), on the impact of CSR activities in Bangladesh.

The event, held at the capital's Ruposhi Bangla Hotel, is part of MRDI's efforts to popularise CSR through lobbying at the policy level and corporate sector.

Prof Wahiduddin Mahmud, a former caretaker government adviser, said the CSR activities in Bangladesh are getting

institutionalised.

"It is a major achievement," he said, while advocating for a national fund for better efficacy of the CSR money.

"If the fund can be used for a specific purpose the end result would be long-lasting," the economist added.

"There is scope to use the CSR money in areas of education and health, as the budgetary spendings in these two sectors in terms of GDP [gross national product] have not increased since the 1990."

Mahmud further said the government would have to give credibility to the CSR fund to attract contributions.

Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, said the country's major corporate houses cannot only eye profits.

"CSR is very important for poverty reduction. As individuals we will have to strive for uplifting people out of poverty. Companies will have to come forward and do more CSR activities."

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- \* A far-sighted decision taken by the Govt to rescue KSY back in 1999 to hand over the management of loosing KSY to BN.

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## Apple loses crown

AFP, New York

..... Apple shares extended their losses Friday, ending a miserable week for the California tech giant as it surrendered its position as the world's biggest company based on market value.

Apple ended down 2.36 percent at \$439.88, giving it a market capitalization of \$413 billion, while oil giant ExxonMobil rose 0.36 percent to \$91.68 with a market cap of \$418 billion to edge into first place.