

Confidence perks up in businesses

MCCI survey finds industrial output, investment and jobs rise in first half

STAR BUSINESS REPORT

Confidence among businesses is on the rise, with industrial production, investment and employment increasing in the first half of the current fiscal year, said a new survey.

Some 57 percent of the respondents in the survey, conducted by Metropolitan Chamber of Commerce and Industry among its member firms, said their output increased in the first half of 2012-13, while 24.2 percent reported a decline.

Of the 33 respondents, 21 were from the manufacturing sector and 12 from the services sector.

About 84.8 percent of the participants said they faced problems in running businesses, with gas and power shortage being the biggest impediment.

"Power and energy crises, poor infrastructure, a lack of accountability in administration, regulatory inefficiency, stagnant investment and political

uncertainty are serious challenges."

"The challenges for the government will be to properly address these problems," the survey said.

About 57.6 percent of the respondents said they have made new investment in their businesses; of them, 58.8 percent raised funds from banks and 41.2 percent used their own funds.

Around 48.5 percent of the respondent firms have recruited additional labour and only 6 reported to have retrenched somelabours.

Of the 33 firms, 14 are export-oriented and 64.3 percent said they have experienced an increase in exports.

The chamber also published its review of the economy for October-December 2012.

It said Bangladesh has performed better than many other countries at comparative levels of development in coping with the adverse effects of the global economic crisis.

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Trade deficit narrows 34pc as imports fall

REJAUL KARIM BYRON

Trade deficit in the first six months of the current fiscal year narrowed by 34 percent, compared to the same period in the previous year, due to a fall in imports.

Economists and bankers said a dull investment scenario and a low demand for petroleum caused the fall in imports during the period.

Due to a sluggish import demand and a robust inflow of remittances, the balance of payment saw a record surplus of \$2.42 billion, which was a \$989-million deficit in the same period a year ago.

The country's foreign exchange reserve also got a boost due to dull imports. The safe limit for a country's reserves, as per international standards, is equal to the country's three months'

ment statistics.

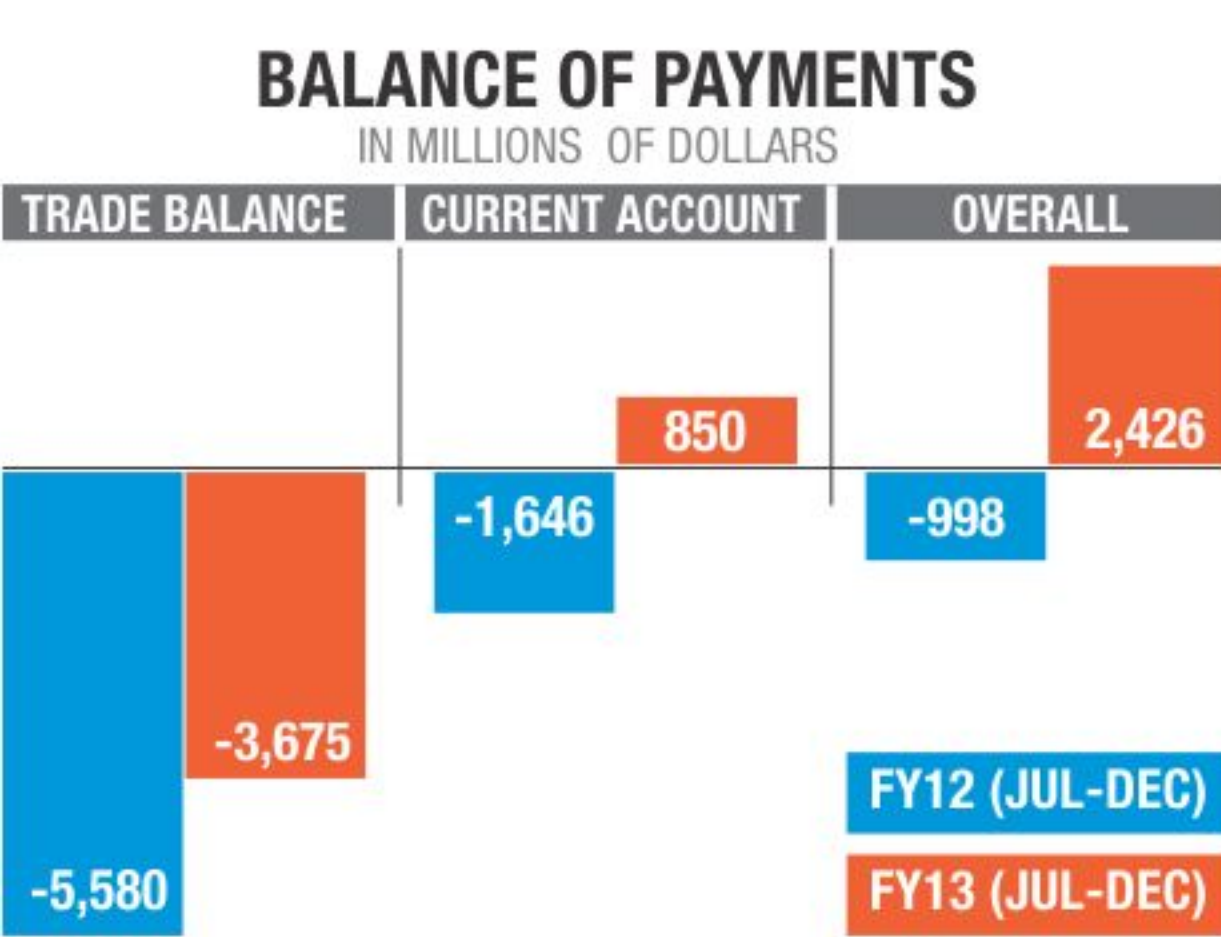
Zahid Hussain, a senior economist at World Bank's Dhaka office, said both the prices and demand for petroleum products was low on the international market during the period, which caused the fall in petroleum import.

He also said the demand for electricity normally remains low during the winter, contributing to a fall in import of diesel and furnace oil for fuel-based power plants.

Hussain also said the demand for diesel for irrigation purposes was also low as the season is yet to start.

The WB economist said the weak investment climate and a slow global recovery also caused the fall in imports.

He said infrastructure development could not keep pace with the rapid economic development of the country and weak infrastructure holds investment back from picking up.



import bill. But Bangladesh's present reserves are equal to more than five months' import bill.

On February 12, the reserves stood at \$13.38 billion, which is enough to pay for 5.29 months' imports as per the import bill on December 12, according to Bangladesh Bank statistics.

During July-December, imports fell by 7.79 percent.

Import of capital machinery went down by 23.68 percent, industrial raw materials by 5.3 percent and petroleum by 5.96 percent during the period, according to L/C (letter of credit) settle-

ment statistics.

For example, he said the Dhaka-Chittagong highway is incapable of meeting the increased demand fuelled by higher economic growth.

Investors have also taken a go-slow stance due the ongoing political uncertainties in the run-up to the next general election, chief executives

of two top private banks said, asking not to be named.

A Bangladesh Bank official said they have given a positive signal to the bankers and investors in the Monetary Policy Statement for January-June 2013 to help investment and imports pick up.

The target for private sector credit growth has also been raised, the BB official said.

He said a positive sign is already visible from the data of L/C opening for capital machinery import in the first six months, when L/C opening rose by about 2 percent.

US trade show begins in Dhaka

GM Quader calls upon US businesses to invest more in Bangladesh

STAR BUSINESS REPORT

Commerce Minister GM Quader yesterday called upon US entrepreneurs to invest more in Bangladesh, saying the country has one of the most liberal investment policies globally.

"You (the US entrepreneurs) can take the opportunity," Quader said while opening the three-day US Trade Show 2013 at Ruposhi Bangla Hotel in Dhaka.

He said the US is the single largest bilateral trade partner of Bangladesh, and the good side is that the trade balance leans in Bangladesh's favour.



AMRAN HOSSAIN

An attendant shows a Vscan, a pocket-sized device that provides real-time black and white anatomic and colour-coded blood flow images. GE Healthcare made the handheld visualisation tool powered by ultrasound technology, and displayed it at a stall at the three-day US Trade Show 2013 at Ruposhi Bangla Hotel in Dhaka yesterday.

their products and services at 95 stalls of the fair, organised by AmCham and the US embassy in Dhaka.

The three-day fair will remain open from 10am to 8pm with an entry fee of Tk20 per person.

This year 23 member companies of American Chamber of Commerce in India are also participating in the trade show in Dhaka.

Regulator freezes assets of Sahara

AFP, Mumbai

An Indian regulator has frozen the bank accounts of two companies of the giant Sahara group after it failed to obey a court order to repay billions of dollars illegally collected from investors.

Sahara, a household name in India and sponsor of the national cricket team, raised 240 billion rupees (\$4.4 billion) in illegal bond sales to 30 million small investors between 2008 and 2011.

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Garment units go faulty as buyers offer low prices

REFAYET ULLAH MIRDHA

Foreign buyers' tough bargaining stance is in a way responsible for the poor working condition in garment factories, industry insiders said.

"Our profit margin is going down by the day," Feroz Kobir Prodhan, manager of the export-oriented Swan Group, told The Daily Star.

A T-shirt which sold at \$5 two or three years ago is now going at \$3.50 to \$4 due to buyers' tendency to offer low prices, according to Prodhan.

"The garment manufacturers counter this by going for high volume orders, which call for the need for subcontracting," he added.

Shafiu Islam Mohiuddin, presi-

dent of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), agreed with Prodhan on this.

"Many garment owners do not have the bargaining capacity so they survive by increasing the volume."

A lack of resources and tight deadlines mean the garment exporters need to take the services of small and medium factories, subcontracting a part of the order.

"Here, many engage in unethical price competition to keep their businesses afloat," the BGMEA president said, adding that the small and medium factories compromise with workplace safety as a result.

However, Khondaker Golam Moazzem, Centre for Policy Dia-

logue's additional director of research, is disapproving of this phenomenon.

"Workers' safety should not be dependent on the cutting and making charges. Compliance and safety measures are the basic requirements for operating any factory," he said.

Mikail Shipar, labour and employment secretary, said the office of the chief factory inspection has identified 450-500 garment factories which are lacking in compliance.

"If the government closes down the non-compliant factories all of a sudden, a good number of workers will lose their jobs," Shipar said.

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India needs extra 200b rupees for food subsidies

REUTERS, New Delhi

India needs a 200 billion rupee top-up for its proposed food security bill, Indian Food Minister KV Thomas said yesterday.