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Muhith terms BB stance on garment incentive bogus

Relaxed loan policy on way

Muhith signals after request from garment exporters

STAR BUSINESS REPORT
Finance Minister AMA Muhith yesterday expressed annoyance at Bangladesh Bank's reluctance to award cash incentives to garment makers on the export earnings they bring through telegraphic transfers, terming the stance of the BB "bogus".
The outburst came during his meeting with top leaders of Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, and Bangladesh Textile Mills Association at his secretariat.
The minister also instructed an executive director of the BB, who was present at the meeting, to take steps within a week.
"It has to be done by this week," the minister said. "Why do you raise objection against everything? Bogus!"
"I am very, very annoyed. A lot of discussions took place about it in the past. You [the central bank] will have to understand that the time is critical."
A BB official, however, told The Daily Star that the finance ministry had earlier sought opinion from the central bank whether the incentives could be given on money coming through telegraphic transfers.
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STAR BUSINESS REPORT
The central bank's loan classification policy will most likely be relaxed this month, Finance Minister AMA Muhith signalled yesterday.
The move comes in response to demands from garment exporters, who are left staring at huge losses after months of severe disruptions to their businesses owing to political turbulence.
They said the current loan classification policy, which marks a loan to be classified when the repayment period overshoots by three months, is "killing" them. Although they are still eligible for new loans, the banks put excessive pressure on them to make their payments.
"I think we will have to do something about it," the minister said during a meeting with top leaders of the three main garment manufacturers' platforms at his secretariat.
At the meeting, Atiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), presented a three-point demand to make up for the excess cost incurred by garment owners following the latest hike in wages and another eight-point demand to compensate the losses suffered due to political unrest.
Muhith said, "I am telling you, you will get the decision this month. In fact, we will give out this decision in the next few days."
Specifically, the garment makers urged the government to bring down the tax on export earnings to 0.25 percent from 0.80 percent.
They also called for special loans for four months between November this year and February next year so that they can recover the losses incurred in recent months due to

worker unrest and political violence. The loans will be paid in two years.
In another demand, they said all existing term loans and forced loans in the textile, garment and backward linkage industries should be given a grace period for two years and transferred without any interest to a block account.
The BGMEA chief also said there should be an exit plan for the garment industries which would not be able to run their plants under the current scenario.
On the demand, Muhith said it would not be possible to formulate any laws to help them exit the industry without any trouble. "We could however prepare a draft."
Islam also said many sound factories are closing down due to unhealthy politics. "International buyers in letters have conveyed that they are considering shifting orders from Bangladesh to other countries in the backdrop of political instability and violence."
Anwar-ul-Alam Chowdhury Parvez, a former president of BGMEA, said production in factories has fallen by 10-20 percent due to the political volatility.
AK Azad, former president of Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said at present only the Dhaka-Chittagong route has been kept operative in a last-ditch effort, while the transportation of goods from land ports including Benapole has been completely stopped.
Nurul Amin, chairman of Association of Bankers-Bangladesh, said they are sympathetic with the demands of the garment sector.
"If the garment makers can't do business the banks' income will also fall. But the related regulations of the central bank have to be relaxed," he said.



Workers unload cauliflowers from trucks at Karwan Bazar in Dhaka yesterday. Though the wholesale hub saw an adequate supply of vegetables, traders incurred losses due to a thin presence of customers amid blockades.

Business leaders to hoist white flags with calls for political peace

STAR BUSINESS REPORT
The business community will take to the streets across Bangladesh for half an hour on Sunday, protesting the political trouble that is ruining the economy.
They will stand on the roads in front of all district chambers and associations, shop owners' association and business houses from 11:30 am to 12 noon, carrying white flags. They demand an end to the ongoing instability and seek a business friendly environment.
"We urge all to participate in the protest," Kazi Akram Uddin Ahmed,

president of Federation of Bangladesh Chambers of Commerce and Industry, said at a media briefing in Dhaka yesterday.
Top leaders of Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Textile Mills Association and Bangladesh Chamber of Industries, and Bangladesh Knitwear Manufacturers and Exporters Association were present at the meeting.
This will be the second time in two weeks that the businesspeople are taking to the streets. Around 1,000 people, including garment owners, workers, representatives from linkage

industries and civil society members formed a human chain in front of the BGMEA headquarters in Dhaka on December 7.
Leaders of several business bodies also participated in the demonstration co-organised by BGMEA, BKMEA and BTMA.
Criticising both the major political parties, the FBCCI chief said: "We urged them two months ago to sit for discussions, but they did not pay heed. Now they are paying heed to the foreigners. But we lost many people to the violence."
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Poultry farmers bearing brunt of political mess

Farm owners urge political parties to end crisis

STAR BUSINESS REPORT
Poultry leaders yesterday urged the government and opposition parties to immediately end political unrest and ensure peaceful business environment.
"We have been hit hard by the political turbulence," said Moshir Rahman, convener of Bangladesh Poultry Industries Coordination Committee (BPICC), a group of six associations of the poultry sector.
The poultry industry has incurred losses of more than Tk 4,000 crore due to political instability over the last three months, he said at a press conference at the National Press Club in the capital.
All sub-sectors of the poultry industry such as breeders, feed industries, commercial broiler poultry farmers, egg producers and animal medicine sellers are suffering losses due to blockades and shutdowns, he said.
As things work in the poultry industry, the production of day-old chicks, eggs and broiler chicken takes place on a daily basis and they have to be shipped on the same day, as the farms lack storage and preservation facilities.
"We have no other option but to kill the day-old chicks and destroy the eggs if we cannot send them out on



Moshir Rahman, second from left, convener of Bangladesh Poultry Industries Coordination Committee, attends a press conference at the National Press Club in Dhaka yesterday.

the day," said Rahman.
Blockades and shutdowns are forcing poultry farmers to destroy around 14-20 lakh day-old chicks and around 3.15 crore eggs worth Tk 20.47 crore every week, said Rahman, also the president of Breeders Association of Bangladesh (BAB).
Taber Ahmed Siddiki, president of the Egg Producers Association said their weekly production is around

10.50 crore pieces. They suffered losses of Tk 266 crores for failure to sell 30 percent of their total product and Tk 364 crores for selling eggs at less than their production cost.
Currently, poultry farmers are also compelled to sell day-old chicks and broiler chicken below the production cost due to a disruption of supply chain, said Saidur Rahman Babu, secretary of BAB.

Govt meets RMG buyers' representatives today to boost confidence

GAZI TOWHID AHMED
The government will sit with the representatives of garment buyers today to brief them about the country's steps to safeguard the apparel sector and boost confidence of the international brands in the face of repeated blockades.
The move came amid concern among the apparel makers and their buyers over the current political deadlock that has hit the garment industry hard, said Mikail Shipar, secretary to the labour and employment ministry.
"We will try to give a boost to their confidence in doing business in Bangladesh," he said.
Garment exporters have informed the government of the worries of the buyers who are repeatedly making queries about the current political unrest, Shipar said.

The meeting will be held at the expatriates' welfare and overseas employment ministry.
"We are concerned as the buyers have started shifting a substantial part of their orders from Bangladesh to other countries such as India, Indonesia, Vietnam and Cambodia," said Shahidullah Azim, vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).
"Buyers are worried and want to know whether we can make timely shipment in such circumstances."
Buyers are also scrapping their plans to visit Bangladesh due to the political violence, Azim said.
"We are losing competitiveness in the global market," he said, adding that the meeting will help restore the confidence of the buyers.
Apparel export growth of India and Vietnam was 30.9 percent and 30

percent respectively in October, while it was only 2.9 percent in Bangladesh, he said. "This shows orders are being shifted to our competitors," he added.
"We are heading towards a tough time."
The \$20-billion export sector has already been hit by a number of recent disasters, including fire and factory building collapse, he said.
The BGMEA's research and development team has collected nine days' data (December 1-9) from 21 exporters to assess their overall losses caused by the blockades.
Orders worth \$2.40 million were cancelled during the period, while the exporters spent \$0.9 million on air shipment.
In the form of penalty for delayed shipment, the exporters saw a price cut by \$4.65 million as orders worth \$6.6 million were delayed. Losses caused by vandalism

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