

Political stability key to garment export growth: economist

STAR BUSINESS REPORT

Long-term political stability is necessary for the continued growth of garment exports, a World Bank economist based in Dhaka said yesterday.

"We need a stable political situation for sustained growth of garment exports," Zahid Hussain, lead economist of the WB's local office, said at a discussion on textile and garments, TexApp Bangladesh.

CEMS Global, an event management company, and The Daily Star jointly organised the discussion at Bangabandhu International Conference Centre where international retailers, machinery suppliers, policymakers and entrepreneurs were present.

"We also need to address the

infrastructure bottlenecks to smooth the running of our businesses," Hussain said.

Government policies must be reformed to become more business-oriented, he said.

If these problems are addressed properly, Bangladesh has scope for attracting more investment in different sectors, he said.

Foreign investors can invest in backward linkage industries, said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"The local entrepreneurs have invested in the garment sector over the years. They have developed a lot, both in terms of garment products and markets. So we don't need foreign investment in the basic garment sector any-

more," Islam said.

"We need a pool of skilled people for the garment sector, as we have already started suffering from the absence of skilled manpower for the sector," he said.

The garment sector passed the worst time in 2013 when the Rana Plaza building collapsed killing more than 1,000 workers, but the country has been gradually overcoming the shocks. "We are expecting good business in the coming years," Islam said.

Mohammad Hatem, first vice-president of Bangladesh Knitwear Manufacturers and Exporters Association, the knitters' platform, said the country needs to fix the gas crisis to keep up business growth.

"Japan is a particularly promis-

ing market of \$35 billion garment consumption a year and our exports to the country are increasing," Hatem said.

The government has already cut import duty on import of fire safety equipment to zero for sake of workplace safety in the garment sector, said Syed Md Aminul Karim, member of the National Board of Revenue.

"The government will lose Tk 2,000 crore from the duty waiver on safety equipment imports," he said.

Akhtaruzzaman Khan Kabir, chief executive officer of Bangladesh Tourism Board, SM Mahbubur Rahman, director general of Export Promotion Bureau and Sohel Ahmed, chief operating officer of Aamra Resources Ltd, also spoke.



Niaz Habib, managing director of Dhaka Bank, and Irad Ali, deputy managing director of IntraCo, attend the signing of a memorandum of understanding at the bank's head office in Dhaka yesterday. IntraCo will provide 10,000 Matrix prepaid Hajj SIM cards to the bank distribution among the Bangladeshi Hajj Performers.

State banks' stressed assets: cause for concern

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It said most of the banks maintain only required provisions, which may not be enough in the long run to mitigate the threat of increasing stressed assets in different segments.

SK Sur Chowdhury, deputy governor of Bangladesh Bank, said three-fourths of total classified loans are bad loans.

"A further increase in bad loans will negatively affect the banking industry,"

Quoting from the report, Chowdhury said financial scams at the state-owned banks in the last few years may affect stability further. Rahman warned the CEOs of banks and other financial institutions on poor governance.

"We will not tolerate any loose governance and misreporting," said Rahman.

"The BB is equipped with modern technology to detect the day-to-day works of banks and non-banks."

Glenn Tasky, banking supervision adviser for the central bank, said lending too much to the same type of borrowers and against similar collateral is a risk to Bangladesh's banking sector.

Helal Ahmed Chowdhury, vice chairman of Association of Bankers Bangladesh and CEO of Pubali Bank, said a rising number of nonperforming loans is a big challenge.

The report, the fourth of its kind, identified stringent loan classification and provisioning, constraint on loan rescheduling, ample liquidity, and automation of payment and settlement system, financial inclusion and satisfactory reserve contributed to bring stability in the financial sector.



Dewan Mujibur Rahman, managing director of NRB Commercial Bank, and Md Kramulqbal, director of CNS, attend the signing of an agreement for the bank to receive motor vehicle registration fee, tax token renewal fee, fitness fee, number plate fee and renewal fee at all its branches, at the bank's head office in Dhaka recently.

ADB urges govt to cut cost of doing business

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Bangladesh needs to heavily invest in infrastructure to create conditions for higher and more inclusive economic growth, ADB said.

"Better infrastructure and higher connectivity can also contribute to diversifying the economy and increasing export competitiveness."

In addition, higher infrastructure investment is necessary to improve labour productivity, capital efficiency and total factor productivity growth to sustain long-term higher economic growth. For promoting higher private investment, skills shortages also need to be addressed.

ADB also stressed the need for mobilising more domestic resources by modernising the country's tax systems and streamlining tax machinery.

At 9.6 percent, Bangladesh's tax-GDP ratio is low compared with other countries in South Asia and also lower than the average of developing countries, the lenders said.

"Bangladesh has made some progress in reforming tax systems but further reforms are needed to simplify tax laws and collection procedures, including strengthening risk-based audit to promote voluntary tax compliance."

To meet the large financing needs for infrastructure investment, significant private sector participation in infrastructure development through public-private partnerships will be needed, given the

inadequacy of resources available within the public sector.

A decline in remittances, low private credit growth and weaker consumer confidence ahead of the January 2014 elections contributed to the low growth in private consumption.

On the supply side, agriculture grew briskly and services growth was higher, although industry posted lower growth.

For faster poverty reduction, Bangladesh needs to lift its annual GDP growth rate to about 8 percent in the medium term.

Investment stood at 28.7 percent of GDP in 2013-14 following revision of the GDP series and associated national income data, while corresponding GDP growth came in at 6.1 percent.

Considering the implied efficiency of investment, investment will need to rise to 37.6 percent of GDP to attain 8 percent GDP growth, ADB said.

Economic growth will need to be more inclusive, providing people with access to productive opportunities, so that they are able to contribute to, and equally share the benefits of higher economic growth.

"Growth will also need to be environmentally sustainable."

Over the last four fiscal years, the economy grew at an average annual rate of 6.3 percent compared with 7.1 percent average growth targeted for the first four years of the five-year plan for FY2011-FY2015.

Dull investment weighs on GDP growth

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In Bangladesh, getting an electricity connection requires 185 days as per the Global Doing Business report. "This issue should be addressed," Alam said.

Almost in all macroeconomic indicators, Bangladesh has been on target in the first three years of the Five Year Plan.

In fiscal 2013, the tax-GDP ratio was 11 percent against a target of 11.2 percent. The fiscal deficit stood at 4.4 percent of GDP against a target of 5 percent and the export-GDP ratio was 20.2 percent against the 22.1 percent target.

Remittance brought home \$14.3 billion against a target of \$14.2 billion and the foreign currency reserves could finance five months of imports, whereas the target was to amass foreign reserve that could meet three months of imports.

Only the inflation target could not be reached as it stood at 7.7 percent against a target of 7 percent.

The plan, however, targets to bring inflation down to 6 percent at the end of the programme. "This requires continuous monitoring and management," Alam said.

AHM Mustafa Kamal, planning minister, who chaired the meeting, said no indicators suggest that Bangladesh is lagging behind any of its targets.

Atiur Rahman, governor of Bangladesh Bank, said the country has achieved qual-

ity GDP growth as it cut poverty and has not widened inequality.

"We did not expect the export sector to perform so well, as trucks could not ply the roads and even small shops could not be opened for five months last year."

Mustafizur Rahman, executive director of Centre for Policy Dialogue, said the country is not being able to ensure expected returns on investment.

"The Padma bridge project is being delayed, which is raising the cost," he said, adding that the cost of the project has been revised up to Tk 25,000 crore; it was Tk 10,000 crore in 2010.

AMA Muhith, finance minister, said the mid-term review is also an attempt to have a good input for the next Seventh Five Year Plan.

In many countries, there has been poverty alleviation but inequality has also gone up in many of those countries, he said.

"Bangladesh is the only country where inequality has been static from 2006 and it has been going down from 2010."

Bangladesh will have to increase the expenditure set aside for social protection as it has a great contribution to bringing down inequality, the minister said.

Mahbub Ahmed, finance secretary, said there should be no worry if inflation goes up a bit as a consequence of actions aimed at boosting economic growth.

NDB Capital wins Euromoney award

STAR BUSINESS DESK

NDB Capital Ltd has recently been awarded with the best investment bank in Bangladesh award for 2014 by Euromoney.

This is the first time that Euromoney has recognised and accredited an investment bank from Bangladesh, Euromoney said in a statement yesterday.

Mahbub Jamil, head of structured finance at NDB, and Sharawat Islam, head of operations, received the award in Hong Kong recently.

Euromoney's Awards for Excellence covers more than 20 global product categories, best-in-class awards in all regions and the best banks in close to 100 countries around the world, according to the statement.

The award evaluated NDB's last year's performance and its role in introducing new instruments to the Bangladesh capital market, Euromoney said.

NDB's sister company in Sri Lanka, NDB Investment Bank, has also been awarded the Best Investment Bank in Sri Lanka for 2014, according to the statement.

"This is only the beginning of many more new capital market products that we plan to introduce in Bangladesh," said Vajira Kulatilaka, investment banking cluster chief executive at NDB.

NDB Capital is a limited liability company incorporated in Bangladesh whose major shareholder is National Development Bank Plc of Sri Lanka, and it functions as a full-fledged merchant bank licensed by the Bangladesh Securities and Exchange Commission.

Now a govt report says control of state banks must go to BB

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These appointments also acted as a key factor behind the scams. The central bank also raised the issue with the government a number of times before the scams took place.

The International Monetary Fund had earlier asked the government to hand over the full control of board and management of public banks to the central bank.

Planning Minister AHM Mustafa Kamal, who chaired the meeting, also suggested the same. He even called for merger of the state banks into one bank or their privatisation.


BB Governor Atiur Rahman said bad loans went up by 2 percentage points to about 10 percent as the banking sector has gone for international standards.

"After the Hall-Mark scam, we have enhanced our supervision. As a result, no scam has taken place since then," he said.

The review report said the sharp deterioration of the NPL situation in public banks is a recent development.

"During the first year of the Plan implementation, there was an impressive improvement in the NPL ratio of the entire banking sector, including public banks. The performance of public banks has nosedived since December 2011."

"It is a culmination of well-known forgeries, such as the Hall-Mark scam involving the Sonali Bank, as well as other corrupt and inappropriate lending practices in public banks," the report said.

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| <div><div>ঢাকা পাওয়ার ডিস্ট্রিবিউশন কোম্পানী লিমিটেড DHAKA POWER DISTRIBUTION COMPANY LIMITED (An Enterprise of the Government of the People's Republic of Bangladesh)</div></div> | | | | |
| Memo No. S.E/Circle. (Dhan.)/ACC-2.09/TD/2014/01 | | | Date: 31/08/2014. | |
| Invitation for Tender | | | | |
| 01. | Ministry / Division | Ministry of Power, Energy & Mineral Resources / Power Division. | | |
| 02. | Agency | Dhaka Power Distribution Company Ltd. (DPDC) | | |
| 03. | Procuring Entity Name | Superintending Engineer, NOCS Circle Dhanmondi, DPDC. | | |
| 04. | Procuring Entity District | Dhaka. | | |
| 05. | Invitation for | Yearly Repair & Maintenance work of 11 KV & 0.4 KV Overhead distribution lines & distribution transformer of NOCS Zigatola, DPDC for the FY 2014-2015. | | |
| KEY INFORMATION | | | | |
| 06. | Procurement Method | Open Tendering Method. | | |
| FUNDING INFORMATION | | | | |
| 07. | Budget and Source of Funds | Revenue Budget of DPDC. | | |
| PARTICULAR INFORMATION | | | | |
| 08. | Tender Enquiry No. | S.E/Circle (Dhan.)/ACC-2.09/TD/2014/01, Date: 31/08/2014. | | |
| 09. | Last selling date of tender document, closing / opening date & time | Last selling date & Time 28/09/2014 Up to 03:00 PM | Closing & Opening date 29/09/2014 | Closing time 12.00 noon Opening time 12.30 pm |
| TENDER INFORMATION | | | | |
| 10. | Name & Address of the office for selling & receiving Tender Document. | Selling Office of the- i) Chief Engineer, NOCS (North), DPDC. House # 73/1, Rd. # 5/A, Dhanmondi, R/A, Dhaka-1209. ii) Superintending Engineer, NOCS Circle Dhanmondi, DPDC House # 97/3 Line-k, Kazi Nazrul Islam Road, Mohammad Pur, Dhaka-1207. | | Receiving Office of the- Superintending Engineer NOCS Circle Dhanmondi, DPDC House # 97/3, Line-k, Kazi Nazrul Islam Road, Mohammad Pur, Dhaka-1207. |
| 11. | Tender Opening Place | Office of the Superintending Engineer, NOCS Circle Dhanmondi, DPDC. | | |
| 12. | Eligibility of Tender | i) Contractors who have recent experience (within last 3 years) in repair & maintenance works of 11KV & 0.4 KV overhead distribution lines & distribution transformer and having experience of successful completion of at least 02 (two) works of same nature not less than worth Tk.5 (five) lakhs each in any organization of power sector in Bangladesh. ii) Tenderers shall have to ensure the availability of the competent manpower and logistic supports to complete the work. They have to provide the list of manpower and logistic supports. | | |
| 13. | Tender Document Price | Tk. 1,000/- (One Thousand) has to be submitted (non refundable) as tender document price in the form of Pay Order / Bank Draft from any Schedule Bank in favour of Superintending Engineer, NOCS Circle Dhanmondi, DPDC. | | |
| 14. | Tender Security Amount | Tk. 30,000/= to be submitted for the bid as tender security amount in favour of Superintending Engineer, NOCS Circle Dhanmondi, DPDC in the form of Pay Order / Bank Draft from any schedule Bank. | | |
| PROCURING ENTITY DETAILS | | | | |
| 15. | Name and Designation of the official inviting Tender | Engr. Muhammad Ali, Superintending Engineer, NOCS Circle Dhanmondi, DPDC | | |
| 16. | Address of Office Inviting Tender | House # 97/3, Line-k, Kazi Nazrul Islam Road, Mohammad Pur, Dhaka-1207. | | |
| 17. | Contact Details of Office Inviting Tender | Tel. No. 9101724 Fax No. +88029101723. | | |
| 18. | Special Instructions | i) The Tenderers shall have to apply in their original letter head pads (photocopy will not be accepted) for purchasing tender documents. They have to show the original copies of valid Trade License, Income Tax Certificate, VAT Registration certificate and ABC License while purchasing the tender documents. ii) The Tenderers shall have to submit experience certificates issued by an officer not below the rank of Executive Engineer or equivalent. iii) If it is not possible to receive / open the tender on the schedule date for any unavoidable circumstances, the same will be received / opened on the next working day at the same time. iv) All documents / certificates must be attested by a first class gazetted officers. v) The Tenderers shall have to comply with all other terms and conditions prescribed in the Tender Documents. vi) Procuring entity reserves all the rights to accept or reject any or all of the tenders in any stages without assigning any reason thereof. | | |
| <div>(Engr. Muhammad Ali) Superintending Engineer NOCS Circle Dhanmondi, DPDC.</div> | | | | |