

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DXSE	CSGX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.31%	0.36%	\$1,233.25	\$85.40	0.13%	2.38%	0.24%	0.28%	BUY TK 76.85	96.43	121.81	0.71
5,292.60	9,935.84	(per ounce)	(per barrel)	26,349.33	14,936.51	3,194.40	2,359.48	SELL TK 77.85	100.43	125.81	0.74

Star BUSINESS

DHAKA WEDNESDAY OCTOBER 15, 2014, e-mail: business@thedailystar.net

জীবনে প্রয়োজন আরো বেশি স্বাস্থ্য
 সর্বাধুনিক প্রযুক্তি সম্বলিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ।

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 ইসলামাবাদ শরীয়াহ'র মুনাবাৰা নীতির ভিত্তিতে পরিচালিত



Under-invoicing in import takes a toll on local industry

SAJJADUR RAHMAN

Rampant under-invoicing in import of goods from China and India is affecting the domestic manufacturing sector, entrepreneurs said.

They said the declared prices of imported goods such as glass, tyre, tube and many others are much lower than their actual value and export prices.

For example, the export price of a 26-inch cycle tyre is \$2.3, but the item is being imported at 81 cents only. A tube is being valued at 41 cents at import level though its export price is \$1.20-\$1.30.

The situation is graver for imports of glass and glassware.

A kilogram of glass is imported at 80 cents only though the price in international markets is \$1.5. Industry insiders said some 150-200 tonnes of glass are being imported everyday causing serious damage to the local manufacturers.

Also, there is incidence of misdeclaration, such as importing high-end products declaring those as low-end ones.

Wholesale and retail traders are selling these under-invoiced imported goods at up to 50 percent lesser prices than the goods of same standards being made locally, manufacturers said. So, there is no reason that consumers will buy locally-made goods at higher prices, they added.

"Our investment is at stake. Under-invoicing and misdeclaration in import are becoming a serious threat to us," said NG Saha, senior general manager of Gazi Group that makes tyre and tube for motorised vehicles, rickshaws and bicycles.

Saha said Gazi Group has invested more than Tk 300 crore to set up a modern and import-substitute plant for manufacturing

tyre and tube.

"The entire sector will be destroyed if under-invoicing in import doesn't stop," he said.

Luthful Bari, general secretary of Bangladesh Tyre and Tube Manufacturers' Association, echoed the same.

"Already, some small tyre and tube makers have gone out of business after failing to compete with under-priced products," Bari said.

Nasir Group of Industries, which has invested more than Tk 1,000 crore to set up two factories for making import-substitute float glass and glassware, is in a serious problem due to a surge in imports of under-invoiced products, mostly from China.

"Per kg glass is being valued at 80 cents by customs officials, while its import price is \$1.5," said Nasiruddin Biswas, chairman and managing director of Nasir Group.

After long persuasion, Biswas said, the government revalued the import price of a kg of glass at 80 cents, from just 16 cents a couple of years ago.

About float glass, he said imported products are being sold at 20 percent less price than his production costs.

"My investment as well as jobs of thousands of workers is at risk," he said.

Businesses said under-invoicing in import is not only affecting the local manufacturers, but also causing a revenue loss for the government.

Businesspeople in Bangladesh think a section of unscrupulous Chinese exporters is ready to compromise both quality and price to sell their goods. China-made counterfeiters of leading global brands, particularly electronics and telecommunication items, have flooded the local market.

Regulator okays Shasha Denims IPO, fines three for irregularities

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission yesterday approved the IPO (initial public offering) proposal of Shasha Denims, which aims to raise Tk 175 crore from the public.

The approval came at a meeting at the commission's office in the capital.

The denim producer will offload five crore ordinary shares at an offer price of Tk 35, including a premium of Tk 25 for each Tk 10 share.

The company will raise the fund to expand business, repay bank loans and bear the expenses of the IPO proceedings.

According to the audited financial reports for the year that ended on December 31, 2013, the company's earnings per share stand at Tk 3.73, while its net asset value is Tk 52.95.

AFC Capital and Imperial Capital will manage the issue for Shasha.

The stockmarket regulator also imposed a fine of Tk 50 lakh on Shamim Ahmed, executive director of Sylhet Metro City Securities (SMCS), for swindling money from clients' portfolios.

The regulator blocked all his beneficiary owner's accounts until further notice.

Inflation slips to 20-month low

REJAUL KARIM BYRON

Inflation came down to a 20-month low of 6.84 percent in September, giving hope to the government of meeting this fiscal year's target.

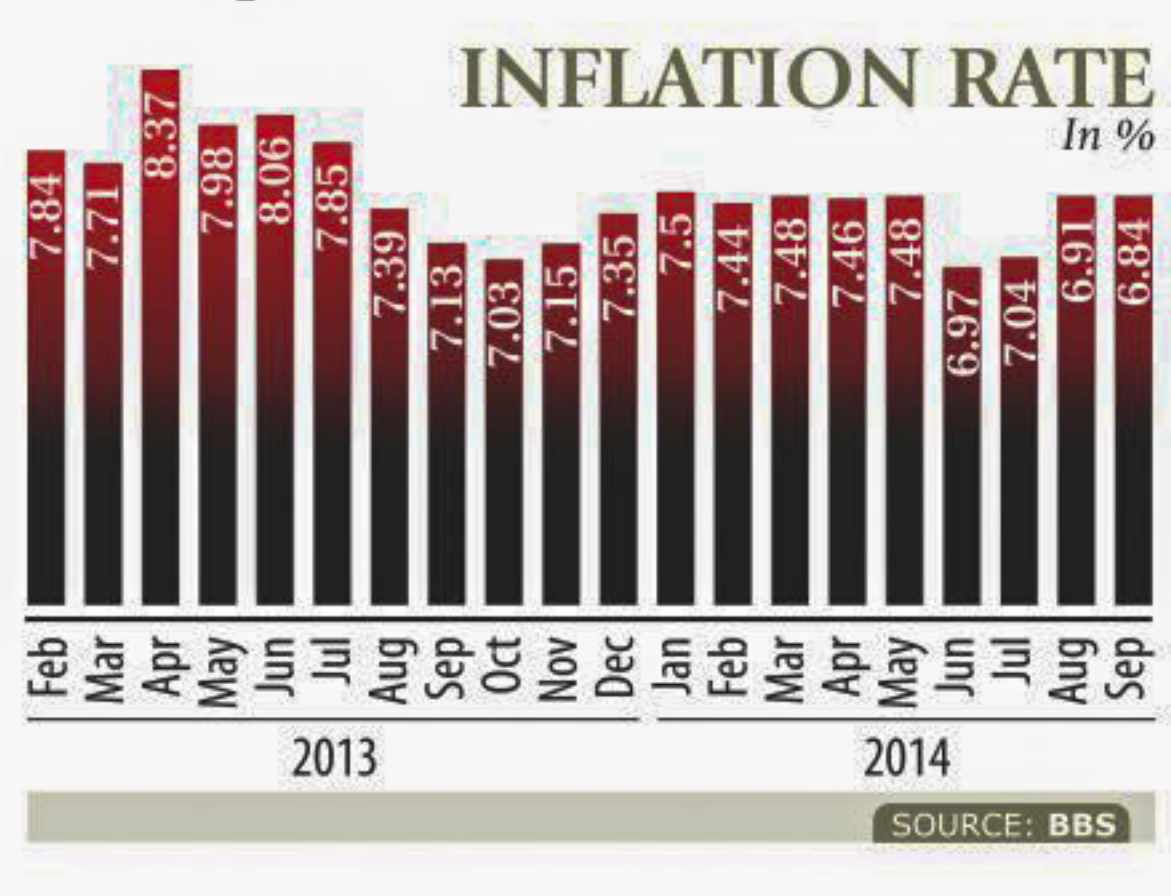
Good rice production and low interest and exchange rates account for the slide. Inflation was 6.91 percent in August.

"It is a change in the right direction," said Zahid Hussain, a lead economist at the World Bank.

Planning Minister AHM Mustafa Kamal welcomed the latest inflation data, adding that it puts the government in good stead of meeting fiscal 2014-15's target for 6.5 percent.

Hussain, too, said the inflation trend is on track to achieving the 6.5 percent target by the end of the year.

Both the food and non-food inflation fell last month:



food inflation by four basis points to 7.63 percent and non-food 13 basis points to 5.63 percent from the previous month, according to the Bangladesh Bureau of Statistics.

The WB economist said food prices have been stable because of good boro harvest and stable international prices. Non-food inflation has also stabilised for the steady supply chain and exchange rate as well as prudent monetary management.

Rice production edged up to a new high last fiscal year for favourable weather and a more balanced use of fertilisers. Net rice production in fiscal 2013-14 stood at 3.56 crore tonnes riding on a record boro output, up 1.42 percent from the previous year.

Accord spots 80,000 hazards in garment factories

REFAYET ULLAH MIRDHA

With completion of preliminary inspections of 1,700 factories by two foreign garment factory inspecting agencies, only three were shut -- a major step forward in garment-factory safety in Bangladesh.

Engineers of the European-sponsored Accord on Fire and Building Safety identified more than 80,000 safety problems in 1,106 factories as the platform formally announced closure of preliminary inspections yesterday.

Of the 1,106 factories inspected, over 400 corrective action plans (CAPs) have been finalised by the

factories and company signatories, as well as being approved by Accord's chief safety inspector.

"We have found safety hazards in all factories, which was to be expected. The safety findings have ranged from minor to significant," said Brad Loewen, chief safety inspector of the Accord.

"The Accord team is now working intensively with factory owners, brands, and labour colleagues, to ensure the safety findings are corrected. The CAPs are paramount to this, as they provide the remedial measures that must be taken to ensure an acceptably safe working environment," Loewen said.

In 17 building inspections, the Accord found the structural integrity of the buildings fell below acceptable levels of safety.

This led the Accord to submit its inspection results to the review panel, appointed by the government, and recommend temporary evacuation of the buildings. But, at the end, only two factories were closed with recommendations by the Accord engineers.

Around 110 inspections found that immediate action was required to bring the factories above accepted safety levels for occupancy and production to continue.

GP to invest more for better 3G access

CEO says as the operator celebrates five crore subscriptions milestone

STAR BUSINESS REPORT

Grameenphone is investing up to Tk 1,300 crore each year in building its network, and the figure will go up further in the days to come, its chief executive Vivek Sood said yesterday.

Investment is a must for the expansion of 3G services, he said, as the company responds to increasing demand for internet services. The operator currently has 55 lakh 3G internet users.

Celebrating the landmark of five crore subscriptions, the Grameenphone chief executive was speaking at a press event at the Westin Hotel in Dhaka.

"Today we celebrate this milestone with our customers. When we started this journey we pledged to provide uncompromising services to our customers. I am happy to say that we have not wavered and still strive towards ensuring the best services for our customers," Sood said.

The company will increase its network coverage in both rural and urban areas, he said.

Sood also spoke about the company's ambition to serve 50 million internet users on its network within the next five years.

Grameenphone does not have sufficient preparation to handle the large number of data users currently, and is in a learning and optimisation process to provide good quality services, he said in response to a press query.



Left, Vivek Sood, chief executive of Grameenphone, and Allan Bonke, chief marketing officer, pose with the company's two subscribers at a celebration in Dhaka yesterday.

Calling the celebration of five crore customers more than just a celebration for Grameenphone alone, Allan Bonke, chief marketing officer, laid out a list of attractive offers for the customers "to celebrate with the company."

Its 3G subscribers will enjoy double internet speed on their mobile devices with their existing internet packages at no additional costs, he cited as an example.

Grain importers too will have to use jute sacks

SOHEL PARVEZ

Jute sacks have now become mandatory as well for packing imported rice and wheat, as part of the efforts of the textiles and jute ministry to raise compliance with the jute packaging law.

Prior to this, only locally produced grains were under the purview of the law passed in 2010 and traders often resorted to the excuse of uneven playing field for not complying with the law.

Their line of reasoning being that jute sacks are dearer than plastic bags and traders of imported rice would be able to undercut their prices for not needing to use the expensive packaging material.

But with the latest move, they have no pretext to not comply with the law, put in place to increase the local use of jute and cushion the export-dependent industry against the vagaries of international trade.

"This will definitely boost the use of jute," said an official of the textiles and jute ministry.

Last fiscal year, some 30.64 lakh tonnes of rice and wheat were imported, up 65 percent year-on-year. And as of October 12 this fiscal year, around 7.41 lakh tonnes of food grains were imported, according to the food ministry.

Meanwhile, an official of the food grain importing firm Mahbub Brothers said the rule to package rice with jute bags may increase transit losses, as leakages from jute sacks are higher than polypropylene bags. In other words, the transit losses with PP bags are low, he said, seeking not to be named.

He also said the availability of jute sacks in exporting countries will also be a factor. "We will have to ask for jute sacks. If our supplier can provide them, we will be able to use -- otherwise, not."

At present, only the directorate general of food uses jute sacks to pack its purchased rice and wheat.

Private sector businesses remain largely noncompliant, citing reasons such as higher costs of jute sacks compared to polypropylene or plastic bags and problems in branding.

Millers said the burden of compliance with the law will be passed on to the consumers in the form of higher rice prices.

To enforce the law, the government started mobile court drive in rice trading hubs, mills and markets.

On the other hand, the private sector traders and millers have gone to the higher court seeking a stay on the government move, said a senior official of the department of jute.

H&M plans to boost purchase from Bangladesh

REFAYET ULLAH MIRDHA

Swedish apparel retailer H&M will increase its volume of business in Bangladesh as the country has significantly improved its safety and labour rights, the company's top boss said yesterday.

"H&M is a growing company and we hope to grow further in Bangladesh. Although I am here on a short two-day visit, it was good as I met with suppliers, trade union leaders and different stakeholders and discussed different issues," Group Chief Executive Karl-Johan Persson said.

Persson met leaders of Bangladesh Garment Manufacturers and Exporters Association at the H&M office in Dhaka to discuss relevant issues and visited a couple of factories.

"Bangladesh has improved a lot in quality and prices, which is great, and we are looking for sustainability here," he said after a meeting with Commerce Minister Tofail Ahmed at the secretariat in Dhaka.

"We are satisfied with the present situation in the RMG sector in Bangladesh. Economic growth in the country is also



H&M Group CEO Karl-Johan Persson meets Commerce Minister Tofail Ahmed at the secretariat in Dhaka yesterday. BGMEA President Atiqul Islam was also present.

impressive. A lot of improvements have taken place in the factories, which will greatly benefit the country," Persson added.

However, Bangladesh needs to address three important challenges -- industrial relations, environmental issues and poor infrastructure -- for sustainable business growth, he said.

This was his first visit since the Rana Plaza building collapse. Earlier, Persson came to Dhaka in September 2012 when he announced the company's plan to double

sourcing from Bangladesh and do business worth \$3 billion in the next five years.

H&M is the largest apparel buyer for Bangladesh, sourcing products from more than 250 factories.

H&M has six different brands and 3,300 stores across the globe. The brands are H&M, COS, Monki, Weekday, Cheap Monday and Other Stories. The company also buys garment from China, Vietnam and Cambodia.

The commerce minister, in his meeting with Persson, said the inspections by the two foreign agencies -- Accord and Alliance -- is a matter of pride for Bangladesh as they found more than 98 percent factories to be safe.

The Accord, a European sponsored platform of 186 retailers and brands, and the Alliance, a platform of 26-US based retailers and brands, shut down only three factories after inspections of nearly 1,800 factories.

"We can now proudly say that our factories are safe as the inspections were conducted by independent bodies," said Ahmed.



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