

# Form a support institute for SMEs: analysts

STAR BUSINESS REPORT

An apex body should be formed for facilitating small and medium enterprises (SMEs) such that the sector's contribution towards economic growth and development is enhanced, speakers said at a seminar yesterday.

The association will promote SME entrepreneurs by providing various services such as credit facilitation, skill development, technology transfer, exhibitions and trainings, export-import facilitation, risk management service and solutions to problems.

It may be similar to the Integrated Association of Micro Small and Medium Enterprises of India, popularly known as 'IamSME of India', the speakers suggested at the seminar, 'SME development: role of an effective SME association'.

The seminar was an initiative of Bangladesh Bank and the Bangladesh Institute of Bank Management (BIBM) in association with the Dhaka Chamber of Commerce and Industry, Institute of Diploma Engineers, Bangladesh (IDEB), RDA (Bogra), Cirdap and Bangladesh Women Chamber of Commerce and Industry.

Addressing the inaugural session of the seminar, Bangladesh Bank Governor Atiur Rahman said the Indian association is working in a variety of areas which are essential for micro, small and medium enterprise (MSME) development.

"The experience of IamSME of India can be a learning platform for our business associations in designing and implementing the MSME sector development agenda," he said, while requesting the SME department of the central bank to take initiatives to set up an association like the Indian one.

Referring to the private sector-led growth worldwide, he said the majority of the private enterprises are MSMEs. In Bangladesh, 90 percent of the private sector enterprises are in fact MSMEs that contribute up to 30 percent to GDP.

The MSMEs provide employment to 25 percent of the total labour force, with 80 percent of the industrial jobs coming from MSMEs, he said, adding that the MSMEs can play a major role in bridging the urban-rural income gap and contribute towards inclusive growth, if they are developed.

"In true sense, inclusive growth can only be achieved through a

vibrant SME sector in a country like Bangladesh," said Rahman, who also requested the commercial banks to create separate funds for women entrepreneurs in the SME sector.

He said the central bank will open a separate department for women entrepreneurs.

Presenting a keynote paper, Rajive Chawla, chairman of IamSME of India, said: "Bangladesh should have an association like ours to facilitate and promote growth and development of small businesses."

Bangladesh and India can join hands to be strong partners for future projects for the development of the MSMEs, he said. "Do something today for which the future generation will thank us."

Citing his country's experiences, Chawla said the entrepreneurs will not need to go to banks for credit, if there is an effective association. The association will assist the entrepreneurs in getting the credit in easier way, he said.

In addition, he said, the association will support entrepreneurs in the marketing and distribution of their products, purchase of raw materials, drafting of agreements with insurance companies and transport arrangement.

Sandeep Chakravorty, deputy high commissioner of India in Dhaka, said the Indian experience can be replicated in Bangladesh.

The MSME sector is not only an enormous contributor to the GDP, it can also play a role in social and economic stability. The sector is the shock absorber for an economy, he said.

"Bangladesh is mainly depending on the RMG sector. The country needs to focus on other sectors, so that they can step in if the RMG sector suffers turbulence," he added.

Cecep Effendi, director general of Cirdap, stressed an enabling business environment, hassle-free and faster registration process for opening a new enterprise and reining in corruption in the Asia-Pacific region.

Aftab-Ul Islam, president of the American Chamber of Commerce in Bangladesh, said the SME sector should be the icon for the country's development.

Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry; Selim RF Hussain, managing director of IDLC Finance; and Sabur Khan, former president of DCCI, also spoke.



RANGS PHARMA

A Rouf Chowdhury, managing director of Rangs Pharmaceuticals, launches Ranoxen Plus tablet, the company's new product for pain, inflammation and stomach acidity management, at a programme recently. Amanullah Chowdhury, executive vice-president, was also present.

## British insurer Aviva reveals talks to buy rival for £5.5b

AFP, London

British insurer Aviva said late Friday that it is in advanced talks to buy rival Friends Life for £5.5 billion (\$8.6 billion, 6.9 billion euros) to create the nation's biggest insurance, savings and asset management firm.

The pair said in a statement that they have reached agreement on key terms of a "possible" deal, under which Friends Life shareholders would receive 0.74 Aviva

ordinary shares for each Friends Life ordinary share.

The possible offer is worth 398.9 pence per Friends Life share, a premium of 15 percent from Friday's closing level.

"The boards of Aviva and Friends Life ... confirm that they have reached agreement on the key financial terms of a possible all share combination of Aviva and Friends Life," the two FTSE 100 companies said in a statement issued after the market close.



MARCEL

Amin Khan, brand ambassador of Marcel, opens an exclusive showroom of the company at Dayarpur, in Bagatipara, Natore recently. Md Humayun Kabir, executive director for public relations and media, was also present.

## Horlicks the best brand

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"The aim of the initiative is to honour the best branding efforts of the companies, including the local ones," he said, adding that an increased number of local companies are focusing on building their own brands.

For the first time, a local brand made its way to the third position on the list of top 10 brands in the overall category, he said. "It's a big achievement."

Millward Brown Bangladesh worked extensively to identify the most loved brands through a nationwide survey of around 4,000 consumers in metro, urban and rural areas, said Faria Laz Bijury, account manager of the company.

The nominated categories range from fast-moving consumer goods to electronics and services. In the category of personal care products, nominations include popular brands such as Lux, Lifebuoy and Dove.

The hair oil category includes local brand Labagh, and Parachute from India. The

spice category is totally dominated by local brands such as Pran and Radhuni.

The milk category is composed of many local brands such as Milk Vita and Aarong, along with international brands.

International brands dominate the beverage category, while the fruit juice segment is a complete list of local brands.

Millward Brown's MDS (meaningful, different and salient) framework was used for the study. The essence of the framework is -- the more meaningful, different and salient the brand associations, the greater their ability to drive consumers' brand predisposition, she added.

Since 1973, Millward Brown has conducted more than 18,000 brand tracking studies worldwide and has developed extensive databases and norms. For the first time, Millward Brown also unveiled nationwide category-specific report, which is now available for subscription, she said.

The Daily Star is a partner of the event.

## LDCs must participate more in world economy

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Debapriya Bhattacharya, distinguished fellow of CPD, said a final product now is not manufactured in a single country; it is made in many countries in an integrated manner.

Many countries are going for plurilateral agreements, which are agreements among more than two countries but not a great many, bypassing the WTO.

Meanwhile, Mustafizur Rahman, executive director of CPD, said LDCs also need to take steps to narrow down the differences within the group and identify specific concerns on trade facilitation matters.

Bangladesh should reduce tension with its African counterparts for duty-free and quota-free access for apparel in the US market, he said.

"Partnership with other LDCs is needed so that we can do our homework and be really prepared and safeguard our interests and concerns," he said while presenting a paper titled 'World Trade Organisation in the post-Bali Phase: Whither LDC issues'.

Rahman said coalition building and partnerships will matter in advancing the interests of LDCs, now 49, in post-Bali negotiations at the WTO headquarters in Geneva in the run-up to the tenth WTO ministerial meet.

Of the 49 LDCs, 34 are not WTO mem-

bers and the degree of openness of their economies has been on the rise. At present, 59 percent of their GDP come from the exports of goods and services. These countries account for 1.4 percent of global GDP, said Rahman. Many trade-related issues of priority interests to the LDCs have continued to remain under discussion but unaddressed over the past years, according to the CPD executive director.

Whilst the LDC package in Bali was a progress, not much has happened in the last one year, he added. Zhao said a lot of new issues have come up since the launch of Doha Round. At the same time, many opportunities have also opened up.

Developing countries and LDCs may need to change, re-evaluate their issues to determine the most important ones, he said.

Taking the reality under consideration, a new round of talks may be initiated through a quick but meaningful conclusion of the Doha round of negotiations, Bhattacharya said, adding that it has to be concluded by safeguarding the interests of LDCs.

CPD Chairman Rehman Sobhan; Chairman of Washington-based Cordell Hull Institute Richard O Cunningham; and Chair Professor of the Indian Council for Research on International Economic Relations Anwarul Hoda, also spoke.

## Construction brings highest worker deaths this year: survey

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The results of the study, which are based on reports of workplace accidents in 26 daily newspapers, was unveiled yesterday at a press conference organised by Safety and Rights Society and Bangladesh Legal Aid and Services Trust (BLAST), a leading legal service provider organisation.

Safety and Rights Society and BLAST work together to provide compensation to the families of dead workers from workplace accidents.

Over the last five years, a total of 3,036 workers died from occupational hazards, the study also found.

Jyotirmoy Barua, BLAST's Supreme Court lawyer, said the government is still trying to suppress the real number of Tazreen fire victims. Two years after the tragic incident, a good number of workers are still missing.

The rights groups had provided family details of 26 missing workers to the government but the families received threats from government agencies for their claims, according to Barua.

The missing family members lost their confidence on the rights group and do not want to speak to them again.

"Even after losing their dearest in the fire incident, they have to face threats

and harassments from the government agencies."

The workers who die in workplaces are deprived of sufficient compensation due to a lack of standards, he said.

The families of Tazreen victims are yet to receive proper compensation; the financial assistance provided by the government, banks, buyers and garment owners association are being passed off as compensation, he added.

"Everywhere workers are deprived of their legal rights," said Wajedul Islam Khan, general secretary of the Bangladesh Trade Union Kendra.

Though obligations are laid out in the labour law, very few employers provide training to workers.

"If a worker is trained, he can play a big role to ensure his own safety as well as his co-worker's safety, and above all, he can take part for the development of the organisation."

About compensation, he said it is unfortunate that according to the labour act the family of any deceased worker will be paid Tk 1 lakh as compensation. The amount was estimated some 50 years ago and it should not be the standard still.

He went on to call for a standard based on the loss of earning years.

## Cotton use to rise fast, led by textile growth

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Bangladesh is the second largest garment exporter and second biggest cotton importer worldwide.

The ICA began its journey more than 170 years ago when a group of cotton brokers created a set of bylaws and rules to help regulate the sale and purchase of raw cotton.

Today, 85 percent of the world's cotton is traded internationally under ICA bylaws and rules. The rules have changed with time, but their aim remains the same -- to create a safe trading environment.

The ICA now has more than 550 members and its membership spans all corners of the globe and represents all sectors of the supply chain. It offers a range of services -- arbitration, training, trade and networking events, plus cotton testing and research.

Kai Hughes, managing director of the ICA, said: "We look forward to strengthening the bonds between the ICA and the Bangladeshi spinning and textile sectors."

Bangladesh is one of the top 10 cotton consumers worldwide. The ICA wants to support Bangladesh in the way of bigger garment business, he

said.

"Bangladesh needs undisrupted supply of cotton so its tremendous growth continues. It is also important for Bangladesh as it does not produce cotton. So, Bangladesh needs protection from the ICA," said Jean-Marc Derossis, first vice president of the association.

Derossis said a number of Bangladeshi groups have established very good production facilities in the last few years investing a huge amount of money.

The total investment in the country's primary textile sector is around four billion euros. Local spinners can supply 90 percent of yarn for knitwear sub-sector and nearly 40 percent of fabrics for the woven sub-sector.

Derossis said China absorbed all the surpluses of cotton in the last three years. However, import to China is going to be reduced this year because of a change in domestic policy in the biggest consumer of cotton.

"So, there will be a lot of surplus available which will provide more options to countries such as Bangladesh."

He said cotton prices have gone

down by 25 percent in the past five months because of the surplus as well as the shift to staple fibre or polyester by garment makers from cotton due to sudden volatility in cotton market worldwide.

Derossis agreed that the cotton prices were kept artificially high in the last three years. As a result, cotton has lost its market share to polyester to a bit, especially after 2010-11.

"As prices have come down, spinners are shifting back to cotton again. Despite the shift to polyester, the future of cotton is bright."

India, the second largest cotton producing country in the world after China, supplies 35 percent of Bangladesh's total demand.

A few years ago, like many other cotton exporters, India imposed a ban on cotton exports without any prior notice, which created volatility in Bangladesh market.

On the issue, Derossis said: "The rules are here to protect everybody. The rules are here to protect Bangladeshi spinning and textile mills so they receive quality products and make shipments in time."

He said the association encourages

the spinners and shippers and others involved in the supply chain to follow the right path and rules.

Lea, the ICA president, talked about the stockpiling by a number of cotton producers that led to volatility in the global market a few years ago and pushed the cotton prices up.

He said the practice also troubles the association because it makes cotton less competitive as more and more users have opted for polyester and the synthetic form of fibres.

"We favour the situation where markets react to the forces of supply and demand."

He said, for the last four to five years, the world has been producing more cotton than it has consumed.

"So, there has been a surplus. Going forward, it is good news for the whole industry. The supply side is good."

Because of this surplus, spinners from Bangladesh and other countries will have a lot of options to import cotton.

"There is surplus in China and outside China. It is now a more balanced situation," Lea said, adding that the drop in prices will increase consumption, which might again pull the

prices up.

By 2020, global consumption will go up to 130 million bales per year and production will rise at the same rate.

Lea said fibre consumption has soared because of the rising middle class across the world, especially in China and India.

"As a result, the opportunity for Bangladesh as a garment exporter has also become brighter."

At present, 115-117 million bales of cotton are produced worldwide every year, while the world consumes 110-113 million bales, according to Lea.

However, two years ago the surplus was 25 million bales, he said.

Lea praised Bangladesh for allowing its garment factories to go through rigorous inspection by foreigners following the Rana Plaza building collapse.

"There is no country in the world where every factory in every sector is 100 percent compliant."

As the Accord inspection shows that 98 percent of the factories are safe, it means Rana Plaza building is not typical of Bangladesh, he said.

"The most important fact is the way you have responded: you have not

## BEST BRAND AWARD 2014 TOP 30 WINNERS

RANK	BRAND	CATEGORY
1	Horlicks	Health Food Drink/Ready to Drink
2	Fair & Lovely	Fairness Cream/Cream/Lotion
3	Radhuni Masala	Spice
4	Rupchanda Soyabean Oil	Edible Oil
5	Nokia	Handset
6	Lux	Toilet Soap
7	Harpic	Toilet Cleaner
8	Parachute	Hair Oil
9	Sunsilk	Shampoo
10	Teer Soyabean Oil	Edible Oil
11	7UP	Beverage
12	Maggi Noodles	Snacks
13	Sony	TV
14	Grameenphone	Mobile Phone Service Provider
15	Closeup	Oral Care
16	Wheel Powder	Washing Powder/Bar/Liquid
17	Milk Vita	Milk
18	Teer	Flour/Semolina
19	Symphony	Handset
20	Clear/Clear Men	Shampoo
21	Walton	Refrigerators
22	Tang	Health Food Drink/Ready to Drink
23	Singer	Refrigerators
24	Fresh Soyabean Oil	Edible Oil
25	Pepsodent	Oral Care
26	Butterfly	Refrigerators
27	Banglalink	Mobile Phone Service Provider
28	Dano	Milk
29	Lifebuoy	Toilet Soap
30	LG	Refrigerators

## Trade deficit doubles in Q1

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On November 18, the forex reserves stood at \$21.53 billion. As the trade deficit widened, the exchange rate came under slight pressure and the taka depreciated against the dollar.

In the inter-bank forex market, the average taka-dollar exchange rate stood at Tk 77.54 on November 18, up from Tk 77.4 on October 30.

locked the gate when inspectors came in and rather opened it. Other standards have also been imposed. You are also meeting them."

During their meetings with the ICA leaders, Bangladeshi spinners have complained that inadequate power is holding their growth back, according to Derossis.

"If the power shortage is sorted out then there will be tremendous growth in the textile industry," he said, adding that other infrastructure and port facilities have to be improved as well.

Hissam Khandker, a director of Delcot Enterprises Ltd, a local cotton trader, said the ICA also ensures that shippers sell quality goods at the right price and at the right time and honour their commitments with Bangladesh spinning mills.

He said the visit of the ICA leaders is itself a testimony to their trust on the Bangladesh's textile sector.

Derossis said the ICA is also working with the Better Cotton Initiative as part of an effort to ensure that cotton is grown in a sustainable way, which complies with agrifood practices, environmental standards and social responsibility.