

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DOSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.18%	0.24%	\$1,281.39	\$44.83	Closed	0.25%	0.38%	0.94%	BUY TK 77.30	85.30	115.04	0.65
4,708.33	8,742.30	(per ounce)	(per barrel)		17,468.52	3,398.52	3,383.18	SELL TK 78.30	89.30	119.04	0.69

**সমৃদ্ধির (শেপান) স্বপ্ন** **বিশ্বগণ আয়ের শ্রেষ্ঠ উপায়**

স্বাধীনতা প্রসূতি ও সমৃদ্ধ ব্যর্থকিং সেবায় আমানত বিশ্বগণ করুন স্বল্পসময়ে



ইসলামী শরী'আহ মূদারাবা নীতির ভিত্তিতে পরিচালিত  
বে কোন প্রয়োজনে ০৯৬১২০০১১২২

# Star BUSINESS

DHAKA TUESDAY JANUARY 27, 2015, e-mail:business@thedailystar.net

## Garment exports to US on the decline

REFAYET ULLAH MIRDHA

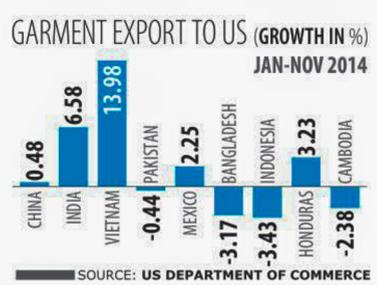
Garment exports to the US, Bangladesh's single largest export destination, declined 3.17 percent year-on-year to \$4.64 billion during January-November last year, due to a slowdown in work orders after the Rana Plaza building collapse.

Bangladesh was the sixth largest sourcing country for the US during the period though Bangladesh's position was third even a few months ago, according to the US Department of Commerce.

Exports to the US started declining when retailers from North American countries took a wait-and-see approach after the Rana Plaza disaster, said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"Buyers were also cautious in placing orders with the factories housed in shared buildings. This is the main reason behind the fall in exports," he said.

"But, it is the current political deadlock that will harm exports the most," Islam said. Everybody should come forward to resolve the problems so that exports remain unscathed, he added.



Exports declined not only to the US, but also to other destinations such as Canada and the Netherlands, the BGMEA president said.

On the other hand, Bangladesh's competitors are performing better in major markets.

In the US market, China remained on the top of the list with apparel exports worth \$38.85 billion, followed by India, Vietnam, Pakistan and Mexico.

Apart from India and Pakistan, now Cambodia, Vietnam and Indonesia are becoming major competitors of Bangladesh in the US market.

"If Bangladesh's political situation does not improve soon, even Sri Lanka and Myanmar may emerge as new competitors as the two countries are performing better after overcoming their domestic political crises," Islam said.

Previously many people used to think that buyers are bound to come to Bangladesh with handful of orders. "This is not the case anymore," he said.

"Reaching the \$50-billion export target by 2021 might not be possible if the political crisis is not resolved as soon as possible," Islam said.

## Data centre, purchase of ships get green light

STAR BUSINESS REPORT

China's state-owned ZTE Holdings Company and ZTE Corporation yesterday won a contract to set up the national data centre at Kaliakoir hi-tech park in Gazipur.

The development comes after the cabinet committee on economic affairs approved the proposal from the Information and Communication Technology Division.

The committee also allowed the shipping ministry to procure six ships -- three bulk oil tankers and three oil carriers -- from China National Machinery Import & Export Corp for \$184 million.

The two projects will be financed by a \$338 million-loan from the Export-Import Bank of China at 2 percent interest. The repayment period for the loan will be 20 years, with a five-year grace period, said an official of the finance ministry.

The data centre will be set up as part of the government's vision of a Digital Bangladesh by 2021, said an official of the ICT Division.

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## Bangladesh has one of worst lapse rates in insurance: regulator

SAJJADUR RAHMAN

Private insurers in Bangladesh have one of the worst lapse rates globally, due to policyholders' ignorance and companies' wrong strategies, according to the Insurance Development and Regulatory Authority or IDRA.

The lapse is the rate at which policyholders fail to pay their premiums in time, leading to cancellations of insurance coverage.

In Bangladesh, the first year lapse rate for private insurers is in the range of 60-70 percent, much higher than in other countries, the IDRA said citing data from the companies.

The rate is 10-15 percent in India, 40 percent in Sri Lanka and 45 percent in Pakistan. Hong Kong has a lapse rate of 10-20 percent. The rate is far lower in the developed world.

"Private companies are selling policies in rural areas, where people don't have much knowledge about insurance. Insurers are still unable to tap the richer segments of society," said Ekramul Ameen, managing director of Best Life Insurance, a new company that hit the market last year.

Ameen has a long career in the industry including experience in heading National Life Insurance and Fareast Life Insurance.

"The insurance sector faces a severe shortage of skilled manpower. There is also no campaign to sensitise people about insurance," he said, explaining the high lapse rate in the country.

The IDRA blamed the private insurers' wrong strategies for the worst lapse rate.

"Many insurers make false policies to show inflated premiums. Later, these policies end up as lapsed," said a senior IDRA official.

Some private insurance companies also backdate many policies; for example, someone opens a policy in April or May of

2014, but insurers show it in the account books of December 2013. When the insurer wants renewal fees in next December (after 6-8 months), policyholders get puzzled as one year had not passed then. Ultimately, the policyholder does not renew the policy.

Private players entered the market three decades ago; only two companies -- state-owned Jibon Bima Corporation and foreign-owned MetLife (former Alico) -- were previously in the market. At present, 31 private companies are in the market, of which, 12 were given licences in 2013.

There were 80 lakh policyholders in Bangladesh, according to the last count in December by the IDRA. The total life fund of these policyholders stood at Tk 25,000 crore (\$3.5 billion).

MetLife, which has been in operation here since 1952, is the market leader with over 14 lakh policyholders. MetLife's average lapse rate is only 0.52 percent, according to a senior official of the company.

He, however, said MetLife's first year lapse rate will be higher than its average rate.

According to IDRA, the first year lapse rate of the company will be 10-15 percent, which is also on par with global standards.

"Our business strategy and efforts give us results, which is reflected in the low lapse rate," said Munirul Islam, head of communications of MetLife.

"Discontinuation of a policy is a loss for the company as well. We undertook renewal campaigns to reinstate the lapsed policies," Islam said, adding that the campaign yielded good results.

The IDRA has taken some moves to reduce the lapses of private insurers.

"We told insurers not to backdate any policy," said Shefaque Ahmed, chairman of IDRA. "Every insurer has been asked to submit information on its annual business by January 30, so that they cannot backdate any business."

## Stop terrorists from shipping goods, Muhith asks customs

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday asked customs officials to work in a coordinated manner with other stakeholders so that terrorists are unable to ship goods through border control points.

"Terrorism has become a major issue now -- we have to control borders in a coordinated way so that terrorists cannot enter with contraband goods," Muhith said.

Muhith's comments came at a programme organised by the National Board of Revenue to mark World Customs Day, which is observed in 179 countries.

Various programmes were organised at nine customs houses including

Dhaka and Chittagong with the slogan 'Coordinated Border Management: An Inclusive Approach for Connecting Stakeholders'.

Customs was once the main source of revenue for the state, but its share fell over the years due to gradual reduction of duties in line with the government's goal to liberalise trade.

Today, customs accounts for 27 percent of revenues, while value-added tax and income tax account for the rest, according to Muhith.

One of the main responsibilities of customs is to make arrangements such that goods can move smoothly, he said, while extending his support to easy movement of people through borders as well.

"We are talking about smooth

movement of people across borders but movement within the country has now become dangerous," Muhith said, adding that such a situation has risen from vindictive politics.

"I call it vindictive politics because it is not a movement. It will be incorrect to say these are normal activities of opposition parties. People are kept in fear. Focus is given to killings of people and arson attacks -- it is totally unacceptable."

Muhith went on to call for support from participants in the programme to control such activities.

"We should not allow it in our country. I think leaders of opposition parties should take a message that there is a limit to tolerance."

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যোগাযোগ: ০১৭৩০-৩১৬১৬৮, ০২-৯৮৯২২২১

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**Blockade batters business in Chittagong**

ARUN BIKASH DEY, Ctg

Businesses in Chittagong are reeling from the effects of the indefinite countrywide blockade since January 6, just like businesses elsewhere. Worst is the effect on port activities as the Chittagong port handles around 80 percent of the country's import and export.

The blockade has disrupted the supply chain. The number of vehicles carrying goods in and out of the port has fallen to around 200 a day from the usual 1,000, amid fears of petrol bomb attacks and vandalism, said Nasir Uddin Ahmed Chowdhury, first vice-president of Bangladesh Garment Manufacturers and Exporters Association.

The supply chain has been affected, and many of the 4,000 garment factories in Dhaka and Gazipur have failed to meet supply deadlines, he said.

A lot of exporters have had to switch to air freight, making costs increase manifold, he said.

Buyers do not want to come to Bangladesh due to present political unrest, Chowdhury said, adding that a prolonged impasse would affect the economy adversely.

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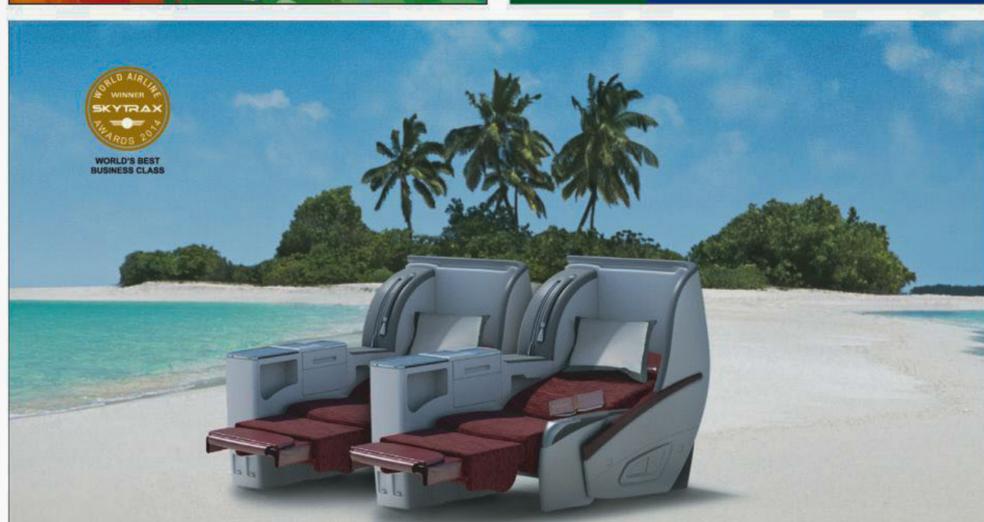


**সহিংসতার শিকার অগ্নিদগ্ধদের পাশে ন্যাশনাল ব্যাংক**

সম্প্রতি দেশব্যাপী বিরাজমান সহিংস পরিস্থিতির কারণে যানবাহনে পেট্রোল বোমা হামলায় অগ্নিদগ্ধ হয়ে যে সকল সাধারণ মানুষ হাসপাতালের বার্ণ ইউনিটে মৃত্যুর সাথে পাঞ্জা লড়ছেন তাঁদের সাহায্যার্থে ন্যাশনাল ব্যাংক লিমিটেডের পক্ষ থেকে অর্থ সহায়তা দেয়ার সিদ্ধান্ত নেয়া হয়েছে।

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