

# First garment factory building retrofitted against earthquakes

STAR BUSINESS DESK

Japanese experts teamed up with local engineers to make a garment factory in Ashulia more earthquake-resistant by systematic retrofitting.

DK Knitwear, a unit of DK Group, carried out the retrofitting with \$850,000 in soft loans. "We are confident about structural safety as the factory was constructed in an industrial building," said Syed AQM Zahid, managing director of DK Knitwear.

The retrofitting works will have a positive impact on Bangladesh's garment sector as workers are suspicious of and panicky about any issues they come across, Zahid said.

The retrofitting initiative, taken in Bangladesh for the first time, aims to help boost the garment sector's resistance to earthquakes-related disasters, Japan International Cooperation Agency said.

Retrofitting is a building technology used to make a vulnerable building earthquake-resistant without demolishing it.

Usually, the cost is just 30 to 40 percent of new construction cost of the targeted building, according to Jica.

The retrofitting was carried out under the RMC Sector Safe Environment Project that the Japanese government initiated through Jica after the Rana Plaza disaster.

Jica created a Tk 100 crore fund with Bangladesh Bank to assist factory owners to construct safer buildings for their workers. Jica had earlier invited garment factory owners to apply for factory-building assessments and utilise the fund to boost their earthquake resistance.

Some 300 factories applied for the assessment, of which 214 were selected for assessment by another Jica project -- Capacity Development on Natural Disaster Resistant Techniques of Construction and Retrofitting for Public Buildings -- to be implemented by the Public Works Department.

Japanese technology and experience will make buildings earthquake-resistant and help Bangladesh strengthen its vulnerable garment buildings, said Hiroyuki



Sajedul Pavel Hossain, chief operating officer of Grameen Intel Social Business, and Selim Reza Hasan, country manager of Solidaridad Network Asia, pose at the signing of an agreement at Grameen Intel's head office in Dhaka yesterday. Solidaridad will deploy Grameen Intel's software to make fertiliser recommendations for specific crops and reduce input costs in southwest Bangladesh.

GRAMEEN INTEL

## Tax breaks for developers, investors of hi-tech parks

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The parks are expected to create nearly 10 lakh jobs and increase the present export earnings of \$122 million manifold, according to government estimates.

The government predicts that exports receipts from IT services may touch the \$1 billion-mark by 2018.

In a notice, the NBR said the benefits will be given to those that will be declared as parks under the Bangladesh Hi-Tech Park Authority Act 2010.

Under the scheme, investors in the hi-tech park will get 80 percent tax waiver on their incomes from services or production in the fourth year of operation.

The exemption will gradually decline by 10 percent point each year until the 10th year when a 20 percent tax break will be applicable. The developers will get 70 percent tax waiver on the 11th year and 30 percent on the 12th year. The benefit will be given in the 13th year, said an NBR official.

Abu Reza Khan, managing director of Summit Technopolis, one of the developers of Kaliakoir Hi-Tech Park, welcomed the NBR's move to provide a full tax break for ten years.

The diminishing tax waiver for investors may discourage foreign investment in the parks, he said.

"It will be tough for us to attract takers for the parks if similar tax incentive is not offered to investors as well," he cited the case in export processing zones, where a ten-year full tax exemption yielded great benefits.

"We have already contacted global companies like General Motors and Siemens after signing the deal with the government to develop the park. These companies may not come unless they get similar incentives."

BHPA also sought full tax exemption for ten years for both the developers and investors from the tax authority, said Md. Muntasirul Haque Ara Begum.

She said the BHPA would urge the government to reduce electricity bills for hi-tech parks and offer incentives for laying the fibre optic cable.

To facilitate exports, the BHPA also wants the revenue authority to allow duty-free import of raw materials for investors in the parks, she added. In a separate notice, the tax authority has also offered similar incentives for investors and developers of economic zones, set to be built in several locations around the country.

## Garment exports to US on the rise

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"The retailers' confidence in us have started to return as we are carrying out a lot of positive transformations in the garment sector after the Rana Plaza building collapse," said Atiqul Islam, president of BGMEA.

Moreover, Bangladesh has been receiving the workers shifted out of China, he said.

Positive notes by the two foreign inspection agencies -- Accord and Alliance -- after the preliminary inspection showed, Islam added.

The rise in garment imports from Bangladesh is part of a greater trend: the US imported garment items worth \$42.6 billion, up 4.02 percent year-on-year. Bangladesh ranked sixth among the top 10 garment exporters to the US during the period, with China coming first.

India came in the second position, Vietnam and Pakistan fourth and Mexico fifth, according to the data. Indonesia came in seventh, followed by Korea and Honduras and Cambodia.

Bangladesh exports about \$5.6 billion worth of goods to the US a year, 95 percent of which are garment items.

## Stocks largely stable

STAR BUSINESS REPORT

Stocks remained mostly stable yesterday amid expectations of positive earnings declarations by listed firms.

The market opened in the black with the key index crossing 4,600 points in more than a month.

DSEX, the benchmark index of Dhaka Stock Exchange, gained 14.63 points or 0.31 percent finishing the day at 4,629.83 points. "The gaining streak continued, trumping partial cash-out by investors before the Eid," IDLC Investments said in its regular analysis.

Expectations on corporate declarations of the companies with the accounting year ending in June played a vital role in shaping the market movement.

"The index inched above the 4,600 point level after one month of corrections, backed by the earnings expectations," wrote Md. Aslam Akbar, Amroha Industrial sectors, power stocks research analyst, after reporting promising growth in earnings, LankaBangla Securities said.

"Some manufacturing stocks also advanced on hopes of positive earnings declaration," the stockbroker said.

Turnover, another important indicator of the market, dropped 10.7 percent to Tk 494.33 crore on transactions of 9.73 crore shares and mutual fund units.

Of the traded issues, 137 advanced and 133 declined with 50 securities closing unchanged on the premier bourse.

ACI dominated the turnover chart with 9.05 lakh shares worth Tk 50.47 crore changing hands, followed by Grameenphone, RAK Ceramics, Lafarge Summa Cement and Olympic Accessories.

Of the major sectors, cement gained 2.01 percent in market capitalisation, followed by tannery that increased 1.3 percent and telecom 0.99 percent.

Conversely, engineering and mutual fund lost 0.56 percent and 0.3 percent respectively.



Officials of Hotel Agrabad and Travelex shake hands after signing an agreement at a programme recently. Clients of Travelex will get special discounts on room rents and other services at the hotel.



Mushtak Luhar, managing director of The Peninsula Chittagong, and Faizur Rahman, head of customer value management at HSBC Bangladesh, attend the signing of a memorandum at a programme recently. HSBC customers will enjoy exclusive year-long discounts on accommodation, venue facilities and dining at the port city hotel.



Tawfiq Ali, country head of the Representative Office of Commerbank AG Bangladesh, poses with the participants of a two-day training on offshore banking recently. Financial Excellence organised the event.

## 12 banks to give new notes until July 16

STAR BUSINESS DESK

People can swap their old banknotes for new notes ahead of the Eid festival next week under a special initiative of Bangladesh Bank.

Notes and coins of all denominations from Tk 1 to Tk 1,000 can be exchanged at the counters of the central bank's various offices and 12 branches of scheduled banks in Dhaka.

The initiative will continue till July 16, Bangladesh Bank said in a statement.

Eight of the branches are: Janata Bank's New Market branch, Pubali Bank's Sadarghat branch, Prime Bank's Mouchak branch, One Bank's Basabo branch, Islami Bank's Shamoli branch, Dutch-Bangla Bank's Dakshinkhan branch, Mercantile Bank's Banani branch and Bank Asia's Dhanmondi branch.

## India inflation rises higher than expected in June

APP, Mumbai

India's inflation rate rose faster than analysts' expectations in June, official data showed Monday, dampening hopes of further interest rate cuts by the country's central bank later this month.

Consumer prices increased 5.40 percent last month from a year earlier, according to the statistics ministry, higher than the 5.10 percent gain predicted by a Bloomberg survey of 35 economists.

The figure was up from the 5.01 percent recorded in May and marked the second consecutive month that inflation has risen, with food prices climbing during India's summer monsoon.

"Rate action by the Reserve Bank of India (RBI) will now depend upon how rains pan out and international events," said Devendra Pant, chief economist at India Ratings and Research.

Pant said the central bank would keep a close eye on how China's recent stock market slump played out, along with an expected rate hike by the United States Federal Reserve

## Foreign firms compete in historic Mexico oil auction

APP, Mexico City

US, European and Asian energy firms will compete Wednesday in Mexico's first oil auction since a historic reform brought back private investors, nearly 80 years after they were kicked out.

The government is offering 14 blocks in shallow waters of the Gulf of Mexico worth an estimated \$17 billion in total, in a contest that includes seven consortiums and 18 individual companies.

Foreign and new Mexican companies have been preparing for months for this moment, the climax of President Enrique Pena Nieto's energy reform, which was enacted last year following a heated debate in Congress over sharing a source of national pride.

The legislation breaks the monopoly on drilling held by state-run firm Pemex since the industry's 1938 nationalization.

Pena Nieto hopes that the arrival of foreign investment will reverse years of declining production and give a boost to the economy.

It's giants ExxonMobil and Chevron, Anglo-Australian firm BHP Billiton, India's state-run ONGC Videsh Ltd, Russia's Lukoil, France's Total and Chinese-owned Nexen are among the firms bidding on an individual pride.

While Pemex is in the mix, officials said the Mexican firm will not be its main and likely bid in the other auctions in the future.

Some of the consortiums include Italy's ENI, Thailand's Petronas Carigali and other firms, including from Mexico.

While 14 locations off the southeastern coast are up for grabs, Energy Minister Pedro Joaquin Coldwell played down expectations that all would be auctioned off.

"We think that the first round must be evaluated once everything has been developed," he told reporters last week.

Coldwell said that, based on international examples, between 30 percent and half of the blocks will have winning bids.

"It seems realistic to me," David Enriquez, an energy expert at Mexico City's Goodrich, Riquelme y Asociados law firm, told AFP. "It's natural that not all fields are awarded in one round."

Of the blocks up for bid, four had drawn medium to high interest, while four others have average demand and the rest are less attractive, he said.

The sharp drop in global oil prices are also playing a part in investor sentiment.

For a bid to be deemed "sufficiently" successful, Mexico would have to award at least the four most attractive blocks, Enriquez said.

"It's important because it will be the first test" of the energy reform and a way for companies to get a feel for Mexico's oil auction system, he said. "It will be like training."

But David Shields, an industry analyst and director of the magazine Energy & Debate, said the government was being "totally pessimistic."

"It would be very strange to me if they didn't award almost all the blocks," Shields said.

"There's always the risk that many of the blocks are concentrated in the hands of one company. One or two companies could dominate," he said.

Coldwell said bigger oil firms may sit out the first round and save themselves for the bigger, more complicated projects such as deep-water and inland shale gas drilling.

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## BB rewrites guideline for mobile banking

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The beneficial ownership of telecom operators in an MFS platform should not exceed 30 percent of its total equity.

Mobile operators have long sought to be part of the growing MFS but the banks were always opposed to the proposal.

Although the mobile operators have not been given the full permission to run the MFS, a chief executive officer of a mobile phone operator welcomed the proposal.

But bankers expressed concerns.

"It will not be wise to force us to form a subsidiary. It should be kept open," said Abdul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank that runs one of

State jute mills run half their capacity

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A worker in one of the BJMC's 26 mills gets Tk 430 a day as wage, which is more than double the amount in private mills.

Another chronic problem the corporation faces is that it is hugely over-staffed. The private mills are run on a "no work, no pay" basis, but the BJMC has to pay its workers weekly, regardless of whether there is any work or not.

Another Tk 80 crore is spent annually for interest payments on jute loans, said the BJMC chairman, adding that if the other expenses are added, the BJMC is left with hardly any funds.

Amid this situation, the BJMC has called upon the government to provide funds immediately to avert workers' agitation for payments before Eid. Several letters have been sent to the relevant ministry in this regard.

Politically intervened expenses drain out the corporation's funds further.

Moreover, this financially ailing public organisation spends around Tk 10 crore a year to support sports activities; the BJMC's teams for football, cycling, judo, athletics and so on.

But Khalid said that the money being spent on sports is going to waste. The BJMC is contributing hugely to different national teams, which he said is a matter of pride for the entire corporation.



Board members of Paramount Insurance attend the company's 16th annual general meeting at Spectra Convention Centre in Dhaka recently. The company declared 10 percent stock dividends for 2014.



Zahid Uddin Tarik, chairman of Zell's Shop, and Jashim Md Al-Amin, managing director, open an outlet of the shoe brand in Khilgaon, Dhaka recently.

ZEIL'S SHOP