

# DCCI urges govt to reconsider gas, power tariff hike

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A leading chamber has expressed deep concern over the recent hike in gas and electricity tariffs and urged the government to reconsider the decision, especially to facilitate industrial, trade and economic growth in Bangladesh.

The price hike will have manifold impact on the economy as increased costs will ultimately hurt exports, Dhaka Chamber of Commerce and Industry said in a statement yesterday.

The price hike could push the inflation into double digits and create other economic vulnerabilities, the chamber said.

It will also increase the sufferings of the poor and middle-income people as the price hike will also increase the cost of living, the DCCI said.

It will also further slower the inflow of foreign direct investment as the foreigners have always marked utility crisis as a serious matter of concern in Bangladesh, the chamber said.

The growth of the textile and garment industry will be immensely restrained and challenged, as it uses the largest amount of power in the country, it said.

The change in the tariff will only create additional challenges for the textile and garment industry, according to the statement.

# India plans to amend RBI Act by Feb to set up monetary panel

REUTERS, New Delhi

The government plans to change the Reserve Bank of India Act before the end of the fiscal year so it can set up a new committee to direct the country's monetary policy, retiring Finance Secretary Rajiv Mehrishi told Reuters.

The committee would be comprised of appointees from the government, the Reserve Bank of India, and independent members appointed by the government, but any changes have to be approved by the parliament, which has blocked other government bills.

"An attempt will be made to bring in by December. If it cannot be done by December, then of course by February," Mehrishi said in an interview, just before his last day in the job.

On Monday, Prime Minister Narendra Modi appointed Mehrishi as the top official of the India's Interior Ministry for two years' period.

The central bank and finance ministry have been trying to resolve differences over the panel's composition - chiefly over the balance of representation between government and RBI appointees.

The finance ministry last month sig-

nalled a willingness to retreat from a blueprint that would have ensured its effective control over a seven-member committee.

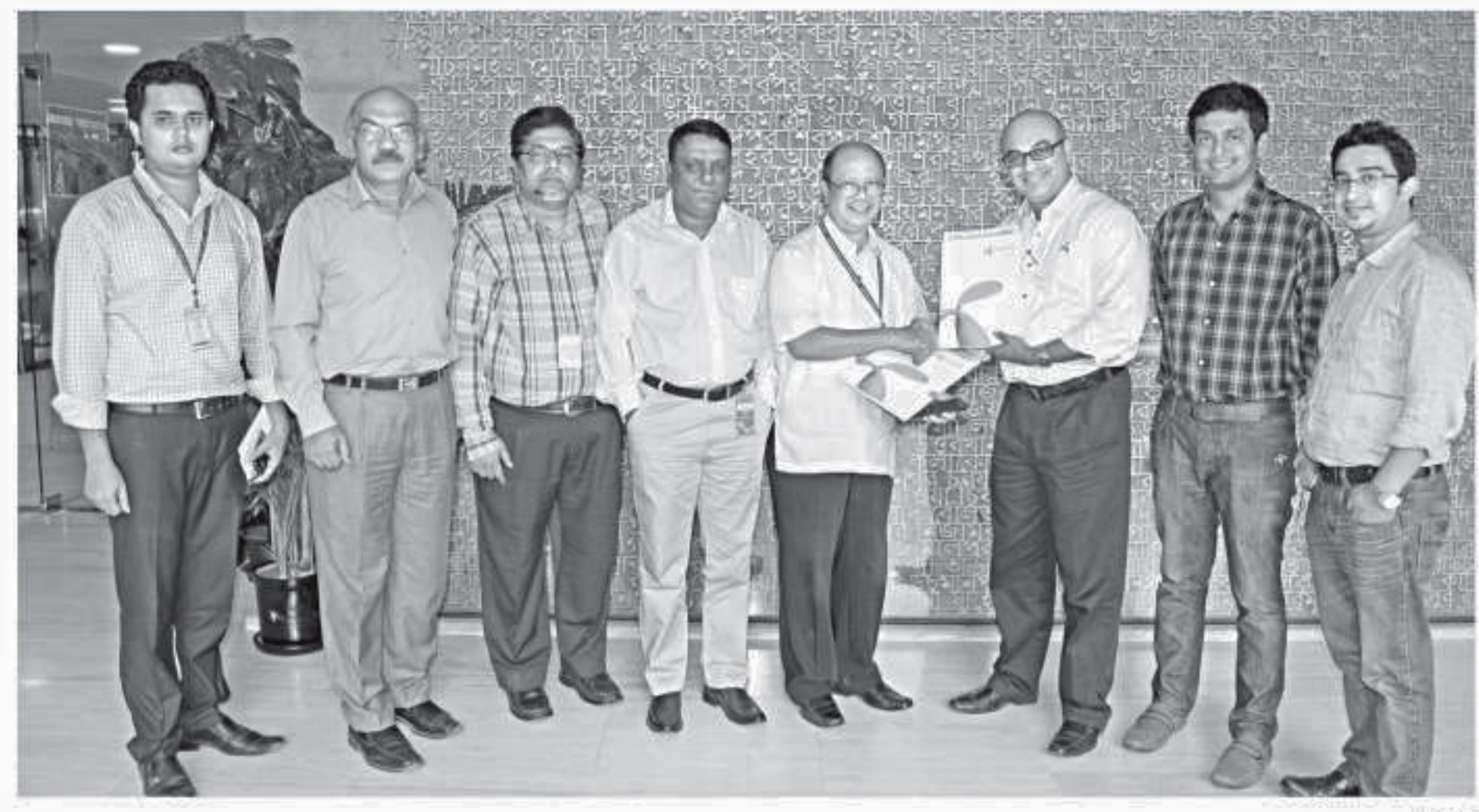
RBI Governor Raghuram Rajan has said the central bank and government have reached a "broad consensus" on the composition of a rate panel, without disclosing details.

Mehrishi said the composition of the panel would reflect the views of Rajan, the government and lawmakers, but details would be disclosed first to the parliament.

"His views have been noted and would be taken into account in making any decision. But what the decision is does not depend solely on the RBI governor," Mehrishi said.

The government also plans to set up an independent public debt management agency (PDMA), mainly under New Delhi's control, in the current fiscal year, which ends next March, he said.

He said the finance ministry had agreed in principle with the RBI to allow Indian bonds to be settled through Euroclear, the world's largest securities settlement system, as part of efforts to boost capital inflows and deepen the bond market.



Charles C Villanueva, pro-vice chancellor of American International University-Bangladesh (AIUB), and Syed Tanvir Husain, director for centre of expertise people and organisation at Grameenphone, pose at an agreement signing ceremony last week. GP employees will get special facility to do MBA at AIUB, and the students of the university will get assistance for research from the mobile operator.

# New office-bearers for Banglacraft

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Ashrafur Rahman and Fauzia Amin Neena have recently been elected as the president and senior vice-president of Bangladesh Handicrafts Manufacturers and Exporters Association (Banglacraft) for 2015-16 and the next year.

The association also elected Faisal Hassan as its treasurer for the same tenure, the association said in a statement yesterday.

The newly elected office bearers and executive committee members joined the office on August 18, the association said.



Officials of Olympic Group pose with replica packets of the company's new double-cream biscuit--Twinkle Twinkle--at its launch. Each 80-gram pack of the biscuit will cost Tk 20.



Manwar Hossain, group managing director of Anwar Group, poses with the award winning dealers of Anwar Ispat at a conference at Bangabandhu International Conference Centre in Dhaka on Friday. Ferdous Hasan Khan, deputy managing director, was also present.

# Smart policy crucial for apparel export growth

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Although the US generalised system of preferences (GSP) used to bring negligible benefits to Bangladesh in terms of export earnings, as only five percent of the country's exports going to the US market were covered by the duty-break, it was important for the country's image, as many economists pointed out earlier.

The non-inclusion of Bangladesh in the new GSP-eligible country list is a testament to the problems that the country's manufacturing sector confronts. Many of the conditions laid out by the US administration when it revoked the facility for Bangladesh in 2013 were related to the garment sector.

Jalal Ahmed, additional secretary to the finance ministry, said the government has identified the challenges faced by the sector. Infrastructure, such as port services, transport and railway, are being improved, he added.

The government has also taken steps to train workers to meet demand; it will train 1.5 million people in the garment sector in the next seven years, he said.

The garment factories will also train another 110,000 workers, according to Ahmed.

Francois de Maricourt, chief executive of HSBC Bangladesh, said the apparel sector is extremely important for GDP growth, as it has been helping Bangladesh achieve about 6 percent growth on an average in recent years.

Bangladesh needs to take a sustainable growth path to achieve the \$50 billion apparel export target for 2021, he added.

Maricourt said he did not have a positive perception about the country when he came to Bangladesh a year ago. "I soon found out that there was a gap between perception and reality."

Bhuvnesh Khanna, managing director and country head of commercial banking at HSBC Bangladesh, said the sector should not only think about who are the competing nations today, but also tomorrow.

"The opportunities are clear. The resilience of the sector is amazing, which also needs to be taken into account."

Syed Ferhat Anwar, a professor of Institute of Business Administration at the University of Dhaka, said international buyers are doing business with Bangladeshi suppliers because of the cost efficiency the latter offers. "We will have to ensure these competitive advantages."

The professor said the Accord and the Alliance -- the two groups of international buyers that inspected their suppliers on safety standards -- have inspected more than 3,000 factories but found only 30 faulty.

The country should create more managers to run the factories, instead of hiring mid-level managers from the competitor countries, he added.

Reaz-Bin-Mahmood, vice president of Bangladesh Garment Manufacturers and Exporters Association, said there are questions on ethical buying and whether the buyers are paying the right price.

The sector's productivity that now stands at 75 percent has to be improved as the country's competitors are operating at up to 85 percent, he added.

Bangladesh's garment exports, the second largest in the world after China's, emerged as the biggest earner of foreign currency for the country in the last three decades. Over 80 percent of the country's export earnings come from the sector that employs more than 4 million people.

Garment exports grew 4.08 percent to \$25.5 billion in fiscal 2014-15, which is 42 times than the amount in 1984, according to data from the Export Promotion Bureau.

The discussion was part of the sixth HSBC Export Excellence Awards that will be awarded later this year. Companies can file nominations until September 17.

# Four companies get \$120m WB fund

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The WB said the IPFF project also supports institutional capacity building of the government's PPP office and provides technical support for infrastructure project preparation.

The PPP office is actively working to develop a robust pipeline of medium and long-term infrastructure projects.

A BB official said they have arranged another fund from the WB recently so that private investors get low-cost fund. Loan distribution from the fund will start soon, the official said.

# Clarification

In a news item headlined "Commward celebrates 50 ad campaigns" published yesterday, it was mentioned that Grey Advertising and Adcomm received the highest number of recognitions, each bagging 12 awards, followed by Bitopi Leo Burnett with seven.

Actually, Asiatic Marketing Communications and its wings won a total of 13 awards, followed by Grey Advertising and Adcomm with 12 awards each.

# Jute millers irked by dithering over packaging law

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If the local market with 160 million consumers begins using jute bags, many millers will not need to export jute and jute goods, according to Huq.

This will encourage new investments and farmers will get due prices of their produce riding on the domestic demand alone, he said.

"This has happened with the tea market," Huq said. Once Bangladesh exported tea, but now it imports the leaf to meet domestic demand despite a rise in local tea cultivation over the years.

"We will get good prices from foreign buyers if the domestic demand increases," he said.

India, Bangladesh, China and Thailand are leading producers of jute, and Bangladesh currently ranks second after India with around 60 lakh bales (1.05 million tonnes) a year.

There are over 200 jute mills, including 81 jute spinners in Bangladesh. Of them, 27 units are owned by the state -- through Bangladesh Jute Mills Corporation or BJMC.

The use of jute and jute goods is increasing in parts of the world as it is eco-friendly and bio-degradable. Apart from bags and sacks, the natural fibre is mostly used to make cloth for wrapping bales of raw cotton, and to make sacks and coarse cloth.

It is also woven into curtains, upholstery, carpets, area rugs, hessian cloth and backing for linoleum.

Though many government agencies come under the purview of the law; there has been little

interest on their part to use jute bags, let alone private enterprises and businesses, said retired Maj Gen Humayun Khaled, chairman of BJMC.

"What the government agencies buy is very nominal compared to their requirement," said Khaled.

Bangladesh produces some 5-6 million tonnes of paddy annually, which if packed in jute bags, will need a supply of 50-60 crore pieces of such bags, he said.

"The government has to force the use of jute bags. More mobile courts have to be there to monitor the use of jute bags," Khaled said.

Khondaker Golam Moazzem, additional research director of Centre for Policy Dialogue, said the full enforcement of the packaging law will create demand for 84 crore jute bags a year for selected agricultural and non-agricultural products.

By one estimate, about 70 percent of local raw jute will be used up in the production of those bags, he said.

Mirza Azam warned the plastic producers and traders saying that the government will not spare them if they impede the use of eco-friendly jute bags.

"We have discussed the issue at the recent conference of deputy commissioners. We have asked the DCs to ensure implementation of the mandatory packaging laws," he said.

As part of a crash programme, the state minister said they will start a campaign in 10-12 districts around Dhaka next month to stop the use of plastic bags and promote jute goods.

# Luring in Asian investors

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Thanks to the previous editions of the summit, the number of international investors inquiring about Bangladesh is on the rise, he said recently.

City Bank alone has received about three-dozen international enquiries in the last three years, of which four have already been converted into projects, with another four under process, according to Hussain.

Besides, the present level of investment as a percentage of gross domestic product -- which is 28.97 percent in fiscal 2014-15 -- is not high enough to support the country's growth aspirations. There is a need for a minimum investment-GDP rate of 32 percent. So the event's aim to lure in investment from abroad cannot be underplayed.

The inaugural edition of the summit took place in Singapore in 2012 and next year, the venue was shifted to London to target the European investors. But following great interests from Asian investors, the annual event was moved back to Singapore in 2014.

This year's summit, scheduled for today at the Asian financial hub, is poised to take the momentum forward.

The daylong event will shed light on topics such as the regulatory changes needed to stimulate investment, incentives for inbound investment, understanding and navigating the local ecosystem, areas for investment and so on.

Gowher Rizvi, the prime minister's international affairs adviser, will give a keynote speech on tapping the country's growth potential and Nabhash Chandra Mandal, executive member of the Board of Investment, on making Bangladesh the investment destination of choice in Asia.

The topic of power, often blamed for the country's below-par investment scenario, will be discussed at length. Mohammad Hossain, director general of the ministry's power cell, will give a presentation on the steps being taken by the government to address the situation.

It will be followed by a panel discussion on the opportunities for international developers in the power sector, diversifying the power source and

the steps being taken by the country to become self-sufficient in power.

Biru Paksha Paul, chief economist of Bangladesh Bank, will give a keynote presentation on the monetary policy outlook and Syed Afsor Uddin, chief executive of the public private partnership office under the Prime Minister's Office, on the opportunities in the public-private partnership sector.

Afsor Uddin's presentation will be followed by a panel discussion that would deal with topics pertaining to the developments in the PPP law, appetite for projects, tendering process, among others.

The financial market too would get attention, with presentation on the attractiveness of the sovereign and corporate bond market and a panel discussion on portfolio management strategies. The scope for private equity too would be looked at.

IT, often billed as the next big export product from Bangladesh after garments, would be examined in-depth.

Shameem Ahsan, president of Bangladesh Association of Software and Information Services, would give a presentation on the developments in the ICT sector.

The presentation will be followed by a panel discussion on the key drivers for the sector's growth, the major investment opportunities and the access routes for multinational corporations.

Standard Chartered and City Bank are the headline sponsors of the summit, while Brac EPL and Brac Bank are the co-sponsors, and DFDL associate sponsor. FinanceAsia, the continent's leading financial publishing company, will organise the event.

About 300 attendees -- government representatives, multilateral financiers, rating agencies, portfolio managers, global asset managers, institutional investors, private banks, principals from private equity and hedge funds, and heads of Asia-based brokerages -- are expected to attend the event at The St Regis Singapore.

# Cabinet moves to merge BoI, Privatisation Commission

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He said BIDA is being formed to further expedite investment.

The decision was taken at the instruction of Prime Minister Sheikh Hasina to speed up the work of the organisations and reduce bureaucratic tangles in implementing government decisions, said officials present at the meeting.

Hasina said she has to chair both the organisations' meetings, which wastes time, and the two organisations frequently lack coordination, according to the officials.

Making one organisation would help implement government decisions faster, she told the meeting. Her proposal was unanimously supported by the ministers and secretaries, they said.

The cabinet secretary said all assets and liabilities of BoI and the Privatisation Commission would be transferred to BIDA, and all the officials and employees of the two organisations would be posted under it as well.

A 17-member governing board would be formed, headed by the PM, where the finance minister would

remain as vice chairman and concerned ministers will be members, he added.

Under the proposed law, BIDA will register the new private sector companies as well as the foreign trade liaison branch offices.

BIDA will issue 'no objection certificates', declare areas as industrial zones through gazette notifications, help authorities to acquire land, ensure efficient use of land, make a list of unused land and structures and frame a policy for their utilisation, and frame a guideline for allotment and transfer of plots, he said.