

Diversify denim products to increase exports

Foreign envoys ask local manufacturers

STAR BUSINESS REPORT

Bangladeshi denim makers should bring diversity to their products as the items have bright prospects for their competitive prices and quality, foreign envoys said at a programme in the capital on Thursday.

"You should not only increase the number of international buyers, but also bring variety to your products," said Wanja Campos da Nóbrega, Brazilian ambassador to Bangladesh.

Exports of Bangladesh's denim products will grow further, he said at the closing ceremony of the two-day Bangladesh Denim Expo at Bashundhara Convention City in Dhaka.

Alexander A Nikolaev, the Russian ambassador, urged the organisers of the denim show to invite Russian denim companies to the expo next year, as Russia could also be a major market for such Bangladeshi products.

"Please send information well in advance, so that Russian companies can participate in the expo. We want such expos, organised by Bangladeshi denim makers, in Russia as well," Nikolaev said.

Hanne Fugl Eskjaer, Danish ambassador in Dhaka, said the

demand for denim products is on the rise because they are environment friendly.

New technologies and increasing fabric diversity are the challenges to maintaining steady growth of Bangladesh's denim exports, said Robert Gibson, the British high commissioner.

"The British customers purchase a lot of denim products from Bangladesh," Gibson said. Investing in skills improvement will increase productivity and the private sector has to lead the effort, he said.

"The government will also have to play a very vital role in taking the denim sector ahead," Gibson said.

Currently, Bangladesh exports denim products worth \$3.5 billion a year, and stakeholders are working to double that number by the end of 2021, said Faruque Hassan, vice-president of Bangladesh Garment Manufacturers and Exporters Association.

Atiqul Islam, the immediate past BGMEA president, thanked the two factory inspection agencies -- Accord and Alliance -- for inspecting the factories as they helped restore the sector's image.

"After the inspection, now we can proudly say we are a compliant nation

as the engineers did not find any major flaws," Islam said.

The government is in talks with Qatar to import liquefied natural gas to meet the local supply gap, said Tawfiq-e-Elahi Chowdhury, energy adviser to the prime minister.

Some 39 participants from home and abroad showcased their products at the expo, said Mostafiz Uddin, founder and CEO of Bangladesh Denim Expo.

Of them, 14 are local and the other 25 are foreign, mainly from India, Pakistan, the US, China, Turkey, Singapore, Japan and Germany, he said.

The fourth and fifth denim expo will be held in Dhaka in April and November next year, said Mostafiz, also the managing director of Chittagong-based Denim Expert Ltd.

In Bangladesh, a total of 30 mills produce 21 million yards of denim fabric a month.

Investment in the denim sector also increased due to high demand; it will cross the Tk 7,500-crore mark soon.

Bangladeshi entrepreneurs supply denim products to retailers such as H&M, Uniqlo, Levi's, Nike, Tesco, Wrangler, s.Oliver, Hugo Boss, Puma, Primark and JC Penney.

Ignite Publications begins journey

STAR BUSINESS DESK

Ignite Publications Ltd has commenced its journey to cater to the needs of enthusiastic young learners with high quality and affordable books, the company said in a statement yesterday.

The company unveiled its logo at a city hotel, according to the statement.

"We are very happy and excited to officially launch Ignite Publications today. We are proud of our current publications. They are well-designed, attractive to children and educational," said Syeda Madiha Murshed, managing director of Ignite Publications.

"We feel there is a need for high quality books for children in Bangladesh, and we look forward to publishing many more books that will be well-respected by teachers, appreciated by parents and loved by children, said Murshed.

"Through our books, we hope to educate children in a fun and exciting way, and inspire a love for books and love for learning."

Regent offers special discounts on anniversary

STAR BUSINESS DESK

Regent Airways is offering up to 40 percent discounts on tickets for five international and two domestic routes, to mark its fifth anniversary, the airline said in a statement yesterday.

The tickets have to be bought between November 15 to December 5 for travels between January 5 next year to October 26.

"We have come up with the attractive offer to show gratitude to our valued customers," said Mashruf Habib, managing director of Regent Airways.

Radisson Blu in Ctg opens business-class rooms

STAR BUSINESS DESK

Radisson Blu Chittagong Bay View has introduced exclusive 66 business-class rooms located on levels 16 through 19 for all its corporate travellers, the hotel said in a statement yesterday.

The rooms come with free access to the business-class lounge, including all-day refreshments, two-hour complimentary evening reception with premium pours and canapés and complimentary breakfast in

the business class lounge or at The Exchange.

Guests can also get laundry services for four pieces of clothing with dry cleaning facilities per room/night along with availability of local and English newspapers in the lounge.

"We are pleased to introduce business class rooms which ultimately will give another level of experience for our guests," said Geir Sikko, general manager of Radisson Blu Chittagong Bay View.

Telcos start biometric registration

FROM PAGE B1

Mobile operators said they have already bought fingerprinting devices and trained their retailers and distributors.

Ekram Kabir, vice president of communications and corporate responsibility at Robi, said they are fully prepared for the initiative, and will start taking users' fingerprints at 40 outlets today.

Grameenphone will launch the services at about 80 outlets.

Six operators are spending about Tk 100 crore to bring biometric registration in an effort to bring more transparency to the sector, according to an estimate by industry leaders.

Biometric registration, re-registration and

verification of all 13 crore subscribers will be completed by March, and the regulator will fine the operators if SIMs are found with fake registrations after the deadline, said State Minister for Telecom Tarana Halim.

The prime minister's ICT Affairs Adviser Sajeeb Wazed Joy launched the pilot project at the Posts and Telecom Division on October 21, by buying a new SIM of Teletalk and having his fingerprint scanned on a biometric device connected to the EC database.

The government in September announced that all mobile phone users will have to re-register their numbers, in a move aimed at preventing people from using cellular networks for criminal activities.

BB chief advises banks to use long-term savings for big projects

FROM PAGE B1

Another \$200 million long-term lending line in dollars from the BB's own resources will be drafted in to support green transition of the export-oriented textile, apparel and leather sectors.

Furthermore, the government and the BB have given the International Finance Corporation the go-ahead for the issuance of taka-denominated bonds of up to \$1 billion, the proceeds of which will be used for long-term lending to projects in Bangladesh.

"Taken together, these initiatives will mean a massive transformation in access to funds for our financial sector over the near and medium term," Rahman said.

Rahman said the banks can introduce pension products to groups such as garment workers and the non-resident Bangladeshis to broaden the deposit base.

It will not require any major initiative; the banks will just have to put in place the right rules and stick to them, according to Rahman.

As part of the central bank's efforts to bring the entire population under the formal financial system, automated teller machines and point-of-sales machines would be taken to villages.

The seminar focused on asset and liability management, technology use and business continuity management in the event of a breakdown in technology infrastructure.

Ali Reza Iftekhar, chairman of ABB, said money laundering and terrorist financing pose serious challenges to growth. "These issues are major threats to the integrity of our financial system, and they are issues of concern locally as well as globally."

Bangladesh's banking sector has come of

age in adopting international best practices.

What is important now is to identify and assess the existing, emerging and future risks and look closely into the vulnerabilities within the current banking practices and procedures, Iftekhar said.

Mohammed Haider Ali Miah, CEO of Exim Bank, and Joshua James, regional head of business continuity management of Standard Chartered Bank, also spoke at the opening ceremony.

Later at a discussion on the role of technology, K Mahmood Sattar, former CEO of City Bank, said most banks do not have any strategy on modern technology adoption, and spending on ICT and technology adoption is sometimes counted as expenditure and not an investment.

Habibullah N Kairm, CEO of Technohaven, an IT firm, said the regulators have a major role in expanding the use of technology in the banking sector.

Most private banks have adopted modern technology but state-run commercial banks lag behind, said Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank.

"The supply of local software is limited. So, we have to rely on imported software, but they are not always designed as per our plan. It is also time-consuming," Shirin added.

Mostafizur Rahman Sohel, joint secretary general of Bangladesh Association of Software & Information Services, said the customers lack adequate knowledge related to the benefit of using modern technology in banking. In his presentation, Abizer Diwanji, a partner of Ernst & Young, said the management needs to understand the technology first.



A maize cultivator from Dhamrai receives a loan cheque from Md Khurshed Alam, head of SME at Eastern Bank, and Anwar Faruq Talukder, head of business for SME banking, at a branch of the bank in Savar.

EBL

Bangladesh to back Bhutan for WB fund for river transit

FROM PAGE B1

It will cost Tk 52 to transport a tonne of goods from Ashuganj to Akhaura.

The standard operating procedure (SOP) of the coastal shipping agreement will also be signed.

Once the SOP is finalised, the two countries' ships will ply each other's

coastal waters to transport cargo, a move that will slash transport costs by two-thirds. Bangladesh signed an agreement with India on the use of Chittagong and Mongla ports during Prime Minister Narendra Modi's visit to Bangladesh in June.

The meeting will discuss how the

ports will be used, which routes will be taken for going to India, when the agreement will come into effect and what to be done for uplifting the two ports. Besides, the meeting will also discuss the issues related to the signing of an agreement to carry passengers and tourists via river routes.

WB approves \$177m for low-cost power

FROM PAGE B1

"Inadequate power supply is affecting families, undermining competitiveness and hindering growth. This additional financing will add new power generation capacity for Bangladesh and increase efficient use of its scarce domestic gas supplies."

In 2008, the World Bank provided \$350 million to construct a 300-megawatt gas turbine power plant in Siddhirganj.

In the face of increasing power demand and gas shortages, the government decided to convert the peaking power plant to an energy-efficient 335-megawatt combined

cycle power plant.

The additional financing will fill the financing gap for the construction of the power plant, which is expected to start commercial operation in 2016, according to the statement.

Power outages resulted in an output loss of nearly 3 percent of GDP in 2013," said Md Iqbal, World Bank's task team leader for Siddhirganj Power Project, citing the World Bank Enterprise Survey.

"About 65 percent of Bangladeshi firms invest in back-up generation, adding costs to doing business. Moreover, the demand for energy is projected to rise nearly five-fold by 2030."

Bike sales punctured by duty hike, high registration fees

FROM PAGE B1

Apart from the increased duty, the high registration fees along with strict enforcement of registration by authorities have also put a damper on the demand for bikes, according to Mizutani.

The registration fee for a motorcycle with 125 cubic centimetre engine is \$273, which is much higher than in India, Pakistan and Sri Lanka, where \$53, \$27 and \$52 is charged respectively, he added.

"The market has been damaged seriously for these two reasons. The customers are not happy. The industry is also not happy."

To offset the falling sales, the motorcycle assemblers are now reducing the prices, Mizutani said.

Shahdat Hossain, a national sales manager of Uttara Motors that markets Bajaj bikes, echoed the same.

Almost all have cut their prices to see a turnaround in demand, which is not picking up, he said.

Mizutani said the price cuts will not only exhaust the player, it will ultimately destroy the market.

His views come at a time when more brands, such as Bajaj and Hero, are setting up assembling plants in Bangladesh following the lead of Bangladesh Honda, which has been assembling motorcycles in the country since October 2013.

Although the country has a population of about 16 crore and a rising per capita income, the high prices are suppressing Bangladesh's bike market, Mizutani said.

The market in Bangladesh is small compared to neighbouring countries such as India, Pakistan, Vietnam and Cambodia.

He said these factors hold back popular brands from setting up manufacturing plants in Bangladesh, as huge investment is required.

To attract investment, an annual demand for minimum 10 lakh bikes is required, according to Mizutani.

"That's why I request the NBR (the National Board of Revenue) again and again to reduce the taxes and try to expand the market. This is the first step," he said, adding that the move will also help increase the government's revenues.

11th edition of Citi's awards for micro entrepreneurs

FROM PAGE B1

Also, the runners-up in agricultural micro-entrepreneur, women micro-entrepreneur and micro-entrepreneur of the year categories will receive Tk 1 lakh as prize money.

The Citi Micro Entrepreneurship Awards is being supported by Citi Foundation, and implemented by Citibank NA Bangladesh and SAJIDA Foundation as local partners, with Credit and Development Forum (CDF) being the strategic partner.

The Daily Star and Channel I have joined this programme as media partners, while Palli Karma-Sahayak Foundation, and Microcredit Regulatory Authority will provide technical support.

Rokia A Rahman, a former adviser to a caretaker government; Rashed Maqsood, Citi country officer for Bangladesh; Zahida Fizza Kabir, executive director of SAJIDA Foundation; and Abdul Awal, executive director of CDF, also attended the press briefing.

Bangladesh moves into crisis of aid utilisation

FROM PAGE B1

"It seems that having left behind the 'crisis of aid dependence', now we have entered into a 'crisis of aid utilisation'," he said.

"It is highly paradoxical that our leaders at the global platform, on the one hand, rightly demand fulfilment of the developed countries' pledge to deliver 0.15-0.20 percent of their GNI to least developed countries and, on the other hand, are not being able to utilise the committed funds by the international development partners," Bhattacharya said.

The economist pointed out that some efforts were taken to improve utilisation of aid money. For example, he said a joint committee comprising officials from the government and development partners was formed to sort out obstacles to speedy disbursement of project aid.

The government has decided not to rotate project directors. A new portal has been created to have more transparency of aid data. Electronic-tendering of public procurement has been put in practice.

"There are positive moves, but visible improvements are yet to be seen," said Bhattacharya.

Land acquisition for projects remains a complex issue and stricter standards now have to be followed for public procurement.

He also said Bangladesh must develop capacity to go for "blended finance" by strategically leveraging the grants and concessional loans to raise more resources, particularly from the private sector. In this case, the government will be able to keep the financial costs of big projects at a lower level.

The economist also talked about the foreign debt and debt servicing liabilities of the country, which he believes are quite "comfortable and manageable" at this moment. The total outstanding foreign debt of Bangladesh is

about 12 percent of its GDP and annual debt servicing liabilities amount to less than 1 percent of GDP.

Bhattacharya also focused on the government's projections regarding gross foreign borrowing in the context of the new five-year plan. Such projections mention that the gross flow of foreign aid is expected to increase from \$3.1 billion in 2015-16 to \$5.5 billion by 2020-21.

At the same time, it is anticipated that ratios of external debt and servicing liabilities will not increase due to these incremental flows.

He suggested that, to achieve these ambitious targets, the government undertake a number of institutional and policy reforms. The government did draft of an aid management strategy, but never ventured to design an aid mobilisation and utilisation strategy. Bangladesh needs to have this strategy to tap into, among others, the new sources of financing in the Global South (for example BRICS Bank and Asian Infrastructure Investment Bank).

Bhattacharya said Bangladesh had been lucky that bilateral aid providers who mostly provide the money as grants have dominated the sources of its inflow. These grants have largely gone to underwriting human development-oriented projects as well as to reform and governance projects.

Currently, the bilateral aid providers come up with about 60 percent of the disbursed aid. Interestingly, the UK has secured the top position among the bilateral aid providers recently, superseding Japan.

Finance from multilateral sources had been also important as they provide finances at concessional terms, which are largely used in physical infrastructure projects, he added.

However, one of the challenges of Bangladesh in the coming days would be to fend off the emerging overtures of

the development partners regarding putting in harder loan conditionalities as Bangladesh moves towards the middle-income trajectory.

Bhattacharya said there is still ample space for Bangladesh to negotiate advantageous terms from the multilateral and bilateral sources for the next three to five years.

"Thus, Bangladesh's negotiation capacity for concessional loans will be critical in the coming years."

On global aid environment, he said, in the last ten years, a sea change has taken place in foreign aid architecture and its operational principles.

The development partners are redefining the ODA, linking it to improved concessionality and trying to also find broader measures of their contribution through such indicators as Total Official Support for Sustainable Development.

Incidentally, the "global environment is particularly not hospitable at this moment."

The USA and Europe are falteringly recovering from protracted recession. China and India are slowing down. A large number of countries have fallen into conflicts and, consequently, a large part of aid is being channelled as humanitarian assistance, he said.

"Similarly, the recent influx of refugees has put the development partners under further pressure as many of them have to divert resources from ODA to manage refugee crisis," he said. The aid flow to the LDCs went down in 2014, although the aggregate flow recovered, he pointed out.

"One of the most interesting aspects of the BDF meeting to observe will be the signals from the development partners regarding how they are going to adjust their country assistance strategy and project portfolio in the context of the 2030 agenda of sustainable development goals," he said.