Star BUSINESS

DHAKA MONDAY JANUARY 11, 2016

Tanners face 72-hour deadline for relocation

The industries minister threatens to cancel plots allocated for tanners at Savar industrial park

MD FAZLUR RAHMAN

The government has once again sounded out a stern warning against tanneries in Hazaribagh, saying the polluting factories will be shut down if they fail to relocate to the designated industrial park in Savar within 72 hours.

Industries Minister Amir Hossain Amu issued the instruction at a meeting with the heads of different projects under the ministry at his office in Dhaka yesterday.

The minister instructed state-run Bangladesh Small and Cottage Industries Corporation to serve a legal notice on the tanneries immediately, the industries ministry said in a statement.

If the tanneries fail to shift their factories within 72 hours of the legal notice, the plots allotted to the factories in the leather industrial park in Savar will even be cancelled, according to Amu.

The latest warning from the government comes as tanneries are delaying relocation from the city to Savar. Legal steps will be taken against the tanners who are procrastinating, Amu said.

Tanneries that have accepted compensation from the government, but have stalled the construction of the plants in Savar, will face seizure of goods from their factories in Hazaribagh, he added.

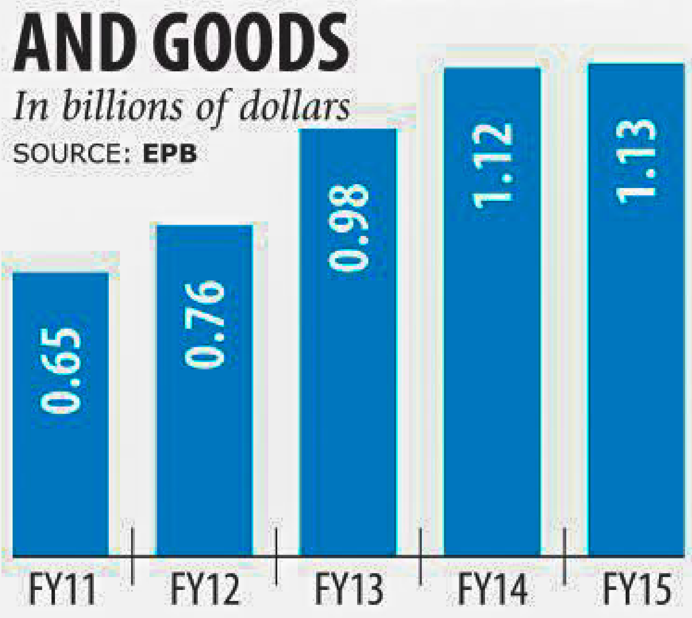
The issue of relocating the tanneries has been dragging on for years: the government took up a project in 2003, considering the health and environmental hazards. The factories release thousands of litres of untreated and toxic liquid waste into the Buriganga river every day, posing a serious risk to human and animal health and diminishing the prospects of leather exports.

Industry insiders said the factories could not be relocated in the last decade due to wrangling between the government and the tannery owners over who would bear the project costs and a long legal battle between the two sides over awarding a contract for the central effluent treatment plant.

EXPORTS OF LEATHER AND GOODS

In billions of dollars

SOURCE: EPB



The government initially took up the project to set up the industrial estate with a Tk 175.75 crore fund. However, the cost went up 98 percent to Tk 1,079 crore over the decade.

The amount includes Tk 250 crore in government compensation to the tanners. Of the rest, 20 percent was given as loans to the tanners at a 5 percent interest rate for a long-term, said Abdul Quayum, project director of the industrial estate.

More than 50 percent of the work to set up the CETP has already been completed, making two of the four units of the CETP ready to process pollutants. The CETP now can process pollutants from 50 factories but only 20 factories will be ready in the next one month, according to Quayum.

READ MORE ON B3

Income tax receipts rise 10pc in July-Dec

SOHEL PARVEZ

Income tax collection grew 10 percent to Tk 20,584 crore in the first half of the fiscal year and yet it fell short of the target for the period.

The target set for the income tax department of the National Board of Revenue for the July-December period was Tk 25,022 crore.

Taxmen linked the growth in income tax receipts to increased monitoring, efforts to realise arrears and ensure deduction of source or withholding taxes.

Total collection, including travel tax, stood at Tk 21,028 crore during the period, up 9.8 percent year-on- year.

NBR Chairman Md Nojibur Rahman cited the pick-up in the pace of implementation of the Annual Development Programme and the growth in export and import as the reasons for the growth in tax collections.

In the July-November period, import payments grew 4.67 percent year-on-year to $16.86 billion, according to data from the Bangladesh Bank.

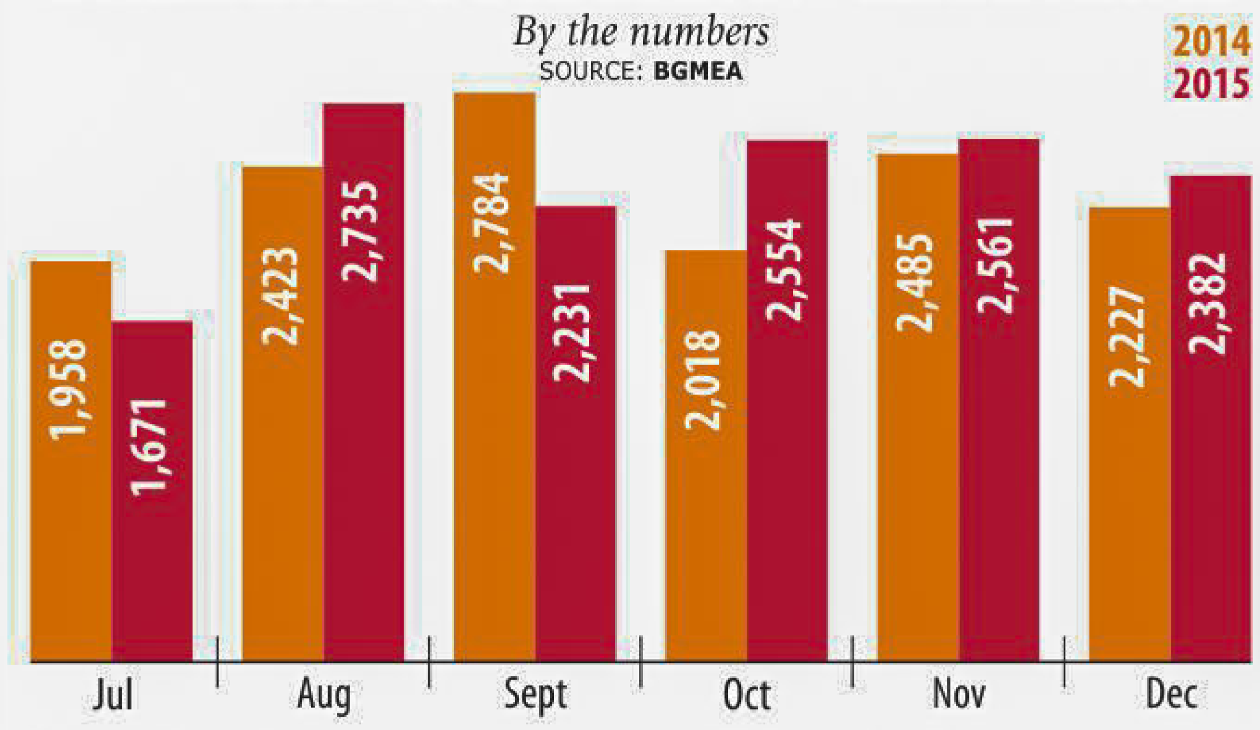
READ MORE ON B3

Apparel exports rise amid political calm

UTILISATION DECLARATION CERTIFICATES

By the numbers

SOURCE: BGMEA



REFAYET ULLAH MIRDHA

Garment makers expect robust export growth this year due to continuity of political stability, a shift in work orders from China to Bangladesh and economic recovery in major export destinations.

They brim with confidence as exports grew significantly in the last three months compared to the same period a year ago.

In December last year apparel shipments rose 14.56 percent year-on-year to $2.67 billion, in November 14.74 percent to $2.22 billion, and in October 18.40 percent to $1.79 billion, according to Export Promotion Bureau.

"Exports are on an upward curve due to an improved economic situation in major export markets. Another important factor is political stability at home," said Faruque Hassan, vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"We have a lot of work orders as buyers now prefer Bangladesh to China because of higher production cost and a shortage of skilled workers there," Hassan said.

Political unrest in the first few months of 2015 took a toll on exports, as many international retailers could not visit Bangladesh and exporters had to delay or cancel shipments. "But the situation is different now," Hassan said.

Retailers also voiced optimism about Bangladesh's garment exports. "Brands are cautiously optimistic that the initiated upgrading of factory and workers safety will continue. Based on that assessment, I would describe the trend as positive," said a senior official of a major European retailer, asking not to be named.

The number of "utilisation declaration" certificates, which BGMEA issues against work orders of its member factories, also shows exports are robust.

READ MORE ON B3

Govt to take up scheme for private sector pension

REJAUL KARIM BYRON

The government is set to take up a $100 million project to introduce a private sector pension scheme and automate the insurance regulator.

The three-year project -- Bangladesh Insurance and Private Pension Market Development -- will be financed by the World Bank and the government.

The multilateral lender will provide $80 million and the government the other $20 million, said a finance ministry official, adding that the project is likely to get the nod from the WB board in March.

A meeting, chaired by Banking Secretary M Aslam Alam, was held yesterday at the finance ministry to lay the groundwork for the project.

"We are hopeful the government will be able to introduce the private sector pension scheme by 2018."

Before introducing the project, opinions of all stakeholders, especially the business community, will be taken, Aslam said.

Subsequently, it was decided that a scheme will be rolled out under the National Social Security Strategy, which was prepared in November last year.

The banking division was given the task of introducing the private sector pension scheme.

As of now, it has been decided that there will be two bodies -- one in which the private sector jobholders will put in a certain amount and another that will invest the pooled funds for profitable ventures. From the profits the employees will be given benefits when they go into retirement.

The banking division will conduct a study to examine the viability of establishing a pension regulatory authority that will be responsible for supervising private pensions, thereby ensuring their integrity, fairness and financial sustainability.

For implementing the scheme, a fund will be created where employers and employees will jointly pay. A policy will be formulated about the formation of the fund and regulations of the contributions.

READ MORE ON B3

NBR wins tax dispute against Jamuna

STAR BUSINESS REPORT

The Appellate Division of the Supreme Court yesterday rejected a writ petition by Jamuna Electronics and Automobiles Ltd, clearing the way for the National Board of Revenue to realise Tk 2.51 crore as duty from Jamuna.

The apex court directed Jamuna Electronics and Automobiles to deposit the entire amount of duty and tax to the government exchequer within 15 days, the NBR said in a statement.

The directive came after the government filed a petition, challenging a three-day stay order issued by the High Court in December on tax claims made by Chittagong Customs House. Jamuna had earlier filed a writ petition, challenging the tax claims of Chittagong Customs.

READ MORE ON B3

Tripura opens new customs station near border

STAR BUSINESS DESK

Tripura, a northeastern Indian state, opened a new land customs station at Srimantapur to deepen trade with Bangladesh. Nirmala Sitharaman, India's minister of state for commerce and industry, and Manik Sarkar, chief minister of Tripura, inaugurated the station on Wednesday, according to a statement from the Indian High Commission in Dhaka.

READ MORE ON B3

Govt plans to issue bonds to raise funds for power sector

STAR BUSINESS REPORT

The government plans to raise funds for state-run power companies by issuing bonds in Singapore's debt instrument market, the state minister for power said yesterday.

"We will need around $24 billion investment in the power sector, and the money will come from the banks and the ECF programme," said Nasrul Hamid Bipu, referring to the seventh five-year plan.

But the banking sector is not the proper place to get money for big investments, Bipu said. "We are thinking of raising the funds by selling our own securities with our own reputation and brand image."

A bond is a debt instrument issued by a company for a period of more than one year with the purpose of raising capital by borrowing. Usually, a bond issuer is promised repayment of the principal along with interest on a specified date.

Bipu spoke at a seminar on the listing of debt instruments in Singapore, co-organised by the Bangladesh Energy and Power Research Council and Dhaka Stock Exchange.

Bangladesh is looking at the Singapore market, as it is easier than London and New York markets to access. "Singapore is a quite known market for Bangladesh, and Singapore also knows about Bangladesh," he said.

"Our country rating is good, and we have some big companies such as DESCO, DPDC, BPDB and REB. So, there is a huge opportunity for us in the Singapore market."

He said the issuer companies will also be more transparent and accountable, as these will have to disclose all information to the investors. "The more transparent the companies become, the more corruption will be curbed," Bipu said, adding that the efficiency of the companies will also increase.

The success of the bond issuing and repayment will also attract foreign investors to invest in Bangladesh. "We will not need to attract them, they will come on their own," he said.

Farhana Siddiqui, corporate and finance director of Drew and Napier, a Singapore-based law firm, highlighted the key features of Singapore bond market and its listing process in her keynote paper.