

Bangladesh's benefits from India eroded by countervailing duties

Says Commerce Minister Tofail Ahmed at inauguration of Cotton Fest

STAR BUSINESS REPORT

Bangladesh's garment exporters cannot enjoy the zero duty benefits provided by India due to the presence of countervailing duty (CVD) and other non-tariff barriers, Commerce Minister Tofail Ahmed said yesterday.

India has started giving Bangladesh the duty-free benefit for all but 25 alcoholic and drug items in 2011, he said. "Unfortunately, our exporters face 12.5 percent countervailing duty for access to the Indian market."

CVDs are tariffs levied on imported goods to offset subsidies made to producers of the goods in the exporting country.

It is usual that the balance of bilateral trade is in favour of India as Bangladesh imports a lot of goods from the neighbouring country every year. "Bangladesh is also gaining from the bilateral trade with India."

Ahmed spoke at the first Bangladesh-India Cotton Fest 2016, at the Radisson hotel in Dhaka where cotton suppliers from India, spinners, importers and yarn makers from the two countries participated. Bangladesh Cotton Association (BCA), Bangladesh Textile Mills Association and Indian Cotton Association Ltd (ICA) jointly organised the daylong event.

Harsh Vardhan Shringla, Indian high commissioner to Bangladesh, said the timely sup-



Indian High Commissioner Harsh Vardhan Shringla speaks while Bangladesh's Commerce Minister Tofail Ahmad looks on, at daylong Bangladesh-India Cotton Festival 2016, at Radisson hotel in Dhaka yesterday.

ply of Indian cotton and yarn plays an important role in turning Bangladesh into the second largest garment exporter worldwide.

Bangladesh's exports to India grew 15 percent year-on-year in the last fiscal year and 22 percent year-on-year in the first six months of

the current fiscal year, Shringla said. "Sustainable supply of Indian cotton is very important for Bangladesh."

Bangladesh has more than 400 spinning mills and the domestic cotton users imported 6.1 million bales of cotton at a cost of \$2.2 billion in

2015, said Tapan Chowdhury, president of BTMA. One bale weighs 480 pounds, or 218kg.

Cotton imports rose to 6.1 million bales in 2015 from three million bales in 2006, according to data from BTMA.

The rise in cotton import is attributed to the

establishment of new spinning mills and capacity expansion of the old plants, he said.

At present, BTMA's mills can produce 2,250 million kilograms of yarn with over 11 million spindles.

Bangladesh's cotton import will grow further as Bangladesh will need to consume more cotton to achieve the \$50 billion garment export target by 2021, he said.

India has the potential to continue being the major cotton supplier to Bangladesh, as it the biggest grower of cotton and enjoys natural advantages over the neighbours because of its geographic location, he said.

In recent years, cotton import from India has grown significantly largely because of improvement in cotton quality, improved supply chain management and shorter lead-time, Chowdhury said.

Sometimes, the foreign suppliers put importers in an adverse situation by withholding their suppliers citing different reasons, supplying cotton in small quantities and with variations in quality, Chowdhury said.

"I strongly feel that such impediments should be avoided at any cost to build a strong and long lasting trading relationship between the cotton traders of our two countries."

Badsha Mia, president of BCA, and Mahesh Sharda, president of ICA, also spoke.

Curb sales of adulterated vegetable seeds: analysts

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The public sector produced 4 percent of 2,854 tonnes vegetable seed the country required in 2014-15, while the private sector companies supplied more than 66 percent of the requirement. The import stood at 582 tonnes, according to the figures provided by Sayem.

Citing a study, he said a good number of farmers are satisfied with the seeds of renowned companies. But many of the farmers did not get the promised yields that were written in the packets. "In most cases farmers incurred losses when they purchased seeds from unauthorised vendors."

Ferdousi Begum, a plant biotechnologist, said the government should go for public private partnership arrangement and involve private companies to produce seeds.

She said monitoring has to be beefed up. Otherwise, imported seeds will flood the markets. Md Nazrul Islam, a professor at Sher-e-Bangla Agricultural University in Dhaka, said crop insurance has to be introduced.

Afzal Husain, senior general manager of Metal Agro Ltd, said farmers have to know the timing when a particular seed will give maximum output. He also said some farmers sow seeds ahead of the season to make higher profits. In those cases, the farm output is not of good quality even if they use good seeds.

Md Abdus Sattar, executive coordinator of Partex Agro Ltd, said Bangladesh cannot produce all seeds because weather is not conducive to growing many varieties.

"Still, we can try to grow as much as possible," Jiban Krishna Biswas, director general of BARI, addressed the case where good quality seeds have yielded low quality of crops. For a good crop, high quality seed is one factor. But there are other factors as well, he said.

M Tauhidur Rahman, principal scientific officer of BARI, called for the preservation of seeds stemming from researches. "We have to preserve the variety."

Mahbub Anam, managing director of Lal Teer Seed Ltd, said emphasis has to be given on research.

FR Malik, general secretary of Bangladesh Seed Association, said the country can increase its vegetable export if good seeds are used to cultivate the items.

Sunil Chandra Dhar, a director of the Department of Agricultural Extension, and Md Azim Uddin, chief seed technologist of the agriculture ministry, also spoke, while Reaz Ahmad, assignment editor of The Daily Star, moderated the discussion.

Consumer rights rarely called into action: survey

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Only 32 percent heard about the act and 46 percent did not know anything about it, the survey found.

Around 45 percent did not have any idea about the food act, while 26 percent heard about it and only 19 percent knew about it.

Among the respondents, 47 percent replied that they check the expiry date of a product before buying, 45 percent do it occasionally. Only 8 percent do not bother to check the product's expiry date.

Consumers identified "food" as the top area where their rights are violated, followed by public transport, house rent, education, telecommunication and insurance, according to the survey. Of the respondents, 58 percent held manufacturers responsible for food adulteration, 30 percent suppliers and 20 percent retailers.

Consumers' rights are violated by several ways such as through price hike, selling of adulterated and expired goods and by giving less weight.

The majority or 54 percent of the respondents thought that imposing a fine is not an effective way of protecting adulteration, while 98 percent felt that the citizens' organisations are not enough to protect the consumers' rights.

"We found several recommendations from the respondents to ensure consumers' rights," Morshed said.

The recommendations are: implementation of existing laws, political will, coordination among the consumer rights organisations, creating public awareness and ensuring a strong monitoring and surveillance system. They will be sent to the authorities for consideration, he said.

Replying to queries, he said: "We know that the sample size was not enough to reflect the true picture of consumer behaviour, but it's a token reflection that we want to place before the government and other organisations that are working for consumers' rights."

Consumers' Voice Vice-chairperson Syeda Aireen Jaman and Secretary General Amitabha Ghosh were also present at the briefing.



M Farid Uddin, managing director of Rupali Bank, attends the divisional business conference 2016 for the south zone, in Dhaka yesterday.

BB automated its systems without homework: analysts

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Arijit Chakravarty, executive director of PwC, South Asia, said cyber attacks are going to increase in the days to come.

Hackers always look into the data of insider employees, former employees, vendors and customers.

"It is vital how we are putting policies and security strategies to address these risks," said Chakravarty.

Mamun Rashid, country head of PwC, stressed the need for boosting operational risk management at banks.

He said the Federal Reserve Bank of New York sent back the payment message for clarification, but nobody was in the receiving end as it was a Friday.

"Time has come to align Friday with the rest of the world," said Rashid, adding that Indonesia, Malaysia and Pakistan have done so.

Syed Abu Naser Bukhtear Ahmed, chairman of FinExcel, called for formation of a national committee involving IT experts and bankers to check firewall and data security.

PwC released its annual report on the global state of information security at the programme.

Rising income inequality in Asia worrying: IMF chief

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The IMF MD also suggested greater trade integration for more sustained growth, especially for India and other countries in South Asia.

"Multilateral trade liberalisation has the potential to be globally welfare-enhancing. If, however, progress at that level remains slow, comprehensive regional trade agreements can help to lower tariff and non-tariff barriers and incorporate new areas like services."

Lagarde also called for policymakers of the region to respond to the challenges the global economy faces.

She recommended supportive monetary policy and growth-friendly fiscal measures to safeguard financial stability, and above all, structural reforms to boost competitiveness, growth and jobs.

Successfully dealing with these kinds of structural issues will not only support Asia's near- and medium-term prospects but also secure the foundations on which to unlock the region's exciting future potential, Lagarde added.

In his speech, Indian Premier Modi said his dream is of a Transformed India.

"I lay this dream alongside our common dream of an Advanced Asia -- an Asia where more than half of the global population can live with happiness and fulfilment."

"Our joint heritage and mutual respect, our common goals and similar policies, can and must create sustainable growth and shared prosperity."

He said many knowledgeable people have said the 21st century is, and will be, the Asian century.

Asia, where three out of every five people in the world live, is distinct in many ways, according to the Indian prime minister.

"Asian families tend naturally to save more

than people in other parts of the world. Thus, they invest for the future," he said, while referring to the theme of the conference.

Social stability built on strong family values is another feature of Asia's development.

Asians tend to leave things behind for the next generation, he said, adding that economists have commended on the saving ethic of Asian countries.

For instance, Asians tend to save to buy a house, rather than borrow to buy a house, he said.

Modi also touched upon the issue of reform of global institutions.

Reforms of global institutions have to be an ongoing process and must reflect the changes in the global economy and the rising share of emerging economies.

"Even now, the IMF quotas do not reflect the global economic realities. Change in quotas is not an issue of increasing the power of certain countries. It is an issue of fairness and legitimacy. The belief that quotas can be changed, is essential for the fairness of the system."

For poor nations to respect the legitimacy of such institutions, they must be able to aspire and to hope, he said, adding that he was happy that the IMF has decided to finalise the next round of quota changes by October 2017.

At another session, Melinda Gates of Bill and Melinda Gates Foundation said empowering women is the smart thing to do.

She also advised on investing in the health sector as one dollar of investment in health gives returns of \$9.

Establishment of SARTTAC

The centre, which will be based in the Indian capital, will provide training to government and public sector employees.

It will enhance their skills and improve the

quality of their policy inputs. It will also provide technical assistance to governments and public institutions, said Modi.

"This will be the first centre that fully integrates training and technical assistance and is a model for our future capacity development work," Lagarde said.

It is expected to become the focal point for planning, coordinating and implementing the IMF's capacity development activities in the region on a wide range of areas, including macroeconomic and fiscal management, monetary operations, financial sector regulation and supervision and macroeconomic statistics.

The centre will also help address the existing training needs and respond to the demands for IMF training in India, Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka.

"It is the beginning of a good initiative. We will be the beneficiaries of the centre," said Bangladesh Bank Governor Atiur Rahman, who was present at the programme.

The centre will offer courses and seminars for policymakers and other government agencies from the six countries, according to the IMF.

It will build upon the IMF's experience with capacity development by drawing on the experiences of the IMF's Regional Technical Assistance Centres and Regional Training Centres, which have a proven track record of delivering technical assistance on economic institution building.

Funding will come from contributions by regional member countries and development partners.

The Australian Agency for International Development, the Republic of Korea and India pledged financial support for the centre, it added.



Raquibul Kabir, managing director of Union Group, and Dilip Kumar Agarwal, managing director of Diamond World, attend the opening of Mobile World, a shop of mobile phones of different brands, at Gulshan in Dhaka.

Questions over appointment of IT specialist at BB

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"The person who is maintaining the firewall as a consultant adviser is now investigating the issue," said AKM Nazrul Haider, president of Information Systems Audit and Control Association, Bangladesh, an organisation of IT governance professionals.

Mamun Rashid, country head of PwC, echoed the same.

"He is advising and making the firewall. It can't be," said Rashid, former country officer of Citi NA in Bangladesh.

Subhankar Saha, executive director and spokesman for the BB, said Asthana was recruited as a consultant as part of an ongoing project supported by the WB.

His involvement in the ongoing probe into the heist is an additional duty that he is carrying out along with his responsibility of the Finance Sector Support Project.

"The central bank regards him as a qualified person. He worked a lot on cyber security in the past. The board also approved his appointment," he told The Daily Star.

Previously, Asthana worked with the BB on behalf of the Washington-based lender.