

জীবনে প্রয়োজন আরো বেশি স্বাচ্ছন্দ্য
 সর্বাধুনিক প্রযুক্তি সম্বলিত ব্যাংকিং সেবায় মাসিক আয়ের সাথে বাড়তি আয় যোগ করুন আর জীবন করুন সুসমৃদ্ধ।

যে কোন প্রয়োজনে ০৯৬১২০০১১২২
 ইসলামাবাদ শাখা/শ্রী মাদারাবা নীতির ভিত্তিতে পরিচালিত



Star BUSINESS

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3 firms barred from investing abroad

BB sticks to its stance as Akij, Nitel, Ha-Meem seek nod

JEBUN NESA ALO

The Bangladesh Bank has maintained its adamant stance on allowing local businesses to invest abroad, recently turning down proposals from three industrial giants -- Akij, Nitel and Ha-Meem.

Akij Group proposed to invest \$20 million in Malaysia, Ha-Meem \$10 million in Haiti and Nitel \$7 million in Gambia to set up a bank.

Ha-Meem intended to invest in the island nation's garment sector to prop up its shipments to the US, while Akij wanted to buy a Malaysian company that produce fireboard and hardboard.

Between 2011 and 2016, the BB allowed nine businesses to undertake foreign investment from their export retention quota.

"Those investment amounts were not as large as the ones being proposed by the three groups," said a senior executive of the BB. The central bank has now sought the finance ministry's opinion on the matter, he said.

"The proposals are too big for the BB to approve on its own as per the foreign

exchange guideline," the official added.

In its review on the proposals, the central bank said both the remittance and export, the two main sources of foreign currency for Bangladesh, are on the slow lane.

In the first eight months of fiscal 2016-17, remittance slumped 17.6 percent year-on-year to \$8.11 billion, according to data from the BB.

Export earnings in February stood at \$2.72 billion -- down 4.49 percent year-on-year and 21.49 percent month-on-month.

Though the country's foreign currency reserves are healthy, the government is planning to form a sovereign wealth fund with sum, the review said.

As of February, foreign exchange reserves stood at \$32.55 billion -- enough to honour at least seven months' import bills.

Moreover, the government plans to set up 100 economic zones that it plans to fill up with local and foreign investors alike.

"So, local investors should not be allowed to invest abroad when they have huge opportunities to invest in the country," the report added.

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BJMC takes up Tk 568cr project to make denim

SOHEL PARVEZ

Bangladesh Jute Mills Corporation (BJMC) has designed a Tk 568 crore plan to establish a composite jute textile plant to make fabrics, particularly denim.

The denim fabrics will be made by mixing jute and cotton to meet the rising demand, both at the domestic and global markets.

The state-run corporation said it has already received the approval from the project evaluation committee of the planning ministry.

The project is now awaiting the final approval from the Executive Committee of the National Economic Council.

"We have found that this project will be profitable," said Mahmudul Hassan, chairman of BJMC, which operates 26 jute mills.

Over the years, hessian fabrics and jute sacks have been dominating BJMC's annual production basket. The latest step was taken to diversify the production basket and expand market opportunities for the natural fibre, officials said.

BJMC, which accounted for one-fifth of total production of jute goods of 9.63 lakh tonnes in fiscal 2015-16, has also taken an initiative to set up new production units to make more diversified products including viscose, said Babul Chandra Roy, an adviser of BJMC.

Home textiles will also be produced at the



BY THE NUMBERS

- Global denim market will hit **\$64b** by 2020
- In 2014, the size of global denim market was **\$56.20b**
- Bangladesh has **30** denim mills
- Their collective production capacity is **435m** yards a year
- The demand for denim in Bangladesh is **800m** yards a year
- BJMC's unaudited losses stood at **Tk 619cr** in 2015-16, down from **Tk 726cr** a year ago

composite jute garment factory, which will be set up on seven acres of land in Demra, Roy said.

"Globally, there is a huge demand for denim. Our aim is to cater to the demand," he said.

The global denim market is expected to hit \$64 billion by 2020, according to Bangladesh Denim Expo that takes place twice a year. In 2014, the size of the global denim market was \$56.20 billion.

Currently, Bangladesh has 30 denim mills whose collective production capacity is 435 million yards a year against the demand for 800 million yards a year, according to Bangladesh Denim Expo.

"There is a huge supply gap for denim fabrics," Roy said, adding that an estimate on fabric production from jute and cotton is yet to be prepared.

The price of a kilogram of jute is now Tk 50, but value addition will bring higher prices for the state mills, he added. The prime minister has already given consent in principle to the project, said Hassan of BJMC. "We want to start work for the venture from this year," he added.

Between fiscal years 2007-08 and 2015-16, BJMC has incurred losses in all years except in fiscal 2010-11, when it posted Tk 17.5 crore profit. BJMC's unaudited losses stood at Tk 619 crore in 2015-16, down from Tk 726 crore the previous year, according to its annual report.

Innovate product, design to move up

Fashion expert says

STAR BUSINESS REPORT

Apparel exporters in Bangladesh should invest on design and product innovation without any delay to move up the global value chain and get better prices, said a top executive of a US-based fashion marketing and consulting firm.

"Time is running out for Bangladesh," Prasenjit Tito Chowdhury, chief executive of FashionNXT, told The Daily Star in an interview recently.

At present, a Western buyer purchases a product at \$2 from Bangladeshi manufacturers and retails it at \$25 just because of the country's shortcomings in innovative designs and failure to add value to the products, he said.

If the country fails to deal with the value chain issue sooner, the international buyers will continue to squeeze exporters further.

Chowdhury said he has urged Bangladeshi entrepreneurs to focus on design and product development but they do not seem to be very enthusiastic.



Prasenjit Tito Chowdhury

"Collective initiatives from entrepreneurs, universities and the government are needed. Otherwise, we will continue to rely on Western buyers for designs."

Value addition through design and product development should be a survival strategy for Bangladesh's garment sector, said Chowdhury, a graduate of the prestigious Bangladesh University of Engineering and Technology.

"If we don't do it, we will lose markets to our competitors and face further pressure from buyers."

The governments of China, India and the Philippines promote their designers at the global stage in a big way, Chowdhury said.

Countries such as Vietnam, Cambodia and even Myanmar are coming up and building their own value chain to fetch better prices for their products.

"But there is no such effort from Bangladesh. We need initiative and a plan -- we have to go to the outside world to tell them about our apparel industry and products."

Chowdhury went to the US in the mid 1990s, where he worked at Intel for 15 years on high-speed microprocessor circuit design.

At the US technology company, he learnt about all types of digital circuit design, which encouraged him to join FashionNXT in 2006.

FashionNXT has become a well-known showcase and brand enhancement platform for fashion, lifestyle and technology companies in the US. It organises fashion weeks in Portland in October every year.

At the event designers from all over North America unveil their next season's collections.

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MA Mannan, state minister for planning and finance, and Zunaid Ahmed Palak, state minister for ICT, attend a pre-budget discussion in Dhaka yesterday.

Govt devising ways to offload shares of state companies

High-profile meeting tomorrow

SARWAR A CHOWDHURY

The government is devising ways to offload state-owned companies' shares as well as its stakes in multinational firms that are operating in Bangladesh.

Finance Minister AMA Muhith is expected to attend a high profile meeting tomorrow in this regard.

Secretaries, Chairman of Bangladesh Securities and Exchange Commission, and representatives of the Civil Aviation Authority, the Bangladesh Bank, the Dhaka and Chittagong bourses and the Investment Corporation of Bangladesh will attend the meeting.

The purpose of the meeting is to discuss how funds can be raised from the capital market through listing of state-owned companies as well as offloading of government stakes in different multinational companies, said a senior official of the finance ministry.

The issues of share offloading and listing of some 45 companies including state-owned enterprises and multinational companies where the government has significant stakes will also be discussed.

Additional share offloading of the already listed state-owned companies such as Titas Gas, Padma Oil,

Eastern Lubricants, Desco, Power Grid Company, Meghna Petroleum, Jamuna Oil, Usmania Glass and Atlas Bangladesh will also be discussed, he added.

The listing of state-owned companies in the stockmarket is a long discussed issue; the government in January 2010 had selected 26 state companies and instructed them to offload shares in the next six months, but it never materialised.

Titas Gas Transmission and Distribution Company was the last state-owned company to be listed on the stockmarket in 2008.

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Software exporters demand 20pc cash incentive

STAR BUSINESS REPORT

The government should offer 20 percent cash incentive on the export of software and IT-enabled services, leaders of ICT trade bodies said at a pre-budget discussion yesterday.

They also demanded withdrawal of the 15 percent value-added tax on internet use in the next budget.

On behalf of the stakeholders, Sami Ahmed, component team leader of the government's Leveraging ICT project under the ICT division, placed the demands at a meeting organised by Bangladesh Computer Council.

State Minister for Planning and Finance MA Mannan said they will take these demands into consideration before finalising the budget for fiscal 2017-18.

Mustafa Jabbar, president of Bangladesh Association of Software and Information Services, said there are several export-oriented industries that are currently enjoying cash incentives.

In its seventh five-year plan, the government gave the ICT industry a target to earn \$1 billion by 2018 and \$5 billion by 2021. In 2014, the industry earned \$445 million and so far this year, the amount crossed \$700 million.

Leaders of Bangladesh Association of Call Centre and Outsourcing (BACCO), which is mostly engaged with export of IT-enabled services, said internet is their lifeline and withdrawal of VAT would give the sector a boost.

"We want withdrawal of VAT on individuals' internet use as well. But if that is not possible, we want VAT withdrawal from the use of internet in business," said Towhid Hossain, general secretary of BACCO.

The ICT industry placed the demand to withdraw VAT from all internet use last year as well, but the government did not grant it in the current budget.

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Cabinet okays draft textile act

STAR BUSINESS REPORT

The cabinet yesterday approved the draft Textile Act-2017 to bring the apparel sector under a legal framework as industries operate as per government's executive orders.

All industries related to the textiles sector, such as garment production and marketing, must be registered with the Directorate of Textiles, Cabinet Secretary Mohammad Shafiq Alam told reporters after a cabinet meeting at the secretariat.

The directorate will look after, supervise and monitor the textiles industries, he added. As per the draft act, entrepreneurs will have to obtain a licence from the direc-

torate to set up any textile or apparel unit.

Besides, authorised officers will have the power to collect samples from the market and verify the standard of any imported textile raw material, such as colour or chemicals.

The cabinet also gave consent to the draft Expatriate Welfare Board Act-2017. The act has been formulated in line with international laws and conventions on the protection of migrants and their family members.

The proposed law will enable migrant workers to seek assistance and cooperation when they face troubles such as illness and death.

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