

India brings no cheer to garment exporters

REFAYET ULLAH MIRDHA

Garment exports to India declined in fiscal 2016-17 thanks to 12.5 percent counter-vailing duty by the neighbour, which negates the benefit of duty-free access, and the emergence of its own apparel manufacturing industry.

Last fiscal year, garment shipments to India, a market of more than \$40 billion, fetched \$129.81 million, down 4.85 percent year-on-year.

The development is in contrast to expectations: exports were supposed to increase manifold for geographical proximity, Bangladesh's competitive advantage in this field and India's burgeoning middle-class.

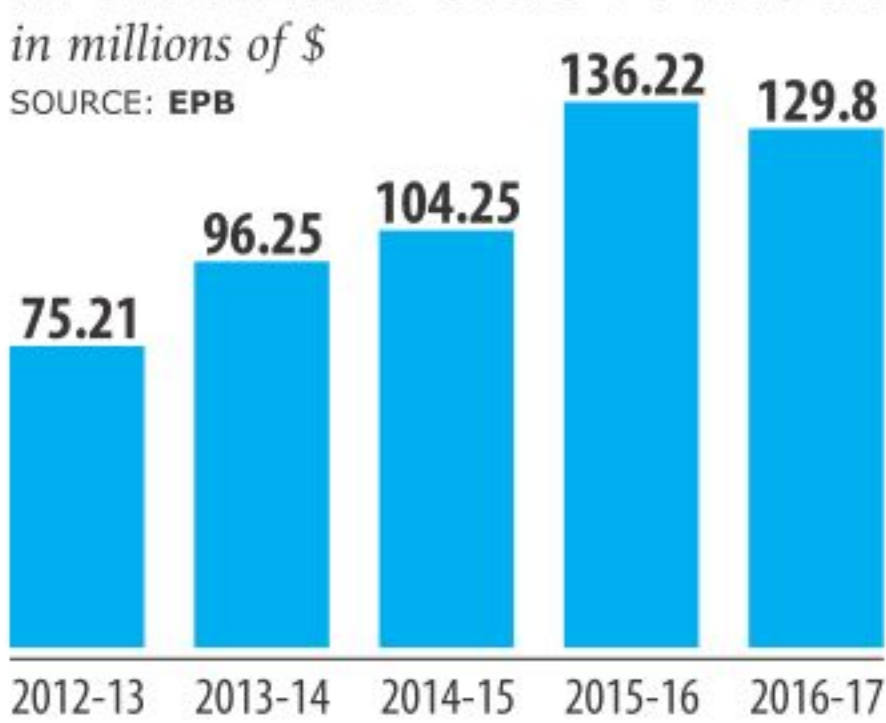
"We have a very good market in India, but we cannot utilise the potential due to price competitiveness," said Mohammad Hasan, executive director of Babylon Group, a leading garment group.

Babylon Group sent garment products worth \$1.67 million in 2015 and \$1.6 million in 2016. The number this year will be lower, he said. "Export of garment from Bangladesh is not increasing as the Indian manufacturers are also producing the same clothes at cheaper rates."

Plus, the Indian importers are not interested in bringing in garment items from Bangladesh for the 12.5 percent counter-vailing duty (CVD), an import tax imposed on certain goods in order to prevent dumping or counter export subsidies.

"It is my observation that if we can utilise the giant Indian and Chinese markets, our garment exports will boom," Hasan added. Apart from CVD, the Indian government has been subsidising its gar-

APPAREL EXPORTS TO INDIA



ment makers, said Faruque Hassan, vice-president of Bangladesh Garment Manufacturers and Exporters Association.

So determined the Indian government is in seeing its garment sector thrive on the global stage that it changed an old law.

Previously, the Indian government did not allow the big industrial groups to invest in the garment manufacturing industry, which it changed a few years ago.

The big industrial groups no longer need to restrict their investment to the backward industries like textile, chemicals, printing, dyeing, weaving, spinning and finishing; they can also set up garment manufacturing factories, Hassan said.

As a result, the Indian garment sector has been growing in stature every year and its market share worldwide is also increasing.

"However, we should not look to India as our competitor as we also import a lot of raw materials like cotton, chemical products, fabrics and yarn from them for our garment sector," Hassan added.

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Tidal surge, rains damage Ctg wholesale hubs

DWAIPAYAN BARUA, Ctg

Traders in Khatunganj and Chaktai, major wholesale hubs in Chittagong, are staring at losses of about Tk 50 crore after shops were beset by four feet of water yesterday.

Patenga Met Office recorded 99.8mm of rainfall in the 24 hours to 3pm and there was a tidal surge too.

Water entered nearly 2,000 shops and warehouses, damaging large quantities of perishable goods such as onion, garlic, rice, lentil, sugar, tea, spices and others.

"Even establishments that survived unscathed during the 1991 cyclone were affected," said Syed Sagir Ahmad, general secretary of Khatunganj Trade and Industries Association.

He estimates the losses would be to the tune of several crores this time.

On June 12, traders in Khatunganj, Chaktai and adjoining Asadganj on both sides of the Chaktai canal had suffered the same problem because of a tidal surge caused by depression in the Bay of Bengal.

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Onion traders at Khatunganj in Chittagong stand in nearly knee-deep water around noon yesterday, the effect of a tidal surge coupled with downpour since the early hours.

Skills dearth to dent development: study

STAR BUSINESS REPORT

Bangladesh already faces a shortage in the supply of skilled and semi-skilled workers in every sector and the situation could worsen in the coming decade if proper measures are not taken, denting the country's development aspirations, says a new study.

"Labour Market and Skill Gap in Bangladesh", a report on the study, showed that the labour supply is projected at 64.8 million in 2016 and 82.9 million in 2025, a 78 percent increase in a decade.

Meanwhile, labour demand will increase from 63.5 million to 88.7 million, it said, adding that from 2021, demand would exceed supply.

The study was unveiled at a programme at the finance ministry in Bangladesh Secretariat yesterday.

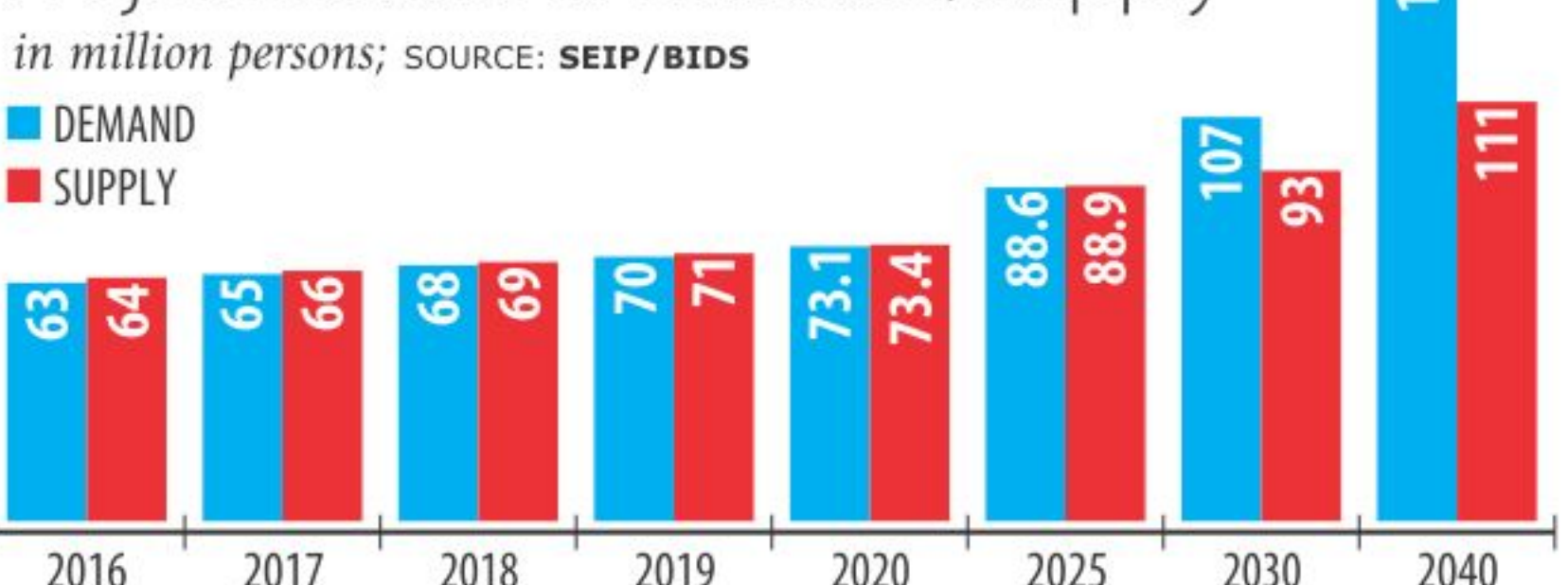
The Bangladesh Institute of Development Studies (BIDS) carried out the study on behalf of the ministry's Skills for Employment Investment Program.

BIDS Director General KAS Murshid presented the highlights in a presentation.

On skills gap, he said, "The scale of the problem is enormous and set to get even bigger!"

He said innovative supply-side approaches are needed as traditional

Projected labour demand/supply



Bank Asia, UNDP team up for social safety net payments

STAR BUSINESS DESK

Bank Asia has recently teamed up with the United Nations Development Programme (UNDP) to provide the village population with easier access to social safety net payments.

This new partnership aims at bringing financial safety payments and financial services at a doorstep, including providing financial literacy, the bank said in statement yesterday.

"This is a prime example of the private sector designing inclusive business models and services moving beyond corporate banking business," said Md Arfan Ali, president and managing director of Bank Asia.

"The partnership will expand bank account adoption, consequently accelerating the pathway out of poverty for approximately 10,000 people in the first two years." "Poverty reduction is the core mission of Bank Asia," A Rouf Chowdhury, chairman of the bank, said at the programme.

"In line with this, our bank has been working all over the country for financial inclusion of unbanked population using its digital banking platform and thus trying to make a tangible turn in the development of national economy."

The initial pilot phase of this project will run for a period of one year and cover one district, according to the statement.

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Millers, wholesalers to blame for rice price spiral: USDA

SOHEL PARVEZ

Millers and wholesalers have mainly pushed rice prices higher, cashing in on supply shortages owing to floods and blast attack on the recently harvested boro rice, according to the US Department of Agriculture.

But some of the millers and wholesalers admitted that many of them slowed down purchasing and milling operations to let prices climb, said the agency in its Bangladesh Grain and Feed Update that was released on July 19.

Flooding damaged over one million tonnes of boro rice crop across 400,000 hectares of wetlands, locally known as haor, in the northeastern regions and lowlands in nine districts, according to the USDA.

The loss was aggravated by a fungi or neck blast attack on a limited area of boro rice crop in several northern and southern districts of the country, it added.

Subsequently, the USDA lowered its boro rice production estimate to 17.8 million tonnes.

The damage from flooding reduced harvests enough to drive the farm gate prices of paddy up 29-60 percent last year.

The surge was further fuelled by some traders hoarding paddy to drive prices even higher. Despite the higher farm gate prices for paddy, farmers had small net margins after deducting losses caused by the flooding and disease.

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Banks susceptible to cyber threats: analysts

STAR BUSINESS REPORT

Bangladesh's banks remain vulnerable to cyber threats as hackers continue to target financial institutions exploiting modern technology, analysts said yesterday.

Hackers attack computers worldwide every 39 seconds, according to Rubaiyyat Aakbar, an IT expert.

"Banks and financial institutions are the prime targets of hackers and Bangladesh is not immune from this threat," he said.

Aakbar made the comments at a workshop styled 'Cyber threat readiness for bankers' jointly organised by the Bangladesh Institute of Bank Management (BIBM) and Trans IT Solution, a local information technology firm, at the BIBM headquarters in Dhaka.

Ransomware alone caused financial losses to the tune of \$1 billion last year, he said quoting a report published by Cybersecurity Ventures, the world's leading researcher and publisher covering the global cyber economy.

Damages would be far higher in the days to come due to malware, which infects computers and restricts their access to files and often threatens permanent data destruction unless a ransom is paid, Aakbar said.

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MasterCard awards Ramadan campaign winners

STAR BUSINESS DESK

MasterCard awarded the winners of its campaign—Experience Paris with MasterCard—yesterday at a programme at Pan Pacific Sonargaon in Dhaka.

During the campaign throughout the month of Ramadan, the customers earned points for any retail or online transaction of Tk 1,000 or above with their MasterCard branded credit, debit and prepaid cards.

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