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# Star BUSINESS

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## Final talks on \$4.5b new Indian credit start today

Indian Finance Minister Arun Jaitley due in Dhaka next month

REJAUL KARIM BYRON

Bangladesh and India are set to start the final round of negotiations for the neighbouring country's latest commitment of \$4.5 billion line of credit in Dhaka today.

The negotiations will include representatives from the Indian side, officials of the Economic Relations Division and the concerned ministry, said a finance ministry official.

Indian Exim Bank has already sent a draft agreement, which has been vetted by the various ministries and divisions.

The terms and conditions will be the same as the previous two lines of credit extended by the neighbouring country in August 2010 and March last year of \$1

billion and \$2 billion respectively.

The previous credits carry 1 percent interest rate with repayment period of 20 years and a grace period of five years.

One of the conditions of Exim Bank is that the size of the import content of the credit line will be 75 percent of the overall procurement in case of goods. However, in case of public works, the limit is 65 percent.

Another condition is that contractors will come from India but they have to win the contracts through competitive bidding.

The line of credit can be used for consultancy if the services are taken from India. Bangladesh though will have the opportunity to take consultancy service from elsewhere for the projects but on its own expense.

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## UNPAID DEBTS Computer Source's property put up for sale

MUHAMMAD ZAHIDUL ISLAM

Union Capital Ltd has put up some property of Computer Source for sale after the country's top computer vendor failed to pay back its loans amounting to Tk 29.47 crore.

The financial institution recently published an advertisement in a newspaper to sell two plots of 8.25 decimal each with duplexes on them in the capital's Khilkhet area.

Interested parties can submit their offer for the property on road number 7 of Pink City Xenovalley by October 2, according to the advertisement.

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## Be tech-savvy to be more competitive McKinsey advises garment makers

REFAYET ULLAH MIRDHA

Digitisation of sales and marketing would be a key factor in becoming more competitive in global apparel trade as shoppers are progressively moving online, said American management consultancy firm McKinsey and Company.

Online apparel sales accounted for more than 14 percent of the industry's total sales in 2016, up from just 5 percent in 2010, the survey said.

McKinsey prepared the biennial survey based on interviews of chief purchasing officers (CPOs) of top 63 global garment retailers that buy apparel items worth \$137 billion a year.

"Digitisation will be the next sourcing country," the survey said.

But the apparel industry is still at the beginning of its digitisation journey; companies need to accelerate digitisation and integrate it into their broader transformation.

Digitisation will support them in improving predictability, efficiency, decision making and accuracy -- not just

**AT A GLANCE**

- Chief purchasing officers (CPOs) want price reduction by **5pc** and lead-time cut by **2 weeks**
- Online apparel sales jumped more than **14pc** in 2016
- 63** CPOs who buy apparel items worth **\$137b** a year were interviewed
- Digitisation of sourcing processes was ranked among the top three focus areas for almost half of **63** CPOs
- 21pc** of CPOs pinpointed digitisation as their most important topic
- Bangladesh will remain their top choice for sourcing apparel items in next five years

in sourcing but throughout their business.

"The time to start is now."

The survey also found that some companies are already making exciting progress with digitisation -- to reduce lead times, boost innovation and collaboration, and better understand and serve customers' needs.

Empowered by the vast choice the web offers -- and the ability it gives to compare products and prices -- today's shoppers are much savvier and pickier than their cousins of yesteryear, the survey said.

New, online fast-fashion players are targeting today's fickle consumers and quickly gaining ground. "So, competition is increasing throughout the industry."

Through digitisation of sales and marketing, the CPOs also said they want to reduce 5 percent price on freight on board and average two weeks of lead-time.

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A worker monitors the production of multilayer motherboards, most of which would be used in handsets to be assembled at this factory of Walton. The company hopes to make the devices available at the end of this year.

## Walton kicks off trial assembly of handsets

MUHAMMAD ZAHIDUL ISLAM

Local handset brand Walton has started assembling smartphones on a trial basis at its own plant in Gazipur with hopes of starting commercial production from the first week of October.

Customers will get the first locally assembled handsets from Walton at the end of this year, said Uday Hakim, senior operative director of Walton Group.

State Minister for Telecom Tarana Halim is scheduled to officially inaugurate the first handset plant of the country on October 5.

"Initially we planned to assemble six types of smartphones and that is undergoing a testing process," said

Hakim.

The group will assemble the handsets under a company named Walton Dig Tech Ltd. An application has already been submitted to Bangladesh Telecommunication Regulatory Commission (BTRC) a couple of months ago to get a certification in this regard.

The BTRC last month issued a directive on assembling handsets locally.

Before that the government slashed customs duty for mobile components meant for local assembling by a whopping 36 percentage points to 1 percent and doubled it on handset imports to 10 percent and that also helped local entrepreneurs go for assembling plants.

With Walton, other brands like Symphony are also getting prepared in earnest to assemble mobile phones domestically, which would have the effect of substantially bringing down prices in Bangladesh.

The government said the scope to set up manufacturing or assembly plants would provide local entrepreneurs the opportunity to invest in technology, creating jobs and opening up export opportunities.

Hakim said their ultimate target was to assemble around 50 lakh handsets in a year but initially they would go a bit slow and assemble two to three lakh handsets per month.

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## Telcos re-raise concerns over 4G guideline

STAR BUSINESS REPORT

Mobile operators have once again sought government permission for using local funds to invest in 4G services, something barred in a draft guideline despite being allowed at a July 18 meeting with Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy.

The operators pointed out the issue at a meeting with State Minister for Telecom Tarana Halim at her office yesterday.

In the guideline, Bangladesh Telecommunication Regulatory Commission (BTRC) recommended mandatory sourcing of all investment for 4G services from abroad.

Three private operators also raised concerns over a rule stipulating that permission be sought from the regulator prior to running activities under corporate social responsibility.

"It will create a new window of corruption as we have to take no objection certificate from BTRC," said a top executive of a mobile operator present at the meeting.

Operators say their operation costs would increase and services become costlier for another regulation which binds them to retain subscribers' usage data for 12 years.

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## Jute millers fearful of plastic packaging of rice

STAR BUSINESS REPORT

Jute millers and traders are apprehensive that permitting use of plastic instead of the natural fibre in rice packaging would hurt farmers and affect the jute sector's revival.

**KEY POINTS**

- Ministers last week promised relaxing rules on mandatory rice packaging with jute
- Stakeholders say investment from loans, numerous jobs under threat, growers to be discouraged
- Reusability makes jute bags cheaper than those of plastic
- Per maund raw jute price fell to **Tk 1,200-1,700** from **Tk 1,400-1,900** year-on-year
- Some **40 lakh farmers, 150,000 workers** engaged in jute industry

The use of jute bags has increased with many handlooms and power looms in jute mills having started making bags to cater to rice millers.

Many entrepreneurs have installed modern machines with loans from banks after the enactment of the law and employed many people, said BJMA.

The jute sector has been on a turnaround thanks to the use of jute sacks in rice packaging, said BJMA Chairman Muhammad Shams-uz-Zoha.

"So, if people revert to plastic bags, the jute sector will seriously be affected," he said, warning that many people would lose jobs.

Shams-uz-Zoha said farmers may even feel discouraged to grow the natural fibre if they do not get fair prices.

The government is yet to issue any notification on relaxation of the use of jute bags for rice packaging for the time being.

"We are yet to receive any instruction to this effect," said a senior official of the textiles and jute ministry yesterday.

Operators said jute bags for rice packaging are available. Besides, the cost of jute bags will be less than that of plastic bags as a jute sack can be used several times, said BJMA.

"Farmers will be able to survive if the use of jute bags continues," said Quayyum.

Prices of raw jute fell to Tk 1,200-1,700 a maund this year from Tk 1,400-1,900 the previous year, according to Quayyum.

The suspension of the mandatory use of jute bags will affect prices of the natural fibre under these circumstances, he said.

Quayyum said the use of jute in mills increased to 45-60 lakh bales from 40 lakh bales earlier owing to the implementation of the mandatory packaging law.

The jute industry involves about 40 lakh farmers and 150,000 workers.

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