

DSEX
▼ 0.54%
6,108.57CSCX
▼ 0.41%
11,494.67Gold
\$1,286.20
(per ounce)Oil
\$50.90
(per barrel)MUMBAI
▼ 0.28%
31,833.99TOKYO
▲ 0.28%
20,881.27SINGAPORE
▼ 0.15%
3,286.71SHANGHAI
▼ 0.33%
3,363.12USD
BUY TK 81.00
SELL TK 82.50EUR
94.92
98.52GBP
106.10
109.70JPY
0.71
0.75

BUSINESS

DHAKA THURSDAY OCTOBER 12, 2017, ASHWIN 27, 1424 BS

GLOBAL APPAREL TRADE

India fast catching up with Bangladesh

REFAYET ULLAH MIRDHA

The Indian government's massive stimulus package of Rs 60 billion, or \$894 million, for boosting its garment sector is bearing fruit as the neighbouring country is progressively eating into Bangladesh's share in global apparel trade.

For instance, India last year was the third biggest exporter of garment items to the US, which happens to be Bangladesh's single largest export destination.

In the first eight months of this year, India climbed up to the second spot, while Bangladesh slipped from the fourth position to the sixth, according to the US Department of Commerce.

"The rise of the Indian garment industry's competitiveness means we are losing our work orders to some extent," said Siddiquur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association.

Thanks to the stimulus package, Indian manufacturers can offer lower prices and are fast catching up with their Bangladesh counterparts.

In 2016, India's share in the global apparel trade was 4 percent and Bangladesh's 6.4 percent, according to World Trade Organisation.

"Moreover, the Indian rupee has devalued a lot against the dollar," Rahman said.



KEY POINTS

India offered a Rs **60b** stimulus package

India exported garment items worth **\$17b** last fiscal year with a growth rate of **15pc** year-on-year

Bangladesh's apparel export was **\$28.14b** last year; growth was **0.20pc** year-on-year

Bangladesh is the second largest garment exporter globally while India is the fourth

India's apparel exports last fiscal year stood at \$17 billion, up 15 percent year-on-year.

In contrast, Bangladesh, despite even being the second largest garment exporter after China, shipped items worth \$28.14 billion, an increase of just 0.20 percent from a year earlier.

India's garment shipments are expected to grow between 15 percent and 18 percent this fiscal year to \$20 billion, The Economic Times quoted Rahul Mehta, president of the Clothing Manufacturers Association of India, as saying.

The US market, which accounts for 30 percent of India's apparel export, is doing reasonably well, he said, adding that South America, Europe, Middle East and Japan also hold good export potential.

However, economists are not in favour of giving such direct stimulus package to the Bangladeshi garment industry as it is a matured sector now.

"The sector should learn to survive on its own," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

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Cheque frauds on the rise

BB asks banks to install cheque fraud detection machines

AKM ZAMIR UDDIN

Cheque frauds remain one of the major challenges facing banks right now despite a decline in its usage in recent times due to the option of technology-driven alternative payment channels.

To combat the fraud, the Bangladesh Bank has recently asked all banks to install fraud cheque detection machines in all their branches as the employees fail to identify fraudulent cheques with their naked eye.

The central bank's instruction came last month after a meeting with the chief executives of all banks.

"Rising cheque frauds erode the clients' confidence in the banking system," said a BB official.

Clients filed 10 allegations of cheque frauds with the BB during the July-September period, according to data from the central bank. Previously, the BB did not segregate cheque fraud complaints from the rest.

The BB officials said the number of frauds would be much higher as the banks often resolve the complaints before customers go to the central bank.

A rise in complaints relating to cheque frauds has forced the central bank to separate the complaints from other frauds from July this year, they said.

"Many non-resident Bangladeshis has become the victims of cheque frauds in recent months. We are investigating one such stunning case of a person who lives in Japan," said another BB official.

The client deposited Tk 15 lakh with a foreign bank in Chittagong before leaving the country in 2005.

The expatriate Bangladeshi has recently learnt that Tk 14.50 lakh had been withdrawn from his account by way of cheques. Subsequently in June, he lodged a complaint with the central bank.

Earlier in 2011, the BB asked all banks to introduce the Magnetic Ink Character Recognition, known as MICR, to avert frauds.

A MICR-cheque has seven characteristics including microprint, erasable ink, chemical sensitivity and MICR code line.

But MICR-encoded cheque alone could not stop frauds.

At the bankers' meeting, Subhankar Saha, executive director and spokesman of BB, said some banks did not follow the BB's guidelines on cheque design, which gave the fraudsters an opening to embezzle depositors' money.



Empty ammonia cylinders are seen at Jamuna Fertiliser Company Ltd in Jamalpur.

Ammonia crisis hits factories hard

Key producer stopped supply on Aug 21

ABM AMINUL ISLAM, Jamalpur

Factories reliant on ammonia have been hit hard since August 21 when the biggest supplier of the gas Jamuna Fertiliser Company stopped its delivery after a team of the Anti-Corruption Commission found anomalies in the gas distribution system.

Jamuna started urea production at Sarishabari upazila in Jamalpur in 1991 and began selling its surplus ammonia, which is also the state-run company's intermediate product, in 2014.

The anti-graft watchdog found that the fertiliser company was deliv-

ering ammonia cylinders among dealers violating rules.

At least 35 export-oriented fish processing industries, mostly shrimp, in Khulna, Chittagong and Dhaka divisions that rely on the gas to run their refrigeration system are facing serious troubles now.

The crisis is now forcing cold storages in Munshiganj and milk factories in Sirajganj's Baghabari, Dhaka's Mirpur and Faridpur's Tekerhat to consume more electricity to keep the refrigeration system running.

Five glass factories and 10 latex industries are now in dire need of ammonia as they in no way can go for manufacturing without the gas.

Ice factories which use ammonia to preserve Hilsa and other sea fishes may have to bear the brunt if the gas shortage persists after October 22 when the ban on fish catching ends.

There is a monthly demand of

6,000 to 7,000 cylinders filled with 50kg liquid ammonia in peak season and 3,000 to 3,500 cylinders in off-peak season, according to Zakir Hossain, general manager for commercial at Jamuna Fertiliser.

The company used to have as much as 11 to 12 tonnes of surplus ammonia a day— enough to fill up 220 to 240 cylinders—after reaching its urea production target.

The factory has a capacity to fill up 120-170 cylinders, which it used to sell to the dealers at Tk 2,000 each before August 21, said Mahbubul Alam, deputy manager for commercial at Jamuna Fertiliser.

Rezaul Haque, managing director of Modern Seafood Industries Ltd in Khulna and a director of Bangladesh Frozen Foods Exporters Association, said his factories require 30 to 40 cylinders of ammonia a month.

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Bangladesh to import 1.5 lakh tonnes of rice from Myanmar

REJAUL KARIM BYRON

Heidelberg Cement is set to invest Tk 92.52 crore of its own funds on a new grinding mill, but the disclosure yesterday failed to stem the sliding share price as investors view the plan as a drag on the cash flow.

The cement manufacturer's shares closed yesterday at Tk 409, down 2.71 percent from the previous day.

The company had a dismal third quarter: its profit slumped 61.59 percent year-on-year to Tk 9.7 crore.

Heidelberg's share price has been on a descent since September 11, when each share traded at Tk 440.20.

The new grinding mill, which will be Heidelberg's third, will increase the production capacity by 4.72 lakh tonnes a year.

Its existing capacity is 10.75 lakh tonnes, according to its posting on the Dhaka Stock Exchange website.

Headquartered in Germany, Heidelberg Cement is one of the world's largest building materials companies.

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However, the cabinet committee approved a proposal on August 30 to purchase 2.5 lakh tonnes of white rice from Cambodia which will require \$11 more per tonne.

Under similar arrangements, 1.5 lakh tonnes of parboiled rice will be imported from Thailand at \$465 per tonne and 1 lakh tonne from India at \$455 a tonne, said a food ministry official.

Prices under state-to-state arrangements are usually high but the govt opts for it as supply and better quality are ensured, said the official, adding that international market prices do fluctuate.

The purchases aim to raise food grain stocks which fell below 2 lakh tonnes following the loss of 20 lakh tonnes of the staple in flash floods in six north-eastern districts and fungal attacks (rice blast) in 19 districts during the boro season.

Thanks to recent government initiatives, rice stocks as of October 5 stood at 3.66 lakh tonnes.

Initially, the government decision was to import 9 lakh tonnes of foodgrains this fiscal year but it was later increased to 20 lakh tonnes -- 15 lakh tonnes of rice and 5 lakh tonnes of wheat.

The shortage has triggered rice imports both at government and private levels.

From July 1 to October 4, 10.78 lakh tonnes of rice was imported, with the government accounting for 2.94 lakh tonnes.

Stocks clock losses on rumours

STAR BUSINESS REPORT

Shares on the Dhaka Stock Exchange suffered losses again yesterday on rumours that the central bank may fine some more overexposed banks.

The broader DSEX index lost 33.24 points to close at 6,108.57.

Earlier on Monday, the key index fell 76.60 points, or 1.23 percent, to end the day at 6,128 because of a heavy selling pressure from retail investors.

It was the steepest single day slide since April 23 and came after Bangladesh Bank fined seven banks for flouting stock rules.

But the market bounced back the following day with the DSEX advancing nearly 13 points.

It also started the day with a positive note and at 11.43am, the broad index reached 6,214.67 points. The market, however, failed to sustain the momentum at the end.

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ICT expo kicks off in Dhaka next week

STAR BUSINESS REPORT

A three-day exposition of ICT hardware will begin in Dhaka on October 18, organisers said yesterday.

Bangladesh Hi-Tech Park Authority and Bangladesh Computer Samity will jointly organise the Bangladesh ICT Expo, the largest hardware exhibition in the country, at Bangabandhu International Conference Centre in the capital.

The organisers announced the schedule of the event at a press conference at the auditorium of the ICT Division.

Firms will showcase products and the government will demonstrate its advancement in the field to attract new entrepreneurs.

The event will mark the entry of international online payment gateway PayPal to Bangladesh; Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy will announce the launch of the service on October 19.

Speaking at the briefing, State Minister for ICT Zunaid Ahmed Palak said the government has already tested the service at different banks.

PayPal's services will be available through nine banks, including Sonali and Rupali, on the first day of the inauguration, which will pave the way for hassle-free trans-borders electronic money transfers.

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