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DHAKA THURSDAY MAY 3, 2018, BAISHAKH 20, 1425 BS starbusiness@thedailystar.net

LOSS IN FARM LOAN DISBURSEMENT

STOCKS

CSCX

DSEX

## Rakub seeks Tk 224cr as compensation

AKM ZAMIR UDDIN

Rajshahi Krishi Unnayan
Bank (Rakub) has sought
compensation of Tk 224
crore from the government
for incurring losses from
disbursing farm loans at

the interest rate set by the

Bangladesh Bank.
The state-run specialised lender said it had incurred huge losses from fiscal 2013-14 to fiscal 2017-18 as the central bank had slashed the interest rate on farm loans several times.

Huge competition now prevails among private banks over funds, which has compelled the specialised bank to collect the deposit at rates as high as 8.50 percent, it said in a letter to the finance ministry on March 3.

But, the bank has to disburse farm loans at 9 percent interest rate in line with the central bank's instruction.

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### SURVEY ON ETHICAL COMPLIANCE IN APPAREL

2015

### Bangladesh tops China, India

**CURRENCIES** 

SHANGHAI

REFAYET ULLAH MIRDHA

COMMODITIES

Bangladesh overtook China and India in ethical compliance in apparel segment on the back of improved workplace safety following pressure from international inspection and remediation agencies, according to a new survey.

"In particular, ethical scores in Bangladesh rose by an average of 15 percent during the past 12 months," said AsiaInspection in its first quarterly report of 2018 released last month.

This was likely reflecting the continuous

pressure to improve put on Bangladesh's textile and apparel manufacturers by the industry groups formed after the Rana Plaza collapse in 2013, it added. Hong Kong-based AsiaInspection is a global

leading quality control and compliance service provider that partners with brands, retailers, and importers around the world to secure, manage and optimise their supply chain. Particularly, after the collapse, there is no scope to run businesses without ensuring qual-

scope to run businesses without ensuring quality and ethics, said Mahmud Hasan Khan, vice president of Bangladesh Garment Manufacturers and Exporters Association, while commenting on the survey.

This is because all renowned retailers and brands such as H&M, C&A, Walmart, Marks & Spencer and JC Penney source from Bangladesh in bulk, he told The Daily Star.

More than 80 percent of the garment business is run through strategic partnerships with 2015-2018 AVERAGE
AUDIT SCORES

Bangladesh — China — India

renowned brands, according to Khan.

He said if any kind of unethical and non-

2016

compliant things are found in the supply chain of global apparel business, retailers and brands have to explain it to their customers.

SOURCE: ASIAINSPECTION

2017

2018

Every form of compliance related to social and environmental issues, production, workers' welfare, workhour and working conditions is maintained in the supply chain, the BGMEA leader said.

"It is not possible to do business unethically now," he said.

After the Rana Plaza collapse, two platforms were formed: the Accord, the platform of about

200 European retailers, and the Alliance, an agency of 28 North American retailers.

STANDARD CHARTERED BANK

About 90 percent of the inspection and remediation of about 2,200 active garment factories affiliated with the Accord and Alliance have been completed.

Besides, 1,500 small and medium-sized garment factories are being inspected and monitored by the government.

The survey report—Q2 2018 Barometer: China unfazed by global trade stand-off, supply chains face new ethical concerns—is a synopsis of outsourced manufacturing and the quality control services industry.

Overall ethical audit scores in the first quar-

ter offer some hope for improvement after a disappointing performance last year when there was a lower number of critically noncompliant factories. "Time will show whether this quarter's data

represents a positive turnaround, with lasting improvement hinging on regular follow-up and timely corrective action," said the report. Ethical scores by industry remain disparate,

with homeware in the lead with an average score of 8.3 out of 10, and compliance in bodycare and accessories sectors continuing last year's downward trend.

"Meanwhile, audit scores of textile and apparel manufacturers have been rising since mid-2017, indicating that long-term improvement efforts may be finally bearing fruit."

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# Capital machinery imports refuse to slow down



### AKM ZAMIR UDDIN

Capital machinery imports continue to soar amid concerns of money laundering by way of over- and under-invoicing centring on the national elections, due to be held at the end of the year.

In the first eight months of the fiscal year, import orders for capital machinery soared 30.36 percent year-on-year to \$4.42 billion, according to data from the Bangladesh Bank. Capital machinery imports enjoy zero to 7.5 percent

tariff depending on the industries and the location of the factory. Typically, in an election year, businesses hold off from making a fresh investment because of the uncertainty, so capital machinery imports should not increase.

Furthermore, private investment to GDP ratio is stag-

nant, according to AB Mirza Azizul Islam, a former finance adviser to a caretaker government.

Hence, he suspects money laundering by exploiting the

Hence, he suspects money laundering by exploiting the zero tariff facility for capital machinery. Money laundering usually increases in an election year, said Syed Mahbubur Rahman, managing director of Dhaka Bank.

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# Thailand keen to invest in large infrastructure projects

STAR BUSINESS REPORT

Thailand wants to invest in Bangladesh's large infrastructure projects as part of efforts to boost bilateral trade and economic ties, a top Thai minister said yesterday.

Bangladesh needs more power

plants, water treatment plants, highways, seaports, airports and new terminals, said Kobsak Pootrakool, a minister attached to Thai Prime Minister's Office.

Pootrakool looks after economic reforms, National Board of Development and economic zones and Board of Investment of Thailand.

"We have a good scope to participate in these big infrastructure projects," he told reporters after a meeting with the officials of Bangladesh Economic Zones Authority (Beza) in Dhaka.

A high profile 32-member delegation led by Pootrakool arrived in Dhaka yesterday on a three-day visit to explore trade and investment opportunities.

As Bangladesh's economy and its consumer base are growing steadily, the Thai minister sees scopes for investments in renewable energy, household equipment, electronics and automobiles.

Thai Prime Minister Prayut Chan-o-cha showed his country's interest to sign a bilateral free trade agreement (FTA) during the visit of Bangladesh's Foreign Minister Abul Hassan Mahmood Ali to Thailand in March, Pootrakool said.

Later on April 23, Commerce



Kobsak Pootrakool, *centre*, a minister attached to Thai Prime Minister's Office, attends a discussion on Bangladesh-Thailand trade at Sonargaon Hotel in Dhaka yesterday. Kazi M Aminul Islam, executive chairman of BIDA; Shubhashish Bose, commerce secretary, and Shafiul Islam Mohiuddin, president of FBCCI, were also present.

Minister Tofail Ahmed said Bangladesh has decided to sign an FTA with Thailand.

Dhaka has long bilateral trade A big relations with Bangkok, but the Banglac trade balance heavily tilts towards he said. Thailand. Poot

Thailand exported products worth \$1.2 billion to Bangladesh in 2017 and imported goods worth only \$61 million, according to Suebsak Dangboonrueng, minister counselor for commercial at the Thai embassy in Dhaka.

Bangladeshi products have huge

potential in the Thai market, Pootrakool said. "Many Thai use Bangladeshi suits and shirts."

A big number of customers in

Bangladesh also buy Thai products, he said. Pootrakool said Thailand can be the gateway to Southeast Asia for

Bangladesh and vice versa.

The Thai delegation took a

greater interest in the incentive and offerings of the Beza.

The two sides shed light on the

The two sides shed light on the geographical proximity of Bangladesh and Thailand, accord-

ing to a handout of Bangladesh's foreign ministry.

Considering Bangladesh as an attractive investment destination, the Thai minister agreed to sign a memorandum of understanding—proposed by Bangladesh—between the Beza and the Thai Industrial Promotion Authority.

A number of Thai investors visited different economic zones, including the Mirsarai Economic Zone.

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### Keya Cosmetics share weighed down by sponsors' selloffs

AHSAN HABIB

Four sponsors of Keya Cosmetics, a company listed on the Dhaka Stock Exchange, have sold off 19.42 crore shares to pay off their bank loans, much to the detriment of the stock's price.

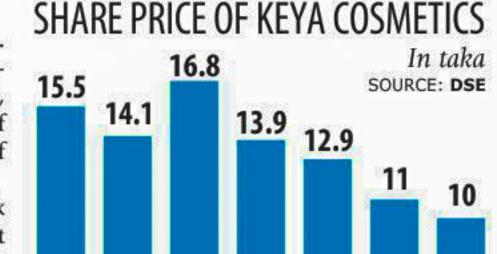
Each Keya Cosmetics share traded at Tk 10.10 on Monday, a decline of 37.5 percent from a year earlier, according to data from the DSE.

As of March 31, sponsors' holdings in Keya Cosmetics stand at 52.15 percent, in contrast to 62.77 percent on June 30 last year. The shares, which yielded Tk 200 crore,

were sold by: Keya Yarn Mills (9.79 crore); Abdul Khaleque Pathan (7.99 crore), managing director of Keya Yarn Mills and chairman of Keya Group; Feroza Begum (1.35 crore), wife of Pathan; and Tansin Keya (29 lakh), ward of Pathan. Pathan was arrested in August last year by

Pathan was arrested in August last year by the Anti-Corruption Commission on charges of misappropriating Tk 111.14 crore by way of loans from state-owned Bangladesh Krishi Bank.

The loans were taken for Keya Yarn Mills, a spinning mill located at Konabari, Gazipur.



Contacted, Pathan said the stock sell-off was to settle the bank loans of Keya Yarn

Mills with BKB.

"We have lots of Keya Cosmetics shares, so we decided to sell some of them to repay bank loans. If we have to settle more claims of the bank, we will sell more shares," he

Earnings per share of Keya Cosmetics for the July-September period of last year were

the July-September period of last year were Tk 0.66, up from Tk 0.63 a year earlier.

Keya Cosmetics announced 20 percent

Keya Cosmetics announced 20 percent stock dividend for 2017, up from 18 percent a year earlier.





