STOCKS	Week-on-week
DSEX	CSCX
▼ 0.22%	▼ 0.05%
4,869.09	8,406.60

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,787.90	$48.18
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.25%	▲ 0.40%	▼ 0.06%	▲ 1.14%
44,149.72	26,644.71	2,855.82	3,408.31

CURRENCIES — As on Thursday STANDARD CHARTERED BANK

	USD	EUR	GBP	CNY
BUY TK	83.95	99.05	111.46	12.60
SELL TK	84.95	102.85	115.26	13.25

Star BUSINESS

DHAKA SUNDAY NOVEMBER 29, 2020, *AGRAHAYAN 14, 1427 BS* ● starbusiness@thedailystar.net

Govt likely to ease rules on duty-free fabric use to export high-end apparels

Refayet Ullah Mirdha

The government may ease the rules on the use of fabric imported duty-free to help local manufacturers shift to high-end apparels and boost export earnings as firms generate more waste while producing fancy items for international markets.

"If needed, we will amend the rules," Md Jafar Uddin, commerce secretary, told The Daily Star yesterday.

"We will examine it, and if we can observe that it is necessary to increase our export, we will amend the rules soon."

It came after garment manufacturers and exporters last week demanded the bond commissioner in Dhaka to increase the ratio of waste in garment manufacturing as the local apparel exporters are shifting to high-end items that need more waste of yarn and fabrics.

In 1998, the commerce ministry set the waste ratio for garments between 7 to 9 per cent. Even at that time, local manufacturers and exporters had said that the limit was far too little considering the amount of material used for a finished product.

Since more fabric inevitably gets wasted in the making of high-end garment items, both manufacturers and exporters have urged the government to increase the limit to up to 30 per cent or more.

The government is involved in dictating the waste ratio as most fabrics and yarns used by the sector are imported duty-free under a bonded facility.

It imposes additional taxes on garment makers who end up generating more waste than what was permitted while exporters often face harassment from customs, they said.

Customs offices sometimes delay releasing goods from ports because of a mismatch in the amount of fabric imported and its consumption for making finished apparel goods for export under bond licences.

About 40 per cent of all garment items shipped from Bangladesh are high-end products.

The local garment industry is gradually shifting away from basic and semi-high-end products, and at this time, manufacturers find it difficult to maintain the existing limit on waste.

This is because high-end products are subject to three important facets of the manufacturing process: sampling, development and approval from buyers, they added.

When it comes to high-end garment making, the volume of fabric used is less, but the value is high.

As a result, these products require more fabric compared to basic garment items since apparel makers need to provide small details in their samples.

Sampling is one of the key elements of the pre-production process. It includes details like colour specifications, composition, description, quantity, and details of embroidery for the buyer.

Experts have agreed with the demand of the exporters.

"The demand made by local garment manufacturers is not invalid. The waste level has increased over the years due to complexities in production," said Md Abul Kashem, vice-chancellor of the Bangladesh University of Textiles.

The amount of waste currently generated by apparel makers seems very high when considering all the variables. However, it is, in truth, not as bad as it seems.

For instance, wastage occurs at every facet of the manufacturing process. This includes procuring yarn, dyeing fabrics, cutting, sewing, grading, finishing and packing.

High-end garment items require more fabric compared to basic ones as the apparel makers need to provide small details in their samples, which they send to the buyers for approval before going for production.

AMRAN HOSSAIN

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Insurers rake in aided by cut in agent commission

Ahsan Habib

Insurance companies made higher profits in the January-September period despite the coronavirus pandemic aided by the lowering of the commissions they offer to agents to secure businesses.

There are 48 insurers listed with the Dhaka Stock Exchange (DSE), of which 36 have published financial reports. Among the 36, 28 witnessed higher profits and the rest lower in the last nine months.

"The regulatory step lowering agents' commission to 15 per cent was the main reason behind the boost in profits this year. All companies have benefitted," said Zharna Parul, company secretary of Paramount Insurance.

In 2012, the Insurance Development and Regulatory Authority issued a circular barring insurance companies from paying more than 15 per cent of the premium as commission to their agents.

However, most insurers disregarded the directive, prompting the regulator to issue a notice in late 2019 instructing them to comply for the sake of the sector's welfare.

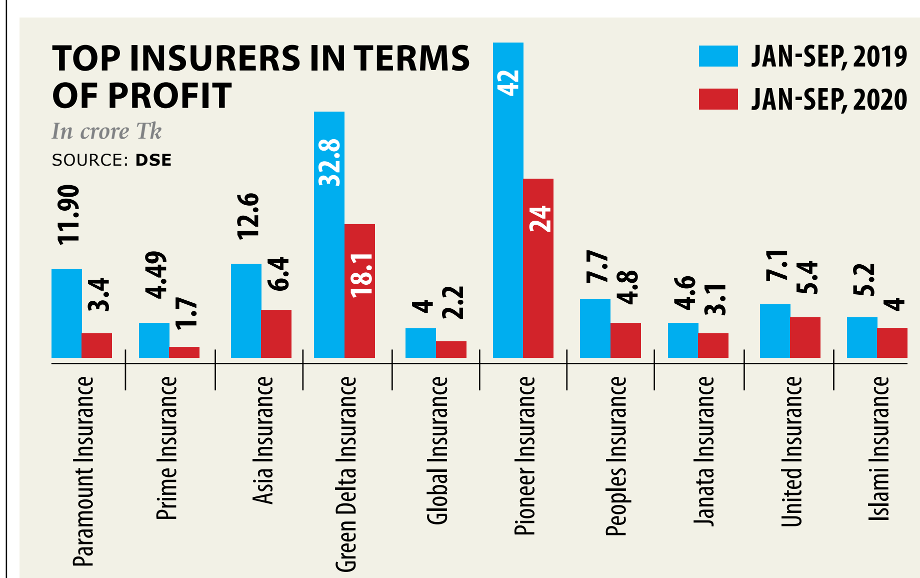
Subsequently, in a meeting with Bangladesh Insurance Association last year, insurance companies collectively agreed to follow the order in a bid to keep the sector alive.

Many companies offered as high as 60 per cent of the premium as commission to secure business, which hurt profits of the insurers, according to industry insiders.

Profits of Paramount Insurance rose 243 per cent to Tk 11.96 crore in the past nine months, the highest among the listed insurance companies.

"If the pandemic had not hit in the year, our profits would have been much higher," said Parul.

Insurance companies made profits from the stock market too in the year as the index of the market was bullish in the third quarter, she added.



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Rent goes up for Ctg-hub ports container transport

BGMEA demands surcharge withdrawal

Dwaipayan Barua, *Ctg*

Feeder vessel operators have imposed a surcharge on carrying containers between Chattogram and hub ports, saying severe congestion at the hubs is resulting in overstays and an increase in operational costs.

The surcharge has been opposed by readymade garment exporters who have demanded its withdrawal as it would increase their costs and subsequently harm Bangladesh's main export item.

The "emergency cost recovery surcharge" is $75 for each goods-laden container and $37.50 for an empty one.

The feeder operators, connecting hub ports such as those in Colombo, Singapore and Malaysia, said the surcharge had come into effect on November 15.

They informed their clients, liner operators and container owners, about the change earlier through letters, citing that the congestion was reducing productivity and causing hardship, leaving them with no other option.

One letter, issued by Intermodal PTE, the agent of Samudera Shipping Line on November 5, informed that the delays at several ports were pushing up operating costs.

It said imposing the surcharge had become imperative for the recovery of costs and ensuring seamless service.

Far Shipping Lines PTE, another operator running vessels between Chattogram and Colombo, in its letter issued on November 23, stated that their stay at the port had increased by several days.

Recently, vessels have to stay at the port for eight to 16 days, said sources, adding that under normal circumstances, it should not be more than one or two days.

One of the Far's container vessels, Kapitan Maslov, reached the Port of Colombo on November 9 and was able to depart on November 24.

Another vessel, Kapitan Afanasyev, had to stay for eight days before being able to leave for Chattogram on November 22.

In case of the ports of Singapore and Port Klang in Malaysia, the stay time has gone up by two to three days, alleged shipping agents.

Ajmir Hossain Chowdhury, assistant general manager of Marco Shipping Company, the local agent of the Far, told The Daily Star that the congestion was increasing fuel costs.

Each tonne of fuel cost $370 to $380 against the previous $260 to $270, he informed. Long periods of the pandemic-induced lockdowns and a shortage of labourers are the reasons behind the congestions, he said.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) First Vice President MA Salam termed the surcharge illogical and unacceptable.

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Trade fair hangs in balance for pandemic

Refayet Ullah Mirdha

Traffic movement through the capital's Agargaon area will be a lot smoother than usual from next January as the government has decided to relocate the Dhaka International Trade Fair (DITF) from Sher-e-Bangla Nagar to Purbachal.

Usually, massive and quick construction works for makeshift shops start by the end of November and continue all through December every year at the fair site.

The annual showcase begins typically on January 1 and has been taking place at the same location just beside the Bangabandhu International Conference Centre since 1995.

This year, the DITF is not taking place in January and particularly at the Agargaon site, said Md Jafar Uddin, commerce secretary.

If the DITF takes place in 2021, it would be held at Purbachal, where the site has already been developed for potential foreign and local participants, he said.

The specific date has been deferred as big gatherings like this may worsen the Covid-19 situation at a time when a second wave has started affecting Bangladesh as well as the global economy, he said.

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Govt belt-tightening bears fruit as revenue expenditure drops

GOVT EXPENDITURE IN Q1 OF FY2020-21

EXPENDITURE	JULY-SEP OF FY-21	CHANGES OVER PREVIOUS YEAR
Revenue expenditure	Tk 49058 crore	-3.66 % ↓
Development expenditure	Tk 17301 crore	-0.25 % ↓

Rejaul Karim Byron *and* Mahmudul Hasan

The economy is apparently sailing safely through the turbulent times amid additional fund allocated to tackle the coronavirus crisis and anaemic growth of tax collection as revenue expenditure fell 3.66 per cent in the first quarter.

The government revenue budget expenditure in the July-September period was Tk 49,058 crore, which was Tk 50,922 crore during the same period last fiscal year.

The fall in government spending comes as it took to categorising projects based on priority alongside austerity measures due to the pandemic.

For coronavirus, the government ramped up spending in the health sector. It widened social safety net programmes to help people whose earnings have drastically reduced or reached next to nothing because of an avalanche of lay-offs in every industry.

Despite this additional spending, the public expenses decreased as it introduced several austerity measures to tackle the economic downturn. In July, the government decided against purchasing new vehicles under all operating and development expenses for the rest of 2020 as part of the austerity measures in the face of falling revenues due to the coronavirus pandemic.

The government also curtailed 50 per cent of budgetary allocation for expenses of tours at home and abroad of officials and banned all routine travels in late July.

The move applied to all travel expenses under the operating and development budget of the government, semi-government, autonomous and other agencies.

The government has allocated Tk 2,200 crore to pay for expenses of tours abroad for its officials in FY21.

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Govt looks to double exports to Canada

Star Business Report

The government plans to double Bangladesh's exports to Canada within the next three years by boosting the shipments of goods made by small-and-medium enterprises, particularly jute products, according to a press release.

"Bangladesh currently earns about $1 billion from exports to Canada and we want to increase this further," Commerce Minister Tipu Munshi said yesterday.

As Canada recently banned the use of plastic goods, it could lead to greater exports for Bangladesh.

"This is because our jute goods could serve as an alternative to plastic products in the country," he added.

Bangladeshi exports to Canada amounted to around $1.11 billion in fiscal 2019-20, down 25 per cent from $1.33 billion the previous year, data from the Export Promotion Bureau (EPB) shows.

Munshi made these comments while addressing an event marking the successful completion of the phase-1 of the 'Export Launchpad Bangladesh' project.

The Export Launchpad Bangladesh is a technical assistance project which consists of a train-the-trainers activity and aims to consolidate the knowledge of theoretical and practical aspects of international trade, the press release said.

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Interference from tobacco industry in Bangladesh highest in South Asia

Star Business Report

Bangladesh is still highly susceptible to interference from the tobacco industry as the country scored 68, the highest among its South Asian peers, in the Tobacco Industry (TI) Interference Index 2020, according to anti-tobacco campaigner PROGGA.

Nepal scored the lowest in the region followed by Sri Lanka and the Maldives, meaning that these nations performed comparatively better than Bangladesh in insulating the public health policies related to tobacco control from commercial and other interests of the tobacco industry.

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