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STAR BUSINESS

DHAKA WEDNESDAY JUNE 20, 2012, e-mail:business@thedailystar.net



AMRAN HOSSAIN

Garment workers sleep on the floor in a rented house on Sunday in the industrial zone of Ashulia as the shutdown of 300 factories stalled production in the wake of labour unrest over low wages. Related story on page 1

Businesses worried over RMG labour unrest

Ashulia shutdown takes toll on RMG industry: exporters

STAR BUSINESS REPORT

Different trade bodies have expressed deep concern over the present labour unrest in the readymade garments sector and urged the government to take immediate steps to control the situation.

Twenty percent of the total export income in the garment sector is generated by the factories located in Ashulia, where the current labour unrest is taking place.

"Ashulia is a hub of large garment factories, which are completely compliant with the foreign buyers' requirements," Exporters Association of Bangladesh (EAB) said in a statement yesterday.

Although it was decided in several meetings among the owners, government and worker leaders to resume operation in the factories, it was not possible as the workers stick to their demand for increasing salary, the EAB said.

The workers were engaged in vandalism and looting in the factories and so around 300 factories were shut down for an indefinite period under a joint decision of Bangladesh Garment Manufacturers and Exporters Association, and Bangladesh Knitwear Manufacturers and Exporters Association, the statement said.

The country's export sector including the clothing industry has

been facing many hurdles against the backdrop of a double-dip recession in the developed economies.

On top of that, a budgetary proposal of increasing advance income tax on exports by 100 percent and a further hike in fuel prices will deepen the crisis in the apparel sector, the EAB said.

"In this situation, the untoward labour unrest will ruin exports and affect the country's economy," the association added.

Bangladesh Chamber of Industries (BCI) in a statement said some vested quarters are involved with instigating the labour unrest, and the government should take actions against them.

The unrest has already started taking toll on the industry, as export orders are either declining or getting postponed, the chamber said.

"Pulling back from here, the buyers are now placing orders with China, the major competitor of Bangladesh," the BCI said, adding that the buyers are also leaving the country.

"It will be hard for the entrepreneurs to find out new buyers in the present situation and continue their business," the chamber said.

Our Chittagong correspondent adds: Some worker leaders and vested quarters are trying to create unrest in the garments sector by manipulating the workers, said

Nasiruddin Ahmad Chowdhury, president of Shippers' Council of Bangladesh.

He was addressing a press conference on the "unrest in the garments sector and economic crisis in Bangladesh" in the port city yesterday.

As the garment exporters use shipping companies to send their goods abroad, the shippers' council has expressed its concern about the present state in the sector.

An international plot is going on to ruin the sector, he said, adding that if the government does not take immediate steps to identify these conspirators and foil the conspiracy, the sector would fall in deep crisis.

He also said the government's initiative to address this problem is not enough.

Chowdhury said there is no alternative to garment exports in Bangladesh for a healthy reserve of foreign exchange.

Export orders are already on the decline and the workers' unrest will further aggravate the situation, he said.

He said more than 300 factories have been closed in Ashulia due to the present unrest, and these units run the risk of losing orders.

Chowdhury said there might have been some misunderstandings between the management and workers but any crisis should be resolved through discussion.

Banks want more time to go by new loan rules

SAJJADUR RAHMAN

The present liquidity position amid external and internal economic slowdown is not appropriate to tighten the terms and conditions of commercial banks' loan agreements -- the way the central bank did late last week, top bankers said.

They also opposed a sudden imposition of these tight policies and demanded a review for phase-wise implementations of the new decisions.

"We'll seek more time to implement these new decisions," Nurul Amin, chairman of Association of Bankers Bangladesh (ABB), a forum of chief executive officers of banks, told The Daily Star yesterday.

The ABB will sit at an emergency meeting on Sunday (June 24) to

request the central bank formally to review its decision, which according to bankers will affect profitability and the taxes the government gets from the industry.

The Bangladesh Bank issued a circular to the banks on Thursday, asking them to make a continuous loan classification for non-repayment within three months instead of six months and limit rescheduling scopes within three times.

However, the BB in a revised circular yesterday asked the banks to effect loan classification and provisioning decisions from July 1 instead of June 14.

It also said the banks will have to report loan classifications and make required provisions in terms of the revised instructions from the third

quarter.

Any shortfall in provisioning as of September 30, according to new classification, will have to be met in full by December.

The circular set the base for provisioning at minimum 20 percent of the outstanding balance of the loan, which the bankers said would squeeze the banks' investible funds.

In addition to this circular, the bankers said the recent unrest in the readymade garment industry has added further woes to the banks as the situation, if lingers, will delay loan repayment by the affected industries.

Garment owners shut down around 300 factories in Ashulia area, which is a hub of the large-scale factories in the country.

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CCCI calls for tripartite meeting to end RMG tension

BUSINESS REPORT

Nurun Newaz Salim, acting president of Chittagong Chamber of Commerce and Industry (CCCI), yesterday urged the prime minister to solve the garment sector trouble in Ashulia with due urgency.

He advised Sheikh Hasina to arrange a tripartite meeting between the government, garment factory owners and workers of Ashulia, so that a fair deal for all can be reached.

The shutdown of 300 garment factories over labour unrest is causing a loss of around Tk 32.8 crore each day to the economy, Salim said in a statement.

The garment exports that account for 80 percent of the country's total shipments, have already been badly hit by the global recession; persisting with the strife will only compound matters, Salim said.

Bangladesh warming to m-banking

ABDULLAH MAMUN

Mobile banking services in Bangladesh are gaining popularity by the day, having impressively clocked in over six lakh subscribers in only a year.

Mobile banking, or m-banking for short, enables banking services like balance checks, domestic and international fund transfers, credit applications, bill payments and so on through mobile devices.

Dutch Bangla Bangladesh Ltd (DBBL), with support from Citycell and Banglalink, first introduced m-banking in Bangladesh on March 31, 2011.

A maximum of Tk 10,000 can be sent at a time and Tk 25,000 a month via mobile banking.

Das Gupta Asim Kumar, an executive director of Bangladesh Bank, feels m-banking has great potential in bringing in unbanked and rural populations under the banking umbrella.

There are more than nine crore mobile subscribers in the country, while only 15 to 20 percent of the population use banking services.

"So if the unbanked people, who happen to be mobile users, are drawn in through the m-banking channel, it would be beneficial for all," said Asim Kumar.

He said that 22 banks have been given the approval to run mobile banking, of which 14 have already introduced the service to their customers.

BRAC Bank and DBBL have done very well, while Bank Asia is catching up fast, said Asim Kumar.

agreements with corporate offices and garment factories to provide workers' salaries through mobile phones."

Md Badshah Alam, a professional car driver in Dhaka, said he often sends money, especially to his village, by mobile.

"When I send money it takes no time at all. The money goes with the SMS and the charge is less than courier services," said Alam about the efficiency of m-banking.

He further said a friend of his even uses m-banking to pay restaurant bills.

Kamal S Quadir, chief executive officer of bKash, an m-banking service of BRAC Bank and Money in Motion, USA, said they have more than 10,000 agents countrywide to serve the 425,000 registered subscribers. However, 20 percent of the subscribers actively use the service.

"bKash is handling 30,000 customers a day on an average," he said.

The bank charges Tk 2 per transaction when the receiver encashes the money, while the average per transaction is Tk 1,120, said the bKash CEO.

bKash has signed corporate agreements with seven organisations, including Robi, to provide salary to the their local officials, Quadir said.

The country's many mega shops, too, have introduced the service.

"All kinds of utility bills can be paid through the service. But people are still apprehensive of using their devices for anything beyond the core mobile services," Asim Kumar said.

"Educating people about the security and efficiency of m-banking is the biggest challenge."

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