

## Insurers worried over rising RMG accidents

**SAJJADUR RAHMAN**

Insurance companies are concerned over the growing number of accidents in apparel factories as the insurers' compensation for their clients in the garment sector has been on the rise over the years.

In a move, the companies have decided to devise new policies to handle the menace, especially the fire accidents that kill people and occur mainly due to poor factory management.

"We are the worst sufferers of accidents in factories as we are the leading insurer in the country," said Nasir A Chowdhury, managing director of Green Delta Insurance Company.

Green Delta paid Tk 5.6 crore as compensation for fire accidents in garment factories in 2010. The amount rose to Tk 12.20 crore in 2011. Till September this year, the insurer has paid Tk 4.5 crore as com-

pensation.

According to the Clean Clothes Campaign, an alliance of organisations in 15 European countries, more than 500 Bangladeshi workers have died in factory fires since 2006.

In February 2006, at least 57 workers were killed and more than 100 seriously injured when fire engulfed KTS, a textile factory in Chittagong. Fire at Spectrum, a garment factory near Dhaka killed 29 people in the same year.

The latest fire incident in Tazreen Fashions claimed more than 100 lives.

Fire insurance is a must for factories. The companies that are engaged in export-import business have to cover some additional risks. Before issuing insurance coverage, insurers need to inspect the factories to know about their safety measures and compliance.

"We think twice before insuring a hazardous factory, such as garments," said Sabir Ahmed, chief

financial officer of Reliance Insurance, one of the top two companies in the country.

"We inspect factories on our own," said Ahmed. "We did not need to pay a big amount of compensation last year."

Chowdhury said they also carry out survey of the factories before issuing any coverage. Insurers usually ignore minor loopholes, he said.

"But we find a lot of shortcomings when a factory goes for claims settlement," he said. "And, we minus the cost for negligence."

The issue has become a worry for the insurers' association as well.

"We have convened a special board meeting after the fire accident in Tazreen Fashions. We've formed a committee to devise new policies to handle the growing number of accidents," said Sheikh Kabir Hossain, president of Bangladesh Insurance Association.

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## Muhith signals oil price hike

**STAR BUSINESS REPORT**

Finance Minister AMA Muhith yesterday hinted at increasing petroleum prices but did not say when.

After a meeting with an IMF delegation, the minister said, "We have discussed that it (a raise in petroleum prices) has to be done at a proper time, but we have not yet told them what the proper time is."

Muhith also said, "We feel winter is a good time (for increasing petroleum prices)."

Earlier the International Monetary Fund had suggested the government increase petroleum prices by Tk 10 per litre within December to reduce subsidy.

The IMF team has been continuing talks with the government since November 27 on the implementation status of various conditions tagged with the release of its second instalment -- \$140 million -- of a \$1-billion loan.

Muhith also said he had talks with the IMF mission about cutting subsidy. The government has been trying to introduce an automatic pricing formula for fuel.

The minister said the government is working to reduce subsidy on fertiliser.

Muhith said he is hopeful of getting the second instalment by January though it was scheduled to be released in November.

The minister said though there are some differences of opinion regard-

ing the amendment to the Banking Companies Act, there is not any big hurdle to getting the loan.

Meanwhile, an Indian delegation led by its Commerce Secretary SR Rao met the finance minister and alleged that some Bangladeshi banks have not been making payment for many letters of credit (LC) for the last three years.

Muhith said defaulted payment against LC is harmful for any country. He has assured the Indian team that he would talk with the concerned authorities on the issue.

Muhith said the Indian team has also raised the issue of giving transit. He told the team that the facilities have to be improved before implementing transit.

## India Show brightens investment prospects

India's top business leader says two-way formal trade will double to \$10b in two years



A view of visitors to the first ever India Show being held at Bangabandhu International Conference Centre in Dhaka. Sixty Indian companies are showcasing products at the three-day fair that started yesterday.

**STAR BUSINESS REPORT**

Top business leaders and government officials both from New Delhi and Dhaka yesterday called for more investment in Bangladesh from India and buying more goods and products from the country to narrow the trade gap.

They also emphasised removing non- and para-tariff barriers, improving infrastructure on borders, establishing railway and water

links and setting up more border markets to facilitate trade.

Their calls came at the launch of the three-day India Show at Bangabandhu International Conference Centre in Dhaka.

The first-ever India Show themed 'Partnerships for Progress' in the capital aims to showcase the best of India in the 21st century and bring the business communities of both countries together.

The exhibition will feature a series

of seminars, business to business interactions, product displays and include a public interface.

The Federation of Indian Chambers of Commerce and Industry (FICCI) has organised the show with the assistance of the Indian government and in partnership with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and India-Bangladesh Chamber of Commerce and Industry (IBCCI).

More than 60 Indian companies representing textile and handicrafts, automobile and spare parts, readymade garments, consumer products, jewellery, healthcare, education, information technology, agro-business and food processing, renewable energy, light engineering are exhibiting their products and services in over 100 stalls and pavilions.

FICCI President RV Kanoria said they hope the two-way formal trade between the two countries would reach \$10 billion in two years from about \$5 billion at present.

He said the figure would be much higher if informal trade, which is believed to have already crossed \$10-billion mark, is taken into consideration. "The potential is much higher."

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## Remittance rises 21pc despite global crisis

**STAR BUSINESS REPORT**

Bangladesh received nearly \$1.1 billion in remittances in November, almost 21 percent higher than that in the same month a year ago, despite the financial crisis in major economies across the world. Bangladesh received more than \$6.1 billion in remittance in the first five months of the current fiscal year.

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