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# Shutdowns sour Baishakh sales

## Boutique owners come to streets to protest political unrest

MD FAZLUR RAHMAN

Low sales in the run-up to Pahela Baishakh have soured the mood of boutique owners who usually log one of the best sales this season. Incessant shutdowns called by the opposition political parties have spoiled the prospects.

The small business owners have already termed the situation a nightmare ahead of the first day of the Bangla New Year 1420 as they have invested large sums, and bad business could shut their means of livelihood.

"The Baishakh sales are already a flop," said Ashrafur Rahman, managing director of Nipun Craft Ltd, a leading boutique in Bangladesh.

"There is no way it can be a success even if we get two days before the biggest festival of the Bangalees. We can only be able to narrow the losses," he told The Daily Star yesterday.

Sales have been so dismal that more than 100 boutique owners yesterday took to the streets in a rally in Bailey Road, to voice anguish over the current political unrest.

In the two-hour peaceful programme, they urged the government and the opposition parties to sort out their differences and give the business community and the economy the



SK ENAMUL HAQ

Salespersons at Deshal, a boutique, await buyers at their outlet on Bailey Road in Dhaka yesterday. With just three days to Pahela Baishakh, it is still not a vibrant sales season for boutiques.

much-needed relief.

Over the years, Baishakh has become the second biggest season after Eid-ul-Fitr for brisk business for thousands of boutiques across the country.

Unlike the festivities during Eid or Puja, Pahela Baishakh is an occasion for people from all walks of life, irrespective of religion, race or creed. Sales at the time account for around 15 percent of

annual turnover.

Boutique owners had subdued expectations this year but even then, they did not expect such a cold response.

"Every boutique is full of products and items despite concerns over the political scenario. We didn't think the situation will be so bad," said Shahidul Islam, a branch manager of Banglar Mela at Bashundhara City shopping mall.

Most fashion houses will fail to recoup 20 percent of investment even if there is good business on Friday and Saturday, said Jahangir Alam, in-charge of Rang in the same mall.

Rahman of Nipun Craft said sales for Pahela Baishakh -- to be celebrated on Sunday (April 14) this year -- normally start in the middle of March.

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# Land prices in decline

## Bankers fear loan defaults as funds were diverted to land purchases

SAJJADUR RAHMAN

Much to a boon for intended buyers, land prices have begun to decline after more than two decades of price hike.

But the situation has put banks in deep trouble as many of their borrowers used loans in land purchases that usually confirm higher and definite returns.

Top bankers fear the borrowers who diverted loans, even their working capital, to land purchases now run the risk of being defaulters due to the fall in land prices.

"Working capital has been diverted for buying lands. But the prices have fallen," said Helal Ahmed Chowdhury, managing director of Pubali Bank.

"In many cases, there are no buyers (of lands)," said Chowdhury.

Bankers said the situation may further raise the banking industry's non-performing loans from 10.03 percent recorded at the end of December 2012.

Land prices had been skyrocketing for the past two decades till 2010. In areas of Dhaka and on its outskirts, the prices soared by more than 300 percent between 2000 and 2007.

The prices rose further by about 50 percent between 2007 and 2010, according to Real Estate & Housing Association of Bangladesh (REHAB).

But land prices in Gulshan, Dhanmondi and Baridhara declined by around 30 percent in recent months and the situation is more or less the same in Chittagong and other parts of the country.

Bankers and realtors blamed the slide

in prices on anti-business environment, a slow pace of economic growth, a dearth of gas connections and a bar on investment of untaxed money in the housing sector.

Thousands of unsold flats are also discouraging developers to buy new lands for new projects, which are also contributing to the fall in land prices, they said.

The REHAB at a recent meeting asked its members to remain cautious about buying new lands and starting new projects, and warned that land prices may fall further.

"Now landowners in posh areas are approaching us, but the situation was the opposite just a year ago when developers were in a competition to get a piece of land in those areas," said Anisuzzaman Bhuiyan Rana, general secretary of the realtors' platform.

Businesspeople in Chittagong have been hit hard due to the fall in land prices.

Bangladesh Bank officials said the amount of outstanding loans in the port city is around Tk 83,000 crore. Of the amount, more than Tk 10,000 crore or 15 percent has turned into bad loans despite converting many of the short-term loans into long-term ones.

Bankers said many of their Chittagong-based clients, whose money has been stuck in lands, may become loan defaulters and face problems in getting further funds from banks.

Shafiqul Alam, managing director of Jamuna Bank, said many LATRs (loan against a trust receipt) become overdue as borrowers sell their goods, but do not pay the banks.

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# Govt in talks with India for withdrawal of duty

REFAYET ULLAH MIRDHA

Bangladesh has been lobbying with India for withdrawal of the 12.36 percent countervailing duty to bolster garment exports to the promising market.

On this, the commerce ministry wrote a letter to its Indian counterpart on March 14.

"Officials of the Bangladesh mission in New Delhi have already shared our concern with the Indian foreign ministry and other relevant ministries," a senior official of the commerce ministry said, preferring anonymity.

"We will also raise the issue at a joint meeting of India and Bangladesh in June in Dhaka."

Separately, the two countries will have talks on the countervailing duty at foreign-ministry level soon, he said.

Bangladesh's garment exports to India bear a countervailing duty of 12.36 percent, which the local Indian products do as well under the guise of excise duty.

A countervailing duty is a duty imposed on imports to offset subsidies accorded to producers in the exporting country, in a bid to bring the imported price to its true market price. The non-country specific countervailing duty has existed for long on India's garment imports.

For fiscal 2013-14, India proposed removal of excise duty for local garment products, a move that can make Indian products cheaper than Bangladeshi garments in the market.

India turned into a major exporting destination for Bangladeshi garment makers after it announced duty-free and quota-free imports from Bangladesh in 2011.

In 2011-12, Bangladesh exported \$55.02 million of garments to India, up 53 percent year-on-year, according to the Export Promotion Bureau.

India has withdrawn the excise duty to save their local industry, said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, the garment makers' platform.

Bangladeshi exporters are losing competitiveness for the move in Indian market, although India has already announced duty-free and quota-free access for Bangladeshi garment items in November 2011.

"The Bangladesh government can take some internal measures to make the sector more competitive in the Indian market," Islam said.

## Commerce ministry to reply to USTR soon

STAR BUSINESS REPORT

Bangladesh will soon respond to United States Trade Representative's queries, mainly related to trade union, the commerce secretary said yesterday.

"Although we have until April 24 to get back to the USTR, we will do so soon," Mahbub Ahmed told The Daily Star.

During the fourth round of hearing on generalised system of preferences on March 28, the USTR wanted further details on a host of issues from the Bangladesh delegation.

The questions, 19 in total, were forwarded to the commerce ministry, to be responded within April 24.

The queries are centred on the status of trade union in factories, with the US chief trade negotiator particularly wanting to know if the trade bodies led by Babul Akter and Kalpona Akter were granted the non-governmental organisation status or not, Ahmed said.

The NGO Affairs Bureau refused to register the trade bodies on grounds that they have been involved in anti-national activities.

The USTR will pronounce the verdict in June that will determine whether Bangladesh will continue to enjoy duty-waiver from the US under the GSP scheme.

# Wal-Mart funds supplier training in Bangladesh

## \$1.6m to set up Environmental, Health and Safety Academy

REUTERS, New York

Wal-Mart Stores Inc, the world's largest retailer, is making its biggest push yet to try to improve conditions at factories that produce its clothing after a fire at a Bangladesh factory last year killed 112 people.

The company also said Tuesday it would donate \$1.6 million to help start a new Bangladesh training academy, and outlined its efforts to regain control over the complex and far-flung web of factories that make its products.

"With the focus that is there at the moment on fire safety, everyone is keen to make sure that they get the right level of controls in place to protect the workers," Rajan Kamalanathan, Wal-Mart's vice president of ethical sourcing, said in an interview. "There is a need for that."

Wal-Mart says it was unaware that its private-label clothing was being made at the Tazreen Fashions factory in Bangladesh, which went up in flames in November, killing 112 people and injuring at least 150. Bangladeshi authorities said the facility was not safe for use, and Wal-Mart said it had not authorized anyone to make its garments there.

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## More time for insurance licence seekers

STAR BUSINESS REPORT

The Insurance Development and Regulatory Authority (IDRA) has extended time again for receiving applications of licences for new insurance companies until April 30.

Earlier, April 15 was set as the last date for aspirant sponsors to submit applications, the regulator said in a statement yesterday. The deadline was extended from February 28 to April 15 once before.

IDRA officials said they have so far given name clearance to over 100 new companies.

A mad rush to get licences started after the finance minister announced in late June 2011 that new entrants would be allowed in the market.

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# Siemens signs Tk 150cr deal to build power substation for BSRM

STAR BUSINESS REPORT

Chittagong-based steelmaker BSRM will set up a substation to ensure uninterrupted power supply to its upcoming billet plant.

The steel giant yesterday inked a Tk 149.66 crore (Rs 104.4 crore) deal with Siemens Ltd to build the gas insulated switchgear (GIS) substation, the first of its kind in the private sector, within 15 months.

The new plant's billet will be supplied to the sister concerns of BSRM Group, said Aameir Alihussain, managing director of BSRM.

Currently his company produces around three lakh tonnes of billet a year and the new plant will have a production capacity of around 8.5 lakh tonnes.

He said BSRM now has a small air insulated switchgear (AIS) unit which needs much space.

Although a number of companies, including BSRM, GPH, RSRM, Rahim Steel and Bashundhara Steel, are producing billet locally, around 15 lakh tonnes are still imported every year.

Billet is a raw material for producing high quality steel. This is the first private-sector funded GIS substation, Siemens said in a statement.

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