

BUSINESS

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Safety net schemes to get higher outlay

WB to help rein in waste

REJAUL KARIM BYRON

The outlay for social safety net schemes may scale up 5.5 percent to Tk 24,000 crore in the next budget, with a World Bank reform programme to contain waste.

The number of beneficiaries will also rise to around 43 lakh people in the next fiscal year, from the current year's target of 38 lakh, a finance ministry official said.

However, the amount of benefit will go up only in a few areas, he said.

Though such schemes get higher allocation every year, complaints of fund wastage are rampant.

The government provided, on average, 12 percent of its total budget for social protection programmes during fiscal 1996-2008, according to a WB report.

EYE ON BUDGET

SOCIAL SAFETY NET PROGRAMME

FOR NEXT FISCAL YEAR



The allocation rose to around 14 percent of the total budget during fiscal 2009-2012 due to food and energy crises globally, the report added. The outlay was 11.86 percent in the current fiscal year.

Though the figure looks lower in percentage, the actual amount has been on a steady rise as the budget size has increased over the years, the finance ministry official said.

The WB is going to provide \$500 million for the safety net projects and the board of the lender may give a go-ahead to the fund next month.

Of the WB amount, \$430 million will be utilised in the programmes under the food and disaster management ministry from the next fiscal year.

However, the WB has tagged a condition – the fund will be disbursed only when the government will ensure that at least 70 percent of the amount reaches the targeted groups.

The disaster management ministry will get another \$30 million from the lender for its capacity building so the ministry can reach the safety net benefits to the poor properly.

Bangladesh Bureau of Statistics will get the rest \$40 million to build an international-standard database on the poor, the first of its kind, to identify the characteristics of the poor.

Each poor household will be given an identity card on the basis of the database, which will check misuse of funds, the finance ministry official said.

The challenges to widening the coverage of the safety net schemes are targeting the beneficiaries, leakages and disparity in regional distribution, according to the government's sixth Five-Year Plan.

More than 11 percent of the households took benefits from at least three schemes and at least 27 percent people under the "vulnerable group development" project were not poor, the Plan found.

The wastage was 26 percent in the "food for work" programme, the Plan said quoting a study report.

Garment markers urge retailers to stay on

STAR BUSINESS REPORT

Garment leaders yesterday urged international retailers to continue business with them, saying the manufacturers have already taken various steps to improve safety standards at their factories.

"We want to continue business with the retailers. If a brand leaves Bangladesh, it won't be good for us," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

The BGMEA president was talking to reporters after a meeting with visiting US Congressman George Miller at the office of the trade body in Dhaka.

The government and garment makers are now working to introduce a practice of trade unionism at the factory level, Islam said.

"We are also trying to ensure better working conditions," he added.

Since the Rana Plaza tragedy in Savar last month that claimed 1,129 lives, the BGMEA members have been renovating their factories to avoid any such accidents in future, he said.

Annisul Huq, a former president of the trade body, said the entire sector is going through a transformation after the tragic incident. Sometimes accidents teach people how to survive; the Rana Plaza collapse is one such incident, he added.

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Analysts take part in a discussion on the RMG industry and national budget, co-organised by Bangladesh Garments Accessories and Packaging Manufacturers Association and the Prothom Alo in Dhaka yesterday.

Trade union holds key to labour rights

Speakers call for a study on the garment sector

STAR BUSINESS REPORT

Trade union is a must to ensure labour rights and improve working conditions at garment factories, speakers said at a discussion yesterday.

They also stressed an in-depth study on the garment industry to get a clear picture of salary structure and lifestyles of workers, value addition of products, and profit and costing issues.

Trade union is also important to build up confidence and deepen the relationship between the owners and the workers, the discussants said.

Though trade unions are allowed in the sector, workers cannot practise the right due to legal complexities, the speakers said.

They also urged the government to

ease the procedure of forming trade unions.

They spoke at the roundtable on the garment industry and the national budget co-organised by Bangladesh Garments Accessories and Packaging Manufacturers Association and the daily Prothom Alo at the newspaper's office in Dhaka.

"It is often believed that trade unions would create problems or hamper work environment. But this is not true," Industries Minister Dilip Barua said.

He urged the owners to set a uniform rate for their exportable items.

"There are allegations that many owners bring work orders from international buyers at very low prices."

He also called upon the opposition parties to keep the garment sector out

of the purview of shutdowns.

Trade unions should be allowed to establish the workers' right to collective bargaining, Commerce Minister GM Quader said.

The garment industry is facing tremendous pressure over the workers' safety issues from both the national and international fronts after the Tazreen Fashions and Rana Plaza accidents, he said.

The industry needs massive reforms, Quader said, adding that the owners should relocate their units to other places where the safety issues can be ensured.

"If we fail to maintain the growth that we have achieved in the sector, competitors such as Myanmar, Laos and Cambodia will grab our markets," he said.

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NBR misses tax target in shadows of political strife

SOHEL PARVEZ

Frequent shutdowns, political turmoil and falling imports have thwarted the government's tax collection targets.

The National Board of Revenue was Tk 3,993 crore short of their July-April target for this fiscal year.

Taxmen aimed for Tk 87,024 crore in July-April, but could collect Tk 83,031 crore, due to slowing receipts from customs duties and value-added tax.

Only income tax receipts exceeded the target, according to NBR data.

"We have been running almost dry in VAT collection from the services sector in the last three months. It is because of a dip in sales in shops and restaurants for the hartals," said a senior NBR official, seeking anonymity.

"You will not eat out twice the next day if you do not eat on the day of hartal," said the official who works for NBR's VAT wing.

The shutdowns have also affected NBR's VAT collection drive on the brick kilns. "We cannot get our vehicles to go out to the fields due to the hartals," the official said.

Since January, opposition and its allies have enforced hartals for 32 days nationwide and 29 district-level hartals.

Ahsan H Mansur, executive director of Policy Research Institute (PRI), said the frequent shutdown created insecurity among people.

"Domestic demand has collapsed due to the hartals. We see its reflection in falling imports and declining sales in restaurants, clothing stores, electronics and other consumer goods," Mansur said.

"And the impact of reduced consumer demand is seen on the government's revenue collection," he said, citing that the government depends largely on VAT from the domestic market.

"In the past, we were concerned about ensuring exports during hartal. This time, domestic demand is affected," he said.

In July-April of fiscal 2012-13, the tax collector clocked 4.71 percent growth to reach Tk 26,330 crore in customs and other import duties from the same time a year ago due to falling imports.

Revenue receipts from this area fell short of the target by Tk 2,359 crore in the first ten months of the current fiscal year.

An increase in imports helped the tax collector post higher revenue from customs and other duties the last fiscal year.

VAT collection was robust too. The NBR logged 20.34 percent growth in VAT receipts in July-April of fiscal 2011-12.

However, collection from VAT slowed down this year. In July-April, VAT receipts grew 13 percent to Tk 30,317 crore from a year ago.

Reduced receipts from cigarettes also affected overall VAT collection this fiscal year.

"The loss in VAT collection from even a day's shutdown cannot be recovered," NBR Chairman Ghulam Hussain told a pre-budget discussion with the Economic Reporters' Forum last month.

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Workers of Outright Fashion Ltd shout slogans in Mirpur yesterday, demanding a pay hike and other allowances.

10 garment factories shut in Mirpur amid worker protests

Workers demand pay hike and other benefits

STAR BUSINESS REPORT

Ten garment factories in Mirpur suspended production after workers clashed with the police yesterday, demanding a hike in pay and other allowances.

Five workers were injured in the clashes as about 1,000 workers of the units took to the streets around 8:30am.

The workers insisted on an inflation-adjusted increase in salary, and tiffin, attendance and lunch bills and proper overtime payment.

Of the factories, Shanin Ltd, MM Dresses Ltd and MM Shirt were closed for two days, while JK Fashion-1, JK Fashion-2, Outright Fashion Ltd, Outwear Fashion Ltd, Alpha Knitting Wear Ltd, Faiyaz Apparels Ltd and SQ Sweaters announced one-day work suspension.

In the morning, workers of

Three factories announced a two-day work suspension, while the rest were closed for one day, officials said

Shanin, MM Dresses and MM Shirt came to their workplace and found notices that the factories were closed for security reasons.

"The workers have been protesting for the last few days, which forced us to shut the factory," an official of Shanin said, seeking anonymity.

Workers started protesting after seeing the notice and called upon the workers of adjacent factories to join in. They threw brick chips at the windows of the factory buildings.

An official of JK Fashion said they had to declare the factory shut for the day as they feared further damage caused by the workers of Shanin, MM Dresses and MM Shirt.

The police chase away the workers who tried to block the roads, said Kazi Wazed Ali, an inspector of Kafrul Police Station. The workers later hurled brick chips at the law enforcers.

The situation was later brought under control.

Mobile subscribers cross 10 crore

STAR BUSINESS REPORT

The number of mobile subscribers crossed the 10 crore mark in April, the telecom regulator said in a statement.

The subscriber base was nine crore in the same month a year ago when the mobile penetration was 61.83 percent according to the statement.

"It's a great achievement for the country as well as the industry," said TIM Nurul Kabir, secretary general of the Association of Mobile Telecom Operators of Bangladesh.

It is remarkable that 10 crore people out of the country's 16 crore have mobile connections, Kabir said.

For the last seven months, the subscriber base was hovering bellow 10 crore due to a directive of the regulator that tightened the SIM registration, according to industry insiders.

Among the six mobile operators, Grameenphone has the highest subscriber base of 4.23 crore, followed by Banglalink 2.64 crore, Robi 2.17 crore, Airtel 76 lakh, Citycell 14.2 lakh and state-owned Teletalk 18.4 lakh.

Stocks gain for third day

STAR BUSINESS REPORT

Share prices at Dhaka Stock Exchange gained for the third day yesterday as new hopes are growing among the investors for the upcoming national budget for 2013-14.

Turnover hit one-week high of Tk 433 crore yesterday, up by 82.71 percent from the previous day.

DSEX, the benchmark general index of Dhaka Stock Exchange, closed the day at 3,855.14 points, after surging 97.14 points or 2.59 percent.

"Budget expectations continue to boost investors' optimism driving indices further to green zones," said Bank of Bangladesh Securities in its daily market analysis.

Bangladesh Bank's approval on refinancing scheme of Tk 900 crore with 10 percent interest rate for institutional participants boosted investors confidence, a market analyst said.

Around 0.79 lakh trades were executed, with 7.95 crore shares and mutual fund units changing hands on the Dhaka bourse.

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