ASIAN MARKETS

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COMMODITIES

# Govt sets sights on ambitious GDP growth

Officials say economy to improve after polls; inflation target may be lowered

REJAUL KARIM BYRON

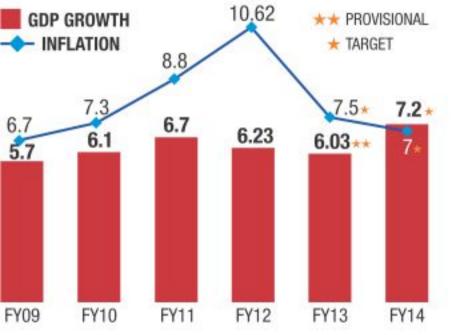
The government is going to set a higher GDP growth target for the next fiscal year although the achievements in the current fiscal year were far below expectations amid challenges on both domestic and global fronts.

The GDP growth target for the current year was 7.2 percent but, according to provisional estimate of the Bangladesh Bureau of Statistics, the growth was finally 6.03 percent.

The government will maintain the same growth target -- 7.2 percent -- in the next fiscal year, Finance Minister AMA Muhith told The Daily Star on Friday.

The government also plans to set a lower inflation target -- 7 percent on an

average basis -- for the next fiscal year,



while the target in the current year was 7.5

However, the finance minister has differed with the BBS provisional estimate

He said the GDP (gross domestic product) growth in the current fiscal year will, in no way, be lower than that of the last fiscal year, rather it may reach 6.8 percent.

Last year, the agency put the growth figure at 6.23 percent, down from the provisional estimate at 6.32 percent. Political unrest at home and slow recov-

ery of global economy, especially the US and Eurozone, have cast a gloom over the GDP growth of Bangladesh, a finance ministry official said.

But the global recovery will expedite next year, the official said, citing reports of the International Monetary Fund. The domestic political environment

will also improve after the next national election in December, and investors, who now take a wait-and-see stance, will go for fresh investment, leading to higher growth, he said. The government will spend much of the

budgetary allocations to attract voters in the run up to the election, which will increase public investment and boost domestic demand, the official added.

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### Bangladesh must upgrade worker safety to fix reputation crisis

Canadian high commissioner says at launch of book on social responsibility

STAR BUSINESS REPORT

...... Bangladesh must take concrete measures to promote occupational safety at garment factories, Canadian High Commissioner Heather Cruden said yesterday.

Like many other countries, Canada remains concerned about dangerous working conditions in the garment sector, as evidenced by the recent factory collapse in Savar and the deadly Tazreen fire in November last year, Cruden said.

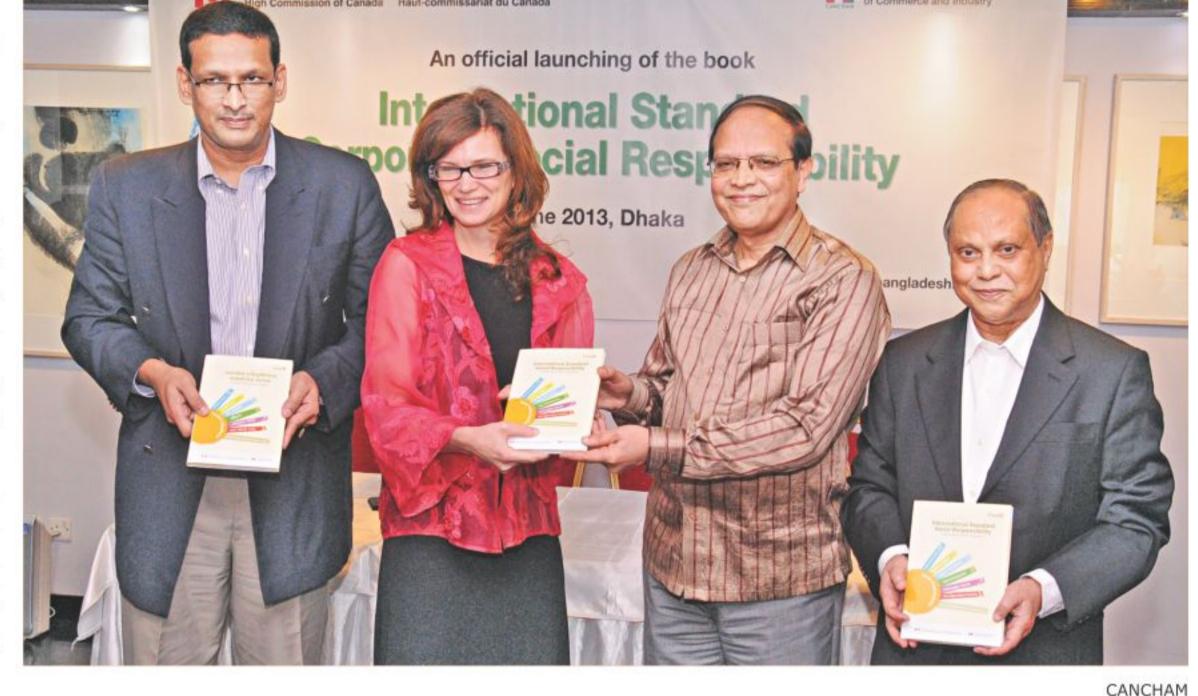
"Canada expects all of its trading partners to ensure safe working conditions consistent with international standards."

Cruden spoke at the launch of a book on international standard social responsibility co-organised by the Canadian High Commission and Canada Bangladesh Chamber of Commerce and Industry at Canada Club in Dhaka. "I hope this guidebook on social

responsibility will inspire companies operating in Bangladesh to develop and implement socially responsible business models and practices." Bangladesh has the potential to

become a leader and innovator with corporate social responsibility, and she hoped the guidebook will be the first step, she said.

"The foundations of an effective health and safety system include clearly defined responsibilities, the participation of employers, workers



From left, Mortoza Tarafder, trade commissioner at the Canadian High Commission; Heather Cruden, Canadian high commissioner; Atiur Rahman, governor of Bangladesh Bank, and KM Khaled, president of Canada Bangladesh Chamber of Commerce and Industry, pose at the launch of a book on corporate social responsibility in Dhaka yesterday.

and their representatives in workplace health and safety committees, the right of workers to be informed and the right to refuse dangerous work."

"Bangladesh is having a reputational crisis. But it is not just its reputation which is at stake -- these are serious issues that need to be addressed by all parties involved."

with the government to address workplace safety issues so that international buyers have the necessary confidence to continue to do business in Bangladesh, she said.

The private sector needs to work

Canada and Bangladesh enjoy friendly relations and bilateral trade between the two is reaching new

heights, with the value of bilateral merchandise trade having reached \$1.6 billion in 2012, she said.

As the banking regulator, Bangladesh Bank took a number of concrete measures after the Savar building collapse, said its governor Atiur Rahman.

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## Govt firm sits idle on unsold rubber

Consumers go to private producers as they offer low prices

SAJJADUR RAHMAN

The state-run rubber producer is sitting on a stockpile of more than 3,600 tonnes of rubber worth around Tk 100 crore as it struggles to compete with the private sector manufacturers and importers.

Local consumers, who used to buy rubber from Bangladesh Forest Industries Development Corporation (BFIDC), said they have started to collect the raw material from private producers as the authorities do not want to sell rubber at auction prices.

However, the BFIDC said the bid prices are often much

lower than the international prices.

"We have not been buying rubber from the BFIDC for the past two months as it doesn't accept the bid prices," said NC Saha, general manger of Gazi Tyre, which is one of the largest consumers of rubber.

Saha said they cannot but buy rubber from the private producers or import it to meet the demand. Gazi Tyre consumes more than 2,000 tonnes of rubber a year.

Bidders offered Tk 251 for a kilogram of rubber on January 13, but the Corporation set the price at Tk 265 defying the bid price, according to BFIDC data.

Consumers said the BFIDC has been setting prices in such a way for the past six months that forced them to go to

private producers or importers. In another instance, bidders quoted Tk 245 per kg on May 12, but the Corporation finally set the price at Tk 260.

"Import cost is lower now and the quality is also better than the locally produced rubber," Saha said.



Rubber plantation is relatively new in Bangladesh compared to other countries, industry insiders said.

The government has been encouraging plantation in the hilly areas since 1980. Some 45,000 acres of land have so far been allotted to the BFIDC and 32,500 acres to pri-

vate producers. The government plantation accounts for nearly 75 percent of the total domestic production at 10,000 tonnes a year. The rest is produced by the private players.

Companies, including Gazi Tyre, Hossain Tyre, Rupsha Sandal, Meghna Cycle and Apex Group, are the major consumers of the locally produced rubber.

Local consumption is likely to rise further as some of these companies have started to manufacture automobile tyre in recent months.

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Public, private auditors

#### A day out to find factory flaws

SOHEL PARVEZ

...... Young Pinky was engrossed in stitching jeans on her workstation when a team led by Textiles Minister Abdul Latif Siddique walked in yesterday morning to the premises of Apparel Industry Ltd.

Her workstation, from where she was manufacturing wares for the American kidswear label OshKosh B'gosh, was an electric sewing machine -- with wires cascading from the ceiling.

In fact, loose wires were spilling out of the entire ceiling, which would be at best one and a half yards away from her and her coworkers' heads. Rules, however, say all electric wires must be concealed.

Looking around, it came to notice that Pinky sat just beside the column holding the fire extinguisher. When asked if she could use it, Pinky nodded in the negative. But fire officials recommend that employees with the knowledge to handle the device should sit next to it.

The factory, which sits with three others in the same building on New Airport Road, was cramped to its limit with sewing machines.

This was the first visit by Siddique and his team, formed by the government amid public outcry following the fatal Rana Plaza collapse that killed 1,130.

Most of the observations ended up on the wrong side of their checklist, designed to gauge the workplace conditions of the country's 5,000 garment factories.

The checklist contains 69 questions in four categories -- structural soundness of the building, fire safety, electric safety preparation and issues that are related to workers' rights and welfare.

The minister stayed for a short while with the workers, many of whom were adolescents. Then out went the minister to visit another factory.

But some officials accompanying him stayed behind for more details.

The second factory visited by Siddique yesterday was Eve Garments Ltd at Gulshan-1, where a metal emergency staircase was mounted outside. But the walkway of the staircase was narrow and it started wobbling when more than one person took to it.

"We have served notice on the factory management asking for the structural layout of the factory and rectify other flaws," an inspector of the Dhaka office of the Department of Chief Inspector of Factories and Establishments said, seeking to remain unnamed.

Nurul Abrar, director of Eve Garments, said the factory inspectors did not inform him earlier that the emergency exit was vulnerable.

"If they ask us to fix it, we will do it without waiting for our landlord to do it," he said, adding that his company is working on complying with the directives of factory inspection office.

After visiting the three factories yesterday, Siddique declined to make

any comment about their compliance status. "This is a sample test. We are not going for any regulatory action. It is for addressing the weaknesses."

Asked why in his capacity as the textiles minister he was visiting factories for the first time in four and a half years in office, Siddique declined to comment.

Each of his 11 teams would visit 10 factories in the next few days and report to the government in three months' time, he said adding that the government "sincerely" wants to solve

the problems in the garment industry. Contacted later, Ashraf Ali Khan, managing director of Apparel Industry Ltd, admitted that the factory fell short

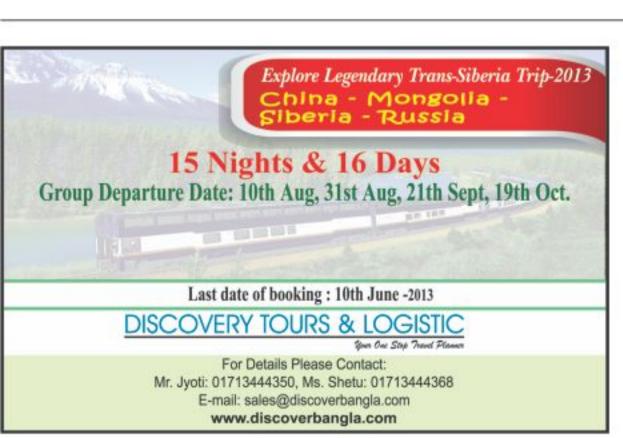
of compliance. "It is an old building, and ours is a semi-compliant factory," he said, adding that electric wires will be covered as necessary materials have been

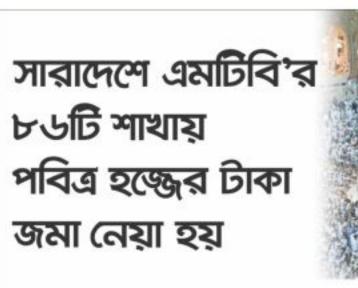
purchased. He also admitted that there were some adolescents in his factory, who were hired to meet deadlines in face of worker shortage. "Sometimes, workers

come with certificates which say they are at least 18 years old," he added. Khan, however, denied that Apparel Industry Ltd was working on orders for OshKosh B'gosh. "We are actually devel-

oping some samples to lure them in." Aminul Islam, manager of Apparel Industry, claimed they have a team of trained workers who can operate fire

extinguishers.

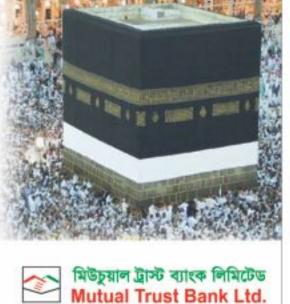




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Comptroller and Auditor General Masud Ahmed said yesterday. He said there has been a growing demand globally for collaboration between private and public sector auditors to ensure effective oversight over expendi-

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Combined efforts of public and private

auditors are needed to ensure quality

financial reporting and credible auditing

systems for public enterprises,

STAR BUSINESS REPORT

ture management and quality audit. The Office of the Comptroller and

Auditor General and private sector auditors are engaged in audit into public sector entities and there is a compulsion to find the avenues of mutual cooperation and explore the possibilities, Ahmed said.

He spoke at a session on "collaboration between private and public sector auditors, a global demand for ensuring

should work together: CAG effective expenditure management" organised by the Institute of Chartered Accountants of Bangladesh (ICAB) at Ruposhi Bangla Hotel in the city.

Bangladesh needs a foolproof mechanism to ensure transparency and accountability in financial management, ICAB President Abdus Salam said. He also identified some challenges for

improving audit quality in the public and private sectors. The challenges include improving

stewardship and accounting for assets and liabilities, increasing accountability and transparency, and providing better information for economic planning. Velupillai Kanagasabapathy, chairman

of Association of Public Finance Accountants of Sri Lanka, said public enterprises in his country are using accrual based accounting, which is followed by India and Pakistan also.



MEMBER

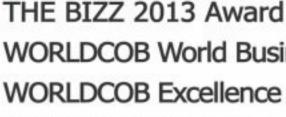
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