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DHAKA SUNDAY JUNE 16, 2013, e-mail:business@thedailystar.ne

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Political unrest to dent hopes in next budget

ASIAN MARKETS

Economists and businesses worried over banking sector, amnesty for black money

STAR BUSINESS REPORT

Political instability will be a major barrier to implementing the next budget and fuelling investment as well as economic activities, economists and businesses said yesterday.

They also expressed concern over the current situation in the banking sector, especially the state banks, which are suffering from rising non-performing loans due to loan scams and undisciplined lending. They also opposed the scope to

whiten undisclosed money through investment in the housing sector. They spoke at a dialogue on the proposed budget for fiscal 2013-

14 organised by the Centre for Policy Dialogue at Lakeshore Hotel in Dhaka. CPD Chairman Prof Rehman Sobhan chaired the discussion on

the measures taken in the proposed budget of Tk 222,491 crore to stimulate investment and demand. "It's not possible for any gov-

ernment to implement the budget if there is political instability," said Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry.

The recent shutdowns have become violent and dented

investment sentiment, he added. CPD Research Director



Left, Rehman Sobhan, chairman of Centre for Policy Dialogue, speaks at a dialogue on the budget for fiscal 2013-14, organised by CPD at Lakeshore Hotel in Dhaka yesterday.

Fahmida Khatun said political uncertainties will seriously undermine the possibility of taking advantage of the proposals made for the next fiscal year.

To finance the budget, the government aims to collect revenue worth Tk 167,459 crore, including Tk 136,090 crore through the National Board of Revenue.

The government plans to collect the rest of the money from foreign and domestic sources.

Fahmida termed the higher revenue target as the "weakest link" in the budget framework and

said the revenue authority might fall short of the target by Tk 10,000-Tk 13,000 crore.

The target of getting foreign aid, which is almost double the outgoing fiscal year's amount, is also impossible to achieve, she said.

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Tesco stops sourcing from a Bangladesh factory over safety concerns

REUTERS, London

Tesco, the world's No. 3 retailer, has stopped sourcing clothes from a factory in Bangladesh after discovering serious problems with the safety of a building, the company said on Saturday.

The move follows a survey the British-based supermarket chain conducted in the wake of the collapse of the Rana Plaza factory complex in Dhaka in April that killed 1,129 people. "A structural survey of a

site we source from in Bangladesh, owned by Liberty Fashions, has revealed serious problems with the safety of one of the buildings," Tesco said in a statement. "We immediately made

the owners aware of our findings, and tried to find an alternative to ceasing production of Tesco products on this site. We are disappointed that this was not possible." "Our concerns about the

structure of this building are so serious that we decided our only option was to stop taking clothes from this site with immediate effect."

Tesco, which has promised to conduct structural surveys of all the factories it sources from, said it had urged the owners of the site to stop all production and to evacuate the premises to ensure the safety of its workers.

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Govt sets aside more funds to fix capital crunch in state banks

REJAUL KARIM BYRON

The government has allocated Tk 15,359 crore in the next budget to meet a capital shortfall in four state-owned commercial banks, in keeping with the stipulations under the International Monetary Fund's External Credit Facility.

The amount, set aside as 'investments in shares and equities', is 438 percent higher than in the outgoing fiscal year.

"This allocation has been made to recapitalise the state-owned organisations including banks, but the final allocation will be decided after assessment," a finance ministry official said.

The ministry has already sought the exact amount required by the four state banks to meet the capital shortfall, from the Bangladesh Bank. The BB last week sent a statement to the finance ministry,

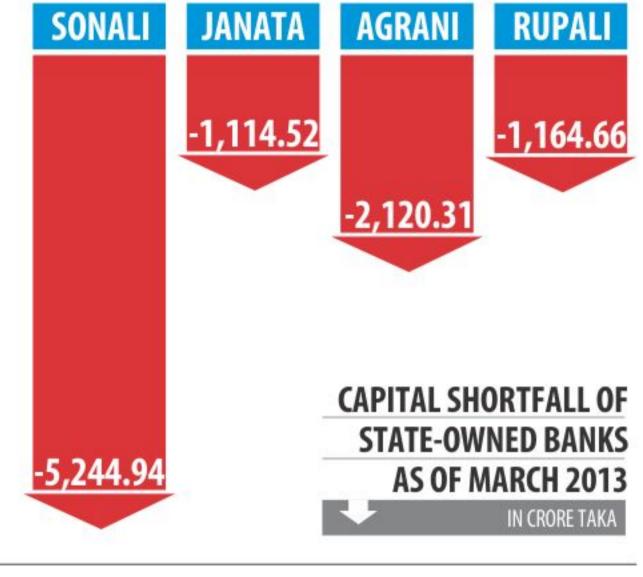
9,644 crore on March 31. The deficit is expected to have risen in June, so Tk 800 crore has been added to the figure. In total, Tk 10,444 crore would be needed, with Sonali Bank alone requiring Tk 5,445 crore.

which shows the capital deficit at the four banks stood at Tk

The substantial capital shortfall arose from the spike in classified loans in 2012 owing to a host of reasons which included scams.

Besides, some other government-controlled banks, such as BASIC Bank, Krishi Bank and Rajshahi Krishi Unnayan Bank till March had a capital shortfall of Tk 5,766 crore. The IMF, however, did not put any pressure about the capital shortfall of these three banks.

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Welfare package planned for factory workers

STAR BUSINESS REPORT

Civil society members will develop a comprehensive welfare package for industrial workers to ensure their rights, Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre (PPRC), said yesterday.

"The package will cover compensation, rehabilitation and rights," Rahman said.

He spoke at a dialogue on the Savar tragedy at the National Press Club in the capital.

"An international trust fund will be formed with the help of international garment buyers to ensure long-term welfare for workers," he said.

ActionAid Bangladesh Country Director Farah Kabir will coordinate among the international buyers, he added.

Rahman said Nobel laureate Prof Muhammad Yunus had also suggested such a trust fund.

The PPRC and Dhaka University Economics Department Alumni Association will finance to rehabilitee 100 families of the victims of the Savar tragedy, he said.

"A central database will be developed to compensate and

rehabilitee the victims," he added.

The collapse of the Rana Plaza building in Savar claimed 1,131 lives in April.

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PM should intervene in telecom impasse: Inu

STAR BUSINESS REPORT

The prime minister should intervene in ending the current impasse in the telecom sector, Information Minister Hasanul Haq Inu said yesterday.

The conflicts in the telecom law, and rules and regulations, including the fiscal policies, should be removed soon to let the sector grow further and help the government materialise its vision of "digital Bangladesh", he said.

The minister spoke at a meeting with the telecom regulator, operators and analysts to discuss various issues, including uncertainty, ambiguity and unhealthy environment in the sector.

ment" at The Dhaka Westin was organised by GSM Association, which works to safeguard the interests of mobile operators worldwide. There has been a standoff for long between the govern-

The discussion on "telecom policy for national develop-

ment and mobile operators over value added tax, and 2G and 3G licence fees. The operators also want an amicable settlement of some

cases now pending in the court.

The private telecom operators have also been demanding an end to what they say some regulatory barriers as those would discourage future investment in the sector.

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Uniqlo to open retail shops in Dhaka on July 5



UNIQLO From left, Tadahiro Yamaguchi, managing director of Uniqlo Social Business Bangladesh; and Yukihiro Nitta, group senior vice president of Fast Retailing that owns Japan's clothing brand Uniqlo, attend a press briefing at Sonargaon Hotel in Dhaka yesterday.

STAR BUSINESS REPORT

Uniqlo owned by Japan's Fast outlets in Dhaka on July 5 in a joint venture with Grameen Healthcare Trust. Initially, two retail shops,

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branded as Grameen Uniqlo, will Grameen Healthcare Trust. open at New Elephant Road and Banasree, Yukihiro Nitta, a group senior vice-president of Fast Retailing, said at a press meet at Sonargaon Hotel.

"The company plans to expand operations in Bangladesh in the near future as the country has potential," Nitta said.

The price range of products for men and women will be between \$2.50 and \$15.50.

Inspired by Nobel Peace laureate

Muhammad Yunus, the venture will run as a social business, Uniqlo Social Business Bangladesh Ltd

December 2010 with Grameen Healthcare Trust, a non-profit organisation that provides Retailing Co Ltd will open clothing healthcare services to low-income Yanai, chairman of Fast Retailing, people in rural areas.

> stake in the joint venture, while the remaining 1 percent is owned by The company will sell products:

shirts, trousers and sportswear manufactured in Bangladesh. It has invested \$4.6 million in the project, Nitta said. People below 35 are the target cus-

tomers for Grameen Uniqlo, he said. Fast Retailing has no plans to sign

a legally binding fire and building safety pact for factories in Bangladesh, which was signed by brands worldwide.

more than 40 international clothing "Ordinarily, entrepreneurs' main objective is to make profit, but Uniqlo will try to make not only the

Fast Retailing signed a deal in stakeholders, but also the customers

happy with affordable prices."

"We help to produce clothes by the locals, for the locals," Tadashi said in a statement. "We reinvest all Fast Retailing has a 99 percent profits in our social business, to establish a stable business cycle that can help address poverty, hygiene and education."

"Our goal is to use the power of clothing to contribute to the economy and raise the living standards of the people of Bangladesh," Yanai said.

"Uniqlo views Asia as offering tremendous opportunities for growth and the company plans to accelerate store openings around the region," the company said in a state-

ment in February. Till January, the retailer opened 1,206 stores in 13 markets, including 23 in Singapore, Malaysia, Thailand

Bangladesh Ltd, also spoke.

and the Philippines. Tadahiro Yamaguchi, managing director of Uniqlo Social Business

DSE elects president amid director's boycott

STAR BUSINESS REPORT

Ahasanul Islam Titu was elected the president of Dhaka Stock Exchange yesterday amid a boycott by a director of the premier

bourse board. Md Shahjahan and Md Mizanur Rahman were elected senior vice-president and vice-president of the premier bourse, after the annual general meeting of the DSE held at Ruposhi Bangla Hotel.



Ahasanul Islam Titu

Titu, chairman of Mona Financial Consultancy and Securities, will replace the bourse's outgoing president Rakibur Rahman.

The new president will continue his job until the demutualisation of the bourse, which is just six months away.

The Demutualisation Act 2013 was passed in parliament on April 29 to separate the bourses' management from ownership to bring transparency to the market.

As per the law, the stock exchanges will submit a demutualisation scheme to Bangladesh Securities and Exchange Commission within 90 days after the notice, and the regulator will approve it in the next 60 days.

After the regulatory approval the existing board will be dissolved, according to the law.

Ahmad Rashid Lali, outgoing senior vice-president of the DSE, walked out on the meeting of selecting the new office bearers.

"I was not a candidate. The new office bearers were supposed to be selected by consensus with participation from senior board members as per the convention of the DSE," Lali said.

"There was no consensus. It was preset. Seeing this, I have left the meeting," he said, terming the process "a black chap-

ter" of the DSE. Lali however welcomed the new office bearers and said:

"It will be interesting to see how the new office bearers face the challenges in future."

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