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BUSINESS

DHAKA FRIDAY JUNE 21, 2013, e-mail:business@thedailystar.net

Safety nets help lower poverty level: WB



World Bank Country Director Johannes Zutt speaks at the launch of an assessment report on Bangladesh's poverty, at Ruposhi Bangla Hotel in Dhaka yesterday. From left, Abdur Razzaque, food minister; and Iffath Sharif and Dean Jolliffe, senior economists of the WB, are also seen.

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Safety net programmes could potentially reduce the level of poverty in Bangladesh by 1.5 percentage points if benefits are allocated to the poorest segment of the population, the World Bank said yesterday.

In the absence of social safety net transfers, poverty rates in Bangladesh would be 33 percent, up from 31.5 percent in 2010, it said.

"However, if an amount equivalent to the average social safety net transfer was given to the poorest families, the poverty rate in the country would see a 27.2 percent or a 4.3 percentage point

reduction," the WB said in a report.

The new report titled "Bangladesh Poverty Assessment: Assessing a Decade of Progress in Reducing Poverty, 2000-2010" was launched at the capital's Ruposhi Bangla Hotel yesterday.

Quoting the Household Income and Expenditure Survey, the report said the coverage of the poor by safety net programmes was 20.9 percent in 2005, which rose to 34.4 percent to 2010.

The safety net programmes in Bangladesh suffer from leakages, particularly the food transfer programmes, according to the report.

The reason, it said, was the large

numbers of intermediaries involved in the system as well as the difficulties associated with the procurement, distribution and storage of food.

The leakage went up to 59.8 percent in 2010 from 44.3 percent in 2005, the WB said, calling on the government to consolidate and restructure the system to make the programmes more efficient.

Iffath Sharif, senior economist of the World Bank and co-author of the report, said Bangladesh spends over 2 percent of its gross domestic product on safety net programmes, but it manages to reach only a third of the poor.

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HC rules on shariah framework for Islamic banks

STAR BUSINESS REPORT

The High Court yesterday asked the government to explain in six weeks why the absence of an appropriate legal framework for Islamic banks and financial institutions for implementing the shariah law should not be declared illegal.

The court came up with the rule after hearing a writ petition filed by Mustaque Ahmed, a businessman from Uttara, challenging the legality of the lack of a framework for the institutions.

Islamic banks and financial institutions, which are running businesses on the basis of principles of the shariah law have not a legal framework to implement the law, and therefore, the stakeholders of these institutions are suffering, he said.

In the rule, the government was asked to explain why the lack of existence of an independent Central Shariah Supervisory Council at Bangladesh Bank to ensure proper implementation of the principles of shariah law should not be declared illegal.

Barrister Hassan MS Azim appeared for the petitioners.

Japan's clothing retailer Uniqlo to buy more from Bangladesh

Top official speaks on future plan for garment industry

REFAYET ULLAH MIRDHA

Japanese retail giant Uniqlo plans to bolster its garment order volumes from Bangladesh, a top official of the company said.

"I do not want to disclose the volume though, as it is a business secret," Yukihiro Nitta, group executive officer of Fast Retailing, Uniqlo's parent company, told The Daily Star in an interview.

The company has decided to divert 30 percent of its annual purchases from China to Bangladesh, Thailand, Vietnam, Indonesia and Cambodia.

Bangladesh will be a "significant" beneficiary of this, Nitta said.

"But the garment makers should remember that it is all about quality for the average Japanese consumer. As long as they satisfy the quality-conscious Japanese customer, orders will flow in."

Nitta praised the country's garment workers, terming them to be "hard-working" and capable of producing "quality" wares. "We are very much satisfied with their work," he said.

Nitta was recently in Dhaka to announce the opening of two Uniqlo stores in collaboration with Grameen Healthcare Trust, based on Prof Muhammad Yunus' much-prized social business model.

The stores, to be branded as Grameen Uniqlo, will take off on July 5, targeting the under-35 demographic.

The seed for the partnership has been in germination for three to four years ago, he said.

Yunus was addressing a seminar in



Yukihiro Nitta

Tokyo, which was attended by Tadashi Yanai, chairman of Fast Retailing.

"He [Yanai] was so inspired by the social business model that Professor Yunus talked up that he started looking right away for business ventures to implement the idea. Finally in 2011, this opportunity with Grameen Healthcare Trust came up -- and Fast Retailing jumped into it."

Established in August 2011 with primary investment of \$4.6 million, Grameen Uniqlo would 99 percent be owned by Fast Retailing and 1 percent by Grameen Healthcare Trust.

Products to be sold at the two stores would be designed by the company itself in Japan but would be manufactured in Bangladesh. "But I will not disclose the names of the factories."

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29pc of remittance goes to productive uses: BRAC

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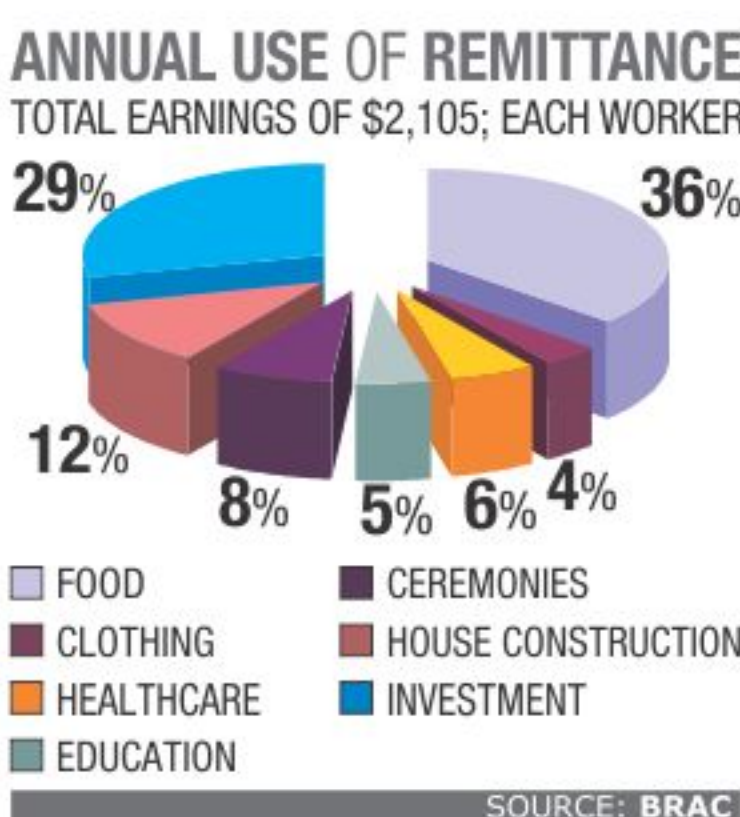
At least 29 percent of the country's remittance is used for investment purposes, a finding that dispels misconceptions that migrant workers' earnings typically go to non-productive uses.

On average, an overseas migrant invests \$609 of his/her yearly remittance earning of \$2,105, a recent survey by BRAC found.

However, the study found that food, house construction and ceremonies still took up majority of the expenditure: food accounted for about 37 percent, house construction and repair 12 percent and social and religious ceremonies 8 percent.

The findings of the study -- on the significance of remittance in poverty alleviation and livelihood development in Bangladesh -- were presented yesterday by Mahabub Hossain, executive director of BRAC, at a workshop held at the BRAC Centre Inn.

Nearly 8 million Bangladeshis now temporarily work abroad, and in 2012, they sent in \$14 billion in



remittances, which is 11 percent of the gross national income. The survey found that one in seven rural households now have a close relative working abroad.

"Remittance has a substantial positive effect on the income of households with overseas migrants. In fact, it accounts for three-fourths of the households' income," said Hossain.

Many scholars said the country's remittance earnings do not benefit the economy as they are directed to

the unproductive sector, said Zahid Hussain, lead economist of the World Bank.

"This study has proved it wrong," he said, terming it to be "a good sign" that overseas workers are now investing in business activities.

"Even if the entire amount is used for consumption purposes, the economy still benefits -- significantly."

Hussain, however, said that the remittance earning by each worker is still low in comparison to other countries.

"One reason why the inward remittance figures are higher than before is because overseas migrant workers are progressively opting for formal channels to send in their money," said Anisul Islam Mahmud, chairman of the parliamentary standing committee on the expatriates welfare and overseas employment.

Migrant workers generally buy land on remittance income due to unavailability of secure investment in the country, according to Islam. "They consider land as a safe and secure investment."

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Govt to ban exports of four Ramadan items

STAR BUSINESS REPORT

The commerce ministry will soon impose a ban on export of brinjal, cucumber, green chilli and coriander leaves to keep their prices stable during Ramadan.

"The ban will take effect from July 1. The ban will remain active until August 12 to ensure availability of the goods in the market, Commerce Secretary Mahbub Ahmed told The Daily Star.

"The ban on exports of onion and garlic is already in place," Ahmed said.

The government had also temporarily banned exports of some agro-products last year.

The parliamentary standing committee on the commerce ministry also urged the government to temporarily ban exports of these products.

Online TIN registration takes off next month

STAR BUSINESS REPORT

The National Board of Revenue is set to start issuing taxpayer identification number certificates online from early next month.

Under the initiative, existing TIN holders and companies will require re-registration, a move which will allow the tax authority to identify both real and fake TIN holders, the NBR officials said.

The system will make the process of obtaining a TIN number free from hassles: all new applicants need to do is to key in their national identity card numbers online.

Those without national ID cards can use their passport numbers, and adolescents can use the national ID numbers of their parents, according to the NBR officials.

Individuals who already have TINs will have to provide their existing

TINs and national ID numbers for registration.

Existing companies will have to provide their TINs and the registration numbers obtained from Registrar of Joint Stock Companies and Firms.

NBR will issue TINs for both existing and fresh individuals and firms by examining records at the Election Commission and RJSC online.

"Taxpayers will be able to get TIN registration and TIN certificates from home though this system," Finance Minister AMA Muhiith said in his budget speech.

The tax collector has taken the initiative after it found that only 20 lakh out of the 37 lakh TINs currently circulating in the economy are genuine.

Of them, 11.64 lakh submitted tax returns in fiscal 2012-13, meaning that less than one percent of the 15 crore population pays taxes.

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