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BUSINESS

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Wal-Mart, Gap near \$50m deal on factory safety

STAR BUSINESS REPORT

Gap Inc and Wal-Mart Stores Inc are among US retailers finalising an agreement to establish a \$50 million, five-year fund to improve safety conditions in Bangladesh garment factories, the Wall Street Journal reported yesterday.

The fund for factory safety is contingent on the Bangladesh government meeting certain criteria that would ensure accountability for safety improvements, the Journal reported. A deal could be announced as soon as next month, the newspaper said.

Pressure on Wal-Mart and Gap increased after they refused to join an international accord to increase fire and building safety in Bangladesh. The legally binding agreement was signed last month by dozens of large European retailers, including H&M and Inditex, as well as by Abercrombie & Fitch, PVH and other American companies.

Amid growing criticism of their refusal to sign, representatives from Wal-Mart and Gap appeared at a Senate Foreign Relations Committee hearing this month to defend a separate plan by a group of North American retailers and industry associations.

The plan has been developed in



People clear the debris of the collapsed Rana Plaza in Savar on April 24.

meetings convened by a District-based nonprofit group called the Bipartisan Policy Centre, The Washington Post reported. Its president, Jason Grumet, said Wednesday that "at this point, only a few final details remain to be worked out and agreed upon. We remain on track to complete the process by early July."

Other retailers involved in the talks are Macy's, Sears and JC Penney. The

meetings have been co-chaired by the center's co-founder, former Senate majority leader George J. Mitchell, and a senior fellow, former senator Olympia Snowe, who act as facilitators.

A group of eight US senators, led by Sherrod Brown (D-Ohio), had written to Wal-Mart and other retailers urging them to reconsider signing the existing accord on fire safety in Bangladesh.

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GPIT to sell 51pc stake to Accenture



STAR BUSINESS REPORT

Grameenphone is set to dispose off its majority stakes in its IT subsidiary GPIT to Accenture, an American management consultancy, technology services and outsourcing firm, officials said.

The mobile operator also reserves the right to sell on the remaining 49 percent to Accenture at a later date.

"We have applied at the Bangladesh Securities and Exchange Commission on Tuesday to sell shares," said Rony Riad Rashid, chief corporate affairs officer of GPIT.

"It is a big thing for Bangladesh," said Raihan Shamsi, chief executive officer of GPIT, adding that the market value of Accenture's acquired stakes would be announced soon.

An extraordinary general meeting has been scheduled for August 1 to obtain approval for the share transfer, said a notification to the Dhaka Stock Exchange.

GPIT, which was established in 2011 by Grameenphone, provides end-to-end solutions to banks, financial institutions, fast-moving consumer goods, pharmaceuticals and telecom companies.

WB okays \$500m for safety net schemes

STAR BUSINESS REPORT

The World Bank board yesterday approved \$500 million to strengthen major safety net programmes of Bangladesh.

The credit will improve equity, efficiency and transparency of the safety net schemes, the WB said in a statement.

The bank's credit is a result-based financing modality, where 86 percent of the funds would reimburse expenditures made under safety net programmes against specific performance indicators, according to the statement.

The credit aims at allocating increased resources to the poorest, particularly poor women, and introducing an objective targeting system to better identify the poor.

Further, the project will focus on expanding the provision of cash-based transfers through the banking system.

The WB credit will support five safety net programmes -- Employment Generation Programme for the Poorest, Food for Works, Test Relief, Gratuitous Relief, and Vulnerable Group Feeding -- implemented by the disaster management and relief ministry.

The credit programme will also support the Statistics and Informatics Division for the development of a database of poor households that would facilitate better targeting for safety net service delivery.

The programme would contribute to improving coordination among various safety nets implemented by different ministries.

"Bangladesh has made remarkable progress in poverty reduction over the

last 10 years, achieving a 26 percent decline in the number of poor people," said Johannes Zutt, WB country director for Bangladesh.

Better use of social safety nets will help Bangladesh continue this progress, and achieve further significant poverty reduction, he said.

"Efficient and transparent implementation of five of the largest safety net programmes would not only help increase a much needed coverage of the poor in the short term, it would also help the government of Bangladesh improve the quality of a large amount of public expenditure earmarked for social protection in the medium term," said Iffath Sharif, task team leader of the Safety Net Systems for the Poorest project of the WB.

Despite Bangladesh's remarkable progress in lifting 16 million people out of poverty in the past decade, poverty remains a stubborn problem, with about 47 million people living in poverty and 26 million in extreme poverty, according to the statement.

The WB said the government implements a number of public social safety net programmes that involve spending of more than 2 percent of GDP (gross domestic product) a year to support the poor and vulnerable.

Despite these interventions, 70 percent of poor people still do not receive any safety net support, mainly due to shortcomings in identifying poor beneficiaries and programme administration, said the global lender.

The interest rate of the WB credit is 0.75 percent and repayment will have to be made in 40 years with a 10-year grace period.

Social Business Day today

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About 1,000 participants from home and abroad will gather in Dhaka today to observe Social Business Day to find ways to turn ideas into realities that solve social problems.

About 150 participants from 30 countries will also attend the fourth annual Social Business Day with the theme of "turning visions into realities" at Radisson Hotel in the city.

The event coincides with the birthday of the man who pioneered the concept: Nobel laureate Prof Muhammad Yunus. Yunus Centre, which promotes ideas invented by Prof Yunus such as microcredit and social business, is organising the event.

The event will give participants an opportunity to discuss their work, business models, recent achievements and challenges with social business entrepreneurs from around the world.

The daylong programme will include plenary discussions, special presentations and speech by Grameen Bank Founder Prof Yunus.

Social Business Day 2013 is a platform to share experiences in social businesses -- non-dividend companies to solve social problems. Participants will hear first-hand accounts from representatives of social business organisations around the world.

A Social Business Marketplace will take place, where products and programmes of social business working in Bangladesh and various countries of Asia, Europe and Latin America will be showcased.

READ MORE ON B3

Steep climb ahead for taxmen

Shortfall in NBR's revenue target widens in July-May

SOHEL PARVEZ

The shortfall in revenue collection widened in the last 11 months, making it harder for the National Board of Revenue to attain its targets for the year.

The tax authority lagged behind by Tk 4,800 crore from its Tk 97,691 crore target in July-May in the face of falling imports and sluggish domestic demand and investments.

In July-April, the shortfall was Tk 3,390 crore. The deficit was much lower in the past months of the current fiscal year, according to NBR officials.

The tax collector will have to collect Tk 19,368 crore in June to attain its target of Tk 112,259 crore for the current fiscal year, data shows.

The job is far from achievable, analysts say.

"It is beyond doubt that there will be a shortfall in revenue collection from the target. Now the question is, by how much," said Ahsan H Mansur, executive director of Policy Research Institute (PRI).

He said June is the best month for revenue collection. But collecting Tk 19,368 crore will be tough in a single month, although there are signs of improvement in domestic demand due to reduced shutdowns and political violence, he added.

Mansur predicted that NBR would fall short of Tk 3,500-4,000 crore from its target for the outgoing fiscal year ending on June 30.

Earlier, the Centre for Policy Dialogue (CPD) also forecasted the shortfall to be Tk 3,000-4,000 crore amid slowing economic activities.

"Collection data for the eleventh month reinforces our previous projections that NBR would lag behind its target," said Towfiqul Islam Khan, research fellow of CPD.

Except for income tax, NBR fell short of its target for customs and value added taxes. Income tax registered 34 percent growth to Tk 29,128 crore, exceeding the target of Tk 28,716 crore.

In July-May, the revenue authority registered only 2.8 percent growth in customs duty collection as imports slipped in the current fiscal year from a year ago.

NBR was Tk 3,092 crore away from its customs duty collection target.

VAT collection grew 12 percent to Tk 34,254 crore in July-May of the current fiscal year from a year ago. But VAT receipts were Tk 1,787 crore lower than the target.

NBR officials earlier pointed at lower than expected receipts from cigarettes, and frequent shutdowns and violence since January.

To attain targets, the revenue authority looks to realise the dues to the state entities, such as Petrobangla and Bangladesh Petroleum Corporation, said an NBR official.

Towfiq of CPD said NBR can increase collection of withholding taxes to attain its target for the year. "But it may impact collection the next fiscal year.

Active mobile connections now 10.30 crore

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The country's total number of mobile subscribers increased 1.74 percent month-on-month in May to 10.30 crore, according to telecom regulator.

The industry insiders credit the rise to the 50 percent cut in SIM tax, which took effect in May. The SIM tax, at present, is Tk 300.

Between the six mobile operators, Grameenphone has the highest number

of subscribers, of 4.32 crore, followed by Banglalink 2.65 crore, Robi 2.2 crore, Airtel 76.62 lakh and Teletalk 18.9 lakh.

The number of Citycell subscribers dropped in May to 14 lakh.

The total number of internet users now stands at 3.38 crore, Bangladesh Telecommunication Regulatory Commission said yesterday.

Of the 3.38 crore users, mobile internet accounts for 3.32 crore, WiMAX

Develop apps for public services: IT experts



Analysts take part in a conference titled "Apps development: contents" organised by the ICT ministry at The Daily Star Centre in the capital yesterday.

STAR BUSINESS REPORT

Leading IT experts yesterday called for mobile applications that would streamline different services provided by the government offices for ease of access.

"The developers should look to designing applications for various public services," said Nazrul Islam Khan, secretary of the information and communication technology ministry. "We also have plans to develop a local app store to ensure ICT services for the people," he said, adding that the country has great potential to generate interesting contents for smartphone users.

Khan's comments came at a conference titled "Apps Development: Contents" organised by the ICT ministry at The Daily Star Centre in the capital.

But before that can happen, a platform needs to be put in place that financially rewards the developer for coming up with apps, Syed Mahmudul Hasan, marketing lead of Nokia, said.

"As things stand, a developer gets no benefit when his/her app is downloaded, which is holding back the local

"The developers should look to designing applications for various public services. We have plans to develop a local app store to ensure ICT services for the people," says ICT secretary

app market from flourishing."

SM Ashraf Abir, chief executive officer of Multimedia Content and Communication, too called for benefits for the owners of the contents, while urging the government to intro-

duce a billing solution to ensure payment for the app developers.

"After discussions with Google, Nokia and Microsoft we will request the Bangladesh Bank to approve a billing solution," the ICT secretary said in response.

"When we can generate more content in the local market, tech giants like Google and Yahoo! would be drawn towards Bangladesh," said Kazi Monirul Kabir, country consultant of Google.

Rajesh Palit, an associate professor at North South University, recommended setting up mobile labs in universities and providing scholarships, to develop the local industry.

"Sales of traditional PCs will drop by 7.6 percent in 2013, while mobile devices will exceed world population by 2014," he said, adding that tablet sales would rise 70 percent and smartphone 4.3 percent this year.

Zunaid Ahmed Palak, a member of the parliamentary standing committee on the ICT ministry, said the country would be left behind if it does not fully adopt the ICT. "Now is the time to board on an ICT-based economy."