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Star BUSINESS

DHAKA WEDNESDAY AUGUST 21, 2013, e-mail: business@thedailystar.net

Help us get GSP back

Bangladesh urges US Congressman Sander Levin

REFAYET ULLAH MIRDHA

Three top government officials yesterday sought cooperation from US Congressman Sander Levin in winning back trade privileges from the United States.

Levin, who has been vocal about stern actions against Bangladesh in the aftermath of Rana Plaza collapse and Tazreen fire, is touring Bangladesh to assess the progress the country has made in ensuring worker safety since the suspension of Generalised System of Preferences (GSP) on June 27.

It is believed that Levin's positive feedback would be of great help when the Obama administration reviews Bangladesh's GSP status in December.

"We told him that the garment business has helped reduce poverty for millions. Harsh actions against Bangladesh would push them back to their previous state," Commerce Secretary Mahub Ahmed told The Daily Star

following a meeting with Levin. At the meeting, Labour and Employment Secretary Mikail Shipar briefed the Congressman on the measures taken by the government to enhance worker rights and factory conditions.

"We have amended the labour act to allow full freedom of association. We are recruiting 200 more factory inspectors and have formed a ministerial committee to conduct building inspections—we are doing as they asked."

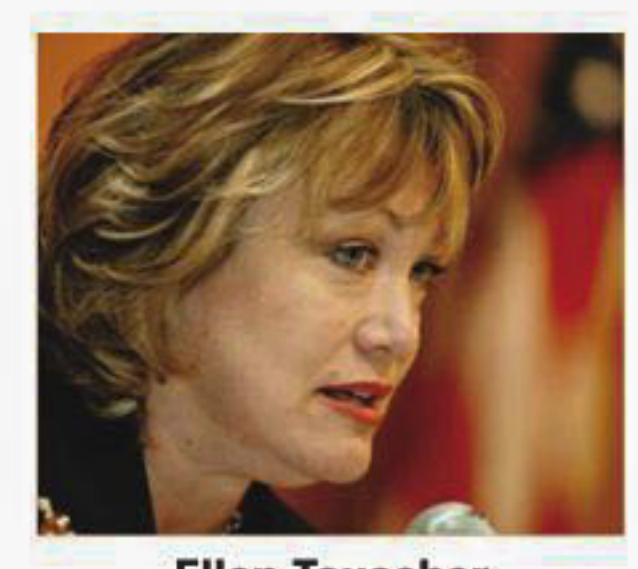
Foreign Secretary Shahidul Haque was also present at the meeting held at state guesthouse Padma. Levin also met Foreign Minister Dipu Moni. He did not speak to the media.

Earlier in the day, Levin visited a garment factory near Dhaka and called on Prime Minister Sheikh Hasina at her office, during which he demanded further efforts from all stakeholders, including the buyers and retailers.

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US Congressman Sander Levin meets Prime Minister Sheikh Hasina at her office in Dhaka yesterday.



Ellen Tauscher

US clothing retailers' alliance appoints chair

STAR BUSINESS REPORT

The North American Alliance, a platform of US-based clothing retailers for Bangladesh worker safety, has appointed former under-secretary of state Ellen O'Kane Tauscher as the independent chair of its board of directors.

The coalition of North American apparel companies and retailers, industry associations and non-government organisations was established last month to improve worker safety at Bangladeshi garment factories.

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External balance in record surplus

Moderate growth of exports and slowing imports help BoP

STAR BUSINESS REPORT

The country's external balance sheet saw a record surplus of \$5.12 billion on the back of a falling trade deficit last fiscal year.

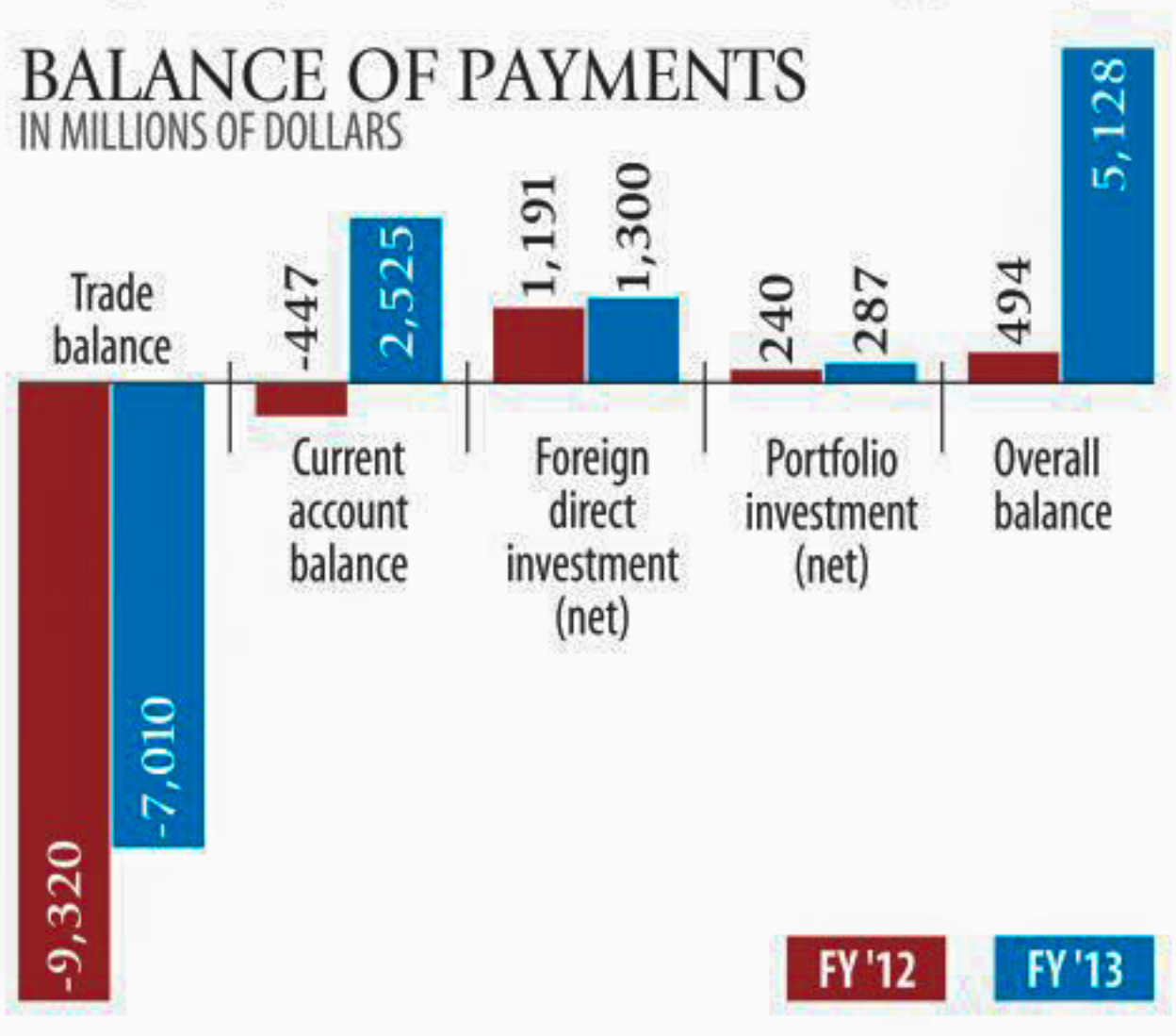
The reason for the monumental jump in surplus, according to a Bangladesh Bank (BB) official, is the significant decrease in trade deficit, arising from a moderate increase in exports and slow growth of imports in fiscal 2012-13.

Last fiscal year, imports increased 0.80 percent and exports around 10.74 percent, both of which, in turn, had the effect of narrowing the trade deficit by 24.78 percent to \$7.01 billion.

"The political unrest at home and lower oil prices explain the decrease in imports," the BB official said, asking not to be named.

The import of capital machinery and industrial raw materials—both accounting for almost half of total imports—fell 15.85 percent and 2.5 percent respectively during the year, according to statistics from BB.

Besides, every year the country has to spend a big chunk of foreign currency on fuel imports, which, too, dropped by around 2 percent. Food imports fell as well, by 28 percent,



on the back of a good production at home.

The BB official also said that remittance, foreign aid, foreign direct investment (FDI) increased substantially during the course of the year to push up the overall balance.

FDI rose 9 percent and foreign aid by 37 percent, according to central bank statistics.

Thanks to the healthy balance of payments, the country's foreign currency reserve stands above \$16 billion, enough to cover import bills for five and a half months. "It's all the more impressive when you think that a cushion for three months' import bills is deemed satisfactory enough."

The hale and hearty situation of the BoP, however, has thrown up a problem for the central bank: it is now finding it "very difficult" to maintain a stable exchange rate.

"If the local currency is appreciated much, exporters and expatriates may be affected," said the BB official, adding that the central bank intervenes in the foreign exchange market almost every day to ensure that taka does not appreciate more against the dollar.

Even then, the taka appreciated 4.91 percent against the dollar during the year.

REFINANCING SCHEME

Affected investors to get share credit at 9pc

ICB may sign MoU with the central bank today

SARWAR A CHOWDHURY

Retail investors, who had lost money to stockmarket downswings in 2011, will get share credit at a 9 percent interest rate from the government's Tk 900 crore refinance scheme for a three-year period.

The interest rate is, however, 1 percentage point higher than the rate recommended by Bangladesh Securities and Exchange Commission.

The finance ministry yesterday sent a letter to the BSEC after approving the refinancing scheme guideline submitted by the regulator on July 18.

Now the Investment Corporation of Bangladesh will sign a memorandum of understanding with Bangladesh Bank for receiving the first instalment of the fund -- Tk 300 crore.

"We received the final guideline on

the refinance scheme today [yesterday]," said Md Fayekuzzaman, managing director of the ICB. The ICB will sit with the central bank today and may sign the MoU, Fayekuzzaman added.

The stockmarket regulator has identified 9.54 lakh investors who will get the credit under the refinance scheme.

The rest Tk 600 crore of the fund will be disbursed in two more instalments, to the account of the state-run ICB.

After getting the fund at a 5 percent interest rate from the central bank, the state-run investment firm will lend it to the merchant banks and stockbrokers at 7 percent.

The merchant banks and the stockbrokers will then disburse the fund to the retail investors at a 9 percent interest rate, according to the scheme

guideline. The borrowers will have to repay the loans every three months and should give corporate guarantee against the loans to the ICB, which will later deposit the received amount to the refinance fund.

The securities regulator will have the authority to cancel licences of the merchant banks and stockbrokers if they fail to repay the loans on time, the guideline said.

An inspection committee with representatives from the central bank, BSEC and ICB will monitor the scheme operation and submit a report to the finance ministry every quarter.

The government in March 2012 had announced a compensation package that also included an interest waiver on margin loans for the investors who suffered losses during the price debacle in 2011.

Bangladesh's workers deserve better

THE NEW YORK TIMES

Four months after a building collapse killed more than 1,100 factory workers in Bangladesh, their families are still waiting for adequate—and in some cases, any—compensation. This is a shocking lapse by Prime Minister Sheikh Hasina and her government.

After the disaster at Rana Plaza, a poorly constructed eight-storey building outside Dhaka, the capital, Hasina promised to give the relatives of those who died about \$1,250 in cash and \$19,000 in savings certificates—amounts that far exceed the roughly \$1,250 that factory owners are legally required to pay per victim, but far from sufficient, considering that many victims were young women and men who had a whole lifetime ahead of them. The money was supposed to come from the government and from private donations by, among others, the factory owners.

But the government has yet to distribute most of that money. It has provided sums ranging from \$1,250 to \$5,000 to about 777 families, far short of the total compensation it had promised, according to the Solidarity Centre, a Washington-based group that helps workers around the world form unions. Also, many of the remaining families have not received any aid at all because the government has not moved fast enough to identify nearly 300 bodies.

Compensating victims' families in a tragedy as big as the collapse of Rana

Plaza would strain the resources of a poor country like Bangladesh. But Hasina's administration can do a much better job. According to labour and legal aid groups, the government has not said to whom it has given money, why some families received more than others and why the larger sums—including the \$19,000 in certificates—have not been handed out.

The programme clearly needs an independent administrator to handle the payments, which are now distributed by Hasina's office, and to help speed up the identification of bodies. The two dozen or so Western clothing companies and retailers whose clothes were being made in Rana Plaza should also contribute.

So far, with the exception of the British retailer Primark, they have not provided any compensation. They will have an opportunity to discuss this issue next month at a meeting convened by IndustriALL, a Geneva-based labour union, and the Clean Clothes Campaign, an anti-sweatshop group based in Amsterdam. Some American and European companies have helped workers and their families after other factory fires and collapses, and they should do so in this case too.

The collapse of the Rana Plaza reminded the world of the appallingly dangerous working conditions in Bangladesh's clothing factories. Attention must now be directed to those who have suffered and died because of those conditions.

Regulator plans new payment methods for IGWs

They owe Tk 500cr to the govt

ABDULLAH MAMUN

The telecom regulator plans to change the payment methods for international gateways (IGW) to avoid the risk of losing revenue from international incoming calls.

Currently the IGWs settle their payments with the regulator on a quarterly basis and pay the bills within 25 days after a quarter ends.

But in line with the plans of the regulator, the IGWs may have to pay the bills every month or in three months.

If the bills of an IGW exceed its security deposit, the operator may have to pay 50 percent of the bills, according to another proposed payment method. The IGWs had paid a security deposit of Tk 15 crore each to the regulator while taking their licences.

The number of IGWs that transport international calls is 23 now and they share 51.75 percent of their revenues with the government.

Sunil Kanti Bose, chairman of Bangladesh Telecommunication Regulatory Commission, said they will soon send the proposals to the telecom ministry for approval.

The regulator plans to amend the payment methods as a number of IGWs recently failed to pay their bills on time. The BTRC also had to take punitive actions against some operators. The IGWs now owe around Tk 500 crore to the regulator.

The BTRC has sent letters to the operators to pay the dues within August 25, otherwise, their operations will be suspended, another BTRC official said.

If the amount of the bills gets bigger, the IGW operators may become defaulter as their security deposit is low compared to the nature of their business, the official said.

He said they also plan to introduce a prepaid billing system for the IGWs.

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Wheat output highest in 10 years

SOHEL PARVEZ

Wheat production touched a decade high thanks to increased acreage and favourable weather in the last growing season.

Output of the cereal grew 26 percent to 12.54 lakh tonnes in fiscal 2012-13 from 9.95 lakh tonnes in the previous year, according to Bangladesh Bureau of Statistics (BBS).

Production was the highest since fiscal 2002-03's 15.07 lakh tonnes.

Lower production cost due to less irrigation requirements and higher profits than the contemporary crops are part of the main reason for the increase in wheat cultivation.

The weather condition was favourable during sowing and harvesting periods in the survey year in 2012-13, the statistical agency said in a report.

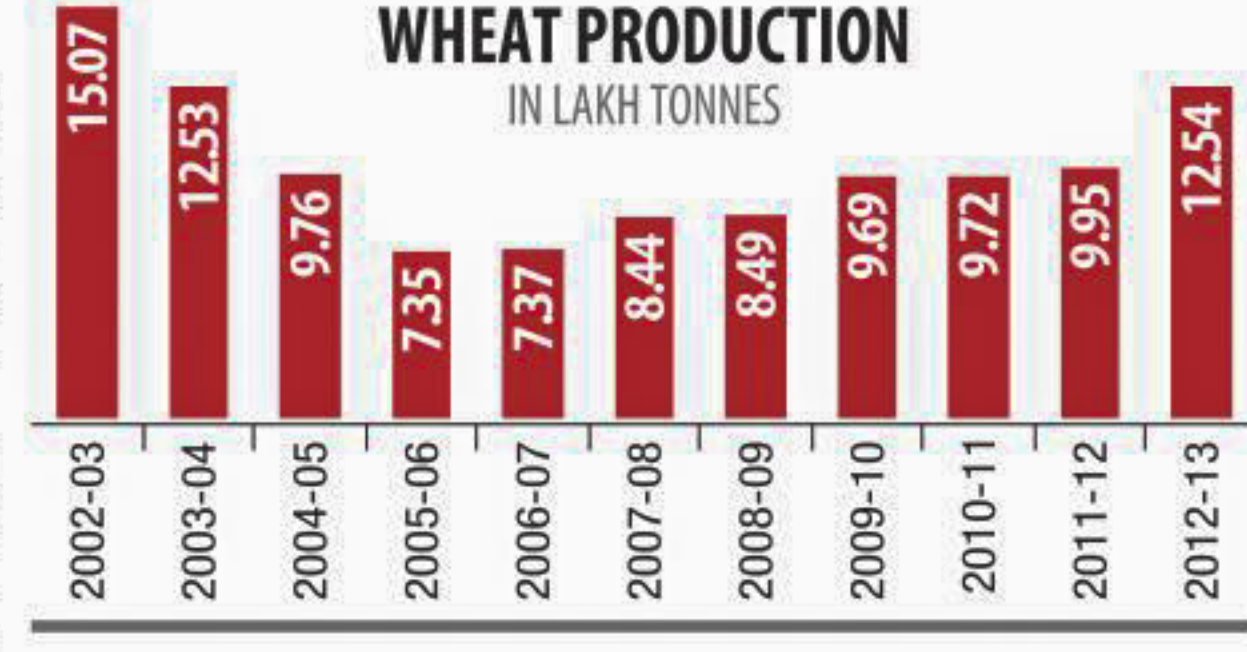
Wheat acreage rose 16.34 percent to 4.16 lakh hectares in fiscal 2012-13 from 3.58 lakh hectares in the previous year.

Farmers in Rajshahi, Pabna, Dinajpur and Kushtia cultivated wheat on wider areas.

Agricultural officials linked increased wheat acreage to farmers' shift from rice for its low prices that prevailed until early this year.

For the current fiscal year, wheat production may also be higher at 12.5 lakh tonnes, the US Department of Agriculture (USDA) said in its latest report.

Despite higher production, wheat import by the government and private traders may increase in fiscal 2013-14 from



last year's 18.61 lakh tonnes. The USDA said Bangladesh's wheat import may rise to 30 lakh tonnes in this running fiscal year.

Abul Bashar Chowdhury, chairman of BSM Group, a Chittagong-based commodity importer, also believed that wheat import would rise, spurred by low prices globally and increased prices of rice locally.

The USDA predicts that Bangladesh's total consumption of wheat might increase to 40 lakh tonnes this fiscal year from 38 lakh tonnes in fiscal 2012-13.

"Consumption is gradually rising for low prices of wheat. And low prices of the grain on the global market will encourage more imports this fiscal year," said a senior official of the Directorate General of Food, seeking to remain unnamed.

The government's purchase from farmers is another factor behind increased cultivation.

In 2013-14, the government plans to import 8.5 lakh tonnes of wheat and buy 1.5 lakh tonnes from domestic production.

Last year, the government imported 3.38 lakh tonnes of wheat and purchased 1.30 lakh tonnes from local producers.