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Star BUSINESS

DHAKA SUNDAY SEPTEMBER 1, 2013, e-mail:business@thedailystar.net

Private credit growth lowest in 13 years

Uncertainty over polls and banking scams are to blame

REJAUL KARIM BYRON

Private sector credit grew by only 11.04 percent last fiscal year -- the lowest in 13 years -- due to low investment as uncertainty ahead of the national polls has dented investor confidence, bankers said.

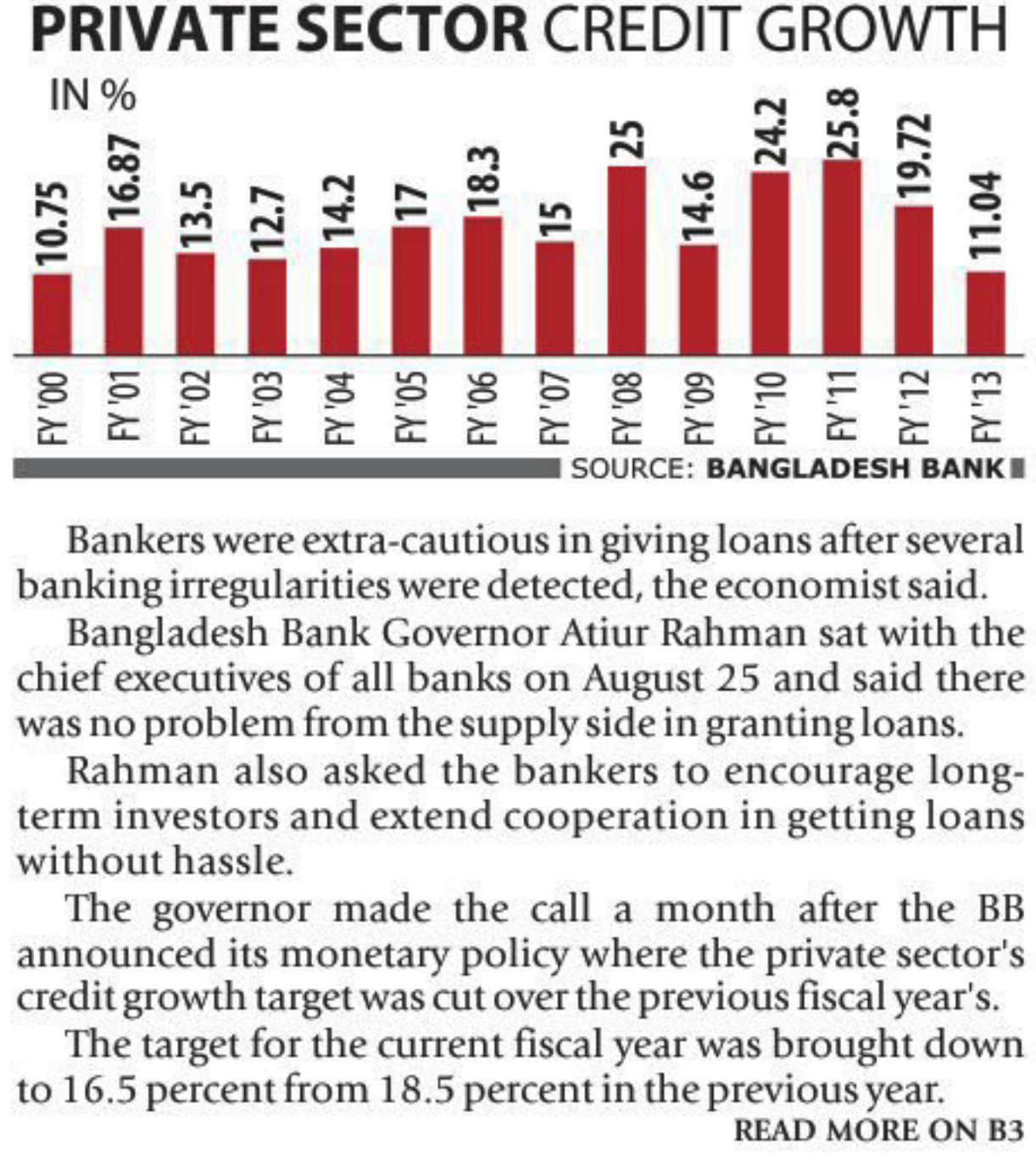
Extreme caution adopted by banks in the backdrop of various scams in recent times also squeezed credits, they said.

Such credit grew by 19.72 percent in fiscal 2011-12. After the grand alliance government led by the Awami League assumed power in 2009, the growth was more than 24 percent in fiscal years 2009-2011.

The lowest growth, 10.75 percent, was seen last in fiscal 1999-2000. Zahid Hussain, lead economist at World Bank in Bangladesh, said private sector credit growth usually marks a fall in every election year.

But this year the situation worsened due to prolonged political violence that disrupted economic activities, he added.

A slow recovery in the global economies, the cancellation of Bangladesh's GSP (generalised system of preferences) in the US, and compliance issues at garment factories following a few deadly accidents also took a toll on investment, Hussain said.



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Yunus leads global effort for garment labour wages

STAR BUSINESS DESK

Nobel laureate Muhammad Yunus has proposed an international minimum wage for garment workers to be worked out for each country separately, as part of a global effort to solve labour issues in all garment producing nations.

The wage, he said, should be accepted as a compliance issue, and should not be a subject of any price negotiation.

International buyers will accept it as part of production cost and make sure price negotiation should not impact on this wage in any country, Yunus said.

Prof Yunus spoke at a preparatory conference at the Humboldt-Viadrina School of Governance in Berlin on Thursday to address the issues raised in Bangladesh after the Rana Plaza tragedy.

The Humboldt-Viadrina School of Governance also organised a global conference to launch Garment Industry Transparency Initiative (GITI) at Yunus's suggestion.



YUNUS CENTRE
Nobel laureate Prof Muhammad Yunus with Transparency International founder Peter Eigen in Berlin.

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Iraq to hire workers from Bangladesh

STAR BUSINESS REPORT

Iraq will recruit workers from Bangladesh for reconstruction of the war-torn country, the Middle Eastern nation's Labour and Social Affairs Minister Nassar-Al-Rubaiee said yesterday.

"Now there is a huge opportunity to invest in Iraq for development works and a large number of foreign workers will be required for the project. We want the Bangladeshi people to tap that opportunity," he told the reporters in Dhaka.

Asked about the workers' safety in Iraq, he said his government would guarantee the human rights and status of the workers.

Bangladesh and Iraq yesterday signed a memorandum of understanding on manpower.

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Omera sets up Tk 100cr oil storage terminal

SAJJADUR RAHMAN

Omera Fuels Ltd, a sister concern of MJL Bangladesh, has set up a Tk 100 crore petroleum oil storage terminal, in a drive to increase the country's fuel reserve required to run independent power plants.

The capacity of the terminal is 70,000 tonnes, which is 63 percent more than the combined capacity of the three state-owned entities: Padma Oil, Meghna Petroleum and Jamuna Oil.

"The terminal is a fantastic solution for quick rental power plants that can import and manage its inventory efficiently," Azam J Chowdhury, chairman of Omera Fuels, told The Daily Star yesterday.

Moreover, the terminal will help importers reap benefits from price fluctuations in the international market. "When the fuel price is less, buyers can import more and store it for future use."

The issue of oil storage came to the fore in recent years after the incumbent government, to overcome the electricity crisis, allowed oil-fired independent or quick-rental power plants.

The country got through around 11 lakh tonnes of furnace oil last year, with its consumption projected to hit 50 lakh tonnes in 2014.

"Existing public sector storage facilities look inadequate for import and distribution of furnace oil. The Omera terminal will ease the situation," said Salah Uddin Ahmed, assistant general manager of MJL Bangladesh.

"We are now waiting on permission for jetty use from Bangladesh Petroleum Corporation," Ahmed said. The commercial operation may start this month.

The move, the Omera Fuels chairman, said is testament to the fact that public-private partnerships can flourish. MJL Bangladesh is 25 percent owned by Jamuna Oil Company.

Software export crosses \$100m

STAR BUSINESS DESK

Bangladesh exported software worth \$100.63 million in 2012-13 financial year, up by 43.53 percent from the previous year's \$70.81 million.

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