

BB cuts cost of credit for onion import

STAR BUSINESS REPORT

The central bank yesterday asked all banks not to charge more than 12 percent on credit for onion import in an effort to ensure adequate supply and keep the prices of the cooking item stable.

Banks, in some cases, were charging more than 14 percent for such imports, Bangladesh Bank officials said.

The BB in a notice also advised the banks to keep the loan-margin ratio at the minimum level based on the banker-client relationship.

The central bank directive will remain effective till December 31.

The local market was destabilised of late due to a surge in prices in the international markets, the BB said.

The central bank move came a day after the commerce minister's request for reducing the credit interest and LC margin for onion imports.

The prices of imported onion in Bangladesh soared 270 percent year-on-year to Tk 90 a kg yesterday after bad weather in India -- the country's main source of the vegetable -- created a supply crunch. India hiked its export price to \$900 a tonne on Saturday, from \$250 a month ago.

The Trading Corporation of Bangladesh on Sunday started selling onion at Tk 55 a kilogram in open markets across the country to cool the prices.

However, consumers cannot buy more than a kg at one time from the state-owned TCB, which is selling the vegetable item through its dealers via trucks.

Undervalued garment workers



SOHEL PARVEZ

Garment workers, whose toils fetch the country \$19 billion in export earnings, the highest among all industrial sectors, get one of the lowest wages.

Thanks to cheap labour, the industry thrived over the last three decades and has gone on to become the second biggest apparel sourcing destination in the world after China.

"This is exploitation. Garment workers in Bangladesh are not only the worst-

paid in the world but also locally," said Syed Sultan Uddin Ahmmed, assistant executive director of Bangladesh Institute of Labour Studies.

The average wages in the garment sector, which provides jobs for 36 lakh workers, are the second lowest in Asia after Myanmar.

Since 2010, the government has reset the monthly minimum wages for 24 industrial sectors, including the garment industry that raised the pay to Tk 3,000.

"It is true there are differences in traits

among the sectors, but even after accounting for those differences, the garment sector's wages are not sufficient," said Khondaker Golam Moazzem, additional research director of Centre for Policy Dialogue (CPD).

An improvement in efficiency and productivity also added vigour to the growth of the industry and facilitated increased economic activities in other areas, he said.

But the garment workers, who mostly migrated from suburbs for livelihoods,

have not got their dues in line with the improvement in productivity and efficiency.

"We have seen some adjustments through the minimum wage in 2010, but it is inadequate."

Moazzem, however, pointed out that the garment workers get some fringe benefits -- such as attendance allowance, production bonus and Eid bonus -- that are not available to the workers of some other sectors.

SECTOR	MINIMUM GROSS WAGE/TK
Construction and Furniture Industry	9,982
Tannery	8,750
Oil Mills & Vegetables	7,420
Private Road Transport	6,300
Cold Storage	6,050
Rice Mill	5,520
Plastic Industry	5,100
Glass and Silicates	5,000
Rubber Industry	4,950
Ship-breaking	4,625
Re-rolling Mills	4,600
Printing Press	4,450
Private Sector Jute Mills	4,380
Aluminium & Enamel	4,350
Iron Foundry and Engineering	4,240
Pharmaceutical	3,625
Cotton Textiles	3,302
Soap and Cosmetics	3,300
Garment	3,000
All Unskilled Workers in Private Industry	3,000
Shrimp Processing	2,645
Bakery, Biscuit and Confectionary	2,120
Restaurants	1,750

SOURCE: MINIMUM WAGE BOARD

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More garment factories to be inspected

STAR BUSINESS REPORT

The Accord on Fire and Building Safety in Bangladesh has decided to increase the number of factories to be inspected to 1,800, up from the earlier stipulated 1,500, to make workplaces safer.

Initially, the five-year binding agreement had planned to inspect 1,500 garment factories when a number of international brands and retailers reached an agreement with IndustriALL Global Union and UNI Global Union in July to improve the working conditions at apparel plants.

"Now they will inspect 1,800 factories in the next one year, with inspections beginning in November," said Shahidullah Azim, vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The disclosure came after a team from the accord met with the senior leaders of the owners' association at the BGMEA headquarters in Dhaka yesterday.

The four-member team led by its interim Executive Director Sean Ansett declined to talk to the media.

After the meeting, Azim told reporters that a permanent executive director and the chief safety inspector would be appointed by the first week of November.

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Govt extends job of S&P, Moody's for two more years

REJAUL KARIM BYRON

Standard & Poor's and Moody's will rate Bangladesh's economy for two more years, officials said.

The government has decided to extend the job of the global rating agencies for 2014 and 2015 on the advice of the central bank, a finance ministry official said.

The rating agencies were appointed in 2010, for the first time in the country's history, and the government paid them Tk 2.26 crore for 2012 and the current year.

Last year Moody's reassessed Bangladesh's rating unchanged at Ba3, for the third consecutive year.

Bangladesh's rating is higher than that of Sri Lanka (B1) and Pakistan (Caa1), but one notch below India's.

The country did not have any independent rating agency for evaluating its macro-economic performances before these two agencies were appointed, Zahid Hussain, World Bank's lead economist in Bangladesh, said.

Now if a foreign company or an individual wants to invest in Bangladesh, they can get an idea from the independent assessment made by the agencies, he said.

Even when the WB prepares "country policy and institutional assessment" on Bangladesh, it takes into consideration the evaluation by the rating agencies, Hussain said.

In case of foreign borrowing by the Bangladeshi private sector, such assessment is helpful in determining the rate of interest on the loans, the economist said.

The private sector companies took foreign loans worth \$1.48 billion in FY 2013 compared with \$1 billion a year ago, according to Bangladesh Bank.

In addition, private capital flows to local corporates have also grown due to the addition of short term foreign currency loans for working capital purposes.

These newly introduced facilities in the form of 'buyers credit', which importers can take with a tenure of up to one year, and 'discounted export bills' have led to a \$784 million inflow between July-May of FY 2013, a BB report had said earlier.

The interest rate was also competitive as the agencies gave a stable rating, which remained unchanged in the last three years, a central bank official said.



Atiur Rahman, central bank governor, speaks at the inauguration of a two-day seminar on the prospects and challenges in the development of Islamic finance in Bangladesh co-organised by BB and the Islamic Financial Services Board at Purbani Hotel in Dhaka yesterday.

BB sounds a note of caution for Islamic banks

STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman yesterday called upon Islamic banks to be more compliant with anti-money laundering regulations.

"Let me voice a caveat for our Islamic finance market participants. They must exercise utmost caution in steering clear of any involvement with extremist dogma driven influences aiding or abetting terrorism," said Rahman, adding the Islamic banks are now growing, accounting for around a fifth of the total banking sector.

Shariah compliant banks have to "meticulously adhere to the anti-money laundering compliances prescribed by the financial intelligence unit of the central bank".

Rahman's comment came at the inauguration of a two-day seminar on the 'Prospects and Challenges in Development of Islamic Finance for Bangladesh', co-organised by BB and the Islamic Financial Services Board (IFSB) at Purbani Hotel in Dhaka.

The aggregate assets and deposits of Islamic banks in Bangladesh have nearly doubled in the last four years;

by the end of 2012, the figure crossed the trillion taka threshold, he said.

At present, the country has eight Islamic banks with a full focus on Shariah principles and 17 banks, including one foreign bank, running Islamic branches or windows alongside conventional banking, said Rahman.

A number of conventional banks have applied to the central bank to fully convert into a Shariah-based bank, he said. "It indicates robust customer demand in Bangladesh for Islamic financial services."

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A year on, but no headway in ACC's probe into BASIC Bank

SAJJADUR RAHMAN

The Anti-Corruption Commission (ACC) is yet to make any progress in its investigation into the alleged Tk 3,500 crore-scam at state-run BASIC Bank, launched in October last year.

"The inquiry into the scams of Bismillah Towels Group has been given priority. After completion of this investigation, the ACC team will start work with the BASIC Bank issues," M Badiuzzaman, chairman of ACC, told The Daily Star yesterday.

Bismillah Towels Group has allegedly taken away nearly Tk 1,200 crore from five banks—Prime, Shahjalal, Jamuna, Premier and Janata—on forged documents.

The same team that is investigating the Bismillah Towels' case will look into the BASIC Bank irregularities, Badiuzzaman said.

An ACC official said the Bismillah Towels' investigation is nearing completion, and a report is likely to be submitted by the end of this month or early next month.

"Another reason the BASIC Bank inquiry is being delayed is that we are yet to receive the information that we sought on money laundering from the central bank," said the official who is a member of the corruption watchdog's investigation team.

BASIC Bank, however, has given all the information that ACC asked for, the official added.

"We are also observing the developments under a deal (memorandum of understanding) between BASIC Bank and Bangladesh Bank," Badiuzzaman said.

The irregularities worth nearly Tk 4,424.93 crore came to public knowledge last year after a central bank inspection in four of BASIC Bank's branches—Motijheel, Shantinagar, Dilkusha and Gulshan branches—between December 2009 and November 2012.

Of the amount, Tk 1,594.73 crore alone was given by the Gulshan branch, and majority of the loan was issued without proper documentation and scrutiny.

The bank gave loans to nonexistent companies and promptly approved loans to clients, right after they had opened accounts.

Apple sets new record for iPhones sales launch

AFP, New York City

Apple said Monday it sold a record nine million iPhones in the three days after launching two new versions of the smartphone.

"This is our best iPhone launch yet -- more than nine million new iPhones sold -- new record for first weekend sales," said Apple chief executive Tim Cook in a statement.

The figures from Apple appeared to defy predictions from its critics that the company is losing momentum in the smartphone market and in innovation.

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