CURRENCIES STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.20	102.74	120.98	0.74
SELL TK	78.20	106.75	125.01	0.81

Star BUSINESS

DHAKA THURSDAY NOVEMBER 14, 2013, e-mail:business@thedailystar.net

Hartal fears grip shop owners as sales dip

SOHEL PARVEZ

Shop owners are not happy over the forced holidays as many have not recorded any sales yet due to hartals for seven days this month.

Various expenses, like shop space rent, salaries for sales staff, electricity bills and repayment of bank loans for some, remain intact, increasing concerns for shop owners as their financial obligations pile up.

"It will be tougher for us to repay bank loans for the recurrent hartals. How can we pay the instalments against loans and pay salaries of our employees if we have to keep our shops closed?" said Faisal Uddin, owner of Saudiya Enterprise, a corrugated iron sheet seller.

He kept his shop at Nayabazar in Dhaka closed for the first two days of the current spell of shutdown. He, however, opened his shop at midday on Tuesday with hopes of getting some customers.

Not even one customer came to his shop and so he shut it again after just two hours.

"It has become a forced holiday for us. Our sales staff went home in their villages and we have to stay at our residence. But such a holiday is not expected," he said.

Except for a few like Saudiya Enterprise, stores on the French Road, English Road and electrical appliance wholesale markets at Nawabpur were all shut on Tuesday for a thin presence of customers.

Last week, retailers, hawkers and road-side vendors could keep their shops open for only four days, with a similar story the week before that.

Most shops in Dhaka, which account for 11 percent of the 26 lakh stores across the country, remain closed during shutdown, according to Bangladesh Shop Owners Association.

"It seems hartal is being enforced against the retail and transport sectors," said SA Quader Keron, the association's secretary general.

On a normal day, the shops record sales worth Tk 3,000 crore, 15-20 percent of which is profit. "Because of continued hartals, profits are a far cry, as we don't have any sales."

"A huge portion of retailers will also have to pay a package VAT of Tk 12,000 to the government, regardless of sales, in addition to other expenses."

Ninety percent of the shops run with small capitals and it becomes difficult to bear the fixed expenses as goods remain stacked on shelves for retailers and in godowns for wholesalers, he said.

"If the shutdown continues, we will have no alternative but to sack workers," Keron said, adding that around 75 lakh people work in retail in Bangladesh.

The ongoing political situation has cast a shadow on trading activities at a time when growth of wholesale and retail trade, which accounts for 14 percent of the economy, has slowed.

The sector grew 4.69 percent in fiscal 2012-2013, down from 5.63 percent the previous year, according to Bangladesh Bureau of Statistics.

"We are the bridge between producers and consumers. If we cannot sell, the industries will suffer," Keron said.

Estimates of sales losses during shutdowns vary. A study, conducted by Nasreen Khundker in favour UNDP in 2005, showed that small entrepreneurs lose 50-60 percent business on hartal days.

STAR

People walk past a shuttered garment factory in Ashulia yesterday, as owners decided to shut the factories in the industrial zone for security reasons amid labour unrest over minimum wage. **Story on page 1**

Finance ministry voices concern over expenditure

REJAUL KARIM BYRON

The finance ministry has voiced concerns about the expenditure of fiscal 2013-14's block allocation, an amount set aside in the budget for unforeseen events, in just the first quarter alone.

The issue was brought to the fore on Tuesday at a meeting on budget implementation, attended by officials of the large ministries and chaired by Finance Minister AMA Muhith.

Of the block allocation of Tk 1,299 crore, Tk 680 crore was spent on subsidy, Tk 246 crore on Rooppur Nuclear project and Tk 300 crore as allowance to freedom fighters, between the months of July and September.

Should any unforeseen event crop up between now and the end of the fiscal year, development expenditure would have to be slashed, which is "never good for a country", an official of the finance division present at the meeting, told The Daily Star.

Moreover, as a result the implementation of 20 percent dearness allowance for public servants, announced by the government in November, would be tricky, as the government was hoping to use the block allocation to cover it.

"Now, the funds would have to be diverted from elsewhere," he added.

The finance division officials also expressed concerns over some other spending that took place during the first quarter.

For instance, two of the ministries were unable to use up their allocations for fiscal 2012-13. As per budgetary terms and condition, the unutilised amounts were supposed to have been returned to the finance division at the end of the fiscal year, but that never happened.

Instead, the ministries transferred the sums to another account and have been using them this fiscal year. "This is a gross irregularity," the official said.

The finance division officials also questioned the vast sums of subsidy given to quick rental power plants, which accounted for more than 90 percent of the Tk 1,509 crore energy subsidy handed out in the first quarter.

Also discussed at the meeting was the comparatively higher expenditure on non-development activities in the first two months of the fiscal year. Between July and August, Tk 14,090 crore was spent in contrast to Tk 12,284 crore a year ago.

Conversely, development expenditure dropped 10.09 percent year-on-year to Tk 4,081 crore during the period. It stood at Tk 6,994 crore during the whole quarter, down 0.24 percent year-on-year.

Muhith blamed the drop on planning ministry officials, as they "obstruct approval and implementation of the projects in the Annual Development Programme".

Political turmoil eats into NBFIs' profits

GAZI TOWHID AHMED

Listed non-bank financial institutions saw their profits drop 7.7 percent in the January-September period from a year ago owing to political uncertainty.

In the first nine months of the year, the sector's net profits stood at Tk 249 crore, down from Tk 269 crore recorded for the corresponding period of 2012.

The political uncertainty, which has been shrinking investment opportunities, hit the NBFIs hard, Selim RF Hussain, managing director of IDLC Finance, said.

Private sector credit growth, which reflects the investment opportunities available to businesses, has been on a downward trend since July. It stood at 11.61 percent, 11.33 percent and 11.07 percent in July, August and September, respectively.

Majority of the NBFIs also registered losses on their stockmarket investments, as the market was in a "bad shape" throughout the period due to political turmoil, Asad Khan, chairman of Bangladesh Leasing and Finance Companies Association, said.

Between January and September, the stockmarket averaged 3,946 points, way below the psychological 4,000-point mark. In contrast, the market averaged 4,628 points in the same period a year ago.

The higher provisioning requirements for non-performing loans account for the drop in profits as well, Khan, also the managing director of Prime Finance and Investment, added.

Bangladesh Securities and Exchange Commission has given merchant banks until March, 2014 to make provisions for bad loans, but the IDLC Finance MD called for the deadline to be extended.

However, some NBFIs saw increase in profits. One such company is LankaBangla Finance, whose profits jumped 13.1 percent to Tk 43 crore in the July-September period.

Mohammed Nasir Uddin Chowdhury, managing director of LankaBankla Finance, credits the diversity in its portfolio for the profit growth.

Of the 20 NBFIs that have published their unaudited financial reports, 12 saw decline in profits and eight experienced increases in profits.

Net profits of Prime Finance and Investment surged 151 percent year-on-year to Tk 15 crore in the first nine months of the year, while IDLC Finance saw its profits drop 35.5 percent to Tk 36 crore.

Among the companies, IPDC saw the highest profit at Tk 7.13 crore during the period, a surge by 386.3 percent from the same period a year ago, while Fareast Finance recorded the highest loss, by 500.7 percent to Tk 9.63 crore in the period.

The 23 listed NBFIs account for 13 percent of the total market capitalisation, according to Dhaka Stock Exchange.

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NET PROFIT OF LISTED NBFIs

NAMES	JAN-SEPT, 2013 FIGURES IN MILLION TK	JAN-SEPT, 2012 FIGURES IN MILLION TK	GROWTH IN %
Fareast Finance	(96.3)	24.0	-500.7
International Leasing	(28.1)	43.7	-164.5
FAS Finance	3.0	(17.4)	-116.9
Bangladesh Industrial	6.1	(87.7)	-107.0
Union Capital	23.2	52.8	-56.1
Premier Leasing	2.8	5.4	-48.6
Bangladesh Finance	19.6	37.1	-47.1
IDLC	361.7	560.8	-35.5
Peoples Leasing	206.6	279.2	-26.0
Phoenix Finance	236.4	247.8	-4.6
Bay Leasing	132.9	137.0	-3.0
Uttara Finance	705.4	691.7	2.0
Islamic Finance	73.1	66.0	10.7
LankaBangla Finance	429.2	379.4	13.1
GSP Finance	66.5	51.7	28.7
United Leasing	193.3	142.2	35.9
First Lease Finance	155.6	89.0	74.9
Prime Finance	152.0	60.4	151.5
IPDC	71.3	14.7	386.3

SOURCE: IDLC INVESTMENTS

Mobile banking crosses milestone

STAR BUSINESS REPORT

The number of mobile banking subscribers has crossed the one-crore mark, thanks to a rapid expansion of the financial outlets of commercial banks.

The number of mobile banking accounts has nearly doubled to 1.24 crore in seven months from 50 lakh in April, according to Bangladesh Bank.

Mobile banking subscribers increased 11.79 percent to 99.8 lakh in October, rising from 89.3 lakh in September, BB data shows. Transactions through mobile banking stood at Tk 509 crore in October.

As part of the government's financial inclusion programme, the central bank has allowed 27 banks to provide mobile-banking; to date, 19 have launched the service.

A lot of enthusiasm is centering around mobile banking as BB is promoting commercial banks to develop their mobile-based financial services, the central bank said in a statement.

Launched in 2011 by two private banks, mobile phone-based financial services have became popular in the country, it said.

Using a mobile phone and without making a visit to a bank branch, a customer can transfer money, receive salaries or pay bills from their accounts through mobile banking.

The central bank has allowed mobile banking systems to provide almost all services from disbursement of inward remittances to cash in and out, person to business payments, business to person payments, person to government payments, government to person payments and person to person payments.

Customers are also allowed to make some other payments such as microfinance, overdrawn facility, insurance premiums and deposit schemes.

Govt to set up solar equipment testing lab

SUMAN SAHA

The government is set to establish the country's first dedicated solar equipment testing laboratory by June in a bid to ensure superior quality renewable energy related products.

Infrastructure Development Company Ltd (IDCOL), a state-owned non-bank financial institution that promotes green technology, has already awarded the lab installation job to Bangladesh University of Engineering and Technology.

"The programme for installing solar home systems is gradually expanding in the country," said Mahmood Malik, chief executive officer of IDCOL.

"We are going to set up the testing lab as it will heighten performance of the solar home systems and ensure consumer satisfaction at the household level," he said.

The laboratory will randomly and continuously test and monitor the products to improve their quality, said Malik, also the executive director of the company.

IDCOL will also sign a memorandum of understanding with Buet within a month to ensure smooth operation of the lab.

Buet has allocated 4,000 square feet of space to set up the lab on the electrical and electronic engineering department premises, said Md Ziaur Rahman Khan, a professor at the department.

The initial focus of the lab is to verify the performance of specific photovoltaic (PV) components such as verification of peak power ratings for PV modules and battery capacity, determination of charge controller set points and measurement of lamp output, he said.

The lab will also be used for research, said Khan, also the quality control manager of the proposed laboratory.

Initially, the company will use $0.5 million, provided by World Bank under the Rural Electrification and Renewable Energy Development Project-2, to set up the lab, the IDCOL chief executive said.

Under the project, the company has already appointed a US consultant to monitor the laboratory work and it will procure equipment and other resources through international bidding, he said.

The goals of the testing centre are to obtain ISO 17025 laboratory accreditation for PV systems testing within five years, and to become a commercially-viable and internationally-recognised testing laboratory.

Currently, the imported PV solar components are approved based on independent test results provided by the manufacturers and suppliers, who have to depend on product testing and certification services from other countries, Malik said.

A living wage in Bangladesh

THE NEW YORK TIMES

The government of Bangladesh is expected to soon announce an increase in the minimum wage for workers in the country's clothing factories, which are big suppliers to Western retailers like Walmart and H&M. Its decision could improve the lives of millions of families that struggle to eke out an existence on as little as the equivalent of about $38 a month, the current minimum wage.

A government-appointed board last week recommended to the labour ministry that the minimum wage be increased to about $68 a month. Factory owners, who wield tremendous political power in Bangladesh, have argued that they cannot afford the proposed increase and are pushing for a smaller one. But workers have said that they would not settle for less than $100 a month and have been protesting in the streets to press their case.

Here are some facts: The minimum wage was last increased in 2010. Since then, consumer prices have risen by 28 percent, according to government data.

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