

RMG stimulus in the offing

Cash incentive may go up, while export tax may fall, among other benefits, to protect exporters from political shocks

REJAUL KARIM BYRON

The government along with the central bank plans to come up with a stimulus package for the garment sector that has been affected by the ongoing political unrest.

The government may bring down export tax for the sector to 0.50-0.60 percent from 0.80 percent now, though garment makers want it at 0.25 percent.

The government may also increase the amount of cash incentive for garment exporters to 6 percent of their export proceeds, from 5 percent now.

And banks may raise cash credit on garment makers' export earnings to 40 percent, which is 25 percent at present.

The incentives will remain effective for one and a half years though the garment makers want the benefits for at least three

years, a finance ministry official said.

However, four state-owned commercial banks said 30 percent of their outstanding loans in the garment sector fall in the default loan category as on October 30.

The state banks have already informed the government and the central bank that their default loans may rise by 4-6 percent by the yearend due to continuous blockades and shutdowns.

Private commercial banks also told the central bank yesterday that their default loans may go up by 1-1.5 percent within December.

In this backdrop, the government already held several meetings with stakeholders to find out ways, and the central bank yesterday sat in separate meetings with the private banks and four state banks.

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BB relaxes loan rules for affected businesses

STAR BUSINESS REPORT

The central bank yesterday instructed banks to relax loan rescheduling rules for businesses affected by political instability.

"Borrowers urgently require a lifeline in the form of increased and renewed credit lines so that they are able to pay their expenses and meet commitments in the prevailing economic environment," said a Bangladesh Bank high official.

In a guideline released yesterday, the central bank suggested the lenders reconsider the matter of loan rescheduling and down payment period on a case-by-case basis for the affected borrowers in all sectors, until June next year.

However, the banks will have to take prior approval from the authority and no-objection certificate from the central bank.

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30pc banks exposed to high risks of online fraud: study

SUMAN SAHA

Around 30 percent of the banks carry 'very high' risks of online fraud and security threats, found a study by the Bangladesh Institute of Bank Management.

ATM and plastic card transactions account for 43 percent of the frauds, the highest, followed by mobile banking at 25 percent, according to the study based on 50 fraud cases that took place in the country.

"The banking sector now contains a significant threat of online frauds due to poor investment in IT professional development," said Md Mahbubur Rahman Alam, co-author of the study, Online Frauds and Security Issues in Banks.

He said that only 2 percent of the total IT budget was for security, training and audit last year.

"Ignorance of these banks may pose serious security threats for the entire sector," said Alam, also an assistant professor of BIBM.

The study, based on a total of 14 banks that have been offering centralised online banking through data centre (DC) and disaster recovery site (DRS) over the last two years, found that around 60 percent of the IT budget in 2012 was used to procure hardware and 18 percent in networks.

It found that about 66 percent of the DCs and 44 percent of the DRSs were located in high-rise buildings, meaning they are vulnerable to earthquakes and fire.

Around 40 percent of the surveyed banks believe that they have high risk of information loss at any moment, while 65 percent of the chief technology officers said they

TECH-BASED BANKING FRAUD

AREA BY AREA

ATM and plastic cards

M-banking

Cheque processing & e-fund transfer

SWIFT and others

Banking app software

Internet banking

SOURCE: BIBM SURVEY 2013

were not satisfied with the size of the DC and DRS.

The study also found that most banks do not conduct IT auditing by qualified professionals, due to which most of the security threats go unnoticed.

Over the last 12 years, Tk 9,108 crore has been spent on IT by the banking sector. As much as Tk 823 crore was spent in 2012 alone by the sector, excluding the central bank.

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Political unrest hits fruit vendors



A customer buys fruits from a shop at Panthapath in the capital. Continued blockades and shutdowns are taking a heavy toll on fruit sales.

HELEMUL ALAM

Fruit importers, wholesalers and retailers have been pushed into a tight corner with continuous blockades and shutdowns, piling stocks and additional transport costs.

Sales have been slashed by 60 to 70 percent, say importers and wholesalers, while retailers are in no better a situation as they are counting a loss of 10 kilograms of rotten

fruits per mound of fruits every day since the beginning of the political stalemate.

Most of the 120 covered vans that are expected at the Badamtali fruit market everyday with fruits from different land and sea ports could not move even an inch for the political blockades, said Sirajul Islam, general secretary of Bangladesh Fresh Fruit Importers' Association.

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Political turmoil slows plant safety review

AFP, Dhaka

Escalating political unrest has sharply slowed a drive to improve factory safety, officials said yesterday.

The world's second-largest ready-made garment exporter launched a \$24-million inspection blitz in late November to fix thousands of factories after a series of accidents highlighted the industry's appalling safety record.

"We had a target to inspect 200 factories by early January. But we have inspected only 75 garment factories," Mehedi Ahmed Ansary, a co-ordinator of the inspection programme, told AFP.

The inspection drive was spurred by the Rana Plaza collapse in April, which left at least 1,135 people dead in one of this century's worst industrial disasters.

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