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BUSINESS

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Tofail warns RMG makers on trade union lapses

Commerce minister directs 19 owners to fix the problems by March 30

STAR BUSINESS REPORT

Commerce Minister Tofail Ahmed yesterday instructed the owners of the 19 garment factories that have allegedly fired their trade union leaders to rectify the situation by next month.

The move comes after the American Federation of Labour and Congress of Industrial Organisations brought the matter to the labour and employment ministry's attention.

Subsequently, the ministry conducted an investigation and found some of the factories to be guilty. Ahmed summoned the owners/representatives of the accused factories to his office yesterday to defend their positions.

He instructed the factory owners to rectify the situation by March 30, as the government will have to submit a progress report on the action plan laid out by the Obama administration to win back Generalised System of Preferences (GSP) status by April 15.

"Provided there are no political issues, we will get back the GSP status if we can fulfil four of the 16 action items," the commerce minister said, adding that re-employment of the terminated workers and launch of trade unions in the 19 factories is one of the four conditions that must be fulfilled.

"You must look after the workers. You should not fire them for petty offences," he told the factory owners at the hearing, also

attended by members of the garment sectors' trade bodies.

The Sreepur-based Weltex Limited, one of the 19 accused garment factories, refuted that two labour leaders were fired from the factory forcibly, adding that a trade union is already functioning.

The labour and employment ministry investigation teams also found that the additional complaint against the factory of firing 16 workers was baseless.

Masco Industries, a Tongi-based factory, also defended its stance, adding that the factory management has agreed to a second trade union.

The Rampura-based Sadia Garments said the workers were terminated under the country's labour law after paying their dues, while Samia Garments Ltd categorically refuted allegations that 10 workers were fired in November for their involvement in trade unionism.

Fashion Gears Limited said they laid-off a number of workers after they beat up some members of the management. The terminated workers were given their dues in full.

Radical Design, a Narayanganj-based garment factory, has apparently terminated the contracts of a total of 35 workers for their involvement in trade unionism. The factory's representative said the workers were terminated according to the labour laws, adding that a trade union is present in the factory.

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Potato farmers hold rally, protest sliding prices

STAR BUSINESS REPORT

Nearly 300 potato farmers gathered in the city yesterday and dumped their unsold produce on the street in a protest against the falling prices.

The farmers criticised the government for not taking adequate steps to ensure fair prices of the popular vegetable that is selling far below the production cost.

They also demanded that the government buy potato from them directly and compensate the farmers who incurred losses for selling the item at Tk 1-5 a kilogram against a production cost of more than Tk 6.

Bangladesh Krishak Samity, a platform of farmers, organised the rally in front of the National Press Club.

"Allocate money from the Prime Minister's special fund to set up purchase centres at grassroots for buying potato directly from the growers," President of the association Morshed Ali said.

Many farmers cannot store their potato for a longer period as they will have to sell the produce to pay off their loans that they took for the cultivation of the crop, he said.

Many of the seven lakh farmers in the country are on the brink of bankruptcy due to the throwaway prices of the vegetable caused by a supply glut.

In November and December last year, many farmers in the north put harvests on hold due to shutdowns and blockades.

Cold storage operators also could not clear stocks in the wake of political unrest in the run-up to the



A farmer dumps his potatoes on the street in protest against the falling prices of the produce while policemen stand guard, in front of the National Press Club in Dhaka yesterday.

January 5 national election.

But when the political situation improved after the polls, farmers began harvesting potato and cold storage operators started releasing old stocks.

These resulted in a huge supply causing a sharp fall in the prices.

"Farmers now sell potato for Tk 1.30 a kg in the north. Those who stored potato in cold storages are unable to pay rents," said Kazi

Sazzad Zahir Chandan, general secretary of the farmers' platform.

The government estimates that the total production of potato may increase by around one lakh tonnes to 87 lakh tonnes this season.

Of the total yield, 60-65 lakh tonnes are consumed annually, 10 lakh tonnes are used as seeds, and 40,000 tonnes are exported, while the rest are surplus.

In a bid to increase the prices, the

government said it is trying to boost potato exports by helping exporters find new markets and easing export barriers. According to the agriculture ministry, 30,000 tonnes of potato have been exported so far in the current fiscal year.

However, exports are yet to impact the prices, while retailers in the city markets are cashing in on the supply glut. Potato sells at Tk 10-12 a kg at the retail level in Dhaka.

Car sales show signs of pick-up as prices ease

SUMAN SAHA

Sales of reconditioned cars have started picking up as political tensions are declining after the January 5 elections, importers said yesterday.

"An increased number of customers are buying cars now as prices are cheaper than in the last two years," said Md Habib Ullah Dawn, president of Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida).

Most traders are selling 2-3 reconditioned cars a day, which was almost zero between October and December, as they had to keep their showrooms closed for political unrest, he added.

Car prices fell 15-27 percent over

the last two years, depending on the model, mainly due to appreciation of the taka against the dollar and augmentation of tax benefits for importers of used cars, said Dawn, also managing director of Auto Museum Ltd.

The local currency strengthened around 5 percent against the dollar last year. The yen depreciated to 101 from 82.95 against the dollar in the same period.

Bangladesh usually imports used cars from Japan, which is about 95 percent of total imports a year, according to Barvida data.

Another reason behind the hike in sales is a change in the law of depreciation of a used car, said Dawn. Previously, an importer could enjoy a

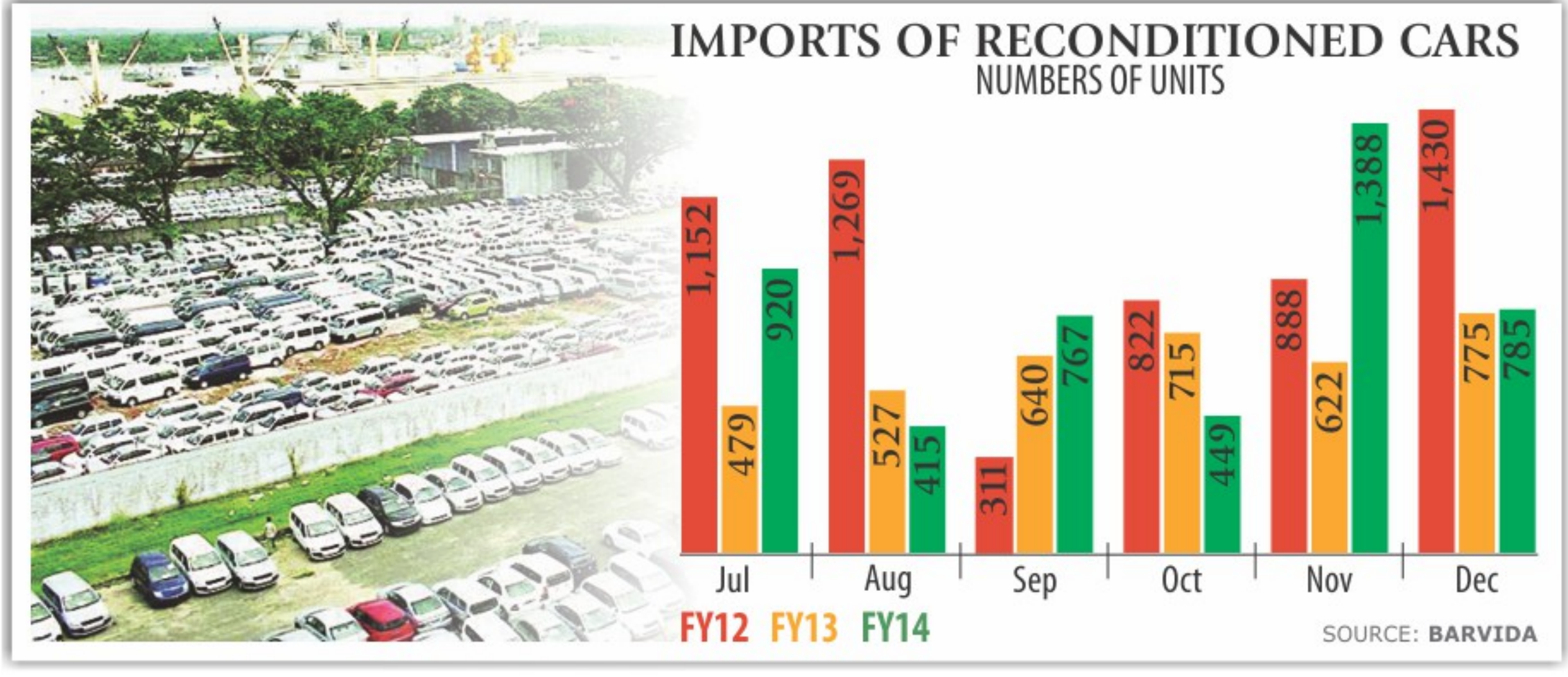
maximum of 35 percent depreciation on a five-year-old car; it is 45 percent this fiscal year. As a result, importers are receiving tax benefits.

Prices of a popular brand, the 1,500cc Toyota Corolla Axio, declined to Tk 16 lakh from Tk 22 lakh two years ago, said the association chief.

Mahbulul Haq Chowdhury Babur, chief executive of Star Automobiles that sells used cars in Chittagong, said, "More customers are buying cars due to the fall in prices and political stability."

Traders however blamed Bangladesh Bank's restrictions on car loans for the fall in sales in the last two years.

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LankaBangla profit soars, shares fall

SARWAR A CHOWDHURY

LankaBangla Finance's net profits rose 174 percent last year, powered by a rise in earnings from core business and capital gains from equity investment.

On the back of the huge profit, the listed firm announced higher dividends this year than the previous year.

But the higher profit and dividends fell short of the investors' expectations and the share price of the company declined 1.27 percent on the trading board.

LankaBangla on Sunday recom-

mended 15 percent cash dividends and 5 percent stock dividends for 2013. The joint venture company, listed on the stockmarket in 2006, had disbursed 10 percent stock dividends for 2012.

On the Dhaka Stock Exchange yesterday, each LankaBangla share traded between Tk 73.5 and Tk 68.8, before closing at Tk 69.5.

In 2013, LankaBangla made net profits of Tk 95.45 crore with earnings per share of Tk 4.58, up from Tk 34.80 crore with EPS of Tk 1.67 a year earlier, the company said in a posting on the premier bourse's website.

"The jump in the net profit was due to a combination of factors. Our earnings from the core business including leasing and financing increased last year, while the earnings from brokerage business were also good," said Mohammed Nasir Uddin Chowdhury, managing director of LankaBangla Finance.

"Capital gain from equity investment also helped the company," he said.

The company plans to issue non-convertible zero coupon bonds worth Tk 300 crore to meet its ongoing financing requirements.

Telcos' investment jumps manifold

ABDULLAH MAMUN

The mobile industry invested Tk 33,515 crore last year on the purchase of 3G spectrum and networking equipment, while investment was 'zero' in 2012.

The mobile industry invested more than Tk 84,000 crore in the last 17 years, according to data from the Association of Mobile Telecom Operators of Bangladesh, the operators' lobbying group.

The numbers were shared at a workshop organised by Robi in Dhaka yesterday.

The operators may invest a further \$1 billion to expand networks in the current year if the regulatory environment becomes flexible and friendly, TIM Nurul Kabir, secretary general of AMTOB, told The Daily Star after the workshop.

The tax administrator did not make the environment friendly for the operators, although they are the largest taxpayers, he said.

The regulatory environment has improved compared to previous years but the telecom law of 2001, which was amended in 2010, needs to be revised as the law puts investors at risk, Kabir said.

Licence violations by any telecom retailer may make the operator itself liable to a fine of up to Tk 300 crore, Kabir said.

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Muhith clears confusion over Padma bridge payments

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday said an allocation will be made in every year's national budget to build the Padma bridge and the money will be converted into US dollars.

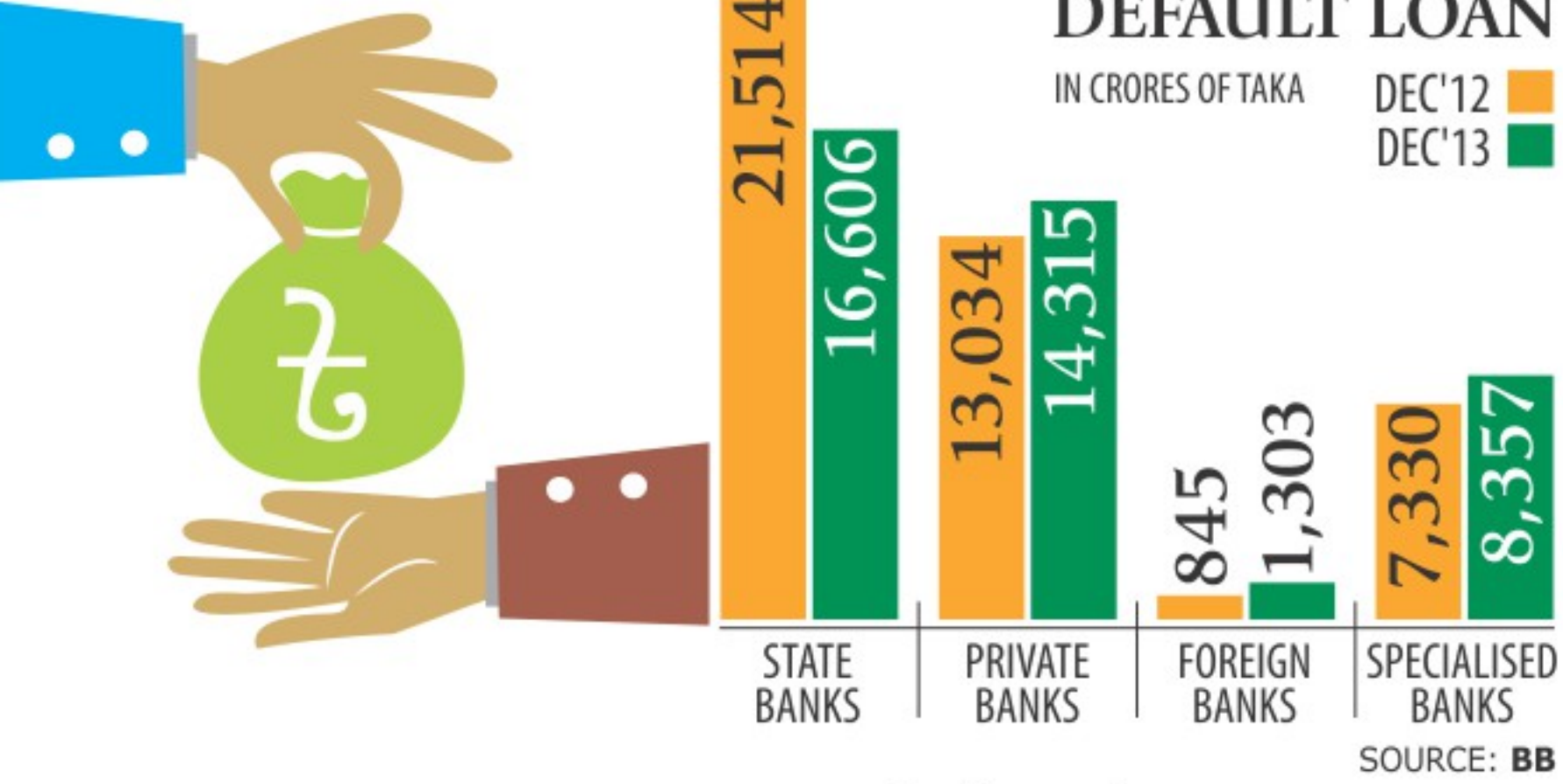
Muhith was speaking at a press conference at his secretariat office where Bangladesh Bank Governor Atiur

Rahman and Banking Division Secretary M Aslam Alam were present.

On the expenditure plan for the Padma bridge project over the next five fiscal years, Muhith said it was not true that the foreign exchange reserves will be used to implement the project. He said the matter was incorrectly reported by the media.

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Bad loans fall on relaxed rules



REJAUL KARIM BYRON

Banks' default loans fell 4.99 percent year-on-year in December last year, as the central bank had relaxed loan rescheduling rules for the borrowers affected by political unrest.

The amount was Tk 40,583 crore on December 31 last year, down from Tk 42,725 crore on the same day a year ago.

The amount of classified loans was 8.93 percent of the total outstanding loans in the banking industry as on December 31, 2013, which was 10.03 percent in the same

month of the previous year.

At the end of September, the amount reached Tk 56,720 crore as banks' default loans shot up much due to political unrest, a Bangladesh Bank official said.

The increase in default loans was mostly in the state-owned banks and the borrowers from such banks took advantage of the relaxed rules to a large extent. As a result, the state banks' default loans decreased in the last one year, but those at private, foreign and specialised banks marked a rise.

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