

New office bearers
for BCPA



Mujibur Rahman
STAR BUSINESS DESK

Mujibur Rahman of SAM Agro Chemical was elected as the chairman of Bangladesh Crop Protection Association (BCPA) at the association's 34th annual general meeting at Raowa Club in Dhaka on Thursday. Mahbub Anam of Chens Crop Science Bangladesh and AM Asfakul Abedin of Auto Crop Care were elected as vice chairman and secretary general respectively, the association said in the statement yesterday.

Ctg garment workers protest pay cuts

Ambia Apparels cites lack of business orders to cut work hours

STAFF CORRESPONDENT, Chittagong

Several hundred workers of Ambia Apparels Ltd in Chittagong yesterday blockaded Sheikh Mujib Road for nearly half an hour, protesting a decision of a partial shutdown of the factory without prior notice and demanding full payment. The factory's General Manager Akther Hossain in a meeting with workers on Saturday declared that the authorities would keep the factory running from 8am to 10am for the next one and a half months, as there were no work orders. During the period, the workers will be paid only half of their basic salary, said Kabir Hossain, a junior sewing machine operator. Protesting the decision and demanding full salary, workers started work abstention yesterday morning. Later in the day, the factory's owner and Managing Director Abul Hashem Raja came to the factory and reiterated the

shutdown decision. The announcement prompted the workers to take to the streets and blockade Badamtali intersection on Sheikh Mujib Road, disrupting traffic. Police later rushed to the spot and asked the workers to vacate the road and arranged a meeting at the factory to find a solution. With the Ramadan and Eid approaching next month, the lay-off would put workers in trouble as their income will be reduced by a half, said Nurjahan Begum, a line ironman of the sewing section. Hossain, general manager of the factory, said they declared the lay-off as per law, but the workers are not complying with it. The workers would get half of their basic salary and full house rents as per the labour law 2006, said Karimullah Chowdhury, deputy secretary of Bangladesh Garment Manufacturers and Exporters Association.



Latifur Rahman, chairman of National Housing Finance and Investments, presides over the company's 15th annual general meeting at Lakeshore Hotel in Dhaka on Wednesday. The company announced 12.5 percent cash dividend for 2013. Md Abdur Rob, managing director, was also present.

Jinnat Knitwear awarded for energy efficiency

STAR BUSINESS REPORT

Jinnat Knitwears Ltd, a unit of DBL Group, has won the CPI2-Top Factory Award for excellence in reducing energy use and environmental impact. "Jinnat has won the award due to a strong commitment to reducing its environmental impact," the company said in a statement yesterday. Located in Gazipur, Jinnat has established a comprehensive programme to cover all units of the factory, with measures including

installation of LED's and servo-motors for sewing machines, a better compressed air system, and reduction in fuel consumption of its fleet of trucks. The knitwear manufacturer has also introduced an incentive scheme to motivate employees to reduce energy use. It also shares its experiences with subcontractors and partners to help them improve energy efficiency. Jinnat closely works with the German Investment and Development Company for investments into sustainable production.

The Carbon Performance Improvement Initiative (CPI2) was set up in 2012 by 14 leading textile brands, retailers and sourcing agencies to promote factories that improve their carbon performance. The objective of CPI2, which has developed an action-driven and practical tool for factories, is to cut millions of tonnes of carbon dioxide emissions from the global supply chain. Almost 500 factories from 18 countries worldwide currently use the CPI2 web tool.



Atiur Rahman, governor of Bangladesh Bank, and Aminul Islam, managing director (current charge) of Bank Asia, pose with Taslima, a member of a street children group supported by Brac, after opening an account for her with Bank Asia, at a programme at Bangla Academy recently.

DHL Global Forwarding integrates 15 units in Thermonet network

STAR BUSINESS DESK

DHL Global Forwarding will take 15 more certified life sciences stations live in the second quarter of 2014, primarily in the Americas, Europe, Middle East and Africa, the company said in a statement. DHL is spreading the service across the globe for life sciences and healthcare customers with temperature-controlled air-freight shipment by adding to the existing Thermonet network, it said. "Our customers in the life sciences and healthcare sector are looking for better ways to manage the risk of product damage and loss from temperature deviations in increasingly long and diverse supply chains globally. With DHL Thermonet, we are defining the new standard to tackle these requirements," said Roger Crook, chief executive of DHL Global Forwarding (Freight Division). In recent years, temperature-

controlled products for the pharmaceutical industry have gained significant importance, driven on biotechnology products, which must be kept within a strict temperature range during transportation, the company said. The worldwide sales volume of this product category tripled from \$56 billion in 2004 to an estimated \$167 billion in 2013. The DHL Thermonet network with 45 stations in operation is also growing fast and progressively, driving DHL's sector capabilities globally. The new stations are spread over the Americas with one each in Argentina, Chile, Columbia and Canada as well as two stations each in Brazil and Venezuela. In EMEA, new stations in Denmark, Finland, France, Germany, Hungary, Israel and Sweden will join the network along with one new station in South Africa. DHL aims to expand over 65 stations further across the globe in future.

Micro lenders urge govt not to impose tax on income

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There are nearly 2.50 crore borrower members of the MFIs and their cumulative deposits amounted to Tk 20,000 crore till May, he added. "The new tax will create a fund crisis, which may have a negative impact on credit flow," said Abdul Awal, executive director of the CDE. So far the incomes of the MFIs have been nontaxable. The National Board of Revenue had taken a move in 2005 to impose tax on them, but later put the plan on hold in the face of opposition from different quarters, including micro finance operators. The MFIs are non-profit organisations as no individual or institution can take dividend from their earnings, said Md

Emranul Huq Chowdhury, executive director of Uddipan, a micro lender. The MFIs use the surplus fund for poverty alleviation, he said. "Micro-credit disbursement is a service-oriented activity as it ensures credit for the poor. So it would be illogical to impose such taxes," he said. The new taxes will increase operating costs of microcredit programmes in remote areas, said Asif Saleh, senior director for strategy, communication and capacity of Brac, a leading micro lender with 48 lakh borrowers. The government should give up the plan considering the role of microcredit in eradicating poverty, said Md Fayez Rahman, executive vice president (operation) of ASA, another microfinance institution.



Dhaka Bank Deputy Managing Director Emranul Huq receives the first prize from Dhaka South City Corporation for the bank's role in branding and decorating Dhaka city on the occasion of ICC T20 World Cup 2014, at a programme in the capital on Wednesday.

Special offer awaits Chinese investors

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The Chinese garment factories that produce low-cost clothes would shift to Bangladesh then, he said at a programme of the Economic Reporters' Forum last month. Meanwhile, Ahmed hinted that there might be a positive outcome regarding the deep seaport at Sonadia Island near Cox's Bazar during the visit. China Harbour Engineering Company Ltd, a subsidiary of the state-owned China Communications Construction Company Ltd, has shown interest in financing and constructing the port, which would boost the country's GDP growth by 2 percent. The deep-sea port of Bangladesh will create a business hub in Asia, he said. "Asia will emerge as the number one trading region of the world, so we should look at East instead of the West to make the best use of the country's potential for trade expansion in the global market."

Ahmed's comments came at a press conference to brief on the developments that took place during the FBCCI delegation's visit to Japan with the prime minister. Japanese investors have recommended expansion of the country's jute product range to tap into the Japanese market, he said. The country's exports might hit \$50 billion within a year if only 10 percent of Japan's import market can be cornered, according to Ahmed. Atiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association, said Japan is a huge market for Bangladesh. The island nation imports apparel worth \$31.78 billion every year, but only 1.77 percent of it comes from Bangladesh. The Bangladeshi business delegates urged their Japanese counterparts to import more from Bangladesh to minimise the huge trade gap (almost 50 percent) that remains in favour of Japan, he said. One of the areas through which Japan can boost their imports from Bangladesh is garment. "We asked them to raise it to 10 percent." Hasina also offered a special economic zone to Japanese investors during her visit.

Bangla Phone gets one more year to offer transmission services

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Siddique said Bangla Phone was given another year so that it can continue its services, as various companies such as private operator Robi and state-run Teletalk have contracts with it. Though Bangla Phone has been seeking an NTTN licence for the last three years, neither the telecom regulator nor the ministry is giving a decision on it, said Amjad H Khan, managing director of the operator. Khan, referring to the NTTN licensing guideline, said all except mobile and WiMax operators are eligible for NTTN licences. Bangla Phone was also asked last month not to lay optical fibre cable during the next one year, which the operator said goes against a High Court order delivered in 2007. In line with another High Court order in 2009, the operator first obtained the special permission from the telecom regulator to offer voice and data transmission services. Since 2009 Bangla Phone has been giving the services through extension of the permission. The High Court in April this year asked the government to give Bangla Phone a decision in a month whether it will get an NTTN licence. Currently, there are only two NTTN operators -- Fiber@Home and Summit Communications -- who got licences in 2009. Since then no new licences were given though there is a huge demand for such services in the market. There have been allegations that the government is not issuing new NTTN licences to give the existing operators an edge. The telecom secretary denied the allegation, while Arif Al Islam, managing director of Summit Communications, refused to comment.

Correction

In a report published yesterday on B3, we wrongly mentioned in the headline that trade economy would reach \$100m soon. The correct number was \$100b. We regret the error.

CPD suggests quick steps to arrest falling investment, growth

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Mustafizur Rahman, executive director of CPD, who presented the analysis, said political uncertainties continue to dampen investor confidence. Rahman stressed the importance of participatory political and electoral process; otherwise, the country would not get rid of the prevailing economic concerns, which have forced investors to shelve their big investment plans. Private investment's share in the GDP saw a "distinctive" fall this fiscal year: 21.4 percent compared to 21.7 percent in fiscal 2012-13. CPD said the government's provisional GDP growth estimate of 6.1 percent for fiscal 2013-14 is optimistic and expects it be revised down. "As can be recalled, final GDP growth estimates were lower than provisional estimates six times in the last ten years." The growth rate of the industry sector is estimated to come down to 8.4 percent from 9.6 percent in fiscal 2012-13, while the agriculture sector is projected to achieve a much improved performance (3.4 percent growth in fiscal 2013-14). The government expects the service sector growth to be 5.8 percent, up from previous fiscal year's 5.5 percent. "It comes as a surprise that each of the nine sub-sectors under the services sector is expected to attain higher growth amidst political turmoil." On the fiscal front, the think-tank said it has become important to readjust the parameters in line with the resource mobilisation and expenditure. The National Board of Revenue continues to struggle for the second consecutive year in fiscal 2013-14, Rahman said. In the first ten months of the fiscal year, NBR attained 9.2 percent year-on-year growth against the annual target of 25.3 percent. The report said the NBR collections will need to grow at 34.4 percent in the last two months to attain the target.

Domestic interest payment accounted for a significant incremental share of net non-development revenue expenditure, which increased by 10.1 percent in the first three quarters of the fiscal year. "Out of every Tk 100 in budget deficit, Tk 91 is being financed from domestic sources," Rahman said, while advising keeping the high-cost domestic borrowing within the manageable limit. The fact that about 49.8 percent of the annual development programme budget was spent during the July-April period of the fiscal year is another cause for concern. Average annual inflation stands at 7.5 percent as of April, while the target for June is 7.0 percent. Of the 7.5 percent inflation in April, 5.3 percent was contributed by food inflation and 2.2 percent by non-food inflation. Private sector credit growth nosedived to slightly over 11 percent in March this year, down from the monetary policy target of 16.5 percent. On the other hand, banks are sitting on huge idle funds, which, according to CPD, is Tk 135,000 crore at the moment. The think-tank said the export sector is witnessing extreme volatility, though the country registered over 13 percent growth during the first ten months of the current year. Exporters are facing setbacks in doing business with the US, it said, adding that the country needs to focus more on south-south exports. The CPD also questioned the rapid rise of imports in the last couple of months. Imports were negative during the first half but it rose by over 11 percent afterwards. "Was there any flight of capital in the name of imports?" The slowdown in inflow of remittances and manpower export has also become a concern, as more jobs have to be created within the market. CPD said balance of payments, exchange rate, healthy foreign exchange reserve, declining inflation and recovery in global economy are some good sides of the domestic economy. Fahmida Khatun, research director of CPD, and Khondaker Golam Moazzem, additional research director of CPD, also spoke.

Management consultants demand VAT cuts

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Hossain of IMCB also called for formulating laws on the consultancy profession. He opposed the involvement of foreign consultants in areas where local expertise is aplenty. "We need foreign experts and consultants in areas where we don't have expertise. But there are many areas where our local experts are capable of providing the service." Chowdhury of Hoda Vasi alleged that in addition to the 2,000 foreigners working formally in the country as consultants, there are another 20,000 foreign experts working without permission, thus draining a lot of foreign currency. To mark the day, the IMCB also organised a seminar styled 'Infrastructure Development in Bangladesh: Future Prospects and Challenges' where speakers called for public private partnerships in order to meet the country's growing infrastructure requirements. "Infrastructure is an area where the government has a monopoly. But we can't develop our infrastructure with only public finance," said Islam of IIFC. Bangladesh will have to between \$7.4 billion and \$10 billion a year until 2020 to bring its power grids, roads and water supplies up to the mark to serve its growing population, according to a recent study of the International Finance Corporation.

The country has opened up its power and telecom sectors for outside investors, but Islam said the government would have to identify sectors where PPP can fit and contribute to development of the wobbly infrastructure. AKM Abdullah, financial sector development specialist of the World Bank in Dhaka, highlighted the role of management consultants in project development. Inefficiency in project management is a major problem in the country, he added. The Bangladesh Investment Climate Fund, which is managed by IFC, is sitting on a fund of \$375 million, he said. "But we have been able to disburse only \$120 million in the last three years." Syed AH Uddin, chief executive of the PPP office under the Prime Minister Office, explained the delay in visible progress in the PPP projects launched by the government in the last few years. There is undue delay in hiring advisors for the projects, as the PPP office needs to follow the procurement rules properly, he said. "PPP is not the easiest thing to do, as many stakeholders are involved. We have to think and plan ahead to make it work." The PPP office is now managing 39 projects, which will cost \$10 billion.

Top court clears REHAB polls

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On May 28, the chamber judge of the Appellate Division following two separate stay petitions filed by Akhteruzzaman Monju, chairman of the election board, stayed the HC orders. The chamber judge sent the stay petitions to the full bench of the Appellate Division for hearings.

After hearing arguments from the counsels, a five-member bench of the Appellate Division headed by Chief Justice Md Muzammel Hossain dismissed the stay petitions. The REHAB has already announced the names of the members of the executive committee. Alamgir Shamsul Alam is has been elected the president and Md Wahiduzzaman the general secretary.