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DHAKA SUNDAY JUNE 15, 2014, e-mail:business@thedailystar.net

Wealth tax: need of the hour

The planning minister recommends new law at CPD discussion; economists suggest improvement in political atmosphere, governance to keep up economic momentum

STAR BUSINESS REPORT

A top government functionary yesterday called for imposition of wealth tax to discourage accumulation of unproductive assets.

"It is the demand of the day. It is necessary to make a law on wealth tax and impose tax," Planning Minister AHM Mustafa Kamal said at a dialogue on an analysis of the proposed budget, organised by the Centre for

Policy Dialogue.

He also touched upon the issue of black money, saying it is generated through concealment of the real transaction value of land. Kamal cited the high land-value in Gulshan and Banani areas as a case in point.

In practice, the real transaction value of land in those areas is not disclosed in the registration papers; a much lower figure is quoted to avoid tax.

"The system is helping create black money," Kamal said, while suggesting confiscation of the land if a lower figure is put on the registration paper.

"Many would be scared of doing it if there is such a law."

Discussants at the programme said the economy is unlikely to get a momentum without any improvement in the political atmosphere, governance and infrastructure.

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Dark under the lamp

Fashion brands violate labour laws in Eastern Europe

REFAYET ULLAH MIRDHA

Garment workers are low paid everywhere in the world, even in European countries, due to flawed supply chain management of the global fashion industry, a survey has found.

The garment industry supply chain is 'unsustainable and unjust', no matter where it is, it said.

The report said Eastern European countries function as the 'cheap labour sewing backyard' for Western European fashion brands and retailers.

Despite a long history in garment production and highly skilled workforce, nearly all the countries producing clothes for major European retailers such as Hugo Boss, Adidas, Zara, H&M or Benetton are paid below the poverty line. Many workers rely on subsistence agriculture or a second job to survive.

The survey "Stitched up - poverty wages for garment workers in Eastern Europe and Turkey" is a result of extensive research, including interviews with more than 300 workers, in 10 countries across the post-socialist Eastern Europe and Turkey.

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Foreign banks' profits slow on political unrest

REJAUL KARIM BYRON

Foreign banks posted sluggish net profits last year mainly due to political turmoil that forced them to set aside a significant portion of their income to deal with bad loans.

Their net profit rose only 2.63 percent year-on-year to Tk 1,615 crore in 2013, according to finance ministry statistics.

But in 2012, the growth in their net profit was 16.50 percent, and the amount stood at Tk 1,573 crore.

The foreign banks made a gross profit of Tk 3,098 crore last year, according to a Banking Division report placed in parliament along with budget documents on June 5.

Banks calculate their net profit by deducting tax and provisioning against default loans from the gross profit.

In 2013, the foreign banks paid Tk 1,267.80 crore in taxes from their gross profit.

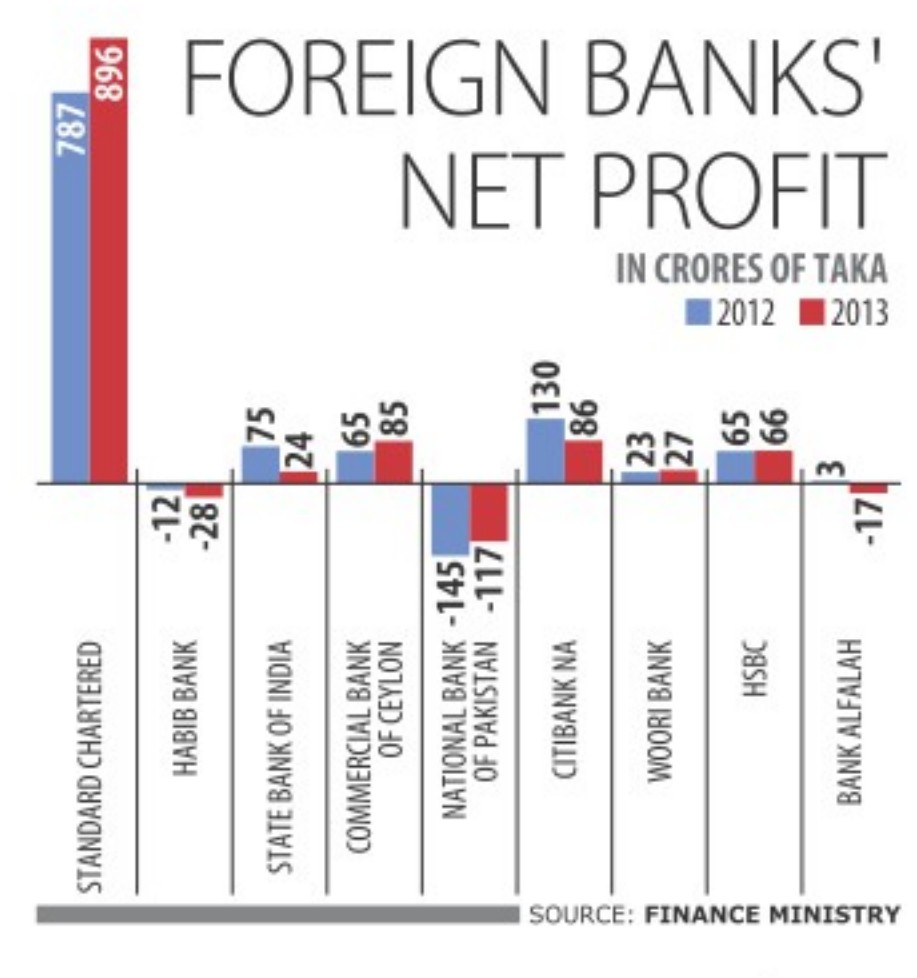
Last year, many state and private banks got their bad loans rescheduled under Bangladesh Bank's relaxed loan rescheduling policy. But most of the foreign banks did not take the opportunity and had to go for provisioning against bad loans.

In 2013, Standard Chartered Bank made provision of Tk 170 crore for bad loans, more than double the previous year's amount at Tk 81 crore.

State Bank of India had to set aside Tk 40 crore for bad loans in 2013, a tenfold increase from a year ago.

The foreign banks' income rose by only 9 percent in 2013 over the previous year, according to the Banking Division report.

However, their expenditure went up by



more than 15 percent. As imports fell last year, income of these banks from import trade decreased by around 0.60 percent.

In 2013, the foreign banks accounted for around 7.3 percent of the total asset in the banking sector.

Of the major foreign banks, Standard Chartered's net profit rose 14 percent to Tk 896 crore in 2013, compared to the previous year.

The net profit of State Bank of India slumped 68 percent and stood at only Tk 24 crore. Citibank NA's net profit fell 34 percent to around Tk 86 crore.

In recent times, two Pakistan-based banks have been suffering losses every year and counted losses last year as well.

Profits of private banks, which control 60 percent of the total banking assets, also saw a slim growth last year.

The private banks' total operating profit rose 8.75 percent year-on-year to Tk 12,209 crore in 2013, when they made a

9th Citi Microentrepreneurship Awards

Award Giving Ceremony

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Recipients of Citi Microentrepreneurship Awards, in the background, pose with dignitaries and organisers at a ceremony at Sonargaon Hotel in Dhaka yesterday.

Citi celebrates small successes

Six microentrepreneurs, two lenders awarded

STAR BUSINESS REPORT

Six microentrepreneurs and two micro-lenders yesterday won prestigious awards for creating jobs for themselves and for others as well as helping small borrowers make their way up the economic prosperity ladder.

M Abdul Mannan, state minister for finance and planning, handed the Citi Microentrepreneurship Awards among the winners at the capital's Sonargaon Hotel.

Bangladesh Bank Governor Atiur Rahman gave away the prize money and Rashed Maqsood, country officer of Citibank NA Bangladesh, handed the certificates.

Samsad Akter from Baliadangi in Thakurgaon won a trophy as the Best Microentrepreneur of the Year in recognition of her long struggle against poverty.

Nicknamed Mukti, which is freedom in English, Samsad set up a factory to produce mattresses in 2005 and did not look back since. She now employs 150 workers in her locality in the underprivileged part of the country.

"I want to expand the factory. Now my products are sold within the country, but I also want to export them," she said in her immediate reaction. She also called for interest-free loans to expand her factory further.

Apart from the trophy, Samsad received Tk 4.5 lakh as prize money.

In the same category, Samirunnahar Begum from Shaymnagar in Satkhira became the runner-up and won Tk 1 lakh as prize money.

Roksana Begum from Bhaluka in Mymensingh was recognised as the Best Woman Microentrepreneur of the Year, for setting up a paper cone making factory that changed her fate and also that of many others in the neighbourhood.

In her journey towards prosperity from poverty, she has created 30 permanent jobs and 20 temporary ones.

Roksana said: "Thanks to the factory, I am doing well now. Some

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