

Garment makers must be fully compliant, after tax benefits

Analysts speak at a seminar on workplace safety, labour rights

STAR BUSINESS REPORT

Garment manufacturers must make their factories fully compliant after the government extended a host of privileges to them, analysts said yesterday.

"Apparel makers will get tax benefits worth around Tk 4,000 crore due to deduction of source tax on garment exports in the next two years. So, they must ensure full compliance instead of minimum compliance," said MM Akash, professor of economics at Dhaka University.

The government decided to reduce tax at source on garments exports from 0.80 percent to 0.30 percent and waive full duty on imports of prefabricated building materials and fire safety equipment.

Akash's comments came at a discussion on 'Macro Review of the RMG Sector: Gains, Challenges and Policy Responses', held at The Daily Star Centre.

The programme was arranged to showcase the features of a CARE project for garment workers—Solidarity and Empowerment through Education, Motivation and Awareness (SEEMA)—funded by the European Union.

Khondaker Golam Moazzem, additional research director of the Centre for Policy Dialogue, said full compliance is needed for protecting labour rights and ensuring workplace safety.

The compliance cost is not big if the garment owners' incomes are considered, he said, adding that many apparel owners, however, have already initiated some corrective actions to improve workplace safety.

Rushidan Islam Rahman, research director of Bangladesh Institute of Development Studies, said



Binayak Sen, research director of Bangladesh Institute of Development Studies, speaks at a discussion on macro review of the garment sector's gains and challenges, at The Daily Star Centre in Dhaka yesterday.

the sector will not be able to ensure maximum compliance if the government focuses on just "good enough" compliance.

Garment owners will need around Tk 3,000 crore if they want to relocate 1,000 faulty factories to purpose-made buildings, said Binayak Sen, research director of BIDS, while calling for all stakeholders to share the costs.

Fast-moving consumer goods companies should also come forward to share the costs as the garment workers consume huge amounts of

toiletries, he said.

Bangladesh's garment export growth in Europe, especially after the relaxation of GSP in 2011 is stunning, said Zillul Hye Razi, trade adviser of EU.

Between 2010 and 2013, the growth was about 57 percent. Last year, garment exports to the EU stood at around 10 billion euros—about 91 percent of overall exports to the region, he said.

"This exposes the success and importance of readymade garments as well as the extreme dependency on it."

Khandoker Mostan Hossain, joint secretary of the labour ministry, said the government is sincere about improving workplace safety and labour rights after the Rana Plaza disaster.

A total of 1,590 garment factories have been inspected by three agencies—Accord, Alliance and Bangladesh University of Engineering and Technology, since April last year following the industrial disaster and only 14-15 were found faulty, he said.

Registration of trade unions has also increased significantly, Hossain said, adding that the labour ministry has allowed 187 new trade unions since an amendment to the labour law last year.

Nazneen Ahmed, senior research fellow of BIDS, urged the garment owners to emphasise full compliance for the sake of enhancing workers' productivity.

"Owners will immensely benefit in terms of productivity if they can ensure a favourable work environment."

Ayesha Khanam, president of the Bangladesh Mohila Parisad, said garment owners should make their factories fully compliant for the sake of humanity rather than improving the bad image.

She also urged the government to look into the transportation and housing problems of the female garment workers.

Zafrul Hasan, joint secretary general of the Bangladesh Institute of Labour Studies, said the government should allow more trade union registrations as it will give a platform for workers to raise their voice against harassment.

Jamie Terzi, country director of CARE Bangladesh, also attended the event.

New addl managing director for National Bank



STAR BUSINESS DESK

Shamsul Huda Khan has recently been promoted as the additional managing director of National Bank, the bank said in a statement yesterday.

Prior to the promotion, Khan was the deputy managing director of the bank and also the head of different divisions, including international, general banking, credit risk management and anti-money laundering divisions, according to the statement.

Khan has been serving National Bank since 1985, and he started his banking career with Pubali Bank in 1980. He holds a master degree in finance from Dhaka University.



Md Abul Quasem, deputy governor of Bangladesh Bank, unveils Islami Bank's shariah-based credit card--Khidmah--at a programme in Dhaka yesterday. Mohammad Abdul Mannan, managing director of Islami Bank, was also present. Story on B1.

Tk 289cr project to rid Ctg of waterlogging

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The government yesterday gave a go-ahead to a Tk 289 crore project for digging a 2.9-kilometre canal in Chittagong to rid the port city of waterlogging during the rainy season.

The approval was given at a meeting of the Executive Committee of the National Economic Council (Ecne), with Prime Minister Sheikh Hasina in the chair.

Planning Minister AHM Mustafa Kamal told reporters after the meeting that the canals in Chittagong city will be reclaimed and some new ones will be dug. Some ponds will also be built to preserve water.

Hasina asked authorities concerned to reclaim 19 canals, including the Chaktai canal, to free the port city from waterlogging, according to a planning ministry official who was present at the

meeting.

BNP-backed Mayor of Chittagong City Corporation Manzur Alam recently alleged that waterlogging could not be stopped due to non-cooperation from the government side.

Replying to journalists' queries on this, the planning minister said Alam never came to the ministry to discuss which projects could be taken for the development of the port city.

The project to dig a canal from Bahaddarhat to the Karnaphuli river is expected to end by June 2016 and the Chittagong City Corporation will implement it.

Two other projects worth Tk 214 core were okayed in the Ecne meeting -- one is for procuring container and terminal equipment and the other for constructing a bridge on the Kushiara river in

Steps underway to detect tax-dodging millionaires

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The central bank imposed an exposure limit on the commercial banks regarding their investment in the capital market, he said.

Muhith said a limit is imposed to protect the interest of investors and restrict

banks from being trapped in a liquidity crisis. Commercial banks should also follow the exposure limit while investing in the capital market, he said.

In a scripted reply, Muhith said the government has paid \$4.95 billion in foreign loan payments since 2009-10.

GP revamps service centre in Rajshahi

STAFF CORRESPONDENT, Rajshahi

Prof Chowdhury Sarwar Jahan, pro-vice chancellor of Rajshahi University, opened a revamped service centre of Grameenphone in Rajshahi yesterday.

The centre at the city's Alupotty area annually serves over 3.5 lakh subscribers, the mobile operator said in a statement.

"The centre has been furnished with modern equipment considering the rising demands of subscribers, and it is able to provide all sales and service-related solutions."

The new centre has separate zones for sales, services and free internet and will provide all products and services of GP and sell modems, handsets, routers at attractive prices, according to the statement. Ashfakuzzaman Chowdhury, GP's head of region, was

FDI rises 24pc despite political shocks

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The BoI boss said the government is looking to some other options and forming an economic zones authority and a public-private partnership cell to attract FDI.

Besides the infrastructure constraints, Samad blamed high bank interest rates and an inefficient tax regime for the stagnation in domestic investment, which acts as a catalyst to boost FDI.

"The rise in FDI in 2013 proves that foreigners have faith in Bangladesh," said Towfiq-e-Elahi Chowdhury.

He said Bangladesh has recently allowed Taiwan to open a commercial office in Dhaka to help them explore business and investment opportunities here.

On energy crisis, Chowdhury said the government is working to explore alternative sources of natural gas. As part of the move, he said, the government will take a decision in a day or two on the import of liquefied natural gas. Gas exploration in deep-sea is also going on in full swing, he said. Senior officials of the BoI, Bangladesh Bank and the Privatisation Commission were also present.

India-Bangladesh trade may double by 2018

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Trade imbalance in favour of India and a decline in Bangladesh exports to India are a cause of concern, adding that skewed trade could be redressed with greater investment participation of Indian companies in Bangladesh, the CII said.

Indian investments in the eastern neighbour stood at a cumulative \$2.5 billion in 2013 and have been surging in the last three years.

"Bangladesh and India offer natural markets for each other's exports and have advantages of reduced transaction costs and quicker delivery due to geographical proximity and common language," Banerjee said.



Anis A Khan, managing director of Mutual Trust Bank and the newly elected chairman of Primary Dealers Bangladesh Ltd (PDBL), attends the sixth annual general meeting of PDBL at Hotel Purbani International in Dhaka recently. At the meeting, Shahid Hossain, managing director of Southeast Bank, was elected as vice chairman. Ehsan Khasru, managing director of Prime Bank and the outgoing chairman of PDBL, was also present.



Nirmal Chandra Bhakta, executive director of Bangladesh Bank, attends an open discussion on SME financing organised by Pubali Bank's Narayanganj regional office in Narayanganj recently. Helal Ahmed Chowdhury, managing director of Pubali Bank, was also present.

Matia opposes high taxes on savings tools

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In her speech, Chowdhury said the country's present investment scenario is not satisfactory, compared to other economic indicators.

She blamed the BNP-Jamaat led opposition alliance for the sorry state of investment.

"I won't deny the fact that the country's investment is a little bit down. But the BNP-Jamaat alliance was more responsible than the government to this end. They were engaged in all types of destructive activities to stop the January 5 polls and to realise their demand for a caretaker government."

"Their destructive activities took a toll on infrastructure and industrial sector, ultimately affecting the overall growth rate," Matia added.

Chowdhury strongly criticised those who are claiming that allocation for the agriculture sector in the budget is not adequate.

"Allocation for agriculture has been increased to Tk 12,390 crore in fiscal 2014-15 from Tk 12,279 crore in fiscal 2013-14," she added.

Highlighting the successes of the agriculture sector, the minister said overall food production increased by 66 lakh tonnes and rice production by 53 lakh tonnes in the last five years.



Syeda Mazeda Meher Nigar, chairman of Computer Source, opens the company's 45th branch in Gulshan, Dhaka on Monday. Ali Noor Talukdar, chief operating officer, was also present.



Rezwanul Haque, senior director of Edison Group, and Rafiq Uddin, head of marketing, hand over match and airplane tickets to the winners of a football quiz organised by Edison Group's Symphony brand, at a programme recently.



Giridhari Lal Modi, Chairman of Six Seasons Food & Beverages Ltd, attends the unveiling of a range of chips and noodles products in a programme at Bashundhara Convention Centre, Dhaka on Monday. Shahed Masud, director, was also present.