

In political calm, shops eye brisk Eid sales

MD FAZLUR RAHMAN and SUMAN SAHA

Buoyed by the calm on the political front, traders, boutique houses and footwear makers this year are holding out for bumper sales on the occasion of Eid-ul-Fitr.

"People are now in a shopping mood due to the favourable political environment," said Mohammad Abdur Rouf, chief operating officer of Aarong, a leading fashion and lifestyle brand in the country.

Retailers hope sales will pick up in the coming days as people with a fixed income now have money in their hands to make their Eid purchase.

"Sales were not at the desired level in the first 10 days of Ramadan. We know everybody will buy as per their plans in the end," said SK Rasel, manager of Deshal, a well-known boutique.

Keeping the timing of Eid-ul-Fitr this year, Deshal, which has nine outlets in the country, has embraced the colours of the rainy season.

Salespersons at Artisti, a popular menswear brand, too said shoppers have slowly started to flock in.

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BTRC plans to offer 450 MHz spectrum to mobile operators

ABDULLAH MAMUN

The telecom regulator plans to allocate the 450 megahertz spectrum band to mobile operators after 2015 -- a move that is expected to widen the operators' scope to utilise a wider range of spectrums and offer faster internet.

The allocation will be made after the regulator offers the 700 MHz band next year.

A 12-member committee headed by a commissioner of Bangladesh Telecommunication Regulatory Commission will prepare a licensing guideline by November.

Due to low frequency, the 450 MHz band will enable service providers to deploy higher-performance mobile broadband services over greater distances. As a result, the operators will be able to roll out their service network with less equipment or investment for more people, analysts said.

BTRC Chairman Sunil Kanti Bose said they are working on recovering the unused spectrum in the 450 MHz band from different entities, as some fixed line operators were allocated the band earlier.

The regulator recently refused the state-run Bangladesh Telecommunications Company Ltd (BTCL) an allocation in the 450 MHz spectrum band, intending to reserve it for mobile operators.

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Garment factory closures displace 3,500 workers

North American retailers compensate 1,000 workers

REFAYET ULLAH MIRDHA

About 3,500 workers were displaced after the Alliance for Bangladesh Worker Safety, the platform of North American retailers, announced closure of five factories following inspections, the BGMEA said.

Engineers hired by the Alliance for Bangladesh Worker Safety found the factories -- Bay, MAKS, RSI, MAM and HKDG -- with unsafe electrical wiring, overloading of goods on floors and insufficient exit capacity and no sprinklers.

Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association, said some displaced workers have already been accommodated in different factories.

By December, new factories will come by and the remaining displaced workers will get more employment opportunities, he added.

Mesbah Rabin, managing director of Alliance, however, said the number of displaced workers was 1,000 and that they have been compensated from the \$5 million worker support fund established by the Alliance member brands.

The Alliance will pay 50 percent of the worker salaries for

KEY POINTS

Five closed garment units:
Bay, MAKS, RSI, MAM
and HKDG

Alliance inspected **601**
factories

1,000 displaced
workers compensated

Alliance forms \$ **100m**
fund for factory remediation

up to four months and the factory owners the remaining 50 percent.

"Ensuring that no garment worker has to put herself at risk to earn a living is our top priority, but we believe protecting and supporting workers must go hand in hand," said Ellen Tauscher, Alliance's independent chair and former US Congresswoman.

"We are committed to ensuring as factory safety improvements are made, workers are not expected to pay the price," she added.

The Alliance concluded their inspection rounds on Thursday after evaluating 601 factories in Dhaka and Chittagong.

The fact that less than 2 percent of the factories were found unsafe shows that the country's factories by and large are not as vulnerable as previously thought, Azim said.

"But we will not take any risks -- we don't want a repeat of the Rana Plaza incident. We are showing zero-tolerance to safety problems," he said, while citing the closure of three vulnerable factories owned by BGMEA directors as an example.

The Accord on Fire and Building Safety in Bangladesh, a platform of 180 retailers and brands mainly from Europe, is inspecting 1,600 factories, while a group of engineers led by Bangladesh University of Engineering and Technology is inspecting 2,000.

Meanwhile, some small and medium factories have already started receiving interest-free loans from the \$100 million fund formed by the 26 North American signatories to remediate their production units, according to Rabin.

Moreover, if any garment factory wants to receive loans from banks, the Alliance will help manage low-cost loans for them.

He said the bigger factories are not receiving the loans from the fund as they have the capacity to remediate their units.

Private banks raise capital base to meet global standards

State banks are in a weak position

REJAUL KARIM BYRON

Private banks are raising their capital base in every quarter to meet new international standards that will take effect next year.

Their capital base went up around 1.63 percent in the first quarter of this year, while state banks are in a weak position in maintaining capital.

Of all the commercial banks, BASIC Bank plunged into the worst financial condition due to huge irregularities.

Spiralling bad loans have widened the bank's capital shortfall to Tk 1,036 crore at the end of March.

In line with Basel II standards, banks have to maintain 10 percent capital of their risk-weighted assets.

But BASIC Bank's capital adequacy ratio (CAR) was -0.66 percent during January-March, according to central bank statistics.

Basel II was intended to create

CAPITAL ADEQUACY RATIO OF SOME BANKS IN % OF RISK-WEIGHTED ASSETS, AS OF MARCH 31, 2014	
BASIC	-0.66
Pubali	12.24
Uttara	12.58
Islami	13.50
Mutual Trust	11.41
AB	10.34
Al-Arafah	13.68
Bank Asia	11.28
Brac	12.04
City	12.37
Dutch-Bangla	13.28
Dhaka	11.06
Eastern	12.27
EXIM	12.84
IFIC	10.35
Mercantile	10.97
National	11.71
NCC	12.68
Southeast	10.39
UCB	11.61

crore, up from Tk 48,303 crore on December 31, 2013.

Foreign banks always maintain a higher CAR, which was 22 percent at the end of March. As the state banks' capital marked a fall in the first quarter, the overall capital of all banks decreased to Tk 64,575 crore in March from Tk 65,191 crore three months ago.

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