Workplace injury insurance must be part of Rana Plaza legacy

Gilbert Houngbo

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IN the 18 months since the collapse of the Rana Plaza building in Bangladesh, which killed more than 1,100 garment factory workers and injured some 2,500 more, there has been a concerted effort to improve safety standards and working conditions in the country's readymade garment sector.

Brands and retailers joined the government and employers and worker organisations in Bangladesh, as well as multilateral organisations, international partners, regional institutions and global unions to address the immediate needs and the longer-term challenges brought on by the tragedy.

True, there have been frustrations and delays along the way. Raising sufficient funds for compensation payments has been slower and more complex than it should have been, for example.

But there have been positive changes. The labour law has been amended to strengthen fundamental rights, with improvements in relation to occupational safety and health, freedom of association and collective bargaining. As of the end of September, more than 2,000 safety inspections have been carried out with some factories being closed permanently, while many others improved safety conditions.

The minimum wage for RMG workers has increased and the labour inspection system has been upgraded. Victims of the accident were given rehabilitation, training and counselling, to help them regain employment and become self-sufficient again. And most surviving victims and families of those who died have been awarded compensation, with the claims process due to be completed over the coming weeks.

But for Rana Plaza to leave a lasting legacy, much remains to be done to ensure that the progress made thus far is sustainable and to achieve further improvements in occupational safety and health, working conditions, and respect for labour rights.

A LASTING LEGACY OF CHANGE

As we move forward, the focus needs to be on the better management of international supply chains across all sectors, with workers' safety and conditions at the heart of it.

Prevention is key but it is just as important to be prepared in case of future accidents. This can be done through an employment injury insurance (EII) scheme that spreads the risks across all employers at the national level. Such a scheme would provide an immediate response in terms of compensating those directly affected by workplace accidents.

These types of schemes are widely adopted across the world and provide reliable, low-cost and no-fault accident compensation insurance for workers. Indeed, most countries that relied on commercial employer-liability insurance in the past have now converted their legislation to establish national EII schemes. This is because it is less costly to employers in the long run and no worker is left behind.

Most national EII schemes cost no more than 3 percent of the total wage bill, which is a sound investment when compared to the potential reputational damage for companies and the impact on workers.

The government of Bangladesh has shown keen interest to work with the ILO in setting up a national EII scheme. The ILO Convention on Employment Injury Benefits (No 121) provides an internationally recognised normative reference to guide the government and social partners in designing national EII benefits and their delivery tailored to local realities.

What is needed now is the firm commitment of international partners, brands and retailers, alongside national counterparts, to help get a national EII scheme off the ground. Bangladesh could in turn provide a much-needed example for other emerging export-oriented economies that do not have workplace insurance schemes in place.

The effective implementation of the labour law and a national EII scheme would ensure that Rana Plaza is not only remembered as one of the worst industrial accidents of its kind, but also a turning point for workers in Bangladesh.

The writer is ILO's deputy director-general for field operations and partnerships.

STAR

Analysts attend a workshop organised by BASIS at The Daily Star Centre in Dhaka yesterday.

IT industry on track, but needs policy support: analysts

Star Business Report

THE IT industry is moving in the right direction to see exports worth $1 billion within 2018, analysts said at a workshop yesterday.

They, however, said the progress in the sector is slow due to a lack of support from the government.

Habibullah N Karim, a former president of Bangladesh Association of Software and Information Services (BASIS), said the trade body might not have done enough research or homework when it set the $1-billion target, but the goal can be met.

He said the private sector is doing a lot of things such as developing infrastructure, and building IT parks and data centres.

The IT trade body organised the workshop at The Daily Star Centre in Dhaka to get suggestions from experts on preparing a roadmap on how to reach the export target under its One Bangladesh campaign.

Raihan Shamsi, chief executive officer of Accenture Bangladesh, said the $1-billion target is easily achievable if three issues are addressed: human resources, infrastructure development and policy support.

Accenture, a leading global IT firm, is working in Bangladesh as the country has huge potential to grow in the sector, according to Shamsi.

"The Indian IT industry also faced the same critical situation 15 years ago. So we should learn from their (Indian) experience," he added.

Business process outsourcing (BPO) should be the main focus of the IT industry to reach the target, said Syed Almas Kabir, chairman of the standing committee on access to internet and infrastructure of BASIS.

But, he said the country does not have enough human resources to tap the BPO potential.

Fahim Mashroor, another former president of BASIS, said Bangladeshi entrepreneurs did not initially concentrate on e-commerce. As a result, the sector is being dominated by foreign companies now, he said.

"The local IT companies have to be successful, otherwise the government's vision of a Digital Bangladesh will not materialise."

AK Shabbir Mahbub, chairman of the standing committee on call centre and BPO of the trade body, said multinational companies operating in Bangladesh do not use locally-made software.

Many countries make policies that bind businesses to use local software. "Bangladesh needs such a policy," he said.

Forkan Bin Quasem, chairman of the standing committee on e-governance, said even the government institutions do not use local software.

The government has to invest in the IT industry and purchase local software, he said.

TIM Nurul Kabir, a former director of BASIS, suggested the trade body conduct a survey to find out the obstacles in the industry.

Russell T Ahmed, senior vice-president of the trade body and moderator of the workshop, said the government listens to the suggestions that BASIS puts forward, but hardly acts on those.

HSBC sets aside $378m for fine over forex rigging

AFP, *London*

HSBC bank on Monday set aside $378 million (302 million euros) for a potential fine in Britain to settle allegations of foreign exchange market rigging, as it posted mixed third-quarter earnings.

The Asia-focused lender said in a results statement that it had made a "provision of US$378m relating to the estimated liability in connection with the ongoing foreign exchange investigation" by Britain's Financial Conduct Authority (FCA) regulator.

The banking titan warned that a "significant" penalty was likely, adding that talks were ongoing with the watchdog.

The news comes after rivals Barclays and Royal Bank of Scotland (RBS) last week made huge provisions for possible costs and penalties arising from several probes into suspected price-rigging in the foreign exchange market.

Barclays -- which was at the centre of the 2012 Libor rate-rigging scandal -- and RBS have set aside £500 million (640 million euros) and £400 million respectively for the forex affair, which is being probed by regulators around the world.

"Discussions are ongoing with the UK FCA regarding a proposed resolution of their foreign exchange investigation with respect to HSBC Bank plc's systems and controls relating to one part of its spot FX (foreign exchange) trading business in London," HSBC said on Monday.

"Although there can be no certainty that a resolution will be agreed, if one is reached, the resolution is likely to involve the payment of a significant financial penalty.

"We continue to cooperate fully with regulatory and law enforcement authorities in the UK and other jurisdictions."

HSBC added that its net profits or earnings after tax rose seven percent to $3.431 billion in the three months to September 30 from a year earlier, boosted by falling impairments.

However, adjusted pre-tax profits sank 12 percent to $4.4 billion in the third quarter, as it set aside around $1.7 billion to cover a series of one-off charges.

HSBC also took a $701 million provision to compensate customers for a mis-sold insurance product and $550 million for a settlement with the Federal Housing Finance Authority relating to the sale of mortgage bonds before the financial crisis. In addition, restructuring costs were $68 million.

Total revenues were almost flat at $15.575 billion in the period. HSBC is meanwhile also the subject of an inquiry by French magistrates over the tax reporting requirements of some of the bank's clients.

"The third quarter was a period of continued progress," said chief executive Stuart Gulliver, adding that the bank had maintained a strong balance sheet and robust capital position.

'Provisions cannot be ignored'

"Revenue continued to grow in Commercial Banking, dominated by growth in our home markets of Hong Kong and the United Kingdom. Global Banking and Markets contributed a strong revenue performance."

Maruti revamps Alto car to counter slow India recovery

Reuters, *New Delhi*

MARUTI Suzuki, which sells almost one in two cars in India, is betting a new version of its bestselling model will help it retain a stranglehold on the budget market, even as it courts wealthier buyers to fend off a slowdown in sales.

Maruti on Monday unveiled a new version of its entry-level Alto -- India's most popular car last year -- with automatic gear shift technology, a feature usually reserved for pricier cars in the Indian market.

Automatic cars are still rare in India but they have the potential to be popular in a country where roads are often in poor condition and traffic snarl-ups are a daily feature of urban driving.

At 380,187 rupees ($6,190), the Alto K10 is the Indian market's cheapest automatic car -- a position previously held by Maruti's compact sedan Celerio at about 410,000 rupees.

"Definitely, Maruti is moving up the price ladder and that is obviously in tune with the expectation of the urban consumers," said Puneet Gupta, associate director at consultants IHS Automotive.

REUTERS

Officials stand next to Maruti Suzuki Alto 800 car in the western Indian city of Ahmedabad.

"On the other hand, we have 70 percent of the population living in rural (areas) and with the network that Maruti has, definitely they are not losing sight of that consumer also."

Maruti Suzuki is preparing for what it has said will be a period of slower sales in the coming months. Sales of Maruti's passenger cars fell 1.1 percent in October from a year ago, breaking five consecutive months of increase.s

It warned last week of slower growth in the second half, dampening expectations of a rapid recovery in an auto market that is hobbling back after two weak years.

Part of the effort to counter that slow return to health is a move up-market, to cash in on India's growing urban middle class and improving consumer sentiment under Prime Minister Narendra Modi's government, elected earlier this year.

Best known as the brand that made cars affordable for Indian families with the Maruti 800 in the 1980s, Maruti took a second stab at the premium sedan market with the launch of the Ciaz car in October and has set an aggressive sales target for itself.

It plans to launch its first sports utility vehicle (SUV) between April and June 2015 to capitalise on one of the fastest-growing car categories, dominated by Ford Motor Co and Renault SA, in Asia's third-largest economy.

But it hopes to hold on to its historic area of strength at the budget end too, the company said, thanks to innovations like the new automatic Alto.

"People are trying to come into the right products because the small car (market) is now getting crowded," said Maruti CFO Ajay Seth said last week after the company reported quarterly earnings.

"We have to bring in new products, better technology," said Seth, adding automatic cars and SUVs were two such examples.

Google aims for 300m new Indian local language users

AFP, *New Delhi*

GOOGLE has created a new Hindi-language website to add 300 million Indian Internet users by 2017 and bridge the country's linguistic digital divide, the search giant announced Monday.

The website, www.hindiweb.com, is part of Google's push to incorporate more Indian languages into content in the next few years. Google said nearly all of India's 198 million English speakers are already online.

Now Google is targeting in India the around one billion people who do not speak English, starting with Hindi, the country's most widely spoken language, with some 400 million speakers.

"To reach our goal of 500 million internet users (from 200 million) by 2017 we need to make the Internet accessible to those who don't speak English," Google India managing director Rajan Anandan told reporters.

The announcement chimes with the goal of the new Indian government of Narendra Modi which has embarked on what it calls a "digital revolution" to bring more Indians online to access government, education and health services and transact more business.

"The web holds great potential to empower many Indians economically and socially, and thanks to the smartphone revolution, many millions of Indians will be coming online for the first time in the next few years," Anandan said.

The Internet initially was mainly the preserve of India's affluent, urban, English-speaking middle-class.

Increasingly affordable smartphones are allowing more Indians to get online but they lack content in their own language. Millions of smartphones are sold in India each month.

"We must build content in people's own languages -- otherwise we'll miss the boat," Anandan said.

Offering local languages would boost India's already exponentially growing online shopping market, for instance, as well as advertising markets, Google executives said.

Hindi and English are both official languages for government business while India's constitution recognises 22 official languages.

The government sees greater use of Internet technology as a means to spur growth in Asia's third-largest-economy where more than 700 million people live on less than $2 a day, according to the World Bank.

Google said it was setting up an Indian Language Internet Alliance -- made up of newspaper, television, web content companies and other players -- to promote growth of local-language Web content.

Google said it aimed to offer web services in at least eight major Indian languages, including Tamil, Bengali and Gujarati, but declined to give a timeline.