



Star BUSINESS

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Consumers suffer as cost of living rises

Costs rose 6.82pc in 2014, compared to an 11pc increase in the previous year

SUMAN SAHA
 The cost of living rose 6.82 percent in 2014 from the previous year, mainly due to a hike in house rent, utility bills and prices of some essential food items, a consumer rights campaigner said yesterday.
 The Consumers Association of Bangladesh prepared a report taking into account the costs of 114 food items, 22 essential commodities and 14 utility services.
 The prices of food and services rose 6.31 percent in 2014, the CAB found.
 However, the rise in cost of living is 4.18 percentage points lower than that in 2013.
 On average, house rent in the capital rose 9.76 percent in 2014.
 However, slum-dwellers were the worst sufferers as they saw their house rent rise 16.67 percent. People living in flats faced an average hike of 12.82 percent.
 "Homeowners often disregard rules and raise house rents when they want, putting the low- and middle-income people in trouble," the CAB said in a statement, urging the government to revise the house rent law of 1991.
 It also called upon the government to arrange low-cost funds for the low- and middle-income people so that they can buy apartments.
 On average, the prices of electricity and rice increased 5.97 percent and

PRICE HIKE IN % YEAR ON YEAR 2014



7.45 percent respectively in 2014, compared to the previous year. The price of water supplied by Wasa rose 5.04 percent. Prices of milk powder saw a hike of 10.18 percent in 2014.
 However, the CAB said the prices of edible oil, salt, pulse, spice, egg, fruits, flour and tea came down, by 2 percent to 13 percent, in 2014.
 Some essential items that saw an increase in their prices include various kinds of fish, vegetables, chicken, powdered and liquid milk and soap.
 The consumer rights group demanded effective enforcement of the competition law to prevent dishonest traders from forming cartels or syndicates.
 The CAB also called for making the Trading Corporation of Bangladesh more effective to ensure a smooth supply of essential commodities in the market.
 The CAB said traders often increase the prices of commodities as soon as the prices go up in the international market. But they hardly adjust the prices when international prices come down.
 The platform also urged the government to take necessary steps so that the pay hike for public servants does not fuel inflation.

RINGING IN 2015

Garment exporters look to a buoyant year

REFAYET ULLAH MIRDHA
 The increasing numbers of international orders, boosted by ebbing worries on regulatory non-compliance and a stable political front, promise a tempting 2015 for garment makers.
 Favourable factory inspection reports by two retailers' groups -- Accord and Alliance -- have shed some positive light on safety and labour standards, industry insiders said.
 The Accord cleared more than 98 percent factories as safe in its report last September, which was a highly desirable achievement for the sector with horrible compliance track records leading to major losses of life and property.
 "The inspection cleared the misconception on poor compliance by

the Bangladeshi garment sector. It boosted retailers' confidence in the sector," said Bakhtiar Uddin Ahmed, general manager at Fakir Apparels, a garment maker in Narayanganj.
 "We are very hopeful for the year 2015, as we were quite busy in 2014 managing the disaster fallout of Tazreen Fashions fire and Rana Plaza building collapse."
 The company targeted \$88 million in exports for 2015, 20 percent higher than in the previous year. "Restoration of buyer confidence has proved to be a big factor for Bangladesh," Ahmed said.
 The Accord and Alliance were formed by European and American retailers to work on fire and safety issues that plagued the garment industry in Bangladesh.

GARMENT EXPORTS

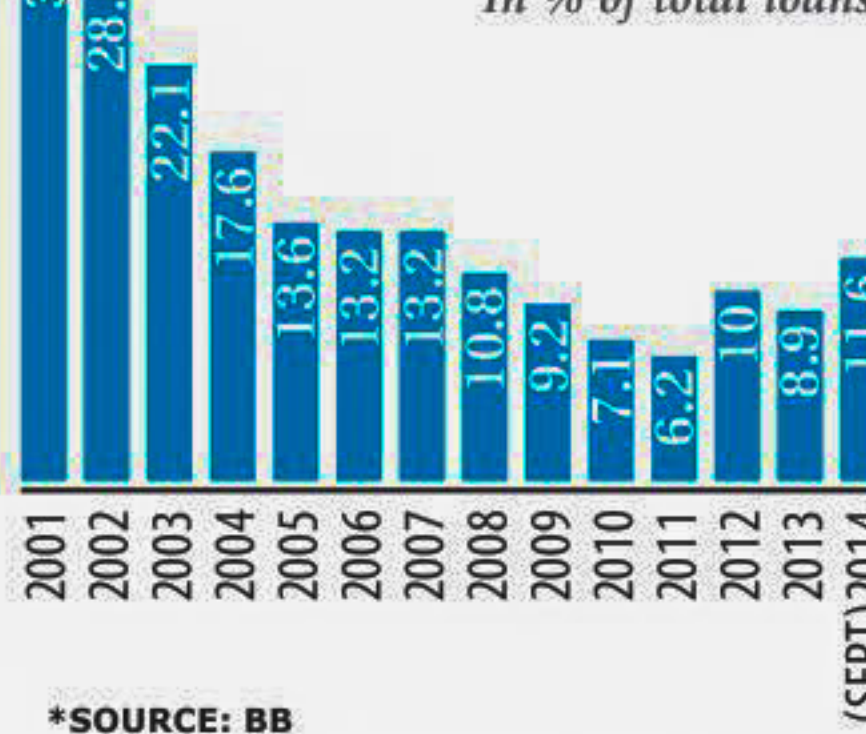


The curious case of rising defaults

REJAUL KARIM BYRON
 In spite of a business-friendly environment for the most part, default loans continued to swell throughout 2014, much to the regulator's concern.
 Between December 31 last year and September 30 this year, default loans surged 41 percent to Tk 57,290 crore.
 It also increased in 2012 and 2013, but the rise then can be attributable to scams, political unrest and global recession.
 The logic that default loans

increased last year for either of these reasons as well is no more acceptable, said Nazrul Huda, a former deputy governor of Bangladesh Bank.
 In fact, the year saw no major political unrest following the January 5 elections or any big financial scam.
 "It is a matter of concern," BB Governor Atiur Rahman said at a meeting with banks' chief executives in mid-December.
 The sector's default loans increased steadily from quarter to quarter despite the positive macro-economic indicators, he added.

DEFAULTS



Profits rise at most banks

BANKS' OPERATING PROFIT

	2013	2014*		2013	2014*
BDBL	131	175	Al Arafah	470	645
AB	**	890	Jamuna	312	350
Rupali	310	300	Shahjalal	300	250
Pubali	815	790	South Bangla	14	32
National	780	811	Union	25	42
Islami	1,598	1,724	NRB Commercial	10	33
First Security	201	221	Meghna	6	16
NCC	404	386	Farmers Bank	3	14
UCB	711	885	Midland	4	17
Southeast	680	820	Modhumoti	10	51
Prime	850	710	One	**	387
Mercantile	425	530	BASIC	178	-98
Exim	510	625	Brac Bank	**	680
Mutual Trust	211	280	IFIC	403	408
Social Investment	325	450			

STAR BUSINESS REPORT
 Operating profits of most banks rose in 2014, thanks to political stability, but the increase was marginal mainly due to a poor investment situation.
 Bankers said the demand for money is yet to rise to the expected level as still

there is some political uncertainty.
 Banks' profits fell in 2013 because of political violence and rising loan defaults.
 In 2014, Islami Bank made the highest operating profits -- Tk 1,724 crore -- among all banks.

BSEC offers share netting facility to boost market

STAR BUSINESS REPORTER
 Bangladesh Securities and Exchange Commission yesterday offered share netting facility for the same security and extended the deadline to provision unrealised losses of merchant banks and stockbrokers.
 Share netting is a financial adjustment facility for same securities on the same trading day -- investors can buy shares of the same company after selling on the same day. The decisions were taken at a meeting held at the BSEC office.
 As per the decision, investors will get the scope to net same company shares on a single day only under the 'A', 'B', 'G' and 'N' categories; the scope will not be given in trading 'Z' category shares.
 The regulator allowed the share netting facility for same securities following a proposal made by both the bourses amid poor turnover values.

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Happy New Year 2015

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