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Star BUSINESS

DHAKA MONDAY APRIL 25, 2016

Economists back foreign loans for infrastructure

They say Bangladesh has scope to broaden fiscal deficit; BIDS's development conference ends

STAR BUSINESS REPORT

Bangladesh has leeway to widen its fiscal deficit and borrow funds from external sources to finance the country's transformative infrastructure projects, economists said yesterday.

The country can widen its fiscal deficit by two percentage points for five years, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

In so doing, \$20-35 billion can be raised from international markets for infrastructure financing. "This money will be spent only for transformative

infrastructure projects," he said.

The suggestion from Mansur was supported by Zahid Hussain, lead economist of the World Bank's Dhaka office, and Mustafizur Rahman, executive director of the Centre for Policy Dialogue.

They spoke at a discussion on financing infrastructure deficit at the two-day conference, BIDS Critical Conversations, held at the capital's Bangabandhu International Conference Centre.

The Bangladesh Institute of Development Studies organised the event, which ended yesterday.

Historically, the government has kept the budget deficit below 5 percent of the gross domestic product; it ranges between 3.5 percent and 4.5 percent.

Mansur said Bangladesh can also set aside another two percentage points of funds from its Annual Development Programme, which is 7 percent of GDP.

The borrowing from external sources and setting aside funds from ADP will give Bangladesh about \$60 billion for infrastructure projects, said the former economist of the International Monetary Fund.

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Aman rice output hits a new high

SOHEL PARVEZ

Aman rice output rose to a new high of nearly 1.35 crore tonnes in the immediate past season owing to increased plantation, particularly of high-yielding varieties, said officials of Bangladesh Bureau of Statistics.

Farmers planted the monsoon-based crop on 55.90 lakh hectares last season, up from 55.30 lakh hectares a year earlier, according to preliminary data of the BBS.

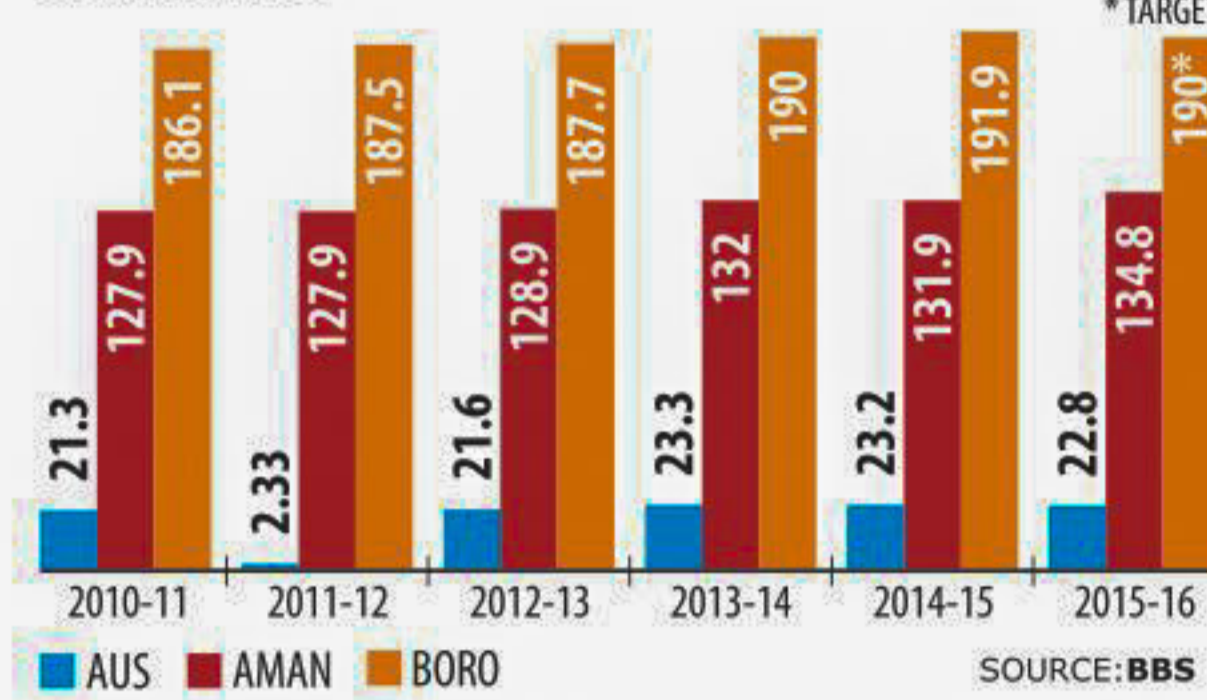
Aman accounts for 38 percent of annual rice production.

With the 2.93 percent spike in aman production, the total rice output this fiscal year stands at 1.57 crore tonnes.

The output, which although is a year-on-year increase of 1.63 percent, fell short of the Department of

RICE PRODUCTION

In lakh tonnes



Agricultural Extension's target of 1.60 crore tonnes.

The DAE set out to ensure production of 24.75 lakh tonnes of rice during the aus season, 1.35 crore tonnes during aman and 1.90 crore tonnes during boro season.

However, boro production target may not be achieved as cultivation declined after many farmers switched to other crops such as wheat and potato, according to agriculture officials and seed sellers.

Farmers grew boro paddy on 46.85 lakh hectares of land during the current harvesting season, down from last season's 48.40 lakh hectares, according to the DAE.

The latest acreage is the lowest since fiscal 2008-09.

"There is uncertainty," said a senior official of the DAE about the achievement of the boro rice production target.

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ROBI-AIRTEL MERGER

New entity to pay Tk 500cr for using Airtel's spectrum

MUHAMMAD ZAHIDUL ISLAM

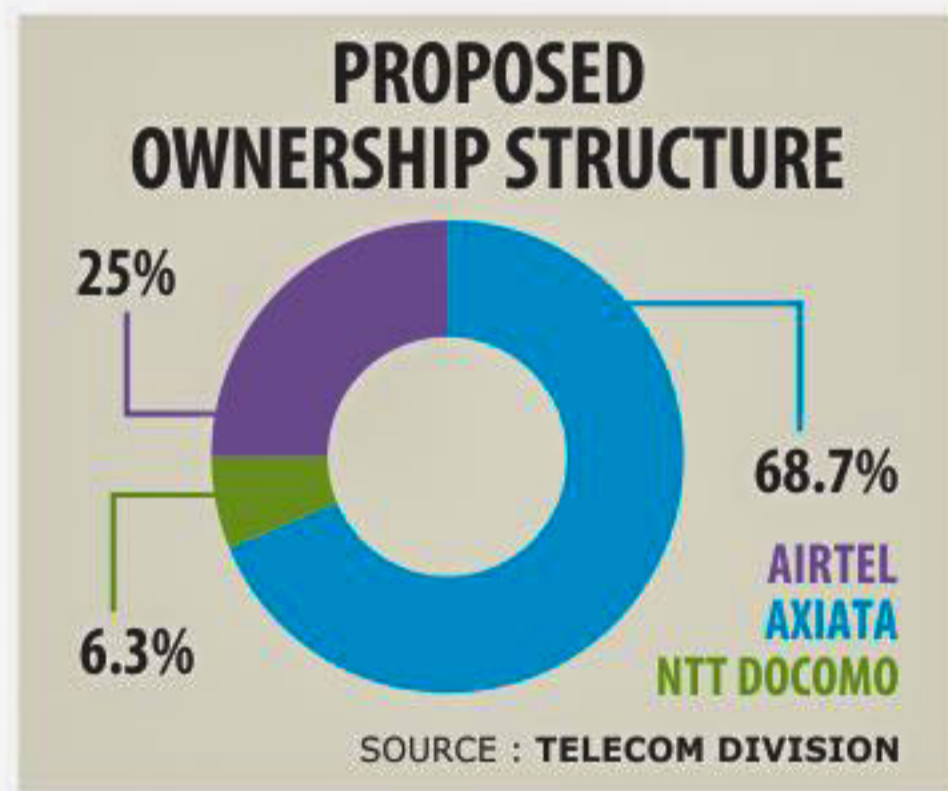
The new entity after the merger of Robi and Airtel will have to pay more than Tk 500 crore in fees for using Airtel's existing spectrum in the 1800 band, according to a proposal of the telecom division.

Additional charges and fees were also proposed for the merger.

The recommendations that are currently under the consideration of the prime minister, who is also the line minister for telecom, seek additional payments to adjust the spectrum prices with those in 2011, a senior official of the telecom division said.

The Prime Minister's Office may apprise the High Court of a decision on June 2.

Airtel, for Tk 340 crore, bought 15 MHz spectrum in the 1800 band for fifteen years in 2005. This translates to Tk 1.51 crore per MHz per year in spectrum price for the licence duration.



However, Robi and other operators got spectrum for a higher average price in 2011 -- Tk 150 crore for 15 years -- meaning per MHz spectrum price a year was Tk 10 crore.

"Now if the merged entity wants to retain this spectrum, it will have to pay the rest to match the

price of 2011," the official of the telecom division said, asking not to be named.

State Minister for Telecom Tarana Halim and Telecom Secretary Md Faizur Rahman Chowdhury declined to comment on the issue.

However, the telecom division's recommendations did not mention anything about the 3G spectrums in the 2100 band, as all operators paid the same \$22 million for each MHz for 15 years.

In the merged entity, there will be 471.41 crore shares in total, of which 117.85 crore (25 percent) will belong to Airtel Bangladesh.

Robi's Japanese partner NTT Docomo will hold 29.73 crore shares or 6.3 percent of the total stake.

Axiata Investment (Labuan) Ltd will be the lead shareholder with 323.83 crore shares, and Axiata Group will have 900 shares. Four other partners will be in the board with only 10 shares each.

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Probe anti-union activities: EU

US reaffirms support to Bangladesh's garment industry

DIPLOMATIC CORRESPONDENT

The European Union has called for speedy trial and investigation into the incidents of anti-union discrimination in Bangladesh, including those in export processing zones.

"Trade union registration must be transparent and carried out expeditiously in accordance with objective criteria, and unfair labour practices have to be effectively prevented," three EU commissioners said in a joint statement.

They said the Bangladesh government has shown a clear commitment, but many things are left there to be completed.

"Repairs and remediation plans in all factories have notably still to be effectively and diligently implemented."

They said the EU and other donors have

mobilised funds that are available to companies facing financing difficulties, in particular SMEs.

Neven Mimica, the EU commissioner for international cooperation and development; Marianne Thyssen, European commissioner for employment, social affairs, skills and labour mobility, and Cecilia Malmstrom, commissioner for trade, issued the joint statement from Brussels on Friday, ahead of the third anniversary of the Rana Plaza tragedy.

They said the EU will remain closely engaged to bring lasting improvement to Bangladesh's garment industry.

The commissioners said an active engagement of the EU, Bangladesh and other partners has brought "tangible progress" on the ground.

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Suppliers' reforms progressing: H&M

REFAYET ULLAH MIRDHA

Remediation in factories from which Swedish retail giant H&M sources has progressed significantly, the company said in a statement.

H&M, which is the largest apparel buyer from Bangladesh, purchases about \$5 billion of products annually from 255 factories.

Remediation was initially delayed, partly due to import delays of upgraded safety equipment as well as a shortage of technical expertise needed to conduct detailed engineering assessments, planning and submissions of drawings and installation of technical equipment.

"However, now the remediation is showing progress," H&M said, adding that it is now working closely with IndustriALL, a global union federation, to further speed up the process.

As of March 31, all locking features as well as collapsible, rolling shutter and sliding doors have been removed from the factories. Some 46 factories have installed new upgraded fire doors at every exit, enabling a safe evacuation. The doors are self-closing and have a fire-resistant function preventing the fire or smoke from spreading within the building.

All high-rise buildings must be pro-

vided with automatic fire sprinkler systems that would spray water throughout in case of a fire.

Some 115 of the factories are located in high-rise buildings and of them 18 have installed the sprinkler systems.

"All factories producing for H&M should be safe and all workers should feel safe at their everyday workplace. These are key concerns for H&M."

In general, there is a need for improving fire and safety in Bangladesh -- a country where poor electrical installations and bad maintenance are common, according to the statement.

As a consequence, the textile industry is now undergoing substantial transformation and is now converting to Western safety standards.

"This is a huge and complex work." H&M is one of the 200 signatories of the Accord, a five-year independent, legally binding agreement between global brands and trade unions designed to build a safe and healthy Bangladeshi garment industry.

"With this commitment, we are able -- together with other companies, global trade unions, employers' organisations and the Bangladeshi government -- to actively influence and contribute to improved workplace safety in the textile industry."

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Editors express concern over banking scams

STAR BUSINESS REPORT

Editors of print and electronic media have expressed concern over the slow pace in the implementation of development budget, irregularities in the banking sector and low investment.

They spoke at a pre-budget discussion yesterday at the finance ministry with MA Mannan, state minister for finance and planning, in the chair.

About Tk 9,000 crore has been looted in scams involving Hall-Mark, Bismillah Group and BASIC Bank, said Reazuddin Ahmed, editor of News Today. "The banks will be recapitalised with my tax money. It is a kind of torture."

In response, Mannan said: "Yes, we're tired. My boss [the finance minister] says he is tired too. I don't want to add to his statement, but we have much more to do for the banking sector."

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Ford not interested in tie-up with Fiat: CEO

REUTERS

Ford Motor Co is not interested in a tie-up with Fiat Chrysler Automobiles NV, Chief Executive Mark Fields said on Saturday, when asked about FCA head Sergio Marchionne's remark that Ford could be a potential merger candidate.

"I can't speak to what Sergio or others wake up and want to say," Fields told reporters ahead of next week's Beijing motor show.

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