ADB signs $30m loan for garment sector

Brac Bank to disburse funds among companies

STAR BUSINESS REPORT

The Asian Development Bank has signed a $30-million loan deal with Brac Bank, which will be used to finance the construction and upgrade of garment factories in Bangladesh.

The loans will also be used to build effluent treatment plants in the textile and garment industry, the ADB said in a statement yesterday. Many factories still operate without effluent treatment plants, resulting in widespread water pollution, it said.

Water pollution is particularly hurting people in rural areas where communities rely on surface water for washing, bathing, irrigation and fishing.

"Bangladesh has been taking steps in conjunction with the international community, to make its factories safer and to improve conditions for workers," said Biao Huang, investment specialist in ADB's private sector operations department.

"But there is a substantial cost and a need for long-term funding that is not readily available from current sources."

"This loan, with a five-year tenor, will help meet the need for longer term finance currently unavailable from local banks and international capital markets, and will be used exclusively by Brac Bank to finance socially and environmentally sustainable projects."

Bangladesh is the world's second largest exporter of textiles and garments, accounting for over 80 percent of the country's merchandise exports in fiscal year 2014.

However, the industry has suffered setbacks after two disasters in recent years -- the Tazreen factory fire in 2012 and Rana Plaza building collapse in 2013.

In the wake of these events, the government entered into a compact with the European Union, the United States, and the International Labour Organisation to commit to improvements in building safety, labour rights, and business conduct.

Separate Accord and Alliance agreements have also been signed by global apparel companies, global and Bangladeshi trade unions, and nongovernmental organisations to improve business conduct and worker safety.

Transforming the factories in line with the compact and other agreements, however, requires substantial outlays, with the cost estimated at around $250,000 to $400,000 per factory.

Given the lack of long-term funding available in Bangladesh, ADB's loan will enable Brac Bank to offer longer tenor financing to companies wanting to upgrade and improve structural, safety and social standards at their factories.

The ADB will also be working with the bank on a rollout of a gender action plan, which will ensure factory upgrades reflect the needs of women.

Women make up nearly 80 percent of all workers in the textile and garments industry in Bangladesh.

Health insurance for govt, garment workers on cards

STAR BUSINESS REPORT

The government has taken an initiative to launch health insurance for government employees and social health insurance for garment workers, Health Minister Mohammed Nasim said yesterday. The insurance schemes are part of the Healthcare Financing Strategy 2012, which has been prepared already, he told the parliament.

Meanwhile, a total of 1,667 pharmacies and factories were fined by mobile courts from January 2015 to March 2016 on various charges, including having no drug licence, selling and producing adulterated and banned medicines, according to Nasim.

Twelve factories, 47 pharmacies and two warehouses were sealed off by the mobile courts during the period.

In response to another scripted question, Nasim said his ministry is now working on drafting a private medical service law for updating 'The Medical Practice and Private Clinics and Laboratories (Regulation) Ordinance 1982'.

The government also plans to construct another 500 community clinics across the country, Nasim said.

Of the clinics, 300 will be built with financial assistance from the Japan International Cooperation Agency.

At present, a total of 13,135 community clinics are running across the country.

SIBL

Mahfuzur Rahman Mita, a lawmaker and chairman of Rupali Life Insurance, and Md Rezaul Haque, a freedom fighter and chairman of Social Islami Bank, open an Ez Banking booth of the bank, at Rupali Life Tower in Kakrail, Dhaka.

Govt installs billboard on e-procurement

STAR BUSINESS REPORT

A digital billboard on electronic government procurement (e-GP) has been installed in the city yesterday as part of a countrywide social awareness campaign.

Planning Minister AHM Mustafa Kamal inaugurated the billboard near the National Press Club. It was installed by the Central Procurement Technical Unit (CPTU) of the Implementation Monitoring and Evaluation Division, according to a statement.

The billboard displays the total number of tenders invited and their estimated value under the e-GP system since its launch in 2011. The figures will be updated every month.

The government wants to digitise all its activities, the minister said after opening the billboard.

More than 50,000 tenders of about Tk 43,000 crore were invited through the e-GP system until March 31.

The CPTU is implementing e-GP under a plan to connect all procuring entities to e-GP by December 2016.

At present, 185 out of about 1,233 government procuring agencies are connected to the e-GP portal.

CPTU Director General Md Faruque Hossain was also present on the occasion.

TIGER CEMENT

Tiger Cement renewed its agreement with the company's brand ambassador—national cricketer Masrafe bin Mortaza—at a programme in the capital. Mohammad Solayman Selim, a director of Madina Group, and Shafikul Islam Shilong, executive director of Tiger Cement, a sister concern of Madina Group, attended the event.

UKAID

UKaid launched the second round of the business finance challenge fund, a component of its Business Finance for the Poor in Bangladesh (BFP-B) Programme, at an event at Six Seasons Hotel in Dhaka yesterday.

Etihad Airways 2015 profit hits $103 million

AFP, *Abu Dhabi*

Etihad Airways said on Wednesday its net profit for 2015 surged 41 percent to $103 million on the back of rising passenger numbers and cargo volumes.

The Abu Dhabi-based carrier said its consolidated revenues reached $9.02 billion, compared with airline-only revenues of $7.55 billion the year before.

Revenues from partner companies amounted to $1.38 billion, compared to $1.13 billion in 2014.

Etihad acknowledged that the inclusion of non-airline revenues, such as catering and ground handling, in the 2015 figures meant they were not directly comparable with the previous year's. The carrier said it transported 17.6 million passengers in 2015, up 18.9 percent from the year before, while cargo tonnage increased to 591,000 tonnes from 569,000 tonnes in 2014.

"Our mandate is to build a sustainably profitable airline. A fifth year of net profits, with our best annual financial performance to date, shows that we are delivering against that goal," Etihad Chief Executive Officer James Hogan said in the statement. "As well as operating profitability, we are building enterprise value across the airline and its many additional business streams."

Launched in 2003, Etihad is expanding rapidly and has bought minority stakes in several carriers around the world as it increases its share of global travel along with larger Gulf rivals Emirates and Qatar Airways.

Etihad owns 49 percent of Alitalia, 29 percent of Air Berlin, 40 percent of Air Seychelles, 19.9 percent of Virgin Australia and three percent of Irish carrier Aer Lingus.

It also has a 24-percent stake in India's Jet Airways.

It operates a fleet of 122 Airbus and Boeing aircraft, with 204 planes on firm order.

FBCCI seeks review of new laws on VAT, duty

FROM PAGE B1

If the 15 percent VAT is imposed on the value added portion, the VAT system will be simple and business-friendly, which will boost revenue generation, said FBCCI President Abdul Matlub Ahmad.

The apex trade body will submit the proposals at a joint consultative meeting with the National Board of Revenue, at Sonargaon Hotel in Dhaka today.

Finance Minister AMA Muhith will be present at the meeting.

The FBCCI will propose raising the tax-free income limit to Tk 300,000 in 2016-17 from the existing Tk 250,000.

In case of women and taxpayers of more than 65 years of age, the FBCCI will suggest increasing the limit to Tk 325,000 from Tk 300,000 now, and for the physically challenged to Tk 400,000 from Tk 375,000.

The FBCCI will also propose a uniform minimum tax rate at Tk 3,000 for people living in and outside city corporations.

The federation will call for reducing corporate tax for publicly traded companies to 23 percent from 25 percent now and for non-publicly traded companies to 28-33 percent from 35 percent.

It will demand corporate tax for publicly traded banks, insurance and other financial institutions to decrease to 38.5 percent from 40 percent now.

For non-publicly traded financial organisations, it will call for a rate of 40.5 percent, down from 42.5 percent now.

For merchant banks, the FBCCI will propose bringing down the rate to 35 percent from the existing 37.5 percent.

The cut in corporate tax rates is necessary to boost foreign investment into Bangladesh, particularly in the manufacturing sector, and to align the rate with the neighbouring countries, the FBCCI said.

The FBCCI will also seek raising the tax-exemption limit for small and medium enterprises' turnover to Tk 36 lakh from Tk 30 lakh, taking into account the inflation scenario and overall circumstances in the last three years.

The FBCCI is going to propose a uniform 1 percent duty on imports of capital machinery and basic raw materials, and 3 percent duty on intermediary goods and inputs from 5 percent at present.

It will also demand imposing a uniform import duty of 10 percent on intermediary raw materials and essentials goods.

It will call for limiting the tax incidence between locally produced goods and imported ones at 30-50 percent.

It is also likely to demand withdrawal of advance income tax on exports and imported capital machinery, basic raw materials and intermediary raw materials, in order to attract investment and spurring industrialisation in the country.

Second round of UKaid's challenge fund launched

STAR BUSINESS DESK

The second round of the business finance challenge fund, a component of the Business Finance for the Poor in Bangladesh (BFP-B) Programme of UKaid, was launched at Six Seasons Hotel in Dhaka yesterday.

The fund has been established to support the testing and development of innovative approaches to finance micro and small businesses, the UKaid said in a statement.

"This is a unique, competitive, transparent mechanism through which organisations can apply for grant financing for projects that will ultimately benefit the poor."

Chris August, team leader of BFP-B, inaugurated the workshop while Afsana Islam, from the private sector development team of the Department for International Development, spoke.

Two grantees from the first round of the challenge fund also spoke on the occasion about their experience, according to the statement.

Buddhika Samarasinghe, director of Nathan Associates London, and Muhymin Chowdhury, challenge fund coordinator of BFP-B, highlighted the fund's principles and application process in detail at the event.

The workshop was attended by over 130 participants from different banks and non-bank financial institutions, development partners, insurance companies, microfinance institutions, IT firms, grantee organisations and mobile telecom firms.

The deadline for submitting the first stage of the application process, a short concept note, is May 27, according to the statement.

Last-minute rush for SIM re-registration

FROM PAGE B1

Operators had earlier seen a slowdown in registration as there was a writ petition against the process. They also mentioned extreme summer heat and floods in the Sylhet region as reasons for being unable to complete it.

However, Ekram Kabir, vice president for communications and corporate responsibility at Robi, said they did not send any such application to the regulator.

Robi has not re-registered even half of its active SIMs until April 24, data from the BTRC shows.

A senior official of Banglalink said they have registered more than 5.5 lakh SIMs matching with biometric fingerprints a day for the last two weeks. The operator got 2.04 crore SIMs re-registered as of April 24, he added.

Grameenphone completed 3.6 crore re-registrations by April 24. The market leaders has a total of 5.63 crore active SIMs now.

Govt expenditure drops in Jul-Dec

FROM PAGE B1

In 2009, the power generation capacity was 4,942 megawatt, which now stands at 14,271MW.

Muhith said more power plants are under construction, whose total generation capacity would be 6,427MW.

Besides, the government has taken an initiative to import power from India.

Already 500MW power is being imported from India and the process of importing 6,500MW more power from other neighbouring countries is under way. A master plan for the power sector will be prepared, where coal will be the main fuel, he said.

Presenting the budget implementation situation in the transport sector, Muhith said the construction work of the Padma bridge has progressed 31 percent.

Besides, the construction works of the 20-kilometre metro rail from Uttara to Motijheel and Dhaka Elevated Expressway have been expedited.

BB eases rules for banks' exposure to stocks

FROM PAGE B1

The decision came into effect in January this year. But the move had failed to boost the capital market, which has been witnessing a steep fall in recent days.

The Banking Companies Act 1991, which was amended in 2013, has limited a bank's stockmarket exposure to 25 percent of its capital by July 21 this year.

The capital includes paid-up capital, share premium, statutory reserve and retained earnings.

Most of the banks' investments into the capital markets are within their limit, according to the BB. Of 56 banks, about 10 banks have over-investments in the stocks.

"The latest decision will help banks increase their capacity to invest more in the capital market," another BB official told The Daily Star.

He said a notice will be issued in this regard next week.

FSIB

Mohammed Abdul Maleque, vice chairman of First Security Islami Bank, presides over the bank's 17th annual general meeting at Kurmitola Golf Club in Dhaka yesterday. The bank approved 10 percent cash dividends for its shareholders. Syed Waseque Md Ali, managing director, was also present.

Further gas price hike to hurt spinners: BTMA

FROM PAGE B1

The demand for local yarn is higher due to a shorter lead time and better quality, he said.

Currently, more than 400 mills have a spinning capacity of 10 million bales of cotton (one bale is equal to 480 pounds or 218 kilograms); they cannot use their full capacity due to higher power prices, and the interrupted and inadequate supply of power and gas to production units.

At present, Bangladesh imports 6.1 million bales of cotton a year and the local growers can supply only one lakh bale. Chowdhury said a majority of the demand for cotton in Bangladesh is met through imports from India.

Cotton imports from India increased 36 percent year-on-year to 2.99 million bales in 2015. In the same year, Bangladesh imported 6.1 million bales of cotton, 49 percent of which came from India. Due to the higher quality, lower price and shorter lead-time, India has become the largest cotton sourcing country for Bangladesh, Chowdhury added.

Md Fazlul Hoque, vice-president of BTMA, also spoke.