

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DOSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
Closed	Closed	\$1,220.20 (per ounce)	\$46.97 (per barrel)	▲ 0.05% 30,248.17	▲ 0.29% 19,900.09	▲ 0.40% 3,249.97	▼ 0.93% 3,051.75	BUY TK 80.30	86.93	103.18	0.69
								SELL TK 81.80	90.53	106.78	0.73

Star BUSINESS

DHAKA THURSDAY MAY 11, 2017, BAISHAKH 28, 1424 BS

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Safety net schemes to get a boost

Programmes will be expanded next fiscal year to give more benefits to ultra-poor

REJAUUL KARIM BYRON

Expenditure under the social safety net programmes, including allowance for the elderly and widows, will be increased substantially in the next fiscal year to give more benefits to the ultra-poor.

At a meeting on April 30 with Finance Minister AMA Muhith in chair, it was decided that the number of beneficiaries and the amount of money under the programmes will be increased.

Of the schemes, the biggest is the one for the elderly, whose count of beneficiaries will be raised to 35 lakh people in the next budget that will be announced on June 1 by Muhith.

At present, the total number of beneficiaries for old-age allowance is 31.50 lakh. Each beneficiary gets Tk 500 per month and from next fiscal year they will get Tk 600.

The government has already prepared a national social security strategy with the aim of bringing all vulnerable citizens under the social safety net.

More than one crore people will qualify for old-age allowance if all poor people above 60 years of age were to be brought under the social safety net scheme as per the plan.

BY THE NUMBERS

- Old age monthly allowance to go up to Tk **600** from Tk **500**
- Number of old age beneficiaries to rise by **3.5** lakh to **35** lakh
- Total elderly people: more than **1** cr
- Widows' monthly allowance to go up to Tk **600** from Tk **500**
- Number of widow beneficiaries to go up by **1.15** lakh to **12.65** lakh
- Monthly allowance for financially insolvent disabled to be Tk **700** from Tk **600**
- Number of disabled beneficiaries to be **8.25** lakh, up from **7.5** lakh

The strategy also recommended giving Tk 800 as allowance per month to the beneficiaries.

Introduced in 1997-98 with four lakh beneficiaries who got Tk 100 each, Bangladesh's old-age allowance scheme has one of the lowest transfer values in the world.

Due to fund constraints, the old-age allowance programme could not be expanded as much as the document recommends, but efforts are ongoing to raise it gradually, said a finance ministry official.

The allowances for the widowed, deserted and destitute women will be raised to Tk 600 a month from existing Tk 500 in the forthcoming fiscal year.

The number of beneficiaries will be increased 10 percent to make it 12.65 lakh. The existing number of beneficiaries is 11.50 lakh.

The allowance for financially-insolvent disabled people will be Tk 700 in fiscal 2017-18, up from Tk 600.

The number of beneficiaries under the programme will be increased to 8.25 lakh in fiscal 2017-18 from existing 7.5 lakh.

The programme started in fiscal 2005-06 with a budget of Tk 25 crore; each person was given Tk 200 per month then.

Education stipend for insolvent disabled students is Tk 500 at primary level, Tk 600 at secondary level, Tk 700 at higher secondary level and Tk 1,200 at higher level. It will be kept unchanged.

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Denim expo in Dhaka on May 17

STAR BUSINESS REPORT

The two-day Bangladesh Denim Expo will start in Dhaka on May 17 to showcase denim fabrics, trousers and other products from home and abroad.

The exhibition will be held at International Convention City Bashundhara, said Mostafiz Uddin, organiser of the show.

Over 10,000 pre-registered visitors, which is double from the last edition, are expected to visit the sixth edition of the expo.

This year's show with the theme "Denim Networks" will highlight the importance of the increasingly developed long-term relationships with the retailers and brands.

"The response from the participants, buyers and brand is huge. I have to expand the space for the higher demand of booths and stalls," the organiser said.

"I have a plan to expand the space in the next edition of the show, which is scheduled to be held in November this year."

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AB Bank faces fund crisis for bad loans

JEBUN NESA ALO

AB Bank is facing financial crunch after its provision shortfall totalled Tk 1,340 crore at the end of 2016.

The first generation private commercial bank maintained only Tk 250 crore against the required provision of Tk 1,590 crore because of bad loans, mostly in its offshore banking unit.

The bank will face capital shortfall if the deficit amount is maintained.

The required capital of the bank was over Tk 3,000 crore while its capital surplus was only Tk 135 crore as of December last year.

Amid this situation, the BB on May 3 appointed Sheikh Mozaffar Hossain, a general manager of the central bank, as an observer to AB to closely monitor the bank's financial activities.

According to a Bangladesh Bank investigation report, AB's offshore unit disbursed over \$55 million in foreign currency loans to four companies breaching rules in 2015.

The companies are: Globatt ME General Trading LLC of the UAE, Semat City General Trading LLC of the UAE, ATZ Communications Pte Ltd of Singapore and Eurocars Holding Pte Ltd of Singapore.

AB was asked to recover the outstanding loans from the four companies by May 31 last year. The outstanding loans with the four companies stood at \$59.47 million as of June 2016.

But the bank could recover only \$19.378 million as of October 2016, according to the BB report.

AB did not classify the loans; rather it sought exemption from the central bank from maintaining the required shortfall, in

an effort to show inflated profit in its balance sheet to retain investor's confidence.

Last month, the central bank gave AB a chance to get rid of the shortfall in phases in four years which started from 2016.

The bank was asked to maintain 10 percent of the shortfall in 2016 and 30 percent from 2017 to 2019.

The net profit of the bank stood at Tk 101 crore in 2016 after maintaining 10 percent provision against the total deficit, according to the BB.

Of the 10 percent retained provision, Tk 29 crore was set aside for the default loans of the offshore unit.

Bad loans are not responsible for the high provision shortfall, said Moshir Rahman Chowdhury, managing director of the bank.

Businessmen have a tendency to file writ petition to avoid being declared as a loan defaulter, he said.

He said banks have to keep provision against the loans to restrict them from becoming bad.

"The number of writ petition filed against AB is too high," Chowdhury said. Over 75 percent of the total provision requirement of the bank was for the loans against which writ petitions were filed, he said.

The CEO said the bank now plans to raise capital because of its deteriorating financial health.

As of December 2016, the bank's total default loan amounted to Tk 666 crore, which was 3.24 percent of its total loan outstanding, BB data shows.

The BB sent a report about the overall financial situation of the bank to the parliamentary standing committee on finance this week.

Steel millers oppose 15pc VAT on rod

STAR BUSINESS REPORT

Steel millers yesterday warned of slowdown in infrastructure development and housing construction in both rural and urban areas if 15 percent VAT is slapped on rod under the new law.

At present, only Tk 900 is levied on each tonne of rod as VAT. The amount of VAT, also known as consumption tax, will rise to Tk 7,500 at a market price of Tk 50,000 per tonne once the new law comes into effect from July 1, the steel millers said.

"The steel industry will suffer," said Manwar Hossain, chairman of the Bangladesh Auto Re-Rolling & Steel Mills Association (BARSMA), at a press conference held at the National Press Club.

BARSMA, Bangladesh Steel Mill Owners Association, and Bangladesh Re-rolling Mills Association jointly organised the press meet to share their concerns for the application of 15 percent VAT on rod, a key construction ingredient.

Infrastructure development and housing construction will be affected for the imposition of the 15 percent VAT. Subsequently, he called for bringing down the rate to 3-5 percent.

Industry operators said the sector could keep up with the country's fast growing construction demand because of the reduced VAT rate on rod.

The country's annual demand for rod is estimated to be more than 25 lakh tonnes, according to EBL Securities' 2016 research report on the steel sector.

In recent years, steel makers started expanding their capacity to make billet, the main raw material for rod, in order to cut the cost of production by reducing import dependence.

The country's billet production capacity more than doubled to nearly 35-40 lakh tonnes per year, accounting for more than two-thirds of the annual demand, according to industry operators.

Hossain said the imposition of the 15 percent VAT on rod will push up the price sharply and discourage a large number of people to build homes.

As a result, the other related industries will suffer for the fall in demand for construction.

"We know how much our buyers can afford," he said in response to a question on why the steel millers are worried even though the indirect tax is paid by consumers.

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Accord to give half of remediation costs

The support is limited and will be implemented on a 'first-come first-served' basis

REFAYET ULLAH MIRDHA

The Accord on Fire and Building Safety in Bangladesh has launched a remediation fund to provide financial assistance to garment factory owners to help them improve safety standards.

The Accord will directly contribute 50 percent of the remediation fund, according to a statement. However, it did not give details of the fund.

"The Accord Remediation Fund will provide qualified suppliers with access to direct funding for 50 percent of the remaining remediation costs for covered factories with no current Accord business," said Joris Oldenziel, head of public affairs of the Accord at its office in the Netherlands.

"This direct support is limited and will be implemented on a 'first-come first-served' basis."

Oldenziel added: "We need to ensure that major and costly safety measures, such as protected fire exits, fire alarms and fire protection systems and structural retrofitting work can and will be remediated urgently."

Local garment makers have spent more than \$1 billion for remediation to strengthen workplace safety since the collapse of Rana Plaza in April 2013.

The Accord is a legally binding five-year agreement of 220 European retailers and brands and it is entering its fifth year of operation in Bangladesh.

The signatory companies are committed to supporting the factories they source from, said the statement of the Accord.

In the fifth year, the Accord's major focus will be to establish safety committees at factories and organise training programmes at as many factories as possible. It will also seek to effectively address safety complaints filed at factory-level safety committees or through the Accord safety complaints mechanism.

Looking beyond 2018, apparel brands and retailers and unions are in discussions on how to best ensure that safety regulations and rights in the garment industry in Bangladesh are adequately upheld and further developed, the statement said.

The Accord wants to extend its tenure by three more years after the expiry of the current agreement in June 2018.

"The initiative of forming a separate fund for remediation is too late because many factories are already near completion of the remediation," said Mahmud Hasan Khan Babu, vice-president of Bangladesh Garment Manufacturers and Exporters Association.

So far, no garment factory has received any financial assistance from the Accord signatories for remediation purposes, although they were supposed to provide such support as per the commitments made in the charter of the Accord, Babu added.

He said many of the Accord signatories have severed business ties with many factories due to slow progress in the remediation.

More than 1,800 factories under the Accord banner have received initial fire, electrical and structural safety inspections. Over 100,000 safety hazards were identified at the factories inspected.

Global accolade for Bangladeshi pilot

STAR BUSINESS REPORT

Captain Sayed Mahub Helal, a retired pilot of Biman Bangladesh Airlines, has been honoured with the President's Citation.

For the first time in the history of the aviation, an Asian pilot achieved this prestigious award from the International Federation of Air Line Pilots' Associations (IFALPA).

The award was handed over to Helal at the annual conference of the world pilots' forum at Montreal, Canada on May 6.

IFALPA accorded the honour to Helal in presence of the officials of the International Civil Aviation Organisation, the Federal Aviation Administration and other stakeholders of the aviation world, Biman said in a statement.

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Sayed Mahub Helal

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Bangladesh to buy supercomputer: Palak

STAR BUSINESS REPORT

The government is set to buy a supercomputer to analyse critical data and reap the maximum benefits of digitisation, said Zunaïd Ahmed Palak, state minister for ICT.

A supercomputer is a high-performance computing machine designed to have extremely fast processing speeds, and is employed to handle very large databases or for applications that require immense amount of mathematical calculations. For instance, Bangladeshi researchers used supercomputers for genome sequencing of jute in Malaysia.

The demand for a supercomputer came from the Bangladesh Meteorological Department after the recent floods in the haor areas.

"If we have a supercomputer, we might avoid floods in the haor areas by analysing data much before the disaster hits. It will help us save assets worth thousands of crores of taka," Palak said at a programme held at the Daffodil International University in Dhaka on Tuesday.

In the absence of one in Bangladesh, people go to Malaysia or developed countries during emergencies to access supercomputers.

"We need this computer for the sake of digitisation, which will ultimately save our assets and money," the state minister said, adding that the purchase will be made shortly.

The supercomputer will be sourced from Inspur, a Chinese information technology company with speciality in server hardware manufacturing.

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