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Labour leaders blame price hikes, low wages for RMG unrest

BGMEA says workers being used by 'vested interests'

STAR BUSINESS REPORT

Poor industrial relations have plagued the ready made garment industry since it began to boom in the 1990s and labour leaders warned yesterday that recent price increases have set the stage for more unrest in the country's premier export earner.

Although specific local reasons, such as alleged brutally or wage arrears often provides the spark, the underlying discontent is a result of the failure of wages to keep pace with price hikes, economists claimed.

However, the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) said the present unrest was created by 'vested interests' and that it would harm the recovery in the

country's garment industry that accounts for 75 percent of Bangladesh's exports.

According to labour leaders, one of the main points of dispute is the level of the minimum wage set at Tk1650 a month in October 2006 after tripartite negotiations between labour leaders, entrepreneurs and the government.

"We were forced to sign the tripartite deal, but we knew the deal would be nothing but another element for unrest," said a labour leader.

Workers leaders said the price rises in basic foods and the lack of good relationships between workers and owners were the main reasons behind the repeated unrest.

"The situation is really getting tougher for workers to manage

their daily expenditure from a very limited income," Nazma Akther, president of United Garments Workers Federation, said.

She said the inexperience of mid-level managers in the garment factories meant disputes quickly escalated, especially as these managers sometimes resorted to threats.

Echoing her views Kamrul Ahsan, general secretary of Bangladesh Garments Industries Labour Federation, said the owners should rethink the way they set payments for workers.

He also questioned whether the minimum wage had been fully implemented. "Many owners are yet to follow properly the tripartite agreement signed two years ago," he said.

The owners never consider the

workers as a major stakeholder, Ahsan said.

MM Akash, an economist at Dhaka University, said workers took to the street on general demands such as the on time payment of salaries and the payment of arrears, overtime and bonuses.

"In a situation where there is a price hike of essentials, it is difficult for workers to wait 15 days or more for their salary, and accept delays in overtime bills," he said.

If there had been trade unions negotiating it would have been easier to solve these problems, otherwise the government will have to step in repeatedly, he said.

Zaid Bakht, research director of Bangladesh Institute of Development Studies, said labour union rights are needed for a long-

term solution.

However, Fazlul Hoque, president of Bangladesh Knitwear Manufacturers and Exporters Association, said that more than 90 percent of garment factories have been paying their workers under the terms of the tripartite agreement.

A section of 'vested interests' and groups have been utilizing the workers to destroy the country's prime export sector, he added.

One foreign buyer said, "We have to find out what is really behind these incidents so they can be dealt with. It seems odd that a minimum wage is set but there is no mechanism for it to be updated annually."

"Unrest disrupts production and means orders are delayed and that puts foreign buyers off," he added.

Exports rebound to grow 2.4pc Jul-Nov

STAR BUSINESS REPORT

Led by a vibrant knitwear sector, exports rose 2.4 percent in the first 5 months of the current fiscal (2007-08) on the same period a year earlier, clawing back a weak start to the year.

In the five months to November 30 total exports rose to US\$5.166 billion compared to \$5.045 billion a year earlier.

According to the EPB data, knit exports increased by 6.19 percent, while woven exports declined by 3.17 percent during the period this fiscal.

Data showed that export earning from knit reached US\$2.03 billion in July-November period this fiscal. During the period in FY 2006-07, it was \$1.915 billion.

The data also said woven exports declined to \$1.847 billion during the period from \$1.908 billion in the corresponding period of the last fiscal.

Behind the leap of the knit sector is the creation of a vibrant yarn and dyeing industry that provides 'backward linkage' as well as the introduction of innovative fashion and design.

These developments are espe-

cially attractive for international buyers as domestic production of yarn increases flexibility and greatly reduces lead times.

Sources in the research cell of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said the backward linkage industries can supply up to 90 percent of the raw materials used in knitwear. This figures drop to around 25 percent in the case of woven goods, which necessitates import of most of the cloth, a process that can take weeks.

Talking to The Daily Star recently, former president of BGMEA Annisul Huq said the declining trend in woven export in 2007 is a consequence of political turmoil and labour unrest 12 months ago.

"The traditional fashions and designs are also responsible for declining exports of Bangladeshi products. Buyers want something new," Huq said.

"But I am hopeful that in 2008 Bangladesh will do better in ready-made garment (RMG) export in the world market as everything looks good till now," he added.

NBR starts identifying tax dodgers

STAR BUSINESS REPORT

The National Board of Revenue (NBR) has started identifying tax dodgers to fulfill this year's revenue target.

As part of the drive, the NBR served notice to those who did not submit income tax return for the fiscal 2007-08 asking them to clarify their position within the shortest possible time.

"We will chase during the remaining months of the fiscal the people who did not pay taxes, although they are under the taxable limit group," NBR Chairman Muhammad Abdul Mazid said yesterday.

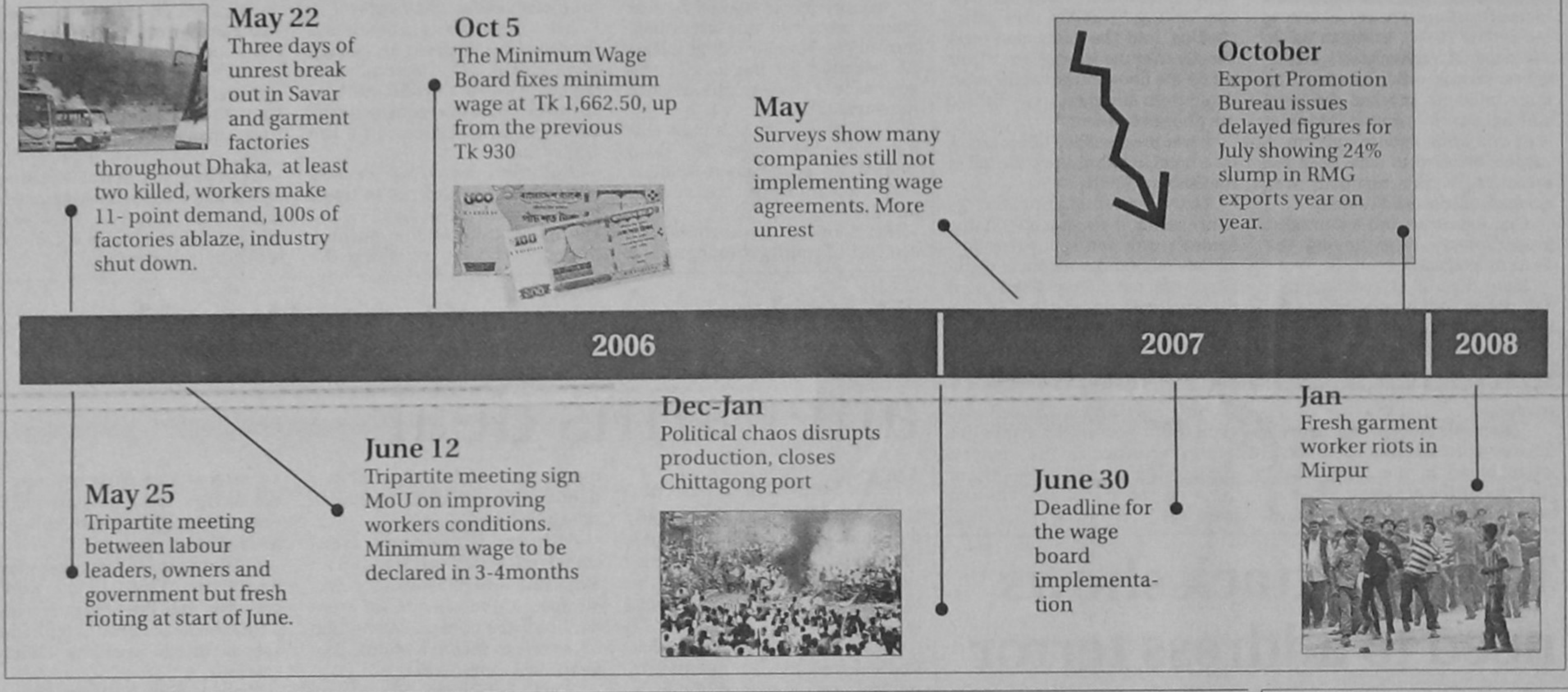
The revenue board members will visit the tax zones concerned to make it sure that no taxable person is excluded from the government tax net, he told a monthly press briefing.

Emphasising the collection from the value added tax segment, he directed his officials to ensure the targeted earning target from such a segment.

The NBR has collected around Tk 19633 crore revenue until December 2007, which is about 44 percent of the target this fiscal.

Out of the total revenue, Customs Department contributed the highest 47.98 percent, followed by 45.45 percent from VAT segment and 38.07 percent from the Income Tax Department.

Mazid claimed that up to December 2007, the NBR achieved a 23.48 percent growth in revenue collection over the previous fiscal.



Tk1.4b Citibank term loan for Brac

STAR BUSINESS REPORT

Brac, a leading non-governmental organisation, has entered into a term financing of Tk 1.40 billion with Citibank NA, Bangladesh with the support of Overseas Private Investment Corporation (OPIC) of the USA.

This is the first time OPIC, an agency of the United States Government, has extended its support to the cause of micro-finance in Bangladesh.

The Tk 1.40 billion in local currency facility will be utilised to finance the expansion of Brac's micro-finance programme, agriculture, rural development and small and medium enterprises lending portfolios.

Shams Zaman, head of

Structured Finance of Citibank NA, Bangladesh, said this is for the first time OPIC has come forward with credit enhancement for micro-financing in Bangladesh.

"Brac has got the loan with competitive terms for a period of five years," he said.

"With this financing we will support the Brac's activities and contribute to reviving the rural economy, especially after two consecutive floods and devastating cyclone in the southern region of Bangladesh," he added.

Brac is expected to start disbursing the loan shortly for its development-oriented activities.

Brac has earned an international reputation as an innovator in micro-finance, exporting micro-finance best practices globally.

UK envoy launches CRS project today

The British High Commission to Dhaka will launch a project today to help Bangladeshi businesses to maintain a leading edge, through recognising and harnessing the commercial benefits of adopting Corporate Social Responsibility (CSR) practices.

In collaboration with the local partners, the CSR project will offer practical support to businesses looking to enhance their commercial edge, a press release from the British High Commission says.

Emirates to add 2 flights to ME

STAR BUSINESS REPORT

Emirates, a Dubai-based airline, will add two additional flights to its fleet by the end of January to carry more Bangladeshi workers to Middle East.

"We are going to operate two additional flights on January 23 and 27 to carry expatriate laborers to Middle East," said Hanif Zakaria, area manager of Emirates in Bangladesh, at a press conference in Dhaka yesterday.

"We are trying our best to increase the number of flights to Middle East and hope to do that very soon," he added.

By adding these additional flights, Emirates would be able to carry 800 additional passengers.

Emirates extended their flight for the third time this year. Currently Emirates is operating 14 flights per week. Around half a million workers from Bangladesh carried to several destinations in Middle East last year.

The airline also launched a new package on the Dhaka-Dubai-Dhaka route for US\$995 per person to attend Dubai Shopping Festival.

The package includes a range of Dhaka-Dubai-Dhaka Economy Class air ticket, three nights accommodation at a three star hotel, breakfast, private car transfers to and from Dubai International Airport and holiday visa for Dubai.

The package will be valid from January 24 to February 24.

Finance adviser moves to replace ex-officio directors on SoE boards

STAR BUSINESS REPORT

Finance Adviser Mirza Azizul Islam yesterday said he has taken initiative to replace ex-officio directors on boards of state-owned enterprises (SoE) under his jurisdiction so that the enterprises can run more efficiently.

"We need to get rid of the presence of government officials on the boards of SoEs. And the process has already started," he said, adding that four chartered accountants have already been appointed by the finance ministry in three state-owned banks.

Mirza Azizul said, "We need to

look at the merit and track records before appointing board members of the SoEs. I have already asked for a list of people with more attractive profile to replace the existing board members."

His comments complemented the view of Farooq Sobhan, Bangladesh Enterprise Institute (BEI) president, who observed that in most cases government nominated board members are not equipped with right knowledge and skills to fathom the problems faced by the SoEs.

The observations were made at a programme on the need for corporate governance for the state owned enterprises organised by

BEI.

The BEI sources said poor performances of SoEs have increased government subsidies to SoEs over the years.

According to finance division, government subsidies to SoEs rose from less than 2.0 crore in the fiscal year 1999-2000 to over 7.0 crore in the fiscal year 2004-05.

Farooq said, "Appointment of the SoE board members should be based on merit, track record, and performance."

The BEI president termed strengthening of the boards of the SoEs as a critical phase for improving their performances.

Texas Group named 'aamra'

STAR BUSINESS REPORT

Texas Group, which is involved in textile, ICT, fashion and other businesses, has changed its name to 'aamra' (we), and made an announcement to expand its operations abroad.

Describing the reason for changing the name, officials said the group was facing problems with its previous name as the foreign buyers often take it as a business group from USA, which has a state named Texas.

"Few months ago we opened an

office in Paris to facilitate our outsourcing business in European countries, and we will open another office in Singapore soon," Syed Faruque Ahmed, chairman of the newly named group, said at a press conference on Monday.

"The office in Singapore will be used as a regional office to operate our logistic business in some Southeast Asian countries," said Russell T Ahmed, chief operating officer of aamra networks limited, a concern of aamra.

"We distribute the products of world famous Sun Microsystems in Bangladesh. Now we are considering supplying the products to some other South Asian countries from our Singapore office," Russell added.

The word 'aamra' will be added to the names of other business entities of the group. For example, from now on Global Online Services Ltd will be known as 'aamra networks limited'.

The group started its operations 22 years ago and now has 14 different concerns. Its total number of employees is over 2,300 and yearly turnover is around Tk 350 crore.



Syed Faruque Ahmed, chairman of Texas Group that has changed its name to 'aamra', poses for photographs with the logo of the newly named group at a press conference in Dhaka on Monday.

Oil prices fall

AFP, Singapore

World oil prices fell slightly in Asian trade Tuesday amid tensions in key crude producers Iran and Nigeria that offset concerns that US oil demand could decline amid economic uncertainty, traders said.

In afternoon trade, New York's main oil futures contract, light sweet crude for delivery in February, fell 12 cents to 94.08 dollars per barrel.

The contract closed up 1.51 dollars at 94.20 dollars on Monday.

London's Brent North Sea crude for February slid by seven cents to 92.85 dollars.

BANGLADESH
Social Investment Program Project (IDA Credit no. 3740-1-BD)
Request for Expressions of Interest (EOI)
For
Consultancy Services for Selection of candidates to work for
The Social Investment Program Project (SIPP)
Package no. S 6.24

- The People's Republic of Bangladesh has received a credit from the International Development Association (IDA) towards the cost of the Social Investment Program Project (SIPP). The Project aims to develop effective and efficient financing and institutional arrangements at the local level for improving access to local infrastructure and basic services through the implementation of community-driven small-scale socio-economic infrastructure, social assistance and income generating programs (for more details on the Project please visit www.sdfbd.org)
- The Project intends to apply part of the proceeds of this credit towards eligible payments under the contract with the Service Provider/s (hereon referred as **Consultant** in this project) for **Consultancy Services for Selection of Candidates** to work for the Social Investment Program Project (SIPP) and forwarding them to the SDF for subsequent decision.
- SDF is looking to select teams to work as facilitators/ specialists at the grassroots with the poor in Gaibandha & Jamalpur districts in the following manners:
 - Cluster field teams (CFT):** The project requires a total of **24 Cluster Facilitation Team (CFT)**, each team comprising of **7 (seven) facilitators** on various disciplines, led by one **team leader**. Around 500 persons to be short listed/ panel for the cluster teams among the CVs received by SDF.
 - District Team (DT):** The project requires a total of **2 District Teams (DT)**, each comprising of **5 (five) Specialists** on various disciplines, led by one **District team leader and supported by 5 support staff including 2 Data Entry Operators, 1 Office cum Accounts Assistance and 1 Peon & 1 Guard**. Around 60 persons to be short listed/ panel for the District teams among the CVs received by SDF.
- Specific services sought from the Consultant are:
 - Examine and sort the applications received by SDF, for both cluster team and district team, to ensure they meet the prescribed eligibility criteria for different positions.
 - Arrange examination/ tests to test aptitude, attitude and other competencies to assess candidates' suitability for the position, using various IQ, psychometric, sociometric instruments, etc.
 - Short list and Recommend position wise lists of most suitable candidates to the SDF for final selection in cluster and district level.
- The expected duration of the consultancy service will be initially around 3 (three months).
- The Consultant would be expected to submit Monthly Progress Reports on the activities.
- Social Development Foundation (SDF) now invites eligible organizations to indicate their interest in providing these services. Interested organizations must provide information indicating that they are qualified to perform these services (description of similar assignments, annual reports, experience in similar activities on selection of candidates etc.). This includes: (a) evidence of legal establishment for about five years; (b) availability of appropriate skills among the staff; (c) evidence of the organization's bank account; (d) copies of recent annual and external audit reports; (e) proven track record of at least three years experience on selection of manpower in different levels or similar assignment.
- Organizations will be selected in accordance with the procedures set out in the World Bank's Guidelines: Selection and Employment of Consultants by World Bank Borrowers, January 1997 (revised September 1997, January 1999, May, 2002).
- Interested Organizations may obtain further information, if any, from the office of the Managing Director of SDF, at the address given below during 9:00 a.m. and 4:00 p.m. on all working days.
- Expressions of Interest must be delivered to the address on or before 5th February, 2008.

Managing Director
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