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## Fewer factories sued despite rise in labour law violations

Cases dropped from 5684 in 2006 to just 428 in 2007

JASIM UDDIN KHAN

The number of cases filed against factories for violating labour laws plummeted last year despite an increase in the number of violators detected by government inspectors.

The Directorate of the Chief Inspector of Factories and Establishments (CIFE) is charged with detecting and suing violators but the number of cases it filed in 2007 slumped to just 428 compared to 5684 in the previous year.

At the same time the number of violations detected by factory inspectors actually increased to 48291, compared to 37033.

The CIFE blamed new routines introduced in 2006 that mean inspectors now have to file cases in person at one of a very limited number of labour courts. Previously they could file cases by post.

Among other things CIFE inspectors monitor work places to ensure the minimum wage boards are enforced, and that workers are not subject to irregular payments, irregularities in maternity leave, overtime and other allowances. They also check the working atmosphere, workers' physical safety and security and child labour issues.

Between 2001 and 2005 the number of cases filed averaged more than 9,000.

Jamshed Rahman, the CIFE in-

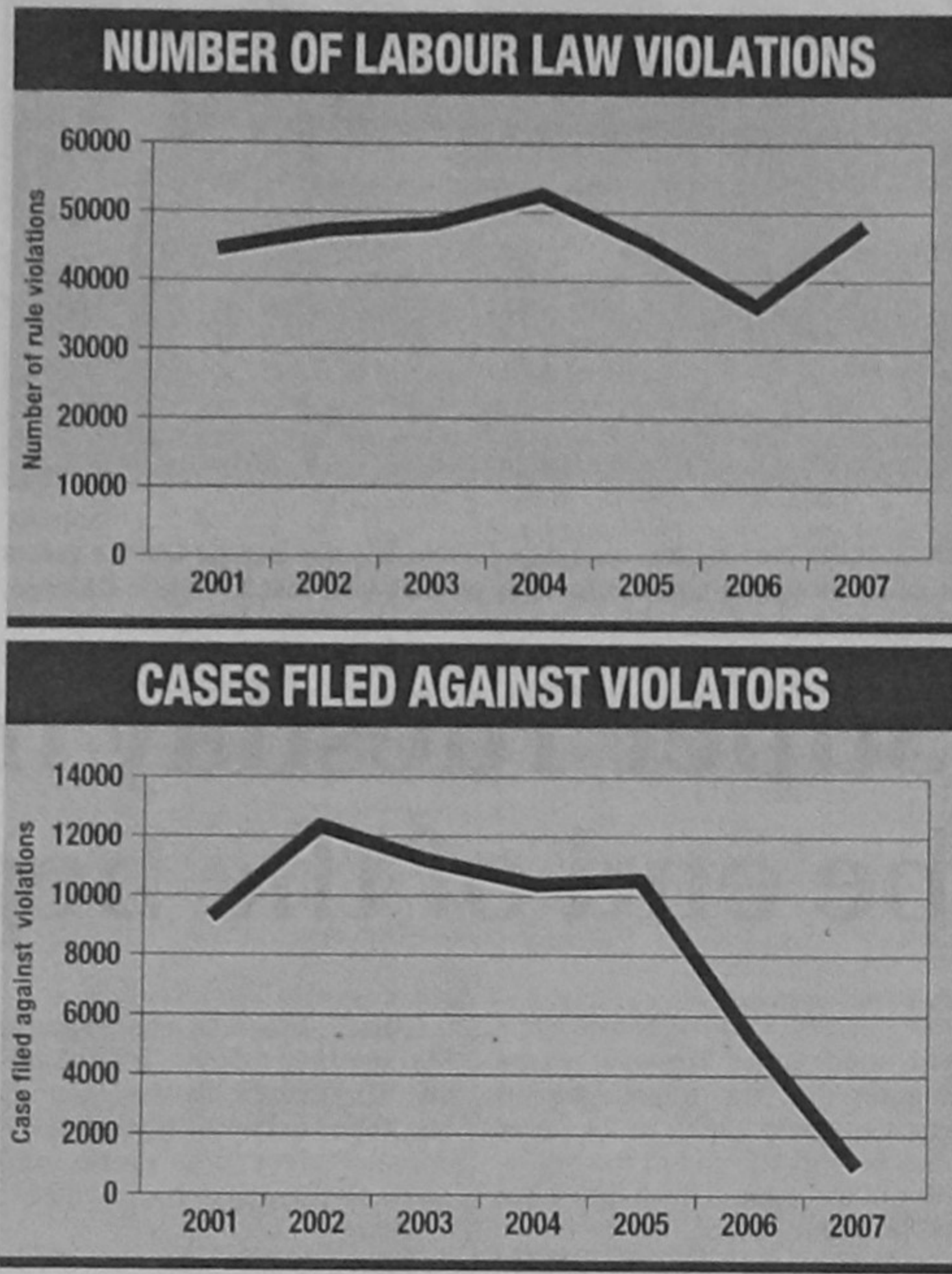
charge, pointed out that as per the present rule, the inspectors concerned are required to remain present in person in the court at the time of filing case against any violation of rules, whereas in the past it was possible to file such a case through a postal registration.

"Inspectors could file cases in the magistrate's courts across the country but now they can do so at the four labour courts in the divisional headquarters Dhaka, Chittagong, Rajshahi and Khulna," Rahman added.

When asked about merits of such cases, Rahman remarked that continuous inspection of factories, filing cases and punitive measures against the violators would help change the owners' mindset to comply with labour laws.

"Although penalties seem very marginal ones, but it is an effective tool to implement labour laws," Rafiqul Islam Nanna, a member of the National Minimum Wage Board, said, suggesting a continuous CIFE vigilance.

Abdus Salam Murshedy, a director of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) pointed to the fact that none of the busy garment factory owners want to take the trouble of being engaged in a lengthy proceeding of labour courts. He termed such lengthy proceeding 'itself a penalty for rule violators.'



## Sonali Bank to go for market-based banking

UNB, Dhaka

Sonali Bank Limited is likely to move towards market-based banking system instead of traditional banking, following its conversion into a public limited company from nationalised commercial bank.

Chief Executive Officer (CEO) and Managing Director SA Chowdhury Wednesday urged his colleagues to go for the market-based banking, while addressing the bank's Dhaka divisional conference at the head office.

He called upon the bank executives to make sincere efforts "right from this moment" to achieve the business goal of the year 2008.

Chowdhury also stressed the need for quick delivery of foreign remittance to their beneficiaries.

## Germany has concrete G7 plans for financial markets

AFP, Berlin

German finance officials will arrive in Tokyo for a G7 meeting this weekend with clear proposals to improve the transparency of financial markets, deputy finance minister Thomas Mirow said here Tuesday.

Propositions to finance ministers of the Group of Seven industrialised countries would focus on three issues, Mirow told journalists at a briefing.

First would be "the role of ratings agencies," which were severely criticised for not having foreseen the meltdown of the US market for high-risk - subprime - mortgages.

"How is it that the agencies apply the same ratings to evaluate the ability of a company or country to repay its debts, and risks linked to securitised instruments," which are complex financial packages backed by subprime loans, the

German official asked.

The financing of ratings agencies by the same companies they were supposed to evaluate also posed a problem, Mirow said.

Secondly, Berlin was to suggest increasing liquidity obligations linked to the issuance of securitised financial products, that is, on the reserves to be held by banks that issued such instruments.

Finally, Germany would also propose measures on accounting rules, the deputy finance minister said.

He said that details of the plans had been discussed at length with French finance officials, "even though they are not strictly speaking Franco-German proposals."

Mirow estimated that the International Monetary Fund should also play a more important role in observing financial markets and issuing alerts as crises began to emerge.

He noted that the IMF had "called attention several times" to

the US market for high-risk mortgages before it collapsed in July and August last year but only "in a very reserved manner."

Mirow also spoke about reform of the IMF, one of the topics to be discussed by G7 ministers.

The German official said there had been significant convergence of views among member countries ahead of the meeting.

"A tripling of votes to be accorded to developing countries is emerging" as a possible proposal, Mirow said.

"But emerging countries are not the only ones under-represented," he added, citing Spain and Ireland as other examples.

The German official also evoked funding for the IMF.

The Fund, which has cut back its lending to countries, has seen revenues fall as a result and "has some concerns over its financing," he said.

## Negotiators to find scope of key Doha talks

REUTERS, Geneva

Negotiators working on a new global trade deal need to decide whether to limit a key meeting to agriculture and industry or broaden it to areas such as services, officials and diplomats said yesterday.

Trade ministers have agreed to try and meet around Easter at the World Trade Organisation (WTO) in Geneva to clinch an outline deal in the long-running Doha round.

The talks, launched in the Qatari capital in November-2001, have taken on renewed urgency because ministers are keen to inject confidence into the troubled world economy.

A meeting around Easter -- which diplomats say is more likely to take place in April than in March -- is the latest realistic date if there is to be enough time to conclude a full deal by the end of this year.

Negotiators in Geneva agree the Doha round should be completed this year before a new US administration takes office, which would distract from the trade talks.

But they differ about what should be discussed at the Easter meeting, a vital issue because it is there that the key trade-offs allowing a deal will take place.

"We're going to have some consultations tomorrow on the scope of the issues," India's WTO ambassador, Ujal Singh Bhatia, told Reuters after a meeting of the WTO's General Council.

For instance, the United States

is under pressure to cut its trade-distorting farm subsidies, but will do so only if it gets better access in other countries' markets for industrial goods through lower tariffs, or for services through liberalisation.

Agriculture is the key to the talks because of its importance to developing countries, and industry has always been at the centre of trade negotiations.

So many developing countries say the meeting in Easter should concentrate on these issues and not be overburdened with others.

But many countries, rich and poor, including the United States, European Union and India, want services such as banking and telecoms, and temporary migration of labour, to be included.

The chairman of WTO negotiations on agriculture and industry are due to issue their revised negotiating texts this week, which will prepare the ground for the meeting at Easter.

Tuesday's General Council also heard complaints from Brazil about EU restrictions on imports of Brazilian beef, and about trade agreements between the EU and its former colonies, which Brazil fears could result in trade preferences under regional agreements being extended to EU members.

Ukraine President Viktor Yushchenko was due to attend the council later on Tuesday when it formally approves Ukraine's bid to join the 151-member WTO, which umpires world trade.

## US Tariff structure needs to be impartial

Seminar told

STAR BUSINESS REPORT

US tariff structure should be impartial for encouraging exports from poor countries, a seminar was told in Dhaka yesterday.

Referring to a study, the seminar was told that in 2006 Bangladesh exports to the US were worth \$3.3 billion that faced tariffs of \$ 496 million, while in the same period UK exports to US were valued at \$53.5 billion but \$430 million tariff.

The country needs to be tactical to fight discriminatory tariff system of the US, Anwar ul Alam Parvez, president of BGMEA (Bangladesh Garment Manufacturers and Exporters Association), said at the seminar organised by Make Trade Fair Bangladesh.

The seminar also discussed the New Partnership for Development Act-2007 (NPDA) that was tabled in US Congress in October last year. The NPDA will allow duty free exports from LDCs to the US.

"We have to exploit the zero duty facility not only for apparels but also for other products," said Mustafizur Rahman, executive director of Centre for Policy Dialogue.

## Dollar advances

AFP, New York

The dollar firmed Tuesday despite a dreadful report on the US service sector, as risk-averse traders looked to the greenback as a safe haven from growing financial market turmoil.

The euro fell to 1.4645 dollars at 2200 GMT from 1.4831 dollars in New York late on Monday.

The dollar climbed to 106.75 yen from 106.64 yen.

The ISM non-manufacturing business activity index tumbled to 41.9 in January from 54.4, confounding forecasts for a much smaller fall and the worst reading since the aftermath of the September 11, 2001, terrorist attacks.

## 20-40pc internet tariff cut

STAR BUSINESS REPORT

Bangladesh Telegraph and Telephone Board (BTTB) has recently reduced internet tariff charges by 20 percent to 40 percent in different slabs in a bid to accelerate the growth of the country's information and communication technology (ICT) sector.

According to BTTB's new tariff plan effective from February 1, annual rentals for leased internet access service for 64kbps (kilobits per second) to 2mbps (megabits per second) bandwidth range between Tk 96,000 and Tk 1.44 lakh from the earlier charges of Tk 1.65 lakh and Tk 1.92 lakh respectively.

Installation charge for leased internet access for above 2mbps bandwidth has been fixed at minimum Tk 20,000, while monthly rental for the same service is minimum Tk 36,000 and maximum Tk 40,000 for different slabs from Tk 55,000 and Tk 75,000 earlier.

BTTB's new charge for individual internet subscriber is Tk 1,000 a

month for unlimited usage, reduced from Tk 1,400, while the monthly charge for two other corporate packages is Tk 700 each, down from Tk 1,000 and Tk 750.

Although the internet service providers have welcomed the BTTB's new tariff plan, they said the charges should be reduced more in line with the neighboring countries'.

"We are not happy with the new tariff of BTTB," said a software developer, adding "to become more cost effective, we are planning from software association to rent bulk bandwidth from BTTB and then distribute it among the association members."

Bangladesh was connected to the information superhighway via an undersea cable in 2006 at a cost of \$35.1 million. The SEA-ME-WE-4 cable has a bandwidth capacity of 1.2 terabytes per second.

Maj Gen (ret'd) Manzurul Alam, chairman of Bangladesh Telecommunication Regulatory Authority (BTRC), in a recent inter-

view with The Daily Star termed the BTTB's bandwidth price as 'abnormally high' and said it should come down to Tk 10,000 per megabit.

Low cost bandwidth is one of the major preconditions for the information and telecoms industry to flourish, he said, adding that charges in Bangladesh are well above those of other countries in South Asia. For example, while one megabit bandwidth costs Tk 80,000 in Bangladesh it is around Tk 1,725 in India and Pakistan, Alam said.

The BTRC chairman also said the second submarine cable is a must for expanding call centres, IP (internet protocol) telephony and software business.

"If we had an alternative submarine cable, Bangladesh would be a hub for ICT outsourcing business," he said.

The government is planning to install another submarine cable as backup to ensure uninterrupted connection with the global information highway.

## INT'L INTERNET GATEWAY, INTERCONNECTION EXCHANGE 43 firms shortlisted for final bid to get 3 licences

STAR BUSINESS REPORT

BTRC (Bangladesh Telecommunication and Regulatory Commission) has shortlisted forty-three local firms of 57 for the final bidding process of awarding 3 international internet gateway (IIG) and interconnection exchange (ICX) licences.

The telecom regulator sent letters yesterday to the qualified bidders. Of them, only two companies will get ICX licences and one IIG licence.

Responding to the BTRC's invitation, 18 local firms submitted their proposals for IIG licence and 39 for ICX licences.

The telecom watchdog has a plan to provide six licenses to the local firms operating international call termination gateway, internet and interconnection exchange. It has taken such initiative in an attempt to prevent illegal international call

termination business by both mobile and fixed phone operators.

International incoming and outgoing voice calls including VoIP will be routed through ICX services. IIG services will act as an internet gateway for routing international incoming and outgoing internet based data traffic.

Two new ICXs of two operators will be in Dhaka in addition to BTTB ICXs and one each at Chittagong and Khulna by one operator and in Sylhet and Bogra by the other operator.

The IIG licensee should establish two 'points of presence' (POP) in addition to the existing IIG services of Bangladesh Telegraph and Telephone (BTTB). One POP will have to be set up in Dhaka and another in Chittagong to commence the IIG services.

As per the BTRC letters to the shortlisted bidders, auction for ICX

and IIG will be held on February 20 and 25 in Dhaka respectively. A bidder interested to get ICX licence is required to deposit Tk 3 crore as security money with the BTRC through a pay order within 7 working days after the receipt of the letter.

The prospective IIG licensee is required to deposit Tk 1 lakh with the BTRC within the similar period to participate in the final bid.

Earlier on Sunday, the telecom regulator selected 37 local companies to participate in the final bidding process.

BTRC officials are hopeful of awarding the companies licences by this month.

"We are working to provide these gateways licenses by this month, because illegal international call termination and VoIP activities are still run by scrupulous businessmen," said a high official of BTRC.

## EU's proposed duty-free import rules to hurt textile

Fear mill owners

STAR BUSINESS REPORT

Local textile mills' growth will be hurt if the European Union okays the proposed rule for receiving GSP (Generalised System of Preference) facilities in European countries, millers feared yesterday.

The EU is proposing to give duty-free access to all industrial products from least developed countries (LDCs) where it can be shown that 30 percent of the items' value has been added in the LDC. This would enable local garment manufacturers to use imported cloth and yarn and still gain duty free access to the EU.

The textile millers were talking to EU officials at a meeting over the possible changes to the present rules for duty free access to the EU.

The Bangladesh Textile Mills Association (BTMA) at the meeting said the mandatory use of locally produced cloth and yarn should be kept for the next few years for gaining GSP facilities as it strengthened the local textile sector.

Former president of BTMA Abdul Matin Chowdhury said if the EU changes GSP rules Bangladesh textile mills will lose their sustainability.

"Huge investments which have already been made by Bangladesh mills based on the existing GSP rules will be hard hit," Matin told the meeting.

Under the existing GSP facility, RMG makers must use locally made fabric and yarn.

Diplomats from the Netherlands, France, Germany, the UK, Denmark, European Commission and Italy took part in the discussion.

Citing statistics from EUROSTAT, Matin said export to EU increased to 4.664 million Euros from 1.417 million Euros between 1997 and 2006.

He said, "GSP utilisation in both woven and knit RMG has increased in the period between 2000 and 2005," adding, "GSP utilisation was recorded at 85.00 percent in knit garment sector in 2005 compared with that of 69.70 percent in 2000."

"In the case of woven garment sector, the GSP utilisation increased to 28.20 percent in 2005 as opposed to 14.60

percent in 2000," he said. Matin said lowering value addition might not necessarily increase export.

"Japan's one stage transformation and Canada's 25 percent value addition facilities in woven sector has not brought about any success for Bangladesh in the world market for woven garments," he said.

BTMA president Abdul Hai Sarker said if the rule for receiving GSP is changed in favor of 30 percent value addition, it would definitely jeopardise the local textile sector, which has been supplying 90 percent backward linkage support for the knit sub-sector and 40 percent for woven.

"The advantage of the existing duty free system, known as the Generalised System of Preference (GSP), is that it is well suited for LDCs. A more general approach, looking only at value added, would allow developing countries to gain market share," he said.

"The EU countries have been planning a change in GSP rules over the last few years, a move that has already discouraged the local entrepreneurs for investing in the textile sector," Sarker said.

BTMA sources said that the local market for textile products consists of 135 million consumers, while investment in the textile sector amounts to 4.0 billion Euros, employing 2,700,000 people.

After the discussion the EU officials said they would communicate the concern of Bangladeshi textile entrepreneurs to Brussels, where the headquarters of EU is located.



Abdul Hai Sarker (L), president of Bangladesh Textile Mills Association, is seen with diplomats from the Netherlands, France, Germany, UK, Denmark, European Commission and Italy at a meeting on possible changes to the present rules for duty-free access to the EU. The meeting, held yesterday in Dhaka, was told that if the EU changes GSP rules, Bangladeshi textile mills will not be able to sustain their growth.

According to EUROSTAT between 1997 and 2006 the export to EU increased from Euro 1.417 million to Euro 4.664 million. And the GSP utilisation increased from 19.80 percent to 70.40 percent as above.

Year	Total euro in million	Preferential euro in million	Utilisation rate
1997	1,417	299	19.80%
2000	2,658	1,047	39.90%
2006	4,664	3,284	70.40%

### GSP UTILISATION IN BOTH WOVEN AND KNIT RMG HAS INCREASED

	2000	2005	
Knit	1,332,207,981 euro	69.70%	
Woven	1,217,347,823 euro	14.60%	
		2,194,052,349 euro	85.00%
		1,330,388,242 euro	28.20%

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### PRICE SENSITIVE INFORMATION

The 122<sup>nd</sup> Meeting of the Board of Directors of United Leasing Company Limited was held on February 6, 2008. The Board, among other matters, recommended cash dividend @ Tk 20 per share and one bonus share for every ten shares, which will be placed for approval before the next (nineteenth) Annual General Meeting to be held on March 25, 2008.

The Record date for the distribution of dividend is February 28, 2008.

The Company earned after tax profit of Tk 144.54 million in 2007 (Jan -Dec).

Dated: Dhaka, February 06, 2008