

Stocks

DGEN ▼ 0.42% 3,011.62

CSCX ▼ 0.37% 5,870.74

Currencies

Buy TK. Sell TK.

USD 68.15 69.15

EUR 106.09 110.83

GBP 134.29 139.44

JPY 0.64 0.67

Commodities

Gold \$919.50 (per ounce)

Oil \$142.26 (per barrel)

(As of Friday)

More News

Govt must create jobs to eradicate poverty

The government must create extensive employment opportunities to eradicate poverty from the country, said chairman of Transparency International Bangladesh (TIB) yesterday.

"The government needs to create new jobs to eliminate poverty," said Professor Muzaffer Ahmad, adding that unemployment causes various forms of social chaos, such as militancy and social crimes.

Labour market continues to expand: Iftekhar

Foreign Adviser Iftekhar Ahmed Chowdhury yesterday said the overseas market for Bangladeshi workers continues to expand and the government intends to pursue such expansion.

Oilfield thefts in Texas as prices boom

There were more than 500 reported cases of oilfield theft in Texas from 2005 to 2007 and the losses came close to 78 million dollars. With more than 150,000 oil wells scattered across Texas, it's just not possible to protect every pump jack. And theft is a problem that won't go away when the boom goes bust.

Chinese hydro-dams bring hope and fear to Cambodia

Hydropower is held up as the beacon of hope for millions of electricity-starved Cambodians, with ten planned hydro-dams set to power up their homes for the first time. But flicking the switch comes at a price as critics say the controversial deals made with mostly Chinese companies to build the dams will create further hardship for Cambodia's poor and ruin the environment.

Temporary staff of mobile operators losing jobs

Intense competition leads to cost cutting measures

MD HASAN

Hundreds of temporary employees of the country's telecoms operators lost their jobs in the last few months as major cellphone companies resort to cost cutting measures amid intense competition that leads to call tariff drops.

The people who have lost jobs were mostly working in sales and services departments on contractual basis.

Mobile company insiders estimate 50 percent of around 20,000 people directly employed in Bangladesh's six mobile phone companies is recruited on contractual or part-time basis.

The massive job cuts started in mid 2007 when maximum mobile operators were fined by

the telecoms regulator for their involvement in illegal international call termination business. Four companies -- Grameenphone, Banglalink, AKTEL and Citycell-- paid Tk 585 crore in fines.

Industry insiders said although the mobile phone industry witnessed a massive subscriber acquisition growth during the last one year from 26.66 million in May 2007 to 42.04 million in May 2008, maximum operators are yet to achieve break-even points, resulting in job cuts.

But they said in the case of profit making Grameenphone the reason could be the strategy to get more profits with a minimum number of employees.

After taking charge last year

Grameenphone CEO Anders Jensen announced his cost cutting policy to retain the company's profitability.

Grameenphone's operating profit dropped by 32 percent in the first quarter of 2008 compared to the same period of the last year on increasing costs behind a huge number of customer acquisition.

"I have been serving Grameenphone for the last two and a half years as a contractual employee. When I was recruited the authorities told me that I would be a permanent employee after one year. But it did not happen and I continued working," said a former temporary employee of Grameenphone, who has lost his job recently.

He also said there are other

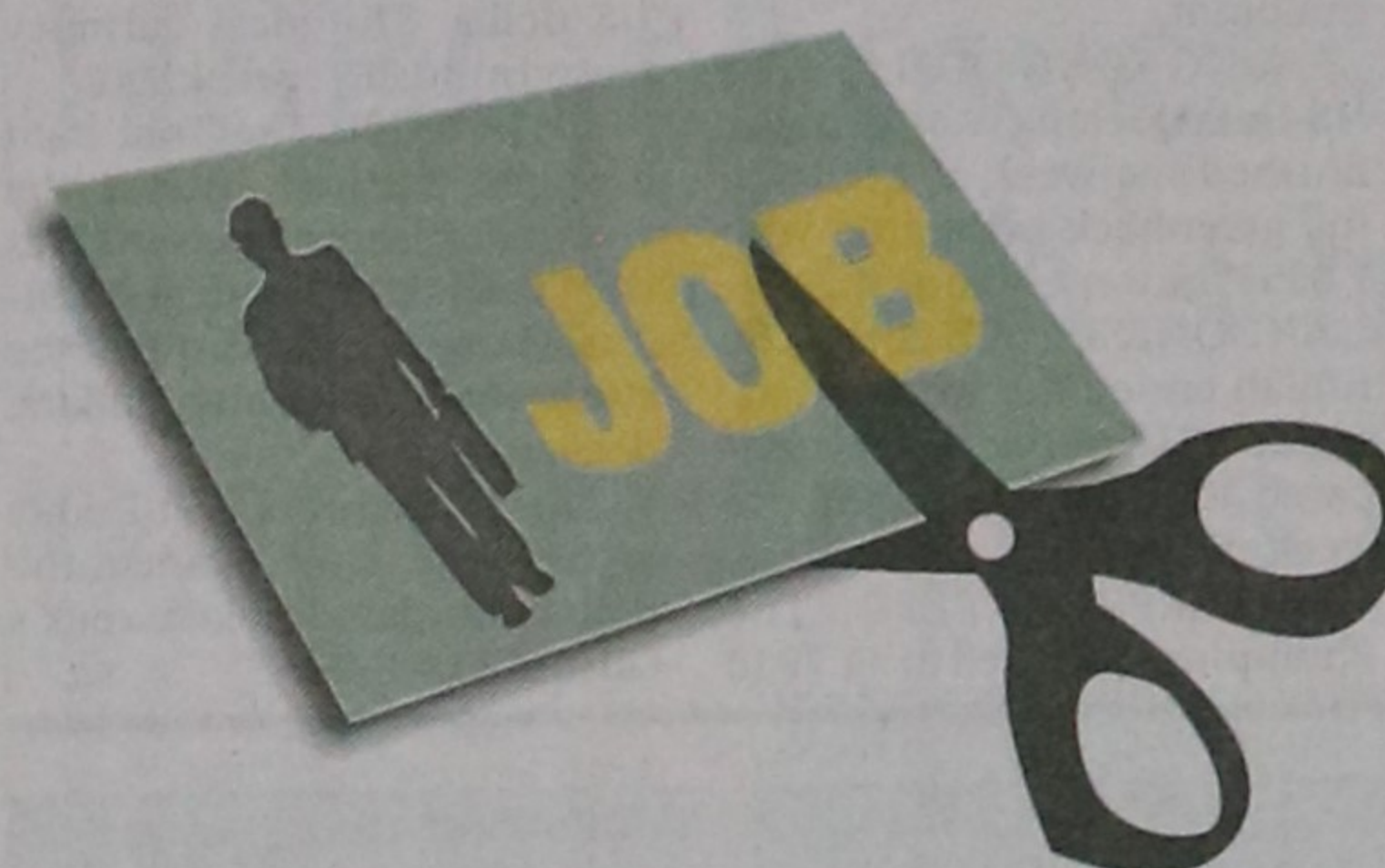
temporary employees in the company who are facing job cuts.

According to sources, some 500 temporary employees lost jobs in Grameenphone in the last one year.

Operators said they have to follow contractual human resources policy for running their sales and service departments.

"Since we are changing our business strategy, we have to cut some jobs at this moment. But it does not mean that the retrenched employees have no future opportunities," said a high official of Grameenphone.

"We must value them and gradually give them opportunities when we go for new business projects," he added.



Maximum mobile phone operators are going for contractual policy, said a Banglalink official, adding, "If you look at the advertisements

of companies, you can find maximum jobs are offered on contractual basis."

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Oil leaders meet again today after Jeddah failure

AFP, Madrid

A week after failing to deflate record oil prices at a summit in Saudi Arabia, the world's biggest crude producers and consumers will get another chance to tackle the problem at a meeting this week.

More than 3,000 delegates, including leading corporate and political figures, are to meet at the 19th World Petroleum Congress (WPC) in Madrid, which runs from Monday to Thursday after an official opening reception on Sunday.

"It's the Olympics of the oil and gas industry," director of the WPC, Pierre Riemer, told a press conference last week.

The gathering follows a surge in oil prices Friday that took both New York light sweet crude and Brent North Sea crude to record levels beyond 142 dollars a barrel.

The president of the Organization of Petroleum Exporting Countries, the head of the International Energy Agency and ministers from Nigeria, Russia, Venezuela, India, France and the Netherlands are expected to be present.

Investors protest as SEC changes mutual fund rules

STAR BUSINESS REPORT

Investors took to the streets yesterday to protest the stock market regulator's decision to modify the rules regarding mutual fund.

The protesters said the changes would affect the growth of mutual funds and also cast a negative impact on the overall market condition.

The Securities and Exchange Commission (SEC) on Thursday decided on principle not to allow the mutual funds to increase their capital base through offering bonus or rights shares. The SEC also decided to bar new mutual funds from offering placement shares to existing mutual funds.

Placement of shares is the sale of a security to one buyer or a few buyers, as opposed to offering the security to the public through a group of dealers.

Yesterday, prices of all mutual funds started with a plunge at the beginning of the trading hour. After half an hour, at 10:30am, a group of general investors came out of the trading houses and staged a demonstration in front of the Dhaka Stock Exchange (DSE) building.

They chanted slogans against the SEC and demanded not to bar the mutual funds from offering bonus or rights shares.

However, members of law



Investors protest in front of Dhaka Stock Exchange yesterday against a move by Security Exchange Commission (SEC) to change mutual fund rules.

enforcing agency subsequently rushed to the spot and brought the situation under control.

"Mutual funds are considered as one of the risk-free investment tools and we also expect the funds to provide us bonus or rights shares," said a protester, adding that they will have to face huge losses due to the changes.

The DSE authority suspended trading of AIMS 1st Mutual Fund at around 12

noon yesterday when its price fell by about 20 percent. However, trading of the mutual fund will resume today.

Trading of the remaining mutual funds also came to a virtual halt, as at one stage there was only selling orders with no buying orders.

A SEC official said all the mutual funds are 'close-end' funds, which mean no one can increase their capital base

through issuing bonus or right shares.

Meanwhile, price indices fell on the Dhaka Stock Exchange (DSE) yesterday.

The DSE General Index declined by 12.84 points, or 0.42 percent, closing the first trading of the week at 3011.62 points, while the DSE All Share Price Index fell by 5.42 points, or 0.2 percent, finishing the day at 2592.42 points.

Vow to hike RMG prices, workers' wages

Multi-stakeholders Forum-Bangladesh meet ends

STAR BUSINESS REPORT

The two-day long seminar on ready made garments (RMG) concluded in Dhaka yesterday with a vow to hike both the prices of the prime exportable item and workers' wages.

"We have proposed to international buyers to enhance the prices of products as the costs of production have risen significantly over the last few years," Faisal Samad, a BGMEA (Bangladesh Garment Manufacturers and Exporters Association) and co-chairman of the seminar, told reporters.

The Multi-stakeholders Forum-Bangladesh (MFB), a co-partner of the global MFA Forum, organised the seminar on 'Building Responsible Competitiveness: Bangladesh in the Global Market Place' at a city hotel.

The issues like RMG workers' minimum wages, hike in the prices of garments and the country's macro-economic situation came up for discussion at the seminar.

MFA Forum was formed in 2005 after the expiry of the Multi-Fibre Arrangement (MFA) facilities by the end of 2004.

Despite the increase in production costs of around 15 percent in the last year intense competition in the sector meant producers had been unable to pass the higher costs on to buyers, the seminar was told.

The Export Promotion Bureau (EPB) data shows in fact, the prices of per unit garment have fallen by between 1.5 percent in the past 12 months.

Faisal Samad said the global MFA Forum and MFB will work on implementation of a proper purchasing practice by the international buyers.

In the seminar the workers' leaders and NGO representatives urged owners of RMG units and the government for more freedom of association and trade unionism to protect the workers' rights.

The demand for uninterrupted supply of gas and power to the garment factories to enhance productivity was also raised by the owners.

"If we cannot increase the productivity we will lose competitiveness. So we urged the government and the buyers to develop training system for the

workers," Samad said.

On the sideline of the seminar, Joyce Kortlandt, policy adviser for labour rights at the Oxfam International, a Britain based global NGO, said the government should allow more freedom of association to the workers and the wage should be increased for them to ensure better price level of Bangladesh made RMG products.

She said the brands should pay more prices for the Bangladesh made RMG products as the costs of production have really gone up over the last one year due to different reasons.

Lauding the food rationing system for the workers, she suggested that this system should be extended. She also said Oxfam can help in this regard if owners and the government want.

She said, "The prices of the locally made RMG products are generally very low where buyers, suppliers and NGOs should sit together to determine the price levels."

Executives from a significant number of global brands in RMG business attended the seminar from home and abroad.

Jewellers still charge credit card users extra

SAJADUR RAHMAN

There are continuous allegations from buyers and bankers that jewellery traders charge an additional amount of 3 percent from their customers who use credit cards.

The gold ornament customers and bankers think the traders are not entitled to realising such an extra charge, while the jewellers say they have no choice but to do so because they are not ready to face a huge loss.

"Suppose, a piece of gold ornaments sells at Tk 10,000, but the amount will come down to Tk 9,700 if it is paid through credit card," said Anwar Hossain, the owner of General Jewellers Ltd, who is also the immediate past president of

Bangladesh Jewellery Manufacturers and Exporters Association.

As per an agreement with commercial banks traders are obliged to pay the banks charges ranging between 1.5 percent and 3 percent for the use of credit cards.

Initially, all traders accepting the payment for any item purchased through credit cards charged an amount that is additional to the actual price of that item. But such a practice has come down to a large extent and is now limited to the jewellery and electronics shops, a market survey found. The incidence of such extra fee realisation often leads to alterations between this sort of traders and customers.

At Eastern Plaza in Dhaka, a

buyer, who works in a private firm, narrated recently to this correspondent his experience of being charged extra amount of money when he bought a piece of gold ornament from a shop. "I bought a piece worth of Tk 20,000, but I had to pay the seller Tk 20,600 as I did it through credit card," he said, adding that the seller's plea is that he has to pay his bank 3 percent extra charge.

Hundreds of customers have been experiencing the same for years. These users of credit cards alleged that despite a rapid increase in the use of such cards banks have failed to protect the customers' interests.

"They are not supposed to take extra fees from the card users," Vikram Issar, the former

head of corporate banking at the Standard Chartered Bank, Bangladesh, told The Daily Star some days before his departure for Bangkok to take over his new assignment at the bank's Thailand office.

When asked whether the StanChart, the first introducer of credit cards in Bangladesh in 1997-98, has anything to do to ease the sufferings of the card users, Vikram said: "Let us know first".

He, however, said he did not experience any odds at the usage of his card.

Bangladesh Bank data shows payments and transactions through credit cards by private banks rose to Tk 4.31 billion on December 31, 2007 from Tk 1.92 billion six months ago.

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Star Business

JOIN THE DEBATE

Do you have views on what you read in Star Business? What do you think of the state of the economy? Was it a good or bad budget? Should we be using more hybrid rice? Why do RMG workers riot? What are the new growth sectors? How do we encourage more foreign investment? Can we re-brand Bangladesh? Free trade or protectionism? Potatoes or rice?

So many issues, so little space. From next week Star Business will run a weekly letters column to make the space to hear your voice.

The new Star Business. Join the debate.

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Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing



Contact Us

If you have views on Star Business or news about business in Bangladesh, please email us at business@thedailystar.net