

## Stocks

DGEN	▼ 3.38%
	2,699.05
CSCX	▼ 2.86%
	6,695.36

## Currencies

	Buy Tk	Sell Tk
USD	68.45	69.45
EUR	93.57	99.24
GBP	109.66	115.57
JPY	0.71	0.78

SOURCE: STANDARD CHARTERED BANK

## Commodities

Gold	▼	\$932.50 (per ounce)
Oil	▼	\$66.26 (per barrel)

SOURCE: AFP  
(As of Friday)

## More News

### Tectonic shift, globally



At the two-day Ericsson Business Innovation Forum 2009 in the Swedish IT capital Kista, speakers among senior executives of global business behemoths pointed out that a tectonic shift in the global telecom industry is in the offing, which will be a historic phenomenon of a magnitude no less than the invention of TV or telephony itself.

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## International

**Economic crisis increase aid for trade need: Agencies**  
International agencies are set to urge an increase in assistance for trade by developing countries at a conference beginning on Monday, amid fears that aid will be eroded by the economic crisis.

### China won't press for new global currency at G8

China has no plans to raise its proposal for a new global currency to replace the dollar at the G8 meeting this week but is willing to discuss it, a top Chinese diplomat said, as President Hu Jintao left Sunday for Italy. China is not one of the Group of Eight major economies but is attending the meeting in the Italian city of L'Aquila as part of a group of five large developing countries.

**Nomura breaks into Saudi investment banking market**  
Japanese giant Nomura said on Sunday it had launched investment banking operations in Saudi Arabia, becoming the first Asian securities firm to break into the lucrative, rapidly growing market. The move came after the company was authorised by Saudi Arabia's Capital Market Authority to offer corporate finance, capital market and wealth management services for local clients and also to sell overseas securities locally as an agent.

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## Contact Us

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# Remittance growth beats doomsayers

## Forex reserve stands at \$7.42b

REJAUL KARIM BYRON

Remittance recorded a 22.32 percent growth last fiscal year compared to FY2007-08 despite downbeat projections by several donor agencies amid the ongoing global recession.

However remittance figures stood at \$10 billion in fiscal 2008-09, taking the foreign currency reserve to \$7.42 billion yesterday.

Usually remittance growth in Bangladesh hovers around 12-16 percent in a fiscal year, although the growth hit a record high at 32 percent in fiscal 2007-08.

In fiscal 2008-09 remittance inflow was \$9,681.78 million, while it was \$7,914.78 million in fiscal 2007-08.

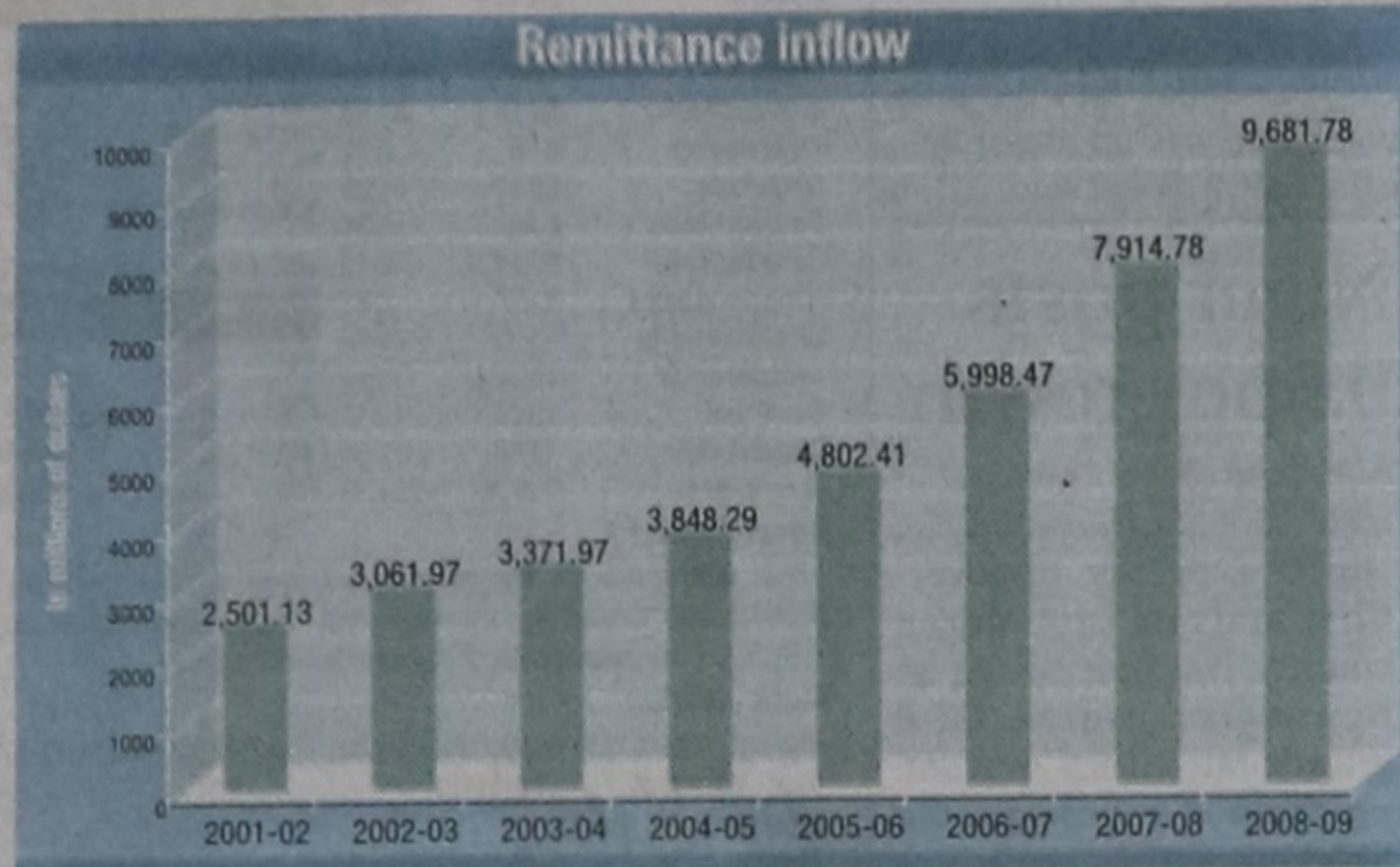
Remittance inflow was the highest in the last 12 months in June -- \$911.61 million -- registering a growth of 17.34 percent. Remittance was also striking in May -- \$895.3 million, with a growth rate of 22.6 percent.

Up to September last fiscal year, the monthly growth rate stood at 34-53 percent. Since then, remittance inflow showed downward trends and the monthly growth rate fell to 9 percent in April.

According to the Bangladesh Economic Review, more than 55 lakh Bangladeshis were working abroad till April 2009. In the first five months of 2009, the number of expatriate workers fell to 2,12,332. The number was 3,77,894 in the January-May period last year.

Even though the number of workers fell, a positive impact was seen in the overall remittance flow as the export of skilled manpower increased. The recession also prompted workers to remit more.

The Economic Review said export of skilled manpower increased by 70 percent to 2,81,444



in 2008 from 1,65,344 in 2007.

The export of semi-skilled manpower decreased by 27 percent, while low-skilled manpower export dropped by 8 percent in 2008.

A recent World Bank analysis said: "Remittance has been a key driver of economic growth and poverty reduction in Bangladesh. The impact of the global financial crisis on remittance is of critical importance."

In the past, global remittance flow has been stable, or even counter-cyclical, during an economic downturn in the recipient country, and resilient in the face of a slowdown in source countries, the WB said.

"But the current crisis is global and the World Bank's Global Economic Outlook projects a 4.2 percent to 7.3 percent decline in remittance flows to South Asia in 2009. If exchange rates remain unfavourable, global remittance flows are likely to experience an even greater decline," it said.

In Bangladesh, there is strong evidence that remittance is positively correlated with oil prices. The sharp and sustained decline in oil prices combined with the impact of the financial crisis in the banking sector is

adversely affecting the construction boom in the Middle East.

The WB warned that reduced growth in demand for migrant workers in the oil-rich Arab countries could eventually hurt remittance income for Bangladesh.

"Together with immigration controls in destination countries, this could worsen remittance prospects," the WB said.

However the Economic Review said the government would adopt a 6-point strategy to overcome the negative effect on remittance. The strategy includes formation of an expatriate bank to give loans to the expatriates at low interest rates, setting up of labour wings in Bangladesh missions abroad and steps to train workers in the country to help build skilled manpower.

The government would revive 550 training institutes throughout the country in this regard and reorganise the National Skill Development Council. It will also form an inter-ministerial executive committee to monitor the activities of the council, officials said.

If necessary, technology and trainers would be imported and recruited from abroad, they said.

# Dhaka stocks routed in panic sell-offs

## Key index plunges to multiyear low

STAR BUSINESS REPORT

The key index of Dhaka Stock Exchange plunged by 103.66 points, or 3.37 percent yesterday, the largest single-day drop in four and a half years.

Market operators and analysts said profit-taking fuelled by panic had forced the market into a tailspin.

The bourse has gained steadily for the last couple of weeks. Equity Partners Limited (EPL), an investment bank, said in its daily market analysis.

"The investors became slightly panicked because of an initial drop in the index which prompted them to book profit," the EPL analysis said.

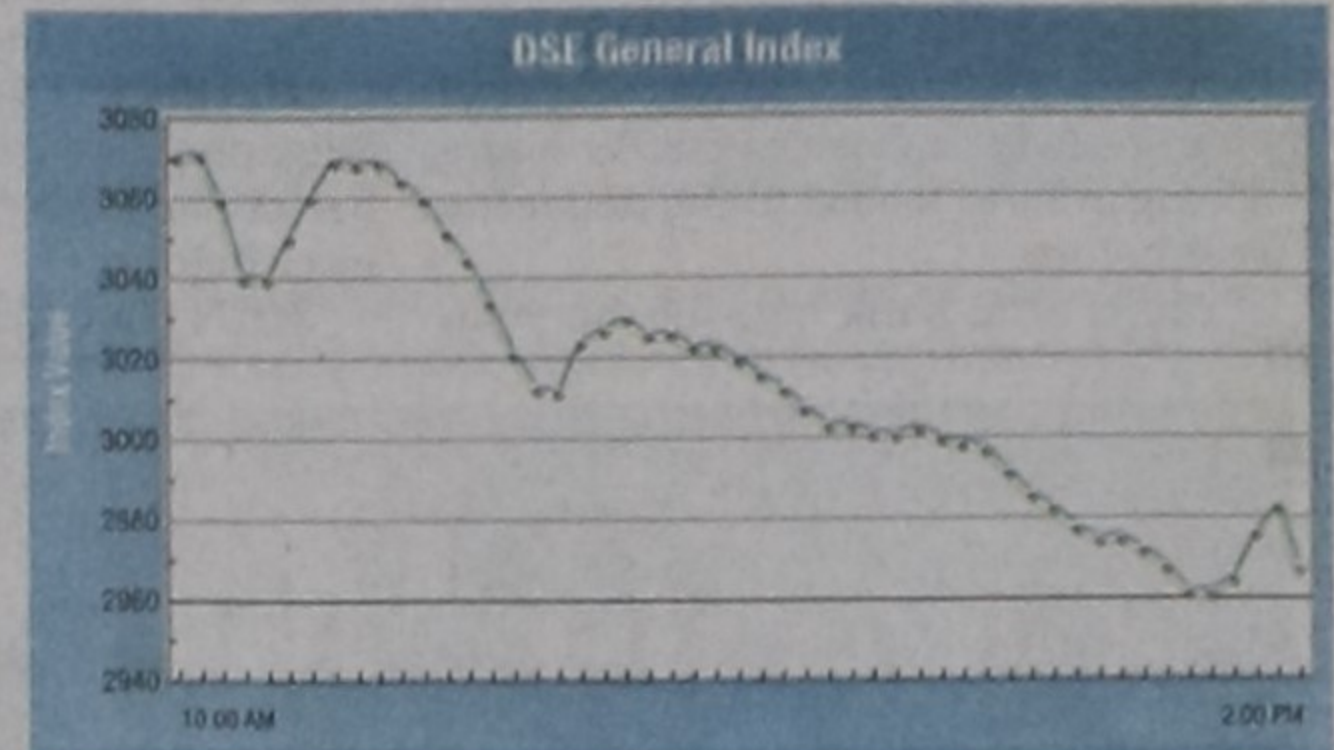
The benchmark index of Dhaka Stock Exchange (DSE), DSE General Index (DGEN), closed at 2,966.04. The DGEN plummeted 133.33 points on January 11, 2005.

The DGEN was introduced on November 27, 2001 with a base of 817.62 points. The index, which excludes companies of 'Z' category, is calculated on the basis of price movement of individual stocks under 'A', 'B', and 'N' categories.

The DSE All Share Price Index also dropped 85.49 points, or 3.32 percent, to 2,483.28.

"The drop was nothing but the outcome of profit-taking," Ahmad Rashid Lali, managing director of Rashid Investment Services Ltd, told The Daily Star.

"It was expected that the market would see a price



correction in share prices."

The investors booked profit from a bullish trend that continued for several days, while others took position on securities with lower prices, added Lali, also the former senior vice-president of the DSE.

Others said negative comments made by analysts and market operators on TV talk-shows in the last couple of days created panic among investors. Some analysts had predicted market corrections.

Many investors were caught off-guard by massive sell-offs and ended up selling their holdings against their will, said a merchant banker.

The market looked downbeat from the beginning that persisted all day except for some little gains in the trading session.

Only life insurers traded against the day's trend, apparently powered by their profit declarations.

The losers beat the advances 204 to 26. A total of 5,21,62,764 shares worth Tk 985 crore traded on the premier bourse.

Beximco topped the turnover leaders, with 42,33,500

shares being traded worth Tk 127.97 crore, followed by Titas Gas, Beximco Pharma, Bextex, AB Bank, Summit Power, Lanka Bangla Finance, Grameen Mutual Fund One: Scheme Two, Shinepukur Ceramics and Square Pharma.

Chittagong stocks also plummeted yesterday. The CSE Selective Categories Index went down 197.145 points, or 2.86 percent, to 6,695.36. The CSE All Share Price Index plunged 294.12 points, or 2.76 percent, to 10,348.74.

A total of 98,87,097 shares worth Tk 137.67 crore changed hands on the Chittagong Stock Exchange. Of the traded securities, 21 advanced, 132 declined and one remained unchanged.

Beximco topped the turnover leaders with 4,93,000 traded shares worth Tk 14.87 crore on the port city bourse. The day's other turnover leaders were AB Bank, Bextex, Beximco Pharma, Grameen Mutual Fund One: Scheme Two, Titas Gas, Shinepukur Ceramics, Square Pharma, Social Islami Bank and AIMS 1st Mutual Fund.

# RMG unions given the third degree

REFAYET ULLAH MIRDHA

Questions surface over the role of trade unions in the garment industry, as leaders of such unions have no command over workers and no line of communication with the owners and managers of factories.

Trade unions are expected to play a vital role in maintaining a liaison between management and workers to settle any dispute. But in the case of the Bangladesh garment sector, the over-presence of such unions creates chaos instead, industry analysts say.

Every year -- in the post-labour unrest periods -- leaders of the 28 registered trade unions in the garment sector merely send press releases to newspaper offices or visit the damaged factories to convey their condolences, according to some union leaders.

But the real role of the trade union leaders in protecting the factories from vandalism, ransacking, arson attacks and assaults on mid-level managers is being overlooked, they say.

On the other hand, the role of factory owners in providing wages that match worker needs and the role of management in dealing with workers should also be considered, the union leaders emphasised.

Industry insiders and trade union leaders feel there is no immediate solution to this paradox and such mudslinging would continue.

Regardless of the ties between these two groups, a fact remains that hundreds of factories have been ransacked over the last few years.

Trade union leaders say every worker yearns to be a leader without focus on any leadership quality. As a result, over the years, 28 registered garment trade unions have emerged in the country. There are many more unregistered unions.

The union leaders say they have no command over the workers, as the owners do not



SYED ZAKIR HOSSAIN

**Garment workers return to work in Ashulia, which was ravaged by industrial rioting last week. Union leaders are partly blamed for the mayhem, as they have no command over workers.**

allow unionism at the factory level and as such, they cannot conduct regular counselling sessions with the workers, which is important to smooth operations.

"Worker counselling by trade union leaders is vital to smooth operations," said Nazma Akter, president of Bangladesh Sammilito Garment Sramik Federation.

Owners rarely call upon the union leaders, as they do not trust the unions and such misunderstandings evoke frequent labour unrest, Nazma said.

It is the government's duty to bring such scattered unionism under one umbrella to strengthen their roles.

Almost all labour unrests in

the recent years have emerged from sweater factories.

Mantu Ghosh, an adviser to Garment Sramik Trade Union Kendra, said the recent unrest in Ashulia could have been resolved through dialogues between the two sides.

The union leaders and owners of trouble-torn factories reached a consensus to give Tk 300,000 in compensation to the dead.

"In final stages, however, the owners were not found," Ghosh alleged. It all came just a day before the fire at Ha-Meem Sweater Factory, which was just a victim of industrial rioting.

The angry workers had vandalised factories in the area and

burnt down the Ha-Meem factory, which is compliant and gives good pay, Ghosh said.

Ghosh described the incident as a failure of the unions in taming unrest at the factory level.

He also said it is not appropriate to dismiss a worker for the slightest of wrongdoing and it is the duty of management to realise the expected performance.

"The sweater factories are particularly vulnerable to frequent unrest due to the gathering of a good number of illiterate young boys. The majority of them came from the villages and as a result, they face communication problems as well," Ghosh said.

Towhidur Rahman, president

of Bangladesh Apparel Workers' Federation, said factory owners call out to the union leaders when unrest breaks out and when the damage has already been done.

A ban was imposed on trade unionism when a state of emergency was declared last year. However, the government relaxed such embargos from industries, commercial enterprises and ports on September 7.

In line with trade union rules, leaders are obligated to appease workers to realise their rights after negotiations with factory owners.

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# Farm credit policy next week

STAR BUSINESS REPORT

The central bank for the first time is going to announce next week a comprehensive agricultural credit policy containing measures to boost credit flow and increase supervision on private banks' loan disbursement.

The policy may also have debt relief facility to the farmers affected by natural calamities, Bangladesh Bank (BB) officials said.

"We are working on the policy to be announced next week," said a senior BB official.

Governor Dr Atiur Rahman will announce the policy.

The farm credit policy in different countries lays emphasis on augmenting credit flow at ground level through credit planning, adoption of region-specific strategies, rationalisation of lending policies and procedures and bringing down the cost of borrowing.

But Bangladesh never adopted such a detailed credit policy. According to officials, BB issued guidelines and regulations asking banks to disburse adequate credit to the farm sector. But many private and foreign banks do not go by the BB directives saying that they do not have presence in rural areas.

"Those critical issues will be addressed in the credit policy," said the central bank official. He cited example that banks could tie up with NGOs to reach out to the farmers.

"But it will be monitored whether NGOs are charging higher rate or not," he pointed out.

To support higher production levels, annual target for agricultural credit disbursement was set at Tk 9,380 crore for fiscal year 2008-09, nearly 13 percent higher over the previous year. Of the total target, Tk 6,910 crore was disbursed during the first three quarters of the year till March 2009, official data shows.