

DHAKA MONDAY SEPTEMBER 14, 2009

Stocks

DGEN 0.41%
2,483.01

CSCX 2.11%
6,675.44

Currencies

Buy Tk	Sell Tk
USD 68.42	69.42
EUR 97.70	103.43
GBP 112.04	117.98
JPY 0.74	0.83

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲
\$998.88	(per ounce)

Oil ▼
\$71.98 (per barrel)

SOURCE: AFP

(As of Friday)

News in Brief

Jet Airways pilots end strike after 5 days

AP, New Delhi

Pilots at India's Jet Airways resumed work Sunday ending a five-day strike that led to the cancellation of more than 800 flights, company officials said.

The stand-off between the airline and its pilots ended late Saturday after the company agreed to reinstate four pilots who were fired for trying to form a pilots' union.

"We have reached an amicable agreement on all issues," Saroj Dutta, executive director at Jet Airways, told reporters.

From Sunday, "the airline will operate its full schedule of services" on its domestic and international flights with all crew reporting for duty, it said in a statement.

Nearly 450 of more than 700 Jet pilots called in sick for five days. More than 800 flights were cancelled since Sept 8.

China stimulus plan questioned at 'Summer Davos'

AFP, Dalian, China

China's widely praised stimulus plan has come under attack here at the "Summer Davos" meet from economists who say the massive government spending is aggravating imbalances in the giant economy.

China said on Friday that it was on track to meet its target of eight percent economic growth in 2009 -- the rate it says it needs to ward off social unrest -- thanks largely to the massive programme of government cash handouts.

Beijing envisages four trillion yuan (590 billion dollars) of investment over two years, including 1.18 trillion by the central government, mostly in infrastructure.

But professor Xu Xiaonian of the China Europe International Business School in Shanghai said the strategy supports structural imbalances -- over-investment, surplus production capacity, and under-consumption -- while neglecting long-term objectives.

Contact Us

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

Tk 1,800cr stimulus to prop up exports

REJAUL KARIM BYRON

The export sector will be awarded Tk 1,800 crore from the government's Tk 5,000 crore stimulus package this year to weather out global recession.

The sector got Tk 1,500 crore last fiscal. At first, the allocation was Tk 1,050 crore.

The finance ministry has already instructed different banks to settle the subsidies the government is providing for the sector as per its incentive policy adopted in the last financial year.

Earlier, 13 sectors were subsidised. Recession-hit three sectors received an additional 2.5 percent subsidy last year. More or less the same policy will be continued this time.

Some more sectors are being subsidised where plastic PET bottle flex and finished leather are the latest two entrants. Those sectors will get 10 percent and 7.5 percent subsidy respectively.

The 13 sectors that were brought under the package include textile sector, frozen fish, leather goods, agricultural products, bicycles, jute goods, 100 percent Halal meat, bone dust and light engineering items.

The stimulus package, in line with the

financial crisis worldwide and Bangladesh's export volume, will come under review in the next meeting of the taskforce headed by the finance minister.

The Tk 5,000 crore package, as announced in the 2009-10 budget, did not show any break-up of the amounts to be awarded to recession-hit sectors.

When Tk 1,800 crore has been earmarked for the export sector, the remaining amount will go to the fertiliser sector.

A source in the ministry concerned hinted at raising the stimulus for exporters to Tk 2,000 crore by the end of the fiscal year.

However, economists say, instead of whole-sale subsidies, it can be provided on case-to-case basis for the non-garments sector.

Akbar Ali Khan, former finance adviser to the caretaker government, said in the post-recession time, a competitiveness will be created in the world economy, so subsidising some sectors is necessary.

Bangladesh Institute of Development Studies (BIDS) Research Director Dr Zaid Bakht is also opposed to any wholesale subsidy.

He feared a difficult situation for the non-garments sector and pleaded that this sector should be subsidised to weather out recession.



SHAFIQUL ALAM
Customers browse greetings cards in a gift shop in Dhaka yesterday. Eid is a key festival of the year that boosts sales at gift shops as people still prefer paper cards to greet their loved ones.

RMG makers cautious on easing recession

Exporters will have to wait another year to benefit, many say

REFAYET ULLAH MIRDHA

Major apparel exporters are far from upbeat about shipments, although signs of recovery from recession appeared in western countries. They think exports of readymade garment (RMG), Bangladesh's prime foreign exchange earner, will not soon benefit from this positive signs.

Germany and France, Europe's two biggest economies, have recently come out of recession, registering unexpected growth amid recovery.

The day following reports of recovery Federal Reserve pointed out that the recession-hit US economy was stabilising. Official statistics showed the two economies' 0.3 percent growth in the second quarter of the current financial year.

"After four quarters of negative growth, France is finally coming out of the red," French Finance Minister Christine Lagarde told

RTL Radio.

France had been in recession for at least 18 months and its economy contracted by 1.2 percent in the first quarter.

Reports have it that EU and US economies are reviving now.

Talking to The Daily Star Asif Ibrahim, managing director of NEWAGE Group, said impacts of the improvements in some major economies might be felt at least one year later.

"We are hopeful of an increased RMG exports on signs of recovery from recession," Ibrahim said.

Pointing to the July exports data shown by the Export Promotion Bureau, Ghulam Faruque, SQ Group chairman, said a declining trend in exports in the first month of the current fiscal year alarms local RMG makers of a bleak future.

Reacting cautiously to the recovery signs, the boss of the giant

apparel manufacturing group said, "A better situation ahead, but it is difficult to say right now how the country would be benefited from the recession recovery in the West. However, in a long run Bangladesh as a major apparel manufacturing country will do better."

K M Rezaul Hasanat, chairman and managing director of Viyellatex Group, said the actual recovery from the recession by the western countries is yet to take a shape.

Terming Bangladesh's exports trend "usual", Hasanat sees no recovery impact yet.

"But, new buyers in a huge number are coming to Bangladesh," he added, pointing to the buyers from Japan, considered to be a very good market for Bangladesh as exports to that market are increasing at a higher rate.

Hasanat also pointed his finger at buyers' new behavioural pattern.

Now most buyers purchase directly from manufacturers cutting dependence on buying houses, he elaborated.

Meanwhile, EPB data show a 4.66 percent decline in woven exports in July, comparing the figure in the same month a year ago.

However, knit exports have shown 1.77 percent growth compared with the same period of the previous fiscal year. Overall exports marked 6.80 percent decline, according to the state-run export promotional agency.

It said the July price index of primary or unprocessed products declined 4.53 percent and 1.18 percent in the case of manufactured goods.

The index of export volume in primary products declined by 31.76 percent and 3.49 percent in the case of manufactured products in the same month.

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Parliamentary bodies must be strengthened to hold budget hearings
Analysts suggest

STAR BUSINESS REPORT

The government should empower all parliamentary standing committees to enable them to hold public hearings on the budget and take into account insights from the masses, analysts suggested yesterday.

The recommendation came at a time when Bangladesh scored 42 percent in the 'Open Budget Index' survey of 85 countries by Washington-based International Budget Partnership.

The discussants suggested disseminating information about changes in budgetary allocations so that anyone can assess the budget easily.

"As per the constitution, the parliamentary standing committees have no right to make changes to the budget. But if each parliamentary committee organises hearings on their related areas, it will help the government make decisions," said Akbar Ali Khan, former finance adviser to the caretaker government.

Khan was speaking at a dialogue on "To What Extent Is Our National Budget Open?" organised by Shamunnay and supported by Manusher Jonno Foundation at Dhaka Sheraton Hotel.

There is a body, the Parliamentary Standing Committee on Estimates, to revise the budget through hearings, but it was never effective, the speakers said.

Ministry officials, economists, experts, civil society members and journalists should take part in the hearings.

Citing an example from India, Khan said such hearings can help pressure decision makers, although the committees have no right to make decisions.

"But when a body reveals information to the public about the programmes that have been executed and what the government was compelled to bypass, a pressure will naturally be created on the government top brass," said Khan.

According to the Open Budget Index, the UK grabbed the first position by scoring 88 percent, followed by South Africa with 87 percent, France 87 percent, New Zealand 86 percent and US 82 percent. These countries provide extensive budget information to the public.

Bangladesh score means that the government provides the public with some, albeit incomplete, information on the central government's budget and financial activities during the course of the budget year.

Speakers said in Bangladesh, the rural government budget is more known to the public than the national budget.

The present government took some initiatives to make the budget more public, said Arastoo Khan, referring to the new law Public Money and Budget Management Act 2009.

He said as per the new law, the finance minister is bound to present a budget implementation report to the parliament each quarter.

"Such a mandatory initiative will help to make the budget process more transparent," said the additional secretary.

Farzana Naim, director (governance) of Manusher Jonno Foundation, said the national budget documents should be made available to the public so that they can take part in the budget making process.

M Abu Eusuf, associate professor of the department of Development Studies of Dhaka University, presented a keynote paper.

Eusuf stressed improving the public access to information to make the budget more transparent.

Mymensingh hums with shoppers

OUR CORRESPONDENT,
Mymensingh



A clothes trader displays a sari to customers at a shop in Mymensingh as Eid shopping gathers steam in the district town.

better local varieties at reasonable prices, Alam said.

Manik Sarker at Lily View Super Market said sales were at low ebb in the first half of Ramadan, but now it has increased manifold, bringing relief to shopkeepers.

However, average sales are lower than last year due to the low price of paddy, which affects a large part of the population dependent on paddy prices, said Sarker.

A low price of paddy has compelled rural customers to refrain from visiting town for Eid shopping.

The prices of saris vary according to the brands but as local saris are colourful, good in quality and comparatively cheaper than imported ones, customers are eager to purchase, said Zahurul Alam, proprietor of Money Rekho Sari House at Akhtar Mansion in Mymensingh.

Indian georgette and katan saris have lost their appeal this year due to the prominence of

Some customers at Bari Plaza and Uttara Shopping Complex alleged that shopkeepers at multi-storied markets usually charge high prices.

As the shops are all packed, it becomes difficult for customers to bargain for lower prices.

The prices of readymade items are beyond the reach of people from low- and middle-income groups, said Anita Rani Majumder from Netrokona.

Customers coming from outside the district usually fall prey to a section of greedy businessmen, added Anita, a schoolteacher.

Lengthy bargaining sessions are required to settle the price and there are not too many varieties available either, said Sumi Rani Dev, a non-government organisation employee, as she was shopping at Akhtar Mansion.

So, customers tend to visit every market to check out the merchandise and buy something that they like and within their budget, she added.

The miners had called the strike after several unsuccessful talks with the authorities on Thursday.

Barapukuria miners return to work after 54-hour strike

OUR CORRESPONDENT, Dinajpur

Miners of Barapukuria Coal Mining Company Ltd (BCMCL) returned to work yesterday after 54 hours of a strike, as authorities pledged to meet most of their demands.

As many as 1,000 Bangladeshi workers went on strike from Thursday midnight to press a 14-point charter of demands, including 24-hour medical services and festival bonuses of Tk 2,600 for surface workers and Tk 2,900 for underground miners.

BCMCL officials said the authorities accepted most of the demands. A meeting was held at the BCMCL office, which staggered for seven hours.

The authorities also agreed to reinstate three miners after a Dinajpur court cleared them of the charges in a case over the May 5 incident.

The BCMCL miners had damaged doors and windowpanes and furniture in a violent demonstration on May 5 to demand three months' arrears.

Kamruzzaman, managing director of BCMCL, union leaders and Sanjib Debnath, ASP for Dinajpur Sadar Circle, were present among others.

The miners had called the strike after several unsuccessful talks with the authorities on Thursday.

Contacted, Md Rabiu Islam, president of BCMCL Workers Union, told The Daily Star that they joined work as officials accepted their demands.

Kamruzzaman also confirmed the return of workers to work.

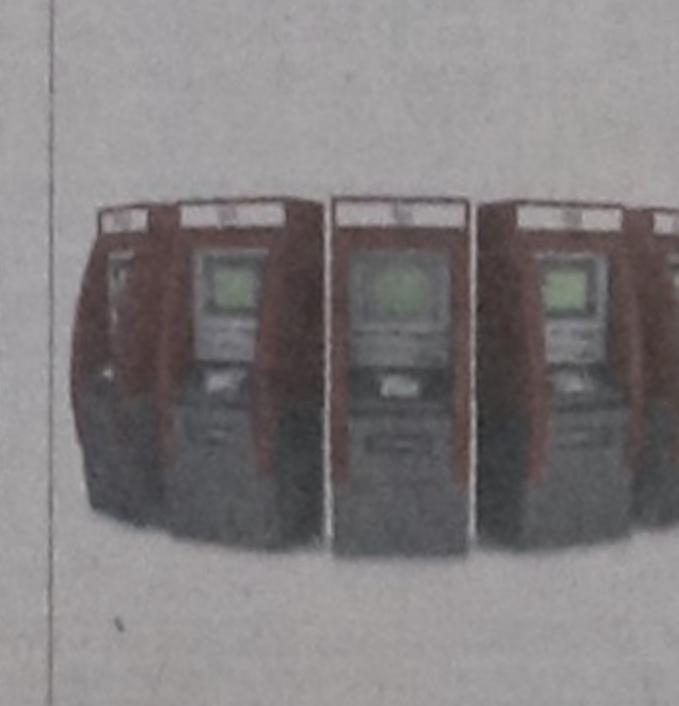
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