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Stocks	
DGEN	1.38% 6,404.96
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IDLC Index	
IDLC 50	1.70% 6,648.75

Asian Markets	
MUMBAI	0.76% 18,113.15
TOKYO	1.15% 9,300.46
SINGAPORE	0.11% 2,948.61
SHANGHAI	2.15% 2,528.73

Currencies		
	Buy Tk	Sell Tk
USD	68.75	69.75
EUR	86.43	90.49
GBP	102.96	107.28
JPY	0.78	0.84

Commodities	
Gold	\$1,187.00 (per ounce)
Oil	\$76.33 (per barrel)

RMG wages meet no standards: Govt

STAR BUSINESS REPORT

The minimum wage structure for the garment workers in Bangladesh does not meet local or international standards, according to a government report.

The report released by the labour ministry last week said their minimum wage and other benefits are not of local or international standards.

Also, 25 percent factories do not follow the minimum wage structure set by the government, while many lack sound work environment, said the report.

The report was released at a meeting of the Social Compliance Forum, a platform of different stakeholders, including government representatives, owners and labourers of the RMG sector. The forum was formed in 2006.

Roy Romesh Chandra, a member of the forum, said most factory owners do not follow the labour laws, which is the main reason behind the labour unrest.

Most of the units also do not address the safety issues and about 62 percent factories lack fire exits, he said.

Commerce Minister Faruk Khan, who chairs the forum, said a lack of compliance in many factories is the main reason behind the recent labour unrest.

He said 25 percent of the factories are non-compliant. "The progress in ensuring compliance is still not satisfactory,"

Regulator fines twin bourses

SARWAR A CHOWDHURY

The stockmarket regulator for the first time has fined the two bourses Tk 1 lakh each for flawed computations in indices and starting trade before transaction hours.

The Securities and Exchange Commission (SEC) yesterday through separate letters informed the Dhaka and Chittagong stock exchanges about the penalty, which they will have to submit to the regulator within the next 15 days.

SEC officials said the commission has fined Dhaka Stock Exchange (DSE), the premier bourse, for two reasons -- flawed counting and starting trade early. The penalty on Chittagong Stock Exchange, the port city bourse, was for starting trade of Grameenphone and Marico shares before opening of the trading hours.

Such activities of the bourses appeared to the commission as 'deliberate and clear contravention' of securities rules, the officials said.

"The commission has fined them so that no such violations take place in future, and to bring transparency and accountability in the exchanges," said a senior official of the SEC.

Officials of both the bourses confirmed the receipt of the SEC letters, but declined to make any formal comments.

In case of DSE, the first reason was that the bourse started trade of Grameenphone shares and AIMS 1st Mutual Fund units before opening of the regular trading session.

In line with Dhaka Stock Exchange Automated Trading Regulations, 1999, no entry order is allowed before the opening of the trading session.

Now the trading session starts at 11am sharp. But the SEC through investigations found that the bourse started trade of Grameenphone shares at 10:59:17am on November 16 last year. The exchange also executed another trade of AIMS Mutual Fund

at 10:59:12am on February 25.

The second reason is flawed computations in indices. The SEC found that the DSE calculated its indexes using different methods for different stocks, violating a regulator's directive on index calculation while absorbing fresh companies.

The flawed calculation in indices came to light through media reports in January this year following the trade debut of Grameenphone shares on the stockmarket on November 16 last year.

On the day, the benchmark index of the DSE skyrocketed by more than 764 points.

This abnormal jump was due to faulty index counting. DSE adjusted the index from the first day of Grameenphone's trade based on the face value of Tk 10 each.

Later, the SEC found that the DSE counted the index on the first day adjusting market capitalisation for the securities concerned by multiplying the face value with outstanding shares instead of the previous day's closing price.

Also, the DSE did not follow its own method of index calculation while incorporating new securities under direct listing rules.

Jamuna Oil Company shares were first traded on January 9, 2008, but were included in the benchmark index on January 13, the third trading day. ACI Formulations and Shinepukur Ceramics experienced the same, and were included in the index on their fourth trading day.

Meghna Petroleum and Navana CNG were included in the index on their debut day.

After GP debut, the SEC directed the bourses to start counting index points from the second day of a company's trade, as the debut day does not reflect the real picture.

The SEC has also initiated a move to introduce a common index of stocks.

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FDI plummets

UNCTAD report tracks 2009 data

STAR BUSINESS REPORT

Foreign direct investment (FDI) in Bangladesh dropped by 36 percent in 2009 mainly due to the global recession, according to the World Investment Report 2010 released yesterday.

The United Nations Conference on Trade and Development (UNCTAD) prepared the report: "Investing in a low-carbon economy".

In 2009, the total investment inflow into Bangladesh was \$700.16 million, which was \$1,086.33 million in 2008.

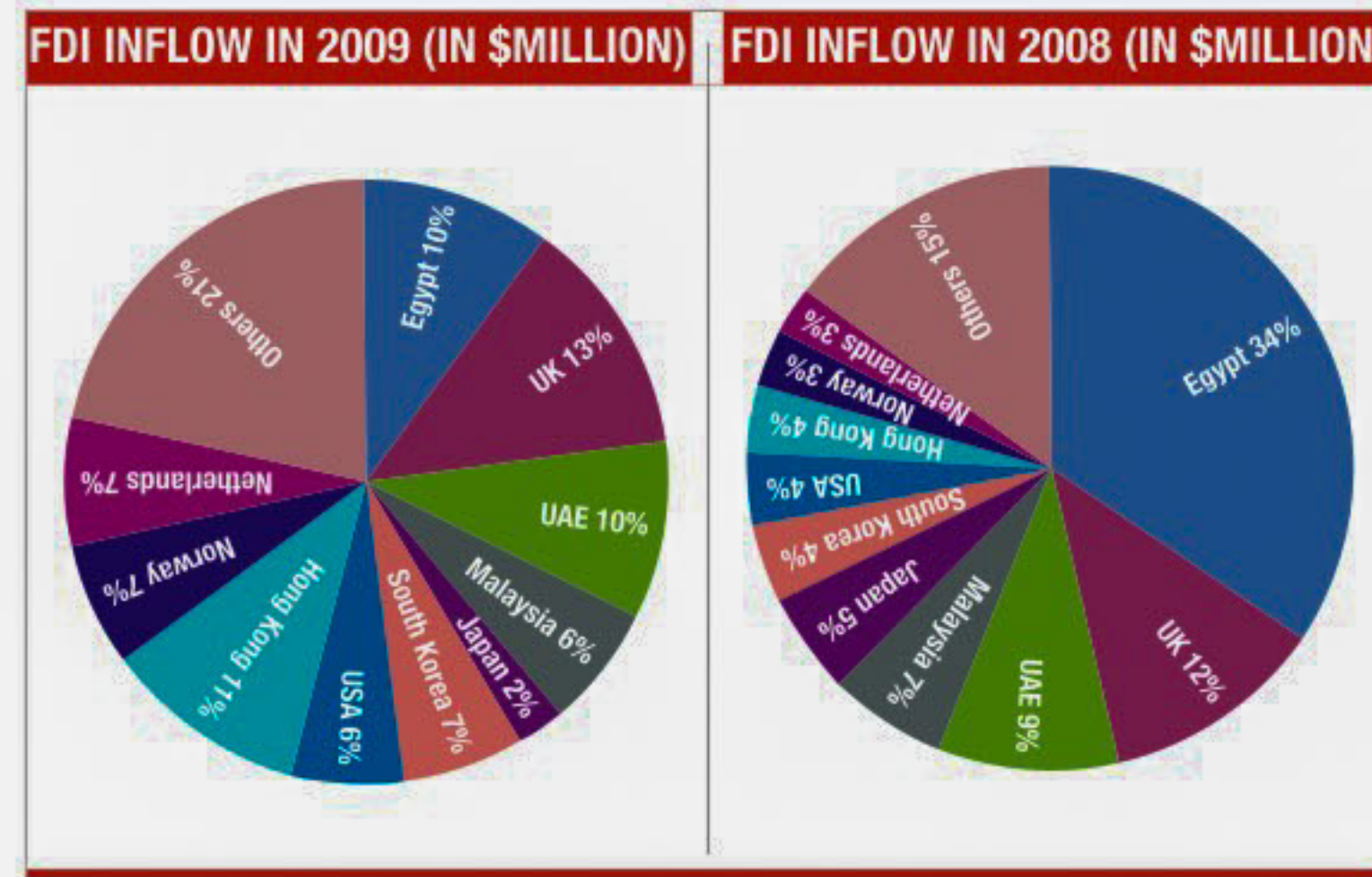
The sector-wise FDI inflow fell in telecoms, power, gas and petroleum. However, textiles and wearing, banking, and food products attracted more FDI.

The Board of Investment (BoI) launched the report at a press meet at its office in Dhaka. Prof M Ismail Hossain of the Economics Department of Jahangirnagar University made a presentation.

Hossain said the flow of FDI fell worldwide due to the global meltdown and Bangladesh also felt its impact. He also said a scarcity of power and gas may be another reason behind the low flow.

BoI Executive Chairman SA Samad said: "When foreign investors meet me, they point at bureaucracy as the biggest hurdle to investment in Bangladesh."

Samad also said there is a power and gas crunch in the country, but foreign investors did not complain about it. They said they face procedural problems in play here. In government offices, red tape is a



major problem, he added.

The BoI executive chairman said foreign investors told him that the laws are quite open in Bangladesh, but there is a lack of trust.

According to the World Investment Report 2010, the global FDI flow plunged by 37 percent in 2009. In the developed countries, it fell by 44 percent. The developing and transitional economies suffered a 27 percent decline in FDI.

In South Asia, the FDI inflow into India, Pakistan and Sri Lanka fell drastically in 2009. The largest share of FDI inflow went to the US (\$130 billion), China (\$95 billion) and France (\$60 billion).

However, FDI started to increase globally in the current year.

In his presentation, Hossain said: "Global FDI flows began to bottom out in the later half of 2009, which was followed by modest recovery in the first half of 2010."

The BoI officials at the press meet said FDI has already increased in Bangladesh in the current year.

In Bangladesh, the sector-wise FDI inflow in telecoms in 2009 declined by 60 percent and stood at \$250 million. It was \$641 million in 2008.

In the power, gas and petroleum sector, FDI fell by 49 percent and stood at \$51 million in 2009, which was \$101 million the year before. However, in the flow in textiles and wearing increased by 8 percent and stood at \$136 million, which was \$126 million in 2008.

In the banking sector, FDI inflow was \$142 million, which was \$141 million in last year.

A country-wise inflow of FDI into Bangladesh also dropped. The FDI flow from Egypt to Bangladesh slipped 81 percent to \$72 million, while FDI from the UK was 32 percent less at \$88 million.

FDI from Malaysia and Japan also dropped to almost half. However, FDI from South Korea, USA, Hong Kong, Norway and the Netherlands shot up.

Reforms likely in RMG pay structure



Workers pass a busy day at a garment factory. Workers demand a monthly salary of Tk 5,000, up from Tk 1,662.50 now.

STAR BUSINESS REPORT

Members of the minimum wage board yesterday agreed to bring non-grade workers into a grading system.

The board that was formed to fix the monthly salary for garment workers also decided to retain seven grades, instead of the proposed five. The minimum monthly salary of the garment workers may be fixed at Tk 2,562.50, said a member of the board.

"The workers' representative demanded reducing the grade to five from the existing seven grades. But, later,

the board decided to retain the seven grades and include the non-grade workers into the grading system," the member said at the board's 11th meeting.

The board also decided to visit some garments factories in Tongi on Saturday to observe the latest situation, the member said.

The board will sit again on July 26 to prepare the final draft, the member added.

The government may announce the minimum salary structure by July 28. Workers have been demanding a monthly salary of Tk 5,000, which is Tk 1,662.50 now.

Steelmaker up for expansion as demand rises

SAYEDA AKTER

BSRM Steels Ltd is set to expand its production capacity to meet growing local demand.

The company's capacity to make steel will be raised to five lakh tonnes a year from its present capacity of 3.56 lakh tonnes.

"The main reason behind the plan to go for expansion is the increasing demand for 500-grade rods in the local market. It will increase further when the government starts construction works by early 2011," said Ashiqur Rahman, the financial analyst of the company.

The company is likely to start expansion work in August on hopes of completing it by year-end, he said.

"We have completed almost all the primary groundwork, including finalising the cost of the new venture," he said.

"We plan to set up new rolling machines at our present plant to increase the production capacity by an addition 1.5 lakh tonnes annually," he said, adding that the machinery will be imported from Italy.

Initially, BSRM, the country's only 500-grade steel rod maker, plans to invest Tk 53 crore to expand the capacity at its present factory in Nasirabad, Chittagong.

Of the total cost, Agrani Bank will finance Tk 32 crore, and the company

BY THE NUMBERS	
Annual production capacity	Now: 3.56 lakh tonnes After expansion: 5 lakh tonnes
Expansion cost	Tk 53 crore
Company established	April 2008
Listed on stockmarket	January 2009
Profit	Tk 57 crore in 2009
Annual demand	25 lakh tonnes
Annual market size	Tk 12,000 crore

itself will finance the rest, Rahman said.

Currently, the local demand for steel rod stands at 25 lakh tonnes a year in a market of around Tk 12,000 crore, estimates industry insiders.

Five such companies produce rods and meet more than 95 percent of local demand.

Meanwhile, BSRM, the market leader in iron and steel manufacturing in Bangladesh, was placed in the A category, rising from the Z category, in the stock exchange on June 15, as the

company gave 15 percent stock dividend to shareholders for 2009.

The company recorded profits worth Tk 57 crore in 2009, while annual turnover stood at Tk 1584.35 crore, said Rahman.

"We were able to enjoy profits last year because of price stability in both the local and international markets, and higher production," said the BSRM official.

"We had to work really hard to overcome the Tk 189 crore loss we incurred in 2008. The main reason behind the loss was the price of raw materials, mainly billets, which was much higher in the international market, compared to the local prices set by the caretaker government," he said.

Rahman said BSRM Steels, a concern of Bangladesh Steel Re-Rolling Mills Group of Companies, also has plans to export 500-grade rods to regional countries.

"But the entire plan depends on government approval. If the government okays it tomorrow, we can start immediately," he said.

The BSRM Group of Companies started its operations in 1952 in Chittagong, and BSRM Steels Ltd started commercial operations in April 2008.

BSRM Steels was listed on the capital market in January 2009.

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Sweden recruits 281 workers

PORIMOL PALMA

Bangladesh for the first time is sending 281 seasonal workers to Sweden where they will pluck wild berries during summer.

Of the workers, the first batch of 57 is scheduled to leave for the European country by a Qatar Airways flight early today, officials at the Bureau of Manpower Employment and Training said yesterday.

The rest will go in the next few weeks, they said. The workers will return home after the three-month contract expires.

Bangladesh Workforce, a recruiting agency, has arranged the seasonal job.

Officials said Bangladesh is sending workers for such seasonal work for the first time.

"With return ticket, we are charging each worker only Tk 1.5 lakh. In three months, they will easily save Tk 3 lakh," said Abdus Salam, chief executive officer of Bangladesh Workforce.

Wild berries grow in abundance in the Swedish forests. These berries are used in chocolates, ice creams and jams.

Earlier, workers from the East European countries used to travel to Sweden to pluck wild berries.


In 2007, the Swedish immigration authorities began authorising the country's diplomatic missions abroad

to issue visas and temporary three-month work permits for nationals of certain countries to pick wild berries in Sweden during summer.

The country allowed 1,129 Thai workers that year and the number went up to 3,582 in 2008, according to a media report.

However, last year there were some problems with the Thai workers that prompted the Swedish authorities to hire workers from Bangladesh, said Abdus Salam.

"The Swedish authorities said if the Bangladeshi workers can gain reputation, the country will hire 5,000 workers from Bangladesh next year," he added.



REQUEST FOR PROPOSAL (RFP)

United Nations Population Fund (UNFPA) Bangladesh seeks proposal from organizations for "End Line Survey for the 7th Country Programme of UNFPA Bangladesh: 2006-2011". Organizations having proven experience and expertise in survey and research may obtain a complete set of RFP document by clicking <http://www.ungm.org> or contracting the email: jawher@unfpa.org. Proposal must be delivered to the office at the address specified in RFP on or before **10 August 2010 within 12:30hr local time.**