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Stocks

DGEN	▲ 1.42%	7,396.43
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IDLC Index

IDLC 50	▲ 1.11%	7,389.07
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Asian Markets

MUMBAI	▲ 0.44%	20,339.89
SINGAPORE	▲ 0.32%	3,163.41
SHANGHAI	▲ 2.49%	2,806.94

Currencies

	Buy Tk	Sell Tk
USD	69.65	70.65
EUR	95.56	100.13
GBP	109.19	114.16
JPY	0.83	0.90

SOURCE: STANDARD CHARTERED BANK

Commodities

Gold	▲	\$1,348.55 (per ounce)
Oil	▲	\$83.45 (per barrel)

(Midday Trade)

SOURCE: AFP

RMG workers' new pay structure finalised

STAR BUSINESS REPORT

The wage board finalised yesterday the draft copy of new pay structure for garment workers without any changes.

The new monthly salaries will come into effect from November 1. A minimum pay at entry level has been fixed at Tk 3,000 a month from the previous amount of Tk 1662.50.

"There is no increase, nor any decrease in pay as per different grades in the draft salary structure we've finalised," board Chairman Ikter Ahmed told The Daily Star.

On announcement of a fresh minimum wage for apparel workers on July 29, as many as 365 objections and recommendations from both the workers and owners were submitted to the board, Ahmed added. The workers, who rejected Tk 3,000 as the minimum wage, in their 22 recommendations sought a rise in the salaries under grade VI, V and IV.

Shamsunnahar Bhuiyan, a workers' representative on the board, the objections and recommendations were reviewed, but it was not possible to bring about any changes in the proposed grades because of owners' protests.

The minimum wage board comprising six persons including its chairman for garment workers was formed on January 14 after scores of labour unrest.



German Ambassador to Bangladesh Holger Michael speaks at the launch of German fashion company s.Oliver's new office at Gulshan in Dhaka yesterday. s.Oliver's Asian Chief Operating Officer Bernd Hanemann was also present. Story on B3

Trio wins economics Nobel for job market analysis

AP, Stockholm

Two Americans and a British-Cypriot economist won the 2010 Nobel economics prize yesterday for developing a theory that helps explain why many people can remain unemployed despite a large number of job vacancies.

Federal Reserve board nominee Peter Diamond was honoured along with Dale Mortensen and Christopher Pissarides with the 10 million Swedish kronor (\$1.5 million) prize for their analysis of the obstacles that prevent buyers and sellers from efficiently pairing up in markets.

Diamond, a former mentor to current Federal Reserve chairman Ben Bernanke, analysed the foundations of so-called search markets, while Mortensen and Pissarides expanded the theory and applied it to the labour market.

Since searching for jobs takes time and resources, it creates frictions in the job market, helping explain why there are both job vacancies and unemployment simultaneously, the academy said.

"The laureates' models help us understand the ways in which unemployment, job vacancies and wages are affected by regulation and economic policy," the citation said.

Diamond, 70, is an economist at the Massachusetts Institute of Technology, and an authority on Social Security, pensions and taxation.

President Barack Obama has nominated Diamond to become a member of the Federal Reserve. However, the Senate failed to approve his nomination before lawmakers left to campaign for the midterm congressional elections.

Pissarides, a 62-year-old professor at the London School of Economics, said the win was "a complete surprise".

"The happiness is even more when it comes as a surprise," he said, speaking from his north London home. Pissarides said that his work had already helped shape official thinking on both sides of the Atlantic.

For example, he said that the New Deal for Young People, a British government initiative aimed at getting 18-24-year-olds back on the job market after long spells of unemployment, "is very much based on our work."

Mortensen, 71, is an economics professor at Northwestern University in Evanston, Illinois. He is currently a visiting professor at the University of Aarhus in Denmark.

Mortensen was informed that he had won the prize before a lecture, university spokesman Anders Correll said. "He was very very happy but composed at the same time," Correll said.



Peter Diamond Dale Mortensen Christopher Pissarides

Price hike dims hope

SOHEL PARVEZ

Food prices are soaring on the local market -- a trend that may thwart the government's pledge to keep essential commodities within the reach of ordinary people.

Prices of all types of rice and other staples have already exceeded the levels of early January 2009 when the Awami League-led alliance assumed power.

"Prices are biting," said Mizanur Rahman, a physically challenged street hawker who sells cigarettes and betel leaves at Motijheel in Dhaka. "We will have no alternative but to cut consumption the way the prices are going up."

Blessed by a bumper Boro crop and a fall in commodity prices on the global market, the government enjoyed lower prices in its initial months.

But the prices started going up in the second half of 2009 and maintained an upward trend to date.

Traders blamed domestic factors such as production short-fall and the rising paddy prices.

Global factors, such as a ban on wheat exports by Russia and crop losses due to floods in Pakistan, have also fuelled local prices recently.

The prices of rice, wheat, edible oil, sugar and onion climbed on the international market leading to a spike in Bangladesh, which depends much on imports.

"It's a critical situation. It is not a good time for the government the way international prices are going up," said Mahabub Hossain, executive director of Brac, an NGO.

Indian market trends also influence the prices here, analysts said. The street hawker is not interested about the global trends: "This government promised us of keeping the food prices lower, but I find no reflection of it."

In its manifesto, the AL pledged "to reduce the unbearable burden of price hike". Mustafizur Rahman, executive director of Centre for Policy Dialogue, said the recent trend has thrown a challenge to the government to keep its promise.

The government recently said

it would expand the open market sale (OMS) of rice at reduced prices to upazila level. It also said it has about 7 lakh tonnes of food grains in stock and imports of more than 1 lakh tonnes are underway.

Hossain and Rahman said the rise in prices may benefit growers, but poor people will be affected unless they get subsidised foods.

They said the government should procure more food to increase the supply. They also suggested vigilance on price differences between import and retail levels.

The two stressed job creation and expansion of income generating activities.

"The government should expand OMS and safety-net programmes, if necessary," said Rahman.

Hossain said a rise in income and job creation will help the government tackle the problem.

Retailers now sell a kilogram of medium-quality rice 10 percent

higher at Tk 36.5 on an average from Tk 33 on January 5, 2009, according to Trading Corporation of Bangladesh.

For coarse rice, the price rose 18 percent to Tk 33 this week from Tk 28 in the first week of January last year.

The prices of other essentials such as coarse flour, palm oil, chilli and sugar also crossed the levels at which the government began.

Palm oil sells 67 percent higher at Tk 83.5 a kg, while coarse flour at 21 percent higher.

In 12 months to October 10, the prices of coarse rice and coarse flour surged 43 percent and 52 percent respectively.

Despite a good harvest, onion is now sold higher than the price of January 5, 2009.

However, the prices of pulse and soybean oil remained marginally lower than the January 5, 2009 levels, but now on an upward trend.

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World Bank spots holes in ADP efforts

REJAUL KARIM BYRON

The World Bank has identified loopholes in a detailed review of the government's annual development programme (ADP) and said a major part of the allocation in the last quarter of any fiscal year went against financial norms.

The WB's report, Bangladesh Public Expenditure and Institutional Review, was released last week.

Analysing the mismatch in ADP planning and spending by

the government, the report said the ADP deviation index increased sharply after fiscal 2003. The deviation index is determined by whether the government was able to spend in line with plans.

"The deviation tends to suggest lessened credibility of the budget and volatility in policy implementation, which could be a result of a highly unpredictable environment, poor planning and implementation," the report said.

The WB criticised the govern-

ment for slow implementation of the ADP, low allocation for projects, adoption of too many projects and excessive expenditure every last fiscal quarter.

A highly bunched pattern of reported ADP expenditure, particularly in the last quarter, has raised questions about the credibility of expenditure utilisation and implementation, the WB said.

Development expenditure stood at a mere 35.3 percent by end-April, which increased to 39 percent by end-May and to a

staggering 78 percent by end-June, according to the report.

Spiralling spending in the fourth quarter can be linked to two factors: uncertainty and funding delays and the slow utilisation of funds through the early quarters of the year. In many instances, the funds were released in the last week of June or even retroactively in July, which appears to be out of line with financial norms.

In its review of the ADP for five years, the WB said projects

received low allocation. Between fiscal 2003 and 2007, the development budget allocation for implementing projects in the ADP averaged around 13 percent of total costs.

The WB calculation showed that on average, 6.6 to 7.1 years would be required to complete the projects/programmes. ADP allocations gradually shrank, but the number of projects continued to be on the rise, it said.

World Bank Senior Economist Zahid Hossain said the good

news is that these problems are beginning to be addressed. The ADP implementation rate improved from 76.8 percent in fiscal 2009 to 85 percent in fiscal 2010. ADP spending increased by 76 percent in the first two months of fiscal 2011 compared with the same time in fiscal 2010.

"We need to make sure that implementation improves at this rate in areas that currently are very high priorities, such as energy and infrastructure," he added.

Transit fees talks end inconclusive

STAR BUSINESS REPORT

A meeting between Bangladesh and India to resolve a dispute over transit fees ended inconclusive in Dhaka yesterday.

Foreign Secretary Mohamed Mijarul Quayes and Indian High Commissioner in Dhaka Rajat Mitter at the meeting at the foreign ministry discussed the Indian demand for withdrawing the transit fees that Bangladesh charges on its cargoes.

Bangladesh customs men last week seized two Tripura-bound Indian vessels at Sheikhabaria in the southern part of Bangladesh, as they did not pay transit fees.

The National Board of Revenue has been collecting transit fees on Indian

cargoes shipped from Kolkata to Tripura using Bangladesh waterways since July.

The NBR earlier imposed transit fees for per TEU container at Tk 10,000, while for bulk product without container Tk 1,000 per tonne effective from July 1.

Under the Protocol on Inland Water Transit and Trade signed in 1972, Indian cargoes are allowed to transport from Kolkata to Tripura through Bangladesh waterways, but this is the first time they are paying.

Bangladesh Inland Water Transport Authority, after getting clearance from the NBR, allows the vessels to move through Bangladesh, said a BIWTA official.

Banks asked to go by job criteria

STAR BUSINESS REPORT

The central bank has given all banks directives to go by educational criteria in recruiting members of their staff.

In a circular yesterday, Bangladesh Bank (BB) said it found some banks not complying with the criteria with regard to traditional and GPA (grade point average) evaluation systems.

Asking the banks to strictly follow the education ministry criteria on academic performances, BB pointed out that GPA-3 and above mean first division in the traditional system. GPA-2 and above are equivalent to second division and GPA-1 and above third division.

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