

## Stocks

DGEN	▼ 3.31%	8,295.41
CSCX	▼ 3.12%	15,096.69

## Currencies

	Buy Tk	Sell Tk
USD	69.98	70.98
EUR	90.51	96.20
GBP	108.56	114.51
JPY	0.81	0.87

SOURCE: STANDARD CHARTERED BANK

## Bangladesh 27th most favourite nation for FDI

BSS, Dhaka

Bangladesh is the 27th most favourite destination among developing countries for foreign direct investment (FDI), in line with a report of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

The MIGA, responsible for promoting FDI into developing countries to support economic growth, reduce poverty and improve living standards, released the report on Thursday.

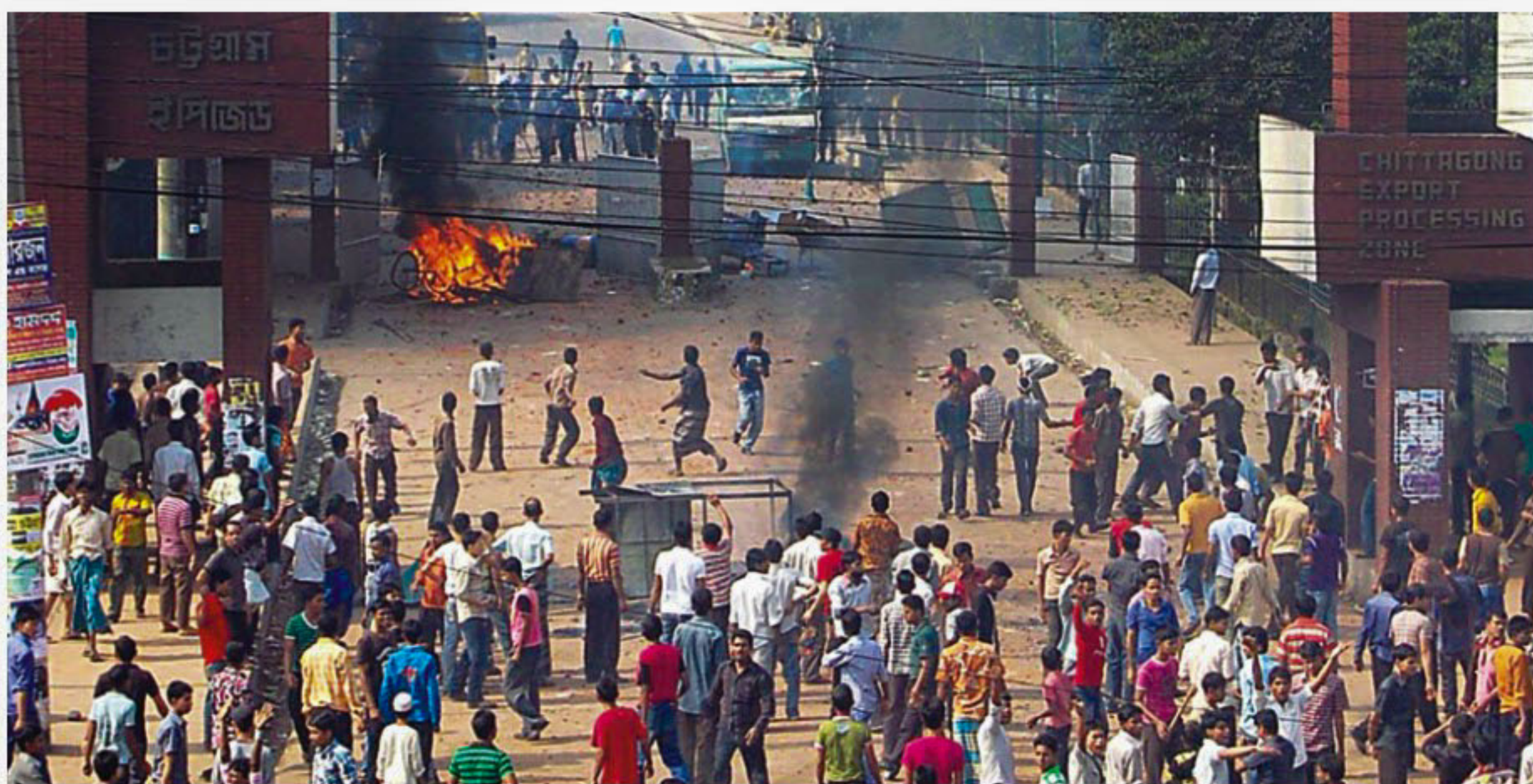
The report, World Investment and Political Risk, aims to foster a better understanding of investors' perceptions on political risks in case of FDI.

The MIGA sought responses from the entrepreneurs across the globe to know their favourite destinations for investment and listed 40 countries from the findings.

China topped the list as around 50 percent of the respondents said they mostly invested in the fast-growing economy. India was the second favourite when Lebanon was at the bottom of the list after Iraq.

Among South and South-east Asian nations, the Philippines stands 10th, Malaysia 11th, Indonesia 13th, Thailand 14th, Vietnam 18th, Pakistan 24th and Sri Lanka 26th.

Bangladesh received \$1.01 billion in 2008, lower than \$0.69 billion in 2009 when global recession cut worldwide FDI movements by 40 percent, says the report.



Workers of Chittagong Export Processing Zone are in a face-off with police over pay under the new wage structure at the zone's gate in the port city yesterday.

## RMG violence sewn with wage confusion

REFAYET ULLAH MIRDHA

Mohammad Abdullah, managing director of garment giant Nassa Group, said he paid the new minimum wages to his workers, but they protested anyway, forcing him to shutter his factories.

His comment came hours after agitated workers sacked a string of garment factories in Dhaka, Gazipur, Narayanganj and Chittagong to press their demands for higher pay.

"We have paid the workers according to the new pay scale," he said. "But there is a misunderstanding about the grading system in the pay structure among the workers."

The senior workers' salary did not increase at the ratio as that of junior workers. As a result, the workers took to the streets, he said.

A senior sewing operator of Kimia Apparels Ltd, a unit of Nassa Group in the city's Joar Shahara area, believes the seniors' salaries did not increase proportionately with those of junior workers as much as

mandated, or at least as much as is tolerable.

"I am a senior sewing operator and I received Tk 3,399, whereas a junior worker received Tk 3,200, and a helper at the entry level received Tk 3,000. The gap between the senior and junior workers' salary is very low," the operator said, requesting anonymity.

"I was supposed to receive Tk 4,200 in monthly salary without overtime, but I received Tk 3,399."

Abdullah said the factory would reopen tomorrow. "We held a discussion with the workers to bring back normalcy in the factory. We will give the decisions to the workers within next seven days," he said.

His worker confirmed the truce, but thought management had caved. "We will join work from tomorrow (today) because the management agreed to pay as per the new pay structure from the next month," the operator said.

Not all are able to reopen so quickly. Shakhawat Hossain, managing director of Robintex Ltd, said he closed the factory for an indefinite period following the unrest. He said his factory was so badly damaged that it needs rebuilding.

And the confusion may not be cleared up. The workers want their monthly salary under the November 1 minimum wage rates to be boosted to reflect the same percentage of increase as those of the

lower-paid workers.

But the government gave the junior workers a larger hike. The salary for the third, fourth, fifth and sixth grades was increased by 68 percent, 67 percent, 69 percent and 77 percent, respectively, compared with 80 percent in the seventh grade. The minimum salary was increased by 81 percent and 82 percent in first and second grades.

"This is the main reason for massive unrest," said Amirul Haque Amin, head of the National Garment Workers' Federation. Labour leaders say they urged the garment owners to raise the seniors more.

Hossain also claims he paid the workers according to the new pay structure, but the salary gap was the reason for the sack of the factory. He said the workers went "berserk" when they did not receive the salary they expected.

"I will only take a decision on reopening the factory after a discussion with labour leaders, local lawmakers, law-enforcing agencies and garment manufacturers' association leaders," he said.

Amin said the management of some factories paid seniors more than the minimum, buying labour peace. But he blames managers for not clarifying the grades.

"The workers are also not aware who is belonging to which grades," he complained. "However, we are contacting the workers and

other stakeholders to hold talks about the issue," he said.

A senior official of the Youngone Group said the workers took to the streets, demanding reinstatement of a "temporary" Tk 250 allowance for food inflation that management stopped giving out when it began paying the new minimum wage.

Abdu Salam Murshedy, president of the Bangladesh Association of Garment Manufacturers and Exporters (BGMEA), said the salary of junior workers increasing more than that of senior workers "might be the cause for unrest". But he blamed slack law enforcement for the unrest.

"We demanded security from the government for the safety of our industries," said Murshedy.

Mohammad Hatem, acting president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the salary gap between senior and junior workers is the main reason for the unrest.

"We can do little, as it is the guideline approved by the government," Hatem said.

He said the BKMEA has held meetings with the owners about the payment of the new pay structure. "We directed the owners saying that in no case will you reduce the basic salary," he said.

## Stocks suffer biggest jolt

STAR BUSINESS REPORT

Dhaka stocks witnessed the steepest single-day fall in yesterday's trading, with the key index of the premier bourse sliding by 285 points, or 3.31 percent.

At the end of the four-hour trading session on the Dhaka Stock Exchange, the DSE General Index came down to 8,295 points.

The previous highest fall on a single day was 233 points on November 6, 1996 when the market first bubbled and then burst.

The dramatic fall as seen by market insiders caused by a combination of several factors rattled investor confidence.

The year-end selling pressure from financial institutions or institutional investors is one of the factors. "The institutions have already started restructuring their stock portfolios ahead of December closing," said a stockbroker.

Another reason, which might have helped trigger yesterday's correction that started last week might be the central bank's recent decision to increase the cash reserve requirement to 6 percent for com-

mercial banks.

The central bank's decision has limited supply money to the capital market -- leading the banks to go for sale to cover their liquidity needs, squeezing the fund flow to the secondary market.

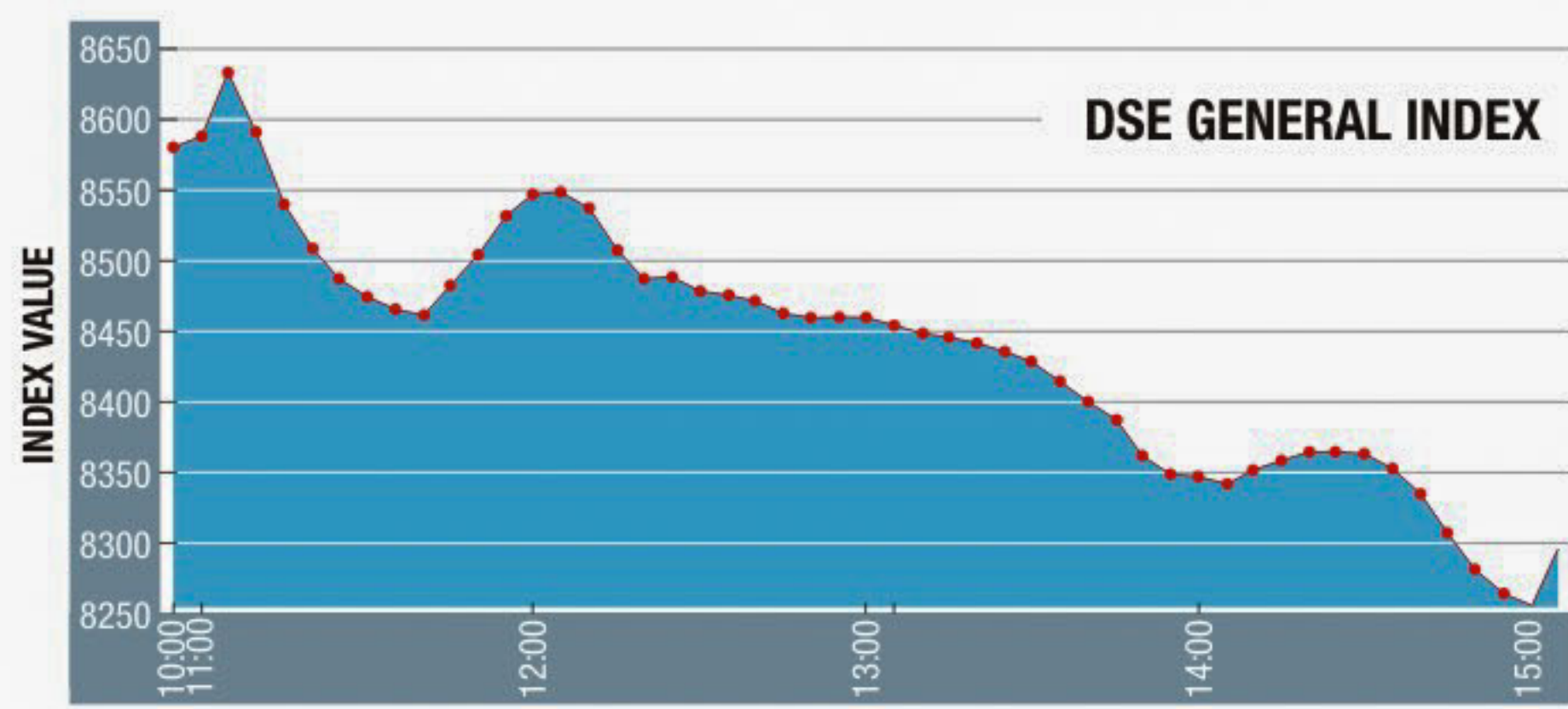
The third is, retail investors are going off to the market anticipating more corrections in the coming days.

"A big correction in share prices was widely predicted. The investors now think twice before making buying orders as fears run deep," the stockbroker said.

On the trading floor, banking stocks were the biggest loser as the sector lost 5.88 percent, with all of the 30 listed banks remaining in the red.

After banks, general insurances lost 4.18 percent on average, while telecom 2.59 percent, energy 2 percent, pharmaceuticals 1.78 percent and non-bank financial institutions 1.29 percent.

Chittagong stocks also marked a sharp decline yesterday, with the CSE Selective Categories Index dropping 486 points, or 3.12 percent, to 15,096.



## HC rules on SEC member

STAR BUSINESS REPORT

The High Court yesterday issued a rule upon the government to explain within four weeks why the finance ministry should not be directed to declare Mansur Alam, a member of Securities and Exchange Commission (SEC), as disqualified to continue his office for abusing powers.

An HC bench of Justice AHM Shamsuddin Chowdhury Manik and Justice Sheikh Md Zakir Hossain came up with the rule following a writ petition filed by Syed Shafiqul Alam, a retail investor, claiming that Mansur Alam is disqualified to hold the office.

Shafiqul filed the petition yesterday following an unprecedented fall in share prices on December 8.

Market insiders had blamed the day's historic fall on the market regulator's two directives. One of the directives squeezed "netting facilities" and stopped the investors from buying new shares with funds from another share sale, which was ordered but not finalised.

Another directive was on executing buy orders only after cashing an investor's cheque.

The directives were issued as per instruction by Mansur Alam, who did not receive prior consent from the SEC chairman in giving the directives.

Shafiqul in his petition stated that Mansur Alam on December 6 and 7 issued

two separate directives on share buy after encashment of cheques and strict executing of netting facilities, abusing the SEC powers and violating its rules.

Only the commission, which is comprised of its chairman and three members, or its majority, is empowered to issue any directive as per section 20 (A) of Securities and Exchange Ordinance 1969, the petition said.

The petitioner also said that if the chairman or any member of the SEC abused its powers and violates rules, they cannot hold the offices as per section 6(Gha) of Securities and Exchange Ordinance 1993.

Finance Secretary Mohammad Tareque, SEC Chairman Ziaul Haque Khondker, Executive Director Saifur Rahman, and Member Mansur Alam have been made respondents to the rule.

Barrister Abul Kalam Azad appeared for the petitioner.

Market insiders see the petition as "excesses" by the investor.

They said whoever or whatever the reasons were behind the December 8 fall in the market, the SEC took immediate action, for which the market recovered most of the losses on that day and closed higher on the following day.

The commission also served show-cause notice on the member concerned.

"We always look after the interest of the retail investors at first, and you see that we took immediate steps on Wednesday," said the SEC chairman.

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