



A farmer ploughs a paddy field, while women sow seedlings at Godagari upazila in Rajshahi.

# Private banks roll out more farm loans to avoid penalty

SOHEL PARVEZ

PRIVATE and foreign banks increased their farm loan disbursement in the first five months of fiscal 2012-13 to avoid the central bank's punitive measures.

In July-November, private and foreign banks lent Tk 1,820 crore to the agriculture and rural sector, a 28 percent rise from last year, according to Bangladesh Bank data.

The figure is 33 percent of the bank's agricultural credit target for the full year, up from 27 percent a year ago.

SM Moniruzzaman, executive

director of the central bank, linked the private and foreign banks' farm credit disbursement growth to a directive issued last year, which stipulated banks lend 2 percent of their loans and advances to the farm sector.

"As we have made lending to the farm sector mandatory, the private and foreign banks have become more cautious than in the previous years in achieving their targets."

Failure to comply with the directive would not only lead to fines for banks but also depositing of that amount to the central bank at 5 percent interest rate for a year. The directive was to ensure

sufficient credit to the agriculture sector, which accounts for nearly one-fifth of the country's gross domestic product and employs the highest number of the nation's workforce directly and indirectly.

In recent years, resilience of the farm sector, mainly crop, vegetables and fisheries, helped accelerate the country's economic growth and contain domestic demand.

Increased production of rice has also cut the country's import dependence largely in the last fiscal year, according to data from the food ministry.

Over the years, the sector got little attention from private

banks, currently the main supplier of credit for economic activities.

Private banks, fearing defaults, were shy in lending to the farm sector. The state commercial and specialised banks, such as the Bangladesh Krishi Bank, were the main supplier of credit.

To address the issue, BB had earlier taken punitive measures against some foreign and private banks, Moniruzzaman said.

He said the private and foreign banks would gain more from lending to the farm sector, adding: "If they fail to attain their targets, they will be the losers."

READ MORE ON B3

## OPINION

# A cheap T-shirt or a human life?

US companies, as well as consumers, must do more to ensure that overseas workers are not abused

LOS ANGELES TIMES

A factory fire last month in which 112 Bangladeshi garment workers died raised questions not only about how a manufacturer with a poor safety record was allowed to continue its dangerous ways, but also about the responsibility of American companies to the workers they rely on around the globe.

At the time of the fire, Tazreen Fashions Ltd. was manufacturing clothes for well-known brands and retailers in the United States, including Disney, Sears, Wal-Mart and Enyce, as well as a licensee of the US Marine Corps. There were no emergency exits at the factory, and employees alleged not only that fire extinguishers were inoperable but that bosses shut the main exit when the alarms sounded, ordering everyone back to work. Disney, Sears and Wal-Mart have said that Tazreen was not authorised to be making their products, yet somehow it was. Wal-Mart said it had ended its relationship with the factory before the fire but that a supplier subcontracted with Tazreen without Wal-Mart's knowledge or permission.

Ignorance is a poor excuse. As long as American companies press for quicker production of goods at lower prices while failing to monitor the conditions under which those demands are met, corners will be cut in dangerous, unfair and inhumane ways. In the six years before the Tazreen fire, at least 300 workers perished in Bangladeshi garment factory blazes. In other countries, employees manufacturing items that would end up in American stores have been denied pay, forced to work gruelling hours, exposed to toxic substances and even locked into truck

trailers at night with guard dogs outside to prevent escape.

Wal-Mart deserves credit for trying in recent years to ensure that its overseas contractors meet certain basic requirements. It has its own network of auditors for factories and, according to Verite, a nonprofit research organization, has been examining how to improve pay and working conditions for agricultural workers. Other big retailers consult with organisations such as the Fair Labour Assn. to inspect working conditions overseas. More than 60 name brands in the clothing industry, including Gap, H&M, Levi's and Hanes, have joined the Sustainable Apparel Coalition, which focuses on both environmental issues and working conditions.

Yet none of this prevented the deaths at Tazreen. The question is how far American companies must go to meet their moral obligations in an increasingly complex and competitive global marketplace.

Companies are trying, says Dan Viederman, chief executive of Verite, but at this point the treatment of factory and agricultural workers is more an afterthought than a prime requirement. And even if consumers had a way of knowing whether foreign-made goods were produced under humane circumstances, it's unclear how much they would care.

To ensure decent working conditions, American companies must recognize that more is needed than a contract with a manufacturer promising that no irresponsible subcontractors will be involved. Instead of short-term, one-time relationships with suppliers, they must build long-term relationships with factories that demonstrate a record of responsible behaviour. They could award bonuses for continued safety records.

READ MORE ON B3

# Myanmar courts wary investors on port project

AFP, Yangon

MYANMAR sought Monday to drum up investment in a stalled multi-billion-dollar sea port project at the heart of the former junta-ruled country's efforts to revive its impoverished economy.

Thai Prime Minister Yingluck Shinawatra and a host of Thai business leaders flew to Dawei on Myanmar's southern Andaman coast for talks with President Thein Sein and other officials about the joint development.

Former general Thein Sein voiced a "strong desire" at the meeting to implement the project.

But "it is not possible using only our two nations' strength," he said in televised remarks. "We have to invite other countries who would like to come and invest."

In July the two countries signed a memorandum of understanding to create a special economic zone for Dawei, with Bangkok agreeing to provide assistance in areas including security, infrastructure and logistics.

The huge project -- led by Thai industrial giant Ital-Thai -- would bring foreign investment for Myanmar as it emerges from decades of military rule, and provide Thailand with a gateway to the Indian Ocean and Western markets.

But it has faced funding difficulties and resistance from local villagers.

"Thai investors are afraid and hesitating about Myanmar's political policies and the funding," Ital-Thai marketing manager Pravee Komolkanchana told AFP in Bangkok ahead of the visit.

"Thai banks are less likely to lend money if it is to invest in other countries, especially in Myanmar."

He said a number of Japanese investors were also due to join the trip, which the company hopes will put the project back on track.

Potential Myanmar investors are also wary, according to a businessman in Yangon who did not want to be named.

"We dare not invest there because of the costs," he said. "We would have to pay Thai salary rates."

"The project won't benefit Myanmar much but mainly Thailand," he added.

Work has yet to progress far beyond the construction of new homes for the thousands of villagers due to be resettled.

Next year the developers hope to begin work on infrastructure and factories in a planned industrial zone.

Opponents to the plan were emboldened by Thein Sein's decision last year to suspend construction of a \$3.6-billion Chinese-backed hydropower project in the northern state of Kachin in a rare response to public outcry.

But local resistance to Dawei appears to have eased, although some villagers are still reluctant to move despite the offer of new homes.

# Bangladesh, the new kid in the world of outsourcing

MARTIN CONBOY

I have just come back from "Digital World2012" and a conference on business process outsourcing (BPO) in Bangladesh. This was the first time that I had visited Bangladesh and it was their second annual ICT-BPO conference. The call centre and outsourcing sector only started in 2008 and is still in its infancy and over 35,000 people visited the events and exhibition.

What I saw was a lot of enthusiasm and general goodwill from all concerned. However, this is not enough in and of itself to create the right environment for Bangladesh to push its way into the global BPO-ICT world and take its place with all the other Asia-Pacific nations.

What helps is that Bangladesh has a very large pool of university-educated workers who are itching to get involved; the enthusiasm is palatable and the government has really got behind the BPO-ICT sector. I have to admit the last time that Bangladesh was in my consciousness with the famous concert for Bangladesh in 1971 which was put together by George Harrison and the late Ravi Shanker.

The other interesting thing that I noticed was the reverse brain drain. There are lots of experienced and internationally experienced Bangladeshis repatriating home and really adding to the intellectual horsepower of the ICT BPO community - after all, who doesn't want to live close to their home and families.

Europeans began to set up trading posts in the area of Bangladesh in the 16th century; eventually the British came to dominate the region and it became part of British India. In 1947, West Pakistan and East Bengal (both primarily Muslim) separated from India (largely Hindu) and jointly became the new country of Pakistan. East Bengal became East Pakistan in 1955. Although more than half of GDP is generated through the service sector, 45 percent of Bangladeshis are employed in the agriculture sector with rice as the single-most-important product. Bangladesh's growth was resilient during the 2008-09 global financial crisis and recession.

Interestingly Bangladesh is the second



AMRAN HOSSAIN

People work at a call centre in Dhaka. Bangladesh has the potential to flourish in the world of outsourcing.

largest garment manufacturer in the world after China and they proudly use the tag line "We clothe the world". In just a few years since the start of the BPO sector, it has grown to over 50 plus call centres with over 10,000 employees. The present government has designated ICT-BPO as a preference sector allowing this segment to receive all the support required from the government, for its continued success. Garment exports, totalling \$12.3 billion in fiscal year 2009 and remittances from overseas Bangladeshis, totalling \$11 billion in fiscal year 2010, accounted for almost 12 percent of GDP.

The ICT industry in Bangladesh is relatively new in comparison to other business sectors. The BPO industry is well aware of what BPO-ICT has done for The Philippines, lifting it from abject poverty to the second fastest growing economy in Asia after China with a growth rate of 7.8 percent. In The Philippines it is generally agreed that for every dollar that the country earns it has a multiplier effect of 3 to 1, in Bangladesh that multiplier effect is 11 to 1.

Bangladesh with a population of 160 million is unlikely ever to better India, The Philippines or the fast rising Mauri-

tius across the entire range of outsourcing offerings, which also include all kinds of information-technology services. However, never say "never": the green shoots are appearing everywhere and they are starting to understand that the future is visual and digital.

The Bangladeshi workforce is traditionally renowned for their quick learning abilities. The workforce, especially, has historically strong abilities in mathematical and logical analysis processes. Bangladeshi students regularly appear as winners in a number of programming and mathematical competitions globally.

I am sure that there are many other things to consider, including business grade English skills. However, in my mind there are three areas that need to be addressed very quickly so that Bangladesh can move forward while its window of opportunity is open. The Bangladeshi workforce has higher competencies in English compared to countries like China and Vietnam. However, the language proficiency is to some extent skewed towards professionals with better schooling.

What Bangladesh needs is a 'brand' in much the same way that when one thinks of Paris one thinks of the Eiffel Tower or

when one thinks of Singapore one thinks of 'Singapore girl' or Malaysia with its tagline of 'Malaysian truly Asian', 'Tulips' for Holland or "Number 1 for Voice" as the tag line of The Philippines.

This is important as it gives the ICT-BPO community something to rally behind and in terms of "corporate vision" it will give the Bangladesh ICT-BPO community a brand that they can identify with and more importantly that the outside world can understand about what Bangladesh has to offer. Looking from the outside in "Brand Bangladesh" is weak and anemic.

As the BPO sector shifts gears to be a knowledge process outsourcing (KPO) sector, they are delighted that they are about to have their day in the sun. There is no doubt that there are micro sourcing digital savvy people in Bangladesh who have taken advantage of platforms like freelancer.com, Odesk, eLancer and Guru.com. Around 250,000 young Bangladeshis have voted with their feet and are actively participating and competing for employment and project opportunities offered by these platforms.

The fact that 30,000 new "micro sourcers" per month are joining their colleagues is a brilliant albeit surprising addition to the mix. Many of these young people will be self-taught and thus there is a need for up skilling and training so that they can pitch for more complex and high-value work whilst at the same time offering quality. This is exactly where the BPO industry is headed and Bangladesh is going to be a serious player with a digital savvy workforce showcasing their visual and digital talents.

Bangladesh is striving to implement relevant education policies to ensure that their students are appropriately qualified to enter this sector enabling it to grow.

In the end, quality is what will make or break this market. The fact that each dollar imported into Bangladesh has a multiplier effect of 11 to 1 should be more than enough incentive to put training programmes in place that are paid for by the government. The entire society will benefit as this income flows through the economy.

READ MORE ON B3