Perception versus reality check

RUBANA HUQ

I have no idea where they will head for if we close down. At the end of every month, as much as we worry about salary payments, we also breathe in relief when that side's taken care of and life goes on…as usual. Our lives are intertwined with theirs and our livelihood depends on the number of garments they produce from every line, every hour. Yet, there's a classic, stubborn line that separates us from their worlds. From our side of the earth, many of us don't get to sense their needs. As a result many of us remain marooned in our tiny islands, in abject ignorance and failure. But somehow, we have given birth to a new humanity which steps inside the factory buildings at 8:00am in the morning and continue with their machines till 7:00pm.

This new humanity has enabled Bangladesh's export to grow 43.36 percent year on year in 2011 to $15.66 billion in spite of the global challenges. This new humanity has made it possible for Bangladesh to export garments worth $19.09 billion in 2011-12. This new humanity has given the strength to the land to set the outlook to exceed $20 billion in the new fiscal. We are 4.8 percent of the total global RMG trade of $412 billion today. $11.37 billion of this $20 billion comes for the EU. And all this magic happens because of our new humanity.

We have named this new humanity "workers". It is true that the entrepreneurial spirits rank high in this country. True we don't give in to the multiple challenges that we face because of hartals or unrests. But what is true that, in spite of the growth and the race, we are facing much more hurdles than what we had anticipated when we first began. Today there are multiple slaps coming our way: the Perception Slap, the Publicity Slap and finally the Resolution Slap. These are all punishments that are well phased and well tailored as to suit the needs of the political and commercial times.

The latest slap that we have just encountered is the EU resolution that was just passed on the January 17, 2013. While the joint motion of the parliament quotes Clean Clothes Campaign's data and reads that up to 700 people have died in factory fires in Bangladesh since 2006, the draft resolution (RC-B7-0004/2013) of the European Parliament states: "An estimated 600 garment workers having died since 2005 in factory fires in Bangladesh alone". The different figures however cannot wish-wash the reality away. The fire at Tazreen Fashions did happen. Walmart's goods were being produced there with Li & Fung being the agent in between, placing the orders to a local vendor. As many as 114 lives have been lost. That's a tragedy we have to live with.

Crises like this test the strength of the exporting community. Some of us react aggressively, some react with compassion and some just stay passive. But the questions of safety conditions, collective bargaining and wages are not to be procrastinated, simply because when the layers of perception toughen over a period of time that turns into recorded history. Long ago, Noam Chomsky's Manufacturing Consent became a personal favourite and remained so for years. The book elucidates how public opinion is formed and manipulated to suit the needs of the political hour. Today is the time when we, too could examine the less-informed media splash and rash perceptions clouding our export sector. Let's look at the Perception Slap phase now. To begin with, Tazreen has labelled the whole export community as the hungry, insensitive lot, while the issues of minimum wage level and collective bargaining have also added to the list of negative perception.

SK ENAMUL HAQ

A fire that killed more than 100 workers at Tazreen Fashions in Ashulia on November 24 has added to the negative perception about Bangladesh's garment industry.

As a result of all these three, the European Parliament resolution on recent casualties speaks about concerns of the union about the compliance with the ILO standards, the death of Aminul Islam, the labour leader, the lack of fire and safety practices, and the right to collective bargaining. At the same time, it welcomes the Bangladesh Fire and Building Safety Agreement between a number of trade unions, NGOs and multinational textile retailers, the creation of 'health and safety committees' involving workers' representations in each factory, which are obligatory by law. In clause 6, it also welcomes the action of those European retailers, which have already contributed to compensation schemes for the victims and their families. In clause 9, it also welcomes initiatives currently being delivered by the commission with the aim of providing support for improving factory safety in Bangladesh, for example through the 'Promotion of Labour Standards in the RMG sector' project and joint work with the Bangladesh Fire Service and Civil Defence Directorate; And in clause 13 it welcomes Bangladesh's successful efforts to reduce child labour in the garment sector. This joint motion passed in the European Parliament has only 8 points. All 8 relate to fire and safety issues along with the union asking the retailers to "critically investigate" the factory situation in Bangladesh.

This is all. It certainly does not call for a GSP cancellation. At our end, all we can do is appeal to the EU not to adopt any further harsher steps. We can go ahead and cite instances from all over the globe where human abuses reign high and the EU still continues to do business with them.

What does the EU do with the Chinese, though?

Currently, there are approximately 3,000 individuals who are detained in the People's Republic of China. China severely limits associations and gatherings. One enters China, Facebook or twitter become inaccessible. Dissidents voicing their dissent on foreign media are often harshly dealt with. For the last two years, there has been a dramatic rise in death penalties in China.

The EU, in Dec 2012, drafted the 62 point draft (ours is only 8) resolution that mentions almost 60 sectoral dialogues which are ongoing between China and EU on the environment, regional policy, employment and social affairs, and civil society. The motion has critical references to China's serious label of human rights violations notably the case of Liu Xiaobo, Weiwei, forced abortion scandal and of course the house arrest of Hu Jia, the 2008 Sakharov Prize laureate. In spite of all this, the union, in the resolution, still lauds the apparent "internal social progress" that China has made and continues to mildly urge the Chinese to comply with all the ILO rules.

For us, it's a case of plain and simple envy. But then again, luckily for us, for the first time, China has lost a bit of market share in the EU in Q3 of 2012 as China's prices increased over the quarter to an extent of 14.76 percent than prices of Turkish (+3.65 percent) or Bangladeshi (+2.71 percent) origins. In fact, China was the main loser on the European import market, with a decline of 22 percent in July-September from the same quarter in 2011, still in volume terms. Yet, for the US, the US apparel imports in Q3 of 2012 from China stood at 48.67 percent against rest of the world being at 51.33 percent. US apparel imports in Q3 of 2012 in terms of unit price comparison also paints a picture of inequality. If the value share of the world in Q3 of 2012 is measured as 100, then 42.88 went to China, 8.94 to Vietnam and 5.3 to Bangladesh.

There are more cases, where the importing countries have simply looked the other way when it has come to beneficial trading under special considerations. For example, in spite of Colombia-US FTA was signed in May 2012 in spite of human rights groups protesting against Colombian government's actions in strapping the labour unions. Colombia happens to be the most dangerous country in South America for unionists. In 2010, at least 14 human rights defenders were killed whereas in 2011, alone, 51 labour leaders were killed in Colombia.

READ MORE ON B3

India pushes banks to go rural, but will it pay?

RANCHHODPURA, *India, Reuters*

WORKING out of a tiny rented room furnished with a wooden table, small biometric authentication machine and shelf stacked with passbooks, Ganesh Dangi is a one-man bank for a village of 650 people in northwestern Rajasthan.

A business correspondent, or local representative, for State Bank of Bikaner and Jaipur (SBBJ) in Ranchhodpura village, 40km east of Udaipur, Dangi is racing to sign up villagers to new "no frills" plans to meet a government target that every family in the district should have a bank account.

New Delhi plans to directly transfer cash payments for subsidies into these accounts, a move aimed at tackling graft in India's creaky, corruption-ridden public distribution system.

If successful, the initiative could also bring modern banking to the doorstep of rural India, a goal towards which progress has so far been fitful despite mandatory targets set by the government and Reserve Bank of India.

"Nearly 80 farmers in the village have taken crop loans. They have more confidence in banks now," says Dangi, who earns 1,500 rupees a month plus commissions. "They now know banks are not cheats to swallow up their money."

The target is a tough one in a country where only 35 percent of people had formal bank accounts, versus the global average of 50 percent, according to a financial inclusion survey by World Bank in 2011. Nearly two-thirds of India's 1.2 billion population still live in rural areas.

Currently being piloted in 20 districts, including three in Rajasthan, the programme is expected to go nationwide in phases over the next year.

REUTERS

Villagers pose with their identity cards as they stand in line to open a bank account at a camp organised by a private bank in a village at Ajmer in the desert Indian state of Rajasthan.

The government plans to transfer 3.2 trillion rupees to beneficiaries of its subsidy schemes and welfare programmes, according to newspaper reports.

It will pay the wages for more than 50 million workers in a rural job scheme, pensions for 20 million senior citizens and about 5 million education scholarships directly to bank accounts linked to a unique identification number.

It is also likely to free farmers from the clutches of money-lenders who charge annual interest of 24-50 percent, giving them access to institutional finance.

Shiva Kumar, managing director of SBBJ, a subsidiary of government-owned State Bank of India, says the initiative will bring "financial freedom" to India's vast rural hinterland, home to about 800 million people.

"Lot more money will come into the banking system. It can boost prosperity in the villages and that will get more business to banks," he said.

Banks fear early pain -- the move could burden them with 250 rupees to 500 rupees of additional costs per account annually, while profits may remain elusive for at least 2 years.

Still, they see a huge opportunity even if only a quarter of these new accounts were to turn into regular customers, demanding loans, mutual funds and other products.

The programme could help banks and business correspondents earn about 40 billion rupees as fee income, Mumbai-based brokerage Anand Rathi, said in a note this month.

Banks are currently losing money in most of their rural operations, hit by highs costs, poor connectivity and low savings in areas where average per capita income is around 16,000 rupees, compared with 44,000 rupees in urban areas.

"It's a long, patient game," said Anil Jaggia, chief information officer at HDFC Bank, India's No.2 private sector lender, adding it will not boost revenues immediately.

"Over time if people get into serious banking habits then this whole initiative may get to breakeven and make some tangible money."

In the meantime, the new accounts are likely to put pressure on banks' existing infrastructure and add to costs, officials said. Industry experts say banks need to look at low-cost and innovative models of doing business in India's villages.

"Banks have not done much in this segment so far," said Manish Khera, CEO of FINO Paytech, a micro-banking technology and business correspondent services provider.

FINO provides business correspondents such as Dangi to banks, trains them and also equips them with biometric devices.

"The investment is done by the business correspondent firms. As far as the villages are concerned, the most economical way for banks to continue is to do it through a BC," Khera said.

According to rough estimates from banks, every transaction done at a branch costs around 50 rupees while those done at ATMs cost 15 rupees. But banks are not keen on installing ATMs in villages given the costs involved in having 24-hours electricity, surveillance and communication facilities.

Concern that loans to rural customers could go bad is also making lenders jittery. For SBI, 9 percent of its farm loans had turned bad in the year to March 2012.

In one rural branch in Udaipur, SBBJ had bad loans of around 13 percent. This compares with an average 3 percent for the banking system across India.

Prami Devi Meghval, 24, who is five months pregnant, opened an account with ICICI Bank (ICBK.NS: Quote, Profile, Research), India's No. 2 lender, this month through FINO in Udaipur, to benefit from the subsidies earmarked for expectant mothers by state and central government.

Mobile revolution in Myanmar is on the cards, but too slow for many

REUTERS, *Yangon*

MYANMAR is on the cusp of a mobile revolution. Only it's happening way too slowly for many locals.

Last week the government invited expressions of interest for two mobile phone licenses -- a first step towards increasing mobile penetration from its current 5-10 percent to 80 percent in three years. That would lift it off the bottom of the world's ladder of mobile use and put it on a par with neighbours like Bangladesh.

In the meantime, users are chafing at the pace and price of adding connections.

A year ago the informal technology conference Barcamp Yangon was buzzing with rumours of a SIM card that would cost about $6 -- or 1 percent of its actual price at the time.

A year on, Barcamp is back but the talk is much less dramatic: whether the state-owned operator might this week release SIM cards costing between around $100. That would still be half of what the last tranche sold for, but it still leaves many unhappy.

"The clock is ticking," says Ravi Chhabra, a local technology entrepreneur. "People are frustrated. There is lots of speculation and this creates anxiety."

Nobody questions the need for more connections, and foreign operators have salivated at what amounts to one of the last major untapped markets.

President Thein Sein has made it clear that mobile telephony is a cornerstone of his policy, and has also vowed that mobile communications would be cheap - a promise he reiterated to a conference of donors on Saturday.

Still, getting it done is not proving easy.

The notice inviting expressions of interest in two licences was a welcome sign that things were moving, but IT experts and sources close to the communications ministry said the timing was surprising, given that the revised telecommunications law which would define the nature of any investment had yet to be passed by the parliament.

The government said in an appendix to the notice that a new draft of the law - which had been quietly withdrawn last year after criticism about its contents - had been submitted to parliament and was expected to be passed by June.

"After the law is finished then there should be a clear policy before any expression of interest is sought," said Zaw Min Oo, secretary general of the Myanmar Computer Federation.

On top of that, the next day Telecommunications Minister Thein Tun, who had overall responsibility for mobile licensing, resigned. No reason has been given, and officials declined to comment.