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BUSINESS

Political unrest mars fight against poverty

Many slip back into extreme hardship as earnings dip due to shutdowns

SOHEL PARVEZ

In the last few days, cart puller Mohammad Babul had to skip at least one meal everyday as his earnings dropped for the ongoing blockade enforced by BNP and its allies. He has no work as there is no demand for transporting goods.

Yesterday, he spent half of the day sitting idle. On Tuesday, he earned only Tk 80. A day before, it was Tk 160, and it was Tk 150 on Sunday. On Saturday, he had no work at all.

"My income is so low that I cannot buy groceries for my family. Whatever I can earn, I take back home. If I eat lunch, I cannot ensure food for my other family members," Babul said.

His wife works as a domestic help and gets some food from the homes she works in. Sometimes, when Babul's income is too low, his mother-in-law sends some food over for his two kids.

"We are really in deep trouble for the repeated shutdowns, blockades and violence," he said, sitting with other cart pullers near the capital's rice wholesale depot in Babu Bazar. There have been 18 days of shutdown and blockade since October 27.

The Daily Star interviewed more than 20 people in different professions, from transport and construction workers, street vendors, hawkers, restaurant workers, rickshaw-pullers, small retailers, vegetables and dairy farmers to



SK ENAMUL HAQ

Mohammad Babul, a cart puller, waits for customers with co-workers at the rice wholesale market at Babu Bazar in Dhaka yesterday.

industrialists. The political stalemate has affected the livelihoods of all.

Many have fallen into a debt trap, while many others struggle to make ends meet; small hawkers and street vendors are seeing sales drop drastically.

The unrelenting political unrest not only slows the pace of the economy but also pushes many people into poverty temporarily, economists said.

And the situation of those who graduated from extreme poverty in recent years has worsened, eroding the gains in poverty cuts and threaten-

ing to slow the pace of reduction, they added.

"These people live close to the poverty line and can cope with income loss for one or two days of shutdown. But they cannot cope for longer," said the World Bank's Bangladesh Lead Economist Zahid Hussain.

"So it is likely that the continuing instability has pushed the vulnerable population into poverty temporarily. They are unlikely to recover from their hardship instantly."

READ MORE ON B3

Blockade weighs on fish traders

HELEMUL ALAM and JAMIL MAHMUD

The opposition-enforced blockades have caused fish sales to fall drastically in the capital's markets, chipping away at the livelihoods of fish traders.

Both wholesalers and retailers blamed their miseries on political violence that prevented people from coming to the markets to buy fish.

Siddiqui Rahman, a retailer at Mohammadpur Town Hall kitchen market, bought 72 small and large pieces of hilsa from the Karwan Bazar wholesale market but could only sell eight until yesterday afternoon.

"On a regular day, I would sell at least half of the stock by this time," he said. He has also cut back fish purchase to avoid losses.

There are 29 wholesale fish markets in the capital, where around 5,000 wholesalers trade every day. Around 50,000 retailers from across the capital buy fish from the wholesale markets and sell them to the city inhabitants, according to Bangladesh Fisheries Wholesalers Association.

READ MORE ON B3

EU warns of grave consequence if labour standards do not improve

REFAYET ULLAH MIRDHA, from Bali, Indonesia

Karel De Gucht, European trade commissioner, yesterday warned Bangladesh of serious trade actions if labour rights and workplace safety are not improved substantially.

At present, Bangladesh among the least-developed nations enjoys duty-free and quota-free access to the European Union under the "Everything but Arms" scheme.

But after the twin industrial disasters of Tazreen fire and Rana Plaza collapse, the country's claims to such benefits have become delicate. "I want to make it clear that Bangladesh currently enjoys," the EU trade chief said in July.

Subsequently, the EU along with the International Labour Organisation on July 8 signed an agreement with the government which committed Bangladesh to time-bound actions for the improvement of labour rights, working conditions and factory safety.

De Gucht, at the time of signing the agreement, said the EU would consider appropriate action should there be no, or insufficient, progress for Bangladesh after a year—which he reiterated at a session on trade facilitation at the ninth World Trade Organisation Ministerial Conference in Bali.

"Everything should be put in place for continuation of duty-free facility to the EU. If nothing substantial is achieved, Bangladesh will have serious problems with the EU," he said, while indicating that the implications will be more serious than the US's suspension of generalised system of

preferences (GSP) scheme.

Under the trade benefit scheme, 97 percent of the country's products enjoyed duty-free access to the US. Garment, the country's main export item, however, is excluded from the American GSP, but not from the EU scheme.

In other words, Bangladeshi garment exporters are subjected to 15.3 percent duty at the US market but nothing at the EU. Developing and developed countries, on

the other hand, have to pay 12.5 percent duty for garment exports to the EU.

The European trade commissioner also touched upon the political situation in Bangladesh, adding that the EU is closely watching the transition of government.

Regarding De Gucht's warning, Commerce Secretary Mahbub Ahmed said the country has been working on three fronts to improve the working conditions in garment factories.

For that end, other than the agreement with the EU and ILO, the country is also implementing the United States Trade Representative's prescribed 'action plan' and has adopted the national action plan.

"We have already submitted progress reports to the US and the EU of the measures taken for improving the situation. We have made substantial advancement in labour rights and safety in working places."

Ahmed, who is leading Bangladesh's delegation in Bali, said there have been several "teleconferences with EU officials" in this regard, and they expressed satisfaction over the progress.

Bangladesh's annual exports to the EU stand at around \$14 billion.



Karel De Gucht

FDI inflow up 27pc in 2012

REJAUL KARIM BYRON

Bangladesh's inward foreign direct investment rose 27 percent year-on-year in 2012 but the outward investment decreased 15 percent, according to a survey by the International Monetary Fund.

The global lender yesterday released FDI data of 88 countries of which inward FDI to Bangladesh rose by \$1.72 billion to \$8.06 billion in 2012, compared to the previous year.

Top five investors have so far invested \$3.7 billion in Bangladesh: the UK \$886 million, Australia \$877 million, the USA \$702 million, South Korea \$728 million and the Netherlands \$516 million.

Outward FDI fell by \$16 million to \$90 million in 2012 from the previous year, data shows.

In Bangladesh's outward investments, the UK topped the list of destinations with \$26 million, followed by the UAE \$21 million, India \$12 million, Sri Lanka \$9 million and Nepal \$6 million.

The central bank's FDI survey report considers three components: FDI-equity capital, re-investment earning and intra-company loans.

A Bangladesh Bank official said the increase in FDI inflow in 2012 was mainly due to re-investment earnings.

The official said the outward investment from Bangladesh is restricted as per the present foreign exchange rules. He said nobody can invest abroad without the permission of the central bank.

The official said there was pressure from the IMF to relax the outward investment criteria but the government is reluctant to do so right now.

The inward FDI globally increased by 7.9 percent to \$26 trillion in 2012, compared to 2011.

SUPPLY AMID BLOCKADE

Dhaka lives off vegetables from nearby districts

SUMAN SAHA

Vegetable supplies to Karwan Bazar kitchen market in the city have still been afloat thanks to the adjacent districts as the ongoing blockade has almost disconnected the remote northern and southern parts of the country with the capital.

Vegetable farmers of Munshiganj, Tangail, Savar and Manikganj, the adjacent districts of Dhaka, are now providing around 30 percent of the total requirement of the wholesale hub that supplies vegetables and other items to kitchen markets across the city.

"The districts around Dhaka saw a bumper yield of vegetables this year. So, in spite of risks, the farmers of these areas are bringing their produce to Dhaka for better price," said Lokman Hossain, general secretary of Karwan Bazar kitchen market wholesalers' association.

As the demand is low due to the blockade, this supply was enough for the Karwan Bazar market, he said.

The southern and northern districts such as Chuadanga, Kushtia, Dinajpur, Nilphamari, Natore, Bogra and Mymensingh meet the rest of the demand, around 70 percent, on normal days, Hossain said.

Nayan Sheikh, a pickup driver from Munshiganj, said, so far he did not face any problem in transporting goods due to the blockade.

"We make our journey after 7pm during strike and blockade as Munshiganj is near to the capital," said Nayan, who brought five tonnes of potato to Karwan Bazar on Tuesday night.

Shutdown and blockade have created panic among transport workers as pickets often set vehicles on fire with gunpowder and petrol bombs, said Md Alam, a truck helper who hails from Serajdikhan of Munshiganj.

"We have to work during strike and blockade to make ends meet," said Alam, who earns Tk 300 each trip.

"The harvesting time for vegetables is running out. Any delay would cause immense losses," said Md Jasim, a trader who buys vegetables directly from the farmers of Manikganj and sells in bulk at Karwan Bazar.

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Banks to remain open Saturday for garment wage

STAR BUSINESS REPORT

Bangladesh Bank yesterday instructed the banks to keep their branches open on Saturday to help garment makers pay wages to workers and employees.

Banks have been asked to keep their branches open in the capital, Ashulia, Tongi, Gazipur, Savar, Narayanganj and Chittagong, where most of the country's garment factories are located.

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