

# Foreign aid spending in slow lane

## Political turmoil puts brakes on implementation

Foreign aid disbursement increased only 2 percent year-on-year in the first five months of the fiscal year due to slow project implementation brought about the national election and political turmoil.

Between July and November, some \$987 million of foreign aid was disbursed, which is 29 percent of fiscal 2013-14's target, according to data from Economic Relations Division (ERD).

Despite the increment, the disbursement target of \$3.37 billion is unlikely to be met due to the political turmoil, said an ERD official asking not to be named.

He said the ministries have already been asked to get back with their estimate of how much aid they can utilise in the current fiscal year, so that a revised target can be drawn.

Disbursement, however, might pick up fast if the political unrest dissipates after the election, the official added.

Meanwhile, Prime Minister Sheikh Hasina has recently formed the Fast Track Project Monitoring Committee with the aim to monitor the implementation of high-value projects of national importance.

To start off with, the panel has selected six projects and has formed two separate groups for reviewing the existing rules and procedure for land acquisition and approval of project document in a view of simplifying those rules and procedures to facilitate project implementation.

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Workers unload onion, garlic and other items from a truck at Karwan Bazar in the capital yesterday as traders made a desperate bid to keep the supply chain afloat amid the country-wide blockade and shutdown.

SK ENAMUL HAQ

## INSURANCE SECTOR

# Thrashed by politics, garment troubles

Insurance companies have taken severe beatings in 2013 as a result of aggressive politics, fire accidents and labour unrest in garment factories.

"Our payments for claims have

increased several times in 2013. We have to bear the brunt of this violent politics," said Nasir A Chowdhury, adviser of Green Delta Insurance, a leading private insurer in the non-life category.

The company has settled Tk 35 crore worth of claims in 2013, with

another Tk 125 crore of claims outstanding.

Reliance Insurance, another major insurer, has received claims on 70 cars which were either burnt or wrecked by pickets in 2013.

"We were forced to incur losses," said Akhtar Ahmed, the company's

managing director.

Reliance, however, is somewhat fortunate, as motor vehicles account for only 30-35 percent of its total portfolio, as it can go as high up as 70 percent for some insurers, he added.

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# In 2013, low-cap stocks saw abnormal gains

## Traders injected funds into those shares fuelling prices

Many low-cap listed companies showed abnormal gains ranging from 50 percent to 328.5 percent although the volatile market experienced a 4.3 percent overall gain in 2013, according to Dhaka Stock Exchange data.

A number of low capitalisation stocks generated gains without price sensitive information or expansion plans to substantiate them, said Waliul-Marooof Matin, managing director of Alliance Capital Asset Management.

The stockmarket regulator had asked the DSE to look into the abnormal price hike of some 15 low-cap companies. The DSE has already submitted its report to the regulator for further action.

The companies' earnings remained flat and the trend of declaring cash dividends was poor, Matin said.

Some traders poured money into low-cap stocks which suddenly inflated their prices, he said.

"The regulator now has modern surveillance technology and can bring such abnormal price hike under the scanner."

The Bangladesh Securities and Exchange Commission, the regulator, has launched its own surveillance software in 2012 in an effort to detect manipulative stock trading in the secondary market.

The regulator should take action against the companies, which generate abnormal gains without any price sensitive

information, Matin said.

The regulator only issues show-cause notices to the companies, which is not enough, he said. "Such stocks should be delisted."

Bangas generated the highest gain of 328.5 percent in 2013 for the second consecutive year. The company declared no cash dividend for the last four years, according to DSE. It announced only stock dividends.

The price-earnings ratio of the company is 91.67, which is indicating that the share price is overheated. Its share price stood at Tk 477.20 on December 27.

Some leading stockbrokers and investment bankers did not want to talk about the low-cap stocks' price hike, fearing it could create an image crisis in front of foreign investors.

"I don't want to talk about low-cap firms that have no potential," a stockbroker said.

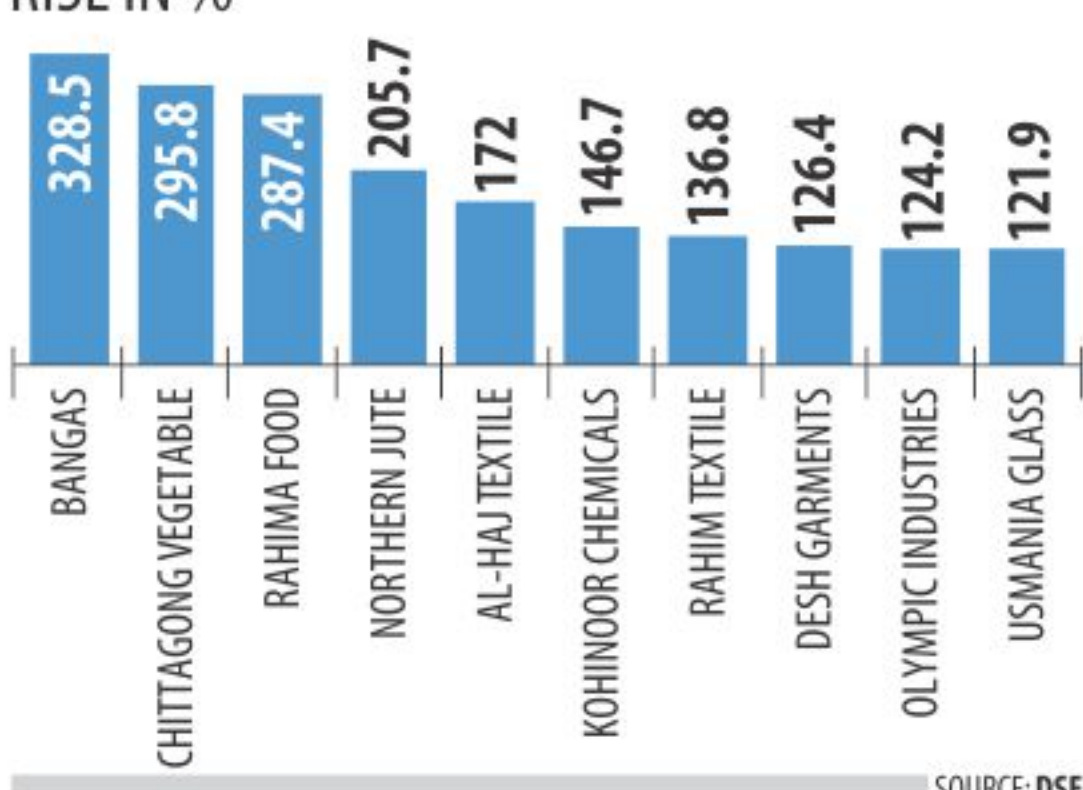
"We are not allowing investors to buy low-cap stocks through our brokerage houses," he said. "Our research team is also not working on the low-cap stocks."

The firms with capital ranging from Tk 40 lakh to Tk 31 crore saw an abnormal price hike amid a slow mood in the market, which led investors to buy shares at higher prices and count losses, said an investment banker on condition of anonymity. The BSEC is working on the issue of the abnormal price hike, an official of BSEC said.

gazitowhid@gmail.com

## LOW-CAP STOCKS OF 2013

### RISE IN %



## Banks witness modest weekend transactions

STAR BUSINESS REPORT

Banks saw modest business activities on Friday and Saturday, bankers said.

"We have seen a lot of cash withdrawal from all branches," said Helal Ahmed Chowdhury, managing director of Pubali Bank. The banks will remain off today, as the nation goes to the polls.

"Some of our branches saw 60-65 percent transactions, compared to a normal banking day," Chowdhury said.

Bangladesh Bank directed all scheduled banks to keep their branches open in 59 districts out of 64 on Friday and Saturday, the two weekly holidays.

Banks in five districts—Joypurhat, Madaripur, Shariatpur, Rajbari and Chandpur—were out of the purview of this instruction as there is no elections.

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# Garment pieceworkers not eligible for overtime pay

REFAYET ULLAH MIRDHA

Garment workers who are paid for the number of pieces they produce per day will not be eligible for overtime pay as they are employed on a contract basis, according to a notice of the labour and employment ministry issued on Thursday.

The workers paid on a piecework basis did not get any overtime pay earlier also, under section 108 of the labour law of 2006, Labour and Employment Secretary Mikail Shipar said yesterday.

The same section has also been incorporated in the amended labour law of 2013, Shipar said, adding that workers on piece rates are mainly employed in sweater factories, Shipar said.

As sweater is a seasonal product, factories continue such production for nine months a year and are engaged in other manufacturing activities during the rest of the time, he said.

"As a result, payments of these

workers are higher."

However, Shipar said a sub-committee is working to set a minimum salary for the piece-rate workers as well. The committee will submit its report to the ministry soon.

Mohammad Hatem, vice-president of Bangladesh Knitwear Manufacturers and Exporters Association, said 15 percent of the total 3.5 million garment workers in the country get payments on a piece-rate basis.

On an average, these workers earn Tk 15,000 to Tk 20,000 a month, Hatem said.

"Even a worker can earn Tk 36,000 a month if his productivity is higher and his factory has adequate work orders," Hatem said.

However, Sirajul Islam Rony, a workers' representative in the immediate past wage board for garment workers, said sweater factory workers too are entitled to a minimum wage in line with the new wage board

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