

Factories don't follow standards for work-hour, study finds

STAR BUSINESS REPORT

Factories in Bangladesh follow some core labour standards of the International Labour Organisation, but they do not properly follow the non-core standards for minimum work-hour and workplace safety, a study finds.

Germany-based organisation Friedrich-Ebert-Stiftung (FES) and Bangladesh Institute of Labour Studies (BILS) jointly conducted the focus group study between October last year and May 2017 by interviewing workers and the unionists.

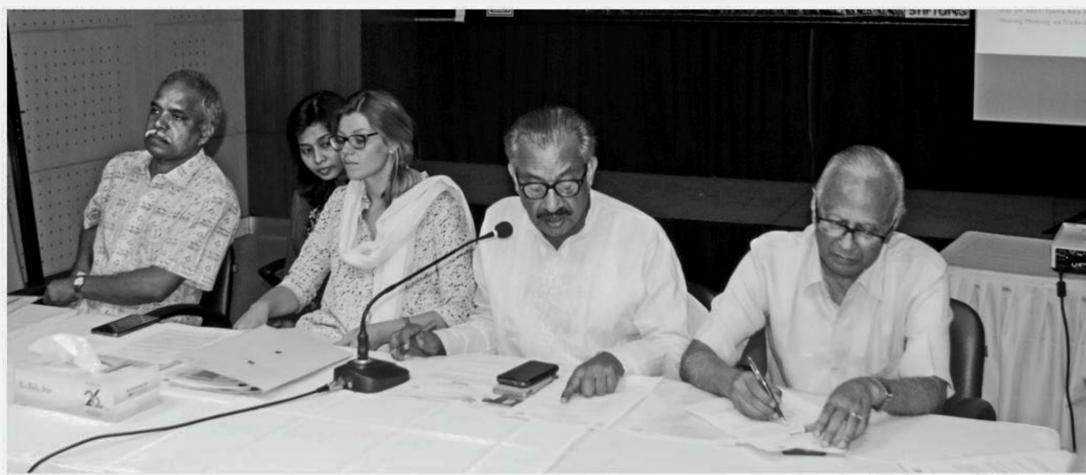
The findings of the study were revealed at a programme jointly organised by FES and BILS at The Daily Star Centre in the capital yesterday.

The country's image will be even brighter and more trade will come to Bangladesh if the labour standards can be implemented properly at the factory levels, said Jakir Hossain, lead researcher of the study and a professor of Rajshahi University.

The country needs to improve monitoring to create pressure on the employers to maintain minimum work-hour for the garment and leather workers, the study suggested.

The study also recommended the minimum wage of the labourers be increased.

Development of any industry depends on the warm relationship between the



From left, Syed Sultan Uddin Ahmed, executive director of BILS; Franziska Korn, resident representative of FES Bangladesh; Shah Mohammad Zafar, member of BILS advisory council, and Wajedul Islam Khan, joint general secretary of BILS, attend a programme jointly organised by Friedrich-Ebert-Stiftung (FES) and Bangladesh Institute of Labour Studies (BILS) to share the findings of a study on the garment and leather industry, at The Daily Star Centre in the capital yesterday.

workers and the employers, said Wajedul Islam Khan, joint general secretary of BILS.

The relationship between the employers and workers will improve if the international labour standards are maintained,

Khan said.

He also urged the government and the factory owners to allow the workers to be organised and to form trade unions so that they can be united for their rights.

Franziska Korn, resident representa-

tive of FES Bangladesh; Syed Sultan Uddin Ahmed, executive director of BILS; Abdul Malek, general secretary of Tannery Workers Union, and Nazma Akhter, executive director of Awaj Foundation, also spoke.

City Group sells oil, sugar, lentil at reduced prices

Star Business Report

City Group has started selling cooking oil and sugar at discounted prices in different locations of the capital as part of its corporate social responsibility.

The leading commodity importer and processor will sell edible oil at Tk 85 a litre in pouch and sugar at Tk 60 per kg through 10 trucks at the same number of spots, said Shoel Md Asaduzzaman, executive director for sales and marketing of City Group of Industries.

The operation, which began on May 28, will continue for the first ten days of Ramadan, he added. City normally sells one-litre pouch of its Teer brand soybean oil at Tk 102 and a kg of sugar under the same brand at Tk 72.

Asaduzzaman said nearly 25 tonnes of soybean oil and 25 tonnes of sugar will be sold by trucks at Jatrabari, Motijheel, National Press Club, Karwan Bazar, Mirpur-1, Mirpur-10, Gabtoli, Shankar, Ashkona and Khilgaon.

The company will sell lentil at Tk 75 per kg from today.

ADB gives \$616m to help upgrade power system

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In addition, the project will support project design, investment planning, and institutional strengthening of the power sector agencies.

A \$2 million grant from the Japan Fund for Poverty Reduction, financed by the government of Japan, forms part of the project.

The grant will support establishment of small businesses, especially those owned by women, with affordable and stable power supply, as well as promotion of women employment in the power sector.

Majedur Rahman, new vice chairman of SAFE

STAR BUSINESS DESK

KAM Majedur Rahman has recently been elected as the vice chairman of South Asian Federation of Exchanges (SAFE). Rahman is the managing director of Dhaka Stock Exchange, according to a statement.

SAFE, the recognised body of Saarc, has been working to share, exchange and promote technologies, experiences for the rapid growth and development of capital market, DSE said in a statement.

It also works towards the regional as well as global integration, DSE said.



Oil slips

REUTERS, London

Oil prices slipped on Monday as further increases in US drilling activity undercut an Opec-led push to tighten supply.

Trading was subdued due to public holidays in China, the United States and Britain, but concerns lingered over whether Opec action would be enough to stem the tide of oversupply.

Brent crude futures were trading down 15 cents at \$51.98 per barrel at 1115 GMT. The contract ended the previous week down nearly 3 percent.

US West Texas Intermediate (WTI) crude futures were also down 17 cents at \$49.63 per barrel. The Organization of the Petroleum Exporting Countries and some non-Opec producers pledged last week to extend production cuts of around 1.8 million barrels per day (bpd) until March 2018. An initial agreement, in place since January, would have expired in June this year.

Commerzbank analyst Carsten Fritsch called Monday's price moves little more than "intraday noise" but said hints of deeper cuts or a longer extension from Opec left the market deflated after the final decision.

"They increased expectations to such an extent that nine months was a disappointment," Fritsch said.

Job growth slowest in two decades

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The country's labour force stood at 6.21 crore at the end of fiscal 2015-16, of which 5.95 crore are gainfully employed. The size of labour force at the end of 2013 was 6.07 crore.

Between 2013 and fiscal 2015-16, the industrial sector created only one lakh additional jobs to take the total number of the employed in the sector to 1.22 crore.

Jobs grew mainly in the services sector, while the agriculture sector shed jobs. The services sector added 22 lakh to take the tally of the employed in the sector to 2.2 crore.

Most of the jobs grew in informal sector, while eight lakh came out of the farm sector during the period.

BBS data shows that Bangladesh registered its highest employment generation -- of 67 lakh -- between fiscal 2005-06 and 2010. Since then, employment generation has been slowing.

"It should be a wake-up call to come out from unreal discussion based on official growth rate," said Hossain Zillur Rahman, executive chairman of Power and Participation Research Centre.

While the economy has strong fundamentals, the official growth narrative is progressively becoming an

exercise in demonstrating political prowess, rather than an effective analysis of what needs to be done, he said.

The policymakers are focusing on few indicators like growth when the key drivers of the economy such as exports, remittance and employment are showing a negative trend.

About 30-31 percent less employment is being generated in a year now than a decade ago. A large number of jobs are being created in informal sector, which is less productive, he said.

Also, the link between jobs and education is weakening. Foreign nationals are being appointed in many jobs in the industrial sector at a time when unemployment and underemployment among the educated remain high.

"It means the existing education system cannot meet the demands. Questions are being raised about the certificate-based education," Rahman added.

Labour-intensive growth and creation of decent jobs are critically important for a labour-abundant country like Bangladesh, said Towfiqul Islam Khan, research fellow of the Centre for Policy Dialogue.

Khan said employment issues do not get adequate attention from

policymakers as data on labour force is released every three years and not at reduced intervals like quarterly.

"Seeing the economic growth figures, it appears capital-intensive growth is taking place."

Net employment in the manufacturing sector declined in fiscal 2015-16 compared to 2013, although the manufacturing sector is registering double-digit growth, he added.

The WB's Hussain said employment cannot grow fast enough when private investment is stagnating.

Private investment has been hovering at 22-23 percent of GDP for many years now.

In addition, employment expansion requires employment friendly policies such as enabling the growth of labour-intensive activities, he said.

Bangladesh's trade policy still provides high protection to import-substituting industries that have high capital intensity while discriminating against labour-intensive export-oriented activities.

"Reforms to improve the domestic investment climate and further liberalise the trade policy regime are needed to rejuvenate employment growth," Hussain added.

Banks' capital base expands slightly

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Until December 31, 2015, the banks had to maintain their capital adequacy ratio at 10 percent of risk-weighted credit exposures.

From 2016 to 2019, the banks will have to maintain their capital at 0.625 percent in addition to 10 percent as their CRAR.

In the first quarter of 2017, the

CRAR of the private banks decreased to 12.22 percent from 12.36 percent in the previous quarter.

For the state banks, it increased to 5.92 percent from 5.86 percent.

Better policies to boost bond market

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Mannan said the country has scope to increase per capita remittance.

"Indian and Sri Lankan workers earn more money than our workers because our workers are mostly unskilled and uneducated. We should train our workers to increase per capita remittance."

AB Mirza Azizul Islam, a former adviser to the caretaker government, said a lot can be done in public private partnership area. Arif Khan, chief executive officer of

IDLC Finance Ltd, said India and China emphasise on financing start-ups.

He said the Modi government has granted three-year tax exemption to start-ups. "They know that the future of the economy depends on successful start-ups."

Mohammed Abdul Momen, president of the alumni association, moderated the discussion. Md Mahub-ur Rahman, deputy CEO of HSBC Bangladesh and Nazrul Islam, former CEO of Infrastructure Investment Facilitation Company, also spoke.

Exports bear the brunt of anxiety in global politics

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Besides, a subdued demand for clothing items can be seen among consumers in the Western world in recent times, apparel exporters said. For instance, in 2015, consumption of apparel items declined 7.9 percent worldwide as consumers shifted their focus to electronic gadgets.

During the July-April period, garment shipments to Bangladesh's single largest export destination, the US, declined 6.80 percent and the third largest export destination, the UK, 5.91 percent.

Regarding new destinations like Japan, Australia and New Zealand, Rahman said exports grew only 1.21 percent to those countries in the last ten months, which is way lower than the 20 percent growth recorded a year earlier.

Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, echoed the same as van der Pols and

Rahman.

"Instability in global politics reduced both the demand and prices of consumable goods worldwide."

Besides, the Bangladeshi taka appreciated against the US dollar and there is a perennial problem of gas and power crisis in industrial units, he said.

Moreover, many garment factories have to stop production either for remediation or for relocation of units as per the recommendations of the Accord and Alliance engineers.

"The export sectors should be given policy supports in the interim period," Mohiuddin said, while urging the government not to impose any new tax on them.

Ahsan H Mansur, executive director of private think-tank Policy Research Institute of Bangladesh, is at one with Mohiuddin regarding policy supports for exporters.

Encouraging foreign direct

investment in the garment sector can be an option to offset the shocks at least for a while as such initiatives will also bring diversified products and markets, he said.

The contribution of export towards the country's gross domestic product has been on the descent for the past four years.

In fiscal 2015-16, the contribution of export to GDP was 15.50 percent, down from 16.04 percent in 2014-15, 17.46 percent in fiscal 2013-14 and 18.02 percent in fiscal 2012-13, according to data from the Bangladesh Bureau of Statistics.

Mansur, however, said the sectors that are already enjoying financial benefits from the government should not be given any further support.

Bangladeshi frozen foods, especially shrimp, are losing market share in Europe to products from India, Indonesia, Vietnam and Thailand, said Kazi Belayet Hossain, senior vice-president of the Bangladesh Frozen Foods Exporters

Association.

He also blamed the weak demand in Europe for lower receipts from shipment of frozen foods and fishes.

In the July-April period, Bangladesh exported frozen and live fish worth \$425.09 million, down 3.10 percent year-on-year.

Fruit and vegetable exporters are not faring any better due to weak demand in Europe and regulatory problems in direct shipment of cargo from Bangladesh to the EU.

Earlier, Bangladesh used to export 60 percent of its vegetables to the EU, but the share came down to 40 percent due to the ban imposed last year on direct shipments from Bangladesh, said Mohammed Mansur, general secretary of Bangladesh Fruits, Vegetables and Allied Products Exporters' Association.

And from May 9 the government has put a bar on export of vegetables to Europe for different regulatory problems, he said.



Md Asadullah Hel Galib, medical director of Labaid, and Abdus Sabur Khan, senior vice president of Southeast Bank, exchange signed documents of a deal at a programme on May 25. Employees, their dependants and cardholders of the bank will enjoy special discounts on medical services at the hospital.

Satellite services from June 2018: Tarana

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The satellite will be launched from Florida, US but Prime Minister Sheikh Hasina will be in Dhaka at that time to attend the celebration, said Tarana.

The state minister said more than 85 percent of the work on the satellite has been completed; the manufacturer is now only fine-tuning it.

In November 2015, Bangladesh Telecommunication Regulatory Commission signed a deal with Thales Alenia Space for designing and manufacturing the satellite at \$248 million (Tk 1,959 crore).

The total cost of the project is about Tk 2,967.95 crore. It, however, might come down by a few hundred crores taka, said officials related to the project.

The government is now in the process of forming a separate public limited company to look after all the issues of the broadcast satellite as the local partner of Thales Alenia Space. The satellite is so far the most sophisticated technological project Bangladesh has ever undertaken.

Once launched, its services will narrow the digital divide by taking broadcasting and telecom services to rural areas and introducing profitable services, including direct-to-home services. Bangladesh bought the orbital slot from Intersputnik, a Russian satellite company, for \$28 million.

Spectra Engineers Ltd, Thales' partner in Bangladesh, is completing two ground handling stations in Gazipur and Rangamati each, a project official said.