

APPAREL BASIC PAY

Workers get 26pc less than they should: TIB



Iftekharuzzaman, executive director of the TIB, speaks at a press conference at his office in Dhaka yesterday.

STAR BUSINESS REPORT

Garment workers are getting 26 percent less in basic pay than what they should have under the new salary structure, according to the Transparency International Bangladesh (TIB).

This happened as the minimum wage board that recommended the new salary structure for the garment workers did not take into consideration the 5 percent

annual automatic increment while fixing the pay.

As a result, the garment workers in all seven grades are earning 26 percent less despite the hike, the TIB found.

The wage board was supposed to consider the 5 percent annual increment of last five years since 2013.

The TIB also found that factory owners have raised the production target by 30 percent to 36 percent with the hike of the wage, which came into effect in December last year.



"As a result, the workers are under pressure to fulfill the time-bound production target," Dr Iftekharuzzaman, executive director of the TIB, told a press conference at his office in Dhaka yesterday.

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BSEC cancels United Power's share sale to foreign firm

STAR BUSINESS REPORT

The stockmarket regulator yesterday voided the share purchase deal between United Mymensingh Power Ltd (UMPL), a corporate director of United Power Generation, and a foreign company due to irregularities in the agreement process.

The corporate director of United Power Generation, listed on the Dhaka and Chittagong stock exchanges, failed to submit any information on the owners of the foreign company, said the Bangladesh Securities and Exchange Commission (BSEC) in a press release yesterday.

It also did not follow the securities rules and regulations when determining the valuation of the shares.

The agreement was to sell 75.07 lakh shares worth Tk 476.60 each -- which is way higher than the stock's peak price of Tk 419 -- through call option, which is forbidden by the country's rules, the BSEC said.

Call option is a financial contract to buy an agreed quantity of a financial instrument from a seller at a certain time for a certain price.

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Agitated stock investors demonstrate in front of the DSE building yesterday to protest the continuous downside.

Kamal's blasé remarks send stocks tumbling

STAR BUSINESS REPORT

Stocks fell sharply yesterday, in what can be viewed as a strong reaction to the finance minister's comment on Monday that the market's bear run since February is nothing unusual.

DSEX, the benchmark general index of the Dhaka Stock Exchange, shed 63 points, or 1.18 percent, to close the day at 5,261. In the previous three days the index had gained nearly 75 points, giving investors a ray of hope that a turnaround was on the way.

Turnover, another important indicator of the market, also dropped 15.12 percent to Tk298.62 crore yesterday.

Finance Minister AHM Mustafa

Kamal after a meeting with the Bangladesh Securities and Exchange Commission (BSEC) on Monday said he saw nothing unusual in the stock market's recent behaviour; rather, he blamed the media for playing up the downward trend.

"Liquidity crisis in the banking sector is already a problem for the market. But we expected something positive from the finance minister's meeting with the stock market regulator," said a top official of a leading brokerage house.

But his remarks deepened the tension among the stock investors, he added.

Agitated stock investors demon-

strated in front of the DSE building yesterday to protest the continuous slide.

DSEX slumped about 700 points in the last three months, according to data from the Dhaka bourse.

They demanded resignation of the BSEC chairman for bringing ill-performing companies into the market and his failure to bring forth the true state of the market in front of the finance minister.

Another top official of a merchant bank said the minister could have placated the investors instead of terming the market's slide as nothing abnormal.

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Dubai's Nimai Capital to invest \$45m in Bangladesh

STAR BUSINESS REPORT

Nimai Capital Ltd, a Dubai-based financial institution that promotes financial inclusion in South Asia and Africa, is going to invest \$45 million in Bangladesh's financial services sector.

Recently, the firm has received \$150 million from Victoria Commercial Bank of Kenya for the Nimai Emerging Financial Services Fund to focus on financial services in the two poorest parts in the world.

Nimai Capital is planning to invest the fund into actively managed and well-diversified portfolio of financial services opportunities and aims to improve the lives of at least 1.7 million underserved customers, the firm said in a statement.

"We see a great opportunity in Bangladesh's financial services market and we believe we can add value by bringing equity and value creation strategies, which will help Bangladeshi financial services raise its bar," CA Pankaj Mundra, a co-founder and managing partner at Nimai Capital, told The Daily Star, in an email correspondence.

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Banks focus more on loan restructuring than cash recovery

BIBM survey finds

STAR BUSINESS REPORT

Loan rescheduling and restructuring were the banks' most preferred mode for recovering loans last year, found a recent survey.

All banks had resorted to restructuring to recover their bad loans last year, while 93.10 percent employed rescheduling, found the survey styled 'Credit Operation of Banks' by the Bangladesh Institute of Bank Management (BIBM).

The disclosure casts suspicion on banks' recent proclamations of intensified recovery efforts to bring down the sector's non-performing loans.

After grazing Tk 1 lakh crore in the third quarter of 2018, the banking sector's total

NPLs stood at Tk 93,370 crore at the year's end, which is 10.30 percent of the total outstanding loans, according to data from the Bangladesh Bank.

Arbitration is getting popular in recovering loans, with 62.50 percent taking up the tool last year, up from 41.38 percent in the previous year, according to the survey.

Lending to a single client by multiple banks has become an acute problem to the sector's credit management.

Some 90.63 percent of the banks faced the problem in the last year, up from 86.21 percent a year earlier. The survey identified interest waiver and urban concentration as the other problems.

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SIX YEARS OF RANA PLAZA TRAGEDY

RMG notably safer now: ILO

REFAYET ULLAH MIRDHA

Bangladesh has made impressive strides in making workplace safe in the garment sector in recent years as factory owners strengthened safety as per proposals of international brands and retailers, said union leaders, analysts, the ILO, and entrepreneurs.

After the Rana Plaza building collapse, the Accord, a platform of Europe-based retailers and brands, and the Alliance, the North America-based retailers and brands' forum, were formed to fix the fire, electrical and structural loopholes in the garment factories in Bangladesh.

has become notably safer since the Rana Plaza collapse six years ago," said Tuomo Poutiainen, country director of the International Labour Organization (ILO).

Within months of the tragedy, the Bangladesh Labour Act 2006 was amended with revisions on occupational health and safety and provisions to provide workers with a greater voice, through freedom of association and collective bargaining rights.

"Quite a lot has happened since then and we now see many of the initiatives, laws and policies started taking root in the RMG industry making it a safer industry to work and invest in," Poutiainen told The Daily Star.

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27th April, 2019
Grand Ballroom
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