

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▼ 0.73%	▼ 0.90%	\$1,543.80	\$65.65	▲ 1.55%	▲ 2.31%	▲ 0.05%	▲ 0.91%	BUY TK	83.95	92.51	109.42	0.75
4,197.39	7,735.12	(per ounce)	(per barrel)	41,452.35	23,739.87	3,247.48	3,034.88	SELL TK	84.95	96.31	113.22	0.79

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## BB's stimulus for stock market flops

AHSAN HABIB

Only City Bank took up the Bangladesh Bank's package for banks to invest in stocks, as yet another initiative of the government to prop up the flagging bourse falls flat.

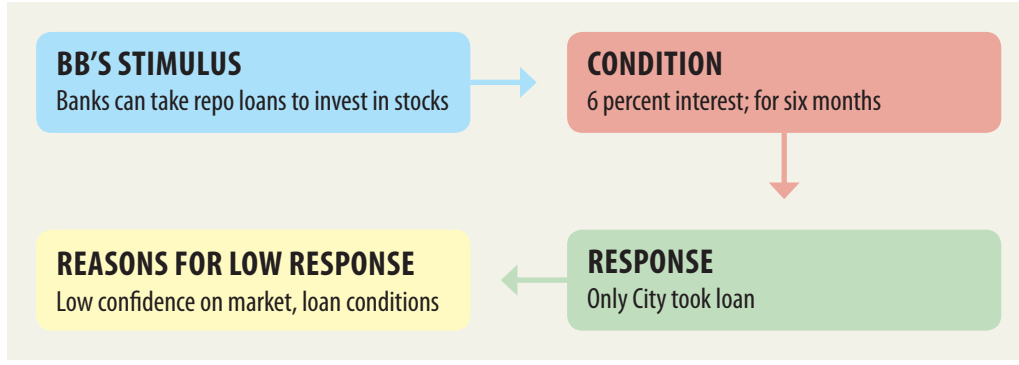
The development suggests that the problems causing the stock market to slide are deep-rooted and cannot be fixed with stop-gap measures.

Earlier on September 22, with the view to shoring up the capital market the central bank announced a package for banks that would let them borrow money through repo for six months at 6 percent interest to invest in stocks.

Repo refers to a system of repurchasing treasury bills from banks to lend money.

The window to avail the package closed on December 22 last year and only City Bank borrowed Tk 50 crore, according to data from the Bangladesh Bank.

"There is no guarantee that there would be profits, so banks did not respond," said Khairul



Bashar Abu Taher Mohammed, chief executive officer of MTB Capital.

Besides, the conditions of the loans dampened the banks' excitement for the loans.

Banks had to keep treasury bonds as collateral to take the loans. The treasury bonds bear interest rate ranging from 7 percent to 9 percent.

"The stock market has been falling for the last few months, so banks evaluated the pros and cons and decided not to take the loan," said Bashar, also the former secretary general of Bangladesh Merchant Bankers' Association (BMBA).

His reasoning was not too far off in case of City Bank. The bank saw unrealised losses of about 9 percent due to the constant slide of the market

in the last few months.

DSEX, the benchmark index of the premier bourse, dropped 1,174.57 points, or 21.74 percent, since last September, according to data from the Dhaka Stock Exchange.

The six-month duration and the capital market uncertainty made banks decide against taking loans from the BB, said a merchant banker who is one of the leaders of the BMBA.

"Either the Bangladesh Bank did not do any research before offering the loan or it wanted to offer the stimulus just for eyewash. They know banks will not take loans for such a short time and that too by keeping their treasury bonds," he said requesting not to be named to speak candidly on the matter.

Besides, it is a complex process, he added.

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## WB trims Bangladesh growth forecast

Now projected to grow at 7.2pc this fiscal year

STAR BUSINESS REPORT

The World Bank has cut its economic growth forecast for Bangladesh by 0.2 percentage points to 7.2 percent for the current fiscal year, but the country is still poised to clock in the highest growth in South Asia.

The Washington-based multilateral lender, however, kept the growth outlook unchanged at 7.3 percent for the next fiscal year, according to its semi-annual Global Economic Prospects, which was released yesterday.

The growth forecast -- which are revisions of the projections made in June last year -- still puts Bangladesh as one of the fastest growing nations in the world.

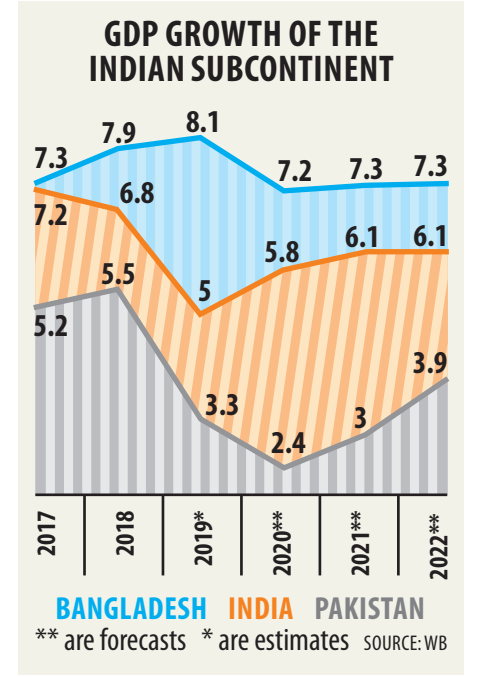
"A solid macroeconomic framework, political stability, implementation of planned public infrastructure projects and ongoing reforms to improve the business environment underlie this projection."

Bangladesh, the third-largest economy in the region, fared better than India and Pakistan, with growth officially estimated at 8.15 percent in fiscal 2018-19.

A moderation in domestic demand was more than offset by a pickup in exports, partly as a result of trade diversion following bilateral tariff increases between China and the US.

According to the report, following its weakest performance since the global financial crisis, the world economy is poised for a modest rebound this year -- if everything goes just right.

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## GP maintains it did nothing wrong

STAR BUSINESS REPORT

Grameenphone maintains it has followed the prescribed process to release equipment from customs and did not violate any regulations in its official response yesterday to the show cause notice slapped by the telecom watchdog.

The notice was issued on January 1 after the country's leading mobile operator took delivery of five lots of equipment without obtaining the approval of the regulator.

The Bangladesh Telecommunication Regulatory Commission (BTRC) gave Grameenphone seven days to reply to the show cause notice. Yesterday was the last day for replying.

The tussle began on July 22 last year, when the BTRC decided not to give any kind of approval to Grameenphone and Robi related to roll out of new package or service or import of network equipment as it looked to pile on pressure on the operators to clear their dues.

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## Commerce ministry seeks VAT, duty cuts on edible oil, sugar

SOHEL PARVEZ

The commerce ministry has requested the revenue authority to cut the value-added tax on edible oil and slash tariff on raw sugar imports to keep their prices stable during upcoming Ramadan when demand soars.

"We have made the request based on recommendations from a recent meeting among stakeholders, including businesses involved in trading of the commodities," said a senior official of the ministry.

The move comes as soybean, palm oil and sugar became dearer in the local market over the last one month on the back of their escalating prices in the global market.

Bangladesh is dependent on imports for the commodities for want of adequate local production.

The country consumes 20 lakh tonnes and 17.5 lakh tonnes of edible oil and sugar respectively in a year, estimates Bangladesh Tariff Commission (BTC). Roughly 90 percent of the annual requirement of the two items are met through imports.

In Dhaka, the price of sugar was up 8 percent yesterday at Tk 64 a kg from a month earlier, according to data from the Trading Corporation of Bangladesh (TCB).

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## FB, Robi drop plan to set up 10,000 Wi-Fi hotspots

Projects fails to pass muster of BTRC

MUHAMMAD ZAHIJUL ISLAM

Facebook and Robi Axiata have recently scrapped a plan to set up about 10,000 Wi-Fi hotspots for educational institutions in remote areas by partnering with local internet service providers (ISPs) as the telecom regulator is stalling on giving the go-ahead to the venture.

At present, the social media giant runs the "Express Wi-Fi" project in underdeveloped regions in Asia, South East Asia, Africa and South America, which offers fast, affordable, reliable and scalable internet access.

Facebook verbally made the proposal to Telecom Minister Mustafa Jabbar at towards the end of 2018 and the minister had welcomed the



access to distribution and retail chain and branding support.

Link3 Technologies, a leading ISP, was their connectivity partner.

"Both Facebook and Robi had tried a lot and the regulator did not allow it. I have no clear idea about the regulator's viewpoint," said FM Rashed Amin, Robi's chief technical officer.

The project would have been beneficial for the country, he added.

The government could have allowed the project to go through as it would have ultimately helped connect a huge number of people who do not have access to the internet at present, said a senior BTRC official.

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## Explore new markets, diversify products

PM asks garment makers

UNB, Dhaka

Prime Minister Sheikh Hasina yesterday asked the garment makers to explore new markets and diversify their products to keep pace with the changing fashion and designs of the apparel items in the international markets.

"We've to pay utmost attention to diversification of products in the export basket. In case of apparel, (the demand of)



Sheikh Hasina

everything, including design and colour, is also always changing in the course of time," she said.

The premier spoke while addressing a programme of the National Textile Day-2019 and inauguration of the multipurpose textiles fair at Bangabandhu International Conference Centre in Dhaka.

Although the design and colour of garments depend on the demand of the buyers, Bangladesh should have an own initiative to search new markets and know the demand of fashion and design of apparel items in the markets, she said.

"I think it is essential to diversify our production keeping consistency with these."

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She said the manufacturers should have short-, mid- and long-term plans in this regard. "I hope you will prepare and adopt such plans. We'll extend all sorts of cooperation," she went on.

Noting that Bangladesh sells garment items at very low prices, the prime minister urged the businessmen to take initiative so that international buyers increase the prices, at least to some extent.

"If the buyers increase the price of every cloth by \$1, we could develop this sector further," she said adding that she raises the issue of paying more to Bangladeshi garments during her visits to different countries.

The gross domestic product (GDP) has increased to \$302 billion from \$102 billion in 2009, while the export volume reached \$46.53 billion in fiscal 2018-19, three times higher than that of fiscal 2005-06, the PM said.

The per capita income has now increased to \$1,909, she said, adding that the government has been able to increase the GDP growth to 8.15 percent while keeping the inflation rate within 5 percent.

Hasina said her government has been promoting the private sector.

Since 2009, the private investment has grown five times to \$70.8 billion and the foreign currency reserve nine times to \$33 billion.

The minimum wage of garment workers has been raised to Tk 8,000 now, which was only Tk 1,600 in 2009.

She said the government is giving importance to the development handloom industry as the government has undertaken a good number of measures for the development of the weavers.

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## Form taskforce to devise export turnaround

BGMEA puts in request to PMO

STAR BUSINESS REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on Wednesday called for a special taskforce for quick implementation of different decisions in the sector.

The garment sector has been going through a tough time due to spiralling production costs, price fall of apparel items, a drop in garment shipments and weak infrastructure.

So, the government needs to form a special taskforce to address different challenges so that the sector can rebound soon, the BGMEA said in a letter sent to Ahmad Kaikaus, principal secretary to the prime minister.

The leaders of the apparel makers' platform handed over the letter to Kaikaus during a meeting with him at his office.

READ MORE ON B3

## Emirates offers generous discounts

STAR BUSINESS DESK

Emirates airline has offered 20 percent discount on business class and 15 percent discount on economy class fares for travellers from Bangladesh to all destinations.

The special fares are available for booking from January 7 to 20 for travel from January 13 to November 30, the airline said in a statement yesterday.

Emirates currently operates three daily flights from Dhaka, and will launch the fourth on March 29.

By making continued investments in refreshing the world's biggest fleet of Airbus A380s and Boeing 777s, passengers travelling with Emirates are able to "Fly Better" on every single flight, the statement added.

With its Dubai hub, Emirates provides travellers with direct connections to more than 150 destinations in 85 countries and territories including 43 destinations in Europe, 17 in the Americas, 23 in Africa, 13 in the Middle East, and 17 in South Asia.

## OVERCAST WEEK IN DSE

DSEX, the benchmark index, slid in each of the trading sessions, dragging stocks down to its lowest level since May 2, 2016.

Economic slowdown, tensions in the banking sector regarding single-digit interest rate and Grameenphone's latest run-in with telecom watchdog had a heavy toll on the market. Analysts are not hopeful of the market bouncing back anytime soon.

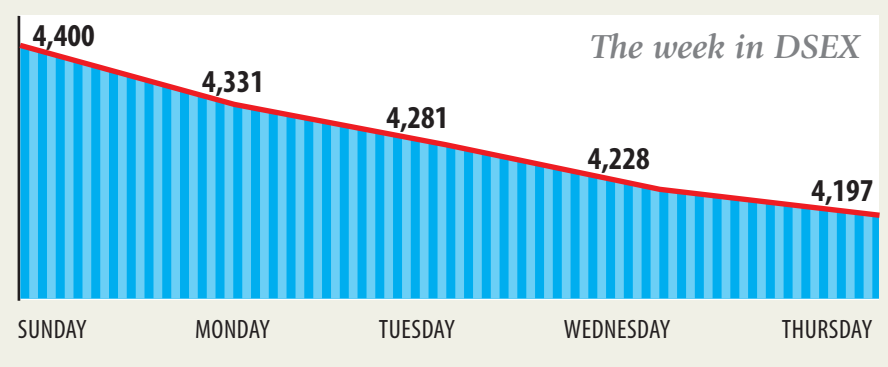
DSEX 4,197.39 points (fell 261.90 points, or 5.87%)

Turnover Tk 315.42 crore (dropped Tk 10.3 crore or 3.16%)

Company	Gain (in %)
Emerald Oil	29.10
National Feed Mills	10.42
LafargeHolcim	10.35
Dulamia Cotton	7.72
Bangladesh General Insurance	6.64

Company	Loss (in %)
Sinobangla Industries	19.54
Northern Jute	17.85
SEML FBLSL Growth Fund	16.19
National Housing Finance	15.05
CAPM IBBL Mutual Fund	15

Company	Turnover (in crore Tk)
ADN Telecom	18.70
LafargeHolcim	18.19
Khulna Power	15.69
Brac Bank	11.74
Standard Ceramic	8.29





**Shahjalal Islami elects chairman**

**STAR BUSINESS DESK**  
Sanaullah Shahid has recently been elected chairman of Shahjalal Islami Bank. The bank also elected Md Harun Miah and Md Abdul Barez as vice chairmen. Shahid is a sponsor shareholder of the bank and vice chairman of Shahjalal Islami Bank Securities. He is chairman of Electra International and a director of Electra Consumer Electronics and Federal Securities and Investment.



**New COO for DSE**

**STAR BUSINESS DESK**  
M Shaifur Rahman Mazumdar yesterday joined Dhaka Stock Exchange as chief operating officer. He was previously working as a director and CEO of Corporate Support, a management and financial consultancy firm. Mazumdar is a fellow member and former vice president of the Institute of Chartered Accountants of Bangladesh and the Institute of Cost and Management Accountants of Bangladesh. He obtained his Bachelor of Commerce and Master of Commerce degrees in accounting from University of Chittagong.

**Novoair SMILES members get 12pc discount**

**STAR BUSINESS DESK**  
Novoair is offering 12 percent discount to members of SMILES, its frequent flyers programme, marking stepping into its eighth year of operations. The local airline first flew on the Dhaka-Chattogram route on January 9, 2013, the airline said in a statement yesterday. "...our commitment will be ensuring safe passenger services with the inclusion

of more aircrafts, expanding domestic and international routes, consistent with our valuable passengers' needs," said Managing Director Mofizur Rahman. With seven aircraft in its fleet, the airline carried around 33 lakh passengers on more than 61,000 flights, the statement added. Its destinations include Chattogram, Cox's Bazar, Jashore, Sylhet, Saidpur, Rajshahi, Barishal and Kolkata.

**BB's stimulus for stock market flops**

**FROM PAGE B1**  
The banks that are taking the loan would have to open a separate beneficiary owners' account to utilise the fund, according to the central bank notice. "Maybe the banks thought they would not invest in the stock market then, so they had not taken the loan," said Ali Reza Iftakhar, chairman of the Association of Bankers, Bangladesh, a platform of private banks' managing directors. Every bank has its own strategy to invest in the stock market, so they took their decision in line with that. "We decided not to increase our stock market exposure," said Iftakhar, also the managing director and chief executive officer of Eastern Bank. However, market analysts said such lending incentives are not the solution to stopping the capital market slide.

More than anything, the government needs to take firm steps to ensure good governance in the stock market regulator and listed companies in order to bring back investor confidence. Steps must also be taken to bring well-performing companies to the market. Sirajul Islam, spokesperson of the central bank, said they offered the incentive after analysis and six months is enough time to get returns from an investment. "Maybe banks don't want to invest or they have no need to borrow money, so they have not taken loans," he added. The central bank also provided a revolving fund to the Investment Corporation of Bangladesh to invest in the stock market for the same end. It also redefined banks' exposure definition to increase their investment capacity.

**GP maintains it did nothing wrong**

**FROM PAGE B1**  
The telecom watchdog maintains it is owed Tk 12,579.95 crore by Grameenphone and Tk 867.24 crore by Robi. The BTRC also sent a copy to the Bangladesh Customs under the National Board of Revenue and requested them not to release any equipment of the two operators. But on October 17 a High Court bench issued a two-month injunction on the BTRC's move to realise money it says Grameenphone owes the government and the letter the telecom watchdog had issued on July 22. In its letter yesterday, Grameenphone said it had approached customs based on this HC order and the equipment were released based on previously issued approval by the BTRC. Despite the stay order by the HC, the

BTRC has not issued any approval to date and all applications from Grameenphone are pending since May 27 last year, said the letter from the operator, which was signed by its Chief Corporate Affairs Officer Ole Bjorn Sjulstad. Then on November 24 last year the Supreme Court restrained the BTRC from taking any action on Grameenphone based on the disputed audit demand, the letter also said. Subsequently, the operator asked the BTRC to withdraw the show cause notice as it disregards orders provided by the highest court of the country. A top official of the BTRC's spectrum management division said they will look into the response and will act according to the rules of procedure.

**Capacity building key to higher GDP growth: Kamal**

**FROM PAGE B4**  
The second phase of the urban primary health care service delivery project worth Tk 39.73 crore also approved. The government will construct 50 multipurpose disaster shelter centres in Chattogram. Twenty-five of them will cost Tk 103.75 crore while the rest Tk 107.05 crore.

Earlier, the cabinet committee on economic affairs approved two projects: "Further development of Cumilla University" involving Tk 1,655.50 crore and the "Procurement of equipment for 329 municipal offices countrywide". The Dock Yard Engineering Workshop of Bangladesh Navy will implement the procurement project, the minister said.



**Prime Minister Sheikh Hasina hands over the 'Best ICT Woman Entrepreneur Award' to Maliha M Quadir, founder and managing director of Shohoz, at the National Digital Bangladesh Day 2019 at the Bangabandhu International Conference Centre in the capital on Wednesday.**

**Commerce ministry seeks VAT, duty cuts on edible oil, sugar**

**FROM PAGE B1**  
Palm oil in loose or unpackaged form edged up 19 percent to Tk 81 per litre from December 10 last year. Refiners hiked the price of soybean oil too: the average price of refined soybean oil was Tk 92 a litre yesterday, up 10 percent from a month earlier. In a report submitted to the commerce ministry, the BTC linked the recent price hike to the increasing price in the international market, depreciation of the taka against the US dollar and the change in VAT structure from this fiscal year. The National Board of Revenue (NBR) levied 15 percent VAT on all three stages -- import, production and distribution -- of soybean and palm oil from this fiscal year, ending the previous rule of collecting the indirect tax at the import stage only, said the commission report, a copy of which The Daily Star obtained from the commerce ministry. The tax collector also slapped 5 percent advance tax on imports under the VAT and Supplementary Duty Act 2012, which came into effect on July 1. The AT is adjustable and has been introduced to encourage businesses to keep records of transactions and accounts properly, the revenue authority says. Because of the changes in the VAT structure, the import costs of crude degummed soybean oil (CDSO) and refined, bleached and deodorized (RBD) palmolein, which local refiners import and process to market locally, have soared, according to the BTC report. In addition, the NBR imposed 5 percent VAT at trading and distribution stage from the current fiscal year. The commerce ministry cited the changes to the VAT structure in a letter to the NBR on January 7 and said

levying the indirect tax on the import, production, distribution and trading stages of the essential item like edible oil is "not desirable." "Prices of soybean oil, palm oil and palm olein had been stable in the past as VAT was exempted at production and sales stages," the letter said. Additional tax and VAT should be adjusted to keep edible oil market steady, the ministry said, citing the price spike in the international market and the ensuing Ramadan starting in the end of April. The ministry came up with two separate proposals regarding the imposition of VAT on CDSO, crude palm oil and palmolein. It recommended levying 15 percent VAT only at the import stage of crude edible oil and exemption of the tax in other stages of the supply chain. Alternatively, the ministry proposed VAT collection based on tariff value to keep prices stable during the fasting month, which sees higher consumption of commodities compared with other months because of various oil and sugar-based snacks and dishes. The specific duty on raw sugar rose 50 percent year-on-year to Tk 3,000 per tonne in fiscal 2019-20, the commerce ministry said in another letter to the NBR. The revenue board also increased the regulatory duty on the commodity by 10 percentage points to 30 percent in the current fiscal year. Refiners who import raw sugar also saw the imposition of 5 percent AT and 5 percent AIT apart from the highest rate of VAT, according to the letter. As a result, importers have to pay Tk 23,000 in tax and duty for per tonne of raw sugar. So, it is necessary to adjust additional

VAT and tax in view of Ramadan and increased prices in the global market, the commerce ministry said. It will be possible to contain sugar prices and keep supply stable if additional taxes and duty imposed this year are removed from raw sugar imports, the ministry said.

**Explore new markets**

**FROM PAGE B1**  
Later, Hasina opened the multipurpose textiles fair where nine organisations were honoured with crests for their contribution to the development of the country's textile sector. They were: Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association, Bangladesh Garment Buying House Association, Bangladesh Specialised Textile Mills & Powerloom Industries Association, Bangladesh University of Textiles, Bangladesh Cotton Association and National Crafts Council of Bangladesh. Textiles and Jute Minister Golam Dastgir Gazi presided over the function, while Commerce Minister Tipu Munshi, State Minister for Labour and Employment Begum Monnujan Sufian and Chairman of the Parliamentary Standing Committee on Textiles and Jute Ministry Mirza Azam spoke on the occasion. Textiles and Jute Secretary Lokman Hossain Miah delivered the welcome speech. Though the national textiles day was observed for the first time in the country on December 4 last, its main programme was arranged yesterday.

**WB trims Bangladesh growth forecast**

**FROM PAGE B1**  
Hanging over this lethargic recovery are two other trends that raise questions about the course of economic growth: the unprecedented run-up in debt worldwide and the prolonged deceleration of productivity growth, which needs to pick up to bolster standards of living and poverty eradication. Global growth is set to rise by 2.5 percent this year, a small uptick from 2.4 percent in 2019, as trade and investment gradually recover. Advanced economies are expected to slow as a group to 1.4 percent from 1.6 percent, mainly reflecting lingering weakness in manufacturing. Emerging market and developing economies will see growth accelerate to 4.1 percent from 3.5 percent last year. However, the pickup is anticipated to come largely from a small number of large emerging economies shaking off economic doldrums or stabilising after recession or turbulence. For many other economies, growth is on track to decelerate as exports and investment remain weak, the report said. Bangladesh's exports showed signs of softening in recent months, after a substantial increase in exports to major trade partners in the last fiscal year. While regional exports softened in aggregate, Bangladesh's export growth accelerated, partly reflecting trade diversion amid trade tensions between major economies, according to the report. Bangladesh's export earnings fell 5.84 percent

year-on-year to \$19.3 billion in the first six months of the fiscal year, according to data from the Export Promotion Bureau. Regional economic activity is expected to benefit from policy accommodation (India, Sri Lanka), improvement in business confidence and support from infrastructure investments (Afghanistan, Bangladesh and Pakistan), the WB said. Another aspect of the disappointing pace of global growth is the broad-based slowdown in productivity growth over the last ten years. Growth in productivity, which is output per worker, is essential to raising living standards and achieving development goals. In Bangladesh, post-crisis productivity growth improved from improved macroeconomic and political stability, which supported both public and private fixed investment. As a result, productivity growth in Bangladesh was robust during 2013-18 at 5.1 percent, slightly above the pre-crisis average of 4.7 percent and in the top decile of emerging and developing economies. According to the report, demand faltered amid credit tightening, reflecting structurally high non-performing assets in countries such as Bangladesh, India and Pakistan. South Asia's growth outlook has deteriorated considerably over the past six months. Private consumption and investment weakened sharply amid challenges in the financial sector, which hampered confidence. Risks to the growth outlook remain tilted to

the downside and relate primarily to the financial sector vulnerabilities, geopolitical tensions and lack of progress on reforms. Although recent tensions between India and Pakistan have abated, a re-escalation would damage confidence and weigh on investment in the region. Non-performing assets in the financial sector remain high amid weakening regional growth. Further deterioration of balance sheets of banks and corporates would threaten the funding of productive investments. Failure to close the infrastructure gaps would hold back output and employment. Announced initiatives such as the recapitalisation and consolidation of public sector banks and measures to foster foreign direct investment inflows are expected to support activity. Insufficient progress in implementing the reforms would set back growth in the region. According to the report, lack of progress in reforms to improve tax collection could result in more acute revenue shortfalls in Bangladesh and Sri Lanka and put further pressure on elevated fiscal deficits in Pakistan. "This is could have negative consequences for infrastructure investment and hence for projected growth as well as for the fiscal space available to respond to a future cyclical downturn." World Bank forecasts are frequently updated based on new information and changing circumstances.

**FB, Robi drop plan to set up 10,000 Wi-Fi hotspots**

**FROM PAGE B1**  
He went on to cite Google's establishing of free Wi-Fi hotspots in about 400 of India's railway stations about a year back to further his point. It will be impossible to ensure quality internet services without first establishing sufficient Wi-Fi connectivity both inside and outside the city, said market insiders. On another note, while the government is prioritising setting up Wi-Fi in educational institutions, it has a bar on mobile operators rolling out Wi-Fi inside metropolitan cities to protect the business of ISPs. The Daily Star contacted Facebook a few months ago through their local public relations agency in Dhaka. They expressed unwillingness to comment on the matter. Robi also denied making any official comment. Contacted, BTRC Chairman Md Jahurul Haque said they held discussions on the offers in detail at several commission meetings.

"The offer was lucrative in terms of accessibility but there were security challenges." The project had the ability to circumvent internet shutdowns enforced by the government. "We were not sure whether we could monitor their content or not," he added. Officials pointed out two other issues for which the government was not happy with Facebook and Robi. One was Facebook's refusal to set up office in the country and the other was Robi's tussle with the BTRC over audit claims. The government wanted the tech giant to either set up offices in Bangladesh or appoint agents such that it can collect value-added tax on advertisements made on the platform by local firms. Robi had gone to court against a BTRC claim of Tk 867.24 crore following audits on it from inception until December 2014. The High Court had later directed the mobile operator to pay Tk 138 crore.

**The economics of remittance growth**

**FROM PAGE B4**  
Developed countries minimise these risks through welfare state and insurance systems. All such risks have to be faced by the household in developing economies. Migration is a strategy to diversify these risks. Thus, if the domestic income of the families left behind falls, migrant workers tend to compensate the fall by increasing the amount remitted and vice versa. GDP growth in FY07 was about 0.38 percentage points higher than in FY06 and 0.96 percentage points lower in FY09 relative to FY08. While the latter is consistent with strong remittance growth, the former is not. Note, however, that growth in the stock of workers abroad rose sharply in the year preceding FY07 which may have more than offset the decreased motivation to remit due to higher domestic income of recipient households in FY07. The point of the discussion is to caution that attributing this year's remittance boom to the 2 percent cash subsidy is an oversimplification that underestimates

the role of other factors such as growth of the stock of workers abroad and in their earnings as well as savings. This is not to suggest that the subsidy made no difference at all. But it cannot account for the entire 25 percent growth. All growth-related economic indicators this year are suggesting an economic slowdown. Remittance is the only one that has far outstripped performance in the previous year. Domestic economic slowdown may have motivated workers abroad to remit more than they usually do. For instance, nearly 30,000 workers reportedly lost jobs in 2019 in the garment sector alone. Members of their families working abroad could have increased the amount they remit because of the income loss suffered by their families in Bangladesh. Such remittances from abroad play the role of insurance either because of altruistic linkages between the remitters and the recipients or because of migration being driven by households' strategy to diversify risks. *The author is an economist.*

**Form taskforce to devise export turnaround**

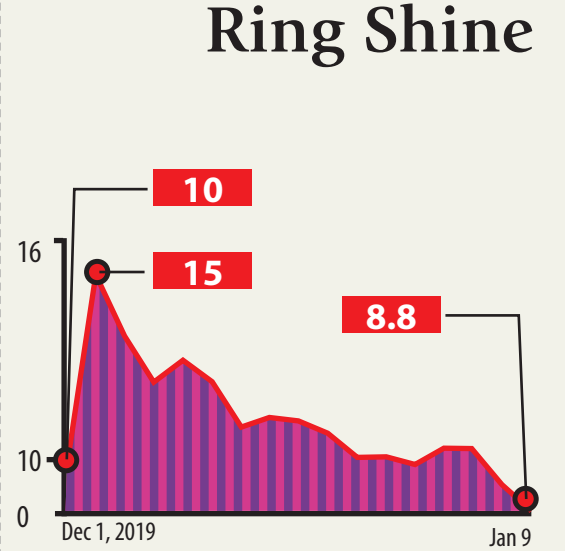
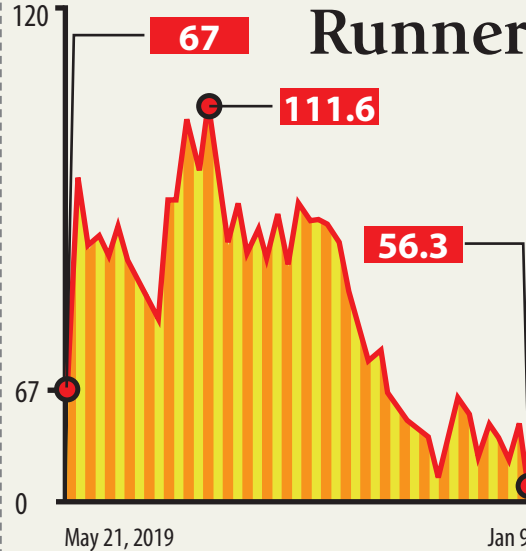
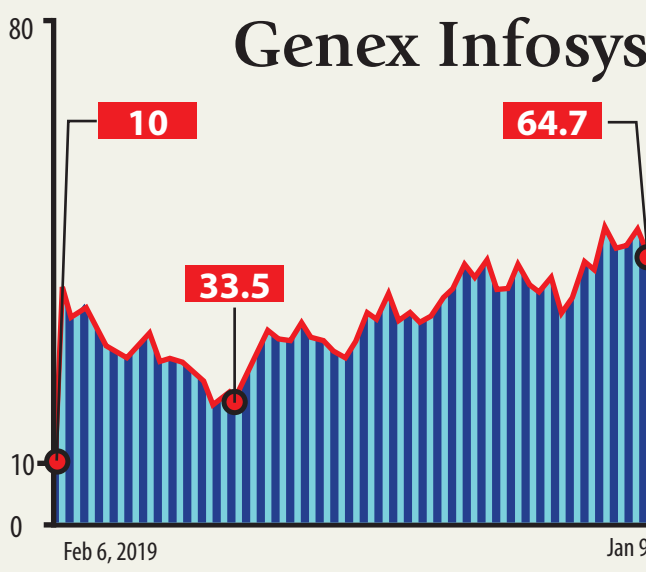
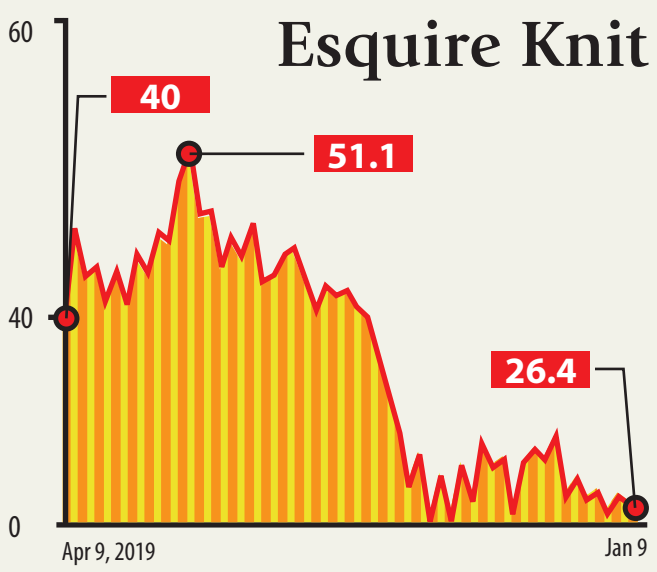
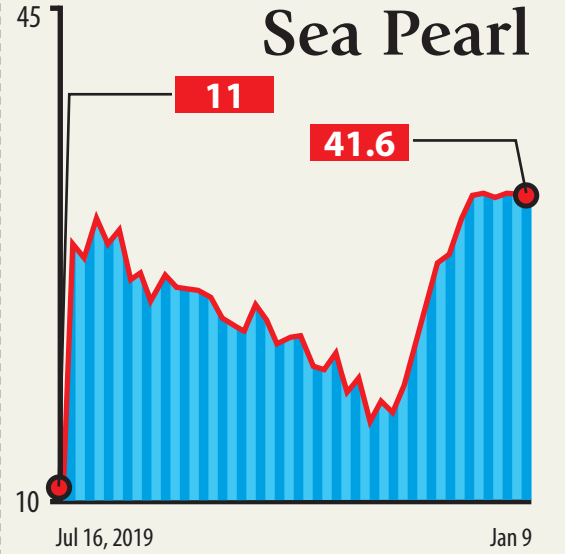
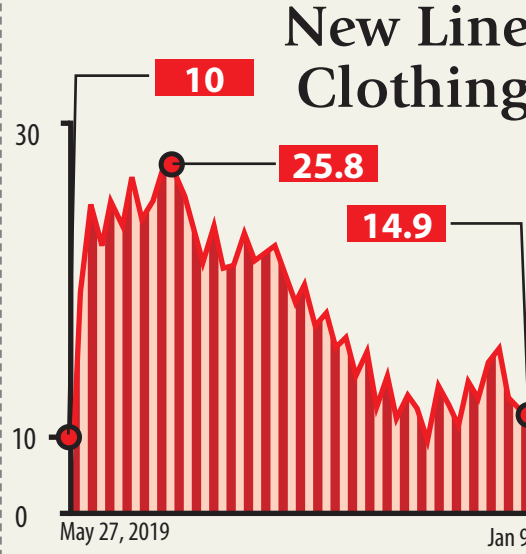
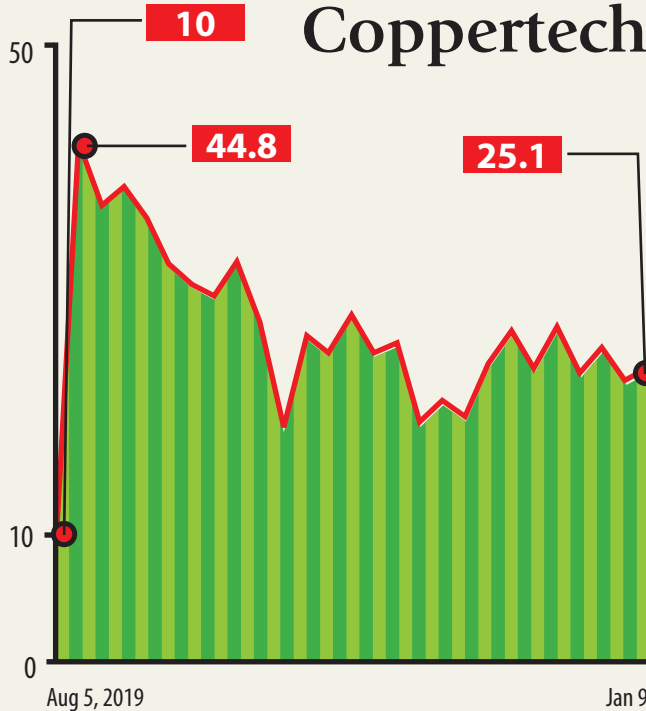
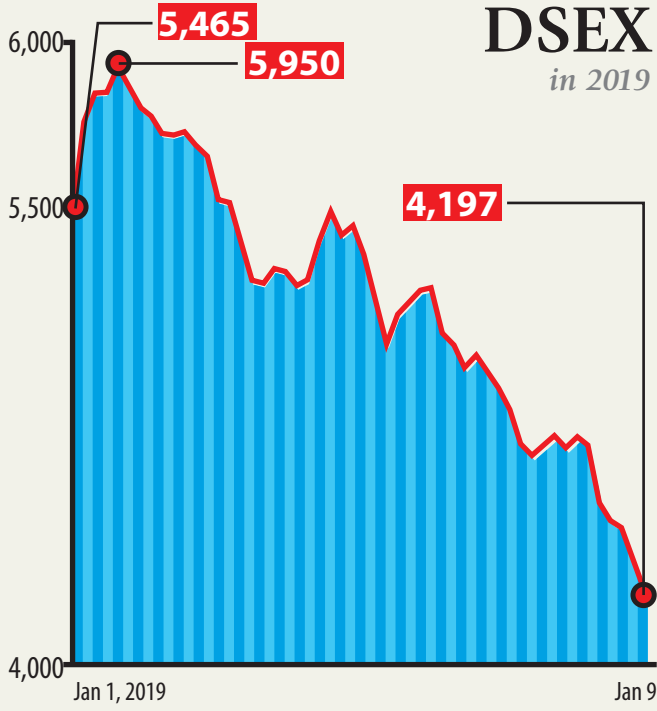
**FROM PAGE B1**  
They also urged the government to include commerce, labour and foreign ministries along with the BGMEA and the Bangladesh Knitwear Manufacturers and Exporters Association in the taskforce. The garment sector's trade body wants Kaikau to head the taskforce, according to the letter. It will mainly resolve different short- and long-term outstanding issues of the sector, like establishment of coordination among different ministries and trade bodies and do future planning for the sake of the sector's development. The taskforce will also work on drafting a policy to promote manufacturing of non-cotton textile as the demand for clothing made from manmade fibre is on the rise. But Bangladesh has been failing to avail a bigger piece of the global \$150 billion-market for manmade garment items as the country does not produce such yarns and garment in large volumes. Bangladesh is still very focused on cotton-based garment although the demand for such apparel is on the wane worldwide due to changes

in lifestyle and fashion of Western consumers. The special taskforce will also resolve any dispute regarding the minimum wage of workers, skills development of workers and assessing whether the garment industry has surplus capacity or not. It will also work for preparation of a database on production capacity and find out ways to adjust overproduction in the sector. The taskforce will work towards: assessing the good and bad bank borrowers and their definitions, sector diversification, creation of innovative and fresh entrepreneurs in the garment sector; and further development of the garment sector. The BGMEA also requested the presence of Prime Minister Sheikh Hasina at the inauguration of the manufacturing of the world's largest T-shirt on the occasion of the centennial celebration of the International Labour Organisation. The apparel trade body also expressed their interest to disseminate information worldwide about the Mujib Coat, which is now preserved at the Bangabandhu Museum. The Mujib Coat is a vest favoured by Bangabandhu Sheikh Mujibur Rahman.

The BGMEA suggested the government to preserve the intellectual property rights and geographical indication rights of the Mujib Coat as the nation is going to celebrate the Mujib Borsho this year. Usually, the source tax related decision is taken on the first day of July every year. But last year the decision was published in October, so the apparel exporters demanded retrospective implementation of the 0.25 percent source tax. In the letter, the garment makers also demanded at least Tk 5 devaluation of the local currency against the dollar for 25 percent of their exports to give them a leg up in global apparel trade. The BGMEA also demanded the government write off some Tk 649.74 crore of 133 sick garment factories as they are not in operation now. In the first five months of fiscal 2019-20, Bangladesh's garment exports declined 7.74 percent year-on-year, whereas its two competing countries, Vietnam and Pakistan, saw their shipments jump 5.56 percent and 4.76 percent respectively, the BGMEA said in the letter.

# 2019: NOT A GOOD YEAR FOR IPOs

Nine companies raised Tk 540 crore from the stock market last year by way of initial public offering. Almost all the companies' stock rose in the first few days of their trading. But, they tumbled after the investors got the true picture of the companies' prospects. During the time, DSEX declined but the newly listed stocks' descent was steeper.

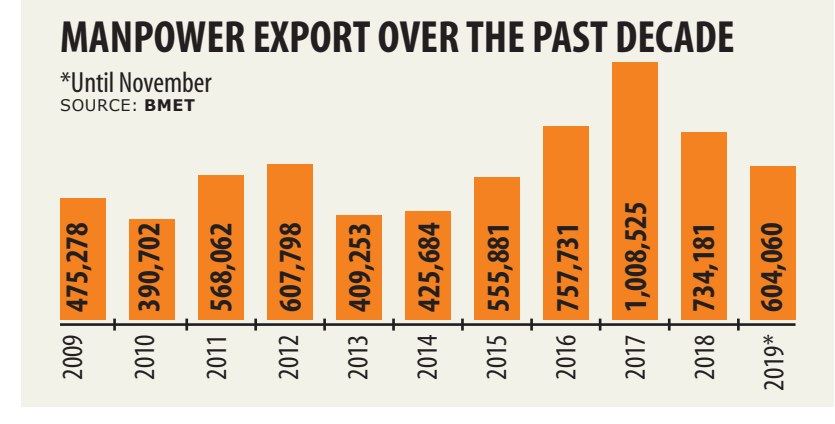
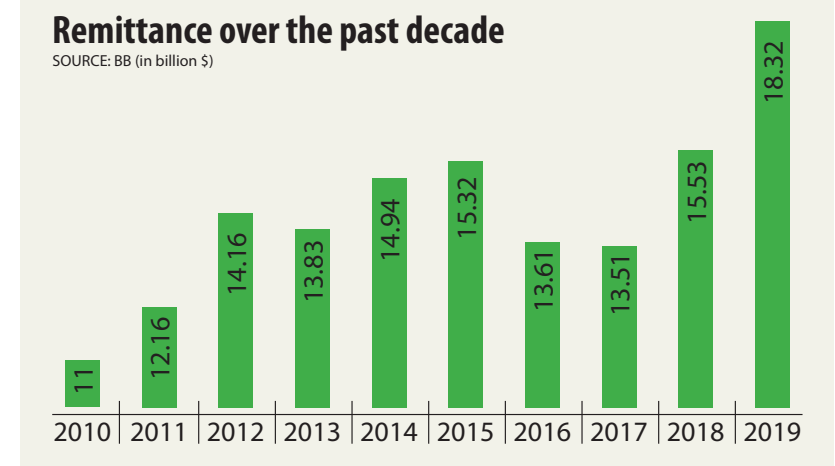


## The economics of remittance growth



ZAHID HUSSAIN

various surveys. It is, therefore, most likely that a part of the boom this year is the lagged effect of the growth in the stock of workers in the previous fiscal year. An increase in earnings per migrant worker may also have contributed. Most of the increase in remittances this year so far has come from Saudi Arabia, Oman, the UK and the US. Base salaries in Saudi Arabia grew 4.5 percent, reportedly the highest in the region. Wage growth in Oman has remained growth 3.5 percentage points and saving growth 1 percentage point, we are still left with a residual of 15.3 percentage points that can be attributed to increase in the propensity to remit. Effective exchange rate received by the remitters is an important, but not the only determinant, of the propensity to remit. This is evident from previous episodes of remittance boom. Remittances grew by 31.3 percent in the first half of FY07 and by 30.9 percent in the first half of FY09.



strong, averaging 11.4 percent. In the UK and the US wages increased by 3.2 and 3.6 percent respectively by the end of October 2019. The average propensity to save may also have increased because of falling cost of living in the host countries. Inflation in Saudi Arabia and Oman was negative in the range of 1-2 percent in 2019. It declined in the UK by 0.3 percentage points but increased in the US by 0.5 percentage points. How much of the total increase in remittances can we attribute to these three factors? Based on the numbers reported above we can only make some guesstimates. If we assume stock growth contributed 5.6 percentage points, earnings

## Capacity building key to higher GDP growth: Kamal

STAR BUSINESS REPORT  
The government should improve its capacity to help accelerate economic growth of the country, Finance Minister AHM Mustafa Kamal said yesterday. "Our efficiency should be properly utilised," he said after a meeting of the cabinet committee on public purchase at the cabinet division yesterday. The untapped potential of the economy should be explored and inclusive growth ensured, he said, adding that the government's plans and policies are helping the economy grow faster, which has been praised by the whole world. Bangladesh has the potential to be a bigger economy than Singapore and Malaysia by 2025-30, he said. At the meeting, the cabinet committee gave a go-ahead to eight procurement proposals. One of them was to construct 36 cyclone shelters in Patuakhali district at a cost of Tk 240.32 crore and 50 cyclone shelters in Pirojpur at Tk 319.50 crore.

READ MORE ON B3

### NEXT STEP

## Making a DIFFERENCE

Bangladesh is rapidly moving towards middle income status by 2021. Our businesses definitely offer immense opportunities for the growing economy and this diversity needs a stage for the stories untold. See Bangladesh make its mark on the global map as Making a Difference brings you our proudest success stories from across the country.

## Using your office breaks effectively...for more work

Breaks from work serve the essential purpose of resting your brain, limbs and whatever else is involved. Whether you're a desk jockey or travelling salesperson (list of jobs that'll disappear soon, anyone?) - you need those breaks. But just because it's a break from work doesn't mean you can't be productive. Here's a list of activities to make sure you don't waste that break on useless mobile games like Fortnite.

**PLAY A DECENT GAME THAT YOU LEARN FROM**  
Don't play Fortnite because it does nothing for you. Play, instead, games like Fallout Shelter, where you have to manage a colony of nuclear fallout survivors. Learning time management and reacting to (and managing) a crisis can help you when your break runs out and you have to manage workplace chaos.

**HAVE YOUR CAFFEINE INTAKE**  
A strong cup of coffee (minus the milk and sugar, because what's the point then) can help you be productive and focused on your work. Don't go overboard, as strong caffeine can make you woozy and increase dependency over time.

**EXERCISE!**  
If you can manage your time properly, it's a good idea to get your workout at the office, if your workplace hosts a gym. Ask around and see if there's a gym nearby. Getting a few reps in can help release endorphins and take the edge off - much better than the dopamine rush that follows every time you check your phone.

**GET IN TOUCH WITH FRIENDS AND FAMILY**  
It's tempting to reply to friends making plans or family members asking you things while you're at work, but leave it for break time. If your office policy involves blocking social media, just send a text to or call your loved ones for a quick update. It's never a good idea to take personal calls at work, unless it's an emergency.

**ENGAGE IN SOME TEAM BUILDING**  
Gossiping around the water-cooler is a fun past-time activity, but these breaks are a good time to throw around some of the book ideas that might just morph into something you genuinely enjoy working on in the future. Some of the best ideas have come from skunkworks operating outside official capacity, and usually pay off in the long run.

SHAHER REAZ