

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 1.65%	▲ 1.56%	\$1,552.20	\$62.30	▼ 0.66%	▼ 0.98%	▼ 0.60%	▼ 2.75%	BUY TK 83.95	92.24	109.61	11.99
4,513.89	8,337.26	(per ounce)	(per barrel)	41,386.40	23,795.44	3,234.56	2,976.53	SELL TK 84.95	96.04	113.41	12.60

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Big garment entrepreneurs have remediated their factories to global standards.

## Small garment factories feeling the heat

Units closing thick and fast as export orders contract

REFAYET ULLAH MIRDHA

Rowshan Ali had everything going for him: a small sweater factory he set up in Demra on the outskirts of Dhaka in 2011 was raking in \$2 million in export receipts every year. So well was the humble factory with 350 workers was doing that he began to harbour hopes of expansion. Just as he got off to executing his plan did he start feeling headwinds: the price that foreign buyers were prepared to give him for knitwear started cratering and at the same time production costs were rising. He started to feel the squeeze, which only intensified over time. Then finally in June last year, with a heavy

heart he decided to pull the trigger on his business. "The cutting and making (CM) charge now is unviable for me. So, I decided to shutter my unit for good," said a rueful Ali. Ali is not alone. The list of such cases is getting longer by the day. Over the last four years, about 1,200 factories of that scale had closed down. The small and medium garment factories mushroomed in the 90s to avail the quota system of international buyers. Such openings started petering out from January 2005, when the quota system in apparel trade was eliminated with the final phasing out of the Multi

Fibre Arrangement (MFA). The MFA was an international trade agreement that imposed quotas on the amount of clothing and textile exports from developing countries to developed countries between 1974 and 2004. Bangladesh made the best of this agreement: it was the springboard that sent the country to the number two spot in global apparel trade, grabbing Small and medium-sized factories typically employ between 300 and 600 workers, whereas the large ones have workers to the tunes of thousands. Those that survived in the post-MFA era are now finding the new order in global apparel trade beyond them. Stricter compliance set by the Accord and Alliance after the Rana Plaza building collapse in April 2013 and the discontinuation of garment production in a sub-contracting units and shared buildings meant that these small and medium factories are dropping off from the international buyers' radar, according to industry insiders. As many as 75 small knitwear factories -- including Ali's -- had closed last year, according to Mohammad Hatem, senior vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). And another 61 garment factories had closed, rendering 31,600 workers jobless, according to Md. Rezwana Selim, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the sector's apex trade body. Selim is responsible for labour affairs and monitoring the factory situation in the sector. "The small factories do not have work orders as they cannot follow the strict compliance. So, they are failing to run their business anymore." Moreover, the salaries of workers are increasing every year. For instance, this January the factory owners have to increase the salary of workers by 7 per cent as per the provision of the labour law. The minimum wage was hiked 51 per cent to Tk 8,000 per month from Tk 5,300 in December 2018. "Sometimes the situation turns so bad that the factory owners flee the country to avoid facing their workers -- they cannot pay the salary." The situation will worsen for small and medium factories in the near future because of the ever-shrinking profits and work orders. However, the bigger units can do good business as the Rana Plaza tragedy was a watershed for them, Selim said. The big garment entrepreneurs remediated their factories to global standards. Now, Bangladesh can boast having more than 100 LEED-certified (Leadership in Energy and Environmental Design) factory buildings. More than 500 such buildings are waiting to be certified by the by the US Green Building Council. Of the world's top 10 greenest buildings, top six are in Bangladesh.

STARFILE

## Symphony now meets smartphone demand from own plant

Plans to set up two more units, targeting export in 2022

MUHAMMAD ZAHIDUL ISLAM

A new era is dawning in the manufacturing industry as local companies are putting their best foot forward towards building a 'Made in Bangladesh' brand. One such brand is Symphony, which is going neck and neck with foreign companies to grab a bigger pie of the smartphone market that was dominated by imports until recently. The company is assembling about 1.5 lakh smartphones every month in its plant in Ashulia on the outskirts of Dhaka and has been meeting all its local demand from the plant since June last year. The factory is also making basic phones at such a pace -- currently 1.25 lakh units a month -- that no imports would be required by the year end, said Jakaria Shahid, managing director of Edison Group, Symphony's parent company. "We stopped importing smartphones last June and our target is to meet the entire local demand

from our plant by December this year." The plant currently manufactures about seven to eight lakh units of basic and smartphones every month, according to Shahid, also the general secretary of the Bangladesh Mobile Phone Importers Association. In the face of rising demand, the company is working to expand the plant's capacity and build two more units, he told journalists, who were taken to Ashulia for a tour of the factory. "The two new plants should be ready by 2022 and then we will seek to explore export opportunities." Symphony, which has a market share of 30 per cent, is splashing out about Tk 100 crore for the three plants. They also have a plan to make mobile accessories, which will go some way

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towards building a total value chain for mobile assembling. "We will develop software, mobile applications and games as well, while the plants will churn out about two lakh units of accessories." The factory is now adding 20 per cent value to the products and that will rise to 30 per cent over the next five years.

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People work at the assembly line of the Symphony plant in Ashulia yesterday.

MUHAMMAD ZAHIDUL ISLAM

## Budget deficit crosses 5pc for first time in 11 years

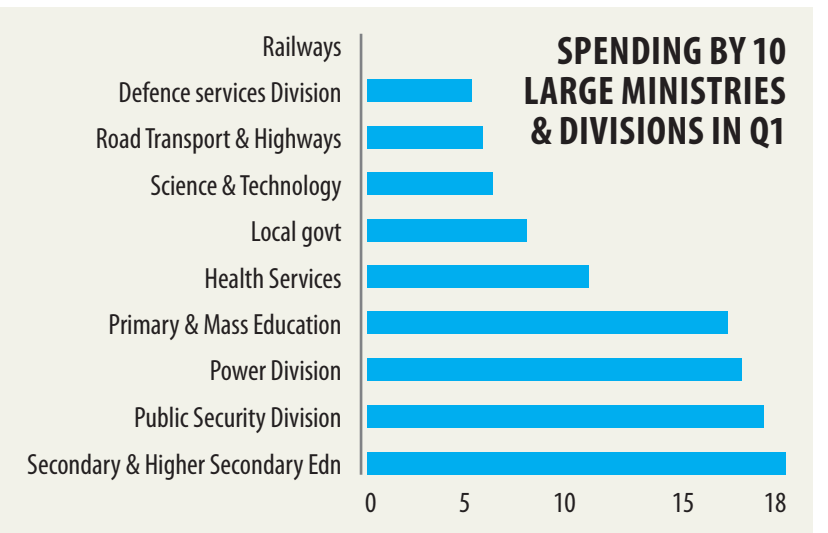
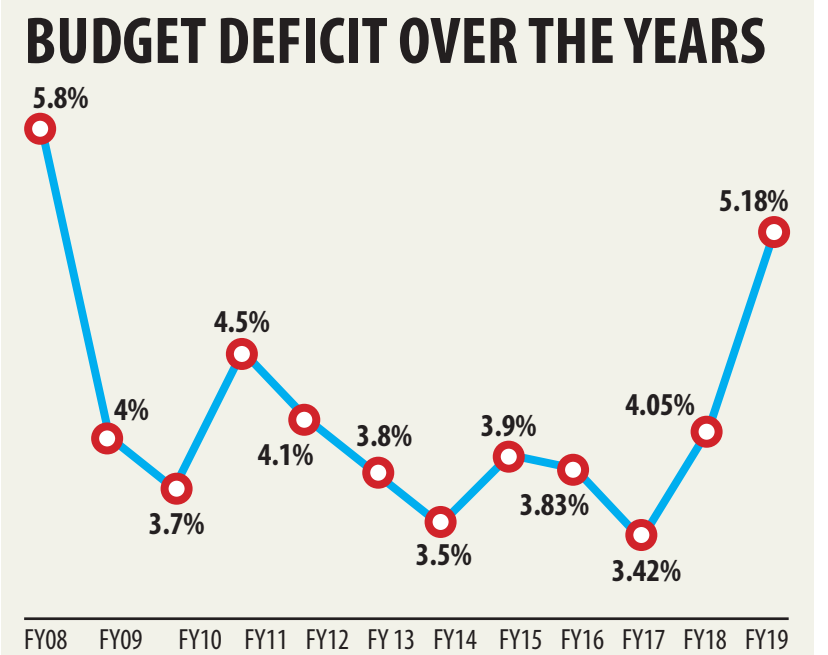
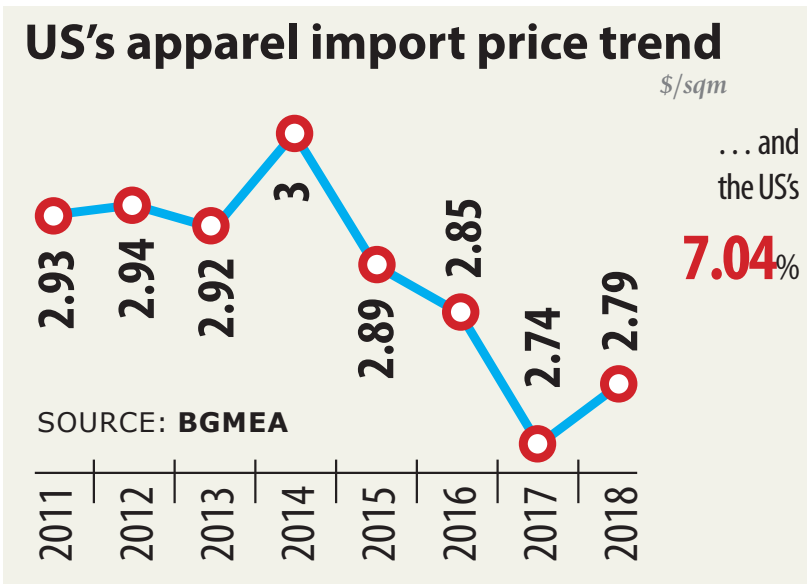
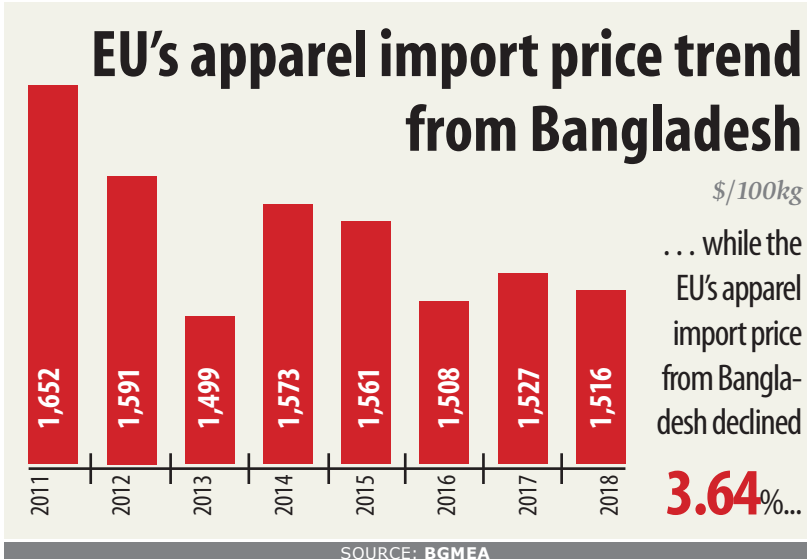
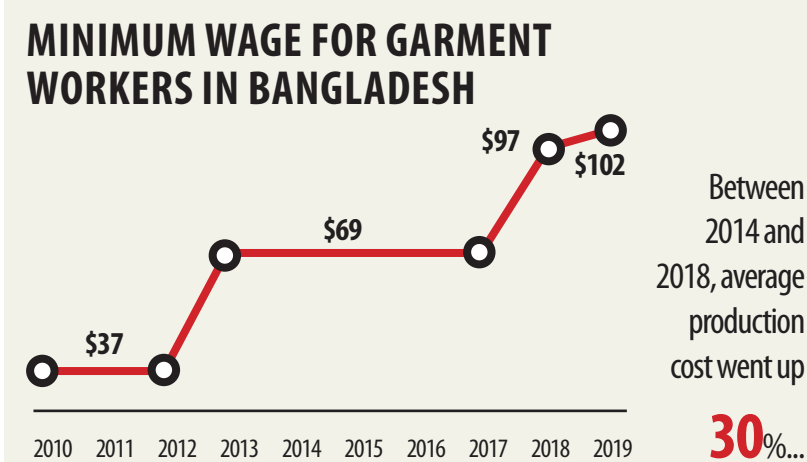
Similar trend may continue this fiscal

STAR BUSINESS REPORT

Budget deficit went past the sensible limit of 5 per cent last fiscal year, for the first time in 11 years, largely because of lower-than-expected revenue collection, official figures showed yesterday. The deficit, a situation when spending exceeds revenue, was 5.18 per cent in 2018-19, 4.05 per cent a year ago, according to the data released by the finance division. The last time the fiscal deficit went past 5 per cent was in 2007-08 when it stood at 5.8 per cent. For developing countries, a budget deficit is not unusual as the government needs to spend big on building infrastructure to shore up future economic activities. The government meets the gap between income and expenditure through domestic and foreign borrowing obtained as loans or grants. But keeping the deficit within 5 per cent is recommended, and is in fact considered international best practice. In Bangladesh, when the budget is drafted, a 5 per cent deficit is projected. The actual deficit turns out to be about 4 per cent every year as the ministries and divisions fail to use up their allocated funds. But it was different in FY19, as shortfall in revenue generation pushed the budget deficit up. The revised budget aimed to generate Tk 316,612 crore in revenues in the last fiscal year, but the government managed to earn Tk 251,873 crore at the end, down 20.44 per cent. Collection by the National Board of Revenue (NBR) was Tk 218,610 crore against the target of Tk 280,000 crore. Although the spending was down 13 per cent to Tk 384,624 crore against the planned Tk 442,541 crore, it was enough for the budget deficit to

overshoot the target, according to a finance ministry report. Low-cost foreign borrowing to bankroll the deficit financing declined compared to the target, while borrowing from the costly domestic sources went up.

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**Md Nazrul Islam Mazumder, chairman of Exim Bank, and Mohammed Haider Ali Miah, managing director, attend the bank's annual business development conference for 2020 at the Renaissance Dhaka Gulshan Hotel yesterday.**

## Amazon asks court to pause Microsoft's work on Pentagon's JEDI contract

REUTERS

Amazon.com Inc said on Wednesday it filed a motion in court to pause the US Department of Defense and Microsoft Corp from carrying out an up to \$10 billion cloud computing deal until a court rules on its protest of the contract award.

Amazon, originally considered to be the favorite to win the award, had indicated last week that it would file a temporary restraining order to require the Pentagon and Microsoft to hold off beyond initial activities for the contract.

Known as the Joint Enterprise Defense Infrastructure Cloud, or



JEDI, the contract is intended to give the military better access to data and technology from remote locations.

In a statement, Amazon's cloud division Amazon Web Services said, "It is common practice to stay

contract performance while a protest is pending, and it's important that the numerous evaluation errors and blatant political interference that impacted the JEDI award decision be reviewed."

The procurement process has been delayed by legal complaints and conflict of interest allegations. Most recently, Amazon has blamed US President Donald Trump for bias against the company and for improperly pressuring the Pentagon.

Defense Secretary Mark Esper has rejected that there was bias and said the Pentagon made its choice fairly and freely without external influence.

## No big boost expected for US economy from trade deal

REUTERS, Bengaluru

The initial trade deal between Washington and Beijing is unlikely to provide a significant boost to the US economy and will only reduce the downside risk or at best help activity moderately, a Reuters poll showed.

While financial markets were optimistic in the run-up to and after the trade agreement - with US stocks hitting all-time highs last week - the growth and inflation outlook in the latest poll was little changed from the previous few months.

The Jan. 16-22 Reuters poll of over 100 economists - taken as business leaders gathered at the World Economic Forum in Davos to be greeted by the IMF cutting its global growth forecasts again - showed a significant pickup in the US economy was not on the cards.

"The recent Phase 1 deal between the US and China suggests decreasing odds of an escalation to a full-blown trade war. However, the deal so far is not comprehensive enough to significantly boost economic momentum," said Janwillem Aket, chief economist at Julius Baer.

That was also clear from predictions for the Federal Reserve to remain on the sidelines this year and on expectations the next likely move would be a cut rather than a hike.

"It is almost a one-way bet on the Fed right now, that either they are on hold or they are easing this year. I mean there is virtually no chance of tightening," said Jim O'Sullivan, chief US macro strategist at TD Securities.

Reuters polls over the past couple of years have repeatedly pointed to the US-China trade war as the prominent downside risk for the American economy and warned it would bring the next recession closer.



Shipping containers are seen at a port in South Carolina, US.

Now, despite a signed trade agreement, albeit a partial one, the chances of a US recession were similar to predictions in recent months - around 20-25 percent in the next 12 months and about 30-35 percent in the next two years.

"Recession odds, which we peg at roughly one-in-four in 2020, will wax and wane with developments on the trade war front," said Sal Guatieri, senior economist at BMO.

"While recent progress is encouraging, we remain skeptical that a broad accord can be reached this year as complex issues, such as

state industry subsidies and forced technology transfers, still need to be resolved."

All 53 respondents polled said the latest deal would either "reduce the downside risk to the US economy" or "help US economic growth moderately." Not a single economist said it would "significantly boost growth." Reuters poll graphic on the US economic outlook here

The US economy will coast with annualized growth expected to have barely moved from the latest reported rate of 2.1 percent at the end of the forecast horizon - the second quarter of 2021.

## Japan exports shrink for 13th month in fresh blow to economy

REUTERS, Tokyo

Japan's exports fell for a 13th straight month in December, hurt by US-bound shipments of cars, construction and mining machinery, suggesting weak external demand is likely to remain a drag on the trade-reliant economy for a while longer.

The 6.3 percent year-on-year fall in exports was worse than a 4.2 percent decrease expected by economists in a Reuters poll. It followed a revised 7.9 percent year-on-year decline in the previous month, the Ministry of Finance (MOF) data showed on Thursday.

Analysts and policymakers say a preliminary trade deal agreed between the United States and China last week and progress on Britain's exit from the European Union would help ease worries over global trade, a key driver of Japan's economy.

Yet, the latest data showed only a modest slowing in the pace of contraction and suggests a sure-footed recovery may be months away. "Exports are likely to bottom out around this spring," said Takeshi Minami, chief economist at Norinchukin Research Institute, citing a pick-up in global semiconductor demand.

A rush in shipments ahead of the Lunar New Year holidays may have helped ease the export slowdown last month, he added, suggesting there may be a further contraction in January. "Shipments are unlikely to serve as a main engine of growth this year due to the economic slowdown in the United States and China," Minami said.

Bank of Japan policymakers have argued that solid domestic demand should help offset weak shipments and manufacturing activity. On Tuesday, the BOJ nudged up its

economic growth forecasts and sounded cautiously optimistic about the global outlook, though it said ongoing risks meant it was way too early to consider scaling down its massive stimulus.

By region, exports to China, Japan's largest trading partner, grew 0.8 percent in the year to December, led by demand for chip-making equipment, cars and plastic. It was the first annual increase in 10 months.

Shipments to the United States, the country's No. 2 trading partner, fell 14.9 percent year-on-year in December - a fifth straight month of falls - dragged down by cars, car parts and airplane motor engines, the MOF data showed. Exports to Asia, which accounts for more than half of Japan's overall shipments, decreased 3.6 percent in the year to December, it showed.

BOJ Governor Haruhiko Kuroda said on Thursday the progress in US-China trade talks and Brexit helped ease risk sentiment, but added that uncertainty remains on the trade relations between Washington and Beijing.

"While risks surrounding global growth have subsided somewhat, they remain large," he told a news conference, signaling the BOJ's resolve to keep its powerful easing.

The International Monetary Fund on Monday trimmed its 2020 global growth forecasts on sharper-than-expected slowdowns in emerging markets, but said the US-China deal was another sign that manufacturing activity may soon bottom out.

Many economists expect the world's third largest economy to have shrunk in the final quarter of last year as the US-China trade war hit exports and the Oct. 1 sales tax hike weighed on private consumption. A moderate rebound is seen in the current quarter.

## RBI to hold rates on inflation concerns, fiscal revamp likely

REUTERS, Bengaluru

Rising inflation is expected to keep the Reserve Bank of India from cutting rates again until late this year, while an expansionary federal budget due next month attempts to put a floor under rapidly-slowing growth, a Reuters poll found.

Last month a rate cut at the Feb. 4-6 meeting was a close call but with the latest inflation print showing a sharp increase - accelerating to its highest in more than five years and above the upper band of the RBI's target range - the central bank will be forced to stay on the sidelines.

That is despite the Indian economy expanding at its weakest pace in over six years in the July-September quarter and the Jan. 17-22 poll of nearly 65 economists showing a sharp cut to the growth outlook for this fiscal year.

"Our expectation is that there might be higher inflation prints that you could see some moderation," said Sakshi Gupta, senior India economist at HDFC Bank.

"Given this trajectory, it would reach a stage where inflation prints are going to become more comfortable

for the RBI, we expect them to seize that opportunity and cut to support growth."

Still, in response to additional questions, all 42 economists said growth would gradually pick up in the next six months and a majority said inflation would moderate.

"A sharp pullback in credit caused growth to slow dramatically in 2019. But fiscal and monetary policy have been loosened, this should lead to a gradual recovery in investment and household spending," said Shilan Shah, senior India economist at Capital Economics.

While the RBI was the most aggressively dovish major central bank in Asia, slashing rates by a cumulative 135 basis points last year, it paused unexpectedly in December on inflation concerns. The latest poll projected the central bank to extend that pause - keeping its repo rate on hold at 5.15 percent at its February meeting and until at least October.

"Going forward, inflation is going to stay at least above target for the next 6-8 months. So, there will be very limited room for them to return to an easing bias soon in terms of cutting rates," said Radhika Rao,

economist at DBS.

The RBI was forecast to next cut rates by 25 basis points to 4.90 percent in the October-December quarter, according to the poll consensus.

Gross domestic product growth was forecast to average 5.0 percent this fiscal year, the lowest since polling began for the period in April 2018.

If that is realised, it would line up with the RBI's projection and mark its weakest pace since the financial crisis.

On Monday the IMF slashed India's prospects to 4.8 percent, making its biggest cutback for any emerging market.

The economy was then expected to expand 6.0 percent next fiscal year, a downgrade from 6.8 percent predicted in the October poll.

With the RBI not predicted to provide an additional boost over the near term, the government was expected to announce more expansionary measures at its Union Budget on Feb. 1, rather than focus on fiscal prudence, according to 30 of 50 economists who answered a separate question. The government was forecast to set a fiscal deficit target of 3.6 percent of GDP for 2020/21, up from 3.3 percent targeted for the current year, the poll found.



**Shams Mahmud, president of the Dhaka Chamber of Commerce and Industry, and Chowdhury Mofizur Rahman, vice chancellor of United International University, exchange the signed documents of a deal at the latter's office in Dhaka on Tuesday for developing skilled manpower.**

**Government of the People's Republic of Bangladesh**  
Ministry of Road Transport and Bridges  
Bridges Division  
Bangladesh Bridge Authority  
Setu Bhaban, Banani, Dhaka-1212  
www.bba.gov.bd

Ref. No: 50.01.0000.401.44.060.20-54 Date: 23/01/2020

**Request for Invitation in the form of Applications for Engaging Individual Consultants as (i) Senior Design Engineer and (ii) Senior Procurement Specialist under Bangladesh Bridge Authority (BBA)**

Ministry/Division	: Ministry of Road Transport and Bridges/Bridges Division.
Agency	: Bangladesh Bridge Authority (BBA).
Procuring entity name	: Chief Engineer, BBA.
Procuring agency code	: 131018200
Procuring entity district	: Dhaka
Request for application for selection of	: Individual National Consultants (Time Based).
Request for application Ref. No.	: 50.01.0000.401.44.060.20-54
Date	: 23 January 2020
Source of fund	: Government of Bangladesh.
Brief description of assignment, qualification and experience requirements	: (i) Senior Design Engineer. (ii) Senior Procurement Specialist. The detailed Terms of Reference, qualification and experience requirements for each position are given in the "Request for Application". The same can be downloaded from the website BBA <www.bba.gov.bd>.
Other details	: Interested Consultants are invited to provide information indicating that they are qualified to perform the services. This shall require substantiation of their submitted CVs and other documents described in the Request for Application (RFA). Applicants may obtain RFA document, for each position, from the BBA website www.bba.gov.bd or can be obtained through email sending a request at ohidbba@gmail.com. A shortlist of consultants will be prepared upon evaluation of eligible applicants and invited for interview. The services are required for a period of 24 months from commencement. Interested applicants may obtain further information on the requirements including the criteria for shortlisting by applying to the address below/e-mailing.
EOI (application) closing date & time	: 16 February 2020, 5:00pm (BST).
Name of official inviting EOI	: Quazi Muhammad Ferdous.
Designation of official inviting EOI	: Chief Engineer, BBA.
Address of official inviting EOI	: Bangladesh Bridge Authority (BBA), Setu Bhaban, New Airport Road, Banani, Dhaka-1212, Bangladesh.
Contact details of official inviting EOI	: Tel: 55040313, Fax: +880 255040444, E-mail: cebba2019fs@gmail.com
The procuring entity reserves the right to accept or reject any or all EOIs without assigning any reason whatsoever.	

**Quazi Muhammad Ferdous**  
Chief Engineer  
Tel: 55040313, Fax: +880 255040444  
E-mail: cebba2019fs@gmail.com

GD-176

# Challenge DSE MD appointment in court

Chairman says hiring was proper

STAR BUSINESS REPORT

Due process has been maintained in appointing the managing director of the Dhaka Stock Exchange (DSE), said its Chairman Prof Abul Hassem yesterday, suggesting those believing it to be otherwise file a lawsuit.

The Bangladesh Securities and Exchange Commission denied reappointing the former MD, KAM Majedur Rahman, and this was the third appointment attempt, for which the regulator approved of Kazi Sanaul Hoq with a majority vote, he said.

Hassem was addressing the recently elected DSE Brokers Association (DBA) top brass who were paying a courtesy call on the DSE board members at the bourse's Motijheel office.

Most of the DBA leaders raised questions over the transparency of the appointment process. They also alleged that Hoq was not the most efficient person out of all who had applied for the post.

The DSE board comprises 13 members:

one MD, seven independent directors and five shareholder-directors.

Normally, a nomination committee of the DSE makes a shortlist and sends the candidates' curricula vitae to the board members for evaluation, said a director, requesting anonymity.

The selected candidates are then called for a panel interview with the board and the best individual is chosen, he said.

It was also alleged that even the shortlist had been manipulated, one attendee said.

"Why are low-performing companies still being listed despite a majority of the DSE board being comprised independent directors?" one frustrated stockbroker said.

"We believe the board works for the sake of investors, not for anyone else," said another leader. One stockbroker alleged that the appointment process worsened investors' confidence. Sharif Anwar Hossain, the DBA president, led the delegation when Richard D' Rozario, senior vice-president, and Mohammad Ali, vice president, were present.

# Global airlines on high alert as virus outbreak spreads



REUTERS

People wearing masks are seen at an airport in China.

REUTERS

Airlines and passengers are on guard against a new flu-like virus that originated in Wuhan, China.

Here's an explainer on the airline industry's response to the outbreak so far and its potential financial exposure compared to SARS in 2003, which killed nearly 800 people:

The biggest concern is a sharp drop in travel demand if the virus becomes a pandemic.

During the height of the SARS outbreak in April 2003, passenger demand in Asia plunged 45 percent, according to the International Air Transport Association (IATA).

Cathay cut nearly 40 percent of its flights and reported a financial loss, as did Singapore

Airlines Ltd, Japan Airlines Co Ltd and ANA Holdings Inc.

The industry is now more reliant on Chinese travelers.

For example, in Australia, Chinese travelers account for more than 15 percent of international arrivals, up from just 4 percent in 2003, according to Moody's ratings service.

Those travelers, who arrive mostly via mainland carriers, often take domestic flights once they arrive in Australia, pointing to the potential for knock on effects for the likes of local airline Qantas Airways Ltd if there is a fall in travel demand.

Since 2003, the number of annual air passengers has more than doubled, with China growing to become the world's largest outbound

## Oracle firmly puts down roots in Bangladesh

FROM PAGE B4

"With an ecosystem of a 50-plus strong partner community in Bangladesh, we continue to support the digital transformation for our customers in the region. With our established network and vast breadth of world-class technology, we are geared to help build Bangladesh's digital agenda," said Rubaba Dowla, managing director for Oracle Bangladesh.

Finance Minister AHM Mustafa Kamal appreciated the US tech giant's move, pointing out that the Bangladesh economy had surged 8.15 per cent last fiscal year, the

highest in the Asia Pacific region.

The company helped organisations "transform, harness the growth we are seeing and serve their customers in new, innovative ways", a statement quotes him as saying.

"I would like to congratulate Oracle on this milestone, particularly since they have been close technology partners supporting Bangladesh's development agenda," said State Minister for ICT Zunaid Ahmed Palak, who was also in attendance alongside US Ambassador to Bangladesh Earl R Miller.

## Singapore December core inflation picks up to 0.7pc

REUTERS, Singapore

Singapore's core inflation rate picked up slightly in December, mainly due to higher services price growth, official data showed on Thursday.

The core consumer price index (CPI) rose to 0.7 percent from last year, versus a 0.6 percent increase in November. This was slightly higher than the 0.6 percent forecast seen in a Reuters poll. The headline consumer price index rose 0.8 percent from a year earlier, slightly higher than estimates, and quickening from November's 0.6 percent increase.

Core inflation is the Monetary Authority of Singapore's preferred price gauge for setting monetary policy. It excludes changes in the price of cars and accommodation, which are influenced more by government policies.



SECRET RECIPE

JM Taslim Kabir, head of marketing at Fair Group, opens an outlet of Malaysian café chain at SKS Tower in Dhaka on January 22. The group's concern Pepperoni is the master franchisee of Secret Recipe in Bangladesh.

## Social stigma puts women entrepreneurs off

FROM PAGE B4

The Department of Agriculture Extension (DAE) has distributed 2.05 crore agriculture cards, which are specially designed debit cards meant to help farmers pay for their farming needs. However, only 6.6 per cent were given to women.

Moreover, these women only got the cards because they were the family-head or there were no remaining men in the family, informed Md Mizanur Rahman Khan, deputy director for monitoring at the DAE.

Discrimination is also evident with a number of the farmer's accounts. Of the 95.81 lakh active accounts, 5.5 per cent are women, according to the DAE.

There have been some success stories though as NGOs are currently striving to create women-friendly markets at the rural level by linking together female producers and setting up separate collection points for women at local markets with the help of regional government bodies.

Currently, the women in Sundarganj area of Gaibandha rear cows to sell them to wholesalers. Last year, they sold 52 cows through the Daraz app at higher prices.

"This year they will sell nearly 1,500 cows online," said Md Shawkat Akbar Fakir, project coordinator of the Making Market Work for Women project of ActionAid Bangladesh.

"If the government can ensure fair prices for women farmers and entrepreneurs by creating a direct connection between them and the key market system, it will be great for us," Rashida Begum said.

Additional reporting was done by our correspondents in Pabna, Gaibandha, Gazipur, Rangpur and Mymensingh.

## ECB on the spot over economic risks and strategy rethink

AFP, Frankfurt

With policy locked in easy-money mode, European Central Bank watchers will look Thursday for hints about its strategic review and an updated assessment of risks facing the eurozone economy.

President Christine Lagarde will "be able to enjoy her honeymoon period without having to worry about immediate policy decisions," said Andrew Kenningham of Capital Economics.

In her first three months in post, the former IMF chief and French finance minister has invested much energy into overcoming divisions prompted by a September decision -- taken under predecessor Mario Draghi -- to ease monetary policy once more.

Helped by turnover in jobs on the ECB's 25-strong governing council, Lagarde has managed to treat some of the wounds sustained before she took over. But onlookers are increasingly impatient to hear from her about a planned "strategic review" of the bank's tools and goals.

The institution's last stock-taking in

2003 took place several years before it intervened massively in inter-bank markets amid the global financial and economic crisis.

"The most important part of the review will be an assessment of the definition of price stability and how to reach it," said economist Carsten Brzeski of ING bank.

For most of its active life, the ECB has aimed for inflation "close to, but below two percent" to fulfil its mandate to keep eurozone prices stable.

But over the past seven years, it has failed to achieve that goal despite unprecedented policy experiments.

One option would be to simply target inflation "around" two percent. Such "symmetry" in the inflation target could mean the bank would not immediately hit the brakes once inflation approaches two percent, instead potentially allowing it to overshoot a bit.

That "would allow the ECB to actually take it easy" and stick to its present negative interest rates for longer, Brzeski said.

What's more, "such a clarification of the target would be helpful... to

limit disagreement in the governing council," added Goldman Sachs chief economist Alain Durrieu.

On top of the ECB's headline goal, the review could also tackle issues like making decisions more consensual, side effects of policy tools like bond-buying and negative rates, and how to take climate change into consideration.

Lagarde has identified climate action as a new frontier for central banking, while retaining price stability as the ECB's primary mandate.

The ECB chief's judgement of risks facing the euro area will also be closely scrutinised Thursday.

Lagarde suggested in December that dangers have become "less pronounced", a nuance quickly picked up on by financial markets.

Since then, signs of clouds beginning to clear over the global economy have multiplied, including prospects for an orderly British exit from the EU at the end of January.

The International Monetary Fund -- Lagarde's old patch -- this week pointed to a "moderate pick-up in global growth" ahead.

## Britain and US to clinch trade deal 'this year': Mnuchin

AFP, Davos

US Treasury Secretary Steven Mnuchin said Thursday a post-Brexit trade deal between the United States and Britain is a top priority and he expects it will be reached by the end of this year.

The top US economic official made his comments before heading to London to lay out ways London and Washington could reach the quick accord after the UK leaves the EU on January 31.

Mnuchin's UK counterpart, Sajid Javid, will embark on trade talks with both the EU and the US, in the hopes of sparing the British economy from any short or medium-term shocks of Brexit.

## Small garment factories feeling the heat

FROM PAGE B1

Ahsan H Mansur, executive director of the Policy Research Institute, echoed the same as Selim.

The bigger units will ride out the storm of shrinking work orders arising out of economic contraction in the importing countries.

"Overall exports will not be affected but the number of small and medium factories will go down further in future," he said, while calling for a special fund from the government and the BGMEA for revival of the small and medium units.

In the face of squeezing profits, the small factory owners are also struggling to pay off their bank loans, the interest rate on which is in double digits.

One such owner is Mozammel Haque, who had to forfeit his four small units employing 1,600 in total in July last year. He had a Tk 300 crore bank loan that he was unable to service and the bank took control of the units and auctioned them off.

Haque blamed the declining prices of garment and the rising production costs for his current woes.

"Still, I continued my business for a few years hoping for better prices from buyers in the near future. But that never happened. Now I am out of business," an emotional Haque told The Daily Star over phone.

The cost of production of apparel during 2014-2018 has increased 30 per cent, said BGMEA President Rubana Huq.

In a market economy, an increase in production cost without reciprocity in efficiency or value added would either result in less demand or offering cheaper price, she said. Over the past 4 years, the value addition of the industry has gone down by 1.61 per cent though the apparel export has increased from \$28.10 billion to \$34.13.

This means that the growth is happening in physical terms only, but the value added per piece of garment produced has rather declined over years, she said.

"Unplanned expansion is like an epidemic that is silently killing our industry. While we are trying to find our way out from the price-trap situation, we need to look at ourselves and stop unplanned expansion and overcapacity."

Overcapacity is perhaps the weakest point behind Bangladesh's garment manufacturers' poor bargaining ability, Huq said. A narrow list of export destinations and little product diversification are the other problems afflicting the country's garment exports.

"EU and North America has been major markets, where almost 85 per cent of our exports are concentrated. Product diversification is also not happening at desired pace. Factories are overwhelmingly dependent on a few product category like t-shirt, trouser, sweater and cotton shirt."

Besides, about 75 per cent of Bangladesh's garment products are made of cotton whereas the world market is heading toward man-made apparel, she added.

"Of course these small- to medium-sized garment industries need to survive," said KI Hossain, president of the Bangladesh Garment Buying House Association.

If the businesses are closed, unemployment will increase at a huge rate.

"This will create a great deal of social unrest," he said, adding that the banks and financial institutions that have invested in the sector will also have to face uncertainty.

## Symphony now meets smartphone demand from own plant

FROM PAGE B1

The government offered huge tax benefits for mobile assembling in fiscal 2017-18 after which seven plants were set up in Bangladesh, with another two in the pipeline.

Symphony -- which began its journey in 2008, becoming Bangladesh's first mobile phone brand -- has been leading the market for the last five years but has now shifted focus to handsets in the price range of Tk 4,000 to Tk 8,000.

The main demand lies in this segment, Shahid said, while urging the government to assess the market before giving licences for new plants.

"The quality of our phones is better than those made in China," said Md Maksudur Rahman, senior director of business operation at Edison Group.

About 3.10 crore handsets were sold in 2019, of which 80 lakh were Symphony's, said MA Hanif, head of sales.

## Budget deficit crosses 5pc for first time in 11 years

FROM PAGE B1

The government had aimed to borrow Tk 43,396 crore from external sources in FY19, but it stood at Tk 26,685 crore in the end. Domestic borrowing was up 5.5 per cent at Tk 99,893 crore.

Finance Minister AHM Mustafa Kamal presented the budget implementation report of the first quarter of FY20 in parliament yesterday. The report also contains the actual figures of budget implementation of FY19.

Similar rates of the budget deficit may continue into the current fiscal year owing to lower revenue collection, as indicators showed.

The budget was already Tk 4,066 crore in deficit in the July-September

quarter, whereas it was Tk 8,187 crore in surplus during the same period a year ago.

Similarly, overall revenue collection was down 7.5 per cent year-on-year to Tk 55,493 crore whereas it was growing at 16 per cent in the first quarter of FY19.

Revenue generation by the NBR rose only by 0.8 per cent in the first quarter of FY20 against 13 per cent in FY19. Non-tax revenue fell by 45 per cent against a staggering 52 per cent growth in the first quarter last fiscal year.

According to the budget analysis, bank borrowing stood at Tk 27,950 crore in the first quarter against the full-year target of Tk 47,363 crore. This

is a reversal from the trend witnessed in the same period a year ago, when the government did not borrow any money in the same quarter, rather it repaid Tk 362 crore.

The government didn't borrow any money from non-bank sources in the first quarter. Rather, it paid back Tk 23,248 crore. Its full-year borrowing target is Tk 29,999 crore.

Between July and September, the government's spending rose 15.03 per cent to Tk 59,560 crore. Revenue expenditure was up 9.08 per cent to Tk 46,083 crore and development expenditure climbed 41.41 per cent to Tk 13,476 crore.

The budget size for the current fiscal year is Tk 523,191 crore.

# Intel gets new chairman with Bangladeshi origin

STAR BUSINESS REPORT

AMERICAN tech giant Intel on Tuesday announced its board has elected with immediate effect a new chairman who had grown up in Bangladesh.

Omar Ishrak joined the Santa Clara, California-based company's board as an independent director in March 2017. Board chairpersons typically serve a maximum of two to three years.

The 64-year-old replaces Andy Bryant, an Intel veteran whose career at the American chip maker spanned well over three decades serving in a variety of senior executive roles.

Bryant, who started as board chairman in May 2012, told the board last March he wouldn't run for re-election in 2020.

"I have full confidence in Omar leading the board, which is fortunate to have his expertise at leading an innovative, global company," said Bryant, who will step down in May.

Ishrak comes at a time when the chip maker is trying to resolve supply shortages and protect its dominant market position from growing competition by rival Advanced Micro Devices Inc.

Intel has been facing some pressure and lagged behind its peers in recent times. Shares of Intel rose 29 per cent over the past 12 months while the semiconductor ETF, SMH, jumped 66 per cent in the same time period.

Ishrak is concurrently serving as the chairman and chief executive officer of Medtronic, a medical technology company headquartered in the US, since June 2011.

He joined Medtronic from General Electric Company, where he spent 16 years, most recently as president and CEO of GE Healthcare Systems, a \$12 billion division of GE Healthcare.



Omar Ishrak

He also served as an officer and a senior vice-president of GE.

Ishrak amassed 13 years of technology development and business management experience, holding leadership positions at Diasonics/Vingmed and various product development and engineering positions at Philips Ultrasound.

He earned a Bachelor of Science degree and PhD in electrical engineering from the University of London, King's College.

Ishrak is also a member of the Board of Trustees of Asia Society, an educational organisation promoting mutual understanding and strengthening partnerships among peoples, leaders and institutions of Asia and the US.

The US embassy in Dhaka congratulated Ishrak on his new role.

"Congratulations to the new Chairman of Intel Dr. Omar Ishrak. We are proud to see a Bangladeshi-American lead one of the world's most innovative companies, and hope his appointment will further

strengthen ties between the people of the United States and Bangladesh," it posted on its official Facebook page last night.

Founded in 1968, Intel is the world's second largest and second highest valued semiconductor chip manufacturer based on revenue after being overtaken by Samsung Electronics, and is the inventor of the x86 series of microprocessors, the processors found in most personal computers (PCs).

Intel, which also announced Square Inc. seller lead Alyssa Henry as an independent director, ranked No. 46 in the 2018 Fortune 500 list of the largest US corporations by total revenue.

# Oracle firmly puts down roots in Bangladesh

Opens a full-fledged office in Dhaka

STAR BUSINESS REPORT

Oracle, one of the world's leading providers of business software, yesterday opened an office in Bangladesh, where it had started operations 20 years back.

"The speed at which our customers in Bangladesh are innovating and digitising their businesses exceeds what we are experiencing in other parts of the Asean region," said Cheria Varghese, regional managing director for Oracle Asean, at the launch ceremony.

Oracle, which was founded in 1977 in California's Santa Clara, is said to be experiencing a strong demand for its cloud solutions in Bangladesh from both public and private-sector enterprises.

## US tech companies in Bangladesh

ORACLE

MICROSOFT

CISCO TECHNOLOGY

The Oracle Cloud offers a complete suite of integrated applications for sales, service, marketing, human resources, finance, supply chain and manufacturing.

Bangladeshi firms are leveraging Oracle Cloud to fulfil a variety of business requirements including to manage and retain talent, deliver better customer experiences, launch new services faster or reduce costs. The organisations include Ananta Group, Bangladesh Bank, Bangladesh Bridge Authority, Bangladesh Computer Council, Bangladesh Election Commission, bKash, Brac Bank, DBL Group, the Department of Immigration and Passport, the Ministry of Road Transport and Bridges and the National Board of Revenue.

READ MORE ON B3



Finance Minister AHM Mustafa Kamal, State Minister for ICT Zunaid Ahmed Palak and US Ambassador to Bangladesh Earl R Miller attend the opening of Oracle's Bangladesh office at a hotel in Dhaka yesterday.

# Social stigma puts women entrepreneurs off

Rural markets not gender inclusive yet

NILIMA JAHAN

FEMALE agro-producers in rural areas play a vital role in the agricultural sector. However, the majority struggle to market their products at local and regional markets and are deprived of fair prices in the process.

Since rural markets are largely

is a hub for countless agro-based traders. However, only seven female entrepreneurs were found selling their products on a regular 'haat day'.

However, the seven women in question were only there to sell their products and make a living since their husbands were either deceased or disabled.

Due to her spouse's illness,

Asma does all the work aside from selling her goods in the market due to social and religious restrictions.

The women also need to depend on men for help to transport their goods to the market. As a result, many women prefer to sell their products to wholesalers at lower prices since it's less of a hassle. "Most of the time, wholesalers

Hossain, leaseholder of Fulchhari bazar.

In Satbaria bazar, one of the biggest rural markets of Pabna, 12 shops are reserved for female traders, however, there are no women on the market committee.

Rezaul Karim Siddique, an eminent agriculture researcher and anchor of state-run BTV's longest-

running agricultural show 'Mati O Manush', says it is very difficult to involve rural women farmers as well as agro-based women entrepreneurs in the traditional market.

"In the peri-urban areas, women are coming forward, especially those who are involved in small businesses like garment products or tailoring. But in terms of agricultural products,

they are not coming forward due to the social restrictions they face. It needs huge awareness and local representatives need to be vocal about it," he added.

Female farmers also face discrimination when trying to acquire any kind of support from the state, such as credit facilities, fertilizers or seeds.

READ MORE ON B3



Women prepare freshly harvested onions for sale at Fulchhari upazila in Gaibandha. Though females play a vital role in the agriculture sector, they do not get fair prices due to limited access to the market.

male-dominated, women are discouraged from participating in the market system, according to a few female agro-producers. At the same time, embracing traditional gender roles, such as women having to stay at home to take care of the household, prevent their involvement in market-place activities.

To find out why women are not more inclined to participate in the market, The Daily Star interviewed a number of female agro-based entrepreneurs from seven districts -- Patuakhali, Gazipur, Sherpur, Mymensingh, Pabna, Rangpur and Gaibandha.

Their responses were almost identical: rural markets are not gender inclusive because society is not ready to see women market, sell or bargain their goods with or alongside men. Making matters worse, there are no designated sections to separate the male and female salesmen, they said.

Fulchhari bazar, found in Gaibandha's Fulchhari upazila,

28-year-old Asma Begum of Pipulia village in Fulchhari collects vegetables from a neighbouring village to sell them at the market and make ends meet.

"I can't stay here long and have to return home before sunset because I am anxious about my safety. Dirty gestures and verbal harassments have become commonplace in my everyday life," she said.

45-year-old Rashida Begum, a member of the Galachipa upazila Union Parishad of Patuakhali, shared a similar experience.

"When I take my moong daal [lentils] to the market, people try to make fun. Behind my back, men say that when a woman regular comes to the bazaar, she becomes a 'bazaarer meye' [woman with loose morals]," said Rashida, whose husband currently lives abroad.

Asma Khatun, a farmer of Tarabaria village in Satbaria union of Pabna's Sujanagar upazila, said that she ends up with low returns from the onions cultivated on her land. From production to packaging,

visit our house to buy onions but this way we don't get proper prices of our crop. Sometimes our husbands and other male members go to the market to sell the crops but the control over the money we earn through our day-to-day toil goes to them," the 35-year-old said.

Although male producers do acknowledge that women are a driving force of the agricultural sector with their numbers increasing by the day, female workers are mostly restricted to tending the crops.

"At markets, women can't compete with men in occupying positions and men usually don't cooperate with them," said Md Jashim Uddin, an agro-based entrepreneur of Mawna Bazar in Gazipur.

Another sad thing is that women have next to no presence in market management committees.

"Women should have separate spaces and it should be run by women. But that doesn't seem to be possible right now," said Muktar

## 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.

## Creating a high performance culture

### ASK, DON'T TELL

People love it when they are given agency. That extra freedom goes a long way to boost their performance. Research shows that employees who are given more control, try harder to bring in results. When implementing this in business scenarios, it's important to ensure that supervisors allow their subordinates to have the freedom to choose - this means consulting them before assigning them and establishing a bottom-up flow of information so that their opinions and preferences are valued. This increases ownership within the employees, which motivates them to put in extra work to bring about positive results.

### REWARD UNEXPECTEDLY

While traditional incentive structures involving performance bonuses must stay in place, adding a somewhat inconsistent layer to it, in addition to routine quarterly or annual bonuses, is very effective. Surprises are pleasant, and surprising rewards even more so. These unexpected rewards positively affect the morale of employees, which in turn positively contributes to improving their mental health. This ultimately increases the productivity of the employees. These rewards don't always need to pop up in the form of monetary



benefits; sometimes they could be as simple and inexpensive as being appreciated in front of the bosses.

### REDUCE FEEDBACK CYCLES

There's a lot to be proud of when employees are thorough in completing whatever task they've been assigned, however, it's not always a good idea to give feedback only after the task is already completed. That makes it difficult for employees to rethink the whole thing and start over, specifically because of the time and energy invested on it to make

it perfect. Smart companies today optimise feedback cycles to create a culture where the feedback model is iterative and incremental. Which means, the bigger project is divided into shorter actionable deliverables. In this way, ideas and progress can be validated and de-validated as early as possible and hence, vetted and improved significantly before completion.

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