

The strength to struggle

The unbeatable spirit of the private sector can help us beat all odds



KNOT SO TRUE
RUBANA HUQ

OVER 8,000 km away, everything looks different. The skies, the sunrise, the people and of course, trade. In Paris, the three-day Organisation of Economic Cooperation and Development (OECD) Forum on Due Diligence in the Garment and Footwear Sector, held from February 11-13, led to an important conclusion for us as a country—it is important to be heard in the correct light and platform. The OECD Due Diligence Guidelines were developed through a multi stakeholder process as a response to the G7 Leaders' Declaration in 2015, which welcomed international efforts to promulgate industry-wide due diligence standards in the textile and ready-made garment (RMG) sector. This year too, government, business, workers' and civil society representatives gathered to discuss these issues in a neutral environment. There were sessions on our collaborative national platform—the RMG Sustainability Council—along with sessions on responsible sourcing, mandatory due diligence and the way forward.

In my diary, while the priority had always been addressing our image deficit, it has also been around other multiple agendas that would somehow have to be addressed. A lot remains to be achieved. With Bangladesh's graduation to a middle income country lurking right around the corner, the struggles will be around a few solid areas, including being innovative around lobbying, media, research, designing and more.

We need to be in touch with Brussels more than ever before, ticking by their clock and waking up to the European Union tune. Our visibility must also increase in Paris, with great expositions such as the Première Vision and Tex World. One round of discussions with Institut Français de la Mode (IFM), the

French fashion institute, revealed how much there is to be done. The school is being run by economists who take stock of global trends and supply chains. The professors giving presentations were between 50-70 years of age, yet while walking past the chirpy hallways and happy classrooms, the young jeans clad teachers stood for the story of the institute, which only pays attention to creativity. The knitting labs had students

RMG exports are concentrated on five items—with t-shirts amounting to USD 7.01 billion, trousers worth USD 6.93 billion, jackets worth USD 4.63 billion, sweaters worth USD 4.25 billion and USD 2.32 billion accounting for shirts. Sixty-seven other products make up 36 percent of import concentration, in which we have only a 20 percent share. The next potential products could easily be brassieres, knitted or

measure of the productive capabilities of large economic systems—23 percent of Turkey's production focus was garments and 4.4 percent was on machinery and vehicles in 1995. By 2017, it had brought its RMG production to 151 percent and had balanced it with 21.5 percent machinery and vehicles. In contrast, Bangladesh was ranking at 96 in 1995 in complexity terms and in 2017, it ended up being 104 out of 133, only a few notches apart from where it was more than two decades ago.

In terms of value addition, our ever failing and falling price levels (3.64 percent dip from the EU and over 7.04 percent dip from US markets) over the last four years are a cause of concern. In a year, our exports have dipped by almost 7 percent. Only in December 2019, we have had a dip of 2.49 percent in price and 2.48 percent in quantity.

With so much on the platter, along with the labour narrative that needs to be put straight, we can't just respond to queries in vague terms. If there are deviations, we need to know and if there is a lack of detail, finger pointing without specifics is to be shunned. In a sector of 4.1 million workers, things going wrong must be remedied, but to generalise the situation with random accusations and surveys with limited sample sizes is not enough. At the same time, we need to find allies who will side with us and endorse the meaningful journey that Bangladesh has embarked on.

On our end, we need to defend our own culture, history and practices. At the Western end, they should teach us their terms of engagement to improve standards. So far, the formula is that we comply, and they prescribe. But even amidst so many prescriptions, for the last seven years, we have grown stronger and more resilient. That is what is beautiful about having our own territory and owning our own sense of identity. What we give back is even more beautiful. We give back a sense of accomplishment aided with knowledge and a new sense of being better by the day.

Seven years ago, immediately after the Rana Plaza tragedy, new codes and

protocols relating to fire, electrical and structural safety came into being. Seven years on, we are the safest manufacturing hub any brand or retailer can think of. Even the smallest of the lot have learnt that there is no alternative to safety; there is no alternative to rules and sustainability. The work has been done and the only way forward is never to forget the lessons learnt. The goal has been met and the only way forward is to have the national context inserted into the journey, along with the determination to beat the bias and alter the negative narrative that we continue to fight every minute.

There are lessons to be learnt from history. We should look at the stark contrast that we have with Myanmar. In the 1960s, Myanmar's income per capita of USD 250 was twice of Thailand and around four times of Indonesia, and was only a little below Malaysia. In spite of being a very influential nation, and in spite of being one of the founders of the Asia-Africa Union along with Indonesia and India, the decision to close down its economy, wrongly led by the military junta, created a nation that today commits genocide and has a GDP per capita of around USD 1,000 fifty years later, which is only a quarter of Indonesia, and lower than both Laos and Cambodia. In contrast, here in Bangladesh, the pattern of governance centres around repair, redress and realignment, and thus, the country continues to grow from strength to strength.

Potential debacles may be plenty. But the unbeatable story and spirit of the private sector, aided by sound sector policy and guided by a solid, socio-economic understanding of the industry, can overcome all this, and can only lead the sector to the next level. Failing this, we will have the pages in our history books marked in red, reflecting the collective failure of the economy, which will impact the lives of millions. Neither the private nor the public sector can ever afford to fail a single one of them.

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PHOTO: STAR

listening to music and knitting sweaters in manual machines, only to graduate to jacquard machines from Stoll after they were through with their initial learning curve. Their patterns were innovative. Their mood was one seeped in the mirth of learning. On one of their windows, the apt statement on fashion stood boldly posted—"la mode n'est pas éphémère, c'est aimer faire"—"fashion isn't meant to be short lived, it's to be loved and upheld in permanence."

After walking away from IFM, a few realities continued to hit me in the hardest way possible, especially with regard to product diversification, skill diversification, sector diversification and value addition.

In terms of product diversification, the case as it stands now happens to be dismal. Strangely, 73 percent of our

crocheted t-shirts, MMF based girls and women's blouses and shirts, along with windcheaters, anoraks and jackets for adults and children of both sexes.

Considering the level of literacy of our workers, it is impossible for them to graduate to a new platform of skills. How do we educate them? How do we reskill? Could we potentially use them to be health aides or could we teach them other skills? These are all questions we need to ask ourselves. A community based reskilling centre for workers and factory wise digital opportunities could be sought and thought of.

In the meantime, we don't even know which sectors our workers are going to fit into. While Bangladesh remains heavily dependent on RMG, what could we do next? In a scale of economic complexity—which is used as a holistic

reduced, their sales may be reduced even further. Recently, different scheme deposits run by the Post Office have also been reduced drastically to preserve the liquidity of banks. While there is speculation that the government may not fix a bar for the rate of interest of individual deposits so that people are not reluctant to deposit in banks, this cannot be considered to be particularly good news for depositors yet.

People always tend to look for alternative sources of income when the existing source of income is not sufficient. Due to the reduction of rates of interest of banks, people may try to find other different sources of safer income, which could lead them straight into the hands of fraudsters, particularly if they are not well-informed on financial matters. The ugliest thing for the reduction of rates of interest is that in Bangladesh, we have the sore experience of observing the growth of different illegal organisations that attract people by offering illusory profits or interests by investing in their organisations. These tend to be different multi-level marketing companies, unauthorised illegal investment companies, online illegal investment companies, different illegal unapproved co-operative societies etc. Sometimes, these organisations can operate their businesses very openly so that people

are bound to believe them and invest their savings in the hopes of receiving high profits, only to finally lose all their deposits in a bad investment. Government agencies must be vigilant and ensure that such organisations cannot now attempt to fill the gap and entice people into investing in their fraudulent activities. The government has the responsibility to make people aware and provide the education necessary, starting from the union level, through different campaigns. We must also all be conscious of these matters, exercising caution and doing the proper research before investing any money anywhere.

An alternative source for small investors is the capital market, where they may invest their money in lieu of the banks. However, due to the unstable behaviour of the market, especially in recent times, the general people still find it difficult to put their faith in it. While there are hopes in certain quarters that investment in the capital market will increase as a result of lower interest rates, this loss of faith in the market may stop lower interest rates from having this desired effect. Therefore, the government as well as the Security Exchange Commission have a role to play here in making the market stable and more trustworthy. The government can encourage the building up of mutual funds so that ordinary people who are

not experts in the capital market can still invest their money in mutual funds with minimum risks.

It is true that higher interest rates are an impediment for smooth economic growth. The Bangladesh economy, despite all odds, is still booming and is now currently on the path to becoming a developed economy of a middle-income country. Hence, low rates of interest in such a context is to be expected. Since we are not yet used to single digit rates of interest in this country, the going may be rough for a while, as all involved stakeholders will need some time to cope and deal with the transition. The government now has a difficult task ahead—they must create conditions that allow borrowers and depositors to remain in a situation that is positive for both quarters. Factors that may adversely affect the reduction of interest rates should be offset by other alternative opportunities. If all these things can be considered, then the government initiative to reduce the interest rate to a single digit will be fruitful for all. Otherwise, a large section of the population, especially those with little financial knowledge and understanding of capital markets and the banking sector, will be made even more vulnerable by these changes.

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Interest rate reduction: the good, the bad and the ugly

ZIA UDDIN MAHMUD

THE news that the Bangladesh government is going to reduce the rate of interest of bank loans has, in general, been considered to be a positive one by businessmen. At the same time, it has not been received as favourably by depositors, since the rate of deposits will now also be reduced. The term is already well-known in the banking sector as 9 and 6—with the highest borrowing rate being 9 percent and the highest deposit rate being 6 percent. However, it is true that a reduction of the rate of interest has multifarious outcomes which can positively affect the economy, if it can be controlled by the government.

In our banking sector, loan default is a huge cause of concern, one that we are failing to control. Think-tanks of our country have found that higher rates of interest are one of the main problems that are leading to loans becoming stuck, allowing borrowers to become defaulters. Additionally, high rates of interest have also increased the cost of investment as well as the cost of production, leading to a situation where we cannot compete in the international market, or even in a local market that is saturated with international products. High rates of interest are also responsible for making good businessmen reluctant to take loans,

which results in the negative growth of industrialisation. Inflation is another factor that tends to increase due to high rates of interest. As a result, a reduction of the rates as a solution to these problems is a good step and is likely to have positive impacts on the economy.

On the other hand, depositors are worried about where they will invest their money in the current context. There are many people, especially retired persons and repatriated wage earners, who mainly depend on the income from interest and are the biggest losers of the new policy. This is because a reduction of the rates of interest will reduce their income from said interest, which may reduce the buying power of these people. To meet this income gap, they may choose to withdraw their deposits or investments. As a safe investment, people used to opt for different government savings certificate, or different attractive deposit schemes of banks and other financial institutions which give high rates of interest. Now this opportunity will come to an end, once the rates of interest reduce.

The government has already changed the rules for purchasing savings certificates, resulting in a drop in the sale of savings certificates in the last couple of months, even though the rate of interest was still favourable at that point. If the rates of interest of different savings certificates are also

QUOTABLE Quote

OPRAH WINFREY
(Born 1954)
American television personality, actress, and entrepreneur.

If you look at what you have in life, you'll always have more. If you look at what you don't have in life, you'll never have enough.

CROSSWORD BY THOMAS JOSEPH

ACROSS

- 1 Comics Viking
- 6 TV's DeGeneres
- 11 Wonderland
- 12 Crystallised rock
- 13 Problem for travelers
- 15 Rent out
- 16 -- Arbor
- 17 Nourished
- 18 Bar seat
- 20 Dwight's wife
- 23 Airport areas
- 27 Pinnacle
- 28 Binary digit
- 29 Discourage
- 31 Sweetheart
- 32 Solemn ceremonies
- 34 Cry of insight
- 37 Apply ointment
- 38 Slump
- 41 Convicted
- 44 From the country
- 45 Stable worker
- 46 Make a speech
- 47 Appears

DOWN

- 1 Foyer
- 2 Lotion additive
- 3 Basic idea
- 4 Play division
- 5 Feel empathy
- 6 Seasonal quaff
- 7 Relay section
- 8 Bakery buy
- 9 Border
- 10 Must have
- 14 First numero
- 18 Philly cager
- 19 Takes it easy
- 20 Furious
- 21 Gorilla, for one
- 22 Got together
- 24 Brewed drink
- 25 Make mistakes
- 26 Tofu base
- 30 Conundrum
- 31 Fixes code
- 33 Playground game
- 34 Bushy 'do
- 35 Clock reading
- 36 Mystique
- 38 Tart fruit
- 39 Bond component
- 40 Workout sites
- 42 D. C. baseballer
- 43 Wrath

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YESTERDAY'S ANSWERS

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BEETLE BAILEY by Mort Walker

BABY BLUES by Kirkman & Scott