

| STOCKS   |          | COMMODITIES |              | ASIAN MARKETS |           |           |          | CURRENCIES    |       |        |       |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|-------|--------|-------|
| DSEX     | CSCX     | Gold        | Oil          | MUMBAI        | TOKYO     | SINGAPORE | SHANGHAI | USD           | EUR   | GBP    | CNY   |
| ▲ 0.17%  | ▲ 0.23%  | \$1,793.76  | \$43.16      | ▲ 0.51%       | ▼ 0.44%   | ▼ 0.05%   | ▲ 0.37%  | BUY TK 83.95  | 93.72 | 103.82 | 11.74 |
| 4,001.81 | 6,882.31 | (per ounce) | (per barrel) | 36,674.52     | 22,614.69 | 2,661.42  | 3,345.34 | SELL TK 84.95 | 97.52 | 107.62 | 12.35 |

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# Star BUSINESS

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## Private jute millers can now go full steam ahead

SOHEL PARVEZ

Private millers are looking to utilise much of their capacity to increase the production of jute goods to cash in on the void created in the domestic and international markets for the closure of all the 22 state-run jute mills.

State mills under the Bangladesh Jute Mills Corporation (BJMC) exported 31,730 tonnes of jute goods in the first 11 months of fiscal 2019-20, up from 29,450 tonnes in the previous year.

As the BJMC factories that

produced sacks, hessian and carpet backing cloths were shut on July 1, private millers see business prospects since state mills are unlikely to resume production soon.

"This has created an opportunity for the private sector players to turn around," said Mahmudul Huq, chief executive of Janata Jute Mills, one of the leading private mills.

The mills under the BJMC had nearly 11,000 looms and the state agency could operate only half the looms to make jute goods.

The BJMC exported roughly

| CLOSED JUTE MILLS  | WORKERS PRIVATE MILLS                               | LOOMS IN PRIVATE MILLS                              |
|--|---|---|
| Private jute mills: 67 (including 28 previously denationalised jute mills) | Spinning mills: 75,000                              | Installed looms: 16,000                             |
| Private spinning mills: 12   | Private Jute mills: 60,000                          | Operated Looms: 5,215                               |
| Closed state mills: 26   | Closed state mills: 50,000 including casual workers | Closed looms including closed private mills: 10,906 |
|  |   | State mills: nearly 11,000                          |

one lakh tonnes of jute goods annually over the past decade, while its average domestic sales were more than 28,000 tonnes.

Private mills will not be able to fill the gap overnight, said Huq, who has been in the jute industry for nearly 30 years.

"Our capacity for weaving and spinning will increase by 2021," he said.

Bangladesh has 260 private jute mills, including spinning mills, and 54 of those are closed, according to data by

the Bangladesh Jute Spinners Association (BJS), whose members contribute to more than 60 per cent of the total export receipts.

With the BJMC's 22, the total number of factories shut down so far crosses 100.

Some private millers expressed optimism that the owners of the closed mills might resume production because of the shutdown of mills under the BJMC that is going to bid goodbye to 24,886 permanent

workers through a golden handshake.

"Those who had been running factories below their capacity are likely to increase capacity utilisation," said Mohammed Mahbubur Rahman Patwari, chairman of Bangladesh Jute Mills Association (BJMA).

BJMA data showed that private jute mills operate only 5,215 of their installed looms of 16,000 including the ones of the closed factories.

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## Work on Indian economic zone to finally get off the ground soon

JAGARAN CHAKMA

Bangladesh Economic Zones Authority (Beza) is all ready to start site development for an India Special Economic Zone (ISEZ), where billions of dollars in investment are expected to pour in from the neighbouring country.

The Indian authority approved \$115 million in funds for the project on June 11 under its third Line of Credit (LoC) worth \$4.5 billion to Bangladesh, which was agreed upon in 2017.

"We will sign a commercial agreement with the Adani Ports and Special Economic Zone Limited (APSEZ) shortly to start the implementation work after completing of necessary negotiations," said Paban Chowdhury, executive chairman of Beza.

He expects the project to be ready for factory setups within June 2021 and the factories to go into operation in full swing by 2023.

Beza already signed an agreement with the APSEZ to develop the zone and the Prime Minister's Office approved it in January this year.

The government allocated Tk 80 crore under the annual development project this fiscal year for the ISEZ.

Meanwhile, the pre-qualification report for a project management consultant has been sent for vetting to the Exim Bank of India, which is supposed to disburse the LoC.

The site selection and land acquisition for the ISEZ have already been completed at Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram.

Now only negotiations are ongoing on whether Beza will be involved in equity or not.

According to Chowdhury, the APSEZ wants Beza to be an equity partner of the ISEZ.

Prime Minister Sheikh Hasina has given her nod for the Ahmedabad-based Adani Group to develop the ISEZ, Chowdhury said.

He believes successful implementation of the ISEZ would eventually reduce the trade imbalance between the two countries that are heavily tilted towards the neighbouring country.

In fiscal 2018-19, Bangladesh's merchandise shipments to India amounted to \$1.24 billion, crossing the \$1 billion-mark for the first time, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

At the same time, Bangladesh imported goods worth \$7.64 billion, down from \$8.61 billion in the previous year.

The trade imbalance would be reduced while the ISEZ would go into manufacturing products and export it to the neighbouring countries, particularly to the Seven Sister States of India, the Beza executive chairman said.

An Indian diplomat in Dhaka on condition of anonymity told The Daily Star that the Indian side was sincere in completing the construction for the site's industrialisation.

"Our investors, including giant Adani Group, do not want to waste time for setting up their industrial units in the economic zones," he added.

Adani eyed the ISEZ as the Indian government supported it and it has got clearance from the Indian authority, said the BEZA executive chairman.

Almost all official formalities have been wrapped up as per Adani Group's expectations, Chowdhury said.

Adani, which has vast experience as India's largest private multi-port operator, wants to set up a dedicated port in the zone.

The number of companies that will set up shop at the ISEZ is yet to be finalised but the zone is expected to create about 3 lakhs jobs directly.

The economic zones aim to promote balanced development of multi-product industries in different parts of the country, create jobs for the locals and attract foreign direct investment, Chowdhury added.

### ISEZ at a glance

- Total area of ISEZ **1,000** acres
- India to provide **\$115m** fund
- Operational by 2023
- Investment billions of dollar
- Employment **3** lakh directly
- Major sector: IT, automobile, textile, engineering, leather
- Important infrastructure: jetty/port
- Allocation of **Tk 80** cr this fiscal year

## Wage growth pitches to five-year low

REJAUL KARIM BYRON

Wage growth slowed to a five-year low in the just-concluded fiscal year driven by the income loss in the manufacturing and services sectors as the coronavirus pandemic-induced shutdown wiped out livelihoods of a major portion of the population in the last quarter.

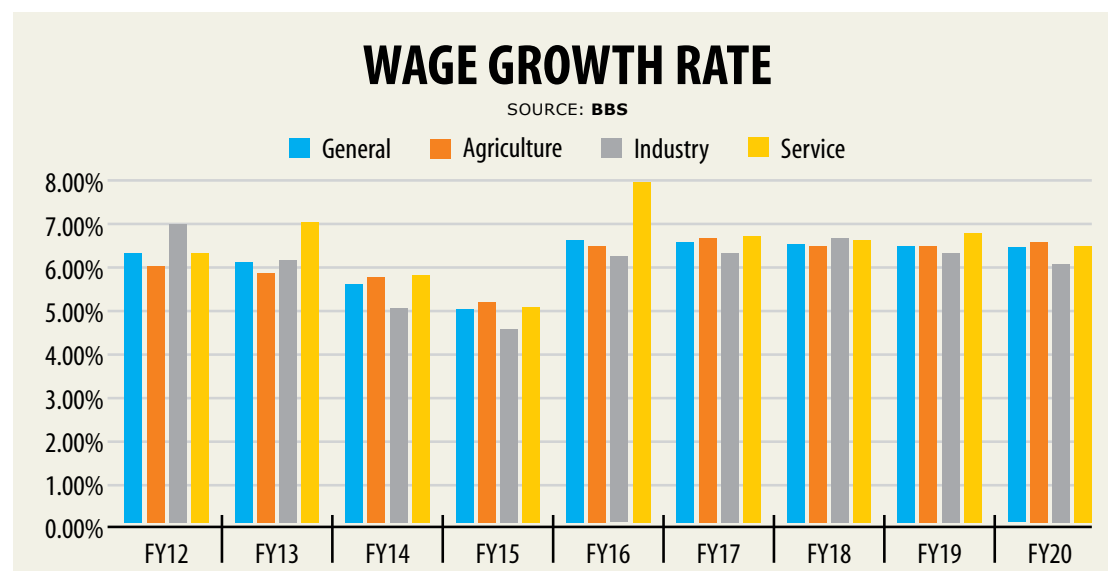
General wage grew 6.35 per cent in fiscal 2019-20, which was 6.4 per cent a year earlier, according to the Wage Rate Index (WRI) prepared by the Bangladesh Bureau of Statistics (BBS).

This is the lowest wage growth since fiscal 2015-16.

The decline in wage growth in the manufacturing and services sector led the fall.

The industrial sector saw a 23 basis-point drop in wage growth to 5.99 per cent, the lowest in five years, from a year earlier.

Similarly, the services sector's wage growth gave up 28 basis points to 6.41 per cent, also the



lowest since fiscal 2015-16.

The agriculture sector helped the wage rate end the fiscal year on a positive note: it advanced six basis points to 6.48 per cent, the highest in three years.

The wage growth of the three major sectors of the economy vanished in April, the first month that endured the devastating impact of the countrywide shutdown put in place to flatten

the curve on coronavirus.

In April, the wage growth in the agriculture sector was 0.20 per cent in the negative compared with March.

The manufacturing sector's

wage growth contracted 0.04 per cent and that of the service sector's 0.02 per cent.

Construction workers saw a wage contraction of 0.03 per cent and it was 0.05 per cent for the fisheries sector's workers, BBS data showed. The wage growth in all sectors returned to the black in May and June.

Wage growth contracted in Dhaka, Chattogram and Rajshahi in April but it was in the positive territory in Rangpur, Barisal, Khulna and Sylhet.

Unlike all other divisions, Rangpur, however, saw a contraction in wage growth in May.

While the wage growth slowed in every month since March, it still stayed ahead of the inflation, suggesting that real wage was still rising, albeit at a slower pace.

This is true for all sectors -- agriculture, industry and services, according to Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

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## Uber comes to housebound city dwellers' rescue as it brings in car rentals

MAHMUDUL HASAN

Getting around Dhaka city, these days, has become bit of a plight for those who were reliant on their chauffeurs to drive them around.

For fear of contagion, many households have packed their chauffeurs off to their villages in the last week of March, when the government had enforced countrywide shutdown with the view to flattening the curve on coronavirus.

The shutdown has been lifted but the state of contagion remains more heightened than ever before, meaning many of those households are still without their chauffeurs and completely housebound, even if it is not by choice always.

Against such a backdrop, global ridesharing giant Uber yesterday introduced on-demand rental service to cater to the city's residents who have been struggling to get a safe ride.

Uber Rentals, the first of a kind launched by any ridesharing company in Bangladesh, promises to provide a personalised experience to passengers, allowing them to book a car and its driver for several hours at a stretch and make multiple stops on a journey.

"As Dhaka reopens, many of our riders will have new use cases and different needs from Uber, one of which will be keeping their Uber with them for a longer duration in the day," said Ratul Ghosh, head of Bangladesh and East India, Uber, in a



statement.

Uber Rentals caters to such a need by allowing users to book their Uber for multiple hours with flexible and affordable packages and also gives them the option to make multiple stops on their journey, he said.

Starting price of the service is Tk 899 for a two-hour and 20 kilometre-package. Riders will have the option of selecting

from multiple hourly packages that can be booked for up to a maximum of 10 hours.

Rides would conform to health guidelines and provide the highest possible safety standards, Ghosh said. "For our drivers, this offers them yet another opportunity to earn on the platform," he added.

Before Uber, another ride-hailing platform, Obhai, introduced such a rental service in late April called Obhai Sheba.

The emergency transport service aims to cater to patients, doctors, nurses and health officials who are failing to get to hospitals timely due to a lack of safe means of transportation under current circumstances.

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## Shift focus to Asia to boost exports

Says Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue

REFAVET ULLAH MIRDHA

Apart from the traditional markets like Europe and the US, Bangladesh should focus more on the Asian markets to revive export earnings during the time of the pandemic, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD).

About 80 per cent of the country's exports are destined for the European and American markets, while Asian nations don't get due importance though they hold huge potential, he told The Daily Star in an interview recently.

The Asian markets, especially India and China, are very important for Bangladesh and China has recently allowed duty-free facility for 97 per

cent of Bangladeshi products.

"This is a big opportunity for our country. We need to utilise this to the full."

Bangladesh's exports to China are rising considerably as the demand for Bangladeshi products, especially garment items, is growing among the Chinese middle-income people.

China has a big consumer base but all its consumers can't afford the high-end garment items it makes.

As a result, many Chinese clothing brands are sourcing garment items from Bangladesh at competitive prices for their domestic customers although China is the largest apparel supplier worldwide with a 34 per cent global market share.

Bangladesh's export to China has increased to nearly \$1 billion in recent



years from less than \$100 million even seven to eight years ago.

Moreover, some work orders for garment products are being diverted to Bangladesh from China because of the high cost of production in the manufacturing sector of China.

India too can be another big market for Bangladesh as it enjoys zero duty benefit in the neighbour's market, although there is 12 per cent countervailing duty.

Thanks to the duty benefit, shipment to India crossed the \$1 billion-mark last year, with the garment being a major export item.

"We need to further explore the Indian market to reap the maximum benefit of the duty privilege," Rahman said.

Japan could be another promising

market for Bangladesh as shipment to Japan has been accelerating because of high demand for Bangladeshi goods and zero duty benefit. Exports to Japan crossed the \$1 billion threshold in fiscal 2018-19.

Bangladesh's overall export earnings fell 16.93 per cent year-on-year to \$33.67 billion in the immediate past fiscal year as the ongoing pandemic affected the global supply chain and dampened demand worldwide.

Against this backdrop, new destinations like China, India and other South Asian nations that comprise one of the biggest consumer markets of the world can give a breathing space to the exporters of Bangladesh, Rahman said.

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