Online platform to connect garment buyers, sellers

Star Business Report

A local online platform for trading garment items was launched yesterday to help international suppliers and retailers meet exporters directly and facilitate verification of work orders digitally.

The platform -- Merchant Bay -- is a subsidiary of a leading garment exporting company, Sayem Group.

The internet is considered to be the backbone of future business as consumers' behaviours are changing for the advent of technologies globally.

The coronavirus pandemic proved the necessity of online businesses once again with most of the trade taking place online, such as end-consumers purchasing goods through platforms like Alibaba and Amazon.

"The Merchant Bay will expedite the export of garment items as the verification and audit of suppliers, retailers and brands would be completed digitally and by an efficient team," said Abrab Hossain Sayem, managing director of Merchant Bay.

Some 1,000 members registered with the platform while it was undergoing development over the past one year, he said at the virtual inauguration.

His company has been using home grown software and in some cases foreign technologies and he has also been using some services from Amazon, he said.

Merchant Bay, which has been working mainly as a matchmaking agent for buyers and sellers of garment items, has been primarily charging Tk 1,500 a month as fee and also offers an annual package of Tk 20,000, he said.

He said all sizes of garment factories such as micro, small, medium and large units can do business through his platform.

In buying of garments, auditing and verification of the information of goods and factories are very important. In many cases, export orders get cancelled or suspended because of incorrect audit reports and verification of both factories and buyers.

"So we will verify the factories with our expert teams and if we are satisfied with the factory visit and audit, we will send a verification badge to the buyers so that they can rely on it and do business hassle-free," said Sayem while replying to queries of journalists.

The manufacturers and buyers can contact each other directly through this platform, he said.

Sayem said his platform would also help improve the productivity and efficiency in management in the factories.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also said to be working on a concept for launching a virtual marketplace as online platforms have become very vital for buying and selling.

Virtual transactions and e-commerce are the new reality in business as these work as one-stop service centres, she said.

Consumers' behaviours have changed a lot in the pandemic time, she said.

The reality of online business was realised when garment work orders worth $3.15 billion were cancelled by international retailers and brands during the March to April period as a result of the fallouts of the Covid-19 this year.

She also suggested launching platforms connecting businesses to consumers.

Shafiul Islam Mohiuddin, former president of the BGMEA and the Federation of Bangladesh Chambers of Commerce and Industry, said the presence of customers in stores of western retailers and brands was still low.

But there has been a boom in online sales as consumers prefer buying goods while staying within their homes, he said.

"We need to reach our goods to our consumers through online platforms as their behaviours also changed a lot," he said.

Posts and Telecommunication Minister Mustafa Jabbar suggested keeping focus on human labour while going for technological innovations.

Although automation has been taking over many industrial sectors, human skill and experience are still needed, he said.

Jabbar said the telecom sectors of four countries were currently inquiring to invest in Bangladesh as they believe this country was a major market for them.

He said the government was working to launch 5G technologies soon in the country.

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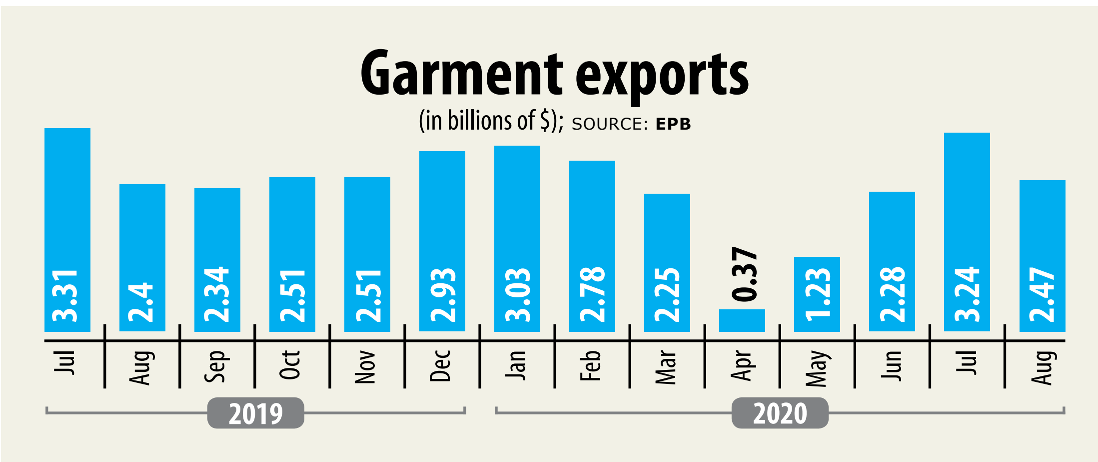

Financial reporting lapses stem from FRC's lax approach: experts

Star Business Report

Financial Reporting Council, Bangladesh (FRC) needs to be more proactive in its approach to establish efficient corporate governance and serve people authentic information and true services, experts said yesterday.

Many well established small and medium enterprises (SMEs) have been running their operations while declaring inaccurate audit reports and flouting regulations as the FRC has not acted strongly enough to prevent such illicit acts.

Since many of these issues often go overlooked or unchecked by the authorities concerned, ordinary people and investors in most cases end up getting cheated, they added.

Mohammad Muslim Chowdhury, comptroller and auditor general of Bangladesh, said the financial reporting act covers a range of financial issues, such as audits, in order to ensure accountability and transparency in the country's financial reporting procedures.

But for the act to be properly implemented, Bangladesh needs more accounting professionals and the FRC needs to improve on transparency issues, he told a virtual discussion on the FRA organised by the Dhaka Chamber of Commerce and Industry (DCCI).

"To that end, the FRC can collaborate with Bangladesh Bank, the Bangladesh Securities and Exchange Commission, Ministry of Finance or any other related regulatory bodies," Chowdhury said.

DCCI President Shams Mahmud said the FRC needs to be more effective in its attempt to bring significant changes to the quality of audit and corporate financial reporting systems

According to the auditor general, the DCCI was for the FRC motivating SMEs to improve corporate governance in the sector.

Meanwhile, DCCI President Shams Mahmud said the FRC needs to be more effective in its attempt to bring significant changes to the quality of audit and corporate financial reporting systems.

"This would also help address the wilful loan defaulting problem that is prevalent in the banking sector," he added.

The capital market in Bangladesh is underdeveloped while its market capitalisation to GDP ratio is one of the lowest in the world.

Transparent financial reporting from both listed and non-listed companies is crucial to gain investor confidence and subsequently attract investment in the capital market.

To attract more foreign investment, the micro, small and medium enterprises (MSMEs) need to meet the standards set by International Accounting Standards Board when filing their financial reports as well.

Simple, user-friendly accounting and financial reporting guidelines for the MSMEs need to be introduced in order to ensure better access to finance for the sector and so, the FRC needs more professional resources to implement the act, Mahmud said.

Aftab Ul Islam, a director of Bangladesh Bank and former president of the DCCI, said a rating system, such as the CAMELS rating, could be put in place for audit firms.

The CAMELS is an international rating system used by regulatory banking authorities to rate financial institutions, according to the six factors represented by its acronym "Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity".

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Consumer electronics companies predict grim outlook for 2020

Jagaran Chakma

The home electronics sector is suffering from a landslide in demand with the sales likely to stay below 70 per cent of annual target as consumers are reluctant to spend on luxury items amid the ongoing pandemic, according to various market players.

As per a study conducted by the High Commission of India on the 'Electronics sector of Bangladesh' in 2017, when the sector's market value stood at $2.7 billion, sales were expected to reach $2.73 billion in 2019, $2.73 billion in 2020 and $6.35 billion in 2025.

To give a boost to the business, the electronics companies are now looking forward to the online retail platforms to send the consumers' desired products to their doorsteps.

This will help manufactures make at least enough revenue to survive the Covid-19 fallout, industry insiders said.

Similar to the Indian high commission's study, local producers and retailers believed that the market size for consumer electronics could have reached around $3 billion in 2019.

Currently, home appliances such as televisions and refrigerators are the most sought-after items amid the country's burgeoning middle class, the main demographic for such products.

The sector has grown by about 15 per cent on average in the last 10 years, they added.

Major players in the domestic consumer electronic market are: Walton Group, Transcom Electronics, Rangs Electronics, Rangs Toshiba, Best Electronics, MyOne Electronics Industries, Jamuna Electronics, PRAN RFL (Vision), Esquire Electronics, Electra International, and Super Star Group (SSG).

Meanwhile, foreign companies like Samsung, LG, General, Sharp, and Whirlpool are also popular among local consumers.

However, according to the study it is not possible to identify the manufacturers' market share of the consumer electronics sector as no such data is readily available online while most companies refused to share their sales data during the primary data collection phase.

Electronics companies in Bangladesh produce a number of items, such as lightbulbs and fans, that are considered to be of good quality with competitive prices.

Large-scale industrial conglomerates like Walton and Transcom are prime examples as both have created very successful empires in the local consumer electronics market.

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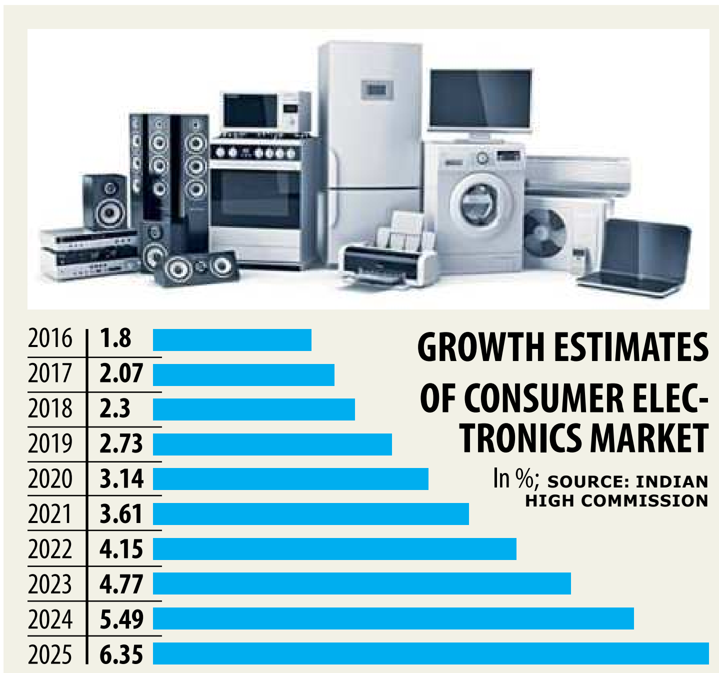

China's return to normalcy: a lesson for others

Sazzadul Hassan

China is indeed a surprise package! The country, from which the deadly coronavirus originates, seems to have recovered well as not only has it successfully contained the virus, but is also slowly showing signs of a return to normalcy as far as the economy is concerned.

In literally no time at all, this notorious virus has spread all across the planet, infecting millions of people and taking the lives of many. As a result, normal economic activities had to be shut down all around the globe for a number of months.

But the fact remains that even today, most of countries have not been able to resume regular activities while some other nations, known as economic superpowers, are struggling terribly.

In April, the International Monetary Fund (IMF) forecasted a gloomy picture of the world economy. According to them, global GDP would fall by 3 per cent in 2020. However, the IMF revised its forecast in June.

They then projected a further decline in global economic growth, which now stands at minus 4.9 per cent, 1.9 points below the April 2020 forecast.

This clearly shows that the pandemic's impact was much worse than anticipated during the first half of the year. All major economies, except China, are expected to experience negative growth this year.

According to the IMF, the US, the largest economy in the world, will have negative growth of 8 per cent. While in case of the EU, the figure looks more depressing still with an overall decrease of 10.2 per cent.

Even Germany, known for its rock-hard economic foundation and pragmatic policies, is also expected to experience a decline of 7.8 per cent in GDP growth. The UK's economy is expected to shrink by 10.2 per cent while France will have negative growth of 12.5 per cent.

Among other major economies, ASEAN countries will also have negative growth of 2 per cent with India's economy forecasted to shrink by 4.5 per cent.

China cashed in on growing demand for personal protective equipment from all around the world amid the Covid-19 outbreak by exporting such materials worth billions of dollars

Visitors wearing face masks pose for photos during the reopening day of Disneyland to the public, after a second closure due to the coronavirus disease outbreak, in Hong Kong, China on Friday. REUTERS

Homi Kharas, a renowned economist and analyst who works at Brookings Institution, said China would emerge as the world's number one economy in 2028 in absolute terms, using current dollars, two years faster than his pre-coronavirus estimate

During the first quarter of the year, China's economy did struggle badly primarily because of the lockdown. Factories and businesses were shut for most of this period as China introduced strict measures to curb the spread of coronavirus.

As a result, their GDP plummeted by a record 6.8 per cent. To the surprise of many, the world's second biggest economy returned to a path of growth during the second quarter of the year.

According to a report published by the China National Bureau of Statistics, the country's GDP grew by 3.2 per cent during that period.

The growth was mainly driven by the primary industry, whose output rose by 9 per cent as most of their factories resumed production from April. Domestic consumption -- which accounted for 57.8 per cent of China's GDP growth in 2019 -- had become a significant factor during the second quarter of the current year as well.

China cashed in on growing demand for personal protective equipment from all around the world amid the Covid-19 outbreak by exporting such materials worth billions of dollars.

Aside from the aforementioned reasons, the single most important factor that helped China revive its economic growth was its ability to contain the virus with all out measures that included: running an active virus tracking system, adopting a stringent testing policy and conducting regular neighbourhood surveillance to stem the infection chain from expanding.

These stringent measures definitely paid off as China was able to control the virus. As a result, the country reopened its economic activities from the beginning of the second quarter.

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