

# Big push needed in digitalisation to unlock post-pandemic potential

Marico CEO Ashish Goupal says in an interview

AHSAN HABIB

Digitalisation in Bangladesh needs a big push in order for the country to achieve its desired economic development during the post-pandemic era, according to Ashish Goupal, managing director of Marico Bangladesh.

"The ongoing Covid-19 pandemic has brought significant changes to the world and taught us a lesson about the importance of digitisation on the economy," he said in a recent interview with The Daily Star.

Better governance of the digital economy is also needed to help sustain the digital transformation and increased access to government machinery witnessed over the past few months.

"And this would go a long way towards improving Bangladesh's ranking on the Ease of Doing Business Index," Goupal added.

Digitalisation can solve many procedural issues, such as obtaining various business licences, and helps ensure that resources are deployed in a more constructive manner.

When speaking about current trends, Goupal said Bangladesh has a very young demographic which was highly engaged in social media.

Therefore, innovation and digital transformation are key to understanding and connecting with the consumers in Bangladesh.

"We have to remember that we are competing with countries like Vietnam and Cambodia, not just in terms of attracting investment, but also the related technology and intellectual capital," he said.

To improve the country's business climate and remove barriers faced by entrepreneurs, the government could form a joint task-force featuring both public and private sector entities.

For example, a task-force anchored by Bangladesh Investment Development Authority (BIDA) in association with the UNDP and various private sector representatives worked on restoring the country's supply chains amid the pandemic.

Having made its trading debut in 2009, Marico Bangladesh has a paid-up capital of about Tk 31.5 crore.

The leading fast-moving consumer goods company disbursed 950 per cent cash dividend for the fiscal year that ended on March 31, 2020.

"My two other suggestions would be to continuously hold open and responsive dialogues with the private sector and to ensure clarity and consistency in the application of government policies," Goupal said.

According to the managing director, Bangladesh is doing really well and that is why Marico is going to invest Tk 227 crore to establish a manufacturing facility in the country to meet the growing domestic demand for consumer goods.

"I must complement the numerous government agencies for the business-friendly attitude and policies, which is reflected in the economy's growth," he added.

But while the entire world is reeling from the Covid-19 fallout, Bangladesh has once again proven its resilience as the economy was already showing signs of recovery.

The government had taken timely measures to ease the lockdown ahead of harvest season,



Ashish Goupal

ensuring that the agricultural sector will pull through this unprecedented crisis.

As a part of its efforts to revive the economy, the government also announced comprehensive stimulus packages aimed at preventing unemployment, help the new-poor and tide over the economic slump caused by the pandemic.

And now, Bangladesh is projected to have the highest growth rate among its peers within the region in 2021, Goupal said.

Meanwhile, improved trade balance combined with growth in remittance and foreign direct investment has lifted the country's forex reserves to an all-time high while tax collection has recovered from its initial slump at the start of the pandemic.

With regard to how the virus has impacted consumers, Goupal said, "Covid-19 has changed our very lifestyles and the way we consume."

Due to lockdowns and the restrictions on public movement, people are spending a significant amount of time indoors.

So, going out to experience new products, eat or shop has dropped, said the managing director of Marico Bangladesh.

While elaborating on this change in consumer behaviour, Goupal said the economic uncertainty amid the pandemic has resulted in a loss of income for many.

This subsequently led to a fall in purchasing power and sharp decline in spending on non-essential items.

Marico Bangladesh has 37 brands in various categories, ranging from coconut oil and skin care products to edible oil and other food items.

Regarding how the pandemic has affected Marico in specific, Goupal said while no one could have predicted the speed or scale of the impact, his company had contingency measures in place well in advance.

Although there were intermittent supply chain disruptions across the country due to the lockdown between March 26 and May 30, re-modelling the company's distribution and sales network while putting stringent health and safety measures in place helped ensure business continuity.

Marico was also one of the first companies to

engaging work-culture is even more important when working virtually and this made all the difference to our business performance," Goupal added.

Despite the current situation, Marico Bangladesh witnessed solid growth in the first quarter of 2020 (April-June).

When asked how, Goupal said these results were driven by consistent efforts to create world-class products for Bangladeshi consumers, brand building and a strong distribution network.

During the first quarter, Marico's business grew by 10 per cent riding on the company's non-coconut oil sector, which grew by 18 per cent. Marico's non-coconut oil portfolio accounts for over 30 per cent of their total business in Bangladesh.

At the current trend, the contribution of non-coconut oil products, like hand sanitisers and washes, will likely exceed 35 per cent by fiscal 2022, according to the managing director.

Marico's first foray into the international market was with Bangladesh in 1999.

Since then, the country has remained an important part of Marico's business plans

*Digitalisation can solve many procedural issues, such as obtaining various business licences, and helps ensure that resources are deployed in a more constructive manner*

fully implement work-from-home measures, including for members of its sales teams.

"We paid all salaries in advance and there were no job or salary cuts. It was important for our members and everyone across our value chain to know that Marico will take care of them," he said.

"Having a motivated workforce and an

and is currently the largest consumer of the company's products.

"We plan to expand our operations in Bangladesh. We are already exporting to Nepal and India but are keen to grow our export operations as proud ambassadors of the 'made in Bangladesh' brands," he said.

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## Pandemic affects both owners and workers: ILO study

STAR BUSINESS REPORT

About 230,749 individuals employed by the members of Better Work Bangladesh (BWB) did not return to work as of May this year after the reopening of the factories, according to a study by the International Labour Organisation (ILO).

This number represents 41 per cent of the total workforce under the BWB, a programme run by the ILO to ensure compliance in the member factories.

Senior officials of the ILO shared these findings during a webinar on the study styled, 'The supply chain ripple effect: How Covid-19 is affecting garment workers and factories in Asia and the Pacific'.

The study was conducted in May this year.

However, the ILO could not ascertain exactly how many workers have returned after May as it does not have the latest employment figures, the officials said.

Besides, BWB data indicates that one in five workers received their wages later than the legally mandated seven working-day window at the start of a month.

By June 2020, the total year-to-date imports from Bangladesh fell by as much as 29 per cent compared to the same period a year before, they added.

*A survey on 179 suppliers from 30 Asia-Pacific countries, including Bangladesh, found that 64 per cent of all garment factories in the region suffered order cancellations*

Although comprehensive data on the decline in apparel orders caused by Covid-19 is not available, a Better Buying survey on 179 suppliers from 30 Asia-Pacific countries, including Bangladesh, found that 64 per cent of all garment factories in the region suffered order cancellations.

As per the survey, 38 per cent of the 250 BWB member factories faced reduced orders or were asked to delay their shipments while 34 per cent endured full cancellations.

Meanwhile, the remaining 4 per cent could not even produce any apparel item due to a lack of raw material, it said.

According to a separate study conducted by the Penn State Centre for Global Workers' Rights in March, around 72 per cent of the buyers that cancelled their work orders after the goods had already been made did not pay for raw materials while 91 per cent did not pay the production cost.

In a bid to prevent the spread of coronavirus within Bangladesh, the government declared a nationwide 'general holiday' that lasted from March 26 till May 30.

During this period, 348 garment factories were closed down in line with lockdown regulations, according to data of Bangladesh Garment Manufacturers and Exporters Association.

About 60 per cent of these companies were shuttered for over three weeks, as per a BWB survey.

Bangladesh has since seen a return in work orders, particularly from buyers seeking to recover orders that were placed in the pre-pandemic era.

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## Focus on skills as 25pc of garment manufacturing to be automated by 2023

Recommends BGMEA president

STAR BUSINESS REPORT

Some 25 per cent of garment manufacturing activities in the country will be carried out through automation by 2023, up from the existing 8 per cent, forecast Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), yesterday.

This is because the sector has already entered the fourth industrial revolution and is witnessing the adoption of artificial intelligence, she said.

So workers, especially females, need to be skilled and reskilled so that they can continue to make contributions to this important business in the time of automation, she said.

Education is the answer when it comes to the question of how female workers can be helped, said Huq.

So different platforms need to disseminate education for skilling the massive number of female workers, as they have been tremendously contributing to the industry, she said.



Workers need to be skilled and reskilled so that they can contribute more to the apparel sector in the time of automation, experts say.

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## Bangladesh will do its best to bring more Japanese investment

Says PM's Adviser Salman F Rahman at HSBC-Jetro webinar

STAR BUSINESS DESK

Bangladesh could be the next great investment destination for Japanese investors as special economic zones are being built in the country and companies from the island nation are keen on expanding their operations here, experts said yesterday.

They spoke at a webinar on the 'Bangladesh-Japan business corridor: stakeholders dialogue and way forward', organised by HSBC Bangladesh in partnership with the Japan External Trade Organisation (Jetro), the bank said in a statement.

The event brought together Japanese multinationals operating in Bangladesh, potential Japanese investors, large infrastructure project contractors, Japanese



Experts take part in a webinar on "Bangladesh-Japan Business Corridor: Stakeholders Dialogue and Way Forward" organised by HSBC Bangladesh in partnership with the Japan External Trade Organisation yesterday.

HSBC BANGLADESH

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stakeholders facilitating the policies and profile of Bangladesh to help businesses advance their Bangladesh-Japan commercial business opportunities.

"Japan has been one of the major destinations for Bangladeshi goods," said Salman F Rahman, the prime minister's private industry and investment adviser.

"Our bilateral relationship has also enhanced in other areas, especially in trade and investment. We will do our best to facilitate Japanese investment in Bangladesh," he added.

Rahman also informed that Prime Minister Sheikh Hasina views Japan as a significant ally and is deeply committed to improving the bilateral ties between the two friendly countries.