STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES (STANDARD CHARTERED BANK)	USD	EUR	GBP	JPY
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	BUY TK	81.80	86.46	103.38	0.73
▼ 0.60%	▼ 0.73%	$1,286.30 (per ounce)	$50.72 (per barrel)	▲ 0.29%	▼ 0.01%	▼ 0.02%	Flat	SELL TK	82.80	90.06	106.98	0.77
5,521.66	10,368.61			29,422.39	18,430.49	3,137.54	3,019.37					

Star BUSINESS

DHAKA FRIDAY APRIL 21, 2017, *BAISHAKH 8, 1424 BS*

Footwear market expands fast as demand rises

SOHEL PARVEZ

Footwear market is expanding fast riding on the growing demand from a fashion forward middle class.

The increasing purchasing capacity and a rising population are also buoying demand for footwear and encouraging brands to rev up efforts to grab a hold of the market, said industry insiders.

"The per capita usage of footwear is rising. There is hardly anyone now who does not own a pair of shoes," said Md Ruhul Amin Molla, chief executive of Orion Footwear, a concern of one of the biggest conglomerates Orion Group.

Orion entered the local footwear market two years ago to bank on this growing market that is dominated by small retail outlets across the country.

He said the per capita consumption of footwear, including leather, is 3-pairs, which was 1.7-pairs five years back.

Molla said the local footwear market that was worth Tk 16,000 crore in 2016 is growing 10-15 percent a year. Some other players said the market size stands at around Tk 7,000 crore to Tk 8,000 crore.

The country consumes 30 crore pairs of footwear annually, he added.

"This is a huge sector that is dominated by the informal market," he said, adding that the brands are expanding their foothold in the domestic market.

The organised sector began to secure a growing market share after some export oriented footwear companies started opening outlets a decade ago, said operators.

Earlier, Bata Bangladesh was the lone chain retailer.

After the entry of Apex in 2006, others such as Bay, Jennys, Zeil's, Leatherex, and Lotto also approached to win the hearts of consumers.

The entry of new players, coupled with marketing campaigns, steady growth of the economy and political stability in the last two years boosted the local footwear market, said industry insiders.

It also helps that the brands are offering a wide array of designs, and better quality products at fixed prices, they added.

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STAR/FILE

Shoes and other footwear products are on display at a store in the capital.

Spend more on infrastructure to raise GDP growth

Analysts say at DCCI-ERF roundtable

STAR BUSINESS REPORT

Bangladesh needs to increase infrastructure investment to deal with the factors that hold back economic growth, analysts and businesspeople said yesterday.

"If businesses get proper roads, railways and ports, Bangladesh can raise GDP growth by 1 to 2 percentage points," said Abul Kasem Khan, president of the Dhaka Chamber of Commerce and Industry (DCCI).

He spoke at a roundtable on "Road to 2030: Strategic priorities" organised jointly by the DCCI and the Economic Reporters' Forum (ERF) at the chamber's auditorium in the capital.

Speakers said the way the government is spending money would not work unless there is a focus on the efficient use of resources. Growth is also held back by insufficient investment in quality education and skills development, they said.

Bangladesh has increased infrastructure investment over the years. The amount reached $6 billion in 2016-17 from $2.5 billion in 2011-12. Yet, the amount of spending is very inadequate compared to the investment made by peer countries.

According to the DCCI, Bangladesh's infrastructure spending stands at only 2.85 percent of GDP, which is 10 percent in Vietnam, 9 percent in China and 5 percent in India, the Philippines and Sri Lanka.

Khan said if Bangladesh wants to attract foreign direct investment and remain competitive, it will have to raise investment in infrastructure.

"We are very competitive inside factories but when it comes to roads and ports, our advantage gets lost," Khan said. "We must have an efficient transport sector."

Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue, was critical of cost escalation in infrastructure projects.

"The gap in managerial quality relating to the execution of infrastructure projects is also a major problem," he said.

The economist said Bangladesh is getting $4.5 billion in line of credit from India and there were business deals worth $9 billion between the two countries.

"Do we have the managerial quality to implement these projects?" he said, adding that governance is also vital for proper implementation of the infrastructure projects.

MA Mannan, state minister for finance and planning, said cost escalation in infrastructure projects often leads to waste of resources.

He said it seems to him that the waste of money is higher than the amount pocketed through corruption.

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NRBC Bank can hold AGM on Apr 23: court

STAR BUSINESS REPORT

The High Court yesterday cleared the way for the authorities concerned to hold the annual general meeting of NRB Commercial (NRBC) Bank on April 23.

The court said NRBC Bank Chairman Farasath Ali will preside over the meeting where Bangladesh Bank's observer Masud Biswas will remain present.

The HC also directed the board of NRBC Bank to allow its three directors -- Adnan Imam, SM Tamal and Rafiqul Islam Arzu --and its former director AM Tushar Iqbal Rahman to attend the meeting.

In response to a petition jointly filed by Adnan, Tamal, Rafiqul and Tushar, the court asked the authorities to include the names of Adnan, Tamal and Rafiqul in the directors' report of NRBC Bank.

The authorities have been directed to strictly follow the relevant rules of law in holding the meeting and not to take any decision at the meeting beyond its circulated agenda.

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Exports of non-apparel products on the decline

Exporters blame gas crisis at plants, Brexit impact

REFAYET ULLAH MIRDHA

Export receipts from some non-apparel sectors dropped in July-March mainly because of a gas shortage in the country, volatile economic conditions in the European Union and the effects of Brexit, according to industry people.

Some of the sectors that have potential but witnessed poor earnings in the first nine months of the current fiscal year are frozen and live fish, shrimp, petroleum byproducts, finished leather, specialised textiles, ceramics, bicycles, electronics and terry towel.

A volatile political and economic situation in major EU countries and Brexit put a negative impact on Bangladesh's exports, exporters said.

Europe accounts for more than 60 percent of Bangladesh's total exports and is the largest destination for exporters.

In July-March, earnings from frozen fish and shrimp exports declined 4.94 percent and 3.29 percent to $382.59 million and $325.24 million respectively, according to data from the Export Promotion Bureau.

Kazi Belayet Hossain, vice-president of Bangladesh Frozen Foods Exporters Association, said shrimp prices declined to $9 a kg from $12 last year, due to the economic uncertainty in the EU.

On average, the price of fish going to the EU fell 30 percent in the last one year although the export quantity of frozen foods and shrimps increased, he said.

Another potential sector terry towel experienced negative growth of 12.79 percent to bring in $32.59 million in the period.

Eleven out of 100 small terry towel factories have become bankrupt and nine were shut down as they could not use their full production capacity and faced capital shortage, said Shahadat Hossain, managing director of Toweltex, a leading exporter.

Factories cannot run at their full capacity for inadequate supply of gas, he added.

EXPORT EARNINGS FROM NON-RMG SECTORS

PRODUCTS	EARNINGS IN MILLION $	NEGATIVE GROWTH
Frozen fish	382.59	4.94
Shrimp	325.24	3.29
Petroleum byproducts	195.31	20.19
Finished leather	201.05	4.79
Specialised textiles	77.96	2.44
Ceramics	29.34	1.08
Bicycle	63.47	12.66
Terry towel	32.59	12.79

SOURCE: EPB

Hossain also said small terry towel factories are still suffering from the sudden yarn price hike in 2008 when local manufacturers had booked work orders by buying expensive yarn but the prices later fell worldwide.

Bangladeshi terry towels were competitive in the European markets before the GSP Plus status was awarded to Pakistan in 2014 for some garment items.

Both Bangladesh and Pakistan now compete in the same markets, but the latter has an added advantage as it grows cotton whereas Bangladeshi exporters rely on imports for the key raw material, Hossain said.

Export of finished leather decreased 4.79 percent to $201.05 million, data showed.

Saiful Islam, president of Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh, said finished leather exports declined mainly for environmental concerns and value addition.

However, export of leather goods and footwear increased significantly during the July-March period.

International retailers come to Bangladesh to buy leather goods, not finished leather, because of environmental pollution caused by the plants at Hazaribagh in the city.

Bangladesh used to export finished leather in bulk mainly to Italy and China. Now local manufacturers export more value-added leather goods compared to finished leather.

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FBCCI election panel stands unopposed

STAR BUSINESS REPORT

The office bearers of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) are going to be elected unopposed this time, as a single panel announced the names of directors so far.

Usually, two panels contest the biennial elections of the apex trade body.

The single panel has been selected by an influential quarter of the government -- this is why nobody is showing the courage to float another panel, said a businessman at the panel introduction event at Purbani Hotel, Dhaka yesterday.

Current Vice President of the trade body Shafiul Islam Mohiuddin, who is contesting under the banner of Shommilito Gonotantrik Porishod, announced the names of the directors yesterday.

Regarding the opposition panel, Salman F Rahman, a former FBCCI president, said although Md Jashim Uddin, vice-chairman of Bengal Group of Industries, primarily announced his panel in the election, he later withdrew his candidacy upon the business community's request.

"Jashim Uddin ultimately supported Mohiuddin," said Rahman. He was also seen present on the dais of Mohiuddin's panel introduction event.

Mohiuddin announced the names of 18 directors from the association group and a same number of directors from the chamber group. General voters from across the country will elect the directors in the election to be held on May 14 in Dhaka.

The elected directors will nominate the president and two vice-presidents for the FBCCI board for a term of two years. Another 24 directors, 12 from the association group and 12 from chamber group, would also be put in the FBCCI board of directors for 2017-2019.

Introducing the panel, Mohiuddin committed to working for the small and medium enterprises, as this sector is considered important for growth of the economy.

He also committed to working on the VAT law as there is a chance of harassment of businessmen in the name of enforcement of the proposed law.

"I will negotiate with the government to resolve the gas crisis, as the industrial sector has been suffering from an inadequate supply of energy," said Mohiuddin.

Women employment in banks falls

STAR BUSINESS REPORT

The women employment rate in the banking sector went down to 12.91 percent in 2016 from 13.73 percent a year earlier.

The ratio of female executives occupying higher ranks in the sector is also negligible, according to a study revealed at a workshop yesterday.

The Bangladesh Institute of Bank Management (BIBM) released the study titled 'Human Resource Management of Banks 2016' at its premises in the capital.

The survey was conducted on 25 sample banks out of a total of 57 banks in the country.

The ratio of female executives in senior positions was 8.56 percent in 2016. It was 5.37 percent for departmental heads and 8.62 percent as branch managers, according to the study.

Helal Ahmed Chowdhury, supernumerary professor of the BIBM, differed with the findings of the survey. He said the number of female employees in the banking sector is rising fast, but not in line with the number of their male counterparts as fewer women join the job market.

He said the women employee rate was 6 percent when he became managing director of Pubali Bank in 2005, and it improved to over 20 percent when he left the bank in 2014.

Mohammad Tazul Islam, associate professor of the BIBM, who conducted the survey, said the number of female employees in the banking sector is negligible. The study did not focus on the reasons for their low employment rate.

In addition, the ratio of employees in the 40-50 years age group decreased, while the above 50 years age group increased in 2016. This was due to a lack of leadership succession planning and promotions, he added.

The study found that banks are reluctant to spend on training with the training expense as a percentage of total operating expenses were only 0.50 percent last year. The average training expense per employee was Tk 3,000 in 2016, unchanged from the previous year.

Banks allocate insignificant amounts for training purposes and are reluctant to send employees abroad for training, said Chowdhury.

Banks will have to increase its allocation on training to improve the quality of their human capital, he added.

Banks spend more on recovering money from defaulters than training, said Khondkar Ibrahim Khaled, former deputy governor of Bangladesh Bank.

The default loan rate at the private banks is 5 percent, while it is over 20 percent for the state banks, as employees of private banks are more efficient than those at the state banks.

According to the survey, 71 percent of the banks did not conduct any psychological test in 2016, while 52 percent banks carried out an analysis on employee's ethical conduct.

Islam of the BIBM said a psychological test is a powerful process to get a better idea about a candidate, which will help reduce scams in the sector.

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