STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold ▼	Oil ▲	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.69%	▲ 0.82%	$1,887.20	$43.89	▲ 0.72%	▲ 0.42%	▲ 1.11%	▼ 0.21%
4,905.09	8,459.37	(per ounce)	(per barrel)	43,952.71	26,014.62	2,778.55	3,339.90

CURRENCIES — STANDARD CHARTERED BANK

	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	83.95	98.50	110.07	12.59
SELL TK	84.95	102.30	113.87	13.24

Star BUSINESS

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An extraordinary rise of remittance in extraordinary times

AKM Zamir Uddin

The largely battered hundi system because of travel restrictions, the zero-interest rate on deposit products in western countries, repeated floods in Bangladesh, and a massive collapse in demand in many nations hosting migrant workers from this South Asian nation have taken the inbound remittance to a level that was never seen before.

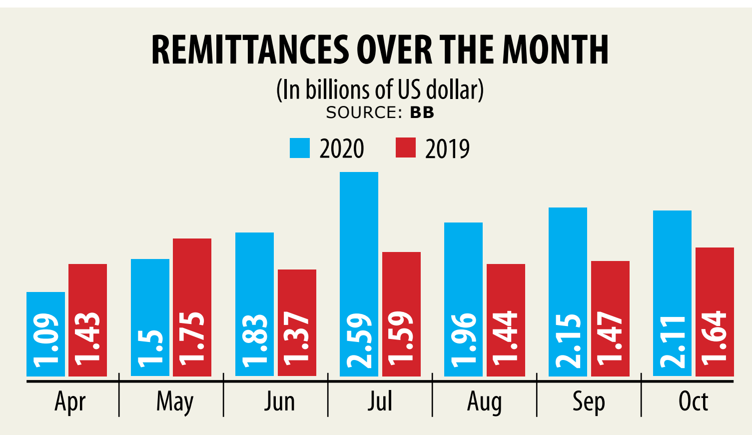
The stream of remittances, credited for alleviating poverty in lower- and middle-income countries, is so strong that it has baffled economists and made the World Bank reverse its forecasts about the flow of the remittance.

This too came when the world was struck with a recession, one of the deepest since the Great Depression.

A good number of migrant workers have lost jobs due to the economic downturn caused by the coronavirus pandemic. The flow of Bangladeshis going abroad in search of jobs has also ebbed. But the crisis has had little impact on remittance.

Migrant workers remitted $2.11 billion last month, which was way higher than $1.64 billion flown to the country in the same month a year ago.

October's receipts were the third-highest monthly flow in history, behind July's $2.59 billion and September's $2.15 billion.



Between July and October, remittance hit $8.82 billion, up from 43.24 per cent year-on-year.

Bangladesh received a record $1 billion in just 12 days of November, a rare feat in such a short span of time, according to the finance ministry.

Remittance has been on the rise in recent months.

Both Eid-ul-Fitr and Eid-ul-Azha, the two religious festivals making up the major spending seasons in the Muslim-majority nation, were celebrated during the period. A significant part of the country faced a number of floods this year. As a result, the expatriates sent more money to their struggling near and dear ones.

Ninety-five per cent people in Bangladesh suffered a loss of income due to the shutdown and social distancing measures enforced by the government during the peak of the pandemic in the country, according to a Brac survey.

Studies show that remittances tend to rise during downturn phases in the economic cycle. Migrants send more money home to support their financially distressed families, wrote Zahid Hussain, an economist, in January.

But perhaps a more important reason for a whopping 53.5 per cent year-on-year increase in remittance flows in the third quarter was the damage from the floods that inundated more than one-quarter of the country's landmass, affecting nearly 1 million homes and 4.7 million people, said the World Bank in October.

Other plausible explanations include pent-up remittances after the shutdown in the second quarter, a shift in flows from informal to formal channels, and the 2 per cent cash incentive the government granted to remitters.

The stagnated hundi system – an illegal cross-boundary financial transaction – has mainly driven the remittance growth, said Tasneem Siddiqui, the founding chair of the Refugee and Migratory Movements Research Unit.

The restriction on the movement globally has created a standstill situation for the global hundi cartel, she said.

"The ongoing upward trend of remittance is a highly extraordinary phenomenon for any nation during the ongoing business slowdown," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Along with the migrant workers, some expatriate Bangladeshis, who run businesses abroad, may also have transferred funds to the country as part of their portfolio investment, Mansur said.

A portfolio investment is an ownership of a stock, bond, or other financial assets with the expectation that it will earn a return or grow in value over time, or both.

It entails passive or hands-off ownership of assets as opposed to direct investment, which would involve an active management role.

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REASONS BEHIND RISING REMITTANCE

- A slump in transactions through informal channels
- Imposition of a travel embargo left a positive impact
- Fund transfer made easier thanks to growing network of MFS and agent banking
- Low interest rate in developed economies encouraged migrants to invest in Bangladesh
- Introduction of 2pc government incentive on remittance
- Loss of jobs also compelled many migrants to send money home
- Inflow increased as flood and Eid came during the pandemic

Apex goes global

Opens its first international outlet in Nepal

Refayet Ullah Mirdha *and* Jagaran Chakma

Apex Footwear has launched its first international outlet, finding its niche in Kathmandu, the capital of the Himalayan Kingdom ofNepal.

The leading Bangladeshi footwear manufacturer, retailer and exporter, organised the launch of its "Venturini" store virtually on November 14.

"The next market will be in Asia. So, we started to enter the international market through the launch of the first outlet in Nepal," said Apex Footwear Chairman Syed Manzur Elahi, who has pioneered the rise of Bangladesh's footwear industry.

"We will explore the market in South Asia at first. Then we will go outside of this region within the next 10 years," he said.

Apex Footwear is conducting market studies in Sri Lanka and Bhutan in order to open outlets.

"Gradually we will open outlets in Myanmar and Thailand," said Elahi, who has also served as a former caretaker government adviser.

Customers in Nepal can now enjoy the exclusive collections offered by Venturini along with Apex's other private labels – Maverick, Sprint, Moochie, Nino Rossi, Sandra Rosa, and a wide range of accessories from internationally renowned brands Cross and Police, said Apex in a Facebook post.

Apex continues to expand its footprint beyond Bangladesh as a brand that truly is "Born in Bangladesh, worn around the world", read the post.

Apex came about on January 4, 1990, and is listed on both stock exchanges of Bangladesh. It has 260 sales points across the country.

The company is already present in all major export markets, albeit behind the scenes in the form of its 135 global customers, including major shoe retailers in Europe, North America and Japan.

Nowadays it lays claim to being the largest shoemaker in South Asia, responsible for approximately 15 per cent of the leather footwear export from Bangladesh.

The shoemaker's annual turnover in fiscal 2018-19 stood at Tk 1,580.88 crore.

However, it was not immune to the fallouts of the Covid-19 pandemic this year, with business falling by almost 40 per cent.

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COLLECTED

People are seen in the first outlet of Venturini, a brand of Bangladesh's Apex Footwear Ltd, at Kathmandu in Nepal on November 14.

Apparel makers demand easing conditions for using duty-free fabrics

Refayet Ullah Mirdha

Local apparel manufacturers have urged the bond authorities to increase the amount of waste permitted while producing garments from items imported duty free under bonded warehouse benefit.

The garment makers' placed the demand as they are shifting productions from basic garments to high-end value-added items.

Currently, manufacturers are allowed to waste 7 to 9 per cent of the required materials while making export-oriented garment items. It is 7 per cent during the dyeing process and 9 per cent in case of processed knitted fabrics.

However, the percentage of waste in making export-oriented garment items has risen as most local manufacturers are entering the high-end market.

A portion of fabrics is wasted for various reasons during manufacturing. For instance, including of wasting fabrics and yarn take place when these materials are cut or processed. Scraps are also produced while sewing fabrics.

The process of making fancy or high-value added garment items generate more waste compared to the production of basic apparel products.

Garment manufacturers and exporters in a meeting with the Customs Bond Commissionerate (CBC), Dhaka yesterday demanded an increase in the percentage of waste permitted in making export-oriented garment items to 25 or 30 per cent. CBC Dhaka is a field office under the National Board of Revenue (NBR).

This is because, in many cases, garment manufacturers and exporters cannot maintain the commerce ministry's fixed 7 per cent and 9 per cent waste allowances in making fancy and high-end garment items, they said.

As a result, the bond office and customs offices sometimes cause delays in releasing goods from ports because of a mismatch in the amount of fabrics imported and its consumption for making finished apparel goods for export under bond licences.

At the meeting, garment exporters showed that a prominent local manufacturer's waste was calculated at 40.24 per cent between 2015 and 2018.

This manufacturer's export price was $5 per unit during this time as it was making fancy and value-added products.

Of the 40.24 per cent, visible waste was 8.43 per cent, invisible waste 9.72 per cent, cutting waste 15.38 per cent, cut panel waste 5.66 per cent and rejected garment waste was 4.95 per cent, according to a document submitted to the bond office by garment exporters.

Between 80 per cent and 90 per cent are cut maintaining right processes. Still, 10 to 20 per cent of the fabrics are wasted, the documents showed.

Since the beginning of the local garment sector's journey four decades ago, Bangladesh has been mainly known for producing basic and semi value-added garment items.

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Govt turns to international market for rice

Sohel Parvez

The government has started buying rice from the international market in its effort to replenish public food stocks and increase its capacity to intervene in the market to curb a price spike of the staple food.

As part of the move, the Directorate of Food floated a tender on Sunday to purchase 50,000 tonnes of parboiled rice from the international market.

It is likely to seek bids for another 50,000 tonnes soon, said Director General Sarwar Mahmud.

"We will gradually make purchases on the basis of our procurements from the domestic market and the overall market situation," he said over the phone.

The move comes as the Directorate of Food could not attain its purchase target for paddy and rice from winter crop Boro.

This stemmed from a lack of interest of farmers and millers amidst soaring prices resulting from apprehensions of reduced yield for inclement weather, recurrent floods and pandemic-induced fears of food shortages.

The food ministry was able to materialise 67 per cent of its plan to purchase 11.5 lakh tonnes of rice from millers.

As for its purchase target of 8 lakh tonnes from the harvest of Boro, just over one-fourth of it has been attained. Boro accounts for over half of the annual rice basket of 3.66 crore tonnes.

As the distribution of foodgrains continued under various programmes, including social safety nets, stocks of rice and wheat dipped 40 per cent year-on-year to 8.8 lakh tonnes early this week.

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Bangladesh gets $256.5m Green Climate Fund

Md Fazlur Rahman

Bangladesh has received $256.5 million from the global Green Climate Fund to promote private sector investment through large scale adoption of energy-efficient technologies in the textile and garment sectors.

This is the first concessional credit line for Bangladesh, and the first private sector financing from the GCF in the country, the Infrastructure Development Company Ltd (Idcol) said yesterday.

The fund was approved at the board meeting of the GCF on November 13.

The GCF is a fund established within the framework of the United Nations Framework Convention on Climate Change as an operating entity of the financial mechanism to assist developing countries in adaptation and mitigation practices to counter climate change.

The Idcol, as the direct access entity (DAE) of the GCF, received the approval of the funding proposal for the programme titled "Promoting private sector investment through large scale adoption of energy-saving technologies and equipment for Textile and Readymade Garment sectors of Bangladesh".

It is the largest approved funding proposal for any DAE of the GCF accredited globally, the Idcol said in a press release.

Under the programme, Idcol will get $250 million concessional loan for a tenure of 20 years with a grace period of five years for financing energy-efficient equipment.

Another $6.5 million will come as technical assistance (grant) to develop enabling environment by covering areas such as capacity building, awareness, support in loan disbursal and monitoring and evaluation of the programme parameters.

Out of $250 million loan, $100 million will be utilised to finance textile sector energy efficiency projects, while $150 million will be channeled to four local financial institutions for financing energy efficiency projects in the RMG sector.

The total programme size will be $423.50 million, including co-financing from Idcol, local financiers and the project sponsors, Idcol said.

"This programme is a remarkable success for Idcol in terms of accessing climate change fund to pave the path for the country to achieve its Sustainable Development Goals (SDGs)."

It is a massive achievement for the country, and Idcol as a lot of requirements have to meet, and due diligences have to be carried out to get the fund from the GCF, said Mahmood Malik, executive director of Idcol.

The fund for the garment sector would be distributed through three banks and one non-bank financial institution, he said.

Lenders would get the fund at a flat rate of 1.75 per cent for 20 years. Industries would get the loans at 4.75 per cent, Malik said.

The Sustainable & Renewable Energy Development Authority is also implementing a component of the programme to strengthen the regulatory and institutional framework at the national level to overcome the operational constraints related to implementing energy efficiency and conservation in the country.

Presently, the industrial sector in Bangladesh accounts for 47.8 per cent of commercial energy consumption. Textile and RMG account for approximately 38 per cent of the total energy consumption in the industrial sector.

The readymade garment sector is the largest industrial contributor in CO2 emissions at 15.4 per cent, followed by the textile sector at 12.4 per cent, according to the GCF website.

"These sectors are not operating efficiently because of continuous usage of old and badly maintained machines coupled with poor energy management."

If the current industrial energy intensity persists, along with the economic growth outlook in the medium to long term, Bangladesh will face severe difficulties in managing rising energy demands and achieving its GHG emission reduction targets under the Paris Agreement, the GCF said.

Textile and garment manufacturers face several barriers to investing in energy efficiency including inadequate financial incentives, lack of technical expertise and the lack of an enabling environment.

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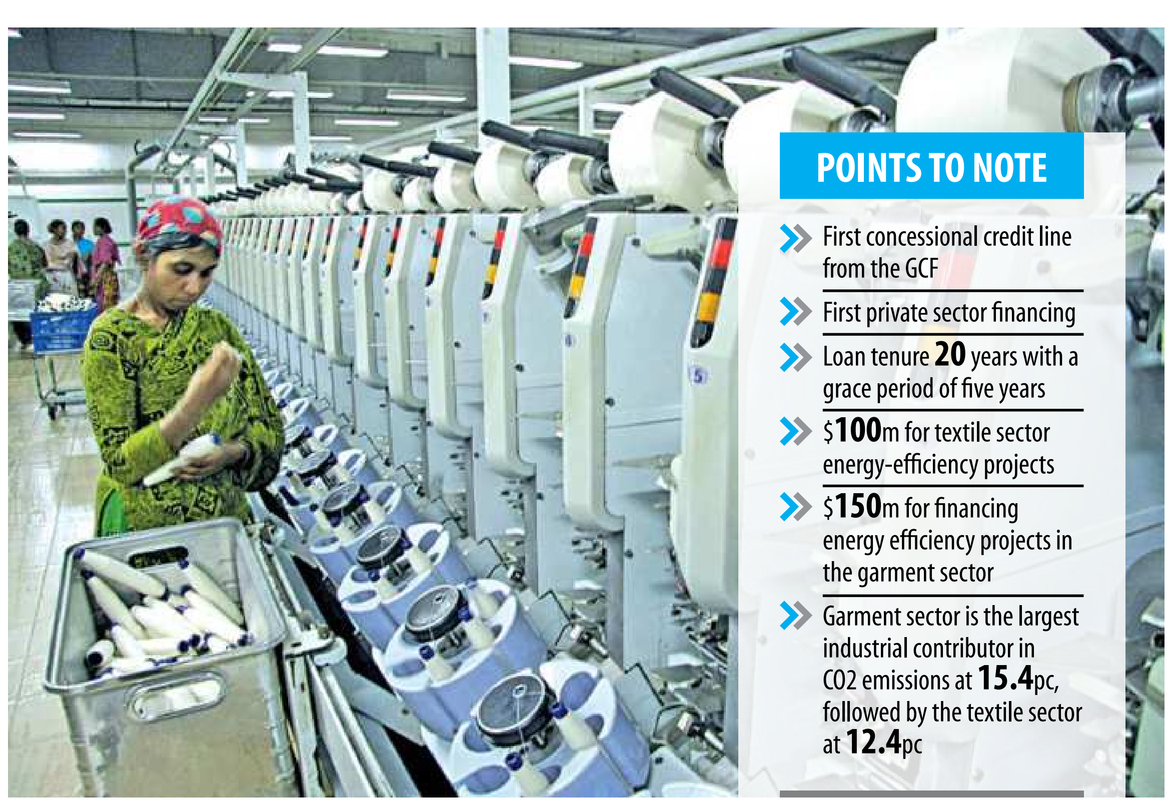

POINTS TO NOTE

- First concessional credit line from the GCF
- First private sector financing
- Loan tenure **20** years with a grace period of five years
- $**100**m for textile sector energy-efficiency projects
- $**150**m for financing energy efficiency projects in the garment sector
- Garment sector is the largest industrial contributor in CO_2 emissions at **15.4**pc, followed by the textile sector at **12.4**pc