

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 3.52%	▲ 4.06%	\$1,898.10	\$51.80	▲ 0.25%	▼ 0.45%	▼ 0.89%	▲ 1.72%	BUY TK 83.95	102.14	112.78	12.71
5,402.07	9,403.54	(per ounce)	(per barrel)	47,868.98	27,444.17	2,843.81	3,473.07	SELL TK 84.95	105.94	116.58	13.37

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Star BUSINESS

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Recovery uneven

Large firms bouncing back due to easy access to stimulus funds; small ones limping along

AKM ZAMIR UDDIN

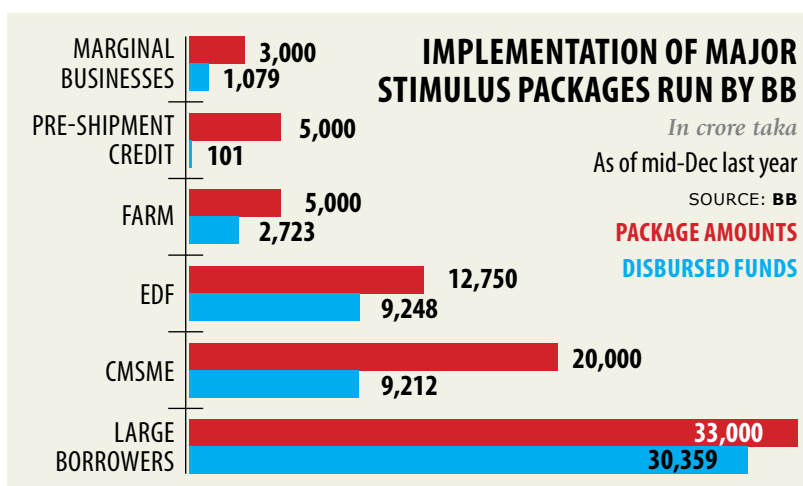
Businesses are experiencing an uneven recovery from the pandemic-induced slowdown as larger firms are bouncing back strongly thanks to the easy access to the stimulus packages while the smaller ones are still mired in the crisis.

The large industrial and service sectors have made as much as 80-90 per cent recovery compared to the pre-pandemic level. It is only 30-40 per cent for small and medium enterprises.

Since March, the government has unveiled 21 stimulus packages involving more than Tk 120,000 crore, which is about 4.5 per cent of the GDP of Bangladesh and one of the largest in the world.

Businesses belonging to the large industrial and service sectors have managed loans smoothly, whereas small enterprises have been largely deprived.

The unbalanced recovery means the strong is now getting stronger, said



economists, adding that the country is now experiencing a "K-shaped recovery" from the financial meltdown.

A K-shaped recovery occurs when, following a recession, different parts of the economy recover at different rates, times, or

Moulvibazar, said the businesses in the region are hardly aware of the stimulus package of Tk 20,000 crore dedicated to the cottage, micro, small and medium enterprise (CMSME) sector.

Around 9,000 entrepreneurs are doing business at Kamalganj and more than 4,000 weave cloths.

This is one of the largest CMSME clusters in Bangladesh where people from the plain land and the indigenous Monipuri tribe have been producing clothes and handicrafts for decades.

"The entrepreneurs have been hit hard by the economic hardship," said Begum, also the president of the Muslim Monipuri Women Weaver Association in Kamalganj.

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Digital wage pays off for workers: WB

REJAUL KARIM BYRON and REFAJET ULLAH MIRDHA

Wage disbursements through digital payment methods is beneficial for employees as it helps increase savings and improves their ability to mitigate unanticipated financial shocks, according to a recent World Bank (WB) study.

Before a new payroll system was introduced in June last year, nearly 90 per cent of the country's workforce received their wages in cash, which was both time consuming and difficult given the volume of disbursements that needed to be made.

Millions of workers, especially those in the garment sector, then started to receive their wages directly through their banks accounts or a mobile financial service (MFS) when local lenders started disbursing salaries from the government stimulus packages.

The study styled "Learning to navigate a new financial technology" was conducted with a sample of 3,136 workers.

"The digitalisation of the wage payment system is welcomed as it has many good sides," said Md Towhidur Rahman, president of the Bangladesh Apparels Workers' Federation.

Still, workers sometimes complain about the deduction of fees such as service charge when cashing out from an MFS but at least there are no such charges when using an automated teller machine (ATM), he added.

Besides, there are times when the workers cannot get their money in a timely manner since the agents of

BENEFITS OF DIGITAL PAYMENT

- » Ensures transparency in payments
- » It's safer and more secure
- » Encourages savings
- » Ensures quick and easy disbursements



MFS companies like bKash, Rocket and Nagad at times do not have enough cash on hand to make the large disbursements, especially on payday.

When it comes to ATMs, there is a shortage of booths in the more remote areas and the workers often forget their passwords.

They even take the help of others, such as the booth's security guard, to complete transactions and this puts them at risk of hacking.

"So, cash transaction companies should sit together to solve those problems so that nobody faces such an issue," Rahman said.

Despite these drawbacks, digital payment methods have been a blessing since the workers no longer need to stand in long queues to collect their salaries, according to Nazma

Akter, president of Sammito Garment Sramik Federation.

The study found compelling evidence of learning-by-doing when it comes to adopting a digital payment method.

Workers in the payroll account treatment condition interact with the account more frequently, develop greater trust in technology, learn to use the account without assistance and how to avoid common consumer financial risks, it said.

Individuals with comparatively lower literacy, financial experience and prior control over household finances benefit from exposure to the technology primarily from accumulating savings but do not necessarily learn to use the financial technology in the most cost-effective manner.

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Domestic cotton production may rise this year

SOHEL PARVEZ and BULBUL AHMED

Local cotton production is likely to increase this year thanks to rising acreage and expansion of cultivation of hybrid varieties, stakeholders said.

During the current season, farmers have sown cotton on nearly 44,450 hectares of land, said Md Akhteruzzaman, additional director of the Cotton Development Board (CDB).

Overall production is likely to be around 200,000 bales (one bale equals roughly 480 pounds) in fiscal 2020-21, he said.

"We did not see rainfall in the November-December period. This has brightened prospects of a good crop," he said.

Farmers produced 4 per cent higher crop year-on-year to 177,890 bales in fiscal 2019-20 from that a year ago, showed data of the CDB.

Raw cotton production has been increasing over the past decade owing to a recovery in acreage and introduction of hybrid seeds.

The area under cotton cultivation amounted to 31,500 hectares in fiscal 2009-10, when production was less than 100,000 bales.

Akhteruzzaman said hybrid cotton accounts for 80 per cent of the area now under cultivation as hybrid seeds offer higher yields and income to them.

The origins of most of the seeds are China, he said, adding that per hectare yield was nearly 3.5 tonnes.

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Cotton import grows despite pandemic



REFAJET ULLAH MIRDHA

Bangladesh's cotton imports grew by about 9 per cent to 75 lakh bales in the 2019-20 marketing year (MY) despite the ongoing coronavirus pandemic, according to data from the United States Department of Agriculture (USDA).

The cotton marketing year begins in August and ends in July and one bale equals to 480 pounds.

The high demand for cotton during the first half of the year combined with the country's success in combating Covid-19 has allowed the garment sector to maintain operations despite a few short-term disruptions.

US cotton exports to Bangladesh in MY2019-20 reached 1.06 lakh bales, up 28.9 per cent from MY2018-19. The US cotton market share was approximately 14 per cent in MY2019-20, which is second to India's 23 per cent market share.

For MY2020-21, cotton imports will slightly decrease to 71 lakh bales given the uncertainty in global demand and relatively low import in the first months of the year, the report said.

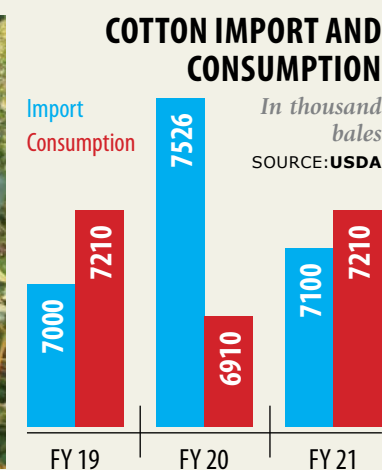
"Cotton imports continued even amid the ongoing crisis since many consignments were signed earlier but imported later," said Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association

(BTMA).

Sales in the primary textile sector were disrupted during the Covid-19 outbreak in April-May but when the markets reopened, the sales started to peak up again.

This was especially the case for the weavers and spinners that serve local markets, he added.

The ongoing pandemic has disrupted Bangladesh's textile and apparel industry, resulting in a sharp decline in the sector's exports to major markets, including the US and EU. Preliminary data from the Bangladesh Export Promotion Bureau shows that the export value of apparel in the first 10 months of 2020 dropped 19 per



cent year-on-year to \$22.4 billion.

However, this decline was lower than the forecast made by the industry experts in May 2020 as Bangladesh's success in combating Covid-19 has allowed companies to maintain operations despite a few short-term disruptions.

The decline in apparel exports is a result of a depressed global demand, increased competition from Vietnam and heightened production and safety standards in Bangladesh's garment industry.

The sector's export value dropped 85 per cent in April and 62 per cent in May year-on-year in 2020.

Bangladesh's yarn production is recovering following an extended period of market disruption as well.

According to the Trade Data Monitor (IDM), the value of Bangladesh's cotton yarn exports in the first 10 months of 2020 dropped 27 per cent year-on-year to \$11.3 million.

With Bangladesh's domestic yarn demand rebounding over the past 3 months, the local spinning industry expects cotton yarn production will continue to see positive growth as a result of the increased demand for knitwear exports.

Bangladesh's yarn exports fell 27 per cent in 2020, the report said, adding that the price of yarn has increased substantially over the August to October timeframe because of an uptick in garment demand before the upcoming holiday season in the EU and US.

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Kansai Nerolac eyes expansion in Bangladesh

The Japanese paint maker will inject Tk 16cr into its subsidiary

JAGARAN CHAKMA

Japanese company Kansai Nerolac will invest Tk 16 crore in its country subsidiary, Kansai Nerolac Paints Bangladesh (formerly known as RAK Paints), to expand its business and grab a bigger piece of the growing South Asian market.

Having entered the Bangladesh market in mid-2018, the East Asian paint maker on Friday announced to have subscribed to 1.65 crore equity shares of the subsidiary.

According to Indian media, the shares have a face value of Tk 10 each.

Vishal N Mothreja, chief executive officer of Kansai Nerolac Paints Bangladesh, told The Daily Star that the people of Bangladesh have accepted their product.

"We are getting a positive response from the people here and have launched a range of new products," he said.

This includes marine coatings, powder coatings, construction chemicals, auto coatings, anti-virus paint and multiple protective coating measures.

"All this requires investment and so, in the future we will only increase our



The local market for paint is not enormous but the future is good as consumption is increasing with economic development.



investment and bring different products," Mothreja added.

He said basically the paint market of Bangladesh was increasing significantly over the years, which encouraged Nerolac to increase the investment to provide quality products to consumers.

The size of Bangladesh's decorative paint market was about Tk 4,000 crore in 2019 while it was Tk 3,500 crore in 2017, according to a number of paint manufacturers and the Bangladesh Paint Manufacturer's Association.

However, during the April-June period of 2020, the sector witnessed the worst in the past decade as sales plummeted to almost nil.

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15 most loved brands honoured

STAR BUSINESS DESK

The 12th edition of Best Brand Award Bangladesh honoured the most loved brands of the country through a virtual programme on December 30 and recognised 105 brands across 37 categories.

In the overall top 15 brands rank, bKash won the status of the number one brand this year while Closeup and Ispahani secured the second and third places.

Radhuni and Grameenphone became the fourth and fifth most loved brands of Bangladesh, followed by RFL Plastics, Sunsil, Parachute Advanced, Pran Frooto, Shwapno, Maggi, Walton, Coca-Cola, Lux and Lifebuoy.

For the first time, the event was organised virtually by Bangladesh Brand Forum (BBF) powered by American International University-Bangladesh, in partnership with Nielsen Bangladesh and in association with The Daily Star.

To inspire the brands of the country, BBF has been honouring the most loved brands through Best Brand Award for the last 12 years, BBF said in a statement yesterday.

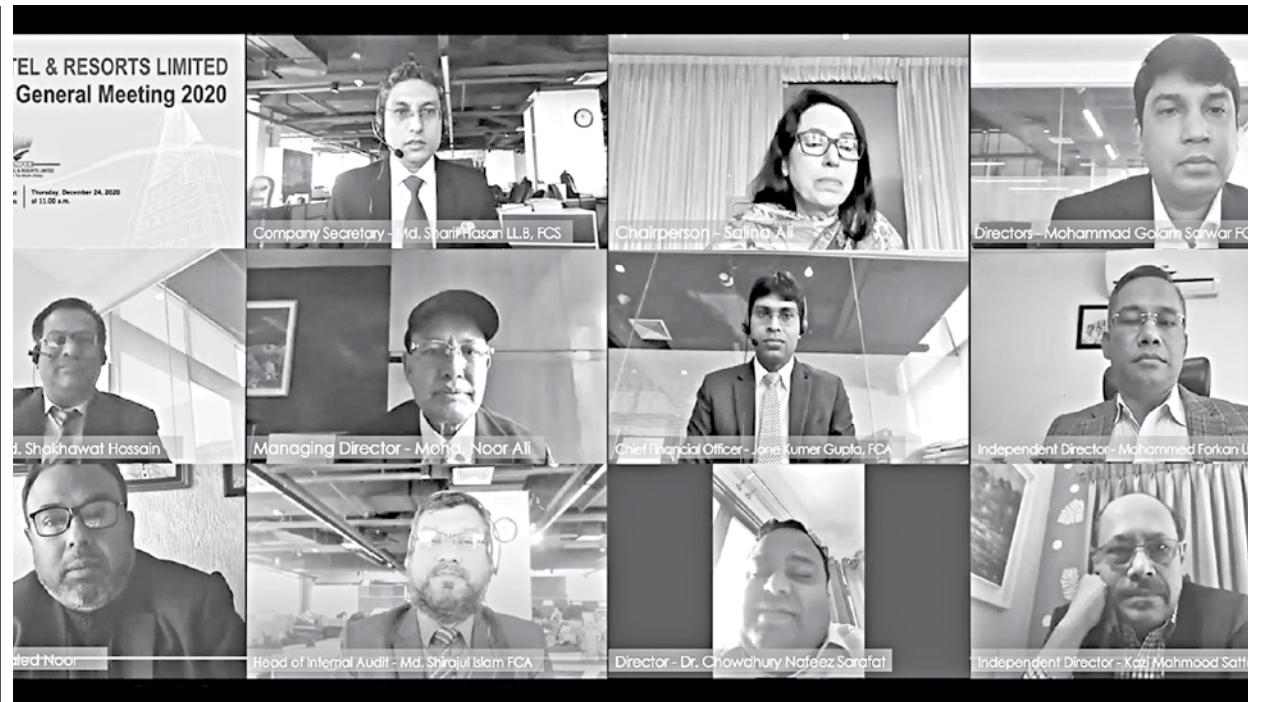
The objective of the Award is to demonstrate and celebrate the success of the brands, achieved through tough and effortful initiatives, according to the statement.

Best Brand Award started its journey with Nielsen Bangladesh in 2008 based on a global model done through a direct consumer survey of 7,600 consumers across the country which included self-administrated reviews.

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Kutubuddin Ahmed, chairman of Envoy Textiles, presides over the company's 25th annual general meeting through a digital platform recently. The company approved 5 per cent cash dividend for the year ending on June 30, 2020. Abdus Salam Murshedy, managing director, was present.



Salina Ali, chairperson of the Unique Hotel and Resorts, presides over its 19th annual general meeting through a digital platform recently. The company approved 10 per cent cash dividend for the year ending on June 30, 2020. Managing Director Mohd Noor Ali was present.

MTB gets new chairman, vice chairman

STAR BUSINESS DESK

Md Wakiluddin and Md Abdul Malek have recently been elected chairman and vice chairman of Mutual Trust Bank respectively.



Md Wakiluddin Md Abdul Malek

Wakiluddin is chairman of Baridhara Corporation and Baridhara Agro & Food Processing Ltd, managing director of Swadesh Properties and Swadesh Global Media, director of HURDCO International School and president of the editorial board of the Daily Swadesh Pratidin.

Malek was the chairman of Sheltech Consultants (Pvt) and attained a civil engineering degree from the Bangladesh University of Engineering and Technology, says a press release.

Ford, Mahindra call off auto joint venture

REUTERS

Ford Motor Co said on Thursday it was calling off its automotive joint venture with India's Mahindra and Mahindra Ltd due to the challenges caused by the COVID-19 pandemic.

The companies said in separate statements that the decision was driven by changes in the global economy over the last 15 months, causing both to reassess their capital allocation priorities.

"The global economy and business environment are not the same as October last year," Ford spokesman T.R. Reid said. The deadline to finalize a joint venture between the companies was Dec. 31, and both made the decision to end the agreement rather than close a deal or extend the timetable to do so, Reid said.

In October 2019, Ford and Mahindra said they would form a joint venture in India in a move to cut costs for developing and producing vehicles for emerging markets. The companies said at the time they expected to launch three new utility vehicles, starting with a midsize SUV, and also jointly develop electric vehicles for emerging markets.

Asked if those vehicles were now canceled, Reid said, "At this point, there's nothing to talk about other than the joint venture isn't going to happen." Ford said its independent operations in India will continue.

AFP, London

Britain on Friday began a new year and life outside Europe, after leaving the bloc's single market trading rules to go it alone for the first time in nearly half a century.

Brexit, which has dominated politics on both sides of the Channel since 2016, became reality an hour before midnight, ending the UK's 48-year obligation to follow Brussels' rules.

Free movement of over 500 million people between Britain and the 27 EU states ended.

More rigorous customs checks returned for the first time in decades, despite the hard-fought brokering of a tariff- and quota-free trade deal.

New Year's Day newspapers reflected the historic but still deeply divisive change, which will have repercussions for generations to come.

The pro-Brexit Daily Express' front-page photograph showed the White Cliffs of Dover -- an enduring symbol of Britishness -- with "Freedom" written on a Union flag. "Our Future. Our Britain. Our Destiny," said the headline.

The pro-EU Independent was less sure: "Off the hook -- or cut adrift?" it asked, reflecting widespread uncertainty at the path the country had now chosen.

As dawn broke on 2021, attention turned to Britain's borders, particularly the key Channel seaports, to see if the end to seamless trade and travel would cause delays and disruption.

But with New Year's Day a public holiday followed by a weekend, and the government having announced the phased introduction of checks, few immediate problems were envisaged. "The traffic forecast for the next few days is very light," said John Keefe, spokesman for Eurotunnel,

which transports freight, cars and coaches under the Channel.

As the first ferry left the port of Dover early Friday, truckers rolling into Calais had to deal for the first time with the new rules for transporting goods to and from mainland Europe.

The Road Haulage Association, an industry body, estimates that some 220 million new forms will now need to be filled in every year to allow trade to flow with EU countries, including permits to even drive on the roads leading to ports like Dover. "This is a revolutionary change," Rod McKenzie, managing director of public policy at the RHA, told The Times newspaper this week. Other practical changes include how long Britons can visit

their holiday homes on the continent, to travel with pets, and an end to British involvement in an EU student programme.

Holidaymakers and business travellers used to seamless EU travel could face delays, although fears Britons will have to get international permits to drive in Europe were averted by a separate accord.

British fishermen are disgruntled at a compromise in the free trade agreement to allow continued access for EU boats in British waters, which has raised fears of clashes at sea.

The key financial services sector also faces an anxious wait to learn on what basis it can keep dealing with Europe, after being largely omitted from the trade deal along with services in general, which account

for 80 percent of Britain's economy. In Northern Ireland, the border with Ireland will be closely watched to ensure movement is unrestricted -- key to a 1998 peace deal that ended 30 years of violence over British rule.

And in pro-EU Scotland, First Minister Nicola Sturgeon gave a clear sign of a looming battle ahead for a new vote on independence. "Scotland will be back soon, Europe. Keep the light on," she tweeted.

Despite the uncertainty, Prime Minister Boris Johnson is bullishly optimistic, writing in Friday's Daily Telegraph that Brexit presented "opportunities unknown to modern memory."

He said Britain had been given "a safe European home" since joining the then Common Market in 1973, but added that "the world has changed out of all recognition, and so has the UK. "We need to keep pace with developments on the west coast of America and in the Pearl River delta," he added. "We need the Brexit-given chance to turbo-charge those sectors in which we excel." Divisions over Brexit, both political and social, remain deep and are likely to last for years, despite a muted end to the saga overshadowed by the global health crisis.

Opinion polls indicate that most Britons want to move on and are far more worried about the worsening coronavirus pandemic, which has left more than 73,500 dead in Britain alone. Johnson, who survived several days in intensive care with Covid last April, warned of tough times ahead but said a UK-developed vaccine offered grounds for hope.

But his desire for a prosperous, more globally focused Britain could yet see a resurgence of Brexit wrangling, as the country finds out what its new trading terms mean in reality.

After golden year for precious metals, silver set to shine in 2021

REUTERS

After a spectacular year, precious metals are set for further gains in 2021, with silver tipped to outperform, but analysts are growing more cautious about the prospects for gold as the global economy recovers from the impact of the coronavirus.

The pandemic triggered stockpiling by investors looking to protect their wealth. This, alongside supply deficits, pushed gold and palladium prices up by more than 20 per cent this year, while silver rose 47 per cent, and platinum 10 per cent.

"We are going to see new record highs for gold and palladium (in 2021)," said Philip Newman at consultants Metals Focus. "But silver will see the chunkiest gains," he said.

Traditionally seen as a safe place to store money, gold began to rise as economic growth slowed in 2019, but the pandemic accelerated the rally and in August prices hit a record high of \$2,072.50.

While demand for physical gold was hammered as the virus forced shutdowns, investment demand surged as reflected in the holdings of the world's largest gold-backed exchange-traded fund, SPDR Gold Trust, which recorded its biggest yearly gain since 2009 at about 30 per cent.

Prices then dipped to around \$1,900 as investors stopped buying and vaccines were deployed against the virus, encouraging investment in assets that perform well during periods of economic growth.

Huge government debt, negative real returns on bonds and threats of inflation and market turbulence, all of which support gold, will persist in 2021, said Ross Norman, an independent analyst. Gold could rise another 20 per cent next year, he said.

A safe-haven asset like gold, but also an industrial metal used in products including solar panels, silver climbed from \$18 an ounce in January to almost \$30 in August before slipping to around \$25.

Analysts say its dual role and its greater volatility mean it could fare better than gold as economic growth picks up, and as US President-elect Joe Biden's push into clean energy prompts more usage. Investors soaked up a surplus of platinum, which is also used in jewellery, industry and by auto makers to reduce pollution.

But they are unlikely to do so again, particularly as supply, which fell because of the novel coronavirus, bounces back, said StoneX analyst Rhona O'Connell.

That will likely drag on prices, which at around \$1,000 an ounce are only slightly higher than at the start of the year.

The auto industry uses four-fifths of palladium, which, like platinum, neutralises engine emissions. It is used little for investment.

Years of undersupply drove prices to a record high of \$2,875.50 an ounce in February. "The market thought it might run out of metal," said one trader. Most analysts expect shortfalls to continue in 2021 as the global economy revives and auto sales rebound.

US jobless claims dip but show recovery has long way to go

REUTERS

Fewer Americans sought unemployment benefits last week, but the modest drop did little to dispel concerns that the U.S. job market and wider economy face an arduous recovery from the devastation inflicted by the coronavirus pandemic in 2020.

The final major economic data point for a year that saw a recession of historic magnitude erupt out of nowhere stood as a fitting reminder for both how far the recovery has progressed and how much more it has to go.

While new claims for benefits reported by the U.S. Labor Department on Thursday dropped for the second week in a row to a seasonally adjusted 787,000 in the week ended Dec. 26 from 806,000 a week before, it left them at roughly the level they were three months ago and with little indication they would show material improvement any time soon.

The arrival of effective COVID-19 vaccines and additional federal pandemic aid have set the stage for a brighter 2021. But economists agree the still-raging epidemic and the fractured government response to it means more difficult months ahead before improvement takes hold.

"While prospects for the economy later in 2021 are upbeat, the economy and labor market will have to navigate some difficult terrain between now and then and we expect claims to remain elevated," Nancy Vanden Houten, lead U.S. economist at Oxford Economics, said in a note.

COVID-19's unexpected appearance late last year and rapid spread in early 2020 brought an abrupt end to a record-long U.S. economic expansion that had fostered the strongest job market in generations. It also brought down the global economy, dashing hopes for a second straight decade of uninterrupted growth and widening prosperity.

The report also showed that as of mid-December, more than 19.5 million people

were receiving some form of jobless aid, including from emergency measures extended by the latest coronavirus aid bill that was passed by Congress and signed by President Donald Trump. Those emergency programs now account for roughly two-thirds of all ongoing jobless assistance.

As of Dec. 19, the number of people continuing to draw benefits under regular state unemployment insurance programs declined to 5.219 million, the lowest since March, from 5.322 million the week before. Economists took little solace from that decline, however, seeing it more the result of people exhausting benefits rather than finding new work.

The elevated level of claims aligns with other recent weak economic reports, including a decline in consumer confidence to a four-month low in December and drops in both consumer spending and income last month.

With persistently high COVID-19 infection levels forcing renewed restrictions on businesses and consumer activity around the country, some economists now see a chance that overall U.S. employment has fallen this month for the first time since April, when 20.8 million people lost jobs in a single month. While payrolls have risen each month since then, the total level of employment remains roughly 10 million jobs below its pre-pandemic level.

Aneta Markowska, chief financial economist at Jefferies, said this week the company's in-house economic activity index, which tracks the recovery through high-frequency measures, has fallen to a three-week low, led by weakness in measures of consumer spending and employment.

"Taken at face value, our data suggest further downside for retail sales and raise the prospect of an outright contraction in December employment," Markowska wrote. "However, with more fiscal stimulus on the way, we expect the negative momentum to reverse in January."



Md Fazlur Rahman Chowdhury, managing director of Jamuna Bank, opens a branch at Kashinathpur in Pabna.



BRAC BANK
Planning Minister MA Mannan launches Khamari, a project of Brac Bank in partnership with Phoenix Insurance and Adorsho Pranishaba for cattle farmers, through a digital platform recently. Selim RF Hussain, CEO of BRAC Bank; Md Jamirul Islam, CEO of Phoenix Insurance, and Fida Haq, CEO of Adorsho Pranishaba, were present.



Muhammad Ala Uddin Ahmad
Ala Uddin Ahmad general manager of MetLife Bangladesh

STAR BUSINESS DESK

MetLife has announced appointing Muhammad Ala Uddin Ahmad as general manager of its Bangladesh business effective from the start of this new year.

He succeeds Syed Hammadul Karim, who retired in December 2020 after a distinguished 33-year career with MetLife.

A fellow chartered accountant, Ahmad has more than 21 years experience in life insurance.

He has held a variety of senior country and regional leadership roles in MetLife including chief financial officer for South Asia, general manager for Nepal, head of strategy, business planning and transformation for MetLife's joint venture in Malaysia - AmMetLife, and most recently, general manager for Hong Kong.

"Bangladesh remains a very important market for MetLife with substantial growth opportunities," said Elena Butarova, regional head of MetLife Bangladesh, Malaysia, Nepal and Vietnam.

"With his strong vision for the insurance industry, we are confident that Ala Ahmad will be able to continue driving the growth engine for MetLife and deliver exceptional value for our customers, financial associates, and people."

Recovery uneven

FROM PAGE B1

The entrepreneurs have so far seen a recovery of about 30 per cent.

The association has 44 entrepreneurs as its members, and some of them had secured loans ranging from Tk 50,000 to Tk 100,000 from banks before the pandemic, she said.

Smita Chowdhury, another entrepreneur in Kamalganj who produces toys from jute for export markets, said she had been forced to squeeze her business drastically. Some 50 workers used to work for Smita before the pandemic and the number has dwindled to 15.

The central bank initiated the stimulus package in April. Forty-six per cent of the fund was given out as of December 17.

Tapan Sengupta, deputy managing director of Bangladesh Steel Re-Rolling Mills (BSRM), said his company had recovered 80-85 per cent of the business compared to the pre-pandemic level.

"We hope for a full recovery within the next five to six months if the economy does not face any major setback," he said.

BSRM, one of the largest steel manufacturers in the country, has borrowed from the stimulus fund.

As much as 92 per cent of the Tk 33,000-crore package for the large industries and the service sectors was approved by lenders as of December 21.

The central bank later increased the fund size to Tk 40,000 crore to cater to the industries located in the economic zones, export processing zones and hi-tech parks.

Mohammed Amirul Haque, managing

director of Premier Cement Mills, which also borrowed funds under the package, said the company had seen an 80-90 per cent restoration of businesses in recent months riding on the increase in demand from the public sector.

Cement manufacturers have seen a recovery of 70-80 per cent, according to Haque.

A portion of the SMEs with strong links to banks have received loans.

The members of the Bangladesh Association of Software and Information Services (BASIS), a national trade body for software and IT-enabled services, secured loans smoothly compared to the entrepreneurs in other CMSMEs.

"This has helped the firms recover excellently," said Rashad Kabir, managing director of Dream71 Bangladesh, a software and mobile application developer.

Some banks have agreed to give loans to the firms without collateral, said Kabir, also a director of the BASIS.

"The country now faces a K-shaped recovery, which will not bring good for the economy at all," said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

Data on the recovery is not available, but it is predicted that the economy has recovered 70-80 per cent, he said.

"The recovery is not equal given the business performance of all sectors."

The central bank should extend the credit guarantee scheme to the SME sector such that small businesses can manage loans without collateral.

"The size of the ongoing stimulus package for the CMSME sector should expand considering the volume of their business," said Mansur, also the chairman of Brac Bank.

A large number of CMSMEs are unable to provide documents to banks, such as tax identification number (TIN) certificate and trade licence, said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

"The government should take initiatives to disburse loans through microfinance institutions."

Both the Palli Karma-Sahayak Foundation and the Microcredit Regulatory Authority can be involved to speed up the process, he said.

Nazneen Ahmed and Kazi Iqbal, senior research fellows at the Bangladesh Institute of Development Studies, echoed the same. NGOs can play an important role in giving loans to the CMSME sector under the supervision of the PKSF to reduce their economic losses, they said.

However, some small businesses got loans from banks, but the way it was disbursed was quite unfair, said two business leaders.

For instance, six to seven entrepreneurs in Saidpur of Nilphamari producing exportable jackets, t-shirts and cargo pants, have taken loans from the stimulus fund.

But banks disbursed the loans by adjusting their previous current credit (CC) accounts, said Md Akhtar Hossain Khan, an entrepreneur in Saidpur.

"This means the businesses got no cash

from banks. They, however, enjoyed some interest rate subsidy," said Khan, also the president of the Exportable Small Garment Owners Group.

There are around 250 entrepreneurs who have recovered around 35 per cent of their businesses, he said.

Under the stimulus package for the CMSME sector, the loans are being given at 9 per cent interest. Of the lending rate, 4 per cent will be borne by the borrowers and 5 per cent by the government.

Abdur Razzaque, president of the Bangladesh Engineering Industry Owners Association, said entrepreneurs in the sector had barely got finance from banks.

A few of the 5,000 members affiliated with the association borrowed under the stimulus package, but banks have adjusted the loans with their previous CC accounts, he said.

"Banks should not exercise this as clients will be deprived of a proper output from the fund to revive their business," said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

The businesses in the agriculture sector have not managed adequate loans from the stimulus fund as well.

As of December 15, banks disbursed 56 per cent of Tk 5,000-crore stimulus package for the farming sector.

The implementation of the Export Development Fund has got momentum as Tk 9,248 crore has been distributed against the package amount of Tk 12,750 crore as of December 22. Large industries usually get credit support from the facility.

NRB Global Bank turns Global Islami Bank

STAR BUSINESS DESK

NRB Global Bank is switching into full-fledged Shariah-based Islami banking operations starting this year.

As a part of it, the fourth generation bank adopted "Global Islami Bank" as its new nomenclature. Its services begin today.

A press release says the bank has been "able to achieve the trust of all its customers" by rendering conventional banking service with "great experience", for which it is now switching to a Shariah-based service of "banking with faith".

Earlier, with Bangladesh Bank's approval, the bank finalised preparations for the conversion in the past few weeks. Launched in 2013, the bank now has 80 branches, 25 sub-branches and 78 ATM booths.

Kashmir seeks \$4b in investments

REUTERS, New Delhi

India's federal territory of Jammu and Kashmir plans to attract investments worth up to \$4 billion in the next two to three years and would provide security to businesses setting up shop in the insurgency-hit region, its chief said on Saturday.

Jammu and Kashmir (J&K) was India's only Muslim-majority state until August 2019, when Prime Minister Narendra Modi carved out a Buddhist-dominated enclave and designated both as federally-administered territories.

Tens of thousands of security forces guard the region where India has been fighting an armed-insurgency for decades, especially in the disputed Kashmir valley that is also claimed by Pakistan.



Islami Bank Bangladesh gets new MD

STAR BUSINESS DESK

Islami Bank Bangladesh has recently promoted its additional managing director, Mohammed Monirul Molla, to the post of managing director and chief executive officer.

Molla started his career at the bank as a probationary officer in 1986, according to a statement.

As deputy managing director, he was head of international banking and retail investment wings.

Molla also served as head of the corporate investment wing, investment (credit) committee, credit risk management committee and committee for recruitment and promotion.

He attained honours and master's degrees in economics from the University of Chittagong.



DBH appoints new MD

STAR BUSINESS DESK

Delta Brac Housing Finance Corporation (DBH) is said to have promoted its deputy managing director and acting managing director of recent months, Nasimul Baten, to the post of managing director and CEO, with effect from this new year.

Nasim attained his honours and master's degrees from the Institute of Business Administration of the University of Dhaka.

Digital wage pays off for workers: WB

FROM PAGE B1

On the other hand, individuals with higher levels of literacy, financial experience and prior control over household finances benefit by learning to use the technology more effectively and sidestepping common consumer protection risks.

"We additionally examine the impact of introducing financial technology at scale and find suggestive evidence of positive market externalities of consumer learning: inexperienced customers are less likely to face extra charges in areas with higher payroll account adoption," the WB said in its findings.

"We find that channelling wage payments into an account creates a strong incentive to engage with the account and learn about the features of the technology in a way that is not achieved by account opening alone," it added.

Channelling wage payments into

formal accounts is the obvious next step with potentially large positive implications for access to finance and consumer learning in low and middle-income countries, where wage payments are still predominantly made in cash.

However, the study also shed light on several barriers that could impede the adoption of payroll accounts.

First, employers may fear resistance from employees due to a lack of trust in the technology, as evinced by the study.

Second, an important barrier to scale-up may be insufficient documentation as the study found that many workers did not have sufficient documentation and had to rely on identification and guarantees provided by their employer to open an account.

Third, some employers may want to avoid the transparency that comes with payroll accounts and may

require nudges from regulators to adopt them.

Many workers from rural areas are drawn to the relatively high, regular salaries paid in the garment industry and aim to save a portion of their pay cheques.

However, owing to high account maintenance fees, minimum balance requirements, and documentation requirements, workers in the garment sector are usually unbanked.

"At the time of our intervention, even large firms in the sector still paid wages entirely in cash," the WB said. Moreover, there are significant social barriers that prevent low-income households from active participation in the formal banking system.

Anecdotal, many workers reported not feeling comfortable using bank branches or mobile money agents, despite having clear savings goals, it added.

Cotton import grows despite pandemic

FROM PAGE B1

Through the first nine months of 2020, the value of cotton yarn imports was above 12 per cent at \$692 million compared to \$617 million in 2019.

China alone has exported over \$148 million worth of cotton yarn to Bangladesh the past calendar year and over \$225 million in 2019.

In a report, the BTMA said there were more than 433 spinning mills operating in Bangladesh in 2019 with a combined production capacity of 2.9 million tonnes of yarn per year.

Despite the large domestic spinning capacity, Bangladesh imported more than \$850 million worth of cotton yarn in 2019.

Bangladesh has import duties of 5 per cent for man-made fibre, 25 per cent for fabric, and 10 per cent for yarn.

While seemingly high, export-oriented garment factories can import yarn and fabric under a duty drawback incentive, which reimburses all customs duties paid on imported yarn and fabric, except taxes such as the VAT and advanced income tax.

The drawback incentive programme enables Bangladesh to go for large imports of cotton yarn and fabric from India and China.

Previous forecasts showed that the country's cotton consumption would drop sharply in the second half of MY2019-20 and continue to decline in MY2020-21 due to the Covid-19 fallout.

However, Bangladesh's cotton consumption, reflected by cotton imports and domestic demand for cotton yarn, has remained strong due to Asia's overall success in combating Covid-19.

Domestic consumption of apparel and textile products has been mildly impacted by the cancellation of large events like Pabla Baishakh, the first day of Bangla new year, and the Eid festivals that often promote clothing sales.

But overall, the negative impact of Covid-19 has been lower than forecast, the report said.

Kansai Nerolac eyes expansion in Bangladesh

FROM PAGE B1

Around 40 local and multinational companies are now in operation in the market, which has been witnessing an average growth of around 8 to 10 per cent in the last 10 years.

At present, the annual demand for paint stands at nearly 200,000 tonnes. The local market for decorative paint is not enormous but the future is good as consumption is increasing with economic development.

The market was mainly dominated by foreign companies as they had capital and distributed products among retailers on long-term credit, which was not a possible option for local companies.

The future of decorative painting is bright as the market has been increasing rapidly, which encouraged many foreign companies to invest in the sector.

Berger is the market leader in Bangladesh with a 55 per cent share. The other major local companies are Asian Paints, Roxy Paints, Elite Paint, Pailac Paints, Moonstar Paints, Ujala Paints and Al-Karim Paints & Chemicals.

Alkzonobel of the Netherlands, Nippon Paint of Japan and Jotun Paints of Norway are trying to grab a share of the market as well.

15 most loved brands honoured

FROM PAGE B1

At the event, Nazia Andaleeb Preema, director of BBF and president of Women in Leadership and founder of Bangladesh Creative Forum, delivered the welcome speech.

After that, Prashant Koller, leader for customised intelligence of Nielsen South Asia, gave a detailed speech to describe the methodology of Best Brand Award 2019.

This year's Best Brand Award kicked off shortly after the closing ceremony of "Brandfest - The Next Bangladesh", the country's largest brand and marketing festival, according to the statement. "As we are preparing to welcome 2021, I urge everyone to give their best at advancing their personal journey, but also actively play their individual role in taking the nation forward," said Salman F Rahman, lawmaker and prime minister's adviser on private sector and investment.

Alesha Mart launches e-commerce site

FROM PAGE B4

The e-commerce industry of Bangladesh is growing day by day," said Tipu Munshi, commerce minister, who attended the launch at a hotel in Dhaka.

"I hope Alesha Mart will meet the desired demand of online shoppers. I wish all the success for the future endeavour of Alesha Mart."

Mohibur Rahman Manik, a lawmaker; Sadia Chowdhury, managing director of Alesha Mart; Md Atiqur Rahman, CEO, were also present at the event.

Domestic cotton production may rise this year

FROM PAGE B1

In its latest report on the Cotton and Products Update on Bangladesh, the US Department of Agriculture (USDA) forecasted an increase in cotton production this year.

It said cotton was cultivated in 20-22 districts of Bangladesh, covering only 0.55 per cent of the total cultivable land of 81 lakh hectares.

"Domestically produced cotton accounts for approximately four per cent of total consumption," said the USDA in its report released at the end of last week.

Bandarban, Jhenaidah, Jashore and Rangamati are the major cotton producing areas. Cotton is mainly sown in the July-August period and harvested in between December and January, it added.

Titas Uddin, a farmer at Bagatpara upazila of the northern Natore district, said yields would be higher this year. However, overall cultivation in his locality had dropped as only four out of seven farmers have sown the seeds of cotton.

"We faced difficulty to sell our produce during the lockdown aimed at slowing the spread of coronavirus. This discouraged cultivation this season," he said.

Akhteruzzaman of the CDB said prices of cotton increased Tk 2,500 per maund this year from Tk 2,300 in the previous year.

"Cotton from domestic harvests are mainly used to make T-shirts for export markets," he said.

Mohammad Masum, chairman of the Supreme Seed Company, which markets hybrid cotton seeds among farmers, said rainfall during the sowing July-August period affects cultivation.

He said the CDB should take steps to train farmers so that seedlings were produced under sheds in order to be transplanted later.

"We have prospects but climate is the main barrier," he said, adding that cotton was a dry climate crop and its cultivation could be expanded to 200,000-250,000 hectares without affecting food crop and vegetable cultivation.

Electric vehicle maker Tesla to deliver China-made Model Y SUVs this month

REUTERS, Beijing

Tesla Inc said on Friday it has started selling China-made Model Y sport-utility vehicles (SUV) and will deliver them to customers this month, as the US electric vehicle maker expands sales in the world's biggest car market.

Setting development priorities right in 2021



SELIM RAIHAN

As the Covid-19 pandemic left a deep dent on the development trajectories of Bangladesh, the country must set its development priorities right in 2021. Bangladesh aims to achieve the stiff Sustainable Development Goals (SDGs) by 2030, and it aspires to become an upper-middle-income country by 2031.

However, to meet these development targets, Bangladesh had been confronting many development challenges even before the onset of Covid-19.

The slow progress in the structural transformation of the economy, the lack of export diversification, the high degree of informality in the labour market, the slow pace of formal job creation, the weak status of physical and social infrastructure, the slow poverty reduction and rising inequality remained the critical challenges.

The Covid-19 has aggravated many of these development challenges.

Looking back to 2020, Covid-19, in particular, has aggravated PIE that stands for three key development priorities namely poverty, inequality and employment. There is ample evidence that the poverty rate in Bangladesh has gone up significantly in 2020.

Many new poor people may not be able to get out of poverty quickly due to various factors. For many new and old poor, poverty may remain as a

long-standing phenomenon.

Therefore, poverty will continue to be the foremost development challenge in 2021 as the economy is yet to recover from the shocks, supply chains of various economic activities are not fully operational and the social protection programmes are insufficient to address the sufferings of the poor.

There are also reasons to believe that Covid-19 has worsened the inequality situation in Bangladesh. In addition to the conventional factors, such as income opportunities, wealth, land-ownership and corruption, which aggravate inequality, Covid-19 has stimulated new avenues of inequality like the digital divide. Furthermore, job losses are yet to be fully recovered, and people are either engaged in inferior jobs or are low paid.

Concerns related to PIE suggest that no reason is there to remain complacent now and in the days to come. The apparent economic and social effects of Covid-19 can be deceiving.

The macro-level picture of robust growth in remittance earnings, positive growth in exports and the steep increase in the foreign exchange reserves can give rise to improper expectations of early and quick economic recovery.

In recent months, the negative import growth has also contributed to the piling of foreign exchange reserves. The negative import growth is not conducive for investment and business expansion - much needed for economic recovery in the days to come.

Also, the ground-level pictures of PIE can be very different from these macro pictures.

In such a crisis, the expected positive spill-over effects of macro variables may remain weak for long. The broken or suppressed supply



STAR/FILE

There is ample evidence that poverty rate in Bangladesh has gone up significantly in 2020 due to the pandemic.

chains and social networks in the economy may take a long time to heal and to generate employment and reduce poverty and inequality.

Therefore, while the current focus of the discourse is more on economic recovery, the social recovery may take a long time. The gravity of social losses might be much higher than that of losses measured through economic indicators.

The adjustment cost of recovery can also be huge. For survival, the crisis has forced poor-households to sacrifice prospects of better health, better education and a better life. There will

be long-term intergenerational effects of these trade-offs.

Also, when schools and educational facilities have remained closed for months, it is possible that students from distressed backgrounds will face a higher burden, and many of them will be out of the education system permanently.

At the firm level, many micro and small enterprises have been struggling for their survival.

There are also new challenges emerging from post-coronavirus health complications. Even though most of the Covid-19 affected patients

recover, many face various post-Covid health complications for which they need extra medical care.

The already stressed health sector needs major overhauling to address these challenges.

What should be the development priorities in 2021?

First, the current discourse on the development priorities needs to change its focus from the narrow GDP growth rate to broader development issues, i.e. poverty, employment and inequality.

Inability to effectively address these three critical development challenges

will make the economic and social recoveries weak and fragile.

Therefore, there is a need for significant expansion of the allocation and coverage of social protection programmes.

Furthermore, the urgency to effectively sorting out the institutional challenges in social protection programmes to reach out to poor people is more than ever.

In this context, a comprehensive understanding of the economic and social losses due to the pandemic is warranted.

Therefore, the usefulness of credible and timely data cannot be overemphasised.

Second, the Eighth Five-Year Plan needs to be complemented by a comprehensive and pragmatic recovery plan of the economy. There is a necessity to align stimulus packages with the recovery plan. Many micro, small and medium enterprises and many vulnerable sectors are feared to remain out of support through stimulus packages.

Therefore, there is a need for a thorough reviewing of the challenges and constraints in implementing the stimulus packages. This review can help re-designing and re-targeting the stimulus packages.

Third, the Covid-19 crisis time has given the policymakers the much-warranted opportunity to undertake reform in critical economic domains.

No doubt, these reforms should aim at reducing the cost of doing business, simplifying regulations, and faster and cost-effective implementation of the mega projects and the SEZs, thus establishing a favourable environment for the domestic private investment and the foreign direct investment.

The writer is an economics professor of Dhaka University and executive director of South Asian Network on Economic Modeling (SANEM).

IFAD pledges \$18.07m for pandemic-hit microenterprises, smallholders

STAR BUSINESS REPORT

The International Fund for Agricultural Development (IFAD), a specialised agency of the United Nations, will provide Bangladesh with an additional loan of \$18.07 million to rebuild microenterprises and support smallholders, who have been adversely affected by the Covid-19 pandemic.

The international financial institution and the UN's food and agriculture hub based in Rome is dedicated to eradicating poverty and hunger in rural areas of developing countries.

The additional financing will scale up activities under the ongoing Promoting Agricultural Commercialisation and Enterprises (PACE) project, which is being implemented by the development organisation the Palli Karma-Sahayak Foundation (PKSF).

The funding will complement the government and PKSF's efforts to assist microenterprises and smallholders and recover the severely affected rural economy from Covid-19 induced losses.

This additional loan will finance activities from January 2021 to December 2022 to help restore microenterprises in the farm and non-farm sectors, as well as, scale up and strengthen successful value chains under the PACE project.

"The impact of the pandemic is long-term in nature and requires building back the economy



better," Rasha Omar, IFAD's South Asia hub head.

"The additional resource is IFAD's response for rehabilitation of microenterprises and smallholder families who lost their businesses and income due to the Covid-19 induced constraints. The initiative will restore their livelihoods and develop strategies to reduce future risks."

The PACE project—jointly financed by IFAD, the government and PKSF—was launched in 2015 with the aim of improving profitable business opportunities for microentrepreneurs nationwide and create employment for the extreme and moderate poor people.

To date, the PACE project has directly benefited about 321,000 microentrepreneurs and other actors engaged in value chains in select farm and non-farm sectors through 74 value

chain and 25 technology transfer sub-projects.

It providing them with microcredit support, technical assistance, and technological promotion, and facilitating market access, according to a statement.

With the additional loan, the total value of the PACE project now amounts to \$129.81 million, with IFAD financing of \$58.07 million and over the next two years, the project will directly benefit another 168,000 beneficiaries, including 48,000 microentrepreneurs and 120,000 value chain actors.

In order to respond to the growing demand of shifting to e-commerce to promote contactless transaction, with the additional financing PKSF will work with existing e-commerce businesses to facilitate the development of a microenterprise friendly platform covering the entire supply chain.

The platform will eventually be interactive and offer advisory services to farmers, including pandemic management, according to the statement.

The additional resources will be invested in three broad agri-business subsectors: horticulture; fisheries and aquaculture; and poultry and livestock including processed products, and cover 40 districts in Barishal, Chattogram, Dhaka, Khulna, Rajshahi, Rangpur, and Sylhet divisions.

Alesha Mart launches e-commerce site

STAR BUSINESS DESK

Alesha Holdings on Friday launched an e-commerce site to get a slice of the rapidly expanding market ensuring customers with faster delivery and quality products.

The aleshamart.com will also provide medicine delivery service, hefty discounts, attractive membership package, cash home delivery of MFS transferred money, convenience of buying grocery products on credit, work scope for the freelancers and a platform for small entrepreneurs to export local products.

The announcement came at a time when online sales witnessed a turbocharged growth because of pandemic as many people opt for home deliveries in order to avert the contact of the lethal pathogen.

With the aim of ensuring easy and hassle-free online shopping experience to customers and providing the fastest delivery at doorstep, Alesha Mart offers varieties of products and services to meet the market demand of emerging digital e-commerce industry, according to a statement.

"It is my immense pleasure to introduce Alesha Mart to meet the growing demand of trusted and quality e-commerce service provider in Bangladesh, which will truly



add value to customers' daily life," said Md Monzur Alam Sikder, chairman of Alesha Mart.

"Alesha Mart is committed to reaching faster at doorstep to put a smile on customers. We have designed some unique services to enrich online shopping experience and enhance customer satisfaction."

"I am delighted to start the new journey of Alesha Mart in the e-commerce sector of Bangladesh.

READ MORE ON B3



GLOBAL BUSINESS

Drugmakers to hike prices for 2021 as pandemic, political pressure put revenues at risk

REUTERS, New York

Drugmakers including Pfizer Inc, Sanofi SA, and GlaxoSmithKline Plc plan to raise US prices on more than 300 drugs in the United States on Jan. 1, according to drugmakers and data analyzed by healthcare research firm 3 Axis Advisors.

The hikes come as drugmakers are reeling from effects of the COVID-19 pandemic, which has reduced doctor visits and demand for some drugs. They are also fighting new drug price cutting rules from the Trump administration, which would reduce the industry's profitability.

The companies kept their price increases at 10 per cent or below, and the largest drug companies to raise prices so far, Pfizer and Sanofi, kept nearly all of their increases 5 per cent or less, 3 Axis said. 3 Axis is a consulting firm that works with

pharmacists groups, health plans and foundation on drug pricing and supply chain issues.

GSK did raise prices on two vaccines - shingles vaccine Shingrix and diphtheria, tetanus and pertussis vaccine Pediarix - by 7 per cent and 8.6 per cent, respectively, 3 Axis said.

Teva Pharmaceuticals Inc hiked prices on 15 drugs, including Austedo, which treats rare neurological disorders, and asthma steroid Qvar, which together grossed more than \$650 million in sales in 2019 and saw price hikes of between 5 per cent and 6 per cent. Teva hiked prices for some drugs, including muscle relaxant Amrix and narcolepsy treatment Nuvigil, as much as 9.4 per cent.

More price hikes are expected to be announced on Friday and in early January. In 2020, drugmakers raised prices on more than 800

average, according to 3 Axis. Drug price increases have slowed substantially since 2015, both in terms of the size of the hikes and the number of drugs affected.

The increases come as pharmaceutical companies like Pfizer are playing hero by developing vaccines for COVID-19 in record time. The

hikes could help make up for lost revenue as doctors visits and new prescriptions plummeted during the global lockdown.

Pfizer plans to raise prices on more than 60 drugs by between 0.5 per cent and 5 per cent. Those include roughly 5 per cent increases on some of its top sellers like rheumatoid arthritis treatment Xeljanz and cancer drugs Ibrance and Inlyta.

Pfizer said it had adjusted the list prices of its drugs by around 1.3 per cent across all products in its portfolio, in line with inflation.

"This modest increase is necessary to support investments that allow us to continue to discover new medicines and deliver those breakthroughs to the patients who need them," spokeswoman Amy Rose said in a statement, pointing in particular to the COVID-19 vaccine the company developed with Germany's BioNTech SE.



REUTERS/FILE

Customers wait in the pharmacy department at a Target store in the Brooklyn borough of New York.

NEWS In Brief

China says it will take action against US delisting of its telecom firms

REUTERS, Shanghai

China will take "necessary measures" to safeguard the interests of its companies after the New York Stock Exchange began delisting three Chinese telecom firms that Washington says have military ties, the country's commerce ministry said on Saturday.

The NYSE said on Thursday that it would delist China Mobile, China Unicom and China Telecom following President Donald Trump's move in November to bar US investment in 31 firms that Washington says are owned or controlled by the Chinese military.

Delta Air Lines CEO expects positive cash flow by spring

REUTERS

Delta Air Lines CEO Ed Bastian said in a memo on Friday that he continues to expect that the company will achieve positive cash flow by the spring.

In his new year note to employees, Bastian said that company will likely "experience two distinct phases during the next 12 months." The first phase will be similar to 2020, he said.

"The second phase will begin only when we reach a turning point with widely available vaccinations that spur a significant return to travel, particularly business travel."