

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



# 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

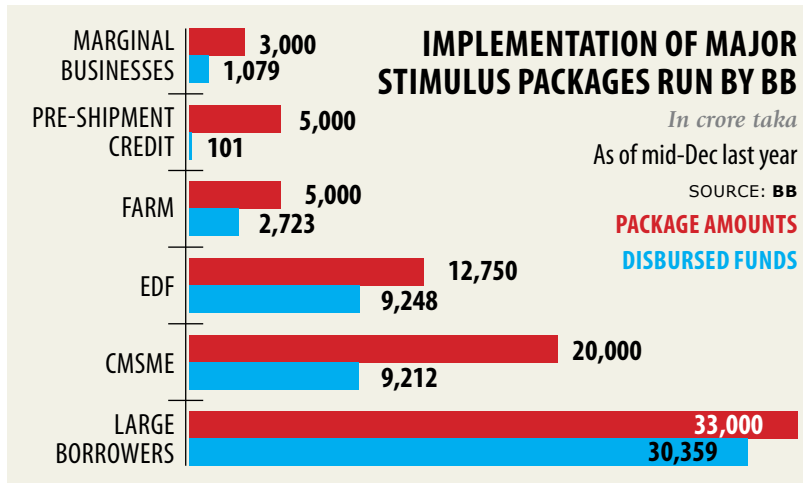
Businesses are experiencing an uneven recovery from the pandemic-induced slowdown as larger firms are bouncing back strongly thanks to the easy access to the stimulus packages while the smaller ones are still mired in the crisis.

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 weavers do.

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.

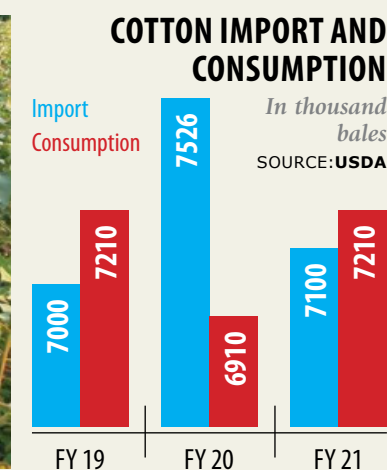
"Cotton imports continued even amid the ongoing crisis since many consignments were signed earlier but imported later," said Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association

(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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