STOCKS	Week-on-week
DSEX	CSCX
▼ 1.24%	▼ 1.14%
5,836.18	10,272.43

COMMODITIES	As of Friday
Gold ▲	Oil ▲
$1,853.31	$55.41
(per ounce)	(per barrel)

ASIAN MARKETS			Friday Closings
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.50%	▼ 0.44%	▼ 0.85%	▼ 0.40%
48,878.54	28,631.45	2,991.53	3,606.75

CURRENCIES — As on Thursday STANDARD CHARTERED BANK

	$USD	€EUR	£GBP	¥CNY
BUY TK	83.95	100.79	113.98	12.80
SELL TK	84.95	104.59	117.78	13.46

Star BUSINESS

DHAKA SUNDAY JANUARY 24, 2021, *MAGH 10, 1427 BS* ● starbusiness@thedailystar.net

Pandemic wipes out 3.57 lakh apparel jobs: study

Star Business Report

The coronavirus pandemic wiped out 3.57 lakh jobs in the garment industry in Bangladesh in 2020 as factories went for layoffs and closures because of the collapse in demand, a new study found.

More than 50 per cent factories had fewer workers in September in 2020 compared to what they had in December 2019, said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD), during a virtual dialogue yesterday.

The impact caused by the crisis has been so devastating that only 44 per cent factories said they were certain about the work orders for the six months from November 2020 to April 2021.

Some 56 per cent of factories face different levels of uncertainty and 11 per cent indicated high uncertainty, according to the survey of the CPD and the Mapped in Bangladesh (MiB), a project of Brac University.

The outcome of the study was presented during the dialogue on "Vulnerability, Resilience and Recovery in the RMG Sector in view of Covid-19 Pandemic: Findings from the Enterprise Survey".

PALASH KHAN

Laid off in the pandemic-induced economic downturn, garment workers wait patiently outside a factory in Ulail, Savar yesterday in hopes of work, refusing to be put off by a sign that reads "No Vacancies! Appointment Activities Suspended!".

Out of 3,211 l enterprises listed with the MiB, 610 were surveyed on a sample basis. Of them, 54 per cent are small in size, 40 per cent medium and 6.7 per cent large.

The primary survey was conducted between October and November in four major industrial clusters, namely Dhaka, Gazipur, Narayanganj and Chattogram.

Some 357,450 workers out of 2,562,383 workers covered lost jobs from January to September, about 14 per cent of the total.

The number of workers that were laid off was 2.2 per cent.

"It was informally agreed that the factories that received the stimulus package would not retrench workers," said Moazzem.

Majority of the factories did not follow the layoff and termination rule. Only 3.6 per cent complied with the compensation principle, meaning they paid salary and compensation and cleared dues the CPD said.

About 70 per cent of the factories paid the salaries only. "Non-compliance is much higher in the factories located in Narayanganj and large factories," the think-tank said.

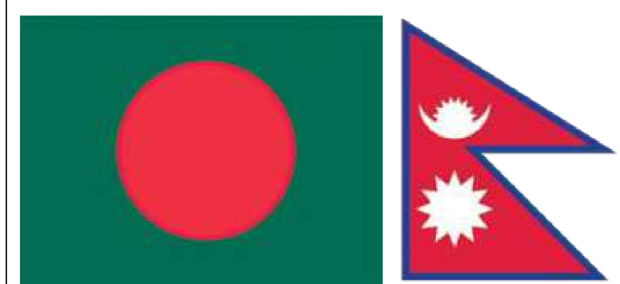
Factories have recruited workers during the pandemic to keep operations running. Thanks to the continued demand for production workers, 58.7 per cent of factories recruited new workers.

READ MORE ON B3

KEY FINDINGS

- As many as **232** factories were shut -- **180** of them are BGMEA members
- Some **50**% factories had less workers in Sep 2020 than in Dec 2019
- Most factories did not follow lay-off or termination rules
- Only **3.6**% factories complied with compensation standards
- About **70**% factories paid only salary
- About **58.7**% factories recruited new workers
- Factories now seeing a shortage of workers as orders are coming back

Trade agreement with Nepal soon: minister



Star Business Report

The government will sign a preferential trade agreement (PTA) with Nepal within a short time in order to improve bilateral trade, said Commerce Minister Tipu Munshi yesterday.

"Discussion is underway with more countries regarding the signing of trade agreements. This will be beneficial for us in the long term although it may not appear advantageous for the time being," he said.

Munishi shared the info at the inauguration of the campus of Bangladesh Institute of Plastic Engineering and Technology in Dhaka's Keraniganj, according to a press release.

The event was jointly organised by the institute and Bangladesh Plastic Goods Manufacturers and Exporters Association. The development came more than a month after Bangladesh inked a PTA with Bhutan to safeguard the trade benefit after graduation from the least developed country status in 2024.

The commerce ministry is negotiating with 11 other countries and trade blocs like Australia, Japan and Canada for PTA with the aim to secure market access after Bangladesh's LDC graduation.

Dhaka demanded zero-duty entry for 140 products to Kathmandu in October last year.

Munshi stressed the need for improvement of efficiency and quality of products to compete in the global market.

He said plastic industry has huge potential and demand for plastic goods is increasing day by day.

"We have to tap this opportunity. There is a big market for plastic products. We have to gain increased market share by providing quality and improving design and efficiency," he said.

The government is providing support for the development of plastic goods manufacturing industry.

Munshi said Bangladesh once imported plastic goods to meet requirement for export oriented garments industries.

Now plastic goods are exported after meeting local demand, he said.

Set up specialised bank for small enterprises: DCCI

Star Business Report

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday suggested creating a specialised bank or fund to help cottage, micro, small and medium enterprises (SMEs) recover from the pandemic-induced losses alongside formulating an act enabling their development.

"Local industrialisation must be emphasised to achieve an increased export target of $40 billion by 2030. The (small-sized enterprises) can add value to the local industry," said DCCI President Rizwan Rahman.

The small-scale firms generate 80 per cent of industrial employment and 45 per cent of the manufacturing sector's value addition, he told a press conference at the DCCI auditorium in the capital's Motijheel.

Regarding two fresh government stimulus packages involving Tk 2,700 crore for small-sized businesses, Rahman said only 54.13 per cent of the first Tk 20,000-crore stimulus package announced in March last year was disbursed as of December.

Entrepreneurs of such small undertakings are unable to properly complete documentation processes, he noted, hoping that Bangladesh Bank will make the conditions more flexible for disbursement of such stimulus loans.

DCCI President Rizwan Rahman

Suggesting that the SME Foundation and Palli Karma-Sahayak Foundation jointly prepare a database, he said the DCCI was interested in providing skill-development training to these entities.

READ MORE ON B3

Tk 428cr project to boost women entrepreneurship

Rejaul Karim Byron

The government plans to take a Tk 428 crore project to develop the skills of 256,000 unemployed and disadvantaged women to turn them into entrepreneurs and create jobs.

Besides, the project will aim to make 1,600 women self-employed by setting up 80 sales and display centres and an equal number of food corners and beauty parlours.

The project proposal may be placed at the weekly meeting of the Executive Committee of the National Economic Council on Tuesday, said an official of the planning ministry.

The Jatiyo Mohila Sangstha, a women welfare organisation under the women and children affairs ministry, will execute the project between January 2021 and December 2025.

Although women make up half the population of the country, they are yet to participate in socio-economic development in a bigger way, the ministry official said.

READ MORE ON B3

STAR/FILE

The project aims to create job opportunities for unemployed and disadvantaged women and make them self-employed.

Bourses see extensive profit booking

Ahsan Habib

Bourses witnessed widespread profit-booking last week when the insurance stocks rose the most thanks to a regulatory move on minimum shareholding compliance.

DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 73.14 points, or 1.24 per cent, during the week.

Meanwhile, insurance stocks went upward riding on news that the regulator issued letters to all the companies to maintain a paid-up capital of Tk 30-40 crore.

Almost all the top gainers were from the insurance sector. For instance, Agrani Insurance rose 21.9 per cent in the week followed by Provati Insurance and Islami Insurance.

The Insurance Development and Regulatory Authority asked all insurance companies to comply with the minimum shareholding rule of 60 per cent by the sponsors in their respective companies and maintain a minimum paid-up capital of Tk 30-40 crore in a month.

After this the insurance stocks started rising. Among listed 49 insurance stocks, 37 advanced and 12 declined in the last week.

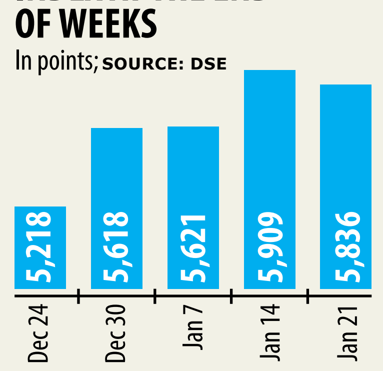
The IDRA's circular impacted the insurance stocks positively, which saved the index from a massive fall, a stock broker said.

The market fell because of the profit-booking tendency among all sectors while the high market capital-based insurance sector impacted the index positively, he added.

READ MORE ON B3

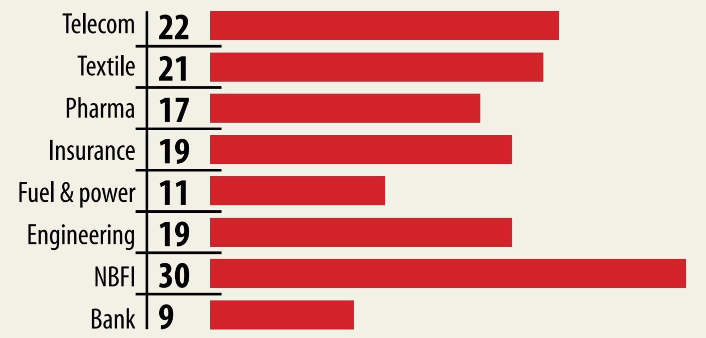
INDEX AT THE END OF WEEKS

In points; SOURCE: DSE



PE RATIO OF MAJOR SECTORS

SOURCE: UCB CAPITAL



Stocks ride on increased liquidity

Major global markets also soaring

Ahsan Habib

Although Bangladesh's stock market is not connected with global markets and does not follow the usual global trends, nowadays it has been different.

Dhaka stocks are soaring like other major markets which are hovering around all-time highs.

The reason, analysts said, is a global availability of liquidity, including in Bangladesh.

The S&P index of the US now stands at a record 3,841 points while the Dow Jones is also at an all-time high with 30,996.

Similarly, Nasdaq reached a personal best of 13,543 points.

Meanwhile, Dhaka Stock Exchange (DSE) witnessed its highest-ever market capitalisation on January 14.

The DSEX, the benchmark index of the DSE, also touched 5,900 points last week and remains in a positive trend. Its all-time high is 6,336 points.

However, the local stock market is practically disconnected from the rest of the world, according to Shahidul Islam, chief executive officer (CEO) of VIPB Asset Management Company.

Various markets, including Bangladesh's, have been rising thanks to the fiscal stimulus, which brought down interest rates, says an expert

READ MORE ON B3

SHAHJALAL ISLAMI BANK

Md Sanaullah Shahid, chairman of Shahjalal Islami Bank, and Shahidul Islam, managing director, attend its "Annual Business Conference-2021" through a digital platform yesterday.

NRBC BANK

SM Parvez Tamal, chairman of NRBC Bank, and Md Mukhter Hossain, managing director, attend its "Annual Business Conference 2021" in Cox's Bazar.

Biden pushes to get food, cash to crisis-hit Americans

AFP, *Washington*

President Joe Biden, in just his third day on the job, ordered help for hungry Americans Friday in a rush to pull the country from its multi-pronged pandemic crisis.

The latest orders boosting food aid and speeding up stimulus payments were modest in scale but reinforced Biden's message that he wants to act decisively against coronavirus and the related economic fallout.

It's a task he is trying to accomplish while simultaneously getting his government confirmed -- with defense secretary nominee Lloyd Austin winning Senate approval Friday -- and bracing for turmoil from a looming Trump impeachment trial. "The American people can't afford to wait," Brian Deese, director of the White House's National Economic Council, told reporters. "So many are hanging by a thread.

They need help and we are committed to doing everything we can to provide that help as quickly as possible." The new administration has brought a calmer style after the stormy Donald Trump era, but Biden's cascade of executive orders since Wednesday is making plenty of noise of its own.

Day one saw the 78-year-old Democrat sign 17 actions, day two he signed 10, and later Friday he was expected to reach for the box of ceremonial pens to put his signature on two more.

The slew of orders has covered top campaign agenda items, including the political hot potato of immigration reform.

Here, Biden extended protections from deportation for so-called "Dreamers" -- children of illegal immigrants who have grown up in the country.

But the offensive is overwhelmingly targeted on a Covid-19 pandemic that the new president described Thursday as a wartime-level catastrophe, with the current toll of more than 400,000 dead likely to hit half a million next month.

As well as ordering masks to be worn on trains, planes and in airports, Biden said Thursday that people coming to the United States will be required to quarantine on arrival.

He is simultaneously trying to reenergize and expand a faltering vaccination program. Only 16.5 million vaccines have been administered to Americans and Biden is calling for 100 million shots in 100 days.

With unemployment jumping by another 1.3 million applications last week, Biden argues that recovery from the initially catastrophic plunge in the US economy after the pandemic first hit last year is faltering. "Much, much more is needed," Deese said.

Biden's flagship policy is a $1.9 trillion economic rescue package that he outlined last week.

But Congress, having already passed two huge economic relief bills, is reluctant. The president's Democratic Party has only a small majority in the House and a razor thin advantage in the Senate.

Biden is also relying on Congress to hurry up and approve his cabinet nominations. A first key security figure was confirmed on Wednesday, Director of National Intelligence Avril Haines. The Senate's confirmation of Austin on Friday makes him the first African American to lead the Pentagon.

Tony Blinken for secretary of state and Janet Yellen for treasury secretary appeared to be headed for confirmation either Friday or next week.

Much of Friday, however, the White House will be focused on promoting Biden's latest two orders. Biden was set to speak at the signing ceremony and his press secretary Jen Psaki was scheduled to brief journalists.

The Commerce Department reported in mid-December that 13.7 per cent of adults live in households where they sometimes or often do not have enough to eat.

Hunger is becoming a threat in particular to millions of poorer children who relied on meals served by their schools -- now shut due to Covid-19.Biden's Friday orders boost an existing payout, giving a family with three children an extra $100 or so every two months to supplement grocery shopping.

Other measures include asking the Treasury Department to step on the accelerator and get stimulus payments of up to $600 a person that were already approved under Trump out more quickly.

REUTERS

US President Joe Biden signs executive orders as part of the Covid-19 response in the State Dining Room of the White House in Washington on January 21.

UK govt borrowing soars further on virus support

AFP, *London*

UK government borrowing soared further in December on emergency action to support the British economy battered by the coronavirus pandemic, official data showed Friday.

Borrowing last month hit 34.1 billion ($46.6 billion, 38.4 billion euros), a record for December, the Office for National Statistics (ONS) said in a statement.

Separate data showed British retail sales edged up 0.3 per cent in December from November. The ONS noted that state borrowing by Prime Minister Boris Johnson's government had reached 271 billion in the nine months through to the end of December -- an increase of 213 billion compared with the same year-earlier period. Britain entered a first lockdown in late March, which lasted until around the middle of June, hitting the economy hard.

The latest figures mean that total public debt officially stands at 99.4 per cent of gross domestic product, the highest level in decades.

A vast chunk of the outlay has been to keep millions of private-sector workers in jobs via the government's furlough scheme, with the bulk of wages to be paid until the end of April. "Since the start of the pandemic we've invested over 280 billion to protect jobs and livelihoods across the UK, and support our economy and public services," finance minister Rishi Sunak said in response to Friday's data. "This has clearly been the fiscally responsible thing to do. But, as I've said before, once our economy begins to recover, we should look to return the public finances to a more sustainable footing. "Reports suggest Sunak wants to begin removing support to coincide with his budget in March, despite the UK finding itself once more in lockdown, with bricks-and-mortar retail shut and children learning from home.

With the virus shutting businesses both permanently and until the latest lockdown is lifted, the government has also seen tax receipts slump by almost 40 billion in the nine months to December period. This has contributed to public sector net debt reaching 2.13 trillion.

UNION BANK

ABM Mokammel Hoque Chowdhury, managing director of Union Bank, attends its "Annual Business Conference 2021" at a hotel in Cox's Bazar on Friday.

MODHUMOTI BANK

Humayun Kabir, chairman of Modhumoti Bank, and Md Shafiul Azam, CEO, attend the inaugural session of a two-day "Annual Business Conference 2021" at its head office in Dhaka yesterday.

Reliance beats profit estimates as cost controls blunt oil hit

REUTERS, *Bengaluru*

Reliance Industries Ltd's profit jumped in the final quarter of 2020 as it reined in spending, although the Indian conglomerate recorded a sharp fall in revenue from its dominant oil-to-chemicals business.

Reliance, led by billionaire Mukesh Ambani, said on Friday consolidated profit rose 12.6 per cent to 131.01 billion rupees ($1.79 billion) in the three months ended Dec. 31. The rise was helped by a 22 per cent fall in expenses.

Analysts had expected a profit of 110.09 billion rupees, according to Refinitiv data.

Reliance has built leading consumer-facing businesses in recent years to diversify away from its mainstay energy arm, but a coronavirus-driven slump in fuel demand has weighed on the Mumbai-headquartered group's recent results.

Reliance, which operates the world's largest refining complex, said revenue from the oil-to-chemicals division fell nearly 30 per cent.

The business now houses its oil refining, fuel retailing and petrochemicals operations, as part of a reorganisation announced Friday.

Reliance, which aims to become net carbon zero by 2035, has said it wants to produce more petrochemical products, while gradually reducing its exposure to fuels.

Overall, Reliance's revenue slid 21 per cent to 1.24 trillion rupees.

Results at its retail and telecoms divisions were hit by the pandemic and protests against India's new farm laws.

Reliance Retail's revenue dropped 18.7 per cent, as only half of its over 12,000 stores were fully operational.

Reliance's Jio telecom service reported a higher churn - the rate at which customers stop subscribing - of 1.63 per cent, which it attributed partly to "malicious" campaigns against the company, without providing any details.

It had previously reported attacks against Jio's telecommunication masts by protesting farmers, who have alleged that Reliance has profited from farm reforms at their expense.

Jio is housed within Reliance's digital arm, which received more than $20 billion in investments last year including from Facebook and Alphabet Inc's Google.

Toshiba regains Tokyo exchange's top category

REUTERS, *Tokyo*

The Tokyo Stock Exchange approved on Friday Toshiba Corp's return to the bourse's first section amid calls from some shareholders for better governance at the Japanese industrial conglomerate.

Toshiba, which filed an application for the return in April last year, will move back to the first section on Jan. 29. The company has said the return could help lure buying from investors in stock indexes.

TOSHIBA

The Japanese company was relegated to the second section in 2017 after massive writedowns at its US nuclear power business caused liabilities to exceed assets - a condition for automatic demotion.

The TSE's decision comes as two large shareholders - Singapore-based Effissimo Capital Management and US hedge fund Farallon Capital Management - demand an extraordinary shareholders meeting for governance-related issues. Effissimo Capital has called for an investigation in Toshiba's annual general meeting held last July, at which the company said the voting rights of several shareholders were compromised.

Farallon Capital is asking the firm to seek shareholder approval over what the fund said is a change in investment strategy.

European stock markets retreat on virus shocks

AFP, *London*

European stock markets retreated Friday, extending the previous session's falls as the focus switched back to the economic impact of fresh virus shocks.

A raft of economic data highlighted the worsening situation for Europe, which is on course for a double-dip recession as fresh Covid lockdowns hit hard.

After a mini boost for equities earlier in the week as US President Joe Biden took office, stock markets are heading lower again. Asian indices closed lower also owing to concern that Biden's $1.9 trillion rescue plan could hit hurdles. The dollar traded mixed, while oil prices tumbled more than two percent.

Sterling, which Thursday hit a three-year high against the dollar on optimism over a UK vaccine rollout, then declined heading into the weekend on fresh recession expectations. "The optimism of earlier in the week has evaporated," noted Chris Beauchamp, chief market analyst at IG trading group.

"Weaker... (data) readings and the prospect of a total UK travel ban have seen the leisure and travel sectors hit, as the outlook for the global economy continues to darken. "European and Asian losses came despite a broadly positive lead from Wall Street on Thursday, where the Nasdaq fired to another record along with the S&P 500, though the Dow inched slightly lower.

The rises were helped by a series of upbeat US economic readings. But European data released on Friday was far less optimistic.

A slowdown in eurozone business activity accelerated in January, making a new recession almost certain as the Covid-19 pandemic continues to batter the 19-nation economy. The closely watched PMI index compiled by IHS Markit is considered the earliest indicator of the state of the economy and the latest reading confirmed fears that the year-old virus crisis is still going strong.

"A double-dip recession for the eurozone economy is looking increasingly inevitable as tighter Covid-19 restrictions took a further toll on businesses in January," said Chris Williamson, chief business economist at IHS Markit. The outlook was the same for Britain after its private sector activity was shown to have shrunk this month.

Manpower training can raise remittance five-fold in a decade

Bangladesh Foreign Employment Council dialogue told

STAR BUSINESS DESK

If Bangladesh's migrant workers can be turned more efficient through proper training, it will increase yearly remittance inflow from the current $21 billion to $100 billion in a decade, said experts recently.

This is attainable, on condition that Bangladesh takes the matter seriously to transform the country's youth considering the large number of skilled manpower that will be required to meet global demand in a post-Covid-19 world, they said.

The remarks came at a dialogue organised by Bangladesh Foreign Employment Council (BFEC) at Foreign Service Academy in Dhaka. Foreign Affairs Minister AK Abdul Momen, chief patron of the BFEC, was present.

A BFEC Patron Team presented a plan to increase remittance inflow by improving the contribution of semi-skilled and skilled workforce.

"The ratio of blue-collar workers to white-collar skilled workers is currently around 98 per cent. We, from the BFEC, strongly believe that we can definitely change that ratio within the upcoming few years if we all work together on this jointly," said BFEC President M Nayeem Hossain.

Shehzad Munim, managing director of BAT Bangladesh, Md Miarul Haque, managing director at DHL Express Bangladesh, Naser Ezaz Bijoy, CEO of Standard Chartered Bangladesh, MD Mahbub Ur Rahman, CEO of HSBC Bank, and Tanvir A Mishuk, managing director of Nagad, were present.

Worsening pandemic poses serious risks, ECB's Lagarde warns

FRANKFURT

European Central Bank chief Christine Lagarde warned on Thursday that the pandemic still poses "serious risks" to the eurozone economy as concerns grow about new virus variants and sluggish vaccination campaigns.

The Frankfurt institution's governing council held back from tweaking its ultra-loose monetary policy at its first meeting of the year, having already topped up up support in December.

Lagarde stressed that "ample monetary stimulus" remained essential to steer the 19-nation currency club through the Covid-19 upheaval, and that the ECB stood ready to do more as needed. "The pandemic continues to pose serious risks to public health and to the euro area and global economies," Lagarde told an online press conference.

The start of mass vaccination drives in the European Union was "an important milestone", she said, but the rollout has got off to a bumpy start in many nations.

The emergence of more contagious virus variants, first discovered in Britain and South Africa, has added to nervousness at a time when many countries are already struggling to bring down infection numbers.

Europe's top economy Germany this week extended its partial lockdown until February 14, and Chancellor Angela Merkel has not ruled out border checks to slow the spread of the new strains. France and Spain have tightened their evening curfews, while non-essential shops and leisure facilities are closed across much of the continent.

REUTERS/FILE

European Central Bank's President Christine Lagarde in Frankfurt, Germany.

The latest virus setbacks "are disrupting economic activity," Lagarde said, noting that the services sector was hit especially hard. "The intensification of pandemic poses some downside risks to the short-term economic outlook," she added.

The ECB in December forecast 3.9 percent growth for 2021, after an estimated contraction of 7.3 per cent in 2020. Lagarde said the ECB's forecasts "remain valid" for now, as they took into account lockdowns persisting through the first quarter coupled with a gradual start to vaccinations. The former French finance minister also reiterated her plea for European governments to support the ECB's efforts through fiscal policy.

She urged European Union members to speed up the ratification of a recently agreed 750-billion-euro recovery fund, saying it had a "key role" to play in financing the region's bounce-back.

Under Lagarde, the ECB took unprecedented steps last year to cushion the impact of Covid-19 on the euro economy. Its biggest weapon is a pandemic emergency bond-buying scheme, known as PEPP, that was in December topped up by 500 billion euros to reach a total envelope of 1.85 trillion euros. The scheme was also extended to March 2022.The bank has also offered ultra-cheap bank loans and held interest rates at historic lows.

The goal of the measures is to keep borrowing costs low to encourage spending and investment in the 19-nation currency club, in a bid to boost growth and inflation.

US housing boomed in 2020 even as pandemic slammed economy

AFP, *Washington*

The US housing market boomed in 2020 even as the coronavirus pandemic caused one of the worst economic contractions of modern times, as Americans took advantage of low borrowing rates to buy homes.

The surge in new and existing home sales, and home construction, underscores the unequal experience of the pandemic across the United States. Even as tens of millions of people lost their jobs due to the pandemic disruptions, others were able to afford major property purchases.

And it serves as a stark contrast to the 2008 global financial crisis, when mortgages were at the center of the downturn and the American housing market collapsed.

Existing home sales last year hit the highest level since 2006, the National Association of Realtors (NAR) reported Friday, with sales rising to 5.64 million. That was 5.6 per cent higher than in 2019, before the virus harrowed the world's largest economy.

And while the Commerce Department will not release its year-end data for new home sales until next week, through November the 841,000 seasonally adjusted annual rate was 20.8 percent above the same month in 2019. "What's even better is that this momentum is likely to carry into the new year, with more buyers expected to enter the market," NAR Chief Economist Lawrence Yun said.

The housing market was fairly solid before the pandemic hit, but the Federal Reserve's decision to slash its benchmark lending rate to zero as the coronavirus crisis began fueled the surge in purchases that began after a short pause. The drastic Fed move was a sign of the severity of the damage and intended to keep the economy afloat. The last time the central bank cut rates to zero was during the global financial crisis, when the housing market was in the eye of the storm and a wave of subprime mortgage defaults caused millions of foreclosures.

With mortgage rates hitting historically low levels last year, according to government-sponsored lender Freddie Mac, buyers seized the opportunity.

The Pew Research Center in July reported that about one in five Americans moved due to the pandemic or know someone who had, and 18 percent of those who moved said the reason was financial.

But there was also evidence that people took advantage of the changing situation to try out new digs. Pew reported that 13 percent of people moved to a second home or vacation residence, while nine percent headed to a new place that they either bought or rented.

Though some sectors of the economy are struggling to recover from the business restrictions that began last March to stop Covid-19 from spreading, homes sales of rebounded sharply as summer arrived, and remained strong even as the pace slowed. "The housing market has been a bright spot of the economic recovery thus far," said Joel Kan, associate vice president of the Mortgage Bankers Association.

Homebuilders have struggled to keep up with demand, and construction of new homes grew seven percent last year compared to 2019. Existing home inventory in December dropped to 1.07 million units, 16.4 per cent lower than November and down 23 per cent from the year-ago period, NAR said. Unsold inventory is also at 1.9-month month supply, an all-time low.

Strong demand and short supply sent the median sale price upwards to $309,800, 12.9 percent above December 2019, and Kan warned that if the situation doesn't change, that could price the first-time home buyers who make up a third of demand out of the market. Ian Shepherdson of Pantheon Macroeconomics predicted the housing market was in for a "modest correction" and that prices would continue to rise. "We expect a renewed, sustained increase in housing activity in the spring, when the Covid pandemic should be receding, but sales are unlikely to rise further before then," he said.

Pandemic wipes out 3.57 lakh apparel jobs: study

FROM PAGE B1

The capacity utilisation of the factories improved with the rise in the orders: In April, 89 per cent of factories had zero capacity utilisation, which came to down 1.3 per cent in September.

Due to the pandemic, the size of factories has scaled down. The average number of workers in a factory in December 2019 was 886, and it came down to 790 in September last year, a fall of 10.8 per cent.

Speaking at the virtual dialogue, Rehman Sobhan, chairman of the CPD, said under the current business model, most of the burden was borne by the supplying countries, and the buyers were risk-free.

There is a lack of information on how a $2 shirt is sold at $20 by international retailers and brands, he said, suggesting research firms conduct studies on this particular issue.

He suggested introducing a general comprehensive insurance programme in the garment sector. The government, buyers, donor agencies and workers should participate in the programme.

Mohammad Abdul Momen, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the moment the garment sector was trying to recover from the fallouts of the Covid-19, the second wave hit.

During the first wave, 99.99 per cent of retail outlets were shut. It is 25 per cent during the second wave, he said.

The prices of raw materials like yarn and cotton have gone up, but the prices of garment items did not increase. Rather, it decreased by nearly 15 per cent, the entrepreneur said.

Mohammad Hatem, first vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said local suppliers faced discounts between 25 per cent and 50 per cent from buyers, not only just the cut in prices.

"We have started recruiting workers as orders are flowing in. We are suffering from the shortage of workers again," he said.

He said 80 per cent of factories were running at losses and they had kept their business up and running just to survive.

"Ten per cent of factories are running at break-even and 10 per cent large units are making some profit."

Of the more than 850 members of the BKMEA, 420 availed loans from the stimulus package. Some 99 did not receive the loan although they had applied.

The CPD study said it was alleged that factories that recruited new workers had mostly hired their retrenched workers but at a downgraded level. This means they were offered lower grades, lower pay and were hired on a contractual basis.

Though workers got the job, they lost entitled benefits due to discontinuation of their jobs, it said.

The think-tank said the subsidised credit provided under the stimulus package and the gradual rise of production orders helped factories to address the crisis.

The package covered the demand of 70 per cent of the enterprises. However, about 30 per cent of the enterprises were left out of the package. They include small and non-member factories.

Any future package for the sector needs to be customised considering the priorities to small scale enterprises and non-member enterprises, the CPD said.

Kutub Uddin Ahmed, former secretary-general of IndustriALL Bangladesh Council, said the income of garment workers declined by 8 per cent during the pandemic.

He said the fund given by the European Union and Germany for the retrenched workers could not be disbursed because of faulty lists supplied by the BGMEA and the BKMEA.

Syed Hasibuddin Hussain, project manager of MiB, moderated the meeting.

Stocks ride on increased liquidity

FROM PAGE B1

"So, we can't say that Bangladesh's stock market is rising just as the other markets are as there is no such relationship between the two," he said.

Due to easy access to liquidity worldwide, most major indices have been rising and besides, some other factors influenced the bull run of Bangladesh's stocks.

"For example, optimism towards the new commission has had a positive impact," Islam said.

On the other hand, the country's stock market had been bearish for a long time, so many stocks had turned lucrative, he added.

The Nikkei stock average of Japan is at a high point of 28,631 while neighbouring India's BSE Sensex is also at a record 48,875.

The UK's FTSE 100 was at its all-time high of 7,730 in 2018 but then fell due to the Covid-19 outbreak. It is now on the rise again and has jumped to stand at 6,695 as of January 22.

It is the same scenario in Hong Kong, where the Hang Seng index topped 33,154 points in 2018 but now stands at 29,447. But this index is also in a rising trend.

Various markets, including Bangladesh's, have been rising thanks to the fiscal stimulus which brought down the interest rate, said Ershad Hossain, CEO of City Bank Capital.

"This is very basic," he added.

Governments are pumping money into their economies in a bid to survive the ongoing crisis.

The interest rate has become almost zero in the US, Hossain said, adding that Bangladesh's net deposit rate became negative due to a higher inflation rate.

"So, funds are coming to the stock market despite the pandemic and growth stunt," Hossain said.

The merchant banker also thinks that the new commission's initiatives to boost investor confidence played a part.

"They have taken many steps and reform activities and are stricter on enforcement," he added.

The Bangladesh Securities and Exchange Commission (BSEC) ensured that sponsors hold the minimum number of shares in listed companies, a rule not abided by in the last nine years. The market regulator also imposed high amounts of fines on many gamblers.

The new commission also eased the processing of initial public offerings, allowing many companies with good performance records to get listed over the last few months. This includes the trading debut of multinational Robi Axiata.

The BSEC has also taken steps to turn junk stocks to perform well. In this regard, it is working closely with Bangladesh Bank.

The central bank has asked scheduled banks to form a fund of Tk 200 crore to invest in the stock market.

Against this backdrop, the stock market is supposed to go further, Hossain said.

"We saw a downtrend in foreign portfolio investment (FPI) in 2018-19 and a sharp one in 2019-20 mostly due to the Covid pandemic. However, we see some FPI back into select stocks, that is Square Pharma and BATBC, in the last couple of months. We expect this trend to continue in blue chip shares," said Hossain.

"Our stock market does not usually match the world index but this time it has been following the trend," a stock broker said.

"Our market usually rises due to speculations in most cases but now, stock investors are now gaining confidence by seeing a well governed market," he added.

With the appointment of the new commission, confidence grew among investors as the new commission has taken many steps against the gamblers and to stabilise the market in the long run, he said.

This commission is comparatively more strict when it comes to rules and regulations and is penalising players, he added.

"So, many investors are gaining the confidence to invest here," he said.

If stocks of companies with good performance records come to the market and the regulator remains strict on rules and regulations, then the market will keep going, he added.

Bourses see extensive profit booking

FROM PAGE B1

Insurance sector market capitalisation rose 1.6 per cent in the last week, according to the weekly market review of UCB Capital Management.

In the last few weeks, insurance stocks have been declining after experiencing a continuous rise for a long time. However, the IDRA's circular helped it to gain again, the stock broker said.

In the last week, junk stocks got a hit so most of the low-performing companies' stocks were red. Alltex Industries shed the most, falling 16.9 per cent followed by LafargeHolcim Bangladesh, Alif Manufacturing, Appollo Ispat, and Jute Spinners.

Investors got a lesson from the stock market regulators' step towards United Airways, said a merchant banker.

On January 12, the Bangladesh Securities and Exchange Commission (BSEC) ordered the Dhaka and Chattogram stock exchanges to transfer United Airways to the over-the-counter board from the main trading board.

As the company has not been operating since March of 2016 and has little potential to restart operation, the regulator delisted it from the main trading board.

Some other companies are also there in the market, which traded at a higher value but they are incurring losses for many years, for which the investors fear the same thing will happen with those also, the merchant banker said.

This fear is necessary to tame junk stocks, which are victims of gambling in many cases, he added.

Meanwhile, the DSE's average daily turnover, another important indicator of the market, dropped 16.25 per cent to Tk 1,565 crore in the last week.

The fuel and power sector dominated the turnover chart, covering 14.3 per cent of the total turnover.

Set up specialised bank for small enterprises: DCCI

FROM PAGE B1

The chamber also suggested formulating a comprehensive policy framework redefining businesses, bringing ease in access to finance through an SME bond and introducing an online trade licencing system for their financial inclusion.

Rahman said Bangladesh will have to explore new Asian markets as 81 per cent of the country's exports were destined for Western countries which were severely affected by the Covid-19 pandemic.

He thinks the crisis would continue this year and there was even a possibility of the economy suffering until next year.

He also recommended providing all investment-related public services through the online One-Stop Service platform of the Bangladesh Investment Development Authority, pointing out that the DCCI was already providing two services through it.

He suggested enabling low-cost investment and financing for the private sector to turn Bangladesh into a lucrative destination for relocation of labour intensive industries from China, Japan and South Korea.

Once Bangladesh makes the United Nations status graduation from least developed to developing country after 2027, it will lose special and differential treatments provided by the World Trade Organization, said Rahman.

The country will also face an additional 6.7 per cent tariff in exports and 27 compliance conventions stipulated in the European Union's scheme of Generalized System of Preferences Plus meant for developing countries, he added.

Bangladesh needs to immediately start developing skills to face the global competition as little time was available, he said.

He claimed that Bangladesh's corporate tax rate of 32.5 per cent was the highest in the world as the global average was only 23.79 per cent.

He demanded a gradual reduction to this rate by 5 percentage points in fiscal 2021-22, 7 in 2022-23 and 10 in 2023-24.

There could be conditions stipulating that tax cuts here have to be invested in skills development, infrastructure funds, research development and the bond market, he noted.

He also demanded imposing a VAT based on value addition or profit margins instead of annual turnovers.

Now 38.6 per cent of graduates are unemployed, claimed the DCCI president, apprehending that around 55 people would lose their jobs by 2041 due to the emergence of the fourth industrial revolution (4IR).

Rahman stressed on the need for facilitating cluster development of backward and forward industries in specialised economic zones with emphasis on uninterrupted and competitively-priced utility, telecommunication and transport services.

He sees a good future of e-commerce in Bangladesh, saying that around 10 crore people were using the internet and annual market sales amounted to $2 billion.

According to him, around 9.78 crore people transact around Tk 50,000 crore per month through mobile banking services, which was proving beneficial in terms of digital engagement.

He also recommended to offer fiscal and non-fiscal incentives for the adoption of 4IR technologies in businesses as well as tax rebates on spending for need-based training and skills development programmes.

This will build the digital infrastructure for increasing digital competitiveness, he said.

NKA Mobin, senior DCCI vice president, Monowar Hossain, vice president, and directors Md Shahid Hossain, Golam Zilani, Hossain A Sikder and Nasiruddin A Ferdous were present.

Tk 428cr project to boost women entrepreneurship

FROM PAGE B1

The project will look to create job opportunities for the unemployed and disadvantaged women, make them self-employed and provide them grants to turn them into skilled human resources.

A feasibility study was carried out to gauge the prospects of the project, according to a document of the planning ministry.

The project will be implemented through 80 centres in Dhaka North and South city corporations and 78 upazilas in 64 districts.

The provision of setting up training centres at the upazila level and in remote areas instead of concentrating them alone at district level has been incorporated in the detailed project plan.

Many people have become jobless because of the coronavirus pandemic, prompting the government to undertake projects to generate employment opportunities for them and increase their incomes.

The project is part of the government initiatives to make the economy more vibrant, said the planning ministry official. A database of trainees will be created.

TOLL OF PANDEMIC

Amusement parks turn into ghost towns

Absence of visitors continues to ail the industry

KONGKON KARMAKER *and* ABRAR HOSSAIN

The amusement park industry in Bangladesh was dealt a huge blow by the coronavirus pandemic as the ongoing public health crisis has led to an alarming decline in the number of visitors, according to insiders.

Besides, the locals who were either directly or indirectly involved with the business have also been affected by the lack of customers and thousands like them may now lose their jobs, they said.

Many recreational sites have been operating in various districts of the country's northern regions since the late 90s.

Millions of people from both home and abroad visit these attractions every year where the months between November and April are considered as the peak season, when different organisations and private entities hold winter events.

In 2020, around 6.5 million people visited these tourist spots with Swapnopuri of Dingajpur's Nawabganj upazila and Vinnya Jagat of Rangpur Sadar upazila accounting for about 4 million of them.

Swapnopuri and Vinnya Jagat are considered two of the country's largest artificial entertainment parks while many other small scale sites have been built over the years in Thakurgaon, Joypurhat and Naogaon.

However, things took a turn after the outbreak began in March as the government was forced to impose social distancing guidelines alongside other measures to curb the spread of Covid-19.

This includes a two-month 'general holiday' that began on March 26, when all economic activities were shut down across the country.

As a result, the number of daily visitors dropped by as much as 80 per cent compared to pre-pandemic levels.

During a recent visit to several of these locations, they were found to be almost completely deserted.

Vinnya Jagat was established on 165 acres of land in Gonjipur village of Rangpur Sadar Upazila in 2002.

"Around 2 million people visited the spot last year, earning the park around Tk 3 crore," said Md Rafayet Hossain, deputy general manager of Vinnya Jagat.

But as the number of visitors dropped drastically due to Covid-19, the business has been badly affected.

"Just 30,000 people have visited the spot as of December last year," Hossain added.

The site employs about 100 people for maintenance but their weekly payments have become irregular amid the ongoing crisis, various staffers said.

Similarly, the people who run numerous small businesses surrounding Vinnya Jagat have been counting losses.

Golam Rabbani, a peanut vendor, said his sales have dropped alarmingly due to the absence of visitors to the park.

Likewise, there were no picnic buses found at the Singra National Forest or Ramsagar Ecological Park in Dinajpur.

Delwar Hossain, the owner of Swapnopuri, said he never witnessed such an impact since establishing the artificial entertainment park on 155 acres at Aftabganj village in Nawabganj upazila of Dinajpur in 1989.

"This place used to be crowded from morning to evening but it now wears a deserted look," he said.

Last year, around 2.2 million people visited the spot.

"The pandemic has not only affected our business, but also the hundreds of informal traders in the area," Hossain said, adding that he hopes the situation will improve with the arrival of a vaccine.

Elsewhere, other major amusement parks in Dhaka and Chattogram are suffering a similar fate.

"We saw the flow of visitors begin to increase in October but it started declining just the next month amid fears of a second wave of infections," said Anup Sarker, executive director of Concord Group, owner of the biggest amusement park chain in Bangladesh.

The conglomerate had decided to reopen its parks at half capacity in September, roughly seven months since they were shut down after the country's first Covid-19 case was detected in March. Concord operates five locations, including Fantasy Kingdom, Water Kingdom and Foy's Lake.

The daily average number of visitors to all five parks has dipped below 500 while it was 5,000 during the pre-pandemic era.

"We are giving a lot of offers and discounts but still, the number of visitors is low and has led to huge and irrecoverable losses," Sarker said.

Amid the low turnout, the park operators still have to bear operational expenses, including salaries, utility bills and maintenance costs.

Bangladesh has around 100 amusement parks, nearly half of which are privately run.

"Both small and large parks are facing the same problem now," he said while urging the government to reduce value added tax and provide low cost loans so that the industry can survive the crisis.

If the Covid-19 situation does not worsen further, then the industry could begin its recovery from March onwards, he added.

KONGKON KARMAKER

Devoid of crowds for social distancing needs amidst the pandemic, *clockwise from top*, amusement parks Swapnopuri in Dingajpur's Nawabganj upazila and Vinnya Jagat in Rangpur Sadar upazila, and Ramsagar Ecological Park in Dinajpur beckon better times ahead.

GLOBAL BUSINESS

India proposes stricter regulations for large shadow banks

REUTERS, *Mumbai*

The Reserve Bank of India has proposed tighter, bank-like regulation of the so-called shadow lending sector to prevent the turmoil caused by the collapse of an infrastructure financing firm in 2018.

The country's central bank has gradually moved towards tighter norms for the sector ever since one of its biggest firms, Infrastructure Leasing & Financial Services,collapsed in late 2018 amid fraud allegations. The following year Dewan Housing Finance Corp and Altico Capital defaulted on payments.

"Higher risk appetite of NBFCs (non-banking financial companies) has contributed to their size, complexity and interconnectedness making some of the entities systemically significant, posing potential threat to financial stability," the RBI said in a discussion paper released on Friday.

The RBI has proposed introducing a four-tiered structure for better regulation of NBFCs with about 25-30 of the nine thousand plus firms falling under the upper or second layer of the strictest regulations. The top layer will remain empty for now, RBI said.

The proposed regulatory and compliance guidelines will bring these 25-30 large shadow banks almost to parity with the state-owned and other private commercial banks in the country. New regulations have been proposed for mid to smaller NBFCs, but they are likely to be less stringent.

"The scale-based supervision provides an opportunity for large NBFCs to break the mold that they are under a light touch regulation and this will help them in increasing market credibility and grow their business," said Gagan Banga, Vice Chairman and Managing Director, Indiabulls Housing Finance.

The RBI has also proposed that the entry-level 'net owned funds' required for registering as a shadow bank be raised to 200 million rupees ($2.74 million) from the existing 20 million, a move that will make it difficult for individuals to own these institutions.

The large shadow banks are also expected to have a Common Equity Tier 1 capital of 9 per cent and to be subject to a differential provisioning requirement on their exposure, in line with banks.

The paper proposes that large NBFCs must list on stock exchanges within a specified time to promote greater disclosure.

"In the past we have seen that the shadow banks have resorted to aggressive lending in the absence of such regulatory measures," said Avneesh Sukhija, senior analyst at BNP Paribas.

"To curb aggressive lending and avoid any systemic risk (seen in 2018), additional regulatory measures in a phased manner is the right way forward," he added.

The size of the balance sheet of shadow banks including housing finance companies has more than doubled to 49.22 trillion rupees in 2020 from 20.72 trillion rupees in 2015, the RBI said.

"Cost of compliance to rules and regulations should be perceived as an investment as any inadequacy in this regard will prove to be detrimental," RBI Governor Shaktikanta Das had said in a speech last Saturday referring to increased regulation in recent years for banks and shadow lenders.

REUTERS/FILE

A Reserve Bank of India logo is seen at the entrance gate of its headquarters in Mumbai.

Double-dip Europe recession 'increasingly inevitable': PMI

AFP, *Brussels*

A slowdown in eurozone business activity accelerated in January, making a new recession almost certain as the Covid-19 pandemic continues to batter the economy, a key survey showed Friday.

The closely watched PMI index compiled by IHS Markit is considered the earliest indicator of the state of the economy and the latest reading confirmed fears that the year-old virus crisis is still going strong. "A double-dip recession for the eurozone economy is looking increasingly inevitable as tighter Covid-19 restrictions took a further toll on businesses in January," Chris Williamson, chief business economist at IHS Markit, said.

This meant that the economies of the 19 countries that use the single currency, dominated by Germany and France, would sink back into recession after only a very short recovery over the European summer.

The firm's closely watched PMI index fell from 49.1 points in December to 47.5 points this month, further away from the 50-point level which indicates growth.

Williamson noted however that the bad start to 2021 would be less damaging than the economic collapse seen in the first wave of the pandemic last year.

This was due to the "ongoing relative resilience of manufacturing, rising demand for exported goods and the lockdown measures having been less stringent on average than last year," he said.

The difference between France and Germany was notable. German exports managed to keep the country narrowly on a growth trajectory, while French business activity sank.

The situation for the rest of the eurozone, accounting for a little more than half of the bloc's economy, was even worse.

Worryingly, employment across the eurozone fell for an eleventh consecutive month, albeit with modest increases in France and Germany, IHS Markit said.

The bleak picture confirmed a warning by European Central Bank chief Christine Lagarde who saw "serious risks" still looming over the eurozone economy. Much hope has been put in the distribution of vaccinations to reopen the economy but the campaign in the EU is going at a slower pace than hoped.

The rollout of vaccines had instilled "a strong degree of confidence" but "the recent rise in virus case numbers has caused some pull-back in optimism," Williamson said.

IHS Markit on Friday also posted an alarming survey result for Britain, where activity collapsed from a modest expansion in December to a low 40.6 points in January. The country, which left the EU's single market on January 1, has seen a series of damaging lockdowns due to the spread of a more contagious strain of the virus.

REUTERS/FILE

Workers wear protective masks at the Volkswagen assembly line in Wolfsburg, Germany.