

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.27%	▲ 0.06%	\$1,763.34	\$73.51	▲ 0.04%	▼ 0.19%	▲ 0.19%	▼ 0.01%	83.95	98.50	115.03	12.76
6,069.40	10,583.45	(per ounce)	(per barrel)	52,344.45	28,964.08	3,144.16	3,525.10	BUY TK	102.30	118.83	13.41
								SELL TK			

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# BUSINESS

DHAKA MONDAY JUNE 21, 2021, ASHAR 7, 1428 BS • starbusiness@thedailystar.net

## Jobs treble despite trading units decline

BBS survey finds

REJAUL KARIM BYRON

Despite a decline in the number of wholesale and retail trade units in Bangladesh, employment in the sector nearly trebled to 1.41 crore in the past decade, according to the provisional data of the Wholesale and Retail Trade Survey 2020.

Carried out by the Bangladesh Bureau of Statistics (BBS), the first survey in a decade finds that the number of establishments operating in wholesale and retail trade declined 4 per cent to 25.4 lakh units in 2019-20 from 26.5 lakh a decade ago.

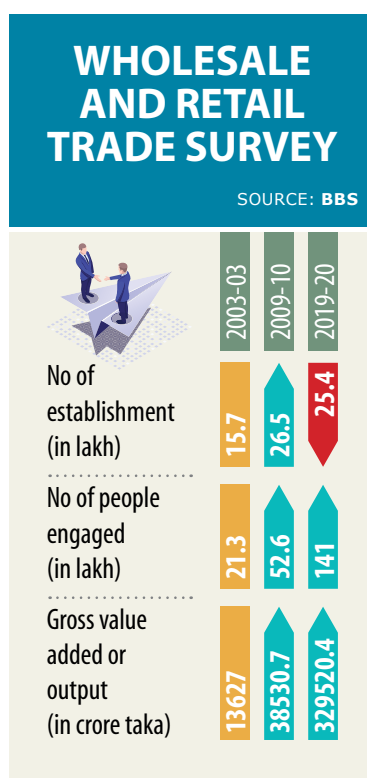
On the other hand, the sector, one of the major pillars of Bangladesh's around \$350 billion GDP, created additional 88 lakh jobs, taking the total number of employed to 1.41 crore since the last survey was done in 2009-10.

Wholesale and retail trades account for 14 per cent of GDP.

Wages or salaries from the



A glimpse of cloth retailers trying to attract customers. Wholesale and retail trades account for 14 per cent of gross domestic product. Photo was taken from Bogura.



jobs and productivity surged, and a leading economist described the change as a reflection of structural transformation in the economy.

"Supermarkets and departmental stores have replaced the traditional mom-and-pop shops," said Zahid Hussain, a former lead economist of the World Bank office in Bangladesh.

"Clearly, there has been a

structural transformation in this sector over the past decade," he said, adding that the size of individual establishments had grown tremendously while the small ones disappeared.

The latter caused the number of establishments to decline, he said.

READ MORE ON B3

## Increase public spending, expand social protection

Economists recommend at Sanem conference

STAR BUSINESS REPORT

Increasing public spending and widening social protection measures with a proper registry of people could prove effective in reviving the economy during the pandemic, as occurred in some countries, according to two noted economists.

Brazil spent 8 per cent of its GDP on the disbursement of cash among citizens in one go when the pandemic surfaced. As a result, its economy is still healthy compared to other Latin American nations, said Martin Rama, chief economist of the World Bank for Latin America and the Caribbean.

Brazil was able to properly channel the stimulus money among people as it has very good social registry systems, he said.

"Creating a reliable social registry is one of the priorities for governments that will come to big use in the future," said Rama.

"I would like to see Bangladesh spending more," said David Hulme, a professor of development studies at the University of Manchester.

"Also, you need a well-developed social registry process, and it is a lesson for the country. Scale up the social protection."

They spoke at the concluding session titled "Covid-19 Recovery: Contexts and Priorities - Developing Countries' Perspective" at the Sanem Development Conference on Saturday night.

The South Asian Network on Economic Modeling (Sanem) organised the virtual discussion, where its executive director, Selim Raihan, moderated the concluding session.

Brazil did not face any complex challenge

### KEY TAKEAWAYS

- Higher public spending and social protection to help revival of the economy
- Brazil spent 8% of its GDP at one go and enjoys the benefit
- Proper social registry should be priority to transfer funds to people
- Bangladesh should utilise the Chinese recovery by diversifying value chain
- Improve the health system, particularly ICU

in disbursing the stimulus and testing and tracing Covid-19 patients because of its strong social registry. In contrast, its peers have been facing many difficulties for not having such a well-prepared database of citizens, said Rama.

"We should not go for a magic solution to save us from the pandemic. Probably we need to learn how to live with the pandemic," he said while responding to a query on the future of the global economic recovery from the fallouts of Covid-19.

The economist was cautiously optimistic about the recovery.

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## Largest rooftop solar plant starts producing electricity

KEPZ to meet its entire power demand, supply to national grid

MOHAMMAD SUMAN, Chattogram

Youngone Corporation, the Korean multinational conglomerate, yesterday launched the country's largest rooftop solar power plant in its Korean Export Processing Zone (KEPZ) to meet its electricity demand through renewable sources.

The company will produce 40 megawatts of solar power on the rooftops of the factory buildings with an investment of \$40 million. The first phase of the project began producing 16MW of electricity yesterday.

It was jointly inaugurated by Nasrul Hamid, state minister for power, energy and mineral resources, and Lee Jang-keun, South Korean ambassador to Bangladesh.

Separate solar PV



State Minister for Power Nasrul Hamid is seen visiting Youngone Corporation's rooftop solar plant along with Korean Ambassador Lee Jang-Keun and Youngone Chairman Kihak Sung in Chattogram yesterday.

COLLECTED

(photovoltaic) units to generate the remaining 24MWs of power will be established in two phases within the next one and a half years, according to KEPZ officials.

There are 34 factories currently operating in the economic zone. Solar panels were installed on the roofs of 16 factories to generate electricity in the first phase.

The other units will be equipped with panels over the next two phases. Solar panels that will generate 4MW of power will be installed on six more factories in October.

The panels to generate another 20MW will be set up in the third phase.

The KEPZ currently uses 14MW of electricity from Bangladesh Power Development Board.

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## Stocks rise despite floor price removal

IFIC to raise Tk 1,000 crore by issuing perpetual bond

STAR BUSINESS REPORT

The country's stock market rose yesterday thanks to a boost in confidence among institutional investors, despite the removal of floor prices of all listed companies.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), rose by 16 points, or 0.27 per cent, to 6,069.

After deciding on lifting the floor price on Thursday, the Bangladesh Securities and Exchange Commission (BSEC) implemented it yesterday.

The market regulator had initially lifted the floor price of 66 companies in April.

On March 19 last year, the BSEC imposed floor prices for all stocks by calculating their average prices of the preceding five days of trade to stop the index from falling amid the pandemic.

Although most market analysts and foreign investors criticised the decision, general investors welcomed it and repeatedly urged for the policy to be retained.

However, the BSEC decided to lift the floor prices considering the demand from foreign investors and potential long-term negative impacts on the market.

"Many general investors feared that the market would drop after the decision was implemented, but this did not happen as institutional investors are active in the market," said a merchant banker.

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## 'Black money whitening bar to curbing corruption'

STAR BUSINESS DESK

The opportunity to whiten black money is a big barrier to curbing corruption in the country, said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue yesterday.

He made the comment while speaking as a chief guest at a programme titled "This Budget in Corona Perspective" organised by the Debate for Democracy at the Bangladesh Film Development Corporation at Tejgaon in the capital, says a press release.

"There is a lot of apprehensions over the implementation of the current fiscal year's budget during the coronavirus pandemic," he said.

"Maybe the budget will be revised after 6-7 months like in the previous occasions and attempts would be made to implement it. The implementation of the budget has to be qualitative and standard," he said.

Prolonging the deadline of projects to increase the expenses is not acceptable in any way, he said.

Around Tk 50,000 crore to Tk 60,000 crore is being drained away from the country in illegal ways every year, the economist said.

As a result, the whitening of black money couldn't make any contribution to the employment generation and social protection of the country, Rahman said.

He said the country's various watchdogs had to come out from their traditional means and try different ways to stem money laundering.



Stressing the importance of a digital platform for tax collection, Prof Rahman said the government had to lay more emphasis on direct tax in place of indirect tax.

Bangladesh needs increased organisational capability, good governance, and political will to implement the budget in quality ways.

He said Bangladesh was yet to face any food crisis even if the entire world was in an economic, health and food risk during the pandemic.

"But we have to address economic and health hazards," he added.

## TAX BREAK ON SETTING UP HOSPITALS

### Fiscal relief inadequate to attract investors

SUKANTA HALDER

Entrepreneurs might not be interested in setting up large hospitals outside of Dhaka, Chattogram, Narayanganj, and Gazipur despite a 10-year tax break.

A shortage of qualified doctors and healthcare workers, their unwillingness to stay away from the major cities because of a lack of amenities, and uncertainty about the return on investment may prevent the government from making quality health services accessible to citizens.

Finance Minister AHM Mustafa Kamal offered the tax break in his budget speech on June 3 to ensure better healthcare facilities and decentralise medical services by reducing pressure on the four cities.

A huge amount of investment would be required to set up a 250-bed general hospital and a 200-bed specialised hospital to avail the tax benefit offered by the National Board of Revenue, according to entrepreneurs and analysts.

Besides, the number of patients who could potentially visit such a healthcare provider is insufficient to make such an investment justifiable, he said, adding that a lack of amenities in most districts encourages doctors to live in major towns or cities.

READ MORE ON B3



Finance Minister AHM Mustafa Kamal has offered a tax break to ensure better healthcare facilities and decentralise medical services.

RAJIB RATHAN



# Fed shift causes rally in value stocks to wobble

REUTERS, New York  
The Federal Reserve's hawkish shift is forcing investors to reevaluate the rally in so-called value stocks, which have taken a hit in recent days after ripping higher for most of the year. Shares of banks, energy firms and other companies that tend to be sensitive to the economy's fluctuations have tumbled following the Federal Reserve's meeting on Wednesday, when

central bank's shift was a "natural" response to economic growth and inflation moving quicker than expected, bolstering that view. "Value stocks had gotten ahead of themselves, particularly in energy and financials, and the folks that are caught offside are starting to unwind those trades," said Jamie Cox, managing partner at Harris Financial Group. The post-Fed meeting slide in value has been accompanied by a retreat in

breakthroughs in vaccines against Covid-19 bolstered the case for a powerful economic rebound in 2021. Value stocks have outperformed growth stocks by nearly 7 percentage points since the start of November 2020, bucking a trend that saw technology and other growth sectors regularly outshine value over the last decade. An unwinding of the heavy positioning in value shares could exacerbate the recent slide. Mutual funds are overweight value names to a larger degree than any time in the last eight years, according to a Goldman Sachs report published on June 9.

Some big-name investors such as Cathie Wood, whose ARK Innovation ETF was the top-performing US equity fund last year, have suggested that growth stocks will resume their market outperformance as investors rotate away from value sectors such as energy that are up 38.5 per cent since the start of the year. Wood's flagship ETF is down 4.8 per cent year-to-date.

Others, however, believe the recent wobble in value stocks is a pause, rather than a turning point.

Cyclical companies remain the least over-valued in the US stock market, according to Jonathan Golub, chief US equity strategist at Credit Suisse.

High sales-growth companies are trading at valuations nearly double their 10-year averages, while cyclical companies are trading at valuations approximately 40 per cent more than their historical levels, he wrote in a research note. The prospect of rising interest rates should also benefit higher quality value stock names that held up better in last year's downturn but have lagged during the recovery, said John Mowrey, chief investment officer at NFJ Investment Group.

He has been increasing his positions in utility and consumer staples stocks that have underperformed value stocks as a whole, betting that they will increase their dividend payouts, which would make them more attractive even if Treasury yields eventually rise.



REUTERS/FILE

**Shares of banks, energy firms and other companies that tend to be sensitive to the economy's fluctuations have tumbled following the Federal Reserve's meeting.**

the central bank surprised investors by anticipating two quarter-percentage-point rate increases in 2023 amid a recent surge in inflation.

The Russell 1000 Value Stock Index is down 4 per cent from its June peak, though still up 13.2 per cent this year. Its growth counterpart is up 9.1 per cent year-to-date.

One factor driving the move is the idea that a Fed more strongly focused on preventing the economy from overheating may begin unwinding easy-money policies sooner than previously expected.

On Friday, St. Louis Federal Reserve President James Bullard said the

some commodity prices, a surge in the dollar and a rally in US government bonds that dragged down yields on the benchmark US Treasury to around 1.44 per cent on Friday afternoon.

Investors will be keeping a close eye on next week's economic data for clues on whether the recent surge in inflation -- which saw consumer prices accelerate at their fastest pace in 12 years last month -- will persist.

New home sales and mortgage applications are due out June 23, while May consumer spending numbers are expected on June 25.

Investors piled into value stocks in the latter half of 2020, as signs of



MIDLAND BANK

**Shareholders and top officials of Midland Bank offered prayer on the occasion of its 8th anniversary at its Gulshan-2 office in Dhaka yesterday. Md Ahsan-uz Zaman, managing director and CEO, attended the ceremony. Sponsor Shareholder Kazi Zafarullah and directors Kazi Shahidullah and Ahsan Khan Chowdhury joined the event virtually.**

# Airlines, holiday companies ramp up pressure on Britain to ease travel rules

REUTERS, London  
Britain's airlines and holiday companies are planning a "day of action" on Wednesday to ramp up pressure on the government to ease travel restrictions, with just weeks to go before the start of the peak summer season.

Travel companies, whose finances have been stretched to breaking point during the pandemic, are desperate to avoid another summer lost to Covid-19. But with Britain's strict quarantine requirements still in place that now looks likely.

As the clock ticks down to July, Europe's biggest airline Ryanair and Manchester Airports Group on Thursday launched legal action to try

to get the government to ease the rules before the industry's most profitable season starts. On Wednesday, June 23, pilots, cabin crew and travel agents will gather in Westminster, central London, and at airports across Britain to try to drum up support.

Britain's aviation industry has been harder hit by the pandemic than its European peers, according to data published by pilots trade union BALPA on Sunday.

That showed daily arrivals and departures into the United Kingdom were down 73 per cent on an average day earlier this month compared to before the pandemic, the biggest drop in Europe. Spain, Greece and France were down less than 60 per cent. UK airports were also badly

affected, with traffic in and out of London's second busiest airport Gatwick down 92 per cent, according to the data.

Time is running out for the industry, said the union.

"There is no time to hide behind task forces and reviews," said BALPA general secretary Brian Strutton.

"BALPA is demanding that the UK Government gets its act together and opens the US routes and European holiday travel destinations that it has blocked with no published evidence at all." Over 45,000 jobs have already been lost in UK aviation, with estimates suggesting that 860,000 aviation, travel and tourism jobs are being sustained only by government furlough schemes.



NRBC BANK

**NRBC Bank Chairman SM Parvez Tamal virtually inaugurated four sub-branches at Muktagacha in Mymensingh, Hossainpur in Kishoreganj, Rupnagar in Mirpur, Dhaka and Chhagalnaiya in Feni yesterday. Managing Director and CEO Golam Awlia and Deputy Managing Director and Chief Financial Officer Harunur Rashid attended the programme.**



GREEN DELTA INSURANCE

**Syed Moinuddin Ahmed, assistant managing director of Green Delta Insurance Company, handed over a fire claim cheque worth over Tk 23.64 crore to Salim Ahmed, administrative manager of Sarah Composite Mills, at the company's head office in Dhaka yesterday. Md Anisur Rahman, deputy managing director and head of claims, Syed Farhad Abbas, deputy managing director and head of reinsurance, and Syed Aliul Ahab, financial controller of the insurance company, were also present.**

# Porsche to set up joint venture with German battery maker

REUTERS, Frankfurt  
Volkswagen's luxury sports car unit Porsche AG is setting up a joint venture with Customcells to produce high-performance batteries that will significantly reduce charging times, the company said on Sunday.

The partnership with Customcells, a company in southern Germany specialising in lithium-ion cells, will aim to produce car batteries with higher energy density than prototypes used in Porsche's current electric cars, the company said in a statement.

European carmakers are pushing to reduce their dependence on Asia for batteries as they roll out all-electric models to meet stricter emissions targets in the European Union.

In addition to cutting charging time, improving energy density will mean reducing the amount of raw material needed in batteries to achieve the same range. It will also cut battery production costs, making electric cars more affordable.

Porsche said it will invest a high double-digit million-euro sum in the joint venture in which it will hold 80 per cent.

The production facility aims to have a capacity of 100 kilowatt hours, which will translate into about enough batteries for 1,000 cars a year.

Porsche Chief Executive Oliver Blume said in April the company wanted to speed up its e-mobility drive with

plans for a German factory in Tuebingen to manufacture battery cells. At that time, he did not say if Porsche would seek a joint venture partner.

Customcells is based in Tuebingen.

Porsche's parent company Volkswagen has said it plans to build half a dozen battery cell plants across Europe and expand infrastructure for charging electric vehicles globally.



REUTERS/FILE

**A Porsche Taycan electric vehicle is seen displayed during a media day for the Auto Shanghai show in Shanghai, China on April 20.**

# The rice economy

FROM PAGE B4

In 2021, the projection for production is more than 37 million tonnes. According to a report from the USDA, Bangladesh would produce 19 million tonnes in the ongoing Boro season, which accounts for 55 per cent of the country's total rice production. However, the agriculture ministry is hopeful of harvesting 20.5 million tonnes.

In a nutshell, we have nearly a balanced demand and supply situation. Then why is the rice price at the consumer level constantly on the rise? The increased cost of production or inflation alone cannot justify the price hike.

The average price of coarse rice is Tk 48-50 a kilogram, while the price of the fine rice hovers around Tk 62-65 per kg. This is the highest price since 2017.

The price of coarse rice went up to Tk 50 a kg in 2008 as there was a production shortfall because of the cyclone Sidr, and the government could not fill up the deficit by importing on time due to the crisis in the global supply.

In 2020, the average price of coarse rice was Tk 48 per kg, which was 20 per cent higher than that of 2019.

Experts are pointing to two main reasons behind this abnormal price hike - shortages of rice in government storage and the tendency of storing more by different quarters in the backdrop of the coronavirus pandemic. A vested quarter hoarded more grains to fleece customers during the pandemic by creating an artificial crisis.

According to the food ministry, the government's rice stock has fallen to a 13-

year low of 300,000 tonnes, whereas experts suggest keeping at least 1.25 million tonnes of grains in stock.

The main reason for the stock being dried up was the government's failure to procure as per its targets last year because of a higher price in the market. Only 83,000 tonnes of rice were procured against a target of 800,000 tonnes in the last Aman season.

When there is a price hike, the government normally launches programmes such as the open market sale (OMS), the Vulnerable Group Feeding (VGF) and the Food for Work to intervene in the local market to control food prices.

To understand the price mechanism holistically, we need to consider the influences of middlemen. Before rice reaches a consumer from a farmer, it passes through four more stages: traders, millers, wholesalers, and retailers.

In each stage, a markup is added, which eventually influences consumer price. In some cases, especially for the small and marginal farmers, there are more middlemen involved. The small and marginal farmers are in a hurry to sell their produces right after the harvest as they do not have storage capacity. Consequently, they are often forced to sell it at a lower price.

According to a study of the International Food Policy Research Institute (IFPRI), 83 per cent of farmers belong to the group of marginal and small category which have land less than 1.5 acres.

So, the government should buy paddy directly from the farmers, and it should buy

more. The total rice equivalent procurement in 2018-2019 was only 7.25 per cent of the total production, and the scenario was dismal in 2020. An IFPRI study suggests the government buy at least 19 per cent of paddy to ensure minimum price support.

The government's storage facility is not adequate, and it is going to be 2.4 million tonnes. The country should have a capacity to store 5 million tonnes of rice to facilitate more procurement. If the government has enough stock, it can carry out programmes like OMS, VGF and Food for Work more, which eventually contribute to stabilising the price as and when necessary and help people in the low-income bracket.

There must be transparent and real-time information about the stock, both at the public and private level so that, in the case of an emergency, import decision can be taken well in advance, or in the case of a surplus, authorities might think about exports or other programmes.

Any unscrupulous attempt to manipulate the price should be dealt with strictly. Therefore, a vigilant approach to monitoring the market dynamics is required.

Rice plays the most significant role in ensuring the food security of Bangladesh. Therefore, it should be taken care of with the utmost seriousness, appropriate policy, comprehensive plan, and intense focus so that the interests of the farmers and consumers are protected.

The author is chairman and managing director of BASF Bangladesh Ltd. Views are personal.



# DCCI, Vietnam embassy team up to foster trade, investment

STAR BUSINESS DESK

The Dhaka Chamber of Commerce and Industry (DCCI) and the embassy of Vietnam in Bangladesh have signed a memorandum of cooperation to foster trade and investment between the two countries.

DCCI President Rizwan Rahman and Vietnam Ambassador Pham Viet Chien inked the agreement at the chamber's office in Dhaka yesterday, said a press release.

According to the cooperation agreement, both the DCCI and the embassy will organise business-to-business match-making, buyer-seller meets, trade fairs, business promotion activities, promotion of goods and services, and field visits to research the Bangladeshi market.

The embassy will coordinate with the DCCI to set up the 'Viet Nam Desk' at the chamber to facilitate cooperation between businesses of Vietnam and Bangladesh.

Rahman said the bilateral trade hovered around \$650 million, which could be enhanced through cooperation, exchange of business delegation, and joint research for new business development.

"At present, the existing competitive trade and investment environment of Bangladesh has created a huge dividend for foreign investors."

Rahman called upon Vietnamese investors in the agro- and

food-processing, shipbuilding, electronics, leather, jute, light engineering and handicrafts sectors to invest or make joint ventures in Bangladesh.

He also urged the embassy to facilitate investors of Bangladesh with technical know-how and

expertise. Vietnam Ambassador Pham Viet Chien called for the effective implementation of the cooperation agreement.

He described the bilateral relation as friendly and urged the businessmen of both countries to

transform it into strong economic ties.

"There are various potential areas where both nations can join hands together," the envoy said.

DCCI Senior Vice President NKA Mobin and Vice President Monowar Hossain were also present.



Dhaka Chamber of Commerce and Industry President Rizwan Rahman and Ambassador of Vietnam to Bangladesh Pham Viet Chien exchanged the signed documents of memorandum of cooperation at the DCCI office in Dhaka yesterday.

# ECB makes good progress on new strategy, Lagarde says

REUTERS, Frankfurt

European Central Bank policymakers meeting this weekend made "good progress" in reshaping the ECB's strategic goals, including the role it plays in fighting climate change and a revised approach to inflation, President Christine Lagarde said on Sunday.

The 25 members of the ECB's Governing Council gathered in a hotel near Frankfurt to add impetus to the bank's first review of its approach to monetary policy in nearly two decades, which it aims to conclude in the second half of the year.

Lagarde gave no detail of the outcome of the talks, saying only that they covered the ECB's inflation goal and time horizon, links between climate change and monetary policy and the modernisation of central bank communications.

"I am glad we were able to have in-depth discussions and we made good progress in shaping the concrete features of our future monetary policy strategy," Lagarde said in a statement after the three-day gathering.

Started in early 2020 and then delayed due to the coronavirus pandemic, the overhaul has fuelled a public debate among policymakers.

The ECB's elusive inflation goal, currently set "below but close to 2 per cent", seems almost certain to get a facelift and be set at 2 per cent, with a tolerance for overshooting after periods of sluggish price growth.

The ECB could also look at alternative inflation measures to take account of rising housing costs for households, and even calculate its own inflation figures - though, with inflation having lagged below target goal for a decade, that might risk giving the impression of massaging numbers.

Climate change, a factor Lagarde is keen to incorporate, is likely to become part of the central bank's considerations in some form, potentially by skewing its bond purchases to favour companies that have a lower carbon footprint or are making an effort to reduce it.



European Central Bank President Christine Lagarde in Frankfurt, Germany.

# Fiscal relief inadequate to attract investors

FROM PAGE B1

It costs at least Tk 300 crore to set up a 200-bed specialised hospital. Building a standard 250-bed general hospital would require Tk 200-250 crore.

"There are not enough patients, doctors, or other healthcare workers outside the four districts. So, you cannot make any profit by setting up a hospital with such high investment," said AM Shamim, managing director of Labaid Group, one of the biggest private sector healthcare providers in Bangladesh.

"I don't think there will be enough interest in the tax exemption," he said.

Hospitals that will begin commercial operations from July 1 this year to June 30, 2030 will enjoy the tax exemption. The hospitals will have to have the stated number of beds to qualify.

Shamim believes if the government wants to encourage the setting up of hospitals outside the four zones, it will have to reduce the number of beds to 100.

Currently, Dhaka is home to most big public and private hospitals and hundreds of clinics and diagnostic centres. The number of private hospitals and clinics in the country stands at 5,320.

Private hospitals account for 91,537 of the 146,200 beds available, thanks to the growing demand for healthcare aided by rising income and the expanding middle-class amid a steady economic growth.

About \$2 billion of Bangladesh's healthcare market has remained untapped. The demand for healthcare is growing by 21 per cent annually, according to Bangladesh Investment Development Authority.

Tapan Chowdhury, managing director of Square Group, which owns Square Hospitals, said the group was not thinking of setting up any new hospital.

"The main reason is that no doctor is willing to go outside of Dhaka. They say they do not get all the amenities they need to live there," he added. However, United Hospital, another private healthcare provider, plans to open a multispecialty 200-bed hospital in Jamalpur on October 1.

In Chattogram, it has a 500-bed hospital coming up under a public-private partnership with Bangladesh Railway. In Sylhet, the company has acquired land to construct a 150-bed hospital, said Shagufta Anwar, director for communication and business development at United Hospital.

ABM Haroon, managing director of Samorita Hospital, one of the oldest private hospitals in the country, expressed interest to build a cancer hospital if the government provided loans at a low interest rate in

addition to the tax exemption.

"We will set up the hospital in a district where there is a good communication system so that people from other districts can go and receive medical services," he said.

"This will reduce the pressure on the hospitals in Dhaka."

Prof Maniruzzaman Bhuiyan, president of the Bangladesh Private Clinic and Diagnostic Owners' Association, said the tax holiday might inspire many entrepreneurs.

"But it is not clear yet how many of them would be interested," he said.

Prof Rashid E Mahubub, pro-vice-chancellor of Bangabandhu Sheikh Mujib Medical University, said no sensible investor would be interested in investing just because of the tax break offer. "The investors have to be confident about getting the money back. Otherwise, they will not be keen," he said.

Syed Abdul Hamid, chairman of the health economics department at the University of Dhaka, said there was a crisis of qualified doctors in Bangladesh.

Labaid's Shamim went on to say that the government should reduce the import duty on spare parts for medical equipment and remove tariffs on the equipment for diagnostic and treatment.

At present, hospitals count 35 per cent in import duties and taxes to buy spare parts from the international market. "We will be able to open branches if the government cuts the import tariffs," Shamim added.

## Budget SME-friendly

FROM PAGE B4

About the impact of Covid-19, the SME Foundation chairman said the SME sector had been in a better position if the fear at the start of the pandemic was taken into account.

"We face some challenges, including the ones on increasing investment and improving domestic consumption," he said. "If we can overcome the challenges, then our economic trend will remain active."

The SME Foundation said the government could accept some of its proposals to give a boost to the sector.

At present, the turnover tax is 4 per cent on the turnover from Tk 50 lakh to Tk 3 crore, which should be reduced, it said.

It also suggested offering tax exemption to new entrepreneurs, reducing corporate tax for export-oriented SMEs, providing at least 20 per cent cash incentive to SME exporters, and making it mandatory for the government to purchase products and services produced by SMEs.

# Stocks rise despite floor price removal

FROM PAGE B1

This is good news for the market since foreign investors will now be more interested in making investments, he said.

"The floor prices had made the market illiquid for many stocks," he added.

Turnover, an important indicator of the market, dropped 0.64 per cent, to Tk 1,835 crore.

At the DSE, 156 companies advanced, 179 declined, and 38 remained unchanged.

Monno Fabrics topped the gainers' list, rising 10 per cent, followed by National Feed Mills, Salvo Chemical Industry, Monospool Paper Manufacturing Company and Tamijuddin Textile Mills.

Royal Tulip Sea Pearl Beach Resort & Spa shed the most, dropping 9.98 per cent, followed by SK Trims and Industries, Samata Leather Complex, Prime Finance First Mutual Fund and Central Insurance.

Chittagong Stock Exchange also advanced yesterday. The CASPI, the general index of the port city bourse, rose 12.89 points, or 0.07 per cent, to 17,583.

Among 304 stocks to witness trade, 117 advanced, 151 fell, and 36 remained unchanged.

Meanwhile, IFIC Bank decided to issue a perpetual bond to raise Tk 1,000 crore in order to support the bank's additional tier-I capital under Basel-III.

A perpetual bond is fixed income security with no maturity date, with the issuer paying interest to investors in the form of coupon payments.

Of the amount, Tk 900 crore would be raised through private placement and the rest through public offer.

The bond will be issued after IFIC secures the required approval. To get the consent of its stockholders, the lender will hold an extraordinary general meeting on August 26.

# Largest rooftop solar plant starts producing electricity

FROM PAGE B1

The excess power generated will be directly fed to the national grid during weekends and off-days at the economic zone.

In case of shortages or any other reason, the KEPZ can also secure power from the national grid again.

According to BPDB, such endeavours are compliant in keeping with the net metering guidelines formulated by the Power Division.

Under the guidelines, electricity consumers can connect their rooftop solar system to the distribution grid. So, any surplus electricity generated can be supplied to the national grid for financial gain.

"The 40MW rooftop solar panel project shows the very vision and innovation of the KEPZ, which sets an example not only to other companies in Bangladesh, but also the rest of the world," Hamid said.

The project is perfectly in line with the government's vision and energy strategy and will be a very meaningful step towards achieving Bangladesh's National Solar Energy Action Plan 2021-2041.

"The carbon neutral green growth initiative and inclusive recovery will not be possible without the active involvement and participation of the business sector," he added.

Korean Ambassador Jang-keun said the KEPZ was at the heart of Korea-Bangladesh relations as it was the single largest investment by any Korean company in the country.

The KEPZ sets a unique example of how industrial zones can be formed and operated in an environmentally sustainable manner.

It is especially impressive that even in the middle of the ongoing coronavirus pandemic, the KEPZ never stopped or slowed down production.

"All of the factories have been running and producing products for export," Jang-keun added.

During the inauguration ceremony, Kihak Sung, chairman and chief executive officer of Youngone Corp & KEPZ, said the main aim of the project was not just to harness solar energy to meet the KEPZ's growing needs in a sustainable manner but also to provide any surplus renewable energy to the national grid.

"This demonstrates the company's commitment to its social responsibilities," he said.

Sung went on to say that Youngone is the first foreign investor in Bangladesh's garment export sector and was also a pioneer in the local apparel industry in terms of female worker employment since 1980. The KEPZ, located in Anwara and Karnafuli upazila of Chattogram, was handed over to Korean EPZ Corporation (BD), a subsidiary of Youngone, in 1999.

The zone, made up of about 2,492 acres of green and hilly areas, was established following an agreement between Bangladesh and South Korea in 1995.

The Department of Environment gave an Environment Clearance Certificate (ECC) for the KEPZ in 2009 on the condition that Youngone would use 48 per cent of the area to set up factories and other associated facilities while the rest would be gardens and lakes.

The KEPZ employs 28,000 people in 34 factories that produce a range of products, including footwear, apparel and textiles.

# Jobs treble despite trading units decline

FROM PAGE B1

Before 2009-10, the BBS conducted a wholesale and retail survey in 2002-03. The number of units was 15.7 lakh at that time, employing 21.26 lakh people.

Gross value added (GVA), a measure of the contribution to GDP by an individual or firm, was Tk 13,627 crore in 2002-03.

The amount has soared 24 times to Tk 329,520 crore since then.

Between 2009-10 and 2019-20, it grew nine times, according to the BBS survey.

Hussain said productivity increased many times, as indicated by the increase in the GVA per establishment in nominal terms. Gross value-added per worker increased by more than 3.2 times.

"These increases will remain significant even after adjusting for inflation," he said, adding that the increase in productivity was shared among workers and non-worker stakeholders.

Employees are using modern facilities such as computer, and this could be one of the reasons behind the increased productivity.

Explaining the data, the economist said, employment cost per worker was up about 5.5 times to Tk 71,380 in 2019-20 from Tk 13,000 in 2009-10.

The returns to non-working stakeholders such as owners and creditors grew about 75 times to Tk 900,627 per unit in 2019-20 from Tk 12,000 in 2009-10.

"Capitalism has prospered in Bangladesh's wholesale and retail sector."

Kazi Iqbal, a senior research fellow of the Bangladesh Institute of Development Studies, said the increased contribution of wholesale and retail trade was good news.

"But the reasons of the decline in the number of establishments should be examined."

It might be that the size of many enterprises became larger while a section dropped out, he said. "The question is: why had there been no growth of establishment?"

Iqbal, who follows small and medium enterprises, said the coronavirus pandemic had severely affected the traders in the sector.

As the survey was conducted before the pandemic, the BBS should carry out a further study to know the situation of the traders following the outbreak of the virus, he said.

# Implement policies efficiently for green growth

FROM PAGE B4

"So, the rules should be made easier, and more sectors should get access to the funds," Rahman said, adding that incentives should be given to produce green energy.

PRI Executive Director Ahsan H Mansur moderated the programme, while Eun Joo Yi, senior environment specialist at the WBG, presented a keynote paper.

Mansur said enforcement was critical, and the lack of transparency, particularly with the Department of the Environment, was a serious problem.

"We have to address this issue. As of now, there is no transparency in their inspection reports. We do not know how many factories have been inspected and what the results are."

Community involvement is also important as they should know how much harm has been done, he added.

Highlighting the successful models of Korea and Colombia's green growth, Joo

Yi presented a proposed model on "Green Growth Roadmap and Action Plan for Bangladesh".

She also presented a three-year analytical programme in a detailed overview of the Build Back Greener to Green Growth (BBG).

Joo Yi emphasised developing a BBG platform to facilitate dialogue across sectors to refine BBG diagnostics with the government and the World Bank Group's internal teams.

Climate change and pandemic risks are critical factors to address for a greener recovery and green growth in the future, she observed.

Zaidi Sattar, chairman of the PRI; Prof Mohammad Tamim, an energy expert; Sarwar Jahan, a former professor of Bangladesh University of Engineering and Technology; Syed Nasim Manzur, managing director of Apex Footwear; and Ziaur Rahman, country manager of H&M Bangladesh, also spoke.

# Increase public spending, expand social protection

FROM PAGE B1

"2022 might be even tougher for the global economy as many countries could not manage to tackle Covid-19 very well."

He said the world had seen a mixture of winners and losers, with many having done well and others who could not. Covid-19 has also brought some opportunities for some countries, and China is one of them.

The Chinese economy could recover well from the fallouts of Covid-19 as its supply chain is performing quite well, he said, adding that South Asian nations like Bangladesh could avail a share of the opportunities diversifying their value chains.

Bangladesh and Vietnam can improve their share of the global value chain to avail opportunities of China's recovery as the sales of raw materials and food have been growing in China during the pandemic, said the economist.

Similarly, middle-income countries like Bangladesh can avail of opportunities of the US stimulus payments. The US economy is also performing well because of the stimulus

payments, Rama said.

He suggested governments do their homework to recover from the fallouts of Covid-19.

For instance, the tax system needs to be reformed, debt management turned efficient, and education and health systems improved, particularly by increasing the number of intensive care units in hospitals and creating a long to-do list, he said.

He also suggested bringing reforms in using technologies and redesigning health insurance, the financial architecture and social protection measures based on the number of people in formal and informal sectors and how much they were earning.

Prof Hulme said some countries would do better and some would not. "This is going to be a marathon."

He criticised unscientific reasoning behind lockdowns in various countries which affected the lives and livelihood of the people.

"A smart lockdown could have saved the lives and livelihoods of people better compared with the current mode of lockdowns."

A smart lockdown is an area or sector-specific lockdown to contain the transmission of infections.

For instance, some sectors in the UK were out of the purview of the general lockdown, and these sectors performed well even during the lockdown.

"However, the mortality rate could not be contained there," Hulme added.

He did not support the closure of the informal sector as most of the employment was generated in the informal economy.

Lockdowns of a similar nature will not work well everywhere, he said, adding that the type of lockdown imposed in the UK would not work in India and Bangladesh.

"So, it is better not to follow other countries about the nature of lockdown," Hulme said. Prof Raihan said Bangladesh had targeted to transfer Tk 2,500 to 5 million people but finally reached only 3.5 million.

"I think the whole system does not support the demand of the time," he said while talking about the weak social registry and disbursement.



# Budget SME-friendly

Says SME Foundation

STAR BUSINESS REPORT

SME Foundation yesterday termed the proposed budget for the fiscal year of 2021-22 pro-small and medium enterprises (SMEs), saying the finance minister has considered several proposals the agency had recommended.

"There are still some unmet proposals which will be sent to the National Board of Revenue again," said the foundation at a press conference yesterday.

"The budget is not only business-friendly but also SME-friendly," said Md Mafizur Rahman, managing director of SME Foundation, which

works to develop SMEs.

The tax for non-listed companies has reduced to 30 per cent from 32.5 per cent, which would be fruitful for the SMEs, he said.

The proposed budget suggested reducing advance income tax on raw materials and increasing import duty on some products produced by the local SME sector.

Among the foundation's 63 proposals, the government has taken steps about 14, Rahman said.

"The government accepted some of our proposals, realising the importance of the SME sector. We are analysing which ones we should resend to the NBR," he said, adding that they would not send all of them.

"The needs and importance of the SME sector were depicted in the proposed budget, said Md Masudur Rahman, chairperson of the SME Foundation.

The finance minister has given incentives to the light engineering sector. "We understand that all the sectors cannot get the same benefits at the same time," he said.

"So, we are not saying that expectations of all the SME sectors were met in the budget. In this perspective, we are requesting the government put emphasis on other sectors as well," he said.

The government has granted tax exemption to new entrepreneurs for 10 years, and it is a very good step to attract new investments, he said.



An elderly man is operating a handloom to make shawl based on yarn extracted from garment waste. Photo taken from SME cluster Bogura, Adamdighi.

MOSTAFA SABUJ

READ MORE ON B3

# The rice economy



**OPINION**



SAZZADUL HASSAN

Rice, the four-letter word, is not just the staple food; it is at the centre of the overall life of Bengalis, whether it is culture, politics, or the economy. Although many things have changed in Bengali life over time, rice remains radiant in its own glory.

There are a few powerful statistics to substantiate this claim. Rice contributes two-thirds of the total caloric need of the country and is the source of half of the country's protein intake.

According to the Bangladesh Bureau of Statistics, crops and horticulture's share is about 10 per cent of the gross domestic product, with half coming from rice.

It also accounts for 48 per cent of the total rural employment. If rice trading, transport and processing activities are considered, employment percentage will go up.

Understandably, rice remains at the heart of many of the discussions of stakeholders. However, there is one specific issue that, for some strange reasons, pops up every year and gets the attention of the policymakers, think tanks and media. It is heavily discussed. But, unfortunately, at the end of the day, it stays unresolved.

The issue is the price, which farmers get

by selling paddy or rice, and consumers pay to buy rice for consumption. Year after year, the point of discussion remains the same: consumers pay more, but the farmers who produce them at the cost of their backbreaking labour are often underpaid.

One would argue if the consumers are paying more, then why are the farmers not getting their shares? Similarly, if the farmers sell their produce at a lower price, why do the consumers pay more? It's a vicious cycle. We need to understand the complex issue to find the root cause.

In a so-called open market economy, the demand and supply equation should ideally dictate price.

According to the Bangladesh Rice Research Institute, the country's annual consumption requirement of rice is 35 million tonnes. In its report, India's Mordor Intelligence says the consumption is expected to be 39.7 million tonnes in 2021. Therefore, we can safely estimate that the annual demand for rice is around 37 million tonnes.

From the production point of view, we are almost there to meet the demand. Bangladesh has done wonder in increasing its rice production. In 1971, we produced 10.59 million tonnes of rice, and it reached 37.4 million tonnes in 2020 as per an official figure. However, the United States Department of Agriculture (USDA) estimates 35.8 million tonnes of rice production in 2020.

READ MORE ON B2

# Implement policies efficiently for green growth

Experts say at PRI, World Bank webinar

STAR BUSINESS REPORT

Bangladesh needs to formulate a plan and take appropriate and effective steps to implement it to ensure eco-friendly development, analysts said yesterday.

According to the Sustainable Development Goals, the country can't develop itself economically alone. Bangladesh must advance socially and environmentally based on green technology, they said.

They made the comments at a virtual discussion on "Building back a greener Bangladesh". The Policy Research Institute of Bangladesh (PRI) organised the programme in

collaboration with the World Bank Group.

Several master plans, policies and strategies, including the Eighth Five-Year Plan, Delta Plan and Mujib Climate Change Prosperity Plan, have been formulated for the country's development environmentally, said Ainun Nishat, professor emeritus of Brac University.

"But, plans are usually implemented traditionally. That is why we have to pay close attention to the implementation of the projects. The projects have to be implemented transparently."

"Moreover, we have to be careful enough in choosing technology," said Nishat.

Bangladesh's economy should be developed socially and environmentally, and all the social

and environmental parameters must be included in the future development plans, speakers said.

The models of the developed countries should not be copied, and Bangladesh needs to draw up its own approach for green development, they said.

Atiur Rahman, a former governor of the Bangladesh Bank, said there should be a body, and the process should start from the finance ministry.

"There should be a green window at the finance ministry, which will take the green finance forward coordinating with all ministries."

He said entrepreneurs were interested and funding was there, but the process of securing funds was not very easy.

READ MORE ON B3



**GLOBAL BUSINESS**

# China's Saudi oil imports plunge 21pc

REUTERS, Beijing

China's imports from Saudi Arabia fell 21 per cent in May from a year earlier but retained their top ranking among suppliers for a ninth month in a row, customs data showed on Sunday.

Shipments from Saudi Arabia were 7.2 million tonnes last month, or 1.69 million barrels per day (bpd), data from the General Administration of Chinese Customs showed.

That compared to 6.47 million tonnes in April and 9.16 million in May 2020.

Imports from second-largest supplier Russia also dropped from a month earlier, to 5.44 million tonnes, or 1.28 million bpd.

The scale-backs by the top two exporters were in line with a steep annual decline of nearly 15 per cent to this year's lowest total crude imports into China.

Imports from United Arab Emirates arrivals fell 25 per cent last month from year-ago levels.

That is a possible sign that Iranian oil shipments were slowing further from peaks



Oil and gas tanks are seen at an oil warehouse at a port in Zhuhai, China.

REUTERS/FILE

early this year amid talks between Tehran and world powers to revive the nuclear deal the United States exited in 2018.

Reuters has reported that Iran has sold record amounts of oil since late 2020, disguised as crude oil from other origins that included the UAE and Oman.

Customs recorded zero imports from Iran for a fifth month in a row.

The customs' database also showed a 3.6 per cent year-on-year rise to 1.04 million tonnes of imports from Malaysia, which traders said has been a key transshipment point for heavy crude blends from Venezuela.

Official data has consistently recorded zero imports from Caracas since October 2019, as dominant state importer CNPC halted loading, fearful of US sanctions.

Venezuela oil, however, had slipped into China, passed on as Malaysian bitumen blend after transshipments in Malaysian waters, analysts said.

Imports from the United States reached 1.07 million tonnes, nearly doubled the level a year earlier.

**NEWS In Brief**

## China must develop unified, open-source smart car operating system

REUTERS, Shanghai

China, the world's biggest auto market, should develop its own unified, open-source operating system (OS) for smart vehicles, as well as auto chips, to maintain its advantage in the electric vehicle (EV) industry, an ex-industry minister said on Friday.

Miao Wei, formerly of the Ministry of Industry and Information Technology, made the remarks at an industry conference in Shanghai held by the China Association of Automobile Manufacturers (CAAM).

China should learn from the United States' curbs on Chinese technology companies and boost its independence in vehicle-related technology, Miao also said.

US President Joe Biden in April said the United States must ramp up production of electric vehicles to catch and surpass China. The Harmony operating system of Chinese telecommunications firm Huawei Technologies Co Ltd can be used in vehicles as well as smartphones.



REUTERS/FILE

An entrance sign at the Chevron refinery, located near the Houston Ship Channel, is seen in Pasadena, Texas, US.

## Chevron returning offshore workers, restarts output halted by US storm

REUTERS, Houston

Chevron Corp said on Saturday it was returning offshore workers who had been evacuated ahead of Tropical Storm Claudette from its Gulf of Mexico production platforms.

Chevron said it was ramping up production at its Tahiti platform where production had been halted by the storm. Other Chevron-operated facilities in the Gulf are running at normal levels, it said in a notice on its website <https://www.chevron.com/media/updates>.

Claudette made landfall in southeast Louisiana in the morning, disrupting oil and gas production in the central Gulf of Mexico and bringing tropical-storm force winds and heavy rain to parts of the Gulf Coast.

## Baltic Pipe gas link work resumes but faces 3-month delay

REUTERS

Construction work on Baltic Pipe, a pipeline connecting Poland with Norwegian gas fields via the Baltic Sea and Denmark, will resume after a temporary halt was announced earlier this month, Danish grid operator Energinet said on Saturday.

Yet two areas of the pipeline's construction still await further regulatory approval and completion of the project could be delayed by three months, the company added.

The suspension had followed the rescinding of an environmental permit by a Danish public appeals committee due to concerns over the pipeline's impact on protected mice and bat species.

"The Danish Environmental Protection Agency has now stated that it has no objections to Energinet's plans to resume construction on parts of the project," Energinet said in a statement.

The project, expected to be ready in 2022, is key to Warsaw's plans to cut reliance on Russian gas supplies. A 210 kilometre stretch of the pipeline goes through Denmark on land.

"Energinet expects that the overall project will be delayed 3 months," it said, adding it expected the project to deliver a large part of the agreed-on capacity by October next year and possibly full capacity by the end of 2022.

## UK's Sunak considers cap to annual pension rise

REUTERS, London

British finance minister Rishi Sunak is considering blocking a near 6 per cent rise in old-age pension payments as part of a wider effort to rein in the cost of Prime Minister Boris Johnson's spending, the Sunday Times newspaper said.

Under a pension promise in the Conservative Party's 2019 election campaign, state pensions are meant to rise each year by the highest of the annual inflation rate, wage growth or 2.5 per cent.

Due partly to distortions from the coronavirus pandemic, annual wages in the three months to April grew by an annual 5.6 per cent - creating an extra 4 billion pound (\$5.5 billion) annual cost for future pensions. The Sunday Times said the finance ministry wanted to break the link between pensions and wages for a year.

"Pensioners are going to be doing extremely well. It's not politically that difficult a thing to smooth it out for a year," the newspaper quoted an unnamed minister as saying.

The Sunday Times said Sunak was worried too about a potential 5-billion-pound annual cost for a plan on social care for the elderly due



Britain's Chancellor of the Exchequer Rishi Sunak

to be discussed later this week, plus extra for a new government yacht to promote British exports.

An unnamed official was quoted as describing funding for the yacht as "a complete and utter shitshow".

Asked about the report, a British government spokesperson said: "The Prime Minister and Chancellor work closely together, and have been in lockstep throughout the most challenging period any government has faced since the Second World War."

"We always ensure that all government spending provides value for money for the taxpayer."

Sunak said in a television interview on Wednesday that pensions would be reviewed later in the year.

Britain's government borrowed 300 billion pounds last year - equivalent to 14 per cent of gross domestic product and the most since World War Two.