

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
▲ 0.94%	▲ 0.48%	\$1,786.50	\$74.85	▲ 0.75%	Flat	▲ 0.03%	▲ 0.01%	BUY TK	83.95	99.03	116.28	12.72
6,092.83	10,622.51	(per ounce)	(per barrel)	52,699.00	28,875.23	3,119.62	3,566.65	SELL TK	84.95	102.83	120.08	13.37



# Star BUSINESS

DHAKA FRIDAY JUNE 25, 2021, ASHAR 11, 1428 BS • starbusiness@thedailystar.net

## Manufacturing sector risks becoming uncompetitive: WB

STAR BUSINESS REPORT

Bangladesh's manufacturing sector risks becoming uncompetitive because of lower productivity and its reliance on low labour costs as wages are rising locally and the use of labour-saving technologies is growing globally, said the World Bank yesterday.

The export-led manufacturing growth model will remain

central to Bangladesh's sustained growth and job creation, but continued reliance on low labour costs to maintain the competitive edge is increasingly untenable as the country consolidates its middle-income status and its wage costs rise, the WB said in a report titled "Gearing up for the Future of Manufacturing in Bangladesh".

Simultaneously, major global trends—the growing use of labour-



The manufacturing sector of Bangladesh can improve its productivity by strengthening innovation and technology adoption, a World Bank report suggests.

PHOTO: STAR/FILE

"Following every global crisis we see shifts in the geographic economic centres and change in trade flows. So, we should expect major changes to come," says Hans Timmer, World Bank's chief economist for South Asia

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saving technologies, shifting trade patterns, and the increasing use of services inputs in production—are reducing the importance of wage costs in determining international competitiveness.

"In this changing manufacturing landscape, Bangladesh risks

becoming uncompetitive on both the wage and non-wage dimensions of productivity as it seeks to diversify its export basket and move up the value chain," the WB said.

The manufacturing sector needs to focus on the transition from competing on wages to competing

on productivity.

Bangladesh's emphasis must shift to broader considerations of efficiency and productivity upgrading as a precondition for sustainably generating well-paid jobs.

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## Stimulus eludes 83pc small businesses

BUILD-Policy Exchange survey finds, calls for tailored scheme

STAR BUSINESS REPORT

Eighty-three per cent of the cottage, micro, small and medium enterprises did not receive stimulus relief as it was not well-tailored and did not consider the challenges and needs of small entrepreneurs, a new survey found.

Of the respondents, 69 per cent reported that they were unable to pay wages to staff in 2020 due to the coronavirus pandemic, according to the rapid survey of the Business Initiative Leading Development (BUILD) and the Policy Exchange of Bangladesh.

The situation has not improved: 61 per cent of respondents think their revenue would fall in 2021.

The survey result was shared at a webinar styled "Covid Stimulus and Links to Employment, Consumption and Investment: The Bangladesh Experience, Global Lessons, and Priorities for Next Round Support".

The survey, carried out in February this year, was based on the interviews of 50 CMSMEs and top officials of private banks. The CMSMEs represented major industries, including leather and leather goods, trading, textiles, light engineering, packaging, and agriculture.

The sales of 86 per cent of the firms had been negatively impacted because of the pandemic, the survey found.

Ninety-five per cent of firms reported a depressed demand compared to the pre-Covid scenario, in an indication that consumption and demand have not recovered.

"All key growth drivers of Bangladesh were adversely impacted with the spread of Covid-19 where CMSMEs were impacted the most. Many of them didn't receive any government incentive," said M Masrur Reaz, founder and chairman of the Policy Exchange of Bangladesh, a private policy and strategy advisory platform.

READ MORE ON B3

## Three more banks follow Brac's example

Cancel card transactions with some e-commerce platforms

STAR BUSINESS REPORT

Three banks yesterday cancelled their card transactions with some e-commerce platforms, a move that comes after Brac Bank made the same decision in order to protect the interests of its clients.

The lenders – Bank Asia, Dhaka Bank and The City Bank – took the decision after many clients recently alleged that they have not received their products on time despite having made advance payments to the e-commerce platforms.

They paid for the products in advance either through credit, debit cards or mobile financial services.

Brac Bank took the decision to discontinue card transactions with these platforms on June 23.

So, the clients of these three banks will not be able to purchase any products from the 10 e-commerce platforms by using either debit or credit cards.

The e-commerce platforms that face the embargo are: Evaly, Alesha Mart, Dhamaka, E-orange, Sirajganj Shop, Aladiner Prodip, Qcoom, BoomBoom Shopping, Adyan Mart, and Needs.

In some cases, the clients made payments several months ago but failed to get their products as per the commitment given by the e-commerce platforms.

Meanwhile, The City Bank also urged its customers not to conduct transactions with some e-commerce merchants

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## Apparel future lies in manmade fibre

Industry insiders say as use, production rise

REAYAT ULLAH MIRDHA

Bangladesh's primary textile sector is undergoing rapid changes with local millers taking to producing significant amounts of manmade fibres alongside cotton fibres to meet rising global demand.

Import of manmade fibres grew a substantial 45.72 per cent to reach 99,597 tonnes in the first five months (January to May) of this year compared to 68,348 tonnes during the corresponding period in 2020, according to Bangladesh Textile Mills Association (BTMA) data.

Of the imports, about 61,693 tonnes were polyester staple fibre, 32,454 tonnes viscose staple fibre, and around 5,450 tonnes tencel and flax fibre.

The spending on such imports also increased amidst the ongoing coronavirus pandemic, which had disrupted the global supply chain for

### MANMADE FIBRE: KEY POINTS

- Imports rose 45 per cent in Jan-May 2021
- Japan and China made a big change in MMF technologies
- Globally 78 pc garments are made from MMF
- Bangladesh makes 74 pc garment items from cotton fibre
- Prices of MMF-based garment are higher
- Currently 40 local mills produce MMF

a long time.

Local importers, millers, traders and spinners spent about Tk 1,221 crore during the January-May period this year compared to around Tk 706 crore in the same period the last year, registering 73 per cent year-on-year growth.

The three main manmade fibres – polyester, viscose and tencel – have emerged as substitutes for cotton fibres, bringing on a revolution in global fashion trends.

Of all garment items produced in the world, 78 per cent is made from manmade fibres while cotton fibre accounts for the rest, according to data from International Textile Manufacturers Federation (ITMF), a Switzerland-based platform for global textile makers.

Mainly Japan and China have brought significant changes to global fibre technologies while ensuring that

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## SCHOOL BANKING

### Cultivate a habit of saving

MD ABU TALHA SARKER

Finances play a significant role throughout a person's life. But money management skills are rarely taught at schools and colleges. As a result, most people struggle in making informed financial decisions.

You may feel that you have lost out because you never learned how to earn, save, and spend while you were a kid. But you have the opportunity to arm your children with basic personal finance knowledge, thanks to school banking.

In 2010, Bangladesh Bank initiated the programme to help students understand the importance of savings and develop a habit of savings to make them financially literate from an early age.

Currently, there are 60 banks in the country, and most of them are running school banking programmes. Although they didn't get much success in the first year, the adoption picked up in the following year.

Only 29,080 student accounts were opened in 2011. The number rose to 1.33 lakh in 2012. It now stands at 27.86 lakh, according to the latest data of the central bank.

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## 4 new pawns for stock gamblers



AHSAN HABIB

Four small capital-based companies which have returned from the over-the-counter (OTC) market have been turned into new pawns by gamblers in Dhaka Stock Exchange (DSE).

The stock market regulator allowed Bangladesh Monospool Paper Manufacturing Company, Paper Processing and Packaging, Tamijuddin Textile Mills and Monno Fabrics to return to the main market and their trading started a week ago.

Soon after getting listed in the main board, the stocks started taking abnormal leaps although their financial performance

is not that better than many other listed companies of the same price.

Furthermore, when the bourse wanted to know whether they had any reason for it, they informed to have no undisclosed price sensitive information.

The Monospool's stocks rose 134 per cent to Tk 129 in a span of eight trading days.

Meanwhile, the Processing's stocks advanced 133 per cent, the Tamijuddin 132 per cent and the Monno 132 per cent.

Market analysts believe the basis of the rise are solely rumours and gamblers were picking such companies as it was easy to manipulate those with a low paid-up capital.

The Monospool has a paid-up capital of Tk 3.2 crore, the Processing Tk 3.73 crore and the Tamijuddin Tk 30 crore.

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### MISMATCH BETWEEN STOCK PRICES AND EARNINGS

COMPANY NAME	Paid-up capital (in crore taka)	EPS (Jul-Mar)	STOCK PRICE
Bangladesh Monospool Paper	3.2	Tk 0.28 (fell 94%)	134% rise
Paper Processing & Packaging	3.73	Tk 0.44 (fell 84%)	133% rise
Tamijuddin Textile Mills	30	Tk 0.91 (rose 20%)	132% rise
Monno Fabrics	115	Tk 0.04 (fell 33%)	132% rise



A desolate Foy's Lake Concord Amusement World in Chattogram. The amusement park industry is on the brink of collapse as owners are struggling to pay salaries, bank loans and hefty maintenance costs amid an ongoing closure that began in April due to the recent resurgence of Covid-19. The photo was taken on Wednesday.

RAJIB RATHAN



**Nikhil Sahni**

## Mastercard gets new division president

STAR BUSINESS DESK

Mastercard on Thursday announced the appointment of a new division president for South Asia and country corporate officer, India. The appointee, Nikhil Sahni, will take over from Porush Singh, who will be relocating to Singapore and assuming a new role, said a press release.

Nikhil joins Mastercard with nearly 25 years of experience across strategy, investment banking, corporate, commercial, SME, retail, branch, and government banking.

He will oversee Mastercard's operations, and position the company's extensive suite of products, solutions and services across the sub-continent, including Bangladesh Sri Lanka, Nepal, Maldives and Bhutan, in addition to India.

Nikhil began his professional journey with L&T, after which he joined The Times Group. His other professional experience includes working with Rabo India Finance.

His most recent role was as senior group president, and knowledge banking with Yes Bank, where he spent over 17 years managing various businesses and products, both at regional and national levels.

He is an alumnus of the Indian Institute of Management, Ahmedabad and holds a degree in electrical engineering from Punjab Engineering College, Chandigarh.



The Hongkong and Shanghai Banking Corporation (HSBC) and the University of Liberal Arts Bangladesh (ULAB) recently signed a memorandum of understanding for the HSBC's overseas education proposition that enables the latter's students, alumni and faculty to avail special offers, advisory services, and safe overseas account opening services for studying abroad. Morshed Mohammad Abul, branch manager of HSBC, Gitanka Depdip Datta, head of customer value management, Prof Shamsad Mortuza, acting vice-chancellor of the ULAB, and Prof Imran Rahman, special advisor to the Board of Trustees, ULAB, were present.

## New DMD for Brac Bank

STAR BUSINESS DESK

Brac Bank has recently witnessed the appointment of a new deputy managing director and chief anti-money laundering compliance officer.

The appointee, Chowdhury Moinul Islam, was previously working as an executive director and head of conduct and financial crime compliance advisory with Standard Chartered Bank (SCB) Bangladesh, says a press release.

He started his career with American Express Bank as manager (internal control). Moinul joined the SCB in 2005 and worked there till 2016 before moving to the US where he worked as an anti-money laundering business system analyst at SunTrust Bank.

Moinul is a member of the Association of Certified Anti Money Laundering Specialists.

He obtained his Bachelor of Business Administration and Master of Business Administration degrees in accounting from the University of Dhaka.



**Chowdhury Moinul Islam**

# Fed's mixed messages on inflation unsettle investors

REUTERS, New York

Investors have been struggling to interpret signals from the Federal Reserve about how hot it is willing to let inflation run before it begins unwinding pandemic-era monetary stimulus.

Measures of markets' US inflation expectations hit multi-year highs in mid-May, but fell after comments from some Fed speakers and minutes from the committee's April meeting sounded more hawkish. Some investors interpreted that as policymakers having a lower tolerance for an inflation overshoot than previously estimated.

The fall in inflation expectations was exacerbated by the central bank's policymaking meeting on June 15-16, when the Fed pulled forward projections for its first two rate hikes into 2023.

Since then, bets on inflation have nudged back up, likely helped by Fed Chair Jerome Powell's insistence on Tuesday that the bank would not preemptively raise rates because of the "fear" that inflation may be coming.

The choppiness suggests investors are struggling to make sense of the sometimes conflicting signals from Fed officials, who are facing their first inflation test under a new flexible average inflation framework adopted in 2020. "There is a lot of uncertainty among bond investors about what exactly has changed since the Federal Open Market Committee (FOMC) met last week said Tom Graff, head of fixed income at Brown Advisory.

"Some are arguing that the Fed lost its nerve after a couple of inflation prints



The Federal Reserve Board building is pictured on Constitution Avenue in Washington, US.

REUTERS/FILE

and won't ultimately follow through with allowing inflation to stay above 2 per cent."

Breakeven inflation rates on five- and 10-year Treasury Inflation-Protected Securities (TIPS) have fallen around 25 basis points since hitting 10- and eight-year peaks in May, respectively.

The five-year, five-year forward breakeven inflation rate, which tracks the expected rate of inflation over five years

in five years' time, was recently at 2.2 per cent, below the seven-year high of 2.4 per cent it reached in May. Those measures have rebounded slightly in recent days. The personal consumption expenditures price index (PCE) - the Fed's preferred measure for inflation - rose 3.6 per cent in April from a year earlier.

Last August, the Fed adopted a flexible average inflation target (FAIT) that is designed to be somewhat more

forgiving to price pressures than in the past, a major shift to the central bank's approach towards its dual role of achieving maximum employment and stable prices.

Some market participants say the Fed may be less committed to FAIT than when it adopted the policy last summer, when Powell said the central bank would allow prices to rise faster than would have been tolerated in

previous cycles. Last week's Fed meeting suggested "they're walking that back," said Michael Pond, head of global inflation-linked research at Barclays.

"We might have some inflation for now but on a structural basis, this reaction function from the Fed is likely to once again lead to a persistent undershoot," said Pond.

But not everyone agrees that the Fed's commitment is wavering.

"I think some people think the Fed is changing tune and abandoning flexible average inflation targeting. I don't agree, but clearly some people are putting that trade on," said Graff.

Powell's argument has been that this year's spike in inflation is transitory and related to the reopening of an economy shuttered by the coronavirus pandemic.

The Fed's more hawkish stance at last week's meeting surprised some market participants because the bank's inflation forecasts a few years out had not changed dramatically.

The median Fed voter in June expected PCE to rise to 3.4 per cent this year, compared to 2.4 per cent in March. Projections for 2022 and 2023 were 10 basis points higher.

Market participants, weighing on every word from Powell at his address on Tuesday, did not have a clear takeaway.

Kathy Bostjancic, chief US financial economist at Oxford Economics, said that Powell this week "re-emphasized that they have the tools to bring inflation down." "And while I think he was still overall sanguine about the outlook, he did say (they) were surprised about how large and persistent it (inflation) was."

## Biden to meet with bipartisan senators to discuss infrastructure plan



REUTERS/FILE

US President Joe Biden delivers remarks after a roundtable discussion with advisors on steps to curtail US gun violence, at the White House in Washington, US on June 23.

REUTERS, Washington

President Joe Biden was scheduled to meet with a bipartisan group of US senators on Thursday to discuss their proposed framework for an infrastructure bill as he looks to push a large-scale spending package through Congress despite Republican opposition.

Members of the group of 21 senators, or "G-21," announced an agreement on a framework on Wednesday after a meeting with White House officials.

The G-21 talks have focused on a \$1.2 trillion, eight-year spending plan, with a mix of new and repurposed funding. For Biden, securing a large-scale infrastructure package is a top domestic priority.

The White House opened talks with the group after the Democratic president broke off negotiations with Republican Senator Shelley Capito. The White House said her proposals had fallen short of meeting "the essential needs of our country."

Biden, seeking to fuel growth and address income inequality after the coronavirus pandemic, initially proposed spending about \$2.3 trillion. Republicans chafed at his definition of infrastructure, which included fighting climate change and providing care for

children and the elderly.

The White House later trimmed the offer to about \$1.7 trillion in an unsuccessful bid to win the Republican support needed for any plan to get the 60 votes required to advance most legislation in the evenly split 100-seat Senate.

"We came to an agreement on a plan ... and we're just going to try to wrap it up tomorrow," Democratic Senator Joe Manchin told reporters on Wednesday of the new plan.

A major sticking point had been how to pay for the investments. Biden has pledged not to increase taxes on Americans earning less than \$400,000 a year, while Republicans are determined to protect a 2017 cut in corporate taxes.

Manchin said the framework encompassed a "long list" of so-called pay-fors and that all new spending would be offset with provisions to cover it, but he offered no specifics. Democrats in Congress are operating on two tracks.

While they have been open to a bipartisan deal that could win enough Republican support to bring the Senate, they are also planning to clear up a separate measure with significant additional spending on unconventional infrastructure programs, such as home healthcare for the elderly.

## Canadian exporter confidence rebounds to 20-year high

REUTERS, Ottawa

Confidence among Canadian exporters has surged to its highest level in more than 20 years, amid mounting optimism that a sustained global economic recovery is underway, a survey by Export Development Canada (EDC) showed on Thursday.

EDC's Trade Confidence Index jumped 19 per cent from end-2020 to mid-2021, the largest 6-month increase since the survey began in 1999, the agency said. The recovery appears to be broad-based across all regions of the country, it said.

"It's just extraordinary that this kind of rush is happening. It's really telling us that everybody is arming themselves for what's coming in the second half of this year," said Peter Hall, chief economist at EDC.

Canada's economy - like those of many of its global peers - is set to boom in the second half of 2021, as widespread public vaccinations allow businesses to reopen and consumers begin to dip into their pandemic savings.

A strong rebound south of the border is also expected to help. A growing share of companies reported orders from customers in the United States, Canada's largest trading partner, had improved in the past six months, EDC said.

And 65 per cent of respondents said they are planning to export to new markets, with the UK and Australia top destinations. Exports account for about a third of Canada's gross domestic product.

## Tea workers reject minimum wage proposals

FROM PAGE B4

But it does not speak of how to ensure that the water is pure as stipulated in the Bangladesh Labour Act, 2006, he said.

One proposal was for paying workers 0.03 per cent of the respective company's net profit, in contrast to the 5 per cent recommended by the act, he added.

The minimum wage board for tea workers was last formed on October 20, 2019, whereas the preceding body on January 18, 2009.

This means there has been a delay of nearly five years since the labour act stipulates it be formed every five years, said Raju Nunia, general secretary of University Tea Students' Association.

Moreover, the recommendations are stipulated to be sent to the government within six months of the

body's formation whereas the latest body sent it after a delay of nearly one and a half years, he said.

According to a "Statistical Handbook on Bangladesh Tea Industry 2019", published in June last year, there were 166 gardens in the country with a total of 140,164 registered and casual tea workers.

The daily wage has not gone up by Tk 167 even though 167 years have elapsed in the tea industry, said Rajdeo Kairi, convener of Cha Sramik (Tea Workers) Sangha.

The workers' tireless efforts led to Bangladesh securing 9th position in the amount of tea produced in the world, he said.

The daily wages seem to be low, said GM Shibli, chairman of the Sylhet branch of Bangladeshhiyo Cha Sangsad (Tea Association of Bangladesh), an association of tea garden owners.

However, the garden owners provide other benefits such as accommodation, ration and medical treatment, which in monetary terms mean each regular worker was getting a monthly wage of anywhere between Tk 12,000 to Tk 14,000, he said.

"I don't think the rights of tea workers have been denied," said Tahsin Ahmed Chowdhury, representing the owners in the board.

Everyone on the board except for the tea workers' representative has signed the gazette, he affirmed.

Raisha Afroz, secretary to the state-run Minimum Wages Board, Dhaka, said demands, complaints, opinions and suggestions could be forwarded to the board within 14 days of the gazette's publication.

"I will present them at the next board meeting on June 27," she added.

### EXISTING AND PROPOSED WAGE AND BENEFITS

	CURRENT	PROPOSAL
Minimum daily wage for permanent workers	Tk 117, Tk 118 and Tk 120 for 3 tea garden categories since 2019	Keeping the same
Meetings between Bangladesh Tea Association and Bangladesh Cha Shramik Union	Every two years	Every three years
Worker category and pay	Registered (permanent) and casual (temporary), both paid same	Inclusion of "trainee"; Tk 110 per day
<b>BENEFITS</b>		
Tubewell or well	None provided till date	One for every 20 families within next one year
Annual gratuity on completing 5 years of service	None provided till date	One basic salary
Annual festival allowance	One basic salary (equalling 47 days' daily wage) being paid for last 2.5 years	One basic salary (equalling 47 days' daily wage)
Profit sharing	None provided till date	0.03% of net profit
Group insurance	None provided till date	None provided till date
Maternity	4 months	4 months

# Gas infrastructure across Europe leaking planet-warming methane

REUTERS, Brussels/London

The potent greenhouse gas methane is spewing out of natural gas infrastructure across the European Union because of leaks and venting, video footage made available to Reuters shows.

Using a 100,000 euro (\$119,000) infrared camera, non-profit Clean Air Task Force (CATF) found methane seeping into the atmosphere at 123 oil and gas sites in Austria, Czech Republic, Germany, Hungary, Italy, Poland and Romania this year. Methane, the biggest cause of climate change after carbon dioxide (CO<sub>2</sub>), is the main component of natural gas and over 80 times more potent than CO<sub>2</sub> in its first 20 years in the air.

Currently, the EU does not regulate methane emissions in the energy sector, meaning companies running the sites surveyed by CATF are not breaking laws because of leaks or venting. While some member states require firms to report some emissions there is no overarching framework forcing them to monitor smaller leaks, or fix them.

That's set to change. The EU is proposing laws this year that will force oil and gas companies to monitor and report methane

emissions, as well as improve the detection and repair of leaks.

In the energy sector, methane is emitted intentionally through venting and by accident from sites such as gas storage tanks, liquefied natural gas (LNG) terminals, pipeline compressor stations and oil and gas processing sites. CATF visited over 200 sites in seven EU countries and filmed emissions with the infrared camera in public vantage points to detect hydrocarbons invisible to the naked eye, such as methane.

"Once you see it, you can't unsee it," said CATF's James Turitto, who filmed the emissions. "If we have any hope of achieving only a 1.5 Celsius rise in average global temperatures, we must stop these leaks."

Altogether, CATF counted 271 incidents, with some sites leaching methane from several places. Turitto said over 90 per cent of the sites he visited in the Czech Republic, Hungary, Italy, Poland and Romania were emitting methane while his hit rate in Germany and Austria was lower.

A selection of the CATF thermography, which shows hydrocarbons and volatile organic compounds, was reviewed by five

technical experts contacted by Reuters.

Given emissions were at installations handling natural gas - and methane is its main component - they concluded the emissions recorded by CATF were almost certainly methane.

At one gas plant owned by Italy's Eni near the town of Pineto on the country's Adriatic coast, methane appears to be leaking from a rusty hole in the side of a tank.

The footage captures a snapshot of each site's emissions on a given day so it cannot quantify the amount of methane being emitted over longer periods. What it does reveal is emissions that could be avoided if infrastructure owners used commercially available measurement and abatement technology, emissions experts said.

"If there are cracks in the storage tanks, it is a relatively easy fix to patch the tanks," said Jonathan Dorn, an air quality expert at Abt Associates.

Turitto said he called an emergency number for reporting leaks at the Eni site but the line was dead.

Eni said the leak at Pineto was from a water tank which would have had negligible amounts of gas and that it had been detected and fixed during regular maintenance.



REUTERS/FILE

**Methane, the biggest cause of climate change after carbon dioxide (CO<sub>2</sub>), is the main component of natural gas and over 80 times more potent than CO<sub>2</sub> in its first 20 years in the air.**

# Cultivate a habit of saving

FROM PAGE B1

A student aged six to 17 is eligible to open the account. One requires to submit the attested copies of the birth certificate, school identification card or testimonial from the head of educational institutions, and the latest fee payment slip.

The account-opening form will also carry the signature of the legal guardian of students. Students can open various saving schemes under the programme as well.

Educational institutions can collect tuition fees straight from the accounts. Nishad Afrin Sadiya, a 10-grader at Monipur High School, Rupnagar (Branch-1) in the capital's Pallabi, has an account with Islami Bank Bangladesh Ltd (IBBL).

She deposits funds whenever she gets any money in gifts from her father, mother, grandparents, and other relatives. She is learning to deal with banks.

"I deposit money to bear my educational expenses in the future. I don't want to take any money from my parents when I grow up," said Sadiya.

Her father, Darul Huda, said: "We want her to learn how to deal with banks because I can't give much time to my family. Her mother is not highly educated. So, we have opened the account such that she can help herself."

The head of the mechanical store at Standard Group said her daughter could easily maintain the account.

"We give money to her for tiffin and other expenses. If she can make

any saving, that's good for all of us," he added.

Banks have come up with various offers, waiver of fees and charges, free internet banking facility, lower minimum balance requirement, and debit card availability at lower costs to bring more students under the school banking scheme.

Banks can also provide education insurance under the account such that they can get pecuniary assistance in need of time.

Dutch-Bangla Bank Ltd (DBBL) is one of the top lenders in school banking. Other banks with a significant presence in the segment include Islami Bank Bangladesh Ltd (IBBL), Bank Asia, Eastern Bank, United Commercial Bank, Trust Bank, Dhaka Bank, and Agrani Bank.

"We do not charge students any fee. But if they remain connected with DBBL from an early age, they may continue maintaining it when they enter the job market or become entrepreneurs after the completion of formal education," said Abul Kashem Mohammad Shirin, managing director of DBBL.

IBBL has been actively involved in school banking from the very beginning, said Mohammed Monirul Molla, managing director of the bank.

"We are exploring several avenues to reach the doorsteps of students to motivate them to open bank accounts and develop savings habits."

He said IBBL carries out financial literacy activities among the students in an area at least once a year.

The rate of opening accounts

among urban students is higher compared to their peers in rural areas.

Moula said students in rural areas are lagging in availing the school banking service due to the non-availability of bank branches in the hinterland.

"This gap will narrow soon on the back of agent banking outlets."

About the prospect of school banking, Moula said there are about 3 crore students. Of them, 5 per cent are covered by school banking activities.

"Bringing a large part of them under the banking system will accelerate financial inclusion. Moreover, ensuring sound planning, up-to-date product development and improved services will open up new horizons for banks."

The central bank used to organise programmes, including campaigns, fairs and seminars at schools at the district level to raise awareness among students and guardians about the importance of school banking before the pandemic.

Educational institutions have been closed since March 2020 so the central bank has suspended all school banking activities, said Md Ruhul Amin, general manager of the financial inclusion department of the BB.

The central bank has put in place strict measures to prevent students from misusing the fund.

The monthly withdrawal limit has been fixed at Tk 2,000. The ceiling can be raised to Tk 5,000 upon the request of the guardian.

# Manufacturing sector risks becoming uncompetitive: WB

FROM PAGE B1

"By strengthening innovation and technology adoption in the firms, the manufacturing sector can improve its productivity."

Commerce Minister Tipu Munshi launched the report through a virtual programme.

Hans Timmer, chief economist of the WB for South Asia, said: "Following every global crisis, we see shifts in the geographic and economic centres, change in trade flows and the emergence of new technologies. So, we should expect major changes to come."

The report focuses on opportunities for the manufacturing sector of Bangladesh.

Diffusion and adoption of technology in the manufacturing sector were relatively slow as a few firms adopted modern equipment while others are taking a long time to adopt technologies, Timmer said.

He underscored the need for focusing on small and medium-sized enterprises to accelerate the diffusion and adoption of technology.

Because of the new environment, these enterprises will play a key role because of the fragmentation of production and customisation of products, he said.

A firm-level adoption of technology (FAT) survey on technology use in Bangladeshi firms, conducted as part of the World Bank's global FAT project in 2019-20, revealed that most firms still use fully manual or powered but manually operated basic machinery across production stages.

Even in the garment subsector,

most firms use basic machinery in most production stages, except for sewing. Eighty per cent of garment firms use semi-automated technology in the sewing stage, and 9 per cent use automated sewing methods.

"Firms need to be enabled to climb the technology ladder," the new report said.

Many firms do not even use basic management practices to set targets, provide incentives to workers, and monitor performances. Around 32 per cent of firms do not monitor any key performance indicators.

The covid-19 crisis may accelerate the global trend toward automation, and new technologies and business practices can help firms recover from the crisis and adapt to the post-pandemic world.

The FAT survey showed that firms in Bangladesh are lagging Vietnam in many general-purpose technologies.

The multilateral lender revealed that more than 75 per cent of Bangladeshi firms do not have any workers with a college degree in engineering and applied science.

Fifty-five per cent of firms are managed by a person without a college degree, and most firms still use basic or near-basic technologies.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said because of the graduation from the group of the least-developed countries, Bangladesh's preferential market access, which currently gives the country a competitive edge over many nations, including Vietnam, would not be there.

"So, we will have to move from market access-driven competitiveness towards productivity-driven competitiveness," he said.

At the onset of the Covid-19 crisis in May 2020, the government acted quickly and announced a series of support measures for the private sector. But only 2 per cent of manufacturing firms received assistance in the early phase of the pandemic, according to a rapid survey conducted by the WB.

"The government should ensure that such support reaches its intended beneficiaries," said the report, stating that support measures would continue to remain vital as the pandemic rages.

It said digital technologies could be a useful complement in enabling firms to better adjust to the Covid-19 shock. E-commerce platforms can enable firms to maintain access to necessary intermediate inputs and a distribution network for their products.

During the first wave, 6 per cent of the firms increased the use of internet and digital platform, 3 per cent invested in new equipment or software, and 3 per cent introduced a new product, the pulse survey found.

"In order to reduce uncertainty and help productive firms recover, financial support should be complemented by policies that provide regulatory guidance, strengthen the regulatory framework for insolvency and debt resolution, and simplify tax and customs administration."

Commerce Secretary Tapan Kanti Ghosh and World Bank Country Director Mercy Tembon also spoke.

# Apparel future lies in manmade fibre

FROM PAGE B1

apparel items remain comfortable even when made from petroleum by-products, plastic bottles, pineapple leaves or even tree bark.

But the case of Bangladesh is almost in reverse compared to the global trend.

Of the total garment items made in the country, more than 74 per cent are from cotton.

Using cotton fibres instead of manmade ones for export-oriented garment items is one of the major reasons premium prices cannot be availed from international clothing retailers and brands.

The price chart indicates that the value of Bangladeshi made garment items has not increased since the Rana Plaza tragedy.

However, local garment factory owners are now maintaining global workplace safety standards spending nearly \$4 billion as per recommendations of the Accord and Alliance, two foreign agencies working on such upgrades.

This proves that limitations to product variations and overdependence on cotton fibres are the main reasons for premium prices from international retailers and brands staying elusive.

"For instance, the price range of a cotton fibre T-shirt made in Bangladesh

could be between \$3 and \$7," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

However, if the same T-shirt is made from manmade fibres, the price is at least 30 per cent higher, he added.

The demand for manmade fibre-based garments is growing all over the world mainly due to being comfortable, durable and functional and ability to protect against cold.

BTMA President Mohammad Ali Khokon said the government should withdraw the nearly 15 per cent advanced income tax and advanced tax on manmade fibre imports to help expand the sector.

The total investment in the spinning sector alone currently stands at more than \$8 billion but if manmade fibre-based industries grow further, so too will investment, he added.

For example, a more sophisticated section of manmade fibre-based industries is the filament yarn industry, where it takes at least Tk 500 crore to set up a factory.

So, in the future entrepreneurs will set up these types of factories in Bangladesh if the local manmade fibre-based industries can shine, according to the BTMA chief.

Khokon pointed out that Bangladeshi garment manufacturers used to import a large amount of

fabrics to make jackets but local mills are now supplying the high-end textiles required thanks to investment in the sector.

Monsoor Ahmed, additional director of the BTMA, said use of sophisticated technologies in production of manmade fibres make them very comfortable while the demand for such items has been rising rapidly.

Currently, some 40 local factories have been importing, using and selling manmade fibres in Bangladesh while it was less than 30 just five years ago.

The rising number of factories that use manmade fibres also indicates that millers are showing a heightened interest in the sector.

However, manmade fibres are not a complete replacement for cotton fibre, Monsoor added.

The BGMEA chief also demanded a 10-year tax holiday for investments in the manmade fibre sector alongside a 10 per cent incentive for manmade fibre-based garment exporters.

"This would help increase investments in this new opportunity to grab a greater share of the global manmade fibre-based garment markets," he said, adding that Bangladesh has the installed capacity to manufacture and export manmade fibre-based apparel items.

# Stimulus eludes 83pc small businesses

FROM PAGE B1

"The design of the stimulus packages was not adequately inclusive because of a lack of consideration of the challenges and needs of small entrepreneurs."

Using data from the Bangladesh Institute of Development Studies, Reaz said the average revenue reduction for CMSMEs was 60 per cent in 2020. About half of them planned to lay off 50 per cent of staff to survive.

"So, they need a second stimulus package," he said.

The informal economy did not receive the expected benefit from the stimulus package, said Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry. She focused on the upgradation and modernisation of the education system of Bangladesh.

The government will consider the demand of small businesses if a second stimulus package is formulated, said Planning Minister MA Mannan.

"Best practices from developed countries should be considered to make the overall economic ecosystem

of Bangladesh vibrant," he said.

Social inclusive measures such as assisting youth and unemployed, accelerating vaccination programme, access to education, and mental health needed to be addressed and linked to the stimulus package, said Tuomo Poutiainen, country director of the International Labour Organisation.

The skill ecosystem needs to be upgraded to build a technically and technologically sound workforce to attract FDI to the economic zones, he said.

Employment generation should get the proper focus in incentive packages because the post-pandemic situation would not be the same, said Prof Mustafizur Rahman, a distinguished fellow of the Centre of Policy Dialogue.

The involvement of NGOs and associations in the disbursement process of the special package would yield a better outcome, he added.

The government has announced two stimulus packages for SMEs, but the disbursement process from commercial banks is not adequate.

"So, many of them did not receive the benefits," said Md Masudur Rahman, chairperson of the SME Foundation.

As most of the SMEs are in the informal sector and have no formal documents, banks are not giving loans to them, he said. "So, a structural change is necessary to ensure access to finance for SMEs."

Chittagong Chamber of Commerce and Industry President Mahbulul Alam said the expected results could not be achieved through the first package.

Jamal Uddin, a general manager of Bangladesh Bank, said 73 per cent of the stimulus package for the CMSME sector had been disbursed, which benefited about one lakh entrepreneurs.

Md Jashim Uddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, Abul Kasem Khan, chairperson of the BUILD, Asif Ibrahim, founder chairperson, and Ferdous Ara Begum, CEO of the platform, also spoke.

# Three more banks follow Brac's example

FROM PAGE B1

merchants through cards, though the lender did not mention the names of the merchants.

"Transactions at selected e-commerce merchants are temporarily suspended with immediate effect using any City Bank cards," reads a mobile phone message sent to customers last night.

Md Arfan Ali, managing director of Bank Asia, said they had taken the decision in the interest of the customers.

HM Mustafizur Rahman, head of retail banking at Dhaka Bank, said the lender had discontinued their relationship with the e-commerce platforms for the time being.

"We are waiting for the central bank to take a concrete decision to this end," he added.

# 4 new pawns for stock gamblers

FROM PAGE B1

The sole exception is the Monno, whose paid-up capital is Tk 115 crore.

Since there were small and medium enterprise (SME) boards at both the Dhaka and Chattogram bourses, the low paid-up capital-based companies could have been allowed there so as to prevent gamblers from playing with those.

So, stock market analysts were curious as to why the regulator decided to allow the four at the main board.

Their rising patterns were also not in tune with their performance.

The Monno provided no dividends for shareholders in recent years, showed the DSE data.

Its earnings per share (EPS) was Tk 0.04 in the nine months period of the current fiscal year (July of 2020 to March of 2021) as against Tk 0.06 in the same period of the previous year.

Meanwhile, the Monospor provided 9 per cent cash dividend and its EPS

dropped 94 per cent year-on-year to Tk 0.28 from Tk 5.06.

Cash dividend of the Processing was 11 per cent for last year while its EPS was downed 87 per cent year-on-year to Tk 0.44 from Tk 3.53.

The Tamijuddin provided 10 per cent cash dividend. Its EPS rose to Tk 0.98 from Tk 0.81.

The EPS of three droppers, which was over 80 per cent for two, while that of one was less than Tk 1, explained a top official of an asset management company preferring anonymity.

A stock price surge of over 130 per cent is not financially logical, he said, adding, "This is totally absurd."

The regulator should monitor them, he said, adding that their inclusion helped some people get new items to gamble with.

Some of the returnees could be sent to the SME board and the rest kept at the main board, he added.

# Companies act needs fine-tuning

FROM PAGE B4

Amendments brought to the companies act in 2020 allow foreign firms to fully own private limited enterprises in Bangladesh, giving them the opportunity to open companies in a short time.

A similar practice was adopted in Hong Kong.

Before 2020, a minimum of two persons were required to open a company in Bangladesh whereas under the new amendments, foreign

entities can also open a PLC or OPC.

The merger and acquisition of companies should be done in two ways -- merger by adoption or merger by formation -- in line with the practices adopted in India and the UK.

However, no such provisions are present in Bangladesh's Companies Act, 1994, they pointed out, adding that it needs to be addressed soon.

Md Humayun Kabir, council member and former ICAB president,

moderated the programme.

The panel included Jibon Krishna Saha Roy, director of the Bangladesh Investment Development Authority; AHM Ahsan, the in-charge of the registrar at RJSC; Nihad Kabir, president of the MCC; M Masruq Reaz, chairman of the Policy Exchange of Bangladesh; and Mohammad Enamul Huque, managing director and head of corporate, commercial and institutional banking at Standard Chartered Bank.

# Tea workers reject minimum wage proposals Companies act needs fine-tuning

Experts say at ICAB webinar



MINTU DESHWARA

Tea garden workers and owners sit every two years to agree on wages, which are then incorporated into the government-initiated wage board formed every five years. The photo was taken from Chandpur Tea Estate in Habiganj recently.

MINTU DESHWARA

Tea garden workers have rejected the recent minimum wage recommendations of a government-led tripartite body.

The workers are backed by Iftekharuzzaman, executive director of Transparency International Bangladesh, and lawmaker Rashed Khan Menon, president of the Workers Party of Bangladesh and chairman of the parliamentary standing committee for social welfare ministry.

Both believe the workers would not benefit from the recommendations and demanded further increases to the wages and benefits.

Formed after nearly five years' delay, the tripartite body recommended the same daily wage rates of Tk 117, Tk 118 and Tk 120 that have been provided for the past two-and-a-half years.

Following earlier visits to gardens, the body had calculated that the daily wage should be Tk 300, said Ram Bhajan Kairi, general secretary of the Bangladesh Tea Workers Union.

But the body, headed by the state-run Minimum Wages Board's chairman and comprising garden owners' and workers' representatives, did not bring changes accordingly in a gazette on the recommendations published on June 13, he said.

Kairi, representing the workers in the body, said this had prompted them to keep from

*The recommended wages are the lowest among those of the country's 43 industrial sectors, said Rajat Biswas, general secretary of Bangladesh Trade Union Shingha's Moulvibazar unit.*

signing the document.

The recommended wages are the lowest among those of the country's 43 industrial sectors, said Rajat Biswas, general secretary of the Bangladesh Trade Union Shingha's Moulvibazar unit.

Moreover, workers had demanded being provided two basic wages (by taking one basic wage to be 30 days' pay) as annual festival allowances instead of the one provided current

ly (one basic wage is currently taken as 47 days' pay) but that too was not accepted, said Pankaj Kondo, vice president of Bangladesh Tea Workers Union.

The proposals did not adopt the state-run Minimum Wages Board's recommendation of a 5 per cent annual increment, said Gita Rani Kanu, president of the Bangladesh Tea Workers Women's Forum. The proposals ignore the need for increments, which has left experienced and new workers getting the same pay, she said.

Moreover, it added an "apprentice" category with Tk 110 as the daily pay, which was completely unnecessary, said Pankaj.

The job has historically been passed down through the generations and workers' children grow up in the gardens and start learning about the ins and outs from childhood, he said.

Garden workers and owners sit every two years to agree on wages, which are then incorporated into the government-initiated wage board formed every five years, said Pankaj.

This time the wage body recommended the interim sittings be held every three years, which went against the interest of workers, he said.

The recommendations include setting up one tube well or well for every 20 workers' families, said Biswas.

READ MORE ON B2

STAR BUSINESS REPORT

Some provisions in the companies act still require fine-tuning in order to improve the business climate in Bangladesh, according to speakers at a webinar held yesterday.

They also came up with a number of observations and recommendations on how to improve the country's ranking in the World Bank's ease of doing business index.

The webinar, styled "Ease of Doing Business: Perspective of Companies' Act," was organised by the Institute of Chartered Accountants of Bangladesh (ICAB).

Tapan Kanti Ghosh, secretary of the commerce ministry, was present as chief guest.

In 2020, amendments were made to the Companies Act, 1994, but some provisions still need to be aligned with the best practices adopted in Singapore and Hong Kong, which ranked second and third respectively in the latest ease of doing business index.

So, local companies should prepare their financial statements as required by the Financial Reporting Council (FRC) in line with the International Financial Reporting Standards (IFRS), speakers said.

Besides, audits should be carried out as per the International Standards on Auditing (ISA) as approved by FRC since

both international and local investors need to comply with IFRS and ISA regulations.

To ensure compliance, auditors should be paid as per the prescribed minimum audit fee fixed by the ICAB or higher if accepted by the company.

Speakers also stressed the need to digitise all functions of the Registrar of Joint Stock Companies and Firms (RJSC).

They then put forward some observations and recommendations for the Companies Act, 1994, that could not only improve the country's ease of doing business ranking, but also boost both foreign and domestic investment.

ICAB President Mahmudul Hasan Khusru said it is necessary to simplify and modernise the corporate laws to ensure a more business-friendly atmosphere.

"Although amendments to the Companies Act, 1994 have been made, the massive changes we had hoped for were not there," he added.

The ICAB chief went on to say that a balanced companies act would encourage both local and foreign investment.

Snehasish Barua, a partner at Snehasish Mahmud & Co, and Tanjib-ul Alam, an advocate of the appellate division of the Supreme Court, jointly presented the keynote paper.

READ MORE ON B3

## Temporary jute mill workers stage sit-in

Demand arrears, reopening of mills

STAFF CORRESPONDENT, Cg

Hundreds of temporary workers of nine Chattogram-based state-owned jute mills staged a four-hour sit-in before Amin Jute Mills starting 8:00am yesterday with a three-point demand including reopening all mills and paying all dues.

The halt in salary payments since June 2020 has left them unable to afford food, they said. On June 2 last year the government announced closure of all jute mills but salaries and allowances were not paid, said one worker, Nasir Uddin Ahmed.

As a result, 3,000 temporary worker are passing days in misery, he said.

According to the Bangladesh Jute Mills Corporation (BJMC) officials, the government closed down 25 state-owned jute mills on June 2020.

The BJMC has also started paying the dues of 25,000 permanent workers.

However, due to mismatch of various information, including names in national identity cards, about 3,000 workers have not yet received their dues.

After these dues were paid, the temporary workers would start getting their payment.

READ MORE ON B2

## GLOBAL BUSINESS

### India's e-commerce plan worrying

US lobby group says

REUTERS, New Delhi

A top lobby group that is part of the US Chamber of Commerce believes India's proposed new e-commerce rules are a cause for concern and will lead to a stringent operating environment for companies, according to an email reviewed by Reuters.

India this week spooked online retailers like Amazon and Walmart's Flipkart by

until July 6 - are expected to have an impact across the board in an online retail market forecast to be worth US\$200 billion by 2026. They will also apply to Indian firms like Tata's BigBasket and Reliance Industries' JioMart, but the proposal comes after Indian retailers for years complained that market leaders Amazon and Flipkart used complex business structures to bypass India's foreign investment law, hurting



A delivery worker carries an Amazon package to deliver it to a customer at a residential apartment in Ahmedabad, India on March 17.

REUTERS/FILE

outlining plans to limit "flash sales", reining in a private label push and mandating them to have a system to address grievances.

The Washington-headquartered US-India Business Council (USIBC), of which Amazon and Walmart are members, described the rules as concerning in an internal email, saying some provisions were in line with New Delhi's stance on other big digital companies.

India's draft plan "includes several concerning policies, including significant limits on platforms' ability to organise sales and handle grievances," USIBC said in an email to its members.

USIBC has in the past urged India not to tighten a separate set of rules governing foreign investment in companies like Amazon and Flipkart, an issue that has often soured trade relations between India and United States. USIBC did not immediately respond to a request for comment.

The new rules - open for consultation

small businesses.

The companies deny any wrongdoing.

India's new proposed rules have raised concerns they will force Amazon and Flipkart to review their business structures, industry sources and lawyers have told Reuters. The USIBC email noted that India's proposals "preclude (e-commerce) platforms from owning vendors".

Amazon specifically holds an indirect stake in two of its top sellers and a Reuters investigation in February cited Amazon documents that showed it gave preferential treatment to a small number of its sellers.

India's rules also will force e-commerce companies to reveal the country of origin of a product and suggest alternatives to ensure a "fair opportunity for domestic goods".

Some of the new provisions align with India's similar federal policies "for social and digital media companies ... and will result in a more stringent e-commerce regime," USIBC said in its email.

### US bans imports of solar panel material from China

REUTERS, Washington

The Biden administration on Wednesday ordered a ban on US imports of a key solar panel material from Chinese-based Hoshine Silicon Industry Co over forced labor allegations, two sources briefed on the matter said.

The US Commerce Department separately restricted exports to Hoshine, three other Chinese companies and the paramilitary Xinjiang Production and Construction Corps (XPCC), saying they were involved with the forced labor of Uyghurs and other Muslim minority groups in Xinjiang.

The three other companies added to the US economic blacklist include Xinjiang Daqo New Energy Co, a unit of Daqo New Energy Corp; Xinjiang East Hope Nonferrous Metals Co, a subsidiary of Shanghai-based manufacturing giant East Hope Group; and Xinjiang GCL New Energy Material Co, part of GCL New Energy Holdings Ltd.

The Commerce Department said the companies and XPCC "have been implicated in human rights violations and abuses in the implementation of China's campaign of repression, mass arbitrary detention, forced labor



US and Chinese flags are seen in front of a US dollar banknote featuring American founding father Benjamin Franklin and a China's yuan banknote featuring late Chinese chairman Mao Zedong in this illustration picture.

REUTERS/FILE

and high-technology surveillance against Uyghurs, Kazakhs, and other members of Muslim minority groups in" Xinjiang. At least some of the companies listed by the Commerce Department are major manufacturers of monocrystalline silicon and polysilicon that are used in solar panel production.

The companies or their parent firms did not immediately respond

to requests for comment, or could not immediately be reached. XPCC could not immediately be reached for comment.

China's foreign ministry spokesman Zhao Lijian said on Thursday that China will take "all necessary measures" to protect its companies' rights and interests. Beijing has dismissed accusations of genocide and forced labor in

Xinjiang as lies. The immediate effect of the restrictions would be limited as the companies named do not have "vast contracts" with US based wafer companies, Dennis Ip, Regional Head of Power, Utilities, Renewables & Environment (PURE) Research at Daiwa said in a note to clients.

"However, we see possibility for the ban to gradually extend to include restrictions on all solar modules which contain Xinjiang-produced polysilicon," he said.

Chinese module producers could still use polysilicon from Inner Mongolia and Yunnan for their US-bound module shipments, he added. About 45 per cent of all polysilicon used in solar module production is produced in Xinjiang, with 35 per cent produced in other parts of China. The remainder comes from outside China. The global solar energy supply chain has been squeezed by record high costs for polysilicon, labour and freight.

The "Withhold Release Order" by US Customs and Border Protection only blocks imports of the material from Hoshine. A source familiar with the order said it does not impact the majority of US imports of polysilicon and other silica-based products.

### German business morale shakes off coronavirus crisis

REUTERS, Berlin

German business morale rose by more than expected in June and hit its highest level since November 2018 on companies' surging optimism about the second half of the year in Europe's largest economy, a survey showed on Thursday.

The Ifo institute said its business climate index rose to 101.8 from 99.2 in May. A Reuters poll of analysts had pointed to a June reading of 100.6.

"The German economy is shaking off the coronavirus crisis," Ifo President Clemens Fuest said in a statement.

Chancellor Angela Merkel said on Wednesday Germany was on the verge of a strong



REUTERS/FILE

People enjoy their drinks at a terrace of Revolte bar, as cafes, bars and restaurants reopen their terraces after being closed down for months, amid the coronavirus disease outbreak, in Berlin, Germany on May 21.

economic upswing, adding that Bundesbank chief Jens Weidmann had given a very positive assessment of the economic outlook to the cabinet.

Germany's central bank raised its growth forecasts earlier this month and now expects the economy to reach pre-pandemic levels as soon as next quarter and grow by 3.7 per cent this year and 5.2 per cent next year.

German authorities have loosened Covid-19 restrictions in light of falling infections and higher vaccination numbers.

The bounce-back from lockdown is driving the largest upward leap in retail conditions seen since German reunification more than three decades ago, Ifo economist Klaus Wohlrabe said.