

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|-----------|-------------|--------------|---------------|-----------|-----------|----------|------------|-------|--------|--------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY |
| ▼ 0.31% | ▼ 0.32% | \$1,800.38 | \$74.39 | ▼ 0.23% | ▲ 1.04% | ▼ 0.57% | ▼ 2.34% | 83.95 | 97.80 | 114.50 | 12.71 |
| 6,404.03 | 11,180.10 | (per ounce) | (per barrel) | 52,852.27 | 27,833.29 | 3,138.97 | 3,467.44 | BUY TK | 84.95 | 101.60 | 118.30 |
| | | | | | | | | SELL TK | 84.95 | 101.60 | 118.30 |

Star BUSINESS

DHAKA TUESDAY JULY 27, 2021, SRABAN 12, 1428 BS • starbusiness@thedailystar.net

Pandemic proves a boon for IT freelancers

More and more global companies choose to outsource; individual freelancers demand 10pc incentive

MAHMUDUL HASAN

Like a million others, Ridoy Saha was rendered unemployed within weeks after Bangladesh introduced a nationwide lockdown in March last year to limit the spread of coronavirus.

He returned to his village home as his employer, an ad agency, was closed. But unlike many others, he soon got back to work to make a living as the tasks he specialises in have not lost their demand globally.

He started working at Upwork, an American freelancing platform. What is more, his monthly income surged more than four times compared to the Tk 30,000 he used to take home while working for the ad agency.

"I am doing the same thing that I used to do for the agency -- graphics and animation. The first few weeks of the freelance work were challenging. Then I got some clients who liked my work and started giving me work regularly," Saha said.

AT A GLANCE

Total freelancers in Bangladesh: **6 lakh**

Annual earnings: **\$500m**

Pandemic saw over **1 lakh** new freelancers

A freelancer can bring home **\$10,000** per transaction

Individual freelancers demand **10%** incentive from govt

Freelancers can now bring money through MFS



Saha is not the lone freelancer who has been able to keep working during the pandemic. Globally, Covid-19 has brought cheers for the freelancers as the crisis has highlighted the comfort of remote work. More companies across the globe are hiring them to cut payroll expenses.

This outsourcing trend has created a gold rush for many, especially youth and the people

who lost their jobs due to the pandemic-induced economic slump.

Bangladesh has six lakh IT service exporters or freelancers, and the number of team-based freelancing companies hovers around 1,600. Together they fetch roughly \$500 million annually, according to industry people.

READ MORE ON B3

Shoe-makers' profits hammered by Covid

Dividend payout also drops

AHSAN HABIB

Profits of listed shoe-makers of Bangladesh dropped in 2020 despite the drastic fall in the price of rawhides as the sales of the finished products crashed because of the economic slump caused by the pandemic.

Among the six listed companies in the tannery industry, the dividends of all firms also declined last year compared to 2019.

Bata Shoe, a multinational shoe and leather product manufacturer, incurred losses for the first time in its 59-year history in Bangladesh.

It lost Tk 132 crore last year after logging profits of Tk 49 crore a year earlier. The losing trend continued in the January-March period of 2021 as well.

Apex Tannery also reported a loss while Apex Footwear, Fortune Shoes, Legacy Footwear, and Samata Leather posted lower profits.

Apex Tannery's loss stood at Tk 1.81 crore in 2019-20 against a profit of Tk 2.15 crore a year ago. As a result, its dividend payout fell. The situation has remained unchanged in the current fiscal year.

"People now prefer products made from synthetics, non-leather and artificial leather," said Arfanul Hoque, head of retail at Bata.

"Their taste has changed a lot." So, shoe-makers use a product mix. For instance, people now wear sneakers where there is no element of leather.

Even in a leather shoe, many parts are not made from leather, and leather accounts for 20 to 25 per cent of the cost.

"So, profits don't depend on the price of rawhides anymore," Hoque said.

"Whatever impact was expected from the low price of rawhides on our profits, it was not seen due to the pandemic."

The earnings took a hit as retail businesses crashed during major festivals such as Eid-ul-Fitr, Eid-ul-Azha, Puja,

DIVIDEND OF LISTED FOOTWEAR MAKERS AND TANNERIES

| COMPANY | 2018 | 2019 | 2020 |
|-----------------|------|------|------|
| Apex Footwear | 55 | 55 | 25 |
| Apex Tannery | 40 | 35 | 12 |
| Bata Shoe | 345 | 125 | 25 |
| Fortune Shoe | 15 | 20 | 10 |
| Legacy Footwear | 20 | 5 | 0 |
| Samata Leather | 0 | 2 | 0 |

SOURCE: DSE

and Pahela Baishakh in 2020 due to the countrywide lockdown, said Bata Shoe in its financial report.

An estimated 77 per cent of rural business leaders such as dealers and wholesalers were particularly impacted by Covid-19, which inflicted a loss on them, it said.

Eid festivals account for about 35 per cent of the shoe and leather business in Bangladesh.

A top official of Apex Footwear said the sales in the domestic market were depressed because of the economic slowdown.

Profits of Apex Footwear halved to Tk 6 crore in 2019-20 from Tk 12 crore a year earlier. In the first nine months of the just-concluded fiscal year, the profit narrowed to Tk 5 crore from Tk 7 crore in the same period a year ago.

The global crisis also hurt the export market. Receipts from the shipment of leather and leather products plunged 21.79 per cent to \$797 million in 2019-20, according to the Export Promotion Bureau.

It, however, recovered in the last fiscal year, growing 18.6 per cent to \$941.67 million.

READ MORE ON B3

Now non-banks' MDs need BB nod for foreign trips

STAR BUSINESS REPORT

In an effort to curb frequent foreign trips, Bangladesh Bank yesterday asked managing directors of non-bank financial institutions (NBFIs) to take its prior approval.

The permission must be taken 15 working days in advance of the travel date, according to a central bank notice issued yesterday.

The application will have to be endorsed by the respective board of directors.

The momentum of the operational works at NBFIs may be hampered if managing directors (MDs) stay abroad for long, be it official purposes or personal reasons.

"This will create financial losses for the NBFIs, which is not expected at all," said the notice.

The central bank advised the MDs to shun the foreign trips, which is avoidable.

The MDs will have to inform the central bank about designated officials who will take on the role of acting MDs during their absence.

A central bank official said the MDs of the NBFIs frequently went abroad which were not on official tasks, which did not bring about anything positive for the institutions.

The majority of the NBFIs now faced different crisis, including incurring net losses in recent years.

Against this backdrop, the new decision will help the NBFIs reduce their operational expenses.

The circular will come into effect immediately, said the central bank.

The central bank had earlier taken the same measure for the MDs of banks.

Stocks drop on profit booking

Investors take cautious stance as BB asks banks to curb flow of stimulus funds to unproductive sectors

STAR BUSINESS REPORT

The stock market dropped yesterday owing to a profit booking tendency, with investors prompted to go for sales by a Bangladesh Bank directive on banks to curb channelling of stimulus funds to unproductive sectors, including the share market.

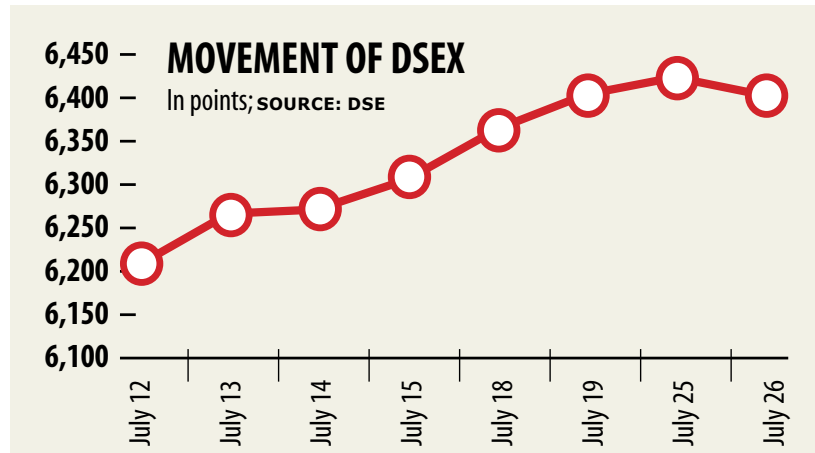
The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), dropped 20.18 points, or 0.31 per cent, to 6,404 from the previous day.

The central bank on Sunday directed the country's lenders to increase monitoring on how loans from the stimulus packages were being used. It said to have found some cheap funds being channelled into unproductive sectors, like the stock market.

The market index is now at its historical highest, so there is already a fear that a correction could occur anytime, said a merchant banker, preferring anonymity.

Moreover, the central bank directive may push up sales, so many investors are booking profits, he said.

The market, however, should not depend on "seasonal money" and it



should stand on the real investors' funds, he added.

If any fund had come from stimulus packages, it is not expected, he said, adding that investors should give thought into investing in stocks based on their fundamentals.

"The stock market is risky and a place for long term investments, so we don't want to see any artificial funds here," said an asset manager.

Because such funds may lead to a ballooning of the market and then its bursting, both of which are not expected, he said, adding that there were many potentials for real funds to be drawn to the stock market.

The interest rate in the banking sector is now low, at 5 per cent to 6 per cent, so people are preferring the stock market, he said.

READ MORE ON B3

Marico's sales rise despite second wave

STAR BUSINESS REPORT

Marico Bangladesh posted 11 per cent growth in sales in the April-June quarter despite the second wave of coronavirus infections on the back of hair oils and baby care portfolios.

The local subsidiary of the Indian fast-moving consumer goods company saw its revenue grow to Tk 334.4 crore in the first quarter of 2021, up from Tk 301.1 crore year-on-year, according to the company.

During the same period, Marico's profits rose 8.4 per cent to Tk 108 crore. The board of directors yesterday recommended a 200 per cent interim cash dividend for shareholders for the three-month period.

"The revenue growth was driven by the higher sales in the hair oils and baby care portfolios," said Christabel Randolph, company secretary of Marico Bangladesh.

During the quarter, the company launched three new products -- Red King Cooling Oil, Nihar Naturals Lovely, and Parachute Naturale Hijab Fresh shampoo.

READ MORE ON B3



Boats lined up for sale at Salutikor Bazar in Gowainghat upazila of Sylhet district. Sellers from far and near congregate every Saturday and Tuesday with vessels priced in the range of Tk 3,000 to Tk 8,000. Out of around 500 put on display, some 300 get sold each day, especially during the monsoon. This is because boats are the sole mode for transportation in haor areas of Sylhet's Gowainghat, Compangany, Sylhet Sadar, Bishwanath and Sunamganj's Chhatak upazilas. The photo was taken recently.

SHEIKH NASIR

Improve competitiveness for smooth LDC graduation

Speakers say at ICAB webinar

STAR BUSINESS DESK

Local businesses need to become more competitive at the international level so that Bangladesh can enjoy a smooth graduation from the UN's group of least developed countries (LDCs) in 2026, speakers said at a webinar yesterday.

To do so, productivity needs to be increased while reducing production costs, improving the business climate and infrastructure as well as the trade system, they said.

Besides, linkage industries should be encouraged alongside the establishment of special economic zones, fashion designing institutes and active pharmaceutical ingredient (API) parks, they said.

They went on to say that making a permanent exit from LDC status would be a real recognition of the country's development even though it would result in Bangladesh facing many challenges.

The country has developed significant

trade-related capacities and adaptabilities despite the withdrawal of the GSP facility by the US, said the speakers.

Moreover, a disaster prediction in the garment sector when a Multifibre Arrangement was phased out through a separate deal on textiles and clothing did not come about to be true, they said.

This is because Bangladesh successfully steered clear of the global financial crisis with little or no impact on exports, they added.

The webinar, styled "LDC graduation: Challenges and Opportunities", was organised by the Institute of Chartered Accountants of Bangladesh (ICAB).

"Our LDC graduation will bring a mixed set of new realities and the country will lose a wide variety of preferences and privileges in global trade," said Planning Minister MA Mannan.

READ MORE ON B3