STOCKS (Week-on-week)		COMMODITIES (As of Friday)		ASIAN MARKETS (Friday Closings)			
DSEX	CSCX	Gold ▲	Oil ▲	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.67%	▼ 1.87%	$1,807.20	$73.52	▼ 1.54%	▼ 1.79%	▼ 0.55%	▼ 1.16%
6,868.17	12,064.55	(per ounce)	(per barrel)	57,011.74	28,545.68	3,111.63	3,632.36

CURRENCIES (As on Wednesday, STANDARD CHARTERED BANK)

	USD	EUR	GBP	CNY
BUY TK	84.85	94.53	111.84	13.09
SELL TK	85.85	98.33	115.64	13.76

Star BUSINESS

DHAKA SUNDAY DECEMBER 19, 2021, *POUSH 4, 1428 BS* ● starbusiness@thedailystar.net

AT A GLANCE

14 handset manufacturing plants set up since 2018

Another **4** in the pipeline

Value addition from **15**% to **30**%

Local manufacturing brought down handset prices by **35**%

TAX RATES

IMPORTED 58% | LOCALLY MADE 15%

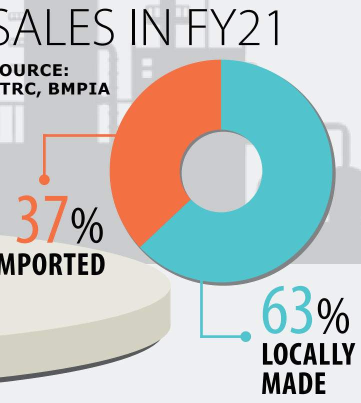
*Govt offered huge tax benefits for assembling since FY18

EMPLOYMENT

- Total employment **15,000**
- Over **98**% employees local
- Another **10,000** jobs to be created by 2022

MOBILE PHONE INDUSTRY: SALES IN FY21

SOURCE: BTRC, BMPIA



Bangladesh scales up might in mobile manufacturing

MAHMUDUL HASAN

Just after completing his diploma in electronics from Magura Polytechnic Institute in 2019, Abdullah Al Noman got a job offer from Anira International Ltd, a local handset manufacturer. And he now works as a mobile assembly engineer for the company at its plant in Narayanganj's Sonargaon.

"I had never thought that finding a job would be this easy," he told The Daily Star recently.

The youngster is one of the beneficiaries of the job creation spree brought about by local assembling and manufacturing of smartphones in Bangladesh.

Local handset production has made an impressive stride in recent years, aided by the government's huge tax benefits unveiled in the fiscal year of 2017-18. Since then, 14 plants have been set up, and another four are in the pipeline, creating jobs for around 15,000 people.

Currently, there is about 58 per cent tax on smartphone imports, whereas the tax on locally assembled and manufactured handsets is about 15 per cent.

"Sometimes, we go directly to the campuses of polytechnic institutes and offer jobs to students. They are initially given some training. Soon, they start working in the production lines," said Md Asraf Uddin, managing director at Anira international.

He has plans to employ 1,000 people by 2022 as he ramps up the plant's capacity to meet the growing demand for domestically manufactured or assembled phones, which are cheaper than the imported ones.

Of the 2.94 crore handsets manufactured and imported in 2019-20, about 51 per cent were locally produced, according to the Bangladesh Telecommunication Regulatory Commission.

Of the total 4.12 crore handsets manufactured and imported in the last fiscal year, about 63 per cent were produced in Bangladesh.

Local assemblers and manufacturers are not stopping there as they plan to employ another 10,000 as many of them expand.

It came amid signs of economic recovery from the coronavirus pandemic. Sales rebounded strongly in July, reversing from a slowdown in early 2021. The industry grew around 15 per cent since the pandemic struck the country, according to an industry estimate.

Backed by steady economic growth and rising per capita income, the sales of mobile phones are growing fast in an economy forecast by Fitch Ratings to accelerate to 7 per cent in FY22 and 7.2 per cent in FY23.

According to the Bangladesh Mobile Phone Importers Association, mobile phone sales grew 17 per cent in value and 8 per cent in volume in the last five years. Thanks to the local manufacturing, the prices of handsets have dropped by over 35 per cent.

Almost all of the employees except for a few engineering experts and top executives, working at the plants are Bangladeshi.

Fair Electronics, Samsung's local assembly partner, has so far employed more than 1,250 people and plans to hire another 1,000 by December 2022, said Mohammad Mesbah Uddin, chief marketing officer of the company.

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CROSS-BORDER MONEY LAUNDERING

Govt agencies yet to initiate study though deadline ends

AKM ZAMIR UDDIN

Three government entities have failed to carry out a study to find out the amount of illicit financial flow from Bangladesh, where they were siphoned and how as part of the country's efforts to contain cross-border money laundering.

As per the National Strategy for Prevention of Money Laundering and Combating Financing of Terrorism 2019-21, the study was scheduled to be completed by December last year.

But the Bangladesh Financial Intelligence Unit (BFIU), the National Board of Revenue, and the Anti-Corruption Commission were unable to initiate the investigation.

Their inaction has come to the fore as the Global Financial Integrity (GFI) on Thursday revealed that Bangladesh lost approximately $8.27 billion on an average annually between 2009 and 2018 due to money laundering.

The illicit financial flow (IFF) was mainly perpetrated in the form of mis-invoicing of values of import-export goods by traders to evade taxes and illegally move money across international borders, the Washington-based organisation said.

The average loss of customs and taxes during the decade was 17.3 per cent of Bangladesh's international trade, said the GFI in its report, "Trade-Related Illicit Financial Flows in 134 Developing Countries 2009-2018."

Abu Hena Mohd Razee Hassan, who retired from the post of the head of the BFIU in September, said that a multilateral lender agency had committed to providing financial and technological assistance to perform the study.

But the organisation later backtracked, causing the delay in carrying out the study on time, he said.

"The study will have to be conducted with the guidance of a well-reputed global organisation so that we can learn from other countries that have done similar types of research," he said.

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STUDY ON ILLICIT FUND TRANSFER

- The study was scheduled to be completed by Dec 2020
- Govt entities yet to start the study
- Time has not been set to conduct research
- Finding out a methodology is the major challenge

Debapriya reappointed member of UN panel on dev policy

STAR BUSINESS REPORT

Eminent economist Debapriya Bhattacharya has been reappointed as a member of the Committee for Development Policy (CDP), a subsidiary body of the United Nations Economic and Social Council (ECOSOC).

The new term of Debapriya as a member of CDP will be for three years, starting from January 1, 2022.

UN Under-Secretary-General Liu Zhenmin announced the reappointment of Bhattacharya, a

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BB-BSEC DISPUTES

Speculations ruling the roost in stocks

AHSAN HABIB

ANALYSIS

For the past two weeks, the movement of major indices in Bangladesh's stock market has been influenced by speculations over possible meetings between the regulators and subsequent policy changes, according to experts.

As such, most retail stock investors were busy trying to turn these speculations into reality instead of analysing the potential and fundamentals of listed companies before making their decisions, they said.

A rumour had previously spread that a meeting would be held on December 7 at the finance ministry in front of AHM Mustafa Kamal, the finance minister, to mitigate the ongoing rift between Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC).

In just five days leading up to the meeting, the DSEX, the benchmark index of the Dhaka Stock Exchange, had ballooned by 345 points, or 5 per cent.

But when the Stock Exchange Coordination and Monitoring Committee comprising members of the BSEC, central bank and National Board of Revenue actually sat on the day, the finance minister was not present.

And when the announcement came that no concrete decision was reached at the meeting, the index started to fall.

On December 8, the DSEX shed 96 points within the first two hours of the day.

Then, another rumour surfaced that the two regulators would sit in front of the country's topmost authority to settle their issues.

So, the index began climbing again.

"Rumours of these meetings created expectations among investors so the index followed it. If their expectations are not meet though then the crisis will evolve," said Faruq Ahmad Siddiqi, a former chairman of the BSEC.

Investors are also hopeful of an announcement that could change bank exposure guidelines and widen the lenders' scope to invest in stocks.

"But this is not a sustainable solution for the market," he added.

Instead, the stock market should rise on its own power, not on the basis of bank investment. Besides, many banks do not invest in shares even if they have higher investment capacities.

The former BSEC chairman went on to say that many well performing companies are still not in the stock market and so, effective measures are needed to bring them in.

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Local firms bag four APICTA awards

STAR BUSINESS REPORT

Four local companies bagged awards in as many categories at the Asia Pacific ICT Alliance (APICTA) Awards 2020-21, Bangladesh Association of Software and Information Services (BASIS) said yesterday.

The Dhaka Power Distribution Company won in the "Public Sector and Digital Government" category for its IoT based automatic power interruption monitoring system while the Islamic University of Technology grabbed a prize in the "Research and Development" category for developing a head-mounted mouse for people with upper limb disability.

The Institution of Diploma Engineers received a merit award in the "Tertiary Student" category with its project on an IoT-based agriculture productivity recommendation system.

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Cotton consumption to climb this year: USDA

REFAYET ULLAH MIRDHA

Domestic cotton consumption is set to increase in the current marketing year (MY) as many international retailers and brands are shifting their work orders to Bangladesh, according to the United States Department of Agriculture (USDA).

Local mills and spinners will consume 8.81 million bales of cotton in MY2021-22, up 3.52 per cent from 8.51 million bales the year before, as Covid-19 restrictions in apparel sourcing countries such as Vietnam and Indonesia are forcing international buyers to find a new supply for their products.

As such, Bangladesh has been receiving more orders since January 2021, the USDA said in its updated forecast for cotton and cotton product consumption released last week.

The USDA's forecast for the marketing year, which begins on September 1 and ends on August 31, is based on higher yarn and fabric demand from domestic garment factories.

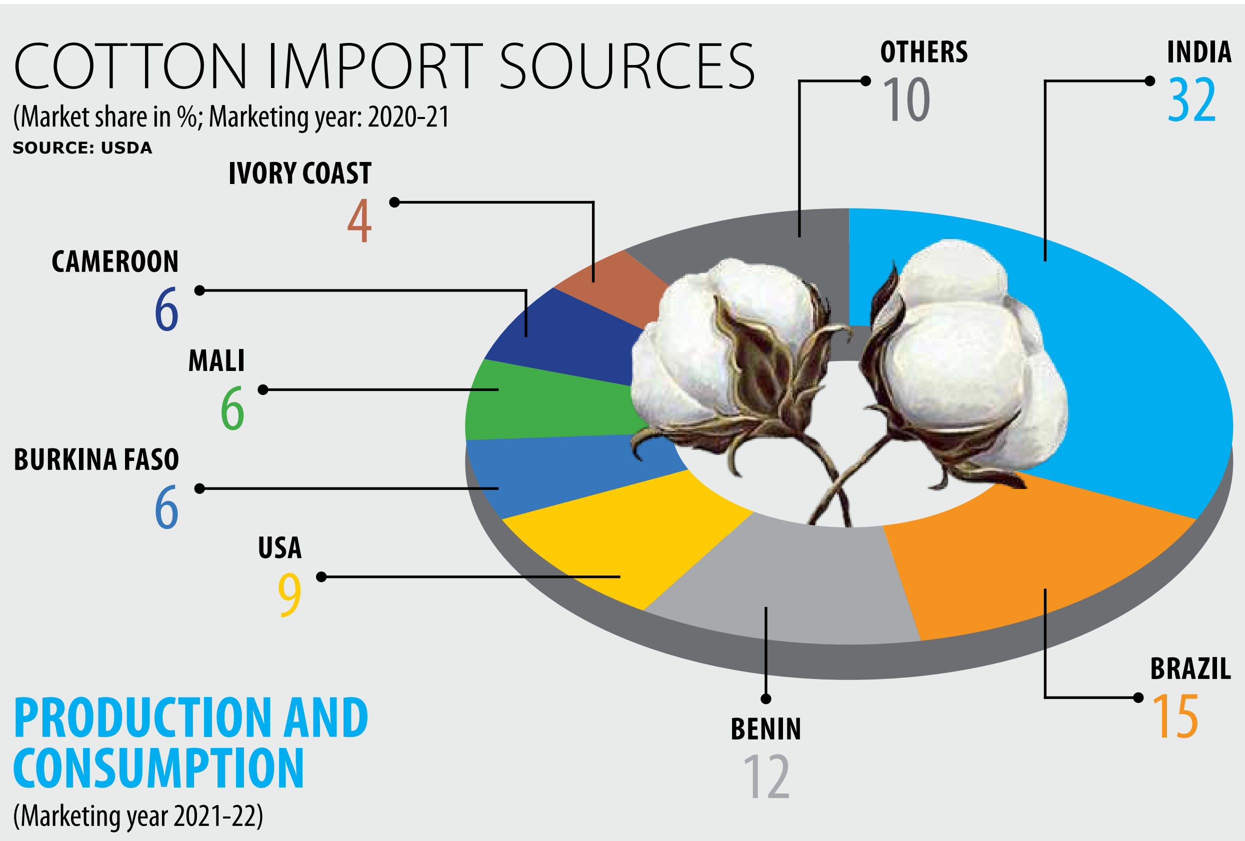
In MY2020-21, domestic cotton consumption in Bangladesh rose 23.3 per cent year-on-year, reflecting Bangladesh's strong position in the cotton apparels market.

However, local entrepreneurs have been investing in manmade fibres to grab a bigger share of the global market for its associated products.

COTTON IMPORT SOURCES

(Market share in %; Marketing year: 2020-21)

SOURCE: USDA



PRODUCTION AND CONSUMPTION

(Marketing year 2021-22)

- Local production is forecast to be **151,000** bales
- Less than **2**% requirement met locally
- Annual consumption capacity **11.5**m bales
- **8.8**m bales are forecast to be consumed
- **8.2**m bales likely to be imported
- Consumption to rise for higher yarn and fabric demand

Bangladesh is the world's second largest buyer of cotton after China as the local garment industry is highly import dependent.

Of the country's total garment exports, more than 74 per cent is made from cotton, contrary to the global scenario where 78 per cent of garments are of manmade fibres.

Bangladesh's capacity for cotton spinning is so high that local spinners can supply 95 per cent of the yarn required by the knitting sector and some 40 per cent of the materials required by the woven sector.

In its report, the USDA said annual yarn and fabric consumption in the country is likely to rise to 0.95 million tonnes and 6.3 billion meters respectively in MY2021-22, up from 0.94 million tonnes and 6.2 billion meters respectively the previous year.

The agency also revised upward its forecasts on Bangladesh's cotton imports from 1.2 per cent to 8.2 million bales for the same period.

However, the volume of cotton imports will decline from 8.75 million bales last year as local spinners will continue to use cotton from previous stocks in the face of higher international prices.

For MY2021-22, ending stocks would be 2.4 thousand bales, approximately 4 per cent lower than the USDA's official forecast, the latest report said.

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