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Star BUSINESS

STIMULUS LOAN

BKMEA seeks longer payback period

STAR BUSINESS REPORT

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) yesterday demanded the central bank allow them to repay stimulus loans in 42 months instead of initially fixed 18 months as the severe impacts of Covid-19 persist.

In a letter to Fazle Kabir, governor of the Bangladesh Bank, AKM Salim Osman, president of the trade body, said they were facing crisis in shipment of goods because of the impacts of the pandemic. In many cases, exporters are getting delayed payment from the international buyers.

"So, the exporters should be allowed to be pay the remaining 14 instalments of the stimulus loan in 42 months so that exporters don't face any challenge in their business," he said.

The association sent the letter to the governor on January 4.

The BKMEA also demanded the central bank raise the borrowing ceiling for its members from the Export Development Fund (EDF) to $30 million.

"If needed, the members should be allowed more than $30 million in loans from the EDF," Osman said, adding that the repayment period for the loans from the EDF should be extended to December 31 this year.

Osman also urged the central bank to allow non-bonded garment factories to procure raw materials through back-to-back letters of credit.

The credit limit set by banks should be extended by 75 per cent as the prices of raw materials have increased abnormally in the domestic and international markets, said the association.

"During the peak of Covid-19, a majority of local exporters ran their business incurring losses as international retailers and brands paid less and delayed payment," Osman said.

Fazlee Shamim Ehsan, a vice-president

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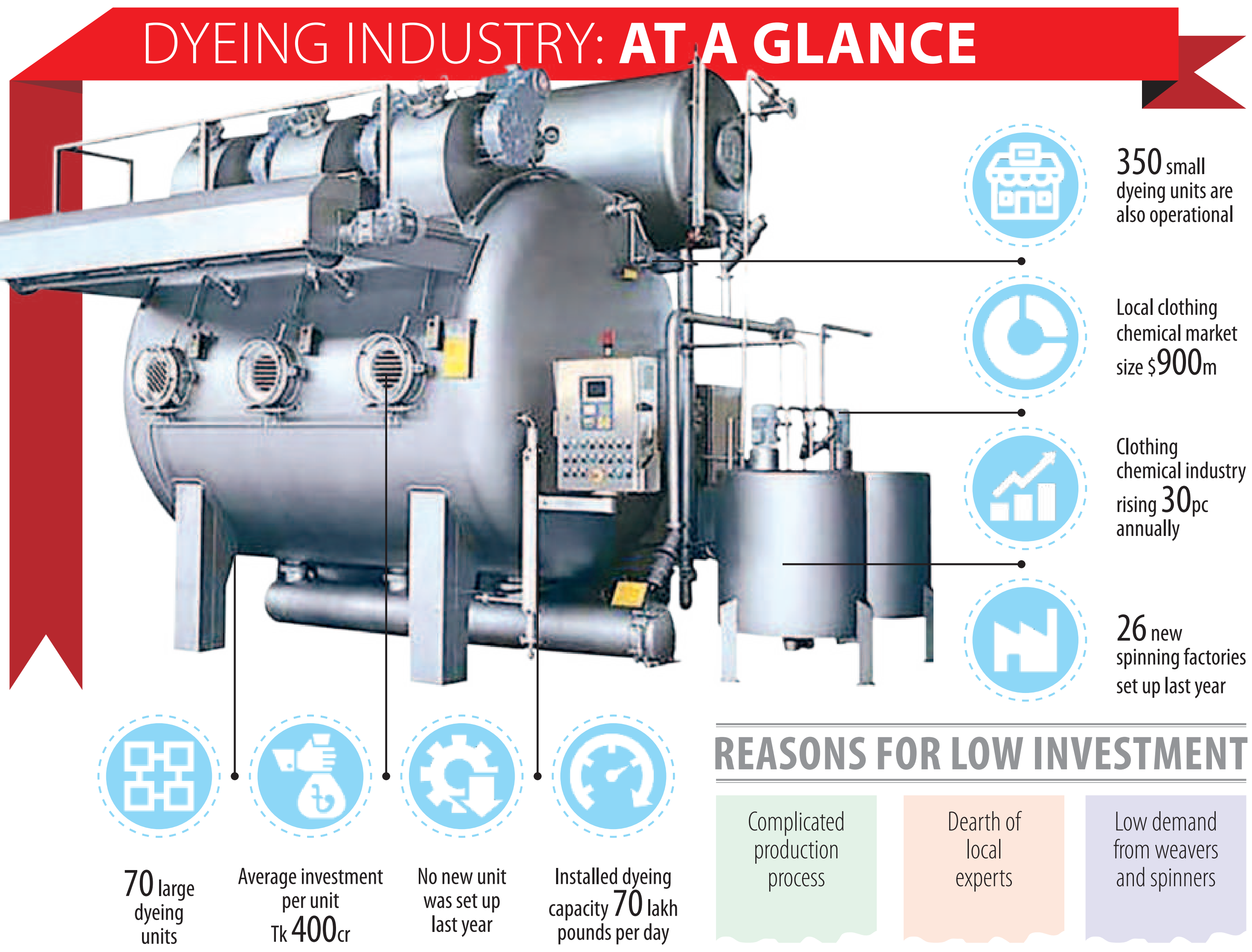

Dyeing sector can't keep up with robust apparel

REFAYET ULLAH MIRDHA

No new dyeing factory was set up in Bangladesh last year although the segment is crucial to supporting the roaring apparel sector looking to double its exports.

As local exporters are increasingly embracing man-made fibres and producing high-end items, the country will need more dyeing facilities and high-quality textile clothing chemicals to cater to demand in the coming years.

Industry people say entrepreneurs, however, are not interested in pouring money in the dyeing industry because of complicated production process, large investment requirement, dearth of local experts, and lower demand from weavers and spinners.

Dyeing is a critical process to colour fabrics and yarn for finished garment items. It involves a lot of technical people and expensive chemicals.

Two kinds of dyeing processes are required mainly -- solid dyeing that means colouring fabrics and yarn dyeing for making fabrics.

But not a single new dyeing factory was established last year although the spinning segment witnessed the highest amount of investment in a single year of Tk 6,000 crore as entrepreneurs set up 26 new units because of high demand for the yarn from the knitwear and woven garment exporters.

"Dyeing industry needs a lot of primary capital and is expensive to run effluent and water treatment plants," says Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association, the platform for the primary textile sector.

"Entrepreneurs feel discouraged from setting up dyeing factories because of a requirement of a lot of capital, higher chemical prices and dearth of expertise in the industry," said Abdullah Al Mahmud Mahin, chairman and managing director of Mahin Group.

The group runs one of the biggest dyeing units in Bangladesh. It can dye 30 lakh metres of fabrics a month, which includes 15 tonnes of yarn a day.

"We are overbooked with orders from local garment exporters for next four months as international retailers and brands are placing a higher volume of orders with Bangladesh," said Mahin.

There are 70 large dyeing units in Bangladesh with Tk 400 crore investment in each factory, according to the Bangladesh Dyed Yarn Exporters Association.

These large units have a combined capacity of dyeing 70 lakh pound of fabrics and yarn a day against current requirement of 50 lakh pounds. The market size of clothing chemicals, mainly caustic soda, salt and other colour chemicals, is $900 million.

There are many small dyeing units that are not the members of the Dyed Yarn Exporters Association, said Salah Uddin Alamgir, president of the trade body.

Annual consumption of clothing chemical is growing at 30 per cent as local dyers use more chemicals adding more value to export-oriented garment items, according to Syed Mohammad Ismail, country manager of Archroma (Bangladesh) Ltd, a US multinational chemical company.

Archroma (Bangladesh) has a market share of 12.5 per cent.

He says chemical prices are not responsible for the lower inflow of investment in the dyeing segment.

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JV to invest $100m in hi-tech park

Will make high-end tech products

MAHMUDUL HASAN

Bangladesh Cards Ltd, a joint venture between Japanese, Australian and Bangladeshi investors, is going to invest $100 million in a local hi-tech park to manufacture high-end technology products, including smart cards and specialised security items, to cater to the growing domestic and international markets.

Seven acres of land were recently allotted for the project at the Bangabandhu Hi-Tech City in Kaliakair, Gazipur, where a five lakh square feet manufacturing hub will be set up. The company aims to construct the factory in line with US Green Building Council guidelines to gain green building certification.

"We will make all types of smart cards, such as bank cards, national identification cards and driving licences at the facility," Abu Sarwar, managing director of Bangladesh Cards, told The Daily Star.

The firm, which is owned by a majority of Bangladeshi investors, also wants to be certified to make e-passports in order to supply to the governments of various countries.

The company plans to invest the money in the next five years.

"This investment will give Bangladesh self-sufficiency as an alternative to importing ICT-related products. After meeting local demand, we will also export Bangladeshi products to the international market," Sarwar said.

"In the short term, we want to cut import dependency for such products by 50 per cent and in the long run, we want local manufacturing to completely cover imports," he added.

The move comes at a time when Bangladesh has set a target to export $5 billion in IT services and digital devices by 2025, up from about $1.1 billion now.

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STOCKS (WEEK ON WEEK)

DSEX ▲	CSCX ▲
3.42%	4.20%
6,987.45	11,813.45

COMMODITIES (AS OF FRIDAY)

Gold ▲	Oil ▼
$1,796.41 (per ounce)	$78.85 (per barrel)

CURRENCIES (As on Thursday, STANDARD CHARTERED BANK)

	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	95.13	114.19	13.09
SELL TK	86.05	98.93	117.99	13.77

ASIAN MARKETS (Friday Closings)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.24%	▼ 0.03%	▲ 0.66%	▼ 0.18%
59,744.65	28,478.56	3,205.26	3,579.54

Rising inflation eats up wage gains

REJAUL KARIM BYRON *and* MAHMUDUL HASAN

Wages have ticked up in Bangladesh in recent months, but rising inflation, fueled by internal and external factors, has eroded the gains for the workers in various sectors.

Wages grew 6.11 per cent year-on-year in December, according to the Wage Rate Index of the Bangladesh Bureau of Statistics (BBS). This is up from October's 5.97 per cent and November's 6.02 per cent.

But the positive growth is not providing much relief to the wage employees as inflation has been on the rise for several months, hitting household budgets.

General inflation rose to a 14-month high of 6.05 per cent in December last year, with non-food inflation reaching 7 per cent, a six-year high, and food-inflation to 5.46 per cent, the highest in six months.

"Overall, nominal wages have barely kept pace with headline inflation. There is no growth in real wages after accounting for inflation," said Zahid Hussain, a former lead economist of the World Bank Bangladesh.

"So, the only way workers were benefiting from the recovery is through growth in employment on which we have no nationally representative data."

The wage rate in almost all sectors is gradually picking up.

In the agriculture sector, where a vast majority of the workforce is employed, the growth stood at 6.24 per cent in December. The increase was 5.72 per cent in the industrial sector and 6.25 per cent in the service sector.

READ MORE ON B3

Visitors appreciate Turkish lamps which feature mosaics of coloured glass crafted by hand at a stall at the ongoing 26th Dhaka International Trade Fair in Bangabandhu Bangladesh-China Friendship Exhibition Centre at Purbachal yesterday. PHOTO: PALASH KHAN

Weekend offers hope for sellers at DITF

MD ASADUZ ZAMAN

The weekend came as a ray of hope for sellers at Dhaka International Trade Fair-2022 as crowds grew by at least five to seven times in size for the first time since the month-long event began on January 1.

This year's fair has so far been plagued by a drought of buyers amid fears of a fresh Covid-19 outbreak due to the global spread of Omicron, a new variant of the rogue virus.

Besides, the trade fair's new location at Purbachal on the outskirts of Dhaka could also be behind the low customer turnout, according to sellers.

"The turnout declined steadily throughout the first week as an average of only 5,500 daily visitors added up to 30,000 customers in the first four days," said Saidur Rahman, manager of Mir Brothers, the company that leased the fair's entrance gate.

However, the weekend alone drew in at least 70,000 visitors, he added.

READ MORE ON B3

Shoppers, some wearing face coverings to combat the spread of the coronavirus, shop at a stall in Camden Market in London on January 7 as UK businesses and consumers face mounting fallout from surging inflation, including higher interest rates.

PHOTO: AFP

Omicron slams UK retail recovery

AFP, London

Restrictions imposed in the wake of the Omicron coronavirus variant have "wiped out" much of a recent recovery enjoyed by UK bricks-and-mortar stores, the British Retail Consortium revealed Friday.

It comes as UK businesses and consumers face mounting fallout from surging inflation, including higher interest rates.

Much of the progress made in late 2021 "was wiped out in December as surging Omicron cases and new work-from-home advice deterred many from shopping in-store, particularly in towns and city centres", said BRC chief executive Helen Dickinson.

"Nevertheless, while UK footfall saw a moderate decline compared to previous months, it remained above levels of other major European economies, as the country avoided some of the more severe restrictions implemented elsewhere," she added in a statement.

The number of shoppers visiting UK stores slid 18.6 per cent in December compared with two years earlier, or before the onset of the coronavirus pandemic, according to the BRC.

Much of the progress made in late 2021 "was wiped out in December as surging Omicron cases and new work-from-home advice deterred many from shopping in-store, particularly in towns and city centres"

"December footfall capped a challenging year for brick-and-mortar stores, which saw footfall down one-third on pre-pandemic levels," Dickinson added.

The UK, already among the worst hit countries in Europe by the pandemic with a virus death toll of nearly 150,000, has seen a fresh surge in cases owing to the arrival of the Omicron variant in late November.

More than one in 20 people had Covid-19 in the week ending December 31 -- the highest UK infection rate recorded during the pandemic.

British companies are meanwhile suffering a "huge headache" because of continuing supply chain disruptions, soaring inflation and rising energy costs, a business group warned Thursday.

The British Chambers of Commerce said its study of almost 5,500 companies found that a record 58 percent expect an increase to their prices in the quarter.

"The persistent weakness in cash flow is troubling because it leaves businesses more exposed to the economic impact of Omicron, rising inflation and potential further restrictions," noted Suren Thiru, head of economics at the BCC.

Despite the unprecedented number of virus cases in the UK, Prime Minister Boris Johnson has opted not to introduce tougher restrictions in England, arguing the rising levels of hospitalisations and serious illness do not yet require more measures.

But other UK regions have tightened rules, with devolved governments in Edinburgh, Cardiff and Belfast all rolling out post-Christmas curbs on socialising and large events.

The Bank of England meanwhile last month lifted its main interest rate to 0.25 per cent to combat decade-high British inflation.

The BoE raised the rate from a record low 0.1 per cent but left unchanged its massive stimulus package.

It marked the first increase in more than three years and made Britain the first of the G7 nations to lift borrowing costs since the start of the pandemic.

UK annual inflation rocketed in November to 5.1 per cent, more than double the BoE's 2.0-per cent target.

Samsung forecasts 52.5pc jump in Q4 profits

AFP, Seoul

Samsung Electronics expects operating profits for the fourth quarter to soar 52.5 per cent, the South Korean tech giant said in a statement on Friday, spurred by record sales.

The world's biggest smartphone maker forecast 2021 fourth-quarter operating profits at around 13.8 trillion won ($11.5 billion), up from 9.05 trillion won in the same quarter last year.

The firm was boosted by record sales in the quarter, estimated at 76 trillion won, up 23.5 per cent on-year, according to the statement, which added that the forecast reflected a one-time bonus payment to employees.

A spokeswoman told AFP annual sales in 2021 were also expected to be the highest ever.

The operating profit estimate was below analysts' estimate of 15.2 trillion won, according to Bloomberg News.

"A continued price growth in memory chips that ran three consecutive quarters until October last year has boosted Samsung's profit margins," said Park Sung-soon, an analyst at Cape Investment & Securities.

"The most significant source of income for Samsung lies in the memory chip business.

"Samsung Electronics did not provide details Friday on the performance of its various divisions.

The firm is expected to release its full results on January 27.

A continued price growth in memory chips that ran three consecutive quarters until October last year has boosted Samsung's profit margins

Analysts and investors are also keeping an eye on the impact of the citywide Covid lockdown in Xi'an, China, which is home to a Samsung semiconductor plant.

Samsung said last week that it had to "temporarily adjust operations" at the Xi'an facilities, without detailing how that would impact production.

While the coronavirus pandemic has wreaked havoc on the world economy, it has helped many tech companies boom.

Pandemic-driven working from home has boosted demand for devices powered by Samsung's chips, as well as home appliances such as televisions and washing machines.

Analysts had also expected the firm to benefit from the traditionally lucrative holiday season.

The world's biggest memory chip maker, Samsung Electronics has aggressively stepped up investment in its semiconductor business as the world battles chip shortages that have hit everything from cars and home appliances to smartphones and gaming consoles.

In November, it announced a new microchip factory in Texas, a $17 billion investment. The plant is expected to be operational by the end of 2024. It joined rivals TSMC from Taiwan and US firm Intel in expanding chip manufacturing capacity in the United States, which sees the sector as an area of strategic competition with China.

The firm is also investing in the development of advanced technologies such as artificial intelligence, robotics and 5G/6G communications.

Fed will tackle inflation, says Biden

AFP, Washington

With US inflation high and the Federal Reserve expected to hike interest rates within months, President Joe Biden said on Friday he had faith in the central bank's ability to manage price increases.

"I want to be clear: I'm confident the Federal Reserve will act to achieve their dual goals of full employment and stable prices," the president said.

Shipping Corp's share prices double

FROM PAGE B4

BSC logged higher profits in the financial year 2020-21 as well with its profits jumping more than 73 per cent to Tk 72 crore compared to the year before.

Based on the higher profits, the company announced 12 per cent cash dividend on December 26 for shareholders.

However, many analysts are saying that the company's share price is rising too fast and the regulator should investigate whether there is any wrongdoings from manipulators.

The government holds a 52.1 per cent stake in the company while institutional investors hold 24.3 per cent and the general public holds 23.6 per cent, as per data from the Dhaka Stock Exchange.

BEYOND RMG: paths to industrialisation

FROM PAGE B4

Second, incentives and targeted policies for the potential non-RMG industries can help upgrade technology and up-skill labour force to attain the similar goals.

Both paths can reinforce each other – the spillover effect of FDI can help other sectors through the diffusion of technology and knowledge. High local capacity of the industries can also attract FDI and build large joint ventures.

But how will it take place?

It is evident that the only apparel exports can't lead us to a higher growth trajectory to the extent that we can achieve high-income status by 2041. There is no doubt that we have to diversify our exports to a high value baskets. But the million dollar question is: diversify to what? Should we let only the market to pick the industry?

History suggests that the government has an important role to play. Prof Justin Lin, a former chief economist of the World Bank, suggests to identify the role model. There are ample historical evidences of such emulation.

Currently, many rich countries in their catching up phases emulated the industries of the then leading countries which has similar endowment structure. For example, Britain targeted the Netherlands' industries in the 16th and 17th centuries; Germany, France, and the US targeted Britain's industries in the late 19th century; Japan followed US's path; and Korea, Taiwan, Hong Kong, and Singapore targeted Japan.

Which country will Bangladesh follow?

This can be a combination of countries in different time periods. For example, South Korea in the 1970s and 1980s, China in the 1980s and 1990s and Vietnam in the 2000s.

Korean success in industrialisation is intertwined with their success in education and skill development policies – mass scale industrialisation will only take place when a country has a large pool of engineers and technicians of the global standard.

China's Township and Village Enterprises (TVEs) and Special Economic Zones (SEZs) are worth emulating. Vietnam's strategies in attracting FDIs and diversifying exports through a series of bilateral and multilateral trade agreements are something we can learn from.

The author is a senior research fellow of the Bangladesh Institute of Development Studies.

Rancon's retail electronics company is now RANGS eMART

STAR BUSINESS REPORT

Rancon Group has unveiled its retail electronics company with the new name "RANGS eMART".

Quazi Ashiq Ur – Rahman, executive director of RANGS eMART, announced the new name at a ceremony at the company's showroom in Dhaka's Uttara on January 5.

All of its 35 showrooms across the country have also been rebranded on the same day, said a press release.

"In this new journey we emphasise towards giving the best customer experience from all of our outlets around the country," said Rahman in his statement.

"Apart from upgrading our showrooms, we had proper training for all our sales executives. Our main three objectives are to provide our customers with authentic products from world-class brands, ensure the best experience for our customers, and superior service," he said.

Currently, RANGS eMART is the official distributor of global electronics brands like Samsung, Hitachi, Toshiba and Panasonic.

PROTO: RANCON GROUP

Officials of RANGS eMART cut a cake at a ceremony while announcing the new name of the company at its Uttara showroom in Dhaka recently.

PHOTO: PADMA BANK

Md Ehsan Khasru, managing director of Padma Bank, inaugurated an automated challan system at a Mirpur branch in Dhaka on Tuesday. Zabed Amin, chief operating officer, and Muzahidul Islam, head of internal control and compliance division, were present.

Mohammed Younus

Shahjalal Islami Bank gets new chairman, 2 vice chairmen

STAR BUSINESS DESK

Mohammed Younus has been elected as chairman of Shahjalal Islami Bank Ltd at the lender's 333rd board meeting in Dhaka recently.

He is the managing director of Sobhan Ice & Cold Storage Ltd, Younus Cold Storage Ltd and Ananta Paper Mills Ltd.

Mohiuddin Ahmed and Mohammed Golam Quddus, have been elected as vice-chairmen of the bank.

Ahmed is the proprietor of Rupsha Trading Corporation and Mohiuddin Auto House, and a director of the Bangladesh Chamber of Industries. Quddus is a director of the bank.

Anti-graft agency probes China insurance tycoon

AFP, *Shanghai*

The chairman of China's biggest insurer is under investigation by the Communist Party's anti-corruption commission, the agency said Saturday, as the government pushes a campaign against graft and a clean-up of the country's chaotic financial industry.

Wang Bin is being investigated for suspected "serious violations of discipline and law", the Central Commission for Discipline Inspection said in a brief statement, wording that typically indicates impending graft charges.

Stocks of sugarcane brought for crushing at Darsana Sugar Mills in Darshana of Chuadanga district. The compound houses the country's lone state-run distillery Carew & Company (Bangladesh), run by the Bangladesh Sugar and Food Industries Corporation. The company is planning to double liquor production and expand the market. The photo was taken recently. PHOTO: STAR

Carew plans to double liquor production

AMANUR AMAN, *back from Chuadanga*

The country's lone state-run distillery Carew & Company (Bangladesh) is planning to double liquor production through an automation project and go for market expansion observing a recent hike in sales.

A proposal has already been sent to the industries ministry.

Sales rose by over 50 per cent year-on-year in the October to December period last year, said officials.

In October it was 18,579 cases, November 19,446 cases and December over 21,000 cases. One case contains 12 bottles which are each of 750 ml capacity, 24 bottles of 375 ml and 48 bottles of 175 ml.

Around 12,000 to 13,000 cases are sold on an average every month. Production is also set to this tune, but currently only half of the capacity at the distillery in Darshana of Chuadanga district is in use.

In fiscal year 2020-21, the company made a profit of Tk 195 crore from liquor sales.

The government is implementing a Tk 102.21cr project automating the full use of the distillery's capacity. The Department of Narcotics Control has given approval to two of the new sales centres while a deal will be signed with Parjatan Corporation to run the sales centres

The government is implementing a Tk 102.21 crore project scheduled to be completed in 2022, automating the full use of the distillery's capacity, Managing Director Mosharraf Hossain told The Daily Star.

The market expansion is being planned through the opening of three more sales centres at Rooppur, Cox's Bazar and Kuakata and two warehouses at Rajshahi and Ramu of Cox's Bazar.

The company currently has 13 warehouses and three sales centres.

The Department of Narcotics Control has already given approval to two of the new sales centres while a memorandum of understanding will be signed with Bangladesh Parjatan Corporation to runthe sales centres, said officials.

Products

The 83-year-old company has nine brands -- Yellow Label Malted Whiskey, Gold Ribbon Gin, Fine Brandy, Cherry Brandy, Imperial Whiskey, Orange Curaçao, Tsarina Vodka, Rosa Rum and Old Rum.

According to the company sources, the distillery currently produces 10.80 lakh proof litres of "foreign liquor", 26 lakh litres of "domestic spirits" and 8 lakh litres of "denatured spirits" a month.

It also produces vinegar, hand sanitiser, fertiliser, sugar and molasses.

No growth in real wages

ZAHID HUSSAIN

The Bangladesh Bureau of Statistics (BBS) data provides a somewhat mixed picture on how labour is benefitting from the ongoing economic recovery in Bangladesh.

Nominal wages overall have barely kept pace with headline inflation. There is no growth in real wages after accounting for inflation. So, the only way labour is benefiting from recovery is through growth in employment on which we have no nationally representative data.

Anecdotally, it appears employment is returning to pre-pandemic levels, particularly in the worst-affected services sector in the urban areas.

Nominal wage growth is over 2 per cent ahead of inflation in the industrial production sector. The BBS data on industrial production in September 2021 showed significant year-on-year production growth in knitwear, garments, clothing, yarn, pharmaceuticals, iron, and steel. The labour demand in these sectors is likely to have increased leading to increase in real wages.

Real wage growth in the industrial production sector is not representative of the entire economy.

The real wages in construction, a large employer, declined 1.75 per cent. Overall, the real wage growth in agriculture is barely keeping up with inflation while workers in fisheries suffered a 3.4 per cent decline. Real wage in the service sector, which absorbs about 40 per cent of the total labor force, is also nearly stagnant.

The pandemic caused large displacement of labour in urban areas. Many flocked back to their rural roots. This may be changing with the lifting of restrictions on mobility and assembly.

However, Omicron is looking ominous. The employment recovery may experience a setback if flattening the Omicron spread curve requires recourse to draconian public health measures.

The good news is employment of Bangladeshi workers overseas is increasing.

Bangladeshi workers have thus the opportunity to benefit not just from recovery in the domestic economy but also in economies which host workers from the country.

The author is a former lead economist of the World Bank Bangladesh.

Meta's communications head leaves company

REUTERS

The head of communications at Facebook parent Meta Platforms Inc, John Pinette, is leaving the company, the Wall Street Journal reported on Friday, citing a post he made to employees.

"Today will be my last day at Meta," the newspaper quoted Pinette as saying.

JV to invest $100m in hi-tech park

FROM PAGE B1

In recent months, dozens of companies have been investing in the high-tech parks, 12 of which are now operational, to make and assemble semiconductors, digital devices, medical equipment, automated teller machines (ATMs), smartphones, televisions, networking devices, security surveillance and other electronics items thanks to generous incentive packages.

Companies that invest in the high-tech parks get lucrative tax breaks that include a 10-year tax holiday, duty-free import of capital machinery, tax waiver on foreign expats' salaries, and duty-free utility bills while foreign investors can withdraw their investment anytime.

Other than the incentives, another formidable strength of the company is its connections around the world, according to Sarwar.

"Almost all of the board directors of the company are of Bangladesh origin and have been living abroad and working for top firms around the world while the chairman of the company is Japanese," he said.

Most of the technology to be used at the unit will come from Japan and Australia.

"And since we have a big technology partner in Germany, international standards will be maintained while manufacturing these high-end technology products," the managing director said.

The company has formed partnerships with some foreign companies that have over 10 factories around the world, some of which manufacture cards while others make passports and driving licences, and everything will be integrated with the Bangladesh factory, he added.

There are currently around 12,500 ATMs in Bangladesh but the number should be 35,000 if the country's total population is taken into account.

"The price of an ATM machine depends on its functionality and we will offer prices that will be as much as 25 per cent less than that of imported ones," Sarwar said.

More than 35 per cent tax is usually levied on the import of ATMs.

"So, we will get a competitive edge thanks to the incentive packages dedicated to local manufacturing," he added.

Another big segment for the company would be making radio-frequency identification (RFID) clothing tags.

International buyers are increasingly asking local garment makers to include RFID tags with their products to ensure better tracking and and management.

"And we will be able to capture this big market since local manufacturers are mostly import-dependent for such tags," Sarwar said.

Of the 660 employment opportunities to be created by the project, 400 people will be deployed as skilled technicians and about 99 per cent of the employed will be locals trained abroad.

"At least $1 billion worth of imports will be cut once we go at full throttle," he added.

Bikarna Kumar Ghosh, managing director of the Bangladesh Hi-Tech Park Authority, said this is a big investment and will not only support the local market, but also diversify the country's export basket.

So far, 175 companies have been allotted space in the country's high-tech parks and 148 local startups have been allotted space/co-working space.

The Bangladesh Hi-Tech Park Authority has so far created skilled manpower of 36,000 individuals in the ICT sector through various training programmes considering the demand for manpower in the industry.

The Bangladesh Hi-Tech Park Authority has created direct employment for about 22,000 people in the ICT sector as well, Ghosh said.

And to ensure the fastest and best service to investors, the authority now provides a total of 148 services through its One-Stop Service portal.

"These services are easy to get, take short time and are of low cost. Of these, 43 services are being provided online," he said, adding that there will be over 100 hi-tech parks in Bangladesh by 2030.

Rising inflation eats up wage gains

FROM PAGE B1

Mohammad Jashim, a restaurant worker in the capital's Farmgate area, says his salary has increased to Tk 14,000 in December last year, up from Tk 12,000 in 2019.

However, the same restaurant has cut the number of employees to 10 from 14 in the pre-pandemic period.

"The employment situation can't be determined by the wage rate data; only the status of currently employed people can be understood," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

"The real purchasing power has remained stagnant since the inflation rate and the wage growth rate are almost the same."

Prof Rahman says inflation in the rice and edible oil and the transport cost has been in the double-digit, hitting the low-income groups.

"So, they are suffering more."

The wage growth in the fishery, one of the agriculture's sub-sectors where a large number of workforce is involved, saw a paltry increase of 2.68 per cent in December, down from 5.67 per cent in December 2020.

Weekend offers hope for sellers at DITF

FROM PAGE B1

As such, many traders expressed satisfaction with their weekend sales, especially considering the limited turnout in the days prior.

This year, a total of 225 stalls, including 23 pavilions, 27 mini pavilions, 160 stalls and 15 food stalls have been leased out to various local and international organisations.

Joyeeta Foundation, an initiative of the women and children affairs ministry, set up a large pavilion where 25 female entrepreneurs from the grassroots level are selling different products, including garments and food items.

Anzumannahar, one of the female entrepreneurs of the foundation who hails from Jashore, said they were able to sell their products directly to customers and get higher prices through Joyeeta.

"We are now hopeful about our business even though the number of buyers was too low before the weekend," she said.

However, some furniture and electronics companies expressed frustration over the lack of space at the venue as they were unable to secure enough room to properly display their products.

But to offset this drawback, they are focusing on promoting their online sale options.

Prosun Roberty, in-charge of Brothers Furniture, said his company did not get adequate space to display its products.

"This fair has a market worth around Tk 20 crore but none of the companies got proper space," he added.

Roberty went on to say that customer turnout was very poor sans the weekend.

"So, digital display is only the hope to advertise our products but it's not the right way for clients," he said.

But despite rising tension over the recent wave of coronavirus infections sweeping across the globe, it was seen that many visitors and participants were ignoring health guidelines, such as the mandatory use of face coverings and maintaining social distance.

Delwar Hossain, an official of the Export Promotion Bureau who was in-charge of the main entrance, said as per the authorities' direction, they were trying their best to ensure that people wore masks and maintained other guidelines.

"We also offer free masks for them. People should be conscious of their own safety," he added.

Exhibitors had on display both local and foreign goods, including electronics, apparels, jute and leather products, furniture, plastic goods, handicrafts, and food items.

Dyeing sector can't keep up with robust apparel

FROM PAGE B1

Last year, chemical prices rose 30 per cent mainly because of a 400 per cent hike in sea-freight charge and an increase of prices of other raw materials caused by the supply shortage and supply chain disruption owing to the coronavirus pandemic.

"Despite a lot of challenges, many spinning, weaving and dyeing units are expanding their capacity because of an inflow of orders from global retailers and brands," Ismail said.

Although no new dyeing factory was set up in 2021, many large textile groups expanded their capacity eyeing a big investment in spinning and weaving sectors, he said.

Mahin said previously, a lot of dyed polyester, cotton and blended fabrics used to be imported from China, India and Pakistan. Now, local mills are capable of dyeing all kinds of fabrics and yarn.

It costs at least Tk 1,200 crore to Tk 1,500 crore to set up a dyeing and weaving unit.

Bangladesh needs more investment in man-made fibre as the demand for artificial fibre-made garment items is on the rise worldwide because of changes in weather, fashion and designs, said Alamgir.

"Bigger industries have expanded their capacity to meet the rising demand. In future, the dyeing industry may grow as investment is taking place in the spinning and weaving at a faster rate," said Monsoor Ahmed.

BKMEA seeks

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of the BKMEA, said they demanded 42 months as the repayment period as they wanted to pay back a third of each instalment every month to make a full instalment in every quarter.

After the pandemic hit Bangladesh in March 2020, the government allocated interest-free loans of Tk 7,500 crore to the garment exporters to help them pay salaries and wages to garment workers.

The exporters were supposed to repay the loans in 18 months in 18 instalments.

BKMEA's members are major contributors to Bangladesh's overall exports.

Knitwear shipment fetched $17 billion in the last fiscal year, out of the total garment export of $31.45 billion and the national receipts of $38.75 billion.

A view of the Chattogram port that accounts for more than 90 per cent of Bangladesh export-import business. Riding on the back of apparel exports, the country has managed to grow at about 7 per cent rate for the last one decade.

PHOTO: STAR/FILE

BEYOND RMG: paths to industrialisation

KAZI IQBAL

The conventional textbook approach of export-led growth models rooted in export-oriented manufacturing and climbing up the value chain has been the canonical models for growth for the East Asian countries (e.g., Japan, S. Korea, Taiwan, and China). This model is widely advocated for other developing countries for both enhancing growth and reduction of poverty.

Bangladesh is also not an exception. Riding on the back of apparel exports, the country has managed to grow at about 7 per cent rate for the last one decade. However, eminent economists such as Joseph Stiglitz and Dany Rodrik casted doubt on the effectiveness of such models for the countries outside East Asia.

The fear is that pre-mature deindustrialisation may occur where developing countries will experience the contraction of the industrial labour force well before the point what the current industrialisedcountries experienced much later about a century ago.

While manufacturing sector generally follows an inverted U-shaped path over the course of development, the turning points seem to have arrived much sooner at lower level of income for a large number of middle-income countries, particularly the Latin American countries.

Rapid globalisation, emergence of China as the global manufacturing hub, and the wholesale automation of the production process are argued to dent the comparative advantage in manufacturing and be responsible for such deindustrialisation process. More labours are being absorbed in the low productive service sector than the high productive manufacturing sector from agriculture and this has slowed down the overall growth of the economy in the developing countries.

Hence, the effectiveness of the strategies relying solely on the export-led growth has been questioned, particularly for the economy with large consumer base. The thrust of the growth strategies should lie in both export-oriented strategies and domestic demand-led growth for the country like Bangladesh.

Rapid globalisation, emergence of China as the global manufacturing hub, and the wholesale automation of the production process are argued to dent the comparative advantage in manufacturing

While the export-oriented large industries remain the main engine for growth, industries serving the local burgeoning market will also play an instrumental role for growth as well as for poverty reduction. In fact, this two-pronged approach has been the underlying mantra for growth in Bangladesh for the last one decade or so, knowingly or unknowingly. The emergence of Walton-RFL is a testament to such strategies.

While the export-oriented large industries remain the main engine for growth, industries serving the local burgeoning market will also play an instrumental role for growth as well as for poverty reduction

Bangladesh experienced a slow emergence but rapid growth of the consumer durable sector targeting the local market in just one decade. Unlike RMG, these industries have some unique characteristics worth noting.

First, these industries have emerged and thrived in a very competitive environment when China remained omnipresent in the global manufacturing market.

Second, it seems they have defied natural competitive advantage which is the cheap unskilled labour, and invested in discovering the 'latent' comparative advantages.

Third, these industries grew through step by step transformation from retailer, to importer/wholesaler to assembler to manufacturer, unlike RMGs which were "born to export".

However, the growth of the domestic demand catering manufacturing sector can be stymied due to two major reasons. First, the size of the domestic market of a product may not be large enough to take the advantage of economies of scale and hence can't compete with the imports. Second, these industries can be subject to high protection and this may lead to the product quality below the global standard due to high inefficiencies.

In order to overcome such challenges, it requires industrial policies with carrots and sticks. Performance-based incentives instead of wholesale benefits across the board will help ensure competition among the local industries and facilitate the transformation from the domestic demand catering manufacturing to export-oriented manufacturing.

While it is argued that local competition can also result in product quality closer to the international level, it is important to sustain threat of international competition with specific sunset clause.

This transformation from local to global can take place in two major ways. First, foreign direct investment in such industries, which are ready to enter global market, can take them to the technological frontier and help achieve the global standard.

READ MORE ON B2

Shipping Corp's share prices double in a week

STAR BUSINESS REPORT

Stocks of Bangladesh Shipping Corporation (BSC), a state-run listed ocean-going vessel management company, doubled in the last week thanks to the company's higher profit in the first quarter of the current financial year.

On December 26, the company disclosed its quarterly report saying its profits surged almost seven times to Tk 66 crore in the July-September period of 2022-23 while it was Tk 8.80 in the same period the previous year.

Soon after the disclosure, the company's stock price started to rise, soaring 111 per cent to Tk 104.6 as of last Thursday.

As the company's profits soared, the share price was hiked, which is a normal rise, according to a stockbroker. "This is a good sign," he said.

The company's profits rose due to higher revenue and other income and besides, foreign trade rose in the recent times following a contraction due to the ongoing coronavirus pandemic.

So as the economy is now opening up and international trade is on the rise, shipping management companies are doing well.

In addition, shipping freight charges rose worldwide, helping them make higher profits, he added. Freight revenue of BSC climbed around 92 per cent year-on-year to Tk 94 in the first quarter of the current financial year.

Similarly, the company's service revenue surged 218 per cent to Tk 19.55 crore compared to Tk 6 crore in the same period the previous year, its financial report shows.

The company's income from bank interest and other sources also rose 40 per cent to Tk 14 crore during the same period.

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WB approves $90m in pandemic aid for Iran

AFP, *Washington*

The World Bank has approved $90 million in additional financing for Iran, to help fight against the Covid-19 pandemic, a spokesperson said Friday.

The Washington-based development lender's board of directors approved the aid on December 21, a World Bank spokesperson said, which "will be utilized only for procuring additional lifesaving, essential medical equipment to strengthen Iran's pandemic response."

"This funding will not go to the Iranian budget and all loan proceeds, as well as procurement and disbursements, are being managed by the World Health Organization," the spokesperson said.

The World Bank had in May 2020 extended Tehran $50 million via the Iran Covid-19 Emergency Response Project, which the spokesperson said was carried out "on an exceptional basis" due to the pandemic.

The spokesperson called Iran "the epicenter of Covid-19 infections in the region" and said quelling the virus there would benefit its neighbors, particularly as the Omicron variant threatens to cause a new wave of cases.

"World Bank support for Iran's Covid-19 response will help mitigate the ongoing humanitarian crisis in the country as well as limit the spread of the disease beyond its borders," the spokesperson said.

Iran has suffered nearly 132,000 deaths from Covid-19 and more than 6.2 million cases, according to data from Johns Hopkins University.

The World Bank spokesperson noted that "distribution and installation of equipment will take place at health facilities approved by the World Bank and will be subject to independent monitoring and verification."

Hard times loom for US economy

AFP, *Washington*

The US economy ended 2021 on a sour note with a worse-than-expected employment report that underscored the challenges awaiting President Joe Biden in the new year as the Omicron variant runs rampant and his legislative agenda stalls.

The world's largest economy gained only 199,000 jobs in the final month of the year, the Labor Department said Friday, defying expectations for an increase of hundreds of thousands of positions fueled by the recovery from Covid-19.

Though a drop in the unemployment rate to 3.9 per cent was welcome news, analysts warn the labor market may be in for some rough months to come as cases caused by the new variant surge and again complicate daily life.

"All of this is before Omicron, which is making lots of people sick and disrupting lots of businesses," Mark Zandi of Moody's Analytics tweeted, noting that the survey was based on data collected before the recent spike in infections.

"This highlights that the economy's performance remains closely tied to the waves of the pandemic. Businesses are getting better at managing through the waves, but the pandemic is still calling the shots for the economy.

"The report was the latest setback for Biden after his marquee spending plan called Build Back Better was put on hold in Congress due to the opposition of a key lawmaker in his Democratic Party, and as a wave of price increases shows no sign of abating.

The most potent actor against inflation is the Federal Reserve, and although analysts say there was enough good news in this report for it to move closer to increasing interest rates as soon as March, the expected damage from Omicron could complicate the situation.

"In the context of a rapidly deteriorating health situation, the (first quarter) lull in economic activity will force Fed Chair Powell to walk a tightrope at the upcoming policy meetings," Gregory Daco of Oxford Economics said.

After taking office in January, Biden promised better days ahead for an economy reeling from the damage done by the business restrictions and mass layoffs that marked the pandemic's start, and the December jobs report showed progress was indeed made.

The number of unemployed people in the world's largest economy dropped by 483,000 in December and by 4.5 million over the course of 2021, closing in on where it was before the pandemic, according to the data, while an average of 537,000 jobs were added each month in the year.

A vendor tries to attract pedestrians along Hollywood Boulevard with a sign directing towards $5 goods in Hollywood, California.

PHOTO: AFP