

star BUSINESS



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Digital payment takes a giant leap

Micro-merchants accepting payments digitally

AKM ZAMIR UDDIN

Mohammad Polash, an owner of a food cart in Mohammadpur's Town Hall market, opened a micro-merchant account with bKash a month ago.

The largest mobile financial service provider in Bangladesh linked a quick response (QR) code with the micro-merchant, or personal retail account (PRA), of Polash.

He sells burgers worth Tk 10,000 a day on an average. Of the amount, customers pay between Tk 1,000 and Tk 2,000 using the QR code, a type of barcode that stores information and can easily be read by smartphones.

Payment through the digital platform is on the rise and a majority of clients are students.

The benefit of the technological transformation taking place in Bangladesh does not end there, as Polash can purchase food ingredients from suppliers digitally as well.

Many street vendors and the owners of small grocery shops like

him now prefer digital transactions, which were only available at shopping malls in big cities until recently. Now, it is visible everywhere from urban to rural markets.

A micro business is allowed to accept a maximum payment of Tk 30,000 per day and Tk 5 lakh per month.

Users of mobile financial services, digital payment services and debit and credit card-holders of banks all

12.36 lakh to purchase goods under the same payment method.

LENDERS GEARING UP FOR DIGITAL TRANSACTIONS

Ali Ahmmed, chief commercial officer of bKash, says that the MFS provider is working to onboard thousands of merchants and incentivising customers to adopt the new service.

It has 26,217 micro-merchants as of November.

Mutual Trust Bank (MTB) has opened 5,000 micro-merchant accounts to serve marginalised businesses.

The bank plans to open one lakh PRAs and bring the businesses of three large kitchen markets in the capital under its programme, said Syed Mahbubur Rahman, managing director of the bank.

Account-holders of any bank with Visa debit card can now make payments through the QR code employed by MTB.

Bank Asia, one of the pioneers in the field, has achieved tremendous success by opening more than 51,000 PRAs.

READ MORE ON B3



A grocer in the capital's Mohammadpur accepting payments through a quick response (QR) code linked to a micro merchant account of bKash, the country's largest mobile financial service provider. The photo was taken yesterday.

PHOTO: RASHED SHUMON

Safety in non-RMG factories on the wane

CPD blames it on lack of measures, weak monitoring

STAR BUSINESS REPORT

Industrial safety in the non-garment sector has been deteriorating day by day, said the Centre for Policy Dialogue (CPD) yesterday.

This is due to a lack of safety measures with regard to structural, fire and electrical issues due to lax monitoring and enforcement of different compliance standards by different public agencies, it said.

"There are weaknesses in safety related laws, rules and acts concerning fire, electrical, structural, boiler and environmental issues," said Khondaker Golam Moazzem, research director at the CPD.

Besides, factory owners and managements have limited interest in investing in safety measures.

Workers are not fully aware about safety concerns and most non-garment factories lack safety committees.

They do not even face any pressure

from stakeholders, including consumers, workers, and civil society organisations, to ensure compliance standards, he added.

"Meagre punitive measures under different laws, rules, acts -- Boiler Act 1923, Explosive Act 1884 -- made those in factory management reluctant to undertake proper compliance measures," he said.

Moazzem made these comments while presenting a paper on industrial safety in non-garment enterprises.

He also spoke of monitoring transparency, accountability and efficiency of public actions at a media briefing on "Fire Incidents in Workplaces and Workers Safety: Where are Corrective Actions?" organised by the think tank.

Industrial safety in non-garment enterprises is almost an unaddressed issue, and the rapid rise of industrial accidents in recent years has further deteriorated the situation.

A fire at a food processing factory in Narayanganj, which killed over 52 workers

and injured more than 50 workers, has highlighted safety concerns in non-garment enterprises, he said.

Since the fire occurred in Narayanganj on July 8, 2021, a total of 82 types of accidents have been reported in national dailies -- almost one incident in every two days.

A majority of these accidents are related to fire (52 accidents) while others were over electrical, boiler explosion and related issues, killing 167 and injuring 256 others.

The majority of deaths and injuries were caused by fire related accidents, according to the presentation.

Dhaka and nearby areas, also major industrial zones, are the most vulnerable to accidents with 29 incidents, followed by Narayanganj, Gazipur and Chattogram with eight incidents each.

Rigorous industrial safety measures are now of critical importance for the reduction of accidents and casualties.

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Cotton import to reach record high

Textile millers say

STAR BUSINESS REPORT

The stage is set for Bangladesh's cotton imports to cross the 9 million bales mark this year for the first time despite the pandemic's severe fallout in the global supply chain because of a sudden rise in demand for yarn and fabrics from local garment exporters.

In the 2021 calendar year, Bangladesh imported 8.5 million bales of cotton spending more than \$3 billion. One bale equals 480 pounds or 218 kilograms (kg).

As export of Bangladeshi garment items has risen significantly with the reopening of global economies, cotton imports will surely surge.

READ MORE ON B3

National Bank fined Tk 55 lakh

Lender concealed loan info of 11 persons

STAR BUSINESS REPORT

Bangladesh Bank has fined National Bank Tk 55 lakh for concealing loan related information of 11 persons, which was a gross violation of banking rules.

Nine of the 11 are family members of Zainul Haque Sikder, the bank's former chairman, and two top executives of Sikder Group, according to a probe carried out by the central bank.

Rick Haque Sikder and Ron Haque Sikder, both directors of National Bank and sons of Zainul Haque Sikder, are also included in the list.

National Bank did not submit the loan information of credit cards used by the 11 persons.

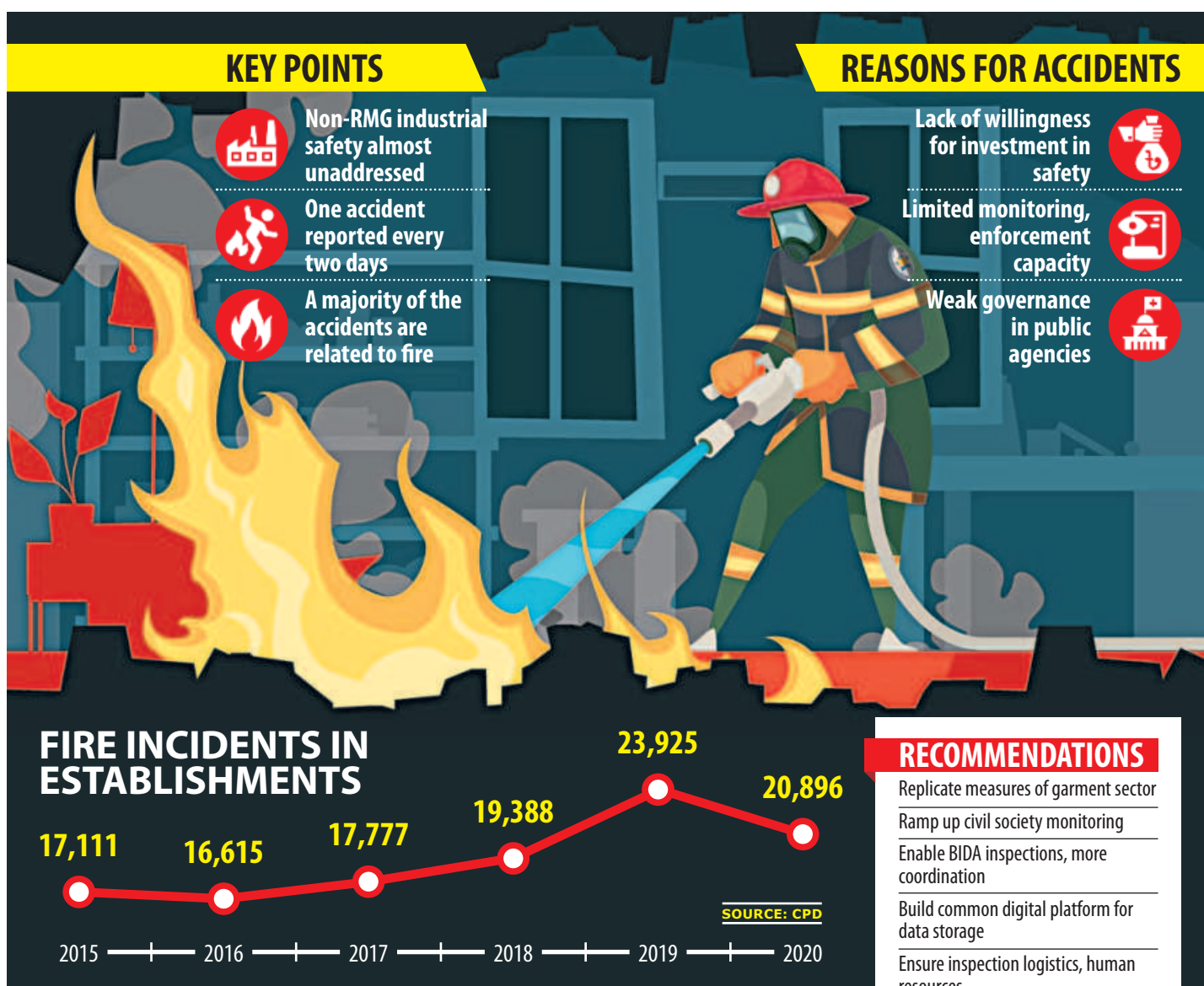
The bank allowed the 11 to spend way beyond the foreign currency quota of the credit cards, in other words depositors' money, on the instruction of Zainul, who passed away on February 10 last year.

Bangladesh Bank imposed a Tk 5 lakh fine against each credit card as the bank had not submitted the relevant information to Credit Information Bureau, said a BB official, wishing not be named.

The banking regulator imposed the fine in December and this month, the official said.

The 11 persons spent a staggering \$10.65 million (about Tk 91.4 crore) from 2017 to 2021 through international credit cards, in a serious breach of banking rules.

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Misallocation of resources holds poor back

Says Nobel laureate Abhijit


STAR BUSINESS REPORT

The poor too can contribute to the advancement of society if they are given education, skills and the opportunities to flourish, said Nobel laureate Abhijit Banerjee yesterday.


He said poor people had ability to work, but in most cases, they couldn't utilise their capacity because of their long and difficult struggle to survive.

"Many of the poor people could flourish in a big way, but they couldn't because of misallocation of resources," he said during a virtual discussion organised by The Business Standard


READ MORE ON B2




STOCKS	
DSEX ▲	CSCX ▲
0.30% 7,017.22	0.23% 12,342.34



COMMODITIES	
Gold ▼	Oil ▼
\$1,822.44 (per ounce)	\$82.68 (per barrel)



CURRENCIES				
	STANDARD CHARTERED BANK			
	₹ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	96.29	115.82	13.13
SELL TK	86.05	100.09	119.62	13.81



ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.14% 61,235.30	▼ 0.96% 28,489.13	▲ 0.07% 3,257.30	▼ 1.17% 3,555.26

Omicron causes drop in airline ticket sales

AFP, Paris

Airline ticket sales fell sharply at the end of 2021, the International Air Transport Association (IATA) said Wednesday, blaming governments for having “over-reacted” to the Omicron Covid variant by closing borders.

The IATA, which groups over 290 airlines, said international air travel had been slowly but steadily recovering from the mass shutdowns of 2020 and early 2021 before the fast-spreading Omicron strain was discovered at the end of November.

Ticket sales in November were 60.5 per cent below their pre-pandemic November 2019 level, marking an improvement on the 64.8 per cent decline recorded a month earlier.

“Unfortunately, governments over-reacted to the emergence of the Omicron variant at the close of the month and resorted to the tried-and-failed methods of border closures, excessive testing of travellers and quarantine to slow the spread,” IATA president Willie Walsh accused.

“Not surprisingly, international ticket sales made in December and early January fell sharply compared to 2019, suggesting a more difficult first quarter than had been expected,” he added.

IATA members account for 83 per cent of global air traffic.

In October, the association forecast cumulative industry losses of \$11.6 billion in 2022, down from an estimated \$51.8 billion in 2021 and \$137.7 billion in 2020.

The International Civil Aviation Organization said separately on Wednesday that preliminary data shows the number air passengers was down by 49 per cent last year from pre-pandemic levels in 2019.

That was an improvement from the 60 per cent drop in 2020.



AT A GLANCE

There are eight export processing zones in Bangladesh

Three more EPZs will be set up at a cost of Tk 3,100cr

The new EPZs will be in Gaibandha, Jashore and Patuakhali

So far 4.66 lakh people have been employed in the EPZs

The Patuakhali district administration has initiated a process to acquire 413 acres of land in Auliapur union under Sadar upazila.

PHOTO: SOHRAB HOSSAIN

EPZ to be set up in Patuakhali

Acquisition of 413 acres land for the project underway

SOHRAB HOSSAIN, Patuakhali

Work is underway to set up an export processing zone (EPZ) in Patuakhali centering the Payra sea port.

For this, the district administration has initiated the process of acquiring 413.03 acres of land in Pachakoralia Mouza of Auliapur union under Sadar upazila. An Investors' Club is also being set up on 2.25 acres of land in Kuakata for investors.

According to the Patuakhali deputy commissioner's office, the Prime Minister's Office gave administrative approval to acquire the land in favour of the Bangladesh Export Processing Zones Authority (Bepza) for setting up 'Patuakhali EPZ' on August 8, 2021.

In a letter signed by Abdullah Al Mamun, director of the Prime Minister's Office, it was said that land acquisition of 410.78 acres in Pachakoralia mouza of Sadar upazila for the EPZ and 2.25 acres land in Kuakata for the investors club has already begun.

“If the land acquisition is completed by next June, we would be able to start the infrastructural activities from July. Our target is to complete the construction of this EPZ, which wil employ one lakh people, by 2025,” said Md Ashrafur Kabir,

project director of the Patuakhali EPZ.

“It is difficult to say now how much the project will cost and how much investment can be made here but we think the EPZ will make a positive change in the socio-economic perspective of the lives of local people and the country as well,” he added.

Other than the Patuakhali EPZ, a couple of EPZs will also be set up in Rangpur and Jashore, where land acquisitions are also ongoing, a BEPZA official said.

Currently, there are eight EPZ's in Bangladesh – Chittagong EPZ, Dhaka EPZ, Mongla EPZ, Ishwardi EPZ, Cumilla EPZ, Uttara EPZ, Adamjee EPZ and Karnaphuli EPZ.

Obaidur Rahman, Patuakhali additional deputy commissioner (revenue), said notices would soon be issued to the owners of plots in the land required.

If anyone has any objections to the notices in regard to the land accuisition, they will be dealt with within 15 days before being sent to the land ministry for final approval.

The value of the land would be paid to the owners within the next two months after completion of all the procedures, Rahman added.

The EPZ is being set up along the

Patuakhali-Kuakata highway, just 10 kilometres south of Patuakhali district town, only 40 kilometres away from Payra Sea Port, and 62 kilometres away from Kuakata sea beach.

Md Humayun Kabir, chairman of the local Union Parishad, said they are very happy that an EPZ is being set up in Patuakhali.

Most of the land to be acquired falls in agricultural zones while there are only 15 houses there.

Locals are also happy about the initiative as it will lead to massive development in the area.

Forkan Hawlader, a farmer from Pachakoralia village, said three acres of his own agricultural land, including the plot his house sits on, is being acquired for the EPZ area.

“We are happy to have EPZ here but we demand the district administration to take measures so that we can get the real value of the land,” he added.

Another farmer, Abdus Sattar, said 2.50 acres of his land, including his house and agricultural land, are being acquired.

“So, I am seeking the goodwill of the administration so that there is no obstacle for us to get the value of this land,” Sattar added.



PHOTO: SOCIAL ISLAMI BANK

Zafar Alam, managing director of Social Islami Bank, handed over an appointment letter to a probationary officer at its Dhaka head office recently. A total of 130 probationary officers were appointed through a written and viva voce exam. Md Tajul Islam and Abu Reza Md Yeahia, additional managing directors, were present.



PHOTO: PREMIER BANK

Sayed Abul Hashem, deputy managing director of Premier Bank, and Md Abdul Latif, chief regulatory officer (in charge) of Dhaka Stock Exchange (DSE), exchanged documents at the DSE Tower in Dhaka recently marking the trading debut of the bank's perpetual bonds. Tarique Amin Bhuiyan, managing director of the DSE, and Tanzim Alamgir, managing director of UCB Investment, were also present.

Misallocation of resources

FROM PAGE B1

(TBS) on the occasion of the newspaper's second anniversary.

In 2019, Banerjee along with economists Esther Duflo and Michael Kremer won the Nobel Prize in Economics, for their “experimental approach to alleviating global poverty”.

Banerjee said many poor people had potential to do business and expand.

“If they could be identified and given scope, they could create jobs and lift many others out of poverty. Had they got the opportunity, the poor could have worked for the advancement of the society.”

“Many don't have the dearth of desire to change the fate. But it is not easy for them to cross so many barriers,” added Banerjee, the fourth Bengali to win the Nobel prize.

Citing their study on Brac's programme on ultra-poor people, he said the objective was to create confidence of poor people so that they can do what they want to do.

Devaluation

FROM PAGE B4

“As we are import-dependent country, any major hike in the interbank rate will stoke inflationary pressure. The effects will be felt across the country,” Kamal said.

According to the entrepreneur, the economy has just started to return to normalcy from the coronavirus pandemic. “We, the businessmen, are optimistic.”

“Businessmen could not do well in 2020 and 2021. Now, they are more

serious. “They were also given capital and some asset. And in regular intervals, a person would visit them to encourage them so that they feel confident that they can do.”

“This inspiration is important. It is important to recognise them as human and encourage them.”

Banerjee said Bangladesh's GDP was growing and poverty would decline as a result of the growth.

Responding to a query whether poverty reduction is possible in systems other than democracy, he gave the example of the political unrest in Kazakhstan.

At one stage people begin to question the legitimacy of the government, he said.

He said excessive centralisation was a problem in India, saying it creates lack of accountability. “It is difficult to proceed without accountability.”

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, moderated the discussion. TBS Editor Inam Ahmed was also present.

Their business volume is growing. Businessmen hope that there will be a boom in the economy.”

Although the prices of imported goods and materials have gone up, the prices can't be passed onto customers automatically, he said.

“Sometimes, we are compelled to raise prices. Sometimes, we keep the cost in the off-balance sheet. We will adjust the balance sheet when we make profit,” Kamal added.

D-8 to develop climate-smart farm tech

STAR BUSINESS REPORT

The member countries of D-8, an alliance of eight developing countries, have agreed to Bangladesh's proposal to take up a 'multinational integrated project' for the development of climate-smart agricultural technology.

As a part of the project, joint research, innovation, development and expansion of advanced agricultural technologies will be carried out in the D-8 countries to address the impact of climate change.

Agriculture ministers of the coalition agreed on this proposal and approved the “Dhaka Initiative” on the concluding day of the seventh D-8 Ministerial Meeting on Agriculture and Food Security yesterday.

Bangladesh organised the two-day meeting at the Bangladesh Agricultural Research Council (BARC) virtually.

The project will be implemented and managed with financial and technical assistance from various international donor agencies such as of Islamic Development Bank, Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), International Rice Research Institute (IRRI) etc, said a press release.

Agriculture Minister Muhammad Abdur Razzaque, who chaired the meeting, said the agricultural production system would be most affected by climate change in the world.

“To sustain agricultural production and food security in the future, innovation and expansion of climate change tolerant crop varieties and technologies must be increased.”

Razzaque said the development of climate-smart agricultural technology is very important in D-8 countries.

“In the face of global warming and climate change, it will play a role in ensuring food and nutrition security and improving people's quality of life.”

India, UK start post-Brexit trade talks

AFP, New Delhi

Britain and India began hammering out a post-Brexit trade deal on Thursday, with London seeking a cut in tariffs on Scotch whisky and greater access to the Asian giant's services and tech sectors.

New Delhi, which is notoriously reticent about lowering trade barriers and was dubbed the “tariff king” by former US president Donald Trump, wants in return to make it easier and cheaper for Indians to obtain British visas.

A joint statement after Indian Commerce Minister Piyush Goyal and British Trade Secretary Anne-Marie Trevelyan formally launched the talks in Delhi reiterated a target of doubling bilateral trade volumes by 2030.

“Both sides have agreed that we will focus initially on areas which are of mutual benefit and where there is less disagreement, and for which we have set a very aggressive timeline of next few months,” Goyal told reporters.



PHOTO: BANK ASIA

A foundation training for newly appointed business officers of the post office banking department of Bank Asia ended at the Bank Asia Institute for Training & Development in Lalmatia, Dhaka on Tuesday. Md Sazzad Hossain, deputy managing director and chief operating officer of the bank, was present at the closing ceremony. Quazi Mortuza Ali, head of post office banking, and Krisna Saha, head of Lalmatia branch, along with other officials were present.



PHOTO: ELECTRO MART

Mohammed Nurun Newaz Selim, chairman of Electro Mart Ltd, cuts a ribbon to inaugurate the sales and display centre for the electronic and home appliances products of Konka, Gree and Haiko at Shahid Shahidullah Kaiser Sarak in Feni yesterday. The company will provide up to 15 per cent discount on all products for consumers of the district during the inaugural month. Mahmudun Nabi Chowdhury, general manager for sales and marketing of the company, and Md Julhak Hossain, senior manager for retail sales, were present.



Accounting for annual transactions of over Tk 100,000 crore, Chattogram's wholesale hub for essential commodities comprising Khatunganj, Asadganj, Chaktai and Qurbaniganj houses over 5,000 businesses and handles some 30 per cent of commodities imported though the city's port. The size of the roads in these areas is nowhere near adequate. Loading and unloading of goods are run manually squirming through numerous parked vehicles packing the lanes to the brim. The photo was taken at Chaktai on Tuesday.

PHOTO: RAJIB RAIHAN

Bangladesh to be 24th largest economy by 2030

According to National Human Development Report

REJAUL KARIM BYRON and
REFAYET ULLAH MIRDHA

Bangladesh is expected to become the 24th largest economy in the world by 2030 despite a rise in poverty, unemployment and income losses because of the severe impacts of the Covid-19 pandemic, according to a government report.

"By 2041, Bangladesh will also become a digital economy," said the National Human Development Report (NHDR) prepared by the Economic Relations Division (ERD).

The ERD published the report yesterday, which was contributed by leading economists and consultants – Mustafizur Rahman, distinguished fellow of the Centre for Policy Dialogue (CPD), and Selim Jahan, former director

of the human development report office of the UNDP and an adviser to NHDR.

Bangladesh today enjoys a steady economic growth of nearly 7 per cent per annum and as a result, a mere \$35 billion economy of the mid-1990s has grown more than nine-fold to become a \$330 billion economy in 2020.

During the same period, the per capita income of Bangladesh has registered a nearly seven-fold rise from \$300 to \$2,064. The poverty incidence has fallen from 58 per cent in 1990 to nearly 21 per cent in 2019.

Over the past three decades, the life expectancy has increased significantly in Bangladesh – from 58 years to about 72.6 years, an increase of about 15 years.

The expected years of schooling – the number of years that a child of school-age can expect to receive education

– rose from 5 years to 11 years between 1990 to 2019, said the NHDR report.

Today Bangladesh has achieved a life expectancy of 72.6 years as opposed to India's 70 and Pakistan's 67.

In Bangladesh, the under-five mortality rate is 28 in 1,000 live births, compared to 48 in India and 81 in Pakistan.

Bangladesh's role and involvement in global peacekeeping is noteworthy. So far, 163,887 peacekeepers from Bangladesh have participated in UN missions in over 40 countries.

The country has a total of 6,731 peacekeepers to the UN peacekeeping operations, the report also said.

The Covid-19 pandemic would inform and influence the future human development trajectory of Bangladesh.

So, it is essential to assess its negative

economic and non-economic impacts and formulate all possible short and medium-term strategies in order to deal with it effectively.

The Covid-19 is a new challenge that would impact the future human development journey of Bangladesh.

Because of the pandemic, women's time allocation for unpaid care work is projected to go up by 51 per cent and for unpaid domestic work by 29 per cent.

For example, the impact of the pandemic will be more on marginalised and vulnerable groups and they will also have tougher times getting out of it.

With most of the learning now being online, students from poorer households would be at a disadvantage.

Thus, there will be disparities in learning and in life opportunities between richer and poorer households.

Aman Cotton directors fined Tk 3cr each

STAR BUSINESS REPORT

The Bangladesh Securities and Exchange Commission yesterday fined all but independent and nominated board directors of Aman Cotton Fibrous Tk 3 crore each for violation of securities rules, said the regulator in a statement.

It also fined the ATA Khan & Co, the Aman's auditor, Tk 10 lakh saying that the chartered accountancy firm violated rules by providing false and misleading information to investors and the commission.

The disclosure came following a meeting of the commission chaired by Chairman Prof Shibli Rubayat Ul-Islam.

The Aman posted a Tk 12.59 crore profit for the financial year ending in June 2021, which was nearly three times higher than the Tk 4.87 crore of the previous year, according to its annual report.

The company was listed in 2018 and its sponsors held 72.20 per cent of shares as of December 31.

Beximco's Tk 3,000cr green sukuk debuts in bourses

Stocks end higher

STAR BUSINESS REPORT

Beximco's Tk 3,000-crore green sukuk, the first shariah-based bond in the corporate sector of Bangladesh, made its trading debut on the Dhaka Stock Exchange yesterday as most stocks ended higher.

With a face value of Tk 100, the sukuk bond was the most-traded debt security on the debt board, with Tk 33.89 crore worth shares being traded.

The green bond closed one per cent higher at Tk 101 yesterday on hitting the highest Tk 110 earlier in the day.

"We are hopeful that the sukuk will get a good response. We think prices of the bond will be discovered through the trading," said Ershad Hossain, managing director and chief executive of City Bank Capital, issue manager of Beximco green sukuk bond.

After getting clearance from the capital market regulator on July 8, the sukuk's subscription through initial public offering (IPO) started on August 16 and closed on December 21 after several deadline extensions owing to the response being lukewarm.

For a 9 per cent profit per annum, institutional investors subscribed to 81 per cent of the green bond maturing in five years. General investors subscribed to 14 per cent of the sukuk.

Hossain expects more debt securities to be listed and provide investors alternative opportunities apart from the equity market.

As the benchmark index crossed the 7,000 mark and some measures have been taken, the market will perform better, he said.

Yesterday, the DSEX, the benchmark index of Dhaka Stock Exchange (DSE), closed 21.16 points or 0.30 per cent higher at 7,017.22.

The Shariah-based index, DSES, and blue-chip index, DS30, also closed at a higher level.

Safety in non-RMG factories

FROM PAGE B1

The required measures would be similar to those that had been implemented in the garment sector after the Rana Plaza tragedy.

Moazzem highlighted that undertaking remedial measures in non-garment factories was a complex issue since most non-garment sectors operate within the domestic supply chain unlike the garment sector operated in the global value chain.

"These domestic supply chains often do not properly follow a code of conduct on workplace safety and workers' rights. In addition to that, enforcement of industrial safety in developing countries is a challenging task," Moazzem said.

The reasons – enterprises lack

willingness in investing for safety measures, weak governance structure and limited monitoring and enforcement capacity of public agencies; and a lack of pressure from buyers and consumers.

An initiative for industrial safety measures under the coordination of Bangladesh Investment Development Authority (Bida) was taken up immediately after the Hashem Food tragedy.

A 24-member committee, chaired by the prime minister's private industry and investment adviser, was formed to detect safety risks and issue required directions to responsible agencies for taking appropriate actions.

Bida subsequently formed another nine-member sub-committee

which developed a standard operating procedure for a "combined inspection".

It aimed to inspect around 42,000 non-garment factories across the country through 108 inspection teams comprising officials of different public and private entities.

It set a target to inspect a total of 5,000 factories in three months – October to December – in 2021.

However, the progress of inspection was not satisfactory. Only 875 factories were inspected as of January 10 this year, or just 17.5 per cent of the total target.

"The Bida-led initiative to identify the safety concerns of a sample set of factories is a positive initiative...", Moazzem said. "...but it has yet to deliver

the expected outcome due to a lack of leadership, problem of coordination, limited capacity to handle the data for identifying the problems and limited technical expertise," he said.

Database management is likely to be a major challenge, particularly to deliver overall and factory-specific challenges and recommendations.

Bida should develop a common digital platform to store data, disclose the data and publish the inspection progress every quarter, half year or year.

It is important for Bida to invite International Labour Organization in the implementation process given the organisation's long experience of working on industrial safety related issues, he added.

Cotton import

FROM PAGE B1

Between July and December, the first six months of the current fiscal year, garment export grew by 28.02 per cent year-on-year to \$19.90 billion.

Of the amount, \$11.16 billion came from knitwear, which witnessed a 30.91 per cent rise year-on-year. The remaining \$8.73 billion came from woven, which is also a 24.50 per cent rise year-on-year.

"The upward trend of garment export will continue up to June this year as we booked a large volume of work orders," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), last week.

"We have already made payments of the letters of credit for importing the cotton," said Mohammad Ali Khokon, president of Bangladesh Textile Mills Association (BTMA), the platform of the primary textile sector and cotton millers.

"We are expecting a rush in import of cotton in March and April this year and again a chaos in the port because of congestion," he said.

Khokon reiterated complaints that vessels of international shipping lines were reluctant to come to the country's premier Chattogram port because of long turnaround times due to congestion and a shortage of containers.

The BTMA president was talking to a group of journalists at his association office in Dhaka to share the current situation of the textile industry, citing the growing demand for yarn and fabrics.

Khokon also said currently the local spinners can meet 90 per cent of the knitwear sector's demand for raw materials but only 40 per cent of that of the woven sector.

As a result, some 6 billion out of the required 10 billion metres of fabrics are imported to meet the demand of the local woven garment sector at a cost of \$2.30 per metre.

"So the local millers have either been expanding or investing afresh in the

primary textile sector, particularly in manmade fibre and spinning mills, to meet the growing demand of fibre and yarn," said Khokon.

Some Tk 600 crore was invested in the spinning sector to set up 26 new mills last year, he said.

The government should facilitate the import of manmade fibres, as it does in the case of cotton import, because the country does not produce cotton and manmade fibres, he said.

In the next two years, some 2.5 million spindles would be added to the existing 14 million spindles in the spinning sector with an investment of \$2.5 billion, he said.

Digital payment

FROM PAGE B1

"We have focused on small businesses in the rural areas," said Md Arfan Ali, managing director of the bank. The bank has set a target to open 2.5 lakh micro-merchant accounts in the rural areas within five years.

Dutch-Bangla Bank Ltd, which owns MFS brand Rocket as well, has taken initiatives to make its digital programme vibrant. It opened 1,350 accounts as of December, said Managing Director Abul Kashem Md Shirin.

Trust Axiata Pay, a MFS provider jointly set up by Trust Bank and Malaysia's Axiata Digital Services, has started to open PRAs.

It initiated a pilot programme by enlisting 300 rickshaw-pullers on January 8, which will continue this month.

Dewan Nazmul Hasan, acting chief executive officer of the MFS provider, said that it had started the project with the vision of digital financial inclusion for unbanked micro-merchants.

BEYOND CASH-IN, CASH-OUT

Street vendors can now secure loans from banks by presenting their transaction profile of PRAs.

A micro-merchant is allowed to take a maximum of Tk 5 lakh in loans under a central bank refinance scheme.

Businesses usually have to submit trade licences and tax certificates to open a merchant and current account. But, the central bank has allowed clients to open PRAs without submitting any trade licence or tax certificate.

Banks verify the transaction profile of a micro-merchant to assess credit-worthiness and set limit. No current account is needed to manage loans.

The central bank has, however, imposed a ceiling on the financial transactions through PRAs. The monthly outstanding balance can't cross Tk 10 lakh.

Clients can open accounts by filling up a simplified electronic know your customer (e-KYC) form, using national identification cards. Such accounts can be opened in five minutes.

Mutual Trust Bank has already started to disburse loans among micro-merchants, said Khalid Hossain, head of digital banking.

Forty-four small businesses have so far taken loans and the number will go up to 10,000 by this year, he said.

The micro-merchants of Bank Asia disbursed around Tk 500 crore of government subsidies among the beneficiaries last year.

"This has helped the people withdraw funds at their doorstep," Arfan Ali said.

On top of that, clients purchased products to the tune of Tk 10 crore from the micro-merchants last year. They also topped up Tk 3.38 crore to recharge mobile phones, he said.

Bangladesh has made impressive gains in expanding mobile financial service in recent years.

There are 10.97 crore MFS users as of November, according to the central bank data. About Tk 67,966

crore were channeled through the accounts in the month. Merchant payments stood at Tk 3,050 crore.

Transactions through micro-merchant accounts are expected to explode further when the "Bangla QR" code is used widely.

Micro-merchant account-holders of banks and MFS providers are now using their respective QR code, most of which is not interoperable.

The uniform digital payment method – Bangla QR – will help clients pay bills and purchase goods and services through any mobile banking applications, MFS providers or payment service providers, said a BB official.

"We believe the scope of MFS is far beyond cash-in or cash-out. We want to reach every corner of Bangladesh where our customers can carry out every small transaction through Tap," said Dewan Nazmul Hasan.

National Bank

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In contrast, just \$660,000 or Tk 5.66 crore was permissible.

The persons have just laundered money abroad through the credit card, the BB official said.

As per the BB rules, a Bangladeshi national can spend a maximum of \$12,000 per year outside of the country.

Despite repeated phone calls by this correspondent, National Bank Managing Director Md Mehmood Husain could not be reached for comments.



Md Selim Uddin

Rural Electrification Board gets new chairman

STAR BUSINESS DESK

Additional Secretary Md Selim Uddin has recently joined Bangladesh Rural Electrification Board (BREB) as its chairman.

Selim started his career as an assistant commissioner and magistrate in 1994. He was the Ramu upazila nirbahi officer in Cox's Bazar and deputy commissioner in Bhola district, says a press release.

He served in various capacity the energy and mineral resources and power divisions and ministries of planning, health and family welfare, commerce and industries. He was promoted to the post of additional secretary in September 2020.

Selim obtained a bachelor's and master's degrees in economics from the University of Chittagong. He also attained an MSc degree in development management from Buckingham University.



The fire at the Hashem Foods factory in Narayanganj last year that left over 50 dead. In recent months, a total of 179 factories were inspected in Dhaka while 98 were inspected in Gazipur and 99 in Narayanganj. Inspection teams found that a good number of the industrial units had no fire safety measures.

PHOTO: STAR/FILE

Fire safety violations spotted at 979 factories in 2 months

Bangladesh Investment Development Authority started inspecting factories to gauge their compliance with the country's workplace safety regulations on November 11. Inspectors found that building codes were not up to the mark while fire safety measures, such as availability of fire hydrants, were entirely absent

JAGARAN CHAKMA

Factory inspection teams have identified fire safety infractions at around 979 units in the past two months.

In some cases, building codes were not up to the mark while fire safety measures, such as the availability of fire hydrants, were entirely absent.

The Daily Star was informed of this situation by a number of factory inspection team members.

Bangladesh Investment Development Authority (Bida) started inspecting factories to gauge their compliance with the country's workplace safety regulations on November 11.

"We found that a good number of factories have no fire safety measures," said Mohammad Nazmul Ahsan, additional deputy commissioner (revenue) of Chattogram district.

Some factories even do not comply with building regulations, which is risky considering the potential hazards.

"So, we are sending these findings and our recommendations on the inspected factories to the higher authority," he added.

However, Ahsan went on to say that a good number of factories were found to be compliant.

Monin Bhuiyan, a factory inspection team member, said they found poor fire safety measures at around 50 per cent of the factories in Gazipur, particularly in textile and spinning mills.

They also found that many dyeing units

do not even have proper effluent treatment facilities, meaning their untreated discharge was polluting the environment.

Md Shameem Bepari, additional deputy commissioner of Narayanganj district and also convener of the district's factory inspection teams, said they were finding problems, including a lack of fire safety measures and activities causing pollution.

Abhijit Chowdhury, executive member-1 of Bida, said a total of 979 factories had been inspected by 108 inspection teams in eight divisional cities and different districts as of January 11.

In Chattogram, 11 inspection teams conducted factory inspections on 479 units in different parts of the region till January 11.

A total of 179 factories were inspected in Dhaka while 98 factories were inspected in Gazipur and 99 factories in Narayanganj.

Companies in the chemical, plastic, and food processing sectors were given priority for safety inspections in the first phase of the government's move to ensure adequate infrastructure and fire safety measures at all industrial units, according to Bida sources.

Chowdhury, also central coordinator of the factory inspection committee, said it was really tough to maintain the inspection schedule managing officials from eight government agencies, including that for the environment and fire service.

According to Chowdhury, around 5,000 factories will be inspected in the first phase in Dhaka, Chattogram, Narayanganj and Gazipur, where one third of the country's

factories are located. The first phase of the factory inspections will run for three months.

At least two factories are being inspected each day by at least one team.

Chowdhury went on to say that the inspection teams regularly send reports on their findings.

"We will later prepare a common record on a national scale for the government, which will then take an appropriate decision," he said.

From memory Chowdhury recalled that fire extinguishers were available at 95 per cent of factories but there was a lack of proper management as the cylinders were seldom refilled.

Earlier last year a fire at the Hashem Foods factory in Narayanganj left over 50 dead.

This prompted the Prime Minister's Office (PMO) to announce a 24-member committee headed by Salman F Rahman, the prime minister's adviser for private industry and investment, to help prevent such incidents.

Afterwards the PMO ordered relevant authorities to launch an inspection campaign across Bangladesh.

It appointed Bida to lead it in coordination with business associations such as the Federation of Bangladesh Chambers of Commerce and Industry and Bangladesh Garment Manufacturers and Exporters Association.

Chowdhury said a total of 46,100 factories across the country would undergo safety inspections in phases.

Devaluation of taka should be gradual

Says Meghna Group of Industries' MD Mostafa Kamal

SOHEL PARVEZ and MD ASADUZ ZAMAN

The central bank should depreciate the taka against the US dollar gradually, if necessary, in order to avoid hurting the economic recovery and stocking inflationary pressures as Bangladesh is an import-dependent country, said Mostafa Kamal, chairman and managing director of Meghna Group of Industries.

"If the depreciation is not gradual, it will have a huge impact on every sphere of the economy and life," he told The Daily Star in a phone interview.

On Sunday, the Bangladesh Bank brought about a major depreciation of the local currency to tackle pressure stemming from surging import payments and encourage remitters.

The interbank exchange rate hit Tk 86 per dollar for the first time in history, up from \$85.80 on Thursday, showed data from the central bank.

Kamal says the current interbank exchange rate is much lower than in the rate in the kerb market, where it stands at around Tk 90 per USD.

Importers used to buy US dollars for Tk 85 two months ago but it has gone past Tk 87 per USD.

Currency devaluation is preferred by exporters, but Kamal says depreciation is not a continuous solution.



"As Bangladesh is an import-based country, we have to strike a balance between the interests of importers and exporters."

According to the noted businessman, any major devaluation of the taka will raise the prices of all goods. "It has a bigger effect on food and diesel prices and transport fare."

"Policy-makers would have to find out whether the depreciation would be fast or gradual."

Kamal says that most businessmen are importers. This is also true in the garment industry.

"We have been able to manufacture some accessories, but a majority of them are still imported."

Speaking about the increased of commodity prices, he says the price of crude degummed soybean oil, or palm oil, has risen.

It used to cost \$500 to \$800 per tonne in the past. Now it costs \$1,400. The duty has also increased.

"If the price increases by Tk 0.5 because of the currency devaluation, the price of the final goods will go up as well because import duties and other costs are added," said Kamal.

He thinks it will not be a good idea to recommend curbing imports for the sake of keeping the foreign currency reserves stable as the move will rein in the growth of the economy.

Remittance flow to Bangladesh has slowed to some extent in recent months. But exports are performing well compared to the previous year.

A higher growth in the import of machinery means the economic stagnation has been over. It will generate jobs and accelerate economic activity.

"Imports have surged. Machinery imports have gone up after a lull for two years. There is no need to panic about rising machinery imports. Rather, it should be encouraged. People are returning to activities strongly."

"It is a good sign for the economy," said Kamal. He calls for looking at Turkey's situation.

The country's currency, lira, has lost at least 35 per cent of its value against US dollars. Inflation has touched a two-decade high. As a result, there is a crisis in the country.

"If the depreciation is not gradual, it will have a huge impact on every sphere of the economy and life."

READ MORE ON B2

US prices hit 4-decade high in 2021

AFP, Washington

US consumer prices jumped last year at the fastest pace in four decades, the government confirmed Wednesday, underscoring the potent inflation wave that has sapped public support for President Joe Biden even as the economy recovers from the pandemic.

The seven percent increase in the Labor Department's consumer price index (CPI) over the 12 months to December was the highest since June 1982, as prices rose for an array of goods especially housing, cars and food.

Since taking office last January, Biden has presided over an economy that has expanded rapidly and seen millions of people who lost their jobs to the Covid-19 pandemic return to work.

But a collision between rebounding demand, labor shortages and global supply chain snarls – especially computer chips for cars – caused prices last year to climb upwards at an ever-faster rate.

The White House echoed the views of some economists in a tweet predicting "the rate of price increases will moderate in the months ahead as we make progress with the pandemic and other challenges."

"Still, while the data contained signs of a nearing summit, relief may not necessarily come quickly."

"The peak is close, but the speed of the coming downshift is uncertain," said Ian Shepherdson of Pantheon Macroeconomics.

For the Republican opposition, the inflation data underscored their belief that the Democratic president has mishandled the recovery.

"This trend isn't 'transitory,' and it's all happening under Democrats' one-party control," tweeted Kevin McCarthy, the top Republican in the House of Representatives.



People shop for groceries at a supermarket in Glendale, California on January 12. The 7 per cent increase in the Labour Department's consumer price index over the 12 months to December was the highest since June 1982, as prices rose for an array of goods.

PHOTO: AFP

US budget deficit falls 34pc in Oct-Dec

AFP, Washington

The US budget deficit shrank in the first three months of the fiscal year amid a surge in taxes paid by individuals and corporations, the Treasury Department said Wednesday.

As the economic recovery from the Covid-19 pandemic picked up speed, the government brought in a third more revenues compared to the same period of 2021, for a record total of just over \$1 trillion, according to the data.

That caused the deficit to narrow to \$378 billion in the October-December period, 34 per cent less than the same quarter of 2020, Treasury said.

Spending also hit a record of \$1.4 trillion in the quarter, but was only four percent higher than the comparable period a year earlier, Treasury said.