



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 through 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

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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

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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

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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 were 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

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"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 were 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.