



LABOUR CRUNCH: KEY POINTS



Small and medium factories are the worst sufferers



Big factories are attracting workers with fringe benefits



During lockdown, many workers went home and didn't return



Worker shortage affecting production and shipment



Many factories setting up training centres to groom workers

BY THE NUMBERS



Garment factories received **30%** more work orders this season



Factories facing **15% to 20%** worker shortage over the last six months



Number of female workers declined to below **60%** of total workers



Women workers accounted for **80%** of total workers in the past



In Jul-Dec, garment exports rose **28%** year-on-year to **\$19.9b**

Worker shortage a new challenge for RMG

REFAYET ULLAH MIRDHA

Fakir Apparels Ltd (FAL) appointed 400 new workers last month after training them for three months at its training centre as the Narayanganj-based garment factory has received 25 per cent more work orders this season compared to the last season.

The factory has established a separate training centre to turn fresh workers into sewing machine operators to meet the emergency need of workers. Moreover, it is offering increased fringe benefits to retain them.

"We can train 200 workers in a batch every three months and we have continued to produce more skilled workers," said Bakhtiar Uddin Ahmed, chief operating officer of FAL.

Still, the factory faces a shortage of more than 10 per cent workers to ensure optimum production.

Like FAL, almost all garment factories in Bangladesh, especially, the small and medium-sized ones, are suffering from an acute shortage of skilled labourers as the industry is recovering from the severe fallouts of Covid-19 on the back of a higher flow of orders from international retailers and brands as

economies reopened.

Industry people say they are incurring production losses and missing shipments due to a 15 to 20 per cent shortage of workers.

This means the labour crunch may hit the recovery of the garment sector, which accounts for about 85 per cent of the national export receipts.



They attributed the shortage of workers, especially the skilled labourers, to the sudden rise in demand and massive expansion of production capacity in the apparel industry.

Besides, many workers have not returned after they went home following the outbreak of Covid-19 in Bangladesh in March 2020.

Base Fashions Ltd, which employs 1,000 workers, is now facing at least 10 per cent worker shortage as many

labourers either did not return to the factory after it reopened following the national lockdown in 2020 or switched to other factories and sectors.

"Sometimes, we have to pay more fringe benefits to retain them in times of crisis," said Md Ehterab Hossain, managing director of the company.

Ahmed F Rahman,

cent worker shortage at their factories.

The capital machinery import rose by nearly 70 per cent in the last four months which indicates expansion, said Azad, whose factories employ 65,000 workers.

Although large industrial units can afford workers by paying various allowances, apart from the monthly salary, the SMEs are in a tight spot because of the financial hardship brought on by the pandemic.

Shahadat Hossain Kiron, chairman of Dekko Legacy Group, which employs 14,500 workers in the garment segment, says the production and shipment are being affected due to the scarcity of workers.

A 7-per cent shortage in workers has forced Kiron to launch a lean manufacturing system to cut the number of workers needed to run operations under the line manufacturing system.

Towhidur Rahman, president of the Bangladesh Apparel Workers Federation, and Nazma Akter, president of the Sarmilito Garment Sramik Federation, agree that the shortage of garment workers ranges from 15 per cent to 20 per cent.

Faruque Hassan, president of the Bangladesh Garment Manufacturers & Exporters Association, echoed them.

Even a few years ago, the ratio of female workers in the industry was around 80 per cent, but it has declined to 57 per cent, Towhidur added.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said a short-term crisis of skilled workers has been created in the garment industry because of a significant rise in export orders with the recovery of the global supply chain.

Now, many factories are running at nearly 90 per cent capacity as orders are aplenty. Usually, they run at 60 per cent of the capacity or even below, the economist said.

As a result, garment exports grew 28.02 per cent year-on-year to \$19.90 billion between July and December.

However, the higher flow of orders might not be a long-term phenomenon and it may return to the usual level if normally restores in the global apparel supply chain.

"But, if the high flow of orders keeps its momentum, factory owners may have to choose more automation to raise productivity and ship goods on time," said Moazzem.

Remittance hits 4-month high

STAR BUSINESS REPORT

Remittances hit a four-month high in January riding on a government initiative to provide more cash subsidies to remitters.

Expatriate Bangladeshis sent \$1.70 billion in January, up 4.52 per cent from that the month before, data from the Bangladesh Bank showed.

The inflow logged the highest figure last month since October 2021 when expatriates sent remittances to the tune of \$1.64 billion.

Remittances stood at \$1.72 billion in September.

January's figure, however, was less than 13.12 per cent from that a year ago when remittances stood at \$1.96 billion.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said an increase in the cash incentive declared by the government

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Foreign funds in stocks drop

AHSAN HABIB

Foreign portfolio investment in stocks dropped last month compared to that in the preceding one as the investors had embarked on a selling spree.

Net foreign investment was Tk 23.7 crore in the negative as sell-offs from the foreign investors were higher.

They bought shares worth Tk 154.18 crore in January while the sales amounted to Tk 177.88 crore, according to the Dhaka Stock Exchange (DSE) data.

In the month before that, foreign investors bought shares worth Tk 194.19 crore while selling shares worth around Tk 154.66 crore.

So, net foreign investment was around Tk 39.53 crore, the DSE data shows.

Foreign portfolio investment has undergone a

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STOCKS	
DSEX ▲	CSCX ▲
1.02%	1.11%
6,997.60	12,329.76

COMMODITIES	
Gold ▲	Oil ▼
\$1,805.94	\$87.76
(per ounce)	(per barrel)

CURRENCIES		STANDARD CHARTERED BANK			
	USD	EUR	GBP	CNY	
BUY TK	85.05	94.89	113.48	13.12	
SELL TK	86.05	98.69	117.28	13.79	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 1.46%	▲ 0.28%	▲ 0.1%	▼ 0.97%	
58,862.57	27,078.49	3,249.59	3,361.44	

Two state jute mills leased to private sector

JAGARAN CHAKMA

The government yesterday handed over two jute mills to the private sector as part of its efforts to modernise the state-run enterprises dealing with the natural fibre.

It comes 18 months after the Bangladesh Jute Mills Corporation (BJMC) shut 25 state-run jute mills to put an end to the heavy losses they had been incurring for years.

Yesterday, Karnaluli Jute Mills Ltd in Chattogram was leased out to Unitech Group, and Bangladesh Jute Mills Ltd in Narsingdi to Bay Group. The lease period is 20 years.

"We hope that they will start operations within one and a half months," said Md Abdur Rauf, secretary of the textiles and jute ministry.

In July 2020, the government decided to shut down the production at 25 state-run jute mills under the BJMC providing 100 per cent dues to 25,000 workers.

Later, the corporation sought interest from investors as the government looks to lease out 17 mills.

The BJMC received 55 proposals from investors from home and abroad. Of them, 14 proposals met the criteria.

Five investors were selected for five mills. And Rauf is optimistic to hand over three mills by February.

A survey was conducted at the jute mills to find out the condition of the machinery.

The secretary said the private sector does not want to waste time and the investors are proactive to start operations. "We will seek bids for 12 jute mills by this month."

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The government has shut 25 state-run jute mills under Bangladesh Jute Mills Corporation to put an end to the heavy losses they had been incurring for years.

PHOTO: STAR/FILE

Square Textiles' profit surges six times

STAR BUSINESS REPORT

Square Textiles Ltd, a concern of Square Group, yesterday said its profit rocketed in the first six months of the financial year as revenue growth outpaced the cost of sales.

The textile company also cut its finance cost significantly. As such its overall earnings grew nearly six times to Tk 92.28 crore in the July-December period of 2021-22 from Tk 15.54 crore during the same period the previous year, according to its unaudited financial statement.

Earnings per share soared to Tk 4.68 from Tk 0.79 a year ago.

The EPS has increased due to the rise in production and the sales price of yarn, said the company in its filing on the Dhaka Stock Exchange.

Shares of Square Textiles rose 0.91 per cent to Tk 66.8.

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Shoes made of canvas, textiles, rubber, synthetics, foam and denim, mostly imported from China and ranging from Tk 300 to Tk 1,000 in price, put on sale by vendors on the footpaths of New Market. The photo was taken yesterday.

PHOTO: AMRAN HOSSAIN

Weak yen has merits and demerits

Japan's top currency diplomat says

REUTERS, Tokyo

Japan's top currency diplomat Masato Kanda said a weak yen has both merits and demerits for the economy due to the country's changing export patterns and increasing reliance on imports.

The remark underscores how a weak yen has become a tricky political issue for Japan's finance ministry, which has historically focused on preventing a strong currency from hurting the country's export sector.

On recent yen moves against the dollar, Kanda said the currency pair now appeared to be "lacking a clear sense of direction", having risen steadily last year.

"The yen's decline last year was said to be driven mostly by widening US-Japanese interest rate differentials. The dollar was rising against most other currencies on the back

of heightening US inflation expectations," he told Reuters in an interview conducted on Monday.

"That has changed somewhat this year," as jitters over a resurgence in Covid-19 infections and the varying pace of recovery in each country induced risk-off sentiment, he said.

Kanda, the country's vice finance minister for international affairs, said the boost a weak yen gives to Japan's export volumes is now smaller than it used to be, as manufacturers target shipments to high-end, state-of-the-art products overseas rather than compete with price cuts.

A weak yen, however, still inflates the yen-denominated profits Japanese companies earn overseas, he said.

"The demerits of a weak yen are that it pushes up the import cost of energy and food, thereby increasing household burdens,"



he said, acknowledging growing domestic concerns about the potential side-effects of a weak currency.

"There are both positive and negative effects (on the economy) from a weak yen. It's hard to say which is bigger, because the pros and cons of a weak yen differ for each entity."

Kanda's comments highlight a shift in Tokyo's perception on currency moves away from

one focusing on the boost a weak yen gives to the export-reliant economy, to one paying more attention to the potential disadvantages of yen declines.

Bank of Japan Governor Haruhiko Kuroda has also said the hit to households from a weak yen may have become bigger due to Japan's rising reliance on raw material imports.

Kanda said imports play an

increasingly important role in Japan's economy, making up 16 per cent of gross domestic product (GDP) now, compared with just 9 per cent two decades ago.

"We need to guide policy based on the understanding that the mechanism in which exchange-rate moves affect the economy has changed," he said.

But Kanda stressed that global energy and commodity inflation, rather than the weak yen, was mostly to blame for pushing up the cost of living for households.

In a sign China's growing presence is affecting Japan's economic policy, the government plans to submit a bill to parliament that allows it to screen foreign investment in key infrastructure.

Kanda said the finance ministry will ramp up efforts on this front, such as increasing staff overseeing economic security.

Stocks make strong recovery

Investors return as firms declare earnings

STAR BUSINESS REPORT

The domestic stock market has made a strong recovery from four days of decline as investors are showing renewed interest in select sectors after some listed companies declared their latest earnings.

After losing 106 points in the past four trading sessions, the DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), soared by 71 points, or 1.02 per cent, to hit 6,997 yesterday.

Of the 380 stocks traded at the Dhaka bourse, 239 advanced, 95 declined and 46 remained unchanged.

Thanks to the increased investor participation, turnover, an important indicator of the market, rose 11 per cent to Tk 1,325 crore at the same time.

Following four days of correction, the market opened higher yesterday as investors entered a buying spree in select sectors based on the recent earning declarations, International Leasing Securities said in its daily market review.

Among major sectors, ceramics (4.8 per cent), cement (4.2 per cent) and life insurance (4.1 per cent) achieved the highest price appreciation.

Meanwhile, the tannery and general insurance sectors witnessed the highest price correction.

Investor activity was mostly concentrated on the engineering (14.7 per cent), miscellaneous (13.8 per cent) and pharmaceutical (10.4 per cent) sectors. Stocks of Beximco Ltd traded the most, worth Tk 96 crore, followed by LafargeHolcim Bangladesh, Bangladesh Shipping Corporation, Bangladesh Building Systems, and Orion Pharmaceuticals.

Alltex Industries topped the gainers list, rising 19 per cent, followed by Bangladesh Building Systems, Khan Brothers PP Woven Bag, Acme Pesticides, and Yeakin Polymer.

Envooy Textiles slipped the most, dropping 3.4 per cent, followed by Fortune Shoes, SEML Lecture Equity Management, Queen South Textiles, and Social Islami Bank.

Islami Bank 'strongest Islamic retail bank in Bangladesh'

STAR BUSINESS DESK

Islami Bank Bangladesh has been recognised as the "Strongest Islamic Retail Bank in Bangladesh" in a 7th Islamic Retail Banking Awards by UK-based Cambridge IFA and Islamic Retail Banking Awards.

The Cambridge Institute of Islamic Finance conducted their consensus for the award based on a global ranking of Islamic banks and retail financial institutions from the US, Asia and Africa, said a press release.

Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, handed over the award received recently to Md Nazmul Hassan, chairman of the bank.

The same organisation also recognised Islami Bank Bangladesh as the "Strongest Islamic Retail Bank in Asia".



Md Hedayetullah, chairman of the executive committee at Mutual Trust Bank, cuts a ribbon to inaugurate the bank's lounge at Hazrat Shahjalal International Airport (HSIA) in Dhaka yesterday. Sadikur Rahman Chowdhury, member of operations and planning at the Civil Aviation Authority of Bangladesh, AHM Touhid-ul Ahsan, executive director of the HSIA, AKM Ibrahim, executive chairman of Goldhill Alliance, Syed Mahbubur Rahman, managing director of the bank, were also present.

PHOTO: MUTUAL TRUST BANK

Digital repository

FROM PAGE B4

Digital contamination and the lack of logistics and infrastructure to protect them in a contagious environment is a big threat to our economic stability and sustainability.

Undoubtedly, the RMG industry has proved its resilience in preventing infections within the industry through a wholehearted response by the entrepreneurs, workers and employees by strictly following the health protocol. But the question remains around the hygiene of the places where they reside, the sanitation facilities and the transportation.

Similarly, we need to know the status of their other fundamental necessities, including nutrition and education. All these require having a data repository of the workers so that it can be used to formulate policies and plan development activities better. While pursuing the vision of

Digital Bangladesh, having a demographic/socioeconomic/livelihood-based profiling of the workers digitally bears significant strategic importance.

With that view, the BGMEA has taken an initiative in collaboration with the Brac University to develop a digital repository of the workforce of the RMG industry.

This includes the number of workers and their personal profile, including age, sex, marital status, information on infant and child, origin, residence, education, financial and digital literacy; professional profile, including skill competency and experience; health profile, including blood group, BMI (body mass index), health and nutrition-related aspects; and financial inclusion.

Thus, a digital repository or census for the RMG workforce is very important to ensure that the industry

has an accurate and up-to-date scenario of its workers. This will help minimise the misinformation about the sector.

It is important to have such a database using appropriate technologies like the Geographic Information System (GIS) so that new categories of data can be collated in additional layers, and those are comparable and can be updated at fixed intervals.

The repository will be a useful tool to analyse the pattern of workers health and nutrition-related issues such as non-communicable and contagious diseases and maternity-related complications, hygiene-related issues at the workplace and at residence, food habits, access to healthcare facilities and expenses. It can also help assess the scope of re-skilling and up-skilling of the workers and employees.

Developing such a repository will be a huge task and will require collaboration

from stakeholders and development partners. In this phase of our economic transition, workers are our major strength and it would continue to remain so in the next few decades. Therefore, investing in them can't be low profile and this can't be done uninformed.

Under the visionary leadership of honourable Prime Minister Sheikh Hasina, Bangladesh's economy has made remarkable progress over the past 13 years, and consequently our per capita income and standard of living have gone higher. To keep the momentum of the positive transformation in our economy and cope with the changes, strategic engagement and deployment of resources will be critical, and information will be vital for this.

The author is the president of the Bangladesh Garment Manufacturers & Exporters Association

Farmers selling potatoes

FROM PAGE B4

The situation is similar in other northern regions such as Thakurgaon and Panchagarh, farmers said.

In Joypurhat, farmers are selling their produce dirt cheap.

Growers from all over come to sell potatoes at Natunhat in Joypurhat every morning but the prices being offered are a cause for despair, farmers said.

Each maund (around 37 kgs) of good quality potato is trading between Tk 300 and Tk 350 depending on variety.

Khandakar Md Mezbahul Islam, a former agronomist of the Rangpur DAE, said such problems occur year after year due to a lack of planning in this respect.

Such problems arose as the market supply increased after harvesting of the seasonal crop started altogether across the country.

"The solution is to harvest the potatoes being grown in different districts at separate times," he said, adding that around 1.06 crore tonnes of potato are produced in the country each year against an annual consumption of about 80 lakh tonnes.

"Farmers suffer losses for such surplus production. Each kg of potato should be available for between Tk 25 to Tk 30 in local markets," Islam added.

India to grant \$2.6b for solar manufacturing

REUTERS, Chennai

India will allocate an additional 195 billion rupees (\$2.62 billion) to boost investment in solar equipment manufacturing, Finance Minister Nirmala Sitharaman said yesterday.

"Production Linked Incentive for manufacture of high efficiency modules, with priority to fully

integrated manufacturing units from polysilicon to solar PV modules, will be made," Sitharaman said while presenting the federal budget. Sumant Sinha, chief executive of renewable energy producer and solar equipment maker ReNew Power, said the additional allocation was a welcome move, adding that the new estimated expenditure was over four times last year's allocation.



United Commercial Bank (UCB) launched a UCB visa business card at the bank's corporate head office in Dhaka yesterday. Uzma Chowdhury, director finance at Pran-RFL Group, Arif Quadri, managing director of the bank, and Md Abdullah Al Mamoon, Mohammed Habibur Rahman, Mohammed Khorshed Alam and ATM Tahmiduzzaman, deputy managing directors, were present.

PHOTO: UCB



ABM Mokammel Hoque Chowdhury, managing director of Union Bank, cuts a ribbon to inaugurate six schemes and services at Le Meridien Dhaka recently. Quazi Osman Ali, adviser, Md Habibur Rahman, additional managing director, Hasan Iqbal and Md Nazrul Islam, deputy managing directors, and Golam Mostafa, senior executive vice-president, were present.

PHOTO: UNION BANK

Set aside 10pc budget for software, ITES
BASIS urges ministries

STAR BUSINESS REPORT

The Bangladesh Association of Software and Information Services (BASIS) has urged all the ministries and their affiliated agencies to allocate 10 per cent of their annual budget for buying software and IT-enabled services (ITES).

The newly elected executive council of BASIS led by its president, Russell T Ahmed, made the call at a meeting with Planning Minister MA Mannan at the latter's office in Dhaka's Agargaon yesterday.

At the meeting, Ahmed said all the ministries and their affiliated agencies have adequate budgets for their internal development.

"So, at least 10 per cent of their budget should be allocated for buying software and ITES," he added.

Ahmed also said that BASIS is contributing greatly to the economy.

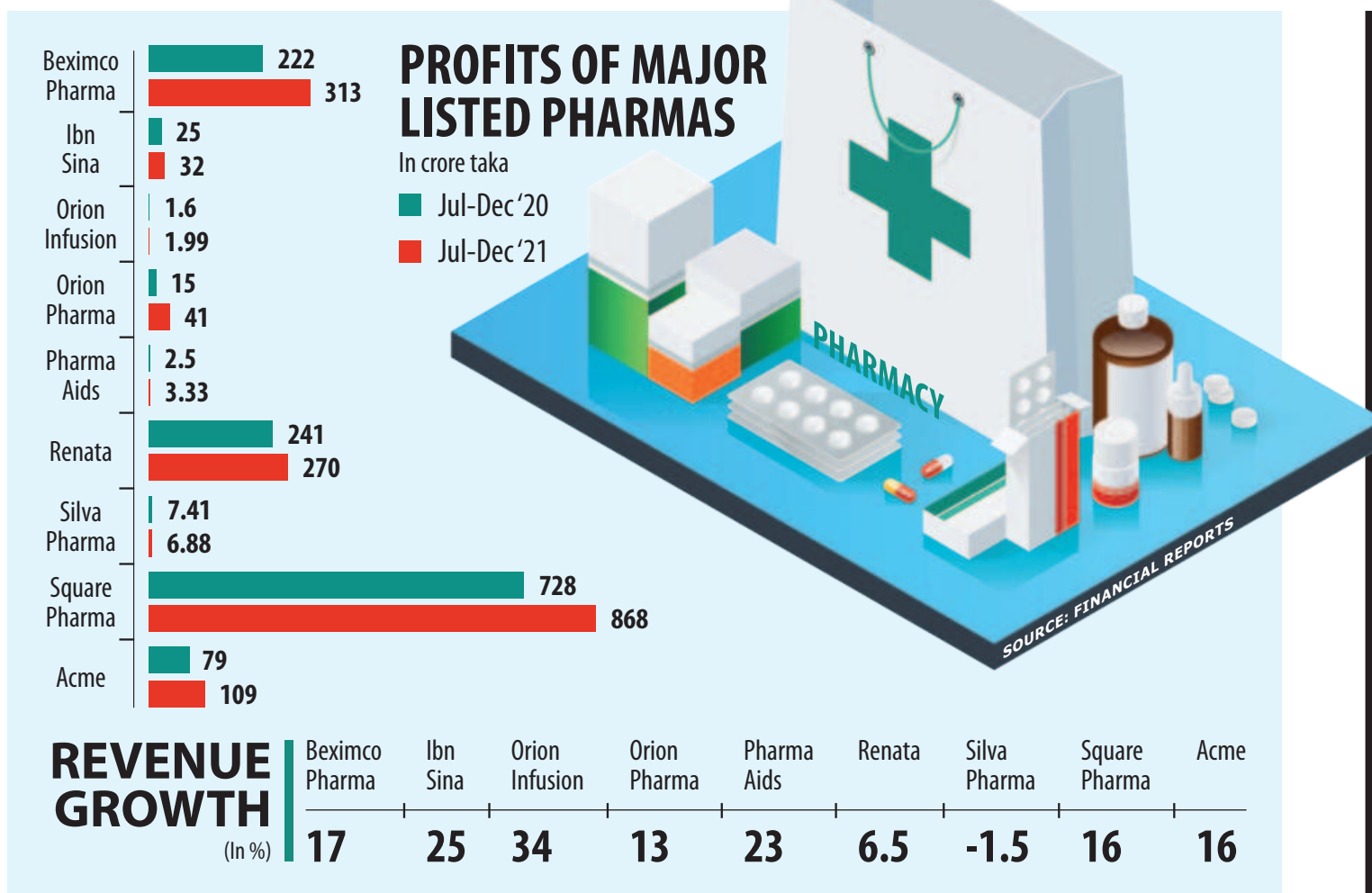
"We are implementing fintech, edutech, healthtech, e-commerce and almost all e-governance projects of the government. Moreover, our activities in the international sphere are contributing to achieving the government's target to earn \$5 billion in ICT exports."

IMF, WB put off annual meeting

AFP, Washington

The IMF and World Bank once again postponed the annual meetings set to take place in Morocco, pushing them back another year to October 2023, the institutions announced Monday.

Citing "continuing uncertainty over the Covid-19 pandemic," and after consultations with the government, the statement said this year's meetings will be held in Washington.



Most listed drug makers declare higher profits

Sales increase for growing health consciousness

AHSAN HABIB

Almost all listed pharmaceutical companies in Bangladesh registered higher profits in the first half of the ongoing financial year (FY) thanks to increased health consciousness amid the coronavirus pandemic.

Among the 10 major drug makers that recently disclosed their latest financial reports, nine companies logged higher profits while only Silva Pharmaceuticals declared lower earnings for the period between July and December last year.

"The growth in sales and profit of listed pharmaceutical companies is encouraging," said Shahidul Islam, chief executive officer of VIPB Asset Management, which prefers to invest in pharmaceutical stocks from its portfolio of mutual funds.

"While many other sectors suffer, the pharma sector is witnessing good growth," he said, adding that companies which depend on the stability of the global supply chain or oil prices were badly impacted.

The 10 listed drug makers witnessed sales growth of 16 per cent on an average in the past six months, according to their

earnings reports.

"Our expectations of the drug makers are very high because peoples' affordability has been rising, so they are becoming more conscious about healthcare," Islam said.

Besides, people are visiting doctors more often now following a slowdown during the early pandemic period, he added.

Among the top profit booking companies, Square Pharmaceuticals logged Tk 868 crore in the July-December period of FY 2021-22, up 19 per cent compared to the same period of the previous year.

Meanwhile, Beximco Pharmaceuticals saw its profits jump 41 per cent to Tk 313 crore. In terms of consolidated sales, the company achieved over 17 per cent growth year-on-year.

Moreover, Beximco's profits rose due to its added income from vaccine distribution fees, which were non-existent in the previous year.

Beximco earned Tk 61 crore from vaccine distribution fees in the period, according to the company's financial report.

Another top profit booking company, Renata Ltd, saw its turnover rise 6.5 per

cent to Tk 1,512 crore in the July-December period this financial year.

Its profits shot up 12 per cent to Tk 270 crore, according to data on its financial statements.

The pharma industry grew at an average pace in the last six months as the sector normally observes a slow season from September to December, said Md Jubayer Alam, company secretary of Renata.

Now, the industry's has an average annual growth rate of about 10 per cent to 11 per cent, Alam said.

"Some of the companies saw higher growth than the overall industry either for cost rationalisation, changes to their business policy, or Covid-related medicine sales," he added.

Ibn Sina booked a 28 per cent growth in profits, registering Tk 32 crore in the last six months, when its sales rose 25 per cent to Tk 452 crore.

Profits of Orion Pharmaceuticals soared by 173 per cent to Tk 41 crore as the company's sales rose 13 per cent to Tk 146 crore, as per its financial report.

The Acme Laboratories saw its profits grow 37 per cent to Tk 109 crore while its revenue soared 16 per cent to Tk 1,161 crore, the data shows.

Summit Alliance Port sees profit rise in first half

STAR BUSINESS REPORT

Summit Alliance Port said its earnings rose in the first half of the current financial year of 2021-22 as it handled an increased volume of containers for international trade during the period.

The net profit of the leading off-dock increased 7 per cent year-on-year to Tk 10.35 crore in the July-December period of 2021 from Tk 9.69 crore a year ago.

"We did not have good business in the first quarter of the financial year because of the pandemic. But our regular business returned in the October-December period," said Company Secretary Md Abdullah Osman Shajid.

The company's shares edged up 3.01 per cent to Tk 27.40 yesterday at Dhaka Stock Exchange.

The company, a concern of Summit Group, posted a 160 per cent surge in its net profit to Tk 5.22 crore in the October-December period from Tk 2.01 crore in the same period a year ago, according to its unaudited half yearly statement.

The company registered a 10 per cent growth in its revenue in the second quarter.

Despite the gain, its overall revenue increased only 2 per cent in the first six months of the current financial year ending in June.

The company's revenue was Tk 85 crore in the July-December period of 2021-22 from Tk 83.63 crore the previous year.

Shajid said business from Inland Water Container Terminal (IWCT), the first-ever terminal in private sector at Muktarpur, Munshiganj, peaked after the National Board of Revenue allowed it to handle to bulk and break-bulk cargo in addition to containers.

The company handled 13.95 crore twenty-foot equivalent units of containers in the year of 2020-21 from 11.71 crore TEUs of containers the previous year, according to its latest annual report.

Ifad Autos' profit plunges

STAR BUSINESS REPORT

Ifad Autos said its profit slumped 41 per cent year-on-year to Tk 24.6 crore in the July-December period of the current fiscal year owing to its increased operational cost.

The auto marketer recorded Tk 41.9 crore in earnings in the six months of the financial year 2020-21.

The earnings per share of Ifad dipped to Tk 0.97 in the July-December period of the current financial year from Tk 1.66 during the corresponding period of 2020.

The company's sales grew marginally to Tk 413 crore in the six months to December 2021 from Tk 412 crore in the previous year.

Md Sazzad Hossain Talukder, company secretary of Ifad Autos, said revenue did not increase significantly owing to the pandemic. A rise in its operational cost also affected the earnings of the company, he said.

Mexico's economy enters technical recession

REUTERS, Mexico City

Mexico's economy contracted for a second straight quarter in the last three-month period of 2021, according to official data published on Monday, putting it in a technical recession and joining regional powerhouse Brazil, whose economy fell back into negative territory last year.

Gross domestic product (GDP) in Latin America's second largest economy shrank in the fourth quarter by 0.1 per cent from the previous three-month period in seasonally adjusted terms, preliminary data published by Mexico's INEGI national statistics agency showed.

That beat out expectations in a Reuters poll for GDP to contract in the fourth quarter by 0.3 per cent, after the economy declined by 0.4 per cent in the third quarter.

Mexico's Deputy Finance Minister Gabriel Yorrio said Friday that talk of a "technical recession," defined as two consecutive quarters of contraction, does not take into account coronavirus-related economic volatility and global supply chain issues.

Yorrio said that global supply bottlenecks, increased prices for raw materials, and higher costs for ground transportation and sea shipping are weighing on the economy.

"With its weak Q4 outturn, Mexico has joined Brazil in technical recession, an extremely disappointing result that leaves real GDP in Mexico a whopping 4 per cent below its mid-2019 pre-Covid peak," said Fiona Mackie, regional director for Latin America and the Caribbean at Economist Intelligence Unit.

Square Textiles'

FROM PAGE B1 The company posted 46 per cent year-on-year revenue growth to Tk 795 crore in the first half of the financial year. The cost of sales rose 33 per cent.

Many local spinning mills have either expanded their production capacity or made new investments as international orders for garment items produced in Bangladesh surged in keeping with the recovery of the global supply chain from the severe fallouts of Covid-19.

With the rise in demand from garment manufacturers and exporters, the price of yarn and fabrics rose 60 per cent in September.

Two state jute

FROM PAGE B1

Md Nasimul Islam, general manager of the BJMC, said Jute Alliance Ltd, a concern of Bay Group, paid Tk 9.60 crore in advance rents and Unitex Group paid Tk 5.28 crore for 24 months. The bills and other expenditures would be borne by the investors as well.

The BJMC will act as a monitoring body to oversee whether investors comply with the terms and conditions. The investors can upgrade the machinery after taking consent from the corporation, he said.

Mohammad Arif, chief financial officer of Unitex Group, says it looks to start commercial operation within a month and has already appointed the necessary workforce.

Unitex will produce jute products for local and international markets at the mills.

Foreign funds

FROM PAGE B1

falling trend over the last couple of years as they were disappointed over policy changes regarding listed companies, according to a stockbroker.

Citing an example of a tussle between Gramophone and Bangladesh Telecommunication Regulatory Commission (BTRC), he said such incidents spook foreign investors' confidence.

This is not the only case as there are many other examples of incidents that had impacted foreign investment, he added.

Asian markets rise as traders buoyed by another Wall St rally

AFP, Hong Kong

Asian markets rose in limited trade Tuesday following another strong lead from Wall Street fuelled by a rebound in tech firms, while comments from Federal Reserve officials eased concerns that it will embark on an aggressive phase of policy tightening.

US equities rallied for a second day with plenty of support coming from Apple's blowout earnings report last week, while the current reporting season has proved fruitful despite concerns about inflation and central banks withdrawing financial support.

The Wall Street surge came at the end of a volatile month characterised by speculation over the Fed's plans to get a grip on runaway prices, with fears that its new hawkish tilt could see it hike borrowing costs as much as seven times this year with a 50 basis point move in March.

Comments from some leading figures at the bank at the weekend added to expectations the policy board would go hard and fast, though some were out on Monday trying to play down such a move.

Atlanta Fed boss Raphael Bostic said he was not in favour of such a big hike next month, having told the Financial Times at the weekend that his colleagues had not ruled it out.

Meanwhile, Kansas City Fed President Esther George said it was in "no one's interest to try to upset the economy with unexpected adjustments", and the head of the San Francisco arm, Mary Daly, added that measures "have to be gradual and not disruptive".

The Nasdaq soared more than three percent, paring losses for January to nine percent, having at one point been down almost 15 per cent during the month, while the S&P 500 and Dow also chalked up healthy gains.

And the positive energy

continued in Asia, with Tokyo, Sydney and Wellington all up.

However, business was thin owing to the Chinese New Year break that saw Hong Kong, Shanghai, Singapore, Seoul, Taipei, Manila and Jakarta closed.

There was also hope that the rally could indicate markets are finding a bottom after the recent sell-off. "The back to back consecutive rise in US stocks has got some thinking whether the trough has passed," said National Australia Bank's Tapas Strickland.

"Despite the talk of higher rates, earnings so far have been much better than expected. Whether we have passed the trough is uncertain, but certainly for some value is re-emerging."

And Solita Marcelli, at UBS Global Wealth Management, said in a commentary: "Investors should not lose sight of the fact that the economy remains strong, which should limit downside from current levels."

Facebook's crypto project Diem sold after pushback

AFP, San Francisco

The Facebook backed digital currency project Diem announced Monday the winding down and \$182-million sale of its technology, capping a years-long initiative that drew significant concern from regulators.

Facebook's announcement in 2019 of plans to design a cryptocurrency and payment system raised immediate red flags for global finance officials, who

expressed a barrage of criticism about the security and reliability of a private network.

"The idea of Facebook doing a cryptocurrency was a bridge too far for regulators," said analyst Rob Enderle of Enderle Group.

"They have made it clear they don't trust Facebook with what they are doing now, so sure as heck were not going to let it go into the money business."

Diem Networks' US CEO Stuart Levey said in a statement that the

initiative made progress, but "it nevertheless became clear from our dialogue with federal regulators that the project could not move ahead." "Over the coming weeks, the Diem Association and its subsidiaries expect to begin the process of winding down," the association's statement said.

The technology was bought by Silvergate Capital Corporation in California that is a go-to for crypto projects, and which put the sale price at \$182 million.

Remittance hits

FROM PAGE B1 chiefly put a positive impact on remittances.

On January 1, the government increased the cash incentive for sending remittance through the banking channel to 2.5 per cent from 2 per cent.

Between July and January this fiscal year, remittances stood at \$11.94 billion, down 20 per cent year-on-year.

Against the backdrop, the country's foreign exchange reserve, which stood at the \$48 billion mark for the first time in August last year, commenced to face an incessant downward trend.

The reserves stood at \$45.13 billion on January 26.

The government's move to raise the cash incentive has already started to provide a breathing space in managing the macroeconomy.

Rahman said the exchange rate gap between the dollar and the taka had also reduced in the kerb market compared to the banking sector due to the increase in cash incentive, which is why the expatriates opted for the formal channel in sending their hard-earned money.

Rahman said export of workers abroad had also started in recent months, pushing remittances up.

Syed Mahbubur Rahman, managing director of Mutual Trust Bank, said many banks faced a lack of adequate foreign exchange in settling their import bills.

"So, the lenders have put in their efforts to mobilise more remittances from abroad, bringing a positive effect to the inflow," he added.



Sacks of potato are seen waiting to be sold at a farm in Purba Shahbazpur village of Rangpur sadar upazila. Farmers have been left in the lurch for the second year in a row due to decreased demand amid increased supply of the tuber crop. The picture was taken recently.

PHOTO: KONGKON KARMAKER

Digital repository to understand our workers better

FARUQUE HASSAN

Being a densely populated country, one of the major sources of Bangladesh's competitiveness is the young and vibrant workforce. We have around six million economically active population, and various estimates suggest that around two million people are joining our labour force every year.

In fact, workers are the lifeline of Bangladesh's ready-made garment industry. There are around four million workers employed in this sector directly, of whom 60 per cent are female.

While the economic prosperity of our nation greatly depends on the optimum use of our human resources by making them skilled and competent enough, it is equally important to ensure better social protection and well-being of the people to create an enabling environment to raise productivity.

The apparel industry is a time-tested industry, which has made commendable progress in the area of sustainability, especially workers well-being and industrial relations. Starting from the elimination of child labour in the mid-nineties, and the emerging compliance issues, including timely payment of wages, ensuring the minimum wage, overtime, hygiene at the workplace, and so on, the industry has responded well on all the issues of compliance and workers' rights.

A paradigm shift has taken place in the area of structural, fire and electrical safety at the workplace which was supported by international brands and donors like the International Labour Organisation (ILO), in addition to the lead role played by our government. As a result of all these committed and continued efforts, Bangladesh is now one of the safest apparel manufacturing countries in the world and offers the best sustainable solution to our valued clients.

In order to ensure workers well-being and safety at the workplace, the Labour Act was amended twice since 2013, and the Labour Rules was promulgated in 2015. The formation of a safety committee in every factory has been made mandatory. Workers participation committee has also been made mandatory through elections.

A central fund has been created under the supervision of the government where garment factories are contributing 0.03 per cent of their export earnings for the workers' welfare purposes. Undoubtedly, these are all positive moves by the industry to ensure the well-being of its workers, yet much more needs to be done to ensure their healthy upkeep.

While we prepare ourselves to transit to a developing country and envision becoming a developed economy by 2041, an inclusive approach is required to ensure the well-being of our people. In fact, we need to understand the dynamics of the livelihood difficulties of the marginal income groups, so that belittling policies and interventions can be planned and designed for them.

For instance, Covid-19 has exposed the inherent weakness of the health and hygiene issue of our workers. The public health reality of the workers and their vulnerability to viral

READ MORE ON B2

A central fund has been created under the supervision of the government where garment factories are contributing 0.03 per cent of their export earnings for the workers' welfare purposes

Farmers selling potatoes for dirt cheap

Aim to simply recover investment after two consecutive bad seasons

KONGKON KARMAKER

Potato growers in Bangladesh are grappling to recover their investment as prices of the tuber crop have fallen below their production cost this season, according to various farmers.

"So instead of turning a profit, we are struggling to save our investment," said Taroni Chandra Roy, a farmer of Nawabganj upazila in Dinajpur.

And considering that farmers faced a similar setback last year, it has now become a matter of survival.

During a recent visit to Dinajpur and Rangpur, it was found that farmers are selling potatoes for about Tk 6 to Tk 8.5 per kilogramme (kg), which is Tk 4 to Tk 3 less than the production cost.

Experts say this situation arose as potato farmers across the country began harvesting the crop almost simultaneously, flooding the market with the tuber crop and bringing down prices as a result.

Potato is grown all over Bangladesh but the main supply comes from northern districts, such as Rangpur. Potato cultivation usually starts in the northern districts at the end of September while the harvesting season continues till late April each year, according to the Department of Agricultural Extension (DAE).

While speaking with The Daily Star, farmers of Dinajpur, Joypurhat, Thakurgaon and Rangpur said the prices were reasonable up till December last year but have dropped significantly since early January.



"The situation is quite despairing and there is no sign that prices will get better anytime soon," said Manik Chandra Roy, a farmer of Kaharol upazila in Dinajpur.

So far, Roy has suffered losses of Tk 6 lakh from the sale of potatoes previously stored.

A few farmers got better prices by cultivating fast-growing varieties of potato that sold for about Tk 1,500 to Tk 2,000 per 76 kilogramme-bag in early December last year.

However, even the price of those crops has fallen significantly this season, said farmers. Different varieties of potato, including Granola, Cardinal and Holland, are available in the domestic market.

Suruj Mia, a farmer of Pargachha

upazila in Rangpur, cultivated potatoes on one acre of land at an expense of Tk 40,000, which was borrowed.

He started harvesting the crop last week but has since been left dismayed by the prevailing prices.

"I was offered Tk 5 per kg for the Granola variety, which falls far short of its production cost," Suruj said.

Besides, there are other associated costs to consider, such as labour and transportation, he added.

Suruj was eventually forced to sell his crops at giveaway prices in order to save his investment.

Al Amin Mia, another farmer of Pargachha, said people like him were now drowning in debt after suffering such losses in two consecutive seasons.

"The situation is so bad that I had to sell my entire harvest to a wholesaler on credit," he added.

Jahangir Alam, a wholesale potato trader in Rangpur, said while the market supply has increased amid the peak harvesting season, prices also fell because of decreased demand.

"But the situation will improve in the future," he said.

At least 97,290 hectares of land have been brought under potato cultivation in five districts under Rangpur division, namely Rangpur, Nilphamari, Kurigram, Lalmonirhat and Gaibandha, said the DAE officials.

Of the total land being used, potato is being grown on 51,840 hectares in Rangpur alone, which is 2,000 hectares higher than last season.

Obaidur Rahman, an agronomist of the DAE in Rangpur, said potato production will likely exceed this year's target thanks to favourable weather conditions.

He went on to say that potatoes being harvested now cannot be stored for long but farmers are still clearing the crop from their fields in order to prepare the land for the upcoming paddy season.

"So, this situation could have been averted if harvesting was delayed," Rahman said.

Ashrafur Islam, a farmer of Mazadanga village under Dinajpur sadar upazila, said he suffered losses of Tk 17,000 because of the fall in prices. He cultivated potatoes on one-and-a-half bighas of land this year.

READ MORE ON B2

India goes on a spending spree to boost growth

REUTERS, New Delhi

India's government will step up spending to 39.45 trillion rupees (\$529.7 billion) in the coming fiscal year to build public infrastructure and drive economic growth, it said on Tuesday, but it involves a wider fiscal deficit than targeted and record borrowing.

Asia's third largest economy has been on the mend after the government lifted mobility measures in June to curb the spread of coronavirus, after contracting 6.6 per cent in the previous fiscal year.

Finance Minister Nirmala Sitharaman, presenting the annual budget to parliament, said total government spending in the 2022/23 fiscal year beginning in April will be 4.6 per cent more than the current year.

Trillions of rupees will be allocated to expressways, affordable housing and solar manufacturing to put growth on a firmer footing, she said.

Growth is estimated to be 9.2 per cent for 2021/2022, coming off the low base and slowing to 8 to 8.5 per cent in the coming fiscal year, still the fastest among the world's major economies.

The recovery from the pandemic has been swift but incomplete, officials say. Private consumption has been hampered by a lack of jobs, depleted household balance sheets and wider income inequalities.

Sitharaman said public investment must continue to take the lead and pump prime private investment and demand.

"The economy has shown strong resilience to come out of the effects of the pandemic with high growth. However, we need to sustain that level to make up for the setback of 2020/21," she said.



Labourers work at a coastal road construction site in Mumbai, India on January 12. Asia's third largest economy has been on the mend after the government lifted mobility measures.

PHOTO: AFP

Sri Lanka food inflation hits record 25pc

AFP, Colombo

Food inflation in crisis-hit Sri Lanka hit a record 25 per cent in January, the statistics office said Tuesday, with crop failures and difficulties in financing imports leading to widespread shortages.

The island nation's economy has tanked since the onset of the pandemic, with the collapse in tourism revenue leaving traders unable to finance purchases of essential goods from abroad.

The government last year banned the import of agricultural chemicals in a desperate attempt to shore up foreign currency reserves, drastically lowering crop yields and prompting many farmers to leave their fields bare.

Supermarkets have rationed rice, lentils and other essentials, while power companies unable to pay for imported fuel have been forced to impose rolling blackouts.