

Six firms to invest \$457m in pharma, hospitality

STAR BUSINESS REPORT

Six Bangladeshi companies have showed their interest to invest \$457 million at Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram and Sabrang Tourism Park in Cox's Bazar.

They have prepared six investment proposals – one for the pharmaceuticals sector and the rest five for the hospitality sector.

The economic zones' authority will provide 17 acres land to the entrepreneurs, which are: Healthcare Pharmaceuticals Ltd (HPL), Ifad Motors Ltd, DIRD Composite Textiles Ltd, DIPTA Garments Ltd, DIRD Garments Ltd, and East West Travels & Tours (Pvt) Ltd.

The investment proposals came for Bangabandhu Sheikh Mujib Shilpa Nagar in Chattogram and Sabrang Tourism Park in Cox's Bazar

The investment of the six will create around 8,219 direct jobs, according to the officials of the Bangladesh Economic Zones Authority (Beza).

HPL earlier had been running its operation on a 30-acre land inside Bangabandhu Shilpa Nagar.

Now, Beza has decided to allocate additional 10 acres to HPL to fulfil its demand to expand operation.

Healthcare Pharmaceuticals will invest \$400 million to establish three factories to produce active pharmaceutical ingredients and formulated pharmaceutical products.

HPL would establish the facilities to meet the local demand for import substitute and export finished products, Muhammad Halimuzzaman, deputy managing director and chief executive officer of HPL, told The Daily Star.

Another investor, Ifad Motors Ltd, has submitted proposal to invest over \$16 million to construct and operate a 10-storied 3-star hotel with a 370-room hotel in Sabrang Tourism Park.

Ifad will also utilise the fund for serviced land for construction of 3-star hotel, leisure spot and recreation, convention centre and transport.

Ifad, DIRD Garments Ltd and East West Travels & Tours (Pvt) Ltd.

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The labour cost for harvesting paddy in northern districts of Bangladesh has increased manifold over the past five years, placing an added pressure on financially vulnerable farmers in the region. In a bid to alleviate their sufferings, the government is offering agro-machinery at subsidised rates.

PHOTO: STAR/FILE

Northern paddy farmers at a loss over rising labour cost

MOSTAFA SHABUJ, Bogura

People who subsist on paddy farming in the country's northern districts, namely Bogura, Joypurhat, Gaibandha and Dinajpur, are currently in a vulnerable situation due to their prolonged struggle to make a profit from the crop amid rising labour costs.

"Five years ago, the labour cost was only Tk 1,000 to Tk 1,500 for transplanting saplings on each acre but now, we have to spend Tk 3,500 for the same purpose," said Rubel Hossain, a farmer of Naogaon village under Gobindaganj upazila of Gaibandha.

Labour costs have been leaping up due to a shortage of manpower stemming from the availability of other employment options, such as rickshaw pulling and garment factories.

The cost gets particularly high during peak harvesting seasons, when labours are paid as much as Tk 600-700 per day compared to Tk 500 during normal times.

As a result of the higher labour cost, large-scale farms are steadily becoming more mechanised but not all can afford such technology even at the government subsidised rates.

Hossain went on to say that farmers spent just Tk 3,000 to Tk 4,000 to harvest one acre of paddy five years ago but the cost has risen to between Tk 10,000 and Tk 12,000 at present.

"The higher labour cost is the biggest challenge currently faced by paddy farmers," he said.

Similarly, growers in Maltia



village under Kalai upazila of Joypurhat said that aside from the increased cost of transplanting and harvesting, weeding charges have gone up from Tk 300 to Tk 1,500 per acre.

Echoing Hossain, local farmer Rashedul Islam said rising labour costs have become a major threat for people like him.

Amirul Islam, a farmer of Palsha village under Dinajpur's Ghoraghat upazila, who cultivated around 20 bighas of aman paddy this year, said all input costs related to growing paddy have increased but the biggest problem is the sharp hike in labour costs.

Farmer Shahidul Islam of Vatra village under Bogura's Nandigram upazila said even though labour costs have risen, a labour crisis occurs during the peak season in most years.

For example, many farmers were not able to hire labourers during this year's boro season,

when quickly harvesting the crop was of paramount importance in the face of incessant rain.

As a result, around 300 acres of boro paddy were ruined as entire fields became submerged, Islam added.

"We are going to incur losses as production costs have risen but the market price for rice did not see equal growth," said Saidul Islam, a farmer of Paroil village in Gobindaganj upazila.

Asked how the government is trying to ease the sufferings of farmers, Dulal, Hossain, deputy director of the Department of Agricultural Extension (DAE) in Bogura, said they are selling agro-machinery at 50 per cent subsidised rates in a bid to lower production costs.

As such, more than 100 combine harvesters have already been distributed across 12 upazilas of the district in the past two fiscal years, he added.

Harun-Or-Rashid, a farmer of

Tolashan village in Nandigram upazila of Bogura, said he spent Tk 14.5 lakh on a combine harvester, which has significantly decreased his production cost.

He then explained that it costs at least Tk 11,000 to harvest each acre of paddy using labourers but with a combine harvester, the cost is around Tk 2,000 to Tk 2,500 per acre.

Other than buying a combine harvester themselves, farmers also have the option of renting one out.

"Labourers usually charge around Tk 5,000 for harvesting one bigha [33 decimals] of paddy but we charge only Tk 1,600 per bigha," said SM Musha, the owner of a combine harvester in Bogura sadar upazila.

In Gaibandha, some 69 combine harvesters and four power threshers have been distributed across seven upazilas.

A combine harvester can reap one acre of paddy in about one hour, according to Belal Uddin, deputy director of the Gaibandha DAE.

"So, farmers who can afford this machine are benefiting highly as their production cost is dropping manifold," he said.

But even though there are more combine harvesters up for sale, most farmers are unable to buy them considering the high price despite the government's 50 per cent subsidy.

Uddin then said that it would cost farmers just Tk 1,500 per acre if they use transplanting machines whereas the labour charge is around Tk 4,000 to Tk 5,000 per acre.

Preparing for ESG revolution

ARJIT CHAKRABORTI

As stakeholders' expectations from businesses are changing rapidly, organisations are looking for the right ways to address the environmental and societal needs with appropriate governance. Here's where the much-discussed ESG comes in.

But what are the environmental, social, and governance (ESG) principles? It essentially is a framework for evaluating the performances of organisations with respect to their robustness in governance, and effectiveness in managing environmental and societal issues. However, ESG is not just about ticking these boxes. It's also about making a difference in business performance as well as instilling confidence in the sustained outcomes.

Board members and chief experience officers of large global organisations are increasingly pondering upon the questions around ESG and its impact.



Moreover, they are trying to understand which of the wide-ranging issues directly or indirectly linked with ESG they should focus on. Finally, they are trying to understand the opportunities available to their organisations to create value and stay relevant in the future.

Today, many organisations – including those in the readymade garment (RMG) sector in Bangladesh – are active participants in the supply chains of large global companies. When these global companies consider ESG aspects, they also expect their suppliers to comply with their ESG requirements. Such a business imperative is likely to make ESG a necessary boardroom agenda for the companies in Bangladesh.

However, implementing this in actuality is not easy. While ESG initiatives come across as meaningful, there is a lurking concern around business growth and profitability. In a recent consumer intelligence survey conducted by PwC, about 40 per cent of the executives expressed concerns regarding balancing ESG with their business growth targets.

The immediate call for action would be to revamp the entire reporting process. There will be an increasing demand to enhance transparency on how data is collected, sanitised and leveraged in reporting

However, once ESG adoption starts gaining momentum for large global companies, their suppliers worldwide – including the organisations in Bangladesh – will eventually follow suit. Therefore, business leaders of the organisations in Bangladesh have to start formulating their plan now, which would include three major areas that will have to be considered.

The immediate call for action would be to revamp the entire reporting process. There will be an increasing demand to enhance transparency on how data is collected, sanitised and leveraged in reporting. This would require a robust data governance framework built on comprehensive data architecture.

The next focus area will be to refresh business strategies and reinvent competitiveness. Executives and board members must ask themselves questions on what must be done to sustain and improve competitiveness, and create value for stakeholders.

Finally, there must be a good degree of focus towards business transformation. This transformation will include digital, ecosystem, and value chain transformations.

The impetus for businesses to address ESG issues and opportunities is likely to grow in the coming years. Hence, it is the right time for business leaders to prepare themselves for this transformation.

The writer is a partner with PwC. The views expressed here are his own.

Indian rice shipments stuck at ports

Traders seek govt help

REUTERS, Mumbai

At least 20 ships are waiting to load around 600,000 tonnes of rice at Indian ports as New Delhi's surprise export restrictions have trapped cargoes for nearly a fortnight, forcing sellers to pay demurrage charges, industry officials told Reuters.

India banned exports of broken rice and imposed a 20 per cent duty on exports of various other types on September 8, as the world's biggest exporter of the grain tries to boost local supplies and calm prices after below-average monsoon rainfall curtailed planting.

The surprise moves trapped cargo that was moved to the ports or was in transit before the government made the announcement, said BV Krishna Rao, president of The Rice Exporters Association (TREA).

"We have requested the government to provide concession to this transitional cargo as we are paying hefty demurrage charges," he said.

Apart from 600,000 tonnes rice that is waiting for the loading at berthed vessels, a further 400,000 tonnes of rice is stuck at port warehouses and container freight stations (CFS) even though contracts are backed by letters of credit (LCs), he said.

Broken rice shipments are stuck because of the ban, while in the case of white rice buyers and sellers are not

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Labourers unload rice bags from a supply truck at India's main rice port at Kakinada Anchorage in the southern state of Andhra Pradesh, India.

PHOTO: REUTERS/FILE

Bangladesh to get ADB's \$2b this fiscal year

Country director says

STAR BUSINESS REPORT

The Asian Development Bank (ADB) is working to hand over \$2 billion in loan assistance to Bangladesh by the current fiscal year, ADB Country Director Edimon Ginting said today.

He shared the info in a meeting with Finance Minister AHM Mustafa Kamal at the latter's secretariat office in Dhaka.

The ADB will continue to support Bangladesh's rural and urban development and encourage investment in climate resilient development, the Manila-based lender said in a press release.

The ADB has been cooperating with Bangladesh from beginning of the Covid-19 pandemic to ensure social and economic security of the country, the finance minister said.

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