

# Limited designs, outdated tech plaguing SMEs

Speakers tell SME Foundation seminar

**STAR BUSINESS REPORT**

Limited knowledge of designs and outdated technologies are common problems plaguing almost all clusters of small and medium sized enterprises (SMEs) around Bangladesh, said speakers at a seminar yesterday.

According to SME Foundation, clusters are a concentration of enterprises within a geographical location producing similar products or services and having common strengths, weaknesses, opportunities and threats.

Most SME clusters produce almost similar products throughout their life but customers' choices are changing every day and they are not willing to purchase products of the same design, quality or shape at a high price, they said.

As a result, they are attracted to imported good-looking products, even when those are of a lower quality and cost more, they added.

The seminar on "The Role of Cluster-Based SMEs in Countering the Global Economic Recession" was organised by SME Foundation at Bangabandhu International Conference Center in Dhaka.

Existing technologies of different SME clusters should be updated through appropriate development projects to increase productivity and product quality, they said.

The government could grant bonded warehouse facilities to let area-based associations import raw materials to facilitate export of their products, they added.

There will always be a demand for uniquely designed products, said Khalid Mahmood Khan, co-founder of Kay Kraft, which retails fashionwear, accessories, home textile, handicrafts



Visitors go through products made of pewter at the 10th National SME Fair-2022 in Bangabandhu International Conference Center in Dhaka. Organised by the SME Foundation to expand markets through product diversification, the fair will run till December 3, open from 10:00am to 8:00pm. The photo was taken on Saturday.

PHOTO: RASHED SHUMON

and handloom-made products.

Entrepreneurs need to think in the same way and the latest technologies have to be used to create new designs and products keeping in tune with the times, he said.

Amid the need to curtail imports for the pressure on foreign currency reserves, focus should be on making products whose raw materials are available in the country, he said.

Again, there is a big market for such products in the country, he added.

In addition, there should be more

connections among the clusters and associated institutes, Khan added.

SME Foundation should take steps to prevent new designs of entrepreneurs from getting copied within a couple of days, which causes financial losses, urged Nilufar Yasmin, an entrepreneur from Rajshahi.

Entrepreneurs can now directly connect with retailers, which helps increase their profit margin to some extent amid the ongoing economic downturn, said Suborna Barua, an associate professor of the department of international business

at the University of Dhaka.

Testing products is a prerequisite to grading a product but there are almost no relevant facilities in any cluster, said Nazneen Ahmed, country economist of UNDP Bangladesh.

Access to finance is one of the oldest problems for Bangladeshi entrepreneurs for a lack of knowledge about product quality and quality certifications, she said. "As a result, they are lagging behind even with quality products in a few sectors," she added.

Most clusters have the potential to grow further but availability of skilled manpower is limited and entrepreneurs are not willing to develop skills at their own cost, Ahmed said.

Clusters could be considered as miniature economic zones without a boundary and various central support services could be designed for them, she added.

According to SME Foundation, there are currently 177 clusters in the country comprising 70,000 entities with an annual turnover of around Tk 30,000 crore.

Including all the standalone entities around the country, there were 78.8 lakh such business establishments in 2013, according to the Bangladesh Bureau of Statistics Economic Census 2013.

Of the roughly 10 lakh SMEs and 68 lakh cottage industries in Bangladesh, 7.21 per cent are being run by women.

Notable focus areas include light engineering and handloom products, embroidered quilts called "nakshi kantha", garments, handicrafts and leather goods.

Cottage, micro, small and medium enterprises account for nearly a fourth of Bangladesh's gross domestic product.

## Int'l Travel and Tourism Expo from Dec 1

**STAR DIGITAL REPORT**

A three-day long first-ever Bangladesh International Travel and Tourism Expo (BITTE) is scheduled to kick off in Dhaka from December 1 to boost the country's tourism industry and showcase Bangladesh to global tourists.

The organiser of the expo, the Association of Travel Agents of Bangladesh (ATAB), organised a press conference in this regard yesterday at its office in Dhaka's Nayapaltan area.

ATAB President SM Manzur Murshed Mahbub said in the press conference that the expo will be organised based on the model of developed countries.

"The role of this sector in the implementation of Sustainable Development Goals, is bringing investment in the tourism sector, enriching the relationship between travel agencies, tour operators, providing support in conducting business activities, and various assistance to tourists, among other issues will be discussed in the expo," said SM Manzur.

ATAB Secretary General Abdus Salam Aref informed the media that airlines, hospitals, tourism boards, travel agencies, tour operators, hotels, resorts, cruise liners, destination management companies, and other travel and tourism sector service providers of more than 15 countries including India, Malaysia, Bhutan, Nepal, Maldives, Oman, Sri Lanka, Turkey, Azerbaijan, South Korea, Vietnam, Singapore, United Arab Emirates have already confirmed their participation at the event.

He also said that by participating in the expo, business liaison and relationships will be created between travel agents and tour operators and the country's public will get to know about global travel information, packages and air tickets.

Three seminars titled -- "Investment opportunity in Bangladesh tourism sector", "Aviation and tourism opportunity connecting Bangladesh to the world" and "The impact of the 4th revolution in tourism industry" -- will be organised during the expo.

The country's new private airlines Air Astra will be the title sponsor of this year's expo.

## German inflation slows to 10pc

DW, Germany

The inflation rate in Europe's top economy dropped to 10 per cent for November, preliminary data from Germany's federal statistics agency Destatis showed. This comes after hitting a record high in October.

German inflation unexpectedly slowed to 10 per cent in November, preliminary data showed Tuesday.

This comes after record inflation levels of 10.4 per cent, year-on-year, for October.

The new data is a signal that sky-high energy prices in Europe's biggest economy have begun to ease after months of increases in the wake of Russia's invasion of Ukraine and this was reflected in the slight drop in inflation.

Despite the slowing down of price increases, Destatis noted the cost of energy was still 38.4 per cent higher than a year ago.

The German government has unveiled an energy fund worth €200 billion (\$207 billion) to help protect households and businesses from the impact of soaring prices. The federal government has also raced to diversify supplies after Russia cut gas deliveries.

## China's export tax refund and exemption reach 1.64tr yuan

CHINA DAILY/ANN

China's tax department continuously accelerated the export tax refund this year, offering powerful support for the steady growth of foreign trade, Securities Times reported.

From the beginning of this year to November 10, the total tax refund, as well as tax exemption, reached 1.64 trillion yuan (\$227.84 billion), up 14.9 per cent year-on-year.

The State Taxation of Administration said it has released a series of new policies to improve the tax refund efficiency, further relieving enterprises' pressure.

For example, companies can apply for the export tax refund online, with 430,000 paper documents streamlined for 49,000 companies, as of November 10.

The average export tax refund time has been reduced to six working days this year, and for enterprises with credit worthiness, the time has been further cut to three working days.

At the same time, the tax department also enhanced cracking down on tax fraud on a regular basis.

Cai Zili, chief auditor of the STA, said tax losses of 33.43 billion yuan have been retrieved since the beginning of this year.

## Blue-chip stocks struggle

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Many banks are now offering more than a 6 per cent rate on deposits.

The sharp depreciation of the local currency against the US dollar indicates that share prices might drop further since global investors may pull their money out of the market.

The local currency has lost its value by 24.5 per cent against the US greenback in the last one year, central bank data showed.

The earnings of most listed companies fell in the July-September quarter and the trend could persist in the ongoing quarter and beyond amid the current volatility.

In July-September, the profits of 110 listed companies fell, 38 plunged into losses and 30 remained in losses.

"The floor price is preventing the shares of the companies from falling further," said Prof Ahmed.

When a market falls, some buyers enter the market and purchase shares, sending the indices higher, according to the economist.

"This is the beauty of the market, but it has been spoiled by the floor price."

The current situation has made it harder for the BSEC to lift the floor price since peoples' confidence has received a huge blow because of

the higher inflation, depletion of forex reserves and persisting Russia-Ukraine war.

And Rozario thinks the market regulator should wait until the economic situation improves since the withdrawal of the floor price now could send the market low.

Some institutional investors should prepare themselves to inject Tk 2,000 crore to Tk 3,000 crore into the market to bring back confidence among investors, said Prof Ahmed.

"Otherwise, the market may remain illiquid for a long time."

An asset management company, with hundreds of crores of taka at its disposal, is not investing in the stock market as it apprehends that the market has little scope of making a comeback unless the overall situation improves.

So, it has opened some fixed deposits and subscribed to government and corporate bonds, said a senior executive of the company.

Interestingly, low-performing and junk companies are still favourites among a section of investors even though these securities are believed to be manipulated.

On Monday, Jute Spinners, a junk stock, was the top gainer. Some other low-performing companies such as Kay & Que, Sonali Paper &

Board Mills, and Paper Processing & Packaging Mills were on the list of the top advancers.

Apart from the blue-chip and multinational companies, other well-performing companies are also seeing little trade. At present, the stocks of 240 companies are stuck at the floor price.

A top official of a merchant bank said the reintroduction of the floor price was totally a wrong idea.

"It will impact the market negatively in the long run because foreign investors don't prefer an illiquid market. The artificial price is sending a wrong message to the investors and to the world."

"The rise of the stocks of the low performing companies is not logical," said Mohammad Emran Hasan, CEO of Shanta Asset Management.

"There may be a manipulative intention, so the regulator should look into it."

He then requested the BSEC to investigate and identify the investors who are buying these stocks and for what reasons.

"If there is any insider trading or breach of securities rules, the culprits should be punished."

Hasan recommended general investors invest in sound stocks and not pay any heed to rumours.

## MFS operators allowed

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An executive of an MFS operator welcomed the central bank move, saying it will boost remittance transfers through official channels and cut remitters' reliance on the hundi cartel.

"Sometimes remitters have to rely on the hundi system since they can't remit money whenever they want and from wherever they want."

Bangladesh rolled out MFS in 2011. Since then, the service has exploded across the country.

At present, 13 MFS operators are providing services to more than 18 crore account holders, who are transferring nearly Tk 3,000 crore daily.

Under the new system, MFS operators must have standing arrangements with foreign payment service providers (PSPs) to receive foreign currencies in their accounts, and an equivalent taka value will be credited to the wage earners' MFS accounts.

According to the BB notice, foreign PSPs must provide credit to the designated banks' nostro accounts. After receiving the amount in the taka, wage earners can use the MFS account from abroad to carry out all transactions in the taka.

A wage earner can open an MFS account in the taka through e-KYC (electronic know your customer) along with the validated proof of departure from Bangladesh. On return to Bangladesh, such accounts can be converted to local MFS accounts.

This account may be converted again to a wage earner MFS account with the proof of departure. It is important that wage earners' MFS accounts can only be credited against foreign currencies, said the BB.

Banks have been advised to provide settlement account services to MFS operators.

Under the service, banks will transfer the fund upon receipt in their nostro accounts to settlement accounts in the equivalent taka of the MFS operators.

As an alternative, banks may maintain accounts in the name of foreign PSPs in foreign currency or taka to facilitate the transfer by debiting the accounts, said the notice.

Currently, one crore Bangladeshi migrants are working in other countries, sending \$21.03 billion in the last fiscal year of 2021-22. But half of the remittances are said to flow to the country through formal ways and the rest through hundi.

## Global Heavy Chemicals

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the Dhaka Stock Exchange yesterday. The net asset value per share slipped to Tk 53.68 from Tk 54.65 a year earlier.

The net operating cash flow per share was a negative Tk 0.50 in the last financial year compared to Tk 0.41 in 2020-21, driven by a decrease in net cash generation from operation because of the increase in payments to suppliers and financial expenses.

The board of directors of Global Heavy Chemicals has recommended a 2 per cent cash dividend for

shareholders except for the directors for 2021-22.

Shares of the company were unchanged at Tk 35.10 on the DSE yesterday.

A concern of Opsonin Group, Global Heavy Chemicals produces import substitute industrial chemicals like caustic soda, hydrochloric acid, bleaching powder, chlorine, sodium hypochlorite, and chlorinated paraffin wax.

GHCL also exports chlorine to India on a regular basis, according to the website of the company.

## Private credit growth drops

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price hike of essential commodities, said Mansur, also a former high official of the International Monetary Policy.

Inflation surged to a 10-year high of 9.52 per cent in August. It, however, fell to 9.10 per cent in September and 8.91 per cent in October.

"In addition, commoners' confidence in the banking sector has declined a bit in recent times due to financial scams. This is another

reason for the liquidity shortage in banks," Mansur said.

"The liquidity position in the banking sector will not improve if the dollar shortage continues."

He explains that if remittance gets a boost, banks will be able to avert purchasing a hefty amount of dollars in exchange for the taka from the central bank.

"A downward trend of the private sector credit growth is not a good sign for the country," he added.

## Finnish companies eager

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"I believe their experiences and technologies can help Bangladesh in its development journey," he added.

Regarding the local market size, Uddin said Bangladesh is going to be 9th largest consumer market in the world.

"So, there are opportunities for

Finnish companies here," he added while referring to an HSBC report.

Finnish companies Nokia, Wärtsilä, Elematic and Konecranes and Bangladeshi companies Summit Group, Bashundhara Group, Gemcon Group and Cosmos Group presented their business profile and plans at the seminar.

## Kamal seeks written complaints

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to complete applications.

Besides, applicants did not even have any opportunity to know what the status of their application was or at what stage it was in.

"It is expected that such problems will be overcome if the loan application process is digitalised,"

he said.

On July 30, 2018, the government issued a policy titled "Housing Loan Policy 2018 through banking system for government employees".

The inauguration programme was chaired by Fatima Yasmin, senior secretary to the Finance Division.

Among others, Abdur Rouf Talukder, governor of Bangladesh Bank, Sheikh Mohammad Salim Ullah, secretary of the Financial Institutions Division, Md Nurul Islam, controller general of accounts, and Md Mursheedul Kabir, managing director of Agrani Bank, were present.