A study by the Bangladesh Small and Cottage Industries Corporation (BSCIC) in fiscal year 2021-22 found that it took very little rain to cause waterlogging and mud to accumulate at its estates. This made traversing difficult and raised production costs. The photo was taken inside the Tangail BSCIC industrial estate last October. PHOTO: MIRZA SHAKIL

BSCIC INDUSTRIAL ESTATES

Infrastructural shortcomings the prime concern

SUKANTA HALDER

Infrastructural inadequacies, such as potholes, are the biggest concern for businesses based in industrial estates of the Bangladesh Small and Cottage Industries Corporation (BSCIC), according to 67 per cent of the entrepreneurs with factories inside BSCIC areas across the country.

It takes very little rain to cause waterlogging and render the roads a muddy mess, making them difficult to traverse while driving up production costs as well, they said in a study conducted by the BSCIC in fiscal 2021-22.

Conducted to identify the challenges at BSCIC estates and their solutions, a report on the study was published in June.

The views of 400 entrepreneurs from 38 industrial areas alongside 54 officials and representatives of 36 district offices were taken at random for the research.

As per the paper, about 32 per cent of the entrepreneurs believe that less than 21 per cent of the drainage systems are usable. Most drains are not regularly cleaned while the banks of many have caved in, blocking waterflow.

In addition, about 38 per cent of the factories are unable to utilise their full capacities for financial crisis, increase in production cost and a lack of raw materials.

The respondents also highlighted a lack of skilled manpower and effective marketing as other issues.

The report says most estates do not have gas connections, prompting entrepreneurs to avail alternatives. Where connections are available, the pressure is very low, hampering production and increasing costs.

In addition, the presence of water pumps does not ensure supply. In some estates, groundwater levels have reached alarming levels, prompting entrepreneurs to set up their own arrangements.

Just 34 per cent of the respondents think the BSCIC is able to meet the bare minimum of their demands. For example, the electricity supply is not uninterrupted in many estates, hampering production.

Most estates do not have boundary walls, security gates and guards either while there is an absence of streetlights, leading to the intrusion of outsiders who have in certain cases even extorted businesses.

As such, more than 80 per cent of the entrepreneurs reported safety concerns.

A lack of manpower among the estate authorities also hampers management, such as collection of service charges, leading to losses in revenue collection.

According to the study, 15 per cent of the industries do not have firefighting facilities.

A fire recently broke out at a pesticide factory in a BSCIC estate in Dhaka's Dhamrai upazila early in the morning and was put out after about four hours. The cause and financial losses are yet to be known.

Some 44 per cent of entrepreneurs said the plots were not big enough. As many as 81 per cent of the entrepreneurs want to expand their factories but 75 per cent are unable to for a lack of space and 61 per cent for a financial crisis.

Some 27 per cent said they were facing problems in getting plot allotments and 18 per cent at getting loans. They said locally influential people were availing plots to rent those out at high prices.

The authorities, including local municipality, were informed of the problems through a letter long ago but no effective action was taken, said Jahirul Islam, president of the Narayanganj BSCIC Jamdani Plot Owners' Welfare Association.

A top BSCIC official said a five-member committee has been formed to examine the issues and submit recommendations.

Initiatives will be taken in phases, he added.

The BSCIC was set up in 1960 to develop industrial plots equipped with utility connections and connectivity to spur industrialisation.

Currently, there are 80 estates with 11,922 plots.

About 4,570 factories are in production at these estates with total investments amounting to around Tk 63,318 crore.

These units, of which 901 are export-oriented, employ more than 8.50 lakh people collectively.

Besides, about 30 per cent of the import substitute products produced in Bangladesh come from these estates, which also account for 11 per cent of the country's exports.

India economy likely to grow 6.5pc-7pc

REUTERS, *New Delhi*

The Indian economy is likely to grow 6.5 per cent to 7 per cent next fiscal year if the global environment does not worsen, a member of the prime minister's economic advisory council said on Thursday, giving a higher estimate than some economists.

Global agencies such as the International Monetary Fund and the World bank, for instance, have forecast India's growth will be 6.1 per cent and 6.0 per cent, respectively, next fiscal.

The country will continue to maintain macroeconomic stability, despite a "very difficult" global environment, helped by the stable banking sector and buoyant tax revenue collections, Sanjeev Sanyal told Reuters.

India posted annual economic growth of 6.3 per cent in the July-September quarter, a tad above the 6.2 per cent forecast by economists polled by Reuters.

"I think we are now on stream to achieve somewhere slightly short of 7 per cent GDP growth rate for this financial year," Sanyal said, which is in line with the country's central bank projection.

India's fiscal year starts on April 1 and runs through March 31.

Earlier this year, economists had cut their projections for India's growth in fiscal 22-23 to around 7 per cent due to slowing exports and risks of high inflation crimping purchasing power.

Unemployment in Eurozone drops to record low

AFP, *Belgium*

Unemployment in the eurozone has dropped to a record low, at 6.5 per cent in October, the EU's Eurostat statistics office said Thursday.

The reading -- the lowest since Eurostat started compiling jobless figures in April 1998 -- was an indicator that the economies of the 19 EU nations using the euro had bounced back after the Covid pandemic.

The seasonally adjusted unemployment rate was markedly less than the 7.3 per cent recorded a year ago.

Eurostat estimated that, for the entire 27-nation European Union, 12.95 million adults were unemployed in October -- or 6.0 per cent of the active population -- with 10.87 million of them in the eurozone.

While all OECD economies, with the exception of former EU member Britain, have recovered to their pre-pandemic size, global headwinds are stalling the recovery.

The eurozone is likely to tip towards recession within weeks, according to the European Commission.

Inflation is running hot, despite falling back in the latest reading on Wednesday, at 10 per cent -- above the European Central Bank's two-percent target -- largely because of high energy prices spurred by the fallout of Russia's war in Ukraine.

Remittance ticks

FROM PAGE B1

According to Rahman, many expatriate Bangladeshis are sending their earnings to the country through hundi, an illegal cross-border foreign exchange system, to get a better rate of the US dollar compared to the rates offered by banks.

The lower inflow of remittances has already created pressure on the country's foreign exchange reserves, which have been facing stress due to the volatility in the foreign exchange market.

The reserves slipped below $34 billion on Wednesday as the central bank continues to inject dollars into the market to help banks clear import bills. It was $44.9 billion a year ago.

Since July 2022, the central bank has sold around $6 billion on the interbank market to contain the volatility amidst a shortage of the US dollar.

Rahman urged the central bank to take quick measures in order to find out why remittances are facing a sluggish trend.

He suggested the central bank send special teams to the countries that are the major source of remittances for Bangladesh.

Currently, one crore Bangladeshi migrants are working in the world.

Monthly export receipts

FROM PAGE B1

The reserves fell to $33.86 billion on Wednesday, down more than 26 per cent from $45.95 billion in February, the month when the war broke out.

Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think-tank, described the export growth as unusual.

"And it is difficult to explain because of the reaction of exporters in the recent weeks after they started facing massive load-shedding and the gas crisis and the slowing order from buyers abroad."

"It will, however, give some relief to the economy if the data is accurate," said Razzaque.

Yet, the biggest concern that the major economies would fall into recession is still there, he warned.

One possible explanation for the higher exports could be, he said, the relocation of orders from China because of the supply disruption amid Covid-19-related restrictions in the world's second-largest economy.

"Eventually how much of the orders would materialise would depend on the actual export proceeds coming through the banking channel."

Zahid Hussain, a former lead economist of the World Bank Bangladesh, said some large exporters expressed surprise after the release of export data in October.

"So, there is a question about the authenticity of data."

The divergence between export shipment and receipt data has widened in the recent period. If there is any growth in export earnings, that should come from the US as consumer confidence is largely positive in the world's biggest economy, he said.

The third quarter data for the current calendar year showed that the US economy grew 2.9 per cent. It was unexpected and many assumed that the US economy was falling into recession.

Hussain also said orders are diverting from China and this may bring some unexpected growth to export earnings.

"It is a very good development. The question is whether it will sustain as the recession fears in the US economy have not been over yet. Questions have also remained whether orders diverted from China will sustain as the country is moving away from its zero-Covid position."

Another positive side, according to Hussain, is the peak of the appreciation of the US dollar globally seems to be over.

"Our products will be attractive in the export markets if the American greenback depreciates," he said.

Remittance receipts to fall

FROM PAGE B1

well as other South Asian countries like Pakistan and Sri Lanka.

"In Bangladesh, Pakistan, and Sri Lanka, the joint effect of parallel exchange markets prompted by domestic economic crises, and re-emergence of informal money transfer channels in the aftermath of the pandemic, further diminished official remittance flows."

Overall, remittance flows to South Asia are expected to grow 3.5 per cent to reach $163 billion in 2022, a notable slowdown from the 6.7 per cent gain of 2021, but benefiting from strong performance in India and Nepal.

Apart from India and Nepal's gain, which are likely to see a 12 per cent and a 3.6 per cent increase, respectively, in inward remittance this year, the remaining South Asian countries are likely to see an aggregate 10 per cent decline in inward remittance this year.

India's remittance is expected to reach a milestone of $100 billion while Nepal is expected to see a 3.6 per cent increase to reach $8.5 billion.

Globally, India is projected to top the remittance-recipient countries' list, followed by Mexico, China, the Philippines, and Egypt.

With a $29 billion inward remittance projected, Pakistan is ahead of Bangladesh while Nigeria is in the same bracket as Bangladesh.

The WB said the demand for migrant workers from Bangladesh, Pakistan and Sri Lanka remains strong in the Gulf Cooperation Council countries, the predominant destination for migrant workers from these countries.

"However, migrants responded to exchange rate depreciations in home countries by sending less money through formal channels and opting for black-market premia in the parallel exchange markets."

"They saved remittance fees by using more informal channels than formal money transfer channels."

To arrest the drop in remittances, Bangladesh's government has offered incentives to migrants by withdrawing the interest ceiling on non-resident foreign currency deposits, the ceiling on internet banking transfers, and removing the proof of source of income requirements for remittances, according to the WB.

On the other hand, remittance flows to India were enhanced by wage hikes and a strong labour market in the United States and other Organisation for Economic Co-operation and Development (OECD) countries.

Also, the main drivers for remittance growth in Nepal are an increase in vaccinations and the lifting of travel restrictions in the GCC.

The report says as a share of GDP, remittances in 2022 are projected to rise to 22 per cent in Nepal, and to range from eight per cent in Pakistan to four-five per cent in Bangladesh and Sri Lanka.

Despite reaching a historic milestone of $100 billion and retaining its position as the top recipient of remittances globally, India's remittance flows are expected to account for only three per cent of its GDP in 2022.

The report says South Asia has the lowest remittance costs of all regions in the world, but they are still well above the Sustainable Development Goal target of 3 per cent.

"The increase of 72 per cent (from $9 to $15.45 for every $200) in the cost of remitting from the United Kingdom to Afghanistan was huge at a time when migrants' families were already living in dire poverty."

The growth of remittances to South Asian countries is projected to fall from 3.5 per cent in 2022 to 0.7 per cent in 2023.

EU discussing Russian oil price cap at $60/barrel

REUTERS, *Brussels*

Representatives of European Union governments were discussing on Thursday a price cap on Russian seaborne oil at $60 per barrel, with a review every two months, yielding to pressure from some countries to lower the cap, diplomats said.

The Group of Seven nations (G7) proposed last week a price cap on Russian oil, meant to diminish Moscow's revenues and its ability to finance its war in Ukraine, of $65-70 per barrel. The cap, if agreed, is to take effect from Dec 5th.

Poland, Lithuania and Estonia refused to back the cap at that level, arguing Russian Urals crude was already trading lower so the cap would be ineffective.

"The new level under discussion is now $60 per barrel, but talks are continuing," one EU diplomat with knowledge of the discussions said. Two others confirmed the $60 level, noting there was no agreement yet.

The three countries also insist that the price cap be regularly reviewed to adjust to changing market and geopolitical conditions and diplomats said EU government representatives were discussing a review every two months. Poland, Lithuania and Estonia also want the G7 price cap, which would replace a harsher EU outright ban on buying Russian seaborne crude agreed in May, to be accompanied by a new package of other sanctions against Russia over its invasion of Ukraine.

The sanctions would include adding more Russian individuals to the list of people who cannot enter the EU and whose EU assets would be frozen, banning more Russian state-controlled media outlets from broadcasting in Europe, disconnecting more Russian banks from the global SWIFT payments system, and putting export restrictions on more EU products.

Semiconductors

FROM PAGE B4

already are, and always will be highly demanded items for the foreseeable future, said Mashiur Rahman, the prime minister's economic affairs adviser.

He thanked the MCCI for organising the important and timely event and assured that the government will always support any such initiative.

"The present government has always been a business-friendly government."

NM Zeaul Alam, senior secretary of the Information and Communication Technology Division, and Anis A Khan, director of the MCCI, also spoke at the event.

Bangladesh's share

FROM PAGE B1

cent of Bangladesh's garment exports are limited to nine countries -- the US, Germany, the UK, Spain, France, Italy, the Netherlands, Canada and Belgium.

The BGMEA is also hoping for Asian markets to become major export destinations alongside the existing top three destinations, namely the European Union, the US, and Canada.

Asia's apparel market is projected to be worth $613.70 billion in 2022, with the market expected to annually grow by 5.35 per cent from 2022 to 2026, according to German market and consumer data provider Statista.

Faruque Hassan, president of the BGMEA, said the global market share of Bangladesh would increase significantly when the WTO reveals the data of 2022 as shipments were growing.

Bangladesh is becoming a major source of value-added garment items while international retailers and brands are coming up with a big volume of garment work orders, Hassan also said.

The unit prices also went up recently as the local manufacturers are supplying quality high-end value-added garment items, he said.

The future trend is good in all the traditional and emerging Asian markets, he said, adding that over the last three months the earning was a bit low but there was still growth.