The factory in Rangpur's Gangachara upazila will annually produce six lakh bicycles. RFL Group has been manufacturing bicycles since 2014. PHOTO: COLLECTED

RFL Group opens 2nd bicycle factory

KONGKON KARMAKER

RFL Group opened its second bicycle factory in Rangpur's Gangachara upazila to meet the growing demand in both local and export markets.

The factory will annually produce six lakh bicycles once fully operational, Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, said at the launch event held on the factory premises at Lalchandpur village in Rangpur.

RFL Group, founded in Rangpur 42 years ago, has been manufacturing bicycles since 2014.

The group exports bicycles to 15 countries, including Australia, England, Netherlands and Belgium.

The company set up its first bicycle factory at Shayestaganj of Habiganj in 2014.

Around 8 lakh bicycles are produced each year at the Habiganj factory.

Along with assembling and manufacturing bicycles, spare parts such as frames, tubes and tyre forks will also be produced at the 70,000 square-feet factory, which cost about Tk 60 crore to build, Chowdhury added.

Commerce Minister Tipu Munshi attended the event as chief guest.

BANGABANDHU HI-TECH CITY

PPP model binned for one segment

REJAUL KARIM BYRON *and* MAHMUDUL HASAN

The government has retreated from its decision to develop a portion of Bangabandhu Hi-Tech City in Gazipur's Kaliakoir on a public-private partnership (PPP) model due to lukewarm response from developers.

To speed up the investment in the park Bangladesh Hi-Tech Park Authority will instead directly allocate land to investors.

The decision was taken at a virtual meeting of the Cabinet Committee on Economic Affairs held on Wednesday.

The 355-acre city is divided into segments called blocks, developed and ready with all necessary amenities for tech-based industries.

According to initial plans, a 65-acre block 1 will have residential facilities, a hotel and administrative buildings while block 2 will comprise training centres, a convention hall, mosques, shopping centre and other residential facilities.

Block 3 (40 acres), block 4 (36 acres), block 5 (29 acres) and block 6 (97 acres) are entirely dedicated for industrial areas and a special zone comprising 97.33 acres of land has been developed for establishing research and development facilities.

According to the documents of the ICT Division, the authority's executive committee had first decided to develop the city hiring developers through the PPP method.

Later, it got the green light from the cabinet committee in September 2011 to adopt the PPP model titled DBFOOT (design, build, finance, operate, own and transfer).

In accordance with this, international tenders were floated for appointment of developers for block 2, 3, 4 and 5.

Subsequently, the authority signed an agreement with Summit Technopolis on June 28, 2015 for the development of block 2 and 5 and another with Bangladesh TechnoSity on August 11 of the same year for block 3.

For block number 4, both Summit Technopolis and Bangladesh TechnoSity had submitted tenders.

Although Summit Technopolis had proposed investing a higher amount of money, the authority's executive committee decided to evaluate their activities first before appointing a developer for block 4.

In this context, a committee formed under the chairmanship of an additional secretary (planning and development) to ICT Division opined against appointing existing developers for block 4.

Afterwards, in July 2020, the authority floated an international tender for appointing a developer for block 4. Only one company submitted a proposal.

But as per a gazette issued by Public-Private Partnership Authority, there is no scope for evaluating a single bid.

As a result, in a subsequent meeting, the authority's executive committee decided to withdraw the PPP system and allocate the land directly to entrepreneurs.

Developers can rent out a facility built by themselves or lease out the land to local and international investors.

"The honourable prime minister also directed us to allocate the lands of block 4 directly to the investors at the meeting of the authority that took place in June," said Bikarna Kumar Ghosh, managing director of Bangladesh Hi-Tech Park Authority, yesterday.

"It also requires the approval of the Cabinet Committee on Economic Affairs, which we have got now," he added.

On why the government is now directly allocating the land, he said, "On one hand we have found just a single bidder. On the other hand, the activities of the existing developers are slow."

"For block 4, we have already primarily selected 18 companies to allocate all of the land," he added.

Rural people facing large-scale digital inequality

BIDS research director says

STAR BUSINESS REPORT

A huge part of the population, especially in rural areas, is still deprived of access to digital services due to their inability to purchase the required devices, according to an economist.

"So, people in rural areas are facing digital inequality on a large scale," said Monzur Hossain, research director of the Bangladesh Institute of Development Studies (BIDS).

"Along with the lack of devices, the slow connection speed in rural areas and its cost make the internet inaccessible for rural people," he added.

Hossain went on to say that data packages offered by mobile network providers in the country are not people friendly.

"For these reasons, we are lagging behind neighbouring countries like India and China in many indicators," he said.

Hossain made these remarks during his book launching ceremony at the World Literature Center in Dhaka yesterday.

The book titled, "Digital Transformation and Economic Development in Bangladesh", was inaugurated by Planning Minister MA Mannan.

The Bangladesh Evaluation Society (BES) organised the publication ceremony.

Hossain suggested the government could install free Wi-Fi hotspots in every village and educational institution considering the situation.

In addition, at least 50 per cent of the workforce related with Information Technology operations are still either semi-skilled or unskilled.

So, the government should give emphasis on building centres for the development of proper IT human resources, he said.

The book was published by an international publisher "Palgrave Macmillan" in September this year.

It highlights the links between digital transformation and economic development.

Dollar falters

REUTERS, *Singapore*

The dollar was on the back foot on Thursday, even as the Federal Reserve kept to its hawkish rhetoric after raising rates by half a percentage point, as investors were doubtful over how much the central bank would commit to putting the brakes on growth to curb inflation.

Fed Chair Jerome Powell said overnight that the Fed will deliver more interest rate increases next year despite a possible recession in the U.S., with rates expected to peak above 5 per cent.

That did little to sustain an initial rally to the greenback.

Against the dollar, the pound and the euro hovered near their six-month highs in early Asia trade on Thursday, after having touched those levels in the previous session.

Sterling was last 0.1 per cent lower at \$1.2415, following a 0.5 per cent overnight gain, while the euro slipped 0.09 per cent to \$1.0673, having also risen 0.5 per cent overnight.

Small loan defaulters repay more than larger ones

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all," the BB assessment said, adding that Tk 0.27 crore was recovered in 2020 and Tk 5.58 crore was recouped in 2021.

The amount of collateral against the large bad loans was 77 per cent, which was poor, the BB said.

"This means the bank is unlikely to recover large defaulted loans by selling the collaterals. The large defaulted loans are a major concern for the bank."

Zafar Alam, managing director of SIBL, claimed that the situation of defaulted loans improved a lot as the bank conducted special drives.

Waseqa Ayesha Khan, the convener of the sub-committee of the parliamentary standing committee, told The Daily Star that the committee was preparing recommendations after assessing the default loan situation at the four to five banks.

"We will send the recommendations to the Bangladesh Bank and the financial institutions division of the finance ministry soon," the ruling party lawmaker said.

"The recommendations will mainly be related to how to improve the situation, not against any particular bank."

The two other members of the committee are Jatiya Party Lawmaker Ahsan Adelur Rahman and Awami League Lawmaker Khadizatul Anwar.

WHAT EXPERTS SAY

Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh, said: "There should be an exit policy as every businessperson or business will not be successful. At the same time, defaulted loans should not be spared."

"Willful defaulters should be brought to book and measures should be taken to recover them."

In the case of unintentional bad loans, the government should offer a certain period of time to recover them, said the former economist of the International Monetary Fund.

Fahmida Khatun, executive director of the Centre for Policy Dialogue, emphasised following good governance guidelines and due diligence to get back loans.

She thinks that collaterals are not enough to stop the classification of loans and underscores the need for assessing the trade records of borrowers so that banks don't face any trouble in getting back funds.

"In some cases, the authorities show flexibility to defaulters because of their political links. This needs to be reviewed to speed up the recovery."

Furthermore, the economist said, loan-related disputes should be settled quickly to speed up the recovery.

Palm oil price cut by Tk 4, soybean Tk 5

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per litre yesterday while bottled ones at Tk 180 to TK 190.

Apart from this, a five-litre bottle of soybean oil was being sold at Tk 890 to Tk 925.

On the other hand, loose palm oil was being sold at Tk 115 to Tk 130 per litre.

"Following the government's decision, soybean and palm oil will be sold at the new price," SM Mujibur Rahman, head of accounts of the Meghna Group of Industries, one of the biggest commodity importers and processor, told The Daily Star.

Dhaka, Ctg hold over 80% bank deposits

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Khulna, Rajshahi, Sylhet, Rangpur, Barishal and Mymensingh followed Dhaka and Chattogram, according to the central bank's quarterly statistics of scheduled banks for July-September.

Md Abdus Salam Azad, managing director of state-run Janata Bank, attributed the savings made by government organisations in the capital to the higher concentration of deposits in Dhaka.

In the port city, banks receive savings from state-owned Bangladesh Petroleum Corporation and the Chattogram Port Authority, he said adding that institutional deposits would be around 70 per cent of the total amount in the two divisions.

"Individuals and private firms account for the rest of the deposits in these divisions. Besides, the two regions have higher economic activities than other divisions."

The concentration of bank branches is high in the two divisions because of higher economic activities.

"The extent of money circulation is very high here," said Emranul Huq, managing director of Dhaka Bank Ltd.

The ratio of loan concentration in the two cities would be nearly 65-70 per cent of the entire loans in the banking sector, he added.

"Such a heavy concentration is not good. This does not help equitable development."

Huq expected that share of Dhaka and Chattogram in deposits and loans would reduce in the coming days because of the setting up of economic zones across the country and the expansion of economic activities beyond the two regions.

Cut expenditure

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It also asked not to transfer that fund to the revenue budget or any other sector.

The finance division earlier asked not to purchase vehicles, aircraft, ships, boats or barges under any development and non-development budgets until further notice.

It also instructed to curtail expenses for entertainment, tours and others by 50 per cent, expenses for petrol, oil, lubricant, gas and fuel by 20 per cent and expenses for electricity by 25 per cent.

The division earlier asked the authorities to fully suspend spending money on land acquisitions as well as purchasing computers and other electronic accessories, electrical equipment and furniture.

In the latest directives, it prohibited transfer of the amounts allocated in this regard to any other sector.

The division instructed that the authorities drop projects deemed to be less important and not to include any project without an allocation in the revised ADP.

It also asked not to include in the revised ADP projects whose development reports could not be sent to the planning commission within January 2023.

A finance ministry official said the government was planning to downsize the budget, which was earlier fixed at Tk 678,064 crore, by a big margin.

He, however, said the decision was yet to be finalised while work was ongoing in this regard.

A fiscal coordination meeting would be held, chaired by the finance minister, this month to take preliminary decisions in this regard and to prepare outlines of the revised ADP.

China's factory, retail sectors skid for Covid

REUTERS, *Beijing*

China's economy lost more steam in November as factory output slowed and retail sales extended declines, both missing forecasts and clocking their worst readings in six months, hobbled by surging COVID-19 cases and widespread virus curbs.

The data suggested a further deterioration in economic conditions as lockdowns in many cities, a property-sector crunch and weakening global demand pointed to a bumpy road ahead even as Beijing ditched some of the world's toughest anti-virus restrictions following widespread and rare public protests.

Industrial output rose 2.2 per cent in November from a year earlier, missing expectations for a 3.6 per cent gain in a Reuters poll and slowing significantly from the 5.0 per cent growth seen in October, the National Bureau of Statistics (NBS) data showed on Thursday. It marked the slowest growth since May, partly due to disruptions in key manufacturing hubs Guangzhou and Zhengzhou.

Retail sales fell 5.9 per cent amid broad-based weakness in the services sector, also the biggest contraction since May. Analysts had expected the gauge of consumption to shrink 3.7 per cent, accelerating from a 0.5 per cent dip in October.

In particular, sales in the contact-intensive catering sector fell 8.4 per cent from a year earlier, accelerating from the 8.1 per cent decline in October.

Meanwhile, automobile production slumped 9.9 per cent, swinging from an 8.6 per cent gain in October.

China's yuan eased against the dollar on Thursday, as the data hit investor confidence.

"The weak activity data suggest that the policy needs to be eased further to revive the growth momentum," said Hao Zhou, chief economist at GTJAI.

"The increased size of the MLF rollover this morning is in line with the overall easing policy tones. Looking ahead, we also forecast that the rates for MLF will be lowered by 10bps next Q1."

China's central bank ramped up cash injections into the banking system on Thursday and held interest rates on the medium-term policy loans, or MLF, to keep liquidity conditions ample.

The world's second-largest economy has been depressed by its zero-COVID policy, as tight movement controls hampered consumption and production. Other headwinds the country faces are its property slump, global recession risks and geopolitical uncertainties.

Property investment fell 19.9 per cent year-on-year, the fastest pace since the statistics bureau began compiling data in 2000, according to Reuters calculations based on data from the NBS.

Policymakers have rolled out support for the sector on almost all fronts, including credit lines from banks, bond financing and equity financing, but analysts said such effects have yet to be seen as home sales still remained weak.

Fixed asset investment expanded 5.3 per cent in the first 11 months of the year, versus expectations for a 5.6 per cent rise and growth of 5.8 per cent in January-October.

Hiring remained low among companies wary about their finances. The nationwide jobless rate rose to 5.7 per cent in November from 5.5 per cent in October. Youth unemployment dipped to 17.1 per cent from 17.9 per cent in October.