

star BUSINESS

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Xiaomi motherboards now being made locally

STAR BUSINESS REPORT

Xiaomi, a Beijing-based global smartphone brand, recently announced that the motherboards used in its handsets are now being produced in Bangladesh as the company looks to increase value-addition in the country's nascent mobile manufacturing industry.

The Printed Circuit Board Assembly (PCBA), commonly known as motherboard, is a major component of the company's products as it connects various chips and electrical circuits to enable the overall functionality of a smartphone.

"Local manufacturing of PCBAs show Xiaomi's commitment towards being in Bangladesh for the long haul, and we are able to contribute to generating more tech jobs in Bangladesh," said Ziauddin Chowdhury, country manager of Xiaomi Bangladesh.

The local production of PCBAs comes just one-and-a-half years after Xiaomi first started manufacturing its smartphones in the country

The Redmi 10C model is the first Xiaomi product available in the market to be equipped with PCBAs made in Bangladesh.

"Within a short span of time, all locally produced Xiaomi smartphones will use locally manufactured PCBAs, and I believe this will be a milestone in the progress of Bangladesh's tech industry," he added.

The local production of PCBAs comes just one-and-a-half years after Xiaomi first started manufacturing its smartphones in the country.

In October 2021, Xiaomi started local manufacturing of its devices by opening a plant in Gazipur.

The company has already established a surface mount technology (SMT) plant with state-of-the-art technologies and machinery at its Gazipur unit.

The entire initiative is being completely financed through foreign direct investment.

READ MORE ON B3

WHY NET INTEREST INCOME IS NEGATIVE

- » High non-performing loans
- » Low asset quality
- » Cap on interest rate
- » BB restrictions on lending

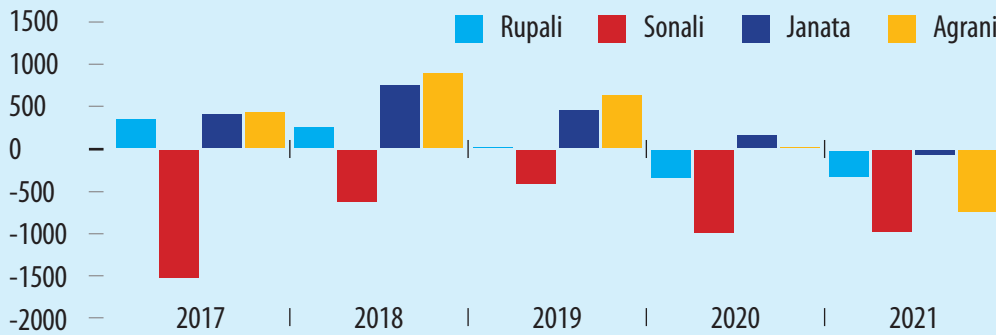
WHAT IS NET INTEREST INCOME?

The difference between the interest income a bank earns from its lending activities and the interest it pays to depositors



In Bangladesh, the four SCBs' lending capacity is limited as per a memorandum of understanding with the central bank. The restriction has been put in place owing to their higher NPL ratio and a capital shortfall, which resulted in limited growth in fresh lending and interest income

Anis A Khan
Former chairman of ABB



State banks' core business in the red

AHSAN HABIB

Four state-run commercial banks (SCBs) in Bangladesh are struggling to generate revenue from their core business of lending due to voluminous non-performing loans and the lending rate ceiling.

As a result, they have been forced to bank on the incomes from the investments in bonds and bills to remain afloat.

The net interest income is the difference between the earnings made against loans and the interest paid against deposits.

Financial reports showed the net interest income of Sonali Bank, Rupali Bank, and Agrani Bank was negative in 2020 and 2021. Janata Bank's net interest income contracted in 2021.

In Bangladesh, the four SCBs' lending capacity is limited as per a memorandum of understanding with the central bank.

The restriction has been put in place owing to their higher NPL ratio and a capital shortfall, which resulted in limited growth in fresh lending and interest income, said Anis A Khan, a former chairman of the Association of Bankers, Bangladesh, a platform of the managing directors.

Similarly, the state banks have a huge deposit base from the general public and government

organisations. And they have to pay a sizeable amount of interest on them. On the other hand, they can't lend at will to generate more revenue.

"The interplay of these two core sides of the balance sheet results in negative interest income," said Khan, also a former managing director of Mutual Trust Bank.



Sonali's net interest income situation was in the worst position as the country's biggest bank has been in red since at least 2017. In 2021, the net interest income reached Tk 979 crore in negative. It was Tk 994 crore in negative in the previous year.

Agrani Bank's interest income was Tk 744 crore in negative in 2021.

The central bank has maintained a 9 per cent interest rate cap on loans, except for credit card loans, since 2020.

On January 15, the BB relaxed the lending rate cap for consumer loans allowing banks to charge up to 12 per cent from 9 per cent.

"Compared to private banks, state-run banks have been more impacted because the latter have not brought down the deposit rate to adjust with the interest rate regime that was introduced

saved the day for Rupali Bank. Its net interest income was Tk 346 crore and Tk 325 crore in negative respectively in 2020 and 2021.

The investment income rose 19 per cent to Tk 1,433 crore in 2021. Rupali Bank made a profit of Tk 50 crore in 2021, way higher than the Tk 20 crore in the previous year.

A state-run bank can invest Tk 81 against a deposit of Tk 100 after keeping the cash reserve requirement (CRR) and statutory liquidity ratio (SLR) and meeting other requirements.

Irrespective of the deposit growths, the state-run banks can't have more than 15 per cent loan growth.

"Under the MoU with the central bank, we are bound to keep the lending growth within 15 per cent," said Md Harunur Rashid, chief financial officer of Rupali Bank.

"The rest of the fund is invested in treasury bills, bonds and other securities though the yield is lower than those of loans."

Md Mezbaul Haque, a spokesperson of the central bank, said NPLs and classified loans of the SCBs were high, so their interest income from lending was small.

"Thus, the net interest income has turned negative."

READ MORE ON B3

GAS, POWER PRICE HIKE

Tough for small factories to survive without layoffs: DCCI

STAR BUSINESS REPORT

The recent gas and electricity price hikes will push up the production cost of small businesses, said Sameer Sattar, president of the Dhaka Chamber of Commerce and Industry (DCCI), at an event yesterday.

The hikes understandably resulted from the global economic crisis and energy shortages and the biggest challenge this year is keeping inflation under control, he said.

It is a big challenge for the businesses to survive without retrenching workers amidst the ongoing crisis, he said.

Industry owners will have to decide whether to adjust with layoffs or reduce profit margins as even the latter can be considered a big success in terms of survival this year, he said.

"We are also a part of this global volatility. But, for the year 2023, both the employers and employees should be happy if they can keep the businesses afloat by retaining the existing manpower," said Sattar.

Those giving in to higher power rates will demand uninterrupted supplies to keep production running, he said.

"But we urge the government that it should not be a 'one way street' and when the prices of energy come down in the international market, then it should be adjusted in our country as well, without any delay," he said.

In an attempt to reduce its unsustainable subsidy burden amid a narrow fiscal space, the government on January 18 raised the retail price of gas by 14.5 per cent to 178.9 per cent for industries, power plants and commercial establishments.

Together they account for 78 per cent of gas use in Bangladesh.

On January 13, the government raised the electricity price for consumers, on an average, by 5 per cent, skirting around procedures of Bangladesh Energy Regulatory Commission.

Sattar was presenting a keynote paper on the contemporary economy at the event organised by the DCCI on its premises in Dhaka to talk on the present economic situation and its plans for this year.

On another note, the DCCI president said 2 million graduates were added to the job market every year but it was difficult to accommodate them all with suitable jobs.

READ MORE ON B3

| STOCKS | | WEEK-ON WEEK |
|----------|-----------|--------------|
| DSEX ▲ | CASPI ▲ | |
| 0.81% | 0.67% | |
| 6,265.44 | 18,476.17 | |

| COMMODITIES | | AS OF FRIDAY |
|---------------------------|-------------------------|--------------|
| Gold ▼ | Oil ▲ | |
| \$1,926.08 (per ounce) | \$81.69 (per barrel) | |

| ASIAN MARKETS | | | | FRIDAY CLOSINGS |
|---------------|-----------|-----------|----------|-----------------|
| MUMBAI | TOKYO | SINGAPORE | SHANGHAI | |
| ▼ 0.39% | ▲ 0.56% | ▲ 0.54% | ▲ 0.76% | |
| 60,621.77 | 26,553.53 | 3,293.71 | 3,264.81 | |

GAS, POWER PRICE HIKE

Pharma sector fears 25% rise in production cost

JAGARAN CHAKMA

Medical treatments are about to get costlier as production cost for manufacturing drugs will go up by at least 25 per cent following a recent hike in gas and power charges, according to manufacturers.

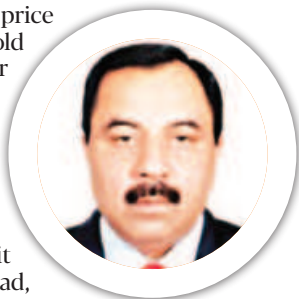
For large industries, the unit price of gas has spiked nearly threefold from Tk 11.98 to Tk 30, as per a notification issued by the Energy and Mineral Resources Division on Thursday.

Efforts by the government and entrepreneurs have brought the local pharmaceuticals industry to a certain stage, giving it a positive image at home and abroad, said SM Shafiuzzaman, secretary-general of the Bangladesh Association of Pharmaceutical Industries (Bapi).

"However, the gas price hike and US dollar crisis have created challenges," he added.

Shafiuzzaman went on to say the most recent hurdles come at a time when industry players are already worried about the potential challenges that may come with Bangladesh's graduation from a least developed country in 2026.

READ MORE ON B3



Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, and Dr Rubana Huq, vice-chancellor of The Asian University for Women (AUW), exchange documents while Commerce Minister Tipu Munshi, centre, looks on at the launching of "HSBC-AUW School of Apparel and Retail Management" at the educational institution organised at Radisson Blu Chattogram Bay View yesterday.

PHOTO: RAJIB RATHAN

AUW launches apparel school with HSBC

STAR BUSINESS REPORT

The Hongkong and Shanghai Banking Corporation (HSBC) and The Asian University for Women (AUW) yesterday jointly launched an "HSBC-AUW School of Apparel and Retail Management" at the educational institution.

The school will offer a one-year Master of Science in Apparel and Retail Management programme of international standard, said the lender and university at the launch at Radisson Blu Chattogram Bay View.

The programme will be guided by a global academic committee chaired by Dr Dipak C. Jain, former dean of the Kellogg School of Management at Northwestern University. He also served as a dean of

READ MORE ON B3

Talent shortage rules in tight labour markets

ManpowerGroup says

REUTERS, Davos

Talent shortages in key sectors are likely to remain a feature of Western economies left with persistently tight labour markets in the wake of the coronavirus pandemic, global staffing company ManpowerGroup said.

Seventy-five percent of companies surveyed across eight countries and regions reported talent shortages, it found, saying this had profound implications for the retention and upskilling of workers.

"(Companies) cannot stop hiring people despite the risk of potential recession because to find that talent would be very difficult," Riccardo Barberis, ManpowerGroup president for Northern Europe told Reuters on the margins of the World Economic Forum in Davos.

Barberis urged companies to think more about how they help their existing workforce and new employees to get greater skills rather than worry about other trends such as the so-called "Great Resignation" of people leaving the labour market.

"Lots of workers are already doing training for themselves. What are we offering those candidates?" he said, suggesting that being able to provide an offer could be existential for companies in some sectors.

Among the sectors where he saw most acute labour shortages were digital, green energy and healthcare.

WTO sticks with 1pc projection for growth in global trade

REUTERS, Davos, Switzerland

The head of the World Trade Organization (WTO) said on Friday it was sticking with its 1 per cent projection for global trade growth in 2023 - for now.

Director general Ngozi Okonjo-Iweala said the WTO was not revising down its projection. The next assessment will be in April, she said.

World trade is thought likely to have lost momentum in the second half of 2022 and to remain subdued in 2023 as multiple shocks weigh on the global economy.

In October, WTO economists predicted a 1 per cent increase in global merchandise trade volumes for 2023, down sharply from the previous estimate of 3.4 per cent.



Subal Chandra Halder weaves a basket using pieces of bamboo in Charaicha village of Barishal sadar upazila. Primarily used upturned to act as a chicken coop, these baskets sell for around Tk 150 apiece. The photo was taken recently.

PHOTO: TITU DAS

Reaching financial inclusion goal to take 200 years at current pace

Says BIBM Professor Shah Md Ahsan Habib at workshop

STAR BUSINESS REPORT

Reaching the financial inclusion goal would take 200 years for Bangladesh if the country keeps working at the current pace in the area, said Shah Md Ahsan Habib, a professor at the Bangladesh Institute of Bank Management (BIBM), yesterday.

He said Bangladesh is doing well in various social indicators among South Asian nations, but when it comes to creating access for women in the financial sector, the country is lagging behind others.

"So, financial service providers would have to change their mindset and design their products and services keeping the needs and requirements of women."

He made the comments at a half-day workshop on "Gender Responsive Financial Services" at the auditorium of the BIBM in the capital, according to a press release of the institute.

The workshop was organised by the

BIBM and the Centre for Research & Development (CRD) as part of a project aligned with the national goal of attaining financial inclusion of 100 per cent adult population by 2026 as part of the National Inclusion Strategy (NFISB).

Bangladesh is doing well in various social indicators among South Asian nations, but when it comes to creating access for women in the financial sector, the country is lagging behind others, says an expert

Gender-responsive financial services are essential for Bangladesh to attain 100 per cent financial inclusion, said experts.

In order to ensure sustainable development, it is important that financial

service providers should be more gender-sensitive in providing their products, they said.

Bangladesh should minimise the gender gap through financial inclusion in order to attain the goals of the NFIS-B and the vision 2041, said experts.

The objective of the workshop was to identify the challenges of the gender gap in financial inclusion.

Participants of the workshop called for raising awareness among the service recipients.

Md Mokhesur Rahman, chief executive officer of the CRD, Prof Md Nehal Ahmed, a member of the BIBM-CRD study team, and Md Akhtaruzzaman, director-general of the BIBM, also spoke.

Eighty participants, including senior executives of microfinance institutions and mobile financial service providers, took part in the programme, said the press release.



Shirin Sharmin Chaudhury, speaker of Bangladesh National Parliament, inaugurates a scholarship-giving ceremony organised by Prime Bank Foundation at a local hotel in the capital yesterday. Azam J Chowdhury, chairman of Prime Bank Foundation, Prof Syed Manzoorul Islam, an educationist, and Tanjil Chowdhury, chairman of Prime Bank, were present.

PHOTO: PRIME BANK



Matiur Rahman, chairman of Uttara Motors, unveils the new Bajaj Pulsar N160 at a ceremony at InterContinental Dhaka yesterday. Nayeemur Rahman, head of business planning of the automobile company, and Dileep Banerjee, chief executive officer, were present.

PHOTO: UTTARA MOTORS



M Hares Ahmed, managing director of RR Imperial Electricals, cuts a cake at Hotel Sarina in Dhaka yesterday to celebrate the company's 12 years of operations in electrical wires and cables manufacturing industry. Mahboob Hossain Mirdah, chief executive officer of the company, was present.

PHOTO: RR IMPERIAL ELECTRICALS

Wheat acreage expands

FROM PAGE B4

"Many farmers had shown the interest to grow wheat this year, but we could not supply enough seeds against requirements," said Golam Faruq, director-general of the Bangladesh Wheat and Maize Research Institute (BWMRI) located in Dinajpur. About 50,000 tonnes of wheat seeds are required.

The demand for wheat is increasing in Bangladesh and there is the prospect for the cultivation of the cereal. In order to encourage farming, the institute is working to develop heat, salinity, disease and other stress-tolerant varieties.

Faruq said varieties such as Bari wheat-30, Bari wheat-32, Bari wheat-33 and four varieties developed by the BWMRI are tolerant of various stresses, including wheat blast disease.

"We are working to address biotic and abiotic stresses in wheat. We are also trying to expand wheat cultivation in non-traditional areas," Faruq said.

Abiotic stress includes temperature, ultraviolet radiation, salinity, floods, drought, heavy and metals, which result in the loss of crop plants. Biotic stress refers to damage caused by insects, herbivores, nematodes, fungi, bacteria, or weeds.

The BWMRI is going to open a salinity screening nursery in Kalapara in the southern coastal district of Patuakhali to develop location-specific varieties.



Nurun Nahar, executive director of Bangladesh Bank, and Selim RF Hussain, managing director of Brac Bank, inaugurate an annual mini-marathon styled "Brac Bank Dour 2023-The Marathon for Humanity" organised by Brac Bank coworkers at Hatirjheel in Dhaka yesterday.

PHOTO: BRAC BANK



Salim Rahman, chairman of Al-Arafah Islami Bank, inaugurates the bank's Annual Business Development Conference-2023 at Sheraton Dhaka Banani hotel yesterday. Farman R Chowdhury, managing director of the bank, presided over the meeting, where other senior officials were present.

PHOTO: AL ARAFAH ISLAMI BANK



Md Nazmul Hassan, chairman of Islami Bank Bangladesh, inaugurates the bank's Business Development Conference 2023 at Grand Sultan Tea Resort & Golf in Moulvibazar's Sreemangal on Friday. Mohammed Monirul Moula, managing director, presided over the conference, where other senior officials were present.

PHOTO: ISLAMI BANK BANGLADESH

US home sales slump to 12-year low

REUTERS, Washington

US existing home sales plunged to a 12 year low in December, but declining mortgage rates raised cautious optimism that the embattled housing market could be close to finding a floor.

The report from the National Association of Realtors on Friday also showed the median house price increasing at the slowest pace since early in the Covid-19 pandemic as sellers in some parts of the country resorted to offering discounts.

The Federal Reserve's fastest interest rate-hiking cycle since the 1980s has pushed housing into recession.

"Existing home sales are somewhat lagging," said Conrad DeQuadros, senior economic advisor at Brea Capital in New York. "The decline in mortgage rates could help undergird housing activity in the months ahead."

Existing home sales, which are counted when a contract is closed, fell 1.5 per cent to a seasonally adjusted annual rate of 4.02 million units last month, the lowest level since November 2010. That marked the 11th straight monthly decline in sales, the longest such stretch since 1999.

Sales dropped in the Northeast, South and Midwest. They were unchanged in the West. Economists polled by Reuters had forecast home sales falling to a rate of 3.96 million units. December's data likely reflected contracts signed some two months earlier.

Home resales, which account for a big chunk of US housing sales, tumbled 34.0 per cent on a year-on-year basis in December. They fell 17.8 per cent to 5.03 million units in 2022, the lowest annual total since 2014 and the sharpest annual decline since 2008.

The continued slump in sales, which meant less in broker commissions, was the latest indication that residential investment probably contracted in the fourth quarter, the seventh straight quarterly decline. This would be the longest such streak since the collapse of the housing bubble triggered the Great Recession.

While a survey from the National Association of Home Builders this week showed confidence among single-family homebuilders improving in January, morale remained depressed.

| PRICES OF KEY ESSENTIALS IN DHAKA CITY | | | |
|--|----------------------|----------------------------|--------------------------|
| | PRICE (JAN 21, 2023) | % CHANGES FROM A MONTH AGO | % CHANGE FROM A YEAR AGO |
| Fine rice (kg) | Tk 58-Tk 75 | -1.48 ↓ | 3.98 ↑ |
| Coarse rice (kg) | Tk 46-Tk 52 | -1.01 ↓ | 3.16 ↑ |
| Loose flour (kg) | Tk 58-Tk 60 | -1.67 ↓ | 66.2 ↑ |
| Lentil (kg) | Tk 100-Tk 105 | 0 | 5.13 ↑ |
| Soybean (litre) | Tk 168-Tk 170 | -1.17 ↓ | 15.36 ↑ |
| Potato (kg) | Tk 20-Tk 25 | 0 | 28.57 ↑ |
| Onion (kg) | Tk 35-Tk 45 | -5.88 ↓ | 14.29 ↑ |
| Egg (4 pcs) | Tk 40-Tk 45 | 16.44 ↑ | 13.33 ↑ |

SOURCE: TCB



Lighter vessels lie anchored in Patenga of Chattogram. Their operation primarily deals with unloading of imported bulk goods at the outer anchorage from vessels too big to enter the Chattogram port and the shallow inland waterways. Around 1,800 lighter vessels are engaged in the transport of goods from Chattogram to the rest of the country over inland water routes. The photo was taken recently.

PHOTO: RAJIB RAIHAN

Adopt policies for marginalised communities

Recommends InM-CIDD poverty report

STAR BUSINESS REPORT

The government should adopt policies to protect the rights of ethnic minorities and the transgender community, one of the poorest and most marginalised population groups in Bangladesh, in order to accelerate poverty reduction, a new report said.

The Bangladesh Poverty Watch Report 2022, which was launched at an event at the capital's Gulshan Club yesterday, was jointly prepared by the Institute for Inclusive Finance and Development (InM) and the Center for Inclusive Development Dialogue (CIDD).

"Both the plainland ethnic minorities and the transgender community suffer from social exclusion that makes them extremely vulnerable," said Prof Salma Akhter, a trustee of the CIDD.

Discrimination occurs when particular groups of people lack the choices and capabilities that enable others to participate in or benefit from development.

"The legal, administrative and other social institutions don't usually operate equitably to protect their rights in society.

Thus, their voices remain mostly unheard as the marginalised communities in Bangladesh are powerless and less organised than other citizens to claim their civil rights," Prof Akhter said.

Most women and children in these groups face additional marginalisation, and rights violations, and have fewer opportunities to access education, health, economic opportunities, protection and justice, she added while making a presentation.

The report recommended adopting a marginalised-sensitive social policy, implementing special mechanisms to ensure the flow of funds or benefits to the people, addressing systemic and structural weaknesses of plain land ethnic communities, and forming a separate land commission for the plain land ethnic communities.

Ensuring the coverage of plain land ethnic communities in the national social security strategy and social safety net programmes and formulating target-specific action plans to increase their income levels and access to productive resources were also recommended.

The report suggested formulating

target-specific action plans, adopting an integrated strategy to develop a national database, and introducing explicit budgeting for the plain land ethnic communities.

Qazi Kholiquzzaman Ahmad, chairman of the InM, said the poverty rate was reducing fast.

"This is now 20 to 21 per cent whereas it was around 50 per cent in 2000. However, the number of the poor has remained almost the same at over three crore people."

For sustainable development, the poverty rate needs to be reduced and people's capacity and inclusion in income-generation activities need to be increased, added Ahmad, also the chairman of the Palli Karma Sahayak Foundation.

Mustafa K Mujeri, executive director of the InM, said Bangladesh had done reasonably well in reducing poverty compared to other countries.

"Still many people are poor."

The former chief economist of the central bank said the InM and the CIDD carried out the review to find out the dimensions of poverty since it does not mean only a lack of income.

"Poverty means a lack of choices and

voices of people."

The study examined the denial of opportunities, with a focus on disparities in access to education, healthcare and other basic services, limited access to employment and income-generating opportunities, and uneven participation in social, political and civic life.

Atiur Rahman, a former governor of the Bangladesh Bank, said the economy was facing some challenges such as geopolitical tension, supply chain disruptions and a transformation in the energy mix.

"The government needs to take steps considering these challenges."

Mozammel Huq, a professor of economics at the University of Strathclyde in Glasgow, described a low tax-to-GDP ratio as a prime obstacle to increasing the financial power of a country.

Bangladesh's tax-to-GDP ratio stands at around 9 per cent.

"This is not enough to ensure a required allocation for social security," said Prof Huq, adding that the tax-to-GDP ratio in the United Kingdom is 38 per cent and the social security spending is around 25 per cent.

Tough for small factories

FROM PAGE B1

"Many will get jobs but a big portion of the rest may be more inclined towards becoming entrepreneurs. Nowadays, young entrepreneurs are very innovative in terms of technological know-how," he said.

Regarding supporting the startups and sustaining the cottage, micro, small and medium enterprise sector in this global volatile market, he said access to finance was very important.

They should have easy access to finance with minimum onerous conditions, he said.

He sought cottage, micro and small enterprises to be classified separately from the medium ones so that the former gain a more competitive edge in accessing finance.

A "Credit Guarantee Fund" of Bangladesh Bank should have

relaxed conditions for such small-scale enterprises, especially those pertaining to business plans, financial statement etc, he said.

Moreover, changes should be brought to laws such as the arbitration, bankruptcy and companies act to improve the ease of doing business climate to increase both private and foreign investment, he added.

Sattar also urged Bangladesh Bank to consider increasing letter of credit margins, especially during upcoming Ramadan, for essential commodities so that importers can import the same and keep supply stable.

There is no overnight solution to increase foreign exchange reserves, he added. "We have to incentivize more remittance inflow from abroad and enhance export earnings to enhance reserves," he said.

State banks'

FROM PAGE B1

As of September, the banking industry was sitting on NPLs amounting to Tk 134,396 crore, accounting for 9.36 per cent of the total outstanding loans. SCBs had the highest share, at 23.04 per cent.

The BB has put the restriction on the state-run banks on providing a higher volume of loans so that they can't lend excessively and show fictitious income through accrual interest income, Haque said.

The central bank has emphasised improving loan quality first before extending credits as it found that whenever they make loans, they become classified, he said. "Improvement in asset quality is more important than making available more loans and showing artificial income."

Janata Bank's net interest income fell into negative territory in 2021, the first time in the last five years. It stood at Tk 71 crore in negative.

The advance deposit ratio of SCBs is 40 per cent to 50 per cent, meaning their lending capacity is low. As a result, the income from the advance and loans is also low, said Md Nurul Alam, chief financial officer of Janata Bank. "2022 was a better year for Janata Bank and the net interest income will be in positive territory."

Alam agreed that if the net interest income remains negative, it means that banks' profitability and efficiency are not up to the mark. "As a primary dealer, the state-run banks are bound to buy bills and bonds and ensure the supply of funds to the government, so their advance deposit ratio can't rise,"

Niranjan Chandra Debnath, CFO of Sonali Bank, could not be reached for comments.

AUW launches

FROM PAGE B1

INSEAD in Fontainebleau, France.

Under the programme, 13 courses will be offered to 50 students who will be enrolled in the inaugural year. HSBC will help set up the school, including design Mac labs, provide support for curriculum and faculty, IT and class infrastructure and education materials.

The initiative aims to create a pool of trained women graduates to lead businesses in the apparel sector, not only building local management talent and enabling enduring skill formation but also contributing towards the social goal of women empowerment.

The launch comes at a time when Bangladesh maintains its position as the second biggest global garment exporter after China.

Garment is the single largest industry in the country, employing around 40 lakh workers, a majority of whom are women.

"The master's programme will prepare young female professionals with expertise in fashion, merchandising, supply chain management, brand management, and occupational health and safety issues," said a press release.

"It is intended to help the burgeoning apparel industry induct more female talent in management roles," it said.

Bangladesh's garment export market is touching \$40 billion a year and the economy is 80 per cent dependent on this industry, highlighted Dr Rubana Huq, vice-chancellor of the AUW.

"...it's time we engage with creating a group of young women ready to take charge of what lies ahead... (and) prepare cohorts ready to take on the challenge of employability in Bangladesh...complete with required courses on industry specific areas," she said.

"While empowerment of women continues to remain as a central focus for us in Bangladesh, real empowerment is yet to happen," she added.

Women in the garment sector have not been able to graduate beyond the sewing machines or at the maximum, supervisory position, she said.

This is a regular phenomenon at a

time when the top positions are either being occupied by mostly men or by expats, who are mostly men, said Huq.

"Today, the apparel industry in Bangladesh needs a homegrown talent pool, which will service the needs of the sector," she said.

"We are proud...(to be) equipping future talent with the expertise to drive continued innovation in Bangladesh's largest export industry," said Amanda Murphy, head of commercial banking, South & Southeast Asia, HSBC.

"Importantly, this programme supports the professional and leadership development of women, providing better access to opportunities through inclusion and fostering the long term growth for Bangladesh and its communities," she said.

"(The school) is a natural alignment for us," said Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh.

"I am certain the school will play a pivotal role in imparting world class education aiming to build the future leaders in an industry where we have a competitive advantage in leading the future of fashion," he said.

Women have to be educated the same as men, said Poul Nyrup Rasmussen, a former prime minister of Denmark, at a panel discussion on "Leading the Future of Fashion: A Journey Together" held afterwards.

Putting emphasis on investment in women education, he said, "If you invest in women education, it would pay back in society level, research level and employment level."

"Through investing in women education, we can bring a world with equality between men and women," he said.

The garment sector's achievement has been made possible through the labour and efforts of mostly women, said Commerce Minister Tipu Munshi as chief guest.

"We have a target of \$100 billion export from readymade garments sector by 2030 and this initiative will support to achieve the goal," he said.

"I believe this initiative would succeed and play a pivotal role in encouraging women leadership," he added.

Flying to China to be made easier

Envoy Yao Wen says

DIPLOMATIC CORRESPONDENT

China will start full-fledged flight operations with Bangladesh from February this year, according to the newly appointed Chinese Ambassador to Bangladesh Yao Wen.

"For the last three years, we have limited people-to-people contact due to Covid-19. Now, as per the new international policy on travel, visiting China will be much easier," he said while inviting people from Bangladesh to visit China.

Yao made these comments while addressing a Chinese New Year or Spring Festival organised by the Association of Bangladesh-China Alumni (ABCA) in collaboration with the Chinese embassy at a hotel in Dhaka on Friday.

Currently, Biman Bangladesh, US-Bangla and China Southern operate flights to and from Bangladesh and China, but there are various restrictions and limitations imposed because of the coronavirus pandemic, causing difficulties for student and businesses travellers.

"The Chinese embassy will open facilities to smoothen connectivity among the people of both countries for extending education, trade, and cultural relations," the envoy said.

Yao then said that China-Bangladesh cooperation and bilateral relations have reached a new width, indicating a promising future.

He thanked the ABCA for playing a vital role in boosting ties between Bangladesh and China in terms of culture, education, and people-to-people communication, while emphasising on more programmes like seminars, and symposiums to boost bilateral relations.

Referring to Chinese humanitarian supports for the flood-affected people in Bangladesh's eastern district of Sylhet, the envoy added that such friendly support from China would continue.

Develop suitable ecosystem for Smart Bangladesh: experts

STAR BUSINESS REPORT

It is now crucial to hold different players of the telecom industry other than mobile network operators accountable to ensure better voice and data services for consumers, according to various experts.

"There are other players in the telecom ecosystem that have a role in ensuring proper services and so, they too should be held accountable," said Mohiuddin Ahmed, president of the Bangladesh Mobile Phone Consumers' Association (BMPCA).

In Bangladesh, telecom operators heavily rely on fibre and tower providers along with other players in the ecosystem to deliver their services.

Ahmed was speaking during an event on "Upgrading Telecommunication Services to Build Smart Bangladesh, organised by the BMPCA at the Dhaka Reporters Unity yesterday.

The BMPCA chief went on to say that apart from network operators, there are some 120 other organisations that provide related services.

"So, if they are not forced to provide quality service, then it will not be possible to improve the quality of voice and data services even by investing thousands of crores of taka," he added.

Pharma sector fears

FROM PAGE B1

Citing how the shortage of US dollars has increased production costs by around 22 per cent, he said pharmaceutical companies will adjust the price of medicine accordingly.

"So, the government needs to sit with them [pharmaceutical companies] to take immediate steps for saving the sector in the greater interest of public health," Shafiuzzaman added.

According to a market analysis by the Bangladesh Investment Development Authority, Bangladeshis spend at least 2 per cent of the country's GDP on medical treatment.

The domestic market for pharmaceuticals has reached around Tk 35,000 crore now while it was worth about Tk 25,000 crore in 2019, Shafiuzzaman said.

Referring to an analysis by Bapi, a platform of about 250 local drug makers, he said the pharmaceutical industry has adopted high-end production technology over the past three decades.

Now, the sector contributes 1.83 per cent of the country's GDP while

catering to around 98 per cent of the domestic demand for medicine, he added.

Bangladesh also exports medicine to around 150 countries, but shipments have recently slowed due to the ongoing global economic crisis.

He then said around 50 of the top pharmaceutical companies in Bangladesh are setting up factories at the Active Pharmaceutical Ingredient Industrial Park in Munshiganj, but cannot go into production due to gas shortages. As a result, investors are anticipating losses.

Rizal Bank appeals

FROM PAGE B4

In response to the ruling, Rizal bank said it would continue to fight the case.

"The decision and order merely resolved the jurisdictional issues and is not in any way a finding of liability on the part of RCBC, or any of the individual defendants," it said in a stock exchange disclosure.

Bangladesh Bank has welcomed

the court ruling, saying in a statement this week that it clears the way for the matter to progress in court in New York as needed.

A banking sector source in Dhaka, who declined to be named as he was not authorised to speak to the media, said that according to the Bangladesh central bank, RCBC should now come forward for mediation or prepare for a long court battle.

AT A GLANCE

Global market size: \$7tr
Bangladesh's share: less than 1%
Export in FY22: \$795.63m
Domestic market size: \$12-15b
Contribution to GDP: 3%
Major sources of raw materials: China, India, Japan, Singapore and USA
Enterprises: 50,000 micro and 10,000 small, medium
Employment: 800,000 people
Investment: about \$15b so far
Clusters: 34 clusters in 18 districts

MAJOR PRODUCTS

- Electrical equipment
- Vehicle machinery & spare parts
- Paper machinery & spare parts
- Pharmaceutical machinery & parts
- Construction machinery & spare parts
- Tube machinery & parts
- Sanitary materials
- Railway parts, automobile parts
- Shallow engine
- Electric fittings
- Agro machinery & spare parts

SOURCE: EPB, BIDA AND OTHER STUDIES



BB CYBER HEIST Rizal Bank appeals after US court rejects initial motion

REUTERS

A Philippine bank at the centre of an unsolved \$81 million cyber heist has appealed a New York Supreme Court decision to dismiss the bank's motion to throw out the Bangladesh central bank's lawsuit against it.

In February 2016, unidentified hackers used fraudulent orders on the SWIFT payments system to steal \$81 million from Bangladesh Bank's account at the Federal Reserve Bank of New York. The money was sent to accounts at Rizal Commercial Banking Corp (RCBC) RCB.PS and then vanished into the casino industry in the Philippines.

Bangladesh Bank has accused RCBC and several others, including top executives, of conspiring to steal its money. The Manila-based Rizal bank denies the allegations.

The New York Supreme Court ruled on January 13 that, contrary to Rizal bank's argument, it does have jurisdiction over the case, and dismissed Rizal bank's motion against Bangladesh Bank.

In the same ruling, the court ordered the Bangladesh central bank and RCRC to initiate mediation.

READ MORE ON B3

LIGHT ENGINEERING SECTOR

Exports dip in first half of current fiscal year

Dollar crisis leads to problem in import of raw materials, production fall

SUKANTA HALDER

Exports of light engineering equipment, including stainless-steel and iron ware, from Bangladesh have decreased in the first six months of the current fiscal year compared to the same period the year before.

Businesspeople say the sector's export volume has decreased due to difficulties in opening letters of credit (LC) for importing raw materials amid the ongoing dollar shortage, resulting in lower production.

The decrease in investments in the infrastructure sector in different countries worldwide in the post-coronavirus period and current global economic crisis has reduced the volume of exports, they said.

Not being able to compete with the prices offered by China is another reason behind the decline in exports.

Besides, the global economy continues to face steep challenges stemming from Russia's invasion of Ukraine and a cost-of-living crisis caused by persistent and broadening inflation pressures, which are affecting exports as well, they added.

According to data from the Export Promotion Bureau, engineering equipment exports amounted to \$54.56 million in the first half of fiscal 2022-23.

However, the sector had exported goods worth \$175.94 million during the same period in fiscal 2021-22.

Apart from this, some \$1.11 million worth of stainless-steel ware were exported in the last six months ending with December while it was \$2.49 million in the same period of the previous fiscal year.

Similarly, ironware worth \$33.12 million was exported at the same time compared to \$81.51 million the year before.

Sohel Rana, chief business officer of electrical appliances at Walton Hi-Tech



The decrease in investments in the infrastructure sector in different countries in the post-coronavirus period and current global economic crisis have also reduced the volume of exports

Industries, said they exported fans, LED lights and switch sockets to Nepal, Bhutan, India, Uganda, East Timor, Mali, Yemen and Sri Lanka.

He then said they are not being able to properly open letters of credit due to the US dollar shortage and price fluctuations.

For example, the price of raw materials such as resin has increased.

The resin that used to be bought at Tk 150 per kilogramme (kg) about a year ago is now being bought at Tk 250 per kg.

"At the same time, there is a raw material crisis," Rana added.

He believes that Bangladesh's inability to compete with China on prices is also one of

the reasons behind the decline in exports.

Humayun Rashid, managing director and chief executive officer of Energypac Power Generation, said investments in the infrastructural sector has decreased in many countries in the post-coronavirus period due to increased investments in the health sector.

"This has had a negative impact on exports of engineering-based products from Bangladesh," he added.

Exporting engineering products from Bangladesh is tough as there is a roughly 35 per cent duty on raw material imports.

"It takes at least a year to get this duty back and so, the policy needs to be changed," Rashid said.

He went on to say that letters of credit for importing scrap, graded steel and other raw materials cannot be opened amid the US dollar shortage.

In addition, the prices of various raw materials have increased by 32 to 60 per cent on average, Rashid added.

The sea carries more than 80 per cent of the world's traded goods, according to data from the International Monetary Fund.

In Bangladesh, many businesspeople and entrepreneurs are concerned about the rising cost of sea freight per container.

Due to the impact of Covid-19, the rent of container transportation around the world has been increasing since last year.

The rent has risen by five to ten times compared to normal times and this has affected business a lot, said Abdur Razzaque, president of the Bangladesh Engineering Industry Owners Association.

He then said the country's engineering industry is facing various crises, including raw material shortages, increased import costs and lower production.

"This has had a bad impact on exports," Razzaque added.

Navigating through rough waters

MAMUN RASHID

2023 is already here and no doubt, the last three years have been rough for Bangladesh. It is almost as though a ship at sea navigating and making its way through rough waters during a storm.

The so-called storm has manifested in the form of the pandemic-triggered economic slowdown, sanctions resulting from the Russia-Ukraine war, too much pressure on forex reserves leading to a negative balance of payments; various supply chain crises, and finally, the ongoing high inflation that has unfavourably changed consumer spending patterns across the globe, directly impacting Bangladeshi businesses and industries in numerous negative ways.

Such shifts in global economic dynamics have adversely impacted all stakeholders, ultimately leading to higher levels of poverty.

Whether such adversities may be short-term or if they continue to pinch us in the long term, certain changes and actions will be needed for Bangladesh, especially considering its upcoming LDC graduation. Additionally, income equality will continue to pose as a significant impediment to true development even in the long run. Climate change also poses a major threat to Bangladesh since it ranked seventh in the Global Climate Risk Index 2021.

As always, with challenges also come opportunities and for Bangladesh, there is a significant opportunity for substantial improvement, especially in foreign direct investment (FDI), which has been very low compared to what could be achieved if the right reforms are made. In fact, considering the economic and population size of Bangladesh, inducing a much greater FDI to GDP ratio should be a priority.

Despite the roadblocks, Bangladesh still boasts a growing middle-income population and a continued high overall GDP growth rate. This, combined with almost half of the population deemed as "young" and technologically adaptable, also provides room for massive expansion and growth in the information technology sector.

As a result of rapidly evolving technology and automation, a concern is that many kinds of jobs that are currently done by labour may soon become obsolete and uncompetitive.

Hence, the only strategic option for Bangladesh is to be ahead of the technological disruptions by constantly focusing on upskilling and educating its workforce in the latest innovations because almost everything starting from industrial processes and data management to energy consumption, financial services and agricultural techniques are changing very quickly. We need to be much more agile and adaptable as a nation.

While there are certainly many opportunities for Bangladesh, certain aspects need to be considered and a well-planned out approach must be taken. Reforms in the regulatory framework and financial sector, political stability, intelligent management of the geopolitical map and improved business environment appear to warrant the highest attention for contending with the existing complexities.

Sustainable development rarely happens separately. Rather, it requires systematic and synergistic cooperation, coordination, and partnerships between the public and private sectors. Public policy and regulations can't contradict economic and business growth aspirations.

Not just Bangladesh but the entire world is also navigating through a challenging time and therefore when we envisage our combined future, we can't just look at our own growth, but we should also try to have an inclusive mindset.

We should embrace equitable growth that considers the positive outcomes on our shared society and environment. Having sustainability at the core of all future business, regulatory, policy and growth endeavours while also reducing costs will not only lead to even greater revenues and profits but will also create a better image of Bangladesh in the world.

The author is an economic analyst.



Wheat acreage expands on record prices

SOHEL PARVEZ

Farmers, buoyed by soaring prices of flour in the domestic market because of the decline in imports, have brought more areas under wheat cultivation this season in a welcoming development.

Growers planted the grain on 3.19 lakh hectares of land in the current financial year of 2022-23, up nearly 2 per cent from 3.14 lakh hectares the previous year, data from the Department of Agricultural Extension showed.

This is the first reversal in acreages in three years since the cultivation of the second-most consumed grain recovered as farmers see profit prospects.

"The prices of wheat flour are high and I hope the buoyancy will continue during the upcoming harvest," said Mohammad Yusuf, a farmer in the central district of Faridpur. He has sown wheat on more than one acre of land this season.

The farmer did not expand wheat acreage but some of his neighbours have grown the crop in an increased area, encouraged by record high prices.

Because of the spiralling prices in the global market for the war in Ukraine and the dip in imports, wheat flour price has been increasing steadily since April 2022 in Dhaka as the national meets more than 80 per cent of its annual requirement of

around 75 lakh tonnes through imports.

In April, residents in Dhaka could buy one kilogramme of flour of the grain at Tk 35.26.

The price rally continued and stood at Tk 62.26, in December, the highest on record, as supply remained below requirements, according to data compiled by the Food and Agriculture Organisation.

Bangladesh's private and public sectors imported 14.9 lakh tonnes of wheat so far in 2022-23. The amount was just a little over a third of the grain sourced from the international markets a year earlier, according to food ministry data.

Eusuf said he sold each maund, or 40 kgs, of his produced grain at Tk 1,400 after the last year's harvest. The price was higher than the previous year.

Badal Chandra Biswas, director-general of the Department of Agricultural Extension, said: "There is demand for wheat this year. So, farmers have grown the crop in more areas."

The crop condition looks good and the weather has been favourable for a good yield, he added.

Wheat cultivation is growing in Rajshahi, Faridpur and Panchagarh districts.

The higher cultivation might emerge as a boon for Bangladesh in a year when the world is expected to witness a food crisis.

READ MORE ON B2



Farmers planted wheat on 3.19 lakh hectares of land in the current financial year, up nearly 2 per cent from that in the previous year. The photo was taken from Baliakandi upazila of Rajbari on Thursday.

PHOTO: SUZIT KUMAR DAS