Customers are seen at the Holiday Market in Agargaon's Sher-e-Bangla Nagar that sits every weekend (Friday-Saturday) and attracts huge customers with its wide range of products. Dhaka North City Corporation and Oikko Foundation jointly launched the market on an experimental basis on January 13 this year. Though initially the market used to promote goods from the cottage, micro, small and medium enterprises, stalls were set up later for books, food items and nurseries. The photo was taken yesterday.

PHOTO: PALASH KHAN

Emulate entrepreneurs like Akij in bank loan repayment

Speakers say at launching ceremony for book on SK Akij Uddin

STAR BUSINESS REPORT

When legendary entrepreneur SK Akij Uddin borrowed from banks, he would consider himself a custodian of the money and would remain vigilant in ensuring timely repayment.

This is what Mamun Rashid, an economic analyst and former chief executive of Citibank in Dhaka, shared about Akij Uddin at a book launching ceremony at the Pan Pacific Sonargaon in Dhaka yesterday.

"Today, the CEOs and chairmen of banks remain rather concerned about whether disbursals will be repaid. If borrowers consider themselves a custodian of the money, then they wouldn't default," he said.

The event was organised by Bonik Barta, a Bengali national daily, which published a book on various aspects of Akij Uddin's life.

Akij Uddin, who was a self-educated and self-made businessman, began his entrepreneurial journey with just Tk 17 in his back pocket at a young age.

Rashid said there is a huge shortage of reports or case studies on entrepreneurs in Bangladesh.

"He was one of the entrepreneurs and personalities who led industrial development in Bangladesh," said Muhammad Abdul Mazid, a former chairman of the National Board of Revenue.

"Such people play a very big role in the country's economy. If we don't uphold the story of these entrepreneurs in front of the new generation, there will be a massive gap," he added.

Akij Uddin himself studied only until class 7, but educated his children highly.

While most youths that travel abroad for studies seldom return to the country, Akij Uddin ensured that his children came back to Bangladesh soon after graduating.

Professor Syed Ferhat Anwar, a former director of the Institute of Business Administration at Dhaka University, said Akij Uddin would take each step consciously, not blindly.

He was also generous about his employees and committed to his family members.

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>
> **Muhammad Abdul Mazid**
> A former chairman of NBR

Mashiur Rahman, economic affairs adviser to Prime Minister Sheikh Hasina, said Akij Uddin was successful even though he did not have formal education as he dared to take new initiatives.

"If one has no idea what will increase the demand for something, then their investment will never succeed. Akij Uddin understood this very well and that's why he succeeded," he added.

SK Bashir Uddin, managing director of Akij Bashir Group, said his father used to make consumer goods but never believed in consumerism.

"He was economical but not miser," said Bashir.

"I always speak with my head down in front of my older brother. Again, my younger brother speaks with his head down in front of me. We had a cordial relationship. My father taught it," he added.

Dewan Hanif Mahmud, editor of Bonik Barta, delivered the inaugural speech.

At the beginning of the programme, a documentary on Akij Uddin was screened.

Rashed Al Mahmud Titumir, chairman of the department of development studies at Dhaka University, Manwar Hossain, chairman of Anwar Group of Industries, ASM Mainuddin Monem, managing director of Abdul Monem Limited, and other members of Akij Uddin's family also spoke.

Among others, Naser Ejaz Bijoy, CEO of Standard Chartered Bangladesh, FH Ansari, managing director of ACI Agrolink Limited, and Mominul Islam, CEO of IPDC, were present.

India's import jump signals stable economy

Economists say

REUTERS, Mumbai

A sequential increase in merchandise imports in May that led to the trade deficit widening to a five-month high signalled a stable local economy, economists said.

Merchandise imports advanced 14.5 per cent over the previous month to \$57.1 billion, while exports inched up 0.7 per cent to \$35 billion. The merchandise trade deficit widened to \$22.1 billion in May from \$15.1 billion in the previous month.

"The recovery in imports points to domestic demand resilience," said Madhavi Arora, lead economist at Emkay Global. Arora also pointed to a seasonal trend, citing a typical increase in imports in May after a slump in the previous month.

Gold imports more than tripled to \$3.7 billion - the highest level since October. Oil imports climbed 3 per cent, while core imports, barring oil and gold, advanced 12.1 per cent.

Imports of industrial goods such as machine tools and consumer goods like electronics grew at a robust pace, indicating resilience in domestic demand, said Rahul Bajoria, chief India economist at Barclays.

Fertiliser imports also jumped significantly ahead of the kharif sowing season, Bajoria added.

Economists, however, do not see the wider merchandise trade deficit in May swaying expectations of a manageable current account deficit in this financial year.

German economy still struggling

Says Bundesbank chief

AFP, Frankfurt, Germany

The German economy is set to shrink in 2023 after a weak start to the year and as consumers continue to rein in spending because of stubbornly high inflation, Bundesbank president Joachim Nagel said Friday.

Europe's largest economy is projected to contract by 0.3 per cent in 2023, according to the central bank's newest forecasts.

Back in December, the Bundesbank was still expecting a 0.5-per cent contraction, but it said falling energy prices had slightly improved the outlook.

"The German economy is still struggling with the consequences of high inflation. This is reducing citizens' purchasing power," Nagel said in a statement accompanying the forecasts.

Germany unexpectedly slipped into a mild recession in the final months of 2022 and the start of 2023, as the energy crisis sparked by Russia's invasion of Ukraine and higher interest rates took their toll on companies and households.

Although the economy was "slowly regaining its footing" after the winter slump, it will take until 2024 and 2025 for the recovery to really gain momentum, Nagel said.

German gross domestic product is seen growing by 1.2 per cent in 2024, and 1.3 per cent the following year, boosted by "declining inflation, strongly rising wages and a robust labour market".

Experts take part in a discussion styled "Future of the Furniture Industry in Bangladesh" jointly organised by Hatil and The Daily Star at The Daily Star Centre in Dhaka yesterday.

PHOTO: AMRAN HOSSAIN

Md Nazrul Islam Mazumder, chairman of Exim Bank, delivers his speech in a "Business Development Meeting" of the bank at its head office in Dhaka yesterday. Mohammad Feroz Hossain, managing director, presided over the meeting, where Md Humayun Kabir and Shah Md Abdul Bari, additional managing directors, Shaikh Bashirul Islam, Md Zoshim Uddin Bhuiyan and Maksuda Khanam, deputy managing directors, along with all branch managers and divisional heads of the bank's head office were present.

PHOTO: EXIM BANK

Furniture export

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More than 40,000 small and big companies are involved in the production and marketing of furniture, as per the Bangladesh Investment Development Authority.

And although there are more than 100 brands, including Hatil, Akhtar Furnishers, Partex and Regal Furniture, about 65 per cent of the Tk 30,000 crore market is controlled by non-branded cottage, micro and small enterprises.

In Bangladesh, the furniture sector is the second-largest job provider after the garments and textiles, employing about 20 lakh people.

Rahman, also chairman of Hatil, said the lack of foreign investment remains a challenge for the industry.

If these obstacles are tackled in a sustainable manner, the furniture industry could become a key source of foreign income, he added.

A Karim Mazumder, managing director of Nadia Furniture Limited, said many government officials feel that giving a partial bonded warehouse facility to furniture makers will lead to irregularities.

"But that is not the case," he added.

The furniture industry in Bangladesh has witnessed a remarkable surge in exports, which increased by more than 100 per cent in the past six years.

In fiscal year 2021-22, Bangladesh exported furniture to around 61 countries.

Rayana Hossain, managing director of ISHO, said if someone wants to import furniture, they have to pay the same amount of duty for importing parts or pieces that they would for a complete set, which is not fair.

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, said to do well in exports, the local market has to be connected with the global value chain.

Mahbubur Rahman, director general of the Export Promotion Bureau, said shipments have not increased proportionately with growth in the local furniture market.

"So, you have to address the support that you want from the government," he added.

According to a report published by Spherical Insights, the global furniture market was valued at \$548.38 billion in 2021 and is expected to reach \$780.8 billion by 2030 at a compound annual growth rate of 5.1 per cent during the forecast period.

Bangladesh's contribution to the global furniture market is 0.03 per cent, as per data from the BFIOA.

Amer Karim, chief executive officer of Legato Design and Fabrication, Shah Alam Monshi, chief operating officer of Partex Star Group, Nazim Hassan Sattar, general manager of SME Foundation, and Abdus Samad Al Azad, joint secretary of the commerce ministry, also spoke.

Can new monetary policy crush inflation?

FROM PAGE B1

loans. However, these categories represent only about 20 per cent of overall private sector credit, according to the World Bank.

Mansur says that the central bank has been injecting dollars into the market on a regular basis, meaning commercial banks are purchasing them in exchange for taka.

The BB has injected more than \$12 billion into the market this fiscal year to help banks settle import bills.

But mopping up the taka has not created any major impact in the market since the government itself is borrowing heavily from the central bank to meet its budget deficit.

For instance, it has so far borrowed Tk 92,289 crore from the banking system this fiscal year. Of the sum, Tk 71,610 crore came from the BB.

"But taking loans from the central bank means injection of high-powered money into the market. This ultimately fuels inflation," Mansur said.

"So, keeping the government borrowing at a particular level is important to contain inflation. And the new monetary policy should put emphasis on that."

Analysts will also expect measures from the monetary policy that would stabilise the foreign exchange market, which has been facing stress for nearly a year owing to a 30 per cent drop in reserves.

"We have been urging the central bank for long to allow the market to set the exchange rate. But the central bank has not paid any heed," said Mansur.

Amid the sharp depletion of the reserves, the value of the local currency has fallen by about 25 per cent against the US dollar in the past one year.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, says the new monetary policy might not be too much different from the current one.

"If the interest rate on loans increases by only 1 percentage point, it will have little impact on the financial sector."

The Federation of Bangladesh Chambers of Commerce and Industry, the apex trade body, has opposed removal of the lending rate cap, saying if the ceiling is withdrawn and left to be decided by the open market, inflow of investments will be affected.

But Sadiq Ahmed, vice-chairman of the PRI, said recently evidence shows that countries that adopted demand reduction policies through hikes in interest rates have all succeeded in reducing inflation substantially.

As compared with these successful outcomes of inflation reduction, Bangladesh did not achieve any success with inflation control, he said, urging the central bank to abandon the 9 per cent interest rate policy and use interest rate flexibly.