

‘Robust growth in RMG not reflected in job creation’

STAR BUSINESS REPORT

The robust growth in garment export has not been reflected in employment creation in the sector, according to an expert.

Between 2008 and 2022, Bangladesh's garment exports grew from \$10 billion to \$42 billion. However, employment in the sector is almost stagnant around 3.5 million to 4 million.

“Automation and infusion of labour-saving technology is the reason for the stagnant employment in the sector,” said Mohammad Abdur

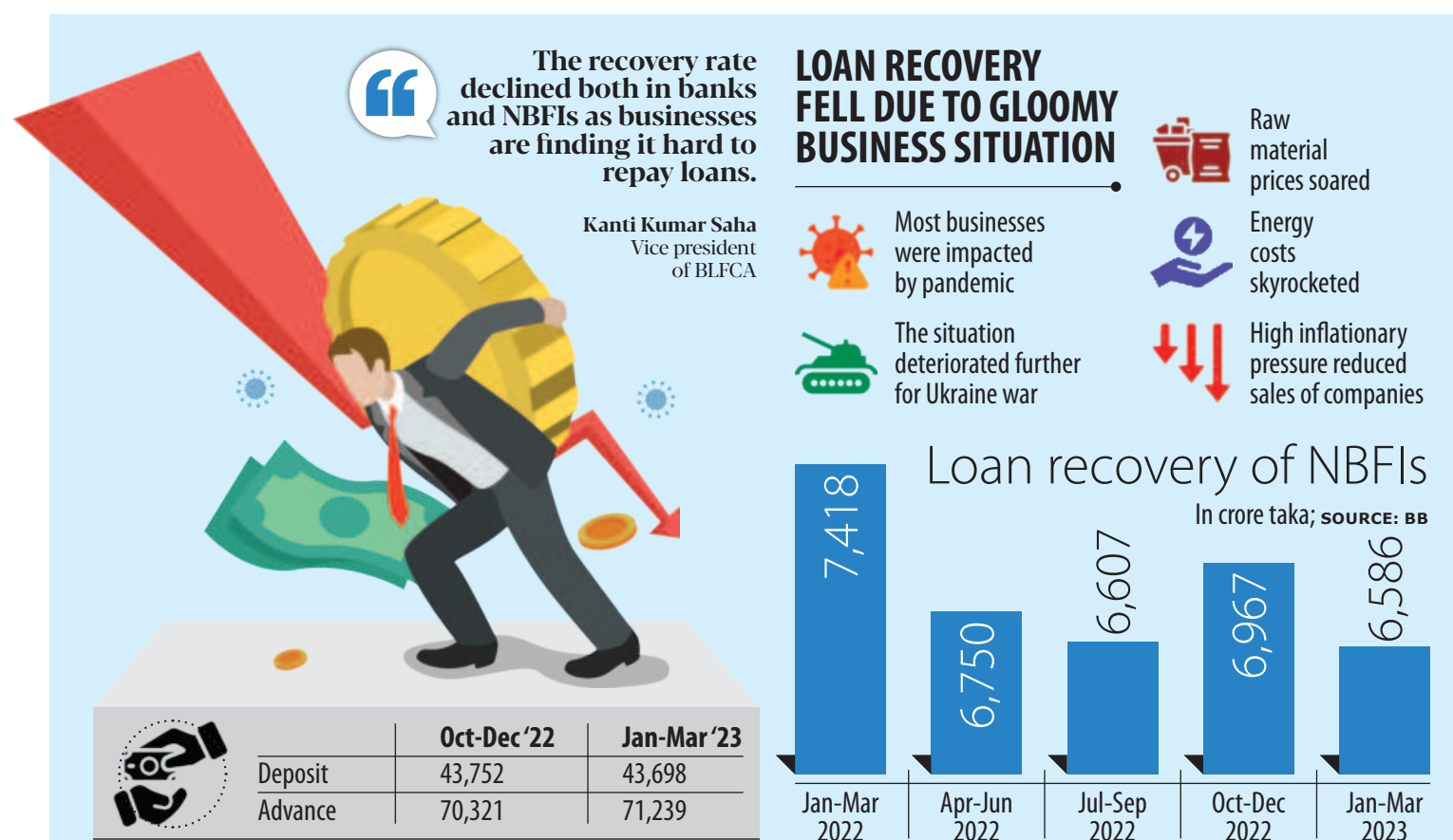
“Automation and infusion of labour-saving technology is the reason for stagnant employment,” said Mohammad Abdur Razzaque, chairman of RAPID

Razzaque, chairman of the Research and Policy Integration for Development (RAPID).

He was presenting a keynote at a technical dialogue on “National Employment Policy and Labour Market Employment Challenges in Bangladesh” jointly organised by the labour and employment ministry and International Labour Organization (ILO) at InterContinental Dhaka yesterday.

“One of the principal reasons for weak employment generation

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Non-banks' loan recovery suffers

Officials blame gloomy business situation

AHSAN HABIB

Loan recovery by non-bank financial institutions (NBFIs) dropped in the January-March period as businesses are facing the detrimental effect of a challenging business scenario amid the devaluation of the local currency and electricity shortages.

In the first three months of the current calendar year, loan recovery by NBFIs dropped 5.46 per cent to Tk 6,586 crore from the preceding quarter in 2022.

The recovery rate declined both in banks and NBFIs as businesses are finding it hard to repay loans, said Kanti Kumar Saha, vice president of the Bangladesh Leasing

and Finance Companies Association (BLFCA).

Raw material prices have risen by a huge margin, which is tough to handle for most companies as they cannot fully shift the burden onto consumers.

This is especially true for firms that depend on imported raw materials.

“As a result, the businesses were impacted,” said Saha, also managing director of Alliance Finance PLC.

And even when entrepreneurs were able to shift the burden, their business suffered as sales dropped, he added.

Loan recovery from the construction sector fell the

highest, 22.5 per cent, followed by the agriculture sector (20 per cent), transport (11.8 per cent), trade and commerce (8.8 per cent) and industrial sector (8.7 per cent), according to Bangladesh Bank data.

Although almost all businesses were impacted, it was massive for the small-scale ones, and since they are the main borrower of the NBFIs, the impact on the NBFIs is higher, Saha said.

Deposits of many NBFIs fell, so their advance and lending were also lower last year, which ultimately led to lower recoveries, said Md Golam Sarwar Bhuiyan, president of the BLFCA.

The NBFIs attracted deposits

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Tax system enters a new era

Income tax law comes into effect

SOHEL PARVEZ

The new income tax law of Bangladesh came into effect yesterday, ending a nearly 40-year era of the old ordinance issued in 1984.

The bill was placed at parliament on June 8 and was approved by lawmakers on June 18.

Termed Income Tax Act 2023, the law continues the provision of imposing a penalty on people who are found having undisclosed offshore wealth.

However, it allows the investment of undeclared wealth for purchasing real estate, such as apartments, without questioning the investor's source of income.

Under the new law, the government has cut the discretionary powers of tax officials as much as possible and aims to reduce cost of doing business.

On the other hand, it expanded areas requiring compulsory return submissions in order to widen the tax net and increase direct tax collection.

From now on, taxpayers will have to show proof of return submission to avail 43 services, up from 38 in the previous law, according to a notification from the National Board of Revenue (NBR) issued yesterday.

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Freezer demand soars ahead of Eid

JAGARAN CHAKMA

Refrigerator and chest freezer sales are seeing steady growth in the lead up to this year's Eid-ul-Azha as demand has soared thanks to the stable prices and various discounts on offer, according to market players.

Sales usually spike by up to 60 per cent ahead of the religious festival as people often look to upgrade their storage solutions in order to better preserve the meat of their sacrificial animals.

Rangs eMart, which retails international home appliance brands, saw its refrigerator and freezer sales balloon by more than 100 per cent over the past week with the growth expected to continue until Eid.

Muhammad Nafees Imtiaz, brand manager of Rangs eMart, said their sales remain unaffected by the ongoing inflationary pressure as their target customer segment is of the affluent class.

Besides, refrigerator and freezer prices have not changed this year despite the current economic situation while the numerous offers available are boosting sales as well, he added.

Ritesh Ranjan, head of business at Transcom Digital, echoed the same.

“Business has improved ahead of Eid,” he said, adding that they have kept sufficient stock in anticipation of the growing demand.

Ranjan also said they retail products of the Samsung, Whirlpool, Hitachi, Haier, Panasonic, and Transtec brands, and are capable of delivering 1,000 refrigerators and freezers every day.

Md Manzurul Karim, senior general manager of Esquire Electronics, the sole distributor of Japanese electronic brands General and Sharp, said the

demand for refrigerators and freezers is higher this year.

“We are retailing around 300 refrigerators each day, which is really good news considering the

However, the increased sales do not indicate that the overall economy has returned to normalcy, Karim added.

According to him, the demand

Ahmed also said Walton keeps the price range of its fridges between Tk 17,000 and Tk 155,000 in a bid to cater to all categories of customers.



country's economic crisis,” said Karim, citing how they sold an average of 180 units per day last year.

Esquire Electronics has 80 outlets and more than 400 distributors across the country.

The company had adopted a very conservative approach at the beginning of 2023 as their market assessment showed that demand would remain dull throughout the year.

As a result, Esquire Electronics imported fewer products this time around.

“But now we assume our stock will finish before Eid in face of higher demand,” he said.

for products designed by Sharp is comparatively higher among customers as they consider it a reliable brand with reasonable prices.

Tofail Ahmed, chief business officer of Walton's refrigerator division, said the company is delivering the highest number of models that are highly energy efficient and feature advanced technologies.

More than 250 models of Walton's frost and non-frost fridges with capacities ranging from 50 to 646 litres are currently available, he said, adding that more than 50 of these are fresh designs released ahead of Eid-ul-Azha.

Sugar being sold at higher than govt rate

STAR BUSINESS REPORT

Although grocers started selling sugar at a rate higher than that fixed by the government in tune with demands made earlier by refiners and millers, the commerce minister yesterday said the price would be set after Eid-ul-Azha.

Earlier in May this year, the retail price of unpackaged sugar was fixed at Tk 120 and packaged one at Tk 125 per kilogramme (kg).

But consumers were having to buy the sweetener between Tk 120 and Tk 140 at

retail per kilogram owing to inadequate supply in the market.

On June 19, refiners and millers proposed that the government increase the price by 20 per cent and wanted to bring that into effect from June 22 to prevent losses resulting from high import cost and price hikes of sugar in international markets.

And with the new price yet to be set, consumers were having to buy sugar at Tk 148 to Tk 150 per kg yesterday.

The Bangladesh Trade and Tariff

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