



## Zaved Akhtar new chairman of Unilever Bangladesh

STAR BUSINESS REPORT

Zaved Akhtar has been unanimously elected as the chairman of the board of directors of Unilever Bangladesh Ltd (UBL), the country's leading fast moving consumer goods company, with effect from August 28.

The decision came from the company's 194th board meeting held on August 27.

The current CEO and managing director of the company, Akhtar will succeed Kedar Lele, who had served UBL as chairman since 2020.

Akhtar will continue to lead the Bangladesh business as managing director while assuming his new role as chairman of the six-decade-old company, Unilever said in a statement yesterday.

He will also be a member of the Unilever South Asia Leadership Team.

On this occasion, Rohit Jawa, president of Unilever for South Asia and CEO and managing director of Hindustan Unilever Limited, said: "I would like to thank Zaved for his outstanding leadership of our Bangladesh business. His efforts towards strengthening business outcomes through superior brands for our consumers, and at the same time, driving Unilever's Compass Commitments, are indeed commendable."

"I am delighted to welcome Zaved to the Unilever South Asia Leadership Team as the new Chairman of Unilever Bangladesh. I am confident that under his leadership, Unilever Bangladesh will grow stronger and continue to partner the country in its growth journey."

Akhtar joined Unilever Bangladesh in 2000 and he has worked in different roles in local, regional, and international capacities in his career spanning over two decades.

After successful completion of multiple international assignments, Akhtar was appointed as the CEO and managing director of Unilever Bangladesh in 2021.



# IT exports fall for the first time in five years

MAHMUDUL HASAN

IT exports from Bangladesh have fallen for the first time in five years, which is an ominous sign for the government's export diversification efforts as the country is failing to produce big IT firms.

According to the Export Promotion Bureau (EPB), earnings of domestic IT firms declined by 7.42 percent compared to the previous year, reaching \$548.10 million in fiscal 2022-23.

This is also a big blow to the county's target of achieving \$5 billion in exports of IT and digital devices by 2025.

"The government emphasised creating IT freelancers in recent years but there was no visible effort to upskill people for developing software and other sophisticated technology," said AKM Fahim Mashroor, former president of the Bangladesh Association of Software and Information Services (BASIS).

He explained that it is difficult to boost overall IT export earnings by simply increasing the number of freelancers in

the country as their individual incomes are minimal.

Mashroor also said India's IT exports is now worth more than \$200 billion because the country has been able to create firms like Infosys, Wipro and Tata Consultancy Services.

"Each of these companies earns billions of dollars and employ thousands of people by developing high-end software products," he said.

Besides, tech companies around the world have downsized the number of their employees and those people now work as freelancers. "So, this has also had an impact on the overall IT exports of Bangladesh," Mashroor said.

"Another reason is that the clients of our IT firms are small startups. As venture capital investment plummeted around the world, it has had a negative effect on our exports," he added.

All segments -- IT enabled services (ITESs), and software and computer consultancy -- have experienced a negative impact in FY23.

Revenues generated from shipments of ITESs, that encompass tasks such as graphic design, image editing and business process outsourcing, declined by 5.32 percent to \$458.62 million that year.

Similarly, export earnings from software decreased 19.66 per cent year-on-year to \$47.85 million.

The shipment of computer consultancy services fell 8.93 percent to \$34.76 million while installation, maintenance and repair of computer and peripheral equipment services witnessed a decline of 30.72 per cent to \$6.88 million.

"The trend of growth in exporting software was very encouraging in the last 1 or 2 years, but from the data of the last few months, we are seeing that export is falling," said Rashad Kabir, a director of BASIS.

"One of the main reasons might be that global inflation has forced most companies in Europe and the US to cut their costs, resulting in reduced software imports," he added.

The hiring of remote developers was a popular model of working during the

Covid-19 pandemic, when many software companies and individual developers from Bangladesh worked as offshore development partners.

"But in the last six months, companies have gone back to their traditional onsite work model, which might be another reason for the fall in software export," Rashad said.

He suggests Bangladesh IT companies focus on some untapped markets like Africa and Pan Pacific Asia, where there is a lot of scope to earn from providing IT/ITES. "Companies should also focus on developing their own products rather than only providing services," he added.

Syed Almas Kabir, a former president of BASIS who is revered for his erudition in the local IT market, said there are a few concerning factors for the decline in IT exports.

"One common factor is the global recession due to war and Covid-19. For this, firms around the world are not updating their IT installations. So, our export volume has declined in line with their lower investment," he added.



Sabbir Hasan Nasir, executive director of Shwapno, and Abu Naser, operations director, attend the opening of an outlet on Ring Road at Adabar of Mohammadpur yesterday.

PHOTO: SHWAPNO

## Banks move away

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"If banks violate the rate, the central bank will take action against them."

Policy Research Institute Executive Director Ahsan H Mansur, however, declined to accept the new rate as market-based.

He argued: "The dollar rate is Tk 118 in the kerb market and the real exchange rate is close to the kerb market."

A senior official of a private commercial bank who attended the meeting said the meeting also discussed the ongoing volatility in the forex market driven by higher import bills against moderate export and remittance earnings.

He said the uniform rate is close to the real effective exchange rate (REER), which stands at Tk 110.50 to Tk 111 per dollar.

The official said banks were asked to stop imposing multiple rates for remittances, export bills and importers in order to stabilise the

foreign exchange market.

The meeting described hundi, a cross-border illegal money transfer system, as a major challenge.

"Banks have been asked to curb hundi."

Before the coronavirus pandemic, hundi cartels accounted for nearly half of remittance transfers to Bangladesh as the segment offered better US dollar rates than banks and other financial service providers.

Migrant workers sent \$21.61 billion to Bangladesh in the just-concluded fiscal year.

The central bank is committed to implementing a unified and market-driven single exchange rate considering prevailing market conditions as per the conditions agreed with the IMF.

Introducing a single exchange rate system for exports, imports and remittances will be an automatic stabiliser against any external imbalances, said the BB in June in its

monetary policy statement.

Centre for Policy Dialogue Executive Director Fahmida Khatun said the forex market mechanism could not work when the exchange rate is fixed.

"It is not a sustainable solution when the exchange rate is fixed artificially. We badly need a market-based exchange rate."

The economist called the falling trend of the reserve a major concern for the economy.

PRI's Mansur warns that if the wide gap between the formal and informal exchange rates continues, remittance earnings through the formal sector will continue to fall.

"There will be a shortage of US dollars in the inter-bank market when remittance flow using the informal sector goes up."

The former official of the IMF said the local currency would have to be made attractive by hiking the interest rate.

## Market diversification

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Bangladesh at The Westin Dhaka last Tuesday.

HSBC can play a pivotal role to introduce innovative solutions and create awareness among Bangladesh apparel exporters in view of changing market dynamics, Hassan added.

Md Mahbub ur Rahman, chief executive officer of HSBC Bangladesh, said HSBC was grateful to the Bangladesh apparel industry for putting the trust in them as a partner in the sector's growth.

"Leveraging our international connectivity and expertise in structured trade solutions, we will continue to support the evolving needs of the industry in a rapidly changing global supply chain landscape," he said.

Stuart Rogers, regional head of international markets, commercial banking for Asia-Pacific, HSBC, said HSBC was one of the leading trade finance providers in Bangladesh, catering for approximately 10 percent of the country's trade volume.

## ACC seeks bank account details

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PK Halder, former managing director of NRB Global Bank and Reliance Finance Limited, and his associates had allegedly siphoned off about Tk 10,200 crore from four non-banking financial institutions.

The confession led to Alam being stripped of the responsibility of monitoring two central bank departments, Department of Financial Institutions and Markets and the Department of Banking Inspection-2.

Chowdhury could not be reached for comments despite repeated phone calls and text message.

## Packaging industry bears

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Pran RFL Group set up a packaging plant in 2010 to produce items that would be used by its own factories.

The conglomerate sells packaging items to other companies on a very limited scale after meeting its demand. Sometimes, it has to purchase from others when it needs extra products, said Kamruzzaman Kamal, marketing director of the company.

He said the demand is low since consumers' purchasing capacity has eroded owing to higher inflation.

Inflation in Bangladesh has stayed at an elevated level for more than a year.

The Consumer Price Index rose to a 12-year high of 9.02 percent in 2022-23 against the government's revised target of 7.5 percent, according to the Bangladesh Bureau of Statistics.

Kamrul Islam Likhon, general

manager of Arbab Poly Pack, blames over-investment and over-capacity of the existing manufacturers for their current woes.

The overall manufacturing capacity of the sector has reached around 4 lakh tonnes against a demand for packaging materials of 2 lakh tonnes, he said.

"We entered the market 38 years ago when the number of manufacturers was low and the business growth was healthy."

Despite the over-capacity, Bangladesh still has to rely on the external market to meet 20 percent of the demand for packaging materials since there are some products that local manufacturers don't produce.

Tampaco Foils' Alamgir does not see any possibility for the packaging industry to return to the pre-crisis growth trajectory until the economy returns to normalcy.

## US firms want to invest more in agri

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digital payment system," said Sharifa Khan, secretary to Economic Relations Division.

Kamal was asked about a recent survey conducted by the Japan External Trade Organisation which found that about 71 percent of Japanese investors were dissatisfied with the general business environment in Bangladesh.

"What have the Japanese companies invested in...? They have only one (major investment), that is tobacco manufacturing," responded the finance minister.

He was also asked about another recent survey which found some 70 percent of its respondents of the opinion that Bangladesh's economy was heading in the wrong direction.

Anyone who says that the economy is not in good shape does not understand the economy that well,

said Kamal, adding, "Now the whole world recognises that Bangladesh is a role model."

The survey was jointly conducted by The Asia Foundation in Bangladesh and the Brac Institute of Governance and Development.

"How well off does the economy further need to be?" he asked.

On the ongoing high inflation, Kamal said, "When we took charge (came to office), how much was inflation? It was 12.3 percent. From there, our inflation is now 7.5 percent even in this situation."

On why prices of goods were increasing, he said, "The Russia-Ukraine war has started, no one knows when it will end. How long will you run the economy as planned in this uncertainty?"

"Still, our economy is doing very well. Everyone says Bangladesh's economy is doing well," he added.