

# Bangabandhu industrial award tomorrow

STAR BUSINESS REPORT

The government is going to confer the Bangabandhu Sheikh Mujib Industrial Award-2022 to 12 companies tomorrow for their contribution to the economy.

President Mohammed Shahabuddin is likely to hand over crests and certificates to awardees at the Osmani Memorial Auditorium in Dhaka, according to a press release from the ministry.

Industries Minister Nurul Majid Mahmud Humayun will preside over the event.

Meanwhile, Agriculture Minister Muhammad Abdur Razzaque, State Minister for Industries Kamal Ahmed Majumder and President of the Federation of Bangladesh Chambers of Commerce and Industry Mahbulul Alam will be present as special guests.

In a gazette notification on August 6, the government published the names of the awardees in six categories.

In the large industries category, Runner Automobiles secured first place followed by Zaber & Zubair Fabrics and BSRM Steels.

Nita Company Ltd, an enterprise of Nitol Group, secured the top position in the medium-scale industries category. Noman Terry Towel Mills ranked second.

Hazrat Amanat Shah Spinning Mills, Basumati Distribution and Technomedia Ltd were respectively named first, second and third under the small-scale industries category. In the micro-industries category, Green Genesis Engineering won first place.

Walton Hi-tech Industries bagged the top honour in the hi-tech industries category while Super Star Electrical Accessories was in second position.

Shamsunnahar Textile Mills received first prize in the cottage industries category.

The first prize winner will receive Tk 3 lakh, a gold crest weighing 25 grammes and a certificate.

The second prize recipient will get Tk 2 lakh, a gold crest weighing 18 grammes and a certificate while the third prize winner will be given Tk 1 lakh, a gold crest of 15 grammes and a certificate.

The Bangabandhu Sheikh Mujib Industrial Award was introduced by the industries ministry last year, marking the birth centenary of the Father of the Nation.

## Key US inflation measure ticks up

AFP, Washington

The key US inflation measure used by the Federal Reserve to set interest rates ticked up again in August, fueled by rising energy prices, according to government data published Friday.

But aside from volatile food and energy costs, which are still paining Americans at grocery stores and gas pumps, inflation actually slowed last month to reach its lowest annual rate since 2021.

This is a welcome development for policymakers hoping to slow price increases without crashing the economy.

The Fed has raised interest rates 11 times since March 2022 in a bid to tame inflation and bring it firmly down to its long-term target of two percent.

Although inflation has come down sharply in the last 12 months, it remains stuck stubbornly above the Fed's target, even increasing slightly over the summer, which has kept up the pressure on the central bank.

The annual personal consumption expenditures (PCE) price index rose 3.5 percent in August, up 0.1 percentage point from last month, the Commerce Department announced in a statement.

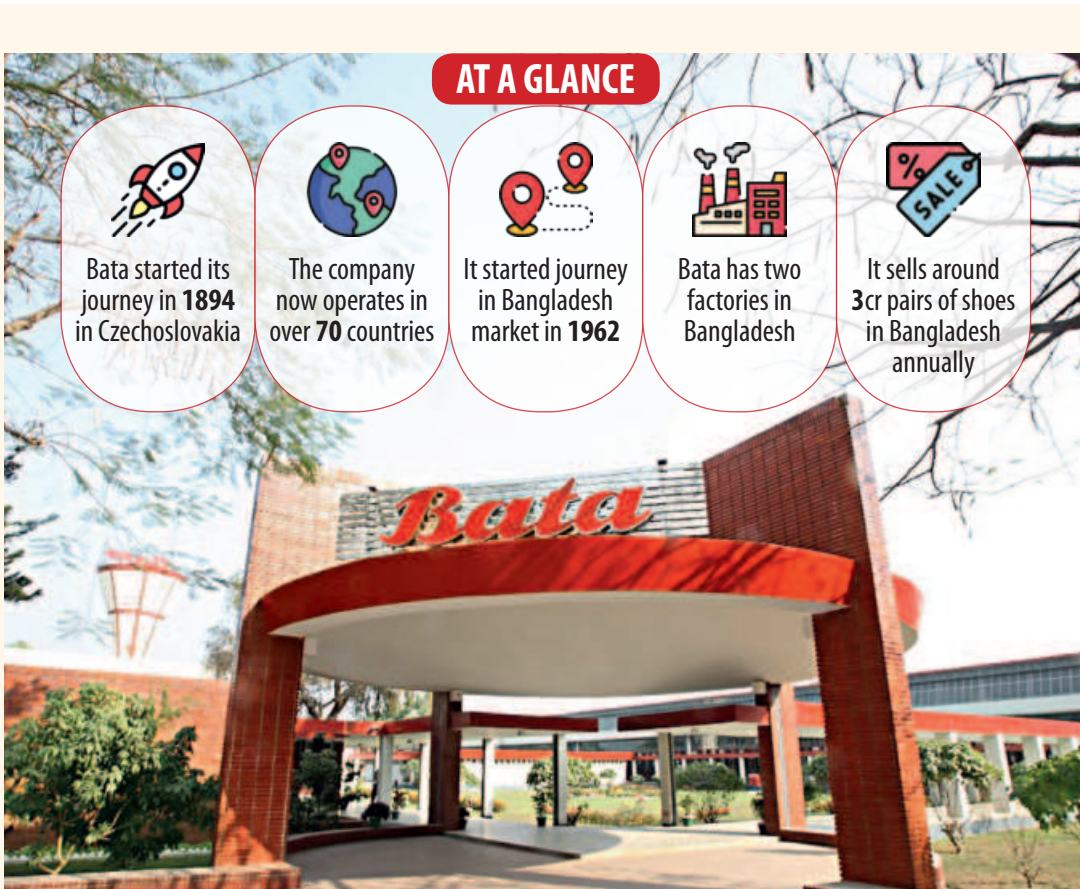
Month-over-month, PCE inflation increased by 0.4 percent, in line with the median expectation of economists surveyed by Briefing.com.

The move was fueled by an increase in energy prices, which climbed 6.1 percent from July, while food prices also rose slightly.

However, once volatile food and energy prices are stripped from the inflation figures, the picture looks far brighter.

So-called core inflation slowed to an annual rate of 3.9 percent in August, down sharply from recent months – its lowest level for almost two years.

Policymakers received more positive news Friday as the Commerce Department data showed US citizens' personal incomes grew by 0.4 percent.



## Supporting community a core objective of Bata

MAHMUDUL HASAN

The core objective of Bata is not only to make shoes for profit but also to contribute to the community by providing employment and improving lives, according to Monica Pignal Bata, chairman of the Bata Shoe Organization.

“My grandfather believed that we are not just a company that makes shoes solely for profit, but we want to improve lives by making shoes for people,” she said.

Monica explained how the company's goal goes beyond just making shoes.

“It is related to the improvement of communities. For example, when we arrived in Bangladesh, we were providing employment for many people, including numerous women for the first time, and that is the greatest thing we can give someone. We try to be very responsible contributors to every community we are in.”

Monica visited Bangladesh for the first time to celebrate its Founder's Day on September 21, a global event for Bata that commemorates the company's remarkable journey.

The event brings together employees, customers, and communities worldwide to unite in the spirit of togetherness.

Founder's Day holds immense significance for Bata as it marks the anniversary of the company's establishment back in 1894 by Monica's grandfather.

“I came to celebrate Founder's Day, which was established to commemorate, to some extent, the founding of Bata by my grandfather and his siblings. It's a global event for Bata Shoe Organization,” she added.

Bata is a global footwear

manufacturer and retailer, operating in more than 70 countries and serving millions of customers worldwide.

During her stay in Bangladesh, she visited BCP School to witness the impact of the Bata Children's Programme.

It was then that Bata announced its global partnership with SOS Children's Villages International.



Monica Pignal Bata

SOS Children is the world's largest organisation focused on ensuring that children and young people without parental care or at risk of losing it grow up with the relationships and support needed to become their strongest selves.

She said their primary focus at Bata is to demonstrate their strong bond with the countries within which they operate.

“In Bangladesh, we have very deep roots with a rich history of 60 years, and we feel a very close connection to this country, which holds an enormous amount of potential.”

She spent the entire day with children that she described as a “wonderful surprise”.

“It's a day when we come together across the world to share a glimpse of our values,

what we stand for, and what is important to us. Our aim is to improve lives.”

Monica also said she is very pleased with her first trip to Bangladesh and that she considers herself privileged to be here.

According to her, Bata Children's Programme is unique and has a volunteering system within its employees.

“It's not the management that decides what to do. There is a Bata Children's Programme committee that can be made up of anyone who works for Bata. They decide which projects they would like to work on.”

“We aim to empower children and emphasise mentorship. We have Bata employees who contribute their time, not just money.”

Asked about the role of innovation in the global expansion of Bata, she said innovation is paramount for the company.

“It's absolutely crucial for us, and innovation is the key to our success.”

“We spend so much time trying to improve our products. We try to improve the style, comfort, and even the materials used.”

Monica said the company is also conscientious about sustainability, global warming, and climate issues.

“We are very interested in the circular economy. Even in our factories, we try to have the most sustainable facilities. Here in Bangladesh, I walked through the factory and it is exceptionally clean. We do not use any toxic materials.”

Monica's grandfather, the first Tomas Bata, came from what was then Czechoslovakia,

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## Perennial financial insolvency of small enterprises

MONTIAZ UDDIN AHMED

Micro, small, and medium enterprises (MSMEs) perform essential economic functions as major drivers of economic growth and social progress in Bangladesh as in other countries.

The contributions of MSMEs to employment creation, poverty alleviation, creation of new enterprises, start-ups, entrepreneurship development and innovation, and decentralised industrial growth are widely recognised and documented empirically in both developing and developed countries.

However, their full potential for growth and expansion is compromised to a great extent because of their financial insolvency resulting from restricted access to the sources of institutional finance from banks and non bank financial institutions.

The chronic problem linked to access to equity capital, term loans and working capital loans, including bridge financing, continues to impede the growth, smooth operations, and expansion of SMEs.

Evidence from Asia-Pacific countries shows that financing barriers result in an average decline of 10 percent in the growth of small enterprises compared to 6 percent for their large counterparts.

Indeed, an avalanche of studies on SME financing issues conducted at national and cross-national levels are pouring in continuously in search of solutions to the financial insolvency of SMEs. However, empirical evidence suggests that a simple solution to an intractable problem needs the adoption of a holistic approach hitting the core issues causing it from both the supply and demand sides.

Broadly six compelling reasons cutting across both supply and demand sides are commonly cited to hamper the adequate flow of institutional credit to the sector: (i) information asymmetry; (ii) exceedingly high collateral requirements; (iii) high loan processing and transaction costs; (iv) high risks associated with SME lending; (v) high interest charges on SME loans; and (vi) difficulties in raising funds.

SME entrepreneurs typically experience extreme barriers to procuring funds at the most critical stages of start-up and survival to pass the “break-even point” by making money. Though short-term loans, working capital, and long-term loans from banks and non-banking financial institutions constitute the critically important source of funds, these are most difficult to come by.

In Bangladesh, about 30-40 percent of SMEs are recipients of institutional loans. While the trend is increasing, it is still grossly inadequate which acts as a serious obstacle to the sector's growth and expansion.

Corrective policy measures and the removal of institutional rigidities need to be introduced to prevent market failures and consequential size barriers.

State-owned commercial banks and specialised financial institutions living on subsidies from the government can't be the right vehicles to extend credits to the SME sector as they are reluctant and too costly and unaffordable to the SMEs.

Private commercial banks, given their underlying business philosophy of earning profits, can never be SME friendly to a desirable extent. Since they have branches all around, they may be convinced to work in partnership with micro-finance institutions and extend credit facilities deep down into rural areas and reach SMEs.

A critically important precondition for making effective SME-friendly measures and regulatory regimes is that our political culture should be strongly supportive of the financial needs of SMEs.

The government has to initiate a number of rules and regulations to create an enabling environment for the new players to come forward with different types of financial products in the market. This is important to diversify and increase the depth of our capital and financial markets so that fund seekers may have better bargains and improve their financial health.

The author is former professor of the Department of Economics at the University of Dhaka

## Eurozone inflation falls to two-year low

AFP, Brussels

Eurozone inflation fell to an almost two-year low in September, official data showed Friday, raising hopes that the European Central Bank will end its rate-hiking cycle.

The ECB has increased rates repeatedly to tame red-hot inflation, but the pain is being felt across the eurozone economy.

Consumer prices in the 20-nation single currency bloc rose by an annual rate of 4.3 percent, according to data published by Eurostat, down from 5.2 percent in August.

It is the lowest since October 2021.

The figure beat a consensus forecast by analysts compiled by financial data firm FactSet which said inflation would slow to 4.5 percent in September.

But inflation remains well above the ECB's two-percent target.

Friday's data will spur hopes among investors that the ECB will pause its rate-hiking cycle, as the eurozone economy weakens and concerns mount about the burden on households and businesses from higher borrowing costs.

Core inflation, which strips out volatile energy, food, alcohol and tobacco prices, also slowed in September, to 4.5 percent from 5.3 percent in August.

Core inflation is the key signal for the ECB.

“September's sharp drop in eurozone inflation was largely due to base effects,

but core inflation also came in below expectations. This reinforces our view that the ECB has finished raising interest rates,” said Jack Allen-Reynolds, deputy chief eurozone economist at Capital Economics.

But he predicted any rate cuts will likely not come until late 2024.

ECB chief Christine Lagarde said Monday that she recognised the “pain” of the aggressive rate hikes but insisted they were necessary to tame inflation.

**Core inflation, which strips out volatile energy, food, alcohol and tobacco prices, also slowed in September**

European governments, including France, have raised opposition to any further rate rises.

France's central bank governor Francois Villeroy de Galhau said Friday that the drop in core inflation “confirms that our current benchmark rates are appropriate” for the inflation fight.

In a video posted on LinkedIn, Villeroy de Galhau said he was confident that eurozone inflation would return toward the ECB's two-percent target by 2025.

Inflation has steadily fallen since it reached a peak of 10.6 percent in October 2022 following the devastating effects of Russia's war on Ukraine across Europe.



A housing complex under construction by Chinese property developer Evergrande is seen in Wuhan, in China's central Hubei province on September 28. China's new home prices rose slightly in September, breaking a four-month decline, data showed yesterday, as developers sped up launches to take advantage of a recent slew of support measures.

PHOTO: AFP