

Star BUSINESS

Mutual Trust Bank is working to be a world-class local lender that will be a topper in every aspect of banking services, said its managing director.



Story on B4

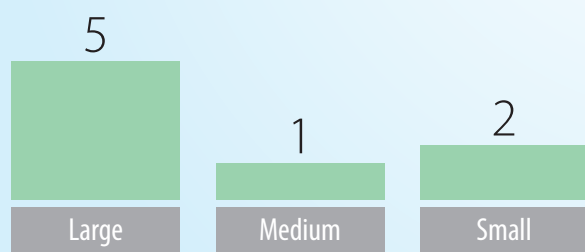
R&D EXPENDITURE PER WORKER ACROSS INDUSTRIES

(In taka; per year)

Sectors	Amount
Pharma, medicinal chemical and others	23,745
Transport equipment	2,001
Tobacco products	1,858
Paper and paper products	1,627
Printing and reproduction of recorded media	1,394
Coke and refined petroleum products	1,376
Chemicals and chemical products	793
Textiles	436
Other manufacturing	429
Machinery and equipment	360
Leather and related products	287

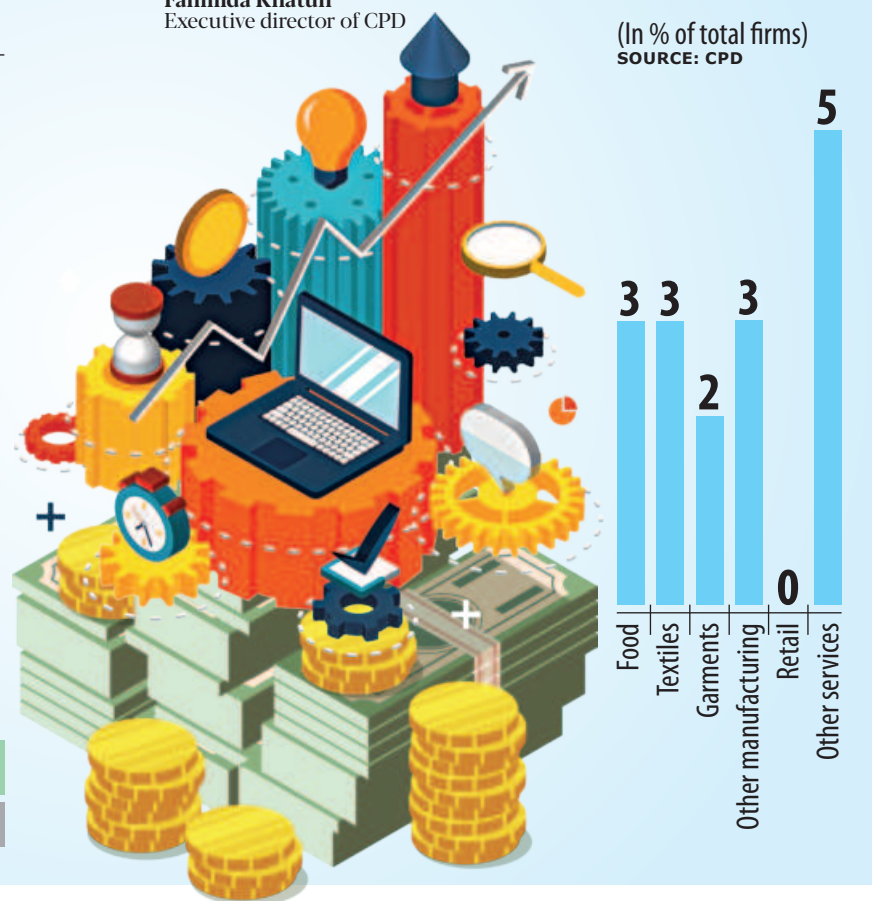
Spending on R&D

In % of total firms; SOURCE: CPD



The need for skilled workforce will be crucial for the country after the graduation from the group of the least-developed countries in 2026.

Fahmida Khatun
Executive director of CPD



R&D SPENDING ACROSS DIFFERENT SECTORS

(In % of total firms)
SOURCE: CPD

BSRM takes Tk 1,900cr project to expand production capacity

STAR BUSINESS REPORT

BSRM, the biggest steel maker in Bangladesh, has taken a nearly Tk 1,900 crore scheme to set up its second re-rolling plant to expand its capacity and cater to increased demand for public and private construction in the country, it said yesterday.

As part of the bid, the steel industry major is setting up a melting furnace unit to increase its billet making capacity by 2.5 lakh tonnes, and a re-rolling unit to increase its capacity by 6 lakh tonnes per annum at the BSRM Industrial Estate in Mirsarai, Chattogram.

After the expansion, the total steel production capacity of the Chattogram-based business house will be around 24 lakh tonnes by next year, which will be nearly one-fourth of the total steel-making capacity in the country, said two top officials of BSRM.

"We expect the demand for steel will grow in line with the growth of our economy," said Aameer Alihussain, managing director of BSRM Group, which registered roughly Tk 18,500 crore turnover in the last financial year, as per the published accounts.

"Temporarily, we are facing some problems in our economy. But our economy has resilience and it will recover. This is why

we are expanding our capacity," he added. BSRM said it has got support from international financiers, including the Japan International Cooperation Agency (JICA), and local and foreign banks to expand its production capacity.

Of the \$175 million project, the steel maker will get \$108 million from international financiers, including \$50 million from JICA

Of the \$175 million project, the steel maker will get \$108 million from international financiers, including \$50 million from JICA. A portion of the project cost – Tk 800 crore or nearly \$80 million – will be met through loans from local financiers in the form of local currency, taka.

The JICA, India's EXIM Bank, Standard Chartered Bank Singapore and Brac Bank Ltd will provide \$108 million while the Infrastructure Development Company Ltd (Idcol), Eastern Bank PLC, Prime Bank Ltd and The City Bank Ltd will provide Tk 800 crore altogether.

BSRM will bear the rest of the cost, said

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Low spending on R&D alarming

Says CPD in a study report

STAR BUSINESS REPORT

Most industries in Bangladesh spend less than Tk 500 per year on research and development (R&D) per worker, according to the Centre for Policy Dialogue (CPD), a scenario that may hold back a country aiming to become a manufacturing hub and a developed nation in less than two decades.

Raising competitiveness and productivity through R&D and innovation are deemed as vital for nations that want to ensure sustainable wage growth, create jobs and stay ahead of competition in export markets.

A higher R&D spending also leads to higher innovation, which contributes to higher per capita income.

But in Bangladesh, the overall R&D investments stood at 0.03 percent of gross domestic product (GDP) in 2022-23, according to data of the planning commission. It was 0.54 percent in Vietnam, 0.70 percent in India, and 2.55 percent in China, World Bank data showed.

"In Bangladesh, the low spending on R&D is alarming," said the CPD in a study report.

However, the country's pharmaceuticals and allied industry spends the most among all industries, with per worker expenditure standing at Tk 23,735.

The think-tank shared the findings yesterday at a dialogue titled "Technology Use in the Manufacturing Industries of Bangladesh" at the Brac Centre Inn in the capital's Mohakhali.

The study was based on the data from the Bangladesh Bureau of Statistics' Manufacturing Industries Survey 2019 and the World Bank's Enterprise Survey 2022.

It said the "other transport equipment" sector spends Tk 2,001 for R&D while tobacco manufacturers' outlay stands at Tk 1,858, the paper industry's spending at Tk 1,627, and the textiles sector at Tk 436.

Some sectors such as recycling, beverage, wood, wood-based products, motor vehicles, trailers and semi-trailers, repair and installation of machinery and equipment don't spend any penny.

The share of firms' spending on R&D in each sector remains alarmingly low, the CPD said.

For the 'other services' sector, 5 percent of the firms spend on R&D, while in the food, textiles and other manufacturing sectors, only about 3 percent of firms allocate budget for R&D.

"The ratio is even lower for the garments industry as factories channel only 2 percent of their expenditures to R&D," the CPD said.

Only 1 percent of medium-sized firms have expenses related

to R&D. Large firms direct 5 percent of their budget to the segment while it is 2 percent for small firms.

According to the study, a majority of manufacturing firms, located across the country, do not have a digital presence in the form of websites.

The CPD said the

economic prosperity.

"If we can't keep pace with the way technology is being revolutionised all over the world, we will fall behind. There's a lot of talk about things, but it is not improving as expected."

"The need for skilled workforce will be crucial for the country after the graduation from the

group of the least-developed countries in 2026."

Echoing CPD's findings, Zaki Uz Zaman, the country representative at the United Nations Industrial Development Organisation, said it also reflects the country's position in the global ranking.

Bangladesh came 102nd among 132 countries in the Global Innovation Index 2022 whereas India secured 40th position, Vietnam 48th and Thailand 43rd.

"Bangladesh was even behind Sri Lanka," he said. Zaman said there is a shortage

of spending on R&D in the manufacturing sector. However, he credited the agriculture sector for higher R&D, which has made the country almost self-sufficient in food production.

Syed Almas Kabir, president of the Bangladesh-Malaysia Chamber of Commerce and Industry, underscored employing the capability of domestic firms.

He argued that Bangladesh has witnessed the implementation of many mega projects in recent times. Had local IT companies got some opportunity to work on those projects, the firms would have been on a sound footing.

He urged the government to formulate a national strategy to ensure a congenial climate for R&D and adopt advanced technologies.

"The government should also think of an alternative plan if existing workers become jobless because of the adoption of advanced technologies in the manufacturing sector."

Industries Minister Nurul Majid Mahmud Humayun said a collective effort from the private sector is needed to accelerate spending on R&D as it is not a waste of money.

"It is important to invest in the right place. If we don't invest in technologies and carry out quality research, we will continue to lag others."



manufacturing sector largely focuses on low-tech products and it continues to be a significant contributor to the GDP growth. The lion's share of industry involves export, including that of ready-made garments.

"In terms of competitiveness, Bangladesh lags behind other countries," said Fahmida Khatun, executive director of the CPD.

"Productivity per worker in Bangladesh is less than that of our competitors."

She said there is no alternative to using advanced technologies in the industrial sector for

Dhaka-Kolkata cruise will now set sail on Nov 20

JAGARAN CHAKMA

MK Shipping Lines is planning to operate a cruise from Dhaka's Sadarghat to Howrah of Kolkata, starting off on November 20.

Bangladesh Inland Water Transport Authority (BIWTA) is set to approve operation of the cruise, said Commodore Arif Ahmed Mostafa, chairman of the BIWTA.

Earlier, the operator was scheduled to set sail on October 10.

The date had to change as they did not get government permission in due time while the shipping ministry also took time to review the viability of the application alongside security matters, said Mostafa.

Masum Khan, owner of MK Shipping Lines, confirmed to The Daily Star that they would set sail as per the scheduled as they were due to get the BIWTA approval.

"We have a capacity to accommodate 300 to 350 people and prices of packages range from Tk 6,000 to Tk 50,000 for a one-way tour."

According to sources in the BIWTA, a "Protocol on Inland Water Transit and Trade between Bangladesh and India" was signed in 1972 to expand bilateral trade by sea.

On October 25, 2018, a Standard Operating Procedure (SOP) was signed on being finalised by the shipping ministries of the two countries over the movement of vessels along designated coastal and inland routes of the two neighbours.

On March 29, 2019, one "MV Madhumati" had set sail from Dhaka for Kolkata with tourists under the protocol. But it was not deemed profitable and no further trips were run.

A similar cruise was run under the SOP from India, flagged off by Indian Prime Minister Narendra Modi on January 13 this year.

Operated by Antara Cruises, MV Ganga Vilas travelled around 3,200km through five states in India and parts of Bangladesh over 51 days.

"We have a capacity to accommodate 300 to 350 people and prices of packages range from Tk 6,000 to Tk 50,000 for a one-way tour," Masum Khan told The Daily Star.

He said any Indian visa would be acceptable for this tour.

Khan said it would take around two days to

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Spinners left in the lurch

Many RMG makers not honouring contracts amid low work orders

REFAYET ULLAH MIRDDHA

Many garment makers in Bangladesh are not honouring their primary contracts for buying yarn from local spinners as work orders from abroad have decreased amid volatility in the global economy.

As of yesterday, 50 garment makers were yet to formalise their proforma invoice (PI) as a letter of credit (LC).

The PI is a primary agreement made between buyers and sellers before the delivery of goods, which is yarn in this case, while the LC is the final purchase agreement based on the PI.

At present, the overall value of suspended PIs is more than \$61 lakh, according to the Bangladesh Textile Mills Association (BTMA).

Monsoor Ahmed, chief executive officer of the BTMA, said the garment makers' failure to honour their PIs is an indication that the inflow of work orders from international retailers and brands is slowing.

It also indicates that garment makers are again depending on imported yarn as the narrow price gap with local varieties means they can make up for the high input cost by delivering higher quality products.

Similarly, the lack of work orders means they now have more time to fulfil shipments, doing away with the need to buy from local spinners to ensure shorter lead-times.

However, the actual value of suspended PIs is likely higher than that recorded by the monitoring cell of the BTMA, Ahmed said, citing how many millers do not lodge complaints in fear of losing business.

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Yarn stockpiling is again taking place at the mills as many garment makers are not collecting their orders despite previously having agreed upon contracts.

PHOTO: STAR/FILE

STOCKS	
DSEX ▼	CASPI ▲
0.20%	0.01%
6,276.17	18,588.95

COMMODITIES	
Gold ▲	Oil ▼
\$1,981.22	\$88.30
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.35%	▼ 0.54%	▼ 0.74%	▼ 0.74%
65,397.62	31,259.36	3,076.69	2,983.06