

# Star BUSINESS

Banks are now focusing on opening sub-branches instead of agent banking outlets for being more cost-effective and efficient.

Story on B4

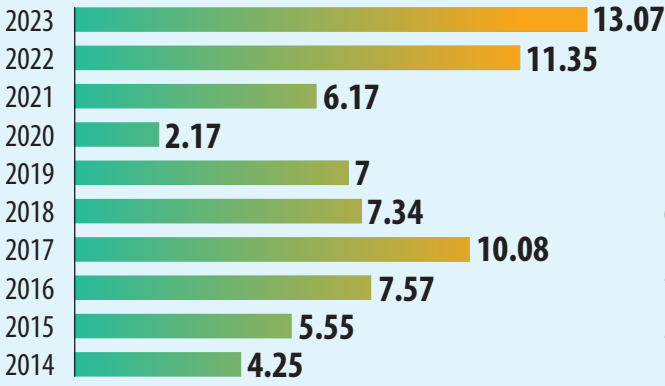


## Export, remittance limp along

Shipment receipts were lower than expected while record worker outflow did not translate into a spike in earnings

### Migrants who went abroad for jobs

Numbers in lakh  
SOURCE: BMET



### EARNINGS IN 2023

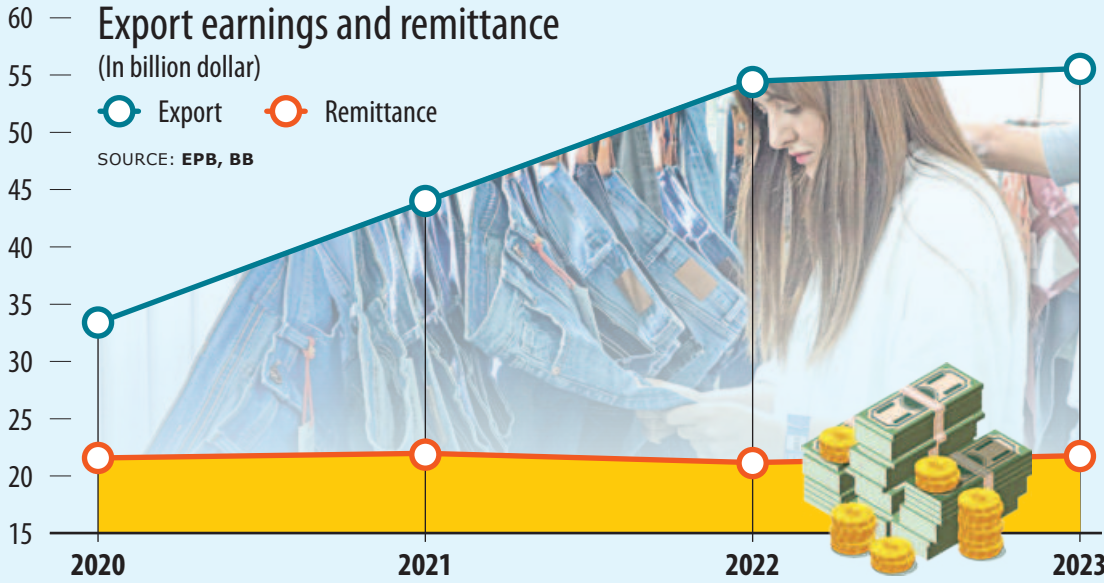
- » Export earnings were \$55.78b
- » Migrant workers sent home \$21.91b

### PROSPECTS THIS YEAR

- » Exports may post growth of 12.4% in FY24
- » Remittance may stand at \$23b in 2024

### OTHER MAJOR NUMBERS

- » 30 lakh people went abroad in the last three years
- » Reserves stood at \$21.82b at the end of 2023, down from \$40.7b in August 2021
- » Taka depreciated by about 28% in the past two years



REFAYET ULLAH MIRDHA and MD MEHEDI HASAN

The export and remittance sectors of Bangladesh ended 2023 on a disappointing note, compounding pressure on the economy as it desperately tries to find solutions to the lingering crisis.

The less than 3 percent year-on-year growth in earnings from the two biggest sources of foreign currencies for the country means its woes originating from the international currency crunch continue into the new year.

Earnings from merchandise shipments rose 1.99 percent to \$55.78 billion in the just-concluded calendar year because of the slowdown in apparel sales in the international markets, data from the Export Promotion Bureau (EPB) showed yesterday.

Migrant workers sent home \$21.91 billion in 2023, a year-on-year increase of only 2.96 percent, according to the central bank.

The lower-than-expected export and remittance earnings have a direct impact on the foreign exchange reserves, which have fallen to a level enough to bring about an unprecedented cost of living crisis and a drastic fall in the value of the local currency.

The sharp decline in the forex stock has created headaches for policymakers after the country failed to meet the International Monetary Fund

(IMF) threshold on minimum international reserves as part of the conditions of the \$4.7 billion loan programme.

The lower receipts from exports and remittances are set to persist in the coming months.

Bangladesh is expected to receive \$23 billion in remittances in 2024 while the export sector is projected to post a growth of 12.4 percent in the financial year that ends in June.

### Exports display slower growth

The earnings from the merchandise shipments rose marginally in 2023 owing to the persistently lower demand among western consumers amid high inflationary pressure, the dragging Russia-Ukraine war and the outbreak of the Middle East crisis.

### Garment exports did not fare well largely owing to the fall in orders and the shutdown of production in many factories following labour unrest in September-December

Garments, which contribute nearly 85 percent to the national income, did not fare well, largely owing to the fall in orders and the shutdown of production in many factories following labour unrest between September and

the first week of December when the minimum wage for apparel workers was announced.

The earnings declined 1.06 percent \$5.30 billion in the last month of the year, according to the EPB. It, however, grew 0.84 percent to \$27.54 billion in July-December, the first six months of the current financial year of 2023-24.

The shipment increased 1.72

pandemic and the wars and the lower gas pressure and the poor performance by customs, VAT and bond authorities.

The business leader hopes that the export trend may improve from April or May this year as stocks with clothing retailers would run out by the time.

Non-garment items also did not perform well in July-December.



percent to \$23.39 billion in the first half.

Woven garment exports fell 4.12 percent to \$9.91 billion in July-December and knitwear shipments rose 6.48 percent to \$13.48 billion.

"Compared to other garment-exporting nations, we performed well given the volatility in the global economy," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

He says the garment sector was severely affected by the fallout of the coronavirus

The leather and leather sector earned \$523.03 million, registering a 17.93 percent negative growth. Frozen and jute goods exports fell 10.24 percent to \$436.12 million.

Home textiles' earnings plunged 38.48 percent to \$369.91 million. Frozen and live fish fetched \$215.13 million, down 12.68 percent. Non-leather footwear shipments increased 1.85 percent to \$246.15 million.

### Remittances in the slow lane

The underperformance of the remittance sector rang louder since more than 30 lakh

people have gone abroad from Bangladesh in the past three years alone. However, the record outflow did not reflect the funds transferred by remitters to their beneficiaries at home.

Earnings stood at \$21.82 billion in 2022 and \$22 billion in 2021, central bank data showed.

Expatriates sent home \$1.99 billion in the last month of 2023, up 3.09 percent from November when the inflow amounted to \$1.93 billion. December's receipts were 17.07 percent higher year-on-year.

The inflows were lower despite a spike in the number of Bangladeshis going abroad for jobs and up to 5 percent combined incentives available from the government and banks.

Experts have blamed the huge gap between the formal and informal exchange rates, the expanding hundi system, and the lack of motivation.

More than 13.07 lakh people left the country in search of jobs last year, according to the Bureau of Manpower Employment and Training.

Ali Haider Chowdhury, secretary general of the Bangladesh Association of International Recruiting Agencies, said the lack of proper facilities for migrant workers and the difference between the formal and informal exchange rates of the US dollar were the major reasons behind the slow growth in remittance earnings.

READ MORE ON B3

## Business at ICDs dropped in 2023

### KDS Logistics remains on top in container handling

DWAIPAYAN BARUA, Chattogram

KDS Logistics Limited managed to retain its position as the top private inland container depot (ICD) in terms of handling export and import cargoes in 2023, a year when business in ICDs saw a year-on-year decline of nearly 11 per cent.

It marked the sixth consecutive year that KDS topped the rankings.

There are 19 privately owned ICDs located in and around the port city, two of which are yet to begin handling export and import containers, instead handling only empty containers.



2023 IN REVIEW  
THE EVENTS THAT SHAPED OUR ECONOMY

The remaining 17 have been contributing to easing the congestion at the country's premier seaport in Chattogram by facilitating quick clearance of both export and import laden containers as well as handling empty containers.

Almost 90 percent of export laden containers are handled by these ICDs before their shipment through Chattogram port. Exporters from different parts of the nation send their export cargoes on trucks to these ICDs, where cargoes are loaded in containers and sent to the port.

These ICDs handle 23 percent of the total imports handled by Chattogram port, with 38 types of import laden containers that are unloaded at the port being sent to ICDs for delivery to consignees.

A total of 877,689 TEUs (twenty-foot equivalent units) of import and export containers were handled by the 17 ICDs in 2023, showing a negative growth of 10.75 percent compared to 983,452 TEUs in 2022.

READ MORE ON B3

Prime Bank

Up to BDT 10,000 Cashback on Wedding Furniture

For details visit: www.primebank.com.bd

STOCKS	
DSEX ▼	CASPI ▼
0.15% 6,233.41	0.10% 18,486.22

COMMODITIES	
Gold ▲	Oil ▲
\$2,075.26 (per ounce)	\$72.84 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.49% 71,920.74	▼ 0.22% 33,464.17	▼ 0.27% 3,231.41	▼ 0.43% 2,962.28

## Small businesses navigated difficult times in 2023



2023 IN REVIEW  
THE EVENTS THAT SHAPED OUR ECONOMY

AKANDA MUHAMMAD JAHID

Small businesses in Bangladesh faced substantial hardships in 2023 as their sales took a steep dive last year due to ongoing inflationary pressure in the country, according to various businesspeople.

Besides, their profits shrivelled for a subsequent hike in production costs, particularly those associated with sourcing raw materials and transporting goods.

As such, many small and medium enterprises (SMEs) are being compelled to wind down their operations amid the current economic climate, according to various businesspeople.

Arifa Yasmin Mayuri, an award-winning entrepreneur with a highly successful handicrafts business in the district headquarters of Jamalpur, said her sales dropped by about 50 percent.

"Most handicraft makers are enduring financial struggles due to lower sales as customers have become reluctant to spend on non-essentials amid the unprecedented inflation," she added.

Mayuri, who received the National SME Women Entrepreneurs Award in 2019 and Joyeeta Award in 2016, also said her losses have been intensified by a roughly 50 percent rise in production costs.

For example, making simple apparel items, such as a dress, used to cost about Tk 400 per piece but it now takes as much as Tk 600 due to the hike in raw material prices.

### Their profits shrank for a subsequent hike in production costs, particularly those associated with sourcing raw materials and transporting goods.

Meanwhile, the cost of other inputs saw a similar hike with workers' wages having increased to about Tk 200 per dress while it was Tk 130 previously, she added.

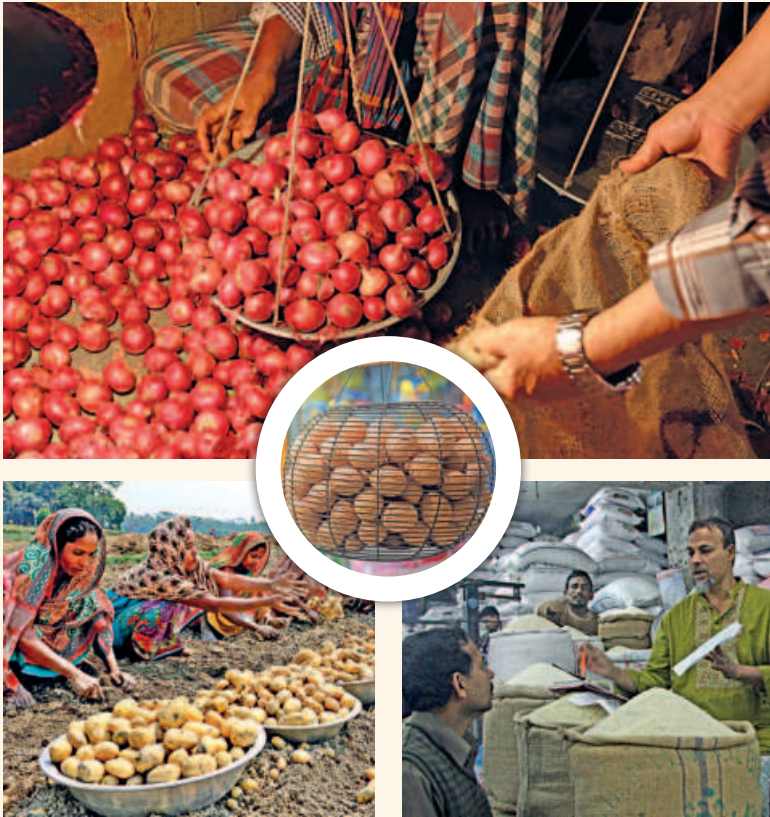
Maksuda Khatun, the proprietor of an export-oriented leather goods company called Shabab Leather, said business last year was even worse than what it was during the Covid-19 pandemic.

"We passed every moment of 2023 amid uncertainty due to higher raw material prices and hurdles in opening letters of credit [LCs] amid the ongoing US dollar crisis," she added.

READ MORE ON B3

## How prices of essentials swung over a year

(Between Dec 31, 2022 and Dec 31, 2023; per kilogramme/litre)



Items	Prices now	Up/down (year-on-year)
Rice (fine variety)	Tk 60-75	1.5%
Rice (coarse)	Tk 48-50	0%
Atta white (loose)	Tk 45-50	-20.83%
Flour (loose)	Tk 60-70	-7.14
Soybean (loose)	Tk 155-160	-10%
Soybean (bottled)	Tk 170-173	-9.02%
Palm oil (loose)	Tk 125-130	5.37%
Lentil	Tk 105-110	4.88%
Potato (new/old)	Tk 55-65	215.79%
Onion (new)	Tk 80-100	116.87%
Onion (imported)	Tk 90-140	187.5%
Garlic (local)	Tk 220-260	209.68%
Garlic (imported)	Tk 200-240	91.3%
Rohu fish	Tk 280-450	-8.75%
Beef	Tk 600-700	-4.41%
Mutton	Tk 900-1,000	0%
Chicken (broiler)	Tk 180-190	25.42%
Chicken (local)	Tk 500-600	10%
Sugar	Tk 140-145	26.67%
Eggs (farmed; 4 pcs)	Tk 42-45	19.18%
Salt	Tk 40-42	2.5%

SOURCE: TRADING CORPORATION OF BANGLADESH