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PHOTO: STAR/FILE

Handicrafts declared as product of the year 2024

But sector operators remain doubtful about impact without state support

STAR BUSINESS REPORT

The government yesterday declared handicrafts as the product of the year 2024 to highlight the role of women in the making of handicrafts, promote exports, and diversify the nation's export basket, according to a notification by the commerce ministry.

The announcement comes in line with the Export Policy 2021-24, which aims to declare an item as the 'product of the year' to promote it on the global market, said a senior commerce ministry official.

Last month, Prime Minister Sheikh Hasina had declared handicrafts as the product of the year at the inauguration of the Dhaka International Trade Fair (DITF). In her speech, she said handicrafts had played a great role in empowering women by generating employment.

Despite there being no reliable data, industry insiders believe the domestic

market for handicrafts is worth around Tk 10,000 crore annually. They added that at least 40,000 entrepreneurs were involved in the sector, which directly and indirectly employs 50 lakh people.

Handicrafts exports fetched \$29.75 million in fiscal year 2022-23 after earning \$42.83 million the previous fiscal year, according to the Export Promotion Bureau.

"The government is likely to provide some logistical support or incentives for the sector's development. That is why handicrafts were declared as the product of the year," said SU Haider, president of the Bangladesh Handicrafts Manufacturers and Exporters Association (BANGLACRAFT).

He said exporters currently received an eight percent cash incentive for the export of handicraft products.

According to Haider, the sector's export earnings amount to around \$100

million per year but the EPB data does not paint the full picture because of improper listings under the Harmonised System (HS) Codes, a standardised numerical method of classifying traded products.

Rubina Akter Munni, managing director of Design by Rubina, said the government makes this type of declaration every year. But no sector gets any practical benefit from this announcement.

She alleged that despite the sector having huge potential to develop and expand in the global market, there is no patronisation by the government.

No institution even provides training for such handicrafts, she said.

Giving an example, Munni said there are a number of craftsmen in the Chittagong Hill Tract who manufacture very good quality products with bamboo. But they do not have financial capability to scale up their business.

These craftsmen learn techniques

from their ancestors, she noted, saying if they get training and patronisation, they would be able to contribute to the economy and create employment.

Mohammad Washier Rahman, proprietor of Craft N Craft at Dokkinkhan in the capital's Uttara, said entrepreneurs never benefitted from this announcement other than in terms of publicity.

"This type of announcement does not help to develop the sector or help small investors who do not have access to finance," he said.

According to Rahman, entrepreneurs in the handicraft sector have little financial capacity to develop business despite seeing a bright future.

Rahman said there are thousands of small investors in the handicraft sector who are contributing to the economy silently as well as a number of entrepreneurs quitting the business due to financial losses.

Global debt hits new record high at \$313 trillion

REUTERS, London

Global debt levels hit a new record high of \$313 trillion in 2023, with developing economies scaling a fresh peak for the ratio of debt to their gross domestic product, a study showed.

The Institute of International Finance (IIF), a financial services trade group, said on Wednesday that global debt surged by over \$15 trillion in the last quarter of 2023 year-on-year. The figure stood at around \$210 trillion almost a decade ago, according to the data.

"Around 55 percent of this rise originated from mature markets, mainly driven by the US, France, and Germany," said the IIF in its Global Debt Monitor, adding the global debt-to-GDP ratio declined by around 2 percentage points to nearly 330 percent in 2023.

While the reduction in this ratio was "particularly notable" in developed countries, some emerging markets saw fresh high in the reading that indicates a country's ability to pay back debts. India, Argentina, China, Russia, Malaysia and South Africa registered the largest increases, signalling potential growing challenges in debt repayments.

"With Fed rate cuts on the horizon, uncertainty surrounding the trajectory of US policy rates and the US dollar could further increase market

The appetite for borrowing is growing particularly in emerging markets in 2024, as international sovereign bond issuance volumes have increased.

volatility and induce tighter funding conditions for countries with relatively high reliance on external borrowing," the report said.

The IIF added that global economy is proving "resilient" to the volatility in borrowing costs, leading to a rebound in investor sentiment.

The appetite for borrowing is growing particularly in emerging markets in 2024, as international sovereign bond issuance volumes have increased.

The start of the year - generally a busy time for debt sales of all sorts - has seen Saudi Arabia, Mexico, Hungary, Romania and a raft of others deliver some big ticket bond issuance, which hit an all-time record for January at \$47 billion.

"If sustained, this upbeat sentiment should also reverse the ongoing deleveraging by European governments and non-financial corporates in mature markets, both of which are now less indebted than in the run-up to the pandemic."

The IIF, however, voiced its concern over a potential revival of inflationary pressures, which could result in higher borrowing costs.

Also, geopolitics had rapidly emerged as a "structural market risk", the IIF said, with deeper fragmentation raising concerns about fiscal discipline across the globe.

"Government budget deficits are still running well above pre-pandemic levels, and an acceleration in regional conflicts could trigger an abrupt surge in defense spending."

K-ONE signs deal on cash management solutions with Midland Bank

STAR BUSINESS DESK

K-ONE Ltd, a Hong Kong-based export-oriented manufacturer, signed a Memorandum of Understanding (MoU) with Midland Bank to use the bank's online cash management solutions, "Midland Cash Management (MCM)", to conduct its daily banking activities.

Mohammad Javed Tarek Khan, head of institutional banking division of the bank, and Gee Shing Chi Roger, director of K-ONE Ltd, signed the MoU on behalf of their respective organisations at the former's corporate head office recently, according to a press release.



PHOTO: MIDLAND BANK

Mohammad Javed Tarek Khan, head of institutional banking division of Midland Bank, and Gee Shing Chi Roger, director of K-ONE Limited, pose for photographs at an agreement signing ceremony.

NBR to conduct

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In response to their proposals, Muneem questioned why jewellers were not importing gold despite the existing duty structure being conducive.

"Although you (businesses) are not importing gold, you are making ornaments of gold. Where are your problems? Is it with duty structure or somewhere else," he asked, adding that everybody raises questions about the transparency of the gold industry.

In another pre-budget meeting, the Bangladesh Society for the Change and Advocacy Nexus (B-SCAN), a volunteer organisation, demanded to raise the tax-free income for differently abled people to up to Tk 6 lakh from existing Tk 4.75 lakh.

Besides, the organisation also demanded to raise their monthly allowance up to Tk 5,000 based on the type of disability.

"The government can offset this by raising tax on tobacco products," said Mir Mosharrif Hossain, joint secretary of the B-SCAN.

Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association (BGAPMEA) demanded to cut source tax from 1 percent to 0.25 percent for the next five years. They also urged to keep local raw materials free of VAT.

BTRC allows mobile operators

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However, he said, considering the complexities in the fibre ecosystem in Bangladesh, there are certain challenges that need to be addressed for providing such services.

"We also need to keep in mind that access to fibre and dense network sites is a precondition for a wider 5G FWA service. We are hopeful of introducing FWA services after resolving the complexities."

Hossain Sadat, a senior director at Grameenphone, said they appreciate the time-befitting initiative of the BTRC.

"We are currently assessing the guidelines and will determine our next course of action upon receiving the formal licence."

However, broadband service providers are alarmed by the new move, fearing a potential downturn in their business in the future.

Md Emdadul Hoque, president of the Internet Service Provider Association of Bangladesh, said thousands of young people are employed by broadband internet businesses.

Currently, there are more than 3,000

ISPs in Bangladesh.

Abu Saed Khan, a senior policy fellow at LIRNEasia, a Colombo-based think-tank, said FWA is a universal tool for 5G and an integral part of it.

"It is the only way to achieve mass penetration of broadband across the country."

He thinks ISPs should be allowed to provide various digital services, including video-streaming, and the government must not dictate their prices.

Besides, ISPs and mobile operators should be permitted to purchase wholesale internet, eliminating barriers created by International Internet Gateway (IIG) and Nationwide Telecommunication Transmission Network (NTN) services, Khan added.

In Bangladesh, IIG manages international internet connectivity while NTNs facilitate nationwide fibre optic infrastructure.

An official of the BTRC said the regulator allowed mobile operators to launch the FWA service, keeping the future rollout of 5G in mind.

Khaled Mahmud, an associate professor at the Institute of Business Administration under the University of Dhaka, does not think that the new move will bring about competition between

ISPs and mobile phone operators immediately.

This is because, he argues, the 5G infrastructure is not ready yet and people will not switch to the new system from the existing ones.

"Businesses may be interested in the new service while the mass consumers will take time to adopt it."

The price will also be a big issue, Mahmud added.

FWA services have gained traction in neighbouring countries in recent times.

In September last year, Reliance Jio launched its FWA device - Jio AirFiber - across eight cities in India, according to the Economic Times.

The move came just over a month after rival Bharti Airtel introduced its own device in two cities as both companies are making their initial attempts at monetising 5G services.

5G is developing rapidly worldwide, with more than 260 networks and more than 1.2 billion users.

Revenue collection

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pandemic and the Russia-Ukraine war. "To fulfill the target, the overall revenue collection needs to be increased by 30 percent, which seems unfeasible," Siddiquee said.

Siddiquee said the government had set an ambitious target as part of the International Monetary Fund's (IMF) loan condition, which is to increase the tax-to-GDP ratio by 0.5 percent in FY24.

He said the IMF had revised down the annual target for the government by Tk 20,000 crore.

"Still, it seems a major challenge to achieve the revised target, which will, in turn, definitely put an extra burden on the public."

Institutional investors

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The company's share price dropped 6 percent to Tk 211 per unit yesterday, showed data of the Dhaka Stock Exchange.

Another top official of the BSEC said they had already formed an investigation committee and identified the involvement of the top bosses of a listed drug-maker in violating securities rules to inflate share prices.

"So, the investigation committee recommend the commission punish the related persons," he added.

Sales of Khan Brothers rose to Tk 10 crore in financial year 2022-23, up from Tk 9 crore the previous year.

However, the company losses fell to Tk 63 lakh that year compared to Tk 1.80 crore in financial 2021-22, its financial report showed.

BSEC Spokesperson Mohammad Rezaul Karim said the regulator was well-informed of the abnormal share price hike and share transfers from institutional investors to large individual investors.

The BSEC is investigating the matter thoroughly and will deliver the according punishment if any breaches of the securities rules are found, he added.

Currency swap

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lingering impacts of the pandemic and the Russia-Ukraine war.

In order to help banks settle record import bills, the central bank pumped more than \$28 billion into the banking sector from its reserves, a development that caused the reserves to halve in just two years.

Owing to the sharp fall in the reserves, Bangladesh failed to meet the IMF target of keeping \$17.78 billion as the minimum net international reserve as of December 31.

Industry people, however, think the forex crisis will ease soon as merchandise exports rebounded strongly in January after manufacturers shipped goods worth \$5.72 billion, the highest in a single month. Suppliers are also hoping to retain the momentum in the coming months.

Similarly, the remittance flow rose to a seven-month high in the month.