

Prioritise job creation, especially for the vulnerable

Experts say

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Bangladesh should focus on job creation and integrating vulnerable people into the workforce as well as boosting productivity, experts said at a seminar yesterday.

The country's priority should be creating quality jobs and integrating the vulnerable portion of the population into the workforce, said Bernard Haven, World Bank's senior economist based in Bangladesh.

Haven emphasised the interdependence of job creation with macroeconomic issues, advocating for increased foreign direct investment and the cultivation of a positive business environment.

He also stressed the importance of boosting productivity for both firms and workers, highlighting the necessity of greater investment in human capital.

The South Asian Network on Economic Modeling (SANEM) and the World Bank jointly hosted the seminar, titled "Is South Asia Experiencing Jobless Development?", at BRAC Centre Inn in Dhaka.

The country's priority should be creating quality jobs and integrating the vulnerable portion of the population into the workforce, says an official of World Bank

The prevailing macroeconomic challenges have been hindering private investment and job creation, said Sayema Haque Bidisha, a professor of the Department of Economics at the University of Dhaka.

She also urged policymakers to prioritise enhancing the quality of employment rather than merely focusing on numbers.

She further highlighted the gender employment gap, saying that it was still huge.

There is a notable absence of upskilling and reskilling initiatives in decent jobs and the garment sector, said Rubana Haque, vice-chancellor of the Asian University for Women.

"There are so many of the same seminars, so many discussions, but nobody is changing the policy... Universities have a significant role to play to this end," she said.

She also highlighted the disconnect between industry and academia, emphasising the need for focusing on STEM (science, technology, engineering and mathematics) education.

There has been a fall in the employment ratio for both males and females, said Selim Raihan, a professor of the Department of Economics at the University of Dhaka and executive director of the SANEM.

"Regarding Bangladesh, at this moment, the most urgent thing for us to see in the upcoming budgets should be macroeconomic stability," he said.

He stressed on the importance of investing in human capital development and policy reform to address the current labour market challenges.

He also laid emphasis on enhancing the efficiency of public investment and tax collection processes for better social protection.



Garments made from man-made fibre will account for 60 percent of the value of globally traded garment items in 2030, according to a study by PwC.

PHOTO: STAR/FILE

Focus more on man-made fibre-based garment exports: PwC study

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Bangladesh should expedite the making of garments from man-made fibre (MMF) as it will account for 60 percent of the value of globally traded garments items in 2030 compared to 50 percent in 2022, according to a study.

By 2030, the global export of garments will grow to \$1,121 billion from \$953 billion in 2022, said a study by PricewaterhouseCooper (PwC). MMF and MMF-rich garments will account for 60 percent of that, while 35 percent will be cotton and cotton-rich items and only 5 percent will be others.

PwC shared the findings of the study, titled "From shirts to shores: Blueprint for Bangladesh RMG Industry", at a press conference held at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) office in Dhaka.

PwC conducted the study on behalf of the BGMEA as it has set a target for Bangladesh to export \$100 billion worth of apparel by 2030.

The study found that the total export value of garment items was \$794 billion in 2013. MMF and MMF-rich items accounted for 46 percent of that while 40 percent was cotton and cotton-rich and others contributed 14 percent.

In 2022, the value of globally traded garment items stood at \$953 billion, with 50 percent MMF and MMF rich, 37 percent cotton and cotton-rich and 13 percent were others, the study said.

Of the total exported value of MMF and MMF-rich garment items in 2022, some \$320 billion was captured by China and \$41 billion was exported by Vietnam.

Italy accounted for 39 billion while Turkey also held a major percentage, the

data showed.

The study also found that the total global trade of four garment items, including brassieres, technical garments, activewear and swimwear, and jackets, suits and blazers, stood at \$100 billion. Around 73 percent of that value came from MMF-based items.

However, Bangladesh only has a 6 percent share in the \$14 billion global market for brassieres and a 5.4 percent share of the \$16.6 billion technical garment items segment.

Demand for recycled fashion will increase globally in the coming years and Bangladesh should also focus on manufacturing those items

The global market value of MMF and MMF-rich activewear and swimwear is \$30.5 billion, of which Bangladesh's share is 4.3 percent. In the case of jackets/suits/blazers, the global market value is \$32.2 billion and Bangladesh's share in this segment is 2.5 percent, the study said.

The study added that Bangladesh needed to develop the ecosystem to become more competitive in the manufacturing of select products. It also stressed the need to position Bangladesh as a supplier of value-added MMF-based products for the EU, US and UK, and make continuous efforts to penetrate new markets, including Japan and South Korea.

Demand for recycled fashion will also increase globally in the coming years and Bangladesh should also focus more on manufacturing those items, the study

said, adding that 577,000 tonnes of garment waste is generated in Bangladesh and only 5 percent is recycled locally.

Outgoing BGMEA President Faruque Hassan said that in order to reach the \$100 billion export target by 2030, services offered by the customs, ports and bonds should be improved significantly.

Bangladesh's graduation from least developed country (LDC) status in 2026 poses a major challenge to garment exports because of the erosion of the preferences, Hassan said, adding that the issue needs to be addressed properly so exports remain unhurt afterwards.

The BGMEA chief also said new markets have been showing great promise. For instance, garment exports to new destinations over the past 14 years increased 10-fold to \$8.37 billion from \$849 million.

Included in the list of promising new destinations are India, Japan, China, South Korea, Australia, Russia, Saudi Arabia, the UAE, and Turkey.

The value addition of garment items exported from Bangladesh also reached 71.35 percent in the October-December period of the current fiscal year as garment exporters significantly reduced dependence on imported raw materials, Hassan added.

The PwC study recommended an investor-friendly framework to avail external commercial debt and foreign direct investment alongside a time-bound approval process.

For external borrowings, greater clarity on tenor, pricing, security structure, permissible end-use, eligible lenders, and an automatic clearance mechanism for identified projects can facilitate higher flow of financing.

Fighting corruption or feeding it?

MAHTAB UDDIN AHMED

Once a little boy wanted to have his own cricket bat. But he did not have any money to buy it. He prayed to God for weeks and nothing happened. So, he decided to write a letter to God asking for Tk 500.

The postman was so amused that he decided to send it to the President's office. Finding it cute, the President sent him Tk 300. Thrilled, the boy wrote a thank you note to God where he complained, "God, the only problem was it came through the President's office where the corrupt donkeys ate Tk 200!"

In our country, we agree or disagree on global statistics as long as it suits our purpose. According to the Corruption Perceptions Index (CPI) 2023, Bangladesh ranks 149th among 180 countries.

Over the last few decades, the CPI score of Bangladesh varied from a low of 4 out of 100 in 2001 to a high of 28 in 2017, with 100 indicating a very clean public sector. In the face of such dire statistics, some justify their dubious acts by claiming corruption and development go hand in hand.

The fight against corruption hinges on understanding the gap between perception and reality. While public perception of corruption can be a powerful indicator, it does not always reflect its true extent. Barriers in uncovering hidden practices and biases can skew perceptions.

However, a widespread belief in corruption can itself be damaging, hindering investment and trust in institutions. Addressing the actual problem and the public perception is crucial in creating a truly transparent society. From my experience of dealing with international investors, Bangladesh is not the most preferred destination of investment despite its potentials for growth and economic success.

Corruption has always been a critical obstacle in exploiting our country's vast potentials. Our Prime Minister has repeatedly warned her officials against it but little has been achieved. In recent times, ludicrous stories of corruption of politicians and bureaucrats are circulating in the media. While some perceive them as baseless or a fabrication to avenge past enmity, others see them as just the tip of the iceberg.

Nevertheless, the general public them up like a little boy reading a thriller. What is thought-provoking is whether the offenders care at all about the media reports, or is corruption a social taboo anymore?

Corruption seems to have spread its tentacles far and wide in our society, sparing none, be it politicians, bureaucrats, businesspeople and ordinary wage-earners. Even our legal system is not immune. It is frustrating to live in a society which tolerates corruption.

At times, it seems, the bigger the corruption, the less likelihood of it having any consequences. People are even starting to joke that it is pointless to steal small amounts. Corruption stifles progress – a country cannot thrive when politics is more lucrative than business.

Although corporate and national politics operate on different scales, they both involve power struggles and alliances. National politics concerns broader issues and public accountability, while corporate politics focuses on company profits and internal dynamics. While both require communication and strategy, the processes differ vastly. National politics involve elections and public debate, while corporate maneuverings occur through committees and informal power structures.

A multi-faceted approach is needed to root out corruption in Bangladesh. Strengthening institutions like an independent judiciary and well-equipped independent anti-corruption agencies can deter offenders. Public awareness and protecting whistleblowers can effectively empower citizens to raise their voice against corruption.

Technology such as e-governance and open data can increase transparency. Addressing root causes like bureaucratic complexities and lack of economic opportunities can reduce incentives for corruption. The crux of it lies in the intent of the people in power.

The fight against corruption demands action, not just words. Let us all, citizens and leaders alike, rise to the challenge and build a nation worthy of its potential.

The author is founder and managing director of BuildCon Consultancies Ltd.



Stocks extend gains

STAR BUSINESS DESK

Shares on the Dhaka Stock Exchange (DSE) extended their rally yesterday, allowing all indices of the premier bourse of Bangladesh to close higher for a second consecutive day.

The DSEX, the benchmark index of the bourse, went up 20.05 points, 0.35 percent, from that on the day before to close at 5,796.12. Likewise, the DSES, the index that represents Shariah-compliant firms, gained 9.24 points, 0.73 percent, to 1,266.41.

The D530, which comprises blue-chip stocks, edged up 0.79 points, 0.04 percent, to 2,014.93.

Turnover, which indicates the volume of shares traded during the session, rose 0.64 percent to Tk 436 crore.

In its daily market update, UCB Stock Brokerage said textile, jute and paper and printing sectors closed in the positive while ceramics, services and real estate and IT sectors closed in the negative.

The textile sector dominated the turnover chart, accounting for 21.63 percent of the total turnover.

Of the issues that were traded on the DSE, 222 advanced, 113 declined, and 62 did not see any price fluctuation.

C&A Textiles took the pole position on the gainers' list with a rise of 10 percent, followed closely by Hami Industries and Metro Spinning with 9.88 percent and 9.28 percent respectively.

The three were followed by Alif Manufacturing Company (8.91 percent), VFS Thread Dyeing (8.86 percent), Dragon Sweater and Spinning (8.40 percent), Familytex (BD) (8.33 percent) and Queen South Textile Mills (8.12 percent).

Kattali Textile, Ring Shine Textiles and Zaheen Spinning were also on the gainers' chart.

ACME Pesticides shed the most, losing 6.72 percent.

National Tea Company, Shinepukur Ceramics, National Life Insurance Company, Bangladesh Industrial Financial Company and Central Pharmaceuticals were also on the list of those suffering the biggest losses.

Five ICT trade bodies demand tax exemptions until 2031

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Five associations representing the ICT sector yesterday demanded that the government extend tax exemptions on businesses offering software and IT-enabled service (ITES) till 2031, saying their development was crucial to the government's vision for a Smart Bangladesh.

The organisations are the Bangladesh Association of Software and Information Services (BASIS), Bangladesh Computer Samity (BCS), the Bangladesh Association of Contact Centre & Outsourcing (BACCO), the Internet Service Provider Association of Bangladesh (ISPAB), and the e-Commerce Association of Bangladesh (e-CAB).

"If the IT sector is taxed, it will not even yield one percent of total tax revenue. The IT sector is just starting to take off. At this time, it is not right to threaten a sector with such potential, especially for this small income," BASIS President Russell T Ahmed said.

"As the government wants to transform the country into a Smart Bangladesh, extending tax exemptions is more important than ever for this sector. We are demanding a tax exemption on the IT sector till at least 2031. BASIS has spoken to senior government officials and formally sent letters in this regard."

He hoped the government would give

due consideration to the demand for a tax exemption, especially as it would facilitate the expansion of the local IT sector and enhance foreign currency earnings from the sector.

"A tax exemption for this sector would benefit not just thousands of

companies in the IT sector, but serve the development of the entire country and the implementation of the Smart Bangladesh vision," Ahmed said.

BCS President Subrata Sarkar said: "Foreign investors invest in Bangladesh's local IT sector with a long-term view since

the industry has only just started to take off. So I think there is no option but to continue this tax exemption."

ISPAB President Md Imdadul Hoque said it was very important to maintain the tax exemption until 2031 for the desired development of the sector. He also reiterated the demand to include the ISPAB industry in the ITES sector.

BACCO President Wahid Sharif said the current prosperity of the sector was due to the provision of tax exemptions.

"Evidently, the government holds the view that they are not currently receiving revenue from this industry. However, with substantial generation of employment opportunities and the burgeoning purchasing power of working professionals, the government is getting significant contributions through personal income tax and value-added tax payments," he added.

e-CAB Senior Vice-President Mohammad Shahabuddin said: "The sector needs special care and facilities for some more time due to changes in technology and other related conditions."

Fahim Mashroor, former president at BASIS, said IT entrepreneurs have always faced hurdles in getting finance for setting up or expanding their businesses as banks are reluctant to invest.



As the government wants to transform the country into a Smart Bangladesh, extending tax exemptions is more important than ever before for the ICT sector, BASIS President Russell T Ahmed said.

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