

Reforms needed to attract more US investment: Peter Haas

STAR BUSINESS REPORT

US Ambassador to Bangladesh Peter Haas yesterday stressed stabilising the local macro-economic situation and going for policy reforms to create a comfortable, competitive and business-friendly environment for attracting US investment.

"Bangladesh's success story attracts investment, but the country needs regulatory improvements to create a truly competitive business environment," he said.

Haas made this comment while addressing the opening session of the three-day "29th US Trade Show", organised by the American Chamber of Commerce in Bangladesh (AmCham) at the InterContinental Dhaka yesterday.

Haas added that positive developments in Bangladesh were already underway.



Peter Haas

US companies that are already working in Bangladesh recognise the potential of bilateral trade and providing high-quality products to the local consumers, he added.

According to Haas, the success of American energy companies in Bangladesh demonstrates the positive

impact of US investment.

He also said the government's push to streamline business operations through the Bangladesh Investment Development Authority (BIDA) is a welcome step.

Citing how US investors have no shortage of investment destinations, Haas suggested that Bangladesh foster a business-friendly environment to grab their attention. In fact, the environment must be so welcoming that American investors can wake up in the morning and immediately decide where to invest, he said.

Haas informed that the US government and private sector are interested in working together to develop an investment-friendly atmosphere in Bangladesh.

Salman F Rahman, the Prime Minister's adviser on private industry and investment, acknowledged that there are

areas that need to be worked on, including regulations, interest rates, and taxes.

Rahman believes digitalisation could be a potential solution for increasing tax collection and the tax-GDP ratio.

However, during the past two decades, Bangladesh has seen visible development of not only its economy, but also in its social index. So now the government is trying hard to create a competitive environment to draw investment, he said.

While expressing concerns about the ease of doing business, Rahman said BIDA is working on addressing the issue by providing all 130 investment services through its digital system.

He also pointed out that the central bank's decision regarding the crawling peg and market-based bank interest rate would help overcome the ongoing challenges.

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Cost-cutting over workforce well-being!

MAHTAB UDDIN AHMED

Returning after several years of working at the regional office of a big tech company, I noticed that while it looked almost the same, there were fewer employee perks in the office premises, though still better than most companies.

I was reminded of my time at Unilever's Kalurghat Factory in Chattogram, where the management canteen used to serve a lavish British-style menu daily, adding tens of kilograms to our body weight! Initially, there used to be three separate canteens for senior management, junior management, and workers, respectively.

However, a decade later, everyone, regardless of position, ended up in the same workers' canteen because of a cost-cutting strategy delivered under the banner of reducing discrimination.

In today's corporate setting, the focus has shifted from job security and employee first policies to strategic layoffs and cost-cutting, a trend spearheaded by Jack Welch, former CEO of General Electric and well-known guru for many of us.

Known as "Neutron Jack" for his aggressive firing strategy, Welch annually chopped 10 percent of GE's workforce based on performance, resulting in several hundred thousand job losses in the early 1980s. He defended these actions as necessary to streamline the company and improve team quality by replacing the bottom 10 percent with more capable hires, setting a divisive standard in corporate management.

Fast-forward to the present, Welch's strategies are still trending in tech giants like Google, Meta, Amazon, and Apple. Previously, such companies signaled a golden era of corporate generosity, offering substantial raises, bonuses, and even on-site perks like massage therapists and gourmet food to ensure employee satisfaction.

However, the tides have changed drastically. Google, under CEO Sundar Pichai, has announced significant layoffs, citing the need to simplify execution and remove redundant layers within the organisation. Such cost-cutting is not driven by profit pressure but to make more profit by using technology.

Other tech giants, including Meta, Amazon, and Microsoft, have followed suit, contributing to a record number of layoffs in the tech industry in 2023-24. The rationale behind these decisions often includes factors such as over-hiring during the pandemic, economic uncertainty, and the integration of new technologies like Artificial Intelligence, which are reshaping job roles and corporate structures.

Interestingly, human resources departments have been disproportionately affected, accounting for a mere one-third of all layoffs. The irony is profound, given that these departments once advocated massive hiring initiatives and built tech culture during more prosperous times.

Large-scale layoffs without doubt have a profound impact on employees, inflicting emotional turmoil, not to mention financial hardship, particularly for those low on savings. The challenges in securing new employment can dent self-esteem and cause distress, adversely affecting mental health and personal relationships.

These layoffs not only disrupt lives by compelling individuals to take lower-paying jobs but also have broader economic repercussions. For instance, they can affect the home loan sector as employees become hesitant to commit to long-term financial obligations amid job uncertainty.

The bad news is, with time, the trend of layoffs is only picking up steam, justified by recession risks, global unrest, technological advancements, and lack of stability in large companies, including those in Bangladesh. While policymakers push for consolidation in key areas like banking, growth in the private sector is hindered by forex and liquidity issues. These challenges could lead to significant job cuts.

The current unpredictable nature of both local and global economic environments, coupled with the rapid pace of tech development, suggests that job security is becoming increasingly uncertain.

The ongoing shift towards prioritising profit over employee welfare is a stark reminder of the changing philosophy in the corporate world. Strategic layoffs have become a tool not just for survival but also for maintaining a competitive advantage in an increasingly uncertain local and global economy.

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

184 get CIP status for 2022

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A total of 184 businesspeople in Bangladesh have been awarded the status of Commercially Important Person (CIP) in recognition of their contributions to the country's export and trade activities in 2022.

Ahasanul Islam Titu, the state minister for commerce, handed over CIP crests to the winners at an event at the Radisson Blu Water Garden Hotel in Dhaka yesterday.

Of the winners, 140 received CIP status for notching significant exports in 18 of the 22 export sectors while the remaining 44 were recognised for their contributions as leaders of local trade bodies.

The major export sectors are: raw jute, jute and jute goods, frozen foods, woven garments, agricultural products, agro-processing, light engineering products, pharmaceuticals, handicrafts, specialised and home textile, knitwear, ceramics, plastic goods, textiles, computer software, furniture.

However, no one in the tea sector was awarded due to a failure to fulfil the required conditions, according to the Export Promotion Bureau (EPB).

Some 328 applications were assessed under 20 categories.

The EPB and commerce ministry jointly award the CIP status to exporters and business leaders under the CIP Policy 2013.

Winners will enjoy the benefit of being granted CIP status for one year.

But as the award was given late this time, the winners will enjoy CIP status until the next edition is held.

Mainly compliance in paying tax, volume and value of export, exports to new markets, and borrowing and repayment of loans were considered during the selection of winners.

The awardees will be provided with CIP cards and a number of facilities, including priority in seat reservation for government transport, invitations to national events, and access to VIP lounges at airports. They can also use the card to enter the secretariat.

Haor village in Moulvibazar now a hub for ridge gourd farming

MINTU DESHWARA

The vast low-lying areas in the northeastern part of Bangladesh, called haors in Bangla, remain inundated for almost half the year centring the monsoons.

Fakhruddin, a 49-year-old farmer, has never found it feasible to cultivate paddy on his land there, for which he has opted for cultivating ridge gourd for the past 20 years.

Following in the footsteps of his father and grandfather, Fakhruddin and his son are now enjoying much success from the inherited business.

This is because over the years, Fakhruddin has noticed a significant rise in demand for ridge gourd, prompting him to expand cultivation at a similar pace.

"Ridge gourd cultivation in the area was initially limited, but it has steadily increased," he said while attributing the success to his innovative farming techniques.

This season, Fakhruddin cultivated the vegetable on 40 decimals of land in Mohammadnagar village under Barlekha upazila of Moulvibazar, for which he invested Tk 32,000 over the past three months.

However, he has already earned Tk 41,000 from sales so far and expects to earn at least another Tk 1 lakh over the entire season if the weather remains favourable.

Fakhruddin highlighted the overall benefits of commercial ridge gourd farming to his community, noting that occasional losses are offset by good yields and fair prices.

Taking his words to heart, farmers across the region are now prospering from ridge gourd cultivation.

Modorish Mia, another farmer of the same village, said he was previously unemployed and struggled to provide for his family of five.

"Eventually, I started working on ridge gourd farming on my two bighas of land. Now, I harvest an average of 50 maunds (one maund equals around 37 kilograms) from each bigha," he added.

Modorish said that seeing his success, many of his

acreage standing at 195 bighas in FY21, 220 bighas in FY22, 275 bighas in FY23 and 400 bighas at present.

The trend is similar across the broader region, with ridge gourd having been cultivated on 885 bighas in FY21, 892 bighas in FY22, 1,200 bighas in FY23 and 1,335 bighas at present.

The vegetable was cultivated on a total of 3,750 bighas of land across Moulvibazar last year.

Billal Ahmed, a farmer of

with his wife.

They have not looked back since then and now even enjoy profits, which was helping them pay off their debts. Ahmed informed that he has earned about Tk 1.5 lakh from selling the vegetable this season.

"I paid my loans off using this vegetable. But other than myself, most farmers in our area have become self-reliant thanks to ridge gourd farming," he said.

Samad Mia, a local wholesale trader, said there is huge demand for ridge gourd grown in their village.

"The business has been around for years. My father used to buy and sell ridge gourd from this area. Now, I am involved in this business as well," he added.

Samad informed that other than local wholesalers, some from Sylhet, Sunamganj, Habiganj and other districts also come to collect the vegetable.

Senior agriculture officials in Moulvibazar now recognise the success of ridge gourd cultivation and provide various trainings to ensure proper production and marketing.

Barlekha upazila Agriculture Officer Hossain said the ridge gourd produced in Mohammadnagar village of Barlekha upazila is being supplied to various areas to meet the demand of the district.

"This year, there was no problem in the cultivation of ridge gourd while diseases did not attack either. Production is much higher than last year as 800 tonnes have been cultivated this time. Now, almost every family is involved in this job," he added.

Hossain informed that the village earns about Tk 4 crore by selling the vegetable each season.



PHOTO: MINTU DESHWARA

neighbours became interested in farming ridge gourd.

This was the case for Bodrul Islam, who was allured by the low cost involved with cultivating the vegetable.

"I learned how to farm ridge gourd from Fakhruddin and am now earning as much as Tk 45,000 per season," he said.

According to Monowar Hossain, the agriculture officer of Barlekha upazila, about 4,000 kilogrammes of ridge gourd are sold at the local markets each day.

As such, ridge gourd cultivation in Mohammadnagar village has been gradually increasing over the years, with the total

Mohammadnagar village, said everyone in the village now grows ridge gourd on a commercial basis as it takes less time and investment while offering better returns compared to other crops.

The vegetable is currently selling for around Tk 40 per kilogramme at wholesale while it was Tk 100 during the first week of Ramadan earlier this year.

Ahmed said he once had to take loans from various non-governmental organisations and moneylenders at high interest in order to sustain his livelihood.

However, things started turning around about five years back, when Ahmed began ridge gourd cultivation

Premier Bank's profit grows 8% in first quarter

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Premier Bank reported an 8 percent year-on-year increase in its profit in the first quarter of 2024.

The profit stood at Tk 79.02 crore in the period against Tk 73.18 crore in the same quarter of the previous year.

Therefore, earnings per share rose to Tk 0.64 in January-March from Tk 0.59, according to its unaudited financial statement.

Although the bank's profit increased, it did not fare well in all indicators.

The net operating cash flow per share (NOCFPS) took a beating, slipping to Tk 16.40 in the negative, a massive fall from Tk 5.76 in the first quarter of 2023.

The private lender attributed a decline in deposits, a surge of loans, payments against borrowing from other banks and agents, and the rise in interest in cash payments for the slide in the NOCFPS.

Premier Bank's net asset value stands at Tk 2,800 crore. The bank began its journey in 1999 and was listed with the Dhaka Stock Exchange in 2007. Its paid-up capital is Tk 1,233 crore.

It has 136 branches, including 12 SME service centres and agricultural branches, 67 sub-branches, and 129 ATM booths.