

# Star BUSINESS

Bangladesh can increase its economic output by nearly 40 percent by closing the gender gap and increasing women's participation in economy, IMF says



Story on B4

## WEEKLY INTERVIEW



Shaheen Ahamed

### 'High inflation to impact this year's rawhide collection'

SUKANTA HALDER

Inflation staying persistently high at over 9 percent for the past two years will lead to a lower number of animals being slaughtered this Eid-ul-Azha, the peak season for collecting rawhides, according to Bangladesh Tanners Association (BTA).

Given the scenario, traders have lowered their target for rawhide purchase. The BTA has set a target to procure 80 lakh pieces of rawhide this year, 10 lakh lower than that in the year prior, said Shaheen Ahamed, chairman of the association.

"Due to high inflation, the number of sacrificial animals will be 15 to 20 percent lower than during the last Eid-ul-Azha," Ahamed said in an interview with The Daily Star.

"Animal prices are also high. Because common people do not have as much money this year, a target to collect 80 lakh pieces of rawhides has been set," he said.

The modest target was set despite a record number of sacrificial animals being put up for sale this Eid-ul-Azha due to a surplus in supply as many were left unsold during last year's Eid, he said. There were over 1.25 crore sacrificial animals in 2023, but the number has crossed 1.29 crore this year, as per data from the Department of Livestock Services.

Ahamed added that sales of leather products had decreased considerably in the local market due to high inflation.

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## Banks' surging investments in bills, bonds shrink loanable funds

MD MEHEDI HASAN

Banks in Bangladesh are increasing their investments in Treasury bills and bonds to net higher profits from the rising interest rate, a development that has squeezed the availability of loans for borrowers.

This has forced a section of banks to continuously secure liquidity support from the Bangladesh Bank to meet their day-to-day fund requirements.

The government has used the bills and bonds to borrow Tk 78,117 crore from banks between July 1 and May 29 this fiscal year, up 337 percent from Tk 17,883 crore during the same period a year ago, central bank data BB showed.

The escalated borrowing through bills and bonds came after the central bank stopped lending to the government since such injection of funds into the economy fuels inflation, which has stayed above 9 percent for nearly two years and shows no signs of cooling.

The government plans to borrow Tk 137,500 crore from banks to finance the deficit in the proposed budget for 2024-25.

Banks are also more interested in investing in bills and bonds than lending to the private sector because of the rising interest rate. Government instruments are also secure whereas loans can turn sour.

"Therefore, banks are keener about Treasury bills and bonds and a major portion of their surplus liquidity has been invested in the tools," a central banker said.

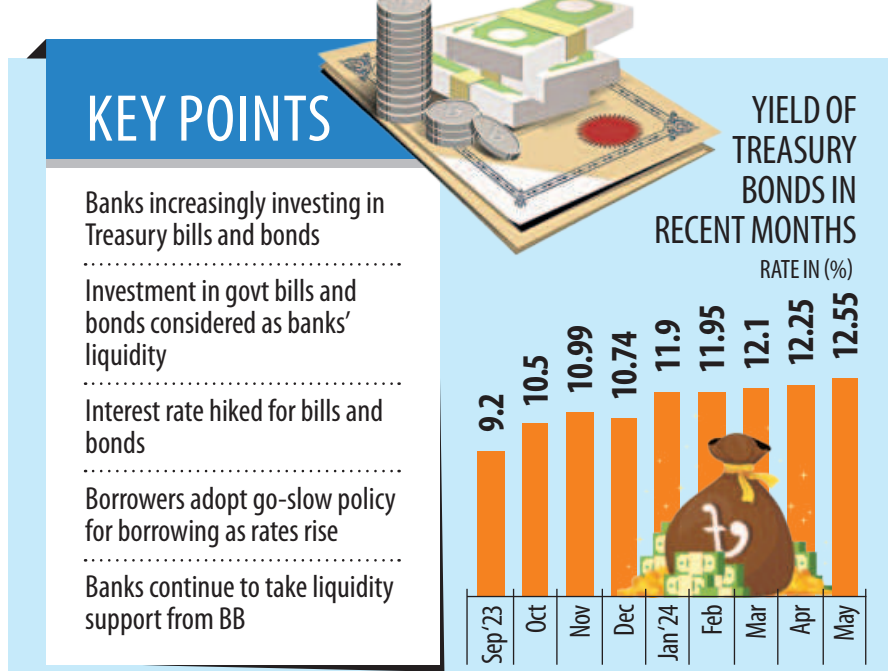
The interest rate of Treasury bills now ranges from 11.60 percent to 12 percent whereas it was 6.75 percent to 7.75 percent in June last year. The interest rate of bonds recently jumped to a 15-year high of 12.75 percent.

Bills have short-term maturities while bonds have long maturities.

Owing to the higher investments by banks in government securities, excess liquidity, which includes cash and cash-equivalent assets, including Treasury bills and bonds, has risen in the banking system.

Excess liquidity stood at Tk 1,76,205 crore at the end of April, up 5 percent from Tk 1,66,825 crore a month earlier, central bank data showed.

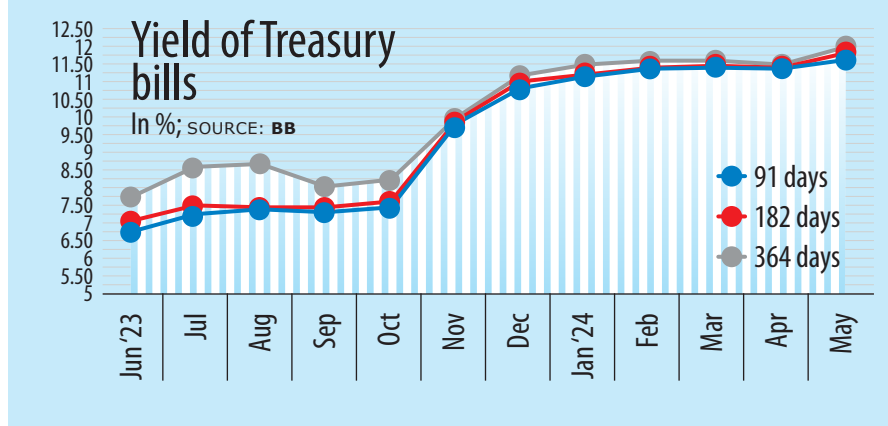
A senior banker said although bills and bonds are considered liquid assets, they can't be turned into cash instantly



**INVESTMENT IN SECURITIES**

Banks invested Tk 78,117cr in govt securities till May 29 this fiscal year

Banks invested Tk 17,883cr in govt securities till May 29 last fiscal year



because the secondary market is yet to become vibrant. Thus, the volume of surplus liquidity reported by the BB is not the actual liquid asset situation.

"This is evidenced by the liquidity stress confronting several banks."

Banks have collectively obtained around Tk 20,000 crore from the central bank through repo (repurchase agreement) and assured liquidity support tools in the past six months.

Mirza Elias Uddin Ahmed, managing director of Jamuna Bank, said although

the surplus liquidity has increased, many banks are still taking liquidity support from the central bank.

"There is a liquidity mismatch in the banking sector. Some Islamic banks have been experiencing a liquidity crisis for more than one year. This has impacted the overall banking sector."

Another factor that has made banks cautious when it comes to lending is unbridled bad loans: default loans hit an all-time high of Tk 182,295 crore in March.

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## EID VACATION Private ICDs face an influx of export containers

DWAIPAYAN BARUA, Ctg

The private inland container depots (ICDs) in Chattogram are overwhelmed by a rising number of export containers due to the advance dispatch of cargoes by exporters ahead of the Eid vacation in garment factories.

Some of the apparel manufacturers have already closed their production units for Eid-ul-Azha while some will shut their doors today. Around 10 days ago, readymade garment factories from across the country started sending export cargoes to the 21 private ICDs, one or two weeks ahead of the scheduled shipment dates.

This trend is seen every year before Eid vacations, but this year a few more factors have led to extra pressure and acute container congestion in the ICDs, stakeholders opined.

The factors include the increased flow of export cargoes in recent months, the impact of the cargo backlog created after the two-day operational closure in Chattogram port due to cyclone Remal last month, and delays in vessel arrival due to congestion in transshipment ports in Singapore and Malaysia, they said.

A transport crisis hit the business zone when fares of trucks and covered vans doubled and vehicles started waiting for two or three additional days for unloading of cargoes at the ICDs.

Until Saturday afternoon, some 15,553 TEUs (twenty-foot equivalent units) of export containers were lying at the 21 ICDs, much higher than the 8,000 TEUs on any regular day, according to the Bangladesh Inland Container Depots Association.

The number of total containers, including export, import and empty, crossed 78,000. The 21 ICDs together have the capacity to store 90,000 such containers.

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STOCKS		WEEK-ON WEEK
DSEX	2.28%	CASPI
	5,117.81	
		2.67%
		14,547.24

COMMODITIES		AS OF FRIDAY
Gold	\$2,333.01	Oil
	(per ounce)	
		\$78.48
		(per barrel)

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
0.24%	0.24%	0.81%	0.12%	
76,992.77	38,814.56	3,297.55	3,032.63	

## Eight state firms had Tk 183cr default loans until Feb

STAR BUSINESS REPORT

Eight state-owned enterprises (SOEs) of Bangladesh had a combined default loan of Tk 183.62 crore in February, official figures showed.

At this time last year, the volume of default loans held by the SOEs was Tk 184.76 crore.

The latest figures were disclosed in the Bangladesh Economic Review 2024, which was released by the Ministry of Finance on June 6.

Among the eight SOEs, Bangladesh Jute Mills Corporation defaulted on the highest amount of loans of Tk 131.3 crore. This is around nine times higher than the Tk 14.76 crore in 2020.

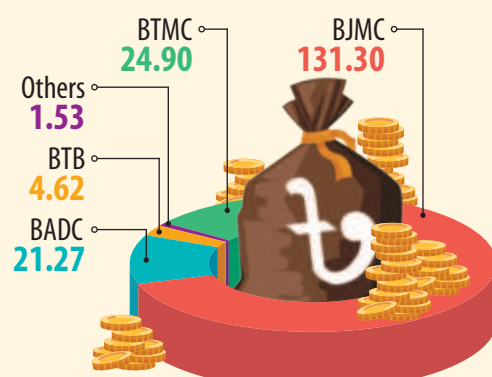
The second-highest bad loan of Tk 24.9 crore was with Bangladesh Textile Mills Corporation (BTMC). In 2019-2020, BTMC had a default loan of Tk 20.49 crore.

Bangladesh Agricultural Development Corporation (BADC) had a bad loan of Tk 21.27 crore, the third highest.

Bangladesh Tea Board had a bad loan of Tk 4.62 crore, Bangladesh

### Default loans of state enterprises

(In crore taka)



SOURCE: FINANCE MINISTRY

Chemical Industries Corporation Tk 74 lakh, Bangladesh Road Transport Corporation Tk 57 lakh, Trading Corporation of Bangladesh Tk 20 lakh, and Bangladesh Sugar and Food Industries Corporation Tk 2 lakh.

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## State enterprises' loan rising, so is govt guarantee

JAGARAN CHAKMA

The government needs to provide guarantees against an increasing amount of loans of state-owned enterprises every fiscal year, especially for power generation, fertiliser and fuel imports, and aircraft purchases.

The government provides these "sovereign guarantees" against loans negotiated by various state-owned financial and non-financial enterprises, states the finance ministry's Medium-term Macroeconomic Policy Statement for 2024-25 to 2026-27.

Meant to aid the implementation of public policies and programmes, the sovereign guarantees are mostly issued to entities operating in commercial aviation, power and public commodity sectors, and fertiliser plants, according to the statement.

If the entities fail to repay their loans on time, the guarantees could be invoked and the liabilities would be passed on to the government, which inevitably would have future fiscal implications, it added.

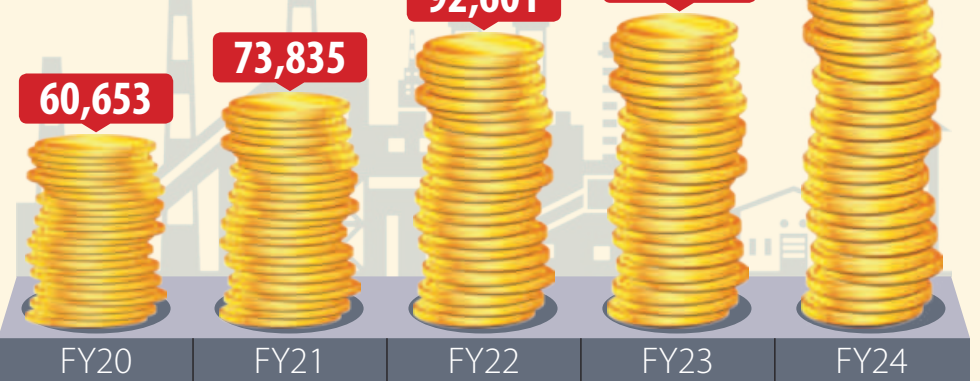
As of the current fiscal year of 2023-24, sovereign guarantees were backing Tk 117,094 crore in loans, according to budget documents of the finance ministry.

In the last fiscal year of 2022-23, it was Tk 98,591 crore whereas it was Tk 92,601 crore in fiscal year 2021-22.

### Govt guarantee against loans of state enterprises

In crore taka; As of June

SOURCE: FINANCE MINISTRY



The amount has been increasing by around 19 percent on average every year.

State-owned power agencies now have the highest amount of loans -- Tk 53,596.26 crore.

Bangladesh Agricultural Development Corporation accounted for Tk 18,985.48 crore, all availed for importing fertilisers.

Besides, the loan against Ghorashal-Palash Urea Fertiliser Factory, which was

inaugurated in Narsingdi in November last year, stands at Tk 10,113 crore.

Biman Bangladesh Airlines had loans to the tune of Tk 8,543.45 crore, the energy sector Tk 7,660.18 crore and the Trading Corporation of Bangladesh Tk 2,432.11 crore.

One of the ways in which state-owned enterprises were correlated with the government's fiscal position, as per a partial

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**EID MUBARAK**

**Prime Bank**

## Procedural issues delaying Sri Lanka debt deal: IMF

AFP, Colombo

Sri Lanka's planned foreign debt restructure after an unprecedented economic crisis has been delayed by "procedural issues" in negotiations with bilateral creditors including China, the International Monetary Fund said Friday.

The Washington-based lender of last resort this week gave Sri Lanka the latest tranche of a rescue package designed to help repair the island nation's ruined finances after a 2022 government default.

President Ranil Wickremesinghe had originally promised the restructure would be finalised before the latest \$336 million disbursement, but discussions with creditors have yet to yield a deal.

"There is agreement on the substance of the financial and legal terms," IMF Sri Lanka mission chief Peter Breuer told reporters in Colombo.

"It is procedural issues that need to be resolved, and we anticipate that this will happen very soon."

Sri Lanka defaulted on its \$46 billion external debt in April 2022 after the country ran out of foreign exchange to finance even essential imports such as food, fuel and medicine.

Months of protests forced then president Gotabaya Rajapaksa to step down after being accused of mismanaging the island nation into its worst-ever economic crisis.

## Prime Bank signs payroll banking agreement with ABR-MASAFI Group



Faisal Rahman, additional managing director of Prime Bank, Md Nazeem A Choudhury, deputy managing director, and Mohammad Saiful Huda Chowdhury, managing director of ABR-MASAFI Group, are seen along with other officials of both the organisations at Prime Bank's corporate office in Dhaka.

PHOTO: PRIME BANK

### STAR BUSINESS DESK

Prime Bank PLC recently signed a payroll banking agreement with ABR-MASAFI Group.

Faisal Rahman, additional managing director of Prime Bank, Md Nazeem A Choudhury, deputy managing director, and Mohammad Saiful Huda Chowdhury, managing director of ABR-MASAFI

Group, took part in the signing ceremony at the bank's corporate office in the capital's Gulshan.

Under the agreement, employees of ABR-MASAFI Group will enjoy preferential banking services, including credit card and loan facilities from Prime Bank.

They will also enjoy PrimePay, a digital portal that allows seamless automated salary payments as well as corporate

payments round the clock, according to a press release.

Md Asif Bin Idrish, head of commercial banking of Prime Bank, Anup Kanti Das, head of payroll banking, Md Anwar Hossain, Head of Accounts, and Mohammad Obaidul Islam, Head of Commercial of ABR-MASAFI Group, and senior officials from both organisations were also present during the signing ceremony.

## Gold set for first weekly gain

REUTERS

Gold prices rose over 1 percent on Friday and were on track for their first weekly gain in four, as signs of slowing inflation in the US raised hopes of a rate cut later this year and a stock selloff across Europe also lent support.

Spot gold was up about 1.3 percent at \$2,332.55 per ounce by 1:55 p.m. ET (1755 GMT). Bullion gained 1.8 percent for the week.

US gold futures settled 1.3 percent lower at \$2,349.1.

In wider financial markets, European stock indexes dropped as French assets took a beating due to the country's political turmoil. Cautious mood prevailed on Wall Street, with investors pausing after strong gains in the S&P 500 and the Nasdaq indexes.

"That combination of weaker equities, and some interest rate declines (in Fed funds futures pricing), are reigniting interest in gold, despite the fact that the Federal Reserve has moved the dots at its FOMC meeting," said Bart Melek, head of commodity strategies at TD Securities.

Traders raised their bets to price in about 52 basis points (bps) of cuts (or two quarter-point cuts) by December-end after softer inflation data this week.

That was an increase from 37 bps last Friday, when a stronger-than-expected jobs report doused early rate cut hopes, according to LSEG's interest rate probability tool, IRPR.

Lower rates tend to boost appeal for non-yielding bullion by making it a more attractive investment, compared with other assets such as Treasury bonds.

Data this week showed consumer prices were unchanged in May for the first time in nearly two years, while producer prices unexpectedly fell.

The Nasdaq eked out its fifth straight record closing high on Friday, as gains in tech-related stocks helped keep the streak alive.

However, the US Federal Reserve's median "dot plot" released after its two-day policy meeting - where it kept interest rates steady - showed the policymakers projecting just one quarter-point cut.

"It's still not a done deal here. There could be continued pull below \$2,300 in the near term as the market reassesses the dots," Melek added.

## Standard Chartered holds event to encourage more trade with Korea

STAR BUSINESS DESK

Stakeholders from the private sector, think-tanks and government came together to discuss actions that can be taken to promote and drive Korean business activity in Bangladesh at a dialogue which was recently organised in Dhaka.

Standard Chartered Bangladesh (SCB), the Embassy of the Republic of Korea to Bangladesh, the Bangladesh Investment Development Authority (Bida), Bangladesh Bank, and Korea-Bangladesh Chamber of Commerce & Industries organised the event on the topic "Thrive in Bangladesh: Actionable insights and solutions for Korean businesses", according to a press release.

The event focused on driving collaboration and facilitating the development of infrastructure, trade, investment flow, and sustainable finance.

The dialogue addressed the concerns that Korean investors have with the goal of improving the business climate in



PHOTO: STANDARD CHARTERED BANGLADESH

Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, and Park Young-sik, ambassador of the Republic of Korea to Bangladesh, pose for photographs along with other officials and businesspeople at a dialogue in Dhaka.

Bangladesh.

Naser Ezaz Bijoy, chief executive officer of SCB, said: "As the fourth largest source of foreign direct investment for Bangladesh, South Korea makes significant contributions, particularly in trade, investment, landmark infrastructure projects, and manufacturing."

Park Young-sik, ambassador of the

Republic of Korea to Bangladesh, stated: "While Bangladesh offers competitive labour costs, technology is increasingly important. To attract foreign investors, Bangladesh must improve its business climate."

Mohsina Yasmin, executive member (Investment Promotion) of Bida, said that investors were using Bida's online

one-stop service portal, which offers 124 services from 41 agencies.

Samsoo Kim, director general, Korea Trade-Investment Promotion Agency, said: "To attract more Korean investment in manufacturing, it is crucial to simplify public laws, streamline accounting and tax processes, and ensure consistent tax regulation application."



Shams Abdullah Muhaimin, deputy managing director of Prime Bank, and M Tanvir Siddique, chief executive officer of B-Trac Solutions, pose for photographs at the bank's corporate office in the capital's Gulshan.

PHOTO: PRIME BANK

## Prime Bank inks deal with B-Trac Solutions for safe transportation of working women

STAR BUSINESS DESK

Prime Bank PLC has signed a deal with B-Trac Solutions Ltd recently to ensure safe transportation of working women.

Shams Abdullah Muhaimin, deputy managing director of Prime Bank, and M Tanvir Siddique, chief executive officer of B-Trac Solutions, signed the agreement on behalf of their organisations at the bank's corporate office in Gulshan, according to a press release.

Under the agreement, B-Trac Solutions will offer a mobile application, named "NIRAPATH", which will help to ensure safe trips for women entrepreneurs and corporate women.

Shailla Abedin, head of women banking and affluent segment of Prime Bank, Siraz Uddin, head of sales of B-Trac Solutions, and other officials from both organisations were also present.

## Major brands join forces

FROM PAGE B4

To help accelerate progress and bridge these gaps, the Future Supplier Initiative aims to reduce the cost for suppliers by working with fashion brands to decrease the cost of capital for loans that can accelerate decarbonisation.

Alongside financial incentives, technical support will be provided to help suppliers identify and implement low-carbon technologies and solutions.

Baselining and monitoring emission reductions will also be conducted to demonstrate the impact of projects financed and implemented by the initiative.

The initiative seeks to identifying common factory units, interventions and costs and match projects with the highest potential for impact.

"At Bestseller, we are working intensively to improve our climate footprint," said Anders Holch Povlsen, owner and CEO of Bestseller.

"We have largely managed to tackle our direct emissions, but it is clear that emissions in our value chain require ambitious efforts on a scale that calls for innovative, joint solutions," he said.

"Gap Inc is committed to bridging the climate gap by collaborating with our supply chain partners to reduce emissions," pledged Richard Dickson, president and CEO of Gap Inc.

Daniel Ervér, CEO of H&M Group, said, "At H&M Group, we want to lead the way within our industry and decarbonising our supply chain is one of the most important keys to further reducing our emissions."

"The Future Supplier Initiative shows that solutions are readily available and come with proven impact, but it requires commitments from brands and investors that are willing to invest," he said.

"We encourage others to join our efforts to tackle our industry's negative climate impact," Ervér added.

## BRAC Bank signs deal with WeGro Technologies to provide financing to farmers

STAR BUSINESS DESK

BRAC Bank has signed an agreement with WeGro Technologies Ltd to facilitate financing for smallholder farmers across Bangladesh.

This deal aims to provide affordable loans to farmers, empowering them to enhance their agricultural projects and contribute to the country's agricultural development, according to a press release.

WeGro Technologies operates across 29 zones in Bangladesh. Since its inception in 2021, it has connected institutional financiers with over 5,000 farmers.

The agreement was signed at an event at BRAC Bank's head office in Dhaka recently. Syed Abdul Momen, deputy managing

director and head of SME Banking of BRAC Bank, Indrajit Sur, head of Emerging Corporate, Nazrul Islam, head of Small Business (South), and Mohammed Jakirul Islam, head of SME Strategy, Innovation and New Business, were present on the bank's behalf.

From WeGro, Mahmudur Rahman, chief executive officer, Md Alvi Rahman, chief operating officer, Monjurul Mannan, finance lead, Ilham Hasan Chowdhury, business partner, Strategy & FP&A, were present.

Syed Abdul Momen expressed optimism about the partnership, saying: "This collaboration with WeGro will help us reach more farmers, ensuring they have access to affordable financing and opportunities for growth."



Syed Abdul Momen, deputy managing director of BRAC Bank, and Mahmudur Rahman, CEO of WeGro Technologies, pose for photographs at the bank's head office in Dhaka.

PHOTO: BRAC BANK

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (JUNE 15, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 68-Tk 78	7.35 ↑	8.15 ↑
Coarse rice (kg)	Tk 50-Tk 54	0	6.12 ↑
Loose flour (kg)	Tk 40-Tk 45	6.25 ↑	-20.56 ↓
Lentil (kg)	Tk 105-Tk 110	0	13.16 ↑
Soybean (litre)	Tk 145-Tk 152	-1.00 ↓	-14.41 ↓
Potato (kg)	Tk 55-Tk 60	11.65 ↑	59.72 ↑
Onion (kg)	Tk 80-Tk 90	21.43 ↑	17.24 ↑
Egg (4 pcs)	Tk 53-Tk 54	9.18 ↑	15.05 ↑

SOURCE: TCB



## Major brands join forces to decarbonise Bangladesh's fashion industry

STAR BUSINESS REPORT

Some of the world's biggest fashion brands such as Gap Inc, H&M Group, Mango, and Bestseller have joined forces to participate in an initiative to decarbonise the fashion sector in Bangladesh.

The Future Supplier Initiative offers a collective financing model to support decarbonisation in the apparel sector, according to a statement from H&M.

It is facilitated by non-profit The Fashion Pact in partnership with brand and manufacturer platform Apparel Impact Institute, consultancy firm Guidehouse and Singaporean DBS Bank.

Decarbonisation is the process of reducing or eliminating carbon dioxide emissions from processes such as manufacturing.

Future Supplier Initiative estimates that 99 percent of total fashion brand emissions occur in the supply chain.

It aims to accelerate the transition to net zero by sharing the financial risks and responsibilities of transitioning to renewable energy sources in garment and textile factories alongside their suppliers.

**Future Supplier Initiative estimates that 99 percent of total fashion brand emissions occur in the supply chain**

The initiative is a brand-agnostic mechanism that will develop and finance projects to support both brands and suppliers to meet their "Science Based Targets" (SBTs) and stay within the 1.5 degree trajectory.

The 1.5-degree trajectory is a specific goal outlined in the context of global efforts to address climate change, with the aim being to limit global warming to an increase of no more than 1.5 degrees Celsius above pre-industrial levels.

To this end, a combination of technical support and financial incentives will be used to help overcome the barriers that prevent many factories from adopting electrification and renewable energy solutions.

"The cost of inaction on climate change is unaffordable," said Eva von Alvensleben, executive director and secretary general of The Fashion Pact, according to a statement from H&M on June 13.

"If the fashion sector is to meet its goals and transform its supply chain, we urgently need to address the gap between ambition and action," she said.

"No business alone can solve this challenge, but by sharing the costs, risks and responsibilities of the transition to renewable energy, we can build an ecosystem of solutions and kickstart a new era of change," she added.

The H&M statement added that achieving significant emission reductions would mean that suppliers may need to adopt a range of energy-efficient technologies and processes, as well as transitioning to renewable energy sources, often with lengthy payback periods that can take decades.

This deters many suppliers from embracing electrification and renewable energy solutions, hindering progress towards decarbonisation goals.

READ MORE ON B2



As women played an integral role in the development of the garment industry of Bangladesh and the country's growth success in recent decades, they should be empowered to play an active role in green transition, say economists.

PHOTO: STAR

# GDP output may rise 40% if women's participation in economy widens

Two IMF economists say on Bangladesh

STAR BUSINESS REPORT

Bangladesh can increase its economic output by nearly 40 percent by closing the gender gap and increasing women's participation in the economy, according to the International Monetary Fund (IMF).

"Sizable gaps in women's economic empowerment undermine growth and exacerbate climate vulnerability in Bangladesh," said the multilateral agency in an article last week.

Per capita incomes in Bangladesh have risen seven-fold in the past three decades while poverty has been reduced to a fraction of former levels.

"Such progress has been driven in part by greater labour force participation by women, most notably in the garment industry, and has been accompanied by other meaningful improvements in women's empowerment," said the article jointly written by Jayendu De and Genet Zinabou.

"Our recent analysis, however, shows there is still large gaps between women and men. Notably, women's labour force participation is only half the rate of men." Jayendu De is the IMF resident representative in Bangladesh while Genet Zinabou is an economist in the fiscal affairs department.

The writeup, citing an IMF's previous research, said closing the gap could increase Bangladesh's economic output by nearly 40 percent.

"Women also remain less likely than men to obtain tertiary education, and they face greater barriers in accessing financial services. Remedying both factors could raise the entire economy's productivity."

The article said Bangladesh's extreme vulnerability to climate change and natural disasters makes the efforts to close gender gaps challenging.

"Climate shocks generally affect the

already poor and vulnerable the most. This means that Bangladeshi women, who on average have fewer resources than men, are likely to be disproportionately impacted."

It highlights several factors that render women uniquely exposed to the effects of climate change and natural disasters.

Women's employment is highly concentrated in agriculture and informal work and climate change directly affects agricultural production. Informal workers are often particularly vulnerable to climate shocks as they lack access to social insurance programmes.

**Sizable gaps in women's economic empowerment undermine growth and exacerbate climate vulnerability in Bangladesh, IMF says**

The article said both international and internal migration are important climate adaptation strategies. But these are availed mostly by men: men are 16 times more likely to be employed overseas than women, who tend to be primary caregivers for children and the elderly, leaving them less mobile and more likely to remain living in areas highly exposed to climate change.

Women carry the primary responsibility for collecting drinking water and cooking fuel. As warming temperatures, rising sea levels, deforestation and more frequent cyclones and droughts render these tasks more time-consuming, women's time poverty is expected to be exacerbated, the IMF warned.

Bangladesh has already recognised the need to integrate gender perspectives in its 2009 Climate Change Strategy.

Following this, the government adopted the first Climate Change and Gender Action Plan 2013, which it updated in March 2024.

"Renewed efforts will be needed to ensure successful implementation of the plan and achieve simultaneous progress on climate action and gender equality," it added.

"To this end, policymakers should capitalise as much as possible on the synergies between women's empowerment, economic growth, and increased resilience to climate change."

The article said policies that support women's labour force participation deserve particular attention. These include increasing women's access to skills development and higher education, easing the pressure on women on unpaid care burdens by expanding affordable childcare and reducing informality.

De and Zinabou also suggest addressing those gender norms that discourage women from seeking formal jobs and higher pay.

"Boosting health and education spending would help empower women while raising labour productivity and making the whole population more resilient to climate change."

The article said persistent gaps between women and men in access to finance should be tackled by instilling confidence in formal finance, strengthening women's property rights, and carrying out financial literacy campaigns targeted at women.

"Women should not be considered mere beneficiaries of climate action. Rather, just as women played an integral role in the development of the garment industry and Bangladesh's growth success in recent decades, they should be empowered to play an active role in the country's green transition."

## Can Bangladesh be a semiconductor hub?

MAMUN RASHID

The semiconductor manufacturing sector is well-known for its complexity, high stakes and intense corporate competition. Demand has always been driven by innovation, with every new technology changing the game.

Right now, artificial intelligence (AI) is leading the way in innovation and has the potential to catapult the semiconductor industry into a new growth trajectory. Specialised hardware, or semiconductors designed with AI in mind, will be essential for enabling AI applications. In the near future, the need for AI-specific chips will soar due to the expanding need for instant computing, seamless connectivity, and advanced sensing capabilities.

Asia has a market share of approximately 90 percent in chip assembly and testing, and more than 75 percent of the world's capacity for fabricating semiconductors is based here. Taiwan is a dominant force in the industry, holding a 68 percent market share and is home to numerous cutting-edge chip manufacturing facilities.

Nearly 90 percent of the cutting-edge chips for AI and quantum computing in use today are produced by TSMC, a well-known Taiwan manufacturer.

India has made significant progress with initiatives like "Make in India" and substantial investments in semiconductor plants, aiming to become a global hub. In the 2024 interim union budget, India substantially increased funding for semiconductor and display manufacturing support.

The Indian semiconductor market, valued at \$34.3 billion in 2023, is forecasted to surge to \$100.2 billion by 2032. Micron, a prominent American chip company, has pledged \$825 million for a facility in India, expecting to generate more than 300,000 jobs by 2026.



In the midst of the chip competition between China and the United States, Vietnam seeks to draw investment by bolstering its semiconductor industry through tax breaks and incentives. Grants and collaborative research with private firms such as FPT are planned.

Vietnam is home to Intel's main facility, but it also wants to draw in other companies like Samsung and Nvidia. By 2030, the government wants to train 50,000 engineers and added semiconductors to national development initiatives. The country may become a major player in the semiconductor supply chain.

Bangladesh is witnessing a nascent emergence of the semiconductor industry, which forms the foundation of contemporary electronics. It is venturing into the semiconductor space because of growing demand for electronics worldwide and a deliberate drive towards digitalisation. Currently, the industry is mainly focused on low-end assembly and testing rather than high-end semiconductor manufacturing.

The country must take care of its vital infrastructure requirements if it hopes to develop a competitive semiconductor industry. To create a workforce with the necessary skills and knowledge, technical education and training must be improved. This development can be facilitated through collaborations with leading global educational institutions and professionals.

Research centres specialising in semiconductor technology and grants for university and industry research serve as growth-promoting factors for research and development. It takes a significant financial commitment to build cutting-edge fabrication facilities, but this can be accomplished with public-private partnerships and incentives for foreign investment.

It is essential to establish a thorough supply chain that includes vendors of machinery, components, and raw materials. This ecosystem can be developed by supporting startups and encouraging relevant companies to enter this market.

Additionally, implementing policies that support the semiconductor industry like tax incentives, befitting regulations, and protection of intellectual property rights, can attract and retain investments.

The author is an economic analyst.



Slabs of tree trunks put up for sale for use as chopping blocks during the processing of carcasses following the sacrifice of animals marking Eid-ul-Azha. Each can cost anywhere from Tk 250 to Tk 300. The photo was taken at Karwan Bazar in the capital yesterday.

PHOTO: ANISUR RAHMAN

## India to remain fastest-growing economy in Asia-Pacific: Moody's

ANN/THE STATESMAN

Credit rating agency Moody's said India is expected to remain the fastest-growing economy in the Asia-Pacific region in the second half of the year 2024.

The growth will be fuelled by the domestic demand growth, it said.

"India will remain the region's fastest-growing economy, sustaining last year's domestically driven momentum. We anticipate policy continuity after the general election, and a continued focus on infrastructure development and encouragement of private sector investment," the credit rating agency said.

On the banking front, the report further said the Indian banking system is on a positive outlook because of good economic growth and healthy corporate credit quality.

As regards the possibility of rate cuts in the region, it notes that the pace of monetary policy normalisation will be uneven across Asia-Pacific (APAC) and the region's central banks are unlikely to move before the US Federal Reserve, meaning cuts will not come until the second half of 2024 or early 2025.

"Volatile commodity prices elevate risks to this time scale, given most countries in

the region are net food and oil importers. The Bank of Japan will remain an outlier, but financial conditions will stay accommodative this year," the report added.

It further noted that India, Indonesia, and the Philippines were the key growth outperformers in the first half of the year 2024.

**The report said the Indian banking system is on a positive outlook because of good economic growth and healthy corporate credit quality**

They led the way and should continue to outperform pre-COVID growth numbers on the back of rising exports, local demand, and government spending on infrastructure, the report reads.

Recently, the National Statistical Office (NSO) of Ministry of Statistics and Programme Implementation (MoSPI) said India's GDP growth rate in the quarter ending March 31 grew by 7.8 percent.

These figures surpass the Reserve Bank of India's (RBI) estimate of 7 percent, according to projections made in its April monetary policy review.