Star BUSINESS

Garment industry lost $400m to worker unrest

BGMEA says

STAR BUSINESS REPORT

The garment industry of Bangladesh has suffered collective production losses of nearly $400 million due to a series of labour unrest in September and early October, exporters said.

However, the industry has now regained stability as the labour situation in major industrial belts improved, according to Khandoker Rafiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

He made this remark during a press conference at the BGMEA office in Dhaka yesterday.

Islam highlighted that maintaining law and order alongside discipline is now the major challenge for the garment industry as factories are currently operating as usual.

Also, the BGMEA chief urged the interim government to allow the use of gas from CNG refuelling stations as industrial units are not getting an adequate supply of the fuel.

Over the past few years, many garment and textile units have been using compressed natural gas (CNG) purchased from refuelling stations to power production equipment as they are not getting enough supply from government pipelines.

Furthermore, Islam asked the authorities not to disconnect factories from utility services, such as gas or electricity, for failing to pay bills for the next three months as most of them were affected by the labour unrest.

Additionally, he sought government intervention to lower bank interest rates to a single digit and suggested that a joint security force led by the army should be formed to ensure safety at the garment industrial belts.

Other requests placed by the BGMEA included allocating interest-free bank loans for 39 manufacturing units based in Ashulia that were unable to pay their workers' wages for September amid the unrest.

In regard to improving the ease of doing business, Islam sought the interim government's cooperation in expediting the loading and unloading activities at Chattogram port.

The BGMEA chief also urged to ensure that none of the reform or punitive measures for certain sectors, companies or individuals end up adversely impacting industrial operations in the country.

READ MORE ON B3

BGMEA'S DEMANDS

- Maintain law and order
- Allow use of CNG from refuelling stations
- Do not disconnect utility services for failure to pay bills
- Lower bank interest rates to single digits
- Form joint security force for garment industrial belts
- Allocate interest-free loans for 39 ailing units
- Expedite loading and unloading activities at Ctg port

RMG work orders returning as labour unrest subsides

REFAYET ULLAH MIRDHA

UNREST

- Factories faced labour unrest for over a month in September and October
- The unrest caused nearly $400m worth of production loss
- Most affected factories are in Ashulia, Zirani and Zirabo areas

GOOD NEWS

- Retailers are coming back with the restoration of normalcy
- Most of the big retailers did not shift work orders from Bangladesh but are cautious

CHALLENGES

- Persistent gas shortage is affecting production in mills
- LC opening is challenging due to a dollar shortage

After more than a month of disruption due to the political changeover and subsequent labour unrest in major industrial belts, international apparel retailers and brands are returning to Bangladesh with work orders for upcoming seasons.

Local garment suppliers said more Western retailers and brands are now visiting the factories and inquiring about production as normalcy has returned to the sector.

They said Western buyers are placing orders for the next autumn and winter seasons.

"I haven't noticed any major challenges in the inflow of work orders for the upcoming seasons," said Kutubuddin Ahmed, chairman of Envoy Legacy. "They haven't shifted orders away from here."

However, many factories are facing increased costs for having to make air shipments due to production delays caused by the unrest, Ahmed added.

He said a stable production environment is crucial for both suppliers and retailers.

During the unrest in September and early October, apparel factories in major industrial hubs were shuttered. Consequently, some summer orders have already been relocated to Bangladesh's rivals.

On top of the lost production and missed work orders for small and medium-sized factories, Ahmed said manufacturers are struggling as some banks are unable to open letters of credit (LCs) due to a liquidity crisis, US dollar shortage and reduced loan repayment capability of their clients.

Requesting anonymity, a major European buyer said their company did not shift any work orders out of Bangladesh due to the unrest.

"Production facilities are improving but uncertainty remains and our headquarters is concerned about the factories that were affected by the labour unrest," the buyer said.

Although buyers do not plan to reduce order quantities, overall volumes may not reach previous levels as any unrest has some negative consequences, he added.

"I have been meeting with buyers to assure them that normalcy has returned to the industrial zones and factories have resumed production," said Kalpan Hossain, managing director of Dekko Legacy Group.

Hossain's factories were shut down for 23 days in September and five days in October. This translated into a daily production loss of 80,000 pieces of trousers and jackets, valued at $4.8 lakh.

"Buyers want stability as they also need to ensure timely shipment of goods and profit," he said.

If a stable business and political environment continues, it is expected that upcoming seasons will be good for business, Hossain added.

"None of my buyers have shifted work orders so far," said Sharif Zahir, managing director of Ananta Group.

Zahir said he is hopeful that the upcoming seasons will be good as buyers are placing a significant number of orders now that normalcy has been restored.

The labour unrest was largely centred at manufacturing hubs around Dhaka. As a result, production at garment factories located in other areas was quite unscathed.

"I have work orders for the next seasons as the environment was relatively peaceful in Chattogram compared to other industrial zones in Dhaka," said Vidiya Amrit Khan, deputy managing director of Desh Group.

To sustain buyers' confidence, she said maintaining stability and a normal business environment are very important.

READ MORE ON B3

ICB optimistic about sovereign guarantee for Tk 3,000cr

STAR BUSINESS REPORT

The Investment Corporation of Bangladesh (ICB) is positive about getting a sovereign guarantee from the government for a Tk 3,000-crore fund so that the country's lone state-run investment bank can revitalise itself and continue supporting the stock market.

A sovereign guarantee is a government assurance to investors that debt repayment will be fulfilled. If the state-run non-bank financial institution secures the guarantee, it can obtain a loan of the equivalent amount from the Bangladesh Bank or other lenders.

At a meeting on Thursday at the finance ministry, officials discussed the ICB's urgent need for funds.

The ministry is almost convinced, said a top finance official after the meeting, asking not to be named.

"The ministry is working to provide a sovereign guarantee for the ICB," the official added.

Meanwhile, ICB Chairman Prof Abu Ahmed also sounded positive about getting the government guarantee.

"We hope ICB will receive the funds," Ahmed said.

The government has realised the state-run NBFI's need for funds to fulfil its role, he added when asked about the topic yesterday.

Despite the Dhaka Stock Exchange (DSE) benchmark index's brief rise after the political changeover in August, the DSEX has dropped by around 5 percent in the past two months.

A top ICB official said that the funds would be used to repay debts to other banks and support the stock market. The NBFI's previous misuse of funds for low-

READ MORE ON B3

STOCKS (WEEK-ON WEEK)

DSEX ▼	CASPI ▼
3.03%	2.07%
5,257.98	14,821.49

COMMODITIES (AS OF FRIDAY)

Gold ▲	Oil ▼
$2,721.41	$69.38
(per ounce)	(per barrel)

BTRC fines top three mobile operators Tk 15 lakh

MAHMUDUL HASAN

The Bangladesh Telecommunication Regulatory Commission (BTRC) has decided to impose a fine of Tk 15 lakh on Grameenphone, Robi and Banglalink for breaching industry regulations.

Each operator will have to pay Tk 5 lakh for sending more than three promotional SMS per day to their customers, according to BTRC documents.

In a BTRC directive on data and related packages issued last year, mobile operators were instructed to not send more than three promotional SMSs daily.

The decision to penalise Grameenphone, Robi and Banglalink follows months of contention between the BTRC and operators regarding this issue.

The BTRC argued that sending more than three promotional SMSs daily would mentally harass the customers and that the operators' violation distorts the regulator's image.

However, the operators claim that sending more than three SMSs is necessary as the delivery rate

READ MORE ON B2

IMF approves $1.1b disbursal for Ukraine

AFP, *Washington*

The IMF's executive board approved a $1.1 billion payout for Ukraine on Friday, which it says will be used to provide budget support to the war-torn country.

The loan disbursal is the latest tranche of funding the International Monetary Fund has released to Ukraine as part of an ongoing 4-year, $15.5 billion program approved last March.

The approval of the Fund's fifth loan review brings the total amount disbursed to Ukraine since then to $8.7 billion.

"Russia's war in Ukraine continues to bring a devastating social and economic toll on Ukraine," IMF Managing Director Kristalina Georgieva said in a statement.

"Despite the war, macroeconomic and financial stability is being preserved through skillful policymaking by the Ukrainian authorities as well as substantial external support," she added.

"The economy has remained resilient, despite significant damage to the energy infrastructure, reflecting the continued adaptability of households and firms."

The IMF announced that Ukraine had met all of the relevant targets, including on structural reforms relating to tax privileges, public companies and customs reform.

Ukraine's economy had been "more resilient than expected" in the first half of the year, with good domestic data "bolstered by continued sizeable external support," according to the IMF.

ACI Motors enthrals Ctg motor fest with Yamaha super bikes

Subrata Ranjan Das, executive director of ACI Motors Limited, and other officials pose for photographs at the 7th Chattogram Motor Fest 2024 in the port city yesterday. PHOTO: ACI MOTORS

STAR BUSINESS DESK

ACI Motors Limited showcased their spectacular arrangement with a raft of events at the "7th Chattogram Motor Fest 2024" at GEC Convention Hall in the port city, according to a press release.

The events were divided into bike display and "touch and feel" experience activities.

Of the events, the automobile company surprised visitors mostly with an eye-catching display of its latest and popular motorbike of Yamaha brands.

The company showed off Yamaha's super sports bike R1M at the three-day motor fest that ended yesterday. This 1,000cc bike competes on the famous MotoGP racing track.

The newly launched FZS version 4.0 was also an extra attraction in the event. This model of the bank is currently very popular among bike lovers.

ACI Motors, a distributor of Yamaha in Bangladesh, also showcased their other popular motorbike models like R15 Version 4, FZX, MT15 at the fair.

Besides, the company organised interesting activities like test ride, gymkhana ride and stunt show to give the touch and feel experience of the bike, which added an extra dimension to the event.

Subrata Ranjan Das, executive director of the company, and other higher officials of Yamaha were also present.

Japan's core inflation rate slows in September

AFP, *Tokyo*

Japanese inflation slowed in September with prices up 2.4 percent on-year, not including volatile fresh food, official data showed Friday.

The core Consumer Price Index eased from 2.8 percent in August as the pace of increase in electricity and gas prices relented, the internal affairs ministry said.

Despite the slowdown, the rate remained above the Bank of Japan's two percent target, set over a decade ago as part of efforts to boost the stagnant economy.

The target has been surpassed every month since April 2022, although the bank has questioned to what extent that is down to temporary factors such as the Ukraine war.

"The resumption of electricity subsidies resulted in a plunge in headline inflation in September," said Marcel Thieliant, head of Asia-Pacific at Capital Economics.

Thieliant predicted a further deceleration of core inflation in October, but noted that the subsidies "should be phased out completely by December, which should lift inflation".

The Bank of Japan raised interest rates in March for the first time since 2007 and again in July, in initial steps towards normalising its ultra-loose monetary policies.

New Prime Minister Shigeru Ishiba said this month that the environment was not right for another interest rate increase.

After Ishiba took office in early October, perceptions that he favoured hiking borrowing costs and the possibility that he could raise taxes triggered a surge in the yen and stock market volatility.

One dollar bought 150 yen on Friday morning after the Japanese currency weakened from levels around 149.35 the day before.

Excluding both fresh food and energy, Japanese prices rose 2.1 percent in September.

"We expect inflation excluding fresh food and energy to remain around two percent until early next year, when it should gradually fall below two percent," Thieliant said.

Eastern Bank signs home loan deal with JCX Developments

M Khorshed Anowar, deputy managing director and head of retail and SME banking at Eastern Bank PLC, and M Muhit Hassan, director of JCX Developments Limited, pose for photographs after signing an agreement on home loans at the bank's head office in the capital recently. PHOTO: EASTERN BANK

STAR BUSINESS DESK

Eastern Bank PLC recently signed an agreement with real estate company JCX Developments to offer home loans to the customers purchasing property from the latter.

M Khorshed Anowar, deputy managing director and head of retail and SME banking of the bank, and M Muhit Hassan, director of the real estate company, penned the deal at the bank's head office in the capital, said a press release.

Syed Zulkar Nayen, head of business of the bank, Mohammad Salekeen Ibrahim, head of asset, were present.

Md Rakib, head of CSD and registration of the real estate company, and Mohtasim Rakin, head of sales, along with other officials from both the organisations, were also present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY

	PRICE (OCT 17, 2024)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 64-Tk 80	0	9.09 ↑
Coarse rice (kg)	Tk 50-Tk 55	-1.87 ↓	7.14 ↑
Loose flour (kg)	Tk 40-Tk 45	0	-2.30 ↓
Lentil (kg)	Tk 100-Tk 105	-4.65 ↓	-4.65 ↓
Soybean (litre)	Tk 152-Tk 156	2.67 ↑	.98 ↑
Potato (kg)	Tk 55-Tk 60	9.52 ↑	32.18 ↑
Onion (kg)	Tk 110-Tk 120	2.22 ↑	27.78 ↑
Egg (4 pcs)	Tk 50-Tk 54	-3.70 ↓	-2.80 ↓

SOURCE: TCB

Discounts for Al-Arafah Mastercard holders on Star Tech purchases

STAR BUSINESS DESK

Al-Arafah Islami Bank PLC recently signed an agreement with Star Tech Limited, a computer, laptop and gaming PC retail and online shop in Bangladesh, to offer exclusive discounts for the bank's Mastercard holders.

Mohammed Fazlur Rahman Chowdhury, deputy managing director of the bank, and Mohammad Jahed Ali Bhuiyan, managing director of Star Tech Ltd, penned the deal at the latter's head office in the capital, according to a press release.

Under this agreement, the bank will provide zero percent EMI facility for up to 36 months on Star Tech products and services to the bank's La-Riba (interest-free) credit cardholders.

In addition, the bank's corporate customers will occasionally receive special discount coupons for purchases of Star Tech goods and services.

Muhammad Shakhawat Ullah, head of cards of the bank, and Mohammad Arif Hasan, head of business, were present.

Among others, Seeikh Shohel Akhter, assistant general manager of Star Tech Ltd, and Aminul Karim Khan, manager, along with senior officials of both the organisations, were also present.

Mohammad Jahed Ali Bhuiyan, managing director of Star Tech Limited, and Mohammed Fazlur Rahman Chowdhury, deputy managing director of Al-Arafah Islami Bank PLC, shake hands and exchange signed documents of an agreement at the former's head office in the capital recently. PHOTO: AL-ARAFAH ISLAMI BANK

BTRC fines top three mobile

FROM PAGE B1

of SMS to customers is less than 70 percent due to issues with handsets, inactive SIMs and other reasons.

They also said sending more than three promotional SMSs daily is vital for them as doing so enables direct communication with customers regarding new products, services and AI-driven personalised offers.

Besides, this approach enhances service diversification, assists in product selection and fosters customer engagement by addressing individual preferences and behaviour.

The BTRC first cautioned Grameenphone in late October last year and asked for an explanation in April this year as to why the company needs to send more than three SMSs per day to customers.

The SMS delivery rate per customer averages around 68 percent due to system limitations, customer handset issues, and other factors, Grameenphone explained in response.

For churned or inactive customers, the rate can drop to as low as 30 percent. Therefore, to ensure three SMSs are received by customers, more than three SMSs need to be sent, the operator said.

The BTRC also cautioned Banglalink last year and asked for an explanation in May this year.

In its response, the operator stated that despite technical challenges, it had taken steps to limit daily promotional SMS distribution.

However, it argued that the three-SMS restriction hinders the promotion of new services and products in response to evolving communication needs and increasing customer demand.

Most of Banglalink's customers are non-smartphone 2G device users with limited access to digital promotion channels, making them cost-conscious buyers.

Therefore, Banglalink relies heavily on SMS to communicate with this segment, considering it an effective way to reach marginalised, non-smartphone users.

Banglalink argued that enforcing the three-SMS limit is discriminatory and deprives customers of suitable product offers.

Robi was cautioned in late October last year and asked for an explanation in November that year for sending more than three SMSs per day to the customers.

Robi replied that sending promotional SMS is essential for service diversification, product selection and AI-based notifications. Robi also highlighted that its SMS platform operates separately from its data and voice platforms, making it technically infeasible to restrict the number of SMS sent.

Experts have raised questions about such micro-management by the commission, especially given the availability of the Do Not Disturb (DND) service.

The mobile operators introduced the option to block promotional SMS several years ago following BTRC instructions.

Customers can activate the DND service by dialling short codes: Grameenphone (121*1101#), Banglalink (1218*6#), and Robi/Airtel (*7#).

Abu Nazam M Tanveer Hossain, a telecom expert, said while strict enforcement of laws and bylaws is essential for maintaining governance and the rule of law, it is equally important that these regulations are logical, practical and add value.

"While promotional SMSs can be disruptive, consumers have the option to opt out," he added.

Therefore, regulatory focus should prioritise crucial issues like rollout obligations, quality of service and fostering competitive behaviour rather than emphasising less critical concerns like promotional messaging, Hossain said.

"The BTRC is currently revisiting the current data directive. Imposing any fine based on the previous directive has ample space for revision," said Shahed Alam, chief corporate and regulatory officer of Robi Axiata PLC.

Mohammed Rabiul Hossain, managing director and CEO of Uttara Bank PLC, attends "Anti-Money Laundering Conference-2024" as chief guest at a hotel in the capital recently. PHOTO: UTTARA BANK

Uttara Bank holds anti-money laundering conference

STAR BUSINESS DESK

Uttara Bank PLC recently organised the "Anti-Money Laundering Conference-2024" at a hotel in the capital.

Mohammed Rabiul Hossain, managing director and CEO of the bank, attended the conference as chief guest, the bank said in a press release. Md Abul Hashem, deputy managing director and chief anti-money laundering compliance officer of the bank, presided over the programme.

Maksudul Hasan, Md Ashraf-uz-Zaman and Md Rezaul Karim, deputy managing directors of the bank, along with zonal heads, executives, and in-charges of branches and sub-branches, were also present.

13TH COMMUNICATION SUMMIT

146 creative campaigns honoured with COMMWARD

STAR BUSINESS REPORT

Experts take part in a panel discussion at the 13th Communication Summit at the Le Méridien Dhaka yesterday. PHOTO: COLLECTED

The 13th Communication Summit, which brings together leading professionals from the creative communication industry, business leaders and brands to explore the future of creative marketing, was held at the Le Méridien Dhaka in the capital yesterday.

Organised by Bangladesh Brand Forum (BBF) in association with The Daily Star and Miniso Bangladesh, the event focused on how brands and agencies can leverage innovation to break away from traditional practices and succeed in a rapidly evolving digital landscape.

Under the theme "Disrupting the Norm: The Future of Creative Marketing", topics related to creative disruption, brand authenticity, AI integration and personalised marketing strategies were also discussed at the summit.

Shariful Islam, founder and managing director of the BBF, emphasised the need for creative innovation.

He said in a rapidly changing world, brands must go beyond the status quo by pioneering bold ideas and leveraging AI to create personalised experiences.

Authenticity and purpose-driven marketing are now essential for building trust and lasting consumer relationships, Islam said.

The keynote sessions were conducted by Firrdaus Yusoff, head of creative at Forsman and Bodenfors Singapore, and Moiz Khan, creative director at Edelman.

Geeteara Safiya Choudhury, founder and chairman of Adcomm Limited, and Muneer Ahmed Khan, managing director and creative chief of Unitrend Limited, also spoke.

Moderated by Ashraf Bin Taj, general secretary of the Asia Marketing Federation, the session highlighted pioneering advertising endeavours in Bangladesh and captured its essence in today's advertising industry.

Later at the summit, the COMMWARD 2024: Excellence in Creative Communication 2024 honoured 146 creative campaigns across 26 categories through its auspicious award.

An initiative of the BBF, the COMMWARD was presented in association with The Daily Star.

The award ceremony was attended by more than 700 communication and marketing experts and enthusiasts.

The awards were given in four ranks -- bronze, silver, gold and grand prix. This year, a staggering number of 1,380 nominations from 79 creative agencies and organisations were submitted for the award.

The campaigns launched and implemented between June 1 to May 31 this year were eligible for nomination in COMMWARD 2024.

The nominations were judged rigorously by 24 jury panels split into 14 shortlisting and 10 grand jury panels.

The 10 jury presidents further scrutinised the winning campaigns to ensure their proper ranking.

The 13th edition of COMMWARD had 21 gold winners, 50 silver winners and 75 bronze winners. However, none of the campaigns received the prestigious grand prix recognition this year.

"The COMMWARD is a testament to the remarkable strides our creative communication industry has made even in the face of challenges and disruptions," said BBF Managing Director Islam.

Gold price crosses Tk 1.4 lakh per bhori

STAR BUSINESS REPORT

The price of gold in Bangladesh is set to break all previous records as it will cross Tk 1.4 lakh per bhori (11.66 grams) today, according to a statement by the Bangladesh Jewellers Association (Bajus).

Bajus said it asked its members to follow the new rate from Sunday due to the increased price of pure gold in the domestic market.

As per the decision, the price for each bhori of gold will rise by about 2 percent from the previous rate of roughly Tk 1.38 lakh fixed on September 28.

The price of gold in Bangladesh has been rising steadily for more than a year, crossing the Tk 1 lakh per bhori mark for the first time in July 2023.

Renata launches medicine for Australian market

STAR BUSINESS REPORT

Renata PLC, a leading pharmaceutical manufacturer in Bangladesh, has launched a generic version of Cabergoline 0.5 mg, a medicine used for the treatment of hyperprolactinemia and Parkinson's disease, in Australia.

The first shipment has already reached Australia, the company said in a press release.

The product, marketed under the brand name of Dostamine, will be distributed and commercialised in Australia through Renata's partner, Nova Pharmaceuticals Australasia Pty Ltd.

It's the first generic of Cabergoline in Australia.

Cabergoline 0.5 mg is manufactured at Renata's factory in Mirpur, which is approved by both the Therapeutic Goods Administration of Australia and the UK Medicines and Healthcare Products Regulatory Agency.

Dollar rally pauses, but uptrend intact

REUTERS, *New York*

The US dollar fell on Friday, taking a breather after five straight days of gains, as risk appetite increased following yet another round of stimulus measures from China that bolstered global equities led by Chinese stocks.

Investors cheered the Chinese government's launch of two funding schemes to help boost its stock market. Chinese equities rallied as a result, lifting other stock markets as well, including the S&P 500 and the Nasdaq.

That elevated the Chinese yuan as well and boosted commodity currencies such as the Australian and Canadian dollars at the expense of the safe-haven greenback.

The dollar index, measuring the US unit's value against six major currencies, however, was on track for its third weekly gain, currently up 0.6 percent this week. It has risen about 2.7 percent so far this month, its largest monthly gain since February 2023.

The index was last down 0.3 percent at 103.49 , its largest daily fall since late September.

"Today's pullback in the dollar was more China-driven. Last night, China launched measures to support the stock market," said Erik Bregar, director, FX & precious metals risk management, at Silver Gold Bull in Toronto.

"That boosted Chinese stocks and risk sentiment more broadly and put pressure on dollar/yuan, which in turn helped lift euro/dollar. That started the dollar pullback."

Friday's price action for the US dollar, however, was likely temporary, Bregar said.

The biggest support for the dollar over the last few weeks has been a shift in Federal Reserve policy expectations to a more moderate easing phase, after a slew of generally solid US economic data. The Fed slashed benchmark rates by a supersized 50 basis points (bps) in September, prompting the rate futures market at that time to price in another jumbo move this year.

"Speculation that the Fed could follow September's 50 bps rate cut with another similarly sized move has been blown away by a round of data pointing to a resilient US economy," wrote Jane Foley, head of FX strategy, at Rabobank in London.

"Instead, talk has emerged that the FOMC might be minded to cut rates only once more before the end of the year."

US rate futures have priced in a 95 percent chance that the Fed will cut rates by 25 bps next month, and a 5 percent probability that it will pause, or keep the fed funds rate at the 4.75 percent-5 percent target range, according to LSEG estimates. They had previously seen a further 50-bps cut likely at one of these meetings.

The futures market also expect about 45 bps cut for 2024, and an additional 104 bps reductions next year.

In afternoon trading, the dollar slid 0.5 percent against the yen to 149.51. It has advanced about 0.8 percent on the week, however, versus the Japanese currency having broken above the 150 level on Thursday for the first time since early August. The US currency also climbed 4.6 percent in October, its best monthly showing since February last year.

Adding to the dollar's overall shine was the rising prospect of former President Trump winning the November election, since his proposed tariff and tax policies are seen as likely to keep US interest rates high.

The dollar fell further versus the Japanese currency after data showed US housing starts dropped 0.5 percent to a 1.354 million pace in September, after rising by a hefty 7.8 percent to 1.361 million in August.

RMG work orders returning

FROM PAGE B1

Requesting anonymity, a garment manufacturer from Rupganj upazila in Narayanganj said buyers are demanding discounts for their products due to shipment delays.

Apart from political stability and tight competitiveness, there are other challenges at the home front facing apparel manufacturers and textile millers. These include consistent gas and power supplies.

Khorshed Alam, chairman of Little Group, said his yarn production has declined 50 percent due to gas shortages and load-shedding.

His Ashulia-based mill usually produces 24,000 pounds of yarn daily, but is now slumping to 12,000 pounds.

According to Alam, while the demand for yarn is increasing with the resurgence of garment work orders, inadequate gas supply remains a major obstacle.

Kyaw Sein Thay Dolly, managing director of Cloths R Us, said the labour unrest particularly hurt small and medium enterprises.

"Now both we and the buyers want to be optimistic," she said.

Khandoker Rafiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the unrest impacted autumn garment production.

He said the BGMEA will hold a meeting with representatives of international retailers and brands next week to reassure them of the restored business environment and the association's commitment to meeting deadlines.

ICB optimistic about sovereign guarantee

FROM PAGE B1

performing and speculative stocks is now prevented by a proper investment policy.

With the funds, the ICB is expected to rebound, the official said.

The ministry will submit a resolution regarding the sovereign guarantee to the finance advisor, who will make the final decision and instruct the ministry to proceed with the guarantee.

The ICB previously sought a Tk 5,000 crore fund during the Awami League government to recover. While the ministry discussed providing the funds multiple times, the process was halted amid the nationwide student movement last July.

Garment industry lost $400m

FROM PAGE B1

The interim government recently formed a taskforce involving officials of the Bangladesh Bank and the National Board of Revenue to create a more business friendly environment.

Besides, the formulation of a sustainable power policy, which includes fixing a rational price for electricity and ensuring its adequate supply, is needed, he said.

The BGMEA's charter of demands included keeping the recycling of waste fabric, locally known as jhut, and other garment products away from the outside influence by formulating a separate policy.

Shams Mahmud, a director of the platform for apparel makers and exporters, said the BGMEA is continually engaging with foreign stakeholders to attract them more.

"We are constantly updating our partners and different brands on the evolving situation," he said. As a part of the dialogue, the BGMEA will be meeting with the American Apparel & Footwear Association, which represents over 1,000 brands from the US.

"We will update them about the current situation," Mahmud added.

Abdullah Hil Rakib, senior vice-president of the BGMEA, said they have asked the chief adviser to lobby the US for lowering the tariff on garment shipments as the Western nation has suspended its trade benefits under the Generalised System of Preferences (GSP) for all countries.

Lack of funding slows SME policy implementation

Dhaka chamber calls for reforms in the new scheme

STAR BUSINESS REPORT

A lack of necessary funding and coordination among the affiliated organisations has been one of the main reasons for the slow implementation of the SME Policy 2019, leaving many provisions unrealised, said Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry (DCCI).

The goals and objectives of the SME policy should be determined in conjunction with the industrial policy and the five-year plan should be set targeting the future goals of the entire industrial sector, he said.

The SME Policy for 2019 expired in June this year and the latest policy should be included in the budget and work plan formulation activities of different organisations, the Dhaka chamber president said.

He made the comments at an event, titled "Reform of SME Policy-2019 for Sustainable Growth and Innovation", at its office in the capital's Motijheel yesterday.

An agro-based economy will not alone be sustainable for the overall economy, rather the country should go for industrialisation, he said.

Service sector export should also be enhanced, he added.

It will not be possible for many SMEs to survive without increasing the flow of liquidity, Ahmed said.

He also highlighted new models of financing, such as electronic nano-financing, electronic channelling, automation of licensing and its renewal, availability of high-level skills, intellectual property protection, and high-speed broadband internet for the development of the SME sector.

Moreover, he suggested a comprehensive database of SMEs so that the informal sector can be brought into the formal sector.

There is a lack of coordination among government agencies, said Mirza Nurul Ghani Shovon, president of the National Association of Small and Cottage Industries of Bangladesh.

If the government does not arrange the required funds for the implementation of the new SME Policy, it will remain unimplemented again, he said.

Various refinancing and credit guarantee schemes should be introduced for small and medium enterprises on the basis of their needs and nature, said an expert. PHOTO: STAR

He also suggested keeping the arbitration system and bringing the informal SME sector under the new SME policy, he said.

The government is trying to formulate an SME policy of global standards and for that cooperation from all stakeholders will be needed, said Salim Ullah, an additional secretary for policy, law, and international cooperation of the industries ministry.

All the shortcomings of the previous policy will be addressed, and the new one will try to reflect the requirement of all stakeholders for the betterment of the SME sector, he said.

There is a need to have various refinancing schemes and credit guarantee schemes because there are different types of SME entrepreneurs, and their needs are also different, said Nawshad Mustafa, director of the SME and special programmes department of the Bangladesh Bank.

He also stressed the need for having a common facility centre to promote small and cottage entrepreneurs across the country. Anwar Hossain, vice chairman of the Export Promotion Bureau (EPB), reiterated the importance of automation in all client service activities of the government.

The EPB is also trying to make its services automated soon, he said, adding that the backward linkage industry should be strengthened, especially the SME sector.

The National Board of Revenue (NBR) should consider introducing a simplified tax filing process, especially for the cottage, micro, small and medium enterprises (CMSMEs), as too much documentation process is a burden for them, Hossain said.

The SME sector will not develop without the government's patronisation, said Mosharref Hossain, associate professor at the Bangladesh Institute of Bank Management.

He suggested establishing an SME innovation lab where small innovators will get a place to flourish.

The SMEs should also get easy access to finance and the government should have a separate seed fund or venture capital or startup fund for the SME entrepreneurs, he said.

A roadmap is also needed to implement the policies, Hossain added.

Strong institutions a prerequisite for successful reforms

MAMUN RASHID

This year's Nobel Prize in economics has been awarded to British-Americans Simon Johnson and James Robinson and Turkish-American Daron Acemoglu, whose work and research in economics have been to explain how some countries manage to stay ahead of the curve while others fail to do so.

Their most influential book, Why Nations Fail: The Origins of Power, Prosperity, and Poverty, outlines a comprehensive theory that attributes the prosperity of nations to the strength and inclusiveness of their political and economic institutions. According to their research, nations that have developed inclusive institutions allowing broad participation in economic and political activities tend to achieve sustained economic growth.

In contrast, countries with extractive institutions that concentrate power and wealth in the hands of a few elites often experience stagnation or decline.

Their analysis challenges the traditional economic notion that geography or culture alone can explain why some nations are wealthier than others. Instead, they argue that political and economic institutions shape the incentives for innovation, investment, and growth.

The core message of their work underscores the significance of building strong, inclusive institutions that foster participation and equal opportunities. Bangladesh's journey from being one of the poorest nations at its inception in 1971 to becoming one of the fastest-growing economies in Asia is a testament to its resilience.

However, the lack of strong institutions in Bangladesh has manifested in various ways that have hampered its development. One of the conclusions drawn by the Nobel laureates is that authoritarian governments might succeed in the short run through exploitation of natural resources, however, in the long run, democracies flourish because of their institutions' ability to foster innovation.

Despite being democratic on paper, in recent years, Bangladesh has failed to create an environment of innovation stemming from authoritarian bureaucracy, inconsistent and contradictory policy-making as well as policy ambiguity and corruption.

While overemphasising on GDP growth rate may draw a satisfying picture of the country's progress, in the long run, it has no value if not coupled with growth in entrepreneurship and innovation to solve societal problems. Besides, it may also warrant building social capital and ensuring distributive justice.

As the research of Acemoglu, Johnson, and Robinson highlights, these efforts are crucial for long-term prosperity. Strong institutions build trust, reduce uncertainties, and create an environment where businesses can thrive, investments can grow, and societies can prosper with extended comfort at the bottom of the pyramid.

However, things won't change within a fortnight. Institution building might be the key to transparency, anti-corruption, and improved governance.

However, quick reforms aimed to rapidly bear the fruits of institution building proposed by Acemoglu, Johnson and Robinson may not lead to sustainable changes if they are not carefully planned and implemented.

Institution building is a gradual process that involves creating a stable framework where rules, norms and practices are accepted and embedded within society and may also be its changing values.

Rapid, top-down interventions can sometimes lead to unintended consequences that undermine long-term goals. If these actions are not part of a broader, well-thought-out strategy, they may result in temporary compliance or superficial changes that don't last.

Ultimately, the success of institutional reforms depends on building consensus, involving stakeholders, and ensuring that changes are systematically integrated into everyday practices. This process requires patience, consistent effort, and often incremental progress. While rapid actions can signal a commitment to change, they must be backed by long-term strategies that address the root causes of institutional weaknesses to be truly effective.

It also calls for acceptance by the broader stakeholders along with implementation with precision.

Strong, transparent, and accountable institutions can only safeguard transformation and sustainable reform. Too politicised and susceptible to pressure institutions may always work as the last nail in the coffin.

The writer is the chairman of Financial Excellence Ltd

US budget deficit widens to $1.8tn, third highest on record

AFP, *Washington*

The United States on Friday reported a budget deficit of $1.8 trillion for the past year, widening from 2023's level on greater spending, including for interest on the public debt.

The overall deficit expanded by $138 billion for the year ending September 30, said the Treasury Department. The nation's debt remains a key concern for voters ahead of November's presidential election.

This year marks the third highest US deficit, behind 2021 and 2020, according to the Treasury.

In the 2020 budget year, the deficit hit a record of $3.1 trillion as spending soared to help the economy weather the Covid-19 pandemic.

In the latest fiscal year, there was a near 30 percent rise in spending on interest on the public debt, largely due to higher interest rates, the Treasury noted. It topped $1 trillion.

PHOTO: AFP/FILE

But the department added that the widened deficit overall was partly due to a reversal of over $330 billion in costs last year, when President Joe Biden's student loan forgiveness program was struck down by the Supreme Court.

The latest fiscal year also saw an increase in Social Security spending and that on defense.

The rise in receipts, meanwhile, was mainly due to increases in the amount of individual and corporate income tax collected, among other areas.

Although receipts rose from fiscal year 2023, "they remain below historical averages as a share of GDP," said the Treasury and Office of Management and Budget (OMB).

As a percentage of GDP, the deficit was 6.4 percent, up from 6.2 percent in the fiscal year of 2023.

Following the report, a White House official pointed to Congressional Republicans for "tax cuts that led to low revenue levels that increased the debt."

In announcing the latest budget figures, Treasury Secretary Janet Yellen noted that the US economy remained resilient in 2024.

Shalanda Young, director of the OMB, added that the Biden administration has maintained "a commitment to fiscal responsibility."

Both agencies noted that total federal borrowing from the public grew by $2.0 trillion during the latest fiscal year, to $28.2 trillion.

The rise in borrowing included funds to finance the deficit. As a percentage of GDP, borrowing from the public rose from 96 percent to 98 percent.

Global uncertainties drive gold above $2,700

REUTERS

Gold surged above the historic threshold of $2,700-per-ounce on Friday, powered by escalating tensions in the Middle East, uncertainties around the US elections and relaxed monetary policy expectations that pushed the metal into uncharted territory.

Spot gold was up 1 percent at $2,720.05 per ounce by 02:58 p.m. ET (1858 GMT) and has risen 2.4 percent so far this week.

US gold futures settled 0.8 percent higher to $2,730.

"With the conflict intensifying -- particularly following Hezbollah's announcement to escalate the war with Israel -- investors are flocking to gold, a traditional safe-haven asset," said Alexander Zumpfe, a precious metals trader at Heraeus Metals Germany.

Pledges from Israel and its enemies Hamas and Hezbollah to keep fighting in Gaza and Lebanon dashed hopes that the death of a Palestinian militant leader might hasten an end to escalating war in the Middle East.

Rising geopolitical tensions prompt investors to seek safe-haven assets like gold, driven by risk aversion

PHOTO: AFP/FILE

and concerns over global market instability.

"Adding to the momentum, concerns around the US presidential election and anticipation of looser monetary policies have further fuelled the rally," Zumpfe added.

Gold shattered records multiple times this year as expectations of more rate cuts by central banks and geopolitical uncertainties boosted prices by more than 30 percent so far this year, its best annual growth since 1979, as per LSEG data.

China posts slowest growth in over a year

AFP, *Beijing*

China posted its slowest growth in a year and a half on Friday, underlining the deep economic woes the country faces as its central bank launched a new bid to boost markets and hinted at a further rate cut in coming months.

Investors are eagerly awaiting more detailed plans from Beijing, which has in recent weeks unveiled a slew of stimulus measures to reignite the world's number two economy.

Chinese leaders are targeting annual growth of five percent this year, but that goal is being challenged by sluggish consumption and a prolonged and debilitating debt crisis in the country's colossal property sector.

After a blistering market rally fuelled by hopes for a long-awaited "bazooka" stimulus, optimism has tapered as authorities refrained from providing a specific figure for the bailout.

On Friday, Beijing's National Bureau of Statistics (NBS) said the economy expanded 4.6 percent year-on-year in the third quarter, down from 4.7 in the previous three months and the slowest since early 2023, when China was emerging from its strict zero-Covid policy.

The NBS acknowledged a "complicated and severe external environment... as well as new problems of domestic economic development".

Still, figures showing a forecast-beating rise in September retail sales -- a gauge of consumer activity -- provided a ray of light after a string of below-par readings on a range of indicators including inflation, investment and trade.

They came as China's central bank on Friday launched a swap facility for funds and insurers with an "initial application quota exceeding 200 billion yuan" ($28.1 billion), state media said.

The mechanism implemented by the People's Bank of China (PBoC) will provide greater liquidity for capital markets, which policymakers hope will offer support for the wider economy.

And in a possible sign of more relief to come, PBoC chief Pan Gongsheng said Friday that officials were considering a further cut to the amount commercial lenders must hold in reserve before the end of the year.

State media said just before Friday's GDP data release that the country's top banks had cut interest rates on yuan deposits for the second time this year as part of a move to boost lending.

People walk on a pedestrian street surrounded by shops in Huangpu district in Shanghai. The Chinese economy expanded 4.6 percent year-on-year in the third quarter. PHOTO: AFP/FILE

Beijing has said it has "full confidence" in achieving its annual growth goal of five percent, but economists say more direct fiscal stimulus is needed to revive activity and restore business confidence.

"The will-they-won't-they of announcements has made the process a rollercoaster for markets," said Harry Murphy Cruise, Economist at Moody's Analytics.

He added that the latest data and new measures likely keep this year's growth target "within reach". "But more is required if officials are to address the structural challenges in the economy."

Recent weeks have seen authorities unveil a raft of measures to funnel cash into the economy including a string of rate cuts and loosened restrictions on home-buying.

The recent raft of announcements is a move "in the right direction", said Benson Wu, China and Korea economist at Bank of America Global Research.

"That said, the size and the form of fiscal supports are still unclear," Wu told AFP. One major headache facing the economy has been a prolonged crisis in the property sector, which has long been a key driver of growth but is now mired in a sea of debt.

On Thursday, officials said they would boost credit available for unfinished housing projects to more than $500 billion, a move intended to boost activity in the property sector.