

Star BUSINESS



Half of banks' CSR spending went to disaster management

Most were for ex-PM's relief and other funds

SUKANTA HALDER and MD ASADUZ ZAMAN

Of their total corporate social responsibility (CSR) expenditure, banks spent 45 percent on disaster management violating rules in the first half of 2024, with bankers saying it mainly went to various funds maintained by the Prime Minister's Office before the political changeover on August 5.

Data released by the Bangladesh Bank (BB) yesterday showed that banks spent Tk 309 crore in the January-July period of 2024 for CSR initiatives, with Tk 138 crore going towards disaster management.

Donations under the sector included the distribution of blankets to the poor in cold regions, the BB report said. Relief and distribution of food items among affected families after the floods in late August also contributed.

However, as per the CSR policy framed by the central bank, a lender is supposed to provide 20 percent of their total CSR allocation to disaster management, 30 percent to the education sector, 30 percent to the health sector and 20 percent to the environment and climate sector.

However, in the first half of this year, banks spent Tk 71.98 crore, or 23.28 percent of total CSR expenditure, on the health sector.

The donations mainly went towards providing medical assistance to poor and disabled patients at the individual level and for the treatment of people suffering from various incurable and complex diseases.

In addition, grants were provided for construction and operational expenses of hospitals, clinics, diagnostic centres and purchase of medical equipment.

Education received the third-most at Tk 63.63 crore, accounting for 20.58 percent of total CSR spending, the report said. Reviewing expenditure in this sector, it was seen that most of it went towards providing scholarships to students.

Providing various educational materials and developing infrastructure in the education sector as well as donations made to the prime minister's education assistance trust also contributed to expenses in this sector.

Additionally, Tk 9.66 crore was spent in the sports and culture sub-sector and Tk 7.35 crore was spent on environment and climate change mitigation and adaptation, the lowest.

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Consumer sales slow as inflation bites



JAGARAN CHAKMA

Grocery shelves are not clearing as quickly for fast-moving consumer goods (FMCG), while many are switching to mini-packs of food and toiletries – indicating that people are losing ground in their prolonged battle against inflation.

Take the case of Abul Bashar, a grocery shop owner in Dhaka's upscale Uttara area with customers from at least five dozen neighbouring buildings.

Bashar says there are fewer buyers of mega and jumbo packs of toothpaste or shampoo. Instead, most of his customers are now spending mainly on essential food items like potato, onion, garlic and lentil – even in smaller quantities.

"People who used to buy an item three kilogrammes at a time are now asking for only half a kilogramme or one kilogramme maximum," the grocer said.

He attributed this consumer behaviour to

rising prices and people's incomes failing to keep pace.

Zooming out from the small Uttara area to the nationwide scale, Zaved Akhtar, managing director of Unilever Bangladesh, said their monthly FMCG sales have declined 5 percent in recent months.

Despite several interest rate hikes by the central bank to blunt the brutal price pressure, the Consumer Price Index (CPI) has been hovering around 10 percent since March last year.

In September, the CPI stood at 9.92 percent, down from 10.49 percent in August, according to the Bangladesh Bureau of Statistics (BBS).

Unilever Bangladesh MD said the prolonged price pressure has badly impacted people's purchasing power.

"The impact is largely evident on our sales of premium and semi-essential products like shampoo. However, highly essential items like soap or detergent are still showing some

degree of immunity from inflation," he told The Daily Star.

According to Akhtar, around 10 percent of Unilever's FMCG basket consists of premium items like Surf Excel and Rin Washing Powder.

"People are not purchasing these products as they have shifted to more affordable alternatives like Wheel Washing Powder, also an FMCG item by Unilever," Akhtar added.

He said the local monthly FMCG sales, which were usually Tk 4,000 crore, have declined to around Tk 3,800 crore since July, marking a 5 percent decrease.

Now, consumers are opting for smaller quantity packs instead of larger ones due to their declining spending capacity, the Unilever Bangladesh MD said.

From October every year, local FMCG manufacturers usually increase production of winter products like petroleum jelly, body lotion and skincare products for winter supply.

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Fitch Ratings trims growth forecast citing policy uncertainty

STAR BUSINESS REPORT

Fitch Ratings has cut its economic growth forecast on Bangladesh to 4.5 percent for the current fiscal year as the country's recent political transition created policy uncertainty in the near-term.

The American credit rating agency previously projected that the economy of Bangladesh, which is the second biggest in South Asia after India, would witness growth of 5.3 percent in FY25.

"But we expect a recovery [of the economic growth rate] to 5.7 percent in FY26," Fitch Ratings said in a commentary on Bangladesh released yesterday.

Similarly, the World Bank had slashed its economic growth forecast on Bangladesh by 1.7 percentage points to 4 percent for FY25 due to "significant uncertainties following recent political turmoil" and "data unavailability" early this month.

In its commentary, Fitch Ratings said the country's interim government appointed a new finance minister and central bank governor after taking office on August 8.

The previous Awami League government was ousted by a mass uprising on August 5 following weeks of unrest stemming from a brutal crackdown on student protests aimed at reforming the quota system for state employment.

"This political transition has increased economic policy uncertainty in the near-term. But under our baseline, we expect its impact on the country's sovereign credit profile will be temporary," it said.

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Unrest erodes Bangladesh's RMG edge over rivals

REFAYET ULLAH MIRDHA

Garment exports by Bangladesh's market rivals like India, Vietnam, China and Cambodia have increased to major Western markets due mainly to the latest spell of labour unrest and political changeover earlier in August in the country.

In September, India's readymade garment (RMG) exports grew by 17.3 percent year-on-year, capitalising on political instability in Bangladesh, according to Indian daily The Telegraph.

The growth comes despite global challenges such as inflation and supply chain disruptions, which have impacted other major garment-exporting nations, the report says.

"India's RMG exports have recorded high growth despite global headwinds and inflationary pressures," said Sudhir Sekhri, chairman of the Apparel Export Promotion Council.

"Many leading apparel exporters have experienced a slowdown in recent months, but India has benefitted from Bangladesh's socio-political unrest," he added.

Bangladesh's internal turmoil forced some factories to close temporarily, causing delays in delivery schedules.

Referring to India's CareRatings, The Telegraph also said if the unrest continues for more than one or two quarters, Bangladeshi exporters could face significant challenges in meeting deadlines.

In the July-September period of the current fiscal year, Bangladesh's garment export grew 5.3 percent year on year to \$9.28 billion, according to the Export Promotion Bureau (EPB).

Despite the EPB's growth count, apparel exports in the first eight months of 2024 to the US and European Union (EU) were not encouraging compared to Bangladesh's market competitors.

For instance, garment export to the USA, the country's main export destination, fell by 9.16 percent year-on-year to \$4.70 billion in the January-August period of the current year,

TAKEAWAYS

Impact of labour unrest

- Bangladesh's competitors taking advantage of labour unrest
- Apparel sector faced \$400m production loss
- Exporters encountered difficulties in shipment of goods

India

- India's garment export grew 17.3% in September

Present situation

- Normalcy restored in garment sector
- Buyers are coming back with work orders in greater number than before

US market

- Bangladesh's garment export to the US declined
- US economy is rebounding but Bangladesh cannot cash in on it

according to data from the Office of Textiles and Apparel (OTEXA).

OTEXA attributed the fall to slumping demand for apparels in the American market.

In combined, the textile and garment shipment from Bangladesh to the USA also fell by 8.98 percent year-on-year to \$4.84 billion in the January-August period this year, showed the OTEXA data.

Bangladesh's competitors performed well in the USA and EU markets as data showed that their exports, in terms of quantity, increased. The countries also took the advantage of the rebounding US economy, as consumer

spending on retail goods, including apparel items, increased.

The retail sales in the US increased again in September as employment grew and inflation and interest rates fell, said Jack Kleinhenz, chief economist of the National Retail Federation (NRF), the world's largest retail trade association.

In the January-August period, the quantity of apparel imported by the USA increased by 1.5 percent year-on-year, while Bangladesh's export declined by 3.8 percent in terms of quantity.

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Md Anwar Hossain

Holding fair elections top priority

Says BGMEA administrator

REFAYET ULLAH MIRDHA

Creating an environment for free, fair and credible elections is the first priority of the newly appointed administrator of the country's largest trade body, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The government appointed Md Anwar Hossain, vice-chairman of the Export Promotion Bureau (EPB), as administrator of the BGMEA on Sunday.

This decision came after SM Mannan Kochi, the association's elected president, handed in his resignation on August 24.

Hossain said he is scheduled to hold a meeting with the former president and other directors of the dissolved board on Monday night and design a roadmap to create a good environment for the elections.

The government has assigned Hossain to hold the elections within 120 days of his appointment.

Primarily, he will form a committee, which will be tasked with preparing a fair voter list. Moreover, the new

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