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Star BUSINESS

Govt to arrange Tk 600cr to clear Beximco workers' dues

STAR BUSINESS REPORT

The government will arrange Tk 600 crore to pay the arrears and service benefits to laid-off workers across 16 textile and garment units of the Beximco Group, according to a top official.

This decision comes as the previous plan to clear the worker payments by selling Beximco shares is "not possible within a short time," said AHM Shafiquzzaman, secretary to the Ministry of Labour and Employment.

According to the previous timeline, the government was supposed to make a final decision on paying the arrears and service benefits to the 27,000 laid-off workers of Beximco Group by today.

However, the deadline has now been extended to February 26, Shafiquzzaman said.

"The sale of the shares of Beximco Group is complex, and it might not be possible to complete within this short time," the labour secretary told The Daily Star.

He added that the laid-off workers should be paid within a timeframe as per the labour law. Therefore, the government will arrange the funds to pay the workers.

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STOCKS

DSEX ▲	CASPI ▲
0.24%	0.49%
5,211.53	14,576.20

COMMODITIES

Gold ▲	Oil ▲
$2,896.43	$70.73
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.08%	▲ 0.06%	▲ 0.71%	▲ 0.27%
75,996.86	39,174.25	3,904.85	3,355.83

Imports rebound on rising exports, remittances

SOHEL PARVEZ

Bangladesh's imports have returned to positive territory after two years of decline, driven by higher demand for consumer goods and industrial raw materials to meet the needs of rising exports -- a trend an economist views as a sign of an economic turnaround.

Imports grew by 3.53 percent year-on-year to $32 billion in the first half of fiscal year (FY) 2024-25, rebounding from a 20 percent drop during the same period the previous year.

This growth was largely supported by a 30 percent year-on-year surge in imports in December 2024.

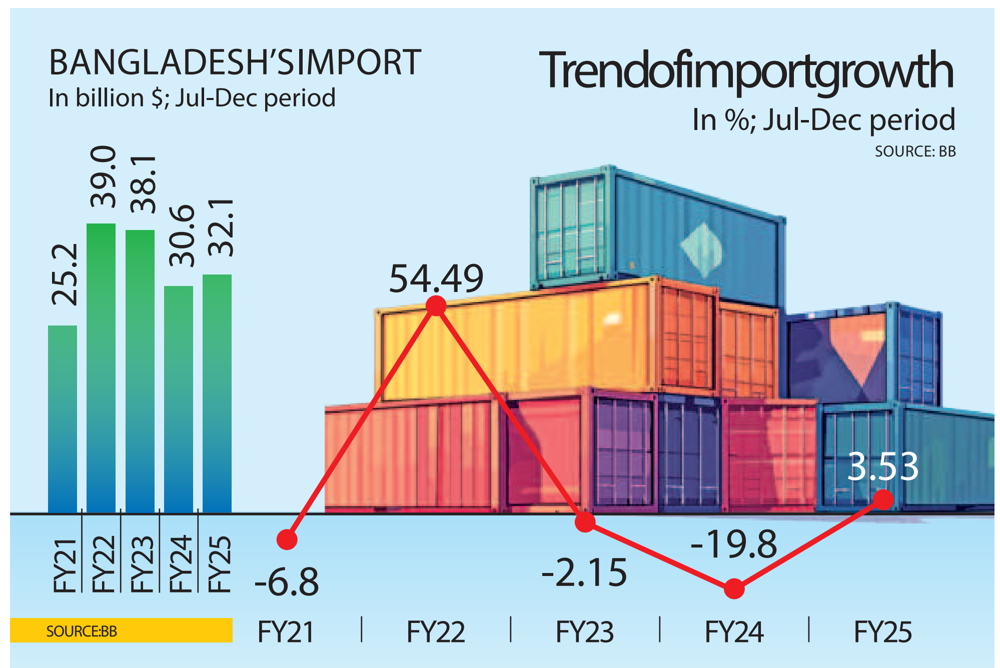
"Our exports and remittance inflows have improved. This has helped imports recover," said Ahmed Shaheen, additional managing director of Eastern Bank.

Bangladesh's imports fell in FY23 as the country faced a foreign exchange crisis caused by soaring import bills due to rising global prices following the outbreak of the Russia-Ukraine war in February 2022.

With fast-depleting forex reserves and a shortage of US dollars, the decline continued for a second consecutive year in FY24, which weakened the local currency significantly.

In the face of depleting reserves, the Bangladesh Bank imposed restrictions on imports of non-essential items. Banks also became reluctant to open letters of credit (LCs) for imports.

Central bank data showed that imports turned positive in August 2024 and this growth continued until October. After a dip in November, imports surged in December.



"Banks have loosened their grip on opening LCs in FY25 as remittances and exports grew," Shaheen said, adding that the import of industrial raw materials for export-oriented industries drove overall import growth.

"It is positive, as data shows," the banker said. "It appears that our international business has improved."

However, several domestic market-oriented industries have slowed, he added.

Central bank data showed that both the opening and settlement of LCs for importing industrial raw materials increased in the first six months of FY25. This growth continued into January.

"I think the growth will continue because of rising exports and the shifting of some work orders from China to Bangladesh," the banker said, referring to the US-China tariff war.

Bangladesh recorded a nearly 12 percent year-on-year increase in exports during the July-January period of FY25.

However, Ashraf Ahmed, former president of the Dhaka Chamber of Commerce and Industry, said LC openings, in terms of the dollar value of imports, rose slightly as the country imported more food grains and other consumables in preparation for Ramadan, which will begin in March.

"This is a combination of higher prices and possibly volume," Ahmed said.

"Ramadan will come early this year so we needed to complete imports by the December-January months compared to the January-February period last year," he added.

"The import of capital machinery, however, is showing an alarming drop," the trade leader said, citing a 33 percent decline in LC openings during the July-January period of the current fiscal year.

Ahmed, who is also the chief executive officer of Riverstone Capital Ltd, said the real problem of sluggish investment is still dragging on.

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Raising interest rate alone can't reduce inflation

Says an economist

STAR BUSINESS REPORT

A noted economist said raising interest rates alone may not be effective in reducing inflationary pressures, instead prescribing alternative steps such as increasing the supply of goods to combat rising prices.

Effectively addressing inflation requires a multifaceted approach that considers its diverse and complex causes, said Rizwanul Islam, a former special adviser for the employment sector at the International Labour Organization's office in Geneva.

"While raising interest rates has become a global trend, monetary policy alone is not enough to control inflation," he added.

"A more effective strategy, involving a thorough assessment of the economic landscape, combining supply-side interventions, supply chain management, and measures to reduce demand, is needed."

Islam was speaking at the launch of his book, titled "Development and Globalization: Global and Bangladesh Perspective" and published by Baatighar, at the Policy Research Institute (PRI) office in the capital yesterday.

If the government continually raises interest rates, investment will be reduced, production may fall, and unemployment may rise, Islam cautioned.

Speaking at the event, Finance Adviser Salehuddin Ahmed said the government is trying to reduce inflation not only by raising interest rates but also by addressing supply-side issues.

A political government can do better in reducing extortion and easing supply-side problems if it wants, as they have that power, the finance adviser said. However, the interim government has no people who can work for the government to address the problems plaguing the market.

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98% of RMG workers shun universal pension: study

Most garment workers did not participate in the universal pension scheme due to a lack of financial capacity and awareness. PHOTO: STAR/FILE

STAR BUSINESS REPORT

Some 98.7 percent of garment workers did not participate in a state-sponsored universal pension scheme (UPS) due to a lack of financial capacity and awareness, according to a study.

Another reason was that workers were not familiar with the process of digitally applying for the UPS, it said.

The study is based on a survey conducted on 200 garment workers in the capital's Jatrabari, Demra, Motijheel, Sutrapur, Lalbagh, Gulshan, Badda, Sabujbagh, Mirpur, Pallabi, and Mohammadpur areas.

The Netherlands-based Mondiaal FNV conducted the study on "Universal pension scheme: exploration of potential scopes for RMG workers' social protection in Bangladesh."

Md Manirul Islam, deputy director (Research) of the Bangladesh Institute of Labour Studies, shared the findings of the study at a discussion at Shrom Bhaban in Dhaka yesterday.

Another major reason was that the premium for the Progoti scheme of the UPS, applicable to employers and employees of private companies, was "high."

Moreover, although there was no way to safeguard incomes, premium payments had to be continued for 10 consecutive years, the study said.

Additionally, there is no loan or withdrawal facility in the Surakkha scheme, which is meant for informal sector employers and employees.

There is also no scope for changing jobs, whereas records show that only 8 percent of workers continue working in the same factories.

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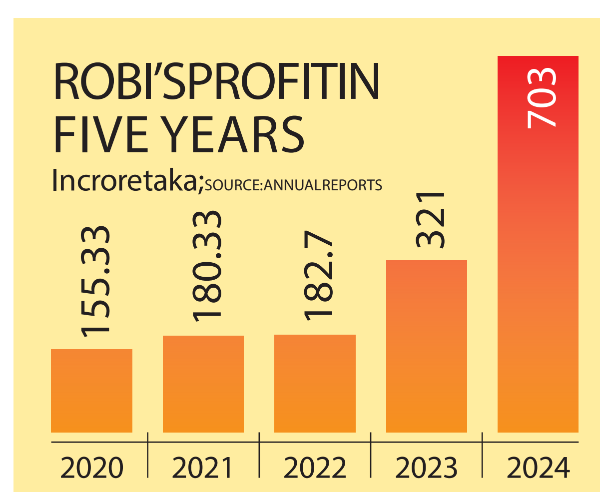

Robi sees record profit surge in 2024

Announces cash dividend amounting to Tk 785cr

STAR BUSINESS REPORT

Robi Axiata Ltd posted a record profit of Tk 703 crore in 2024, marking the fifth consecutive year of growth in earnings by the second-largest mobile phone operator in Bangladesh.

Robi recorded a 119 percent year-on-year spike in profit, despite reporting a significant decline in revenue growth.

Banking on the profit, the mobile phone operator, majority-owned by Malaysia-based Asian telecom giant Axiata Group Berhad, announced a cash dividend of 15 percent (Tk 1.50 per share), amounting to Tk 785 crore.

Robi will cover the remaining amount from its cash reserves, said its officials.

The operator logged Tk 155 crore in profit in the financial year 2020, marking 4.5 times growth in five years to 2024.

According to the company, this was achieved through improved operational efficiency during a year that was marked by economic instability, high inflation, and a prolonged mobile internet shutdown during the mass uprising against the Awami League government in July.

Robi closed the year with a revenue of Tk 9,950 crore, reflecting a modest 0.1 percent year-on-year increase. Its revenue had grown 15.79 percent in 2023.

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Scuffle erupts at BEA office

STAR BUSINESS REPORT

A scuffle broke out between two rival groups at the Bangladesh Economic Association's (BEA) Eskaton office in Dhaka yesterday, prompting police intervention to restore order.

Professor Azizur Rahman, president of a committee formed on an ad hoc basis and apparently comprising members who lost the election to the BEA in May last year, spoke to journalists afterward.

He claimed that he and a group of 20-30 individuals were stopped by police when they attempted to enter the organisation's office.

However, he alleged that members of the panel elected to run the BEA attacked his group, injuring several associates, some of whom were later hospitalised.

From 2008 to 2024, the BEA went through its "darkest period," with the leadership turning it into a personal and politically affiliated institution, claimed Rahman.

"These individuals must be removed, and fresh elections should be held. Some of them are linked to irregularities in the banking sector," he claimed.

Speaking at the event, Syed Mahbub I Jamal, general secretary of the ad hoc committee, criticised the election process adopted by the BEA over the past 16-17 years.