

December 2024

RISING CORPORATES IN BANGLADESH



ERF ECONOMIC REPORTERS' FORUM



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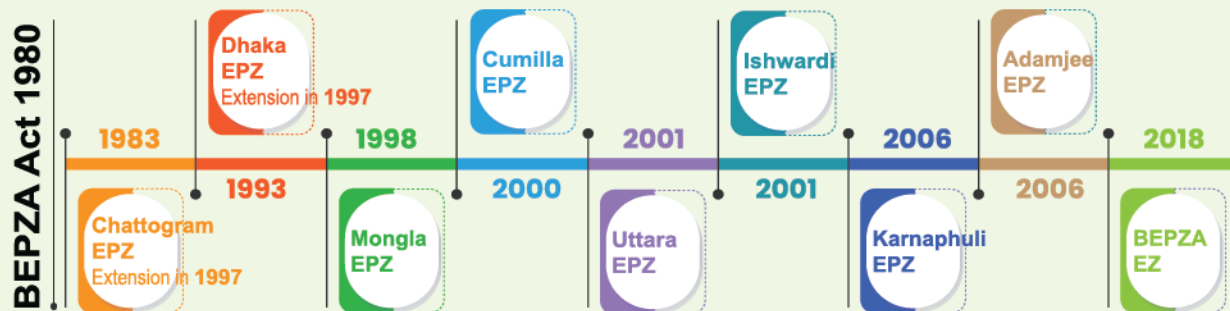
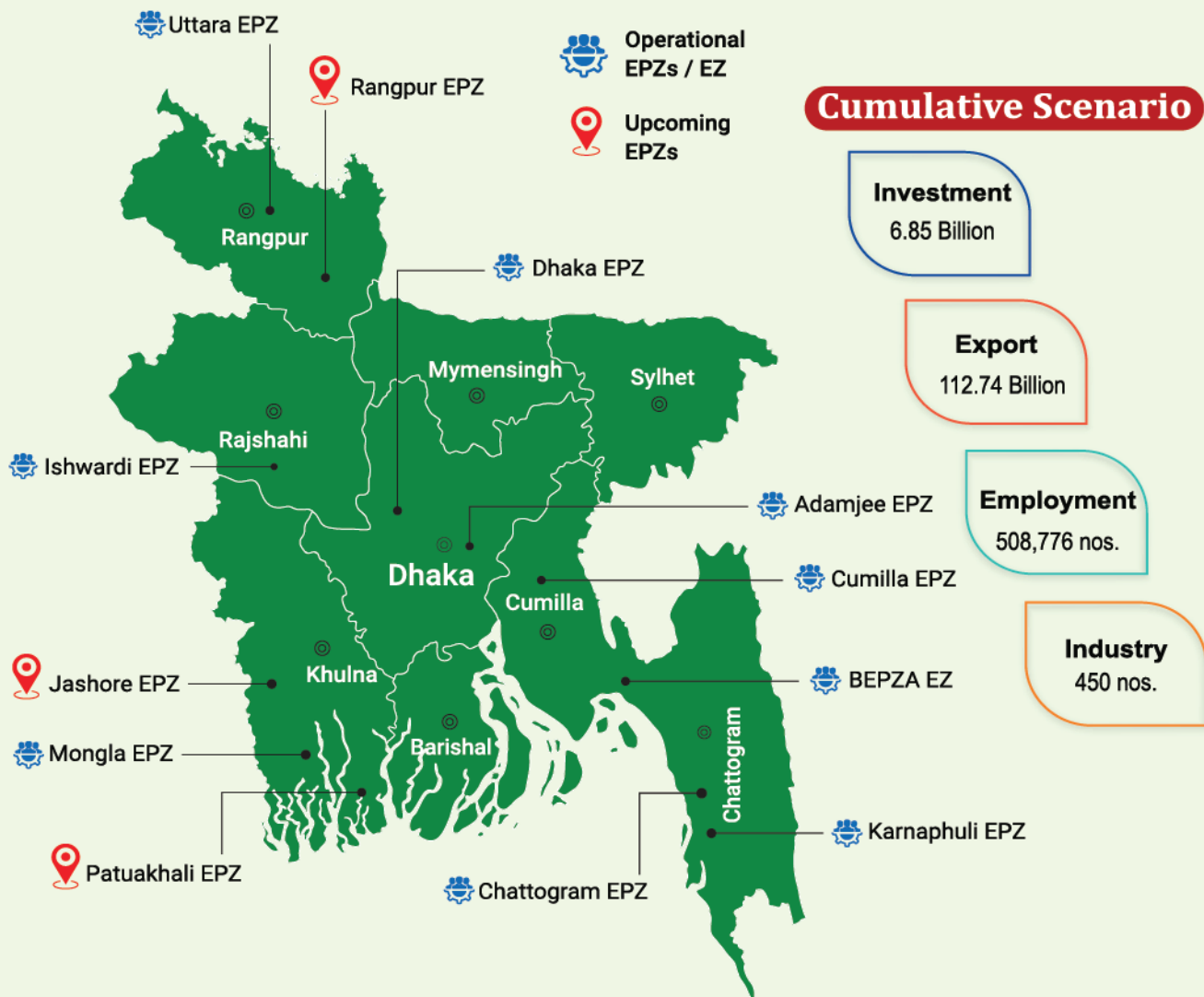
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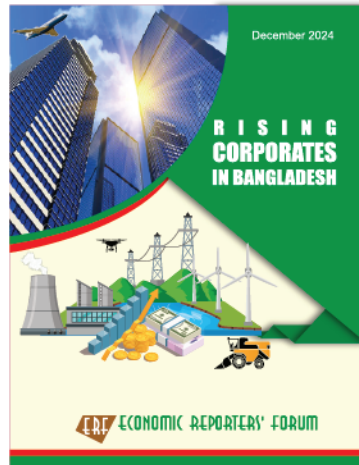


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Editor : Salahuddin Ahmaad Bablu

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Editor's Note



Rising Corporates in Bangladesh: A Double-Edged Sword

Bangladesh, a country renowned for its resilience and tenacity, has experienced a remarkable economic transformation over the past few decades. Central to this transformation is the rise of corporate entities that have spurred growth, innovation, and employment. These burgeoning corporates are not only reshaping the economic landscape but also bringing with them a mix of opportunities and challenges that require careful navigation.

Bangladesh's journey from a largely agrarian society to a dynamic hub of manufacturing and services can be attributed to the exponential growth of its corporate sector. The Ready-Made Garments (RMG) industry, which accounts for a significant portion of the country's exports, has been a cornerstone of this corporate revolution. The sector's success has placed Bangladesh as the world's second-largest apparel exporter, creating millions of jobs and significantly boosting the nation's GDP. The democratization and liberal market policies initiated in the 1990s have been instrumental in this development. Furthermore, the benefits associated with LDC (Least Developed Country) status have significantly contributed to the success of these companies in export markets.

Beyond RMG, other sectors such as pharmaceuticals, technology, and consumer goods are also witnessing unprecedented growth. Companies like Square Pharmaceuticals, Beximco, ACI Limited, Ispahani, AK Khan Group, City Group, Akij Group, Basundhara, Pran-RFL, Grameen Phone have established themselves as leaders in their respective industries, contributing to the nation's economic diversification. Moreover, the rise of tech startups and digital enterprises is paving the way for a knowledge-based economy, fostering innovation and attracting foreign investment.

The rise of corporates has undeniably brought economic prosperity, yet it has also exposed socio-economic disparities. While large corporations generate substantial employment opportunities and contribute to infrastructure development, the benefits are often unevenly distributed. Rural areas and marginalized communities still struggle to access basic services and opportunities, highlighting the need for inclusive growth strategies. However, the growth of corporate entities has been more pronounced in the service sector compared to the manufacturing sector, contributing to rising inflation. Consequently, many small businesses and ordinary traders have lost their livelihoods.

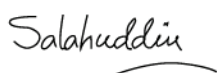
The influence of these corporates extends beyond economics into the realms of politics and media, potentially stifling competition and undermining democratic processes. The corporate-driven media landscape, for instance, has faced criticism for prioritizing profit over public interest, leading to biased reporting and self-censorship. For the freedom and impartiality of the media, it should be kept outside of corporate control.

As Bangladesh's corporate sector continues to grow, so does the responsibility to adopt sustainable and ethical business practices. The environmental impact of industrial activities, particularly in manufacturing and textiles, poses significant challenges. Companies must prioritize eco-friendly practices, reduce carbon footprints, and invest in green technologies to ensure long-term sustainability.

Additionally, ethical business practices, including fair labor standards and corporate social responsibility (CSR), are paramount. The global market increasingly values transparency and ethical conduct, making it imperative for Bangladeshi corporates to uphold these standards. Ensuring workers' rights, providing fair wages, and supporting community development are not only moral imperatives but also crucial for maintaining a positive global reputation.

Because of the absence of a corporate structure, many industrial and business institutions in Bangladesh have vanished shortly after the death of their founding owners, often due to inheritance disputes or the lack of a worthy successor. Consequently, despite Bangladesh's rich thousand-year tradition in business, trade, and production, the existence of century-old institutions is rare, with the exception of a few educational establishments. The rise of corporates in Bangladesh presents a double-edged sword. On one side, it offers immense potential for economic growth, innovation, and global competitiveness. On the other, it necessitates addressing the associated challenges of inequality, inflation, syndication and less competition, environmental degradation, and ethical governance. To navigate this complex landscape, collaboration between the government, corporate sector, and civil society is essential. Policymakers must create an enabling environment that fosters inclusive growth, while corporates should commit to sustainable and ethical practices. Civil society, too, plays a vital role in holding entities accountable and advocating for the public interest.

In conclusion, the rising corporates in Bangladesh are shaping a promising yet intricate future. Balancing growth with equity, sustainability, and ethics will determine the trajectory of the nation's progress. By embracing these principles, Bangladesh can harness the full potential of its corporate sector, ensuring prosperity for all its citizens.



Salahuddin Ahmaad Bablu

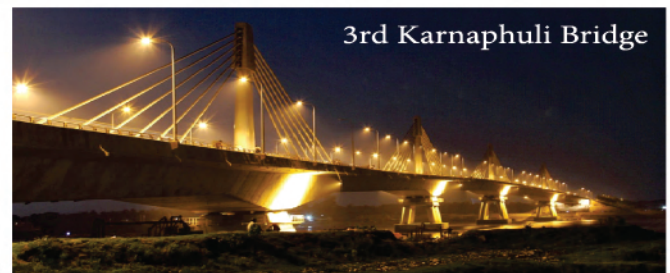


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Its success story began with the construction of major bridges such as 3rd Karnaphuli, Dharala, and Teesta to name a few. The success continued into the hospitality and service industry with the establishment of the premium 5-star hotel chain, Le Méridien Dhaka, and upcoming 5-star hotel franchises, Marriott Bhaluka and The Muslin, A Luxury Collection Resort, Bhaluka. The company is also emerging in the education sector, recently establishing Haileybury Bhaluka, a premier international boarding school and a proud affiliate of Haileybury UK.



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Note from the President



One of the main philosophies of the independence of the country was discrimination in income and its equal distribution among the people of both parts of the then Pakistan. The East Pakistan was always deprived in enjoying the state facilities and thus the corporates. Any major corporate could not grow under the shadow of the then 22 families of West Pakistan. So the East Pakistan could not come up with the major corporates in the Pakistan time. However, with the independence of the country the a bunch of unemployed entrepreneurs have started with little investment in the war ravaged country with a new vigour in the liberated country. The behemoth of corporates has grown eventually silently to great extent in Bangladesh. Because the local entrepreneurs have shown their extraordinary performance in corporatisation even facing all odds both from public and private agencies. Because doing business in Bangladesh is not so easy as different globally trusted research organisations are showing. Access to finance was not so easy just after the independence of the country. However, the resilient entrepreneurs have managed the starting capital and humbly began their journey as the entrepreneurs of corporates. Even today the corporates are facing the hurdles a lot either in day to day operations of their business or expansion of their business or starting a new venture. The journey was not so smooth because of the lack of fund, proper infrastructures and for the lack of skilled knowledge and Human Resources. But with the passage of time the situation also started turn around. Hundreds of corporates came up in different sectors meant both for domestic and international markets. From food to shoes to shirts to ship where not? It is a pride that at present there are dozens of conglomerates those which handles few billion dollar worth of imports of commodities only for domestic markets even with their own commercial vessels. With the rise of corporates, now the contribution of those conglomerates has also been rising. The contribution of export oriented exports sectors were highly appreciated for their contribution in the national GDP also in terms of employment generation. But over the years the rise of local conglomerates has been contributing in the GDP. For instance, there are so many local conglomerates those which are capable to serve the local markets with their products for which we were dependent on import or dependent on multinational corporations earlier. The local conglomerates are very much capable to serve the local commodity markets, clothing segment, fast moving consumer goods, pharmaceuticals and so on. These are just generating the country's economic growth over the years. The growth of the local conglomerates did not take place all on a sudden it took years of nurturing by the successive governments as the conglomerates need state sponsored facilities. The governments' policy of privatisation of business has also played a very important role in the growth of conglomerates because the governments' job is not to do business. So after the independence of the country, the private sector took the rein in business as the governments also privatised different state owned enterprises and business entities either in import

or export or for domestic markets. For the country like Bangladesh, it was a good decision as Bangladesh got a big number of entrepreneurs or entrepreneurial class without much state investment. Because in the state owned trade enterprises a section of people or petty bureaucrats or bureaucrats are the main drivers but most of them are corrupt or they suffer from nepotism. As a result, the state owned enterprises suffered losses and the government survived those for years with subsidies from the state coffer for many years. The bureaucrats always chose to employ their near and dear ones in the state owned enterprises and most of the decision taken by them could not work properly and finally piloting up of losses for years. This is a tragedy for the country that the state owned enterprises could not function properly and failed to turn into profit making organisations because of unholy nexus between the political leaders and bureaucrats and finally the people of the country are deprived of from the state sponsored low priced goods or services. The rising of conglomerates is a very good sign for the country as the most of the economy or economic activities are driven by the private sector. But still the private sector enterprises are also turning only a profit mongering enterprises sometimes as they monopolise the business putting the consumers under pressure and by taking the opportunity of time and high demand from the consumers. Sometimes the naked monopoly of the conglomerates are noticed in the commodities markets as a group of such big companies are engaged in this business. The edible oil, sugar and such consumer market of this country is almost controlled by a group of 10 to 12 companies and they fix the prices of imported goods with their own wills. As if the governments are helpless to them as the government has little weapon to break this rackets. The only weapon is state owned Trading Corporation of Bangladesh (TCB) which is also not adequate to serve the domestic markets. Because it has no independence and it is dependent on the government budget for its functioning. So it is not a good feat for serving the consumers. And again the consumers are bound to depend on the conglomerates. Even the governments are failing to control the conglomerates from the unholy practice of market manipulation. Because the presence of those conglomerates in our daily lives are so deeply rooted that we do not have the choice of alternatives. The government has already enacted the Bangladesh Competition Act which clearly outlined about the governments' role if any conglomerate is found in wrong doing like market manipulation, monopoly or oligopoly. But the application of the competition law is still low and it is not so much visible yet. Many local conglomerates have become so big that now they are also planning to invest abroad. Some of them are exploring the business and investment opportunities to African countries in agriculture and agro processing sectors. But it is not greatly finalised yet as the government is saying it is actively considering for permission abroad by the local conglomerates. Bangladeshi companies have already made a lot of capital to be big.

I wish all the best for the success of the corporate sector in Bangladesh. Hope the ERF will continue its efforts to publish journals for the greater interest of the country. Have a good time.

Best regards,



Mohammad Refayet Ullah Mirdha
President
Economic Reporters' Forum (ERF)

Note from the General Secretary



I am honored and glad to share this brief message with you that the Economic Reporters' Forum (ERF) is going to publish a Journal titled The Rise of Corporates in Bangladesh. This will enrich your knowledge about the historic rise of Bangladesh's corporates and their culture.

I express my heartiest gratitude and thanks to the executive committee, editorial board and respected sponsors involved in the publication process.

At the same time, I convey my deep respect and best wishes to those visionary seniors in our profession who founded this organization 31 years ago with the aim to improving professional skills of economic and business reporters.

I offer my heartfelt respects and sincere love for the founding members and those whose efficient leadership and relentless efforts have led the ERF to become the most prestigious organisation of journalists. I express my gratitude to all valued sponsors who stood with the ERF throughout its long journey.

During the last three decades since its formation on 4 March 1993, the ERF has played an active role in the country's economic progress, government's policy-making and the professional improvement of its members. By the time, the quality of economic journalism has improved and the scope has widened enormously. The ERF has always been with its members in the turning points of economic journalism. Since the beginning, the ERF has been publishing the 'State of the Economy' journal, highlighting the analyses and opinions of the country's leading economists, researchers, bankers, businesspeople, government's policymakers and its members on the trends and realities of the economy both at home and abroad.

In this issue that marks the completion of ERF's three decades, we have also tried to focus on the overall situation in the context of local and global economic conditions through the eyes of experts and analysts. This publication, we hope, will enrich our members and give economic policymakers some inputs for future course of actions.

The current Executive Committee, like its predecessors, is committed to properly perform the duties it is entrusted with. Valued suggestions from senior members and the dynamism of young members are the strengths of this committee. Your unequivocal supports and affections will drive the ERF further towards a more prestigious place in future.

The areas of economic reporting have gone through changes over the time as the economy and businesses, both at home and abroad, have witnessed a gulf of changes. These changes, though sometimes create a sense of worry, also offer some scope for new hopes.

To help its members cope with the changes and enhance their skills, the ERF has been arranging events such as trainings, workshops and seminars one after another. We will continue this effort in future as well as part of our endeavors' to help our members improve professional excellence.

Thank you for your continuous support.

Best Regards

Abul Kashem
General Secretary
Economic Reporters' Forum

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Corporate Agriculture in Bangladesh: Opportunities and Worries

Prof. Dr. Abdus Sattar Mandal



Family Farms to Corporate Agri-Business

In recent years, Bangladesh has seen a gradual transition from traditional family farms to more corporate-driven agri-business or commercial farm models. This shift is often facilitated by the 'rentier-contractor' system, which involves land leasing and contracting services through 'operational consolidation.' New entrants, including tenant and part-time farmers, are renting land and utilizing family labor alongside contract services. Consequently, the prices of agricultural products have been rising.

Emergence of Corporate Agriculture

Corporate agriculture in Bangladesh is gaining momentum, driven by new initiatives aligned with liberalization policies aimed at reorganizing production methods for productivity and efficiency gains. A notable example is contract farming, a dominant form of corporate agriculture that has spread across South-East Asia, South America, and Indian states such as Gujarat, Madhya Pradesh, Karnataka, and Maharashtra. This model involves direct ownership and/or leasing of farmland from farmers for the 'captive' production of raw materials, which are then processed and converted into value-added products like processed spices, potatoes, and vegetables. In the Indian context, the benefits of productivity, efficiency, and employment gains for smallholders through contract farming are highly contested. The debate, particularly around the Indian Farmers' Bill 2021, continues to unfold.

Bangladesh Context

In Bangladesh, marginal and small farms dominate the agricultural landscape, with 88% of farmers cultivating

60% of the land. These farms face challenges such as declining farm sizes, land fragmentation, and diseconomies of scale. The exodus of family labor, rising peak season wages, and increasing cash costs prompt landholders to lease out their land to tenant farmers who provide family labor and local service providers (contractors). Although total production is rising, the growth rate is decelerating, with low diversification and significant yield gaps remaining. Enhancing productivity for food security and export necessitates some form of 'operational consolidation' of fragmented land and rapid technology adoption.

Contract Farming as Corporate Culture

The National Agricultural Policy 2018 emphasized the commercialization of agriculture, promoting contract farming and private sector investment in profitable high-value crops and products. Since the approval of hybrid seeds in late 1997, local seed companies, in collaboration with multinational corporations (MNCs), have invested in agri-business for the breeding and genetics of vegetable and fruit seeds, varietal development, and retail distribution networks. Investments in modern R&D farms, machinery, skilled manpower, and training have facilitated the growing, processing, packaging, and marketing of quality seeds, primarily hybrids, and agro-chemicals. Corporates have introduced contract farming, providing quality inputs, agronomic techniques, plant protection, harvest and post-harvest protocols, and guaranteed market prices, albeit with some deviations (e.g., maize and poultry).

Typology of Contract Farming

Seed Companies: Face constraints of land and skilled HR, with issues regarding the quality of imported seeds and compliance between companies and dealers. Sub-contracting to nodal contract farmers presents challenges in quality control and branding.

Poultry Corporates: Distributes Day-Old Chicks (DOC) through a dealer and sub-dealer network, exercising price control. The feed industry is dominated by large corporations, marginalizing small farmers.

Dairy Corporates: Aggregate milk for processing and value addition, but face risks of excess production.

Food & Beverage Companies: Engage in captive production of various products like spices, potatoes, tomatoes, aromatic rice, milk, and meat animals.

Retail Food Chains: Rely on contract growing and open market collection via suppliers, with flexible intake and variable pricing.

Agri Machinery Companies: Experience rapid expansion but face challenges with inadequate after-sales service. Local manufacturing is beginning, but subsidies can create market distortions.

Corporate Advantages

Corporates bring several benefits, including huge investment capacity, high-tech solutions, risk-taking abilities, high productivity, and cost reduction. They offer quality inputs, risk insurance, skill development, and assured markets. Their access to international markets creates new backward and forward linkages and gender-sensitive job creation (e.g., women pollinators). Contract farming enables the consolidation of fragmented plots, necessary for enlarging production units and precise application of scientific production practices.

Worries About Corporate Agriculture

Concerns about corporate agriculture include fears of large corporations buying up farmers' land. Statements like those of Sharad Joshi (India), advocating for small and marginal farmers to exit agriculture by selling their land at market prices, raise alarms. In Bangladesh, the politics of land acquisition for industrial agriculture mirrors past experiences with tobacco and indigo, where farmers lost cropping independence. While there is no hard evidence of massive land acquisition by corporates, contract farming is not universally seen as a viable option for consolidating fragmented plots into

productive units.

The prospect of large-scale industrial farming faces obstacles due to high land fragmentation, complex land titles, and a strong affinity for land and self-production for subsistence. Other worries include corporates focusing on high-value crop and product exports rather than staples, raising food security issues. Oligopolistic practices and price manipulation are concerns that can be mitigated through strong market regulatory frameworks.

Selling land to corporate agri-businesses could result in the loss of subsistence and self-employment for farmers, although field evidence suggests that contract farmers' family members often get priority in corporate farm work.

Probing Questions

To what extent can emerging corporate companies thrive in large-scale industrial agriculture without disturbing smallholders' strong affinity for land?

How viable is contract farming via 'operational consolidation' of fragmented holdings for increasing productivity, profitability, and efficiency of marginal and small farmers?

How genuine is the concern that contract farming is a prelude to full-scale corporatization of Bangladesh agriculture, where private gains override social gains?

Does the separation of ownership from the operation of land under the 'rentier-contractor' system contribute to accelerating production and enhancing national food security?

How is the return from agriculture distributed among various actors in the supply/value chain?

Conclusion

Corporate agriculture in Bangladesh presents both opportunities and challenges. While corporates bring investment, technology, and efficiency, there are legitimate concerns about land acquisition, farmer independence, and food security. Balancing these factors through effective regulatory frameworks and inclusive policies can help ensure that corporate agriculture benefits all stakeholders, fostering growth and sustainability in Bangladesh's agricultural sector.

Prof. Dr. Abdus Sattar Mandal is former VC, Bangladesh Agricultural University, Mymensing & Ex Member, Planning Commission, Govt. of Bangladesh.

Psychological Structure of Old Dhaka's Business and Corporatization

Monowar Hossain



Old Dhaka, the historic heart of the capital city, is renowned not only for its rich cultural heritage and bustling markets but also for its vibrant production landscape. The area is home to several prominent companies that have played significant roles in the economic development of Bangladesh. These companies have contributed to economic growth, job creation, and infrastructure development. Their presence has attracted investment and helped position Bangladesh as a key player in both local and international markets.

In the 450-year-old city of Dhaka, situated on the banks of the Buriganga, numerous business and commercial institutions boast annual turnovers in the hundreds of crores of taka. These institutions

are typically run by individuals, families, or a few family members, yielding substantial profits at the end of the year. Due to the large establishments of these institutions, they are often considered on a grand scale. However, their operating costs remain moderate. The high demand for their products across the country allows these commodities to be marketed quickly, resulting in low marketing costs. Such institutions are registered as “companies” with the City Corporation and the Registrar of Joint Stock Companies and Firms (RJSC). The number of such large companies in Old Dhaka is several hundred, with many having been operated and controlled through family inheritance for generations. At the center of these



companies is typically the eldest family member. Many in the next generation of these families have received modern and higher education in business and commerce both at home and abroad. They have taken charge of important sections of their respective commercial organizations and possess a good understanding of the corporate structure of modern business, corporate institutions, corporate culture, and conglomeration. However, they do not always practice these concepts extensively. Sometimes they refer to their organizations as corporate but show little interest in adhering to a corporate structure. The activities and management systems of these organizations often depend on the mentality of the chairman or head of the company. If their wishes and reluctance are not met, many partners leave the company to form their own initiatives. Despite such shifts, their management styles or customs remain much the same as before. They often simultaneously hold the positions of Managing Director, Chairman, and CEO. They typically do not favor appointing a separate CEO with a salary. Even when there is a separate manager, they do not have the authority to make independent decisions. If the main owner is the Managing Director, the Chairman is usually his wife.

A corporate business organization, regardless of its type of business or product, is an entity established under corporate law. These organizations operate and administer independently, without interference from owners or partners. The shareholders (partners) are the owners of such entities and share in the dividends. Their liability is limited, meaning they are not personally responsible for the organization's debts. The organization's activities continue seamlessly even if founding members, partners, or directors pass away, and there is no disruption in business operations even when ownership changes hands. A key feature is that all activities are managed by a board of directors and executives, separate from the shareholders. The shareholders elect the board, which then controls the organization's activities and determines management strategies. This structure allows the organization to raise capital for expansion by issuing stocks or bonds. Additionally,

corporate income tax rates can sometimes be lower than personal income tax rates, increasing personal savings opportunities for owners.

The advantages of corporate industrial and commercial organizations are well-known to the leaders and entrepreneurs of established entities in Old Dhaka. Even those managing hereditary businesses, whose children have received modern education and training domestically and internationally, show less inclination to convert their organizations into corporations. While the reasons for their reluctance are not entirely clear, they are unwilling to involve outsiders as partners or managers in the businesses they have built with hard work. They prefer to maintain business secrecy and have pooled all their family assets into establishing and expanding their enterprises. Their strategies for business improvement are closely guarded secrets. Business and commerce are viewed as personal or family assets, to be run according to the founders' wishes. Involvement of third parties is unacceptable, and they believe it is acceptable if the expansion of the institution slows down a bit. They are also reluctant to take insurance or big loans from banks and. Even in this era of corporatization, their mindset remains the same.

In summary, the businesses established by families will remain under family control. They wish to keep financial affairs, taxes, and other matters confidential and are not interested in complying with labour regulations. There are still many such institutions in Old Dhaka. While the production sector in Old Dhaka has seen significant growth, it faces challenges in maintaining sustainable practices and ensuring fair labour standards. Addressing these issues is essential for the continued success and positive impact of these companies on the local and national economy. In conclusion, the companies of Old Dhaka are a testament to the resilience and entrepreneurial spirit of Bangladesh. Their contributions to the economy and society are invaluable, and their continued growth will be vital for the nation's future prosperity.

Monowar Hossain is the former President of ERF.

Anwar Group: From Comb Maker to Owner of 20 Companies

The economy of Old Dhaka is largely dominated by small and medium family-owned businesses, unlike those in many other countries. Anwar Group, founded in 1834 by Laik Mia of Old Dhaka, is one of the oldest industrial organizations in Bangladesh. Starting with a modest business of "hides and skins," the corporation has grown substantially under the leadership of Laik Mia's grandson, Anwar Hossain. Before his death in August 2021, Anwar Hossain, famous for the Mala Saree brand, had diversified the business his grandfather started, founding over 20 companies. Today, Anwar Group is involved in manufacturing and offering 36 products and services, including textiles, jute, cement, steel, banking, insurance, automobiles, housing, infrastructure, and furniture.

Humble Beginnings

Anwar Group's business roots trace back to the British colonial era. Approximately 190 years ago, Anwar Hossain's grandfather, Laik Mia (real name Laik Mohammad), leased a house in Chawkbazar from the Kundu Raja for an annual rent of 1 taka. Laik Mia initially made and sold combs and buttons crafted from cow and buffalo horns. Anwar Hossain's father, Rahim Bakhsh, expanded this enterprise and ventured into other products, including textiles. Despite leasing a shop for just 1 taka annually, Laik Mia was among the highest taxpayers in Bengal at the time and was a prominent businessman.

Born in 1938, Anwar Hossain began overseeing the family business at a young age after his father, Rahim Bakhsh, passed away in 1945. At just eight



Anwar Group's journey from a small comb-making business to a conglomerate of 20 companies exemplifies the entrepreneurial spirit and resilience that define Old Dhaka's economic landscape. The group's continued growth and contributions to various sectors reflect its pivotal role in shaping the nation's economy. Following Anwar Hossain's passing, his eldest son, Manowar Hossain, assumed leadership of the business group. Manowar Hossain, Chairman of Anwar Group of Industries, discussed the growth, current status, and future plans of the 190-year-old family business. He envisions more than 25,000 people working for the group by 2030.

years old, Anwar took the reins of the family business due to family pressure, starting his first venture, Anwar Cloth Store, in Chawkbazar with only 360 taka. By age 11, he had amassed 1 lakh taka. Anwar's hard work paid off as his business grew, eventually acquiring six more shops in Chawkbazar and expanding into textiles and corrugated metal sheet imports between 1953 and 1960.

By the late 1960s, Anwar Hossain's business had spread from Dhaka to almost all major cities in the then East Pakistan. In 1968, he established Anwar Silk Mills, and his brand, Mala Sarees, quickly gained popularity. He also established

Bangladesh's first electric wire manufacturing factory and started a steel mill called "The First Stainless Steel Cutlery Manufacturer." Although the business faced setbacks during the Bangladesh Liberation War in 1971, Anwar Hossain's resilience helped revive the economy. Manowar Hossain noted, "My father significantly contributed to rebuilding Bangladesh's war-torn economy. In 1978, he founded Khaled Iron and Steels Limited and later established Anwar Textile, Anwar Steel, and Anwar Cement."

Political and Industrial Influence

Anwar Hossain also made his mark in politics, being elected as a Member of Parliament from Dhaka-8 in 1988. After the fall of the Ershad government, he distanced himself from politics. He played a significant role in elevating the Dhaka Chamber of Commerce and Industry (DCCI) to its current stature. In 1978, Anwar Hossain, along with a delegation of 40 businessmen, met President Ziaur Rahman, advocating for the need for private banks. This led to the establishment of The City Bank in 1983, where Anwar served as chairman four times. Manowar Hossain remarked, "The City Bank, established by my father to alleviate the challenges faced by businessmen with government banks, is now one of Bangladesh's largest private commercial banks. My father's success was driven by his deep respect for his mother, my grandmother."

Current Status of Business

Currently, more than 14,000 people are employed in over 20 companies under the Anwar Group. Their business has grown by up to 15% even during the COVID-19 pandemic, with healthy growth posted in the textile, cement sheet, polymer, and construction sectors. "We have helped dealers stay afloat by providing various facilities. However, we have not been able to achieve growth in the cement and steel businesses, mainly due to the increase in raw material prices in the international market," said Manowar Hossain. The recent global crisis and the subsequent gas and electricity crisis in Bangladesh have emerged as matters of concern. He noted that all businesses are in recession due to rising inflation and the dollar crisis, with sectors like cement and steel being the most affected. He expressed concerns that it will take some time for the situation to improve.

Major Investment in 4 New Projects

The Anwar Group has embarked on several new projects, including those in the denim and steel sectors. All projects are expected to be completed by 2025, creating more than 6,000 new jobs. "We are ready to make a significant investment of Tk 3,000 crore in the steel sector. Additionally, we plan to invest Tk 1,400 crore in denim. The plant will go into production by 2025. Before that, we aim to establish a cardboard industry and a paper industry, with the cartons and paper produced for export. We plan to complete the work on the carton plant by 2024, while the paper industry will come into production in 2025," said Manowar Hossain.

Early Business Involvement

Like his father, the current chairman of Anwar Group, Manowar Hossain, got involved in business at a young age despite studying abroad. "I studied at St. Paul's School in Darjeeling and the University of New Hampshire, US. After completing my studies, I joined the business in 1993. However, I had been involved in business since the fifth grade, when my father handed me the responsibility. Whenever I came to the country for vacation, I would sit in the shop or factory. In 1993, I was given the responsibility of the company, and the next year, I took over as managing director. My father then assigned me to look after Anwar Steel. After giving me this responsibility, he did not interfere in my work. Since taking over, I have not incurred any loss or waste in any business," shared Manowar Hossain.

Strong Rural Economy will save

The global economy is in crisis due to inflation and the dollar crisis following the COVID-19 pandemic. Bangladesh has also faced challenges, opting for electricity rationing to save energy while limiting the import of many products. Despite these hurdles, Manowar Hossain believes that the strong foundation of the rural economy will save Bangladesh. "I have long said that the crisis would not end with the conclusion of COVID-19. The Ukraine-Russia war erupted as soon as the COVID-19 situation began to improve, bringing a crisis from Europe and America. But we are unique in one respect—our rural economy is saving us. When the whole world, including Bangladesh, stopped moving at the beginning of the COVID outbreak, the rural economy of Bangladesh continued functioning. Our agriculture saved us. Rural poultry, livestock farms, and fish farms saved us," he concluded.



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Corporatization of the RMG Sector of Bangladesh: An Unfinished Agenda

Dr. Khondaker Golam Moazzem



The management practices of apparel enterprises are often less discussed in the context of Bangladesh's RMG sector. Traditionally, the operation of apparel enterprises in Bangladesh focuses on the production of basic products, which is largely driven by a process of volume-led, physical labour induced operational practices. Such operation styles may require standard management related practices. With the expansion of factory operations for producing both traditional and non-traditional products by using specialised technologies along with maintaining the compliance standards, the demand for better management practices has further intensified. It is evident that better management and operation in the RMG sector are associated with changes in production planning, cost management, human resource management, compliance assurance and industrial relations, among others. This article discusses the management performance of RMG enterprises in Bangladesh, while taking into account the standard performance assessment method applied at the global level. It is prepared based on the enterprise level data collected under a CPD-RMG Study. An overall observation is the RMG sector has yet to be corporatized considering its wider exposure to the global apparel market.

The Ready-Made Garments (RMG) sector is a major contributor to Bangladesh's economy, accounting for approximately 84% of the country's exports. It has created 3.5 million jobs, particularly benefiting women. Growing at an annual rate of 7%, RMG exports from Bangladesh have made it the world's second-largest apparel exporter, with exports reaching \$50 billion and capturing a market share of 6.5% out of the global apparel export market of \$450 billion. Nearly 4,000 factories produce a wide variety of knitwear and woven garments. Boasting the highest number of green garment factories globally, the Bangladesh

RMG industry has been leading in sustainable garment manufacturing. The sector has achieved significant milestones with 150 LEED-certified green garment factories and many more in the pipeline.

All factories maintain international safety and compliance standards and are assessed in accordance with BSCI, WRAP, SMETA, ICS, Higg Index, GTW, RTM, Join Life, ZDHC, Blue Sign, ISO, OCS, GOTS, and Oeko-Tex. More than 100 international clothing brands have been directly sourcing from Bangladesh over the years, with exports reaching more than 150 countries worldwide. These brands include Walmart, H&M, TESCO, KOHL'S, GAP, ZARA, American Eagle, Levi's, Macy's, JCPenney, Sears, Target, Ross, Polo, Bloomingdale's, Nike, Adidas, M&S, C&A, GU, Benetton, and UNIQLO.

Family-based Private Limited Companies

The predominance of the private limited companies in the structure of ownership of the RMG enterprises has been at same state over the last decade—65 per cent of total enterprises are owned by private limited companies followed by sole proprietorship companies (19 per cent). Only a small share of companies is public limited companies (4 per cent) or joint venture companies (2 per cent). The structure of ownership is almost the same as decade ago—according to Rahman et al. (2008) the respective shares of companies were 71.6 per cent, 10 per cent, 1.6 and 9.5 per cent respectively. There has been no major difference in woven and knit enterprises in terms of ownership structure over the years. Such unchanged structure of ownership shows that the RMG industry is maturing as a family-based entity with limited focus on growth of public limited companies. A part of enterprises is being directed by second generation family members. In other words, it is

expected that intergenerational transfer of directorship within the family will not hamper smooth operation of enterprises. The brands/buyers are likely to be comfortable with family-based entity of supplying enterprises—about 68 per cent of enterprises working with brands/retailers are private companies.

Given the rise of the number of family-based board members in these companies as well as the rise in their engagement in other businesses, there is a good possibility for further delegation of authorities to the factory management, in at least in a section of the enterprises. However, how far the boards of these companies have been delegating these authorities and thereby creating differences between board and management, which is an indication of corporate practices, remain unclear.

Growing Influence of Group of Companies

A majority of RMG enterprises are subsidiaries of different groups of companies which indicate their dominance in the RMG sector. In fact, more than half of sample RMG enterprises are sister concerns of different groups. Unlike the past where group-based enterprises were observed at limited scale particularly in large scale enterprises, such enterprises have been observed in medium and small-scale enterprises—about three-fourth of medium-scale enterprises and more than one-fourth of small enterprises are members of different groups. The number of subsidiaries under these groups vary— from as low as two to over 45 enterprises. About 53 per cent of these enterprises belong to companies that own about 2 to 4 RMG enterprises and 88 per cent of the enterprises have 1-5 non-RMG enterprises. Such an ownership structure indicates that more and more RMG enterprises are able to take advantage of its subsidiary position from their groups particularly in terms of cross-subsidisation of various costs in order to retain their competitive edge in the market. Such linkages of a share of small and medium enterprises along with large enterprises with group of companies extend new ways to define the competitiveness of RMG enterprises of Bangladesh.

Indication of Rise of Corporate Practices

Factory managements of RMG enterprises are increasingly getting more authority to operate businesses at the factory level. Directors of sample enterprises are increasingly allowing factory management to take part in the decision-making process, mainly in production planning, target setting and workers' grievances (over 80 per cent

of the GM mentioned that they took decisions about those issues). However, directors still play a major role in price negotiations with buyers; but participation of managers in price negotiation is increasing (about 40 per cent of GMs mentioned that). Overall, the GM's growing role in practicing authority in the majority of factory-level issues provides an indication that corporate practices in RMG enterprises have been on the rise. The corporatization of the RMG sector has been a journey of growth, challenges, and continuous transformation.

We assume that the delegation of authority to the managers at the factory level is mainly driven by 'push factors'. Most of the owners are directors of more than one enterprise including non-RMG enterprises, where they need to divide their time on a regular basis. The frequency of visit to factories is a good indicator to appreciate how much time directors spare for each of their enterprises. Only 47 per cent of the directors visit factories on a daily basis. The rest visit more than once a week to less than once a month, particularly in case of directors who have medium-sized and large enterprises. As many as 10 per cent of the RMG entrepreneurs visit their factories less than once in month. In case of factories under groups of companies, only 28 percent of directors visit factories everyday while over 18 per cent of the directors visit factories less than once a month. The lack of adequate time, particularly in highly labour-intensive manufacturing enterprises, has pushed directors to delegate more authority to the factory management. Hence, despite being a family-based entity, the RMG enterprises are practicing some of the corporate activities where the factory management takes exclusive decisions at the factory level.

Despite the advancement of the RMG sector of Bangladesh over the last four decades, the corporate practices are still at low level. The sector has grown as family-based entities with limited delegation of authority to the management. Since the second and third generation family members have entered the apparel business, it is important to have standard family-based corporate entity with proper delegation of authority between board and management of the apparel enterprises. Such a move would ensure market competitiveness and sustainability of these important enterprises in a better way.

Dr Khondaker Golam Moazzem, Research Director, Centre for Policy Dialogue (CPD).

Freedom Fuels Rise of Corporates in Bangladesh

Abbas Uddin Noyon



Since the mid-1970s, Bangladesh began to get brand new entrepreneurs as the country began to open for private ventures targeting economic growth and employment. Today's corporate Bangladesh grew mainly from the small trading businesses that met the immediate needs of the people of war-torn newborn Bangladesh. From the humble beginnings, the post-independence private sector rose to a new height blossoming to a wide range of manufacturing sectors and positioned itself as a main driver of growth. Victory in the Liberation War was instrumental behind the transformation, as senior economist Prof Rehman Sobhan pointed out, as it also gave rise to an entrepreneurial revolution. Another economist Dr Hossain Zillur Rahman said the country's independence has transformed a people of "fatalistic mindset into an aspirational population" instilling the sense of entrepreneurship among people to rebuild from the rubble.

A self-made businessman Fazlur Rahman also echoed the sentiment, saying Bangladesh's independence was the key factor that made him a factory owner. "Pakistani businessmen were ruling the then East Pakistan's (Bangladesh) market and before independence we barely dared to dream of our own business," he noted. The entrepreneur initiated his small mustard oil mill in 1972 on a small plot in Gendaria, Dhaka. The humble venture with a capital of Tk 50,000 and 20-25 employees transformed into today's City Group's multibillion dollar empire that include more than 35 gigantic businesses covering "Teer" brand edible oil, sugar, flour, shipyard, tea-estate, economic zone, financial services and others.

In the five decades of his business career, the entrepreneur created earning opportunities for more than hundred thousand people, while over 15,000 permanent employees are working to generate over

Tk 28,000 crore in annual revenue for City Group factories right now.

City Group is now meeting one-third of the national market demand for branded consumer goods, while it is also exporting many products with more than 50% of value addition on average.

The group is now working to open six factories in its economic zone with an investment target of \$800 million and 3,000 jobs, which will add to its current annual contribution of over Tk 2,800 crore to the national exchequer.

The story of corporate Bangladesh's rise is similar to that of the City Group, where a number of brave entrepreneurs like the founders of Square, Beximco, TK, Concord, and Jamuna groups opted into the collective dream for nation-building.

Their beginning was mainly with export-imports of key commodities that extended to the next level industries gradually in line with the maturity of the economy and the groups of companies are now engaged in a wide variety of businesses.

Abu Tayab and Abul Kalam – sons of a Chattogram-based merchant – began their commodity trading business in 1972. Their father gave them a capital of Tk 2,000 from his farm earnings and that was the seed money for today's TK Group. Within two years in business, the two brothers co-founded their edible oil mill in Chattogram, which now is a top player in the market. Their dreams of manufacturing goods and providing quality services in the country gave birth to over 60 business entities in a wide range of industries, including edible oil, steel, board, paper, textile, packaging, leather, tree plantation, shipbuilding, securities trading, insurance, and many more that are generating an annual turnover of over Tk 30,000 crore now.

Tariq Ahmed, director of Operations and Marketing at TK Group, said new Bangladeshi entrepreneurs, such as TK Group founders, got the opportunity for doing businesses after the country's independence following the vacuum created by the departure of the previously dominating non-Bengali business families. "Independence fueled their growth in their own land," he added.

The story of Beximco Group is the same as it began with exports of jute and some uncommon commodities available in the newly independent country. Beximco's empire now includes one of the largest textile villages in the region, a world famous pharmaceutical company with its shares trading at the London Stock Exchange's over the counter market, ceramic, fashion house, media, petrochemical, jute, IT, bank, solar power, sports and many others.

Beginning its journey in 1974, Jamuna Group now owns large textiles, chemicals, construction, leather, engineering, beverages, media and advertisement businesses. The group also built the largest shopping mall of the sub-continent in Dhaka.

The independence of the country not only helped create new entrepreneurs, but it also gave space to the previously-founded ventures in the land to flourish.

BSRM Group, the steel pioneer in the country, was in business since the early 1950s, but with a lack of economic opportunity until independence, said Aameir Alihussain, the managing director of the group. "In the two pre-independence decades, our business barely grew. All we have now has mainly flourished in the independent Bangladesh," he said.

After the Liberation War, like other mills and factories, their steel mill in Chattogram was nationalised. Sheikh Mujibur Rahman handed over the mill to the founders in 1974, observing the Gujarati-origin entrepreneur family's skill and devotion in the business and their love for Chattogram.

In the post-independence time, when Bangladesh was struggling for its economic survival, the steel business that was not doing that great in the 1970s, began to grow in the 1980s in tune with the increasing economic activities and constructions.

Real take-off in 1990s

The real take-off came in the 1990s when the country adopted the private sector-led growth strategy. "Our businesses have now kept on growing with time, said

Aameir Alihussain. BSRM Group is generating around Tk10,000 crore turnover each year, having over 4,000 employees and around Tk 8,000 crore in cumulative investments.

The list of ventures in the land older than Bangladesh include MM Ispahani, Habib Group, AK Khan Group, Akij Group, Sikder Group, Rahimafrooz, Square Group, Partex, Navana and Islam Group, Abdul Monem, Abul Khair, Bengal Group, Mir Akhter, and PHP.

They were in businesses, and most of them, except the old elites such as Ispahani or AK Khan, were the contenders in their respective industries. And, each has demonstrated their legendary rise in the independent Bangladesh.

AK Khan Group Director and former DCCI President Abul Kasem Khan said independence was the biggest factor behind the creation of businessmen in Bangladesh. "Prior to independence, the people of this land were neglected in every sphere of life," he said, adding that doing business, getting licences for lucrative businesses, availing bank loans, and having the right infrastructure for businesses, everything favoured the West Pakistanis. In the independent Bangladesh, the situation began to change and everything now belongs to Bangladeshis.

The transformation was spectacular as the private sector enterprises are running the economic engine, which made Bangladesh a land of opportunities for entrepreneurs, consumers and skilled professionals.

"Freedom fueled entrepreneurship here debunking the old myth that Bengalis only can work for others," Abul Kasem, who is also the chairperson of Business Initiative Leading Development (BILD).

The then young founders of PHP and some other of today's conglomerates stepped in for businesses just before the independence as they got the courage following the mass political movement for freedom.

Mohammad Mohsin, vice chairman of PHP Family, a son of its founder Sufi Mohammad Mizanur Rahman, said his father left his bank job and started an import business with a seed capital of Tk1,483 as he observed the demand for many products in independent Bangladesh. The desire for import substitution made PHP invest in state-of-the-art glass factories, shipyards, car assembly and automotive manufacturing and many other products.

Since the mid-1970s, Bangladesh began to get brand new entrepreneurs as the country began to open for

private ventures targeting economic growth and employment. Today's giant conglomerates, including Meghna Group of Industries, Nasir Group, and United Group, had their beginning in the second half of the first decade of independence.

Manpower exports, increasing agricultural production, development projects, and local jobs began to lead to an increase in people's purchasing power in the 1980s and the trend only grew stronger in the following decades in all areas.

The game changing event happened in the 1980s when the country began apparel exports and the availability of low-cost labour, cheap energy supply, government support, LDC facilities, and rise of hundreds of new entrepreneurs in the export-oriented apparel industry created another legend. Bangladesh now is the home to the maximum number of green apparel factories in the world, while it is the second largest apparel exporting nation.

Pharmaceuticals

The rise of Bangladesh's pharmaceutical industry still is a wonder to many despite the fact that local entrepreneurs in the sector began their journey before independence.

Square Pharmaceuticals, the country's pharmaceutical leader, began in 1958 with a small plant in Pabna and Square Group is now serving the big markets of drugs, FMCG products, private healthcare, media and many others.

The supportive pharmaceuticals industry policy in the 1980s and LDC (Least Developed Country) facilities helped unleash the best within the local pharmaceutical talents. Local companies, such as Square and Beximco, have emerged strongly to cater to the demand of the entire local market collectively alongside extending their market reach to over 130 countries, including many stringent developed markets.

From Imperial Chemical Industries to today's Advanced Chemical Industries, from Pfizer Bangladesh to Renata are the examples in the pharmaceuticals sector, while the growth hunger helped ACI to turn into a big conglomerate, having several dozen businesses under the umbrella of the mother pharmaceutical company.

In the 1980s, 1990s and onwards, both the existing and hundreds of new entrepreneurs explored dozens of business fields, including leather, plastic, processed foods and many with a view to exporting

such goods or substituting imports, and grabbing the opportunities offered by the rising purchasing power of consumers.

In the 2000s, the country's entrepreneurs began to focus on modern and comparatively higher-end manufacturing alongside flourishing in services industries. Existing industries, such as apparel, pharmaceuticals, only kept thriving through their manufacturing excellence and increased the level of local value addition.

Electronics, home appliances, bikes

Electrical appliances and electronics companies, including Walton, emerged as the new wonders in the 2010s and many global brands have built their factories here. Almost phasing out imports, local companies are confidently targeting to conquer international markets.

In pharmaceuticals, cement, home appliances, imports now are almost a matter of the past. After decades of imports, Bangladesh has got its two-wheeler industry over the last decade as home-grown Runner Automobile's ambition and the supportive government policy attracted all the popular mass market brands in manufacturing motorcycles in the country, when Runner already began exporting their bikes.

The growing customer base and rapidly developing road infrastructure are drawing in affordable car manufacturers to set up factories in the economic zones here. Also, the country's technology entrepreneurs are on the display of their strength in respective fields.

Financial Services

Mobile financial services giant Bkash has recently attracted investments from Japanese Softbank-led venture capital fund for the first time in the country, while startups, such as Pathao and Shopup, are making international media headlines. Local firm DataSoft is working in the background of smart-home transformation in Japan.

A mix of professional and entrepreneurial skills helped many Bangladeshi executives take over foreign firms they worked for, while the companies were leaving the market after decades of operations.

Abbas Uddin Noyon is a Senior Correspondent at The Business Standard.

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Transformation of Bidi Businesses into Major Conglomerates

Shakhawat Hossain



The initial success in the bidi rolling business has laid the foundation for the transformation of at least four cottage-based units into major corporate groups in Bangladesh, diversifying into household products and financial instruments in the money market. The bidi industry in Bangladesh has its roots in traditional household-based production. For many years, bidi rolling was a cottage industry, with families working together to produce these hand-rolled cigarettes. The industry faced several challenges, including low wages, poor working conditions, and the involvement of children in bidi production. Despite these obstacles, bidi production continued to be a significant source of employment for many rural families.

Over time, the bidi industry began to grow, with the top firms accounting for a substantial portion of the market. The industry's contribution to the economy became more pronounced, with bidi production providing employment to thousands of workers. The tobacco industry also played a major role in the country's tax revenue by contributing about 35,000 crore taka annually, with bidi sales making a significant contribution to the national budget.

In recent years, the bidi industry has seen a wave of modernization and diversification. Many bidi companies have expanded their operations, moving beyond traditional bidi production to include other sectors such as real estate, cement manufacturing, and Fast-Moving Consumer Goods (FMCG) products. This diversification has allowed bidi businesses to become major conglomerates, contributing to the overall economic growth of Bangladesh.

Notable Conglomerates

The Akij Group, established by the late Sheikh Akij Uddin, stands out as a leader among these groups. Abul Khair laid the foundation for the Abul Khair Group before his untimely death, and the Nasir Group was led by the late Nasir Uddin Biswas. The Bharosha Group was founded by two brothers, the late Rahim Uddin Bharosha and the late Karim Uddin Bharosha. These groups, mostly dominated by family hierarchies, have often been criticized for non-professionalism, leading to family feuds and falling performance in the case of sudden deaths of the owners.

Despite these challenges, the dedication and industry of hand-rolled bidi manufacturers should not be underestimated. The bidi rolling business has always been viewed as less preferable compared to other industries. However, from their humble beginnings, imaginative bidi rollers have utilized surplus profits from their blue-collar factories to venture into other manufacturing activities.

They have also engaged in trading businesses to overcome difficult periods and stay competitive, starting with the partition of the Indian subcontinent into India and Pakistan (West Pakistan and East Pakistan) in 1947 by colonial British authorities. The emergence of Bangladesh from its status as East Pakistan in 1971, through a nine-month war against West Pakistan, promised many prospects for socio-economic conditions. Many bidi makers began diversifying their products and dreamed of establishing large-scale industries since the 1990s, with the rising middle class and growing consumer base. However, their

foray into fast-moving consumer goods was not smooth, facing stiff competition from multinational and established companies. The venture into food and beverages by bidi rollers faced difficulties, as acquiring soft drink formulas and technology transfers from international companies proved challenging due to their association with tobacco.

Journey of Akij Group

Akij Group overcame numerous challenges in the 2000s to accelerate its diversification process. The success of its Dhaka Tobacco factory, which dominated the lower segment of the cigarette

roller in this part of world just after the partition of the India.

Sheikh Akij Uddin's journey began in Khulna, where he returned at the onset of World War II from Calcutta, then the capital of British Raj in undivided India. In 1950, he opened a small shop to sell Tendu Patar Bidis (made of dry Tendu leaves with tobacco). As it was quite difficult to convince retailers to sell his bidis when other well-known established brands such as 'Bidhu Bidi', 'Wahab Bidi' and 'Surma Bidi' were available, Akij decided to differentiate his bidis from those established brands. He started purchasing bidi



market, provided the financial foundation for this transformation. Flush with liquidity from Dhaka Tobacco, Akij Group attracted the attention of cigarette giant Philip Morris, who sought to manufacture and sell Marlboro cigarettes in the burgeoning local market. This deal was finalized a year after the death of Sheikh Akij Uddin, who had been concerned that Philip Morris's initial entry could eventually lead to the acquisition of the entire tobacco business—a scenario he wished to avoid, given his significant contributions to the company's growth and his pioneering tobacco blends. Such a thing will be a tragedy for him in his lifetime since the company was mostly advanced over the year under his leadership and the blends of tobacco he had invented to market cigarettes. In fact, mastering the art of blending to the taste of smokers paved the way for his success as a bidi

leaves from small village retailers at low prices. He then bought different kinds of tobacco from the market and mixed them in his bidis to obtain a unique blend with different tastes. This innovative approach led to rapid prosperity in his business.

In 1999, Sheikh Akij Uddin divided his assets among his ten sons from three wives, with Dhaka Tobacco being managed by Sheikh Bashir Uddin. In 2018, Japan Tobacco Inc., one of the world's largest tobacco companies, acquired Akij Group's tobacco business for \$1.5 billion—the largest single foreign direct investment in Bangladesh. Akij Group also invested around \$100 million in Malaysia in 2017 and 2018 with government approval.

Rise of Abul Khair Group

The rise of the Abul Khair Group also began with a bidi venture. Abul Khair started his business at

Pahartali in Chattogram in 1953, moving there from his hometown in Noakhali. Beginning with just two employees, his first venture was 42 Number Bidi. The group, which also produced Special Abul Bidi, expanded its factories to Feni, Noakhali, and Cumilla. Abul Khair diversified further by establishing a brick kiln and a lungi factory, investing in a cinema hall, and engaging in import businesses. He purchased land for future factories but passed away on February 4, 1978, before realizing his larger industrial ambitions. His brave family members, however, continued his legacy, expanding the business. Since then his family members steered the ship floated by the late Abul Khair. His successors eventually succeeded in overcoming this tough test to save the business and industry he had left behind. They ventured into heavy industry with corrugated iron sheets in 1993, established a cement industry in 2002, and entered the tea business in 2004. By 2020, the Abul Khair Group was listed by the International Finance Corporation (IFC) of the World Bank Group as the top from 23 private sector companies in Bangladesh, with an annual revenue of \$1.70 billion or about Tk 15,000 crore.

Growth of Nasir Group

Nasir Group, established by Nasir Uddin Biswas in 1977, also began with handmade bidis under the brand name 'Nasir Bidi'. The group rose to prominence with the establishment of its float glass factory in 2005, followed by Akij Glass and PHP Float Glass. The company annually produces approximately 300,000 tonnes of various glass types, including transparent, coloured, reflective, tempered, and soundproof glass, as well as car mirrors. In 2018, a new facility with a daily production capacity of 600 tonnes enabled the country to meet its entire annual demand through local production. Nasir Uddin Biswas, known for his pioneering role in establishing the first sports shoe and melamine factories, passed away in 2022. Following his death, his family engaged in legal conflicts over company control, leading to a plea for the liquidation of Nasir Float Glass Industries Ltd-- the flagship project among at least a dozen industries. The children of his first wife, Anwara Biswas, manage Nasir Glass Industries Ltd and

Nasir Float Glass Industries Ltd, while his second wife, Taslima Sultana, and her children have gained control of eight out of the twelve companies. A petition filed in October 2022 seeks the liquidation of Nasir Float Glass to recover nearly Tk 200 crore in debt.

Rahimuddin and Karimuddin Bharosha:

The Reliance of the Poor

Rangpur, the oldest district in the north, is home to a largely impoverished population along the Teesta, Ghaghat, Jamuneshwari, and Karatoya rivers. Among this community stands the renowned Bharosha family, led by Rahimuddin and Karimuddin Bharosha. The Bharosha brothers were born in Haragach, the famous bidi industry town in Kaunia Upazila of Rangpur. These brothers, who amassed wealth through their tobacco business, were also active in politics, representing Rangpur in the National Parliament and dedicating themselves to society. They generously donated their wealth to advocate for the rights of the poor and established various industrial institutions, mosques, madrasas, schools, colleges, medical service centers, and religious institutions in the area.

Rahimuddin Bharosha, from Rangpur District, became a prominent businessman through merit, sincerity, honesty, and hard work, starting with bidi manufacturing. He chaired R.V. Cold Storage Ltd, Azizun Nessa Cold Storage Ltd, Vorosha Match Industries Ltd, and Vorosha Cold Storage Ltd. Rahimuddin passed away in 2020, leaving behind five sons and nine daughters. His son, Md. Azizul Hoque, a well-known businessman and former chairman of Peoples Insurance Company Ltd, continues to manage his father's jute and agrochemical businesses. Karimuddin Bharosha died in 2022. Sirajul Islam Bharosha, a director of the Board of Directors of Jamuna Bank PLC and son of Karimuddin Bharosha, also oversees the businesses established by his late father.

Shakhawat Hossain is a Special Correspondent of the daily New Age

আধুনিক ও প্রযুক্তিনির্ভর ইসলামী শরীয়াহ্ ভিত্তিক ব্যাংকিং প্রচার প্রচেষ্টা



Importance of Corporate Governance

Sazzadul Hassan



Corporate governance refers to the framework of rules, practices, and processes by which a company ensures its accountability, transparency and ethical behavior; reduces risks and fraud. It also affirms corporations to be fair to all stakeholders, including shareholders, employees, customers, suppliers, and the wider community.

Corporate governance is becoming extremely critical in the backdrop of rapidly changing consumer mindset and stringent regulatory environment. Study shows, consumers in today's world are much more conscious about social, environmental and ethical issues. They prefer the goods and services being offered by the organizations making conscious efforts to run businesses ethically and responsibly.

This mindset shift of the society has prompted the regulators around the world to come up with stringent laws and regulations for the businesses to comply with.

In recent past, the world has witnessed collapse of some of the mighty corporations mainly due to not having effective corporate governance in place. Renowned business magazine 'Fortune' named

Enron as "America's Most Innovative Company" six years in a row prior to its collapse in 2001. It was a clear case of frauds riding on accounting manipulation. Investigations revealed that, along with a few directors, top executives of the company cooked the books. Company's profit was significantly overstated and thus misled investors. On December 02, 2001, Enron declared chapter 11 - bankruptcy.

Just after the Enron scam was over, telecom giant WorldCom was found guilty of manipulating its books. They were reporting operating expenses as investments and thus inflated its assets massively. Concerned authority charged WorldCom with securities fraud. The company eventually

filed for bankruptcy, which was one of the largest in the US history at the time. Volkswagen ended up paying its fortune as a consequence of the diesel emissions scandals that broke in September 2015.

Wells Fargo, a reputed financial services company, was fined heavily for creating millions of unauthorized accounts in customers' names to



Photo: Corporate governance framework.

Source: Internet

meet aggressive sales targets. The scandal revealed significant governance failures, including a lack of oversight and accountability at the management level. The health technology company Theranos Inc. faced legal actions due to fraud allegations related to its blood-testing technology. The Securities and Exchange Commission (SEC) charged the company with massive fraud in 2018. In 2019, GE faced scrutiny and legal challenges over its accounting practices and financial disclosures, particularly related to its insurance business.

Above examples reinforce, companies that violate corporate governance principles can face severe consequences like legal penalties, loss of reputation, dwindled investor confidence, operational disruption, increased scrutiny from regulators, last but not the least, employee morale and retention issues.

Regulators around the world are enacting different laws and regulations to ensure corporations run their operations lawfully and ethically. In the US, the Sarbanes-Oxley Act (SOX), was enacted to enhance financial disclosures and combat corporate fraud. The Dodd-Frank Act introduced significant changes to financial regulation, including provisions related to executive compensation and shareholder rights.

European Union introduced the Corporate Governance Framework with an objective to improve transparency, accountability, and the protection of shareholders' rights. There are many other countries which have their own codes of corporate governance to be strictly adhered to by the businesses.

Companies need to focus on certain things to ensure effective governance. Those are:

1. **Strong board of directors:** Board of directors play the most critical role in ensuring good governance. Therefore, companies should form a diverse and independent board that includes experienced members who can provide oversight and strategic guidance. Regular training and evaluations can help maintain board effectiveness.
2. **Well defined policies and procedures:** Organizations should have comprehensive governance policies and procedures that clearly

outline the roles, responsibilities, and expectations for all stakeholders. This includes codes of conduct, conflict of interest policies, and compliance mechanisms. Those policies need to be communicated among all stakeholders to ensure strict adherence.

3. **Transparency:** Companies should ensure transparency in their operations by providing timely and accurate information to stakeholders. Regular disclosures and reports can help build trust and accountability.

4. **Stakeholders engagement:** Actively engaging with stakeholders—such as shareholders, employees, customers, regulators, and community members—can help companies understand their concerns and expectations, fostering a culture of openness and collaboration.

5. **Risk management frameworks:** Companies should establish robust risk management systems to identify, assess, and mitigate potential risks. This can help prevent governance failures and ensure the long-term sustainability of the organization.

6. **Ethical culture:** Fostering an ethical culture within the organization is extremely important. This can be achieved through employee training, a clear code of ethics, and mechanisms for reporting unethical behavior without fear of retaliation.

7. **Continuous monitoring and improvement:** Organizations should regularly assess their governance practices and seek opportunities for improvement. This can involve independent audits, stakeholder feedback, and staying informed about evolving governance standards and regulations.

Despite stern regulations, there are many instances of businesses violating corporate governance principles. Needless to mention the importance of appropriate laws and tighter internal control framework in place, however, perhaps the most important tool to prevent unethical ways of doing business is the ethical values being practiced all across the society at large. At the end of the day individual's integrity matters the most.

Sazzadul Hassan, Chairman and Managing Director of BASF Bangladesh Limited.

Corporate Involvement in the Commercialisation and Export of Agriculture

Kawsar Rahman



In recent years, several corporations in Bangladesh have begun to invest in the agricultural sector. Although their entry into this field has been somewhat delayed, these businesses are now actively participating in various agricultural enterprises. They have particularly focused their investments on seeds, fertilizers, pesticides, agricultural machinery, and product processing businesses. However, it is crucial for corporate entities to channel more investment into the processing and export sectors rather than engaging in traditional small and medium agricultural businesses. By doing so, they can significantly boost the export of processed agricultural products from Bangladesh, leveraging the country's raw agricultural materials. This strategic shift would not only benefit the private sector but also ensure fair prices for farmers and generate substantial foreign exchange for the government, alongside increasing employment opportunities in the country.

According to the Sustainable Development Goals (SDGs) set by the United Nations, Bangladesh must resolve its food shortage and nutrition issues by 2030. Achieving this goal requires increasing the growth rate of the agricultural sector to at least 5 percent from the current rate, which has averaged below 3 percent over the past five years. To meet this target, it is imperative to attract more investments into the agricultural sector. Both the government and the corporate sector in Bangladesh need to support these investments to drive the necessary growth.

Despite a decline in productive land, the adoption of high-tech methods and the cultivation of high-yielding crop varieties are on the rise. Various companies are processing and exporting agricultural products. However, the primary buyers of these exports have so far been expatriate Bangladeshis. Bangladesh has not yet penetrated the broader international markets for vegetables, fruits, and processed goods, except for ethnic markets. This limited reach is primarily due to challenges in ensuring advanced packaging, maintaining high quality of exported agricultural products, and the logistics of rapid transport. The high cost of air freight and inadequate cargo transport infrastructure further exacerbate these issues.

According to the Bangladesh Investment Development Authority (BIDA) and the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), the global agricultural product market with an increasing demand for processed foods, was worth \$14 trillion in 2023 and is projected to grow at an annual rate of 8 percent, reaching \$20 trillion by 2030. This indicates vast potential in the agricultural and processed food export sector. However, Bangladesh has yet to tap into even 1 percent of this potential. The direct contribution of agriculture to national exports remains very low, with agricultural and processed products accounting for about 2 percent of total exports. Including frozen fish and jute products, agriculture's share rises to nearly 6 percent—still insignificant compared to its potential. According

to the Export Promotion Bureau (EPB), agricultural products contributed about 2 percent to national exports in the fiscal year 2023-24. Bangladesh's agricultural export earnings were \$1028 million in 2020-21, which decreased to \$965 million in FY 2023-24.

Bangladesh exports fresh vegetables and fruits to at least 43 countries, including Middle Eastern nations, the UK, Italy, France, Greece, Germany,

Addressing the challenges in packaging, quality assurance, and logistics is essential for Bangladesh to achieve this goal. By leveraging technological advancements and fostering greater investment in the agricultural processing sector, Bangladesh can significantly increase its share in the global agricultural market, benefiting the economy and improving the livelihoods of its farmers.



Sweden, Finland, Switzerland, Austria, the Netherlands, Malaysia, Hong Kong, and Sri Lanka. However, compared to its SAARC neighbors, Bangladesh's agricultural exports are minimal. India's agricultural exports are worth \$52.5 billion, and Pakistan's exceed \$8 billion. Therefore, substantial opportunities exist for Bangladesh to enhance its agricultural export performance and capitalize on the growing global market for processed foods.

Investment Opportunities in Agriculture Sector
Overview of the Agribusiness Industry: Bangladesh's domestic food and agribusiness industry is valued at approximately 50 billion US dollars. It benefits from a low-cost workforce, a large domestic market, a substantial export market, and various investment incentives. However, the post-production wastage of agricultural products in Bangladesh is alarmingly high, reaching up to 40 percent. This presents a significant opportunity for investment in supply

chain and value chain development.

Modernizing Cold Storage: There is an urgent need to modernize the cold storage infrastructure in Bangladesh. It is estimated that around 2 billion dollars or 25,000 crore taka must be invested annually in six priority areas: modern cold storage and post-harvest management, agricultural processing and marketing, climate-smart agriculture, irrigation and water management, development of skilled human resources, and adoption of fourth industrial revolution technologies. Currently, Bangladesh lacks the technology to preserve vegetables like onions, mangoes, and tomatoes, leading to a post-harvest wastage of 25 to 40 percent of these products. An estimated investment of about 500 million dollars is needed to establish 1,000 multipurpose cold storages, each with a capacity of at least 200 metric tons.

Sectors Ripe for Investment: There are immense opportunities for investment in Bangladesh's agriculture sector, particularly in the development of cold storage, mechanization of the processed food industry, supply chain enhancements, halal food production, and the manufacture of agricultural machinery. The global halal food market is currently valued at 2,000 billion dollars. The Bangladesh government offers a 20% export subsidy for agricultural processed foods and halal meat exports. However, with rising domestic market prices, many corporations find the domestic market more profitable than exports.

Agricultural Sector's Economic Impact: The agricultural sector is crucial for Bangladesh's food security, supporting a population of 180 million people. Although its contribution to the gross domestic product (GDP) has decreased to 13 percent, about 41 percent of the workforce is still engaged in agriculture. The progress of Bangladesh's industrial and service sectors is also heavily reliant on agriculture. Thus, there is a vast scope for increasing public and private investment in this sector, particularly in infrastructure and technology development. To boost agricultural

exports, it is essential to improve packaging and quality standards by establishing world-class packing houses and accreditation laboratories.

Corporate Investment and Global Market Capture: Corporate investment is vital for capturing the expansive global agricultural product market. This can be achieved through two primary methods: developing high-quality packaging for direct export of agricultural products and increasing investments in existing agricultural processed products. By adhering to international standards, corporate groups can enhance their exports by working with contract farmers and using modern packaging techniques. Not only will this benefit farmers, but it will also boost the country's export earnings and corporate profits. Currently, companies like Pran-RFL, Square, Kazi Farm, Paragon are successfully exporting processed agricultural products such as juices, snacks, biscuits, culinary items, confectionery, and frozen foods to developed countries where demand is high.

Addressing Export Challenges: Stakeholders of various export-oriented agricultural products have identified several obstacles to export, including the lack of modern packaging houses and accreditation labs, insufficient space for agricultural products in cargo planes, and delays in issuing necessary certificates. Additionally, high testing charges, absence of cold chain systems, and lack of market information from importing countries further hinder exports. The government has allocated 2 acres of land in Purbachal, Dhaka, for establishing a modern packaging house and accreditation lab. Once operational, this facility will streamline the transportation and export of goods, especially to Europe and the Middle East.

Agricultural Machinery Sector: The agricultural machinery market in Bangladesh is worth about 1 billion dollars annually. Most machinery is imported, causing a significant outflow of foreign exchange. Some local companies manufacture agricultural machinery on a small scale, but their production does not meet national demand.

Currently, 80 percent of the land is cultivated using machinery, with high usage rates for pesticide application and crop threshing. However, more sophisticated machinery, such as harvesters, transplanters, and seed sowing machines, are mostly imported. Developing and producing these machines locally could strengthen the agricultural economy and offer substantial business opportunities for corporate investment. Locally produced machines could be more affordable and reduce reliance on imports.

Investment Potential in Seeds: The seed sector is a crucial sub-sector of agriculture in Bangladesh, yet there is a significant shortage of quality seeds. Seeds are the primary input for agricultural development. Agricultural scientists assert that without high-quality seeds, the effectiveness of other inputs is severely diminished, sometimes rendering them entirely wasteful. Using quality seeds can potentially increase agricultural production by 20-25 percent. However, the supply of quality seeds in Bangladesh is limited, with annual demand at 1.255 million tons, but only 35 percent of this demand being met by a few government and private organizations. Farmers must supply the remaining 65 percent themselves, often storing seeds such as rice in their own warehouses or private cold storages.

The Bangladesh Agricultural Development Corporation (BADC) currently produces 150,000 tons of seeds, meeting only 12 percent of the demand. The Department of Agricultural Extension (DAE) provides an additional 40,000 tons or 3 percent of seeds. Among the 13 government research organizations, six focus on research and development of varieties in rice, jute, wheat, corn, and vegetables, including institutions like the Bangladesh Agricultural Research Institute (BARI) and the Bangladesh Rice Research Institute (BRRI). These institutes develop new seed varieties and transfer the technology to farmers.

Since the 1990s, the private sector has mainly engaged in importing and marketing hybrid

vegetable seeds. However, few private companies have ventured into seed production. Notable companies involved in small-scale research, production, and marketing include Lal Teer, ACI, Brac, Metal Agro, and Supreme Seed. Additionally, Syngenta Bangladesh, a multinational company, is involved in seed production, import, and marketing. Collectively, private companies produce and market around 215,000 tons of seeds, meeting about 17 percent of the demand.

The demand for potato seeds are the highest, totaling about 800,000 tons annually, with 80 percent produced and stored by farmers and the remaining 20 percent imported by private companies or supplied by government agencies. According to the Bangladesh Seed Association, 35 percent of total seed demand is met through imports by private companies, with the rest supplied jointly by public and private entities. Lal Teer Seed leads in seed research, production, and marketing, particularly in hybrid vegetable seeds, claiming to supply 182 varieties of vegetable seeds from 31 crops and exporting some varieties as well. There are significant opportunities for investment in seed research, production, and marketing in Bangladesh. Companies can either produce quality seeds themselves or collaborate with contracted farmers to supply the market.

Role in Technology Transfer: Agriculture in Bangladesh has undergone significant transformation over the past four decades, yet the condition of farmers remains relatively unchanged. The current era is characterized by rapid advancements in modern technology, but these innovations often fail to reach farmers due to insufficient investment or delayed implementation. Bangladesh lags in modern irrigation technology, lacking systems like drip irrigation. Despite having extensive agricultural knowledge, the country falls short in technical expertise, preventing farmers from achieving prosperity despite their hard work.

Increasing the use of modern technology is essential to enhance farmers' livelihoods. Corporate groups can play a crucial role in disseminating modern technology. Some companies already provide technical assistance to farmers under contract arrangements for specific crops.

More Foreign Investment: According to Bangladesh Bank, in 2023, the agriculture and fisheries sector received \$58 million in investments, up from \$39 million in 2022. The largest investment came from Singapore (\$24.4 million), followed by Thailand (\$15 million) and the Netherlands (\$9 million). Corporate groups have been instrumental in attracting foreign investment through joint ventures with foreign companies. Thailand serves as an exemplary model, with agriculture contributing over 23 percent to its GDP and earning more than \$35 billion from exports. Inspired by Thailand, the corporate sector in Bangladesh is increasingly interested in adopting technology for food processing.

Disadvantages of Corporate Investment: Despite significant advancements in Bangladesh's agriculture over the past four decades, corporate involvement in the sector has been limited. Instead of focusing on increasing agricultural production and reducing prices, many corporates prioritize marketing products related to agricultural production. Recently, a new class of educated agricultural entrepreneurs has emerged in rural areas, leasing large tracts of land for crop production. Corporates mainly interact with these entrepreneurs.

The production of rice, Bangladesh's staple food grain, has seen substantial corporate involvement. Modern milling methods have attracted large industrial groups to the rice mill business, leading to the production of various rice by-products like rice flour, semolina, puffed rice and rice bran oil, which are then sold at higher prices through packaging. Consequently, the local market has

been impacted by the increased prices of packaged rice. Large corporations like Square, Pran-RFL, ACI, Basundhara, Fresh, and City Group have entered the puffed rice manufacturing business, and the rise of corporate involvement has led to higher prices and the formation of syndicates in the rice market. These industrial groups buy large quantities of paddy at low prices during the growing season and store it, selling it later at higher prices. This has led to increased market prices, but ordinary farmers have not benefited. Similar trends are observed in markets for eggs, edible oil, meat, milk, etc., where corporate business has been accused of creating chaos and profiteering instead of providing consumer benefits.

To counteract these issues, it is crucial to enhance government monitoring and legal measures. Corporate groups can engage in marketing agricultural products through contract farming, purchasing products at fair prices, and packaging and marketing them independently or through joint ventures with foreign companies. As fewer young people participate in agriculture and the average age of farmers increases, the demand for corporate involvement in the sector is growing. Favorable government policies are necessary to encourage corporate investment and break the syndicate system in the supply of agricultural products, making the market more competitive. Only then can consumers reap the benefits of corporate investment in the agricultural sector. By addressing these opportunities and challenges, Bangladesh can significantly enhance its agricultural sector, ensuring food security, boosting exports, and fostering economic growth.

Kawsar Rahman is City Editor of Daily Janakantha.



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Ethical Challenges and Opportunities in Bangladesh Corporate Business

Mir Lutful Kabir Saadi



In Bangladesh, corporate businesses face a variety of ethical challenges and opportunities as they operate in a rapidly developing economy. The country's business landscape is influenced by socio-economic factors, governance issues and globalization. The fundamentals of ethical perspectives in corporate business in Bangladesh revolve around principles that guide decision-making and behavior to ensure fairness, accountability and sustainability. These principles are influenced by cultural, legal and global factors. In fact, ethics are crucial in corporate business in Bangladesh for several reasons, as they promote trust, sustainability and long-term growth while addressing the unique challenges of the local economy.

Corporate ethics, also known as business ethics, refers to the principles, values and standards that guide the behavior and decision-making of an organization in its dealings with stakeholders, including employees, customers, suppliers, investors and society at large. It involves adhering to laws, maintaining transparency, acting with integrity and taking responsibility for the social, economic and environmental impacts of business activities.

Ethics are crucial in corporate business in Bangladesh for several reasons, as they promote trust and sustainability. Below is an overview of the key ethical challenges and opportunities in the Bangladeshi corporate sector :

Corruption and Bribery: Corruption is one of the most pervasive challenges in Bangladesh. Businesses often face pressure to engage in unethical practices such as bribery to win

contracts, secure permits, or bypass regulations. Lack of transparency and bureaucratic inefficiencies create opportunities for corruption.

Labor Rights Violations: Many industries, particularly the Ready-Made Garments (RMG) sector, face issues related to low wages, unsafe working conditions and excessive working hours. Instances of child labor and poor compliance with labor laws can harm a company's reputation internationally.

Environmental Degradation: Industries such as textiles, shipbreaking and manufacturing contribute to pollution, deforestation and water contamination. Many companies lack proper waste management systems, which negatively affect the environment and public health.

Corporate Governance Issues: Weak corporate governance frameworks and a lack of accountability in decision-making can lead to financial fraud, mismanagement and conflicts of interest.

Tax Evasion: Many companies underreport earnings to evade taxes, depriving the government of revenue for public welfare. This practice contributes to income inequality.

Lack of Consumer Protection: Ethical issues such as false advertising, substandard product quality and misleading claims are common in certain industries. Customers often have limited avenues for redress due to weak consumer protection mechanisms.

Practices Corporate Social Responsibility (CSR): Companies in Bangladesh have the opportunity to engage in CSR initiatives, such as community development, education programs and health care

services. Effective CSR helps build trust with stakeholders and contributes to sustainable development.

Promoting Corporate Social Responsibility (CSR): Encouraging businesses to take a more proactive role in CSR can create a positive impact on society. Governments and industry leaders should incentivize companies to adopt sustainable and socially responsible practices by offering tax breaks or recognition awards. Creating partnerships between businesses, local communities and NGOs can help integrate ethical practices into core business strategies.

While Bangladesh faces significant ethical challenges in its corporate sector, businesses have clear opportunities to adopt ethical practices that drive long-term growth and sustainability. By prioritizing governance, labor rights, environmental responsibility and transparency, corporations can contribute to the country's development and improve their competitive edge in global markets. The business environment in the country has evolved over the years, prompting firms to address ethical challenges more proactively.

In Bangladesh, businesses are expected to adhere to ethical standards to strengthen consumer trust and credibility. A strong ethical foundation ensures fairness, accountability and compliance with local laws and regulations. Moreover, maintaining an ethical approach can contribute to a company's long-term stability and growth.

Many businesses continue to engage in unethical practices due to weak enforcement of existing laws and regulations, a lack of corporate transparency, and limited corporate social responsibility (CSR) initiatives. Furthermore, some industries face a considerable gap between ethical expectations and real-world practices. While multinational corporations and some local companies have started adopting international ethical standards, small and medium enterprises (SMEs) often lack the resources and knowledge to integrate these practices effectively.

By adopting these measures, Bangladesh's corporate sector can improve its ethical standards, foster sustainable business practices and align

more closely with global ethical benchmarks. This would not only enhance Bangladesh's reputation as a business hub but also contribute to its long-term economic and social development.

Dr. Mahmudul Alam, Associate professor, School of Economics, Finance and Banking, University Utara Malaysia (UUM) has keen interest of practicing ethics in corporate business in Bangladesh. He has been ranked as Malaysia's top researcher in accounting & finance and honored by BDRC (USA) as a 'Top Bangladesh Development Researcher of the Millennium'. He pointed out that corporate ethics in Bangladesh remains weak, with inconsistent adherence to governance laws and limited adoption of Corporate Social Responsibility (CSR). Larger corporations show some progress but SMEs face resource constraints and enforcement of ethical practices is lacking. Issues persist in labour management, environmental compliance and financial transparency, highlighting the need for stronger oversight and accountability, he added.

Dr. Mahmudul Alam opined that key ethical concerns in corporate business in Bangladesh include corruption, labour rights violations and environmental negligence. Widespread bribery, unsafe working conditions in industries like textiles and unchecked pollution underscore systemic issues. Additionally, financial mismanagement and consumer exploitation further erode trust and hinder sustainable growth.

Dr. Mahmudul Alam further noted that improving corporate ethics requires stricter law enforcement, greater transparency and expanded CSR efforts, ethics, education, employee training and global reporting standards can foster accountability, while consumer and stakeholder pressure can drive compliance. These steps are crucial for aligning with global standards and promoting sustainable development, he opined.

Noted chartered accountant of the country Mr. Ali Ashfaq, FCA from England & Wales has deeply observed various corporate business houses in Bangladesh. He is a board director of the Biman Bangladesh Airlines and also Audit & Finance Committee Chairman of this airline. He also is serving as a member of the National Review

Committee, Ministry of Power and Energy. We wanted know from him what is the current state of corporate ethics in Bangladesh? In reply he said that some areas of corporate ethics have improved over the last decade e.g. staff safety and welfare in garments industry. However, this is an exception rather than the norm in our country. Since independence more than five decades ago, corporate ethics have significantly deteriorated, most significantly in the financial sector and corporates in dealings with the public sector.

In which areas is the lack of corporate ethics most noticeable? In response Mr. Ali Ashfaq pointed out that the most significant areas of concern in corporate ethics are: (a) Illegal and ineligible loans provided by banks and other financial institutions and related issues like lack of security for loans, waiving principal/interest and not repaying principal/interest. (b) Money laundering overseas by over-invoicing, under-invoicing, hundi and other means. (c) Corporates indulging in corruption and bribery of public service officials to obtain ineligible/illegal favours e.g. underpay tax/VAT/customs duties, manipulate and obtain tender awards, obtain illegal electricity/gas/connections, obtain ineligible licenses/permits, etc. (d) Violation of environmental laws and regulations to generate extra profit by industries including river/lake grabbing, air pollution, water pollution, deforestation, soil erosion, etc. (e) Adulteration and sub-standard food resulting in illness and even death, as well as significant medical cost burden on the sufferers and the country.

What can be done to improve corporate ethics? On this questions noted chartered accountant Mr. Ali Ashfaq observed that the decline in corporate ethics over decades cannot be resolved easily or quickly. However, with the collective determination of all stakeholders, significant improvements can be achieved by implementing the following recommendations: (a) Strengthen laws and regulatory frameworks related to corruption, money laundering and environmental protection, while imposing substantially stricter penalties for non-compliance. Enforce greater transparency in corporate operations, including

financial and environmental reporting, accompanied by rigorous oversight from regulatory bodies. (b) Increase stakeholder engagement through consumer pressure, civil society initiatives and investor activism. (c) Educate the public and raise awareness about the importance of ethical practices. (d) Foster an ethical culture through comprehensive ethics training and strong ethical leadership. (e) Leverage blockchain and other advanced technologies to enhance transparency and traceability across supply chains.

After second independence of Bangladesh it is expected that the visibility of ethics in future corporate business in the country is likely to increase significantly. The visibility of ethics in Bangladeshi corporate business is likely to increase. However, challenges remain; these include a lack of awareness and understanding of ethical principles among some businesses, weak enforcement of regulations and a culture of corruption that can undermine ethical progress. However, the growing pressure from consumers, governments and global trends is likely to drive a significant shift towards more ethical and sustainable business practices in Bangladesh.

Mir Lutful Kabir Saadi, Chief Editor, outlookbangla.com; Fellow, 21st Century Trust, UK.; and Member of ERF.



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দাবীর পরিমাণ: ১৮৬,৬৩৪,৯০৬ টাকা

মৃত্যুদাবী পরিশোধ

দাবীর সংখ্যা: ২৬২ টি

দাবীর পরিমাণ: ৩৯,২৭৩,০৩৯ টাকা

মেয়াদোত্তর বীমা দাবী পরিশোধ

দাবীর সংখ্যা: ৩১৮ টি

দাবীর পরিমাণ: ২৪,৩৩৫,৪৪৪ টাকা

ইন্স্যুরেন্স এ বিনিয়োগ করে
আর্থিক নিরাপত্তার সাথে নিশ্চিত
হবে ভবিষ্যৎ প্রজন্মের নিরাপত্তা

স্বাস্থ্য বীমা দাবী পরিশোধ

দাবীর সংখ্যা: ২,৪৪৮ টি

দাবীর পরিমাণ: ১৮,১৬১,১৪২ টাকা

পলিসি বিনিয়োগ

দাবীর সংখ্যা: ১০২ টি

দাবীর পরিমাণ: ৬,৭৯০,২৪৮ টাকা

দেশের ৩৬ টিরও বেশি স্বনামধন্য প্রতিষ্ঠানের সাথে আমাদের গ্রুপ বীমা চুক্তি রয়েছে, যার মধ্যে উল্লেখযোগ্য হলো-

- ১ রাজশাহী বিশ্ববিদ্যালয়
- ২ জাহাঙ্গীরনগর বিশ্ববিদ্যালয়
- ৩ শেরে বাংলা কৃষি বিশ্ববিদ্যালয়
- ৪ বঙ্গবন্ধু শেখ মুজিবুর রহমান কৃষি বিশ্ববিদ্যালয়
- ৫ বেঙ্গল গ্রুপ
- ৬ ইয়ুথ গ্রুপ
- ৭ সাউথ ইস্ট বিশ্ববিদ্যালয়
- ৮ ইস্টার্ন বিশ্ববিদ্যালয়

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Rising Corporates: Managing Environmental and Climate Issues

Farhad Hossain Talukder



The corporate sector in Bangladesh has witnessed significant growth over the past few decades, becoming a critical driver of the country's economic progress. This sector encompasses a broad range of industries, including textiles and garments, pharmaceuticals, information technology, banking, and telecommunications. The ready-made garment (RMG) industry, in particular, has positioned Bangladesh as a global manufacturing hub, contributing a substantial portion of export earnings. Local conglomerates have diversified their operations, further strengthening the domestic economy. Meanwhile, multinational corporations such as Unilever, Grameenphone, and Standard Chartered Bank play a pivotal role in modernizing the business landscape and fostering international trade.

The sector benefits from a growing pool of skilled professionals, a competitive labor market, and government initiatives that encourage investment and entrepreneurship. However, challenges such as bureaucratic hurdles, corruption, and inadequate infrastructure continue to impede its full potential. As Bangladesh strives to transition to a middle-income economy, the corporate sector remains essential for sustainable development and economic resilience. However, there is another crucial issue related to this sector—its environmental and climate impact.

While the growing corporate sector has significantly contributed to economic development, it also presents substantial challenges concerning climate change. Industries such as textiles, garments, cement, and energy production are often major contributors to environmental degradation through high levels of greenhouse gas emissions, water pollution, and deforestation.

According to a World Bank report published in 2016, Bangladesh's environmental degradation costs the country around 6.5% of its GDP annually. This includes the costs of deforestation, air and water

pollution, land degradation, and the impacts of natural disasters like floods, cyclones, and droughts. The degradation is primarily caused by the corporate and private sectors also.

RMG sector

The RMG sector, for example, consumes vast amounts of water and discharges untreated industrial wastewater into rivers, exacerbating water scarcity and pollution. The sector's rapid growth has undoubtedly spurred job creation and export earnings but has also fueled unplanned urbanization in key industrial areas like Dhaka, Gazipur, Narayanganj, and Chattogram. This unplanned urbanization has led to significant environmental pollution and heightened climate change risks.

The influx of workers into these industrial hubs has resulted in overcrowded settlements with insufficient infrastructure, including inadequate drainage systems, waste management facilities, and access to clean water. Poor waste disposal practices have led to the accumulation of solid and industrial waste, clogging water bodies and drainage systems, resulting in waterlogging and urban flooding. Furthermore, untreated industrial wastewater—containing harmful chemicals and dyes from garment factories—is frequently discharged into rivers, severely degrading water quality and harming aquatic ecosystems. The RMG industry is one of the largest consumers of water in Bangladesh. It is estimated that the sector discharges around 22,000 tons of toxic waste into rivers annually.

EPZs and EZs

Bangladesh's establishment of numerous Export Processing Zones (EPZs) and Economic Zones (EZs) has been instrumental in driving industrial growth and boosting exports, led by the private sector. However, in a densely populated country with limited land,

these developments have exacerbated climate change vulnerabilities in several ways.

The creation of EPZs and EZs often necessitates converting fertile agricultural land, forests, and wetlands into industrial and urban zones. This conversion threatens food security and disrupts ecosystems that act as natural buffers against climate change impacts, such as flooding and storm surges. Wetlands, for example, play a crucial role in absorbing excess rainfall and mitigating the effects of rising sea levels, which increasingly threaten Bangladesh's low-lying areas.

To make space for these zones, forests are often cleared, resulting in biodiversity loss and reduced carbon sequestration. This accelerates climate change by increasing greenhouse gas concentrations in the atmosphere. The loss of forest cover also increases the risks of soil erosion, which diminishes agricultural productivity and resilience against extreme weather. Industrial operations within these zones contribute to significant pollution—air, water, and soil contamination. The use of fossil fuels, untreated industrial waste, and chemical runoff further contaminate rivers and groundwater, exacerbating water scarcity and environmental degradation. As land becomes overburdened with industrial activities and infrastructure, its ability to withstand natural disasters like floods, cyclones, and sea-level rise is compromised. Bangladesh, already one of the most climate-vulnerable countries, faces increased risks as natural defenses such as mangroves and wetlands are destroyed to make way for economic zones.

Addressing these challenges requires a balance between economic growth and environmental sustainability. Adopting green industrial practices, preserving ecological zones, enforcing stricter environmental regulations, and promoting renewable energy in EPZs and EZs are essential steps to reduce climate vulnerabilities while ensuring long-term economic development.

Transportation sector

The transportation sector in Bangladesh, a key component of the corporate and economic framework, also contributes significantly to environmental pollution. Driven by rapid urbanization and industrial growth, this sector affects the environment in various ways, including air, noise, and water pollution. Moreover, its heavy dependence on fossil fuels exacerbates Bangladesh's climate change vulnerabilities.

The transportation sector is one of the largest sources of air pollution in the country. Older, poorly

maintained vehicles, particularly in cities like Dhaka and Chattogram, emit excessive levels of carbon, nitrogen gases, and sulfur. These pollutants degrade air quality, contribute to smog, and cause respiratory health issues, while also accelerating climate change through greenhouse gas emissions like carbon dioxide. Lead acid batteries used in electric vehicles have emerged as a significant issue.

Unregulated traffic and the widespread use of old, noisy vehicles also contribute to noise pollution, especially in urban areas. High noise levels impact public health by increasing stress, disrupting sleep, and impairing productivity. Additionally, the transportation sector contributes to water pollution, mainly through oil spills, leaks from poorly maintained vehicles, and runoff from roads carrying heavy metals and other contaminants into rivers and water bodies.

The sector's overwhelming reliance on fossil fuels—such as petrol and diesel—further exacerbates the problem. Burning these fuels releases substantial amounts of CO₂, making transportation a major contributor to Bangladesh's carbon footprint. Additionally, the use of low-quality fuels and the absence of stringent emission standards worsen the environmental impact.

To mitigate these issues, Bangladesh must prioritize sustainable transportation solutions. These include investing in public transit systems, adopting cleaner fuel technologies, promoting the use of electric and hybrid vehicles, and improving urban planning to reduce congestion. Strengthening emission regulations and encouraging non-motorized transport, such as cycling and walking, can also help reduce the environmental impact of the transportation sector while improving public health and quality of life.

As Bangladesh is highly vulnerable to climate change—facing rising sea levels, erratic weather patterns, and frequent natural disasters—the unchecked environmental footprint of the corporate sector can amplify these threats. While the sector is crucial for economic growth, adopting sustainable practices, investing in renewable energy, and implementing stringent environmental regulations are vital to ensuring that industrial development does not exacerbate climate vulnerabilities. Balancing economic progress with environmental responsibility is key to securing a sustainable future for Bangladesh.

Farhad Hossain Talukder is Joint News Editor at SOMOY TV.

Corporate Culture in Journalism: Dominated by Business Tycoons

Hasan Arif



Mass media, especially news media, is now controlled by corporates and large companies. The multinational form of media has started influencing every sector of life globally because the media, as a social institution, acts as an intermediary in the practices of socioeconomic and politico-cultural norms. It builds both individual and universal identity and designs the roadmap for people's daily lives. News, like other profitable goods, is becoming a way for multinational companies to generate profits. However, unlike other corporate organizations, the media cannot solely pursue profits.

The media landscape in Bangladesh has undergone significant transformation in recent years, with ownership increasingly concentrated among business conglomerates and individuals with political ties. This shift has raised concerns about the independence of journalism, as corporate and political interests often influence media narratives. As of 2023, Bangladesh boasts 45 private television channels, 25 FM radio stations, 30 community radio stations, 1,250 daily newspapers, and over 100 online news portals. While this suggests a seemingly vibrant media sector, a closer look reveals the growing dominance of political elites and business moguls who use media ownership to advance their agendas, thereby curbing press freedom.

Though news media is considered the 'mirror of society,' the 'fourth pillar of the country,' and 'the consciousness of the nation,' it is now facing criticism from scholars. Multinational companies have been using media as a means to further their business profits rather than as a tool for social

change. Capitalism changes the basic structure of the media (media economy) and influences the superstructure of the media (contents: news and advertisements). Corporate organizations are influencing the news. According to an analysis by the Centre for International Media Assistance (CIMA), ownership of major media outlets in Bangladesh is concentrated among 32 business entities controlling 48 of the largest media organizations. This concentration poses significant risks to the integrity of journalism and the principle of press freedom.

Impact on Freedom of the Press

The concentration of media ownership in the hands of a few business elites and politically connected individuals has profoundly impacted press freedom in Bangladesh. Journalists working for these outlets often face pressure to align coverage with the interests of the owners. This results in self-censorship, biased reporting, and a significant erosion of public trust in media outlets.

Future of Independent Media

The increasing concentration of media ownership among politically connected business elites raises serious concerns about the future of free and independent journalism in Bangladesh. Without significant reforms, the media will likely continue to serve as a tool for advancing personal, political, and business interests rather than acting as a platform for public discourse and accountability. Urgent reforms are needed to protect editorial independence and improve journalist safety. Until these changes are implemented, the media landscape in Bangladesh will remain heavily

influenced by a combination of political patronage and corporate interests, leaving little room for independent and critical journalism.

Expectations for Freedom from Corporate Control
To achieve the positive potential of journalism in the "New Bangladesh" by prioritizing public interest and welfare, it is necessary to ensure media freedom and keep it free from corporate or political control. This must be a key consideration in media reform. While there will always be pressure on the media, if media institutions cannot prioritize public interest and welfare, the undemocratic situation will never change. The top leadership of the media must work without compromising editorial principles and remain independent of group interests so that political changes do not impact it. Therefore, considering the positive potential of journalism in the "New Bangladesh," the nation remains hopeful.

future, neglecting public interest. Various agencies and law enforcement were widely used to control the media during the previous government. The people expect that no government or corporate entity will hinder media freedom again. There is a risk that self-censorship will continue even after the fall of the authoritarian government. The path of investigative journalism against corporate corruption is never smooth, and proper investigative journalism must continue despite adversity. Journalists, media institutions, and the government must create an environment that encourages corporate-free journalism in a structured way. The media must increase its economic capacity and take initiatives to improve journalists' skills through training. This is the expectation of media workers to overcome the crisis in journalism in the country and form a "New



The media must maintain equality and balance as a matter of political history and social justice. The media's pursuit of corporate profits and desire to gain favor with the ruling party have led to self-censorship, referred to as "Godi Media." To eliminate such a situation, media freedom must be institutionalized. The media is responsible for dealing with disinformation and misinformation by ensuring the flow of accurate data and analysis.

During the previous government, editorial policies were often ignored. It is essential to ensure that the media does not fall under corporate influence in the

Bangladesh."

Freedom of the media is essential for ensuring democracy, human rights, good governance, justice, fearless expression, free thought, and speech. The authoritarian fascist Awami government, defeated in an unprecedented bloody student-public movement, is a shining example of what can happen if this condition is violated. Although media freedom is not a new issue in Bangladesh, during the previous government's tenure, it took on such a shameless and suicidal form that it surpasses all past examples. During this time, through the

partisanization of the media in the interests of capitalist flattery and corporatization, it was turned into one of the tools of the ruling regime to provide information as per its will, protect its interests, abuse power, support corruption, and develop authoritarianism. The fascist regime's media system was built on allowing only party-affiliated corporates to operate, harassing or closing down free and objective critical and opposition media, and controlling journalist organizations. "Trustworthy" journalists were given financial and state benefits, while "disobedient" journalists were punished through "tea invitations" by intelligence agencies, attacks on media offices, blocking government and private advertisements, and creating problems in the owners' organizations through the NBR, which is called the political instrumentalization of media. The results have been fatal. Over the past 14 years, Bangladesh's position in the Free Press Index has deteriorated significantly. The absence of democracy, freedom of speech and expression, human rights violations, extreme deterioration of good governance, institutionalization of corruption, money laundering, and looting have brought Bangladesh's socio-economic, political, and economic institutions to the brink of collapse. However, despite hundreds of adversities, the courageous role of some media outlets was also prominent in creating public opinion against the misrule and corruption of the authoritarian government. It is not enough that the nation has created or achieved a socio-economic and political structure; more must be done to ensure its sustainability.

Ensuring Media Freedom in Bangladesh

There are about fifty laws and policies governing the media in Bangladesh. While these create some opportunities for healthy journalism, they are often restrictive. To promote media freedom, it is essential to formulate new comprehensive media laws and amend existing ones, following a thorough review of these laws, policies, and regulations. The framework for media ownership and licensing should be overhauled to prevent licenses or permissions from being granted based on corporate and group interests. Additionally, the practice of suspending licenses or stopping broadcasts that

oppose government interests should be discontinued.

An independent media commission should be established to replace the current "Press Council," encompassing new media outlets including newspapers, television, and online platforms. The process of obtaining accreditation cards for journalists should be made transparent and free from party or corporate bias. It is urgent to completely overhaul the DFP policy to prevent fraudulent allocation of government advertisements to nominal media outlets. Ensuring the autonomy of BTV, Betar (Radio), and Bangladesh Sangbad Sangstha (BSS) is crucial to prevent them from becoming one-sided government propaganda machines. If independent and free media institutions cannot be maintained, it may be better to close them to protect public interest.

Immediate and clear steps must be taken to create a fearless environment for independent journalism to ensure security and safety. A uniform wage board must be formulated and implemented for media workers across all branches to ensure professional excellence. Transparency and accountability in the management of media institutions, including income and expenditure, sources of investment, staff recruitment, salary structure, and wage board implementation, must be ensured.

To prevent the abuse of journalistic power, it is necessary to formulate and implement a code of professional neutrality and ethical conduct for media workers, initiated by the media sector itself. Effective initiatives must be taken by the media sector to develop a media environment free from individual and group interests, corporate capital, political influence, and party bias. This includes establishing human resources and editorial policies, professional and ethical standards, and institutional frameworks. Journalist organizations must play an effective role in ensuring that media workers can perform their professional duties without hindrance and safely, with job security, regular and adequate salaries and allowances, and freedom from all forms of pressure and adversity.

Hasan Arif is Senior Reporter of The Business Post.

Corporate Structure and Compliance in the Banking Sector

Md. Harun-ur-Rashid



The banking sector is a vital component of the modern financial system and stands as one of the most successful sectors in the corporate world. It is nearly impossible for any corporate entity to conduct regular transactions and commercial activities without the assistance of banks. The central bank, Bangladesh Bank, serves as the guardian of the country's banking system and the custodian of its currency. Its primary responsibilities include controlling inflation and protecting the value of the national currency. Achieving these objectives requires substantial savings and investments.

While Bangladesh's national budget currently accounts for only 15 percent of the GDP, the banking sector's financial system encompasses at least 70 percent of the GDP. Despite its critical role, the banking sector and monetary policy often receive less scrutiny compared to the national budget. Although it is feasible to conduct small-scale local trade using ancient principles, global business operations are virtually impossible without the modern banking framework. In the existing policy framework, a non-bank economy is not accepted, and any financial transactions outside the banking system are often labeled as black money, undisclosed money, or part of the shadow economy.

Expansion of Banking Services

Bangladesh is striving to ensure that 100 percent of financial transactions are conducted through the banking channel. To achieve this, various programs, including the establishment of branches, sub-branches, agents, booths, and mobile banking

services, are being implemented to bring people from all income groups under the umbrella of the banking sector.

Structure of the Banking Sector

The banking sector exemplifies the concept of a private corporate entity. While all institutions in the country operate under the Companies Act, banks are governed by a specialized bank-company act. This makes a bank company a unique entity within the corporate framework. A bank company is established through the collaborative efforts of a group of entrepreneurs who manage everything from shareholding and management to hiring and overall operations according to specific laws. The activities of private commercial banks in Bangladesh began with individual investments. However, many banks also have institutional and foreign investors. Currently, 62 commercial and specialized banks operate in Bangladesh, with a combined total of 11,300 branches. This branch-based banking system provides employment to 210,000 educated individuals and extends corporate culture to rural areas.

Issues and Challenges

The banking sector has been a focal point of discussion, especially following the recent anti-discrimination student movement. Despite being legally recognized as corporate institutions, banks in Bangladesh were marred by allegations of corruption and mismanagement under the previous Awami League government. Family control persists in many banks, preventing them from

operating as true corporate entities. Bangladesh Bank, the central bank, issues licenses to commercial and specialized banks and regulates their operations. Additionally, the Bangladesh Securities and Exchange Commission (BSEC) also acts as a regulatory body for the banking sector. Corruption is not exclusive to the banking sector; it has permeated various levels of all sectors in Bangladesh. The banking sector has been a significant channel for money laundering under the guise of large loans. When the banking sector falters, it casts a shadow over the entire state machinery, as the economy is heavily dependent on the banking system for currency management.

Role of Banks in Economic Growth

Banks play a crucial role in establishing and developing corporate institutions across other sectors. The banking sector drives economic progress by facilitating cash flow and acting as a

had collected deposits amounting to Tk 1.9 million crore and disbursed loans totaling Tk 1.6 million crore. This cycle of investment fuels macroeconomic growth, leading to the establishment of new industries, businesses, and large corporate entities. Consequently, employment is created, production increases, and transactions in domestic and international markets rise. This cascade of economic activities enhances national and export income, which in turn improves the quality of life for citizens—an ideal scenario for a modern state and economic system.

Contribution to the Economy

The banking sector is integral to the economy, providing a significant portion of the government's development budget. The banking sector is now a primary source of financing the government's deficit budget. For the current fiscal year, the



regulator for new corporate entities. By urging institutions to maintain discipline in loan provisions, banks help transform small, private investment-based entities into large corporate institutions. Banks collect deposits from the public and distribute them as loans to investors and businesses. As of September 30 this year, banks

national budget is Tk 7 lakh 93 thousand crore, with a deficit of Tk 2 lakh 56 thousand crore. The banking sector is expected to cover Tk 1 lakh 37 thousand crore of this deficit. The government's reliance on bank loans reduces competition among banks and keeps interest rates high, further aggravated by the large volume of defaulted loans.

Furthermore, the prevalence of defaulted loans impacting inflation.

Statistical Overview

Domestic Debt Status (in crores of taka):				
June-2020	June'21	June'22	June'23	June'2024
1,307,633	1,439,899	1,671,749	1,926,769	2,115,525

Source: Bangladesh Bank

Despite these benefits, the banking sector has encountered significant challenges over the past 15 years, primarily due to state irregularities. The White Paper Preparation Committee on the Economic Situation noted that the sector has been severely compromised, with Tk 0.7 million crore of the loans given by banks now classified as defaulted or distress loans. Bangladesh Bank's September statistics reported Tk 2.85 trillion in defaulted loans, pointing to systemic issues in loan distribution, regulatory compliance, and information transparency.

Target of Bank Lending to Meet the Deficit (in crores of taka)				
2020-21	2021-22	2022-23	2023-24	2024-25
32,673	75,533	118,025	155,935	137,500*

Source: Budget document, Ministry of Finance.

Although the banking sector is vast, it suffers from policy mismatches compared to developed countries. These discrepancies have placed banks and the broader economy at risk. Commercial banks typically collect short-term deposits and distribute short-term loans. However, many banks are now extending long-term loans, such as those for setting up factories and purchasing capital equipment—roles traditionally filled by the capital market and investment banks. This practice strains liquidity management, as banks must continually gather short-term deposits to fund long-term loans.

This issue became evident when at least 10 banks were unable to return depositors' money, as the funds were tied up in long-term, often defaulted, investments. Even banks not involved in irregularities struggle to meet withdrawal

demands. The constant pressure to manage liquidity, especially during periods of economic or political instability, can lead banks to halt loan distributions. This interruption further exacerbates economic standstills, as new deposits dwindle and withdrawal demands surge.

Banks operate fundamentally on depositor trust. This trust erodes when banks face liquidity crises, often forcing them to borrow from the central bank or associated banks at high interest rates, further fueling inflation. The primary reason for the banking sector's distress is the failure to adhere to corporate governance structures. Political and familial influences have overridden regulatory frameworks, compromising management and leading to widespread corruption. Laws governing banking operations, such as the Companies Act and the Bank Companies Act, have been violated. Management authority has weakened, and director interference has undermined operational integrity, transforming banks from international corporate models into dysfunctional entities.

To revitalize the banking sector and align it with international corporate standards, policy reforms are necessary. Existing policies, particularly those related to money laundering, must be updated. Technological advancements are reshaping the banking landscape, with internet and mobile phone-based banking already in practice. Digital banks are coming, which do not use traditional currency, are emerging. The sector must be restructured to prioritize the expectations of the younger generation, implementing strong legal corporate structures that adhere to international norms. Necessary reforms must reflect the ambition of building a prosperous Bangladesh. The sooner these reforms are implemented across policy frameworks.

Md. Harun-ur-Rashid is Head of Communication, NRBC Bank.

Bangladesh's Corporatization: A Path to Inclusivity or Inequality?

Babu Kamruzzaman



Bangladesh has undergone a remarkable transformation over the past few decades, marked by moderate economic growth, an expanding middle class, and a burgeoning corporate sector. Central to this transformation is the concept of corporatization—the transition of state-owned enterprises to corporate entities. While this shift has led to significant advancements across various sectors, it also raises critical questions regarding economic inclusivity. Is corporatization in Bangladesh bridging the gap or widening the divide? This article explores the relationship between corporatization and economic inclusivity in Bangladesh, examining the current landscape and potential pathways forward.

The Rise of Corporatization

The journey of corporatization in Bangladesh began in the early 1990s with the liberalization of the economy. This shift aimed to enhance efficiency, attract foreign investment, and foster competition. Consequently, service sectors such as telecommunications, energy, and banking have seen the emergence of both local and multinational corporations. For instance, the telecommunications sector has transformed from a government monopoly to a vibrant market with multiple players, providing widespread access to mobile services and the internet.

The introduction of corporations has not only contributed to economic growth but has also generated employment opportunities and stimulated innovation. The rise of corporate entities has facilitated the adoption of new technologies and services, improving the overall quality of life for many Bangladeshis. Employment in these sectors

often provides better wages and working conditions compared to traditional sectors, lifting many families out of poverty.

Challenges to Economic Inclusivity

Despite these advancements, the benefits of corporatization have not been uniformly distributed. The concentration of wealth and resources within a small segment of the population poses a significant challenge to economic inclusivity. Many marginalized communities continue to face barriers in accessing financial services, quality education, and job opportunities. According to the "Bangladesh Sample Vital Statistics 2022" (SVRS), published by the Bangladesh Bureau of Statistics (BBS), 51.50 percent of the country's population remains outside of banking services, highlighting the need for financial institutions to broaden their reach.

Moreover, the corporatization process has often prioritized profitability over social responsibility. As companies strive to maximize shareholder value, the needs of low-income populations may be overlooked. While large corporations have flourished in urban centers, rural areas remain underserved, with limited access to essential services such as healthcare and education. This disparity not only affects individual well-being but also hampers overall national development.

Promoting Inclusivity through Corporate Responsibility

To address these challenges, it is crucial for corporations to adopt a more inclusive approach. Corporate Social Responsibility (CSR) can play a vital role in ensuring that the benefits of

corporatization reach all segments of society. By investing in local communities, companies can create jobs, support education initiatives, and enhance healthcare access. For instance, some companies have launched scholarship programs for underprivileged students, enabling them to pursue higher education and break the cycle of poverty.

Furthermore, fostering partnerships between the corporate sector and non-governmental organizations (NGOs) can amplify efforts toward inclusivity. Initiatives that provide vocational training for underprivileged youth can empower them with the skills necessary for employment in the growing corporate landscape. Such collaborations not only enhance corporate image but also create a more skilled workforce that benefits the economy as a whole.

The Role of Government and Policy

The government also plays a pivotal role in promoting economic inclusivity alongside corporatization. Policymakers should prioritize regulatory frameworks that encourage equitable access to resources and opportunities. This includes ensuring that small and medium-sized enterprises (SMEs) receive the necessary support to thrive alongside larger corporations. Policies that provide tax incentives for companies contributing to local development can foster a more balanced economic landscape.

Additionally, promoting financial inclusion through microfinance and digital banking initiatives can bridge the gap for marginalized populations. By enabling access to capital, these measures can empower individuals to start their businesses, contributing to overall economic growth. Innovative financial solutions, such as mobile banking platforms, have already begun to transform the financial landscape in Bangladesh, making it easier for individuals in rural areas to manage their finances.

Case Studies: Success Stories of Inclusivity

Examining successful case studies can provide valuable insights into effective strategies for

promoting inclusivity. A notable initiative in Bangladesh is the Grameen Bank model, which focuses on micro-lending to the rural poor, primarily women. This model has demonstrated how access to small loans can significantly impact the livelihoods of low-income families, allowing them to invest in education, health, and small businesses.

Similarly, several corporations have successfully implemented inclusive business models that integrate low-income communities into their value chains. For instance, companies in the agribusiness sector have developed programs that connect small farmers with larger markets, providing them with the resources and training needed to enhance productivity and income.

As Bangladesh continues to advance along its path of corporatization, the imperative for economic inclusivity remains paramount. By fostering a corporate culture that values social responsibility and equity, the nation can harness the full potential of its corporate sector. The journey toward a more inclusive economy will require collaborative efforts among corporations, government, and civil society. Only then can the fruits of growth be shared by all, paving the way for a more prosperous and equitable Bangladesh.

In conclusion, the path to economic inclusivity amid corporatization is complex, yet attainable. Through innovative policies, responsible corporate practices, and community engagement, Bangladesh can ensure that its corporate growth translates into broader societal benefits. The vision of a truly inclusive economy is within reach, and it is essential for all stakeholders to work together to realize this goal.

Babu Kamruzzaman is a seasoned TV journalist and anchor specializing in business and economic affairs.



Corporate Misconduct in Bangladesh: Drivers, Manifestations, Reactions and Leadership's Approach to Change

Md. Mahabub Alom



Corporate misconduct, encompassing unethical practices, regulatory breaches, prioritising profit over principles, insufficient corporate governance, and exploitative behaviours, has become a significant challenge in Bangladesh. In an economy marked by rapid industrialisation and a growing private sector, corporate ethics are crucial for sustainable growth and social trust. However, numerous instances of ethical violations have undermined public confidence, threatening both economic stability and societal welfare. This article explores the drivers of corporate misconduct, its manifestations, and the pivotal role of corporate leaders in driving ethical change.

Drivers of Corporate Misconduct

Corporate misconduct in Bangladesh stems from a complex interplay of economic, cultural, and regulatory factors. Key drivers include:

1. Corporate Greed

- * **Prioritising Wealth Over Ethics:** Executives often focus on personal wealth accumulation or rapid company growth, sidelining ethical practices.

- o **Short-Term Profit Focus:** This approach frequently results in catastrophic long-term losses, harming stakeholders and the corporate reputation.

2. Corruption and Patronage Networks

- o **Pervasive Corruption:** Informal patronage systems enable businesses to bypass rules and evade accountability.

- o **Lack of Transparency:** These networks undermine the integrity of corporate and regulatory environments.

3. Profit-Driven Culture

- o **Focus on Financial Gains:** The relentless pursuit of short-term profits drives corporations to cut costs at the expense of workers and the environment.

- o **Ethical Compromises:** This culture often overlooks the importance of sustainable and responsible decision-making.

4. Lack of Corporate Governance

- o **Weak Governance Structures:** Many organisations lack robust mechanisms to ensure ethical decision-making at all operational levels.

- o **Vulnerability to Mismanagement:** The absence of accountability frameworks allows unethical behaviour to persist unchecked.

5. Weak Regulatory Frameworks

- o **Inadequate Enforcement:** Laws governing labour rights, environmental protection, and financial integrity are poorly enforced.

- o **Legislative Loopholes:** Gaps in regulations and inconsistent implementation create opportunities for unethical practices to thrive.

6. Low Public Awareness

- o **Limited Consumer Knowledge:** A significant portion of the public is unaware of their rights or the ethical standards corporations should uphold.

- o **Weak External Pressure:** Without informed stakeholders, there is little incentive for corporations to act responsibly or transparently.

Manifestations of Corporate Misconduct

Corporate misconduct in Bangladesh manifests in various ways, affecting employees, communities, and the environment:

1. Exploitation of Employees

- o Poor Working Conditions: Unsafe and hazardous environments jeopardise workers' health and safety.
- o Underpayment and Labour Rights Violations: Wages below industry standards and denial of fundamental rights persist despite gradual improvements in some sectors.
- o Human Cost of Negligence: Exploitative practices prioritise profits over the well-being of employees.

2. Environmental Degradation

- o Polluting Waterways and Ecosystems: Improper waste disposal and chemical contamination of rivers cause severe ecological damage.
- o Non-Compliance with Environmental Laws: Many corporations ignore environmental standards, prioritising cost-cutting measures over sustainability.
- o Public Health Impact: The degradation of natural resources compromises the health and livelihoods of surrounding communities.

3. Financial Mismanagement

- o Fraudulent Accounting: Manipulation of financial data misleads investors and inflates stock values.
- o Embezzlement and Tax Evasion: Widespread cases of financial fraud and tax mismanagement erode confidence in corporate governance.

4. Consumer Exploitation

- o Unethical Marketing: Misleading advertisements manipulate customers.
- o Product Adulteration: Contamination of food and substandard product quality endanger public health.
- o Disregard for Consumer Trust: Such actions damage relationships with consumers and undermine corporate credibility.

5. Workplace Harassment

- o Gender-Based Violence and Harassment: Many workplaces fail to address or prevent harassment, creating unsafe environments for employees.
- o Institutional Neglect: A lack of effective policies perpetuates these issues.

6. Misuse of Technology and Data

- o Privacy Violations: Mismanagement or exploitation of user data breaches trust.

- o Unethical Technological Practices: Using technology for surveillance or other manipulative purposes invades personal privacy.

Reactions to Unethical Corporate Practices

When corporations engage in unethical practices, the response from competitors, customers, and other stakeholders can be significant and transformative. These reactions often force companies to address their misconduct or



suffer serious consequences.

1. Competitors

o **Highlighting Ethical Superiority:** Competitors may use unethical practices of rival companies as an opportunity to position themselves as more ethical and socially responsible, gaining customer trust and market share.

2. Customers

- o **Boycotts:** Refusing to purchase the company's products or services.
- o **Social Media Campaigns:** Leveraging platforms to expose unethical behaviour and rally others to take action.
- o **Switching to Competitors:** Choosing alternative brands perceived to be more ethical.

3. Investors and Shareholders

- o **Divestment:** Pulling investments from the company.
- o **Demands for Change:** Shareholders may push for leadership restructuring, policy reforms, or better corporate governance.

4. Regulatory Bodies and Governments

- o **Fines and Sanctions:** Imposing financial penalties for violations.
- o **Revocation of Licenses:** Suspending or revoking the company's ability to operate in certain regions or industries.

5. Media and Public

- o **Negative Publicity:** Unethical practices often lead to damaging headlines and viral stories.
- o **Advocacy Group Pressure:** Activist organisations may campaign against the company, demanding reforms or legal action.

Long-Term Implications

These reactions collectively create substantial pressure on companies to:

- Change unethical practices.
 - Issue public apologies.
 - Implement meaningful reforms to regain trust.
- Failure to address these issues can result in diminished market share, loss of stakeholder confidence, and, in extreme cases, bankruptcy.

Fostering Ethical Practices: A Leadership Approach

Corporate leaders are called influential because of

their power to inspire and shape not only their organisations but also entire industries, economies, and societies. Their influence stems from their decision-making power, their ability to impact people within and outside their organisations, and their social and economic influence. They are often role models for ethical behaviour and can drive change through innovation, especially in technology and business practices.

Corporate leaders influence policies and broader societal issues through advocacy and lobbying, economic contributions, thought leadership, philanthropy, and setting industry standards. Their ethical practices, sustainability efforts, and technological innovations set an example for others to follow.

However, when corporate leaders act unethically, they can face severe consequences, such as legal issues, loss of public trust, employee dissatisfaction, and investor withdrawal. This can lead to market decline, media scrutiny, regulatory actions, social activism, and broader industry-wide impacts. Therefore, the actions of corporate leaders not only shape their companies but also have far-reaching effects on society and the economy.

Corporate leaders can combat unethical practices by emphasising integrity, morality, individual governance, and spiritual intelligence in their decision-making and organisational strategies.

1. Prioritising Integrity Over Systems

- o **Fostering an Ethical Culture:** Leaders should ensure integrity is embedded as a core organisational value, influencing both decision-making and daily operations.
- o **Leading by Example:** Demonstrating honesty and ethical behaviour at the leadership level encourages similar values across the organisation.
- o **Integrity as a Guiding Principle:** By making integrity central, organisations can move beyond compliance-based systems to cultivate authentic, value-driven behaviour.

2. Moving from Ethics to Morality

- o Ethics vs Morality: Ethics refers to rules or standards, while morality embodies deeper principles of right and wrong based on personal beliefs.
- o Human-Centred Responsibility: Leaders who prioritise morality create a genuine, values-based approach that benefits individuals, communities, and the environment.
- o Doing What Is Right: Focusing on morality encourages decision-making that transcends formal codes, fostering fairness, justice, and compassion in corporate practices.

3. Promoting Individual Governance

- o Promoting Ethical Leadership: Leaders who model ethical behaviour inspire their teams to follow suit.
- o Emphasising Personal Accountability: Ensuring employees take responsibility for their actions reinforces ethical practices.
- o Embedding Ethics in Organisational Culture: Integrating ethical principles into daily operations strengthens the moral fabric of the organisation.
- o Encouraging Whistleblowing and Feedback: Providing safe channels for employees to report misconduct promotes transparency and accountability.
- o Recognising and Rewarding Ethical Behaviour: Incentivising integrity ensures ethical practices are valued and sustained.
- o Linking Corporate and Individual Governance: Aligning organisational values with personal ethical standards ensures a cohesive approach to accountability.

4. Integrating Spiritual Intelligence (SQ) into Decision-Making

- o What Is Spiritual Intelligence (SQ)? SQ is the ability to align decisions with deeper values, meaning, and purpose. It transcends self-interest and focuses on collective well-being.
- o Why SQ Matters: While IQ measures intellect and EQ addresses emotional intelligence, SQ elevates decision-making to align with ethical and societal expectations.

How SQ Helps Leaders Curb Unethical Practices:

- o Fostering a Values-Driven Culture: By embedding purpose and meaning into the

corporate mission, leaders inspire employees to act responsibly.

- o Making Compassionate Decisions: SQ helps leaders prioritise the needs of individuals, communities, and the environment.
- o Aligning with Ethical Goals: Decisions informed by SQ ensure alignment with long-term societal and organisational values.

Examples of SQ-Driven Practices:

- o Encouraging empathy and compassion in corporate strategy.
- o Using ethical frameworks that balance profitability with societal impact.
- o Fostering innovation that prioritises sustainability and fairness.

Conclusion

Addressing corporate misconduct in Bangladesh requires a multi-faceted approach that tackles the root causes and promotes ethical practices across industries. Corporate leaders are uniquely positioned to drive this change by fostering a culture of integrity, improving governance, and prioritising sustainability. By committing to ethical leadership, Bangladeshi corporations can rebuild public trust, enhance their global reputation, and contribute to long-term economic and social prosperity. Ensuring accountability and aligning business goals with ethical principles is not just a moral imperative but a strategic necessity for sustainable development.

Md. Mahabub Alom, Associate Professor, Department of Business Administration, Manarat International University, Dhaka.

Corporates Changing the City's Outlook Dhaka's Skyline Reflects Burgeoning Economic Prowess

Sultan Mahmud



Dhaka, the vibrant capital of Bangladesh, has witnessed a remarkable transformation over the past few decades. This change has been significantly driven by the active participation of corporates in various sectors, including real estate, infrastructure, and urban development. These corporations have not only reshaped the city's skyline but also contributed to its economic growth and modernization. The rise of numerous skyscrapers in Dhaka in recent years signifies a thriving business environment and increased investment in the capital city. According to experts, the city's evolving skyline is a testament to Bangladesh's economic growth, despite infrastructural development being predominantly Dhaka-centric.

Urban Development and Infrastructure

One of the most visible impacts of corporate involvement is the development of high-rise buildings and skyscrapers. Dhaka's skyline, once dominated by low-rise structures, now features numerous tall buildings, including commercial complexes, residential towers, and hotels. Companies like Concord Group, Shanta Holdings, Eastern Housing, Navana Real Estate, ABC Real Estate, BTI, Rangs Properties, Asset Developments, Sheltech, Assure Group, Amin Mohammad, Rupayan Group, and Bashundhara have played pivotal roles in this transformation. These companies have constructed high-rise buildings that improve land use efficiency and provide more residential and commercial space. High-rise buildings are optimizing land use in densely populated areas. Consequently, numerous skyscrapers have emerged in Dhaka, reflecting a flourishing business climate and increasing investment in the capital city.

In this context, the Rajdhani Unnayan Kartripakkha (RAJUK) has prepared a Detailed

Area Plan (DAP) to implement the provisions of the DMDP Structure Plan (SP) and Urban Area Plan (UAP) policies and recommendations. The general objectives of DAP include providing basic infrastructure and services through systematic planning, promoting economic activities, improving drainage systems, protecting flood flows from encroachment, and creating service centers to enable urban growth. As the third and final tier of the Dhaka Metropolitan Development Plan (DMDP), DAP offers detailed planning proposals for specific sub-areas, compliant with the Structure Plan and the Urban Area Plan.

Skyscrapers on the Rise

A skyscraper is generally defined as a building at least 100 meters (330 feet) in height. Currently, Dhaka boasts around 25 commercial skyscrapers that fit this description. For instance, the City Centre Dhaka in Motijheel comprises 37 floors, the Pinnacle in Tejgaon has 40 floors, and Hilton Dhaka in Gulshan features 34 floors. Before 2012, the tallest buildings in the capital were the 31-story head office of Bangladesh Bank and the 20-story Janata Bank. Today, City Centre Dhaka holds the title of the country's tallest building, while the under-construction Hilton Dhaka is set to become the second tallest.

The 45-story Tropical TA Tower, currently under construction in Dhaka's Malibagh, is set to become the tallest building in Bangladesh. Blending timeless elegance with modern amenities, this skyscraper offers a premier location for global enterprises. With six basement levels, the structure will serve as a landmark of commercial ease, its striking appearance and functionality set to captivate the city's attention. This project stands

out from Malibagh's traditional architectural landscape. Similarly, the 40-story Pinnacle, a commercial property being built by Shanta Holdings Ltd, is also set to be one of the country's tallest buildings. The General Manager of Shanta Holdings mentioned that the building could have been 45 stories tall if it were 500 feet in height, but the ceiling height was kept at 11.5 feet to ensure superior aesthetics and functionality.

Economic Growth and Investment

The construction boom in Dhaka has attracted significant investment, both domestic and foreign. This influx of capital has spurred economic growth, creating job opportunities and boosting the local economy. The presence of multinational corporations has enhanced the city's global business environment, making Dhaka a more attractive destination for international investors. Corporates have introduced advanced technologies and modern construction techniques, improving the quality and safety standards of buildings. The adoption of the Bangladesh National Building Code-2020 ensures compliance with international quality and safety standards, encouraging the construction of high-rise buildings.

Challenges and Future Prospects

Despite the progress, Dhaka still faces challenges such as traffic congestion, inadequate infrastructure, and environmental concerns. Addressing these issues requires continued collaboration between the government, corporates, and other stakeholders. Future prospects include the development of smart city initiatives, improved public transportation systems, and sustainable urban planning.

"The construction of high-rises began just one-and-a-half decades ago, but it is common now," said Shahriar Kamal, Group Managing Director of Concord Group of Companies. This shift is attributed to the improved efficiency of local civil engineering and construction companies, making the construction of 40-story buildings a norm. Previously, businesses would hire foreign firms to construct their corporate offices, but this trend has changed as local companies have achieved international standards in capacity and efficiency. "Now, we only hire foreign consultants for the construction design of high-rise buildings," Kamal added, noting that even this practice will cease once the learning

process is complete. He also mentioned that more skyscrapers are being constructed in Dhaka due to the availability of customers, with about two dozen projects for 30 to 40-story buildings currently underway. Skyscrapers reflect the country's economic capacity, Kamal noted, and he appreciates the Bangladesh National Building Code-2020 for ensuring compliance with international quality and safety standards in construction, which is encouraging for high-rise buildings.

Mahfuja Aktar, Town Planner (Planning and Implementation) of Rajdhani Unnayan Kartripakkha (Rajuk), stated that they approved the building code with permission from the Civil Aviation Authority. According to her, there is no height cap for buildings in Dhaka's Purbachal. However, the skyline limit is up to 500 feet for different zones of the capital city. Additionally, factors such as soil quality need to be considered when approving high-rise projects, she added.

Mehedi Ahmed Ansary, a professor of civil engineering at Bangladesh University of Engineering and Technology (BUET), affirmed the local companies' ability to construct high-rise buildings. He noted that locally available construction materials like rod and cement have reached international standards, resulting in high construction quality. Ansary mentioned that while there is no written guideline on building height, Rajuk and the Civil Aviation Authority are the main regulatory bodies in this regard. He opined that the increasing number of skyscrapers reflects the country's economic resilience, even in the face of ongoing economic vulnerability stemming from global crises. However, the building safety expert cautioned that Dhaka cannot support more high-rise buildings due to the lack of adequate space and connectivity. Therefore, developers should focus on satellite cities to reduce population density, he added.

The role of corporates in transforming Dhaka's outlook has been significant. Their contributions to urban development, economic growth, and technological advancements have greatly shaped the city's landscape. As Dhaka continues to evolve, the partnership between corporates and the government will be crucial in addressing challenges and ensuring sustainable development.

Sultan Mahmud is Deputy Editor of Daily Amar Desh and Former President, ERF.

Practices of Business Continuity Plans (BCPs) in Major Corporate Bodies

Jasim Uddin Haroon



Major corporate entities in Bangladesh have Business Continuity Plans (BCPs) to ensure uninterrupted production and supply management during natural and man-made disasters. This study used a structured questionnaire to survey leading corporations across various industries. A sample of 20 organizations, including market leaders and prominent players, was selected, focusing on Dhaka, Gazipur, Munshiganj, and Chittagong for logistical efficiency.

Key findings revealed that all surveyed enterprises claimed to maintain BCPs. However, these plans often lacked comprehensiveness, proper documentation, and dedicated management structures. Additionally, no specific budgets were allocated for BCP implementation, and drills to test effectiveness were infrequent. Most firms had never studied best practices for BCP implementation.

Introduction

The current millennium has seen an increase in the frequency and intensity of natural disasters, often worsened by human activities. Despite advancements in technology and science, disasters such as earthquakes, cyclones, and tsunamis continue to cause significant losses worldwide.

Bangladesh is particularly vulnerable to natural disasters, including earthquakes, cyclones, and man-made disruptions. For example, the recent student movement for quota reform led to an internet blackout, creating significant challenges for businesses and disrupting both domestic operations and international relations.

Industrial hubs in Bangladesh face potential disruptions from such events. For instance, could Square Pharmaceuticals, a leading pharmaceutical

company, maintain drug supplies during a natural disaster affecting its production plant? Do other major firms have adequate BCPs to manage such crises? Are these plans aligned with international best practices?

Business Continuity Planning (BCP) involves identifying and mitigating risks to ensure that an organization's personnel and assets remain protected and functional during disasters. Reinhard Koch's nine best practices for BCP include annual board reviews, executive responsibility, dedicated staff and budgets, and comprehensive recovery strategies. These measures ensure an organization's resilience and recovery capabilities.

Private firms play a pivotal role in Bangladesh's economy, providing nearly all essential goods and services. Major firms such as Square Group, ACI, City Group, and TK Group dominate the supply chain. Disruptions in their operations could have widespread consequences for the nation's economy. The findings of this study aim to guide firms in adopting robust measures to ensure the uninterrupted supply of goods and services.

Methodology of the Study

Types and Sources of Data: The study utilized both primary and secondary data. Primary data were collected directly from the surveyed organizations, while secondary data were sourced from annual reports, books, journals, newspapers, websites, and research publications.

Sample Design: The sample consisted of 20 organizations representing diverse industries.

These firms are significant players in their respective markets. The study focused on Dhaka, Gazipur, Munshiganj, and Chittagong due to time and cost considerations.

Data Collection and Processing: Primary data were gathered through observation, structured questionnaires, and telephonic interviews with representatives from the selected districts. The questionnaire was refined based on literature reviews and expert consultations. Secondary data were collected through desk research.

Data Processing and Analysis: Collected data were processed through editing, coding, classification, and tabulation for analysis. Statistical tools such as SPSS, Excel, and MS Word were used for data analysis.

Table of Surveyed Sectors and Organizations:

Sectors	Organisation/Brand name	Per cent
Banks, insurance and financial institutions	Sonali Bank	12.5%

Islami Bank 12.5%

Meghna Bank 12.5%

MetLife 12.5%

Asia Insurance 12.5%

Diamond Life 12.5%

Prime Islami Life 12.5%

Prime Finance and Investment Limited

12.5%

Steel and construction BSRM 33.3%

RSRM 33.3%

Premier Cement 33.3%

Food products and drug and tobacco TK Group
20.0%

WellFood 20.0%

Ziska 20.0%

Pran Group 20.0%

British American Tobacco 20.0%

Telecommunication Teletalk 100%

Export-oriented-garment and textiles Grameen
Knitwear 33.3%

Evince Group 33.3%

Delta Spinning Mills 33.3%

Results:

General Findings: All enterprises claimed to maintain Business Continuity Plans (BCPs) in



their respective organizations. However, these BCPs were neither comprehensive nor well-documented. The lack of dedicated management setups, absence of allocated funds for BCP execution, and insufficient drills highlight significant gaps. Most firms under review had never studied best practices for BCPs.

Banks and Financial Institutions: The financial sector, particularly commercial banks, focuses largely on preserving business data, including transactional and customer profile records. Data is often transferred between branches using devices like pen drives. However, preparations remain inadequate for handling major natural or man-made crises. They lack alternative premises and sufficient supply-and-demand-side arrangements to ensure continuity of services. While some progress has been made due to guidelines issued by the central bank, significant gaps remain.

Insurance Sector: The insurance sector is highly vulnerable. As a key financial sub-sector responsible for managing risks to people and property, it lacks adequate and comprehensive BCPs. Only one well-documented and detailed BCP was found, implemented by a foreign insurance company operating in Bangladesh.

Steel and Construction Sector: These industries show some compliance with BCPs but do not allocate separate budgets for implementation. They have established alternative premises to continue producing building materials during disruptions.

Food Products, Drug, and Tobacco Sector: This sector presents a mixed picture. While some companies have implemented BCPs, others lack meaningful plans to address potential disruptions.

Telecommunications Sector: As a relatively new and technology-driven industry, the telecommunications sector is comparatively well-equipped. Most companies maintain nearly complete BCPs.

Export-Oriented Garment and Textile Sector: This sector scores the lowest in BCP preparedness. It remains highly vulnerable, and any major disaster would severely challenge its operations. The sector's lack of well-documented BCPs, even

among listed firms, threatens export earnings and food security, both critical to Bangladesh's economy.

Multinational Corporations (MNCs): MNCs achieve the best results in terms of BCP compliance, scoring nearly 100% across all categories. They adhere to almost all BCP components, setting a benchmark for other sectors.

Certified BCP Practitioners: Bangladesh lacks certified BCP practitioners. Most firms in the study were unaware of certified BCP professionals. While MNCs employ personnel familiar with BCP practices, they too lack access to certified practitioners.

Conclusion

The findings highlight a critical gap in Bangladesh's corporate preparedness for ensuring service continuity or goods production during both natural and man-made disasters. This deficiency was starkly evident during the internet blackout in July 2024. There is an urgent need for robust BCPs, not just for profit maximization but also for safeguarding public interest and economic stability. Investments in developing and implementing effective BCPs are essential. Future research should explore additional dimensions of BCP development and implementation to address these challenges comprehensively.

Jasim Uddin Haroon is Special Correspondent of The Financial Express.

Bangladesh's Ceramic Industry: Ancient Craft to Corporate Powerhouse

Zahedi Hassan Chowdhury



The pottery traditions of Bangladesh trace their roots back to ancient civilizations such as Mohenjo-daro and Harappa, as well as the Indo-Aryan Vedic age. Excavations at Mahasthangarh in Bogura and Wari-Bateshwar in Narsingdi have revealed ceramic artifacts and earthenware, including two-millennia-old pottery and terracotta pieces. Early potters utilized traditional methods to create water vessels, household utensils, sculptures for worship, and decorative items.

Medieval Flourishing

During the medieval period, Hindu and Buddhist rulers and Zamindars popularized the craft by commissioning statues of gods and goddesses, Buddha figures, plates, and terracotta plaques for temples and monasteries. Potters also produced everyday household items for local markets. The discovery of white clay deposits in Mymensingh, Sylhet, and Netrokona in the last century, particularly the large deposit found at Bijoypur in 1957, marked a significant milestone for Bangladesh's ceramic industry.

Modern Growth

Today, Bangladesh's modern ceramic industry is one of the country's fastest-growing manufacturing sectors. Since its inception in 1958, the industry has transformed from small-scale operations into a booming corporate sector. The journey began with the establishment of Tajma Ceramic Industries, a small factory in Bogura producing porcelain tableware. The \$2 billion industry now meets 85% of local demand and has become a leading export sector, contributing significantly to the country's economic growth and urbanization. It is on track to become the third-largest export sector within the next five years.

Industry Landscape

Currently, the sector includes approximately 71 producers of traditional ceramics, such as tableware, tiles, sanitary ware, insulators, and heavy clay, employing around 500,000 people directly and indirectly. Bangladesh exported goods worth about \$65 million after meeting 85% of domestic demand. Tableware accounts for 98% of the total exported volume, while sanitary ware and tiles each account for 1%.

Export Markets and Competitiveness

Bangladesh exports ceramic products to over 52 countries, with the largest markets being the EU, USA, Italy, Spain, France, Australia, New Zealand, the Netherlands, Sweden, Russia, and the Middle East. China, India, and Thailand are major competitors, but Bangladesh's low labor costs provide a competitive edge. The country enjoys duty and quota-free access to 50 countries (Generalized System of Preferences: GSP), including the EU, UK, Japan, Canada, Russia, and Australia, enhancing its export competitiveness.

Expanding Domestic Market

Ceramic production in Bangladesh benefits from various options for producers and a lucrative, expanding domestic market. The tableware market is experiencing significant growth, driven by an increasing number of households and the expansion of the hospitality sector. Residential consumers are the primary users of these products. Government policies supporting public and private construction and changing lifestyles at all levels have also contributed to the rise in ceramic tableware, tiles, and sanitary ware usage.

Leading Companies Leading companies in the industry, such as Akij Ceramics, Shinepukur Ceramics, Monno Ceramic Industries, FARR Ceramics, DBL Ceramics, Paragon Ceramics,

Sheltech Ceramics, Mir Ceramics, Fresh Ceramics, Greatwall Ceramics, CBC, BHL Ceramics, Khadim Ceramics, Sunshine Ceramics, and Mirpur Ceramics Works, have not only met domestic demand but also expanded their reach to international markets. These companies export to over 50 countries, including the US, Canada, the Middle East, and various European nations. The global market for ceramic products is expected to be worth \$450 billion by 2030, and Bangladesh's ceramic manufacturers are well-positioned to capture a share of this expanding market.

Production Capacities

According to the Bangladesh Ceramics Manufacturers and Exporters Association (BCMEA), the local ceramics industry had the following production capacities in 2023: tableware (300 million pieces in 20 factories), tiles (250 million square meters in 33 factories), and sanitary ware (20 million pieces in 18 factories). The industry has achieved 60% value addition in ceramic product manufacturing, meeting 96% of domestic tableware demand, 80% of tile demand, and 90% of sanitary ware demand. Over the past decade, the industry has experienced significant growth, with a 15% average annual growth in the

the manufacture of tableware and now encompasses four broad subsectors: tableware, tiles, sanitary ware, and ceramic bricks. In 1958, Tajma Ceramic Industries Ltd in Bogura became the first ceramic earthenware plant to produce porcelain tableware using traditional methods. In 1962, Mirpur Ceramic Works Ltd in Dhaka started producing heavy clay products using German technology. Peoples Ceramic Industries Ltd (formerly known as Pakistan Ceramic Industries) in Tongi, Gazipur, began using modern porcelain tableware manufacturing technology from Japan in 1966 and started exporting their products. Dacca Ceramic & Sanitary-ware Ltd became the first to produce sanitary ware in 1974.

Monno Ceramic Industries Ltd revolutionized the industry in 1985 by branding Bangladesh's ceramic products internationally, using West European and Japanese technology. Bangladesh Insulator & Sanitary ware Factory Ltd (BISF) started manufacturing ceramic tiles in 1986 with Czech technology under public investment. Bengal Fine Ceramics Ltd entered the market the same year as the first stoneware tableware manufacturer in Bangladesh. Madhumati Tiles Ltd became the first tile manufacturer in 1993 to use modern German and Italian technology.

Shinepukur Ceramics was established in 1997 and became a major exporter in Asia, capturing around 50% of the domestic market. RAK Ceramics began commercial production in 2000.

Investment and Economic Impact

The ceramics sector in Bangladesh has attracted significant private investments from both local and international sources, totaling around US\$1.80 billion. This includes 66% in tiles, 21% in tableware, and 13% in sanitary



domestic market and a 12% growth in export markets over the last three years. Production capacity has increased by approximately 200% in the last ten years.

History, Revolution and Subsector Development

The ceramics industry in Bangladesh began with

ware. Major foreign investments come from China and the Middle East, with notable joint ventures like RAK Ceramics, Fu Wang, and China-Bangla. RAK of the UAE dominates the domestic sanitary ware market with an 80% share. The industry anticipates the introduction of about 20 new companies over the next five years, with exports

predicted to rise to \$100 million and investments growing by another \$1 billion. Almost all the large conglomerates in Bangladesh have substantial investments in the ceramics sector.

The ceramic sector significantly contributes to Bangladesh's economy, with a domestic market value of around \$2 billion (turnover BDT 22,000 crore in local and international trade valued at BDT 1,000 crore). Imports stand at BDT 2,000 crore, while revenue contributions to the exchequer total Tk 3,600 crore. The industry has grown at an impressive average rate of over 15% per annum. The sector contributes about 0.5% to the GDP.

Market Shares

Local Tableware Market: Shinepukur Ceramics 18%, Monno Ceramics 15%, Akij Ceramics 12%, Paragon Ceramics 12%, FARR Ceramics 10%, Protik Ceramics: 8%.

International Tableware Market: Shinepukur and FARR Ceramics 22% each, Monno 20%, Paragon 18%, Artisan 6%.

Sanitary Ware Market: RAK Ceramics 30%, Charu 20%, Abul Khair Ceramics 18%, Excellent Ceramics: 7%.

Tiles Market: Akij Ceramics, RAK Ceramics, DBL and Star Ceramics 40% combined, Great Wall Ceramics 15%, Mir Ceramics 10%.

Sources of Raw Materials

While white clay deposits have been found in Mymensingh, Sylhet, and Netrokona, almost all raw materials are imported from China, India, New Zealand, and Germany. The production process ensures the use of lead and cadmium-free glazes and pigments, with 100% halal ingredients.

High-Profile Users and Global Buyers

Bangladeshi ceramics are used by prestigious entities such as Buckingham Palace, the British Parliament, the Presidential palaces of India and Pakistan, the Royal Palace of Bhutan, Emirates Airlines, and Biman Bangladesh Airlines.

Prominent Global Buyers

USA: Crate & Barrel, Libbey, Pottery Barn, Williams-Sonoma, Michael Aram, 10 Strawberry Street.

UK: Royal Doulton, Wedgwood, Portmeirion Group, Rosenthal, Goodfellows, Churchill, Waitrose, Sophie Conran, Jersey Pottery, John Lewis.

Europe: ZARA Home, Monoprix, Villeroy & Boch, XXXLUTZ, Ionia, Rosendahl, LPP,

Habitat, Taitu, H&M, Kasanova, Migros, Schonhuber Franchi.

Asia: Noritake, Good Earth, DLF, ICA, Pure, Westside, INV Home.

Innovation and Quality

Bangladesh's ceramic companies are renowned for their innovation and commitment to quality. The industry is exploring advanced ceramic products, including industrial ceramics for textile factories, medical ceramics, ceramic plates for bulletproof jackets, and antibacterial tiles for green building architecture. Advanced ceramics encompass monolithic ceramics, ceramic matrix composites, ceramic coatings, and more. The demand for advanced ceramics is expected to grow, particularly in the automobile and electronics industries in India, China, and Japan.

Urbanization and Workforce

Bangladesh's steady economic growth and urbanization, with millions moving into higher income brackets, present future growth opportunities for the ceramic sector. The country offers a competitive workforce, providing abundant and low-cost labor, giving the Bangladeshi ceramics industry a strong advantage.

Industry-Academia Collaboration

Collaborative research between industry and academia has led to breakthrough technologies. Specialized departments and institutes, such as the Department of Glass and Ceramic Engineering (GCE) at BUET and the Bangladesh Institute of Glass & Ceramics (BIGC), support the sector with research, development, and skilled manpower training.

The ceramic corporate sector in Bangladesh exemplifies resilience and ingenuity. From modest beginnings, it has evolved into a powerhouse, contributing significantly to the national economy and serving millions. With government support and continuous innovation, the sector is poised for further growth, promising even greater achievements in the years to come.

Zahedi Hassan Chowdhury is the Executive Secretary of the Bangladesh Ceramics Manufacturers and Exporters Association (BCMEA).

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ERF in Action



Economic Advisor to the Interim Government Dr. Salehuddin Ahmed addressing as the chief guest at the ERF-Nagad Best Reporting Award ceremony on November 5, 2024, at Sonargaon Hotel in Dhaka.



ERF-Nagad Best Reporting Award-winning ERF members with the guests on November 5, 2024, at Sonargaon Hotel in Dhaka.



Commerce Advisor to the Interim Government Sk. Bashiruddin addressing as the chief guest at the ERF-PRAN Media Award ceremony on December 10, 2024, at the ERF Auditorium, Dhaka.



ERF-PRAN Media Award-winning ERF members with the guests.



Guests at the ERF workshop on the role of the media in creating a fair competitive market through the implementation of the Competition Law on June 29, 2024.



Former Governor of Bangladesh Bank Dr. Mohammad Farashuddin addressing as the chief guest at the Conversation with ERF Members.

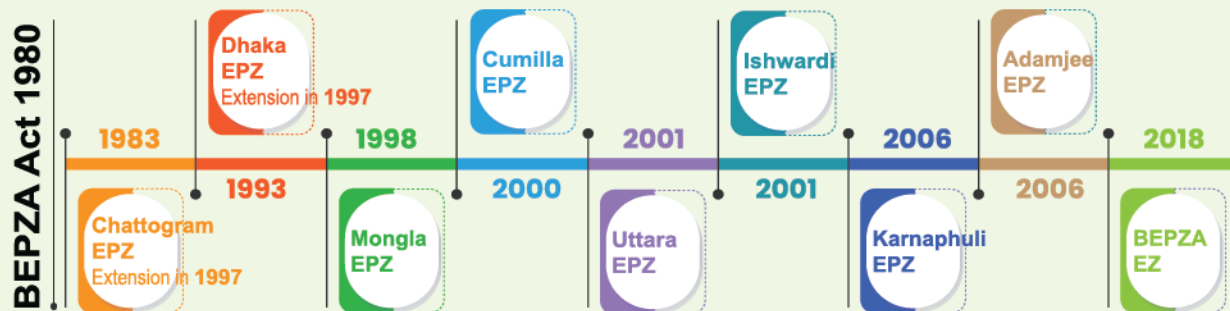
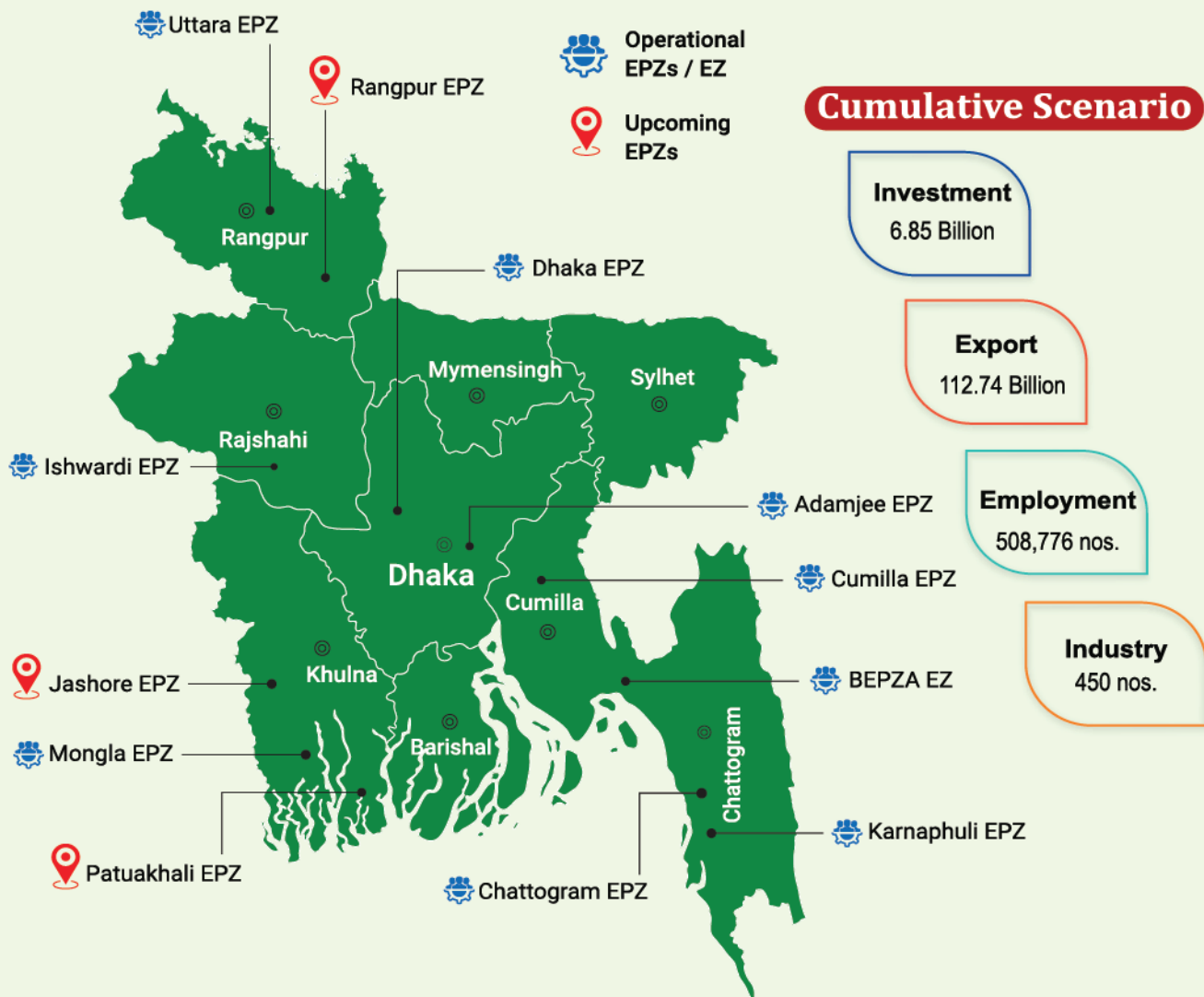


Chairman of Aral Sea Ltd. Mr. Nasir Uddin Badal presenting crests to ERF leaders at the Eco-Tourism Workshop held in the Sundarbans from November 24-27, 2024.



ERF members on a field visit during the Eco-Tourism Workshop held in the Sundarbans from November 24-27, 2024.

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এজাইবি সিএলজি
হজ
ডিপোজিট স্কিম
চলো কা'বার পথে
আল-আরাফাহ্ সাথে
পবিত্র ষষ্ঠপূরণে হজ ডিপোজিট স্কিম
আছে আপনার পাশে



মুদাৱাতা
ডাবল বেনিফিট
ডিপোজিট স্কিম
জমা রাখুন আস্হাৰ সাথে
দ্বিগুণ হবে ৫ বছর ৬ মাসে



মুদাৱাতা
অ্যাডভান্টেজ
ডিপোজিট স্কিম
এসএমই এবং কর্পোরেট
গ্রাহকদের জন্য এক্সক্লুসিভ
ডিপোজিট স্কিম যেখানে
আমানতকারী মেয়াদ শেষে
আকর্ষণীয় মুনাফাসহ
রিটার্ন পাবেন।



মাসুলি
প্রফিট বেজড
টার্ম ডিপোজিট স্কিম

মুনাফা হবে শরীয়াহভিত্তিক সঞ্চয়ে
প্রতি লাখে প্রতি মাসে
সম্ভাব্য মুনাফা ১০০০ টাকা



মুদাৱাতা
ক্যাশ ওয়াকফ
ডিপোজিট স্কিম

আপনার ডিপোজিটকৃত অর্থের
অর্জিত মুনাফা ব্যয় করা হবে
মানব কল্যাণে ও
জনসেবামূলক কার্যক্রমে



মুদাৱাতা
ফ্রেন্ডলি ক্যাবিনেট
ডিপোজিট স্কিম

আয় করুন বিদেশে
নিরাপদে জমা রাখুন দেশে
অফশোর ব্যাংকিংয়ের মাধ্যমে

আল-আরাফাহ্
ইসলামী ব্যাংক পিএলসি.

