FAIR ELECTRONICS

Brig Gen Md Shahidul Alam, director general for spectrum division at Bangladesh Telecommunication Regulatory Commission, poses during his visit to Samsung Electronics' manufacturing plant at Narsingdi. Ruhul Alam Al Mahbub, chairman of Fair Group which owns Fair Electronics, an authorised manufacturer of Samsung mobile phones and consumer electronic products, was present.

METROCEM GROUP

Md Shahidullah, managing director of Metrocem Group, and Khandker Ataur Rahman Rifat, chief marketing officer of Metrocem Cement, pose at the latter's "Annual Sales Conference 2020" at Emmanuelle's Banquet Hall in Dhaka on Saturday.

Industries vexed at no-gas plan beyond economic zones

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Moreover, the private SEZs may charge abnormal prices for land purchase and other costs. So many entrepreneurs do not have the ability to buy the land from them. They will be in big trouble due to the decision, he said.

Bangladesh's economic growth comes from the local entrepreneurs, so they will suffer from this decision, he added.

A Matin Chowdhury, managing director of Malek Spinning Mills and former president of Bangladesh Textile Mills Association (BTMA), said he was in favour of the government decision of having planned industrialisation.

But this necessitates time as the SEZs are not yet ready while the small entrepreneurs do not have the ability to run their units in such specialised areas, he said.

The government should provide a lot of facilities to the small units so that they can go n to grow more, said Chowdhury.

"The government's decision of planned industrialisation is very important. I am also in favour of this decision. But the government's decision is not clear in expansion," said BTMA President Mohammad Ali Khokon.

"The decision is also not clear till when the utility services would be given…Investment will be affected. Economic zones are not ready to set up industrial plants there," he said.

The energy and mineral resources division issued the circular on October 5 citing an instruction of the prime minister at a meeting of the governing body of Bangabandhu Sheikh Mujib Shilpa Nagar held on October 20, 2019.

The directive said, "In view to discourage unplanned industrialisation all utility services including power and gas connection will have to be stopped in phases except for that inside the economic zone."

"The industrialists should have to give advice in this regard. The implementation work will have to start from hence and inform all."

The energy and mineral resources division issued the circular for the state-run gas distributing authority of utility suppliers, including Petrobangla and Titas Gas.

But the directive is not enforceable for economic zones under Bangladesh Economic Zones Authority (Beza), and industrial sites under the BSCIC.

Md Anisur Rahman, secretary the energy and mineral resources division, told The Daily Star that the circular has been issued to encourage planned industrialisation and avoid industrialisation here and there.

"We issued the circular as per the direction of the prime minister, and we will follow it strictly to discourage unplanned industrialisation and protect agricultural land," he said.

"We will conduct campaigns regarding our circular to stop unplanned industrialisation while industrial gas connections will not be provided after March 2021," he added.

About industries that have already been set up and awaiting gas connections, he said obviously they would have to complete legal and official formalities to avail gas connections for their industries. Otherwise, they would not be provided connections.

He also said they could avail physical connection later, but official formalities would have to be completed within the stipulated time.

However, he said, there would be no bar to availing gas connections in economic zones or the BSCIC industrial park.

Manwar Hossain, group managing director of the Anwar Group of Industries, said the directive would hinder the influx of fresh investment from new industries while investors would not be able to expand their industries.

"If the industrialists do not get gas connections, they will not be able to expand their industries, then how will they survive the competition," he asked.

According to him, the directive could not be termed as a visionary one.

The government should keep allocations for shifting existing industries and provide land to industrialist if it wanted to stop industrialisation outside the economic zones.

This type of directive will not bring any good result for industrialisation as existing industrialists have already settled in locations that suit them right, he said.

Paban Chowdhury, executive chairman of Beza, said the investors settling in any one of the economic zones would get gas connections.

Now gas is available at all running or under-construction economic zones, including the BSMSN, Jamalpur economic zone and Moulvibazar economic zone.

Besides, gas connections are available at all private economic zones, he said.

However, he said, there was no gas at the Mongla economic zone as there was no gas supply line in Bagerhat district.

Regarding the directive of the energy and mineral resources division, he said they wanted planned industrialisation to avoid gas pipelines being laid in a scattered manner.

He further said the directive was quite the division's respective decision and that it had no connection with Beza.

Mohammed Amirul Haque, managing director of Premier Cement, said investors have who already started new projects and planned expansions would face problems if they were unable to avail gas connection.

The idea of the economic zones is good for planned industrialisation, the environment and protection of the land, but the government should give a thought to the existing and already-approved plans for industries, he said.

This sudden directive of the energy and mineral resources division cannot be termed as friendly towards the industry as it should take up this initiative after a substantial period of time, he said.

"A number of industrialists already invested for new projects or purchased land to expand their industry… how will they roll back from their investment plans," he asked.

BSCIC ChairmanMostak Hassansaid around 35 per cent of the 76 industrial parks of the BSCIC has no gas connection. The remaining 65 per cent of the parks have no gas connection due to the absence of gas supplies in associated districts.

The parks in the northern district, except for Nilphamari and Bogura, have no gas. Investors are available where gas is available, and almost all plots are booked in those parks while in Sylhet region there are no investors despite the BSCIC having provided gas and power, he said.

The people of Sylhet region, including the expatriates, are not interested in making investments, he said.

Bangladesh on track to becoming a $6b pharma market by 2025

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In recent times, local pharmaceutical companies have emerged as a game-changer by contributing more than 90 per cent of the overall available medicines in the market.

Market players estimate that the local market size of the sector was about Tk 25,000 crore ($3 billion) in 2019. In 2012, it stood at about Tk 9,390 and in 2017 it hit Tk 18,755.6 crore, according to the IMS Health Care Report.

The pharmaceutical industry, a winner of the global market through dynamism and technology, experienced tremendous growth in the last decade and currently contributes 1.83 per cent to the country's gross domestic product (GDP), according to industry people.

Local pharmaceutical makers still have immense potential in the healthcare sector, as Bangladeshis spend around $2.04 billion abroad annually for medical treatment, which is 1.94 per cent of the country's GDP, according to a market analysis by the Bangladesh Investment Development Authority (Bida).

The demand for healthcare services is growing at about 21 per cent annually thanks to the increasing purchasing power of the growing middle and upper-middle classes, the Bida said.

The notable change that attracted the world towards Bangladesh is a consequence of innovation in the science and research and development sector, the Research and Markets said in its report.

Rise in life expectancy, growing per capita income, changing disease profile, population growth, lifestyle changes and increasing patient population are some of the key drivers that are boosting consumption in the local market, it said.

In the upcoming years, the government of Bangladesh will play a significant role in the rapid growth of the pharmaceutical market by providing favourable policies for easy drug approval, production and marketing of new products, the Irish firm expects.

The government is focusing on reducing the country's dependence on the import of raw materials. The establishment of an API Park will act as a turning point for this purpose.

The top 50 companies are setting up their facilities at the Active Pharmaceuticals Ingredient Industrial Park in Munshiganj that will help in the production of patented and already opened active pharmaceuticals ingredients.

It is expected that the development of the API Park will be complete by the next two years, which will reduce the expenditure related to the import of raw materials.

The report said the share of generic drugs is expected to surpass 85 per cent by 2025, which will further strengthen the dominance of local pharmaceutical companies in the market.

"The capacities of local companies are improving, and they are expanding their facilities and investing in research and development, which will help the sector grow," said SM Shafiuzzaman, secretary-general of the Bangladesh Association of Pharmaceutical Industries (BAPI), a platform of about 250 local drug-markers.

He also said the availability of workforce is also an essential factor for the sector to flourish.

There is no difference in quality between original products and the generic products manufactured in Bangladesh, he said. "Bangladeshi pharmaceutical products have always maintained global standards."

"The quality and global image of Bangladesh's medicines are better than the generics produced in India and Egypt," said Monjurul Alam, Beacon's director for global business.

"Since our labour cost and utilities are cheaper than in many countries, our products are more affordable compared to other medicine manufacturing nations."

The general people of Bangladesh can now afford medicines as their purchasing power has increased four times in the last 20 years, he said.

"Moreover, people are well aware of diseases now. Chronic diseases are increasing, which need a regular intake of medicines. All these have triggered the domestic market to boom."

Moreover, local companies are investing and developing dedicated facilities for specialised drugs for treating diseases such as cancer, he said.

"At least 10 to 15 facilities are producing products of international standards. We are now working on producing APIs. If we can start the API production, we can offer more advanced drugs at a more affordable price."

The pharmaceutical industry has managed to grow its exports in the current fiscal on the back of steady demand for medicine amid the coronavirus-induced economic and health crises, which have decimated other major export sectors.

"Pharmaceutical products are essential for all countries. That is why the industry's exports did not decline amid the Covid-19 outbreak. Rather, it rose."

Pharmaceutical shipments soared 4.49 per cent year-on-year to $136 million in fiscal 2019-20 following improvements in product quality and policy support.

The industry is one of the handful of sectors that ended the fiscal year in the black when national exports fell 16.93 per cent.

The sector fetched $130 million in export earnings in fiscal 2018-19 and $103.46 million in fiscal 2017-18.

"As a least developed country, Bangladesh does not need to follow the patent, making it easy to formulate any generic drug locally," said Ananta Saha, international business manager of Renata.

He said the population of Bangladesh is large, which is one of the main reasons for the local pharmaceutical industry's rapid growth.

Regarding the export forecast, he said it would be achievable as it is easy to export pharma products from an LDC to another.

The efficiency of the local companies is improving, and they are expanding their manufacturing facilities, said Muhammad Halimuzzaman, deputy managing director and chief executive officer of Healthcare Pharmaceuticals.

Rabbur Reza, chief operating officer of the company, believes Bangladesh would be able to reach the export target for 2025 if the local sector continues to grow at the current rate.

However, he said Bangladesh has to wait until June next year to find out the pharmaceutical industry's accurate growth rate, which will indicate whether the industry will be able to reach the $6 billion target by 2025.

The economic growth of the country is helping the sector grow faster, he said.

The rising purchasing power of the people and awareness about the treatment is working as a driving force for the sector, he added.

Listed apparel makers bleed for pandemic-induced demand collapse

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Many retailers thought they would do good business during Christmas, the biggest spending season in the western world, but it might not happen because of the second wave, he added.

After the lower profit disclosure by the apparel sector, the stocks of the industry fell on the DSE. Of the firms, the price of 11 companies rose, 22 declined, and 23 remained unchanged yesterday.

The market capitalisation of the textile sector was Tk 10,477 crore yesterday, or around 3.20 per cent of the total market capitalisation of the DSE. It was 3.75 per cent on July 1.

"Our textile sector is mainly related to international trade, but the growth of the export earnings during the period was not encouraging due to the pandemic. We knew that their earnings would not delight us," said Mir Ariful Islam, head of research of Prime Finance Asset Management Company.

"But the textile sector had performed worse than our analysis. Our export earnings did not see degrowth in the quarter," he said.

Between July and September, the shipment of apparels, which typically contribute 84 per cent to the national export, grew 0.84 per cent year-on-year to $8.12 billion.

Among the listed textile firms, 14 apparel companies, or 25 per cent of the sector, incurred loss in the quarter, the highest ratio among all the industries, an analysis of DSE data showed.

Safko Spinning was the biggest loser: its EPS was Tk 2.09 in the negative in the quarter, higher from Tk 1.62 in the negative in the first quarter of 2019-20.

Evince Textile, Generation Next, Hamid Fabrics, Nurani Dyeing, Prime Textile, Shepherd Industries, Sonargaon Textile, Stylecraft and Zaheen Spinning Mills incurred loss in the July-September quarter. They all were in profits in the same period in 2019.

Prime Textile and Sonargaon Textile witnessed the highest deviation in their earnings. EPS of Prime Textile was Tk 0.12 in the first quarter of the previous financial year, but it declined to Tk 0.96 in the negative in the first quarter this year.

Paramount Textile booked the highest EPS among all the listed textile and garment companies. Its earnings per share were Tk 1.51 in the last quarter, up from Tk 1.23 a year ago.

"The earnings of the apparel sector fell mainly due to the lower orders from the international market," said Mustafa Kamal, chief financial officer of Argon Denim.

Argon's turnover dropped to Tk 65 crore in the first quarter from Tk 91 crore in the same quarter in the previous year.

As most of the European economies had enforced lockdowns to limit the spread of the virus, the sector in Bangladesh struggled, he said, adding that the industry had started feeling the heat from April.

The order has begun to rise of late, but the revival may not last as some countries, including the UK, Spain and France have already reintroduced lockdowns amid a surge in infections, he added.

Govt caps MFS's cash-out charge for safety net funds

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The government has allocated Tk 95,570 crore for social protection purposes in the current fiscal year, which is 16.83 per cent of the entire budget and 3.01 per cent of the GDP.

The allocation was Tk 81,865 crore in last year's revised budget.

"The government has decided to disburse the social safety net funds through MFS on a priority basis," the notice said.

The move will help the government distribute the funds among the actual beneficiaries.

Most MFS providers charge clients Tk 18 as the cash-out fee during withdrawal of Tk 1,000.

"But the new cap on the cash-out charge will not put any adverse impact on our earnings," said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, which owns Rocket, one of the largest MFS providers in Bangladesh.

The MFS providers will not spend any money in the form of cash-in charge as the government will distribute the funds electronically, he said.

Cash-out charges will have to be carried by the MFS providers as per the latest government initiative, he said.

MFS providers are supposed to spend Tk 9 as the cash-out charge per Tk 1,000 withdrawal. But the government will pay Tk 7, meaning the operators will have to provide some subsidies, Shirin said.

"The subsidy will not create any burden for the MFS providers as the government will bring a large number of unbanked people under the formal financial system," said Kamal Quadir, chief executive officer of bKash, the country's largest MFS provider in terms of transaction and number of accounts.

The unbanked people, which will get the social safety net fund, will be accustomed to using MFS to settle other financial transactions, he explained.

"This will ultimately push up the overall financial transaction through MFS providers, which will help them get back the subsidy in phases," Quadir said.

The number of active MFS accounts rose 19.32 per cent year-on-year to 4.10 crore in September, according to data from the central bank.

September's MFS transaction amount stood at Tk 49,121 crore, up 18.6 per cent from that one month ago and 38.63 per cent from that one year earlier.

This is the second-highest amount since July when the country's 15 MFS providers posted a record amount of Tk 62,999 crore. Bangladesh introduced MFS nearly a decade ago.

Shirin said that a large number of beneficiaries of the social safety net programmes now collect funds through state-owned Sonali Bank, where they have to maintain a long queue.

Now, they will not have to face such hassles when the fund will be distributed through MFS.

In addition, the beneficiaries will have to open accounts with MFS providers, which will ensure the transparency for the disbursement of the fund, he said.

Quadir also echoed Shirin, saying the actual beneficiaries will get the financial support from the government's programme.

"The government decision will accelerate its ongoing financial sector digitalisation programme," said Tanvir A Mishuk, managing director of Nagad, a digital financial service arm of the postal department and also the fastest-growing MFS carrier in the country.

The number of MFS agents stood at 10.17 lakh in September in contrast to 9.51 lakh one year ago.

In April, the government allocated Tk 1,250 crore for the 50 lakh poor families whose breadwinners were rendered unemployed because of the coronavirus pandemic and most of them were disbursed through the four MFS carriers. The government distributed cash support among 35 lakh beneficiaries.

When the initiative was rolled out, Nagad, bKash, Rocket and SureCash were each given the responsibility to transfer the funds to 17 lakh, 15 lakh, 10 lakh and 8 lakh account holders.

Nagad distributed Tk 324.5 crore among 12.9 lakh beneficiaries, while bkash channelled about Tk 234 crore among 9.3 lakh beneficiaries. Rocket disbursed Tk 177.4 crore among 7.1 lakh recipients and SureCash Tk 120.8 crore among 4.8 lakh beneficiaries, according to a finance ministry report.