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DHAKA MONDAY DECEMBER 16, 2013, e-mail:business@thedailystar.net



Businesses wave white flags in a huge rally to call for a peaceful solution to the current political deadlock, in front of the FBCCI office in Dhaka yesterday. (Inset) A roadside fruit vendor shows his solidarity with the business community. Related story on page 1

SK ENAMUL HAQ

Shop owners struggle to stay afloat

SUMAN SAHA

Shop owners have incurred losses worth around Tk 15,000 crore in the last two months due to the ongoing political turbulence, traders said yesterday.

"We are on the verge of destruction due to the frequent shutdowns and blockades," said Akhtaruzzaman Manju, chairman of Bangladesh Dokan Malik Samity (BDMS), a platform of around 25 lakh shop owners.

The situation has taken a turn for the worse as many shop-owners are being unable to pay monthly rents and employees' wages, he added. The sector counts Tk 250 crore in lost profits a day as there are little to no customers at the shops for fear of violence.

"Customers have almost stopped buying non-essential goods amid the ongoing political situation and so, our daily sales have fallen significantly."

On a normal day, 25 lakh small business owners transact worth around Tk 2,500 crore across the country, but the number has now come close to Tk 500 crore, Manju said.

Sales loss has affected the livelihoods of around one crore families that are involved directly or indirectly in the small business supply chain.

Most small business owners are facing a cash crisis due to the sales slump, said Md Shah Alam Khandaker, organising secretary of BDMS. Many traders are also unable to pay their dues to the wholesalers.

Traders are being forced to sell

BY THE NUMBERS

25 lakh shop owners count

Tk 250 cr daily in lost profit

Daily sales decline 80% to Tk 500 cr

1 cr families depend on small businesses directly or indirectly

SOURCE: BANGLADESH DOKAN MALIK SAMITY

their family lands or ornaments to keep the business afloat as most banks are not interested in extending loans to them amid such a volatile situation, he said.

"Many small shop owners will go out of business if this situation continues," said Khandaker, who has a number of clothing stores in different malls such as Metro Shopping Mall, Alpina Plaza and Gazi Bhaban.

"It is the peak season for selling warm clothes, but we cannot tap into that opportunity as for such unrest and a short supply of products."

Khandaker, a clothing wholesaler and retailer, needs around Tk 10 lakh a month to pay shop rents, salaries and electricity bills. "I am struggling to manage the operating costs."

Md Jamal Hossain, senior salesperson of MM Telecom that wholesales handsets at Motaleb Plaza, said: "Our sales have fallen drastically in recent times."

Customers are now less interested in buying luxury goods, as people's purchasing power, especially for the fixed income groups, has declined significantly due to the ongoing political unrest.

On a normal day, MM Telecom used to sell 400 handsets at a price range of Tk 850 to Tk 15,000 apiece. The number has now fallen to 80-100 pieces a day.

The situation is the same at other stores in Motaleb Plaza that has over 90 telecom shops.

Farhadul Islam, proprietor of Nawabpur-based Purbani Electric that sells cables, switches, sockets and panels, also shared a similar story. "My sales figure is almost zero as there are very few people who come by taking a risk."

Islam said his sales dipped to Tk 500 yesterday, compared with Tk 50,000-Tk 60,000 previously. "My shop's daily operating cost is Tk 2,000," he said.

Traders urged the main political parties to reach an immediate settlement and ensure a peaceful business environment.

Pharma sector struck by political unrest

GAZI TOWHID AHMED

The pharmaceutical sector has incurred losses of around Tk 1,000 crore over the last two months due to political unrest, which has almost broken down the supply chain.

So much that the industry is on the verge of becoming "sick", Momenul Haq, senior vice-president of Bangladesh Association of Pharmaceutical Industries, said.

"Our businesses have ground to a halt, but we need to keep paying the bank interests, staff salary and factory rents and so on."

Haq, who is also the managing director of General Pharmaceuticals, said his factory compound is overflowing of medicine cartons as they are unable to send them out to the retailers across the country due to the transport problem brought about by

the political unrest.

The supply shortage has started to reflect in the prices in rural areas, which are difficult to get to during shutdowns and blockades, he said.

On the other hand, medicine manufacturers are struggling to bring in raw materials from the Chittagong port due to arson on the highways, he said.

"Our pharmacists are failing to reach the factory for fear of pickets. The cost of production is also increasing," he said, adding that the sector has incurred losses of around Tk 1,000 crore in the last two months.

Haq said the pharmaceutical sector has registered 9.59 percent year-on-year growth in sales in the quarter that ended in September, but he expects this quarter's figure to be a massive regression.

Even on the international front,

the political unrest is showing its influence, said Ahmed Kamrul Alam, deputy general manager of Square Pharmaceuticals.

"This shutdown and blockade spree is ruining our export prospects and growth. We are struggling to maintain the lead time, which is never taken well by the international buyers."

Alam, whose company registered 12.68 percent growth last quarter, is sceptical that the growth streak would continue this quarter. "We will definitely miss our target this quarter."

The local pharmaceutical industry is worth around Tk 12,000 crore, according to industry insiders.

At present, the pharmaceutical industry, which is inhabited by 250 companies, meets 97 percent of the local demand and exports to more than 88 countries.

BB seeks more security for banks

STAR BUSINESS REPORT

Bangladesh Bank yesterday called upon the inspector general of police to beef up security at all banks, as different establishments, including bank branches, are becoming victim of vandalism across the country by political miscreants. Security should be strengthened at headquarter and branch offices of all banks to help them function smoothly, the central bank said in a letter to the police chief yesterday.

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