



BUSINESS

DHAKA MONDAY DECEMBER 25, 2017, POUSH 11, 1424 BS

Machines threaten RMG workers' jobs

REFAYET ULLAH MIRDHA

Rapid automation of production, closure of some noncompliant factories and the emergence of some other high-potential sectors have shrunk the total number of workers employed by the garment sector by 0.8 million over the last five years.

In 2013, the total number of garment workers in Bangladesh stood at 4.4 million, which fell to 3.6 million now, said Syed Sultan Uddin Ahmed, executive director of the Bangladesh Institute of Labour Studies.

"Automation is mainly responsible for the shedding of workers."

One machine can make at least 10 workers in a factory redundant, according to Ahmed.

Workers in sweater factories stand to lose their jobs as the owners are progressively moving towards full automation to save up production costs and reduce reliance on workers, he added.

Srinivas Reddy, the immediate past country director of the International Labour Organisation, in a recent interview with The Daily Star also agreed with the declining number of garment workers in Bangladesh.

The machine has replaced the unskilled and semi-skilled workers, but the skilled workers are still employed in the factories, he said.

Apart from automation, the closure of nearly 400 small and medium



A man uses a machine at a garment factory in Gazipur. The number of garment workers has gone down due to rapid automation of production.

factories is also responsible for the reduction of garment workers.

The factories that could not pass the tough criteria of the Accord and Alliance, the two foreign inspection agencies, were shuttered and the employees lost jobs.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, echoed the same.

"Yes, it is true that the demand for workers has declined due to automation and closure of some factories," he said, while citing the remarkable shift towards automation in knitwear factories.

The relocation of factories from Dhaka to Gazipur, Savar, Ashulia and Maona following the Rana Plaza building collapse is also to

blame for the decline in numbers.

"The workers did not join the new places or shifted to other sectors," Ahmed said.

Increasing attention to value-added garment items such as blazers, suits, lingerie and sportswear is another reason, according to industry insiders.

READ MORE ON B3

Lafarge Surma to acquire Holcim at BB-set price

STAR BUSINESS REPORT

Lafarge Surma Cement has approved the acquisition of Holcim Bangladesh for Tk 504.78 crore, a price previously set by the Bangladeshi Bank.

The company announced that its chief executive officer will complete the deal, according to a posting on the Dhaka Stock Exchange website yesterday.

The central bank on September 17 gave the nod to the acquisition, saying Lafarge can remit Tk 504.78 crore for 88,244 shares of Holcim.

The price set by the BB is 47 percent lower from the Tk 950 crore agreed during a share purchase agreement between the seller and the buyer.

The transaction was supposed to be completed within a month of the BB approval, but the company could not do it.

Later, it sought a time extension and the BB gave another 90 days to remit the money.

In October, Lafarge also asked the central bank to review the decision, according to a position paper of the company. But the BB did not change the share price.

At the DSE, the company's share price jumped 9.94 percent, or Tk 5.4, to close at Tk 59.70 yesterday.

The share price remained under pressure in the last three months as the central bank did not give the approval for acquiring Holcim at the company's expected price.

The share price went down to Tk 51.40 on December 20, the lowest in the last two years, according to the DSE.

In November last year, the board of Lafarge Surma announced that it was exploring the opportunity of combining the businesses of Holcim Bangladesh and Lafarge Surma.

The board approved the acquisition a month later. Each of Holcim's 88,244 shares was valued at \$1,325.88 (Tk 1.06 lakh).

Upon completion of the transaction, Lafarge Surma will have a combination of production facilities, including the only clinker production facility in Bangladesh and four grinding plants across the country.

This will enable the company to optimise its network of production facility and create more cost-effective routes to the market.

The company will also become a major player with a production capacity of 4.2 million tonnes a year, according to the company.

Lafarge and Holcim, the two cement giants in the world, completed the merger at the global level in July 2015.

DAILY MARKET

Dhaka stocks continued its losing streak in the first session of the week as the institutional investors are exerting immense sales pressure eyeing the year's end.

The benchmark index, DSEX, fell 23.48 points, or 0.37 percent, to 6,159.31. Market turnover surged 2.18 percent to Tk 359.72 crore as retail investors were reluctant to participate in transactions amid a bearish trend.

"The market started the session on a positive note, but soon it fell due to the fall in the price of the major equities," said UCB Capital Management in its daily market analysis.

Banking equities led the turnover, contributing 20.32 percent to the total, according to the analysis.

READ MORE ON B3

Challenging year for steelmakers

SOHEL PARVEZ

Steelmakers passed a challenging year for a number of factors including rising import costs, port congestion, lack of gas supply and restriction on transport of goods by 20-tonne vehicles on the highways, industry insiders said.

The sector grew about 15 percent year-on-year in 2017, said Manwar Hossain, chairman of the

Bangladesh Auto Re-Rolling & Steel Mills Association (BARSMA).

The association represents large mills, which increased production steadily to meet the growing demand for both public and private sector construction.

Domestic steel production, which was almost stagnant at 25-30 lakh tonnes a year between 2008 and 2014, rose in later years,

leading millers to increase production capacity and go for backward integration.

With about 70 lakh tonnes of capacity, the mills produced 50-55 lakh tonnes of steel in 2017, up from 40-45 lakh tonnes a year ago, said SK Masadul Alam Masud, former chairman of BARSMA.

Hossain, also the managing director of Anwar Ispat, said the government's construction activi-

ties were the main driver of the growth.

"We have increased capacity. But we could not take production to the expected level because of inadequate supply of gas and electricity," he said.

The sudden imposition of the decision ground the carriage of raw materials from Chittagong port to a halt as much larger vehicles are needed, Hossain said.

"The steel industry will need 65,000 such trailers to carry the goods," he added.

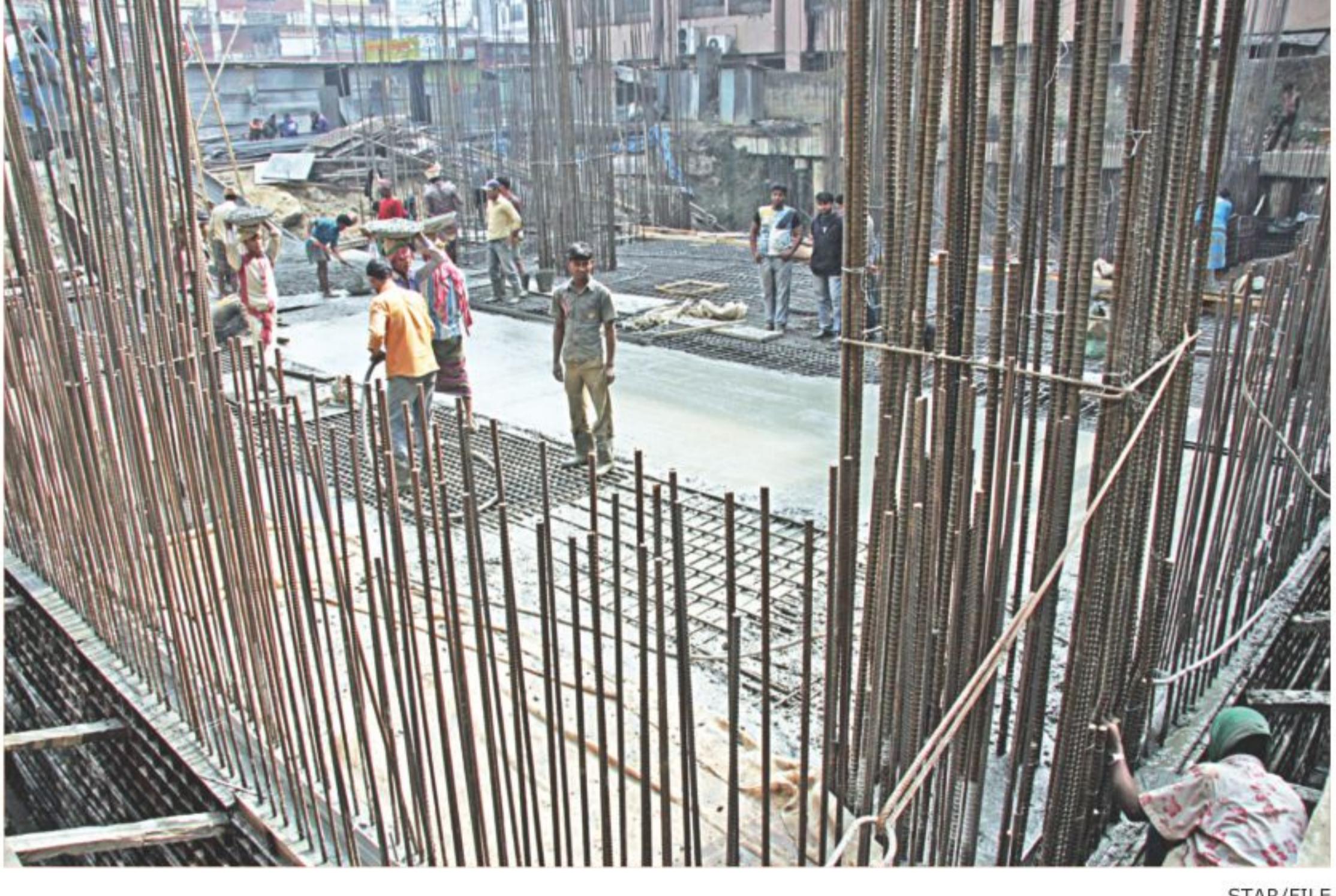
As the supply of such trailers was less than demand, the freight charge also rose, millers said.

"We could not release any good from port for 17 days. The government should have assessed availability of such trailers and the amount of goods imported into the country," Hossain said.

The congestion at the Chittagong port also affected the sector. "Our costs have risen," he added.

Ameir Alihussain, managing director of BSRM, one of the largest steelmakers in the country, said the steel industry was under pressure in 2017.

READ MORE ON B3



Operators fear the imposition of 15 percent VAT will lead to an increase in the prices of rod and steel products.

Grameen Bank election for directors soon: Muhith

STAR BUSINESS REPORT

The much overdue election for Grameen Bank's board, which the award-winning microlender has been soliciting for long for smooth running of its activities, will take place soon, said Finance Minister AMA Muhith yesterday.

"The schedule for the election has already been prepared. I think a new board will be there before our [the government] term ends," he told reporters at the secretariat.

Three government-appointed directors have been running the bank since February 2015 after the tenure of the nine elected directors came to an end.

Although the rules for election of direc-

tors were changed in April 2014 no election has taken place since.

This led K Mozammel Haque, chairman of Grameen Bank, to write to the finance ministry in July to seek approval to conduct an election following the rules it has since its inception.

Many important tasks remain stuck at a financial organisation if there is an absence of a full board for a long time, and this

disrupts the running of all activities in a disciplined way, Haque said in the letter.

The board is a 12-member body. Nine board members are directly elected by shareholders and borrowers of the bank, while the rest, including the chairman, are nominated by the government.

Muhith also said in the past Grameen

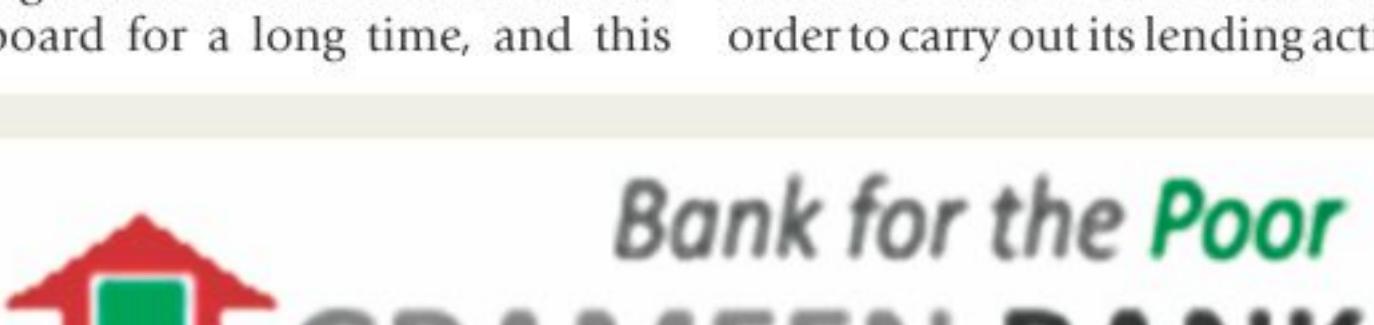
Bank used to shell out a lot of subsidies in order to carry out its lending activities.

"Now the situation has changed. The borrowers take loans from Grameen Bank to open and run micro and small enterprises. As a result, Grameen Bank is now making profit. This is a very important indicator of social change in Bangladesh," he said.

Grameen Bank's acting managing director Ratan Kumar Nag yesterday handed a cheque of Tk 6.17 crore to Muhith for 2016 against the government's investment in the microlender.

As of 2016, the government invested Tk 20.58 crore and reaped dividends of Tk 25.23 crore, according to a statement of the bank yesterday.

The bank clocked Tk 139 crore in net profits last year.



রোগ নির্ণয়ে সর্বাধুমিক যন্ত্রপাতি
ও সর্বোচ্চ মান।
প্রতিটি ডায়াগনস্টিক টেস্ট,
আইসিসিটি, সার্জারী ও ডায়ালিসিসে
ন্যূনতম ৩০% সাময়।

ফারাহ প্লাজা, ৭০ মিল্লোড, পান্ত্ৰম মোড
ফোন: +৮৮০-২-৯৬৪২৯১৯

Hotline: 01991150900

(SBL Foundation Hospital, Diagnostic & Dialysis Center)