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BUSINESS

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starbusiness@thedailystar.net

# Steelmakers flexing muscles

## Large projects, housing sector boost demand

SAJJADUR RAHMAN and JAGARAN CHAKMA

Steelmakers are investing thousands of crores of taka either to expand existing capacity or set up new units as consumption is on the rise.

Per capita steel consumption in Bangladesh has grown more than 54 percent to 37kg in the last eight years thanks to the government's large infrastructure projects and the thriving housing sector.

According to market players, per capita steel use was 24kg in 2010.

Market leader Bangladesh Steel Re-Rolling Mills (BSRM) and other top firms such as Anwar Ispat, AKS, GPH, KSRM and Bashundhara Steel have expanded their capacity in recent years.

PHP Family, a Chittagong-based business group, which has invested Tk 1,500 crore for a new unit in Feni, plans to invest about Tk 31,600 crore in the next five years to seven years to set up an integrated steel plant on 500 acres of land in the Mirsarai Economic Zone.

Chinese companies have also shown interest to invest in the steel sector.

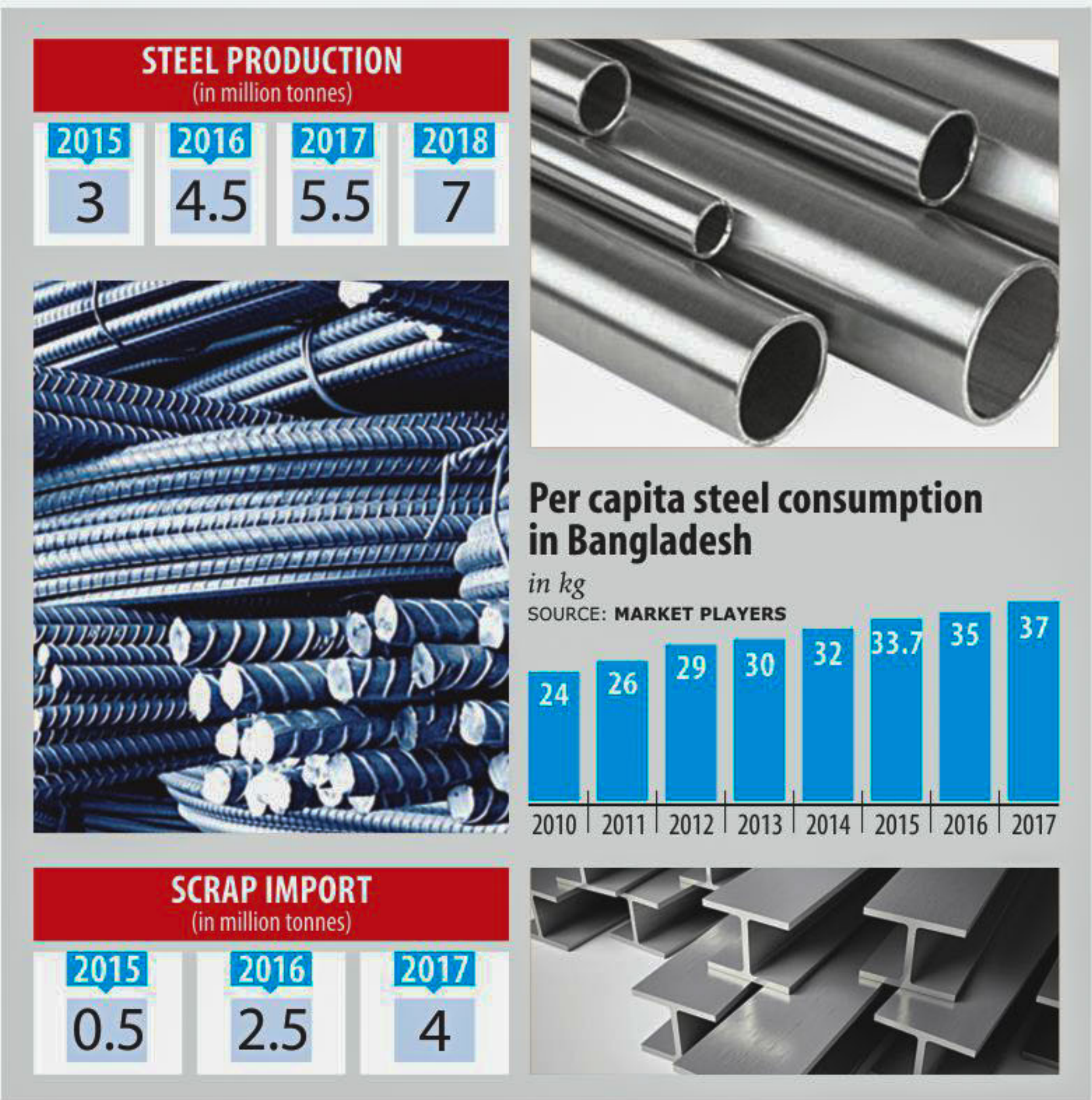
Bangladesh's steel sector has made great strides since the country's independence.

In 1972, local millers used to produce a meagre 47,000 tonnes of steel. The figure rose to 55 lakh tonnes in 2017 and is expected to hit 70 lakh tonnes this year.

The sector turns over about Tk 30,000 crore a year in sales revenue.

The growing use may cheer up manufacturers and retailers, but Bangladesh lags far behind its peer countries and neighbour India when it comes to consumption.

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# Ceramic makers decry gas diversion to power plants

REFAYET ULLAH MIRDHA

Production in ceramic factories in Dhaka's adjacent areas has been badly hampered for an acute gas crisis over the past couple of weeks as the supply of gas has been diverted to power plants.

Production in some cases has decreased by two thirds due to the inadequate pressure of gas, a prerequisite for running the factories, said ceramic producers.

Leaders of the Bangladesh Ceramic Manufacturers and Exporters Association (BCMEA) sent a letter to the Titas Gas Transmission and Distribution Company Limited, the gas supplying company, on August 14 seeking remedy.

Titas has reduced gas pressure to industries to supply gas to power plants as a backup since the recent discovery that coal, which is used in producing power, had been stolen from the Barapukuria coal mine.

In the letter addressed to the Titas managing director, the BCMEA said the ceramic factories in areas like Savar, Dhamrai, Gazipur, Shreepur, Kashimpur, Tongi, Joydebpur and Mirzapur in Tangail have been suffering for an inadequate supply of gas.

The gas pressure goes down to 2-3 pounds per square inch (PSI) and even reaches zero although Titas assured providing the factories 15 PSI, which is sufficient to continue production, the BCMEA said in the letter.

The affected factories have altogether

been losing Tk 2 crore every day for the production being affected, the letter mentioned. The BCMEA mentioned the names of nine factories which have been facing the gas crisis.

The factories are Peoples Ceramic Industries Ltd, Dacca Ceramic & Sanitarywares, Monno Ceramic Industries, Shinepukur Ceramics, Protik Ceramics, Standard Ceramic Industries, Fu-wang Ceramic Industry, Sun Power Ceramics and ATI Ceramics.

"The production in my factory dropped to almost one third due to inadequate gas pressure," said Moynul Islam, vice-chairman of Dhamrai-based Monno Ceramic Industries Ltd.

"Previously, I used to produce 75,000 pieces of ceramic plates, dinner sets, and mugs but now I can produce 30,000 in a day," he said.

"My problem is even more acute. The low gas pressure has been plaguing my factories since 2008," Islam told The Daily Star over the phone.

"Still, we are running our factory reducing cost of production in other areas."

The gas crisis in other factories is new, said Islam, who is also a senior vice-president of the BCMEA.

Islam said if the LNG supply starts in full swing, the gas crisis will ease by a large extent. He said he has been thinking of running his factory with LPG for overcoming the gas crisis.

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# China's Foton to assemble vehicles in Bangladesh

STAR BUSINESS REPORT

Foton Motor, a Chinese vehicle manufacturer, will set up a plant in Bangladesh by next year to assemble commercial vehicles, a top official of the company said yesterday.

"The market for commercial vehicles in Bangladesh is very potential as the demand is increasing in line with the country's consistent economic growth," said Chang Rui, president of Foton International.

He was talking to The Daily Star after the signing of an exclusive dealership deal with local ACI Motors at the ACI Centre in the capital for marketing Foton vehicles.

Rui did not disclose the amount Foton will be investing in the assembly plant.

At present, the country's market size for commercial vehicles is about Tk 4,200 crore a year and the segment is dominated by Indian vehicles. Japanese vehicles used to control the segment a decade ago.

ACI Motors believes that this partnership will enable it to grab 10 percent of the market of commercial vehicles within the next three years, according to Subrata Ranjan Das, executive director of the company.

He said they would launch the commercial sales of Foton vehicles in November this year.

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# Fresh congestion slows Ctg port

DWAIPAYAN BARIUA, Ctg

Chittagong Port has been facing container congestion for a week, the second this month, mainly because of slow delivery of import containers and transportation of containers to private inland container depots.

Import-laden containers lying in the port yards totalled 44,473 TEUs (twenty-foot equivalent units) till yesterday against the port's storage facility of 37,620 TEUs.

A good portion of import containers are usually taken from the port to the ICDs from where importers receive the goods.

But the movement of the containers to the ICDs has been facing disruption for the last couple of days, after the Road, Transport and Highways Division banned trucks, covered vans and lorries from plying on the roads three days before Eid-ul-Azha.

As of yesterday, the number of ICD-bound containers lying at the port yards rose to 5,039 TEUs although the port doesn't have designated space to store them.

The port experienced a similar congestion in the first week of August due to a

transport crisis amid countrywide student protests demanding safe roads and an almost concurrently unannounced transport strike.

Although the Eid vacation ended, only a

small number of vehicles plied as not all of the transport workers who had gone home to celebrate the vacation have returned, causing the poor delivery of imported goods.



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Slow transportation has led to container congestion in Chittagong Port for a week.

# BASIC Bank MD tenders resignation

STAR BUSINESS REPORT

BASIC Bank Managing Director Muhammad Awal Khan has submitted his resignation in just 10 months after being appointed to the top post of the state-owned bank for a three-year term.

Khan showed personal reasons for the resignation, although insiders in the bank said he was facing challenges in improving the bank's financial health because of the scams perpetrated by the previous board of directors led by Abdul Hye Bachchu.

Khan, who took charge of the bank on November 1 last year, tendered his resignation at a meeting of the board of directors on August 14, Alauddin A Majid, chairman of the bank, told The Daily Star yesterday.

"His resignation is now under process."

The major financial indicators of the bank deteriorated in the last few quarters and the trend has subsequently put pressure on Khan, insiders close to the matter said.

Default loans of the bank rose by 18.36 percent year-on-year to Tk 8,290 crore at the end of March this year.

The bank rescheduled a large amount



Muhammad Awal Khan

of default loans in almost every quarter over the last few years to artificially show a good financial health.

The bank rescheduled Tk 172 crore, which is the largest figure among the state-owned commercial banks, in the first quarter of this year.

Cash recovery from default loans also showed a dissatisfactory trend as such recovery stood only at Tk 18.79 crore between January and March of this year, down 50.14 percent year-on-year.

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# Japan to give 24 rescue boats

STAR BUSINESS REPORT

Japan is going to give 24 rescue boats to Bangladesh under a Tk 212 crore grant agreement.

Kazi Shofiqul Azam, secretary of the Economic Relations Division (ERD), and Hitoshi Hirata, chief representative of the Japan International Cooperation Agency in Bangladesh, signed the deal at the ERD office in Dhaka yesterday.

Hiroyasu Izumi, Japan's ambassador to Bangladesh, was present at the signing ceremony, according to a statement of the ERD.

The boats will also be used to ensure maritime security and check terrorist activities in the Bay of Bengal.

The rescue boats will be given to the Bangladesh Coast Guard, which will provide security to Bangladesh's commercial vessels after they enter the country's waters.

# Dhaka urges Colombo to sign FTA quickly

STAR BUSINESS REPORT

Bangladesh has urged Sri Lanka to sign the free trade agreement and the bilateral coastal shipping deal quickly to enhance trade between the two countries.

Planning Minister AHM Mustafa Kamal made the call yesterday during a meeting with Sri Lankan Prime Minister Ranil Wickremesinghe in Hanoi, Vietnam, on the sidelines of the Indian Ocean Conference, according to a statement of the planning ministry.

Kamal requested the prime minister

to take steps to speed up the preparatory work for finalising the FTA.

The bilateral trade between the two nations amounts to only \$150 million and it will receive a boost if the FTA becomes effective, the planning minister said.

Wickremesinghe assured that Sri Lanka will expedite the FTA and maritime agreements.

He said a good number of Sri Lankans are working in Bangladesh in a very friendly environment, mostly in technical and managerial positions,

supporting the manufacturing and service sectors.

Kamal raised the issue of the coastal shipping agreement, which has been pending for three years.

The maritime shipping connectivity will help Bangladesh's shipping cargoes to reach their final destinations in the west via Colombo Port.

In 2016, Bangladesh and Sri Lanka agreed to sign the FTA.

In March this year, Commerce Minister Tofail Ahmed said Bangladesh will sign the agreement in October.

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