

এসআইবিএল

সুপার ডিপিএস

বিশেষ সংরক্ষণ ক্রিম

প্রাক্কলিত মুনাফা:

৩ বছর

৫ বছর

১০ বছর

৯.২৫%

৯.৫০%

১০%

ইসলামী শরীয়া'র এর মূদালাবা নীতির ভিত্তিতে পরিচালিত।

SIBL

উদ্বোধন ১৯৮৯

Social Islami Bank Limited

star

BUSINESS

# 50 small RMG units shut in six months

The factories were grappling with high production cost amid falling prices

REFAYET ULLAH MIRDHA

About 50,000 workers have lost their jobs as 50 small and medium-sized garment factories have shuttered their operations in April mainly because of higher cost of production and lower prices offered by foreign buyers.

The closure will take the number of SME apparel factories that went out of business in the last one year to more than 200 units, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"We are in a very unpleasant situation," said Rezwana Selim, director of the association who is mainly tasked with dealing with labour and payment issues.

There are more than 1,000 SME

units in the garment sector, each employing between 500 and 2,000 workers, according to industry insiders.

Almost every day owners of the SME units are contacting the BGMEA about problems they are facing in running their factories, Selim said.

The businessman also blamed the recent wage hike, lower work orders to the SME units and the recent free trade agreement between Vietnam and the European Union for the SME units' current woes.

The smaller units can hardly afford to pay the increased salary that came into effect in January, he said.

Many work orders are shifting to Vietnam, one of the competitors of Bangladesh, because of the free trade deal.

## KEY POINTS

- 50 small and medium factories closed since April
- More than 200 shut in the last one year
- About 50,000 workers lost jobs since April
- Bangladesh now has about 1,000 small and medium units
- Each small/medium factory employs 500-2,000 workers
- Small factories face restriction in subcontracting



Rana Plaza building collapse in April 2013.

"The situation is like the survival of the fittest," Selim said.

The bigger units are getting bigger as they can afford the higher cost of production and have negotiation skill, he added.

Like many others, Rafiqul Islam, managing director of Designtex Sweaters, wound up his Konabari-based factory in June.

"I was incurring losses and finally decided to close my sweater

unit, which I ran for 18 years."

Before the closure, Islam used to export \$20 million worth of sweater items annually, selling each unit for \$4.5 to \$4.70. Every month, he used to pay Tk 3 crore in salary and another Tk 1 crore in other expenses.

"However, in recent months I had been facing a lot of difficulties and finally decided to shut down the unit by paying all the dues to 2,500 workers.

READ MORE ON B3

# Govt firm to buy NPLs by next year

AKM ZAMIR UDDIN

The government plans to form an asset management company this fiscal year to buy distressed loans off banks as part of its efforts to clean up the financial sector.

As per the roadmap, the government will draw up a special law to form a public asset management company (PAMC) in the lead up to the next budget for fiscal 2020-21.

The law will empower the PAMC to purchase non-performing loans (NPLs) from banks and sell them off to individuals or corporate entities by way of sidestepping court instructions, said a finance ministry official.

The PAMC will acquire default loans from banks after doing due diligence and also the sick institutions saddled with bad loans and restructure them. The restructured asset will be sold at a premium then, he added.

The development means banks will soon get respite from the legal complexities to recovering their default loans.

The government has recently formed a five-member committee comprising of officials from both the central bank and the finance ministry to speed up the process for formation of PAMC.

The committee, which was formed following a feasibility study in June, is now working on framing the draft act, which may be enacted in the parliament session for next fiscal budget, according to the finance ministry official.

## AT A GLANCE

Govt to formulate a special act to form the PAMC

The act will be framed within this fiscal year

The new entity may be empowered to purchase NPLs

A five-member committee is working on the issue

ADB has expressed interest in giving technical and financial support

Foreign and local companies may be allowed to purchase NPLs

Its member will attend an international conference organised by International Public AMC Forum (IPAF), an organisation of seven countries' PAMCs, in Seoul, South Korea later this month to gather more information.

The IPAF members will also purchase the default loans from Bangladesh if the country's PAMC joins the organisation.

"This will also give a boost to the country's foreign direct investment," the official said.

READ MORE ON B3

# BASF offers tech to fight waterlogging

JAGARAN CHAKMA

A form of pavement capable of instantly allowing huge amounts of water to seep inside is now being offered in Bangladesh by German chemical company BASF.

"Elastopave" uses specific mixes and layers of rock, stone and gravel with polyurethane to yield a strong, water- and air-permeable surface having many interconnected voids and a high degree of porosity, the company said.

Given suitably absorbent ground, rainwater can percolate effectively and replenish aquifers, it adds.

Waterlogging during monsoons is a nagging problem in urban life. Most canals in the country's major cities have been grabbed by encroachers or are clogged with solid waste, for which rain of even short periods of time leads to whole areas being submerged.

READ MORE ON B3



COLLECTED

Suitable for sidewalks, parking areas, pedestrian zones and the likes, the material yields a strong, water- and air-permeable surface.

# Furniture sales to rise in winter

Fair organisers say on the concluding day

STAR BUSINESS REPORT

The 16th National Furniture Fair concluded yesterday with, what market players say, a sign of optimism for the business to grow in the domestic market.

Participants at the five-day event at the International Convention City Bashundhara in Dhaka say customer feedback in terms of sales was good thanks to the growing middle class, who are preferring quality over all else and brands to decorate their abodes, from the living room to the sleeping quarters.

"The exposition is likely to bring a positive impact on the prevailing lull in the sector's business," said Selim H Rahman, managing director of Hatil and president of the Bangladesh Furniture Shilpa Malik Samity.

He said the fair basically sought to introduce new products of brands to consumers, although some companies took part solely eyeing sales and in the process offered handsome discounts.

Rahman said sales had been slow over the past couple of months. He



COLLECTED

Visitors throng the 16th national furniture fair at International Convention City Bashundhara yesterday.

was hopeful of sales picking up ahead of coming winter.

Tareq Aziz, head of marketing and communication of Partex Star Group, said customers' confidence in brands had been continuing to grow

alongside purchasing capacity for the past couple of years.

He said their discounts had brought in a good number of customers to the fair.

READ MORE ON B3

# Bruised investors brace for new week

STAR BUSINESS REPORT

A new week begins for apprehensive stock investors as they go through their portfolios trying to make sense of the downtrend of the past five working days.

Data of Dhaka Stock Exchange (DSE) shows that both index and turnover tumbled, forcing investors to go for sell-offs over fears that the value erosion would persist.

The drop of the DSEX, the DSE's benchmark index, was of 77.90 points, or 1.58 percent. The week before it had similarly shed 79 points.

Comparing the two weeks, the daily average turnover, another important indicator of the market, plunged 9.95 percent to Tk 379 crore.

A stock broker said investors were fearful and frustrated due to the recent continuous fall, so most were getting rid of shares to salvage what was left of their investment.

Such a tendency is not good for the market so support is required to boost confidence from here on so that they can get encouragement to make investments, he said while talking to The Daily Star on Thursday.

One of his peers said the telecom and insurance sectors



saved the index from a huge fall last week as all the others had slid erratically.

The telecom sector, led by heavyweight Grameenphone, rose 9.8 percent, turning out to be the top contributor to the index.

According to the DSE data, GP stocks jumped 9.5 percent thanks to government steps towards resolving an issue between the largest listed telecom company and Bangladesh Telecommunication Regulatory Commission (BTRC).

On September 4, the BTRC had sent a notice to GP giving 30 days to explain why its licence would not be cancelled for violating associated conditions by not paying Tk 12,579 crore in dues.

The news took a toll on the company's stocks, which fell around 21 percent in the past two months.

Meanwhile, life insurance and general insurance sectors also rose 7.7 and 5.8 percent respectively.

A merchant banker said the insurance sector's contribution culminated from some positive announcements made by the finance minister.

READ MORE ON B3

# StanChart unveils guidebook for Japanese investors

The publication will help explore Bangladesh market

STAR BUSINESS REPORT

Standard Chartered Bangladesh has unveiled a guidebook to help Japanese businesses explore investment opportunities in the country and operate.

The local operations of the London-based emerging-markets lender introduced the guidebook styled "Doing business in Bangladesh" at an event titled "Rising Tides" at the Westin Dhaka hotel on Thursday.

The publication offers readers information in both Japanese and English.

"Now is the high time for Japanese investors to invest in Bangladesh thanks to the country's higher growth potential," Yasunori Takeuchi, CEO of Standard Chartered Japan, while addressing the event.

"We have seen much progress of the economy of Bangladesh in the last one decade."

StanChart is playing a leadership role in enabling and facilitating trade and investment across the vital Bangladesh-Japan corridor.

In order to deliver a seamless experience for Japanese businesses in Bangladesh, the bank has set up a dedicated Japan-Bangladesh Desk.

In 2018, the bank facilitated a landmark

transaction between a Japanese and Bangladeshi company, which represents the single largest foreign private investment into Bangladesh and the single largest consumer sector acquisition in Bangladesh to date.

StanChart is also the mandated account bank for major Japan-funded megaprojects

such as the Matarbari power plant, Kanchpur Gas project and Metro Rail Line 6.

Takeuchi also said the consumer market of Bangladesh is emerging, encouraging Japanese retailers to come here.

Takeuchi said Standard Chartered has been giving support to Japanese companies



STANCHART

Md Abul Kalam Azad, fourth from left, principal coordinator for SDG affairs at Prime Minister's Office; Yasunori Takeuchi, fourth from right, CEO of Standard Chartered Japan, and Naser Ezaz Bijoy, third from left, CEO of Standard Chartered Bangladesh, unveil "Doing Business in Bangladesh", the bank's guidebook for Japanese investors, at The Westin Dhaka on Thursday.

for the last 139 years and is awaiting to celebrate the 140th anniversary in 2020.

Hiroyuki Yamaya, deputy chief of mission of the Embassy of Japan, said Bangladesh has achieved tremendous growth in the last two years, attracting Japanese companies to come to Bangladesh with a view to making investment.

Even, Japan has focused the rapid growth of Bangladesh's economy in its latest development strategy.

He also praised the government of Bangladesh for its utmost effort in bringing foreign direct investment from Japan.

Abul Kalam Azad, principal coordinator for SDG affairs at the Prime Minister's Office, said Japan is the biggest provider of bilateral cooperation to Bangladesh.

He said Prime Minister Sheikh Hasina is serious about Japanese companies, their investment and safety.

Naser Ezaz Bijoy, CEO of StanChart Bangladesh, said Japanese investors are more interested to invest in Bangladesh than in the past as there is growth potential of the economy.

"We are optimistic that Bangladesh will become a \$500 billion economy within the next five years," he said, adding that working age groups account for around half of the country's total population.

READ MORE ON B3

ADD COLOR TO YOUR DREAM

Apartment Purchase

Home Construction

Home Extension

Home Renovation

Takeover Loan

16219 or 09604016219

www.mutualtrustbank.com

Tweet16219

Mutual Trust Bank