

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.64%	▲ 0.71%	\$1,507.00	\$67.40	▼ 0.72%	▲ 0.60%	▲ 0.04%	▲ 0.85%	BUY TK 83.95	92.29	108.40	0.75
4,418.83	8,163.74	(per ounce)	(per barrel)	41,163.76	23,924.92	3,222.99	3,007.35	SELL TK 84.95	96.09	112.20	0.79

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Factory production slowing down

SOHEL PARVEZ

Major industrial sectors are suffering from a sluggishness as factory production slowed down to a great extent in the July-August period of 2019-20 thanks to a fall in shipments.

Factory production saw a 2.2 percent year-on-year rise in the July-August period this year which was as high as 14.6 percent in the same period the previous year, according to the Bangladesh Bureau of Statistics (BBS).

A fall in exports has mainly slowed the growth, said MA Jabbar, managing director of DBL Group, one of the leading apparel manufacturers and exporters.

The main industrial sector of apparel—where around 4.4 million people work—has been suffering from a downturn in exports for the last couple of months.

In July-August of 2019-20, garment production declined 0.58 percent year-on-year to Tk 235 billion when



STAR/FILE

The textile and apparel sector has been suffering from a downturn in exports for the last couple of months.

knitwear manufacturing grew only at 0.65 percent, much lower from 5.42 percent in the previous year, according to the Quantum Index of Industrial Production (QIIP) by the BBS.

Jabbar said many factories got shut due to their failure to remain compliant when a number of small factories lost competitiveness.

Apart from apparel, production of

cotton yarn, pharmaceuticals, rod and cement also dropped along with leather and leather goods.

Rod production edged up only 0.43 percent year-on-year to 67,090 tonnes, whereas the growth was 5.47 percent in the same period last fiscal year. Cement output grew only at 2.28 percent in July-August this fiscal, which was 8.45 percent in the same period the previous year.

"Domestic market did not grow as we expected in the initial months," said Md Alamgir Kabir, chairman of GPH Ispat, one of the main steel makers of the country.

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Stock investors haunted by trust deficit, liquidity crisis

AHSAN HABIB

Stock investors passed a very disappointing year in 2019 as the market was largely down by lack of confidence, liquidity crisis and regulatory challenges, dwarfing many measures that the government took to prop it up.

In the beginning, the markets showed signs of hope on the back of political calmness aided by the peaceful national elections in December 2018, policy consistency and stable macro-economic indicators.

The benchmark index of the Dhaka Stock Exchange (DSE) surged 8.87 percent to 5,950 points within a month.

But the following 11 months were upsetting, as the DSEX gave up 1,531.18 points, or 25.73 percent, to fall to 4,418.83 at the end of the year, the lowest in three and a half years.

Turnover, an important indicator of the market, averaged Tk 900 crore daily in January but it fell to Tk 300 crore in the end.

The round-the-year liquidity crisis in the banking sector, sell-offs of foreign investors and some policy changes were largely to blame. These all created a huge confidence crisis among the investors, bringing down their investment.

In the last one year, investors' stock value lost Tk 81,494 crore, or 19.40 percent, pulling the overall market capitalisation down to Tk 338,493 crore.

"The capital market was moribund and stock investors lost confidence because of macroeconomic situation,



pressure in the market."

Prof Rahman said many companies were listed in the last few years but they performed poorly. Investors bought these shares at higher prices but did not get higher dividends.

There was a huge crisis of corporate governance in the banking and non-banking financial sector. As a result, non-performing loans (NPLs) rose and the capital adequacy ratio suffered, spooking investors' confidence. The NPLs stood at Tk 116,288 crore in September, which was 11.99 percent of the total outstanding loans in banks.

Throughout the year, bank and NBFIs said they did not have enough funds to invest in the stock market. Some institutional investors reduced investment in the market. But financial institutions with funds suffered from a lack of confidence.

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UPSIDES

- ▶ An SME platform was launched on DSE
- ▶ Online customer complaint module introduced
- ▶ Sponsors were barred from selling shares without notice
- ▶ Tax-free dividend income raised to Tk 50,000
- ▶ BB enhanced scope for banks' investment

DOWNSIDES

- ▶ DSEX sank to four-year low
- ▶ Trading of People's Leasing suspended due to liquidation
- ▶ BSEC sued by a foreign investor for extending tenure of a mutual fund
- ▶ Tussle with regulator weighed on GP stocks
- ▶ Blue-chip index fell to six-year low

Telephone Shilpa Sangstha stages a comeback

Resumes assembling laptops after quality improvements

MUHAMMAD ZAHIDUL ISLAM

Telephone Shilpa Sangstha (TSS) managed to sell 13,825 units of its DOEL-branded laptops in fiscal 2018-19 as the once promising state-owned computer assembler makes a spirited fight for survival.

It assembled a total of 14,350 units last fiscal year, which is markedly higher than its output in recent years, according to the annual report of the Posts and Telecommunications Division.

The TSS's production was on pause about two years back for fund shortages and quality concerns; it resumed from early 2018, according to senior officials of the TSS.

Subsequently in fiscal 2017-18, the TSS managed to log in 300 units of DOEL

S1561 and 100 units of DOEL Advanced Core i5 laptops. That year its sales were 538 units, a portion of which it furnished from its leftover stock from previous years.

"We are now getting a few orders from government offices but their requirements are very nominal," said Fakhru Haider Chowdhury, managing director of the TSS.

In the last one week, the TSS got an order for 50 units from the ICT division and another 100 from another organisation.

"But this is peanuts from a laptop plant. We need bigger orders from government offices. Otherwise, it will become tough to carry on the venture."

He went on to state that the quality of their assembled laptops has improved.

"There are no complaints from

KEY POINTS

DOEL laptop project started in 2010

The laptops hit market in October 2011

As of FY2017, 63,245 laptops were assembled

In FY2018, only 400 were made

Last fiscal year, TSS assembled 14,350 laptops and sold 13,825

It has 11 models, but now assembling 4

Mostly govt organisations buying DOEL laptops

customers," he said, adding that to keep up the quality, the TSS is now assembling only three models, down from 11 models a few years back.

The laptop project was launched in 2010, a year after the Awami League government came to power, with a view to realising its Digital Bangladesh vision.

It started off with a laptop retailing at Tk 10,000, which Prime Minister Sheikh Hasina unveiled on October 11, 2011.

But the fervour surrounding the model soon crashed and burned as its performance was not up to the mark. The model logged in sales of only a few hundred units. Until fiscal 2016-17 the TSS assembled 63,245 laptops and managed to sell 58,750 units.

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DSE to launch new index to attract foreign investors

STAR BUSINESS REPORT

Dhaka Stock Exchange (DSE) is going to unveil a new index named CNI-DSE Select Index, or CDSET, coming Monday in an effort to attract foreign investors.

However the new index, that includes 40 large companies of the market at present based on their market capitalisation, profit and liquidity, would officially open for investors from January 1.

Its base value is 1,000 points and base day is December 31 of 2015. The list of companies would be created anew every six months.

The formation of the index is part of the technology support promised by the DSE's strategic partners, Shenzhen Stock Exchange (SZSE) and Shanghai Stock Exchange.

Shenzhen Securities Information, a subsidiary of SZSE, and the DSE worked together to design and develop the index.

Two other indexes would be kicked-off very soon to include small and medium companies.

Realtors set sight on Mirpur as metro rail project fuels demand

JAGARAN CHAKMA

Major realtors have set their sight on the capital's Mirpur to propel their growth and court middle and higher middle income groups as the largely under-developed area has turned lucrative since the start of construction of the metro rail that passes through it.

According to the participants of the ongoing housing fair at Bangabandhu International Conference Center, Mirpur is getting popular owing to competitive prices and the metro rail, which is expected to start carrying passengers in 2021. Rangs Properties is developing a real estate project in Shewrapara where 154 flats will be built.

The company is setting up four 12-storied buildings under a TaruKabbo project, which will offer modern facilities, including

swimming pool, walkway, prayer hall, children's playground, library and gymnasium.

The amenities are aimed at meeting people's demand, said Sajib Kumar Banik, manager and team leader at Rangs Properties.

The company is offering either a parking space or a kitchen cabinet free of cost marking the fair, which has been organised by the Real Estate and Housing Association of Bangladesh (REHAB).

The size of the flats range from 1,445 to 1,860 square feet and the property comes at a price of Tk 6,500 per square foot.

Sheltech is offering the same facilities at its Bithika project on the Mazar Road in Mirpur Section-1. Some 184 ready flats are up for sale there.

The project targets mid-level customers with 1,360 to 1,526 square feet flats. The asking price

is Tk 6,465 to Tk 6,600 per square feet, said AKM Rafiqul Islam, assistant general manager for sales at Sheltech.

Customers who book flats at the fair will get cash discount and home appliances.

Eastern Housing Ltd (EHL) is showcasing 10 residential projects, two commercial projects and two land projects.

Of them, the Mirpur residential project is offering 86 flats with sizes ranging between 1,300 and 1,400 square feet. Each flat will cost below Tk 1 crore.

The project was launched to provide flats to the middle-income group at affordable prices. The flats will be handed over within 42 months, Mohammad Farhaduzzaman, head of marketing at EHL, said.

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GPH Ispat's Sitakunda plant opens on Jan 8

STAFF CORRESPONDENT, Cig

GPH Ispat, a steel manufacturer, is all set to start production in its newly built plant in Sitakunda on January 8.

The company has invested around Tk 2,400 crore for the expansion project and the fund has been arranged from the owners' equity and loans.

GPH Ispat's Managing Director Mohammed Jahangir Alam shared the information at the company's 13th annual general meeting held at a convention centre in the port city yesterday.

The company has used quantum electric arc furnace technology for the first time in the country as well as in Asia, he said.

GPH Chairman Md Alamgir Kabir hoped

the advanced technology would help the company manufacture high quality steel products. The company's profit increased 21.04 percent year-on-year to Tk 80.62 crore in 2018-19.

The board of directors of the company approved 5 percent cash and 5 percent stock dividends for the shareholders for 2018-19.

GPH started its operations on May 17, 2006 and got listed with stock exchanges on April 19, 2012.

Additional Managing Director Md Almas Shimul, Directors Mohammad Abdur Rouf, Mohammad Ashrafuzzaman, Mohammad Abdul Ahad and Independent Director Mukhtar Ahmad were also present at the meeting.



PRABIR DAS

Prospective customers talk to stall attendants of the Concord Real Estate and Development, left, and Standard Chartered Bank, right, on the third day of a five-day housing fair organised by the Real Estate and Housing Association of Bangladesh (REHAB) at Bangabandhu International Conference Center yesterday.

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Sazzadul Hassan, chairman and managing director of BASF Bangladesh, inaugurated its new corporate head office at Crystal Palace, Gulshan South Avenue, Gulshan 1 in Dhaka yesterday.



Salina Ali, chairperson of the Board of Directors of the Unique Hotel and Resorts, chaired the meeting its 18th annual general meeting at Gulshan Club yesterday when audited accounts, directors' and auditor's reports and 20 percent cash dividend for the year ending on June 30, 2019 were approved.



M Mukul Hossain, CEO of MJL Bangladesh, receives a gold award in the fuel and power company category at the 6th Institute of Chartered Secretaries of Bangladesh (ICSB) National Award for Corporate Governance Excellence, 2018 in Radisson Blu Dhaka Water Garden last Saturday.

Stock investors haunted by trust deficit, liquidity crisis

FROM PAGE 1

As of January, the excess liquidity in banks stood at Tk 67,642 crore, down 11.45 percent from that a month earlier and 13 percent year-on-year, according to data from the central bank. In February, it dropped to Tk 63,921 crore. The situation deteriorated further later.

As a result, the private sector credit growth dropped to a six-year low of 11.29 percent last fiscal year.

Foreign investors sold more shares than they bought. Till November, their net investment stood at Tk 375 crore in the negative, which was Tk 491 crore in the negative year-on-year.

A number of foreign investors said they sold shares as they fear the local currency may devalue and macroeconomic indicators may worsen. Finance Minister AHM Mustafa Kamal, however, has ruled out the scope for any currency devaluation.

Foreign investors said rampant policy changes have affected their investment. Chief among the policy changes are regulatory measures involving Grameenphone, the largest listed company on the DSE, and the tenure extension of the closed-end mutual funds.

The changes hurt local and foreign investors in two ways: they dampened confidence and reduced the return on investment.

Grameenphone has taken a huge beating since February after Bangladesh Telecommunication Regulatory Commission (BTRC) declared it a significant market



Mohammed Jahangir Alam, managing director of GPH Ispat, announced at its 13th annual general meeting in a Chattogram convention center yesterday that commercial production would be launched at its new plant in Sitakunda from January 8. The meeting approved 5 percent cash and 5 percent stock dividends for fiscal 2018-19.

New hotel encapsulates Milan tourist renaissance



Sleeping pods are seen at the new Ostelzzz capsule hotel in Milan, Italy.

AFF, Milan

Cheap and cheerful capsule hotels are forever expanding from their Japanese cradle, including now in Milan where the tiny, stacked rooms are helping the Italian city cope with exploding tourist numbers.

With no-fuss convenience for both the city and transport links, digital connectivity and a social side among their chief selling points, the capsule hotels target the Generation Y crowd.

Some people, though, just stay out of sheer curiosity.

Croatian tourist Dragan Kupresanin, 31, said he wanted to try the room because "it looked like something new, futuristic style... those kind of boxes that you sleep in".

After sleeping like a log at Ostelzzz, down a quiet street in the centre of Italy's economic capital, he's ready for more.

"I really liked it. This kind of hotel should be developed, many people avoid youth hostels because of the privacy problem (with bunk beds etc) but here you have it," he said.

In the size of one standard hotel room, eight capsules -- each measuring 1.45 by 1.45 by two metres (4.5 x 4.5 x 6.5 feet) -- are stacked on top of each other, four above and four below, with an enclosed toilet space in the room and showers down the corridor.

Inside the capsule is a mattress with duvet and pillow, two charging plugs for mobile phone or laptop, a lockable cupboard for luggage and a bedside table.

All this for between 19 euros a night (\$21), including breakfast, and 150 euros during Milan's world-famous Design Week.

The first capsule hotels were born in Osaka, Japan in 1979, travel blogger Agnese Sabatini told AFP.

The tiny rooms took off thanks to commuters who had drunk too much or just missed the last train home.

Since then, the concept has taken off around the world, first in airports, from Paris to Moscow and Bangkok, and then in cities like Singapore, Seoul or Mumbai.

Nevertheless, in Europe, capsule hotels are rare outside of airports.

There is for example the City Hub in Amsterdam and the Lucerne capsule hotel which opened in Switzerland at the end of 2018.

Milan is the first Italian city to have a capsule hotel, but the company behind it, ZZZleepandGo, is expanding.

Capsule hotels will be open at six airports, including Milan and Warsaw, by year's end, with Vienna and four in Brazil to swiftly follow, making it the biggest such company in the world, says chief executive officer Gianmaria Leto.

On top of adding five or six airports a year, "our objective is to create one or two (capsule) hotels a year over the next five years in main European cities," said Leto, 32.

With the ambitious expansion plan, the Italian company said it expects its annual turnover to grow to 10 million euros (\$11 million) in five years, compared to one million in 2019.

Sabatini says that "the only negative aspect of a capsule hotel is the feeling of being closed in, of claustrophobia, that some people get."

Otherwise, it's a win-win-win: "privacy, low cost, and all within reach of the city," said the writer of the "I'll B right back" blog.

"Small spaces aren't a problem for young people," she said.

"What they want is technology, like automated check-in, sockets to charge their electronics," but also communal areas to meet new people, she added.



Sazzadul Hassan, chairman and managing director of BASF Bangladesh, inaugurated its new corporate head office at Crystal Palace, Gulshan South Avenue, Gulshan 1 in Dhaka yesterday.

Asian markets up in post-Christmas trade

AFP

Asian equities inched up on Thursday in subdued trading, holding the gains recently spurred by the US-China trade thaw.

Following the Christmas lull across world markets, eyes are now on US unemployment data due later in the day, and Japanese industrial and retail data scheduled for release on Friday.

Tokyo's benchmark Nikkei index closed 0.6 percent higher after a flat start. Shanghai was up 0.4 percent and Seoul also climbed 0.4 percent.

"Investor sentiment towards the global economy is improving," said Rakuten Securities chief strategist Masayuki Kubota.

Hong Kong, Sydney and Wellington were closed for a public holiday.

"With the... tech sector giants leading the way, investors are showing no fear as the market remains underpinned by the thawing in the US-China trade squabble

and easy central bank policy," Stephen Innes, chief Asia market strategist at AxiTrader, said in a report.

Volumes are typically light during the holiday season, and the muted activity in Asia followed sleepy Christmas Eve sessions in many world markets.

"No news being good news, Asia should maintain... gains ahead of a US session likely to be positive," Jeffrey Halley, senior market analyst for Asia-Pacific at OANDA, wrote in a note.

In oil markets, the main contracts were up as the commodity remained strong thanks to trade optimism as well as the OPEC+ output reduction agreement.

Brent Crude and West Texas Intermediate were both up 0.4 percent.

"Oil prices continue to show year-end strength supported by a combination of definitive progress on the US-China trade deal, the... OPEC/OPEC+ agreement, and slowing shale activity," wrote AxiTrader's Innes.



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Realtors set sight on Mirpur as metro rail project fuels demand

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He said buyers who will book flats in the fair will get Tk 100 to Tk 200 discount per square foot. The offer is valid till January 15.

Shanta Holdings Ltd has rolled out a condominium project on 12.5 bighas of land adjacent to Mirpur DOHS, targeting the growing middle class.

Shihab Ahmed, general manager for sales and customer services of the company, said customers can buy flats in the project at the same rate of the properties located in the Mirpur DOHS.

"Although the price is the same, the project will come up with more facilities than those offered by the flats in the DOHS," he said.

Concord Real Estate & Development Ltd is aiming to provide 1,200-square feet flats at Tk 64 lakh at the Concord Lake City project in Khilkhet, said Md Aminur Rahman, assistant general manager for sales of the company.

The project has 200 ready flats with sizes between 1,280 and 1,375 square feet and the price is Tk 6,000 to Tk 7,000 per square foot. Rahman said Concord is the first real estate company in Bangladesh which has introduced condominium projects with all modern facilities.

Concord is offering flats at Tk 4,500 to Tk 35,000 per square foot depending on the location.

Telephone Shilpa Sangstha stages a comeback

FROM PAGE B1

In fiscal 2016-17, 4,495 units were sold; in fiscal 2014-15, it was 4,550 units. Figures were not available for fiscal 2015-16. Of the total sales, most laptops were taken by the education ministry, the telecom division's postal department, ICT division and the army.

All three have complained of poor quality and not getting after-sales service, said a top telecom division official. However, the TSS MD said their market response is now quite good and they have ensured more presence in different cities.

Chowdhury said they are suffering from a shortage of quality manpower. "We have developed two production lines and most of the time one line lies idle for a shortage of orders and manpower."

Chowdhury went on to urge the government to give them more orders so that they can prove their quality.

Currently, after reducing the taxes for different equipment in fiscal 2016-17, other local entrepreneurs have started assembling different kinds of laptops and Walton is leading the way.

The TSS also assembles some other products like mobile charger, battery, smart electric meter and PBX phone systems and has plans to assemble mobile handsets.

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confidence and reduced the return on investment.

Grameenphone has taken a huge beating since February after Bangladesh Telecommunication Regulatory Commission (BTRC) declared it a significant market power, as the move contracted its business potential.

Throughout the year, Grameenphone was embroiled in a tussle with the BTRC over the telecom regulator's audit claim of Tk 12,579 crore in unpaid taxes and dues. The carrier disputed the amount.

Investors saw some hope in September when the finance minister announced that the matter would be resolved within three weeks. But the tension still prevails as the issue remains unsettled. Since February, the largest listed company fell 32.67 percent.

Foreign investors have had a huge stake in Grameenphone, and they panicked because of the policy changes. This led them to sell off the stocks of the mobile phone operator, along with that of some other good companies.

The chief of the Bangladesh Securities and Exchange Commission (BSEC) has blamed the recent plunge in stocks on the ongoing tussle between Grameenphone and the telecom regulator as well as huge sell-offs by foreign investors.

Japan probe into casino bribery case widens

REUTERS, Tokyo

Japanese authorities raided the headquarters of a pachinko operator on Thursday as part of a bribery investigation centred on a ruling party lawmaker, media reported, widening a scandal that could undermine government efforts to develop casinos.

The Tokyo-based firm was under investigation for possible ties to ruling party lawmaker Tsukasa Akimoto, who was arrested on Wednesday on suspicion of accepting bribes when he oversaw the government's policy on casino development, broadcaster NHK said.

Without identifying the pachinko company that was raided, NHK said its accounts were being scrutinised for any transactions involving Akimoto.

Economic slowdown will not change China environment policies: ministry

REUTERS, Beijing

China will maintain its environmental protection goals and will not ease off on trying to achieve them even as the economy slows, an environment ministry official said on Thursday.

The cabinet last year issued a guide for some important anti-pollution targets up to the end of 2020 and there will be no adjustments of them, said Xu Bijiu, director general of the general office at the Ministry of Ecology and Environment.

"It's like ... rowing a boat against the current," Xu told a media briefing in Beijing.

"We have no other choice but to go forward." China's gross domestic product (GDP) growth slowed to 6.0% year-on-year in the third quarter, the weakest in at least 27-1/2 years amid a bruising trade war with the United States, and business owners in industrial areas like Henan province say they are being hit hard by the environmental crackdown.

Factory production slowing down

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"Public construction works had been quite stagnant during the period while private industrialisation activities did not pick up." "We see the possibility of a rise in demand for construction materials as Bangladesh Bank has recently capped interest rate for industrial loans to single digits," said Kabir, also president of Bangladesh Cement Manufacturers Association.

SM Shafiquzzaman, secretary general of the Bangladesh Association of Pharmaceutical Industries, has blamed the fall in pharmaceuticals production on the slow shipment of drugs overseas. "However, the domestic market has been good and it grew during the period."

As per the BBS data, manufacturing growth accelerated on par with the economy over the past couple of years, said Towfiqul Islam Khan, senior research fellow of the CPD.

The slowdown in industrial production is likely to affect other sectors leading to a slowdown in overall economic growth and thus affecting domestic demand and job creation for the growing workforce, he said.

Industry accounts for one third of the gross domestic product recorded in 2018-19 and the growth of the services sector depends a lot on the industrial sector, said Zahid Hussain, former lead economist of the World Bank.

"Transport, wholesale, retail trade will not expand unless production increases. So it has a chain effect."

The irony is that manufacturing had the highest growth last fiscal year and it was the major growth driver on the supply side, he said.

Export declines can explain only part of this year's slowdown, he said adding that a significant part of the deceleration remains unclear.

"We need to dig deeper to get a satisfactory explanation."



Mohammed Jahangir Alam, managing director of GPH Ispat, announced at its 13th annual general meeting in a Chattogram convention center yesterday that commercial production will start at its new plant in Sitakunda from January 8. The meeting approved 5 percent cash and 5 percent stock dividends for 2018-19. Story on B1