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# star BUSINESS

DHAKA FRIDAY DECEMBER 27, 2019, POU5H 12, 1426 BS ● starbusiness@thedailystar.net

## 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



**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 apparels, 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 market 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,



listing of low performing companies, and a lack of corporate governance in the listed companies," said Mizanur Rahman, a stock market analyst.

In the last three to four months, the current account deficit widened because of the rise of government expenditure and stagnant revenue earnings, said Rahman, also a professor of the accounting and information systems department at the University of Dhaka.

"So, the central bank had to sell a huge amount of US dollars to save the taka from exchange rate fluctuation that ultimately created liquidity

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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▶ Online customer complaint module introduced	▶ Trading of People's Leasing suspended due to liquidation
▶ Sponsors were barred from selling shares without notice	▶ BSEC sued by a foreign investor for extending tenure of a mutual fund
▶ Tax-free dividend income raised to Tk 50,000	▶ Tussle with regulator weighed on GP stocks
▶ BB enhanced scope for banks' investment	▶ 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.

## 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 Rafiul 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, Ctg**

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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