

STOCKS		Week-on-week	
DSEX	4,974.84	CSCX	8,587.29

COMMODITIES	
Gold	\$1,837.61 (per ounce)

As of Friday	
Oil	\$49.25 (per barrel)

ASIAN MARKETS	
MUMBAI	45,079.55 ▲ 1.00%

Friday Closings	
SINGAPORE	2,839.89 ▲ 0.62%

CURRENCIES	
BUY TK	\$83.95 100.70 111.42 12.63

As on Thursday  
STANDARD CHARTERED BANK

USD EUR GBP JPY

SELL TK 84.95 104.50 115.22 13.27

ব্যাংক অ্যাকাউন্ট খুলুন  
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# BUSINESS

DHAKA SUNDAY DECEMBER 6, 2020, AGRAHAYAN 21, 1427 BS • starbusiness@thedailystar.net

## Bangladesh signs trade deal with Bhutan today

REFAYET ULLAH MIRDHA

Bangladesh will ink its maiden preferential trade agreement (PTA) with Bhutan as the country looks to retain duty benefits following its graduation to a developing country from the least developed nation category.

Bangladesh is signing the deal with Bhutan as the country was the first one to recognise Bangladesh as an independent nation in 1971, said Commerce Minister Tipu Munshi at a press conference at State Guest House Sugandha yesterday.

Munshi and his Bhutanese counterpart will pen the deal. Bhutan recognised Bangladesh on December 6.

Prime Minister of Bangladesh Sheikh Hasina and Bhutanese Premier Lotay Tshering will attend the ceremony virtually.

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### AT A GLANCE

- Bangladesh signs its maiden PTA with Bhutan today
- 100 Bangladeshi goods will enter Bhutan duty-free
- 34 Bhutanese items will enjoy duty-free benefit in Bangladesh
- In 2018-19, Bangladesh exported goods worth \$7.56m to Bhutan and imported goods worth \$42.09m
- The figures were \$0.61m and \$12.16m respectively ten years ago



### FOUR DECADES IN RMG BUSINESS

## High-end products still a long way off

REFAYET ULLAH MIRDHA

Bangladesh's apparel industry is struggling to graduate to a producer of high-end items despite being in the business for four decades and one of the top suppliers globally, missing out on the opportunity to receive premium prices from international retailers and brands.

The multi-billion-dollar industry, which contributes about 85 per cent to the national export, has embraced a lot of reforms since the 1980s. Still, investment has been less in the production of value-added garment items.

As a result, Bangladesh has remained a prominent manufacturer of basic or semi-high-end garment items. On the other hand, countries such

### GARMENT EXPORT TRENDS

In billion \$

Source: EPB, BGMEA



### KEY POINTS

- Bangladesh lags behind its peers in production of high-end garment items
- The country has been producing garment items for four decades
- Industry insiders claim 40pc of the total apparel exports are high-end goods
- High-end garment production needs manmade fibre
- About 80pc of Bangladesh's garments are made from cotton fibre

as China, India and Vietnam have made the transition and are benefiting from the premium prices from the sales of value-added garment items to international retailers and brands.

Vietnam, which made the foray into the fashion business after Bangladesh, has become a major player in the global high-end garment segment because of investment in research and development in design and product quality.

High-end garment items products are meant for upscale customers and are made from expensive fibres and are specially designed by very experienced designers. It requires a more skilled workforce and sophisticated technologies to produce expensive products.

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## Banks have to set aside more funds to absorb shocks

AKM ZAMIR UDDIN

Banks will have to keep aside more funds in provision than they usually maintain to make them well-equipped so that they can absorb shocks from any increase in bad debts caused by the business slowdown in the coming year.

The central bank is now working on the issue and would take a decision soon, Bangladesh Bank officials said.

A fresh instruction will be given to banks within a day or two, they said.

The central bank is now analysing banks' net profit and provisioning closely. And it will take a decision to this end in the quickest possible time," said BB Executive Director Abu Farah Md Naser.

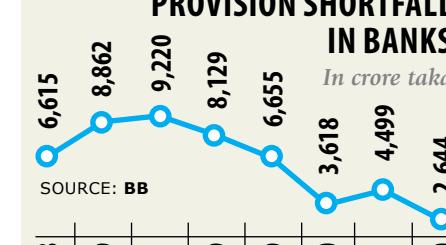
He said banks would be instructed to refrain from showing an excess profit this year by maintaining additional provision. "This will help minimise shocks in the coming year."

Although the central bank's circular in September extended the deadline for loan classification further to December, it gave a hint to take measures for the fortification of the provision base as well.

Banks now set aside 0.25 per cent to 2 per cent against unclassified loans. It is 20 per cent to 100 per cent against defaulted loans.

### PROVISION SHORTFALL IN BANKS

In crore taka



SOURCE: BB

## Drug makers' profits bounce back in first quarter

AHSAN HABIB

Listed drug makers saw their profits rebound in the first quarter (July-September) of the ongoing fiscal thanks to an increase in the number of healthcare seekers.

The pharmaceutical sector had taken a big hit at the end of the previous quarter, when most people refrained from visiting hospitals in fear of contracting Covid-19.

But the listed companies' combined profits soared by 76 per cent compared to the April-June quarter of fiscal 2019-20 to hit Tk 734 crore in July-September.

Meanwhile, overall profits for listed drug makers grew 25 per cent year-on-year for the same period.

During the April-June quarter, local pharma companies witnessed a decrease in profitability due to the low sales of prescription medicine.

This directly contradicted the belief among many investors that it was unlikely for the pharmaceutical industry to see a drop in profits amid the ongoing pandemic.

"We thought the drug makers would benefit the most during the pandemic as people would spend more money on medicine but the

reality was different," said Abdul Mannan, a stock investor.

Listed drug makers saw their profits plunge 31.1 per cent to Tk 417 crore in the April-June period compared to the previous quarter (January-March) mostly due to the Covid-19 fallout.

"The sector was affected the same way other industries were but the good thing is that it bounced back strongly in the first quarter," he added.

### TOP LISTED DRUG-MAKERS' PROFITS

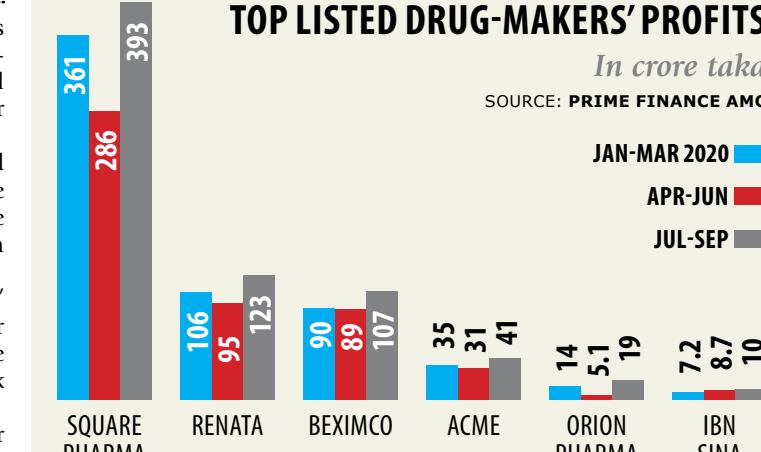
In crore taka

SOURCE: PRIME FINANCE AMC

JAN-MAR 2020

APR-JUN

JUL-SEP



In a bid to curb the spread of Covid-19, the government announced a 'general holiday' that began on March 26. The nationwide lockdown was extended numerous times until it finally came to an end on May 30.

During this period, local drug makers that source their raw materials from other countries faced numerous challenges.

"And so, as costs rose, a fall in profits was the natural outcome," Alam said.

Renata secured the second highest profits among all listed pharma companies after Square Pharmaceuticals.

During the April-June quarter, Renata's profits fell by roughly 10 per cent to stand at Tk 95 crore.

The company then witnessed a 29 per cent rebound in its profits for the first quarter of fiscal 2020-21 to hit Tk 123 crore.

This is because almost 60 to 70 per cent of all doctors returned to their chambers during that period, according to the company secretary.

However, some patients still remain sceptic about hospital visits, he added.

READ MORE ON B3

## Mega push for a green Bangabandhu Shilpa Nagar

REJAU KARIM BYRON and JAGARAN CHAKMA

### Beza to earmark Tk 4,367cr for the project

and 474 acres for BSMSN-2B. A total of 114 industrial units have already been established across the three zones under phase-1.

As of this November, numerous businesses from both home and abroad have come up with investment proposals valued at \$19 billion for the industrial city, according to Beza data.

Of this amount, foreign companies such as Singapore's

Wilmar, India's Adani Group and Japan's Nippon Steel accounted for roughly \$10 billion.

The remaining \$9 billion in investment proposals came from local businesses with the major investors being: TK Group, Karmo Foam Industries, Asian Paints, Mango Teleservices, BDCCOM Online, Bashundhara Group, Samuda Food Products, Ananta Apparels, Siraj Cycle Industries, Abdul Monem Group, ACI, Star Allied and

### MAJOR INVESTMENT PROPOSALS IN BANGABANDHU SHILPA NAGAR

➤ PHP Steel Works: \$4b

➤ Garment village by BGMEA: \$1.5b

➤ Bashundhara Industrial EZ: \$489m

➤ Bangladesh Edible Oil: \$400m

➤ Jiangsu YabangDyestuff, China: \$300m

➤ Ananta Apparels: \$229m

➤ Samuda Food Products: \$205m

➤ BSRM Steel Mills: \$181m

➤ Star Allied Venture: \$88m

➤ Metro Knitting & Dyeing Mills: \$216m



Ayesha Clothing Company.

The World Bank previously approved \$500 million for the BSMSN's development on condition that no factories would be set up before the utility connections were provided.

During a visit to the site in late October, it was found that the industrial units of 13 different companies, including Asian Paints, McDonald Steel, Modern Synthetic and TK Group, are currently under construction.

"These factories may go into production next year," Chowdhury said.

Meanwhile, some other factories are waiting for their utility connections before starting their construction work, he added.

Regarding the fresh initiative, Chowdhury said Beza has already sent a project proposal to the Planning Commission for approval.