

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 0.68%	▲ 0.79%	\$1,816.26	\$70.62	▼ 0.37%	▲ 1.29%	▲ 1.07%	▲ 0.65%	BUY TK 84.25	98.32	114.71	12.76
6,916.38	12,081.06	(per ounce)	(per barrel)	57,338.21	28,451.02	3,087.84	3,567.10	SELL TK 85.25	102.12	118.51	13.41

star BUSINESS

DHAKA THURSDAY SEPTEMBER 2, 2021, BHADRA 18, 1428 BS • starbusiness@thedailystar.net

Weighed down by high production costs

Garment exporters grapple with soaring yarn prices and freight charges

REFAYET ULLAH MIRDHA

Garment exporters have been feeling the pinch of an unusual rise in the cost of production fuelled by hikes in yarn prices and freight charges in the wake of a recovery in export during this time of Covid-19.

Entrepreneurs said the cost per unit soared by as much as 30 per cent from that a year ago as Bangladesh was fully dependent on imported goods for making readymade garments (RMG).

Cotton prices have climbed to 93 cents per pound in international futures markets. Prices varied between 70 cents and 74 cents per pound even in January and March.

Higher cotton prices pushed up yarn prices in local markets. With yarn prices affecting profitability of the garment sector, garment exporters and spinners are engaged in a war of words.

Finally last week, the widely consumed 30 carded cotton-made yarn was fixed at \$4.20 per kilogramme (kg) in consultation with garment manufacturers and spinners.

It was decided that spinners would increase yarn prices if



cotton prices crossed \$1 per pound in international markets and go for a reduction if it went below 85 cents.

Rates of \$4.20 and \$4.35 per kg were the highest to be reached by local yarn prices from previous rates between \$3.50 and \$3.60 per kg a year earlier.

"The per unit cost of production increased between 20 and 30 per

cent depending on the product for different reasons," said Kutubuddin Ahmed, chairman of Envoy Group, a leading garment exporter.

"We have a lot of work orders from international retailers and brands. We are overbooked...up to October this year. The garment sector in Bangladesh is rebounding strongly," he said.

READ MORE ON B3

State banks not keen on Padma's merger request

AKM ZAMIR UDDIN

Managements of the state-owned banks are in a state of discomfort after being informed about the Padma Bank's wish to get merged with a state lender.

If Padma Bank is merged with any state bank, the financial health of the lender will worsen more in the days ahead, said managing directors and senior officials of the lenders.

Padma Bank, the erstwhile Farmers Bank, in a letter to the finance ministry on August 8, said it intends to merge with any state lender in order to avoid a "potential catastrophe".

The beleaguered lender requested the government for allowing it to be merged with any state bank - Sonali Bank, Janata Bank, Agrani Bank, Rupali Bank and Bangladesh Development Bank.

Default loans in the five banks stood at Tk 35,850 crore as of June this year, which is 18.12 per cent of their total outstanding loans, according to data from the central bank.

Md Abdus Salam Azad, managing director of Janata Bank, said his bank was already facing different types of problems.

"The financial indicator of the state bank will worsen if Padma is merged with the lender," he said.

Janata Bank will have to take over all loans of Padma Bank if it merges with the latter, he said.

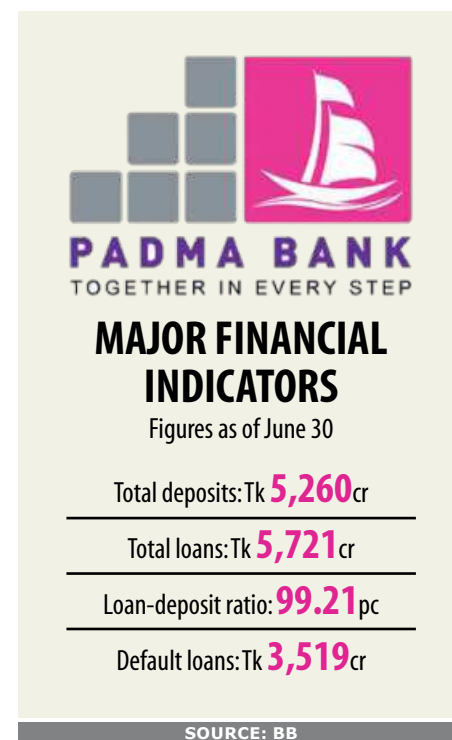
As of June this year, non-performing loans in Padma Bank stood at Tk 3,519 crore, or 61.65 per cent of its outstanding loans.

"Such a large amount of default loans of Padma will put an adverse impact on Janata," he said.

Mohammad Shams-Ul Islam, managing director of Agrani Bank, said he was not aware of the merger proposal.

"I am a director of the Padma Bank board but I did not get to know anything about the merger process. The proposal has not even got approval from the Padma's board," he said.

As per a government decision, the



Investment Corporation of Bangladesh (ICB), Sonali, Janata, Agrani and Rupali together injected Tk 715 crore in the form of capital in 2018 into Padma in order to bolster its financial health.

Managing directors of the four lenders and the ICB have been serving as board members of the Padma since then.

Islam, however, said his bank would take a decision to this end as per government instructions.

The Daily Star talked to a good number of high officials of the rest of the state lenders regarding the issue.

All of them expressed dissatisfaction over the proposal as merging with Padma Bank would not bring any good for them.

The finance ministry yesterday forwarded the letter to Bangladesh Bank, requesting it to take a decision.

READ MORE ON B3

Junk stocks rule the roost again

DSEX continues record climb

STAR BUSINESS REPORT

Junk stocks took prominent positions in the gainers' list yesterday, when the prime index of Dhaka Stock Exchange (DSE) hit a record high.

The DSEX, the benchmark index of the country's premier bourse, maintained its upward trend for the second day in a row to surge by 47 points, or 0.68 per cent, to 6,916.

This is the highest level the index has ever reached since its inception in 2013. The blue chip stock index, DS-30, edged up 20 points to 2,474 while the Shariah index, DSES, rose 5 points to 1,495.

READ MORE ON B3

TOP TEN GAINERS IN DSE		
COMPANY	CATEGORY	RISE (IN %)
Mithun Knitting	Z	10
Rangpur Foundry	A	9.99
Eastern Insurance	A	9.98
Bangladesh National Ins	A	9.96
Tamijuddin Textiles	Z	9.91
GPH Ispat	A	9.78
Tallu Spinning	Z	9.60
RSRM Steel	A	9.56
CVO Petrochemical	B	8.70
Meghna Condensed Milk	Z	8.59

SOURCE: DSE

Remittance slips to 6-month low

STAR BUSINESS REPORT

Remittance inflow declined 8 per cent year-on-year in August to \$1.8 billion, the lowest in the past six months, as money transfers through informal channels such as "hundi" have increased, according to various experts.

August was the third consecutive month when remittance showed a downward trend.

With the latest decline, the total remittance inflow, which plays a major role in strengthening the country's foreign exchange reserves, fell 19 per cent to \$3.68 billion in fiscal 2021-22 from \$4.56 billion the year before, showed data from Bangladesh Bank.

In Bangladesh, a lot of money changes hands through informal channels, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Due to recurring government restrictions at home and abroad to curb the spread of Covid-19, the flow of funds through these informal channels took a hit, which is one of the reasons why inward remittance had increased.

"Because everything was closed at the time," Rahman said.

Inward remittance hit its highest point of around \$25 billion in



Migrant workers stand in a queue for taking vaccines on the premises of Dhaka Medical College and Hospital. Remittances sent by migrant workers play a major role in strengthening the country's foreign exchange reserves.

the previous fiscal with analysts suggesting that the surging inflow was a result of a transfer of savings by returnee migrant workers and a reduction in illegal money transfers.

But the flow of remittances

through formal channels has decreased as the informal money transfer market is back up and running, he added.

"We had an exceptional period last year," said another banker

who works at one of the largest remittance recipient banks.

He linked the drop in remittance inflow to declining jobs abroad compared to the pre-pandemic period.

STAR/FILE

Breather for NBFIs borrowers

STAR BUSINESS REPORT

Bangladesh Bank yesterday said borrowers of non-bank financial institutions (NBFIs) would not become defaulters until December if they pay 50 per cent of their loans' instalment.

The central bank took this decision given the ongoing business slowdown brought on by Covid-19.

Borrowers will have to pay the rest of the amount of instalments within one year after completion of the repayment tenure of the loans. NBFIs will not be allowed to transfer their unrealised interest or profit to their income segment during the given period mentioned by Bangladesh Bank.

This means only the interest amount, which is recovered from clients, can be added to the income segment, the notice said.

A central bank official said that a good number of clients in the NBFIs sector were now facing a bad state of affairs due to the ongoing economic slowdown. The latest instruction aims to help borrowers get a remedy for the crisis, he added.

Banglalink revenue rises in Q2

STAR BUSINESS REPORT

Banglalink, the third largest mobile operator in Bangladesh, witnessed a 6.9 per cent rise in revenue year-on-year in the second quarter of 2021, driven by an increase in data revenue alongside the number of customers of this segment.

In currency, Tk 1,184 crore was generated as revenue which was Tk 1,108 crore a year earlier, according to a financial statement of parent entity Veon.

Banglalink has succeeded in keeping up its growth trajectory in the second quarter with solid

performances in all segments, said CEO Erik Aas.

It was "driven by a growth in our data revenue and growth in our service revenue", he said.

The data revenue surge was of 15 per cent to Tk 337 crore while the number of customers using data 8.9 per cent to 2.12 crore, showed the data.

Most significantly data use increased by 43.7 per cent in the second quarter while customer base and data customer base by 7 per cent and 8.9 per cent respectively.

"As a result of our efforts to encourage more customers to



embrace digital facilities, Toffee saw a significant surge in popularity," said Aas.

Video streaming app "Toffee" gained 1.6 million additional active

users during the second quarter, resulting in its monthly active user base reaching 50 lakh while average view duration increasing by 36.9 per cent year-on-year to 23 minutes.

Despite the countrywide lockdown in April 2021, Banglalink recorded growth in revenue for adjustments made to business, including a greater use of digital channels to engage with customers, said the report.

Its profits before interest, taxes, depreciation and amortisation rose 4 per cent year-on-year to Tk 477 crore in the second quarter.

READ MORE ON B3

ASSURE GROUP, the leading Real Estate Company in Bangladesh, has recently been recognized as one of the "Fastest Growing Brand 2020-21" in Bangladesh for its significant contribution in the Real Estate Industry of Bangladesh and Mr. Md. Sheikh Shadi, the Founder & Chairman of ASSURE GROUP, has been recognized as the "Fastest Growing Leader 2020-21" by the renowned international magazine AsiaOne.

ASSURE Family is expressing warmest congratulations on this achievement.