

Hatil: from an idea to an established brand

Selim H Rahman, chairman and managing director of Hatil Furniture, talks to The Daily Star

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Just after completing his graduation in 1988, Selim H Rahman, chairman and managing director of Hatil Furniture, started gathering experience in the timber business and together with his father, developed an idea to manufacture doors on a commercial basis.

According to Rahman, the idea came to him when a customer named Lota Hossain brought a carpenter to his family's timber mill in the Farashganj area of Old Dhaka. She had come to purchase wood to make doors for her then under-construction apartment complex in the capital's Dhanmondi.

"I shared my new idea with her and she was instantly convinced. As such, she placed an order for doors, paying Tk 50,000 in advance to avoid any hassle," he said.

Hossain's order encouraged Rahman to set up a small-scale door manufacturing facility the following year in Old Dhaka's Gandaria.

Before passing away, his father Al-Haj Habibur Rahman supported him in realising the new idea.

At the time, there was no dedicated door manufacturer in Bangladesh.

So, Hatil can trace its roots all the way back to 1966, when Rahman's father established HA Timber Industries.

While carrying on that legacy, Hatil has become a renowned furniture brand and a pioneer of the industry in Bangladesh.

Over the years, Hatil has become synonymous with elegant, contemporary and high-end furniture.

With a view to providing the best possible quality, the company has been practicing "Kaizen" since 2007. Since then, the furniture maker has grown into an environmentally cautious operation as well.

Kaizen is a Japanese business philosophy regarding the processes to continuously improve operations and involve all employees

Rahman opened his first door outlet at Badda in 1989 before opening another at Mirpur, the country's hub for home furniture, in 1993.

Later, he started manufacturing all kinds of home furniture in 1996, building Hatil into the household brand it is today.

Hatil began its journey with a capital of Tk 50,000 just 32 years ago. Now, the company is valued at around Tk 800 crore.

Its annual turnover was Tk 396 crore in 2020 while export earnings stood at \$2.5 lakh the same year, Rahman said.

During the company's infancy, all the furniture were completely made manually by around 100 workers. Now, Hatil employs about 2,600



Selim H Rahman

workers to run its mostly mechanised operations.

Rahman initially used locally sourced wood, particularly teak wood from the Chattoagram Hill Tracks. He later started to make furniture with imported wood to meet growing demand for high-end products in line with Bangladesh's rising economy.

Rahman also opted for imported wood considering the possibility of a shortage in the future if consumption is left unchecked.

As such, the Hatil imports seasoned wood from Germany and Canada certified by Forest Stewardship Council, an international non-profit promoting responsible management of the world's forests.

And although most of the raw materials are imported, Hatil can ensure around 50 per cent value addition for its products, said the chairman and managing director.

The company meets its monthly requirement of about 10,000 cubic feet of solid wood completely through

imports. The wood is used to make high-quality furniture for both homes and offices.

Of the company's total production, around 25 per cent are office furniture, he added.

And thanks to its unyielding efforts to provide top-notch products, Hatil has been able to enter markets in the US, Canada, Australia, Saudi Arabia, Kuwait, United Arab Emirates, Thailand, Egypt, Russia, Bhutan and India.

The company has 22 outlets in the neighbouring nation and two in Bhutan.

In the domestic market, Hatil became a proud recipient of the HSBC-Daily Star Climate Award in 2013 in a green operations category.

Regarding the growth of his business, Rahman said it was possible because Hatil always tries to satisfy its customers and maintain product standards with up-to-date designs.

"We always survey the market

demand and customers' choice in terms of price and product specifications," he said.

Besides, Hatil emphasises on slim furniture designs in a bid to avoid the unnecessary waste of natural resources, Rahman added.

He went on to say that the company's furniture are all equally durable despite their price differences, which result from the various types of additional material that may be used in each product.

POTENTIAL OF THE DOMESTIC FURNITURE BUSINESS

"The industry is growing fast with the rising disposable income of the emerging middle-class," Rahman said.

Other than the growing domestic demand, the potential to export products is another reason to expect that the industry will develop further.

And since Bangladesh has an abundance of low-cost labour, the labour-intensive furniture sector could expand in the country.

In developed countries, many are turning away from the furniture business due to high labour costs. Bangladesh can make use of this opportunity to grab a bigger share of the international market by providing quality products at competitive prices, he added.

CHALLENGES FOR THE FURNITURE INDUSTRY

The local industry is quite dependent on imported raw materials, including those used by backward linkage industries.

On an average, a 60 per cent import duty is levied on raw materials used by local furniture makers while the government provides only 15 per cent as incentive on export.

Considering the situation, the government should dedicate bonded warehouse facilities for the furniture industry so that it can reach international standards and help diversify the country's export basket, Rahman said.

The furniture industry generates a huge amount of employment opportunities and at the same time, it can help the country earn foreign currency.

"So, the government needs to take pragmatic policy measures to support this potential sector," he added.

There was once a lack of professional furniture designers as no educational institute in Bangladesh would provide a degree in woodworking despite the considerable industry demand.

"But now, we provide training to employees in foreign countries, where they can learn about different production and design practices," Rahman said.

OVERALL SCENARIO OF THE INDUSTRY

Industry insiders believe the demand for home and office furniture hit Tk 25,000 crore in 2019 and according to a report from the EU, the figure was only Tk 6,700 crore in 2012.

And although there is no reliable data on the domestic market size, Rahman believes that it is surely worth more than Tk 25,000 crore now.

At least 30,000 people are involved with the furniture industry, which offers around 5 lakh formal and informal employment opportunities across the country, said the chairman and managing director of Hatil.

According to the EU study, 40 per cent of the raw materials used by furniture makers in Bangladesh comes from domestic sources.

The forests in Chattoagram and the Sundarbans are the largest providers of quality timber in the country, the study found.

The main raw materials used are wood, laminated board, wrought iron, processed wood and medium density fibre wood, particle board and rattan bamboo.

Most of these materials need to be imported. Of the wood, teak, gamari and hardwood come from Germany, Africa and Canada while Burma teak wood comes from Myanmar.

Furniture industry generates huge employment as it is one of the labour-intensive industries. At the same time, it can tap global market to earn foreign currency. The government needs to frame pragmatic policies to support this sector with huge potential.

Indian economic growth leaps despite pandemic curbs

REUTERS, New Delhi

India's economy rebounded in the April-June quarter even while a devastating second wave of Covid-19 swept the country, with growth of over 20 per cent compared to a year earlier driven by a surge in manufacturing and higher consumer spending.

Asia's third-largest economy slumped 7.3 per cent in 2020/21, putting it among major economies hit hardest by the pandemic but growth was less affected

trillion before the middle of the next fiscal year which begins in April.

"As vaccination pace picks up we expect the momentum to pick up further, although remain wary on the evolution of Delta variant cases," said Upasana Bhardwaj, senior economist, Kotak Mahindra Bank, Mumbai. Consumer spending - the main driver of the economy - rose 19.34 per cent year-on-year in April-June from a year ago, but remained lower than its pre-pandemic level.

Annual growth of 49.6 per cent in



AFP/FILE

People shop at a crowded wholesale vegetable market after authorities eased coronavirus restrictions, following a drop in Covid-19 cases, in the old quarters of Delhi.

by April-May's second wave because the lockdown measures adopted then were less stringent.

Gross domestic product grew 20.1 per cent in April-June compared with the same period a year earlier, with manufacturing and construction the main drivers, data from the statistics ministry showed on Tuesday.

That compared with a record contraction of 24.4 per cent in the same quarter a year earlier and was in line with a Reuters poll forecast for growth of 20.0 per cent.

Many analysts said the risk of spiking infections from the Delta variant and the slow pace of vaccinations in some states could hit India's growth momentum, however, with the economy unlikely to regain its pre-pandemic size of about \$2.9

manufacturing during the three months to June compared to 6.9 per cent growth in the previous quarter showed new anti-Covid-19 measures adopted in April-May had only a limited impact on activity.

Unlike more advanced economies, which have provided massive stimulus to support consumers, Prime Minister Narendra Modi has opted to raise infrastructure spending and pursue privatisation of state companies and tax reforms to bolster India's mid-term growth prospects, while providing free foodgrains to the poor.

The Reserve Bank of India (RBI), which has kept its monetary policy loose, has forecast annual growth of 9.5 per cent in the current fiscal year, although it has warned about the possibility of a third wave of the pandemic.

GLOBAL BUSINESS

US consumer confidence drops on Delta fears

AFP, Washington

Fear of the fast spreading Delta variant of Covid-19 and rising prices undermined Americans' confidence in August, according to a survey released Tuesday.

The Conference Board said its consumer confidence index fell more than 10 points to 113.8, the lowest since February and the second consecutive monthly decline after the July index was revised down to 125.1.

"Concerns about the Delta variant -- and, to a lesser degree, rising gas and food prices -- resulted in a less favorable view of current economic conditions and short-term growth prospects," Lynn Franco, senior director of economic indicators at The Conference Board, said in a statement.

The surge in infections and hospitalizations due to the new variant has caused businesses to re-impose mask-wearing requirements, while the end of government stimulus benefits has taken a toll on free-spending consumers.

At the same time, the recovering economy continues to deal with supply bottlenecks that have sent prices rising.

Franco noted that while plans for major spending -- on homes, autos, and major appliances -- "cooled somewhat," more Americans are planning vacations in the next six months.

"While the resurgence of Covid-19 and inflation concerns have dampened confidence, it is too soon to conclude this decline will result in



AFP/FILE

Shoppers visit a store of H&M at Times Square in New York City, New York on May 20.

consumers significantly curtailing their spending in the months ahead," Franco said.

However, the expectations index which reflects consumers' short-term outlook for income, business and labor market conditions dropped to 91.4 from 103.8.

Consumer views on the current and future prospects for the labor market deteriorated

very slightly, while sentiment about business conditions were more downbeat, according to the survey.

Economist Robert Frick of Navy Federal Credit Union said confidence "finally succumbed to the rising Covid-19 Delta wave." However, he said, "Americans overall are flush with cash and eager to spend it as the economy reopens."

Canada economic recovery comes to a surprise halt

AFP, Ottawa

Canada's economic recovery came to a surprise and screeching halt in the second quarter, casting a pall over snap elections called by Justin Trudeau to set a new post-pandemic course for the nation.

The economy, after nine months of strong growth that followed the lifting of initial Covid lockdowns last year, contracted by an annualized rate of 1.1 per cent in the April to June period, according to government data released Tuesday.

Economists were expecting continued growth, but increases in business and government spending were insufficient to offset a decline in exports and a shock slowdown in housing resales, according to Statistics Canada.

"It seems that the Canadian economy wasn't on as strong a footing as we had believed, and

with the fourth (Covid) wave now seemingly here, the economy faces another storm to navigate through," CIBC analyst Royce Mendes said in a research note.

"It's disappointing," commented Derek Holt, vice president of

Scotiabank Economics. He told AFP: "It's definitely a setback" as many believed businesses and consumers had adapted to operating amid Covid, but the data clearly shows "we're not out of the woods yet."



After Covid lockdowns were lifted, Canada's economy grew for nine months -- only to contract in the second quarter of 2021.

AFP/FILE

"Analysts had forecast growth of up to 2.5 per cent from April to June, after growth in the previous quarters of 5.5 per cent, 9.3 per cent and 41.7 per cent.

Those came as the economy roared back from a 38 per cent plunge in gross domestic product in the early months of the pandemic, when most of the country was ordered locked down.

June figures were in line with expectations, but downward revisions to data for April and May "wrongfooted economists' predictions," Mendes explained.

Early indications suggest the third quarter "also didn't get off to as hot a start as anticipated... despite public health restrictions continuing to ease," he said.

The sudden and unexpected slump comes as Prime Minister Justin Trudeau appears to be losing ground in a general election that he was initially favored to win handily.