

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY	
0.68%	0.70%	\$1,798.80	\$70.87	2.09%	2.13%	1.24%	1.07%	84.85	94.38	111.35	13.06	
6,736.55	11,778.07	(per ounce)	(per barrel)	55,822.01	27,937.81	3,072.97	3,593.60	BUY TK	85.85	98.18	115.15	13.73
				STANDARD CHARTERED BANK				SELL TK				



Star BUSINESS

DHAKA TUESDAY DECEMBER 21, 2021, POUISH 6, 1428 BS • starbusiness@thedailystar.net

Bangladesh self-reliant in RMG accessories

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In the 1980s, local garment manufacturers used to export garment items in old and used cartons as there was no factory in Bangladesh at that time capable of producing the accessory.

The used cartons had to be imported and they were made reusable by cutting them manually in order to make them fit to carry export-oriented items.

Under such circumstances, there was uncertainty whether the shipment of finished goods could be made on time even after the products were ready.

Even 15 years ago, local manufacturers had to buy button, a vital accessory for the apparel industry, mainly from China and Hong Kong to produce final goods for their international clients.

Many of the garment manufacturers also failed to send the goods to the retailers and brands in Europe and the US maintaining the lead time because of the delay in carrying out the task amid the shortage of buttons and other accessories.

In the event of a missed deadline, they were compelled to offer big discounts or even faced cancellation of orders. Not anymore.

The situation started improving after 1990 when local accessories makers started setting up factories to produce accessories. Entrepreneurs pumped in Tk 40,000 crore in the last 15 years, building a garment accessories and packaging industry that serves the country's gigantic apparel industry, making Bangladesh the second-largest garment exporter in the world.

Their efforts also helped create jobs for the locals and save billions of dollars in foreign currencies.

Lead time has improved a lot as garment exporters can procure accessories and cartons directly from local

MAJOR ITEMS

Button, zipper, thread, label, motif, pocketing fabric, lining, interlining, elastic, cord, ribbon, rivet, toggle, collarbone, hanger, hand tag, polybag, sticker, plastic clip, safety pin, and carton

ACHIEVEMENTS

- Bangladesh self-sufficient in garment accessories
- Accessories' contribution to garment industry 20pc
- Bangladesh famous for producing finest buttons
- Orders shifting from China to Bangladesh

BY THE NUMBERS

- Garment accessories exports fetch \$500m
- 1,250 out of 1,800 factories operational
- Total investment so far Tk 40,000cr
- Raw material prices rose 60% in one year

Why firms don't go public

DSE sits with conglomerates today to bring them to stock market

AHSAN HABIB

Stock market listing offers a company to raise funds cheaply to steer growth, enhances its visibility and credibility, boosts the morale of employees, improves public perception, and brings overall transparency and efficiency.

Still, the Dhaka Stock Exchange (DSE) is not home to many companies that have yielded a good return historically and followed corporate governance, leaving foreign and institutional investors to concentrate their investments to a few listed firms.

Large investors and analysts point out that the lower number of sound companies in the premier bourse makes them nervous when it comes to picking scrips to perk their funds.

The DSE has 347 listed companies whereas around 30,000 companies and firms submitted tax returns to the National Board of Revenue in the last fiscal year.

Of the 347, only 55 companies have investment of institutional investors of sizeable amount. More than 30 per cent shares of these companies held by the big investors.

Only 20 companies have significant foreign investment, and external investors hold more than 5 per cent share of these



KEY POINTS

- DSE has 347 listed firms
- Only 55 companies have significant investment from institutional investors
- Only 20 have significant foreign investment

REASONS TO STAY PRIVATE

- Strict regulations
- Tax evasion tendency
- Unwillingness to disclose information
- Reluctance to come out of family ownership
- Cap in pricing for book building



markets, cutting the waiting time that would have otherwise needed in case of imports.

"We are supplying items not only to the garment industry but also to the pharmaceuticals, home textile and leather sectors," said Al Shahriar Ahmed, a director of the Bangladesh Garments Accessories & Packaging Manufacturers & Exporters Association.

"The sector is working as a backward linkage industry and is growing in keeping with the growth of the garment industry."

"Today, we can supply nearly 90 per cent of locally made buttons to the industry although the production process is a bit complex," said Abdul Kader Khan, managing director of Khan Accessories & Packaging Company Ltd, a Tongi-based accessories company. Local garment exporters need to import the remaining 10 per cent buttons, which are of special kinds, as per the requirement of buyers, he said.

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Remittance may exceed \$25b this fiscal year: Kamal

STAR BUSINESS REPORTER

Finance Minister AHM Mustafa Kamal yesterday hoped that the country's remittances might exceed \$25 billion this fiscal year based on robust inflow from expatriate Bangladeshis in the next two Eid festivals.

Remittance could stand at around \$21 billion this fiscal year given the current pace of incoming funds, Kamal told reporters at a briefing after two cabinet committee meetings on government purchase and economic affairs.

However, the pace will not be the same in the remaining months of this fiscal year as expatriates usually send a higher amount during the two major religious festivals -- Eid-ul-Fitr and Eid-ul-Azha.

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Census stuck in tender trap

STAR BUSINESS REPORT

The Cabinet Committee on Government Purchase yesterday returned a tender from the Bangladesh Bureau of Statistics (BBS) to buy 3.95 lakh computer tablets for conducting the country's sixth population census, citing a lack of details in the proposal.

This is the second time that the BBS has been asked to resend its proposal and as such, the population census, which was supposed to be conducted in January this year, has been delayed again.

During a virtual cabinet meeting on Monday, Finance Minister AHM Mustafa Kamal asked the concerned ministry to resubmit the proposal within the next 10 days.

"We are trying to verify each piece of information to avoid any mistakes and that is why the process is taking so long," he said.



In response to a query, Kamal said two local companies had participated in bidding for the tender.

"We want to use the equipment made in Bangladesh and thereby give opportunities to local companies," he added.

Earlier, the BBS had retendered its proposal to buy the computer tabs just days after the cabinet had rejected its initial tender on August 25 for not following due

procedure.

The first tender was floated on June 23, and the technical evaluation committee of the BBS chose the second-lowest bidder after the lowest bidder was disqualified.

Eight companies had bought bidding documents but only two local companies, which manufacture and assemble electronic items, took part in the bidding process.

The second lowest bidder offered to supply the tablets for around Tk 10,000 per unit while the lowest bidder asked for Tk 6,000 per unit.

But at the eleventh hour on August 25, the cabinet committee returned the proposal, citing that due procedure was not followed in forwarding the proposal and asked the BBS to go for a retender.

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Tung Hai Knitting sinks in 3 years after stock listing

STAR BUSINESS REPORT

Tung Hai Knitting & Dyeing Ltd was listed on the stock market of Bangladesh in 2014 as it raised Tk 35 crore. But the knitting manufacturer became a sick company within three years, raising questions about its intention of going public.

From the financial year of 2016-17 to 2020-21, the knitting company incurred a combined loss of Tk 189 crore.

"It drowned due to a corrupt and treacherous syndicate that sprang up within the company," said the company's auditor. The Dhaka Stock Exchange (DSE) published the audit report on its website yesterday.

But before the listing, the company had been making profit at least since 2009, according to the IPO prospectus of the company.

The company's course reversed for the worse after just two years of the listing, raising questions about the intention of the issuer as well, said a merchant banker, adding that the issuer should not bring any company to the market whose future is uncertain.

Now, many general stock investors are suffering losses for holding the company's shares, the merchant banker added. Tung Hai shares were last traded at Tk 5.90 on the DSE.

The number of shares of the company available for trading on the premier bourse is 10.66 crore, with 63.04 per cent being held by general investors and 30.04 per cent by sponsor-directors, according to the data of the DSE.

Tung Hai Knitting went downwards in 2016-17. There were also troubles including workers' insubordination, according to the audit report.

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A labourer is seen loading tanned hides onto a van at the Savar Tannery Industrial Estate in Hemayetpur. Following a recent decision by the NBR, leather goods makers now need just one bonded warehouse licence to import raw materials for multiple production units. The photo was taken recently.

PHOTO: SK ENAMUL HUQ

BONDED WAREHOUSE

Leather sector gets wider benefits

STAR BUSINESS REPORT

Export-oriented leather, footwear and tannery operators can now import the raw materials required by multiple production units based on a single bonded warehouse licence, according to a recent notification from the National Board of Revenue (NBR).

This development comes following repeated appeals from leather entrepreneurs to the NBR, citing that the extension of such benefits would reduce the time it takes to get another bonded warehouse licence for new export-oriented units of the same company or group.

Garment and knitwear, dyeing and printing, towel and linen, and home textile makers already had the privilege to use a single bonded warehouse licence to import raw materials for multiple units.

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