Star BUSINESS

STIMULUS LOAN

BKMEA seeks longer payback period

STAR BUSINESS REPORT

The Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) yesterday demanded the central bank allow them to repay stimulus loans in 42 months instead of initially fixed 18 months as the severe impacts of Covid-19 persist.

In a letter to Fazle Kabir, governor of the Bangladesh Bank, AKM Salim Osman, president of the trade body, said they were facing crisis in shipment of goods because of the impacts of the pandemic. In many cases, exporters are getting delayed payment from the international buyers.

"So, the exporters should be allowed to be pay the remaining 14 instalments of the stimulus loan in 42 months so that exporters don't face any challenge in their business," he said.

The association sent the letter to the governor on January 4.

The BKMEA also demanded the central bank raise the borrowing ceiling for its members from the Export Development Fund (EDF) to $30 million.

"If needed, the members should be allowed more than $30 million in loans from the EDF," Osman said, adding that the repayment period for the loans from the EDF should be extended to December 31 this year.

Osman also urged the central bank to allow non-bonded garment factories to procure raw materials through back-to-back letters of credit.

The credit limit set by banks should be extended by 75 per cent as the prices of raw materials have increased abnormally in the domestic and international markets, said the association.

"During the peak of Covid-19, a majority of local exporters ran their business incurring losses as international retailers and brands paid less and delayed payment," Osman said.

Fazlee Shamim Ehsan, a vice-president

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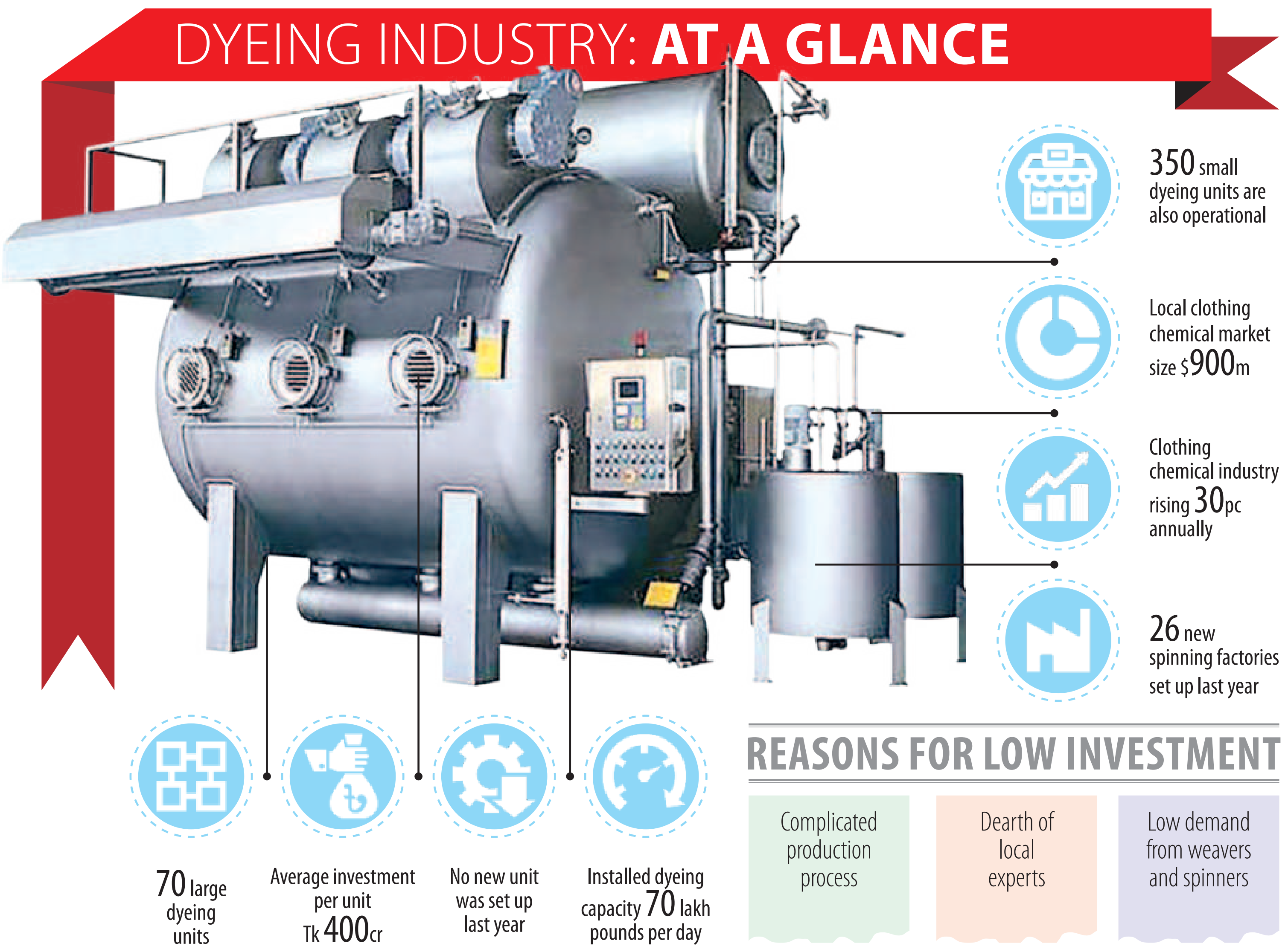

Dyeing sector can't keep up with robust apparel

REFAYET ULLAH MIRDHA

No new dyeing factory was set up in Bangladesh last year although the segment is crucial to supporting the roaring apparel sector looking to double its exports.

As local exporters are increasingly embracing man-made fibres and producing high-end items, the country will need more dyeing facilities and high-quality textile clothing chemicals to cater to demand in the coming years.

Industry people say entrepreneurs, however, are not interested in pouring money in the dyeing industry because of complicated production process, large investment requirement, dearth of local experts, and lower demand from weavers and spinners.

Dyeing is a critical process to colour fabrics and yarn for finished garment items. It involves a lot of technical people and expensive chemicals.

Two kinds of dyeing processes are required mainly -- solid dyeing that means colouring fabrics and yarn dyeing for making fabrics.

But not a single new dyeing factory was established last year although the spinning segment witnessed the highest amount of investment in a single year of Tk 6,000 crore as entrepreneurs set up 26 new units because of high demand for the yarn from the knitwear and woven garment exporters.

"Dyeing industry needs a lot of primary capital and is expensive to run effluent and water treatment plants," says Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association, the platform for the primary textile sector.

"Entrepreneurs feel discouraged from setting up dyeing factories because of a requirement of a lot of capital, higher chemical prices and dearth of expertise in the industry," said Abdullah Al Mahmud Mahin, chairman and managing director of Mahin Group.

The group runs one of the biggest dyeing units in Bangladesh. It can dye 30 lakh metres of fabrics a month, which includes 15 tonnes of yarn a day.

"We are overbooked with orders from local garment exporters for next four months as international retailers and brands are placing a higher volume of orders with Bangladesh," said Mahin.

There are 70 large dyeing units in Bangladesh with Tk 400 crore investment in each factory, according to the Bangladesh Dyed Yarn Exporters Association.

These large units have a combined capacity of dyeing 70 lakh pound of fabrics and yarn a day against current requirement of 50 lakh pounds. The market size of clothing chemicals, mainly caustic soda, salt and other colour chemicals, is $900 million.

There are many small dyeing units that are not the members of the Dyed Yarn Exporters Association, said Salah Uddin Alamgir, president of the trade body.

Annual consumption of clothing chemical is growing at 30 per cent as local dyers use more chemicals adding more value to export-oriented garment items, according to Syed Mohammad Ismail, country manager of Archroma (Bangladesh) Ltd, a US multinational chemical company.

Archroma (Bangladesh) has a market share of 12.5 per cent.

He says chemical prices are not responsible for the lower inflow of investment in the dyeing segment.

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JV to invest $100m in hi-tech park

Will make high-end tech products

MAHMUDUL HASAN

Bangladesh Cards Ltd, a joint venture between Japanese, Australian and Bangladeshi investors, is going to invest $100 million in a local hi-tech park to manufacture high-end technology products, including smart cards and specialised security items, to cater to the growing domestic and international markets.

Seven acres of land were recently allotted for the project at the Bangabandhu Hi-Tech City in Kaliakair, Gazipur, where a five lakh square feet manufacturing hub will be set up. The company aims to construct the factory in line with US Green Building Council guidelines to gain green building certification.

"We will make all types of smart cards, such as bank cards, national identification cards and driving licences at the facility," Abu Sarwar, managing director of Bangladesh Cards, told The Daily Star.

The firm, which is owned by a majority of Bangladeshi investors, also wants to be certified to make e-passports in order to supply to the governments of various countries.

The company plans to invest the money in the next five years.

"This investment will give Bangladesh self-sufficiency as an alternative to importing ICT-related products. After meeting local demand, we will also export Bangladeshi products to the international market," Sarwar said.

"In the short term, we want to cut import dependency for such products by 50 per cent and in the long run, we want local manufacturing to completely cover imports," he added.

The move comes at a time when Bangladesh has set a target to export $5 billion in IT services and digital devices by 2025, up from about $1.1 billion now.

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STOCKS (WEEK ON WEEK)

DSEX ▲	CSCX ▲
3.42% 6,987.45	4.20% 11,813.45

COMMODITIES (AS OF FRIDAY)

Gold ▲	Oil ▼
$1,796.41 (per ounce)	$78.85 (per barrel)

CURRENCIES (As on Thursday STANDARD CHARTERED BANK)

	$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	95.13	114.19	13.09
SELL TK	86.05	98.93	117.99	13.77

ASIAN MARKETS (Friday Closings)

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.24% 59,744.65	▼ 0.03% 28,478.56	▲ 0.66% 3,205.26	▼ 0.18% 3,579.54

Rising inflation eats up wage gains

REJAUL KARIM BYRON *and* MAHMUDUL HASAN

Wages have ticked up in Bangladesh in recent months, but rising inflation, fueled by internal and external factors, has eroded the gains for the workers in various sectors.

Wages grew 6.11 per cent year-on-year in December, according to the Wage Rate Index of the Bangladesh Bureau of Statistics (BBS). This is up from October's 5.97 per cent and November's 6.02 per cent.

But the positive growth is not providing much relief to the wage employees as inflation has been on the rise for several months, hitting household budgets.

General inflation rose to a 14-month high of 6.05 per cent in December last year, with non-food inflation reaching 7 per cent, a six-year high, and food inflation to 5.46 per cent, the highest in six months.

"Overall, nominal wages have barely kept pace with headline inflation. There is no growth in real wages after accounting for inflation," said Zahid Hussain, a former lead economist of the World Bank Bangladesh.

"So, the only way workers were benefiting from the recovery is through growth in employment on which we have no nationally representative data."

The wage rate in almost all sectors is gradually picking up.

In the agriculture sector, where a vast majority of the workforce is employed, the growth stood at 6.24 per cent in December. The increase was 5.72 per cent in the industrial sector and 6.25 per cent in the service sector.

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Visitors appreciate Turkish lamps which feature mosaics of coloured glass crafted by hand at a stall at the ongoing 26th Dhaka International Trade Fair in Bangabandhu Bangladesh-China Friendship Exhibition Centre at Purbachal yesterday. PHOTO: PALASH KHAN

Weekend offers hope for sellers at DITF

MD ASADUZ ZAMAN

The weekend came as a ray of hope for sellers at Dhaka International Trade Fair-2022 as crowds grew by at least five to seven times in size for the first time since the month-long event began on January 1.

This year's fair has so far been plagued by a drought of buyers amid fears of a fresh Covid-19 outbreak due to the global spread of Omicron, a new variant of the rogue virus.

Besides, the trade fair's new location at Purbachal on the outskirts of Dhaka could also be behind the low customer turnout, according to sellers.

"The turnout declined steadily throughout the first week as an average of only 5,500 daily visitors added up to 30,000 customers in the first four days," said Saidur Rahman, manager of Mir Brothers, the company that leased the fair's entrance gate.

However, the weekend alone drew in at least 70,000 visitors, he added.

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