



## LABOUR CRUNCH: KEY POINTS



Small and medium factories are the worst sufferers



Big factories are attracting workers with fringe benefits



During lockdown, many workers went home and didn't return



Worker shortage affecting production and shipment



Many factories setting up training centres to groom workers

## BY THE NUMBERS



Garment factories received **30%** more work orders this season



Factories facing **15% to 20%** worker shortage over the last six months



Number of female workers declined to below **60%** of total workers



Women workers accounted for **80%** of total workers in the past



In Jul-Dec, garment exports rose **28%** year-on-year to **\$19.9b**

# Worker shortage a new challenge for RMG

REFAYET ULLAH MIRDHA

Fakir Apparels Ltd (FAL) appointed 400 new workers last month after training them for three months at its training centre as the Narayanganj-based garment factory has received 25 per cent more work orders this season compared to the last season.

The factory has established a separate training centre to turn fresh workers into sewing machine operators to meet the emergency need of workers. Moreover, it is offering increased fringe benefits to retain them.

"We can train 200 workers in a batch every three months and we have continued to produce more skilled workers," said Bakhtiar Uddin Ahmed, chief operating officer of FAL.

Still, the factory faces a shortage of more than 10 per cent workers to ensure optimum production.

Like FAL, almost all garment factories in Bangladesh, especially, the small and medium-sized ones, are suffering from an acute shortage of skilled labourers as the industry is recovering from the severe fallouts of Covid-19 on the back of a higher flow of orders from international retailers and brands as

economies reopened.

Industry people say they are incurring production losses and missing shipments due to a 15 to 20 per cent shortage of workers.

This means the labour crunch may hit the recovery of the garment sector, which accounts for about 85 per cent of the national export receipts.



They attributed the shortage of workers, especially the skilled labourers, to the sudden rise in demand and massive expansion of production capacity in the apparel industry.

Besides, many workers have not returned after they went home following the outbreak of Covid-19 in Bangladesh in March 2020.

Base Fashions Ltd, which employs 1,000 workers, is now facing at least 10 per cent worker shortage as many

labourers either did not return to the factory after it reopened following the national lockdown in 2020 or switched to other factories and sectors.

"Sometimes, we have to pay more fringe benefits to retain them in times of crisis," said Md Ehterab Hossain, managing director of the company.

Ahmed F Rahman,

cent worker shortage at their factories.

The capital machinery import rose by nearly 70 per cent in the last four months which indicates expansion, said Azad, whose factories employ 65,000 workers.

Although large industrial units can afford workers by paying various allowances, apart from the monthly salary, the SMEs are in a tight spot because of the financial hardship brought on by the pandemic.

Shahadat Hossain Kiron, chairman of Dekko Legacy Group, which employs 14,500 workers in the garment segment, says the production and shipment are being affected due to the scarcity of workers.

A 7-per cent shortage in workers has forced Kiron to launch a lean manufacturing system to cut the number of workers needed to run operations under the line manufacturing system.

Towhidur Rahman, president of the Bangladesh Apparel Workers Federation, and Nazma Akter, president of the Sarmilito Garment Sramik Federation, agree that the shortage of garment workers ranges from 15 per cent to 20 per cent.

Faruque Hassan, president of the Bangladesh Garment Manufacturers & Exporters Association, echoed them.

Even a few years ago, the ratio of female workers in the industry was around 80 per cent, but it has declined to 57 per cent, Towhidur added. Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said a short-term crisis of skilled workers has been created in the garment industry because of a significant rise in export orders with the recovery of the global supply chain.

Now, many factories are running at nearly 90 per cent capacity as orders are aplenty. Usually, they run at 60 per cent of the capacity or even below, the economist said.

As a result, garment exports grew 28.02 per cent year-on-year to \$19.90 billion between July and December.

However, the higher flow of orders might not be a long-term phenomenon and it may return to the usual level if normally restores in the global apparel supply chain.

"But, if the high flow of orders keeps its momentum, factory owners may have to choose more automation to raise productivity and ship goods on time," said Moazzem.

## Remittance hits 4-month high

STAR BUSINESS REPORT

Remittances hit a four-month high in January riding on a government initiative to provide more cash subsidies to remitters.

Expatriate Bangladeshis sent \$1.70 billion in January, up 4.52 per cent from that the month before, data from the Bangladesh Bank showed.

The inflow logged the highest figure last month since October 2021 when expatriates sent remittances to the tune of \$1.64 billion.

Remittances stood at \$1.72 billion in September.

January's figure, however, was less than 13.12 per cent from that a year ago when remittances stood at \$1.96 billion.

Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue, said an increase in the cash incentive declared by the government

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## Foreign funds in stocks drop

AHSAN HABIB

Foreign portfolio investment in stocks dropped last month compared to that in the preceding one as the investors had embarked on a selling spree.

Net foreign investment was Tk 23.7 crore in the negative as sell-offs from the foreign investors were higher.

They bought shares worth Tk 154.18 crore in January while the sales amounted to Tk 177.88 crore, according to the Dhaka Stock Exchange (DSE) data.

In the month before that, foreign investors bought shares worth Tk 194.19 crore while selling shares worth around Tk 154.66 crore.

So, net foreign investment was around Tk 39.53 crore, the DSE data shows.

Foreign portfolio investment has undergone a

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STOCKS	
DSEX ▲	CSCX ▲
1.02%	1.11%
6,997.60	12,329.76

COMMODITIES	
Gold ▲	Oil ▼
\$1,805.94	\$87.76
(per ounce)	(per barrel)

CURRENCIES		STANDARD CHARTERED BANK			
	USD	EUR	GBP	CNY	
BUY TK	85.05	94.89	113.48	13.12	
SELL TK	86.05	98.69	117.28	13.79	

ASIAN MARKETS				
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▲ 1.46%	▲ 0.28%	▲ 0.1%	▼ 0.97%	
58,862.57	27,078.49	3,249.59	3,361.44	

## Two state jute mills leased to private sector

JAGARAN CHAKMA

The government yesterday handed over two jute mills to the private sector as part of its efforts to modernise the state-run enterprises dealing with the natural fibre.

It comes 18 months after the Bangladesh Jute Mills Corporation (BJMC) shut 25 state-run jute mills to put an end to the heavy losses they had been incurring for years.

Yesterday, Karnaluli Jute Mills Ltd in Chattogram was leased out to Unitech Group, and Bangladesh Jute Mills Ltd in Narsingdi to Bay Group. The lease period is 20 years.

"We hope that they will start operations within one and a half months," said Md Abdur Rauf, secretary of the textiles and jute ministry.

In July 2020, the government decided to shut down the production at 25 state-run jute mills under the BJMC providing 100 per cent dues to 25,000 workers.

Later, the corporation sought interest from investors as the government looks to lease out 17 mills.

The BJMC received 55 proposals from investors from home and abroad. Of them, 14 proposals met the criteria.

Five investors were selected for five mills. And Rauf is optimistic to hand over three mills by February.

A survey was conducted at the jute mills to find out the condition of the machinery.

The secretary said the private sector does not want to waste time and the investors are proactive to start operations. "We will seek bids for 12 jute mills by this month."

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The government has shut 25 state-run jute mills under Bangladesh Jute Mills Corporation to put an end to the heavy losses they had been incurring for years.

PHOTO: STAR/FILE

## Square Textiles' profit surges six times

STAR BUSINESS REPORT

Square Textiles Ltd, a concern of Square Group, yesterday said its profit rocketed in the first six months of the financial year as revenue growth outpaced the cost of sales.

The textile company also cut its finance cost significantly. As such its overall earnings grew nearly six times to Tk 92.28 crore in the July-December period of 2021-22 from Tk 15.54 crore during the same period the previous year, according to its unaudited financial statement.

Earnings per share soared to Tk 4.68 from Tk 0.79 a year ago.

The EPS has increased due to the rise in production and the sales price of yarn, said the company in its filing on the Dhaka Stock Exchange.

Shares of Square Textiles rose 0.91 per cent to Tk 66.8.

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