



Workers are seen stacking sacks of fly ash on the cargo bed of a truck after unloading the raw material of cement from ships docked at Majhir Ghat in Chattogram. The picture was taken recently.

PHOTO: RAJIB RAIHAN

# Competition choking small cement makers

Industry insiders say

JAGARAN CHAKMA

Rising freight rates globally for demand recovery and supply disruptions as well as an increase in transport costs locally owing to a hike in diesel prices have made it difficult for small-scale cement manufacturers to compete in Bangladesh.

"Small-scale cement makers are facing acute competition from their more established counterparts as there is over-manufacturing in the industry," said Syed Kamruzzaman, company secretary of Aramit Cement.

The company currently has a low production capacity and so its main market is restricted to Chattogram and its adjoining districts.

"If we expand our market, it would not be commercially viable," he said.

Regarding the recent market scenario, Kamruzzaman said sales fell slightly in the last quarter due to a lower number of orders.

With this backdrop, he alleged that the Bangladesh Cement Manufacturers Association (BCMA) is a practically non-effective organisation as it does not play

its due role in favour of cement makers.

"The shipping cost was \$17 per tonne just a month ago and it has since increased to \$24 per tonne," Md Alamgir Kabir, president of the BCMA, said on February 15.

This has had factories doling out more money for production, the BCMA said in a statement, adding that it would not be possible for cement makers to sustain losses for a long time.

A senior official of Royal Cement, on condition of anonymity, said since large manufacturers want to grab the market, small manufacturers are struggling to survive.

He alleged that the BCMA decides to adjust prices to ensure their survival but large manufacturers do not follow the decision as they are capable of running their business at a minimum profit margin. However, the same is not possible for small manufacturers.

Nine large companies -- Shah Cement, Bashundhara Cement, Fresh Cement, Premier Cement, Seven Rings Cement, Crown Cement, LafargeHolcim Bangladesh, HeidelbergCement Bangladesh, and Akij Cement Company

-- collectively control 85 per cent of the domestic market.

The remaining 15 per cent is catered to by other manufacturers, said the official. Mohammed Amirul Haque, managing director of Premier Cement, said manufacturers will have to make commercial adjustments as shipping costs are increasing.

Regarding the sufferings of small-scale manufacturers, he suggested improving their business strategy and reducing production costs.

However, he does an issue with the struggles of small-scale operations as they entered the sector to do business but have seemingly done so without conducting any research beforehand.

Haque sees a good future for the cement sector as consumption will increase in rural areas along with rising urbanisation and economic development.

Md Shahidullah, managing director of Metrocem Cement, said small manufacturers are facing difficulties to keep their businesses afloat due to high competition in the industry.

If small manufacturers intend to

continue operations, they will have to increase their capacities through investment or mergers with other manufacturers.

"My business is an example as it is at the point where we would need to merge to survive. However, I will not merge. Instead, I will try to run it at any cost," he added.

Despite the industry's growth, Bangladesh is still one of the lowest consumers of cement products in the world with per capita cement use standing at 200 kilogrammes.

There are 37 active cement factories in Bangladesh with a combined annual production capacity of 58 million tonnes against the local demand of 33 million tonnes.

Annual consumption stood at about 33.4 million tonnes in the fiscal year of 2020-21 and is forecast to increase by high single digits in the current fiscal year.

According to the annual report of LafargeHolcim Bangladesh, construction activities have returned to normalcy across the country with most projects and the individual housebuilder segment picking up pace.

## Investors across the globe can take Sonali Bank's online service

STAR BUSINESS REPORT

Investors from anywhere in the world can now open an account at any branch of Sonali Bank through the one stop service portal of Bangladesh Investment Development Authority (Bida).

Bida and Sonali Bank jointly launched the online banking service for the investors at the office of the investment authority in Dhaka on Wednesday.

"We have 1,229 branches across the country. All of them are connected online. This service can be availed from all the branches through the one stop service platform of Bida," said Md Ataur Rahman Pradhan, chief executive officer and managing director of Sonali Bank.

Investors will be able to access more investment services from their home with the addition of the two new services to the Bida's OSS portal, Mohsina Yasmin, executive member of the Bida, said at the programme.

Bida is working towards providing maximum investment services to the investors and it has already come up with 57 services of 18 organisations.

Investors have to pay a service charge to take service from Bida's portal now, but the services will be available for free in two to three years, she said. Md Abdul Hamid Mian, chief revenue officer of Dhaka North City Corporation, also spoke.

JUTE SECTOR

## Govt to honour 11 individuals, organisations

STAR BUSINESS REPORT

The textiles and jute ministry plans to honour 11 individuals and organisations for their contribution to increasing production and export of jute and jute products, said a statement from the ministry.

"The awards will be given for their contribution towards the achievement of development targets of the government through research in jute sector development, reduction of dependence on jute seed imports, self-sufficiency in jute seed production and increase in production and export of jute products," said Textiles and Jute Minister Golam Dastagir Gazi at a press meet ahead of the National Jute Day 2022.

The textiles ministry will celebrate the National Jute Day on March 6 to promote jute cultivation, increase the use of jute and jute products in domestic and international markets and highlight the bright potential of the golden fibre, Gazi said at the briefing at the ministry in Dhaka yesterday.

A three-day exhibition on diversified jute goods will take place from March 6 on the premises of the Jute Diversification Promotion Centre in Dhaka.

## Food inflation for poor

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that the food habits of the people in Bangladesh, both poor and non-poor, have changed over the years since 2005-06.

"However, changes in food habits are not addressed while calculating the CPI by the BBS," said the Sanem.

"More importantly, the CPIs calculated by the BBS, hardly reflect the inflation faced by the low-income households in Bangladesh, both in the urban and rural areas."

The average consumption baskets used by the state-run agency to calculate the CPIs are not truly representative of the consumption pattern of many low-income households.

The Sanem identified seven factors for the price of food items: supply-demand mismatch; relative price change and additional pressure on demand; disruption in the supply chain; non-competitive market and

weak monitoring; rise in import cost; rising food prices in the world market; and rise in fuel prices.

The study said Covid-19 affected income and employment, creating new poor and increasing vulnerability. "Even the recovery process is disrupted due to inflationary pressure," Prof Raihan said.

For faster recovery from the Covid-19 impacts, the Sanem suggested proper assessment of the market's demand and supply situation.

It called for expansion of the social protection coverage to include the old and new vulnerable population and involving all stakeholders in the market monitoring.

Prof Raihan said they identified eight marginalised groups in Bangladesh that are vulnerable to food insecurity due to the increase in the price of essential food items.

In the urban areas, the

groups are ready-made garment workers, day labourers, rickshaw/van-pullers, and small traders.

In the rural areas, these groups include landless farmers, day labourers, rickshaw/van-pullers, and small traders.

Addressing the programme, Bazlul Haque Khondker, chairman of the Sanem, said the long queue of low-income people in front of the trucks of the TCB selling essentials at subsidised rates proves that the price of food increased abnormally.

He suggested implementing the social safety net programmes properly to address the marginalised people's distresses.

Sayema Haque Bidisha, research director of the Sanem, said the actual inflation in rural areas is higher than in urban areas.

"The lower-income people spend more of their income on food consumption,"

## Govt to seek removal

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Bangladesh and India have been conducting studies to ink the agreement to facilitate bilateral trade and investment between the two countries.

India is Bangladesh's second-largest import destination after China with annual imports from the neighbouring nation amounting to more than \$8 billion through formal channels.

On the other hand, Bangladesh exports goods worth nearly \$1.5 billion each year to India via formal channels.

Dhaka will also urge New Delhi to accept the

testing certification of the Bangladesh Standards and Testing Institution (BSTI) to increase shipments to India, Ghosh said.

In addition, the issue of transporting goods via railway between the two countries will be discussed.

"Our main target is to increase the export and import of goods to and from Indian markets as we see the country as a market with big potential for us," Ghosh added.

India wants improvement of the infrastructures at land ports along with the bordering areas of both countries to facilitate trade.

Bangladesh has been enjoying duty-free access to India for all goods except 24 alcoholic and beverage items under the South Asian Free Trade Agreement since November 2011. As a result, exports to Indian markets have been growing steadily.

However, the shipment of garment items has been facing a 12.50 per cent countervailing duty as the Indian government wants to protect its domestic market by levying the duty.

Bangladesh shipped garment items worth \$365.95 million in the July-December period, up 58.07 per cent year-on-year.

## China to focus on boosting slowing economy

AFP, Beijing

A property downturn, slowing economy and war in Ukraine loom large over this week's annual convening of China's legislature, with policymakers expected to focus on shoring up faltering growth.

The rubber-stamp parliament starting Saturday in Beijing gathers some 3,000 members of the National People's Congress (NPC) for highly choreographed meetings over bills, budgets and personnel changes.

The ruling Communist Party uses the opportunity to tout its achievements while also setting the country's economic blueprint and GDP target for the year ahead. Much of the NPC's agenda is unknown until during -- or even after -- the multi-day meeting, with many sessions taking place behind closed doors.

## Suspend transactions with Russian

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The banks have been given 10 days to wind down their SWIFT operations.

The US has recently announced sanctions on four large Russian banks, including VTB and SberBank.

The sanction prompted VEB to ask its Bangladeshi counterparts, including Agrani Bank and Sonali Bank, to suspend transactions through the SWIFT.

Agrani Bank has ordered its branches not to carry out any transactions with the bank.

Officials of Sonali Bank yesterday informed the BB that VEB had requested it to avoid any transaction for the time being.

Sonali Bank is settling transactions to import

equipment for the Rooppur Nuclear Power Plant through a Russian lender.

Bangladesh signed its biggest-ever contract worth \$12.65 billion with Russia's state-run atomic energy company in 2015 to build the plant to generate 2,400 megawatts of electricity.

Md Ataur Rahman Prodhon, managing director of Sonali Bank, did not respond to The Daily Star's request for comment.

SWIFT is set to disconnect the seven banks from its network on March 12, as required by EU regulations.

This means Bangladesh's banks would be unable to do business with the Russian lenders either directly or through a third party under the relationship management

application (RMA).

The BB held a meeting with the top officials of the commercial banks yesterday.

Md Serajul Islam, spokesperson of the central bank, said that the BB asked local banks to remain alert in settling transactions with Russian lenders.

He, however, did not give any idea about the types of cautionary measures that banks will have to put in place.

Bangladesh has decided to follow an impartial stance about Russia's ongoing diplomatic tension with the US, the EU, Japan, Australia and some other countries over the invasion of Ukraine.

Under the circumstances, the central

bank is observing the situation cautiously, said a number of BB officials.

Local banks have to follow the USA Patriot Act to maintain banking relationships with the US banks, said senior officials of commercial banks.

Under the Act, Bangladeshi banks can't do banking with the lenders that face an embargo imposed by the US government.

They will face punitive measures if they try to do banking with the sanctioned banks through RMA.

A bank can run banking through a third lender in order to settle foreign exchange business with a foreign nation if they want to avoid direct banking operations. But banks still

face punitive measures from the US in such cases, bankers say.

A BB official says that local banks would not be able to do business with the seven Russian banks due to the sanction imposed on the banks' SWIFT operations.

Bilateral trade between Bangladesh and Russia is worth more than \$1 billion, with exports from Bangladesh standing at \$665 million in the last fiscal year.

The country mainly exports apparel items, paper yarn, footwear and textile articles and imports cereals, minerals, chemical products, and fertiliser.

A major portion of the bilateral trade is carried out through third parties, said a BB official.

## Govt to buy 30,000 tonnes

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We always take fertiliser from them. It's nothing new. If Russia won't give us the product for any reason, we have to find alternative sources.

Until then, we will stick to the earlier decision," Finance Minister AHM Mustafa Kamal told the media after the meeting.

"We have taken decision with the hope that the war will not prolong. It will end soon," he said.

"If the payment is not possible through SWIFT, we will pay by the currency

SWAP, and consider it along with other alternative ways," Kamal added.

The Bangladesh Agricultural Development Corporation under the agriculture ministry inked the deal with the Russian agency in October 2021 to buy 2.70 lakh tonnes of MoP in order to meet part the domestic requirement for the crop production input.

Growers used 7.98 lakh tonnes of MoP in the last fiscal year out of the total application of 52 lakh tonnes of fertiliser

in the fiscal year 2020-21, according to the agriculture ministry.

Asked about oil prices, Kamal said that everybody knows why oil prices increase.

The government always gives subsidies in this sector and tries to impose a part of the increasing portion on the consumer.

The government needs to pay huge subsidies as a result.

The line ministries should publish how much subsidies are needed, he added.