

Star BUSINESS



SUPPORTING THE PHARMACEUTICAL INDUSTRY'S - 2ND LARGEST POTENTIAL SECTOR - GROWTH



BIG BUSINESSES

- Big factories running through generators
- They fear higher production cost in long run
- Export-oriented factories may face delayed shipment

SMALL BUSINESSES

- Load-shedding eating away profit of SMEs
- Production cost may go up
- SMEs outside EPZs and industrial zones are worst sufferers
- They face more than 2 hours of load-shedding during working hours
- Many SMEs don't afford generators
- Divisional and district level SMEs fell under unregulated load-shedding
- SMEs contribute 25pc to GDP

WORST SUFFERERS

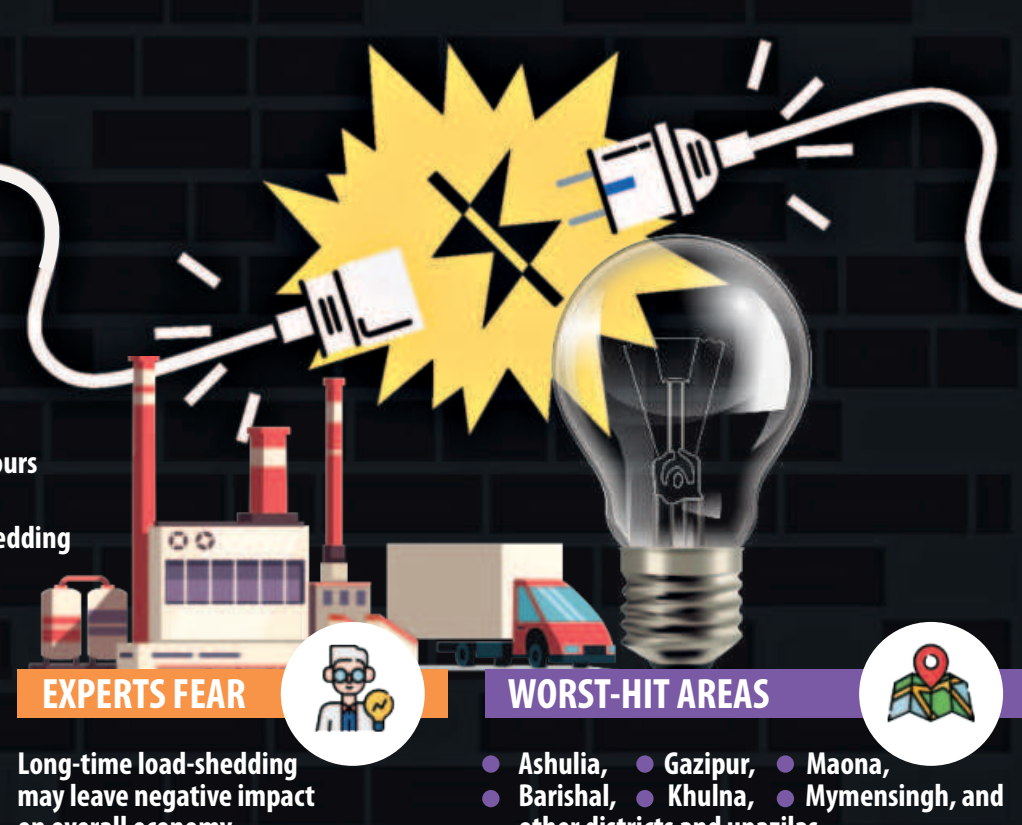
- Garment, ● Tannery, ● Leather, ● Jute, ● Food processing, ● Light engineering

EXPERTS FEAR

Long-time load-shedding may leave negative impact on overall economy

WORST-HIT AREAS

- Ashulia, ● Gazipur, ● Maona, ● Barishal, ● Khulna, ● Mymensingh, and other districts and upazilas



LOAD-SHEDDING

SMEs outside EPZs, industrial belts bear the brunt

REFAYET ULLAH MIRDHA and SUKANTA HALDER

The ongoing regular power cuts are eating away at the profits of small and medium enterprises (SMEs) in Bangladesh since they need to rely on costly diesel to keep their operation up and running, which is raising the cost of production.

Millions of SMEs located outside the export processing zones (EPZs) and designated industrial zones like in Ashulia, Gazipur, Maona, Barishal, Khulna and Mymensingh and those located at the district and upazila levels are facing production losses owing to the regular load-shedding.

Those housed in the EPZs and industrial belts have so far been largely kept out of the purview of the current phase of regulated power cuts.

It came after the government announced a schedule for area-based power cuts to mitigate the electricity crisis amid a fall in gas supply on July 17, driven by lower imports of liquefied natural gas and inadequate local production.

Janata Engineering, an agricultural machinery manufacturing unit in

Chuadanga, is one of the factories facing the fallout of the reduced power supply.

Its production has witnessed a decline because of the load-shedding that lasts at least two hours during working hours every day. As a result, the factory can't run at its full capacity.

The tool making factory is now fearing a major loss. Md Oli Ullah, managing director of Janata Engineering, says district-level industrial zones have not been brought under the power cut schedule of the government.

"As a result, frequent load-shedding is taking place."

A small entrepreneur in Savar says the production at his leather factory has received a serious blow due to the two-hour power cut during working hours.

Rubina Akter Munni, owner of Design By Rubina, a leather and jute bag manufacturer at Mirer Bazar in Gazipur, however, does not face power cuts during working hours like Oli Ullah and the entrepreneur in Savar since her factory is located in an industrial belt.

However, Munni, who makes 30,000 pieces of leather and jute bags a month for both export and local markets, is, too, worried.

This is because if she receives a large order, her factory workers would have to work after 10:00pm to ship goods on time.

Humayun Rashid, managing director of Energypac Power Generation Ltd, says the group has many manufacturing units.

Instead of keeping them closed during power cuts, diesel-

run generators are used to keep them operational. "As a result, the cost of production is increasing," he said.

In order to reduce power consumption, Energypac, currently does not run the machines that consume more power. Rather, it is running the equipment that requires less electricity.

In order to bring down diesel use and thus maintain the

current level of foreign currency reserves, the government has already shut down the diesel-run power plants since the fuel is imported.

"But we are becoming dependent on diesel. So, the government should reduce the frequency of power cuts in the areas where industries are

located," said Rashid. Md Shaheen Ahamed, managing director of Anjuman Trading Corporation Ltd, says the rate at which the manufacturing costs are going up, it would become very difficult for them to bear the additional expenditures if the current situation persists.

Manufacturers are also facing lower gas pressure since there is an energy shortage as well. "If the energy crisis persists, we will not be able to deliver the

products as per promised dates," said Ahmed, also the chairman of the Bangladesh Tanners Association. Hatil Furniture's energy expenditure has trebled owing to the use of diesel-run generators.

"If the current situation continues, the cost of production will increase," said Salim H Rahman, chairman of the furniture manufacturer.

"We will suffer financially because of using diesel-run generators," said Taslim Shahriar, senior assistant general manager of Meghna Group of Industries.

Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry, says many SMEs are facing a challenging situation because of the load-shedding.

"But we are following the government's instruction since the country is going through a crisis."

SMEs' profit margin is being squeezed owing to the rise in production costs. "Many, however, can't afford generators and are cutting back their production," Rahman said. "The longer the load-shedding persists, the higher the losses will be for almost every business."

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RUSSIA-UKRAINE DEAL

Local stocks suffer though global markets recover

STAR BUSINESS REPORT

Stocks in Bangladesh fell for the ninth consecutive day yesterday although nearly all of the major stock markets in the world gained buoyed by a deal between Russia and Ukraine.

The DSEX, the benchmark index of the premier bourse in Bangladesh, lost 74 points, or 1.2 per cent, to close at 6,052. It shed 314 points in the past nine sessions.

Turnover, another key indicator of the market, fell to Tk 470 crore from Tk 676 crore on the previous day.

However, the world's major indices, except those in the US, rose after Ukraine and Russia signed the deal on Friday.

The agreement will allow Kyiv to resume exports of grain through the Black Sea after its shipment came to a halt following Russia's invasion of the country on February 24.

The blockade of Ukraine's grain has caused a global food crisis and sent the prices of cooking oils and fertiliser to higher levels.

Thanks to the deal, the DAX, a blue chip index of Germany, rose 7 points, the CAC 40, the benchmark index of France, advanced 15 points, the Nikkei 225 of Japan rose 111 points, the Hang Seng Index of Hong Kong went up 34 points, and India's BSE Sensex surged 390 points on Friday.

The world's major stocks indices, except those in the US, rose after Ukraine and Russia signed a deal on Friday

But Bangladesh's stock market maintained the bearish trend. Even, the DSEX slipped below the 6,100 mark.

Jittery investors went on a heavy sell-off to exit from the market by dumping their shares amidst growing economic tension, said International Leasing Securities in its daily market review.

Some of the investors were stuck with heavy losses in their portfolios, it said.

Of the securities traded on the day, 42 advanced, 318 fell, and 22 remained unchanged.

Both the DS30, the blue-chip index, and the DSES, the Shariah-based index, lost 32 points and 16 points respectively.

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STOCKS

DSEX ▼	CSCX ▼
1.20%	0.89%
6,052.44	17,807.48

COMMODITIES AS OF FRIDAY

Gold ▲	Oil ▼
\$1,727.44	\$95.05
(per ounce)	(per barrel)

ASIAN MARKETS FRIDAY CLOSINGS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.70%	▲ 0.40%	▲ 0.92%	▼ 0.06%
56,072.23	27,914.66	3,181.34	3,269.97

Mills shut yet BJMC incurring losses

Paying for maintenance, salary

STAR BUSINESS REPORT

Bangladesh Jute Mills Corporation (BJMC) has been continuing to incur losses, although more than two years have passed since the government closed down 25 state-run jute mills.

Insiders said delays in leasing out the closed mills to private investors and integration of existing employees to other state agencies caused the BJMC to suffer losses as it has to pay salaries and bear repairs and maintenance costs of the closed factories.

The state corporation estimates to have incurred losses of Tk 264 crore in fiscal year 2021-22, down from Tk 380 crore in the previous fiscal year, according to the BJMC budget.

"Now, we do not have any production. So, whole (that is spent) losses," said Textile and Jute Secretary Md Abdur Rauf.

The government shut down the 25 mills on July 1, 2020 owing to consistent heavy losses and excessive production costs, laying off more than 50,000 workers in three categories - permanent, temporary, and substitute.

The government at that time declared that the closed factories would be modernised and reopened soon through various arrangements including joint ventures, public-private partnerships or government-to-government partnerships.

As per the plan, the BJMC in April 2021 called upon interested investors to submit expressions of interest for leasing out 17 of the mills for a period of five to 20 years.

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MILLS THAT RESUMED PRODUCTION UNDER LEASE

- Bangladesh Jute Mills Ltd
- KFD Jute Mills

MILLS AGAINST WHICH NOTIFICATION OF AWARD WERE ISSUED

- Jatio Jute Mills, Sirajganj
- RR Jute Mills, Sitakunda
- MM Jute Mills, Sitakunda
- Gul Ahmed Jute Mills, Chattogram
- Jashore Jute Industries
- Doulatpur Jute Mills, Khulna
- Platinum Jute Mills, Khulna

BJMC's ANNUAL LOSSES

In crore taka; SOURCE: BANGLADESH ECONOMIC REVIEW 2022

FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
66	384	497	724	656	481	497	604	704	380	264

CONTRACT BREACH

Shakib serves legal notice to Banglalink, Jamuna Bank

STAR BUSINESS REPORT

Cricketer Shakib Al Hasan yesterday served a legal notice to Banglalink and Jamuna Bank Ltd, asking them to refrain from continuing to display and exploit his image and brand for commercial purposes without his consent and in violation of an agreement.

Lawyer Ashraful Hadi sent the legal notice on behalf of Shakib to the chief executive officer of Banglalink Digital Communications Ltd and the managing director of Jamuna Bank Ltd, asking them to pay Tk 5.8 crore as the cost of preliminary damages in seven days.

Given the public image of Shakib, Banglalink entered into an agreement with him on January 21, 2014.

The two-year period of the agreement expired on

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