Machinery in the Darwani Textile Mills in Nilphamari continues to collect dust even though eight years have passed since the prime minister directed the authorities concerned to reopen 25 mills of the Bangladesh Textile Mills Corporation under a public-private partnership programme. PHOTO: EAM ASADUZZAMAN

BTMC mills remain shuttered

Private players still uninterested due to various complexities, experts say

EAM ASADUZZAMAN, *Nilphamari*

The reopening of mills owned by the Bangladesh Textile Mills Corporation (BTMC) under a public-private partnership (PPP) programme is still shrouded in mystery as the private sector's response remains poor eight years after the prime minister issued a directive in this regard.

The PPP programme was jointly launched by the BTMC and Ministry of Textiles and Jute after Prime Minister Sheikh Hasina issued a directive on October 12, 2014, to reopen all 25 mills that were shut down in the face of huge losses.

Of the 25 mills, four are situated in the country's industrially underdeveloped northern region. They are the Darwani Textile Mills in Nilphamari, Dinajpur Textile Mills, Rajshahi Textile Mills and Kurigram Textile Mills.

The Cabinet Committee on Economic Affairs had initially approved the programme in principle in fiscal 2017-18 to run 16 of the 25 defunct mills under the PPP model, which has brought hopes of employment generation and increased economic activities across the country.

Sources say the 25 shuttered BTMC mills are collectively situated on 636.38 acres of high-value land with good communication networks that are suitable for developing industrial units.

Meanwhile, the private sector has enough skilled manpower for this purpose and so, the government wants to combine the two sectors to further the domestic textile industry.

Kazi Firoz Hossain, project director of the PPP programme, said private entrepreneurs spend fabulous sums of money to buy land and as a result, they sometimes find themselves short on funds when establishing the mill itself.

"So, the BTMC, as a major partner, wants to stand beside them by allocating the required land through the PPP model," he added.

Hossain, also in-charge of the BTMC's commerce sector, went on to say that private partners will implement the entire project, maintain the mills and market the textile products being produced.

The project has a tenure of 30 years but it could be extended further in the future.

Under the PPP agreement, private partners can produce denim, composite, knitwear, woven and other textile items on the land provided. However, there is no option to run activities beyond textile.

Kazi expressed optimism over the project, saying that if all goes well, each factory could generate 5,000 jobs and have a positive impact on the nation's gross domestic income.

Still though, confusion abounds over the success of the PPP programme as the response from private entrepreneurs is very poor even though eight year's have passed since the prime minister's directive.

Only one agreement was signed in first phase with Orion Group, a leading industrial conglomerate, taking charge of the Kaderia Textile Mills in Tongi while the agreement signing for Tanjin Fashion to take over Ahmed Bawani Textile Mills in Demra has been delayed.

BTMC sources informed that in the second phase, it has floated an international tender to choose private partners for four more textile mills, namely the RR Textile Mills in Chattogram, Dosto Textile Mills in Feni, Magura Textile Mills and Rajshahi Textile Mills.

Interested parties were asked to submit their proposal by March 7 earlier this year but the deadline was later extended until September 21 as no private partner showed interest.

Project Director Hossain said that many interested parties have been inquiring about the mills but none have purchased the scheduled documents.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), had previously explained his take on the lack of interest among private entrepreneurs.

"The project for reopening closed textile mills is not a long-term solution as the government has imposed a complex structure and so, no renowned institution has come forward to invest," he said.

Most of the mills' infrastructures have been abandoned or become obsolete and so, they could be demolished first but this contract is also contingent on the government's long-term viability because if the government changes, the overall system may change, Khokon added.

The BTMA president did however say that if any well-known companies or groups want to sign on for the partnership, they could do so.

Razequzzaman Ratan, central committee president of the Samajtantrik Sramik Front, said that due to the government's policies, state-owned mills and factories have become dens of corruption and in line with the practice, some private entrepreneurs intend to grab them.

"The PPP system is an interim measure between public and private sectors with some resolutions to safeguard each other's interest but a section of greedy private entrepreneurs is unlikely to obey the minimum restrictions and are therefore unwilling to respond."

"We've given a specific proposal that by spending only Tk 1,200 crore, the outdated machineries of state-owned textile mills could be replaced for full swing production but the government did not accept our proposal and instead launched the PPP project, which has little possibility to succeed," he added.

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Fu-Wang Ceramic announces Tk 650cr expansion

STAR BUSINESS REPORT

Fu-Wang Ceramic Industries, a listed ceramics maker with foreign and local shareholders, will invest Tk 650 crore to expand its tiles production capacity by about 15,000 square metres per day, according to a disclosure on the Dhaka Stock Exchange (DSE) yesterday.

The money will be spent on a greenfield project, including land acquisition and BRME (balancing, modernization, rehabilitation and expansion) of the company's existing plant.

Following the disclosure, stocks of Fu-Wang Ceramic rose 2.15 per cent to Tk 19 per share.

The company is engaged in manufacturing and marketing various types of floor and wall tiles through its facility in Hotapara, Gazipur.

However, Fu-Wang Ceramic currently utilises 56 per cent of its 40 million square feet annual production capacity, which has been calculated as 100 per cent efficiency based on three shifts of eight hours a day, according to the company's annual report for fiscal 2020-21.

Between July 2021 and March 2022, sales of Fu-Wang Ceramic rose to Tk 62 crore while it was Tk 56 crore in the same period the previous year, as per its third quarterly report of fiscal 2021-22.

But in the same period, the company's profits dropped to Tk 3 crore from Tk 3.79 crore previously due to higher raw material and finance costs, the report shows.

The company, which began commercial production in 1996, has paid-up capital of Tk 136 crore and reserve and surplus of Tk 15 crore, according to DSE data.

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Stocks end 6-day winning streak

STAR BUSINESS REPORT

A six-day winning streak in the domestic stock market came to an end yesterday due to the profit-taking tendency among investors, according to market analysts.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 18 points, or 0.28 per cent, to hit 6,489 yesterday.

The prime index of the Dhaka bourse had risen by 228 points in the six preceding trading sessions.

However, turnover at the DSE surged 22 per cent to Tk 2,296 crore, which was the highest since the Tk 2,497 crore registered on October 7.

Of the securities traded, 95 advanced, 217 declined, and 63 did not show any price movement.

The index was going upward for the first hour of the session but it then started to gradually decline as the investors' cheery mood later turned into a correction mood, International Leasing Securities said in its daily market review.

Meanwhile, the blue-chip index, DS30, fell by 0.09 per cent and the shariah-based index, DSES, gained 0.08 per cent.

Among all sectors, travel rose 3.1 per cent, jute advanced 2.5 per cent and paper rose 1.6 per cent while life insurance dropped 3.1 per cent, textile fell 2.2 per cent and cement edged down 1.8 per cent.

Investor participation was mostly centred on engineering (16.2 per cent), pharmaceuticals (13.1 per cent) and textile (11 per cent).

JMI Hospital Requisite Manufacturing surged 10 per cent, Eastern Housing rose 9.97 per cent, and Sonargaon Textiles advanced 9.96 per cent. Other major gainers included Metro Spinning Mills, Ratanpur Steel Re-Rolling Mills.

Beach Hatchery declined the most, eroding 4.78 per cent. Nahee Aluminium Composite Panel, Nurani Dyeing, National Tea and Aman Feed were also among the major losers.

Beximco Ltd was the most traded stock with scrips worth Tk 118 crore changing hands. Delta Life Insurance, Lafarge-Holcim Bangladesh, Orion Pharmaceuticals, and National Polymer also witnessed significant turnover.

A cap on Russian oil prices? G7 eyes untried, risky plan

AFP, *New York*

Capping the price of Russian oil, an approach G7 members said Friday they want to pursue "urgently," would be an unprecedented move and one which some analysts say could backfire.

Russian oil would be purchased at a discount from prevailing market prices, to limit Moscow's profits as it prosecutes its war against Ukraine; but it would keep the price above the cost of production to ensure incentive for its export.

The discounted rates, calculated separately for crude oil and refined petroleum products, could be regularly revised, according to a US Treasury official.

There have been international systems aimed at preventing a nation from exporting oil -- such as those now targeting Iran and Venezuela -- or at limiting trade, as in the UN "Oil-for-Food" program which, from 1995 to 2003, allowed Iraq to sell oil but only to pay for food, medicine and humanitarian needs.

But there has never been an attempt to impose a differentiated price on a country.

G7 members (Britain, Canada, France, Germany, Italy, Japan and the United States) have already limited or suspended their Russian petroleum purchases.

But for the plan to be effective, other countries will have to take part -- particularly big countries like India and China, some of Russia's most important clients.

While the G7 plan offers the prospect of lower prices, "China and India are already getting cheaper -- cheap enough -- oil," said Bill O'Grady of Confluence Investment.

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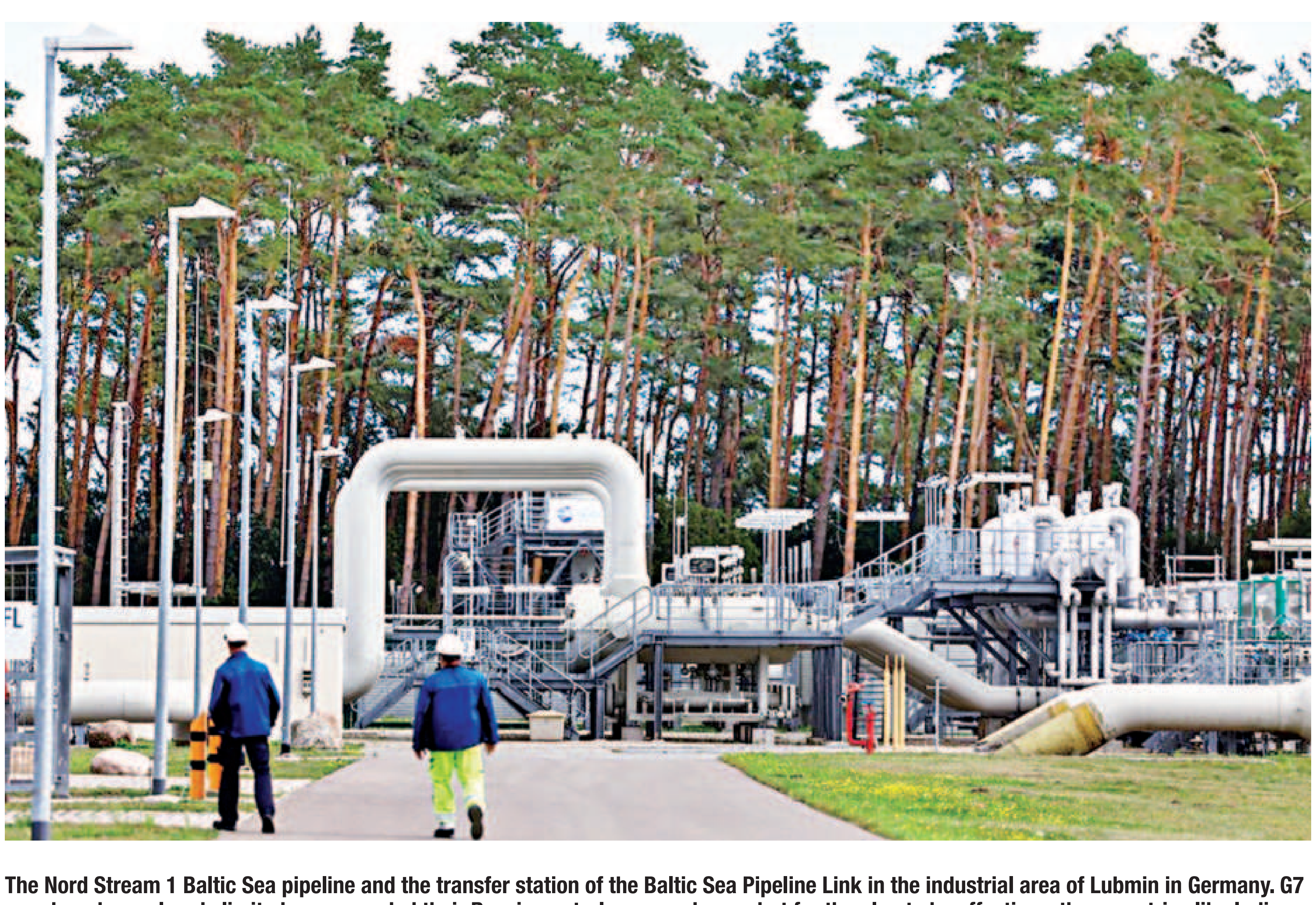

The Nord Stream 1 Baltic Sea pipeline and the transfer station of the Baltic Sea Pipeline Link in the industrial area of Lubmin in Germany. G7 members have already limited or suspended their Russian petroleum purchases, but for the plan to be effective, other countries like India and China, some of Russia's most important clients, have to join the fray. PHOTO: REUTERS/FILE

Germany agrees €65b inflation relief package

AFP, *Berlin*

The German government on Sunday unveiled a new multi-billion euro plan to help households cope with soaring prices, and said it was eyeing windfall profits from energy companies to help fund the relief.

German businesses and consumers are feeling the pain from sky-high energy prices, as the country seeks to extricate itself from reliance from Russian supplies.

Rapid measures to prepare for the coming cold season will ensure that Germany would "get through this winter," Chancellor Olaf Scholz said at the unveiling of the 65-billion-euro package.

The latest agreement was hammered out overnight into Sunday by Germany's three-way ruling coalition of Scholz's Social Democrats, the Greens, and the liberal FDP.

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