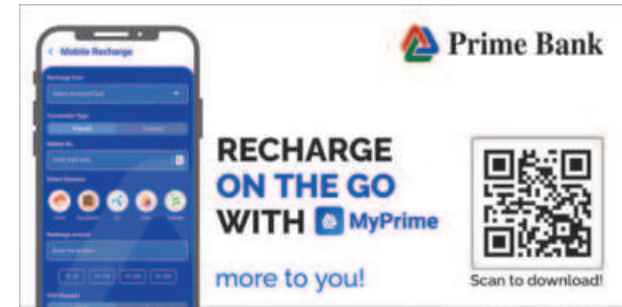


star BUSINESS



Extent of load-shedding increased this month

- Daily load-shedding is around **2,500MW** in the country
- Manufacturers complain up to **11** hours of load-shedding
- Gas crisis also affects many industries
- Entrepreneurs have to spend up to **Tk 30** to generate per unit of power, **3** times of the govt rate
- Industries say production cost increases by **10** per cent
- Export-oriented factories are at risk of losing orders
- Businesses have to bear additional cost to maintain lead time

Akij now making faucets

STAR BUSINESS REPORT

Akij Group, one of the biggest local industrial conglomerates, yesterday announced embarking on manufacturing and selling bathroom fittings under the brand name Akij Bathware to grab a portion of the Tk 1,400 crore-worth domestic sales and go for exports.

Already producing ceramics, tiles, sanitary ware and building materials, Akij has invested Tk 125 crore to establish a plant with a capacity to produce around 10,000 pieces of bathroom fittings of 37 types each day.

The products, including ROSA faucets, were launched through a ceremony at InterContinental Dhaka.

The new factory in Trishal upazila of Mymensingh is expected to create 500 jobs, said Mohammad Khorshed Alam, director, sales & marketing of Akij Tableware.

Sheikh Bashir Uddin, managing director of Akij Group, said imported products accounted for about 50 per cent of the local sales of bathroom fittings, including faucets.

"So, we want to capture the local market. And we will make world class products. Also, we want to play a role in the export of this product," said Bashir.

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Worsening electricity supply fresh blow to industries

JAGARAN CHAKMA

Industries, already under huge pressure for the fall in gas supply and higher input costs, have been hit with power outages in the last few days, which have raised the production cost and may force factories to cut output.

Due to a gas and fuel shortage, many power plants in Bangladesh are not operating to their usual capacity. This is hurting the manufacturing industry.

For example, Igloo Ice Cream, a popular ice cream brand in Bangladesh, now has to spend Tk 4.70 to produce a litre of ice cream, up from Tk 4.54 in 2021, owing to higher diesel costs.

"Due to the load-shedding, the production cost has increased by Tk 0.16 per litre of ice cream," said Shamim Ahmed, chief operating officer of the company.

Igloo, which holds a 33 per cent stake in the market and is the leading brand in the segment, produces 1.5 lakh litres of ice cream per day. This means it has to spend an additional Tk 24,000 per day to keep the factory operational.

According to Ahmed, the company has had to maintain an alternative source of power using gas to continue production. Sometimes the flow of gas drops, disrupting

production since the supply of electricity is a must to maintain a cold temperature.

"Now, our production units witness at least eight hours of load-shedding every day whereas it was at best four hours just a few days ago."

The ice cream industry is not the only segment that is facing the power crisis. In fact, all manufacturing sectors, including the export-oriented ones, have been suffering for the severe load-shedding for the last three to four days.

has hampered production and sent the cost of manufacturing higher.

"Earlier we spent Tk 80 lakh against gas for the generation of power to ensure an interrupted supply of electricity. But now we have to spend Tk 4.8 crore as we rely on diesel to generate power."

Beacon has already suspended its production at the injection unit due to a lack of uninterrupted power supply, he said.

"This will affect the export of pharmaceutical products as manufacturers will not be able to ship goods on time."

Amid the worsening power situation, Beacon decided not to accept an export order worth \$1 million from the UK yesterday, according to Alam.

RFL Group's Habiganj industrial park is also facing a power crisis.

"Now we have to spend Tk 15 against electricity to manufacture one tonne of plastic finished products. The electricity to produce the same products would cost us Tk 12 during normal times," said RN Paul, managing director of the conglomerate.

Due to a lack of gas supply, the group can't maintain the lead time for export delivery. "As a result, the export of plastic goods might decline," Paul warned.

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Now, our production units witness at least eight hours of load-shedding every day whereas it was at best four hours just a few days ago.

SHAMIM AHMED
Chief Operating Officer of Igloo Ice Cream

STOCKS	
DSEX	CASPI ▼
Flat 6,449.92	0.20% 19,011.67

COMMODITIES	
Gold ▼	Oil ▼
\$1,667.15 (per ounce)	\$89.36 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.46% 57,147.32	▼ 2.64% 26,401.25	▼ 0.08% 3,105.00	▲ 0.19% 2,979.79

Trading of govt bonds takes place

STAR BUSINESS REPORT

The trading of treasury bonds and bills took place on the stock exchanges of Bangladesh yesterday, a day after their debut.

There are about 270 treasury bonds worth more than Tk 2.5 lakh crore with their tenures ranging from two years to 20 years, data from the Bangladesh Bank showed.

Of them, 222 treasury bonds were listed on the Dhaka Stock Exchange (DSE) as of August, with a combined value of Tk 59,359 crore. But they were not traded like shares and mutual fund units and they could be bought and sold only over the counter.

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BB relaxes rules on borrowing to exporters

Shipments must be backed by ECAs

STAR BUSINESS REPORT

Bangladesh Bank yesterday said businesses that export goods guaranteed by reputed export credit agencies (ECAs) will be able to enjoy loans as per their need, even if it goes beyond the single borrower exposure limit.

As per the single borrower exposure limit, banks are not allowed to give out loans that are more than 25 per cent of their capital to a single person, entity or business group.

However, exporters who supply goods guaranteed by ECAs that are AAA rated by globally accepted credit rating agencies can now avail of loans beyond the single-borrower exposure limit.

ECAs offer finance and other services to facilitate international trade.

As such, most countries have ECAs

that provide loans, loan guarantees and insurance to help eliminate the uncertainty involved in importing and exporting with other countries.

In addition, the purpose of an ECA is to support the domestic economy and employment by helping companies find overseas markets for their products.

An official of Bangladesh Bank said there is less risk in exporting products when the shipment is guaranteed by a reputed ECA.

This is because the ECA will pay exporters for their goods even if the foreign buyer is unable to do so and for this reason, loans given by banks to exporters will not create any risk, he added.

Fazlul Hoque, a former president of the Bangladesh Knitwear Manufacturers and Exporters Association, said this is a welcome initiative as it will help exporters manage their required funds.

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OCTOBER 12, 2022