



Empty cargo beds that were once used to haul sugarcane have been left to rust under the open sky at Pabna Sugar Mills following the unit's closure back in December 2020. Having been steeped in losses even when operational, the mill authorities are now counting costs for upkeep.

PHOTO: AHMED HUMAYUN KABIR TOPU

#### STATE-OWNED SUGAR MILLS

# Closed to cut costs but continue to incur loss

AHMED HUMAYUN KABIR TOPU, Pabna

Six loss-making sugar mills owned by the state were shuttered in 2020 so that they may undergo modernisation and eventually become commercially viable once again.

However, they remain abandoned while huge costs are piling up to maintain the machinery, vehicles and infrastructure present.

Besides, large sums are being paid for utility bills and other expenses, indicating that these mills are still wasting a lot of public funds.

Following a government order on December 2, 2020, the Bangladesh Sugar and Food Industries Corporation (BSFIC) informed that production at six mills -- Pabna Sugar, Shyampur Sugar, Panchagar Sugar, Setabganj Sugar, Rangpur Sugar and Kusthia Sugar -- would be halted until further notice.

During a recent visit to Pabna Sugar Mill, this correspondent found that weeds and other forms of plant life are slowly reclaiming the facility, turning it into more of a jungle than a production unit.

In addition, the total lack of upkeep has brought its machinery, vehicles and infrastructure to the brink of destruction.

Also, the BSFIC shifts machinery and vehicles from shuttered sugar mills to those still operational upon request from the relevant authorities.

Established in 1992 at a cost of Tk 79.22 crore, Pabna Sugar Mill began operations with the target to produce 15,000 tonnes of sugar from 1.5 tonnes of sugarcane



each year.

The mill never achieved this goal and suffered combined losses of Tk 400 crore instead.

When the mill was ultimately shut down, numerous machineries including 20 tractors and 122 trollies for carry sugarcane were left behind.

What's more, key infrastructure worth more than Tk 100 crore, such as the office and residential buildings, are on the verge of collapse, officials say.

Pabna Sugar Mill once employed a total of 589 workers but most of them were transferred to the operational units when it was shut down.

Now, 30 security staff and 31 officials remain for upkeep, which is insufficient in this regard.

"Due to the lack of operation and

maintenance, most of the machineries are becoming damaged but we do have not enough manpower to maintain those," said Md Abu Daud, head of security at Pabna Sugar Mill.

Trollies and other machineries lie abandoned under the open sky, allowing wild plants and weeds to grow into their bodies while most of the important parts have been removed, he added.

Md Aktaruzzaman, acting managing director of Pabna Sugar Mill, said he has already sent letters to the BSFIC, urging them to make use of the remaining machineries and vehicles at operational mills.

"Already we have sent some parts," he added.

Aktaruzzaman then said they spend about Tk 6 crore a year on maintenance, wages and other bills.

Besides, it will take at least one year to repair the mill and resume operations, which will be more costly as the days go by, he added.

Aktaruzzaman informed that the government is trying to resume operations at the mill through a public-private partnership, but it is still uncertain.

The closing of the sugar mill is also harming sugarcane production in Pabna, which is one of the country's biggest producers of the stalk.

Sugarcane farmers now cultivate various crops in their fields to ensure survival.

"I used to cultivate a minimum of 60 to 70 bighas of sugarcane a couple of years ago in order to supply Pabna Sugar Mill," said Sajahan Ali Badsha, president of the Sugarcane Farmers Association in Pabna.

"I stopped sugarcane production after the mill was closed as there is no profitable market for the crop," he added.

Badsha cultivated only 5 bighas of sugarcane this year just to keep his name in the list of local sugarcane farmers.

"Like most farmers, I mainly cultivate vegetables now," said Badsha, also the key organiser of Bangladesh Akh Chashi Federation.

According to Aktaruzzaman, approximately 6,000 hectares of land were brought under sugarcane cultivation to produce some 1 lakh tonnes of the stalk when the mill was closed in 2020.

This year, sugarcane is being produced on just 40 to 50 hectares of land in the district.

READ MORE ON B3

## Islamic banking poised to expand

### Says Sabbir Ahmed, head of retail banking of SCB

#### STAR BUSINESS REPORT

Islamic banking is set to grow from the current level in Bangladesh, which will offer a huge opportunity to banks and financial institutions and accelerate financial inclusion, said Sabbir Ahmed, head of retail banking of Standard Chartered Bangladesh.

At present, the Islamic banking segment constitutes 28 per cent of the market. But Bangladesh is home to the world's fourth largest Muslim population, meaning that the scope to develop Islamic banking is huge.

"This number is poised to grow," said Ahmed during an interview with The Daily Star.

About half of the people in Bangladesh are unbanked.

And Ahmed said because of how it is structured, the growth of Islamic banking will help deliver financial services to traditionally unbanked communities and sectors.

"This is the case as Islamic banking emphasises the buyer-and-seller relationship and risk-sharing model between banks and customers, making it more accessible to those who are economically insecure. This makes Islamic banking more appealing to all customers -- not just those who are religious."

"Islamic banking is by no means a small or niche sector."

He said the demand for Islamic banking products and options is only set to grow as confidence in the sector increases and it becomes more available and popular.

"Moody's Investors Service also forecasts a growth of more than 25 per cent in Islamic banking penetration across the country, which will undoubtedly be backed by strong government support due to the high demand."

In 2004, Saadiq, Standard Chartered's Islamic banking window, was launched in Bangladesh. It was the first to introduce an Islamic credit card in the country three years later.

#### Islamic banking emphasises the buyer-and-seller relationship and risk-sharing model between banks and customers, making it more accessible to those who are economically insecure

Today, it offers a wide range of shariah-compliant retail products. Customers can open a current account, savings account, or sadaqah account. Mudaraba-based deposit accounts designed especially for tertiary-level students and for Hajj or Umrah attendees are also available.

Clients can avail of shariah-compliant personal financing, auto financing, and home financing. The bank has a number of tailored product offerings designed to meet the needs of corporate clients.

"Since 2004, we have innovated and worked to create a number of shariah-compliant solutions to meet the immediate and future needs of our clients," said Ahmed.

He also thinks that SCB's current product suite and offerings are poised to grow and develop in the coming years, especially given that global and local demand for Islamic finance is projected to accelerate rapidly.

"As the industry grows, our goal is to exceed the expectations of our customers."

As an Islamic banking proposition, Saadiq isn't just working to be the best amongst Islamic banks.

"We are working to bring solutions to the table that appeal to all clients. We aim to pioneer global best practices and our goal is to offer Islamic banking solutions which have been vetted,

READ MORE ON B3

## Shipping Corp plans to buy four ships

### Buoyed by massive jump in profit

#### STAR BUSINESS REPORT

Bangladesh Shipping Corporation (BSC) secured a massive jump in profits in fiscal year 2021-22, following which it now plans to buy four ships for the smooth sailing of the business momentum into the future.

The state-owned autonomous corporation owns eight ships and oil tankers and charters sea-going vessels to carry exports, such as garments, and imports, such as grain and crude oil. It also offers ship repair services.

The profit of Tk 225.75 crore was a year-on-year increase of 213 per cent.

It reported earnings per share (EPS) of Tk 14.80 for 2021-22 whereas it was Tk 4.72 a year earlier.

The company did not disclose how much it would invest to buy the ships. However, it did say that two would be tankers and two multipurpose bulk carriers.

Of the previous eight, two were brought in 1987 and the rest after 2018, according to its annual report of 2020-21.

The company did not specify the reason behind the jump in profit.

Instead, it said to have "achieved commercial and technological excellence by properly following the complex international regulations related to shipping, determining and properly managing various risks and taking timely actions".

READ MORE ON B3



Bangladesh Shipping Corporation owns eight ships and oil tankers and charters sea-going vessels to carry exports like garments and imports such as grain and crude oil. It also offers ship repair services.

PHOTO: BSC

## Zaheen Spinning extends losses

#### STAR BUSINESS REPORT

Zaheen Spinning Limited incurred a loss of Tk 14.57 crore in the year that ended on June 30, extending its losses to three years.

The manufacturer of hosiery yarn also suffered a loss of Tk 28.68 crore in 2020-21.

So, Zaheen Spinning reported earnings per share of Tk 1.28 negative for the last financial year, which was Tk 2.52 negative in 2020-21.

The net asset value per share slipped to Tk 4.97 in 2021-22 from Tk 6.25 a year earlier, while the net operating cash flow per share fell to Tk 0.06 from Tk 0.43 during the period.

The board of directors of the company has recommended no dividend for 2021-22.

Shares of Zaheen Spinning were unchanged at Tk 12.80 on the Dhaka Stock Exchange yesterday.