



Despite the abundance of labourers and higher demand abroad, furniture made in Bangladesh has not been able to capture a sizeable share of the global market largely for the country's failure to export at competitive prices since raw materials, which are largely imported, are costlier for higher duties. PHOTO: HABIBUR RAHMAN

Bida identifies factors holding back furniture sector

Higher tariff on imported raw materials and dearth of quality ingredients among barriers

SUKANTA HALDER

The furniture sector is considered a promising sector of Bangladesh thanks to the abundance of labourers, the flow of capital, technological facilities, and higher demand in the global market.

Still, it has not flourished for the failure to export at competitive prices amid a higher tariff on imported raw materials, a dearth of quality raw materials and import dependence, said the Bangladesh Investment Development Authority (Bida) in a report.

"The industry has not grown properly because of the inability to supply quality products in line with demand."

The report was prepared by a working committee formed by the Bida for the purpose of reviewing the investment potential in the furniture industry and the tariff structure for imported raw materials.

It was also tasked with identifying the problems of the furniture sector and making recommendations to solve them with a view to attracting investment to the industry.

The Bida published the report yesterday and it has been sent to the National Board of Revenue,



the central bank, the Export Promotion Bureau and several other government agencies.

In Bangladesh, the furniture sector is the second-largest job provider after the garments and textiles sector, employing about 20 lakh people.

The contribution of the sector to the gross domestic product is about 1.2 per cent.

More than 40,000 small and big companies are involved in the production and marketing of furniture. Most of them are cottage, micro or small industries.

Besides, there are more than 100 brands, including Hatil,

Akhtar, Partex, Regal, Otobi, Brothers, Navana and Nadia.

The total size of the furniture market is about Tk 30,000 crore, with 65 per cent controlled by non-brands, according to the Bida report.

The report points out that it is not possible to make long-lasting and quality furniture just by enhancing the lifespan of low-quality indigenous wood.

In order to boost exports, a 15 per cent cash financial assistance is provided as an alternative to duty drawback, but the support is inadequate given duties and taxes, it added.

The Customs Act of 1969

stipulates providing a bonded warehouse facility to all industrial establishments, but the furniture sector is yet to receive the benefit. As a result, the cost of production is high for the furniture industry.

Similarly, furniture manufacturers can't borrow from the central bank's Export Development Fund, which gives cheaper loans to exporters, for the purchase of raw materials like the entrepreneurs in the garment industry do. So, the cost of funds used to import raw materials remains higher.

The report also noted a lack of skilled workforce in the furniture sector, saying institutional mechanism to create skilled workers is also inadequate. There is a lack of research initiatives as well, it said.

A backward linkage industry has not developed in Bangladesh either.

"There is a lack of mechanisation and automation. Lead time is higher while there is a lack of branding," said the Bida.

Although the design is one of the most important aspects of the furniture sector, existing designs can't meet the requirements of customers.

The issue of environmental protection is gaining importance

worldwide day by day, but the wood and board used to make furniture for the export markets need certification. However, a structure to issue certification has not been developed locally.

Salim H Rahman, chairman and managing director of Hatil Furniture, and a member of the Bida's working committee that prepared the report, said the government is talking about export diversification.

"This sector can play an important role there." In addition to meeting domestic demand, several brands are also exporting furniture.

The shipment has more than doubled in the last six years.

Foreign sales stood at \$110.36 million in the last fiscal year of 2021-22, up from \$52.53 million in 2016-17.

The Bida report made 19 recommendations to boost exports.

They include lifting or reducing customs, supplementary and regulatory duties on the import of raw materials, providing a bonded warehouse facility, ensuring the supply of certified timber, creating a skilled workforce, and reducing lead time.

The report called for short, medium and long-term steps to attract investment.

BB eases tuition payment for those studying in China

STAR BUSINESS REPORT

The Bangladesh Bank has allowed banks to help students who are studying in China pay their tuition fees.

In a notice yesterday, the central bank said Bangladeshi students who are studying at various educational institutions in China are still continuing their courses under online teaching arrangements from Bangladesh due to the travel restrictions imposed by Beijing for the coronavirus pandemic.

These students are now applying for visas for which all the due tuition fees need to be paid.

"So, it has been decided that authorised dealer banks may continue to effect outward remittances on account of these students till September 30, 2022," said the notice.

The notice would clear confusion, if any, among the authorised dealer banks about making the payments amid falling foreign currency reserves.

On Monday, Bangladesh's reserves slipped to around \$34.5 billion after the central bank cleared \$1.3 billion worth of import bills.

The reserves have been under strain since the beginning of Russia's invasion of Ukraine, as the conflict has pushed up the prices of commodities in the global markets, creating volatility in the foreign currency market for import-dependent nations such as Bangladesh.

Since November last year, the reserves have fallen by more than 23 per cent.

Padma Oil clocks Tk 240cr profit

STAR BUSINESS REPORT

Padma Oil Co Ltd clocked a profit of Tk 240.38 crore in 2021-22, up 5 per cent from a year earlier. The state-run oil marketing agency made a profit of Tk 228.59 crore in 2020-21.

Thus, the company reported earnings per share of Tk 24.47 for the year that ended on June 30 against Tk 23.27 in 2020-21.

The board of directors of Padma Oil has recommended a 125 per cent cash dividend for the last financial year.

The company also reported earnings for the first quarter of 2022-23.

The profit rose more than 25 per cent to Tk 70.73 crore in July-September. It was Tk 56.48 crore during the same quarter a year earlier.

The EPS stood at Tk 7.20 in July-September of 2022 compared to Tk 5.75 during the identical quarter of 2021, according to the unaudited financial statements.

Shares of Padma Oil closed at Tk 209.20 on the Dhaka Stock Exchange yesterday, unchanged from a day earlier.

Samorita Hospital's profit plunges 61pc

STAR BUSINESS REPORT

Samorita Hospital Limited's profit plummeted more than 61 per cent in the last financial year that ended on June 30.

It made a profit of Tk 1.62 crore in 2021-22, which was Tk 4.21 crore a year earlier.

The company reported earnings per share of Tk 0.86 for 2021-22, way down from Tk 2.23 a year ago.

The net asset value per share fell to 51.32 from Tk 51.46 in 2020-21, while the net operating cash flow per share slipped to Tk 1.85 from Tk 3.18 during the period.

The board of directors has recommended a 5 per cent cash and a 5 per cent stock dividend for 2021-22.

The hospital company also published its unaudited financial statements for July-September.

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Brac Bank brings digital loan app

STAR BUSINESS REPORT

Brac Bank has launched the country's first end-to-end digital loan app Shubidha.

The app will enable customers to apply for digital retail loans from anywhere in Bangladesh and will get approval instantly, said the private commercial bank in a press release yesterday.

Moreover, they can purchase products and services from the bank's partner outlets using the app and the loan will be disbursed digitally into the partners' accounts in a few moments.

"The bank's vision is to make the app a one-stop platform for loan-related solutions for valued customers," said Brac Bank.

"Shubidha" App has two variants: one to be used by customers and another by business partners of Brac Bank.

If applied for the loans during working hours, customers can know about loan sanction decisions within a few minutes.

The app has significantly reduced loan processing time and opened a new gateway for the bank to reach many untapped customers, said the bank.

A customer can avail up to Tk 3 lakh digital personal loan, payable in up to 24 months.

Competitive interest rates and processing fees will make the loan affordable for the customers, said the bank.

Commenting on the app, Md Mahiul Islam, head of retail banking of Brac Bank, said the unique aspect of the loan is that the application will be made, processed and disbursed digitally, giving many conveniences to customers.

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People are seen preparing their tax return at the booths of Tax Zone-04 of the National Board of Revenue in Paltan, Dhaka yesterday. The NBR rolled out its "tax service month" campaign on November 1 to help taxpayers file their returns timely for fiscal year 2022-23. People can visit these designated return receiving booths to complete their tax-related formalities and submit return within the November 30 deadline without any charge. PHOTO: PALASH KHAN

Eastern Cables returns to profit after 5 years

STAR BUSINESS REPORT

Eastern Cables Ltd made a profit of Tk 89.76 lakh in 2021-22, its first profit in five years.

The state-run enterprise incurred a loss of Tk 12.36 crore a year earlier. It reported positive earnings per share of Tk 0.34 in 2021-22 against negative EPS of Tk 4.68.

The board of directors has recommended a 2 per cent cash dividend for the year that ended on June 30.

The enterprise published its unaudited financial statements for July-September. In the quarter, it made a profit of Tk 21.12 lakh, an improvement from a loss of Tk 2.67 crore.

The EPS was Tk 0.08 in July-September against Tk 1.01 in negative during the identical quarter of 2021.

Shares of Eastern Cables, however, shed 11.42 per cent to Tk 203.20 on the DSE yesterday.