




Star BUSINESS



Prime Bank



EXPERIENCE
UNINTERRUPTED
BANKING HOUR
WITH MyPrime
more to you!



Scan to download!

Govt wants to form insurer for public employees

STAR BUSINESS REPORT

The government is pondering over whether to set up an “independent” insurance company under Bangladesh Karmachari Kallyan Board (BKKB) to provide insurance to government employees.

On August 3, the Ministry of Public Administration sent a letter to all secretaries, divisional and deputy commissioners and upazila nirbahi officers to share opinions on the formation of the company by August 17.

Currently there are two state-run insurance companies for all citizens – Jiban Bima Corporation which deals with life insurance and Sadharan Bima Corporation, which deals with non-life insurance.

Two state-run insurance companies already exist and insurance coverage for government employees can be ensured through those two, said Prof Md Main Uddin, a former chairman of the Department of Banking and Insurance at

There are two state-run insurance companies for all citizens – Jiban Bima Corporation and Sadharan Bima Corporation

the University of Dhaka.

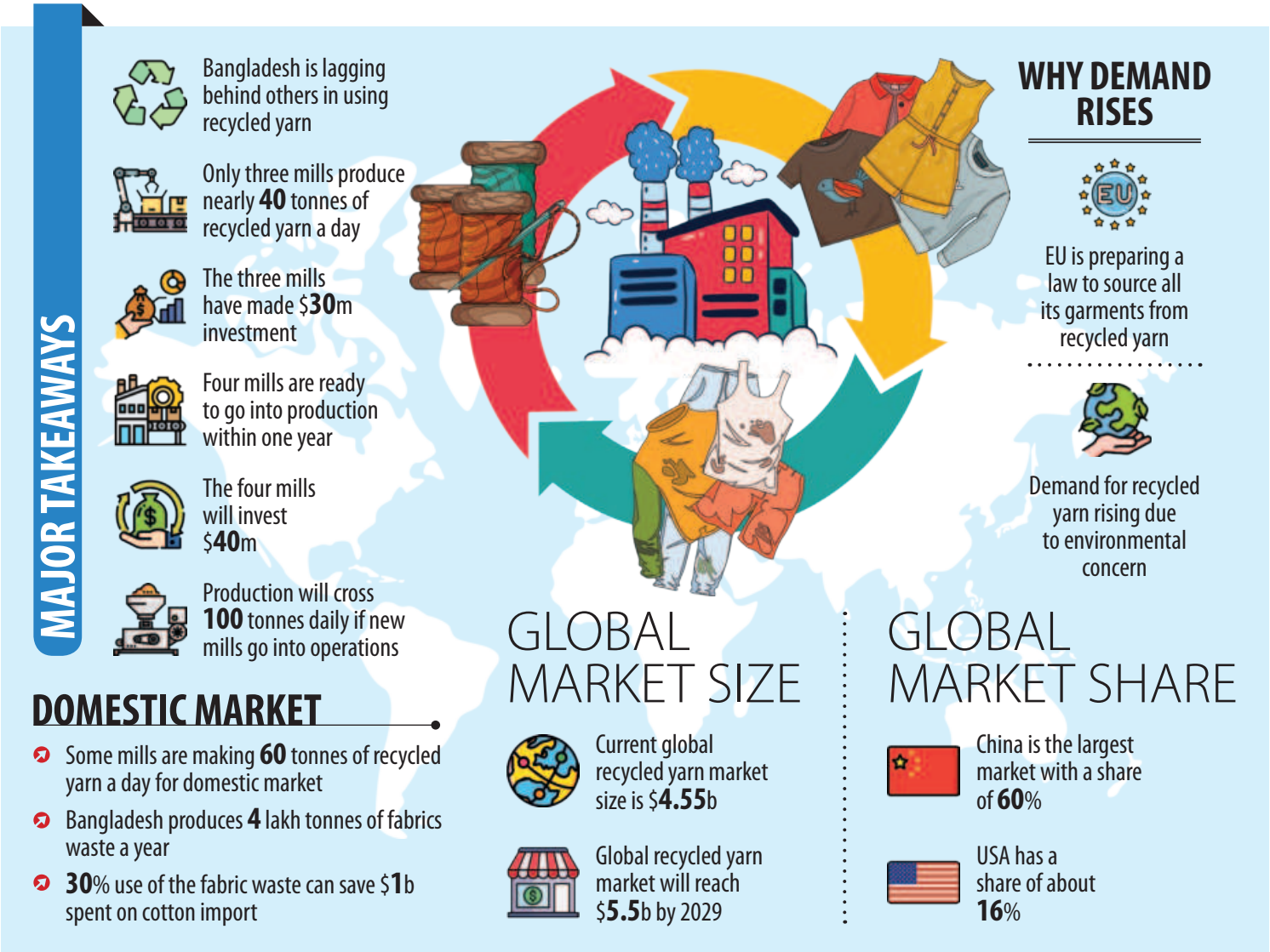
There is no justification for the formation of another insurance company only for government officials and employees, he said. There are many insurers in the country and most of them are not performing well, he added.

The proposal for forming the company was placed at a BKKB meeting on February 15 and relevant rationales were approved in principle, says the letter.

The board meeting also approved a proposal to appoint insurance experts or entities as consultants for the company.

On April 11, the BKKB sent a letter to the senior secretary to the Ministry of Public Administration seeking approval of the Ministry of Public Administration to form an “independent” insurance company under the BKKB and to appoint consultants and determine the scope of the consultant’s work.

This is what prompted the public administration ministry to seek the opinions.



Bangladesh yet to savour recycled yarn market

Lack of tech knowhow, skilled manpower slowing investment

REFAYET ULLAH MIRDHA

Bangladesh is still lagging behind competitors in the production of recycled yarn although the market for such yarn is swelling, especially in tune with new environmental laws being formulated by the European Union (EU).

Recycled yarn is manufactured from worn-out or scrap textiles, furniture and clothing or other materials like plastic bottles.

Though much of the recycling processes are patented, the basic concept involves creating pulp or fibres and turning those into yarn. Sometimes virgin cotton is also added to the mix.

Use of apparel made from recycled yarn has been growing globally as consumers’ behaviour is changing centring the need for protecting the environment and slowing down climate change.

This has been further propagated by fast fashion – the inexpensive clothing produced rapidly by mass-market retailers in response to the latest trends – which inevitably leads to substantial carbon emissions and consumption of water.

Prompted by consumer

behaviour, the EU has already moved towards formulating a new due diligence law for the sourcing of garments made from recycled yarn.

The trade bloc has already announced that by 2030, all of its garment items would have to be

research organisation.

China accounts for about 60 percent of the trade followed by the US with a share of about 16 percent, it said.

Currently, there are only three local mills in Bangladesh manufacturing recycled yarn for

to \$3.5 per kilogramme in the international market, recycled yarn can fetch as much as \$1.5 to \$2.5.

Four more projects are under construction with an investment of \$40 million and are set to come into production within the next one year. They are expected to take the daily output of exportable recycled yarn to 100 tonnes, they said.

Setting up a full-fledged factory requires an investment of around \$10 million. This along with a lack of technological knowhow and skilled manpower are major factors behind investment coming about at a very slow pace, they added.

This also prompts domestic textile mills to mainly focus on cotton yarn.

“I have been producing a very little amount of virgin cotton-mixed recycled yarn for the requirement in my garment factories,” said AK Azad, chairman and chief executive officer of Ha-Meem Group, a leading garment exporter.

A dedicated recycled yarn mill of the group at Maona in Gazipur will go into production within

sourced from recycled yarn.

As a part of the new rules, Swedish retail giant H&M has a target to have 24 percent of its apparel sourced from recycled or sustainable materials by 2025.

Globally, annual sales of recycled yarn are projected to grow from \$4,553.4 million in 2023 to \$5,500.7 million by 2029 at a compound annual growth rate of 3.2 percent, according to QY, a California-based global

export. Set up with an investment of around \$30 million, they can produce nearly 40 tonnes of recycled yarn per day.

Another 60 tonnes of recycled yarn are produced by some mills but those are used for products meant for the domestic market, such as mattresses and curtains, according to industry insiders.

There are also some mills producing fibres for export.

While cotton yarn can cost \$3



2023 won’t fare well for apparel trade: BGMEA

STAR BUSINESS REPORT

The rest of the year 2023 will not fare well in terms of apparel trade measured in dollar values, said a top official of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday.

The projection is that the global trade of apparel will drastically fall in 2023, said BGMEA

APPAREL EXPORT BY VARIOUS COUNTRIES

(Value in billion \$)

Country	2020	2021	2022
China	141.59	176.08	182.42
Bangladesh	28.07	34.2	45.35
Vietnam	28.6	31.2	35.27
Turkey	15.35	18.73	19.91
India	12.97	16.15	17.71
Indonesia	7.55	9.32	10.08
Cambodia	7.55	8.13	9.11
USA	4.84	6.14	7.16

SOURCE: WTO

President Faruque Hassan in an analysis posted for the BGMEA members.

As per the performance report of the months that have elapsed in 2023, sourcing by major markets has drastically gone down, he said.

Particularly, garment import by the US and European Union from around the world has declined by 22.92 percent and 8.84 percent respectively during the January-May period of 2023, he added.

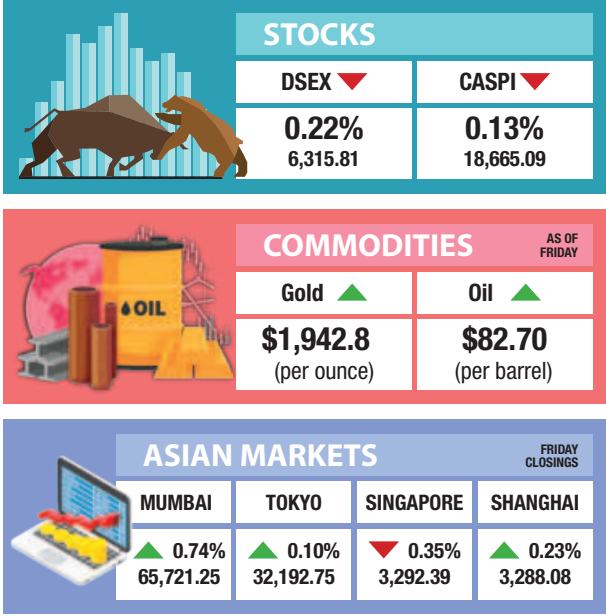
“Bangladesh is also witnessing a slowdown in apparel export in the past few months,” said Hassan.

“The global economic growth, and retail and trade outlook show a depressive picture, meaning that the slowdown in demand and order may continue the rest of the year,” Hassan said in the WhatsApp message for the BGMEA members.

As per data of World Trade Organization (WTO), apparel trade worldwide has increased by 7.26 percent year-over-year in 2022 to reach \$576 billion from \$537 billion in 2021.

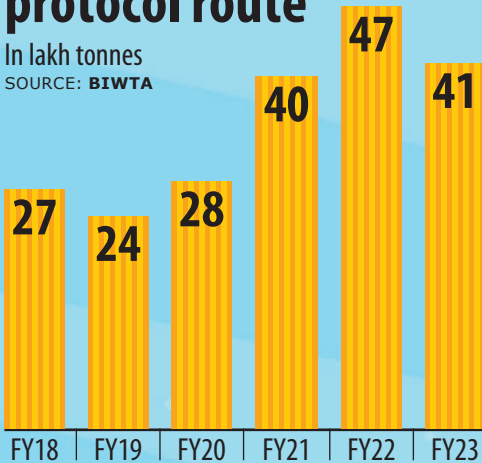
Bangladesh retains its position as the world’s

READ MORE ON B3



Cargo carried by vessels under INDO-BANGLA protocol route

In lakh tonnes
SOURCE: BIWTA



Cargo movement on Indo-Bangla water routes falls

STAR BUSINESS REPORT

Local vessels transported a lower number of cargoes between India and Bangladesh in the fiscal year 2022-23 than the previous year because of a decline in imports, particularly fly ash and raw materials of cement mills.

Cargoes carried by the vessels of Bangladesh and India between the two neighbouring nations declined 13 percent year-on-year to 41 lakh tonnes in FY23, down from the previous year’s 47 lakh tonnes, the highest on the record, shows data of the Bangladesh Inland Water Transport Authority (BIWTA).

This was the first time in four years that the cargo movement through waterways under the Protocol on Inland Water Transit & Trade between Bangladesh and India (PIWTT&T) fell.

Convenience and relatively lower cost than road encouraged many businesses to prefer waterways to transport their goods, mainly imports from India, importers and carrier operators said earlier.

Operators said most of the cargoes transported through waterways are imports and raw materials for the cement and the steel factories – fly ash, iron ore – while food grains are some other major items.

“Our raw materials imports have declined because of the negative growth of the overall cement industry in the last one year. Public construction projects have slowed along with the demand for construction in the private sector,” said Md Alamgir Kabir, president of Bangladesh Cement Manufacturers Association.

READ MORE ON B3

Chinese firm looking to set up router factory

STAR BUSINESS REPORT

The KFL Group of China has shown keen interest in investing about Tk 100 crore to establish a router manufacturing plant in Bangladesh.

A delegation of the Chinese digital technology company expressed their eagerness in this regard during a courtesy meeting with Mustafa Jabbar, the posts and telecommunications minister, at the secretariat in Dhaka yesterday.

“They want to start manufacturing in three months. But I think it would take a few months more as they have to build the facility first,” Jabbar told The Daily Star.

“Still, this is a very positive news for the country as we want to accelerate the policy of ‘made in Bangladesh’,” he added.

READ MORE ON B3

