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Businesses laud pension scheme for private sector

JAGARAN CHAKMA

Business leaders and experts have lauded one of the four packages of a universal pension scheme (UPS) meant for employees of private companies, saying it would enhance post-retirement financial security and benefit employers too.

Rollled out by Prime Minister Sheikh Hasina on August 17, the UPS aims to bring every citizen of the country aged above 18 under pension coverage.

Its four schemes require beneficiaries to pay instalments up to the age of 60, after which they will start to get a pension every month.

The Progoti scheme has three instalment options -- Tk 2,000, Tk 3,000 and Tk 5,000. Any private company deciding to avail the scheme has to pay 50 percent of the instalment while the employee has to pay the remaining 50 percent.

"It is something of a relief for the corporate sector as the government has taken the responsibility of providing retirement benefits," Md Saiful Islam, president of the Metropolitan Chamber of Commerce & Industry, Dhaka.

It is a time-befitting decision of the government through which the country's millions of private sector employees can benefit, he said.

The UPS will in a way act as social safety net programmes just like those in developed countries, enhancing the country's image, he said.

"As the private sector employers are already ensuring gratuity and provident funds for employees, the corporate sector should naturally take up this opportunity," said Islam.

"We have to contribute to the UPS by ensuring enrolment and the government will take up all responsibility," he said.

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Investment dries up in dyeing sector as gas shortage lingers

Not a single new dyeing unit set up in two years

REFAYET ULLAH MIRDHA

Investment has dried up in Bangladesh's dyeing sector, a vital cog in the textile and apparel supply chain, owing to the dragging gas shortage despite higher demand for fabrics from local garment exporters, industry people say.

Not a single new dyeing unit has been set up in the country in the last two years because of the energy crunch and a spike in the investment needed to establish such a facility, said Monsoor Ahmed, chief executive officer of the Bangladesh Textile Mills Association (BTMA), a platform of the primary textile sector.

Inadequate supply of gas has been an issue for textile millers for a long time since local production has not kept pace with a surge in demand for energy. This prompted the country to turn to liquified natural gas (LNG) in 2018.

But a US dollar shortage forced the government to halt buying LNG from the international spot market in the middle of last year, dealing a blow to industries as gas supply declined.

Although the government resumed buying the super-chilled energy from the international spot market at the beginning of 2023, industries have not overcome the energy shortage entirely.

Textile millers say the dearth of fresh investment lingers since existing dyeing units are already running at half their capacity although there is a glut of orders from both local knit and woven fabrics manufacturers.

In Bangladesh, the consumption of locally made fabrics is rising as international clothing retailers and brands have shortened their lead time to 30-45 days from 90-120 days to remain competitive globally.

This means garment exporters have no other way but to use local fabrics since

BY THE NUMBERS



Dyeing units running at **50% capacity** for gas crisis



Bangladesh has nearly **400 dyeing units**



Tk **600cr** needed to set up a dyeing factory



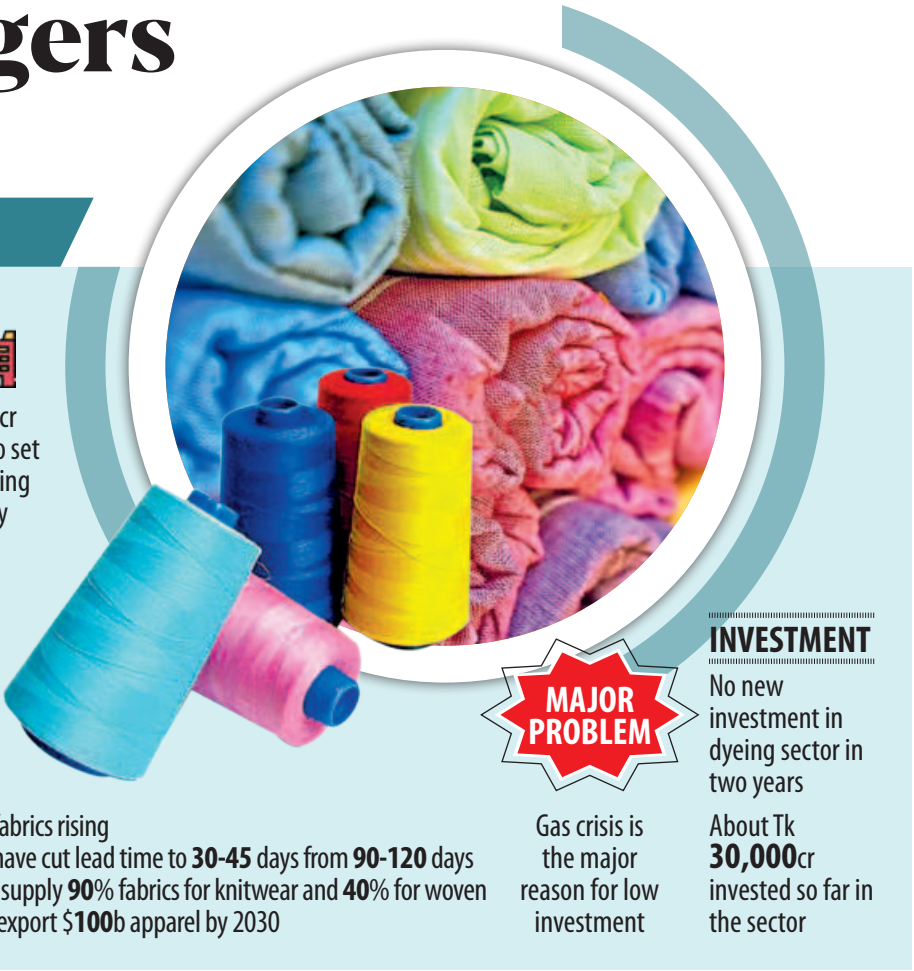
Burning of gas of \$2 can earn **\$38**



A small factory needs **25-tonne boiler, gas generator and 3MW electricity**

SOME IMPORTANT POINTS

- Demand for local fabrics rising
- Clothing retailers have cut lead time to **30-45 days** from **90-120 days**
- Local spinners can supply **90%** fabrics for knitwear and **40%** for woven
- BGMEA targets to export **\$100b** apparel by 2030



INVESTMENT

No new investment in dyeing sector in two years

About Tk **30,000cr** invested so far in the sector

Gas crisis is the major reason for low investment

imports from China and other countries take time and will make it difficult for manufacturers to supply finished products within the agreed deadline if they continue to rely on the external market for textile products.

Currently, local spinners can supply nearly 90 percent fabrics and weavers can meet more than 40 percent of the demand for fabrics from garment manufacturers, who accounted for more than 85 per cent of Bangladesh's export earnings of \$55.50 billion in the last fiscal year.

Owing to the higher inflow of orders and the truncated lead time, many dyeing industries have already been transformed

into composite units, which consist of the facilities and processes involved in turning textile raw materials into fabrics.

In Bangladesh, nearly 400 large dyeing units are capable of meeting the entire demand for knit and woven fabrics.

"We have a lot of work orders from garment manufacturers and suppliers. Even 800 dyeing units can run smoothly amid the current flow of orders," said Md Azahar Khan, chairman of Mithela Group, a textile and garment producer in Narayanganj.

He said despite the huge business opportunity, local dyers can use 50 percent of their capacity because of the

gas crisis. Operating dyeing units and boilers needs a lot of gas pressure, Khan said.

Some of the dyeing units are running using rice husk, but securing such a big volume of the protective coverings of grains is a challenge for millers, he said.

Md Saleudh Zaman Khan, managing director of NZ Tex Group, also a Narayanganj-based textile and garment unit, said he used to run his boiler with coal in the past for dyeing purpose but it is not possible now because of the environmental compliance demanded by international clothing retailers and brands.

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WEEKLY INTERVIEW



Ghulam Rahman

'Govt should have allowed egg imports'

SUKANTA HALDER

The government should have facilitated egg imports for a certain period because of the recent abnormal price hike for the low-cost source of protein, according to Ghulam Rahman, president of the Consumers Association of Bangladesh (CAB).

He said that unscrupulous traders have a tendency to raise the price through artificial means, namely a false supply crunch, when imports threaten to lower their profits.

The price of brown eggs at kitchen markets, including those in Dhaka city, rose abnormally to between Tk 165 and Tk 180 per dozen last week

"But consumers' suffering would decrease if imports were allowed," Rahman said in an interview with The Daily Star yesterday.

"And while the interests of poultry farmers should be protected, similarly ensuring the interests of consumers should not be limited to words only," he added.

The price of brown eggs at kitchen markets, including those in Dhaka city, rose abnormally to between Tk 165 and Tk 180 per dozen last week, as per data of the Trading Corporation of Bangladesh (TCB).

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Farmers in Gordia area of Faridpur's Saltha upazila separate jute fibres from stems following retting, a process employing the action of bacteria and moisture to rot away cellular tissues. This year farmers were able to avail 10 maunds to 12 maunds of jute (one maund equals around 37 kilograms) per bigha of land investing Tk 30,000 to Tk 32,000. Jute is selling for Tk 2,400 to Tk 3,000 per maund in the local market. The photo was taken last week.

PHOTO: SUZIT KUMAR DAS

Summer onion cultivation expands slowly

SOHEL PARVEZ

Bangladesh is registering a slow spike in the cultivation of onions during summer with the government patronising the expansion to reduce high import dependence during the lean season from October to November.

Acreage of the bulb, a popular vegetable mainly used as spice, grew 8 percent year-on-year to 2,700 hectares in fiscal 2022-23.

Farmers bagged nearly 40,000 tonnes of onion during the year, data of the Department of Agricultural Extension (DAE) showed.

For the current season, the DAE targets to bring 5,000 hectares under summer onion cultivation to produce 51,000 tonnes, said Md Rabiul Hoque Mazumder, additional director of crops wing at the DAE.

"We will give incentives to farmers, particularly seeds, to encourage them to grow onions during Kharip seasons," he said.

Kharip is typically divided into two seasons beginning from Kharip-1 (March 15 to June 15) and Kharip-2 (June 16 to October 15). Yield of summer onions is higher during Kharip-2, said Mazumder.

The DAE official said the government plans to provide incentives worth Tk 9,000 per bigha to farmers to promote the cultivation of onions

and thereby increase domestic availability.

The government stepped in to bolster local production of onions in 2020, a year after domestic prices of bulb soared to a historic high of Tk 250 per kilogram. The price hike resulted from a ban on onion shipments by India, a major source of onion for Bangladesh to meet its deficit.

The country requires about 25 lakh tonnes of onion each year, according to an estimate by the Bangladesh Trade and Tariff Commission.

And, as per official statistics, the country produces more than its requirement during the winter season. Yet, a big portion of the vegetable gets lost for lack of proper storage facilities and post-harvest losses, resulting in a shortfall of the bulb during the lean period.

The government took the initiative to promote cultivation of summer onions to increase supply during the lean period, said agricultural officials and researchers.

"Summer onion is a prospective crop and the government is providing support to expand its cultivation," said Mazumder.

Shahida Begum, an onion grower in Faridpur, a major onion producing hub, said farmers in the western bordering district Meherpur grow summer onions and her family has started cultivation this year.

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India slaps 40% duty on onion export

STAR BUSINESS REPORT

India yesterday imposed a 40 percent duty on the export of onions in an effort to retain stocks at home and tame escalating prices in its domestic market, according to a notification by India's finance ministry.

The neighbouring country said it would maintain the export duty until December 31 this year, a development that is likely to fuel prices of the popular cooking ingredient in Bangladesh.

Prices of onion have been spiralling in the domestic market over the last two weeks, influenced by increased import prices and falling stocks of winter onions grown in the country.

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Ron Haque can't attend National Bank's meetings

BB imposes ban

MD MEHEDI HASAN

Bangladesh Bank has barred National Bank Director Ron Haque Sikder from attending the bank's meetings, including board meetings, due to violation of central bank rules.

The banking watchdog informed National Bank Managing Director Md Mehmood Husain about the bar through a letter on July 26.

The bar was imposed as the first-generation bank did not take mandatory regulatory approval before re-electing Ron Haque as one of its directors.

On August 25 last year in the 39th annual general meeting held virtually, National Bank re-elected Ron Haque as a director and removed two incumbent directors—Moazzam Hossain and Mabroor Hossain—from their directorships.

But the bank skipped the necessary papers to the BB, submission of which were made mandatory by the central bank in 2021 for election, re-election, appointment or reappointment of a bank director.

Since then, the banking regulator has been repeatedly asking the bank to send documents of the AGM, but it is yet to take BB's permission for the re-election of Ron Haque Sikder, a senior official of the Bangladesh Bank said seeking anonymity.

However, National Bank has recently sought some time from the regulator to respond to the letter, the official said.

Some banks have the tendency to skip complying with BB's rules on appointment or re-appointment of directors, and National Bank is one of them, he added.

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STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.67%	0.65%	
6,254.83	18,478.22	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,889.52	\$81.45	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.31%	▼ 0.55%	▼ 0.71%	▼ 1.00%	
64,948.66	31,450.76	3,173.93	3,131.95	