

star

BUSINESS

Buyers ready to pay more for value-added garments

REFAYET ULLAH MIRDHA

International clothing retailers and brands have suggested that local garment suppliers produce more value-added garment items for better prices as work orders may rebound after the general election of the country next year.

Bangladesh needs to come out from the production of basic garment items as the local suppliers cannot make a profit by producing low-end mass products.

Sometimes many suppliers even cater to work orders below their production cost merely to keep their units running with the hope of a better future.

The suggestions came at a meeting of nearly 35 major international clothing retailers and brands with leaders of the Bangladesh Garment Manufacturers

At the meeting with retailers and brands, the BGMEA again called for increasing sourcing prices for garments

and Exporters Association (BGMEA) at the association's office at Uttara in Dhaka.

At the meeting, the BGMEA asked to increase sourcing prices for per unit of garments as the factories are implementing an increased salary rate for workers from December 1.

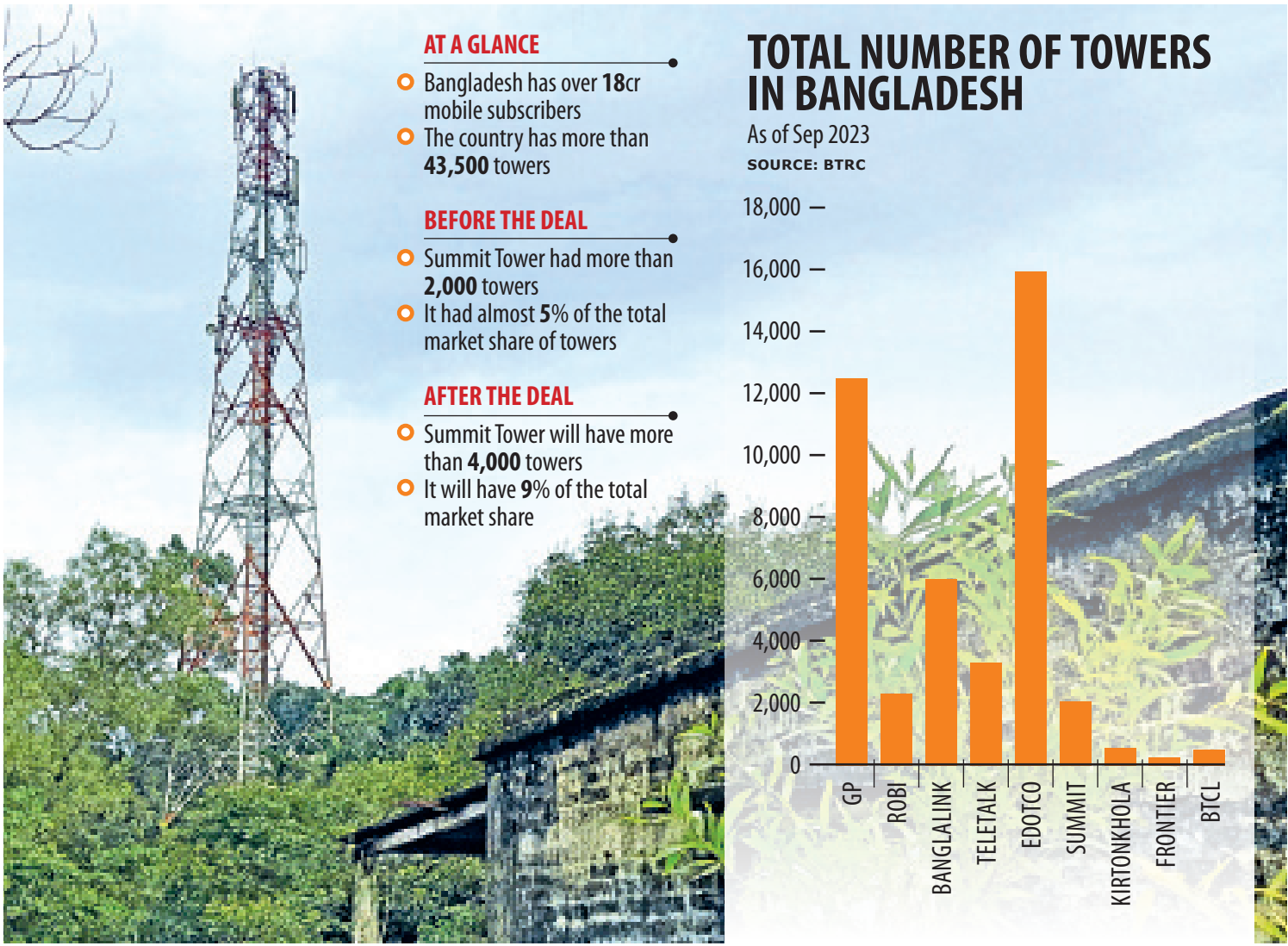
In August last year, a study from International Trade Centre (ITC) said Bangladeshi garment manufacturers receive rates that are 32 percent to 83 percent lower than the highest prices paid to suppliers in other countries.

For instance, men's woven cotton trousers made in Bangladesh were sold for \$7.01 per piece in 2020, which was 9.20 percent below the global average of \$7.72.

Vietnam received \$10.76 per piece while Sri Lankan and Indian exporters got \$8 and \$8.41, respectively, for the same product.

Similarly, the locally made men's cotton jeans were sold at \$7.81 apiece,

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Summit buys 2,000 towers from Banglalink for Tk 1,100cr

Competition to heat up in mobile tower business

MAHMUDUL HASAN

Summit Towers Ltd, a company of Summit Communications Group, is buying 2,000 towers of Banglalink for Tk 1,100 crore, a development that could intensify competition in the tower infrastructure businesses in Bangladesh.

The proceeds from the sale will primarily be used to service Banglalink's financial commitments and generate cost efficiencies while freeing up resources for the company's digital expansion, its parent company Veon said in a statement.

Banglalink, which has 6,034 towers currently, will transfer a third of them to Summit Towers, raising the number of sites under the management of the Bangladeshi company to above 4,000.

The acquisition of new towers by Summit will accelerate competition in the tower business in the country where edotco Bangladesh is a market leader.

Edotco will still remain a dominant player thanks to its 15,955 towers. It also manages more than 2,000 sites of other telecom players.

But Summit Communications,

which has a robust fibre network and submarine cable licence, will emerge as a formidable player in the market.

It operates 53,000 kilometres of fibre optic network and serves 35 percent of Bangladesh's

\$250 million. It was a wholly-owned subsidiary of the mobile phone operator at that time.

Edotco has been the leading operator since 2018 when the Bangladesh Telecommunication Regulatory Commission (BTRC)

Thanks to the deal, Banglalink, the third-largest operator, will be able to maintain its cash flow as it has to clear dues worth around Tk 823 crore following an audit into the operator for the period from 1996 to 2019.

The proceeds generated from the sale of the towers will also assist Banglalink in aligning its strategies with those of the parent company.

Since 2021, VEON has defined its value creation strategy around three pillars: asset-light business model and value crystallisation of tower assets, sustained growth in core business with the digital operator strategy, and growth in adjacent markets.

The agreement signed with Summit Towers aligns with the asset-light pillar of the value creation strategy and supports Bangladesh's goal of ensuring maximum efficiency in the utilisation of infrastructure resources, the press release said.

"Across our markets, VEON operators are transforming into asset-light digital operators," said Kaan Terzioğlu, Group CEO of VEON, in the press release.

"Today's agreement marks a milestone, ensuring an efficient use of resources not

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Shops full of goods beckon customers to no avail at a market in Naya Paltan of the capital yesterday during a blockade enforced by BNP and Jamaat-e-Islami. The photo was taken around 1:30pm.

PHOTO: AMRAN HOSSAIN

Intermittent blockade has given rise to uncertainties for transport workers, including motorcyclists, CNG-run three-wheeler drivers and rickshaw pullers



Story on B4

LGD still leads in ADP spending ahead of polls

MD ASADUZ ZAMAN

The local government division (LGD) accounted for 21 percent of the total expenditure among 58 ministries and divisions in the first four months of the current fiscal year (FY) ahead of the upcoming national elections, scheduled to be held on January 7 next year.

In the July-October period of FY2023-24, the LGD spent Tk 6,792 crore, a 32 percent year-on-year increase, according to data from the Implementation Monitoring and Evaluation Division (IMED).

A majority of the top 15 ministries and divisions could not spend more than they did in the same period in the previous year under the annual development programme (ADP).

Since the start of the current fiscal year, the LGD has started to spend more.

Development spending in July, the first month of the fiscal year, was the highest in four years on the back of enthusiastic fund utilisation by the LGD.

The government's spending from its own purse rose in the first four months of the current fiscal year while the use of the funds from the foreign aid portion of the budget fell.

"The LGD's higher spending apparently reflects election-driven spending," said Prof Selim Raihan, executive director at the South Asian Network on Economic Modeling (Sanem).

But cautionary steps need to be taken to ensure quality of the project as this spending increases



ahead of the election, he said.

Sometime, unnecessary or "show-off" projects may be implemented around this time, added Raihan.

Between July and October of 2023-24, about Tk 31,692 crore was spent under the ADP, which was 11.54 percent of the total allocation.

Of the sum, Tk 18,813 crore was spent from the government's coffers, up from Tk 18,190 crore in the same period of 2022-23.

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STOCKS		
DSEX ▲	CASPI ▲	
0.13%	0.16%	
6,258.18	18,546.98	

COMMODITIES		
Gold ▲	Oil ▼	
\$1,971.76	\$77.87	
(per ounce)	(per barrel)	

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 1.14%	▲ 2.52%	▲ 0.88%	▲ 0.55%
65,675.93	33,519.70	3,132.12	3,072.83

Delay brokerage regulations till June

Stock brokers urge govt

STAR BUSINESS REPORT

The DSE Brokers Association of Bangladesh (DBA) has urged the government to put the formulation of a Stock Dealer, Stock Broker and Authorized Representative Regulations, 2023 on hold until June next year.

The appeal came at a discussion among stock brokers and dealers organised by the association on the Dhaka Stock Exchange (DSE) premises in Nikunja yesterday.

In a press release, the association said representatives from 209 stock brokerage firms were present in the event.

The Bangladesh Securities and Exchange Commission (BSEC) recently published a draft of the regulation titled "Bangladesh Securities and Exchange Commission (Stock Dealer, Stock Broker and Authorised Representative) regulations, 2023" on its website seeking stakeholders' feedback within November 9.

Stockbrokers expressed concern over many provisions of the regulations in the meeting and said the regulator should seriously take into consideration the opinions of stakeholders, according to the press release.

The DBA requested the stock market regulator to put the regulation's formulation process on hold for the next seven months considering the need for further analysis, ongoing political instability and upcoming national elections.

The DBA has several observations, including to reduce the amount of paid-up capital required to open a brokerage firm.

Moreover, it sought to reduce the amount of net worth or readily available paid-up capital from 75 percent to 50 percent.

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MONEY LOAN CASES

Banks asked to step up efforts for quick disposal

STAR BUSINESS REPORT

Bangladesh Bank (BB) yesterday asked banks to take part in the trials of loan-related cases with highest preparation as it is observing "a huge negligence on the part of petitioner banks" that causes long delays in settlement of cases.

The central bank issued the directive as it found after reviewing the verdicts of the Money Loan Court that loan-related cases at the court were taking more time than expected.

"This is affecting the interest of both depositors and banks," the BB said in a notification.

Under the circumstances, the central bank suggested banks to

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