

Star BUSINESS

Commercial production of compostable bags at a factory in Godagari upazila of Rajshahi has been held up by regulatory hurdles



Story on B4

Bailey Road fire ruins appetite for dining out

Restaurants stare at losses as government agencies expand crackdown

SUKANTA HALDER

The Mughal Empire restaurant in Mohammadpur of Dhaka wore a quiet look at 7:30pm Monday, normally a peak time. With only four people at one corner eating biryani, it is a stark contrast to the usual gathering of 25-30 people.

The sense of unease was palpable in the restaurant, as the recent fire incident in the city's Bailey Road has put a dampener on restaurant businesses.

It came after at least 46 people were killed in one of the major fire incidents in Bangladesh in recent times on Thursday.

"It appears that fear has gripped customers after the fire," said Md Nuruzzaman, manager of Mughal Empire, adding that business has been negatively affected.

"Due to this, our sales have slumped around 30 percent."

He said 400 to 450 customers come to his restaurant every day. After the Bailey Road incident, now 200 to 250 are coming.

Before Thursday, people from Mohammadpur and its surrounding areas used to come to eat at the restaurant. Now, only customers from Mohammadpur are coming. Mughal Empire is not the sole restaurant that has seen a drastic fall in customers and sales.



The flow of customers has shrunk in restaurants around the country, as evidenced by this picture taken from an eatery in the Tajmahal Road area of the capital's Mohammadpur yesterday.

PHOTO: RASHED SHUMON

For example, officials of Taj Kitchen, a rooftop restaurant in the same neighbourhood, said their business dropped by 30 percent after the Bailey Road incident.

Dhaka has about 25,000 small and large restaurants and hundreds of those have sprouted in the past one decade to cater to the growing demand for hygienic food and the quest for dining out among the relatively better-off city-dwellers.

The latest blow comes at a time when restaurants have been struggling to ward off the

impacts of persisting inflation, which surged to a 12-year high in 2022-23, a trend that has continued into the ongoing financial year.

Amid record inflationary pressures, the profit margin in the restaurant business has narrowed considerably.

Currently, there are 4.81 lakh restaurants in Bangladesh, employing 30 lakh people. Overall, two crore people are dependent on the sector, directly and indirectly, according to the Bangladesh Restaurant Owners' Association (BROA).

Mohammad Abdur Razzak, manager of Taj Kitchen, said they had been running the restaurant business since 2019, but customers had never enquired about fire safety.

"But after the Bailey Road incident, customers who came to eat asked whether we are complying with fire safety standards. Customers are now more concerned about safety. That's a positive development."

He claimed that Taj Kitchen has been operating the business by following rules since the beginning.

Customers also have expressed worries.

One of them is Khandaker Robin, a resident of Dhaka. He used to eat out three to four days a week, but after Thursday's fire,

AT A GLANCE

- Bangladesh has 4.8 lakh restaurants
- Restaurants employ nearly 30 lakh people

Scenario in Dhaka

- The capital city has some 25,000 small and big restaurants
- Nearly 2.5 lakh workers are employed

SOURCE: BROA

fear has gripped him.

"My family has also started to enquire about when I am out of the house."

Since the blaze, various organisations and people from all walks of life have been calling on the government to ensure fire safety at restaurants.

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RMG export in February one of the highest

STAR BUSINESS REPORT

Bangladesh exported garments worth \$4.49 billion in February 2024, one of the highest for any single month, undergoing a year-on-year growth of 13.93 percent, according to data from the Export Promotion Bureau (EPB).

Garment export had reached a record high for a single month in January with \$4.97 billion.

The garment export during the first two months of this year amounted to \$9.47 billion, registering a 13.15 percent year-on-year growth.

In terms of the fiscal year 2023-24, garment export in the July-February period reached \$32.86 billion with a year-over-year growth of 4.77 percent.

"This is certainly a significant and inspiring turnaround for us, as the industry is struggling to stay on course facing numerous challenges in both local and international fronts," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

"Looking ahead, 2024 presents a crucial opportunity for us to turn the tide," he said in a statement yesterday.

"By further diversifying our industry, incorporating modular production practices, and continuously adapting to the evolving global business landscape, we

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BB now mulls merger of non-banks

MD MEHEDI HASAN

Bangladesh Bank is planning to initiate mergers and acquisitions among weak non-bank financial institutions (NBFIs) if a similar initiative in the banking industry sees success.

KEY POINTS

- BB verbally asked NBFIs to discuss the merger issue among themselves
- The regulator already identified some weak NBFIs
- Some NBFIs sought suggestions from BB for merger
- More than 80% loans of seven non-banks have turned bad

Union Capital wants to merge with Prime Bank

The central bank recently introduced a Prompt Corrective Action framework for the banking industry, under which weak banks are being merged with or acquired by their stronger counterparts.

As such, the Department of Financial Institutions and Markets of Bangladesh Bank has asked some weak NBFIs to discuss among themselves to decide on potential mergers and acquisitions.

But if needed, the banking regulator will step in and initiate mergers or acquisitions among NBFIs in order to ensure their survival, Bangladesh Bank officials said on condition of anonymity.

They also informed that a number of NBFIs approached the central bank seeking advice on how to initiate potential mergers following the approval of Union Capital's merger with Prime Bank.

Industry insiders said merging some NBFIs would help decrease operational costs and bring down the huge number of loan irregularities that have caused a liquidity crisis in the sector.

Md Golam Sarwar Bhuiyan, chairman of the Bangladesh Leasing and Finance Companies Association, said it would be a very good decision for weak NBFIs to merge with sound ones.

"So, a comprehensive guideline for merging NBFIs is needed," added Bhuiyan, also managing director of Industrial and Infrastructure Development Finance Company Ltd.

With 35 NBFIs in the country, their combined bad loans stood at Tk 21,658 crore as of September last year, accounting for a record 30 percent of their collective disbursements.

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হৃদয় আকাশে উজ্জ্বল নক্ষত্র হয়ে
বঁচে থাকবে চিরকাল...

রাজনৈতিক ও অর্থনৈতিক মুক্তির দিশারী মার্কেটাইল ব্যাংক পিএলসি-র
প্রতিষ্ঠাতা চেয়ারম্যান মোঃ আব্দুল জলিল-এর
১১তম মৃত্যুবার্ষিকী
(২১ জানুয়ারি ১৯৪১ - ৬ মার্চ ২০১৩)
মার্কেটাইল ব্যাংক পরিবার মরহুমের রুহের
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দক্ষতারই আমাদের শক্তি

AiIB to provide budget support under climate finance

STAR BUSINESS REPORT

The Asian Infrastructure Investment Bank (AIIB) is going to provide budget support under the climate finance programme, which should provide some relief to the country's foreign currency reserves.

Visiting AIIB Acting Vice-President Rajat Misra informed this to Finance Minister Abul Hassan Mahmood Ali at a meeting at the secretariat yesterday.

Misra told reporters that discussions between the government of Bangladesh and AIIB regarding this issue have started and that the policy and requirement would be finalised within the next two months.

The finance minister said identifying both the policy and requirement at the same time will be something new for Bangladesh.

Finance Secretary M Khairuzzaman Mozumder informed that the government sought the support from AIIB after Misra informed them of a provision to provide budget support under the climate fund.

Bangladesh will be the first country to receive climate finance from AIIB, he said.

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21st Dhaka International Yarn Fabric Show 2024 WINTER EDITION
6 ~ 9 MARCH 2024
Timing: 10:00 am to 7:00 pm | ICCB International Convention City, Bashundhara, Dhaka, Bangladesh

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Seminars (Hall 4, Mezzanine Floor)
• Innovation in Denim Thursday, March 7 | 2:45 PM to 4:45 PM
• Success & future challenges of Yarn, Fabric, Apparel & Accessories Industry of Bangladesh Friday, March 8 | 4:00 PM to 6:00 PM