

Low gas pressure takes toll on textile production

REFAYET ULLAH MIRDHA

Production in spinning, dyeing and weaving mills in Tongi, Sreepur, Gazipur and Maona, all areas adjoining or close to capital Dhaka, has declined by a massive margin of around 65 percent over the last five days owing to low gas pressure, millers said.

The factory owners said some of their units were getting no gas at all while others receiving as low as 1 to 3 pounds per square inch (PSI) whereas they need 10-15 PSI to run their machinery and washing and dyeing facilities at full capacity.

Many factory owners of the industrial belt now fear missing their monthly production target and failing to ensure timely air shipment of the goods.

Bangladesh has a \$25 billion primary textile sector and nearly 60 percent of its spinning, dyeing, washing, weaving and finishing units are located in the country's largest industrial belt consisting of Gazipur, Sreepur, Maona, Savar, Ashulia and Tongi.

Mohammad Zaber, managing director of Noman Group, the single largest textile and garment exporter of Bangladesh, told The Daily Star that his group is also at risk of missing the export target and schedule because of the gas crisis.

Noman Group's export target for June is set at \$35 million – \$20 million worth of home textile and \$15 million fashion – from mills and factories located in Tongi, he said.

Gas pressure at their Tongi home textile factory reached as low as one PSI, which will make it difficult for the group to reach the production target, Zaber said over the phone.

Factory owners said some of their units were getting no gas at all while others were receiving as low as 1 to 3 pounds per square inch (PSI) whereas they need 10-15 PSI

The group's Sreepur factory, which targets shipping \$3 million worth of garment items, is also hit by the low pressure of gas, he said.

Zaber also said his home textile business has been rebounding from a crisis originating in February 2023 when the price of gas almost doubled while production cost spiralled so high that the group failed to book global work orders.

However, Noman Group has been optimistic over the last few months as it started receiving a lot

of international orders, he said.

Md Fazlul Haque, managing director of Maona-based Israaq Spinning Mills, echoed the views of Zaber.

Haque said his mill was getting 1 to 2 PSI, which was inadequate to run the unit at full capacity.

Israaq Spinning has been producing only 40 tonnes of yarns daily over the last five days, which is one third of the factory's capacity of 120 tonnes, he said.

The condition of gas-fed dyeing units is even worse, as those need a lot of gas pressure to function, he said.

A few days ago, the leaders of Bangladesh Textile Mills Association (BTMA) sat with the officials of state-owned gas supplying company Petrobangla and urged it to ensure adequate gas supply to the industrial units.

BTMA President Mohammad Ali Khokon sent a letter to Petrobangla Chairman Zanendra Nath Sarker yesterday demanding improvement in the gas supply to the industrial belts, including areas like Narayanganj, Narsingdi, Gazipur, Maona, Savar, Ashulia, Tongi and Sreepur.

The gas supply situation worsened in the last five days when the pressure reduced to almost zero in many factories, Khokon said.

Petrobangla has identified a leakage in a floating storage regasification unit (FSRU), which has deteriorated gas supply drastically, the Petrobangla officials told the BTMA leaders.

Even if the leakage is repaired locally, it may take seven days more to see an improvement in gas supply to the industrial units, they said.

If the leakage cannot be mended locally, the Petrobangla may need to send the FSRU abroad for repairs and in that case, it may take one month for the gas pressure to rise, they said.

Md Ridwanuzzaman, branch manager for operations of Titas Gas Marketing and Supply at Gazipur, said gas flow had remained low in the area over the last few days.

However, he could not say exactly state the pressure at which gas was being supplied to factories in Gazipur.

"It is difficult to say exactly when the gas supply situation will improve as it is a matter of the higher authority," he said.

Md Harunur Rashid Mullah, managing director of Titas Gas Transmission and Distribution Company, the gas distributing company for the affected industrial zone, could not be reached over the phone for comment in this connection.

Gas supplies unlikely to normalise this month

Damaged FSRU of Summit will require repairs abroad

STAR BUSINESS REPORT

Gas supplies are unlikely to increase this month as a damaged floating storage and regasification unit (FSRU) owned by Summit Group will require repairs abroad, said the company yesterday.

"The Summit LNG Terminal is expected to return to Bangladesh after repairs, hopefully within three weeks," read the Summit statement.

It said, according to assessments by Bureau Veritas, certification societies and international inspectors, the vessel was now ready to discharge all onboard liquefied natural gas (LNG) before proceeding to a dry dock in either Singapore or the Middle East for necessary repairs.

While Cyclone Remal was raging last month, a broken stray steel structure weighing hundreds of tonnes struck the Summit LNG Terminal, causing significant damage, the statement reads.

"The impact sheared the vessel's outer hull, approximately one metre below the waterline, leading to water ingress into the ballast tanks," it said.

"Despite the severe monsoon

conditions, the crew, operators, and owners of the vessel, along with the Summit team, worked tirelessly day and night to secure the vessel and its LNG cargo," it said.

"Their bravery and relentless efforts successfully prevented the loss of the cargo," it added.

"This unfortunate incident was mitigated by the grace of Almighty and the hard work of Rupantarita Prakritik Gas Company Limited (RPGCL), customer Petrobangla, the Summit LNG team, our port service operator PSA Marine, and the vessel provider Excelerate," it said.

"Due to their diligence, a major accident was averted," it further added.

Bangladesh avails gas from two FSRU having a total capacity to supply 1,100 million cubic feet of gas a day (mmcf). The accident reduced the supply to 600 mmcf.

Overall, Petrobangla can currently supply around 2,600 mmcf against a demand of 3,800 mmcf.

The FSRU only resumed operations in mid-April after undergoing maintenance in Singapore for two and a half months.

Monzurur re-elected chairman of Pubali Bank

STAR BUSINESS DESK

Monzurur Rahman has been re-elected as chairman of Pubali Bank for another two-year term.

Rahman is also chairman of Rema Tea Company, the bank said in a press release. He has 57 years of experience in banking, insurance and the tea business.

He was an independent director of LafargeHolcim Bangladesh and an elected member of the executive committee of the Bangladesh Association of Publicly Listed Companies. Rahman is a graduate of Calcutta University.



Banking reforms

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Some Islamic banks, including Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, Union Bank and Global Islami Bank are facing severe liquidity crises.

These Islamic banks are faced with a deficit in their current accounts with the central bank but the banking regulator continues to provide liquidity support to them without any collateral, central bank documents showed.

The banking sector has also been contending with a US dollar crisis for more than two years due to higher outflows than

inflows of foreign currency.

In a big example of weak central bank governance, the BB recently bypassed its own rules in approving the appointment of Mohammad Shah Alam Sarwar as the strategic adviser of IFIC Bank.

The central bank gave the special permission following an application from the board of the private commercial lender aimed at employing its former managing director as an adviser. This contradicts the central bank's rules.

As per rules, a bank's managing director or any official of up to two levels immediately below the managing director cannot

be appointed as an adviser or consultant by the same lender until five years have passed after retirement, discharge or expiry of a contract.

Sarwar's tenure as managing director and CEO of the bank ended on May 13 this year.

Industry insiders also said the lending rate cap, introduced by the central bank in April 2020 in the open market economy, was another example of the regulator's lack of autonomy as it apparently came about following pressure from the government.

Another former finance minister, Abul Maal Abdul Muhith, hinted at forming

the country's first banking commission in his budget announcement for the 2015-16 fiscal year. However, there was no further discussion regarding that topic after FY20.

Fahmida Khatun, executive director of the Centre for Policy Dialogue (CPD), during a dialogue recently said an independent banking commission was needed to ensure good governance in the sector.

She added that a goal-specific, time bound, inclusive, transparent, unbiased and independent citizen's commission on banking should be set up to bring transparency to the sector.

Exports slide 16% in May

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Leather and leather goods' exports slipped 14.17 percent to \$961.49 million, home textile shipment declined 24.29 percent to \$776.06 million, and frozen foods receipts were down 13.56 percent to \$344.98 million.

However, some sectors performed relatively better in July-May compared to a year earlier.

For instance, the export of agricultural products grew 8.2 percent to \$846.33 million, the shipments of non-traditional cotton waste surged 34.04 percent to \$502.88 million, and

that of man-made staple fibre was up 9.10 percent to \$310.43 million.

The exports of specialised textiles went up by 16.90 percent to \$302.84 million. Non-leather footwear saw a 6.87 percent increase in sales to \$463.33 million.

The latest figure from the EPB means Bangladesh is unlikely to hit the export target fixed for 2023-24, which ends on June 30. The government has set a goal to sell merchandise goods worth \$62 billion in FY24.

Bangladesh exported goods worth \$55.55 billion in 2022-23.

Spending on education falls short

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India, a developing nation, spent 4.6 percent of its GDP in 2021 while Pakistan, also a country belonging to the similar category, spent 1.7 percent, World Bank data showed.

Sadly, a large chunk of the education budget of Bangladesh goes towards meeting non-developmental expenses, mainly for teachers' salaries, leaving the government with little to invest to improve quality.

Educationalists and experts have long emphasised the importance of investing in education to foster innovation, enhance productivity, and ensure sustainable economic growth.

They argue that adequate funding for education is not merely an expenditure but an investment for future prosperity.

Therefore, the failure to prioritise investments in human capital development could have far-reaching consequences, which may impede progress towards achieving development goals and exacerbate socio-economic disparities.

"It is not possible to ensure quality education with the current level of allocation and spending," said Fahmida Khatun, executive director of the CPD.

The economist said there is a huge gap between physical and social infrastructure.

"We have put more emphasis on the physical infrastructure. However, if there is no social infrastructure, who will run the economy? We need educated people to run technologies and industries, but where will they come from?"

Fahmida points out that a portion of the allocated funds remains unused due to inefficiency and bureaucratic complications.

Rasheda K Choudhury, a noted educationist and executive director of the Campaign for Popular Education (CAMPE), said if the country can't properly develop the capacity of its people, it will need to hire experts from abroad.

This is already happening in the garment sector, the

largest foreign currency earner of Bangladesh.

"We are implementing many mega projects and developing infrastructure. Undoubtedly, these play important roles in the country's progress. But if we fail to enhance human capacity, these developments will not be sustainable," Choudhury said.

The less spending on education has a flipside: people's out-of-pocket expenditure is on the rise.

Between 2022 and 2023, a family's out-of-pocket costs per school-going child increased by 25 percent and 51 percent at the primary and secondary levels, respectively, according to the Education Watch Report 2023, prepared by the CAMPE.

The average annual cost per child in 2023 was Tk 17,294 at the primary level and Tk 41,424 at the secondary level. It was about a quarter less for rural areas.

Private tutoring and commercial guidebooks were major contributors to the costs, the report said.

The Unesco's Global Education Monitoring Report 2022 said that families bear 71 percent of the education expenditure in Bangladesh.

Mohammad Tariq Ahsan, a professor at the Institute of Education and Research under the University of Dhaka, said, "We take initiatives to build infrastructure like constructing new classrooms and buying laptops, but we also need to invest in other aspects, including enhancement of teachers' skills."

"We have a shortage of teachers. So, we need to invest more to recruit more teachers and raise their salaries."

What is even more disappointing is that the authorities can't fully use the development budget, which highlights that they don't understand the priorities.

Planning Commission officials say cost overruns and delays in implementing education-related projects are responsible for the lower allocation.

The projects in the

education sector had 27.5 percent cost overruns over the last five years while as much as 34 percent of the projects had to have their deadlines extended, data from the commission showed.

In the wake of the persistent low funding, experts have called for greater political will, and commitment to prioritise education financing, and enhance the quality and efficiency of spending.

"Education is truly one of the most powerful instruments for reducing poverty and inequality and it sets the foundation for sustained economic growth. Let's start investing in it more," wrote Harry Anthony Patrinos, senior adviser for education at the World Bank, in 2016.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, complemented: "No country in the world will be able to show that they achieved a high level of income and development without investing heavily in education."

said it is a good sign that the government has protected domestic industries and helped them become competitive.

Now, it will have to review the existing tax benefits and incentives since the country will not be able to continue direct subsidies and cash support once Bangladesh becomes a developing nation in 2026.

"Now, it is time to set priorities and phase out exemptions," added Rahman.

How far have fiscal measures promoted

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"A selective and timebound use of tax incentives and subsidies can also provide support to the growth of other promising export-oriented industries."

The NBR provides the opportunity to import a large portion of capital machinery, and industrial raw materials at reduced import tariffs. Besides, it offers special duty, VAT and tax benefits to promote industrialisation in export processing zones, economic

zones, and high tech parks.

"Several years ago, Bangladesh was dependent on imported home appliances. The tax benefits have supported the growth of domestic manufacturing of televisions, refrigerators, air conditioners, and mobile phones. Now, such imports have reduced," said an official of the NBR.

Ashraf Ahmed, president of the Dhaka Chamber of Commerce and Industry, also said over the last few decades, tax policy support

has been one of the key factors for industrialisation and job creation. Experts and businesspeople also highlighted the challenges linked with the current tax and incentive system.

Ashraf Ahmed said the key drawback of the tax policy regime is the lack of a long-term roadmap and guidance.

Tanvir of Pacific Jeans said the NBR should not change tax and other policies frequently with a view to giving a predictable

environment to businesses.

M Masrur Reaz, chairman of the Policy Exchange of Bangladesh, points out that the country is yet to offer a fully conducive tax environment for businesses and investors.

"In the absence of rationalisation of the exemptions, the avoidable tax expenditure has caused the state to lose significant revenues."

Prof Mustafizur Rahman, a distinguished fellow at the Centre for Policy Dialogue,

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার
নির্বাহী প্রকৌশলীর কার্যালয়, সওজ
সড়ক বিভাগ, লালমনিরহাট।
☎: ০৫৯১-৬১৭৭০, ☎: ০৫৯১-৬১৭৭০
ই-মেইল: eerhdial@yahoo.com

"সেতু ইজারা কোটেশন আহবান বিজ্ঞপ্তি"

ভাট ও আয়কর সনদধারী প্রতিষ্ঠান/নাগরিক, সরকারী/বেসরকারী/স্বায়ত্বশাসিত সকল প্রতিষ্ঠানের টিকাদারগণের নিকট হতে শ্রম শ্রম লাইসেন্স, এর ক্ষমতা/প্রতিষ্ঠান অনুযায়ী সীলমোহরকৃত নামে কোটেশন আহবান করা যাচ্ছে।

০১। ইজারা কোটেশন নং	০১-ই/ইজারা/এলআর/ডি/২০২৩-২০২৪ (১১তম আহবান)
০২। ইজারার বিবরণ	২০২৪-২০২৫, ২০২৫-২০২৬ ও ২০২৬-২০২৭ অর্থ বৎসরের জন্য লালমনিরহাট সড়ক বিভাগীয় রংপুর-কুড়িগ্রাম (এন-৫০৬) জাতীয় মহাসড়কের ১১তম কিলোমিটারে ডিগ্রি সড়ক সেতুতে টোল আদায়ের নিমিত্তে ইজারাদার নিয়োগ।
০৩। ইজারা চুক্তির মেয়াদ	১০৯৫ দিন বা ৩ বৎসর
০৪। ইজারা কোটেশনের সিডিউল মূল্য	টাকা ৫০০০.০০ (টাকা পাঁচ হাজার) মাত্র (অফারযোগ্য)।
০৫। বায়নার টাকার পরিমাণ	উদ্ধৃত মোট মূল্যের (ভাট ও আয়করসহ) ১০% (শতকরা দশ ভাগ)। বাংলাদেশ ব্যাংকের তদন্তকৃত ব্যাংক হিসেবে (পে-অর্ডার/ ব্যাংক ড্রাফট ইত্যাদি আকারে নির্বাহী প্রকৌশলীর সওজ, লালমনিরহাট সড়ক বিভাগ এর অনুমোদিত কোটেশনের সহিত জমা দিতে হবে।
০৬। ইজারা কোটেশন বিক্রয়ের শেষ তারিখ ও সময়	২৩-০৬-২০২৪ খ্রিঃ তারিখ বিকাল ৫:০০ পর্যন্ত।
০৭। মুদ্রণ অবস্থায় ইজারা কোটেশন প্রদানের শেষ তারিখ ও সময়	২৪-০৬-২০২৪ খ্রিঃ তারিখ দুপুর ১২:০০ মিনিট পর্যন্ত।
০৮। ইজারা ভাঙে অংশ প্রদানের যোগ্যতা	ভাট ও আয়কর সনদধারী প্রতিষ্ঠান/নাগরিক, সরকারী/বেসরকারী/স্বায়ত্বশাসিত সকল প্রতিষ্ঠানের টিকাদার।
০৯। যে সকল কার্যালয়ে ইজারা কোটেশন ক্রয়ের জন্য পাওয়া যাবে	বিভাগীয় কমিশনার, রংপুর বিভাগ, রংপুর/অতিরিক্ত প্রধান প্রকৌশলী, সওজ, রংপুর জোন, রংপুর/অধ্যক্ষ প্রকৌশলী, সওজ, সড়ক সার্কেল, রংপুর/নির্বাহী প্রকৌশলী, সওজ, প্রশাসনিক বিভাগ-১, সড়ক ভবন, তেজগাঁও, ঢাকা/নির্বাহী প্রকৌশলী, সওজ, রংপুর/কুড়িগ্রাম/লালমনিরহাট/ওপ-বিভাগীয় প্রকৌশলী, সওজ, সড়ক উপ-বিভাগ, লালমনিরহাট।
১০। যে সকল কার্যালয়ে ইজারা কোটেশন মুদ্রণ অবস্থায় প্রদান করা হবে।	ক) নির্বাহী প্রকৌশলী, সওজ, সড়ক বিভাগ, লালমনিরহাট খ) জেলা প্রশাসক, লালমনিরহাট গ) অধ্যক্ষ প্রকৌশলী, সওজ, সড়ক সার্কেল, রংপুর ঘ) অতিরিক্ত প্রধান প্রকৌশলী, সওজ, রংপুর জোন, রংপুর
১১। ইজারা কোটেশন খোলার স্থান, তারিখ ও সময়	স্থান : নির্বাহী প্রকৌশলীর কার্যালয়, সওজ, সড়ক বিভাগ, লালমনিরহাট। তারিখ : ২৪-০৬-২০২৪ খ্রিঃ। সময় : বেলা ০৯:০০ ঘটিকা।
১২। ইজারা আহবানকারী যে কোন সময় যে কোন কোটেশন/সকল কোটেশন বাতিলের ক্ষমতা সংরক্ষণ করেন।	

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