

Star BUSINESS



Govt appoints administrator to BGMEA

STAR BUSINESS REPORT

The government yesterday appointed Md Anwar Hossain, vice-chairman of the Export Promotion Bureau (EPB), as administrator of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) after the resignation of the association's elected president, SM Mannan Kochi, on August 24. Although a new board was formed after Kochi's resignation, the commerce ministry stated in a circular that the board was formed in a faulty manner. Additionally, the reconstituted board failed to adequately address complaints raised by general members, prompting the government's decision. The commerce ministry's circular cited the ongoing unrest in the country, including labour disputes, as affecting the economy. Since the reconstituted board has been unable to effectively manage the situation, the

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government decided to step in and appoint an administrator to restore order, according to the circular.

It has been noticed that businesses, industries, and services have not been running well because members of the organisation are not cooperating with each other, the circular also said.

According to the statement, the administrator will create the environment for a free, fair and credible election within 120 days of his appointment.

Speaking to The Daily Star, Hossain said he will join the BGMEA tomorrow [Monday] and would soon start having chats with the members to create an environment to hold elections.

"My first duty is to hold the elections and hand over charge to the elected representatives as soon as possible," Hossain also said.

In the election process, the BGMEA has two panels - Forum and Sammilito Parishad.

The biennial general elections of the BGMEA were held on March 9 this year and leaders of the Sammilito Parishad won all 35 director posts in the controversial polls.

Ever since, members of the

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Restaurants face sluggish sales as diners tighten belt

SUKANTA HALDER

When Sheuly Akhter and her friend entered a branch of Star Kabab in Dhanmondi on Thursday last week, marking their return to the establishment for the first time in nearly four months, they were surprised by the lack of customers.

Unlike usual, they did not have to wait at all for seats while their order arrived within about 15 minutes.

Puzzled by this, Sheuly asked a waiter if everything was alright with the restaurant as it typically teemed with customers during her previous visits at the same time of day.

"Yes, we are fine," the waiter said. "But with everything getting pricier every day, we're not getting customers like before."

The waiter added that another reason for the poor turnout is the recent political changeover as people have become frugal amid the ensuing economic uncertainty.

Eateries across Bangladesh are facing a similar situation, with most reporting that customer footfall remains 30 to 35 percent below the levels seen in May.

Customer turnout had fallen sharply in July and August, when curfews and internet blackouts were imposed to quell a student movement seeking reforms to the quota system for government jobs.

The unrest finally came to a head when a mass uprising ousted the Awami League government on August 5, followed by the establishment of an interim government on August 8.

However, this was only the most recent addition to the restaurateurs' long list of struggles.

For about a year now, their business has been struggling with a series of challenges, including the national election at the start of 2024 coupled with higher inflation since 2023.

Besides, the prolonged US dollar crisis has made imported ingredients more expensive while an inferno that broke out at the Green Cozy Cottage Shopping Mall on Bailey Road in Dhaka sparked safety concerns at restaurants.

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Firoz Alam Sumon, chief executive officer of Al-Kaderia Restaurant at Rampura Bazar in Dhaka, said the prices of essential ingredients have almost doubled over the past three to four months.

"This has badly affected our business as we cannot suddenly increase food prices," he added.

Sumon informed that his daily budget for purchasing ingredients has gone up from Tk 10,000 just two and a-half months ago to around Tk 25,000 at present even though he purchases the

same items in equal quantities. "But even in this situation, we will face more challenges if we again hike the prices of foods," he said.

Sumon also informed that he would previously pay his employees by the 10th of each month, but now he has to wait till the end of the month before disbursing salaries in face of lower sales.

"I'm even having to borrow from friends and family to sustain the business," he said.

There are about 25,000 restaurants in Dhaka, with hundreds of them having sprouted over the past decade to cater to the demand for hygienic and quality food among city dwellers.

On a broader scale, there are 4.81 lakh restaurants across the country employing about 30 lakh people, according to the Bangladesh Restaurant Owners' Association (BROA).

Also, about two crore people are either directly or indirectly linked to the industry, as per data of the BROA.

During a recent visit to the Golden Chimney Restaurant in Banglamotor, one of the most heavily trafficked areas of the capital, it was found that customers were still largely missing.

Jafar Hossain, an official of Golden Chimney, said the restaurant used to get 15 to 20 customers around noon each day before the political changeover.

Like all the others, he blamed ongoing political instability, a lack of law and order and high inflation for the lower customer turnout.

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What finance ministry says about stocks' plunge

STAR BUSINESS REPORT

The listing of weak companies, looting and manipulation in the last 15 years were not reflected in the stock market index due to the floor price and circuit breaker, said the finance ministry in a press release yesterday.

With the removal of the floor price and circuit breaker, the real impact of the looting is now being reflected in the index, it said.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 97 points, or 1.84 percent, to 5,160 yesterday.

Over the past 15 years, a number of weak and paper-based companies were listed on the stock exchanges, many of which are now a burden for the market.

Besides, some individuals looted general investors' funds by manipulating junk and poorly performing companies' stocks.

"However, this was hidden by the artificial market mechanisms like floor price and lower circuit breaker limits," said the ministry.

In 2020, the floor price was introduced for the

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first time in Bangladesh's stock market to prevent stock prices from falling. It remained in effect for over a year.

It was reintroduced in 2022 and remained active until August this year, although it was partially lifted for a few days in 2023.

The BSEC also lowered the lower limit of the circuit breaker to stop companies' share prices from falling more than 3 percent in a day, even if the floor price is lifted.

The interim government has removed the floor price and the lower limit of the circuit breaker.

Justifying the removal, the finance ministry yesterday said artificial price mechanisms are not conducive to a healthy stock market.

As a result, the consequences of the previous manipulation and listing of junk companies are becoming increasingly evident, it said.

The authorities have already formed an investigation committee to look into the market manipulation that occurred in the previous years.

The government is going to reform the 2015 public issue rules to encourage good companies to go public and get a good price in initial public offerings (IPOs).

The Bangladesh Securities and Exchange Commission (BSEC) has sat with several financially

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STOCKS	
DSEX ▼	CASPI ▼
1.84% 5,160.73	1.83% 14,549.95

COMMODITIES		AS OF FRIDAY
Gold ▲	Oil ▼	
\$2,712.41 (per ounce)	\$69.38 (per barrel)	

Dearth of reliable energy a major concern for businesses

Experts say

STAR BUSINESS REPORT

The shortage of reliable energy is a big concern for Bangladesh due to the country's dwindling natural gas reserves and the escalating global prices of fossil fuels, according to energy experts, as they advocated for alternatives such as renewables and liquefied petroleum gas (LPG).

At a meeting held yesterday at the Pan Pacific Sonargaon Dhaka, the experts said the nearly identical commercial energy usage in FY22 and FY23 shows the acuteness of the energy shortage faced by the industrial sector.

"For a developing country, this is not a positive sign for industrialisation," said Ijaz Hossain, former dean of the Bangladesh University of Engineering and Technology (Buet), during a presentation at the event organised by the Foreign Investors' Chamber of Commerce & Industry (FICCI).

"Despite an increase in the number of factories and their production, gas supply to the industrial sector has remained constant over the past decade. This demonstrates the acute energy crisis in industrial units," he added.

Referring to Petrobangla data, Hossain warned that if the current gas consumption continues, the country's gas supply could be depleted by 2030.

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Foreign debt servicing surges 29% in Jul-Sep

REJAUL KARIM BYRON and MD ASADUZZAMAN

Bangladesh's foreign debt servicing surged 29 percent year-on-year in the first three months of fiscal 2024-25 owing to the country's expanded foreign loan portfolio and the rise in global interest rates.

Bangladesh returned \$1.13 billion in principal and interest payments on foreign loans during the July-September period of FY25, up from \$870 million during the same quarter of FY24, according to data of the finance ministry.

On an individual basis, the value of principal payments climbed by 31 percent to \$685.50 million while interest costs rose by 17 percent to \$441 million.

And in a report, titled "Medium-Term Macroeconomic Policy Statement (MTMPS)", the finance ministry said interest payments would continue to rise gradually in the coming years.

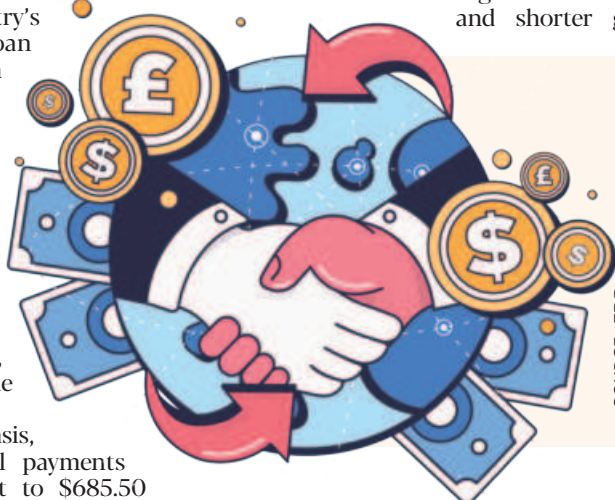
The proportion of external interest payments as a percentage of the national budget will rise to 2.6 percent in FY27 from 0.9 percent in FY22, reflecting the growing impact of external debt, the report said.

"Higher interest rates and shorter grace and

As such, all external loans are now costlier, including those from Japan," he added.

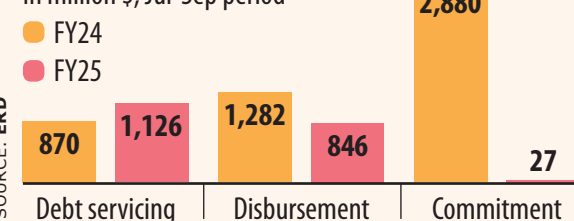
Hussain also said he believes the burden will rise in the future.

Professor Selim Raihan, executive director of the South Asian Network on Economic Modeling (Sanem), said the country is



DEBT SERVICING, LOAN DISBURSEMENT AND COMMITMENT

In million \$; Jul-Sep period



SOURCE: ERD

maturity periods for foreign loans are contributing to the burden of debt servicing," said Zahid Hussain, a former lead economist of the World Bank's Dhaka office.

"Over the past decade, we have seen a surge in these two factors of external loans.

having to pay for the indiscriminate external borrowing by the previous government.

Hussain added that the burden will not decrease anytime soon though, as the grace period for many external loans will expire in 2026 and 2027.

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NBR slashes import duty on rice

STAR BUSINESS REPORT

Bangladesh has drastically reduced the import tariff on rice in order to encourage imports of the staple grain and increase its supply in local markets.

Traders can now import rice by paying 25 percent of each shipment's value as taxes, down from 62.5 percent previously, according to a statutory regulatory order issued by the National Board of Revenue (NBR) yesterday.

The duty cut comes as recent flooding has affected the ongoing cultivation of Aman paddy, the country's second biggest rice crop, raising concerns over a supply crunch in coming days.

With this reduction, the import cost for each kilogramme of rice will decline by Tk 14.40, the NBR said.

The NBR informed it has cut the duty to boost the supply of rice, thereby keeping its price at a tolerable level while also ensuring food security in the country.