DHAKA THURSDAY DECEMBER 19, 2024, POUSH 4, 1431 BS ● starbusiness@thedailystar.net

Star BUSINESS

1,320MW Payra plant shut for maintenance, new unit tests

OUR CORRESPONDENT, *Patuakhali*

The Payra thermal power plant in Kalapara upazila of Patuakhali has halted production to conduct maintenance and facilitate the test commissioning of a neighbouring facility, according to officials of the 1,320-megawatt (MW) coal-fired power station.

They informed that the plant's first 660 MW unit was shut down for seven days from December 16 for the test commissioning of the nearby power plant run by RPCL-NORINCO International Power Limited (RNPL).

Meanwhile, the second unit was shuttered earlier on November 9 for three months for conducting major maintenance works, said Shah Abdul Mawla, project officer of the Payra power plant.

He said the newly-built RNPL power plant will begin production on a trial basis in January.

As such, power generation at the Payra power plant was halted to allow testing of the transmission lines of the new facility in Amtoli upazila of Barguna, he said.

The new plant is located on the banks of the Ramnabad river, just two kilometres north of the Payra power plant. Costing about $2.5 billion, its construction began in 2019 on some 950 acres of land.

The RNPL is a joint venture of Bangladesh's state-owned Rural Power Company Limited and China's state-owned Norinco International Cooperation Limited, with each having an equal stake.

To enable the testfor commissioning the RNPL run plant, the authorities of the Payra power plant allowed for their thermal power transmission lines to be kept shut, he added.

Selim Bhuiyan, managing director of the RNPL, said each unit of the two units of the new power station can produce up to 660 MW of electricity.

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STOCKS

DSEX ▼	CASPI ▼
0.31%	0.13%
5,208.21	14,489.23

COMMODITIES

Gold ▼	Oil ▲
$2,645.02	$70.50
(per ounce)	(per barrel)

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.62%	▼ 0.72%	▼ 0.53%	▲ 0.62%
80,182.20	39,081.71	3,779.62	3,382.21

BEXIMCO UNITS THAT ANNOUNCED LAYOFF
(With number of employees)

Shinepukur Garments (1,452)	(2,292)
Urban Fashions (2,702)	New Dacca Industries (3,293)
Yellow Apparels (219)	Int'l Knitwear & Apparels (1,946)
Prefix Fashions (2,895)	Esses Fashions (1,972)
RR Washing (2,100)	Escorp Apparels (3,100)
Beximco Fashions (3,173)	Crescent Fashion and Design (3,053)
Bextex Garments	Crescent Accessories (38)

(Names of two companies couldn't be found)

"As the factories have no work orders, they have taken the layoff decision. This may continue until funds are mobilised to resume operations."

Md Ruhul Amin
BB-appointed receiver for Beximco Group

BEXIMCO AT A GLANCE

- Founded in 1970
- Employs over 70,000 people worldwide
- Total revenue of the group $2b per year
- Beximco pharma has presence in 55 countries

LOSSES

Beximco Ltd reported a Tk 36cr loss in FY24 -- a massive drop from Tk 710cr profit in FY23

Beximco lays off 40,000 workers at 15 apparel units

REFAYET ULLAH MIRDHA *and* SUKANTA HALDER

The Beximco Group has laid off nearly 40,000 workers across its 15 apparel units, citing a lack of work orders for its export-oriented garment and textile factories in Dhaka's outskirts of Gazipur.

Company notifications issued on December 15 informed all officials, employees and workers that the factories would enforce layoffs from December 16.

The notices said that laid-off workers were not required to report to the factories as all production activities would be suspended until a tentative reopening date of January 30, 2025.

Regarding employee salaries during the 45-day layoff period, the notifications referenced the Labour Law, which stipulates half of the basic payment for workers and some other benefits.

"The factories cannot continue operations as we are unable to open new letters of credit (LC) for raw material imports," said Osman Kaiser Chowdhury, director of Beximco Group's Finance and Corporate Affairs Division.

The affected factories include Shinepukur Garments, Urban Fashions, Yellow Apparels, Prefix Fashions, RR Washing, Beximco Fashions, Bextex Garments, New Dacca Industries, Int'l Knitwear & Apparels, Esses Fashions, Escorp Apparels, Crescent Fashion and Design and Crescent Accessories Limited.

According to Chowdhury, laid-off workers received their full wages through November, thanks to government liquidity support.

Beximco employs a total of 70,000 workers, making the layoff of over 40,000 workers equivalent to more than 57 percent of its workforce.

Chowdhury told The Daily Star yesterday that the Ministry of Labour and Employment advised them to lay off workers as the government could not continue providing indefinite cash aid, and Beximco was also unable to sustain its payroll.

Following the ouster of the Awami League government in early August, the conglomerate landed in hot water. Its Vice Chairman Salman F Rahman, who remains behind bars, was an influential adviser to deposed prime minister Sheikh Hasina.

Rahman is accused of leveraging his political influence for personal business gain.

After the political changeover, a series of financial irregularities involving Rahman and his business empire came to light.

Recent data from the central bank showed that the Beximco Group owed nearly Tk 50,000 crore in bank loans as of November this year, with more than half of this staggering amount becoming default.

According to its financial disclosure, Beximco Ltd reported a loss of Tk 36 crore in FY24, a huge decline from the Tk 710 crore profit recorded in the previous year.

Amid a severe liquidity crunch, plummeting work orders and labour unrest over unpaid wages following the political changeover, the central bank in November appointed a receiver to manage the industrial conglomerate.

Since then, Janata Bank has been providing financial support to the group to cover worker payments, which amount to around Tk 60 crore per month. This liquidity support would continue until January next year, according to AHM Shafiquzzaman, secretary of the Ministry of Labour and Employment.

Shafiquzzaman said the decision to lay off workers at the apparel units was made at an Advisory Council meeting at the secretariat last Thursday.

He said the government cannot indefinitely fund Beximco's textile and garment units due to their massive financial needs.

The authorities have clarified that other Beximco units such as pharmaceuticals and ceramics will continue operations until further notice.

"As the apparel factories have no work orders, they have opted for layoffs," said Md Ruhul Amin, the Bangladesh Bank-appointed receiver for Beximco Group. "This situation may persist until funds can be mobilised to resume operations."

Amin expressed optimism about the possibility of the factory reopening soon, saying that Beximco's top management is trying to secure funding from banks to restart operations.

However, Babul Akhter, General Secretary of the Bangladesh Garment and Industrial Workers Federation, expressed scepticism about the likelihood of the factory reopening.

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ADB to give $600m for economic management

STAR BUSINESS REPORT

The Asian Development Bank (ADB) will extend a $600 million loan to Bangladesh to help the country strengthen its economic management and establish a transparent and accountable regulatory environment for private sector development.

The Economic Relations Division (ERD) under the finance ministry and the ADB signed an agreement in this regard in Dhaka yesterday, said a press release.

The programme will focus on strengthening fiscal management and improving investment climate and governance of state enterprises

Under the loan, the programme will be implemented by the finance ministry, Bangladesh Investment Development Authority, Public-Private Partnership Authority, Bangladesh Competition Commission, Registrar of Joint Stock Companies and Firms, Planning Commission, National Board of Revenue and Bangladesh Bank.

The programme will focus on strengthening fiscal management, improvement of investment climate and governance of state enterprises, and strengthen trade and policy, according to the statement by the ERD.

Bangladesh has been a member of the ADB since 1973 and the South Asian country has so far received over $32.5 billion in loans from the ADB, especially for power, energy, local government, transport, education, agriculture and health.

IMF cuts Bangladesh growth forecast, warns of high inflation

STAR BUSINESS REPORT

The International Monetary Fund (IMF) has further cut Bangladesh's growth forecast but kept its projection on inflation elevated for the current fiscal year.

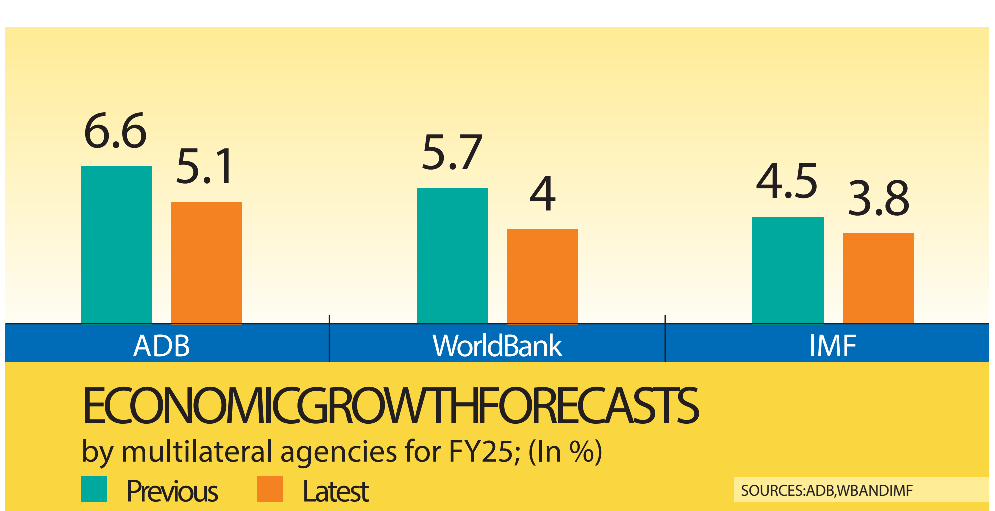
The South Asian economy may grow 3.8 percent in fiscal year 2024-25, down from 4.5 percent the multilateral lender projected in early October, because of output losses caused by the July uprising, floods, and tighter policies.

The IMF's latest projection is lower than Bangladesh's 4 percent growth in the gross domestic product (GDP) the World Bank predicted in October.

As per the prediction by the two multilateral agencies, the FY25 economic growth of the country would be the lowest since FY20 when the Covid-19 pandemic wreaked havoc on the globe.

The IMF said Bangladesh's GDP growth may rebound to 6.7 percent in FY26 as policies relax, according to a statement issued yesterday after the end of a two-week staff visit to Bangladesh.

The mission visited Dhaka to discuss economic and financial policies to review the conditions attached to the $4.7 billion loan package approved for Bangladesh in January 2023.



This was the second time since July this year the IMF cut Bangladesh's economic growth forecast but projected a rise in consumer prices.

In July, the agency said Bangladesh's GDP may expand by 6.6 percent in the current fiscal year, which will end in June 2025.

In October, the IMF hiked the inflation forecast for Bangladesh and yesterday said the annual average inflation is anticipated to remain around 11 percent in FY25 before declining to 5 percent in FY26 thanks to tighter policies and easing supply pressures.

"However, the outlook remains highly uncertain, with risks skewed to the downside," said the IMF.

The projection comes nearly a week after Bangladesh Bank Governor Ahsan H Mansur said the interim government has set a target to bring down consumer prices to 7 percent

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BB to make exchange rate more flexible

STAR BUSINESS REPORT

The exchange rate of the taka and the US dollar is going to be turned more flexible in line with suggestions of International Monetary Fund (IMF), according to Bangladesh Bank.

Currently, there is a crawling peg exchange rate system in place and banks are allowed to buy and sell US dollars freely at a mid-range of Tk 117.

The crawling peg is a system of exchange rate adjustments in which a currency with a fixed exchange rate is allowed to fluctuate within a band of rates.

Introduced in May of this year, this new system is not fully based on the market.

Though this new system was in place, the majority of the country's banks are now buying and selling each US dollar for over Tk 124.

A visiting delegation of the IMF emphasised the need for a flexible or market-based exchange rate during a meeting with senior officials of the central bank yesterday.

After the meeting, Husne Ara Shikha, executive director and spokesperson of the central bank, told The Daily Star that the IMF team suggested that Bangladesh introduce a market-based exchange rate system.

She said the central bank would issue a circular soon in this regard as per the IMF suggestion.

Another official of the central bank said the BB has plans to publish a reference rate for foreign currencies based on daily bidding rates provided by banks.

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