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Star BUSINESS

A year of firefighting for businesses

2024 THEYEARTHATWAS

JAGARAN CHAKMA

The year began with a national election, saw a mass uprising midway and subsequently progressed through a deteriorated law and order situation. These all had adverse implications for businesses.

Similar to previous occasions, the heated political atmosphere surrounding the national elections put business expansion plans on hold for months, both before and after the polls.

Then came the nationwide student-led protests in July, culminating in a fierce anti-government campaign, violence, army deployment, curfew and government ouster in early August.

The political changeover left a huge vacuum in law and order, exposing manufacturing lines to arson, vandalism and ransacking.

Apart from these challenges, the turbulent business climate throughout the year struggled with inconsistent gas and power supplies, red-hot inflation, a US dollar crisis in raw material imports and weakening of the local currency Taka.

Lately, labour unrest and high-interest rates on bank loans further complicated the business environment.

In 2024, there were also external shocks on the global supply chain, such as the prolonged Russia-Ukraine war, conflict in the Middle East and the Red Sea crisis. On the home front, multiple floods submerged vast swathes of the southern and north-eastern regions.

"If compared, the year 2024 was no less difficult than the coronavirus pandemic," said Ahsan Khan Chowdhury, chairman and chief executive officer of Pran-RFL Group.

Echoing similar sentiments, Zaved Akhtar, managing director of Unilever Bangladesh, said that 2024 has been a very difficult year for business communities.

The key cause for that was soaring prices of food and non-food essentials, according to Akhtar, who is also president of the Foreign Investors' Chamber of Commerce and Industry (FICCI).

STUBBORNLY HIGH INFLATION

Not only among the business communities, but also among the general public, stubbornly high inflation made it almost impossible to turn a corner without bumping into woes due to price pressures.

The inflation rate hovered around the double-digit mark all year round in 2024. It increased to 11.38 percent in November, registering its highest rise in four months.

Business communities translated the price pressures into eroded purchasing power of people and a severe blow to demand.

For instance, megapacks of fast-moving consumer goods (FMCG) took up less space on grocery shelves as many shoppers turned to mini-packs of food and toiletries instead.

This means consumers were losing ground in their protracted war against inflation.

Zaved Akhtar, managing director of Unilever Bangladesh, said their monthly FMCG sales declined 5 percent in recent months.

For the spiralling prices, Ashif Ibrahim, former president of the Dhaka Chamber of Commerce and Industry (DCCI), blamed rising food prices and disruptions to the global commodity supply chain.

To tame the inflationary curve, the Bangladesh Bank continued its contractionary monetary policy, which, to some extent, was discouraging for fresh investment and business expansion.

THE FALLING TAKA

Throughout 2024, the local currency Taka continued to lose its value against the US dollar.

"The Taka depreciation increased the cost of imports and affected business margins," Ibrahim said.

He added that import-related credit activities were impacted by the nonperforming loan crisis and the general liquidity of the banking sector, which resulted in a drop in letters of credit (LCs) for the import of capital machinery and essential raw materials for industry.

Ibrahim said the private sector investment faced several economic challenges in 2024, with the low import of capital machinery reflecting slowed investment throughout the year.

According to official data, LC settlements for capital machinery imports declined 41 percent while LC openings for the same dropped 21 percent from July to October.

"The decrease in capital machinery imports clearly indicates that fresh investment will not arrive in the coming days," said Anwar-ul Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries.

LC OPENING HASSLE

Businessmen faced problems in opening LCs due to a shortage of US dollars even though the forex crunch had slightly improved compared to last year.

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MAJOR CHALLENGES

Political turmoil
Delayedbusiness expansionplans

Takadepreciation
Increasedimportcosts, reduced margins

Highinflation
Erodedpurchasing power,demand

High interest rates
Discouragedinvestment, slowedcreditgrowth

LC opening challenges
Caused losses in export, production

Inconsistent utilities
Disruptedproduction, increased costs

WHAT'SNEXT

Int'lcommunitiesget positivesignalsafter politicalchangeover

Ongoingreformsmay healeconomicfault lines,boostconfidence

Bangladeshmaysee newinvestmentsfrom FY2025-26

Broiler chicken prices rise in Dhaka

SUKANTA HALDER

Broiler chicken prices have increased in the capital's kitchen markets amidst an alleged supply shortage, which traders attributed to a rise in consumption at different events and festivities marking the winter season.

Yesterday's prices were 5.41 percent higher than those last week.

Each kilogramme (kg) was selling for Tk 180 to Tk 200, according to the Trading Corporation of Bangladesh (TCB) and sources at retail markets.

A week ago, it was Tk 170 to Tk 200.

Compared to that last year, it was an increase of 2.70 percent.

There is a supply shortage, said Mohammad Suman, a retailer at Karwan Bazar, one of the largest kitchen markets in the capital.

The rise also forced Alamgir Hossain, a private company employee, to shell out an extra Tk 100 on his purchase of five kilogrammes of broiler chicken, one of the most common sources of protein for low and middle-income groups.

This will force him to cut back on some other grocery purchase, he told The Daily Star.

He said he has not been able to buy all that he needed due to high prices of daily necessities.

Inflation hit a four-month-high of 11.38 percent in November, despite

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Labour leaders demand emergency fund for laid-off apparel workers

STAR BUSINESS REPORT

A group of labour leaders of the local garment sector yesterday urged the government to form an emergency fund to provide financial benefits to the laid-off workers, as many are still deprived.

The union leaders made the demand at a meeting with the members of the Labour Reform Commission at the Department of Labour in Dhaka.

To press home their multiple demands, the leaders gave the example of over 40,000 laid-off workers at 16 textile and garment factories of Beximco Group.

They said the Beximco workers will now face trouble in obtaining the service benefits as the group has been struggling to pay the workers since the arrest of its vice-chairman Salman F Rahman.

The Beximco management announced the termination of workers recently, citing a lack of work orders.

Many other factories may also lay off workers amid the current economic situation, the leaders said.

Uncertainty about accessing service benefits increases when workers are laid off in such circumstances, and an emergency fund could be of great help in ensuring these workers receive their due service benefits, they said.

The leaders emphasised that neither the government nor the owners alone can fully cover the service benefits; instead, a fund jointly formed by the government and the owners can serve this purpose.

The Labour Reform Commission has been holding a series of meetings with the workers and stakeholders. Some 12 meetings have so far been held, said Syed Sultan Uddin Ahmed, chairman of the commission.

The commission will hold 60 meetings with different sectors to receive recommendations for the legal protection of workers and setting a national minimum wage, he said.

In yesterday's meeting, the union leaders said the workers are not properly getting help from the central fund, which was set up for garment workers' welfare in 2016 where the country's apparel makers contribute 0.03 percent of their export proceeds in each fiscal year.

The leaders also spoke about establishing a better working environment and introducing a rationing system for the workers, said the chief of the commission, the tenure of which will end in mid-February next year.

The labour law should be reformed to ensure that workers receive justice, he said.

Closing factories is not a solution, and established factories need assistance to remain operational, he also stated.

The government should also be aware that many may close factories and terminate workers in order to receive bank loan waivers, Ahmed said.

The government should identify whether the owners are laying off the workers wilfully or there is any valid reason, he said.

In the meeting, Montu Ghosh, president of Garments Workers' Trade Union Centre, suggested introducing strong provisions in the labour law so that the workers get payments in time.

CONCERNS RAISED

- Lackoffinancialsupportforlaid-off workers
- Potential for widespread layoffs
- Existingsupportmechanismsinadequate

DEMANDS

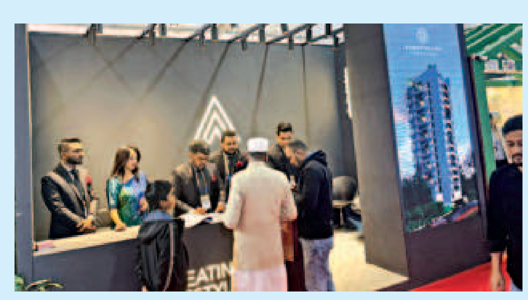
- Form an emergency fund for RMG workers facing layoffs
- Ensuresafetyofworkers'livesandjobs
- Improve industrial relations
- Formulatelabourlawofint'lstandard
- Establishbetterworkingenvironment
- Introducerationingsystemforworkers

Realtors optimistic about sales at REHAB Fair

STAR BUSINESS REPORT

Real estate developers in Bangladesh participating in the REHAB Fair-2024 are optimistic about securing sales at the event even though the demand for apartments is low due to persistent higher inflation and other economic concerns.

They said the demand for apartments has fallen as the main buyers -- business executives, senior bureaucrats and politicians -- have almost completely stopped purchasing.



People visit a stall at the real estate fair in Dhaka yesterday. PHOTO: COLLECTED

And although demand for apartments in the high and low-end categories remains somewhat good, there is practically no demand for the mid-range units, they added.

Currently, only the people who consider homeownership as an absolute necessity are buying apartments, that too for personal use rather than renting to others, according to Mehedi Hasan, chief design coordinator of Credence Housing Limited.

He said the demand for apartments typically rises when there are more buyers looking to rent out their purchased units.

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