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BUSINESS

DHAKA TUESDAY FEBRUARY 11, 2020, MAGH 28, 1426 BS

Adani Group revving up to kickstart India Special Economic Zone

Dedicated industrial expanse to bring down trade imbalance

JAGARAN CHAKMA

Indian corporate giant Adani Group is likely to start the site development work of the India Special Economic Zone (ISEZ) by this June, where billions of dollars of investment are expected to pour in from the neighbouring country.

The ISEZ, which will be set up on 1,000 acres of land, will be exclusively for Indian investors.

Site selection and land acquisition for ISEZ have already been completed at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Mirsarai, Chattogram.

Now negotiation is going on whether the Bangladesh Economic Zone Authority (BEZA) will be involved in equity or not.

Prime Minister Sheikh Hasina has given her nod to the Ahmedabad-based Adani Group to develop the ISEZ, according to Paban Chowdhury, executive chairman of Beza.

Chowdhury believes successful implementation of the ISEZ would eventually reduce the trade imbalance between the two countries that is heavily tilted towards the

Total area of ISEZ	1,000 acres
Investment	billions of dollar
Employment generation	3 lakh
Major sector	IT, automobile, textile, engineering, leather
Important infrastructure	jetty/port



neighbouring country.

In fiscal 2018-19, Bangladesh's merchandise shipments to India were \$1.24 billion, crossing the \$1 billion-mark for the first time, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

At the same time, Bangladesh imported goods worth \$7.64 billion, down from \$8.61 billion in the previous year.

An Indian diplomat in Dhaka told The Daily Star upon condition of anonymity that the Narendra Modi-led government is keen to start operations in the zone as soon as possible.

"Our investors, including giant Adani Group, are eagerly waiting to set up their industrial units in the economic zones," he added.

A delegate of Adani Group -- whose

concerns include energy, resources, logistics, agribusiness, real estate, financial services, defence and aerospace -- visited the site at BSMSN last week for final assessment.

Adani is eyeing the ISEZ as there is Indian government support.

The Indian government will provide \$278 million in financial support under its third Line of Credit (LoC) worth \$4.5 billion to Bangladesh. Disbursement of funds from the third LoC, which was agreed upon in 2017, is yet to start.

Official formalities will be wrapped up shortly as Adani Group does not want to waste time, Chowdhury said.

"But seeing the urgency in Adani to get the project off the ground, it may not utilise the funds from LoC in the end to sidestep bureaucracy complexity."

Adani, which has vast experience as India's largest private multi-port operator, wants to set up a dedicated port in the zone, Chowdhury said.

Besides, the group, whose annual turnover is upwards of \$13 billion, has a plan to invest \$350 million in Bangladesh to establish an industrial park in the zone under a joint venture with Singapore-based Wilmar, a manufacturer of agro-based foods and allied products.

The number of companies that will set up shop at ISEZ is yet to be finalised, but the zone is expected to create about 3 lakhs jobs directly, Chowdhury said.

The economic zones aim to promote balanced development of multi-product industries in different parts of the country, create jobs for the locals and attract foreign direct investment, he added.



Commerce ministry to consider alternative garlic routes

STAR BUSINESS REPORT

Bangladesh will look for alternative markets to source garlic, ginger and other spices in case the coronavirus outbreak is prolonged, said Commerce Minister Tipu Munshi yesterday.

We will not face any difficulties if onion imports from China are stopped. However, we are observing the supply situation of garlic and ginger. We will consider alternative markets if the coronavirus crisis continues for a long time," he told reporters at his office after a meeting with David Marit, the visiting Agriculture Minister of

Canada's Saskatchewan province.

However, he added that currently, there are no major supply deficits of garlic, ginger or other spices. Munshi's comments come at a time when the prices for various spices, including imported garlic mainly imported from China, soared in recent weeks.

The price of imported garlic shot up 38 per cent to Tk 180- 220 per kilogram in Dhaka whereas just a month ago, prices stood at Tk 140-150 per kilogram.

The price for imported onions, dry chilly and cloves also rose, according to data from the

Trading Corporation of Bangladesh.

On the other hand, the price of locally grown onions declined at the same time.

In reply to a question on how the price of garlic increased so much in such a short span of time, Munshi said businesses are taking advantage of the situation.

They cashed in on the recent supply shortage of onion and are still taking advantage, he said.

"We are seriously keeping an eye on the market. We [the government] will soon sit for a discussion regarding the market price of these spices," Munshi added.

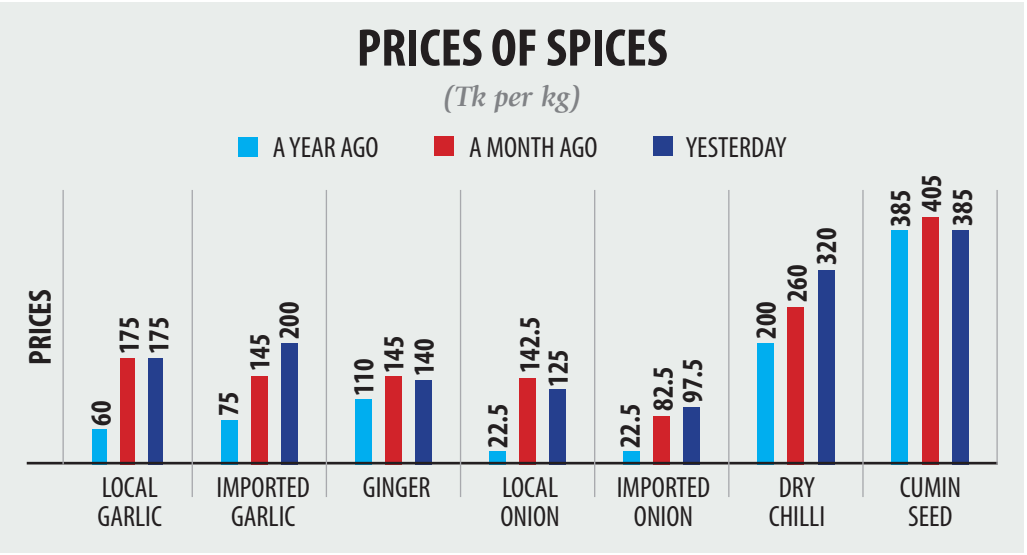
Imports from China are currently on hold and traders who have previously imported stock are selling the spice at higher prices to take advantage of the supply disruption, said Narayan Saha, a wholesaler at Shyambazar.

"However, the price of locally grown garlic is falling following an increase in supply in the market. There won't be buyers for imported garlic soon," he said, adding that the same is true for locally grown onions.

Saha also said that the price of ginger is declining due to greater imports from India.

Bangladesh requires three lakh tonnes of ginger annually. With a domestic production value of 77,000 tonnes, the supply of locally grown ginger falls short every year.

The country produces about 4.5 lakh tonnes of garlic each year against a 6 lakh tonne demand. The remainder is imported mostly from China, according to government data.



SOURCE: TCB

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DIGITAL MARKETING AT A GLANCE

Digital market expenditure about Tk 2,000cr

Facebook, Google take the major chunk

Only 30% deals made through legal channel

25% AT, 15% VAT on payment through legal channels

Global brands spend from abroad to avoid taxes

About 1,800 local websites monetise from digital ad revenue

8% of the Google payments return as YouTubers' earnings



STAR

Representatives from digital marketers and e-commerce companies attend a discussion titled "Digital advertisement in foreign online platforms," at The Daily Star Centre in Dhaka yesterday.