| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES (STANDARD CHARTERED BANK) | USD | EUR | GBP | JPY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DSEX | CSCX | Gold ▲ | Oil ▲ | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | BUY TK | 77.80 | 86.36 | 99.92 | 0.75 |
| ▲ 0.22% | ▲ 0.46% | $1,341.80 (per ounce) | $47.50 (per barrel) | ▼ 1.30% | ▼ 1.25% | ▼ 0.25% | ▼ 1.74% | SELL TK | 78.80 | 89.76 | 103.32 | 0.79 |
| 4,683.99 | 8,766.03 | | | 28,294.28 | 16,544.56 | 2,849.94 | 2,981.25 | | | | | |




Star BUSINESS

DHAKA TUESDAY SEPTEMBER 27, 2016, *ASHWIN 12, 1423 BS*


# ADB to approve $1b for Bangladesh rail project

Rejaul Karim Byron

The Asian Development Bank is set to approve $1 billion at the end of this week for a project to lay a 102km rail track from Dohazari in Chittagong to Cox's Bazar -- the lender's highest allocation for a single project in Bangladesh.

Until now, the ADB's highest allocation for a single project is $700 million; the project was in the power sector.

Ecnec has already approved a project to lay a 129km of rail track from Dohazari to Gundum near the Myanmar border via Cox's Bazar at a cost of Tk 18,034 crore or about $2.28 billion. Of the total cost, the ADB will provide Tk 13,115 crore or about $1.66 billion.

However, the ADB will approve $1 billion for the first phase of the entire project.

In the second phase, the Manila-based multilateral lender will provide funds for expanding the rail-line to Gundum and deep-sea port at Matarbari, according to the ADB preliminary document.

To get the ADB funds, Bangladesh will have to upgrade the 47km rail line from Chittagong city to Dohazari and construct a rail bridge on the Karnaphuli river. The government will improve the rail line with its own funds, according to the ADB document.

South Korea plans to bankroll the road upgrade and the rail bridge construction over the Karnaphuli river, according to the document.

The ADB also said the project design includes provisions for future capacity enhancement, and extensions of the line to Gundum at the Myanmar border and to the planned deep-sea port on Matarbari Island.

These future extensions are expected to be financed under phase 2 of the proposed project, it said.


A finance ministry official said the government also sought Chinese assistance for implementing the project and China showed interest.

But due to procedural delays, the government has decided to implement the project with ADB funds.

The government set a target to complete the whole project by 2022, which would connect Bangladesh with the Trans-Asian Railway, a network across Europe and Asia, and boost the country's trade with Myanmar, China and Thailand.

The ADB document said the project will connect Cox's Bazar district for the first time to the national and sub-regional railway network, and support efficient development in the Dhaka-Chittagong-Cox's Bazar-Myanmar border corridor through railway connectivity.

The project will improve connectivity towards Myanmar by intermodal facilities for passengers and freight transferring to road transport toward the Myanmar border.

The ADB said the project will be constructed on dual-gauge tracks to enable future direct connectivity toward western Bangladesh and India, where railways are constructed mostly in broad gauge, as well as toward north-eastern India and Southeast Asia, where railways are mostly constructed in metre gauge.

Cox's Bazar is being developed to become a major domestic and regional tourist destination.

Tourism in Cox's Bazar is expected to grow by at least 5 percent annually and the government intends to develop the district into a regional tourist hub and seaside resort, and other areas of the district and the Chittagong Hill Tracts into eco-tourist destinations.

The document said developing tourism in Cox's Bazar is expected to contribute significantly to the district's economic growth and create jobs in tourism and supporting industries.

But tourists can travel to the district only by road via the two-lane national highway or on a very limited scale by air; most tourists use the bus and come from Bangladesh's urban centres, such as Dhaka, Comilla and Chittagong, ADB said.

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# ILO to improve 127 garment factories

Refayet Ullah Mirdha

The International Labour Organisation has set a target to bring an additional 127 garment factories under its Better Work (BW) programme by next June, to ensure greater social compliance and workers' rights.

At present, 98 garment factories in Bangladesh are members of the BW programme, Louis B Vanegas, programme manager of BW Bangladesh, told a group of journalists at his office in Dhaka.

"We have a target to engage another 225 factories by the end of June and 500 factories by the end of 2021 in Bangladesh," Vanegas said.

The programme sponsored by the ILO and International Finance Corporation was launched in Bangladesh after the Rana Plaza building collapse.

The scheme aims to improve working conditions and promote competitiveness in the global garment supply chain.

Currently, BW operates in seven countries -- Bangladesh, Cambodia, Indonesia, Vietnam, Jordan, Haiti and Nicaragua -- and engages 1,300 factories, employing more than 1.6 million workers.

In Bangladesh, 120 factories have been brought under the programme so far and 98 registered, employing 201,995 workers while the number of global buyers is 31, Vanegas said.

Engaging with BW is mandatory in Cambodia and Haiti, while it is voluntary in other countries, he said.

Vanegas said the scheme is not an alternative or substitute and has no conflict with the ongoing inspection at the garment factories by the two foreign agencies -- Accord and Alliance.

BW mainly deals with social compliance in garment factories. "BW was launched to ensure better social dialogue to resolve any crisis in the garment sector, like wage hikes, ensuring better productivity, cleanliness in the workplace, and better worker management," he said.

Citing a study by Tufts University, Vanegas said an independent review showed there were significant gains in the quality of life for workers in the factories they advised, as well as enhanced productivity and profitability for those businesses.

The BW programme has dramatically improved working conditions in hundreds of garment factories across seven developing countries, he added.

The scheme moves away from practices leading to long working hours, low pay, dismissal threats, or abuse of probationary contracts, he said.

"Workers are seeing an increase in their weekly take-home pay and are less and less concerned with excessive overtime and poor wages," according to the study.

Researchers found that BW's supervisory skills training is an effective strategy for improving working conditions, and empowering women in the industry, Vanegas said.

The analysis showed that production lines overseen by supervisory skills-trained female line supervisors increased factory productivity by 22 percent, when compared to lines overseen by supervisors who had not yet received such training.

The research establishes a direct link between better working conditions and higher profit firms. "Across all factories tracked in Vietnam, after four years of participation with BW, average profitability increased 25 percent," the study said.

# Home decor expo in Dec

Star Business Report

The second edition of a home decor expo is going to be held on December 2-3 at Bashundhara International Convention Centre in Dhaka.

Home Fest Dhaka 2016 is being organised by Windmill Advertising Ltd and prior to the main event, it will host a month-long, nationwide 'interior design competition' among the emerging designers.

It aims to find visually rich designs that effectively use material, space, colour, texture, lighting and graphics, organisers said at a media briefing at The Daily Star Centre yesterday.

The competition will run in phases -- the first phase will shortlist 18 designers in three groups. Before the second phase, the shortlisted designers will be groomed by home décor experts.

In the final phase, the competitors will have to develop a theme that will cover all six spaces -- master-bed, living room, dining room, kid's bedroom, toilet and kitchen -- and build the dummy flats. The best theme will be awarded and Tk 50,000 will be awarded for the best six spaces individually.

Sabbir Rahman Tanim, managing director at Windmill, said they were inspired to organise the second edition this year after the success of the first edition.

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BITOPI LEO BURNETT

**Zunaid Ahmed Palak, state minister for ICT, attends a conference on digital marketing in Dhaka yesterday. Story on B3**

# Govt wants funds from stockmarket for power projects

Star Business Report

The state minister for power has asked the stock exchanges to come up with plans to assist the government in using the capital market as a source of funds for its power projects.

As the ministry wants to raise Tk 5,000 crore to Tk 10,000 crore from the capital market a year, the stock exchanges should be prepared and have proper plans to finance the power projects, said Nasrul Hamid Bipu.

Around Tk 30,000 crore is being spent by both the public and private sectors on power generation. "In that sense, I am the chief executive of a Tk 30,000-crore company, and the stock exchanges should come to me with their proposals if they want to do business. But they do not do this," he said.

The stock exchanges are failing to list good companies in the market due to weak marketing, said the state minister.

He was addressing a seminar on 'financing power projects of Bangladesh through capital market', organised by DSE Brokers Association of Bangladesh at Dhaka Club on Sunday evening.

Bangladesh Securities and Exchange Commission's Chairman M Khairul Hossain said the power and energy sector accounts for around 11 percent of total market capitalisation, and it is possible to increase the share.

"It would be possible to raise at least Tk 5,000 crore for the power sector from the capital market in future, if political stability and other factors remain positive," he added.

Presenting a keynote paper, IDLC Finance's Managing Director Arif Khan said investment worth about $28 billion will be required in power generation and distribution by 2020, if the government wants to implement all its power projects.

The capital market is mostly underexplored as a source of finance for power initiatives, he said. "Our market is big enough and mature enough to supply a substantial amount of the huge financing needed for the future power projects."

Globally, raising funds from the capital market is deemed a viable and sustainable source of financing, he added.

Dhaka Stock Exchange's Chairman Siddiqur Rahman Miah, Chittagong Stock Exchange's Chairman Muhammad Abdul Mazid and DSE Brokers Association of Bangladesh's President Ahsanul Islam also spoke.

# Talks on to export internet bandwidth to Bhutan

Muhammad Zahidul Islam

Bhutan reopened talks with Bangladesh to find ways to import internet bandwidth from state-owned Bangladesh Submarine Cable Company Ltd.

A seven-member team headed by Pema Dhendup, a Bhutanese government expert, is now in Cox's Bazar to check out the landing station of BSCCL's lone submarine cable, South East Asia–Middle East–Western Europe 4 or SEA-ME-WE 4.

"Things are moving very fast and we think we will reach some sort of an agreement in the next few weeks," said Monwar Hossain, managing director of BSCCL, adding that the deal will be sealed before the country gets connected to its second submarine cable.

The team that arrived in Dhaka on September 23 will fly back to Bhutan on September 30 after attending several meetings with stakeholders and senior government officials.

The talks started on August 1, when Tarana Halim, Bangladesh's state minister for telecom, met Bhutan's Information and Communications Minister DN Dhungyel in Thimphu.

BSCCL will be connected with the second cable (SEA-ME-WE 5) in the first quarter of next year and Bangladesh will get another 1,300Gbps of internet bandwidth through it.

BSCCL has primarily selected five alternatives routes to transmit bandwidth. The routes are through Akhaura-Tripura, Sylhet-Tamabil-Shillong-Guwahati, Kurigram-Bhurungamari and two links in •Panchagarh-Banglabandha.

"We think Sylhet-Tamabil-Shillong-Guwahati route will be best for both the parties."

Through this route, BSCCL will have the scope to export bandwidth to Shillong and Guwahati as well, Hossain added.

The two parties will draft a preliminary agreement on the next plan of action.

BSCCL will ask for $20 for every megabyte of bandwidth; Bhutan will initially take 5 gigabytes of bandwidth.

Currently, Bhutan is importing 65 gigabytes of bandwidth from India. "They are now connected with fourth generation (4G) technology -- that's why Bhutanese people consume higher bandwidth per-head than us," Hossain said.

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# State banks must not be recapitalised: analyst

Star Business Report

The government should not recapitalise the state banks even if they continue to suffer from soaring defaults, experts said yesterday.

People who are politically connected have taken significant amount of loans from the state-run banks, and the majority of them have become defaults, said AB Mirza Azizul Islam, a former adviser to the caretaker government.

"They took the loans for one purpose and then used the funds for something else, violating the regulations."

Islam's comments came at the International Conference for Bankers and Academics 2016, jointly organised by the Bangladesh Institute of Bank Management and the Australian Academy of Business and Social Science.

The two-day event, which was attended by local and global experts, ended yesterday.

The loans given to big borrowers usually end up as defaults, so the banks should focus more on small borrowers, he said.

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