

\$4.5B CREDIT India loosens up some conditions

REJAUUL KARIM BYRON

Exim Bank of India is set to relax one of the major conditions for the projects under the \$4.5 billion line of credit extended to Bangladesh for smooth implementation of the projects.

The final round of negotiations concluded on Monday. Shahidul Islam, additional secretary of the Economic Relations Division, led the Bangladesh side and Amit Kumar, joint secretary of the foreign affairs ministry, the Indian side.

An agreement may be signed on October 4, by the ERD and Indian Exim in the presence of the finance ministers of both the countries. Indian Finance Minister Arun Jaitley is due to visit Dhaka next week.

Indian Prime Minister Narendra Modi committed to give fresh \$4.5 billion line of credit to Bangladesh during Prime Minister Sheikh Hasina's visit to India in April, to take the neighbouring country's total commitment since 2010 to \$7.5 billion.

As many as 17 projects have been identified for funding with the new line of credit, all of which got the green light from the Indian Exim Bank.

At present, 65 percent of the overall procurement for public works projects must be made from India. But under the new line of credit, the import content can be lowered on a project-to-project basis, Islam told The Daily Star.

The development comes after Bangladesh, in the negotiations, said there are many materials that are good in Bangladesh, so importing them from India is time-consuming.

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Textile sector crying out for investment

REFAYET ULLAH MIRDHA

Bangladesh's primary textile sector, an essential cog in the garment export wheel, has been witnessing a dearth of fresh investment for the last few years due to gas crisis and scarcity of bigger industrial land.

Only five new spinning, three weaving and two dyeing mills with an investment of about Tk 1,300 crore were set up in the last four years, according to data from the Bangladesh Textile Mills Association.

The textile sector needs heavy investment and bigger industrial plots to set up the plants.

The primary textile sector indicates the strength of a country's garment sector as the millers and spinners supply the yarns and fabrics to the apparel manufacturers, who cater to the international clothing retailers.

A more developed primary textile

KEY POINTS

- Total investment in primary textile so far: Tk **48,000cr**
- Investment made in the last four years: Tk **1,300cr**
- Bangladesh has **425** spinning, **790** weaving and **250** dyeing mills
- Primary textile sector can supply **90pc** raw materials for knitwear and **40pc** fabrics for woven garments

sector means shorter lead-time in the garment business as the apparel makers can purchase the raw materials from the local market.

Currently, Bangladesh has 425 spinning, 790 weaving and 250 dyeing mills that have an investment of about Tk 50,000 crore tied up,

according to BTMA data.

With existing capacity, the primary textile sector can supply 90 percent of the raw materials for the knitwear and 40 percent for woven sector.

The rest of the demand is met through imports mainly from China, India and Pakistan. Since the country's garment export is on the rise, so is the import of raw materials.

In the first six months of the year, Bangladesh imported woven fabrics worth more than \$2.11 billion and knitwear fabrics and yarn worth \$527 million, up almost 15 percent year-on-year in both the categories.

The import of fabrics is also rising as the garment manufacturers can now enjoy zero-duty benefit on export of apparel items to the EU and other major markets even if the garment is made from fabrics not manufactured in Bangladesh.

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Weak domestic demand to slow GDP growth: ADB

STAR BUSINESS DESK

The Asian Development Bank expects Bangladesh's gross domestic product to grow at 6.9 percent in fiscal 2018, down from the preliminary official estimate of 7.2 percent, due to weak domestic demand.

The lender kept the growth estimate unchanged from the Asian Development Outlook of 2017. Private consumption is likely to stay at the current level as income growth slows in agriculture and wage employment and remittances continue to fall, it said in the ADO 2017 Update.

Private investment will rise moderately with prevailing political stability and the authorities delivering economic reform and better infrastructure.

The decline in remittances will slow and is unlikely to reverse in the near term, it said.

"Some pickup in export growth is expected, and there is potential for an upside surprise if consumer confidence improves."

The donor thinks the country's agriculture growth is expected to be lower at 2.6 percent in fiscal 2017-18 because of a higher base effect and prolonged flooding that hindered planting for the monsoon crop.

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Graft bar to private investment in infrastructure dev: analysts

STAR BUSINESS REPORT

The private sector invests little in the country's infrastructure with their reluctance mainly stemming from the prevalence of corruption and a lack of governance, said speakers at a roundtable in Dhaka yesterday.

Other factors include high project costs, implementation delays and slow returns, Mirza Azizul Islam, former adviser to a caretaker government, told the event jointly organised by Bangla daily Prothom Alo and Keystone Business Support

Company at the CA Bhaban.

Infrastructure development projects are implemented very slowly, said Humayun Rashid, a director of the Dhaka Chamber of Commerce and Industry.

"The government will have to act properly to improve its project development process," he said.

Rashid, also the managing director of Energypac, suggested that the government form an infrastructure regulatory authority to monitor management of relevant projects.

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