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Bangladesh needs more warehouse space: WB

DSE enters hi-tech era

The bourse eyes tech transfer as it becomes partner of Chinese exchanges today

AHSAN HABIB

Bangladesh will need 26.74 million square feet of additional warehouse space by fiscal 2021-22 thanks to the spiralling foreign trade, according to a survey of the World Bank.

Currently, the demand for warehouse space, mainly for storing imported and exportable goods near ports, is 41.5 million square feet, according to the preliminary findings.

In the next four years, such demand will hit 68.24 million square feet, 29.54 percent of which would be used by the manufacturing sector, the study said.

The consumption-led demand will grow 27 percent and export-import demand will use 11.7 percent of the space, it said.

However, the emerging warehousing business has been facing a lot of challenges which should be mitigated as soon as possible for faster growth of business and to maintain the quality of exportable and imported goods.

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AT A GLANCE

The Chinese consortium would help the DSE upgrade its trading and surveillance systems

The consortium has offered to assist in mapping the information disclosure process for issuers

The partnership will allow investors to make more informed investment decisions

It has also offered to develop the bond market

lance system.

Through this partnership, SZSE can assist in developing a fully functional, responsive, efficient and practical market surveillance system for the DSE, which is adapted to meet local market regulatory requirements," said the proposal.

The consortium will also help the DSE to design one-stop business solutions to create a unified, secure and efficient IT platform architecture to achieve comprehensive electronic business process services.

It has also offered to develop the bond market. In particular, SZSE has offered its bond auction tender system which is useful in managing auction of bond products with fairness and transparency.

The Chinese consortium also proposed financial data exchange

platform, which is a stable and low-cost capital market communication infrastructure to connect the DSE, the Bangladesh Securities and Exchange Commission, the Central Depository of Bangladesh Ltd and other core market institutions.

The technological offers are worth \$37.11 million, which the consortium would bear.

Rahman said the consortium will not only upgrade technology but will also try to bring in foreign investors to the DSE by drawing into China's pool of 11,000 qualified institutional investors.

"These investors are seeking well-performing companies. They would not put their money in overvalued shares or badly performing companies," said the DSE MD.

At present, the DSE has only 25-30 companies that are attractive to foreign investors, said Abu Ahmed, former chairman of the Dhaka University's economics department and a stockmarket expert.

"The BSEC and the DSE will have to work hard to get solid companies to the market."

The Chinese consortium has also offered to assist the DSE in developing index-based products, bonds and asset-backed securities to diversify products in the DSE.

It has also offered to assist in designing, promoting and showcasing Bangladeshi indices in China as well as developing the DSE's derivatives market.

"Confidence among foreign investors will soar when the strategic partner will start to work in the DSE," said Mostaque Ahmed Sadeque, president of the DSE Brokers Association.

ADB tells govt to roll out nationwide agri-insurance

STAR BUSINESS REPORT

The Asian Development Bank has called for government investment to scale up sustainable agriculture insurance in Bangladesh.

"The agriculture insurance market is underdeveloped and the government should enact a policy to help the sector to mature," Manmohan Parkash, country director of ADB, said at a seminar.

Parkash made a set of recommendations at the seminar styled "Financial protection towards agriculture risk mitigation in Bangladesh" held yesterday at the capital's Radisson Blu Dhaka Water Garden hotel.

The recommendations were made based on the experience of the pilot project 'Weather Index-based Crop Insurance' funded mostly by the Manila-based multilateral lender and run by Sadharan Bima Corporation.

Crop insurance is an insurance package designed for farmers to protect them from crop losses due to natural disasters such as hail, drought, floods and so on.

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Mill owners in a tight corner

They are hit by deluge of cheap Chinese, Indian yarn and fabrics

STAR BUSINESS REPORT

More than Tk 25,000 crore worth of yarn and fabrics have remained unsold in the last five months due to sudden deluge of low-cost Chinese and Indian substitutes in the local markets ahead of Eid, said the Bangladesh Textile Mills Association (BTMA).

The majority of the demand is being met by the Chinese and Indian yarn and fabrics, which are imported under bond licences and illegally sold in the domestic market by a section of unscrupulous traders, said Mohammad Ali Khokon, acting president of the BTMA.

The traders are being enabled by the lax monitoring by the customs department, he told a group of journalists at the BTMA office in Dhaka on Saturday.

The yarns and fabrics are used to make saris, salwar suits, bed sheets, scarves, lungis and so on, and the local yarn makers and weavers sell Tk 25,000 crore to Tk 30,000 crore worth of products ahead of Eid-ul-Fitr and Eid-ul-Azha, according to Khokon.

However, this year, the local spinners, dyers and weavers are sitting idle. "We have received more than 300 complaints from mill owners."

The goods imported under bond licences are not allowed to be sold in the local market as those are imported duty-free for exporting to different countries after processing in factories.

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