

# ADB to give \$357m to develop two power lines

STAR BUSINESS REPORT

The Asian Development Bank (ADB) has approved an assistance package of over \$357 million for a project to develop two power lines to help Bangladesh reach its national goal of ensuring electricity for all by 2021.

The investments comprise a \$350 million ADB loan and a \$7 million grant from the Japan Fund for the Joint Crediting Mechanism (JFCM) to partially finance new high-technology energy efficient conductors.

It also includes a \$500,000 grant from the Republic of Korea e-Asia and Knowledge Partnership Fund (EAKPF) to promote socially inclusive growth with gender equality, the Manila-based donor said in a statement.

The Southwest Transmission Grid Expansion Project builds on ADB's previous work, including the recently approved Rupsha 800 megawatt Combined Cycle Power Plant in the southwest region.

The project will develop a 126-kilometre 230 kilovolt (kV) transmission line from Barisal to Faridpur and a 104 km 400 kV transmission line from Bogra to Rohanpur along with substations, trans-

formers and associated extensions and connections.

The new transmission lines are a new type of high temperature conductor to allow more power transfer at lower energy losses.

These have less resistance to power flow, higher power transferring capacity, and operate more reliably in tropical weather. In addition, the use of these conductors also helps to minimise right-of-way requirements.

The project is also contributing to climate change mitigation, since the new conductors reduce carbon dioxide emissions compared to conventional transmission conductors.

This climate change mitigation accounts for \$93 million of the investment, comprising \$86 million from the ADB loan and \$7 million from the JFCM grant.

Under the EAKPF grant, the project will fund a scholarship programme that will support women's access to higher education and boost their job opportunities in electricity industry.

The government will contribute \$174.5 million to the \$532 million project, due to be completed by the end of June 2023.

# Singer's profit up 23.5pc in Q2

STAR BUSINESS REPORT

Singer Bangladesh Ltd's profit after tax rose 23.5 percent to Tk 40 crore in the second quarter of the year on the back of stable trading conditions and a number of new marketing initiatives.

Earnings per share increased 22 percent, said the company in a statement yesterday as it announced the unaudited results for the quarter that ended on June 30.

Turnover in the April-June period went up by 26.2 percent to Tk 640 crore. Gross margins were 26.7 percent, slightly lower than the corresponding period a year ago on account of price promotions to boost air conditioner sales following the persistent inclement weather. The company brought down expenses to 15.1 percent of the revenue in the quarter from 15.9 percent from a year ago.

Speaking about the first half results, Gavin Walker, chairman of Singer Bangladesh, said: "Singer continued to enjoy significant unit sales increases in many product categories, in particular panel televisions by 50 percent on account of the FIFA World Cup."

"Our factory operations have also been further augmented with 55 percent of first half sales being generated by products manufactured or assembled in-house," he said in the statement. Singer's associate company International Appliances Ltd continued to increase production of refrigerators with strong sales expected in Eid-ul-Azha that falls in the third quarter.

Singer's financial service offerings such as Western Union, bKash and Grameenphone airtime reloads and utility bill payments increased in value by 23 percent in the first half of the year, bringing over 120,000 additional customers to its stores during the period.

Singer is the largest retailer of consumer durables in Bangladesh, with 383 company-owned stores. It has more than 625 wholesale dealers as well. Singer Bangladesh is 57 percent owned by Retail Holdings Bhold BV of the Netherlands.

# Implement projects on time for better outcome

## ADB country director urges Bangladesh

STAR BUSINESS REPORT

Bangladesh should implement development projects on time to ensure better outcome and avoid cost overrun, Asian Development Bank's Country Director Manmohan Parkash opined yesterday.

"While significant resources are allocated, it is important that projects are implemented expeditiously and completed on time so that people can benefit early and fully from the project outcomes," he said.

The chief of the Bangladesh resident mission of the Manila-based donor spoke while addressing the opening session of a regional capacity-building programme on successful project design and implementation, organised by ADB at Hotel Le Méridien in Dhaka.

At the event, MA Mannan, state minister for finance and planning, asked the project implementing agencies to ensure quality use of ADB's funds so that the loans do not become a burden for the next generation.

"You have to be sincere to use the funds of the development partners for better outcome. You have to keep in mind that we have to repay these loans which we are borrowing to meet the demand."

ADB's ongoing active portfolio in Bangladesh comprises 53 projects amounting to \$9.4 billion, and 27 technical assistance projects amounting to \$23.8 million. Approvals increased from \$893 million in 2014 to \$1.38 billion in 2017.

In 2018, the ADB has approved more than \$1.1 billion worth of loans for Bangladesh,

including \$500 million for Rupsha Power Plant in Khulna, \$360 million for a railway rolling stock project, and \$225 million for a secondary education project, according to Parkash.

Under its Strategy 2030, the ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty, he said.

The ADB will go for modernisation of its business processes by taking advantage of available technologies, he said.

Rehan Kausar, director of the portfolio management division at the ADB, said in Bangladesh, the bank focuses on six sectors: energy, transport, water and urban/municipal infrastructure and services, education, finance, and agriculture, natural resources, and rural development.

About 70 ministry officials and government project staff from Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka as well as ADB staff are participating in the event structured around ADB's project cycle.

Reflecting the recent corporate reforms in the ADB, the event will promote deeper understanding about the bank's processes and procedures, sharing of practical experiences and insights, and discussion of new ideas in overcoming development challenges, said Parkash.

Kazi Shofiqul Azam, secretary of the Economic Relations Division, also spoke.



BANGLADESH BANK  
Bangladesh Bank Governor Fazle Kabir and its top officials pose with a monetary policy statement announced for July-December of 2018 at its headquarters in the capital yesterday.

# Local pharma market set to hit \$5.11b by 2023

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Currently, Bangladesh has the facilities for producing advanced medicine like active pharmaceutical ingredients, biosimilars, vaccines, and oncology products alongside medical devices.

Bangladesh has a surplus of pharmaceutical industry-focused human resources, Mukhtadir said, adding that the formulation industry is well-developed and investing heavily for future growth.

Bangladesh is capable of producing specialised delivery products like inhalers, pre-filled syringe injections, lyophilised injections, dry-powder inhaler and sustained-release formulations, he said.

The country has already devel-

oped production facilities for tablets, capsules, liquid preparations, dry suspension, injections, ointment/cream, nasal spray and granules in sachets.

In the first quarter of 2018, the market size of pharmaceutical products in Bangladesh was \$2.35 billion and year-on-year growth rate was 8 percent. Per capita consumption of medicine was about \$15.36.

Speaking as a panel discussant, Kazi M Aminul Islam, executive chairman of the Bangladesh Investment Development Authority, said Bangladesh needs to develop the knowledge and capacity to grab a bigger share of the global pharmaceutical market.

British pharmaceutical company

GSK has shut down its production in Bangladesh because preparing Horlicks was commercially more viable than making medicine, he said.

M Mosaddek Hossain, managing director of UniMed & UniHealth Manufacturers Ltd, said if Bangladesh could produce and run an API park successfully, it would become more competitive in the global pharmaceuticals market.

"We also need to have competitive sourcing of raw materials," he said.

Nurul Islam, president of the AmCham, Farooq Sobhan, president of the Bangladesh Enterprise Institute, and Md Mustafizur Rahman, director general of the Directorate General of Drug Administration, also spoke.

# Fruits not adulterated with formalin: experts

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"You run the same tests on the same sample in two accredited labs and you would get two different results. This is not the case abroad. There, the results are the same."

Mamun, who teaches chemistry at Dhaka University, said the real problem with fruits and vegetables is the extensive use of pesticide during their cultivation.

It is necessary to see whether they contain heavy metals above the maximum residue limit, which is unsafe for human health. Foods can also be contaminated owing to heavy metal contamination in soil, he added.

The Department of Agricultural Extension (DAE) is responsible for advising farmers about input use and production practice, said AKM Nurul Afsar, national team leader of Food and Agriculture Organisation's food safety project in Bangladesh.

"But when farmers do not get the right prescription from the DAE about the doses of pesticide application they go to salesmen, whose motive is to increase sales."

Without food safety food security cannot be ensured, he added.

Farmers have to practice safe use of pesticides so that residues are low, said Kristian Moeller, chief executive officer of GlobalG.A.P., which provides certification of agricultural products.

"Wrong use of pesticide can kill," he said, adding that education of farmers on good agriculture practice is the root. To encourage successful scaling up of good practices, Moeller

recommended establishment of a central quality control hub, where farm produce will be taken for cleaning before selling to consumers.

Paul Bundick, chief of party of Agricultural Value Chains (AVC) Project of USAID in Bangladesh, stressed on ensuring traceability of farm produce to ensure food safety.

Some 90-95 percent of farm produce go to the wet markets and no traceability can be found there,

KEY POINTS
Lack of awareness a major impediment to ensure food safety
Need to establish accredited labs to test foods
Growers should get incentive for production of safe food
Safe food producers should get priority for bank loans

he said. The challenge is in how to scale up awareness, said Ashraf Bin Taj, managing director of International Distribution Company Bangladesh.

The quality of farm produce starts to deteriorate after harvests for lack of knowledge among the stakeholders in the supply chain on how to handle the produce. A certain price guarantee or incentive will give motivation to quality farming and quality management, he added.

Building awareness from farmers to consumers is critical, said Sabbir Hasan Nasir, executive

director of ACI Logistics that run Shawpno.

"But building awareness is expensive. What is more expensive is not doing it."

Nasir urged the government to come up with incentives to promote good practices. "Incentive design matters and it works."

Shwapno has got Hazard Analysis and Critical Control Point (HACCP) certification few months ago. The country's largest supermarket chain also became a member of GlobalG.A.P. in 2017 to attain local certification.

With the support from USAID's AVC project, Shwapno trained 200 farmers from Jessore and Jhenaidah to follow the government-approved agricultural practices including prevention of usage of banned chemicals and plant protection products and ensuring approved pesticides within safe limits.

And the retail chain started showcasing crops in some of its stores under the brand of Shuddho.

At present, 78 farmers are supplying 12 crops and these are displayed and sold through 15 Shawpno stores.

Mahfuz Anam, editor and publisher of The Daily Star, said the newspaper is committed to the cause of food safety and ready to support stakeholders working to ensure food safety.

Shahedul Anam Khan, associate editor of The Daily Star; Anwar Kamal, project coordinator at the Dhaka Chamber of Commerce and Industry, and Sardar Ali Mourtaza, chief executive of Agriplus also spoke at the discussion moderated by Sajjadur Rahman, business editor of The Daily Star.

# China to keep economic growth steady

REUTERS, Beijing

China will keep its economic growth within a reasonable range by making policies more flexible and effective, the state-run Xinhua news agency said on Tuesday.

The authorities will stabilize China's employment, financial sector, foreign trade and investment, it said, citing a statement released after a meeting of the Politburo, a

top decision-making body of the ruling Communist Party. China will better balance its financial risk prevention and support for the real economy, maintaining its deleveraging drive but paying attention to its pace and intensity, it added.

It will strive to achieve its annual economic growth target, while maintaining a proactive fiscal policy and a prudent monetary policy, the agency said.

# Monetary policy remains unchanged

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The government had set the inflation target at 5.5 percent for last fiscal year and 5.6 percent for the current year.

Higher imports have also put pressure on the country's trade and current account balance, which has contributed to the depreciation of the local currency against the dollar, Kabir said.

The country's trade and current account deficit stood at \$17.22 billion and \$9.38 billion respectively in the first 11 months of last fiscal year -- both record highs.

The BB, the National Board of Revenue and the commerce ministry will need to take up coordinated monitoring to avoid the import of needless and luxurious products, he added.

The new monetary policy has not addressed the challenges prevailing in the economy, said Salehuddin Ahmed, a former BB governor.

He fears the new policy is not robust enough to curb inflationary pressures as the import bill will escalate more in the coming

days ahead of the national election.

The government will try to implement a number of mega projects within this year which will push up the import cost, he said.

"The latest policy has just changed some of its targets -- it does not specify how to solve the ongoing crisis in the foreign exchange market." The central bank should have increased the private sector credit growth in a bid to help the small and medium entrepreneurs, Salehuddin said.

The slight tightening of monetary stances announced by the central bank is appropriate under the current macroeconomic environment, said Ahsan H Mansur, executive director of the Policy Research Institute of Bangladesh.

"Inflation is currently under control, but there are indications that it may increase in future in the event of devaluation of taka, which is now under pressure."

The current account will also face a large deficit this fiscal year because of higher import payments to implement the mega projects, he added.

# Cap deposit rates for cheaper loans

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But, neither of the rates has come down one month on. Currently, the private banks' lending rates hover between 10 percent and 16 percent while deposit rates are below 6 percent.

But the rates on fixed deposit schemes for three months to three years range between 5 percent and 10 percent; the rates are above 10 percent in a few banks.

However, the interest rates on all types of deposit schemes at state banks are between 3 percent and 6 percent. Their lending rates vary from 11 percent to 13 percent.

Subsequently, the directors of the private banks yesterday met with Finance Minister AMA Muhith at the

Economic Relations Division headquarters in the capital. According to meeting sources the bank directors informed that since the interest rate on deposits has not come down, the rate on lending could not be lowered.

They also said the government agencies withdraw deposits from a bank if they get higher rates elsewhere. Subsequently, they urged the BB to fix a rate.

But a central banker present at the meeting said it cannot be done in a market economy as it would give a wrong signal to the rest of the world.

Eunusur Rahman, senior secretary of the banking division; Abu Hena Mohd Razez Hasan, a deputy governor of the BB; Salman F Rahman,

chairman of IFIC Bank; Nazrul Islam Mazumber, chairman of Bangladesh Association of Banks; and AKM Nurul Fazal Bulbul, a member of the Shariah supervisory committee of Exim Bank, were present at the meeting.

The directors will meet with the finance minister again at a larger gathering tomorrow, where representatives of the Bangladesh Bank and the chiefs of all commercial banks will be present.

In the last few months, the private banks were granted various benefits, including the lowering of corporate tax, the slashing of the repo rate and the reduction in cash reserve ratio as the government moved to decrease the lending rate and ease the liquidity crisis.



NRB BANK  
Md Mehmood Husain, CEO of NRB Bank, and Md Mustafizur Rahman, NRB director of a2i - Access to Information, exchange documents after signing a deal at ICT Tower at Agargaon in Dhaka yesterday on providing agent banking services at government digital centres.