

# Look before you leap

## PM advises stock investors not to be tempted by others

UNB, Dhaka

PRIME Minister Sheikh Hasina yesterday called upon the small investors not to get tempted by others while investing in the capital market but take their own decisions after knowing everything about a company. "You've to take steps after having a clear idea about everything and don't take any decision after getting influenced by anyone else," she said. The prime minister said this while speaking at a programme marking the celebrations of the silver jubilee of the Bangladesh Securities and Exchange Commission (BSEC) at the Bangabandhu International Conference Centre. She also urged the small investors not to get motivated by profit lure. "You've to take your steps with a sense of proportion...no one will be affected if one is guided by this sense."

Sheikh Hasina said whenever investors get affected with their own decisions, they blame the government though the government has little to do with it. Finance Minister AMA

Muhith, Financial Institutions Division Secretary Md Asadul Islam and BSEC chairman M Khairul Hossain also spoke at the programme. The prime minister asked the BSEC to continue its role of 'regulator and assistant' in flourishing the capital market to bring more dynamism into it. In this connection, she said the government will continue its all-out cooperation in the future for the development of the market. "The capital market will be the dependable source for long-term financing to build Bangladesh as a developed country," she said. Terming the capital market as one of the pillars of the financial sector, the prime minister said the government has continued its support for flourishing it. "As a result, the capital market is now stable."

She briefly described various steps taken by her government to create a stable, transparent and accountable capital market that put the market into category A. Regarding the recent inclusion of Chinese consortium as a strategic partner of the Dhaka Stock Exchange, she said this will



Prime Minister Sheikh Hasina speaks at a programme marking the celebrations of the silver jubilee of the Bangladesh Securities and Exchange Commission at the Bangabandhu International Conference Centre in Dhaka yesterday.

improve the depth of the country's share market and benefit investors, stakeholders and others. Sheikh Hasina asked the BSEC and other capital market-related authorities to play their due role in making the economy more peaceful, increasing the contributions of the capital market for financing mega projects and ensuring the safety of investors. She also mentioned about the development of the bond market, introducing new diversified products and introduction of small-cap board to finance venture capital.

## Tax benefits for capital gains from DSE's stake sale

### Muhith announces at BSEC's silver jubilee celebration

STAR BUSINESS REPORT

The members of the Dhaka Stock Exchange will enjoy tax benefits on the profits they earned by selling stakes to the Chinese consortium, the prime bourse's new strategic partner. Finance Minister AMA Muhith yesterday announced the tax benefit at the silver jubilee celebration programme of Bangladesh Securities and Exchange Commission (BSEC) at Bangabandhu International Conference Centre. The Chinese consortium comprising, Shenzhen Stock Exchange and Shanghai Stock Exchange, bought 25 percent share of DSE for Tk 947 crore. There was a huge capital gain for the stockbrokers, as the Chinese partner bought each of the DSE share at Tk 21, much higher from its face value of Tk 10. DSE Brokers' Association (DBA), a platform of the Dhaka bourse's stockbrokers, had earlier agreed to invest the capital gain into the stockmarket and urged Muhith to lower the existing 15 percent tax on the gain to 5 percent. The tax benefit will be given if the stockbrokers keep the capital gain investing on the listed securities for three years, the minister said yesterday. "It's a good initiative for the market. I expect at least 95 percent of the brokers will choose to invest their money again into the stockmarket," said Mostaque Ahmed Sadeque, president of DBA. The market will see a positive movement after the investment of the huge amount of money, he said. "This money will be available for investment in a few days. So the effect will be clear then."

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## SINGAPORE-BANGLADESH TIES

# It's time for greater regional collaboration



ENAMUL HUQUE

THE Bangladesh economy has taken major strides forward over the last decade. Today, it finds itself on the cusp of transformative growth, ready to make the step up to a middle-income nation. Yet, looming in the backdrop, lies the cross-currents of protectionism and economic nationalism as well as a world economy that is slowly recovering from the shocks of 2008-2009. As we continue our growth journey, facilitating the flow of goods and services, ideas and people across borders will remain a vital part of the development challenge; regional collaboration and inclusive globalisation – central themes of its solution. For a region as diverse as Asean and South Asia – not least in terms of economic development – regional integration is without a doubt a challenging task. Cooperation and collaboration will require us to find areas of mutual benefit and opportunities, opportunities which we could work together to leverage. These opportunities are not always easy to identify, but in case of Singapore, a key regional player and a financial and logistical centre, these opportunities are evident. Bangladesh and Singapore have always enjoyed warm bilateral relations. In recent times, we have seen our trade relations assume increasingly greater significance for both Singapore and Bangladesh. Bilateral trade grew from around US\$2.1 billion in 2013 to US\$2.8 billion last year, according to

Bangladesh Bank data. Singapore is also a major source of FDI for Bangladesh. In 2017, net FDI inflow from Singapore into Bangladesh was the second highest of all countries, at around US\$200 million, accounting for more than 9 percent of total net FDI inflows. This major FDI inflow left Singapore with the fourth highest FDI stock in Bangladesh with US\$936 million. Singaporean companies have invested in manufacturing, information and communications, oil and gas, services, chemical engineering, textiles, agro-based products, and printing/publishing – but the largest sector by far for Singaporean FDI was power generation. Singapore has invested around US\$390 million in Bangladesh power sector, making it one of the largest foreign investors in this sector. It is easy to see why Singaporean capital and businesses are increasingly considering Bangladesh as an attractive destination. Over the past decade, Bangladesh economy has been one of the top performers in Asia, averaging annual growth of more than 6 percent. Inflation has been moderate and public debt levels are low by world standards. With a median age of 26.7, Bangladesh's young and growing working-age population will endow the country with the benefits of demographic dividend today, and build a strong base for domestic consumption in the coming decades. Bangladesh's strong and sustained growth is driving tremendous upward mobility. Tens of millions have risen above poverty and are finding themselves in the ranks of the middle class and affluent. This rising middle and affluent class – expected to grow from 12 million to around 34 million by 2025 – coupled with fast-paced urban growth across several cities, will create a voracious demand for a broad variety of consumer goods and services. With macroeconomic growth, currency stability, and stable geopolitical conditions, Bangladesh's market fundamentals remain strong. The nation is actively working to

improve ease of doing business for foreign investors, and possesses a large pool of skilled labour. With per capita GDP set to hit US\$2000, the economy is fast approaching a critical inflection point to deliver transformational growth. As the economy prepares for take-off, there are now major opportunities with significant upsides for investors looking to become a part of the nation's success story. Bangladesh will continue to see large investments from the world's supply chains – initially in the RMG sector, but now across industries. We will continue to welcome investments, particularly in power generation, energy, infrastructure, telecommunications, light engineering, and agro-based industries. The nation's ICT sector, which is globally the second largest contributor of online workers and home to an increasingly sophisticated tech start-up scene, remains an attractive proposition, particularly in business process outsourcing and e-commerce. With an inherently low cost-base, skilled labour force, developing infrastructure, and export incentives, Bangladesh can also prove itself to be a strategic base for sunset industries from more advanced Asean markets that are looking to relocate, and the industries that find themselves in crosshairs of protectionist trade policies. Bangladesh's infrastructure deficit, which analysts have identified as a barrier in achieving the nation's full economic potential, is also a major opportunity. The current government has undertaken a massive programme to develop infrastructure, which will be key in the nation's journey in reaching the pinnacle of global competitiveness. The investment requirement for infrastructure is likely to be in the range of 7-8 percent of GDP, according to the government's Seventh Five Year Plan. For Bangladesh, securing the resources including funding is crucial towards timely accomplishment of its growth target. For Singapore, well-structured infrastructure assets can prove to be attractive for its investors,



REUTERS

A view of the skyline in Singapore, which is a major source of foreign direct investment for Bangladesh.

tors, and continue to drive Bangladesh's progress. A recent partnership between International Enterprise (IE) Singapore, Bangladesh's Public Private Partnership Authority (PPPA) and Bangladesh Investment Development Authority (BIDA) will facilitate Singaporean companies' direct participation in Public-Private Partnership (PPP) infrastructure projects in Bangladesh. This partnership will ease the market entry process for Singapore's investors, and is a clear example of where Bangladesh and Singapore can complement each other in their pursuit of economic growth through close and productive collaboration. In order to fully leverage these opportunities, a close partnership between banks, investors, and the government will be critical. Banks such as Standard Chartered, which are

vastly experienced in project financing in developing markets, can play a vital role in answering how to facilitate these infrastructure projects starting from scoping out, advisory, structuring, and financing. Standard Chartered has the proud heritage of being the longest established financial institution in both Singapore and Bangladesh, celebrating our 159th and 113th anniversary in the two markets respectively in 2018. We have been a witness to the incredible energy and vitality driving these economies forward. Closer collaboration between Bangladesh and Singapore will not only add to the prosperity of these nations, but also serve as a marker for what is possible to the region as a whole. The author is managing director and head of global banking at Standard Chartered Bangladesh.

# India fastest growing RMG market for Bangladesh: Shringla

STAR BUSINESS REPORT

INDIA is now emerging as one of the fastest growing markets for Bangladesh's readymade garment export, said Harsh Vardhan Shringla, Indian high commissioner, yesterday. He said Bangladesh's RMG export to India has seen substantial growth since receiving duty-free and quota-free access in 2011. Bangladesh's garment exports rose 115 percent to \$278.68 million in 2017-18 from \$129.81 million a year ago, said Shringla. He was addressing the inaugural session of three concurrent exhibitions on textile technology, yarn and fabrics and dyeing and chemicals at International Convention City Bashundhara. Shringla said India was one of the biggest sources of raw materials and machinery for Bangladesh's apparel industry. Indian suppliers exported over \$100 million-worth textile machinery to Bangladesh in 2017-18, he said. Speaker Shirin Sharmin Chaudhury of Bangladesh Parliament said she appreciated garment entrepreneurs' role in empowering women while the sector contributed to reducing



CEMS GLOBAL

Shirin Sharmin Chaudhury, fourth from left, speaker of Bangladesh Parliament; Mirza Azam, third from left, state minister for textiles and jute; Harsh Vardhan Shringla, fourth from right, Indian high commissioner, and Meherun N Islam, third from right, president and group managing director of CEMS Global-USA & Asia Pacific, open three concurrent exhibitions on textile and garments in the capital's International Convention City Bashundhara yesterday.

the poverty rate from 40 to 22 percent in a decade. Shafiqul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, urged Indian investors to set up joint venture industries in Bangladesh. He said Bangladesh was one of the biggest contributors of remittance for India as a good number of Indians work in this sector. Mirza Azam, state minister for textiles and jute, said exhibitions help entrepreneurs adopt new technologies for higher production. Around 1,250 companies from 25 countries are participating in the four-day exhibition, which is open from 10:30am to 7:30pm. The organisers said it was a one-stop platform showcasing latest developments and emerging technologies for the textile and garment industries. Among others, Rudra Chatterjee, president of the Indian Chamber of Commerce; Fazlee Shameem Ehsan, vice president of the Bangladesh Knitwear Manufacturers and Exporters Association; Mohammed Nasir, vice president of the Bangladesh Garment Manufacturers and Exporters Association, and Meherun N Islam, president and group managing director of CEMS Global-USA & Asia Pacific, addressed the programme.