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DHAKA FRIDAY APRIL 26, 2019, BAISHAKH 13, 1426 BS || starbusiness@thedailystar.net

Logistics network needs urgent improvement: study

STAR BUSINESS REPORT

Bangladesh needs to drastically improve its logistics network to handle the fast growing inbound and outbound cargo and container movement in line with the country's remarkable economic growth.

By 2021, the country would be dealing with 35 million TEUs (twenty-foot equivalent unit) of cargo and 53 million TEUs by 2025, which is more than double of what it handles now, according to a report of the Bangladesh Supply Chain Management Society (BSCMS).

The report was unveiled at a conference styled 'Logistics in Bangladesh: challenges and future readiness', jointly organised by the Bangladesh Investment Development Authority (BIDA) and BSCMS at the capital's Radisson Blu Dhaka Water Garden hotel yesterday.

The Chattogram port and the Mongla port are the two dominant operational seaports in Bangladesh, with the former handling 90 percent of the country's cargo movement.

As a result, the Chattogram port is bursting at the seams, while the port in the southwest coastal belt remains underutilised. The Mongla port has the capacity to handle 70,000 TEUs a year but in fiscal 2016-17 it handled 26,952 TEUs, down 36 percent from a year earlier.

The rail transportation could be in a position to enhance its capacity to cater the increased export-import cargo handling by the Chattogram Port by more than 10 percent to recapture its legacy from the current dilapidated performance, the report said.

"It is estimated that the existing four-lane road capacity of the Dhaka-Chattogram Highway will come to exhaustion before 2025."

Export and import via airway is increasing at a double-digit rate, the report said.

"Import cargo handling at the airport is



now in deplorable condition as the shade and warehouse space is inadequate."

The existing warehouse with racking facility is not being used fully due to lack of handling equipment and tracking system.

"The yard space and warehouses for export cargo shall not be sufficient to match the evident yearly growth," the report said, adding that if the current growth is sustained all facility will be exhausted by 2025.

Bangladesh will need 26.74 million square feet of additional warehouse space by fiscal 2021-22.

Currently, the demand for warehouse space, mainly for storing imported and exportable goods, near the ports is 41.5 million square feet. And in the next four years, the demand will increase to 68.24 million square feet, according to the report.

The capacity of the implemented and planned waterway-based inland container depots and terminals are assumed to remain at 0.24 million TEUs and come to exhaustion by 2025.

Subsequently, the government needs to address and bring significant steps to support

the logistics sector and boost its growth in the times to come, the report said.

It can put in place a comprehensive national logistics policy for a larger and holistic improvement in the sector.

A number of countries have developed similar blueprints and the policymakers can learn from their experiences, it said.

The growth targets will not be achieved unless cost-effective, hi-tech based logistic equipment and quality infrastructure are not ensured, said Salman F Rahman, the prime minister's private industry and investment advisor, while addressing the opening session of the conference.

The logistic sector will have to improve for faster growth of business, he added.

Naquib Khan, president of BSCMS, presided over the programme.

M Aminul Islam, executive chairman of BIDA; Mohamamd Abul Kalam Azad, principal coordinator of SDG affairs at the Prime Minister's Office; and Mominul Islam, managing director and chief executive officer of IPDC, also spoke.

BB remains strict about offshore banking operations

AKM ZAMIR UDDIN

The central bank has turned down banks' request to grant them waiver on maintaining statutory liquidity ratio and cash reserve ratio for offshore banking operations as it remains steadfast in its intent to impose discipline on this elusive branch.

An offshore banking unit (OBU) is a bank shell branch that conducts regular banking activities but in foreign currency.

With a view to bringing discipline to this branch of banking, the Bangladesh Bank on February 25 issued a full-fledged policy for it.

In it, it directed banks to keep 13 percent of their total liabilities as SLR and 5.50 percent as CRR from July 1.

CRR and SLR are regulatory tools deployed to ensure liquidity and solvency of banks.

SLR is the money a bank needs to preserve in the form of cash, gold or government-authorized securities before providing credit to customers, while CRR is a certain amount of deposit that it must hold as reserves with the central bank.

Before the policy came along, banks did not put aside any fund as SLR or CRR.

Some 36 banks, both local and foreign, now run offshore banking operations and disbursed loans amounting to Tk 59,227 crore as of December last year.

The new BB move did not go down well with banks, and earlier this month

the Association of Bankers, Bangladesh, a platform of private banks' managing directors, sought waiver of the requirement using the crutch of ongoing liquidity crunch.

The ABB also requested the central bank to keep their OBUs free from maintaining loan-deposit ratio.

But the central bank did not meet the demand at a meeting with the ABB at its headquarters in the capital on Wednesday.

The BB, however, assured banks it would revise its latest policy slightly for OBUs to allow local companies to take loans from the operation. But prior approval from the BB must be taken.

As per the policy, foreign entities with presence in Bangladesh and abroad are eligible to borrow foreign currency loans from the OBUs.

Local enterprises located in economic zones, export processing zones, private export processing zones and hi-tech parks can also take loans.

At the meeting, the central bank also decided to allow exporters to take funds in advance from the OBUs against their shipments, which is widely known as bill discounting.

"The meeting was successful as the central bank assured banks of revisiting the policy," said Syed Mahbubur Rahman, chairman of the ABB.

The central bank would issue a revised policy for OBUs shortly, said a BB official.

Govt to focus on financial sector reform

Kamal says

STAR BUSINESS REPORT

The government will focus on reforming the financial sector, including banks and the capital market, to stimulate private investment and job creation, said Finance Minister AHM Mustafa Kamal yesterday.

His comment came at a pre-budget discussion with the editors of print and electronic media, civil society and representatives of non-government organisations at the National Economic Council auditorium in the planning ministry.

"No wrongdoing will be allowed. We are taking steps to solve problems in the banking sector and there will be no spike in default loans," he said after some editors expressed concern regarding the poor health of the banking sector.

The sector has been suffering because of several loan scams and rising non-performing loans for the last couple of years. The Centre for Policy Dialogue in its recent analysis showed that the NPL as a percentage of the GDP rose to 4.17 percent in 2018 from 3.76 percent a year ago.

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Agricultural machinery being showcased at a fair in Khamarbari in the capital yesterday. The demand for farm machinery is rising in the face of gradual decline in workers.

HC seeks BTRC report on telecom tower radiation

STAR BUSINESS REPORT

The High Court yesterday directed the telecom regulator to run a massive study within the next four months to measure the impact of radiation from telecom towers on citizens' health and environment.

The bench of Justice Syed Refaat Ahmed and Justice Md Iqbal Kabir asked the Bangladesh Telecommunication Regulatory Commission (BTRC) to submit its report to the court, based on which a decision will be taken about placement of towers near schools, hospitals and residential buildings.

The order comes following a seven-year-old writ petition filed by rights organisation Human Rights and Peace for Bangladesh.

The bench also said further directives will be given in this regard after the report is submitted, said petitioners' counsel Advocate Manzill Murshid.

Following the previous court order the BTRC purchased high-range telecom equipment for measuring tower radiation but found it below the range, said Barrister Khandaker Reza-E-Raqib, who appeared for the BTRC.

In its order the HC also directed the telecom regulator to make declaration of radiation by mobile handsets mandatory at the time of import for consumer awareness.

There are reportedly 35,000 telecom towers in Bangladesh.

MARKET SLUMP Investors to stage token hunger strike Monday

STAR BUSINESS REPORT

A section of stock investors yesterday announced that they would stage a token hunger strike in front of Dhaka Stock Exchange (DSE) on Monday for five hours protesting alleged inaction of the regulator amidst a continuous fall of the market.

The DSE's benchmark index, the DSEX, plunged 710 points in the last three months while the market value of stocks dropped Tk 32,297 crore.

The investors have been demonstrating on and off before the DSE building for the past two weeks, including yesterday.

One investor, Arifur Rahman, said the market value of shares was eroding every day for reasons including a liquidity crunch in the financial sector and regulations limiting institutional investors from putting in more money.

The premier bourse already identified some reasons and placed those before the stock market regulator, he added.

"But the Bangladesh Securities and Exchange Commission has not yet taken any initiative to solve the problems," he said.

However, Dhaka stocks rose slightly yesterday. The DSEX gained 25.81 points, or 0.49 percent, finishing the day at 5,266.17.

Turnover, another indicator of the market, rose 15.06 percent to Tk 382.97 crore. Fortune Shoes dominated the turnover chart with 58.65 lakh shares worth Tk 22.75 crore changing hands, followed by Monno Ceramic, National Tubes, Bangladesh Submarine Cable Company and Brac Bank.

Aziz Pipes topped the gainers' list rising 9.98 percent while Agrani Insurance was the top loser shedding 9.38 percent.

The Investment Corporation of Bangladesh, Square Pharmaceuticals and Bank Asia were the most positive contributors to the index.

Chittagong stocks also rose with the bourse's benchmark index, the CSCX, increasing 61.42 points, or 0.63 percent, to finish the day at 9,769.88.

Gainers beat losers as 145 advanced and 73 declined while 20 finished unchanged on Chittagong Stock Exchange. The port city bourse traded 50.08 lakh shares and mutual fund units worth Tk 18.01 crore.

APPAREL PAY BGMEA rejects TIB report

STAR BUSINESS REPORT

The garment makers' platform has rejected the report of the Transparency International Bangladesh (TIB) that says garment workers are getting 26 percent less than they should have despite a hike in their salary.

The assertion of not adjusting 5 percent annual automatic increment with the basic of the new wage structure is found to be false, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) said.

Whereas the accumulated impact of the automatic annual increments yields an aggregated 27.63 percent increment to the basic in all grades over five years, the actual hike ranged from 28.7 percent to 36.7 percent, the association said.

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Demolition of BGMEA building to take more time

REFAYET ULLAH MIRDHA

Demolition of the illegally-constructed BGMEA building will take more time as the Rajuk is yet to finalise the contractor for the job.

The deadline for submitting bids ended on April 24 and five bids from local entities were received by the Rajdhani Unnayan Karttripakkha (Rajuk).

Rajuk will verify the competency of the bidders and select the one that offers the lowest rate, said ASM Raihanul Ferdous, its project director.

Chinese experts will be sought if none of the bidders is found to be suitable for the task, he added.

The apex court had ordered the building be handed over to Rajuk on April 12 for demolition, but the tenants failed to meet the deadline. But now the building in the city's Hatirjheel area has been vacated, with its main gate now fully sealed off.

Earlier, SM Rezaul Karim, housing and public works minister, said the BGMEA building will be grounded within the next three months.

BGMEA has already moved most of its assets and offices to its new



Rajuk is yet to finalise the contractor for demolishing the BGMEA building.

building at Uttara Sector 17, which was inaugurated by Prime Minister Sheikh Hasina on April 3.

On April 2 last year, the garment makers' platform secured a final extension for the building for a year and 10 days, which ended on April 11 this year.