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Sonofi's exit plan baffles employees

The drugmaker has been consistently profitable for the last 10 years

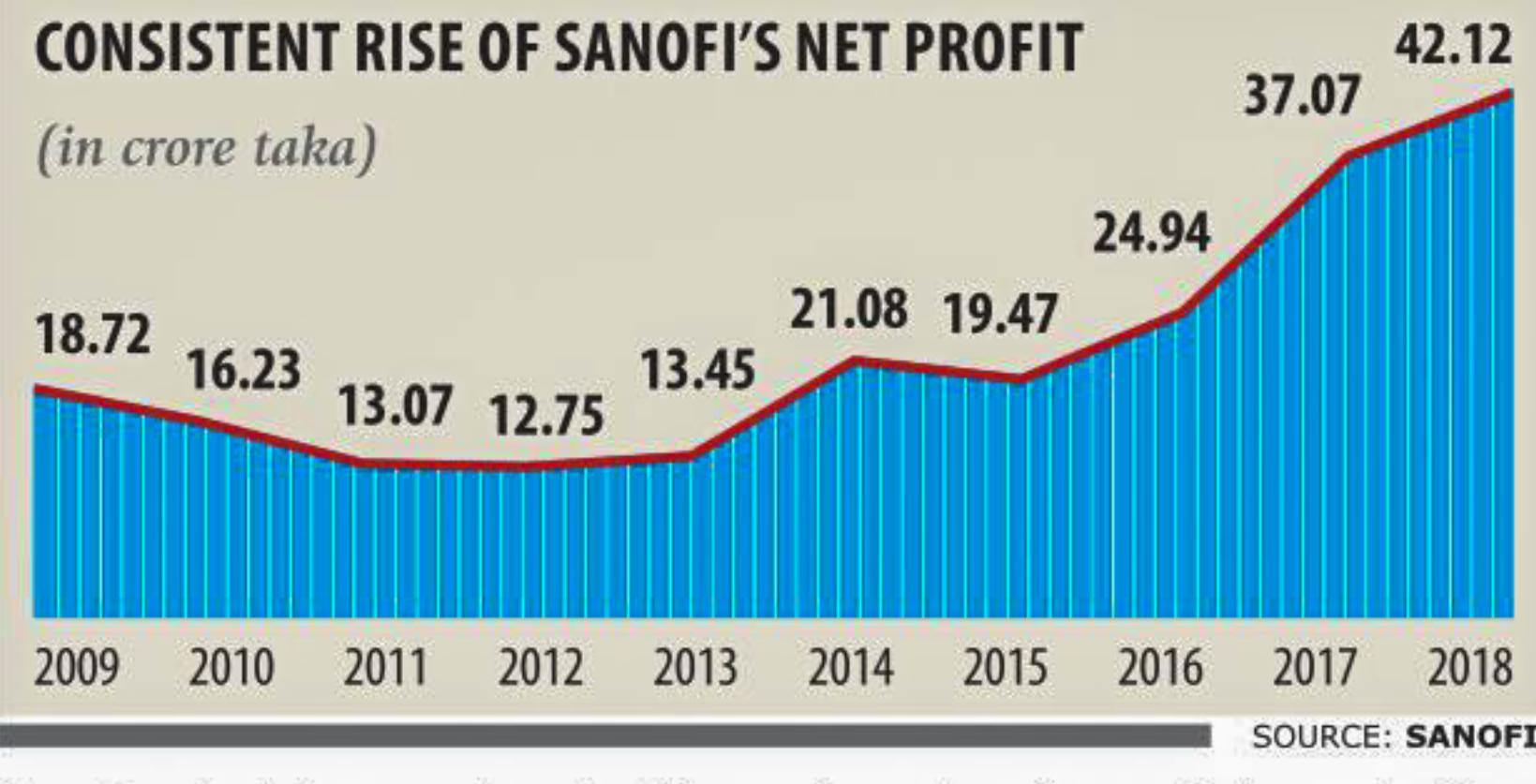
REYFET ULLAH MIRDHA

French pharma giant Sanofi's intent to leave Bangladesh after 60 years despite being a profitable company has left its 1,000 employees worried about their future.

"We are passing an uncertain time now. We are hearing different kinds of information every day. We do not know what will happen," said an employee asking not to be named.

Although the company has been informing its employees that they will not lose their jobs, behind the scenes it has tasked senior officials to draw up a compensation plan.

Sanofi though has been profitable consistently for the last 10 years of its operation, so the company's retreating



from Bangladesh was rather shocking, said another employee.

It logged in profits of Tk 42.12 crore in 2018, up 13.62 percent year-on-year, company documents show.

The Sanofi official blamed the corrupt marketing system in the industry for the company's exit.

For instance, the local pharma companies can

give a lot of commission and gifts to doctors for prescribing their medicines to patients. But such marketing is not permitted by Sanofi's global company policy.

"Sanofi could not do well both in innovation and marketing as it did not give any bribe to any quarter."

But the company has been making profit because of some of its unique drugs, like vaccines for deadly diseases like meningitis and yellow fever, chemotherapeutic products, unique antibiotics, medicines for kidney disease and lifesaving drugs, he said.

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External debt stood at \$40 billion in fiscal 2017-18 and is predominantly owed to multilateral and bilateral creditors, which account for 62 percent

Bangladesh can borrow more from abroad

The country has a low debt-GDP ratio, IMF says

REJAUL KARIM BYRON

The country has scope to bankroll its infrastructure projects through external borrowing as it has a very low debt to gross domestic product ratio, said International Monetary Fund recently.

"Bangladesh has a low risk of external debt distress and a low overall risk of debt distress," the lender said in its latest debt service analysis on Bangladesh.

In fiscal 2017-18, public debt in Bangladesh stood at \$91 billion, which is about 34 percent of the GDP.

The majority of public debt is domestic and denominated in local currency.

In fiscal 2017-18, domestic debt was 56 percent of the total public and publicly guaranteed debt (PPG) stock.

More than one half of outstanding domestic debt is composed of national savings certificates (NSCs) and around a third is treasury bonds, the lender said in its latest staff report.

The IMF arrived at the assessment without the use of judgement as all external debt indicators are below their thresholds and overall public debt is below its indicative threshold.

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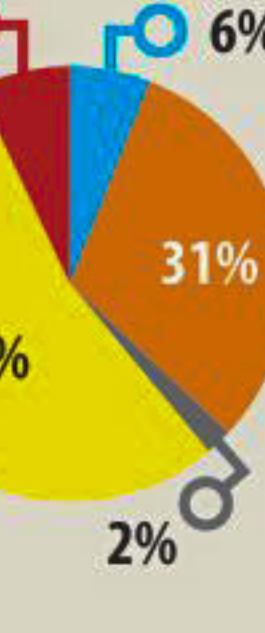
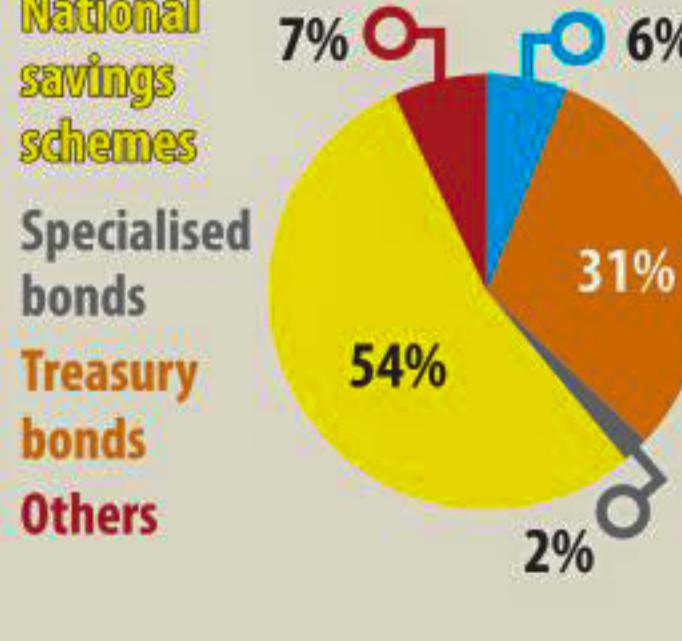
OUTSTANDING FOREIGN DEBT BY CREDITOR (FY2018)

In million dollars

World Bank (IDA)	14,202
Asian Development Bank	8,848
Japan	4,705
China	1,997
Short-term debt	1,947
Guarantees (SOE)	4,030
Others (bilateral and multilateral)	6,593

DOMESTIC DEBT BY TYPE (FY2018)

Treasury bills



and 23 percent respectively of the outstanding debt.

As infrastructure needs in Bangladesh remain, external debt will likely be the primary avenue to finance large infrastructure projects. Favourable debt dynamics help support the sustainability of the investment effort.

"The authorities should continue to seek concessional financing to the extent possible," the IMF said.

External debt-to-GDP ratios are on a declining trend, moving from 15 percent of GDP in fiscal 2017-18 to about 13 percent in fiscal 2028-29.

The IMF welcomed the government's work on revising the medium-term debt management strategy (MTDS).

The last MTDS was prepared in 2014, but the recent rapid increases in NSC issuance reduced its relevance.

A new MTDS should consider the implications of possible reduction in concessional financing with the forthcoming graduation from least-developed country (LDC) status and increased need for issuance of market-based government securities as a result of ongoing NSC reforms.

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Strike a rural-urban balance

BB official urges banks at BIBM seminar

STAR BUSINESS REPORT

Bangladesh Bank wants banks to strike a balance between rural and urban presence to promote balanced economic development in the country, said a top official yesterday.

"Opening a bank branch is mainly a profit-centred issue for a bank but it is more than that for the regulatory body," said SM Moniruzzaman, a deputy governor of BB, at a seminar styled "Opening new branches of banks: Rationality and reality" organised by the Bangladesh Institute of Bank Management (BIBM) on its premises.

The deputy governor's comments came at a time when the ratio of bank branches in urban areas is increasing despite the central bank's guideline on one rural branch against one urban branch several years ago.

At present, there are 59 scheduled banks in the country and the number of branches they have is 10,326.

In 2000, nearly 60 percent of the bank branches were in rural areas against 40 percent in urban areas.

Some 18 years later, the ratio is 48:52 in favour of urban areas despite the entry of a dozen new banks into the system, according to data from BB.

The central bank has already streamlined the process for branch opening, Moniruzzaman said.

He also stressed on keeping the cost of opening bank branches or business centres at a low level to ensure that those become profitable fast.

There is still a demand for more bank



Bangladesh Bank Deputy Governor SM Moniruzzaman, fourth from left, attends a seminar on opening new branches of banks, organised by BIBM at its auditorium in Dhaka yesterday.

branches, particularly in rural areas, despite introduction of alternative delivery channels such as mobile financial services and automated teller machines, said Halal Ahmed Chowdhury, supernumerary professor of the BIBM.

"Many rural areas are transforming into growth centres and those need banking services. Rural branches can also help banks get low-cost deposits," said Chowdhury, also a former managing director of Pubali Bank.

From the national economic point of view, the network of branches should be geographically

as diversified and evenly distributed as possible keeping in mind their viability, said Barkat-e-Khuda, a professor of the BIBM.

Some other speakers also said the business prospects in rural areas include remittance, agriculture and small credits and the possibility of attracting more deposits.

Md Nazimuddin, executive director of the BB and director general of the BIBM, chaired the event while Md Mohiuddin Siddique, an associate professor of the BIBM, presented a paper.

Stocks fizzle after brief recovery

STAR BUSINESS REPORT

Stocks fell yesterday, snapping a two-day surge because of profit-booking tendency involving some stocks and the protracted liquidity crisis.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 41.51 points, or 0.83 percent, to 4958.72, falling again below the psychological 5,000-mark. In the previous two sessions, the index had edged up 144 points.

Market analysts termed the fall a correction as some stocks slipped after rising 5 percent to 26 percent in the last few days.

For instance, stocks of Grameenphone fell around 1 percent after advancing around 26 percent in the previous 12 trading days. Similarly, stocks of Renata had risen 10.87 percent during the period but it fell 1.76 percent yesterday.

UCB Capital Management, a stock broker, said in its daily market analysis that the dearth of liquidity is still keeping the market in the bear territory for an extended period.

Large-cap scrips, namely Grameenphone, United Power Generation, and British American Tobacco led the downturn of the index and most of the major sectors, except general insurance, faced correction, it added.

An asset manager said the central bank's decision to provide liquidity support to

banks to invest has created hope among general investors.

This led them to buy shares on Monday but the fund has not entered the market yet, he said, adding that the market is still facing liquidity crunch as institutional investors have not become active.

Turnover, another important indicator of the market, nosedived 21.59 percent to Tk 405.63 crore.

The top three negative index contributors were Grameenphone, United Power Generation and British American Tobacco.

Of the traded stocks, 103 gained, 214 dropped and 34 remained unchanged.

Among the major sectors, non-bank financial institutions exhibited the highest positive movement of 3.58 percent while fuel and power showed negative movement of 0.12 percent.

The energy sector dipped 1.6 percent while general insurance rose 1.5 percent.

SEML Lecture Equity Management Fund topped the gainers' list with a rise of 10 percent. The worst loser was Fortune Shoes, which gave up 9.11 percent.

Fortune Shoes became the top-traded stock on the day with its shares worth Tk 19.72 crore changing hands, followed by GP, Beacon Pharmaceuticals, Sonar Bangla Insurance and National Tubes.

Chattogram stocks also slipped with the bourse's benchmark index, the CSCX, shedding 83.15 points, or 0.89 percent, to finish at 9,158.56.

India says onion prices will drop soon

PALLAB BHATTACHARYA, New Delhi

Onion prices will calm down in the next few days as government-owned agencies have started releasing stock

from the central buffer, India's Agriculture Minister Narendra Singh Tomar said yesterday.

The price of the kitchen staple has

gradually increased in the last one month because of supply disruption in flood-hit onion-growing states like Maharashtra.

Last week's rains have further affected the supply, following which onion prices have surged, as per traders.

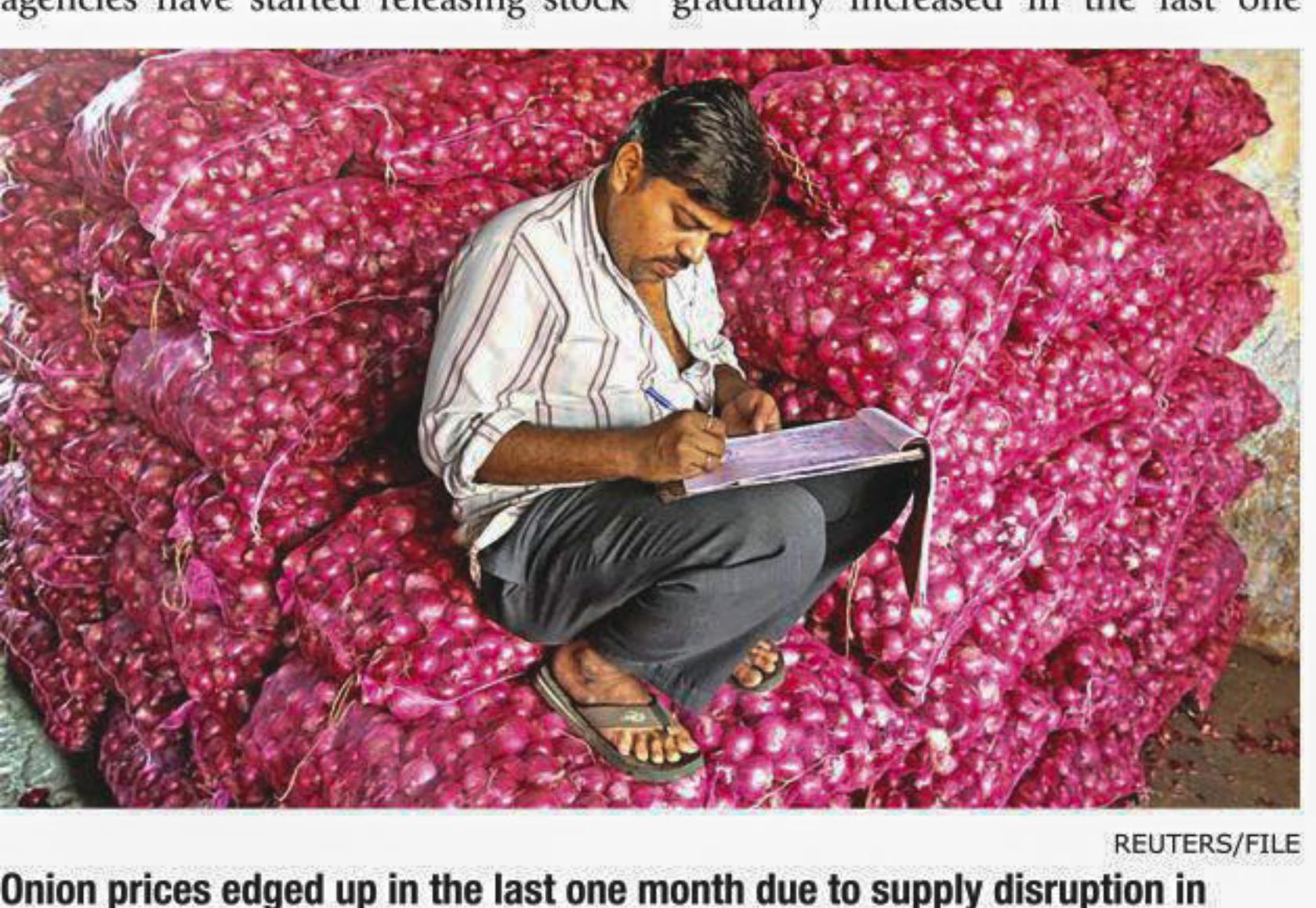
"The National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) is releasing stock at a lower price. We have enough stock of onion," Tomar told reporters here.

The government is aware of the onion situation and taking measures to balance in the interest of both farmers and consumers, he said.

"At times, consumers have to pay high price for farm items and at times, farmers get less price for their produce. Our role is to balance this. We are aware of it and are taking several measures."

At present, stored onions are being sold in most parts of the country as fresh Kharif (summer) crop will hit the market in November, traders said.

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Onion prices edged up in the last one month due to supply disruption in flood-hit onion-growing states of India.

Improve supply chain to lift dev status

Experts say at the launch of Bangladesh Supply Chain Excellence Awards

STAR BUSINESS REPORT

Bangladesh has to improve its supply chain management system if it wants to be a middle-income country by 2021 and a developed one by 2041, analysts said yesterday.

There is no other way to make most use of the existing resources the country has, said Mominul Islam, managing director and CEO of IPDC Finance.

Islam believes small and medium enterprises (SMEs) would flourish and employment generation would accelerate if banks and non-bank financial institutions adequately finance the logistic networks.

He spoke at a press conference at Pan Pacific Sonargaon in Dhaka.

Islam said supply chain ecosystems not only work with corporates but also with SMEs and have been changed a lot by the internet of things, artificial intelligence and e-commerce.

"Even finance and marketing departments now have to get involved

with supply chain management systems alongside supply chain experts," he added.

IPDC Finance and Bangladesh Supply Chain Management Society

organised the press meet to announce the start of the second edition of "Bangladesh Supply Chain Excellence Awards 2019".

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Mominul Islam, centre, CEO of IPDC Finance, and Naqib Khan, second from left, president of Bangladesh Supply Chain Management Society, attend a press conference at the Sonargaon hotel in Dhaka yesterday on organising "Bangladesh Supply Chain Excellence Awards 2019".

IPDC FINANCE