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Bangla Bond debuts on London Stock Exchange today

\$19m of the planned \$1b to be floated

REJAUJ KARIM BYRON

A \$19 million taka-denominated bond is set to make its debut on the London Stock Exchange today, in a landmark moment for the country.

The debt certificate—the Bangla Bond—is being backed by the International Finance Corporation (IFC), the private sector arm of the World Bank Group.

Finance Minister AHM Mustafa Kamal is expected to ring in the ceremonial trading bell, according to a senior official of the finance ministry.

Following the ceremony, an investors' roundtable will be held to showcase Bangladesh's growth story and investment opportunities.

The government expects to draw \$1 billion from the Bangla Bond, with the rest of the amount to be floated in phases.

The floatation of the bond comes as the government looks to mobilise the hordes of expatriate Bangladeshis towards nation building and draw in foreign investors too.

Kamal will be accompanied by Salman F Rahman, prime minister's adviser for private industry and investment, and Monowar Ahmed, secretary of the Economic Relations Division, at the event.

The IFC has been working with the government for four years for the Bangla bond.

A successful implementation of the bond issuance will signal the confidence offshore investors have in the stability of the Bangladesh economy and the taka, the IFC said in its proposal in April 2015.

Positive investor and media responses to an inaugural IFC issuance could potentially catalyse further investments and dollar inflows into Bangladesh.

Many investors tend to invest in A-rated bonds and stay away from Baa3/BBB-/BB+ rated Bangladesh government bonds even if they wish to gain exposure to the taka.

These investors will, however, be able to invest in IFC's AAA-rated bonds, the IFC said, adding that sovereign wealth funds and foreign central banks are likely to be attracted to the taka-linked bonds.

While initial feedback from investors has signalled appetite for shorter tenures (2-5 years), the IFC's intent is to build a longer yield curve over time.

Economy not gloomy, but challenges remain: DCCI

STAR BUSINESS REPORT

The current state of Bangladesh's economy is not gloomy but it faces some major challenges such as rising bad loans, declining exports and stagnant private investment, a leading business chamber said yesterday.

"Some areas of the economy like the banking sector, the stock market, exports of major sectors and inflow of investment by the private sector are not doing well," said Osama Taseer, president of the Dhaka Chamber of Commerce and Industry (DCCI).

"We have challenges, but we are trying to overcome them positively," he said, while speaking at a press meet on the current economic issues at the DCCI office in the capital.

Taseer said the prime export-earning garment sector, which accounts for more than 80 percent of the national exports, has been going through difficult times.

Exports slumped more than 17 percent year-on-year to \$3.07 billion in October as the strong local currency continued to depress apparel shipments, government data showed.

This is the third consecutive month to witness such a decline.

Recently, some small and medium-sized units have been shut down and a few thousand workers have lost jobs.

"The declining trend of garment shipments indicates that Bangladesh needs to diversify its export basket and should cut dependence on single apparel



DCCI President Osama Taseer speaks on the state of the country's economy at a press meet at the chamber's office in Dhaka yesterday.

items," Taseer said.

Bangladesh's garment factories have improved safety standards as per recommendations of international inspection and remediation agencies, but buyers are not paying increased prices for the products they source from the country, he said.

According to the chamber, a stagnation in the inflow of private investment is another major challenge for the economy.

Private investment-to-GDP ratio has remained stagnant between 22 and 23 percent for the last six years.

"Inadequate infrastructure and high cost of doing business are posing

challenges to the desired private sector investment," Taseer said.

According to the chamber, the disbursement of industrial term loans rose 0.99 percent year-on-year to Tk 37,482 crore in the first half of 2019. SME loan disbursement stood at Tk 19,905.28 crore during the period.

The DCCI chief cited the rising non-performing loan (NPL) as one of the major challenges. "We have to rein in the NPL."

NPL stood at Tk 112,425 crore in June, which is 11.66 percent of the total outstanding loans in the banking sector.

Taseer said introducing single digit interest on bank loans is

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Tuna fishing faces uncertainty

SOHEL PARVEZ

The prospect of tuna fishing deep in the Bay of Bengal is hanging in the balance owing to a lack of interest of licensee firms in bringing trawlers to catch the commercially important fish, said insiders.

In April 2016, the government started giving licences to firms to bring vessels to catch tuna and pelagic fishes beyond the 200-metre depth of the Bay and in international waters.

Until April last year, it awarded licences to 17 firms for longline and purse seine fishing.

None of the firms, some of which are connected to people of the ruling Awami League, has brought trawlers despite the passing of one and a half years since the last licence was issued in April 2018, according to the Ministry of Fisheries and Livestock.

Industry operators say the requirement for investing a large amount of capital and a lack of data about tuna stocks, available species and idea about tuna fishing grounds have kept licensee firms from bringing the vessels.

"All are still in dilemma regarding bringing the vessels," said Md Towfiqul Arif, joint secretary for blue economy of the fisheries ministry.

He said the ministry sat with the

licensees recently and would sit again this month to review the progress.

The government awarded the licences in a bid to explore offshore resources after the country attained the right to fish in 118,813 square kilometres of the Bay of Bengal

following a verdict from an international tribunal in 2014.

Bangladesh also became a member of the Indian Ocean Tuna Commission to explore tuna stocks outside the boundary of its 200 nautical miles. The commission



About six million tonnes of tuna are now caught worldwide annually, according to the Fisheries Research journal.

is an intergovernmental organisation mandated to manage tuna and tuna-like species in the Indian Ocean and adjacent seas.

And as per conditions of the licences, firms have to submit detailed work plans and specifications of vessels to the fisheries ministry within six months of getting licences.

Moreover, the trawlers are required to be imported or constructed within two years of the licences being provided, according to the ministry.

The ministry in its licencing conditions said no fishing trawler past 10 years of age could be imported.

Joint Secretary Arif said all the licensees submitted specifications of vessels they wanted to buy. The ministry approved the specifications.

Yet, progress remains sluggish, prompting the ministry to extend deadlines following applications from firms.

"It appears that some have got licences without any clear understanding about the prospect," said an official of the ministry.

Industry insiders say tuna fishing is a new concept in the country and local firms do not have any idea about business prospects in longline and purse seine fishing.

\$300m ADB loan to expand power lines

AiIB plans \$200m co-financing

STAR BUSINESS REPORT

The Asian Development Bank has approved a €271.84 million, or \$300 million, loan for a project to expand transmission lines in greater Dhaka and the western zone of Bangladesh.

Besides, the Asian Infrastructure Investment Bank is considering \$200 million in co-financing to finance transmission lines, substations, and an enterprise resource planning system.

The assistance also comprises a \$750,000 grant from China's Poverty Reduction and Regional Cooperation Fund (PRC Fund), the Manila-based lender said in a statement on Friday.

"As the Bangladesh economy grows and the power grid becomes more congested," said ADB Principal Energy Specialist Aiming Zhou, adding that the upgradation and expansion of the country's transmission network was crucial for sustaining the growth and reducing poverty.

"The project will improve the reliability and efficiency of the electricity supply in the greater Dhaka and western zone of Bangladesh, helping to bolster economic growth and achieve the government target of electricity for all by 2021."

Bangladesh has yielded an average annual gross domestic growth of 6.5 percent during fiscal years 2009 to 2018 and achieved lower middle-income country status in FY2015. Despite its economic success, Bangladesh faces major challenges in maintaining growth trends and reducing poverty because of infrastructure deficiencies in the energy sector and elsewhere.

Despite considerable progress in increasing generation capacity to meet the growing demand for electricity, the sector is still characterised by recurring power supply shortages, an increasing number of interruptions, and damaging voltage fluctuations.

The project will improve reliability and efficiency of electricity supply in greater Dhaka and western zone of Bangladesh

MFS interoperability in a year: Palak

STAR BUSINESS REPORT

Transactions for mobile financial services from one operator to another will be possible within a year as the government is working to introduce a platform, State Minister for ICT Zunaid Ahmed Palak said yesterday.

Transactions among the same MFS operators are currently not enabled.

Interoperability will automatically increase user numbers manifold, said Palak, adding, "And then payment for e-commerce industry will also be easier and that will also help grow online shopping."

"Without interoperability we cannot explore the full potential of the digital financial transactions," he told the e-Commerce Association of Bangladesh's (e-CAB) 5th anniversary celebration at BGB Banquet Hall in the capital.

Currently there are 16 banks and financial institutions providing MFS in the country with transactions reaching about Tk 1,200 crore a day.

As of September, MFS transactions amounted to Tk 35,433 crore, according to Bangladesh Bank.

"From the top of the government's policymaking position we got direction to make the digital payment process easier and after that we have started to bring about the system," said Palak referring to Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy.

Through the event the e-CAB also celebrated listing 1,000 members. Its president, Shomi Kaiser, and general secretary, Md Abdul Wahed Tomal, also spoke.

Efficient solutions, conservation to cut energy use by 30pc: experts

Global event on energy efficiency in Dhaka from tomorrow

STAR BUSINESS REPORT

Awareness should be raised on energy efficiency and conservation to cut its consumption with the help of efficient technologies, machinery, best practices and changing behaviour amid fast-depleting local gas resources and rising imports of primary fuel, experts said yesterday.

With a record 8.1 percent economic growth in the last fiscal year, Bangladesh is already the fastest growing economy in the Asia Pacific region.

Energy demand is expected to surge further to attain the nation's ambition of becoming a developed economy by 2041.

"In order to sustainably achieve Bangladesh's development ambition, energy efficiency and conservation will continue to play a pivotal role," said Siddique Zobair, member for energy efficiency and conservation at the Sustainable and Renewable Energy Development Authority (Sreda).

He spoke at a press conference to announce the upcoming "International Conference on Energy Efficiency and Conservation Awareness" at the La Vinci hotel in

Technological intervention and behavioural change are two of the most important components of energy efficiency and conservation

Dhaka.

The Sreda in collaboration with the Renewable Energy and Energy Efficiency Programme of the German Development Cooperation (GIZ)

and GIZ Sector Network TUEWAS (Transport, Environment, Energy and Water in Asia) will organise the two-day event.

The event will start at the Pan Pacific Sonargaon hotel in Dhaka on Monday.

Around 400 experts from Bangladesh, Japan, China, Vietnam, India, Germany, Croatia, and Nepal will take part in the event.

The conference aims to draw lessons from regional success stories, suitable approaches and policy instruments in raising awareness and addressing behavioural and social aspects of adopting energy efficiency measures and ensure energy-saving performance.

Zobair said technological intervention and behavioural change are two of the most important components of energy efficiency and conservation. Of the two, changing behaviour is very difficult.

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