



**British High Commissioner to Bangladesh Robert Chatterton Dickson poses with Ali Reza Iftekhar, managing director of Eastern Bank, at the latter's head office in Dhaka during a discussion with senior officials on the investment environment and business opportunities in Bangladesh.**



**Sayem Sobhan Anvir, managing director of Bashundhara Group, receives a "Best Excellence Award 2021" for contributions in the advancement of the country's trade and commerce from AK Saxena, president of the Indian Importers Chamber of Commerce and Industry at hotel in Dhaka on Monday. Industries Minister Nurul Majid Mahmud Humayun and Indian High Commissioner to Bangladesh Vikram Doraiswami were present.**

## Standard Bank gets new vice chairman



STAR BUSINESS DESK

Standard Bank recently witnessed the election of Ashok Kumar Saha as vice chairman.

Saha is the managing director of NGS Steel Industries, NG Saha Steel Industries, NGS Food Products and Uttam Oil and chairman of AK Saha Steel Industries, says a press release.

He attained a bachelor's degree in electrical engineering from Ohio University and a post-graduation degree in chemistry from the University of Chittagong and another in business administration from the University of New Haven.

## Govt mulls policies on reuse of edible oil

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Harald SIGL, head of corporate communications and public affairs at Muenzer Bioindustrie Austria/Europe, said it is indispensable to have a precise legal regulation on collecting used cooking oil.

Md Abdur Rahim, joint secretary of the export wing of the commerce ministry, said the government would consider allowing exports of used cooking oils if stakeholders recommended.

Fahad Saleh, chief operating officer of Muenzer Bangla, Md Masud Alam, national food safety consultant of the Food and Agriculture Organisation and Syed Muhammad Shoaib Hasan, CEO of HIFS Food, also spoke.

## Mahindra eager to set up farm machinery assembly plant

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made these comments during an online meeting with Agriculture Minister Muhammad Abdur Razaque, according to a press release from the agriculture ministry.

Mentioning that the government is putting emphasis on farm mechanisation, Razaque said subsidies amounting to Tk 200 crore was provided to farmers last year so that they could buy equipment like combine harvesters and reapers.

Bangladesh's annual market for agro-machinery now stands at \$1.2 billion and continues to grow by 10 per cent and India has the opportunity to invest in this large market, he said.

The Mahindra & Mahindra is interested to invest here as there is a huge scope for mechanisation, he added.

## Longer home stays raise use of casual wear

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Bangladesh's major advantage in knitwear manufacture and shipment is a shorter lead time as the raw materials can be easily availed from local markets, which is not possible for woven.

Local spinners can supply nearly 90 per cent of the demand for raw materials such as yarn and knitted fabrics, which has drastically improved the lead time, saving as much as 20 days.

Maintaining a strict lead time, starting from the placement of orders to the shipping of goods within the time specified by buyers, is very important in the competitive world of garments.

In case of woven, a majority of the raw materials need to be imported from abroad, mainly China and India, as local weavers can meet just about 40 per cent of the demand.

Over the last four decades, local entrepreneurs invested more than \$8 billion in the country's primary textile sector, mainly in spinning for the knitwear sector.

During the pandemic, the disruption to supply chains such as import of fabric from China, Bangladesh's single largest source for it, had a detrimental effect on woven garment production and shipment.

Besides, shipments of woven items such as formal shirts and trousers has fallen for a downturn in demand as people are increasingly

opting to work from their homes and limiting movement outdoors. Local manufacturers are cashing in on increasing orders being placed for knitwear items by western retailers and brands.

Some factories, especially the bigger units, are already completely booked till the next season.

The Daily Star spoke to some garment suppliers to get an insight of the success in knitwear shipment. "We have done very well in July, August and September and we exported more than what our projection was," said Bakhtiar U Ahmed, chief operating officer of Fakir Apparels.

"Currently, the shipment of knitwear is not so well as the buyers are staying conservative in the wake of the second wave of the pandemic virus. It is like a go-slow approach," he said.

Usually, his company exports knitwear items worth \$125 million a year but in 2020, they managed to reach \$114 million.

"However, we have increased our target in 2021 to \$133 million. I am very much hopeful that my company can achieve the target as work orders are coming in with the arrival of vaccines for Covid-19 in the markets," Ahmed told The Daily Star over the phone.

Moreover, he predicts that people would start spending more money on clothing items once they start going outdoors as before for the presence of vaccines, said

Ahmed, adding that currently some 10,000 workers were employed in his factory.

He said Europe, his main export destination, was hit hard by the second wave and many countries had announced going into another bout of lockdowns.

As a result, the buyers now were a bit conservative in placing orders, he said.

On another note, Ahmed apprehends that price hikes of some 30 per cent of yarn and over 8 per cent of chemicals might end up acting as deterrents to increasing knitwear exports.

Although yarn prices have gone up in the local markets, the supply is still normal, said Ahmed, who mainly exports fleece jackets, trousers, sweat shirts, jackets, trouses and polo shirts.

During this pandemic, knitwear shipments increased to European markets, the single largest export bloc for Bangladesh's garment items, said Md Fazlul Hoque, managing director of Plummy Fashions.

He cited, among others, the factors of increased demand for longer stays at home and the lead time advantage.

Hoque said to have set a target for exporting knitwear items worth \$27 million in fiscal 2020-21. "I am hopeful that I can achieve the target as we will do better from the second half of the year," he said.

Usually knitwear items are the

casual dresses, said Mohammad Hatem, senior vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA).

Apart from the reasoning cited in this report, he attributed the increasing exports to Bangladesh's prices being lower than that of other countries.

As a result, buyers have continued doing business with Bangladesh even during this pandemic, Hatem said.

Yarn prices went up in local markets mainly because of a cotton price hike in international markets, said Abdul Hai Sarker, former president of the Bangladesh Textile Mills Association (BTMA), a platform of spinners, weavers and the primary textile sector.

Cotton traded at 70 cents and 71 cents per pound between January and September last year but it jumped to 85 cents and 86 cents per pound over the last three months.

Sarker observed that international cotton prices might maintain the uptick in the coming months for higher demand.

The demand for knitwear items went up as people are able to use those as casual wear and do not need to wash those frequently like woven garment items, Sarker also said.

People can wear a knitwear item 15 times before it required washing but in case of woven, this could not happen, he said.

## Science must determine company climate targets, say executives

REUTERS, London

Companies must listen to scientists and align their plans to reach net zero targets with a global pact to fight climate change, executives told a Reuters Next conference on Monday.

Under the 2015 Paris Agreement, countries agreed to take steps to limit global warming to well below 2 degrees Celsius, and preferably to 1.5C, compared with pre-industrial levels.

But time is running out and scientists warn that society needs rapid and unprecedented change to curb global warming and avoid catastrophic climate change.

"Governments and companies need to be thinking about what the scientists are telling us. COVID-19 teaches us that," Sean Kidney, chief executive of Climate Bonds Initiative, said.

In the United States, the incoming administration includes a "strong team" of leaders, including former Secretary of State John Kerry as climate czar, to help advance new technology and reduce carbon emissions, Jeffrey Sachs, director of the Center for Sustainable Development at Columbia University, said.

But it will also be important for businesses and local leaders to support the shift to clean energy, Sachs said.

And people need to be informed on the approaches, such as wind power and solar power, that are gaining traction in their area and understand how they can help, he added.

## eGeneration to raise Tk 15cr from market

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It will also boost eGeneration's capability to better serve health sector customers with emerging technologies such as artificial intelligence, machine learning, big data analysis and blockchain, the company said in its IPO prospectus.

It will also help the company save on cloud subscription fees of Azure and Amazon web services as well as third-party data centre costs, it added.

The government has more than Tk 800 crore worth of healthcare transformation projects in the works for the next couple of years, the company said, adding that using information and communication technology was a unique concept for providing better health service.

It said to have been conducting research and development work in health technologies for the past two years.

The company plans to repay Tk 3.40 crore of its debt to IPDC Finance to minimise its interest burden of 11.5 per cent per annum.

As the demand for IT solutions has been rising amid the ongoing coronavirus pandemic, IT based companies have huge potential, said stock investor Torikul Islam.

"So, its inclusion might have a positive impact on the stock market," he added.

Local demand for software stood at \$1.10 billion in 2017 while it is forecasted to hit \$ 4.6 billion in 2025, according to the IPO prospectus.

"We wanted to pave the way for other technology companies in Bangladesh to get inspired by our success, raise funds from the local market, and share their accomplishments with small investors," said Shameem Ahsan, managing director of eGeneration.

"We believe this is how our ICT industry can flourish and take Bangladesh to a leading position in the global tech arena in the next decades," he added.

## Bangladesh makes strong case for LDC graduation

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It was projected during the meeting that since Bangladesh had met all the criteria for LDC graduation for consecutive second time, the country would be recommended for graduation in the upcoming triennial review.

At the same time, the Bangladesh delegation called for providing extended preparatory period of five years spanning from 2021 to 2026.

Bangladesh met all the criteria for LDC graduation for the first time during the last CDP triennial review held in March 2018, according to the statement.

As per the UN provisions, a country must be found eligible in two successive triennial reviews to be recommended by CDP for graduation.

According to the rules of CDP, a country can enjoy three to five years' preparatory period after being recommended for graduation.

If Bangladesh gets five-year preparatory period for graduation after being recommended by CDP during the upcoming triennial review, the country will formally graduate from the LDC status in 2026.

During this preparatory period, Bangladesh would be entitled to enjoy all the international support measures reserved for LDCs. In addition, as per the existing provisions, the country would also remain eligible to enjoy duty-free and quota-free access in the European Union market for three more years until 2029.

## Govt develops format for project feasibility studies

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With this backdrop, the government is preparing a template on the feasibility study for development projects.

"The DPP contains a short brief on the feasibility study for proposed development projects, but it is not sufficient to understand them properly," said Planning Minister MA Mannan.

He was addressing a workshop on finalising the draft feasibility study format at the conference room of the National Economic Council in Dhaka yesterday.

"I go through projects in details. I notice there is a paragraph as a feasibility study report in the DPP which is very weak and insufficient," he said.

Many people, including the prime minister raised questions about undertaking projects before carrying out any feasibility study, he noted.

Around 1,800 to 1,900 projects are implemented every year.

The feasibility study of projects

costing more than Tk 50 crore must be conducted before the implementation begins. Otherwise, the planning commission will not place the project proposal at the Encec.

Talking to The Daily Star, Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, said there was a trend to include projects in the annual development programme (ADP) without proper feasibility studies. "This creates challenges for the implementation of the projects as it causes delays and raises the cost," he said.

The economist said cost and social benefit assessment was needed before undertaking a project for better outcomes. But projects are taken without proper assessment. Sometimes, implementing entities prepare projects based on a general idea. "For these reasons, the targets of projects are not achieved and this wastes the taxpayers' money," Moazzem said.

For instance, the Chattogram-

Cox's Bazar Railway Project was undertaken 12 years ago without any feasibility study, said a number of planning ministry officials.

The officials also said most of the projects, except the mega ones, were included in the ADP based on paperwork and without a feasibility study.

The new format of the feasibility study will provide an explicit definition of the problem to be addressed, identify the likely causes of the problem and give a brief insight of the likely consequences if no intervention is made, according to the draft document.

It will justify the need for the proposed project by linking the proposed goals, outcomes and outputs with global or national development plans or policies.

The feasibility study report must identify the components of the cost and benefit and transfer them in monetary value. It will identify the direct, indirect and associated cost and benefit components.

Besides, it will illustrate the

social benefits and point out the net benefit that the project would bring to society, the draft document said.

"The flow of the cost and benefit throughout the project life is uncertain. Given that uncertainty, considerations have to be given to the cost that risk implies," the document said.

The feasibility study will describe the interventions that need to be undertaken by the government through the proposed project. It will specify the economic and environmental effects.

The study report will describe the evacuation plan, institutional arrangement for shutting down utility services and general procedures to be followed by individuals during disasters.

It will give a description of the location of projects. Availability of land is a key aspect. Evidence has to be provided that the land is owned by the organisation, which has the full title to use it, or the land has to be purchased through acquisition or requisition process.

## India's Ecom Express acquires majority stake in Paperfly

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With over 1,000 own employees at the union level and beyond, the company founded in 2016 describes itself as Bangladesh's first homegrown technology-enabled logistics service provider.

Its ambition echoes Ecom Express, which is said to have taken its first steps abroad on utilising e-commerce logistics to reach almost 1 million people daily through 2,900 delivery points across India.

Incorporated in 2012, Ecom Express has a presence in all 29 states of India.

"Bangladesh's logistics industry must evolve in many folds to keep up with modern purchase behaviours from an increasingly digitised society," said Shahriar Hasan, founder and CEO of Paperfly.

"We want to lead that evolution in both e-commerce and traditional logistics," he added.

"There is a lot to be done in terms of cost efficiency and customer service, backed up by tech play," said Rahath Ahmed, its co-founder and chief marketing officer.

He said their aim was to establish the largest network of connected logistics, able to meet the needs of any enterprise, customers or e-commerce.

"The partnership will provide us the exposure towards faster tech adaptation, which Ecom Express has already carried out in their market," said Shamsuddin Ahmed, its co-founder and chief technology officer.

"We look forward to providing superior customer experiences across its supply value chain by integrating e-commerce, logistics and technology ecosystem," said TA Krishnan, CEO and co-founder of Ecom Express.

## BB steps in as banks charge higher interest

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Banks should maintain separate books to calculate the interest rate as per the central bank's instruction, he said.

In some cases, a good number of banks are charging 1-1.50 per cent more than the rate set by the central bank, the entrepreneur said.

"The central bank should strongly monitor the issue."

Banks should follow the central bank instruction all the time, said Syed Mahbubur Rahman, managing director of Mutual Trust Bank.

Lenders should maintain the interest rate ceiling to help the economy make a turnaround from the pandemic in a speedy

manner, said Rahman, also a former chairman of the Association of Banks, Bangladesh, a forum of managing directors of banks.

"The central bank will take punitive measures against the errant banks if they continue charging a higher rate," said a central banker.

The pandemic-hit affected clients who have already borrowed from banks can take a maximum of 30 per cent loans from their existing credit limit.

The most affected borrowers will be given priority while disbursing the loans from the fund, and banks will provide the loans from their coffers. Banks have so far disbursed Tk 31,000 crore of the stimulus package.

## BB sets minimum disbursement target

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The CAMELS acronym stands for "Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity".

Supervisory authorities assign each bank a score on a scale. A rating of one is considered the best and a rating of five the worst for each factor.

The achievement of banks and NBFIs

in the arena of sustainable financing will also help manage a good score from the sustainability rating of banks and the NBFIs prepared by the central bank.

The latest measure taken by the central bank will promote the country's green economy as a whole, said Khondkar Morshed Millat, a general manager of the central bank.