

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|--------|--------|-------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | CNY |
| ▼ 1.48% | ▼ 1.36% | \$1,721.90 | \$66.30 | ▼ 1.17% | ▲ 1.01% | ▲ 0.9% | ▲ 0.51% | BUY TK 83.95 | 99.33 | 116.18 | 12.70 |
| 5,434.69 | 9,500.76 | (per ounce) | (per barrel) | 49,216.52 | 30,216.75 | 3,137.66 | 3,463.07 | SELL TK 84.95 | 103.13 | 119.98 | 13.35 |



Star BUSINESS

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India-funded projects see slow progress

REJAUUL KARIM BYRON and JAGARAN CHAKMA

The implementation of the 44-kilometre Dhaka-Tongi-Joydebpur rail line under an Indian line of credit (LoC) has made progress of 31.2 per cent since its construction began 11 years ago.

Other infrastructure projects being funded by India are also facing delays and upward cost revisions.

To resolve the issues, the Economic Relations Division (ERD) holds regular meetings with line ministries and Indian contractors and other officials, but the pace of implementation has been slow.

OVERVIEW OF INDIAN LINE OF CREDIT

| Signing year | Amount (million \$) | Total projects | Completed projects | Fund disbursed (As of March 14) |
|--------------|---------------------|----------------|--------------------|---------------------------------|
| 1st LoC 2010 | 862 | 15 | 12 | 634.92 |
| 2nd LoC 2015 | 2,000 | 15 | 2 | 94.59 |
| 3rd LoC 2017 | 4,500 | 16 | 0 | 9.79 |
| Total | 7,362 | 46 | 14 | 739.3 |

Since 2010, India has disbursed 10.03 per cent of the \$7.36 billion pledged as loans.

So far, 46 projects have been taken up under three Indian LoCs, of which 14 projects related to the procurement of buses, trucks and other vehicles were completed.

The remaining 32 projects are suffering from slow implementation.

Officials of the relevant ministries and the ERD blamed bureaucratic red-tape, the terms of the LoCs, inexperience and a lack of planning for the delay. Taking on too many projects has also been a principal cause.

"India has no experience in providing large loans to any country other than Bangladesh," said Ahsan H Mansur, executive director of the Policy Research Institute.

Besides, the Indian bureaucrats want to handle the matter very cautiously, which causes a massive holdup, he said.

When bureaucrats have experience in dealing with government-to-government project funding, negotiations move very fast, he added.

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How Vietnam getting mightier in apparel shipment

Its edge over Bangladesh: low lead time, quality fabric, upmarket focus

REFAWET ULLAH MIRDHA

If you happen to come upon t-shirts being sold in the United States or the European Union (EU), the chances are that the Vietnamese ones have outdone the Bangladeshis, securing twofold the export price.

To give an idea of the margin, let's take an instance in the EU in 2020 cited by the Centre for Policy Dialogue (CPD) in a research last month.

Against every 100 kilogrammes of t-shirts, Vietnam managed to fetch \$2,157.90 last year, whereas it was \$1,091.50 for Bangladesh.

This did not come out of the blue. In 2019, the rates were going at \$2,099.70 and \$1,097.50 respectively.

The same story was repeated in the US, another major export destination for both nations.

Closer inspection reveals the most visible edges: the quality of Vietnamese fabrics being substantially better and a section of its people having a taste for high-end products.

BANGLADESH VS VIETNAM

T-shirt prices (per 100-kg)

Bangladesh: \$1,091
Vietnam: \$2,057



Other comparisons: Vietnam:

- Proximity to China
- Better country image

Upscale garments

Bangladesh: Low diversity
Vietnam: High diversity



Lead time:

Bangladesh: 90 days
Vietnam: 30 days



Bangladesh:

- Absence of deep-sea port
- Low ease of doing business ranking

Other factors are also at play, asserting better prices in the major markets, says Khondaker Golam Moazzem, the CPD's research director.

Some 75 per cent of a garment item's raw material comprises the fabric, while the rest accessories, he said.

The use of a higher quality of fabric guarantees Vietnamese manufacturers better prices from buyers, he explained.

Plus, Vietnam has a higher number of upscale product brands and retailers, he added.

This results from a better country image, a higher ranking in the ease of doing business index of the World Bank, and the inclination towards compliance, human rights, and environmental

protection practices, he said.

Their locals manufacture garments focusing on the upmarket, albeit on a limited scale. "We need to mass manufacture upscale garment items to get better prices and for more export," Moazzem said.

Moreover, Bangladesh needs a facelift and capacity improvements so that customers come over in drove to source upscale products, he said.

While Bangladeshi investors can start increasing the production of high-end garment items, foreign investment could

be attracted in higher volumes, he added.

Local exporters are on the same page with Moazzem.

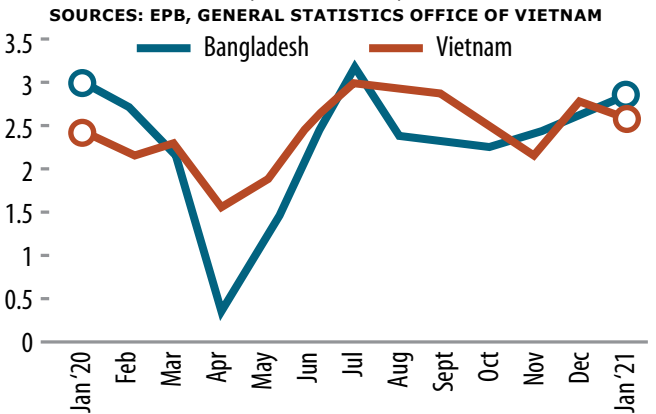
Though Vietnam was a latecomer in the global garment business, it turned into a major player quickly for its geographical proximity with China, the global leader in the apparel business.

Vietnam's current success can be attributed to the associated investment shift from China, said AK Azad, managing director of Ha-Meem Group, one of the leading local garment exporters.

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APPAREL EXPORTS OVER THE MONTHS

(In billion dollars)



Master plan must help phase out fossil fuel-based power: CPD

STAR BUSINESS REPORT

The government's proposed master plan on power and energy should help Bangladesh phase out fossil-fuel-based and expensive generation system and guide it towards cleaner electricity, the Centre for Policy Dialogue (CPD) said yesterday.

On Sunday, the government signed an agreement with the Japan International Cooperation Agency (Jica) for a new power system master plan, with a vision to promote a low or zero-carbon transformation of the total energy supply and demand system.

The decision to prepare the master plan is a welcome move, said the CPD.

This is particularly important when Bangladesh is in the process of the energy transition with a view to scaling down the use of fossil fuel and boosting the use of renewable energy.

"Overall, the next plan must show a clear path towards energy transformation in Bangladesh," said CPD Research Director Khondaker Golam Moazzem while making a presentation during a virtual dialogue.

The think-tank organised the programme titled "Proposed Power System Master Plan (PSMP): Challenges of Projecting Rationale Electricity Demand".

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SOURCE OF POWER

- 89.4% generation dependent on fossil fuel
- 9.34% dependent on import
- 1.17% comes from hydro and renewables

CHALLENGES

- Obstacles facing power system master plan: excess capacity, huge capacity payment, inefficiency, use of expensive energy and high financial burden
- Bangladesh lags far behind in renewable energy



Novo Nordisk launches once-a-week diabetes drug

STAR BUSINESS REPORT

Novo Nordisk, a global leader in diabetes care, yesterday announced the launch of once-weekly semaglutide injection for the treatment of type 2 diabetes patients in Bangladesh.

Alongside diet and exercise, semaglutide can either be used alone or in addition to other products for diabetes management, the Danish healthcare company said in a statement.

The price of the injection will be Tk 14,259, the company said.

"Over 50 per cent of the people living with type-2 diabetes in Bangladesh do not have their condition in control," said Prof AK Azad Khan, president of Diabetic Association of Bangladesh (DAB).

"On average, the diabetes patients spend more than seven years uncontrolled on oral medication before treatment is intensified."

Khan spoke at the launching programme at InterContinental Dhaka.

"Being able to offer a medicine such as once-weekly semaglutide with its superior blood glucose control, reduction in body weight, and proven cardiovascular benefits, is a huge step forward in the management



of this complex condition."

The injection is an important addition of diabetic treatment, he said.

The clinical data—SUSTAIN trial—shows that semaglutide provides unsurpassed efficacy in terms of blood glucose and weight reduction, helping up to 80 per cent of patients reach treatment target," said Jay Thyagarajan, vice president of Novo Nordisk's business area in Southeast Asia.

"As a once-weekly treatment, I believe semaglutide will help address the needs of patients living with diabetes in Bangladesh," Thyagarajan said.

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Low interest rates in banks: where to invest then?

AHSAN HABIB

Most people in Bangladesh prefer to keep their funds in banks but lower interest rates on deposits are now turning them away from the risk-free income generating investment tool.

Currently, the deposit rate has declined to an average of 4.51 per cent while it was around 6 per cent a year earlier.

At the same time, the country's inflation rate rose to 5.32 per cent in February, reflecting negative returns.

This means that if you keep your money in a bank where the difference between the interest rate and inflation rate remains the same, then your fund's value would fall by Tk 0.81 for every Tk 100 by the end of the year.

However, the number of investment options in Bangladesh is very limited, according to Mahmood Osman Imam, a professor of finance at the

University of Dhaka.

So, in cases where a bank offers a lower interest rate for saving than its inflation rate, people can either go for a savings certificate or invest in the stock market.

But since stocks are a very risky proposition, the general public should avoid making significant investments without first availing proper knowledge on it, Imam said.



INTEREST RATES OF FIVE SAVINGS TOOLS

5-year Bangladesh Sanchayapatra: **13.19%**

3-month Sanchayapatra: **12.59%**

Pensioner Sanchayapatra: **13.19%**

Poribar Sanchayapatra: **13.45%**

Wage-Earner Development Bond: **11.80%**

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Alarming rise in Covid patients takes a toll on stocks

STAR BUSINESS REPORT

The stock market ended last week on a negative note amid fears of a new wave of the Covid-19 pandemic due to an alarming rise in the number of coronavirus-infected patients.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), dropped 134 points or 3.41 per cent compared to that in the previous week to stand at 5,434 last week.

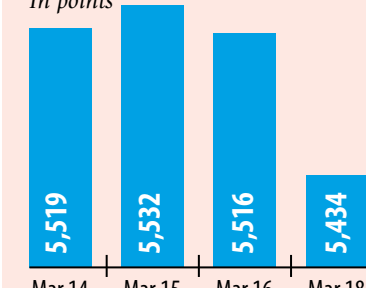
The overall trade value of stocks fell 24 per cent.

Owing to a rising number of infections, investors apprehend that the country could be in for a second round of lockdown, which means the stock market would also be kept shut, said a stock broker preferring anonymity.

Of 20,925 samples tested in Bangladesh in the last 24 hours till 8:00am yesterday, at least 2,187 tested positive for coronavirus, pushing the infection rate to 10.45 per cent, according

DSEX LAST WEEK

In points



SOURCE: DSE

to a press release of the Directorate General of Health Services (DGHS).

The situation is so bad that the DGHS proposed going for a complete lockdown on Wednesday to curb the spread.

In the last 10 days, the transmission of novel coronavirus had been gradually rising every day around the globe with experts fearing spread of

new strains of the pathogen, including those first detected in the United Kingdom and South Africa.

The spread of such news created a rumour that the stock market may be kept shut again, leaving a negative impact on the market, said an industry insider.

"This rumour created panic among the investors," he added.

However, the Bangladesh Securities and Exchange Commission yesterday said if the banks were kept open, so would the market.

Meanwhile, Health Minister Zahid Maleque said there would be no need for a lockdown now if health safety guidelines were maintained.

The government agencies will jointly take a decision on imposing a lockdown, he told a ceremony honouring 10 nurses for their contribution during the initial coronavirus crisis at the KIB auditorium in Dhaka.

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