Idcol to support investment in electric vehicles

STAR BUSINESS DESK

Infrastructure Development Company (Idcol) is going to support Ricardo-AEA, an UK-based international energy and environmental consulting firm, in a project that will enable businesses in Bangladesh to access finance to invest in new electric vehicles.

Ricardo has received funding for the project from the UK government's Department for Business, Energy and Industrial Strategy under a UK PACT (Partnering for Accelerated Climate Transitions) Green Recovery Challenge Fund (GRCF), according to a statement.

The UK PACT is a capacity building programme under the UK's International Climate Finance portfolio.

The GRCF programme was set up in January 2020 under which projects in countries across Latin America, Sub-Saharan Africa, and Asia will be supported to accelerate their low-carbon transition.

In this project, experts from Ricardo, Idcol and other Bangladeshi organisations such as LightCastle Partners and Policy Exchange will look for scalable inclusive business models and an enabling financing ecosystem for individual transport providers, SMEs and cooperatives with an aim for electric vehicle uptake in Bangladesh.

Idcol, a non-bank financial institution under the finance ministry, will support Ricardo in conducting the demands and need assessment surveys among the micro, small and medium enterprises and evaluate the current finance options before developing a financing product for banks and financial institutions in Bangladesh.

The project will also support organisations in developing business cases and make funding applications to banks.

NOVO NORDISK

AK Azad Khan, president of the Diabetic Association of Bangladesh; Winnie Estrup Petersen, ambassador of Denmark to Bangladesh, and Mahbubur Rahman, director of medical and quality of Novo Nordisk, attend an event yesterday when the global healthcare company announced that an injection for the treatment of type 2 diabetes would now be available in Bangladesh.

Bangladesh seeks duty free access to Belarus

STAR BUSINESS REPORT

Bangladesh yesterday demanded duty free facility on export of garment, jute and jute goods, leather and leather goods and pharmaceuticals to increase trade with Belarus.

The Eastern European country is a potential export destination for Bangladesh. However, the shipments have not been growing as the duties are high, according to a statement from Bangladesh's commerce ministry.

Commerce Minister Tipu Munshi said the bilateral trade would increase manifold if the potential sectors can be identified forming a joint working group.

He urged Belarusian businesspeople to invest in the ICT, power and agricultural processing industries in the special economic zones, some 100 f which were being developed across the country by the Bangladesh government.

The minister also said the government has been giving different special facilities to foreign investors of these zones. Bangladesh would be immensely benefited if Belarus extends its technical support to the agricultural sector of Bangladesh, he said. Munshi was addressing a meeting with a business delegation from Belarus at his secretariat office in Dhaka. Dmitry Haritonchik, deputy industries minister of Belarus, led the delegation.

The delegation's visit was based on an invitation marking the birth centennial of Bangabandhu Sheikh Mujibur Rahman and the 50th anniversary of Bangladesh's independence.

Haritonchik said his government has been working to remove the tariff problems for creating more business opportunities between the two countries. Belarus is interested in investing in nuclear power plants, green transport and waste management, he said.

Belarus also wants to jointly invest in sectors such as in the manufacture of agricultural machineries and development of livestock, he said.

Sonali Bank launches eWallet

STAR BUSINESS DESK

Sonali Bank has launched a Sonali eWallet app to facilitate customers with round the clock transactions based on mobile banking services.

Ziaul Hasan Siddiqui, chairman of the country's largest state-owned bank, unveiled the service in its head office at an event marking the birth centenary of Bangabandhu Sheikh Mujibur Rahman, says a statement.

"This cashless transaction would make clients' life easier and safer," said Managing Director Md Ataur Rahman Prodhan.

He also stressed on the need for meeting the growing demand of digitalisation to provide world-class services to customers.

Conducting transactions with Sonali Bank, the app's users will also be able to transfer funds into accounts with other banks, view account statements, top up mobiles, pay utility and credit card bills and get visual directions to ATM booths and branches.

Pewter holds bright prospects

FROM PAGE B4

He said there was once some 50 families involved there but now that had increased to 100, although the business necessitated hard labour and lacked advanced technologies.

Now the industry's survival hinges on the availability of low-interest loans and duty-free import of raw materials from Indonesia and Malaysia, he said.

This could even lead to earning foreign currency through exports, he added.

Karmaker said he did not receive any government assistance during the pandemic and the business had been kept completely shut for six months.

He said their collective daily investment per day, such as for coal, labour and raw materials, amounted to Tk 1 lakh.

On how they were faring, he gave a simple smile, saying they were somehow making it, availing basic necessities.

India-funded projects see slow progress

FROM PAGE B1

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, said that completing certain formalities before implementing the projects under Indian LoCs was very time-consuming.

"But the dawdling pace is not just because of the problems of donors but also that of Bangladesh," Rahman said.

It has been observed that while the projects identified by Bangladesh under the three LoCs do address the country's infrastructure and procurement needs, the speed of implementation, particularly for the infrastructure projects, has been relatively slow.

These delays have led to cost escalations, which also disrupt the optimality of other related projects. This, in turn, is undermining the potential benefits of these projects.

"So, both Exim Bank of India and the concerned agencies in Bangladesh should be more proactively engaged in resolving these problems to ensure speedy implementation," Rahman said.

The recently constituted high-level body tasked with monitoring the progress of LoC-funded projects will hopefully be able to make a difference in this regard, he added.

The process of securing approval to implement a project is different for India compared to other development partners, according to ERD officials.

For example, for the projects bankrolled by bilateral and multilateral lenders, including China, the World Bank and the Asian Development Bank, approval must be taken from the Executive Committee of the National Economic Council (Ecnec) before loan agreements are signed.

However, India announces the financing commitment before finalising the project list. The detailed project plans, feasibility study and approval from the Ecnec are done afterwards.

Project implementation in Bangladesh typically faces delays at the execution level. Besides, in each stage of a project, the Bangladesh side needs to take approval from the Indian authority.

According to Indian procurement conditions, at least 75 per cent of the goods and services required for a project should be bought from the neighbouring nation. At most, this may be relaxed to up to 65 per cent.

Officials of the implementing agencies said that such a condition was one of the major obstacles to the delay in project implementation.

An ERD official said they were in talks with the Indian side to relax the conditions.

When it comes to projects funded by China, a Chinese company must be selected as the implementing agency, which proceeds aggressively to complete the work, said an official of Bangladesh Railways on condition of anonymity.

But in the case of India-backed projects, a tender is floated to appoint a contractor, which is a time-consuming process.

Then, the Indian contractor appoints local sub-contractors to complete different components of the project, a process that also creates problems.

"The bureaucracy in India is almost the same as in Bangladesh," he added.

Under the first LoC involving $862 million, 12 out of 15 projects have been completed. Two of the 15 projects under the second LoC, involving $2 billion, were implemented so far.

Meanwhile, none of the 16 projects under the third and the largest LoC, involving $4.5 billion, have been completed.

Under the first LoC, the $78.10 million Kulaura-Shahbazpur railway line project achieved physical progress of 25 per cent over the last 11 years.

Similarly, the Khulna-Mongla railway project involving $399 million saw the progress of 75 per cent. The implementation has been delayed by the cyclone Amphan and the ongoing Covid-19 pandemic.

ERD officials earlier said that India would disburse $40 million per year against the LoCs, but the process slowed down in 2020 due to the coronavirus outbreak.

However, they hope to raise the amount to $150 million this fiscal year.

RECENT INITIATIVES

According to finance ministry officials, the implementation of the projects under the LoCs has remained stagnant since April last year due to Covid-19.

To fast-track implementation, discussions were held between the two sides during Indian Foreign Secretary Harsh Vardhan Shringla's visit to Dhaka in August last year.

Since then, the implementing ministries, the ERD and the Cabinet Division have become more proactive. Besides, a high-level monitoring committee was formed to expedite the implementation.

The ERD secretary and the Indian high commissioner to Bangladesh will lead their respective sides in the committee.

Alarming rise in Covid patients takes a toll on stocks

FROM PAGE B1

The rise in infections is really a cause of tension because it may affect the economy again, said a top official of an asset management company.

If the government announces a general leave again, many companies will face serious problems, he said.

Along with the benchmark index, the premier bourse's turnover also fell last week when the daily average turnover dropped 24 per cent to Tk 656 crore.

Low interest rates in banks: where to invest then?

FROM PAGE B1

If you are risk-averse, then you may choose to invest in savings certificates, namely a five-year Bangladesh sanchayapatra or three-monthly profit bearing sanchayapatra, he added.

Bangladesh savings certificates offer a 11.28 per cent profit while three-profit bearing savings schemes come with 11.04 per cent interest. However, there is a limit to the amount that can be invested.

For instance, a maximum of Tk 30 lakh can be invested by an individual and Tk 60 lakh jointly in a five-year Bangladesh savings certificate.

The investment ceiling for three-month profit bearing savings instruments is the same, according to the Department of National Savings website. There are two-other instruments: family savings certificate and pensioner savings certificates.

However, only women above 18 years of age and persons aged 65 years and above can buy the instrument offering 11.52 per cent profit. The maximum limit for an individual investing in a family savings certificate is Tk 45 lakh.

The scope for investment in pensioner savings certificates, which offer 11.76 per cent profit, is limited to public sector employees.

A person cannot invest more than Tk 50 lakh in three savings instruments: the five-year Bangladesh savings certificate, the three-month profit-bearing savings certificate, and the family savings certificate.

Under joint accounts, the highest amount of investment in the three savings schemes will be Tk 1 crore, a cap aimed at discouraging wealthy people from putting in too much money in the high-interest-bearing savings instruments offered by the government.

Imam said some non-bank financial institutions offer higher interest rates but investing in these are risky while some of these businesses are struggling to survive.

Another option may be to invest in the stock market despite its high risk.

But according to market analysts, shares with good fundamentals and a good track record of dividend declarations may be an option. If a person chooses the right stock for investment, s/he is likely to gain.

An investor needs to choose a company that has potential and a good track record of giving high dividends, they said.

If anyone invests in stocks with good fundamentals for a long-term, he is likely to reap higher gains, the analysts added.

However, if the person cannot choose in which stock to invest, open-ended mutual funds managed by good asset managers could be another option.

Open-ended mutual funds are investment vehicles that gather a fixed pool of money from investors and re-invest them into stocks, bonds and other assets.

However, it is important to understand which funds are good, Imam said.

"In our country there is no benchmark to know which one is better," he added.

Bangladesh has 48 asset management companies that manage 63 open-ended mutual funds.

Hussain Ahmed Enamul Huda, assistant professor at the Department of Finance of Dhaka University, said there are stocks which are fundamentally sound.

"And, some of these stocks may be undervalued right now. But in order to pick these fundamentally strong yet undervalued stocks, retail level investors should have sophisticated skill-sets," he said.

How Vietnam getting mightier in apparel shipment

FROM PAGE B1

As a result, Vietnam has a lower lead time, allowing shipping garments to the EU in 30 days, while it takes 90 days for Bangladesh, he said.

Vietnam also enjoys close geographical proximity with Europe, for which it comes second in priority preference after China to international retailers and brands, he added.

"Besides, it makes good use of its highly available, top quality raw materials."

Bangladeshi garment suppliers suffer from the lack of a deep seaport, and having one could have reduced business operation costs and delivery time, Azad said.

"We need to improve our products because buyers want to do long-term business with local suppliers if they are satisfied with the initial work orders."

"The buyers do not want to change their sources because of the pandemic frequently," he said, adding that customers were prepared to pay higher prices for quicker deliveries.

KM Rezaul Hasanat, chairman and chief executive officer of Viyellatex Group, another top garment exporter, said the country image was a very important factor while fixing prices of garment items.

The same could be said for raw materials, he said.

Moreover, many high-end Chinese garment manufacturing units have relocated to Vietnam, which acted as a big factor in securing higher prices for Vietnamese apparel, he added.

Vietnam is strong in manufacturing outerwear for people living in cold climates alongside high-quality blazers and woven formal shirts and trousers in the EU and US markets.

Bangladesh's strength lies in its manufacturing capacity of basic garment items, although now it is slowly making a shift towards high-end value-added items.

Vietnamese suppliers manufacture products that can be deemed as complicated when trying to get them integrated in mass production lines, said the country manager of a European retail giant in Bangladesh, asking not to be named, citing examples such as jackets and blazers.

Bangladesh is strong in basic items such as t-shirts and trousers, for which it can be very simply understood why prices of complicated garment items are higher than the basic items, he said.

"Bangladesh has merely eight blazer-making factories, whereas, in Vietnam, it is innumerable," he said.

Vietnam also produces a lot of sportswear, and their prices are very high. As a result, the average prices of Vietnamese garment items are high, the country manager said.

Almost all globally renowned sports garment brands and retailers source products from Vietnam, whereas Bangladesh is still considered as an optional supplier, he added.

Bangladesh does have factories adding value to products and availing higher prices from renowned brands and retailers. But their numbers along with the output volume are low, said Kazi Iqbal, a senior research fellow at the Bangladesh Institute of Development Studies.

Putting a high price tag on garment items is contingent on the brand to which the goods are sent, he said.

Vietnam exports a high volume of high-end garment items to brands as they have the capacity. Moreover, many foreign companies are operational there manufacturing such products, Iqbal said.

He backed the explanations over fabric quality, country image and timely deliveries.

The country image is of a supplier of products in the lower price range, said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The country also lags in producing value-added products. "We are still concentrated on cotton and not diversifying to manmade fibre-based produce," she said.

"While our labour is competitive and we have overcapacity, Vietnam gets to pick and choose and have more value addition.

"While we have the compliance costs, we also have to cope with various demands from time to time," she said.

With increasing production costs (30 per cent up in the last five years), Bangladesh can't compete with Vietnam, which ranked 70th out of 190 countries in the latest Ease of Doing Business Index.

Despite moving up eight notches, Bangladesh ranked 168th.

"We experienced a 5 per cent price dip in the last couple of months alone," said the BGMEA president.

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

FROM PAGE B1

Naoki Ito, Japanese ambassador to Bangladesh, said: "Recently, we engaged in drafting a master plan to develop the energy sector of Bangladesh."

The master plan project aims to promote a low or zero-carbon transformation for all forms of energy by maintaining a stable supply of energy and ensuring economic viability.

It will also strengthen the capacity for policy and planning development and energy data management, he said.

"We also need to address areas such as climate change and focus on the energy mix."

Mohammad Hossain, director-general of the Power Cell under the power division, said: "We are lagging far behind in renewable energy. But we are gradually advancing towards our target."

Without coal-based and nuclear power plants, Bangladesh will not be able to meet electricity needs, he said.

However, through long-term planning, attention is gradually focusing on the zero-carbon transformation of the total energy system, he said.

In a paper, the CPD said the power sector needed to address several emerging challenges in view of the Covid-19 pandemic.

The challenges include excess capacity, huge capacity payment, inefficiency, the use of expensive energy, and a higher financial burden.

The new plan should be drafted considering the limitations of the previous plans and should aim to reduce excess installed capacity in a phased manner and transition to clean power by gradual phase-out of fossil fuel and phase-in of renewable energy, the paper said.

The plan should strictly mention about no-extension of quick rental power plants after the existing contracts expire and the discontinuation of power plants that are dated and inefficient and are using expensive energy.

The plan should discourage new investment for generation, particularly through fossil fuel and LNG, and should highlight investment in transmission and distribution of electricity, it said.

The new plan is expected to prioritise gradual phase-out from the administered power tariff to the market-based ones.

"Necessary protection should be ensured for the target groups such as low-income people and SMEs," the CPD said.

The Bangladesh Energy Regulatory Commission should be more transparent and independent in making decisions regarding setting power tariff, it said.

Given the development of the power and energy sector, the plan should suggest repealing the "Speedy Supply of Power and Energy Act" immediately, the CPD said.

Moazzem said the importance of formulating a new master plan increased due to aggravated structural and operational challenges and changing power demand amidst the Covid-19 pandemic. About 89.4 per cent of the net generation of energy in Bangladesh is directly dependent on fossil fuel.

"So, it is tough to implement a low or zero-carbon system. But it is a good initiative for the sector," the economist said.

CPD Distinguished Fellow Mustafizur Rahman moderated the dialogue.

Mohammad Alauddin, chairman of the Sustainable & Renewable Energy Development Authority, M Tamim, professor for petroleum and mineral resources engineering at the Bangladesh University of Engineering and Technology, Ijaz Hossain, a professor for chemical engineering at the Buet, and Anu Muhammad, a professor of economics at Jahangirnagar University, also spoke.

Novo Nordisk launches once-a-week diabetes drug

FROM PAGE B1

Semaglutide is available in Bangladesh following a series of clinical trials involving over 10,000 adults with type-2 diabetes.

The results consistently showed greater reductions in both blood sugar and body weight compared with commonly used treatments for type 2 diabetes, as well as cardiovascular benefits, in people with type-2 diabetes.

"Novo Nordisk is playing a vital role in introducing research and development based innovative diabetes treatment to the diabetic patients of this country," said Winnie Estrup Petersen, ambassador of Denmark to Bangladesh.

"As part of the Diabetic Association of Bangladesh's awareness and prevention programme, Novo Nordisk is closely working with the association in creating nationwide awareness and education to address the burden of diabetes," said Md Sayef Uddin, secretary general of DAB.

Novo Nordisk, in partnership with Eskayef Pharmaceuticals, a leading pharmaceutical company owned by Transcom Group, has been manufacturing insulin in Bangladesh since 2012.

Transcom Distribution Company distributes the insulin across the country.

Mahbubur Rahman, director of medical and quality of Novo Nordisk; Kamal Hossain Palok, director of business unit GLP-1 and obesity, and Gazi Towhid Ahmed, public affairs manager of Novo Nordisk, were present at the programme.