

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
Week-on-week		As of Friday		Friday Closings				As on Thursday			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	CNY
▲ 2.66%	▲ 2.88%	\$1,762.69	\$70.70	▼ 0.39%	▲ 0.33%	▲ 0.07%	▼ 0.24%	83.95	98.26	115.71	12.76
6,596.08	11,513.32	(per ounce)	(per barrel)	54,277.72	27,820.04	3,177.18	3,458.23	BUY TK	102.06	119.51	13.41
								SELL TK			

Star BUSINESS

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Private investment hits a trough

REJAU KARIM BYRON and
DWAIPAYAN BARUA

Private investment in Bangladesh fell to its lowest level in 14 years in the last fiscal year owing to the lingering uncertainty caused by the coronavirus pandemic and continuing structural weaknesses.

The descent may slow down the progress made in the areas of employment and poverty alleviation over the last few years.

In 2020-21, the private investment-to-gross domestic product (GDP) ratio declined to 21.25 per cent, provisional data from the Bangladesh Bureau of Statistics (BBS) showed. This is the lowest ratio since 2007-08.

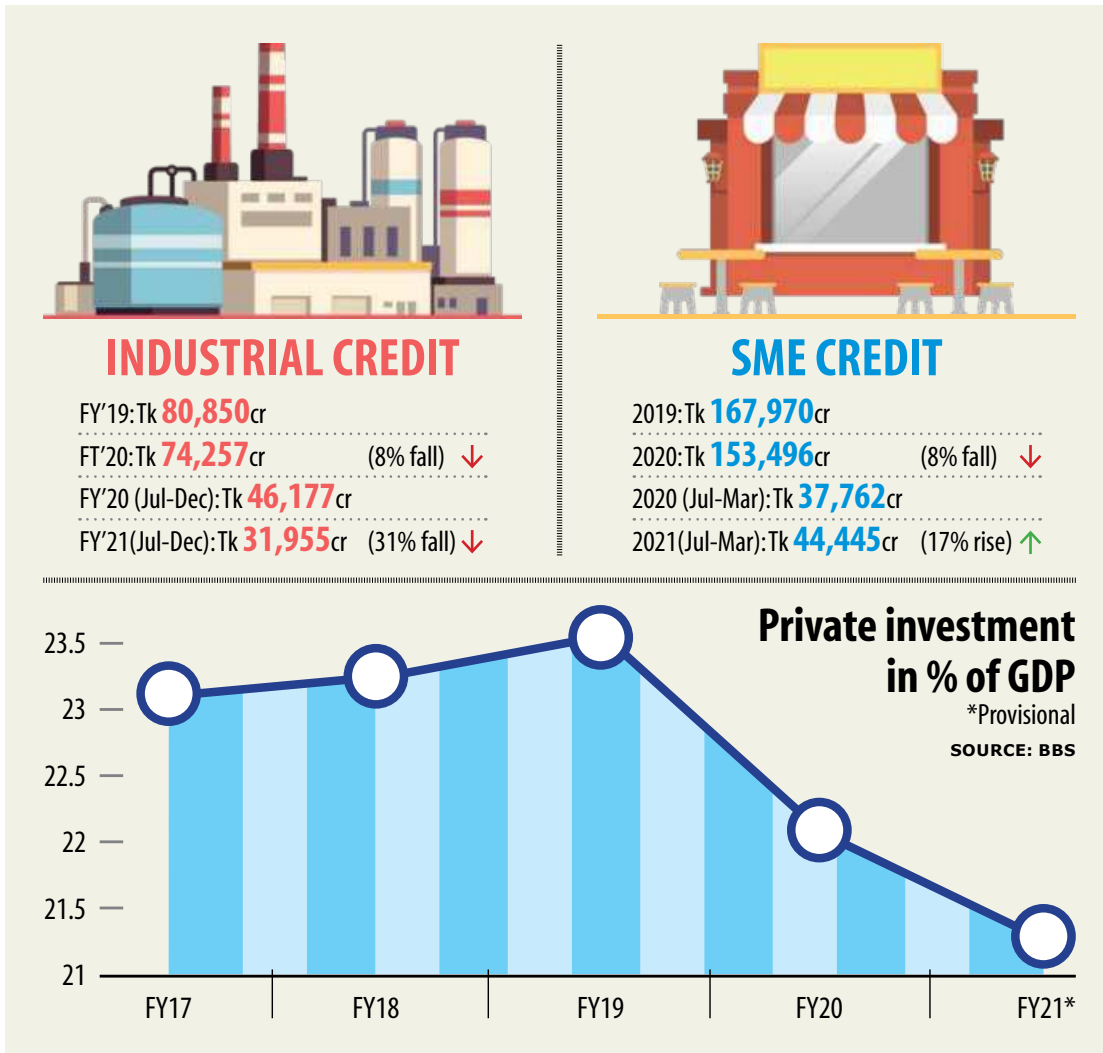
The proportion was also lower than the 24.41 per cent private investment predicted for the last fiscal year in the Eighth Five-Year Plan.

The ratio had risen to 23.5 per cent in 2018-19. It declined to 22.06 per cent in 2019-20 amidst the onset of Covid-19 in March last year.

Selim Raihan, executive director of the South Asian Network on Economic Modelling (Sanem), said the decline in private investment was definitely due to the impacts of the unprecedented shock from Covid-19.

"Private investment might have declined more compared to the provisional data of the BBS since the imposition of fresh lockdowns is hurting the economy."

Prof Raihan stressed the need for proper reassessment of the plan, especially over the investment situation in the



context of the pandemic.

Shamsul Alam, state minister for planning, said, "The plan is not a static document; it is a dynamic document. If the

situation requires, we will revisit it."

He said the plan was formulated, taking into account the impacts of the crisis.

"If any reassessment is needed with the new information and new situation, we will revisit growth rates and investment."

The overall investment-to-GDP

ratio was 29.92 per cent in FY21, the lowest in five years.

In 2016-17, the ratio was 30.5 per cent, and it rose to 31.6 per cent in 2018-19 before coming down to 30.47 in 2019-20 as the pandemic struck Bangladesh.

However, the public investment-to-GDP ratio increased amid the pandemic as the government accelerated spending to safeguard the economy and the people from the crisis.

The public investment-to-GDP ratio was 8.67 per cent in FY21, up from 8.41 per cent FY20 and 8.03 per cent in FY19.

Industrial loan disbursement, a key indicator to assess the investment situation, declined by 8.15 per cent in FY20. In the first half of FY21, the lending fell by 30.8 per cent compared to the same period a year ago, according to data from the central bank.

SME loan disbursement declined by 8.62 per cent in the calendar year of 2020 compared to 2019. It, however, rose 17 per cent year-on-year in the first three months of 2021.

A central banker said the SME loan disbursement increased as many small and medium enterprises started taking loans as the economy was recovering. The disbursement under the stimulus packages also picked up.

However, the private sector credit growth slipped to 8.40 per cent in FY21 against the central bank target of 14.80 per cent due to the depressed appetite for loans among investors.

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Pandemic turns 22 lakh jobless: DCCI

STAR BUSINESS REPORT

During the pandemic around 22 lakh people lost their jobs as the country's economy, trade and investment went through a very challenging time, said Rizwan Rahman, president of the Dhaka Chamber of Commerce and Industry (DCCI), yesterday.

"The overall economy fell into a crisis due to a rapid spread of Covid-19 cases across the world while poverty rate increased to 30 per cent from 9 per cent," he said.

Rahman was presenting a keynote at a webinar on "Biannual Economic State & Future Stance of Bangladesh Economy-Private Sector Perspective", organised by the DCCI.

He said economic recovery was now the only target to be achieved.

Moreover, Bangladesh is going to become a developing nation leaving the club of the least developed countries (LDCs) in 2026 and has just five years in hand to make preparations, he said.

The country may lose \$4 billion to \$6 billion of export earnings following the graduation, he said.

In order to boost internal revenue generation, Rahman suggested adopting full automation in tax, VAT, customs assessment, returns and credit processes.

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Brac to issue Tk 1,350cr bonds



STAR BUSINESS REPORT

Brac, the largest microcredit provider in Bangladesh, has stepped forward to issue zero-coupon bonds worth Tk 1,350 crore through private placement.

A zero-coupon bond is a debt security that does not pay interest. Instead, it trades at a discount, rendering a profit at maturity, when the bond is redeemed for its full face value.

Md Fashiullah, executive vice chairman of Microcredit Regulatory Authority (MRA), handed over the approval letter to Tushar Bhowmik, chief financial officer of Brac, at a programme on Thursday afternoon, said a press release of Brac.

Earlier on February 3, the Bangladesh Securities and Exchange Commission (BSEC) gave its approval, it said.

According to Brac, the bond is unsecured, non-convertible, and fully

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Are stock indices overvalued?



AHSAN HABIB

Soaring market capitalisation last week pushed Bangladesh's stock exchange indices to their highest point since inception in 2013 thanks to increased investor participation.

The country's bourses are seeing higher customer turnout as people are in search of a more profitable way to save money amidst the pandemic since banks offer low rates on deposits, according to market analysts.

However, many investors are now considering whether to offload their shares as the stock market may be overvalued.

The value of a market index is determined by the price-earnings ratio of the stocks being traded.

And although the ratio remains low, many stocks have soared to such an extent that their earnings do not justify the price, market analysts said.



DSEX surged to 6,596 points	DS-30 soared to 2,385 points
DSES rose to 1,439 points	Market cap hit Tk 544,326 cr

So, these stocks are considered overvalued but there are still many others that are being traded at lucrative prices, they added. "The stock market is overvalued to some extent," said AB Mirza Azizul Islam, former adviser to a caretaker government.

"But it is a good sign that some sectors, such as insurance, recently witnessed corrections," he added.

Islam, also former chairman of the Bangladesh Securities and Exchange Commission, went on to say that considering the country's inflation rate, the net interest rate of most local banks were negative.

"This is why people tend to come to the capital market," he said.

Investors should scrutinise a company's price-earnings ratio, performance, dividend history and so on to realise their true value before making any investments.

"People should not invest by paying heed to rumours," he added.

The DSEX, the benchmark index of Dhaka Stock Exchange (DSE), surged to 6,596 points last week.

The DS-30, the blue-chip stock index, soared to 2,385 points. The Shariah index of the premier bourse, DSES, advanced to 1,439. All three indexes reached a historical high last week, as per DSE data.

"Still though, many stocks are underpriced so people can invest," said Prof Mohammad Musa, a stock analyst and member of the board of trustees of United International University.

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Digitalisation to help reach new markets: experts

STAR BUSINESS REPORT

Digitalisation is enabling businesses to reach new markets and help the economy move towards sustainability, according to speakers at a webinar held yesterday.

Bangladesh still lags far behind many of its peers in terms of available ICT services and number of users in the country, they said.

Besides, the country struggles with internet speed and is unable to secure the real benefits of modern technology.

These comments came during a webinar styled, "Digitalisation: country, business and global perspective", organised by the Institute of Chartered Accountants of Bangladesh (ICAB).

"The world is becoming data and technology-driven. Finance and accounting professionals have to find ways to capitalise on the opportunities of digital innovation," said Ahmed Munir Saleheen, secretary to the Ministry of Expatriates' Welfare and Overseas Employment.

For example, people are making the most of digital communication technologies amid the ongoing coronavirus pandemic, he added.

However, Saleheen urged for the careful use of advanced technologies so that it does not inadvertently harm society.

ICAB President Mahmudul Hasan Khusru said over 12 crore mobile subscribers and 4.3 crore internet subscribers in the country were now enjoying the benefits of digitalisation.

Urging the government to allocate more resources for ICT development to make the country run digitally, the ICAB president said digital transformation requires the necessary resources.

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Falling potato prices fan farmers' woes

SOHEL PARVEZ

A bumper yield of potato has now become a matter of concern for growers and traders as demand for the tuber declined for the ongoing countrywide lockdown.

Exports also could not help producers as the quantity of shipments edged up marginally, leaving farmers in a situation that does not usher hope to post profit, as only four months remain before the arrival of fresh harvests.

"The situation is very bad this year. It has become tough to sell potato. It appears that there would be no escape from losses," said Mazharul Islam, a potato farmer in Joypurhat, one of the main potato producing districts in the north.

Islam stored nearly 4.5 tonnes of the vegetable this year in cold storage. This includes 3.6 tonnes of potatoes that he grew on his own fields. He bought the rest during the peak harvesting season to store and sell in the lean period.

At the cold storage gates in his area, traders are offering Tk 700 for each 60-kilogramme bag of potato, which is around Tk 12 per kg.

His costing per bag stands at Tk 1,050 or

Tk 17.5 per kilogramme.

"If I sell now, my losses will be Tk 350 per bag," he added.

Farmers produced 1.06 crore tonnes of potato this calendar year, up 10 per cent from 96 lakh tonnes in calendar year 2020, shows data from the Department of Agricultural Extension (DAE) and Bangladesh Bureau of Statistics (BBS).

And encouraged by high prices of the popular vegetables for recurrent floods and public and voluntary distribution among poor people following outbreak of Covid-19 last year, farmers and traders stored increased quantity of the tuber vegetable this year.

Bangladesh Cold Storage Association (BCSA) estimates that growers and traders stored 55 lakh tonnes of potato this year to sell during the lean season.

Of the quantity, roughly 10 lakh tonnes will be used for seed and the rest for consumption.

And BCSA President Mosharraf Hossain said 30 per cent of the vegetable stored in cold storages has been released since June, when farmers begin to sell tubers from storages.

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Potatoes being sorted by size in a cold storage in Munshiganj sadar upazila on Friday afternoon with plans to send those to Cox's Bazar.

SAZZAD HOSSAIN