

Star BUSINESS



Management of banks should be allowed to act independently

Says BB governor

STAR BUSINESS REPORT

In an ideal scenario, ensuring the independence of a bank's management from the influence of its board helps smooth execution of decisions in tune with the board's policies, said Bangladesh Bank Governor Abdur Rouf Talukder recently.

Both the boards of directors alongside the chief executive officers play a very significant role in the banks' overall performance, he said.

Talukder was addressing a "Twenty-first Nurul Matin Memorial Lecture on Ethics in Banking" at the Bangladesh Institute of Bank Management on Saturday.

The governor brought up the issue at a time when the management officials of banks are struggling to take decisions independently due to the intervention of directors.

Ethics and corporate governance are highly important in the operation of banks, he said, adding that some directors tend to think they own the banks.

Some delinquent directors have been involved in major scams that have been perpetrated in the banking sector in recent times, according to the central bank reports.

In a keynote speech, READ MORE ON B3



PHOTO: PALASH KHAN

Tipu Munshi, commerce minister, and Tapan Kanti Ghosh, senior secretary of the ministry, and chief executives of a number of local and international fast-moving consumer goods (FMCG) companies attend a discussion styled "Leveraging Growing Middle and Affluent Class for a Vibrant Consumer Goods Sector" at the Bangladesh Business Summit at the Bangabandhu International Conference Center in Dhaka yesterday.

FMCG companies bullish about further growth

STAR BUSINESS REPORT

Local and international fast-moving consumer goods (FMCG) companies are bullish about growth opportunities in Bangladesh's consumer goods market on the back of a middle-class set to surge in size.

The number of people belonging to the middle and affluent class is projected to increase from 12 million, or 7 per cent of the population, now to 34 million by 2025, according to a paper of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

"Bangladesh is ready for big brands. And people of this country know luxury brands. It is one of the fastest-growing consumer markets in Asia," said Syed Nasim Manzur, managing director of Apex Footwear Limited.

"People are ready to spend and they are making better choices in how they spend."



The market size of consumer goods in Bangladesh is \$3.6 billion with an annual growth rate of 9 per cent, said the FBCCI paper.

Zaved Akhtar, managing director of Unilever Bangladesh, said Bangladesh would become a trillion-dollar economy at a modest 5 per cent GDP growth by 2040.

"We believe that we would be better than that."

According to Akhtar, there is a lot of headroom in the FMCG sector as per capita consumption of Bangladesh remains lower than comparable markets.

Bangladeshis only spend \$23 per capita on FMCG while in India it is \$44 and more than \$100 in China and Indonesia.

He said the sector has a massive potential to improve the country's export basket.

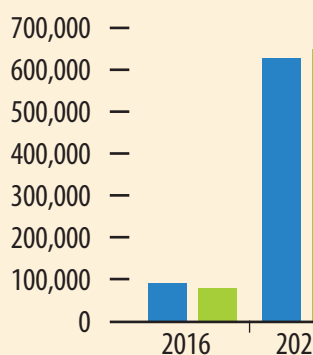
"Currently, the country's exports in this READ MORE ON B3

Tender through CPTU and value of tenders

Cumulative value since 2011
* Up to March 2022

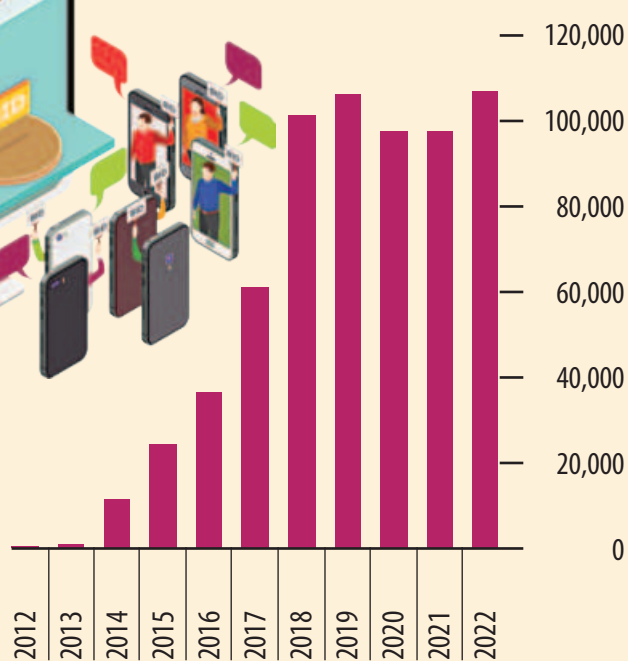
SOURCE: CPTU

■ Number of tenders invited
■ Value of tender (Tk in crore)



NUMBER OF E-TENDERS

SOURCE: CPTU



Govt to form authority on public procurement

REJAUL KARIM BYRON and AHSAN HABIB

The government has prepared a draft law for ensuring transparency and accountability in public sector purchases while also improving efficiency in the sector.

As per the draft law, which will soon be placed at a cabinet meeting, the Bangladesh Public Procurement Authority (BPPA) will be formed to regulate public purchases.

A top official of the planning ministry confirmed last week that the draft law has already been sent to the Cabinet Division.

The government decided to form the BPPA in line with the conditions set by various multilateral lenders, including the World Bank.

Earlier, the World Bank called for full implementation of the e-Government Procurement (e-GP) system, which would bring down the average procurement lead time (from invitation to contract signing) to 50 days from 70 days at present.

But for that to happen, the Bangladesh Public Procurement Authority Act must be enacted, the

global lender said in its conditions for upcoming budgetary support.

Bangladesh spends more than \$25 billion annually on public procurement, around 65 per cent of which is done through the e-GP system, according to the planning ministry.

The upcoming authority's chairman of the board of directors would be the planning minister while its vice-chairman would be the secretary of the Implementation Monitoring and Evaluation Division (IMED).

The board would comprise representatives of the IMED, planning ministry, finance ministry, the ministry of law, justice and parliamentary affairs, and the chiefs of four procurement offices considering their higher purchase requirements and complex nature of the goods.

Two board members would be the chiefs of procurement offices that got the highest allotment in the development budget for the previous financial year. All the representatives would be at least joint secretary level officials.

From the private sector, two board members would be included considering their three-year experience in public procurement or extensive knowledge in purchase rules and regulations.

The chief executive officer of the BPPA will be a member of the board with additional secretary status.

The tenure of the board of directors will be a maximum of three-years and the government can increase or cut the size of the board when needed.

The board will form policy and a legal framework for purchase activities and regulations to run the BPPA properly.

The BPPA will have to make a yearly report on all purchase activities and submit it to the government with recommendations on how to improve efficiency in this regard, the draft law says.

The authority will also form, update and maintain a list of people who are banned from public procurement activities. The list will be available for reading among the mass people.

READ MORE ON B3

BB working to scrap interest rate ceiling

STAR BUSINESS REPORT

The Bangladesh Bank has taken an initiative to scrap the 9 per cent interest rate ceiling and introduce a market-based interest rate on loans.

"We are working on the development of a market-based reference rate. On top of that, we will be giving a corridor for the lending rates," said Bangladesh Bank Governor Abdur Rouf Talukder yesterday.

He came up with the remarks on the second day of the Bangladesh Business Summit at the Bangabandhu International Conference Center in the capital.

The Federation of the Bangladesh Chambers of Commerce and Industry organised the three-day event in cooperation with the foreign and commerce ministries and the Bangladesh Investment Development Authority.

"Non-performing loans (NPLs) are like cancer. If you can't cure it within the shortest possible time, you will die. And there is no other conclusion," said Ali Reza Iftekhar, a former chairman of the Association of Bankers

Contacted, a BB official explained the governor's comment, saying that the central bank might initially set a reference rate on loans based on the demand for credit from borrowers.

"We will then set a range of a particular corridor of interest rates on the reference rate that will be applicable to borrowers," he said.

For instance, if the reference rate is set at 9 per cent, the corridor might be in the range of 2 to 3 per cent. This means banks may charge a maximum interest rate of 12 per cent, the BB official said, on condition of anonymity.

"Probably, shortly we will be able to introduce this new initiative," said the BB governor at a session on long-term finance.

The BB has maintained the ceiling since April 2020. In January, it relaxed the lending rate cap for consumer loans, allowing banks to hike it up to 3 percentage points.

READ MORE ON B3

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joining the journey of accelerating the trillion dollar economy

Launching of EBL-FBCCI co-brand Visa Platinum credit card marking 50 years of the country's apex trade body

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Eastern Bank Ltd.



Bangladesh's export will increase by 7.4 per cent if the country can reduce its transportation cost by 1 per cent by ensuring better logistics and transportation systems, said an expert at the Bangladesh Business Summit 2023 in Dhaka yesterday. PHOTO: STAR/FILE

BANGLADESH BUSINESS SUMMIT

Poor logistics holding exports back: experts

STAR BUSINESS REPORT

Bangladesh's export potential remains largely untapped as the country lacks adequate logistics at its ports and highways, according to various experts.

"If Bangladesh could reduce the overall cost of logistics by 25 per cent, then export earnings would grow 20 per cent," said Abdoulaye Seck, the World Bank's country director for Bangladesh and Bhutan.

As Bangladesh looks to become a high-income country, it needs to undertake some reforms in the financial, macroeconomic and trade sectors for higher export competitiveness.

"The country's export would increase by 7.4 per cent if transportation costs were reduced 1 per cent by ensuring better logistics," added Seck citing a recent study of the World Bank.

He made these remarks yesterday while speaking at a panel discussion on "Building Connectivity and Production Infrastructure for the Next Phase of Growth: Investing in Logistics and Economic Zones."

The Federation of Bangladesh

Chambers of Commerce and Industry (FBCCI) organised the event as a part of its ongoing three-day business summit at the Bangladesh International Conference Center in Dhaka.

Seck also gave a five-point suggestion for the country's logistics sector, which includes ensuring logistics efficiency, improving the quality and integration of services, their capacity and management quality, and regional connectivity.

Seck then welcomed the government initiatives to formulate a national logistics policy.

Besides, he congratulated the industries ministry for including logistics as a critical sector in the industrial policy 2022.

Masrur Reaz, chairman of Policy Exchange Bangladesh, a private research firm, said the low speed of freight transportation is a major concern for the country's export competitiveness.

Currently, the average speed of goods-laden trucks plying the Dhaka-Chattogram highway, which handles 98 per cent of the movement of export-import goods, is 19 kilometres per hour.

"But if the average speed can be increased to 40 kilometres per hour, it

would boost exports by some 8 per cent," Reaz said while delivering the keynote speech.

Bangladesh is lagging behind in the global logistics index as the country ranks 100th with a score 2.58 among 140 nations while India places 42nd and Vietnam 45th.

"If there were no traffic congestions in Bangladesh, the total costs borne by truck operators would be 35.5 per cent lower on average," he added.

Reaz went on to say that a particular ministry, government agency or department should be made responsible for growth in the logistics sector.

After Bangladesh graduates from a least developed country in 2026, the country's exports will face 8 per cent to 12 per cent duty.

"So, efficiency in logistics is very important to remain competitive in the global supply chain in the post-graduation period," Reaz said.

Syed Ali Jowher Rizvi, managing director of Summit Alliance Port, said Chattogram port is now handling 98 per cent of the country's total import-export activities.

"This is a good job, but they need

more efficiency by ensuring quality management," he added.

While stating that limitations in the facilities available at the country's premier seaport are the main problem, Rizvi said digitalisation should be given the most importance to address the issue.

The Chattogram port authority currently acts as the owner, operator and regulator all at the same time, leading to delays in the logistics system.

"So, improved logistics are needed to make it one of the most successful multimodal ports," he added.

AK Azad, a former president of the FBCCI, said it is not possible for the government to overcome all challenges on its own as public-private partnerships are very much needed.

Among others, Alfred Sim, head of Cargo Solutions at Northeast Asia PSA International Pte Ltd, Md Miarul Haque, managing director of DHL Express Bangladesh, Shamimul Haque, country director of Dubai Port World, and Mohammad Salahuddin, secretary of the Prime Minister's Office, also spoke.

Abul Kasem Khan, director of the FBCCI, moderated the event.

StanChart to streamline Reckitt's sales data transfer

STAR BUSINESS DESK

Standard Chartered Bangladesh recently signed an agreement with Reckitt Benckiser (Bangladesh) to provide "Host-to-Host" connectivity, streamlining the collection of sales proceeds by facilitating data transfer between the two.

Connecting Reckitt's Enterprise Resource Planning platform to Standard Chartered's Straight2Bank offering will enable Reckitt to exchange information and receive notifications in preferred file formats, network protocols and standards, said a press release.

"...we are helping to make our valued clients nimble and future fit," said Luthful Arefin Khan, head of the bank's transaction banking.

"(It) will certainly streamline our collection process," said Tanmay Gupta, finance director of Reckitt Benckiser Bangladesh.

Modern Group to avail MTB cash management services

STAR BUSINESS DESK

Mutual Trust Bank (MTB) and Modern Group recently signed an agreement over cash management services.

Md Khalid Mahmood Khan, deputy managing director of the bank, and Abu Sufian Chowdhury, managing director of the group, inked the deal at Akhtaruzzaman Centre in Chattogram, said a press release.

Syed Mahbubur Rahman, managing director of the bank, Abdul Mannan, head of branch banking division, Syed Mahmud Akhter, head of MTB Chattogram, Mohammed Ishaque, head for Chattogram region, Faruk Ahmed, unit head of wholesale banking division in Chattogram, SM Md Azizul Hoque Mahmud, unit head, cash management and transaction banking division, and Imran Abu Hasan, chief financial officer of Modern Group, were present.

PRICES OF KEY ESSENTIALS IN DHAKA CITY			
	PRICE (MAR 11, 2023)	% CHANGES FROM A MONTH AGO	% CHANGE FROM A YEAR AGO
Fine rice (kg)	Tk 60-Tk 75	0	2.27 ↑
Coarse rice (kg)	Tk 46-Tk 50	-4 ↓	0
Loose flour (kg)	Tk 58-Tk 60	3.51 ↑	57.33 ↑
Lentil (kg)	Tk 95-Tk 100	0	0
Soybean (litre)	Tk 168-Tk 172	0	0
Potato (kg)	Tk 18-Tk 20	-14.89 ↓	5.26 ↑
Onion (kg)	Tk 30-Tk 40	0	-41.67 ↓
Egg (4 pcs)	Tk 42-Tk 43	-7.61 ↓	14.86 ↑

SOURCE: TCB



Humaira Azam, managing director of Trust Bank, attended the closing ceremony of a 100 hours' training jointly organised by SME and Special Programmes Department of Bangladesh Bank and Trust Bank under a Skills for Employment Investment Program (Tranche-3) in Rangamati recently. Ahsan Zaman Chowdhury, deputy managing director of the lender, and Mohammad Jahid Iqbal, joint director of the department, were present. PHOTO: TRUST BANK



Muhammad Qaisar Ali, managing director (current charge) of Islami Bank Bangladesh, handed over a motorcycle to Hamida Begum, spouse of Md Mofiz, an expatriate in Malaysia, as the first winner of Islami Bank-Ria Money Transfer Cash Remittance Fiesta at a Jashore auditorium on Friday. Md Maksudur Rahman, senior executive vice-president, AKM Mahbub Morshed and Ahmed Zubayerul Huq, executive vice-presidents, were present. PHOTO: ISLAMI BANK BANGLADESH



Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank, inaugurated the new premises of its relocated Mohakhali branch at Medona Tower on Bir Uttam AK Khandakar Road in Mohakhali yesterday. PHOTO: DUTCH-BANGLA BANK



Zafar Alam, managing director of Social Islami Bank, attended a ceremony for recognising meritorious children of the bank's employees on their 2020 and 2021 SSC, HSC and equivalent examination results at its head office in Dhaka on Saturday. Mohammad Forkanullah and Abdul Hannan Khan, deputy managing directors, Kazi Obaidul Al-Faruk, head of human resources division, and Md Moniruzzaman, head of marketing and brand communication, were present. PHOTO: SOCIAL ISLAMI BANK



Md Nasiruzzaman, chairman of Bangladesh Krishi Bank, approved its balance sheet for FY 2021-22 at a board meeting in its head office in Dhaka recently. Deputy managing directors, the general manager (admin) and board secretary along with officials concerned were present. PHOTO: BANGLADESH KRISHI BANK

Suitable policy

FROM PAGE B4
showcase the country's progress and potential to both global and local investors.

"If you look at that very fundamentally it's a flat country, dense population. And with government support with good policies give the birth of mobile phone infrastructure," said Quadir.

"Subsequently, on top of that infrastructure, we built another level of service—mobile financial service (MFS)," he said.

"When you have ecology like that, with 100 million unique mobile phone users, and good regulations that protect customers fund, there is no reason MFS-like service shouldn't be there," he said.

With this, common people are participating in economic growth, a rickshaw-puller now can participate in the digital economy, he added.

"After 12 years of hard work, we (bKash) demonstrated that foreign direct investment from some of the best investments can be attracted to Bangladesh," he added.

Bangladesh now needs a policy framework which will not only make it easy for digital business but also enable sustainability, said Bjarke Mikkelsen, group CEO of Daraz Group.

Because capital and investors will be coming in from all over the world and Bangladesh will be on the forefront, he said.

"So, we need to remember that we are investing for a long term and we also need support for good sustainable business," he said.

Identifying the right skillsets, target market and proper strategy will help Bangladesh to boost annual IT exports to \$20 billion, said Russell T Ahmed, president of the Bangladesh Association of Software and Information Services.

"If you can do these few things right, \$20 billion export by 2031 is very much possible," he said.

He urged non-resident Bangladeshis and local conglomerates to invest in Bangladesh's ICT sector as it has a lot of potential to surpass garment's export earnings by 2041.

UCB Asset to launch stable income open-ended fund

STAR BUSINESS REPORT

UCB Asset Management Company is going to launch the Income Plus Fund, a stable income open-ended fund with an initial size of Tk 50 crore.

Mutual funds are investment funds that gather a fixed pool of money from several investors and re-invest them into stocks, bonds and other securities and then distribute the profits among the unitholders.

Open-ended mutual funds have no timeframe to mature and are not listed with the bourses.

The fund manager signed an agreement with Brac Bank yesterday for getting its service as custodian.

The fund offers several unique features designed to benefit retail savers, especially those who have hit their Sanchaypatra quota and seek investment tax rebate, UCB Asset said in a press release.



Bangladesh currently bags around seven crore tonnes of agricultural products, and fruits, vegetables and spices make up about 17 per cent of the amount. Experts said new varieties of fruits and vegetables are now available year-round to meet industrial demand.

PHOTO: STAR/FILE

Garment leaders demand fair prices from buyers

STAR BUSINESS REPORT

Business leaders in the apparel and textile sectors yesterday demanded fair and ethical prices for their products sourced by international buyers and brands as Bangladesh has improved a lot in terms of quality, product diversity and compliance compared to competing countries.

They made this demand at a discussion, styled "Towards a \$100 Billion Apparel and Textile Sector: Leveraging Sustainability, Competitiveness and Investment Opportunities", at the Bangladesh Business Summit 2023.

The ongoing three-day event is being held by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in partnership with the government at the Bangabandhu International Conference Centre in Agargaon, Dhaka.

They alleged that international buyers and brands consistently pay lower than the global average to garment suppliers in Bangladesh.

"Buyers hardly talk about the topic of fair product prices," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

Sustainability and ensuring continuous improvement of the garment industry in Bangladesh requires a concerted effort from all stakeholders, including buyers, suppliers and the government.

By addressing its challenges, the industry can become more competitive, profitable and sustainable.

And considering the growing awareness of climate change and workers' rights regarding the garment industry, Bangladesh is the safest apparel sourcing country globally, Hatem said.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, said the garment sector intends to be a pioneer in environmentally friendly manufacturing and is gearing up for the next growth phase.

He went on to say that Bangladesh has the potential to produce \$1.2 billion worth of recycled textile and garment items as the country has a big production base of cotton fibre-made clothing items.

Bangladesh has huge potential in agro-processing

Experts tell Bangladesh Business Summit

STAR BUSINESS REPORT

Bangladesh offers huge opportunity for agribusiness and agro-processing thanks to the farmers' hard work, which has enabled the country to secure top positions in the global ranks for producing a number of items, namely fish, rice, potato and mango, industry operators and analysts said yesterday.

The nation currently bags around 7 crore tonnes of agricultural products, a majority of which are rice and potato while fruits, vegetables and spices make up about 17 per cent.

Local firms process a portion of the produce for export and the domestic market, which is expected to expand in coming years owing to the rising income of the growing middle-class and urbanisation.

"The potential for agribusiness is tremendous," said Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, the country's largest agri-processor, at the Bangladesh Business Summit.

There are business opportunities in agro processing, marketing and distribution, he said at the ongoing three-day event organised by the Federation of Bangladesh Chambers of Commerce and Industry at the Bangabandhu International Conference Centre in Dhaka.

Chowdhury said Bangladesh exports 700 basic and processed products valued at around \$2 billion while the domestic agro-processing market is worth more than \$3 billion.

Besides, Bangladesh's food market is expected to amount to 54 billion kilogrammes by 2027, he added.

Globally, there is huge opportunity for Bangladesh being an agricultural country.

The PRAN-RFL chief said the agriculture market was \$12,245 billion in 2022. It is projected to reach \$19,007 billion with a compound annual growth rate of 9.1 per cent by 2027.

The country has abundant raw materials for the agri-business industry due to its tropical climate, year-round growing season, plentiful freshwaters and fertile land, he added.

Chowdhury then said Bangladesh has already attracted global companies, such as Nestle, Arla and Unilever, while a number of local companies are expanding their footprints. The total market size for agricultural products is \$47.54 billion.

There are also opportunities in horticulture thanks to the growing demand for fresh fruits and vegetables in domestic and export markets.

"There are businesses prospects in grains and pulses, poultry, dairy and fisheries here too," Chowdhury said.

Robert Simpson, country representative of the Food and Agriculture Organisation, said Bangladesh has become a food surplus country from a food deficit country.

"The production of high value crops is growing and agribusiness is poised to continue to be a growth industry," he added.

FH Ansarey, managing director of the ACI Agribusiness division of ACI Group, said new varieties of fruits and vegetables, including tomato, mango, pineapple, guava, dragon fruit, watermelon, strawberries and jackfruit, are available year-round to meet industrial demand.

For the value-added processing industry, the country uses a wide range of agricultural products, including rice, wheat, spices, pulses, fruits, vegetable, to make food and beverages.

"Another potential agri-linkage industry is the retail chain," Ansarey said.

At present, Bangladesh's retail market penetration is about 2 per cent with the total market valued at more than \$16 billion. Out of this, 30 per cent is agri-products.

"There are opportunities in developing the capacity of molecular research and applied research in the crop and animal sectors," he added.

Ansarey went on to say that the seed market in Bangladesh is worth over \$700

million and registers 10 per cent growth annually.

Meanwhile, the crop protection market, which comprises pesticides and other related accessories, is recorded at \$550 million with 12 per cent growth while that of agri-machineries is \$1.2 billion with 15 per cent growth.

Besides, the animal health market, including nutrition and supplement, is worth more than \$750 million and registers 10 per cent growth, he said, adding that the value of the animal feed market is over \$4 billion and is growing by 8 per cent annually.

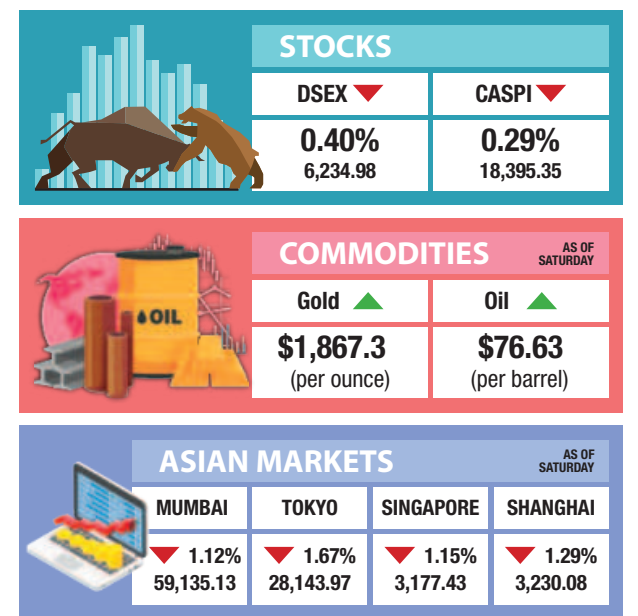
Pierre Failler, a professor of economics at the University of Portsmouth, UK, said Bangladesh has potential in seaweed cultivation.

Agriculture Minister Muhammad Abdur Razzaque said the government provides various fiscal and export incentives to encourage investment in agri-business and agro-processing.

For example, it provides 20 per cent incentive for exporting agricultural products.

He said there were once allegations that Bangladesh suffers from infrastructural shortages for attracting investment.

"But we have developed the required infrastructure. Also, we have laid the foundation for accelerated growth and prosperity in Bangladesh," Razzaque added.



Govt to form authority

FROM PAGE B1

government with recommendations on how to improve efficiency in this regard, the draft law says.

The authority will also form, update and maintain a list of people who are banned from public procurement activities. The list will be available for reading among the mass people.

However, the BPPA's prime responsibility would be to run the e-GP system properly while preserving its related data.

The World Bank has been giving financial and technical support for the e-GP system since 2008.

In 2021, the agreed International Development Assistance of \$40 million of the World Bank was intended to support the scaling up of e-GP coverage to 100 per cent.

e-GP usage has led to a roughly 7 per cent reduction in procurement costs compared to manual, paper-based procurement practices.

As such, estimated savings in FY21 reached \$1.1 billion, as per World Bank data.

Besides, the procurement lead time for all tenders decreased from 100 days in FY17 to 57 days in FY21.

The Central Procurement Technical Unit (CPTU) of the planning ministry was mainly responsible for implementing the e-GP project.

However, the CPTU's capacity has been limited because of its legal structure, a lack of autonomy in decision making, and limited staffing.

So, assimilating the CPTU with the BPPA with enhanced authority and autonomy would help take care of the e-GP project.

Regarding challenges of the public procurement system, the World Bank said in its review that public purchase reforms are extremely complex due to the involvement of numerous stakeholders with diverse and sometimes conflicting interests.

The process in Bangladesh required not only technical, but also substantial political commitment and behavioural interventions, it added.

FMCG companies bullish

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sector are limited to a few products. With the right policies and investments, the FMCG sector can diversify its product range and enter new markets. There are opportunities for foreign direct investment in the FMCG sector as well.

During his presentation, MHM Fairoz, managing director of Singer Bangladesh, said the size of the consumer durable market for electronic products stood at \$2.4 billion and is expected to go up to \$10 billion by 2030.

"Air-conditioners were once a luxury product; but today, it is increasingly becoming an essential product owing to rising temperatures."

Fairoz called for stable fiscal and monetary policies, centralised one-stop service, fiscal incentives for the backward linkage industry, and a consistent and long-term budgetary approach.

Speaking as the chief guest, Commerce Minister Tipu Munshi said the expanding middle class offers huge growth opportunities to the consumer goods sector.

The economic policy of the government has been an enabler in creating a sizeable middle and affluent class, he said.

"There is an immense potential for Bangladesh to become a manufacturing hub for consumer goods."

Nasim Manzur shared some

insights on how the consumer goods market is reshaping.

When BMW launched its cars in Bangladesh, the initial plan was to sell 60 cars in a whole year. "But BMW sold 60 cars in the first three months," he said.

"There is a consumer society out there ready to consume. You can cater to the demand. There is a great room to grow in the premier space."

Manzur said brands, both local and global, want predictable cost structures.

"Bangladesh is also making great strides in this area. For example, we know what the wage increase is going to be year-on-year. But in some competitor countries, the wage may go up by 30 per cent from one year to another year, making long-term investments very difficult."

Rajat Diwaker, managing director of Marico Bangladesh, said the current size and growth of the FMCG sector itself speaks about the single largest opportunity for anyone who wants to do business in the country.

Md Saiful Islam, president of the Metropolitan Chamber of Commerce and Industry, said companies would have to put emphasis on sustainability in order to tackle the challenges stemming from climate change.

"There will have to be an increased focus on recycling."

Management of banks

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AKM Saiful Majid, chairman of the board of directors of Grameen Bank, said "bad" management in the banking industry of Bangladesh has given rise to unethical banking practices.

In Bangladesh, multiple incidences of banks failing in their operations have occurred over the past three decades due to unethical banking practices, he said.

Nurul Matin was born in 1928. He joined the research department of the State Bank of Pakistan in 1951 as an

officer and, subsequently, was placed in the operational departments of the bank in 1963.

During his long banking career, Matin served in many senior positions, including secretary to the board of the State Bank of Pakistan, executive director of Equity Participation Fund, managing director and chairman of Bangladesh Shilpa Bank, and deputy governor of Bangladesh Bank.

He also worked as the director of the BBBM, which initiated this memorial lecture in 1998 to give a boost to the ethical values of bankers.

Digitalisation

FROM PAGE B4

He expects the opening of the Matarbari deep seaport in 2026 will have a significant impact on the country's economy by facilitating global trade.

CMA CGM Asia Pacific Limited has been operating in Bangladesh since 1996.

Regarding the main hurdles for global trade in Bangladesh, Olmeta said a dedicated port service is needed in the country as the current facilities cannot handle large vessels.

CMA CGM Group, a global player in sea, land and air logistics solutions, recently announced the launch of a new Bangladesh India Gulf Express (BIGEX) service.

The service will debut as the first and fastest direct service that connects Bangladesh to Jebel Ali and Abu Dhabi in the Gulf as well as Nhava Sheva and Mundra in India, he added.

Dhaka stocks

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Machinery, Shyampur Sugar Mills, Renwick Jaineswar & Co, and Rangpur Foundry were among the top gainers as well.

Legacy Footwear was the highest loser, shedding 8 per cent.

Pragati Life Insurance, Dominage Steel Building Systems, Eastern Housing, and CAPM IBBL Islamic Mutual were also in the list of significant losers.

Genex Infosys was the most-traded stock with issues worth Tk 40 crore being transacted.

Sea Pearl Beach Resort & Spa, Eastern Housing, Rupali Life Insurance Company, and BDCOM Online also registered significant turnover.

Meanwhile, Caspi, the all-share price index of the Chittagong Stock Exchange, rose by 54 points, or 0.29 per cent, to close at 18,395 points.

Of the issues traded, 10 rose, 64 retreated and 75 did not see any price swing.

However, turnover of the port city bourse increased more than two times to Tk 20.8 crore.

Smart Bangladesh

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"In order to assure the usage of updated technology, the right device is also necessary for 5G connectivity. Bangladesh's perspective should be strengthened in this regard," he said.

The licensing process in Bangladesh's telecommunications sector needs to be more realistic and effective. Because telecommunication services involve many things like fibre optic connections and network towers, he said.

Sood said handsets need to be cheaper and taxation on handsets should be decreased for more digital inclusion.

Asked about the low profitability of Robi, which has been operating in Bangladesh for 25 years, he said over 50 per cent of their revenue go to

government coffers in taxes and high spectrum prices.

"That makes it difficult, but we are working to generate profit in accordance with the size of business we have," he said.

On formulation of the data protection act, Sood said policies and laws were important because it was now not well defined how data needs to be processed, stored and retrieved.

He said Axiata Group, which holds the controlling stake at Bangladesh's second largest operator Robi and operates in 9 countries, was committed to keep investing in Bangladesh.

"We will continue to invest in Bangladesh, expand the network so that we are able to reach consumers," said Sood.

BB working to scrap

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Citing the BB's efforts aimed at restoring discipline in the foreign exchange market, Talukder said that the central bank was trying to keep the exchange rate stable.

Bangladesh's foreign exchange market has been under pressure for nearly a year owing to the fast-depletion of the foreign currency reserves amid escalated import bills.

The reserves have slipped to a six-year low of \$31.5 billion last week, down 30 per cent from \$44.14 billion recorded in March last year. Amid the shortage of the American greenback, the taka has lost its value by about 25 per cent in the past one year.

"We will also eliminate multiple rates of the US dollar. We are close to that. You will see shortly a market-based exchange rate regime."

Currently, the US dollar trades at different rates for exporters, importers and remitters.

The governor said that the central bank has taken several measures to contain higher inflation, which has stayed at an elevated level for the higher global commodity prices. Consumer prices climbed to 8.78

per cent in February, breaking a five-month declining trend, official figures showed yesterday.

"Our policy is to reduce the growth of aggregate demand while making supply-side interventions. This means the central bank will finance the supply-side initiatives," Talukder said.

Speaking at the discussion, Ali Reza Iltekhari, a former chairman of the Association of Bankers, Bangladesh, a platform for managing directors of banks in Bangladesh, described non-performing loans (NPLs) as cancer.

"If you can't cure it within the shortest possible time, you will die. And there is no other conclusion. Banks should be very careful about NPLs," said the managing director of Eastern Bank.

"If you look at the balance sheet of any bank, you will see that it earns a lot of money. But it also loses money because of the defaulted loans."

Default loans in the banking sector jumped 17 per cent year-on-year to Tk 120,656 crore last year owing to a lack of corporate governance and the ongoing business slowdown.



Ministers, policymakers, businesspersons and invited foreign guests are seen discussing issues on the second day of the three-day Bangladesh Business Summit 2023 organised by the Federation of Bangladesh Chambers of Commerce and Industry in partnership with the government at Bangabandhu International Conference Centre in Agargaon, Dhaka yesterday.

PHOTO: PALASH KHAN

Take part in Bangladesh's development journey

Policymakers urge investors at Bangladesh Business Summit

STAR BUSINESS REPORT

Policymakers of Bangladesh yesterday urged foreign investors to pour their money into the country, citing the economy's many potentials along with its conducive business environment.

The call came on the second day of a three-day Bangladesh Business Summit 2023 organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in partnership with the government at Bangabandhu International Conference Centre in Dhaka.

The event aims to showcase the country's progress and potential to both global and local investors.

Bangladesh is providing various fiscal and non-fiscal incentives for investors such as tax holidays, reduction of value added tax alongside import tax on capital machinery and raw materials, provisions of export subsidies, and various banking facilities, said Commerce Minister Tipu Munshi.

Companies located in economic zones and export processing zones are entitled to receive different incentive packages featuring tax exemptions, he said.

Bangladesh Investment Development Authority (BIDA) has also established a One Stop Service platform on its website to facilitate investors, he said.

The government is keen to formulate business-friendly policies and running many projects to facilitate trade and investment, said Munshi.

"Our priority is also opening up new export destinations," he said as chief guest of a plenary session titled "Bangladesh: \$100 Billion Investment Opportunities in Key Sectors for Investors to Leverage".

It is evident that Bangladesh is going to make its dream true of conducting trade worth \$100 billion. "So, don't miss the train," said the commerce minister.

"We have potential sectors of leather, jute, jute products, light engineering, agro products, plastic products, and freelancing in service sectors," he added.

The poverty rate is dropping every year, said Salman F Rahman, private industry and investment adviser to the prime minister, while presenting a paper.

Average economic growth rate has remained at over 6 per cent over the past 14 years and the GDP grew fivefold since 2008 to stand at \$465 billion in 2022, he said.

A major reason for the development is women empowerment and that brought some social changes too, he said.

The reason people should pick the country for investment is that Bangladesh

6 per cent to 89 per cent while electricity by 10 per cent to 55 per cent, he added.

Ki Hak Sung, chairman of Youngone Corporation, said he was lucky to have found Bangladesh as an invest destination many years ago.

Now the company was working on enhancing its man-made fibre production capacity setting up a 200,000 square metre facility. "We need, however, gas while solar power is meeting electricity demand," he said.

"The government is promising but it needs to implement. Everyone should be specialised, not fighting with each other in the commodity market," he said.

On government policies, he said predictability and reliability over policy

offering a lot of opportunities to investors through allotment of adequate land and ensuring delivery of approvals required, said AK Azad, a former FBCCI president.

Now a container handling port is necessary to send goods to the Matarbari deep sea port easily, he said.

Customers are looking for man-made fibres and recycled products and so foreign investors can invest in these sectors, he added.

Political stability and national security are very much important and basic issues for investment, said Takeshi Mamiya, regional CEO (ASEAN and Southwest Asia) and managing director of Marubeni Corporation.

The positive side is that most people have no doubt about the increasing GDP growth and when an investor sees such prospects, they become aggressive for investment, he said.

Many British entrepreneurs are interested in expanding their business in Bangladesh, said Anne-Marie Trevelyan, minister of state in the Foreign, Commonwealth & Development Office of the UK.

"...but at the same time we hear concerns from businesses that new rules and regulations will make it difficult," she said.

So, trade and investment related dialogue is important, she added.

Bangladesh has a huge domestic market and is next to the over 1 billion people's country of India, for which this land is attractive for investment, said Mohammad Tofazzel Hossain Miah, principal secretary to the prime minister.

Md Jashim Uddin, president of the FBCCI, presided over the meeting participated by Rosie Glazebrook, chief executive of the Commonwealth Enterprise and Investment Council, and Jongwon Kim, director general of Korea Trade-Investment Promotion Agency.

The reason people should pick the country for investment is that Bangladesh has the fastest growing consumer market and it is passing a period of demographic dividend, said Salman F Rahman, private industry and investment adviser to the prime minister

has the fastest growing consumer market and it is passing a period of demographic dividend, said Rahman.

Its strategic location makes it a gateway to India and China while connecting important and new regional markets such as Bhutan, Nepal and Myanmar, he said.

All in all, it provides access to 2.9 billion consumers who are spending more than \$8.53 trillion annually, he added.

Bangladesh receives facilities under Generalised System of Preferences from 38 countries, said Rahman.

On cost competitiveness, he said worker wages were 47 per cent to 84 per cent lower than that in Karachi, Mumbai, New Delhi, Hanoi, Bangkok, Manila, Beijing and Kuala Lumpur.

Cheap water saved costs anywhere from

continuation was guaranteed by Salman F Rahman.

Simplification or elimination of procedures should be such that can be competitive with China, Vietnam and Uzbekistan, he said.

Bangladesh has been implementing many mega projects, including the Padma Bridge, metro rail and Matarbari deep sea port, said Md Shahriar Alam, state minister for foreign affairs.

If anyone looks for prospects, a steep upward curve can be drawn that will enable the country to transition to a developed nation, he said.

"So, participate in the journey and contribute as well as make your business," he urged.

The special economic zones are

'Smart Bangladesh needs proper policy'

MAHMUDUL HASAN



Bangladesh has set its target to go beyond becoming a digitalised nation and so it needs to ensure proper policy framework to realise its "Smart Bangladesh" vision, said Vivek Sood, joint acting group chief executive officer of Axiata Group.

"For developing a Smart Bangladesh, Bangladesh has all the ingredients. But now what is more important is a policy framework so that the required technology can be in place," he said.

In an interview with The Daily Star at Bangladesh Business Summit 2023, Sood said "Smart Bangladesh" and "Digital Bangladesh" were conceptually distinct.

So, implementing "Smart Bangladesh" means not just about going digital or ensuring internet connectivity but also bringing about some reforms to current policies, he said.

"There are some significant concerns with the introduction of 5G in the country," said Sood.

"First and foremost, the deployment of 5G in the country depends greatly on the policy framework. The investment will mostly depend on the formulation of proper policy," he said.

Digital literacy must be ensured as a part of digital inclusion and Bangladesh should make more progress in this area, he said.

"Our (telecom operators') investment and revenue are suffering as a result of the tax burden, the tax system has to be sensible and enforceable," said Sood.

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'Digitalisation key to smooth business'

MD ASADUZ ZAMAN



Ensuring infrastructure facilities and logistics support in Bangladesh are the main challenges for the country to flourish in global trade, according to a top official of a global logistics company.

"Ensuring adequate infrastructure at seaports and digitalisation of management systems are the main challenges for Bangladesh," Laurent Olmeta, CEO of CMA CGM Asia Pacific Limited, said in an interview with The Daily Star yesterday.

To improve the infrastructure facilities, the government should focus on the essential transportation system, which includes building roads and bridges, he added.

Olmeta then said they expect Bangladesh to improve the ease of doing business by simplifying the country's institutional facilities through digitalisation.

"We want to connect all stakeholders promptly through digitalisation," Olmeta said at the ongoing three-day Bangladesh Business Summit at the Bangabandhu International Conference Center in Dhaka.

The event is being held by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in association with the government as a part of the former's 50th anniversary celebrations.

The world is moving towards digitalisation and so, Bangladesh also has a prospective plan to become a developed country by 2041 through digitalisation.

"It's a very good step from the Bangladesh government. As a private company, we are ready to help the country," Olmeta said.

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Suitable policy, level playing field needed in ICT

Experts tell Bangladesh Business Summit

STAR BUSINESS REPORT

The government has taken impressive strides in transforming the country to adopt digitalisation but proper policy and a level playing field across the industry are required for further growth, said experts yesterday.

With government direction and proper regulation, there was immense progress in terms of digital financial inclusion, said Kamal Quadir, chief executive officer, bKash.

But now to meet the government's future ambitions of economic growth, Bangladesh needs different kinds of preparations and has to formulate regulations that can protect consumer interest, he said.

"We need to make sure there is a level playing field across the industry, we have to make sure we have all the ingredients to attract foreign invest investment," he said.

Quadir was addressing a panel discussion titled "Harnessing the Power of Digital Economy to Unlock New Frontiers in Smart Bangladesh" at Bangladesh Business Summit 2023 in Bangabandhu International Conference Centre in Dhaka.

The three-day event is being organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) in partnership with the government to

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Locally made lifestyle products and ceramic goods are on display at a stall on the sidelines of the Bangladesh Business Summit 2023 organised by the Federation of Bangladesh Chambers of Commerce and Industry in partnership with the government at Bangabandhu International Conference Centre in Agargaon, Dhaka yesterday.

PHOTO: PALASH KHAN

Dhaka stocks fall for 2nd day in a row

STAR BUSINESS REPORT

Market indices of the Dhaka Stock Exchange yesterday fell for the second day in a row.

The DSEX, the benchmark index of the country's premier bourse, shed 25 points, or 0.4 per cent, to hit 6,234 points by the end of the session.

The DS30, which represents blue chip stocks, decreased 0.24 per cent to 2,221 points while the DSES, comprised of shariah-compliant companies, edged down 0.25 per cent to 1,358 points.

Turnover, a key indicator of the market, dropped about 20.5 per cent to Tk 433 crore at the same time.

Of the securities traded, 17 advanced, 139 declined and 155 did not show any price movement.

Unilever Consumer Care made the highest gain with an increase of 20 per cent. Monno Agro & General

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