

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

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 agro-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 million 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 Razaque 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," Razaque added.

Garment leaders demand fair prices from buyers

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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.

STOCKS	
DSEX ▼	CASPI ▼
0.40%	0.29%
6,234.98	18,395.35

COMMODITIES	
Gold ▲	Oil ▲
\$1,867.3	\$76.63
(per ounce)	(per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.12%	▼ 1.67%	▼ 1.15%	▼ 1.29%
59,135.13	28,143.97	3,177.43	3,230.08

Govt to form authority

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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 BBIM, which initiated this memorial lecture in 1998 to give a boost to the ethical values of bankers.

Digitalisation

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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.