

BYD's flagship electric vehicle launched in Bangladesh

STAR BUSINESS REPORT

BYD Auto Co Ltd, the world's biggest EV-maker, has launched its flagship model, the BYD Seal, in Bangladesh, paving the way to explore electric vehicles and embrace sustainable living practices in the country.

CG-Runner Bangladesh, an authorised distributor of BYD, introduced two variants of the sedan yesterday at its showroom on Shahid Tajuddin Ahmed Sarani in Tejgaon.

The premium variant of the Seal can travel 570 kilometres (rear-wheel drive) at full charge while the performance variant provides a mileage of 520-kilometres (all-wheel drive).

The BYD Seal, which is equipped with a battery capacity of 83 kilowatt hours, integrates a suite of state-of-the-art technologies, including their e-platform 3.0, innovative CTB (cell-to-body) technology, blade battery and iTAC (intelligent torque adaptation control).

It also has a slanted roofline, panoramic glass roof, short rear deck, waterdrop mirrors, wave waistline, and LED lights.

CG-Runner Bangladesh will also introduce electric SUVs, buses, trucks, and other vehicles produced by the Chinese automaker in phases, according to its officials.

The 8,400-square-foot showroom will accommodate five cars at a time.

In a press release, CG Runner BD Ltd said Bangladesh's government envisions phasing out traditional fossil fuel-powered cars and introducing electric vehicles instead to tackle carbon emissions.

"But the adoption of electric vehicles is still in the early phase owing to a lack of EVs in the domestic market. This step will help in EV adoption in the country," it said.

Hours before the launch of the electric vehicle, Salman F Rahman, the private industries and investment adviser to the prime minister, inaugurated the showroom.

Addressing the event, Rahman said the government wants 30 percent of the vehicles in the nation to be powered by electricity by 2030 as part of its vision for a Smart Bangladesh by 2041.



Salman F Rahman, the private industries and investment adviser to the prime minister, poses for photographs with a BYD Seal car at its showroom in Tejgaon yesterday. PHOTO: COLLECTED

"For that to happen, it's important that electric vehicles are made available in the country so that people can make smart choices and buy EVs. For this reason, I welcome BYD's move to open its first showroom in the country," Rahman said.

The showroom will house two charging stations (AC and DC), to be installed inside for the convenience of BYD car owners, according to the press release.

CG Runner BD Ltd is planning to open more showrooms and service centres in the near future so that the adoption of EVs can be expedited, it said.

Number of mobile internet users drops for 5th month

MAHMUDUL HASAN

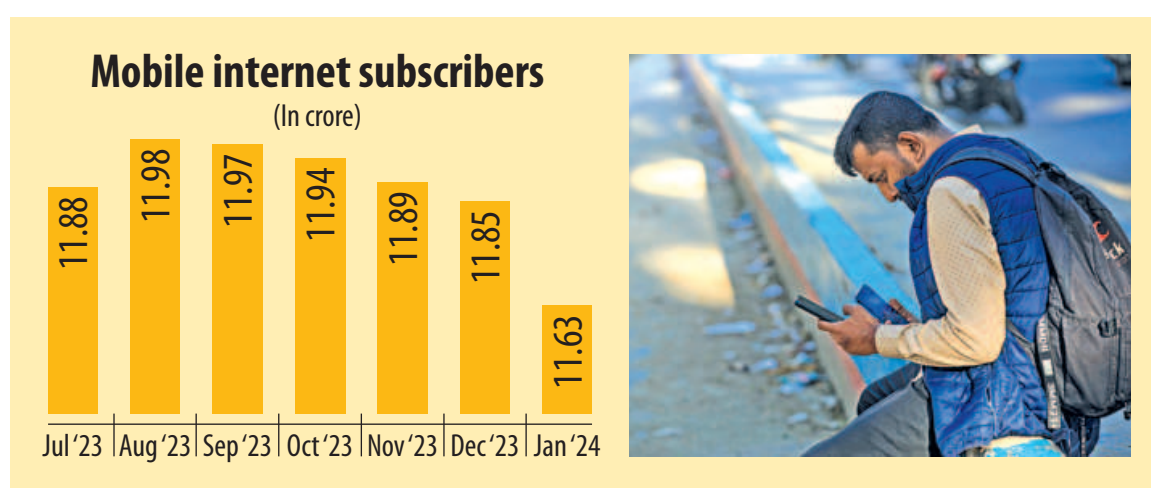
The mobile internet subscriber count in Bangladesh declined for a fifth straight month in January due to the regulator's bar on the sale of packages with short validity periods, compounded by persistent inflationary pressure on consumers.

There were about 11.63 crore mobile internet users in January, having undergone a massive drop of nearly 22 lakh from that on the previous month, according to data from Bangladesh Telecommunication Regulatory Commission (BTRC).

This is the biggest reduction since December 2021, when the number of mobile internet users had dropped by 28 lakh compared to that in the preceding month.

Industry experts attributed the decline to financial constraints of consumers due to heightened inflation and the regulatory bar.

In a move that stakeholders, experts and consumer rights organisations say restricts freedom of choice, the BTRC had ordered

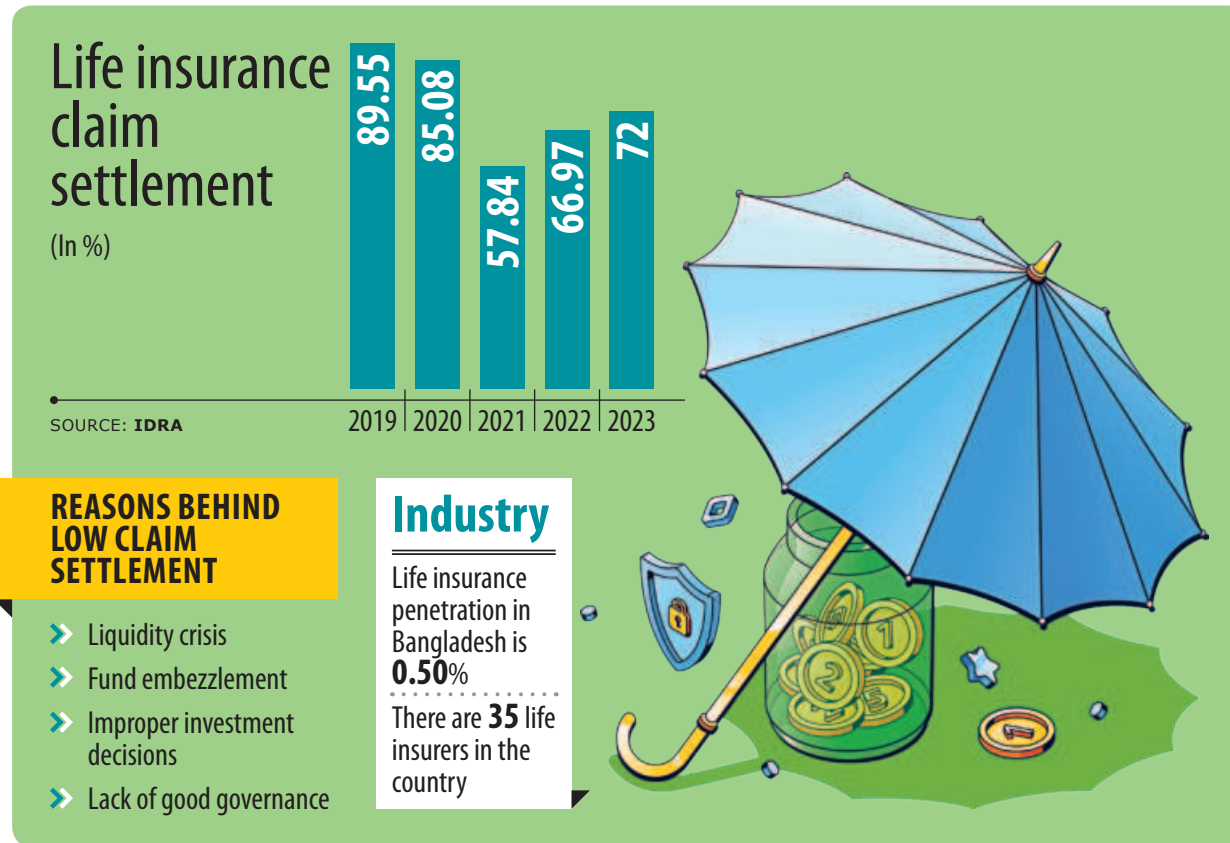


mobile operators to discontinue 3-day and 15-day data packages from October 15 last year.

According to the BTRC, 69.23 percent of data packages that customers purchase were of a three-day validity, 16.84 percent of a seven-day validity, 3.82 percent of a 15-day validity, and 10.11 percent of a 30-day validity before the restriction.

Insurance claim settlement rose in 2023

But the rate remained far below the global average



SUKANTA HALDER and AHSAN HABBIB

The claim settlement rate in the insurance sector of Bangladesh has risen by more than four percentage points within the span of a single year although the ratio has remained far below the global average.

The claim settlement rate stood at 65.16 percent in 2023, which was 61.16 percent a year earlier, according to the Insurance Development and Regulatory Authority (Idra).

The jump was led by both life and non-life insurers: the life insurance segment saw a 72 percent settlement in 2023, up from 67 percent in 2022. For non-life insurance, it rose to 41 percent from 35 percent.

However, the global average for claim settlements is 97-98 percent. In India, it stood at 98.45 percent in 2022-23, according to media reports.

In 2023, policy-holders made insurance claims involving Tk 15,699 crore. Companies settled claims amounted to Tk 10,236 crore.

"The claim settlement ratio is low in Bangladesh as some insurers don't clear a large part of the claims on time," said Mohammad Jainul Bari, chairman of the Idra.

"This is creating a bad perception about the overall industry."

To improve the claim settlement rate, the Idra initiated some

regulatory reforms and rolled out corporate governance and policyholder protection guidelines for the sector.

A company's licence was suspended and two companies are under special audit. Some other companies have been fined a large amount.

"All of these have been done so that all other companies speed up settlements," Bari said.

The Idra has even instructed some companies to sell properties and settle claims.

"However, the regulator alone can't do everything for the development of the sector. The companies will have to have a desire to improve the situation," he said.

He also says if there is no mindset to serve people and do business honestly, no matter how many laws the regulator enacts, the problem will remain in the sector.

On December 11, Bangladesh rolled out bancassurance as the central bank allowed banks to sell insurance products. Bancassurance is an arrangement between a bank and an insurer, allowing the former to sell products of the latter through its vast network.

Industry people say bancassurance may solve the problem facing the insurance sector as banks are more professional and can boost

people's confidence about insurance products.

The contribution of the insurance sector to GDP is measured by what is popularly known as the penetration rate. It is 0.46 percent in Bangladesh whereas it stands at 4.2 percent in India and 0.91 percent in Pakistan.

At present, there are 35 life insurance and 46 non-life insurance companies in Bangladesh.

"The insurance sector was not prioritised or organised as strongly as banks even until 2010, so it is taking time to gain a good shape," said Sheikh Kabir Hossain, president of the Bangladesh Insurance Association, a platform for insurance companies.

In the last 14 years, rules and regulations have been framed and the Idra was set up.

"Now, the situation is improving," Hossain said.

There are some sick life insurance companies whose claim settlement ratio is less than 10 percent. These firms have prevented the overall claim settlement rate from reaching a significant level.

Hossain urged the Idra to be strict when it comes to compliance.

"The capacity of Idra's officials should also be enhanced."

Some 17.11 million people in Bangladesh are currently under insurance coverage.

Financing large projects in Bangladesh

MAMUN RASHID

Bangladesh stands at a critical juncture in its developmental journey, with infrastructure development being a cornerstone of its economic growth agenda.

Over the past decade, Bangladesh has undertaken and implemented several infrastructural development projects in sectors such as transportation, energy, power, telecommunications, and urban development – all of which are believed to be crucial for the long-term growth of the economy.

The government's renewed commitment to infrastructure development underlines a strategic shift aimed at addressing historical shortcomings and unlocking the nation's growth potential. With a clear focus on combating corruption and fostering an environment conducive to investment, Bangladesh seeks to become a major power economically.

However, the current global crisis underscores the urgency of getting the infrastructure strategy right. Against this backdrop, stakeholders must prioritise key components such as ensuring adequate power supply, enhancing transportation networks, and optimising port efficiency.

Central to the success of infrastructure development is access to financing, which requires concerted efforts from both public and private sectors, as well as international development partners. Embracing public-private partnerships and creating favourable economic incentives are essential to attracting necessary investments.

In structuring financing arrangements, several factors come into play, including project size, off-taker reliability, and transmission capacity. Bangladesh's progress in addressing distribution challenges bodes well for attracting investors, while strong sponsorships and transparent contract frameworks mitigate risk perceptions.

Capacity payments and the importance of the payback period are critical considerations in financing large projects. Capacity payments ensure revenue certainty for investors, while a favourable payback period enhances project feasibility and attractiveness to financiers. Long-term financing mechanisms, including debt instruments and equity investments, play a crucial role in sustaining infrastructure projects over their lifecycle.

The involvement of multilateral and bilateral development agencies, alongside private equity firms and other financing institutions, emphasises the diverse financing landscape available to support infrastructure projects in Bangladesh. Leveraging these resources effectively can catalyse progress and alleviate reliance on traditional donor funding.

The banking sector will also have to be more open towards the idea of financing large projects. For this to happen, understanding the mechanisms of project financing is crucial. Bankers have to be trained well so that they can conduct proper due diligence and thoroughly assess the risks associated with such projects.

Furthermore, tapping into local capital markets presents an opportunity to mobilise domestic liquidity for infrastructure initiatives, supplementing external financing sources. Strengthening governance structures and enhancing capacity within the civil bureaucracy are critical enablers for successful project implementation and investor confidence.

As Bangladesh navigates its infrastructure development journey, transparency, execution support, and corporate governance emerge as essentials. By fostering a conducive environment for infrastructure investment, Bangladesh can lay the foundation for sustained economic growth and prosperity.

The country has experienced significant economic growth, consistently exceeding a 7 percent annual growth rate in recent years despite challenges like the Covid-19 pandemic and the Russia-Ukraine war. The country is set to become the 26th largest economy by 2030 and the economy is predicted to cross the \$1-trillion mark by 2040 even with a CAGR of 5 percent. To sustain this growth and achieve forecasted results, increased investment in various infrastructure sectors is vital.

Realising Bangladesh's infrastructure potential requires a coordinated effort from all stakeholders, guided by a clear vision and unwavering commitment to overcoming existing challenges. Through strategic partnerships, innovative financing mechanisms, and effective governance, Bangladesh can emerge as a regional powerhouse, driving inclusive growth and development for its citizens.

The author is an economic analyst and has dedicated this write-up to Dr Fauzul Kabir Khan, who helped popularise and structure long-term financing for major infrastructure projects in Bangladesh

Soybean oil prices stay above fixed rate in Ctg

STAFF CORRESPONDENT, Ctg

Retailers and wholesalers in markets around Chattogram are selling soybean oil at prices exceeding the government-fixed retail prices, which were to be effective from March 1.

Refiners had decided to start selling bottled soybean oil at Tk 163 per litre, but according to retailers, it is selling at Tk 170 per litre, while a five-litre bottle is fetching Tk 845 despite the price being set at Tk 800.

Wholesale traders at the Khatunganj market, one of the country's largest wholesale commodity hubs, said loose soybean oil was being sold at mill gates for Tk 155 per litre. At retail markets, the price of loose soybean oil reached Tk 158 per litre despite the new price being set at Tk 149 per litre.

Abdur Rashid, a wholesaler at Khatunganj market, told The Daily Star: "Although the demand for the product is increasing ahead of Ramadan, the supply is not increasing. I bought a delivery order two weeks ago but I have failed to collect the oil from mill gate till today due to a shortage of supply."

Rabiul Hosen, a retailer at the Kazir Dewri kitchen market, said although the price of soybean oil was fixed at Tk 163, new bottles have not entered the



market so far.

He added: "It is not possible to control the soybean oil market by fixing the price without increasing supply. In order to keep prices and supply normal, the government has to monitor everything from the mill gates to retail markets," he added.

Meanwhile, a team of the Directorate of National Consumer Rights Protection (DNCRP) conducted a drive across two mills in Chattogram yesterday.

"Today (Saturday), we visited two refineries to see why bottles at the new rate are not available in the market. The owners and management assured us that the new prices would be in effect within two days," said Anisur Rahman, assistant director of the DNCRP.