

Hero to ramp up production in Jashore plant

STAR BUSINESS REPORT

Hero MotoCorp plans to increase the production capacity of its factory in Bangladesh seeing the huge growth potential of the country's automotive industry, said its chairman Pawan Munjal.

In 2016, Hero set up a motorcycle manufacturing plant in Jashore in what was the Delhi-based motorcycle and scooter manufacturer's first overseas venture.

Over the past four years, more than 250,000 motorcycles were manufactured at the factory, which has an average production capacity of more than 100,000 vehicles per annum.

"Compared with any other emerging country, Bangladesh has the fastest growing automotive industry. To meet the growing demands, we will increase the production capacity of our factory," Munjal told The Daily Star in an interview recently.

The sales of motorcycles increased 13 per

cent in 2019. But the growth rate was higher previously, according to industry insiders.

The sudden change in regulations is one of the biggest challenges faced by Bangladesh's automotive industry, which is the third largest in South Asia.

A set of regulations are changed when the government announces its yearly fiscal budget in June. Besides, the Statutory Regulatory Order (SRO) also brings changes on taxes.

"We need consistent policies from the Bangladesh government," Munjal said.

When Hero began its manufacturing in Bangladesh, there was a specific set of rules. With time though, rules changed and the company was subsequently affected.

However, Hero's venture in Bangladesh has remained profitable and continues to grow.

"More than 500 people are directly employed in our company while a number of others are indirectly employed," he said, adding that Hero have a market share of 20 per cent.

Hero is also considering whether to export some of the vehicles made at their Bangladesh factory.

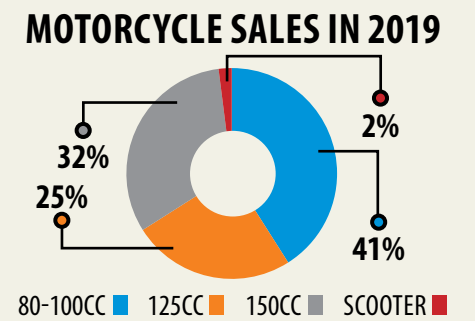
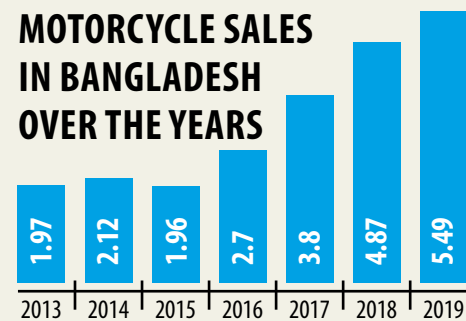
In 2011, when Hero began its solo journey after separating with Honda, the company had only three factories and were exporting to just four countries: Bangladesh, Nepal, Sri Lanka and Colombia.

"Today, with eight factories, including the one in Bangladesh, we export to almost 40 countries in Asia, Africa, Central and South America."

Innovation was the key to retaining consumer interest, so Hero expects more of the same from its global partners.

Although Pleasure, a scooter model sold by Hero, is available in Bangladesh, the demand for such vehicles is very less in the country.

Scooters account for only 1 per cent of the total demand for two-wheelers in Bangladesh, while motorcycles make up the rest. Munjal said, adding that 65 per cent of the two-wheeler market in Sri Lanka is covered by scooters.



Bangladeshi roads to soon see 3 new Hero motorcycle models

STAR BUSINESS REPORT

Hero MotoCorp has unveiled three new products in the mainstream and premium segments of motorcycle in India.

The new models are: Hero Xtreme 160R, Hero Passion Pro and Hero Glamour.

The bikes are packed with an engine of BS-VI category, meaning they would make less pollution and sound compared with the currently available two-wheelers.

The BS-VI, or Bharat Stage VI, is the new emission standard that all vehicles in the country will have to adhere to from April 1, 2020.

The new bikes will be available in the Indian market in April, said Pawan Munjal, chairman of Hero MotoCorp.

His comments came when he unveiled



Pawan Munjal

the new products at the Hero World 2020 at Hero Centre of Innovation and Technology of the New Delhi-headquartered company in the northern Indian city of Jaipur.

"The products will be available in the Bangladesh market just after their launch in India," said Rajat Bhargava, head of global business of Hero MotoCorp.

As BS-VI is not mandatory in Bangladesh yet and the preference of its consumers is different, the products will be slightly modified for the market, he said.

The other two models -- Glamour and Passion -- are already available in

the company's fast-expanding presence in the premium segment. The bike delivers acceleration to 60 km/hour in 4.7 seconds.

The company also introduced Hero Glamour BS-VI, which runs on the new 125cc engine with 19 per cent more power.

The new Passion Pro comes in new 110cc delivering high fuel economy and is available in four colours: red, blue, yellow and black.

Hero MotoCorp also launched the Hero XPulse 200 Rally Kit for aspiring racers.

With innovation at the core of its philosophy, Hero MotoCorp will invest Rs 10,000 crore in research and development in

the next five to six years, Munjal said.

The investment in R&D will be to focus on alternative mobility situation, sustainable development and brand-building across the globe.

He also announced the new vision and mission of Hero MotoCorp, which is "Be the future of mobility".

Hero MotoCorp has been the world's largest two-wheeler company by unit volume sales for the last 19 years.

It is the dominant market leader in India, the world's largest two-wheeler market, with more than 50 per cent share.

Currently, it exports products to 40

countries, up from only four in 2011.

Munjal also recalled the journey of Hero MotoCorp as a solo player in 2011 after splitting from Honda. "It was a young company with a rich legacy."

Hero MotoCorp currently has an annual combined production capacity of around 9 million units of two-wheelers, according to the company's website.

It has seven globally benchmarked manufacturing facilities, including five in India and one each in Colombia and Bangladesh.

The new manufacturing facility in Andhra Pradesh will start production this year.



Mathbaria coasting on remittance

Migrant workers from upazila send home about Tk 300cr a year

OUR CORRESPONDENT, Pirojpur

Mathbaria upazila inside Barishal's Pirojpur district can be a good example of how remittance can help an economy grow.

The 353 square kilometre upazila has always been depending on the production of rice. Mathbaria's aman acreage was 20,100 hectares this year, which is about one-third the paddy produced in the belt.

But it was tough to live life through farming in a natural disaster-prone zone like this. Local people were frantically looking for an alternative source of earnings and then remittance came to the rescue.

It all started with the journey of 10 people to the Kingdom of Saudi Arabia 45 years back. They were the first group of people to go abroad to earn their living under state-to-state arrangement.

The 10 worked in a drainage project in the Western Asian country and started living there permanently. Years later, they began taking their relatives to the kingdom as workers.

Now, local people believe about 50,000 inhabitants of the upazila of nearly 3 lakh people live in Saudi Arabia. However, any official data on it was not available.

In Pirojpur district, Mathbaria upazila receives the highest amount of remittance, said Mohammad Sanaullah, manager of Rupali Bank's Mathbaria branch.

Migrant workers remit Tk 225 crore to Mathbaria every year through 19 branches of different banks, he added.

Another Tk 100 crore also come to the upazila every year through the illegal channels, said another banker requesting anonymity.

For Bangladesh, Saudi Arabia is the highest remittance sending nation in the world.

Migrant workers living in the second largest country in the Arab world remitted \$3.1 billion in fiscal 2018-19 to Bangladesh, while the UAE came in second with \$2.5 billion and the US third with \$1.8 billion.

In January alone, \$321.24 million came from Saudi Arabia, according to data from the Bangladesh Bank.

"My brother was in the first lot of 10 people who went to Saudi Arabia

free of cost as a top officer in 1975. It opened a scope for me to go and get established there," said Harun Ur Rashid Howlader.

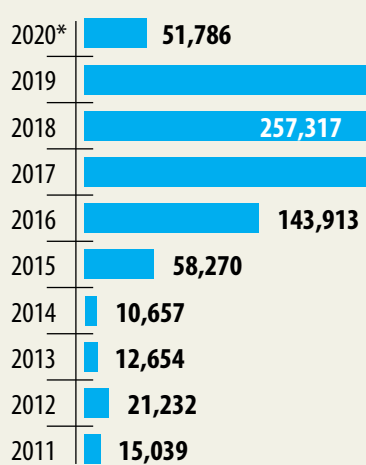
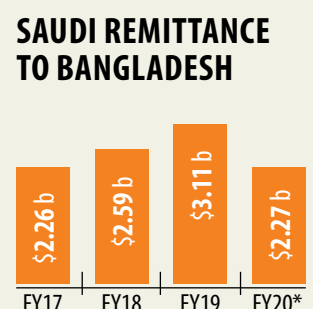
Howlader left his job in Bangladesh Rifles (now Border Guard Bangladesh) and also moved to Saudi Arabia in 1983.

"I helped a lot of people to migrate to Saudi Arabia from my upazila and other parts of the country. All of my relatives have at least once gone to the

house rent are also higher in the zone. The rent of a house for a small family may hit Tk 7,000 in Mathbaria, which is twice as much as in other upazilas.

The ever-increasing remittance sent by the migrant workers has been enabling the local people to live in an expensive place like Mathbaria.

Like Harun, many have seen a rise in their economic condition by going abroad.



kingdom."

Of the seven upazilas in Pirojpur, Mathbaria is the largest one that covers about one-fourth the total area.

The upazila with 66 per cent literacy rate is also the most expensive town to live in the district and one of the costliest ones in Bangladesh.

In a gap of 30 years, the price of land in Mathbaria increased more than 15 times. One decimal of land is now sold at Tk 40-50 lakh there, which is nearly four times that in any of the upazilas inside Pirojpur.

The prices of daily commodities and

At least one member of every family in the upazila now lives abroad, said Md Nuruzzaman Talukder from the upazila's Gulishakhali village.

"But the highest number of people live in Saudi Arabia," said Talukder, who lived in the kingdom nation from 1992 to 2008 and later started doing business in Mathbaria.

Remittance has helped Talukder make his fortune like many in the upazila. He now owns two houses in Dhaka's Kalyanpur and Mohammadpur and even a brickfield along with other businesses.

Int'l call rate cut yet to benefit expatriate Bangladeshis

MUHAMMAD ZAHIDUL ISLAM

Bangladeshis living abroad are still paying higher charges for international incoming voice calls although the government has cut the rate by 65.71 per cent to boost earnings from the sector.

The international gateway operators, known as IGWs, are charging \$0.017 a minute for the international calls although the government prescribed the rate should not exceed \$0.006.

However, the IGWs are sharing revenues at the government-set rate of \$0.006, pocketing the extra amount.

The telecom regulator fixed the floor price at \$0.006 a minute for international call termination on February 13, but it said nothing about the ceiling.

The latest decision also meant that IGWs will share revenue with the government based on the declared floor price regardless of how much they actually charge on calls.

The IGWs are taking benefit of these loopholes, according to industry insiders.

It is surprising to see the government is allowing a licensee to share revenue at the floor price and not the actual rates, said SM Farhad, secretary general of the Association of Mobile Telecom Operators of Bangladesh (AMTOB).

"What about other telecom licensees who have both upper and lower limits for their products or services?"

He also doubted whether the expatriates will at all be able to talk to their friends and families at the new tariff for international calls.

Bangladesh received about 888 million minutes of international calls on an average every month last year, according to data from the AMTOB.

The country's overall earnings were \$15.54 million in 2019 at the termination rate of \$0.017, the association said in a letter to the Bangladesh Telecommunication Regulatory Commission (BTRC) on February 20.

The government will lose a few hundred crores of taka if the new rate is implemented, the association said.

If the call rate cut increases the

number of incoming calls by 10 per cent, the country will be deprived of \$9.68 million a year in lost earnings, the AMTOB estimated.

But if the number of calls increases by 20 per cent, Bangladesh is supposed to lose \$9.15 million a year, it found.

The new regulation on the incoming call termination rate will

BTRC.

"We have studied the market and found that a significant portion of international calls are now made through internet-based communication platforms, which cost nothing other than the price of data. That is why the BTRC had to revise the rate."

The mobile operators are protesting

IMPACT ANALYSIS OF INTERNATIONAL CALL TERMINATION RATE CUT

- Average monthly incoming call min 88.8cr in Jan-Dec'19
- When termination rate \$0.017/min, the country earns \$15.54m
- When termination rate cut to \$0.006/min
 - If calls increase 10%, earnings will be \$5.86m
 - If calls increase 20% earnings will be \$6.39m
- In both cases, govt will lose more than Tk 300cr
- Mobile operators will lose more than Tk 200cr

leave a huge negative impact on the revenue stream of the government, said Farhad.

The revenue for other players, including interconnection exchanges and mobile network operators, will also decline drastically, he added.

The rate was cut following requests from the IGWs to help them cope with the growing threat of internet-based communication services, said Md Jahurul Haque, chairman of the

the new incoming call rate as they run promotional campaigns on the internet-based communication applications, he added.

In fiscal 2014-15, the government's earnings from international calls stood at Tk 2,075.62 crore. It declined to Tk 1,387.37 crore, Tk 967.63 crore, Tk 900.35 crore and just a few hundred crores in the successive years, according to BTRC officials.

Currently, Bangladesh has 24 IGWs.

