

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.37%	0.19%	\$1,313.00 (per ounce)	\$46.56 (per barrel)	0.75%	3.05%	0.82%	0.48%	BUY TK 77.80	86.77	109.64	0.72
4,395.27	8,234.60			26,525.46	15,434.14	2,751.56	2,873.48	SELL TK 78.79	90.16	113.03	0.76

**ক্যাশ ওয়াকফ**

ইহকালীন কল্যাণ ও পরকালীন মুক্তির হাতিয়ার

এসআইবিএল এর ক্যাশ ওয়াকফ ফিন  
হাবের সম্পত্তির পরিচালনা নগদ টাকায়  
ওয়াকফ করার সুযোগ -  
যে কোন প্রয়োজনে ০৯৬৯২০০৯২২



# Star BUSINESS

DHAKA FRIDAY JUNE 17, 2016

## Manufacturers line up for low-cost foreign currency loans

### BB approves \$38m in 8 proposals

SAJJADUR RAHMAN

Manufacturers are rushing to take low-cost long-term foreign currency loans from the special World Bank-Bangladesh Bank fund, bankers said.

Bangladesh Bank in collaboration with the World Bank took an initiative last year to channel long-term loans to the manufacturing sector at low interest rates.

A \$350 million fund was created and already 25 private commercial banks have signed deals with the central bank to disburse the loans for their clients.

Loans under the scheme will cost a bank 3.25-3.5 percent, which, in turn, will charge its clients a maximum of 6.5 percent interest rate. The tenure of the loans will be at least three years and at most ten years.

"There is huge demand for the loan. We are getting applications from our clients every day," said Shafiqul Alam, managing director of Jamuna Bank.

Abdul Halim Chowdhury, managing director of Pubali Bank, echoed the same. "Not only is the demand for loans under the scheme high, the amounts the clients want are big too."

The project became effective on September 20 last year, with the BB setting up a department, named Financial Sector Support Project and Strategic Planning Department, to implement it.

In November last year, the BB issued a letter outlining the criteria for banks to use the loans.

Now, the commercial banks are sending their clients' credit proposals to the BB.

"So far, we have got 35 applications, of which eight have been approved for loans worth \$38 million," said Subhankar Saha, executive director and spokesman of BB.

Saha said they have also started disbursing the loans.

But some banks have been left in the dark regarding their credit proposals: they are yet to be approved and the banks do not know the reasons behind it.

One such bank is Al-Arafah Islami Bank. "We have sent several proposals to the BB but we are yet to get any sanction letter," said Habibur Rahman, managing director of Al-Arafah.

Some bankers said the stringent conditions might ward off many borrowers from availing the loans.

Already eight state banks are not eligible for the funds due to their high non-performing loan ratio.

For eligibility, the bank's NPL ratio has to be within 8 percent, but as of December 31 last year, the state banks' average NPL stood at upwards of 20 percent.

In contrast, the average NPL of private banks stood at below 5 percent on December 31 last year.

Other than a low NPL ratio, the bank's CAMELS rating, which is a supervisory rating system to measure a bank's overall condition, has to be good to get the loan, according to BB.

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## NBR offers duty cuts to spare parts of farm machinery

SOHEL PARVEZ

The National Board of Revenue has for the first time offered duty benefits for importing certain spare parts for agricultural machinery in a bid to encourage local assembly and production.


The revenue authority said it will charge only 1 percent duty for importing some spare parts to support domestic manufacturing of power tillers, power threshers, power reapers and power seeders from next fiscal year based on fulfillment of certain conditions.

"So far, we have faced a discriminatory policy. The import duty for spare parts of agricultural machinery was higher than that for fully built machines," said Alimul Ahsan Chowdhury, managing director of Alim Industries Ltd, one of the oldest farm machinery makers in the country.

Currently, agricultural machinery is subject to tax and duty of 10.05 percent, while their spare parts face duty and tax ranging from 20 percent to 60 percent, he said.

"The duty benefit from next fiscal year is expected to eliminate this discrepancy," said Chowdhury, a member of the Agricultural

**MARKET OF FARM MACHINERY**



NBR to charge only **1%** duty on import of spare parts

Farm machinery is now subject to **10.05%** tax and duty

Spare parts now face **20-60%** tax and duty

The new move will encourage local assembly and production

Bangladesh has an annual market of Tk **10,000 cr** for farm machinery and spare parts

Machinery Manufacturers Association-Bangladesh.

The association had submitted a list of 40 spare parts to the NBR for duty reduction, but

not all of them were given the duty privilege.

"Had the authority done so, local manufacturing would have gotten a bigger boost."

The NBR's duty benefit comes at a time when nearly 90 percent of the farm land is prepared by power tillers and tractors and more than 90 percent of the grains threshed by machines.

In addition, a large portion of land is also irrigated by machines -- a transition that has created an annual market of about Tk 10,000 crore for farm machinery and spare parts, according to stakeholders.

Imported farm machinery meets most of the demand in the absence of adequate domestic manufacturing. For example, 40,000 new power tillers enter the market every year and 95 percent of them are imports, according to industry insiders.

Chowdhury said local manufacturers make numerous items including power tillers, threshers, winnowers and power reapers along with low-lift and centrifugal pumps to market domestically.

But local makers cannot become competitive for the high import duty on spare parts, he said.

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## China Harbour signs deal on economic zone in Ctg

STAR BUSINESS REPORT

China Harbour Engineering Company yesterday signed a deal with the Bangladeshi authority to set up an economic zone for Chinese investors in Chittagong.

The economic zone, which will be ready in the next two years, is expected to bring foreign investment of about \$1 billion and create employment opportunities for one lakh people.

It is the first ever economic zone that is being built under a government-to-government initiative.

Industrial units from various sectors, including pharmaceuticals, garments, telecom, electronics, medical devices, and IT, will be set up at the 774-acre economic zone.

"We will ensure investment of Chinese entrepreneurs once the economic zone is ready," Bai Yinzhan, vice-president of China Harbour Engineering Company,

said at the deal signing ceremony in Dhaka.

Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority (Beza), and Yinzhan signed the memorandum of understanding.

Md Abul Kalam Azad, principal secretary at the Prime Minister's Office, expressed his hope that China Harbour Engineering Company will complete the work in time and help bring Chinese

investment to Bangladesh.

Apart from China, the government has also plans to provide economic zones to Japan, Hong Kong and India.

Beza has so far awarded licences to six local private sector companies to set up seven economic zones -- one each to AK Khan and Company, Abdul Monem Ltd, Bay Group, Aman Group, Maisha Group, and two to Meghna Group.

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## Sugar should retail at Tk 55-56 a kg: official

STAR BUSINESS REPORT

Bangladesh Tariff Commission or BTC yesterday suggested traders sell sugar at Tk 55-56 a kg at the retail level amid a steady supply and stock of the item in the local market.

Refiners sell sugar at Tk 48-50 a kg and wholesalers at Tk 52, which means its retail prices should not exceed Tk 55-56, said Mushfeka Ikfat, chairman of BTC. The BTC made the call in an effort to control the spiraling prices of sugar that now retails at Tk 60-65 a kg.

"Retailers are taking advantage of the rising demand for sugar during Ramadan," she said.

Ikfat spoke after a meeting with the sugar traders at her office in Dhaka as per the direction from the commerce ministry to find a rational selling price for the widely used item.

At the meeting, the importers urged the government to revise the duty structure of sugar to help lower its prices in the local market, Ikfat said.

"We will hold another meeting with the sugar traders soon and prepare a suggestion for the ministry," she said.

The daily supply statement provided by the refiners and millers showed that the supply of sugar is still steady, she said.

Currently, the minimum import price for raw sugar is set at \$350 per tonne and importers will have to pay Tk 2,000 as specific duty and 20 percent regulatory duty and 15 percent value-added tax.

The selling prices of sugar go higher when the production cost is added with the higher import duty, said Biswajit Saha, general manager of City Group, a leading sugar importer and refiner. "Sugar prices will go down if the government lifts all but the specific duty."

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## Petroleum tanker owners protest hike in VAT rate

STAR BUSINESS DESK

Petroleum tanker owners have protested the government decision of raising value added tax on transportation of petroleum products.

In the proposed budget for fiscal 2016-2017, the government has increased the rate of VAT to 4.5 percent from 2.25 percent now.

The tanker owners, who supply petroleum products to oil depots and power projects across the country, will fall in trouble if the VAT is raised, according to a statement of Bangladesh Petroleum Tanker Owners' Association.

As most of the tankers were built with bank loans, many operators have become defaulters due to dull business amid competition and falling oil prices in the global market, it said. The hike in the VAT rate will push them towards the verge of collapse, said KM Zaman, president of the association.

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