

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
▲ 0.75%	▲ 0.78%	\$1,227.50 (per ounce)	\$56.55 (per barrel)	▲ 0.70%	▲ 0.31%	Closed	▲ 0.55%	BUY TK 79.05	83.96	97.27	0.68
5,363.09	10,045.36			28,439.28	18,976.71		3,157.37	SELL TK 80.05	87.56	100.87	0.72

# Star BUSINESS

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আপনার বিআরটিএ ফি এবং সকল ইউটিলিটি বিল এসআইবিএল এর যে কোন শাখার মাধ্যমে জমা দিন



\* ফি অনলাইন সেবা  
যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

## Bank deposits rise despite falling interest rates

Huge excess liquidity takes interest rate on deposits to a record low

JEBUN NESA ALO

Bank deposits maintained a robust 13 percent growth year-on-year in December, despite declining interest rates.

Bankers and analysts attributed the deposit growth to a lack of popularity of alternative investment tools available in the market. The ease of converting deposits to cash and its safety also encourages people to park their money in the banking system, they added.

"People living in the rural areas are not aware about other investment tools, including government saving certificates. So, they keep their money with the banks," said Biru Paksha Paul, former chief economist of the central bank.

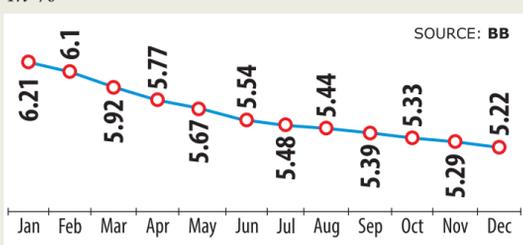
Moreover, a part of remittance that flows through non-banking channels also reaches the rural people and is saved as deposits, and the interest income is not their concern, he added.

Total deposits stood at Tk 908,864 crore at the end of December 2016, up from Tk 803,511 crore in the same month of 2015, according to data from Bangladesh Bank.

The weighted average interest rate on deposits came down to 5.22 percent in December from 6.34 percent

### WEIGHTED AVERAGE DEPOSIT RATE

In %



in the same month a year ago.

Among the local banks, 12 are offering an interest rate on deposits of less than 5 percent, while inflation stood at 5.52 percent as of December last year.

These banks are Agrani, Islami, the City, IFIC, UCB, Pubali, Uttara, Eastern, Prime, Dutch-Bangla, Trust, Brac and ICB Islamic Bank.

Dutch-Bangla is giving the lowest rate of 2.69 percent on deposits.

Among the nine foreign banks, eight are offering less than 5 percent on deposits, according to the central bank data.

Huge excess liquidity is responsible for pushing the deposit rate down. The banking sector has idle money worth Tk 4,000 crore,

according to the latest statement by the central bank, but the amount of excess liquidity is above Tk 1 lakh crore, most of which is invested in treasury bills and bonds.

"People don't understand the bond or capital markets. So, they keep their money with the banks," said Shafiqul Alam, managing director of Jamuna Bank.

Shocks in the stockmarket also erode the confidence of people, he added.

While banks offer 5 percent or less on deposits, government saving schemes give around 11.5 percent and bonds 6 percent to 8 percent, depending on the tenure.

The main advantage of keeping money with the banks is safety, said

Mohammed Nurul Amin, managing director of Meghna Bank.

Moreover, money remains more liquid and depositors can withdraw according to their wish. Depositors are also granted loans against their time deposits. But if money is invested in savings instruments or bonds, investors will not get any return if money is withdrawn before one year, he added.

The capital market is an alternative to investing money but most people still believe the market is speculative, he said. The deposit rate should not decline further, considering the inflation rate, he said.

Private commercial banks experienced substantial growth in deposits of 12.84 percent in December 2016, compared to 5.93 percent in the same period of 2015, despite sliding interest rates.

The average interest rate of private banks came down to 5.42 percent in December last year, which was 6.51 percent in the same period of 2015.

Deposits at the state banks grew 12.84 percent year-on-year in December.

The average deposit rate of state commercial banks fell to 5.13 percent in December from 6.38 percent in the same month of the previous year.

## Exports up in Jan, thanks to apparel

REFAYET ULLAH MIRDHA

Exports brought home \$3.31 billion last month, up 4 percent from a year earlier, driven by higher shipments of garment.

The amount was 6.43 percent higher than the previous month's receipts but fell short of the target of \$3.40 billion.

January's receipts take the export earnings for the first seven months of fiscal 2016-17 to \$20.11 billion, a 4.36 percent increase from a year earlier.

Garments, which typically account for 80 percent of the export receipts, raked in \$2.7 billion, up 3.05 percent year-on-year and 4.65 percent month-on-month, according to data from the Export Promotion Bureau.

"The export trend of apparel for the near future will remain the same due to the volatile economic situation around the world," said Siddiqui Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

For instance, garment export to the US, the country's single largest export destination, declined 1.49 percent to \$5.11 billion during the January-November period of 2016, according to data from the US Department of Commerce.

Garment export to the UK, the third largest destination, declined 5.19 percent in the first six months of the fiscal year.

To achieve the sector's export target of \$50 billion by 2021, more than 12.25 percent export growth is needed every year.

"But we are far behind the target now," Rahman said.

In the first seven months of fiscal 2016-17, \$16.41 billion worth of garment products were shipped, up 4.12 percent year-on-year. The receipts missed the seven-month target of \$17.28 billion.

### Monthly export earnings in billions of \$

SOURCE: EPB



Jute and jute goods sector was one of the top export performers during the July-January period, with shipments rising 14.05 percent year-on-year to \$563.98 million. It was also higher than its periodic target of \$548.26 million.

Shipments of leather and leather goods grew well during the seven-month period. It stood at \$743.77 million, up 12.18 percent year-on-year. This segment too hit its periodic target of \$693.85 million.

Furniture exports soared 23.37 percent to \$23.65 million and pharmaceuticals 8.51 percent to \$52.64 million.

Home textile exports increased 1.42 percent to \$427.21 million and plastic products 45.74 percent to \$75.39 million on the back of the 10 percent cash incentive on shipments. Some sectors showed poor performance during the period.

Among the poor performers, frozen and live fishes exports declined 0.80 percent to \$329.15 million; it is 6.98 percent higher than the target of \$307.68 million.

Exports of petroleum byproducts declined 28.24 percent to \$149.50 million.

The government has set the export target of \$37 billion for the fiscal year, which is 8 percent higher than fiscal 2015-16's receipts.

## BlackBerry eyes Bangladesh for expansion

STAR BUSINESS REPORT

BlackBerry-branded Android handsets will soon be available in the local market after the Canadian firm struck a deal yesterday with Delhi-based Optimus Infracom to manufacture smartphones for India, Sri Lanka, Nepal and Bangladesh.

Optimus Infracom will design, manufacture, sell, promote and provide customer support for BlackBerry-branded Android smartphones, which come pre-loaded with an added layer of security and proprietary software of the Waterloo-based mobile pioneer.

"This agreement will help us to expand mobility choices by designing, manufacturing and offering secure BlackBerry devices which are made in India, for customers in India, as well as Sri Lanka, Nepal and Bangladesh," Ashok Gupta, chairman of Optimus, said in a statement.



Neither a timeline nor a product roadmap has been announced yet. Once a dominant player in the smartphone category, BlackBerry has been struggling in recent years against global competitors like Samsung and Apple.

The company has taken a number of steps, including adopting the Android platform for powering its phones in attempts to re-capture its position.

BlackBerry is transitioning its handheld devices strategy to focus on software innovation, while leveraging third parties to develop hardware and distribute and market the BlackBerry handset brand.

ATM Mahbubul Alam, a top leader of Bangladesh Mobile Phone Importers Association, welcomed the move, as it will give the Bangladeshi customers to experience a global brand.

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## Mechanised farming gets a boost

Govt raises subsidy to farmers for purchase of agriculture machinery

SOHEL PARVEZ

The government has raised the subsidy to farmers for purchase of agriculture machinery to 50 percent with a view to expanding mechanised seeding, transplanting and harvesting such that growers can produce more food at a reduced cost.

Previously, the farmers got subsidy of 30 percent.

The government also increased the ratio of subsidy to 70 percent for buying certain types of farm machines by farmers in haors and the southern coastal zones.

For that end, the Executive Committee of the National Economic Council last month raised the allocation by about 37 percent to Tk 339.44 crore.

"This will reduce the farmers' tension about getting adequate farm labourers during the time of harvest," said Sheikh Md Nazimuddin, project director of the enhancement of crop production through farm mechanisation project phase II.

The project also aims to enhance cropping intensity and reduce post-harvest losses, according to the project proposal from the planning ministry.

Under the revised scheme, the government will provide combine harvester, reaper, rice transplanter, power thresher and seeder at half the prices to a select group of growers at the upazilla level.

However, there will not be any price subsidy for buying tractors and



### AT A GLANCE

- Subsidy raised to **50%** from **30%**
- Project cost has been increased to **Tk 339cr**
- Machinery such as harvester, reaper, rice transplanter, power thresher and seeder will come under the scheme
- Farmers till **90%** of cultivable land by power tillers and tractors
- They irrigate **90%** of the cropland through power-operated pumps

power tillers under the revised scheme as the use of the machines is already prevalent in the fields, he said.

Currently, farmers till nearly 90 percent of the cultivable land by power tillers and tractors and irrigate over 90 percent of the cropland through power-operated pumps.

There have also been significant strides in threshing of grains by machines -- a transition that took place over the last two and a half decades in the face of rising shift of

farm labourers to non-farm jobs and increased agricultural wages.

Farmers switched to farm machinery thanks to the expansion of rental services for tilling, irrigation and other farm operations by machines.

However, they still remain highly dependent on manual labour for seeding, transplanting and harvesting of their crops for the lack of availability of suitable machineries.

Farmers have to pay high wages to do the tasks on time.

Nazimuddin said nearly 1 percent of the crops might be harvested by using reapers or combine harvesters.

But the use of machines can reduce post-harvest losses, he said, citing that up to 15 percent of paddy is lost during the harvesting and post-harvesting phases.

The use of combine harvester can reduce the loss to 2-3 percent, he said, adding that there has been a rise in awareness about the use of machines for harvesting.

"This is an achievement," he said.

The government in 2009 took up a Tk 150 crore scheme to speed up farm mechanisation by offering 25 percent subsidy for agricultural machineries such as power tillers, tractors, power threshers and combine harvesters, according to Nazimuddin.

Some Tk 163 crore was spent under the first phase, during which support was provided to farmers to buy 34,000 power tillers, 1,290 tractors, 1,840 threshers and 8 combine harvesters, he said.

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## EBL to borrow \$40m from Germany, Netherlands

STAR BUSINESS REPORT

Eastern Bank Ltd yesterday signed deals with two foreign development banks -- DEG of Germany and FMO of Netherlands -- to borrow \$40 million low-cost foreign currency loans.

The local bank has taken such loans from the organisations on two previous occasions.

The funds will be routed to EBL's Offshore Banking Unit. The loans will be lent to different export-oriented industries, green projects and small- and medium-sized enterprises, for which the lending will be in local currency to help them avert the risk of exchange rate.

"The inflow of foreign currency loans is good for the country's image and this reflects the confidence of international agencies in our financial sector," said Ali Reza Iftekhar, managing director of EBL.

Working with multilateral lenders is challenging and it requires high levels of compliance, which EBL has achieved, he said.

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## DCCI demands tax cards for all

STAR BUSINESS REPORT

The Dhaka Chamber of Commerce and Industry (DCCI) yesterday proposed issuance of tax cards for all taxpayers based on the amount they contribute to the national coffers.

The chamber said six categories of tax cards -- green card, green plus, silver card, gold card, gold plus and platinum card -- could be introduced for different groups of taxpayers.

"Eventually, the tax cards may be converted into electronic smart cards having all the information of the taxpayers. It can also be used as a debit card for payment purpose," DCCI President Abul Kasem Khan said.

"If we recognise all eligible taxpayers with tax cards featuring benefits, it will encourage individuals and businesses to pay more taxes, thus improving the overall tax collection."

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## Real estate fair kicks off in Ctg tomorrow

STAFF CORRESPONDENT, Ctg

A four-day housing and real estate fair will begin in Chittagong tomorrow, aiming to bridge the gap between buyers and developers.

Housing and Public Works Minister Mosharraf Hossain will inaugurate 'REHAB Chittagong Fair 2017' at Radisson Blu Chittagong Bay View, REHAB leaders said

at a press meet yesterday.

They said the sector would gain some momentum this year for a decision to give bank loans to government officials at an interest rate of 5 percent.

REHAB Vice President Abdul Kauiam Chowdhury, also chairman of the REHAB Chittagong regional committee, said the country's real estate sector began to make a comeback since last year for a fall in the

interest rate as well as the government's decision to provide loans to expatriates.

The sale of ready flats rose 30 percent in 2016 from the previous year, and it would increase further, he added.

There are around 500 unsold ready flats in Chittagong at present, he said.

The REHAB leader urged the government to consider their demand to bring down the cost of registration as well as the

tax and VAT to help revitalise the sector.

A total of 72 real estate firms, 10 construction material firms and eight financial institutions would display their products and services at 90 stalls at the fair.

Twenty-two real estate firms are co-sponsoring the show while the entry fee has been fixed at Tk 50 for a single entry and Tk 100 for multiple entries. The fund collected from ticket sales would be given to charity.

Home Loan

Take-over @ **8.75%**

Processing Fee **0.50%**

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