

DSEX ▲ 0.11% 5,782.47  
CSCX ▲ 0.04% 10,843.55



Gold ▼ \$1,236.80  
(per ounce)



Oil ▲

\$47.21  
(per barrel)

MUMBAI ▼ 0.16% 31,904.40  
TOKYO ▲ 0.62% 20,144.59  
SINGAPORE ▼ 0.96% 3,293.13  
SHANGHAI ▲ 0.44% 3,245.33

USD 80.25 91.41 103.71 0.70  
EUR 81.75 95.01 107.31 0.74

GBP 81.75 95.01 107.31 0.74  
JPY 81.75 95.01 107.31 0.74

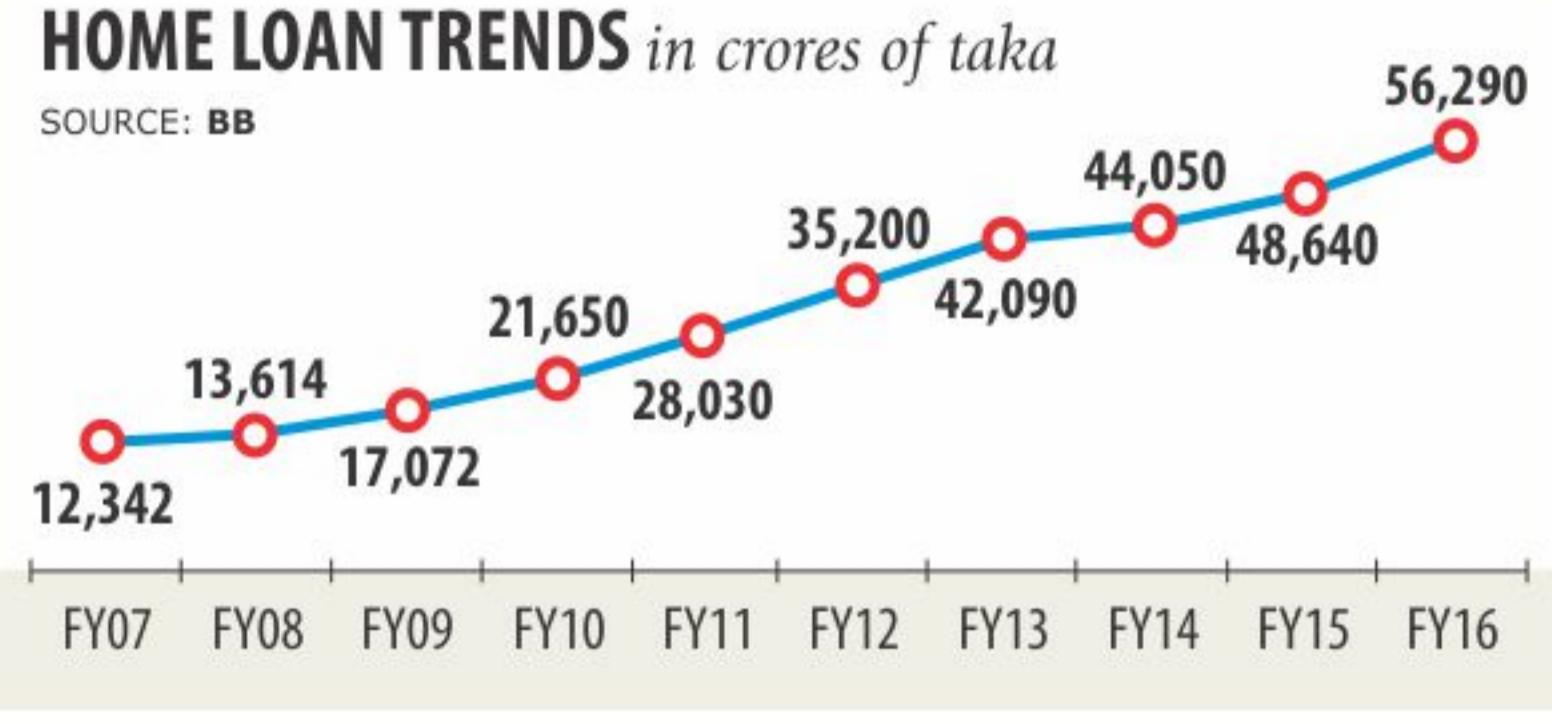
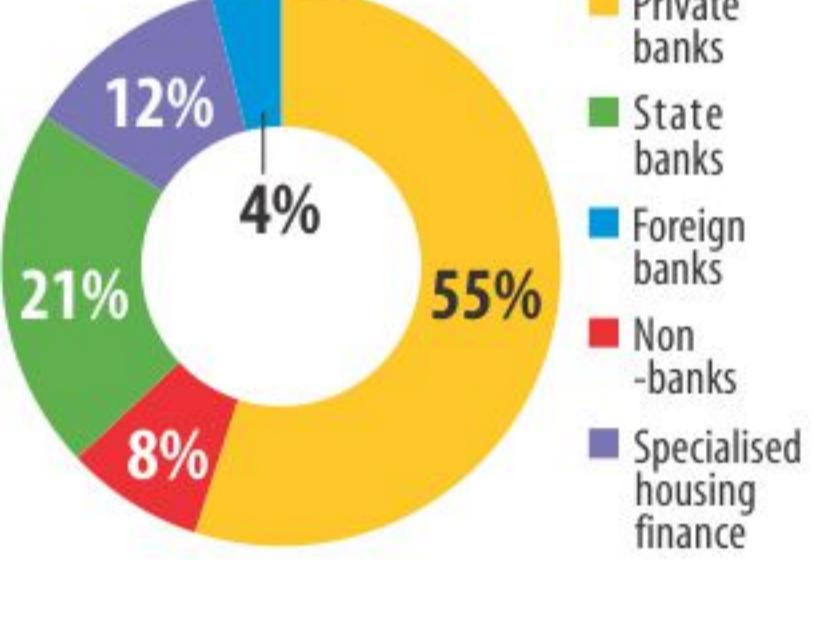


# BUSINESS

DHAKA FRIDAY JULY 21, 2017, SRABAN 6, 1424 BS

## Home loans rise on falling interest: study

### SHARES OF HOME LOAN PROVIDERS IN 2016



### STAR BUSINESS REPORT

Bangladesh's banking sector has been seeing a surge in home loans for the last two years due to single digit interest rate and an increase in per capita income.

As of June last year, total outstanding home loans from banks and financial institutions stood at Tk 56,290 crore, which was 9.1 percent of total credit to the private sector, according to a study.

Mohiuddin Siddique, professor and director of Bangladesh Institute of Bank Management, presented the research paper titled "Home Loan of Banks: Trend and Impact" at a roundtable held yesterday at the BIBM auditorium in Dhaka.

Default loans in home loan are low due to good recovery: it was 3.12 percent in 2016.

Of the total outstanding home loans, private commercial banks provided the largest portion of 55 percent or Tk 30,920 crore, followed by the state-owned banks at Tk 11,930 crore.

Intense competition among banks in attracting home loan borrowers pushed down the interest rate, the study said.

The interest rate for home loan is a minimum of 8 percent and a maximum of 15 percent. The loans ranged between Tk 2 lakh and Tk 1.2 crore.

The minimum debt-equity ratio spanned between 10:90 and 50:50. Most of the banks provide loan at debt-equity ratio of 30:70 for locals and 50:50 for expatriates.

Moreover, a home loan is relatively safe for a bank in comparison to a business-focused loan, according to the research findings.

Though home loan disbursement increased, it is concentrated in urban areas of Dhaka and Chittagong. Of the total home loans disbursed in 2016, 83 percent were in urban areas, according to the study.

The study found that the largest portion of home loans in 2016 were for construction: 66 percent. Flat purchase accounted for the other 34 percent.

The high interest rate is still a constraint for home loans, said Abrar A Anwar, chief executive officer of Standard Chartered Bangladesh, adding that the interest rate should be brought down more to make home loans more affordable.

He also suggested developing a bond market to collect funds for long-term financing like home loan.

The government should reduce the registration cost to make the housing market more vibrant, said Helal Ahmed Chowdhury, supernumerary professor of BIBM.

He also said the provisioning requirement for banks against home loans should be brought down to 1 percent from existing 2 percent to create a level playing field as non-bank financial institutions maintain 1 percent provision.

The availability of low-cost loans with long-term tenure will make it easier for the middle-class to purchase flats, said Chowdhury, also an independent director of Islami Bank.

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## Govt publicises Bangladesh's 'data revolution'

*But it faces criticism as inflation reporting switched to quarterly from monthly*



Planning Minister AHM Mustafa Kamal speaks at a conference at the UN headquarters in New York on Wednesday.

### STAR BUSINESS REPORT

The government made a presentation on Bangladesh's success in 'data revolution' that will speed up implementation of Sustainable Development Goals and poverty eradication, at a conference in the United Nations headquarters in New York on Wednesday.

A data revolution implies: drawing on existing and new sources of data to fully integrate statistics into decision-making; promoting open access to, and use of, data; and ensuring increased support for statistical systems.

At the heart of this agenda is an acknowledgement that timely, usable data is critical to informed decision-

making, monitoring of progress, and evolution of outcomes -- especially in the context of the post-2015 development agenda, said the UN.

Planning Minister AHM Mustafa Kamal was present at the session.

The government's publicity over data revolution comes at a time when it switched from global standard practice of reporting inflation on a monthly basis to quarterly format, much to the criticism of economists. The government's rationale then for the switch was the veracity of the monthly data.

The switch in inflation reporting frequency made the work of analysts and policymakers much harder, as they will need to base their inferences,

PLANNING MINISTRY

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## Businesses worried about shipping workers' strike

### STAR BUSINESS DESK

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday expressed deep concern about the strike called by Bangladesh Shipping Labour Federation from July 24.

"The strike may disrupt passengers' movement. The transport and the supply system will also be affected," said the apex trade body in a statement.

The FBCCI said the recent congestion at the Chittagong Port has already made the unloading of goods very difficult. It has also caused an increase in container charge, making products costlier.

"In this situation, the strike called by the shipping workers will put a negative impact on the economy."

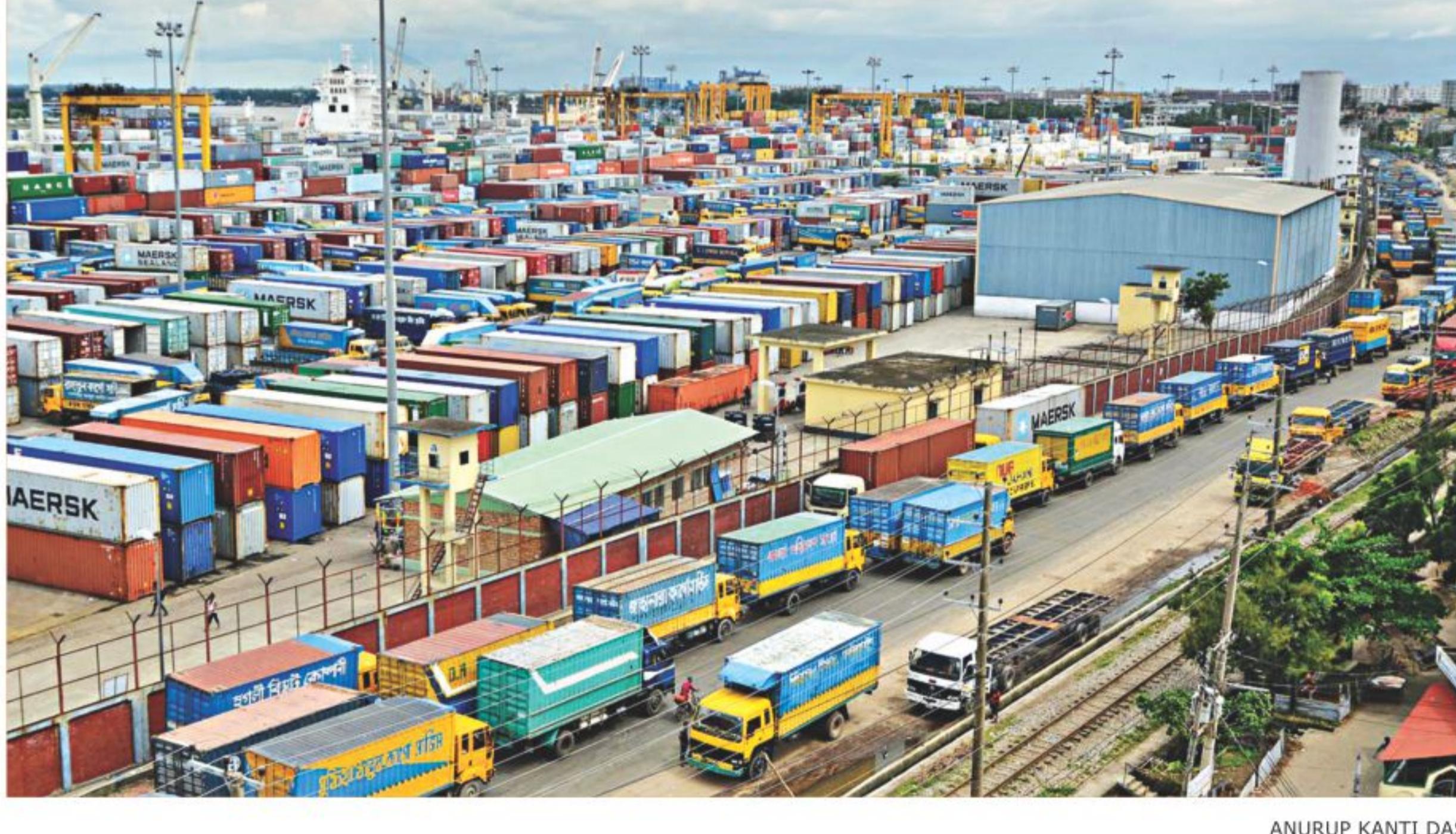
The FBCCI has requested Bangladesh Shipping Labour Federation to withdraw the strike and address the issue through talks.

The apex trade body urged the shipping ministry and all other concerned parties to come forward to solve the crisis immediately.

Meanwhile, Chittagong Chamber of Commerce and Industry also expressed worries over the strike.

The work abstention programme will cause the prices of basic commodities to spiral and aggravate the sufferings of the flood-affected people, CCCI President Mahbubul Alam said in a statement.

## Losses pile up amid port congestion



Containers cover one section of Chittagong Port yesterday. A lack of infrastructure and equipment has been causing congestion of vessels since May with container ships having to wait at the outer anchorage for around six to 12 days while bulk carriers around 20 or more to get berth.

DWAIPAYAN BARUA, Chittagong

It took 29 days before bulk carrier Gao Qiang got its turn to offload scrap steel at Chittagong Port on June 22.

This includes time taken to find enough lighters to lessen its 37,564 tonne-cargo at the outer anchorage in order to attain the draft permissible on the Karnaphuli channel.

The importer, BSRM Group, had to pay over Tk 2 crore as demurrage to the shipping company.

Over Tk 1 crore also had to be paid as demurrage to the 17 lighters which had to wait for berth at the lone jetty in Sadarghat designated for offloading scraps from small vessels.

Importers say such berthing delays had prompted one platform of four shipping companies last month to increase the charge per container on the Singapore-Chittagong route by \$150.

Vessels from Singapore now can make one trip per month from two earlier, according to Kline Shipping Executive Director Shahed Sarwar.

Such costs will be adjusted in the final product's price, ultimately affecting the end-users, Chittagong Chamber's President Mahbubul Alam told The Daily Star.

The congestion of vessels waiting to get berth at the port, which serves on

first-come, first-serve basis, has been acute since May.

Previously, bulk vessels had to wait for five to six days while container ships one to two days. Now the average is 20 days or more and 6-12 days respectively. Yesterday there were 11 bulk vessels and 10 container ships waiting at the outer anchorage.

The congestion turned acute with the arrival of a huge volume of seasonal imports centring Ramadan and national budget and reduced operational hours during Ramadan.

It coupled with the disruption to loading and unloading for inclement weather and a three-day shutdown for cyclonic storm Mora.

An accidental damage left two out of the port's four gantry cranes out of order on June 25.

Md Zafar Alam, a member of Chittagong Port Authority (CPA), said they took some remedial steps such as allowing bigger vessels to come at night and increasing the space in the yards by removing containers meant for auction.

Moreover, the government on Wednesday decided to keep the port operational 24 hours a day, seven days a week from next month.

Port users say these are short-term steps and apprehend that the prob-

lems would persist. It all comes down to the lack of infrastructure and equipment at the port.

Since 2007, the number of jetties had stayed the same -- six for bulk vessels and 12 for container ships. Meanwhile, the number of containers handled on an average in a year increased from 1 million to 2.4 million last fiscal year.

Berth operators say they need at least 14 gantry cranes, 52 rubber tyred gantry cranes (RTG) and 26 straddle carriers. Apart from gantry cranes, it now has 21 RTGs and 12 straddle carriers. The CPA recently purchased 3 RTGs which are yet to be cleared by customs.

The CPA plans to construct a container terminal in Patenga by 2019. The 600-metre long terminal will have three jetties, yards and rail link, said Alam of the CPA.

Construction of three other projects -- Karnaphuli Container Terminal, Lalda Multipurpose Terminal and Bay Terminal in Patenga -- might be partially complete by 2021, he added.

Chittagong Chamber's Alam however said these projects would take two to five years to complete and more jetties need to be built immediately to cope with the increase in cargo traffic.

## 40 garment makers to take part in prestigious Paris show

REFAYET ULLAH MIRDHA

Some 40 Bangladeshi garment factories will take part in the highly prestigious trade show -- Premiere Vision Paris -- for the first time in September this year.

Bangladeshi companies have passed the selection criteria set by Premiere Vision Paris with over 85 percent compliance levels, whereas Chinese factories have been rejected for compliance levels of less than 35 percent, said Dhyana van der Pol, a consultant of the show.

"It's like the Bangladeshi garment makers have qualified to take part in the World Cup," she said, adding that exposition has been the definitive platform for the last 35 years for professionals involved in the apparel business.

The show highlights the best in fabric and garment manufacturing and production destinations, according to van der Pol. "It is a must-see for all stakeholders in the industry."

With 60,000 visitors from 124 coun-

tries each edition, it is a place where manufacturers can engage with new buyers from high-end segments and establish business contacts. Over 5,000 global brands will join the three-day show that begins on September 19, she said.

The Centre for the Promotion of Imports from Developing Countries or CBI, a concern of the Dutch government, is helping Bangladeshi companies to take part in the show.

"This is a golden and unique opportunity for Bangladeshi garment manufacturers to showcase their goods at a global event," said Mostafiz Uddin, managing director of Denim Expert Ltd, which will participate in the exhibition.

This is the biggest sourcing connection fair, he added.

Usually, Bangladeshi apparel makers do not get such a big platform to network with the buyers and brands, said Vidya Amrit Khan, director of Desh Garments, which will also take part in the show.

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## BTRC gives final approval to Robi-Airtel merger

### STAR BUSINESS REPORT

Robi has received the final approval from the telecom regulator on its merger with Airtel -- a development that has made the new entity the second largest mobile phone operator in Bangladesh.

Bangladesh Telecommunication Regulatory Commission (BTRC) issued the 'Order of Merger of Licence' on Wednesday, after completing all formalities and receiving fees and charges for the merger.

The merged entity, to be known as Robi Axiatra Ltd, served 3.87 crore customers together as of May this year, giving it a market share of 28.7 percent.

The new entity paid Tk 100 crore as merger fees in addition to several hundred more for merging the spectrum of Airtel with Robi.

Robi has also deposited a bank guarantee for some disputed sums related to

unresolved value added tax issues.

The telecom regulator has issued a single licence for the new entity as Robi and Airtel were issued separate licences for 2G and 3G services, said a senior official of the BTRC.

Earlier in November last year Robi started taking control of all the business processes of Airtel soon after the Registrar of Joint Stock Companies and Firms gave them the go-ahead.

The management of Robi has welcomed the regulator's move, saying since the completion of the merger in November they have been offering competitive products for both 018 and 016 series customers.

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