

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | |
|----------|-----------|-------------|--------------|---------------|-----------|-----------|----------|---------------|-------|--------|------|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | JPY |
| ▲ 0.68% | ▲ 0.69% | \$1,273.00 | \$50.91 | ▼ 0.25% | ▲ 0.01% | ▲ 0.78% | ▲ 0.29% | BUY TK 80.90 | 94.32 | 106.33 | 0.71 |
| 6,202.31 | 11,668.78 | (per ounce) | (per barrel) | 31,592.03 | 20,628.56 | 3,261.84 | 3,349.22 | SELL TK 82.20 | 97.92 | 109.93 | 0.74 |

রোগ নির্ণয়ে সর্বাধুনিক যন্ত্রপাতি ও সর্বোচ্চ মান।
প্রতিটি ডায়াগনস্টিক টেস্ট, আইসিইউ, সার্জারী ও ডায়ালাইসিসে ন্যূনতম ৩০% সশ্রয়।

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Star BUSINESS

DHAKA FRIDAY OCTOBER 6, 2017, ASHWIN 21, 1424 BS

Private credit growth hits 58-month high in August

AKM ZAMIR UDDIN

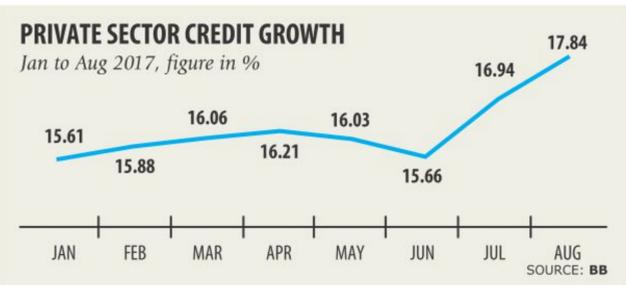
Private sector credit growth hit a 58-month high in August -- 17.84 percent -- as banks are earnestly focusing on disbursement of consumer, SME and farm loans to sustain their profitability.

The last time the private sector credit growth was as high was back in November 2012, when 17.40 percent was registered.

This was the third month in a row that the private sector credit growth registered an increase.

In the monetary policy for the first half of the fiscal year, the Bangladesh Bank set the private sector credit growth target at 16.20 percent.

The large import bills in the first two months of the fiscal year had also



played a role in increasing the credit growth, according to bankers.

Some businesspeople have started to import industrial raw materials and capital machineries to set up large infrastructures that ultimately had a positive impact on the private sector credit growth, they said.

Letters of settlement shot up 31.55 percent to \$9.41 billion in the first two months of fiscal 2017-18 from a year earlier, according to data from the BB.

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Delhi airport easing the pain of cargo ban

REFAYET ULLAH MIRDHA

Delhi's Indira Gandhi International Airport has of late become vital to Bangladeshi exporters after the ban on direct cargo flights from Dhaka to any European country.

More than 54 percent of Bangladesh's exports in a year are destined to the European Union.

Following the ban, cargoes need to be rescreened at a third country -- an additional step that has bumped up the shipping costs for exporters.

The Delhi airport, which has the white card in safety and security validation from the civil aviation of the EU, has now turned into an indispensable hub for third-country rescreening for Bangladeshi exporters as it charges less to airlines for cargo handling and rescreening, is less time-consuming and has ample warehouse space.



Ramesh Mamidala



Sanjiv Edward

Take, for instance, the spike in Bangladeshi cargos handled by Celebi Delhi Cargo Terminal Management India in recent months.

"We have been handling the Bangladeshi cargos at the Delhi airport over the last two months," said Ramesh Mamidala, chief executive officer of Celebi Delhi Cargo Terminal

Management India, yesterday.

Even two months ago there was zero cargo from Bangladesh for rescreening at the Delhi airport.

But now, the Turkish company handles 400 tonnes of cargo, especially apparel items, from Bangladesh every month.

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Walton's handset assembly plant starts rolling

STAR BUSINESS REPORT

Walton yesterday inaugurated the country's first mobile handset assembly plant in Gazipur with the view to capturing a major share of the domestic market in the near future.

State Minister for Telecom Tarana Halim inaugurated the plant, which cost the local electronics giant about Tk 100 crore, according to Uday Hakim, senior operative director of Walton Group.

The local company has started off with assembling smartphones on a trial basis; customers are expected get their hands on the first batch of the locally assembled handsets by the end of the year.

Walton will initially assemble 2-3 lakh handsets per month and slowly scale up to about 50 lakh units a year.

The company ultimately wants to export handsets from the plant.

"But we first want to meet the local demand," Hakim said.

Walton's assembly plant, where chargers, head phones, batteries and USB cables will also be manufactured, comes after a series of encouraging move by the government.

The government slashed the customs duty for mobile components



People work in the mobile phone assembly plant of Walton in Gazipur.

meant for local assembling by a whopping 36 percentage points to 1 percent and doubled it on handset imports to 10 percent.

Another local brand Symphony is also gearing up to start its mobile assembly line rolling.

Once Walton and Symphony—the two major players in Bangladesh's handset market—bring out their locally assembled handsets, the price level of mobile phones is expected to substantially come down.

In 2016, Walton was the third largest importer of handsets, bringing in about 20 lakh units.

The country imported about 3.1 crore handsets, up 11 percent year-on-year, at the cost of around Tk 8,000 crore in 2016, according to Bangladesh Mobile Phone Importers Association.

WALTON

Huawei brings MateBook for businesses

STAR BUSINESS REPORT

Huawei Technologies (Bangladesh) yesterday introduced MateBook, a two-in-one laptop specially designed for evolving business users.

The mobility of a smartphone has been combined with the power and productivity of a laptop in the MateBook, said Zhang Lin, president of Huawei Enterprise Business Group for South East Asia region.

He spoke at the launch of three variants of the MateBook, at Radisson Blu Dhaka Water Garden.

The MateBook series is now available for bulk purchase by interested business entities and it would not be displayed in Bangladesh, Lin said.

However, the company did not declare the price of the device for the Bangladesh market.

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Govt lifts land registration fee for private economic zones

STAR BUSINESS REPORT

The government has withdrawn the registration fee and stamp duty on the transfer of land on which private economic zones would be established.

"This will give a boost to the establishment of private economic zones in the country," Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority (Beza), said yesterday.

On September 26, the finance ministry's internal resources division waived the duty through an order while the law ministry withdrew the fee, Beza officials said.

According to Beza, a private economic zone must have the land in its own name, instead of any individual.

Registration fee, stamp duty, advance income tax and value added tax (VAT) usually account for up to 10-12 percent of the deed value during land transfers.

If the value of the land is Tk 500 crore, nearly Tk 75 crore had to be spent for the transfer, Chowdhury said.

The withdrawal has removed a majority of hurdles to establishing private economic zones, he said, adding, "It is time for industrialists and entrepreneurs to utilise the benefits."

Beza had been trying to waive this cost for the last six months, officials said.

A senior Beza official also expected the

National Board of Revenue to withdraw the advance income tax and VAT for the land transfer.

"This is just a formality and there is no scope of making profits from such transfers," he said.

The waiver came at a time when Beza was registering a rush by private investors to set up economic zones to avail a galore of tax incentives and various other benefits

The waiver came at a time when Beza was registering a rush by private investors to set up economic zones

offered by the government to promote industrialisation.

Beza has already issued prequalification licences for setting up 19 private economic zones, of which five have got final licence, said Chowdhury.

Formed in 2010 to promote local and foreign investment, Beza has so far selected 79 sites, including 60 for government-owned economic zones, around the country.

Till date, none of the state-owned sites have started operations.

Banks lack disaster recovery plan: BIBM study

STAR BUSINESS REPORT

Some 78 percent of banks in Bangladesh do not have a disaster recovery plan in place, putting themselves at risk of those spawning from various calamities, according to a survey.

"This is due to a lack of awareness about the consequences, risks and losses posed by disasters," said the survey carried out by the Bangladesh Institute of Bank Management (BIBM).

The research report titled "Addressing Disaster Risk by Banks: Bangladesh Perspective" was released at a seminar at the auditorium of the BIBM in the capital yesterday. Shah Md Ahsan Habib, a director of the institute, presented the paper, while Toufic Ahmad Choudhury, director-general, chaired the session.

The survey said banks do not have a system in place to record relevant data on disaster risks and losses and even physical and infrastructure losses.

Banks are not in a position to identify disaster incidences, which are also blamed for some of their non-performing loans, the report said.

The survey used the fire in a garment factory of Standard Group in November 2013 to show how such an incident can inflict huge damages to a company.

The fire destroyed the nine-storied factory and cost the owner hundreds of crores of taka.

The garment exporter was a major corporate client of a local bank, which

lent \$10 million to Standard Group. The factory has remained shut since the fire struck.

The financing was taken in the form of letter of credit under the central bank's export development fund facility. But the client is not in a position to adjust the financing.

The borrower was supposed to pay back the loan within 180 days. Later, the repayment period was extended to 2 years as per instruction of Bangladesh Bank. Thus, it hurt the profitability of the respective bank, according to the report.

In another instance, the report said, cyclone "Mora" affected agriculture and agro-based businesses badly in Cox's Bazar and Teknaf in May this year.

It forced a local bank branch to classify loans of more than Tk 50 crore.

What is more, hundreds of borrowers were irregular in their installment payments affecting the bank's overall performance. The report said the central bank's climate risk fund was utilised very poorly due to reluctance of banks.

Utilisation fell by 60 percent to Tk 24.90 crore last year from Tk 62 crore the previous year.

The BB created the Tk 204-crore fund to help banks withstand the impacts of climate change.

Banks mostly use the fund in areas such as environment degradation, climate resilience, carbon emission and disaster management.

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Sales of savings instruments still soaring

STAR BUSINESS REPORT

Sales of national savings certificates soared 15.81 percent in the first two months of the fiscal year as people continue to park their funds in the instrument given the low interest rates at banks.

Sales of savings tools hit a record Tk 52,327 crore in fiscal 2016-17 -- overshooting the government target of Tk 19,610 crore.

The trend would continue this year if the government does not slash the rates on savings certificates, said a senior Bangladesh Bank official.

Banks are offering hardly 7 percent as interest rate on deposits whereas the rates offered by the national savings certificates are between 11.04 percent and 11.76 percent.

In the months of July and August, Tk 9,028.57 crore worth of savings instruments were sold, according to the Directorate of National Savings.

However, the high returns on the investment tool are pushing up the government's interest liability.

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The P3 Impact Award recognizes public-private partnerships that help to improve communities. This year's award was presented at the Concordia Summit in New York City to Sanitation Marketing Systems in Bangladesh (SanMarkS) on 19 September, 2017. The SanMarkS initiative is a public-private development partnership between Swiss Development Cooperation, UNICEF, Department of Public Health Engineering, RFL, and iDE.

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