

COMMODITIES		ASIAN MARKETS				CURRENCIES					
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.19%	0.27%	\$1,318.60	\$61.95	34,443.19	23,849.99	3,524.65	3,414.83	82.20	97.26	110.54	0.71
6,198.53	11,586.74	(per ounce)	(per barrel)					BUY TK	83.20	100.86	114.14
								SELL TK	83.20	100.86	114.14

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



\* ফি অনলাইন সেবা  
যে কোন প্রয়োজনে ০৯৬২২০০৯২২

# Star BUSINESS

DHAKA WEDNESDAY JANUARY 10, 2018, POUH 27, 1424 BS

## Policy on way to rev up bike manufacturing

**SOHEL PARVEZ**

The government is framing a policy to facilitate the development of motorcycle manufacturing industry in Bangladesh to meet the domestic demand for low-cost modes of transport as well as to expand the export basket.

The draft policy has targeted to locally manufacture 5 lakh motorcycles a year by 2021 and double the number by 2027.

"The mission is to achieve the capacity for meeting the domestic requirement by 2027 and develop a modern and competitive vendor (component maker) industry helpful for motorcycle industry," said the industries ministry's draft policy.

The policy is being framed at a time when the demand for two-wheelers, which allows quick moving in both rural and urban areas, is spiralling.

In 2017, 3.6 lakh units were sold, up 50 percent year-on-year, according to industry insiders.

Bangladesh has 14 lakh registered motorcycles, said the draft. Manufacturers and assemblers said they have been demanding for a policy for long as they want a clear idea of the government's position before making the large investment.

High investment is required to establish



The draft policy has targeted to locally manufacture five lakh motorcycles a year by 2021.

motorcycle manufacturing facilities, according to Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh.

Foreigners feel safe investing if there is a long-term policy, said Matiur Rahman, president of the Bangladesh Motorcycle Assemblers and Manufacturers Association.

## Govt's bank borrowing now negative

**AKM ZAMIR UDDIN**

The government's debt servicing cost is ballooning thanks to its growing leaning towards high-cost savings tools instead of bank borrowing.

So much that in the first half of fiscal 2017-18, the government's net borrowing from the banking sector was in the negative, according to data from the Bangladesh Bank.

Between July and December last year, the government repaid Tk 3,980 crore to scheduled banks and Tk 3,896 crore to the central bank.

On the other hand, between July and November last year, net sales of savings certificates edged up 4.19 percent year-on-year to Tk 21,172 crore.

This development means the government's debt servicing costs would balloon as the rate of interest on savings instruments is now much higher than that on bank borrowing, said AB Mirza Azizul Islam, a former adviser to a caretaker government.

The rate of interest on bank borrowing is between 2.98 percent and 8.34 percent, while that on savings instruments is 11.04-

11.76 percent.

"It has become a burden for the government."

Furthermore, more budgetary fund would become available for the health and education sectors as well as for social safety net schemes if the government avoids the high interest bill for savings certificates, he said.

This fiscal year, the government plans to borrow Tk 28,203 crore from the banking system, but at the rate savings instruments are being sold, the target seems highly unlikely, said a high official of the BB.

Savers continue to flock to savings instruments as they yield significantly higher returns than on bank deposits.

Banks are now offering at most 8 percent interest on their deposit products, which is discouraging savers.

"Besides, some banks have recently been in the news for scams that have eroded depositors' confidence in the banking system."

So, net sales of savings tools will continue to soar in the coming months, meaning the government will have no option but to stay away from borrowing from banks, the BB official added.

## Agent banking faring fine

**JEBUN NESA ALO**

Banks have started to reap benefit from agent banking just two years after the full-fledged rollout of the alternative financial service as it is increasingly getting popular among customers.

Deposit collection rose 42 percent year-on-year to Tk 922 crore in the July-September quarter last year and it reached Tk 651 crore in the previous quarter, according to Bangladesh Bank data.

Deposit collection totalled Tk 380.68 crore in the opening year of agent banking services in 2016.

"Banks are gaining from agent banking as the service point is a great source of low-cost deposit," said Humaira Azam, deputy managing director of Bank Asia, which runs one of the top agent banking operations in Bangladesh.

The central bank issued the agent banking guideline in 2013 but the licensees

started full-fledged operations in 2016.

Agent banking aims to bring unbanked and underserved segments of the population under the formal financial system with a range of services.

Now the service also helps banks to cut the cost of collecting low-priced deposit.

Agent banking channel is cost-effective for banks as it reduces the cost of collecting deposits by 1-1.5 percent, said Abul Kashem Md Shirin, managing director of Dutch-Bangla Bank. For example, Dutch-Bangla gives 3 percent fixed commission to its agents whereas average operational cost of a branch is 4.5 percent, Shirin said.

"Agent points will be big source of low-cost deposit as people in rural areas mostly prefer savings accounts," he said.

Shirin also said the alternative banking channel would see massive growth in the near future as the sector will need more deposits to cater high credit demand.

## Hatil opens virtual showroom

**STAR BUSINESS REPORT**

People in Bangladesh can now check out every detail of furniture and purchase it online as Hatil has come up with a virtual reality showroom.

The online store—Hatil V—will enable people to experience 360-degree views of furniture through mobile virtual reality (VR) headsets and order it online.

Hatil has introduced such a showroom at the Dhaka trade fair and showcased all of its 800 products, which are also visible through augmented reality (AR) glasses.

State Minister for ICT Zunaid Ahmed Palak launched the VR and AR views of Hatil's products yesterday.



A saleswoman attends to visitors at a stall of Chinese products at Dhaka International Trade Fair in the capital. The photo was taken on Monday.

## Micro-savings can boost micro-investment

**Speakers say**

**STAR BUSINESS REPORT**

Micro-savings can be used as micro-investment through community banking, said speakers yesterday.

They made the observations at a conference on "Growth with Equity" organised jointly by the Palli Karma-Sahayak Foundation (PKSF) and the Dhaka School of Economics at the auditorium of the foundation.

Speakers said the government is putting emphasis on micro-savings, and community banking can be a useful tool to encourage it.

Community banking can develop micro-entrepreneurship in the country, they said.

Qazi Kholiqzaman Ahmad, chairman of the PKSF, called for establishing rights of the people. He said inclusive growth is a must for sustainable growth.

Prof Md Akhtaruzzaman, vice-chancellor of Dhaka University, lauded the Dhaka School of Economics for imparting education on entrepreneur development.

Some 42 papers were presented during the conference.

## Dhaka stocks continue losing streak

**STAR BUSINESS REPORT**

The Dhaka stocks finished lower for the fourth consecutive session yesterday as investors adopted a wait-and-see approach amid speculations that the central bank may tighten money flow to curb credit growth.

The benchmark index, DSEX, declined 11.97 points or 0.19 percent to 6,198.53. Turnover decreased 6.16 percent to Tk 448 crore from the previous day.

Bangladesh Bank plans to reduce the advance deposit ratio in the new monetary policy for January-June of 2018 to be announced this month, a senior executive of a merchant bank said.

The move will interrupt the money flow to the capital market, he said.

The merchant banker also said many banks are offering higher interest rates for large fixed

deposits, which affected the daily turnover.

The turnover stayed below the Tk 500-crore level in the last three sessions.

The aggressive lending by banks pushed up the private sector credit growth to 19 percent in November in a worry for the central bank, as the growth rate was way above the target of 16.2 percent set for the July-December period of 2017.

The stockmarket started the session on a positive note but soon fell due to correction in nearly all the sectors.

Textile equities led the turnover, accounting for 20.23 percent of the total. Among the major sectors, pharma gained 0.45 percent while banks dropped 0.35 percent.

Dragon Sweater and Spinning Ltd became the highest traded share of the day with its stocks worth Tk 19.35 crore changing hands, followed by United Power with securities worth

Tk 17.79 crore.

However, it was a mixed day for Dragon Sweater.

Bangladesh Securities and Exchange Commission (BSEC) has fined the sweater exporter Tk 30 lakh for misusing its IPO (initial public offering) proceeds.

The decision was taken at a commission meeting yesterday.

Dragon Sweater faced the penalty less than two years after making debut on the Dhaka Stock Exchange in March 2016.

The exporter used 53.62 percent of the IPO proceeds of Tk 40 crore as cash but did not show it in the financial report, breaching the securities laws, according to a BSEC statement.

Moreover, the company did not buy machinery and implement project as per its IPO declaration, according to the BSEC.

## Foreign pavilions draw crowds at Dhaka trade fair

**STAR BUSINESS REPORT**

Foreign products are in abundance at the ongoing Dhaka International Trade Fair, attracting large crowds to pavilions and stalls.

There are 17 foreign countries participating in the show through 44 pavilions and stalls. Over one week into the month-long fair, some are yet to open to the public.

The participating foreign businesses are mostly from India and Indian-administered Kashmir. Their shawls and sweaters are garnering a lot of attention in this peak winter season. Salesman Labeeb said his Indian stall was mostly showcasing Kashmiri shawls. "We came here for the first time and are getting a good response," he said.

Though visitor numbers were high, sales were not in line with expectations, he added.

Kashmiri businessman Muammer said he too was getting a good response from visitors, given it was his first time here. His winter clothes, including Kashmiri shawls, cost from Tk 2,000 to Tk 20,000.

Though no Pakistani trader could be seen, the country's stalls are full of different salwar kameez.

Sales representative Sumon Billah said they bought Pakistani products from a local importer and had no connection with any Pakistani business.

Alamgir Boksh Pintu, whose stall represented Pakistani company Creation Corporation, said most of the stalls displaying Pakistani products were run by local importers.

Real Pakistani business owners rarely participated in the fair for they faced difficulties in getting visas, he said.

Thai stalls too are being run by local importers, putting on display some of the country's products, including food items, cosmetics and ornaments. Those of China focused on utensils along with food items and cosmetics.

While Iranian stalls are mostly selling various gemstones, jewellery and burqas, Turkish ones are drawing in a large number of women interested in interior decoration products such as decorative showpieces and lampshades.

Another prime attraction in Turkish stalls is carpets.

Participating in the fair for the last 10 years, Turkish businessman Halaf Bilal has a mini pavilion with comparatively high-priced carpets, starting from Tk 3,000, which he says are exclusive collections attracting affluent customers.



Qazi Kholiqzaman Ahmad, chairman of Palli Karma-Sahayak Foundation, speaks at the closing ceremony of a conference on growth with equity at the PKSF auditorium in Dhaka yesterday.

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