**ASIAN MARKETS** 

MUMBAI

**0.34%** 

**TOKYO** 

**V** 0.20%

আস্থাটাও বেশি এসআইবিএল সুপার সেভিংস একাউন্ট পঞ্চান্ন-উর্ধ্ব সিনিয়র সিটিজেনদের জন্য। ১৮-উর্ধ্ব মহিলারাও এই হিসাবটি খুলতে পারবেন। 3 16491 # www.siblbd.com

DHAKA FRIDAY NOVEMBER 16, 2018, AGRAHAYAN 2, 1425 BS starbusiness@thedailystar.net

## Car market thriving on economic prosperity

JAGARAN CHAKMA

STOCKS

**V** 0.01%

CSCX

DSEX

The automobile industry is passing through a good time for at least four years now thanks to the increase in disposable income and easy financing from banks and non-bank financial institu-

COMMODITIES

Gold A

In 2017, the car market size hit Tk 5,000 crore, according to industry insiders.

"The car business is related with the country's economic development and purchasing capacity of consumers," said Mohammed Shahidul Islam, chairman of HNS, one of the major car importers.

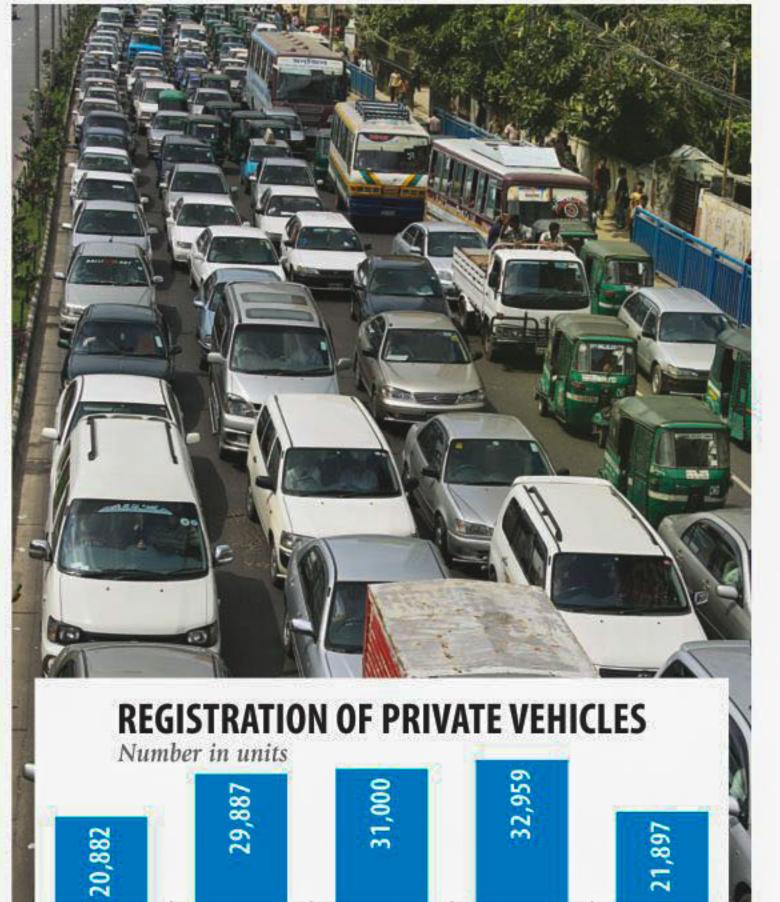
Car ownership is no longer a luxury for many but a need, he said, while forecasting happier days ahead as the economy is growing

Toyota is the undisputed leader in both the reconditioned and brand new car market with a 90 percent market share.

The second, third and fourth positions are occupied by Japanese automotive manufacturers Nissan, Honda and Mitsubishi respectively. South Korean giant Hyundai and Indian car manufacturers are making headway too.

The prices of Toyota cars -reconditioned or brand new -- start at Tk 13.5 lakh and go up to over Tk 32 lakhs.

Saloon cars are by far the most popular type, accounting for 55 percent of the vehicles sold, accord-



2016

ing to a market analysis of Mutual Trust Bank.

SOURCE: BRTA

2015

Sports utility vehicle account for car price, said Habibullah Dawn, 10 percent of the vehicles sold.

Auto loan facilities are not satis-

2017 (TILL SEP)

factory yet as the banking sector

provides at best 50 percent of the

president of Bangladesh

Reconditioned Vehicles Importers

and Dealers Association (BARVIDA).

**CURRENCIES** 

SHANGHAI

**1.36%** 

**0.37%** 

Banks should provide auto loans of up to 80 percent of the car price, he said.

Dawn thinks the popularity of ride-hailing services like Uber and Pathao along with rising purchasing capacity of customers are helping the car market to thrive.

"Some people are purchasing cars due to sub-standard public transport."

He sees a good future for the sector as the necessary infrastructure is improving. "And the car market is still at a marginal level in Bangladesh."

Last fiscal year, the government earned Tk 3,700 crore from the sector and it will soar in the coming days if policy support is extended.

The government's decision to allow the import of hybrid car is helping the market to grow, said Aslam Serniabat, proprietor of Car Selection, a major player in the sector.

Now, at least 20 percent of the cars brought into Bangladesh are hybrid ones, which are getting popular due to fuel economy and being environmentally friendly.

In 2017, a total of 32,950 units of cars were registered, up 7.08 percent year-on-year, according to data from the Bangladesh Road Transport Authority.

As of September, 21,897 units of cars were registered.

# Agent banking expands fast

AKM ZAMIR UDDIN

Agent banking, which takes banking services to the unbanked people, is going from strength to strength, with both deposit collection and loan disbursement on the rise.

Lenders earlier kept their core focus on collecting deposits from clients through the new banking wing but they have recently given the same importance to loan disbursement.

As of September, loan disbursement through the agent banking channel was Tk 150 crore, up 9.80 percent from a quarter earlier. At the same time, deposit collection went up 28 percent to Tk 2,577 crore, according to data from the central bank. Banks commenced loan disbursement

through the wing around the turn of the year, said a Bangladesh Bank official. "Loan disbursement through agent banking will soar real fast." There remains huge scope for widening

agent banking as lenders are yet to extend their traditional banking service to the large numbers of unbanked people, said Md Arfan Ali, managing director of Bank Asia. Banks have so far set up 5,791 agent

banking outlets in the rural areas, whereas the countryside requires nearly 25,000 shops to bring the unbanked people under the formal financial umbrella, he said. "The tremendous growth of agent bank-

ing proves that the underprivileged people are keen on banking services." He went on to call for disbursement of farm loans through the agent banking chan-

nel such that farmers can get low-cost credit. Farmers continue to face interest rate as high as 25 percent for agriculture loans as

many banks prefer to disburse them through non-government organisations that keep a cut for themselves.

**GROWTH IN AGENT BANKING** APR-JUN JUL-SEP 2018 2018 Tk 2,577cr Tk 2,012cr Deposit Tk 150cr Credit Tk 137cr Tk 4,463cr Remittance Tk 3,514cr Account 1,777,400 2,028,864 Outlet 5,351 5,791 Agent 3,588 3,902

In the process, the central bank's intent to extend low-interest loans to farmers gets defeated. If the loans are disbursed through bank branches, farmers can get them at 9 percent interest rate.

But when disbursed through NGOs and

microfinance institutions, the rate goes up to 20-25 percent as they take the funds from banks first at 9 percent interest and then give them out to farmers. "Banks would be able to lend at nine

percent interest if the agent banking channel is used properly," he added.

In fiscal 2017-18, farm loan disbursement stood at Tk 21,394 crore, 37.19 percent of which was given out through the NGO channel.

The central bank issued the agent banking guideline in 2013 but the licensees did not start full-fledged operations until 2016. Agents provide services such as cash deposits, withdrawals, remittance disbursement, small value loan disbursement and recovery of loans as well as cash payments under the government's social safety net programmes. As of September, 18 banks combined

have 20.28 lakh accounts, up from 14 percent three months earlier.

### NBR moves to protect intellectual property rights

STAR BUSINESS REPORT

The National Board of Revenue (NBR) is going to bring in rules to restrict the import of goods which violate intellectual property been brought through breach of the IPR.

A draft of the rules, already prepared by the customs department, seeks to prevent entry of counterfeit goods, said Md Raich Uddin Khan, first secretary of the international trade and agreement of customs at draft. the NBR.

"Entry of counterfeit products will be tougher after the finalisation of the rules. The rules will also act as a guideline to enforce laws related to intellectual property rights," he said.

The move comes after several countries, including the USA, raised the issue of inadequate intellectual property rights (IPR) protection here. There is also international obligation to protect the IPR, he added.

The draft IPR application rules, prepared by the customs, say that the IPR holders or their authorised representatives can seek to stop release of any type of goods being imported in violation of the IPR.

And customs authorities will be able to ban import of products which are in violation of the IPR, if they find evidence through investigation.

The rules, after being finalised, will also empower authorities to stop release of imported goods if those are found to have

The draft rules say that consignments of the products imported through the breach of the IPR will be confiscated and later destroyed. The IPR holders will have to bear the costs in this regard, according to the

Khan said opinion and feedback have been sought from stakeholders regarding the rules.

The NBR sent the draft to the Federation of Bangladesh Chambers of Commerce and Industry and legal adviser of the US Department of Justice at the US embassy in Dhaka for comment in 15 days.

Khan said there was a section in the customs act 1969 regarding intellectual property protection and the section provides scope for prohibiting import of products in violation of the IPR rules.

At present anyone can import a product from anywhere. But if anyone registers a brand for the sole right to import and market it, then the product cannot be imported by others, he said.

"We expect to finalise the rules within three months," he said.

### Economy is in shipshape: MCCI

STAR BUSINESS REPORT

The economy is progressing well despite the presence of some risk factors like marginal growth in remittance, slower exports and a lower rate of investment, according to a report of the Metropolitan Chamber of Commerce and Industry (MCCI).

Inflation between the months of July and September was under control, the exchange rate remained stable and the foreign exchange reserves rose to a comfortable level, said the first-quarter report that was released yesterday.

"The overall economic situation was positive as indicated by the steady improvements in the major economic indicators," the report said.

During the period, agriculture, manufacturing and services sectors performed well, but continuous government support of various types will be needed to sustain their growth.

Infrastructure deficits and gas and power supply problems are now undermining the performance of all productive sectors of the economy.

"The government should take adequate steps to overcome these problems and achieve and maintain political stability, which are essential for creating investment-friendly climate."

On the basis of observations in the preceding nine months, the MCCI has made its own projections on some selected economic indicators.

#### POSITIVE ASPECTS

Inflation under control Exchange rate remains stable

Forex reserves at a comfortable level

**RISK FACTORS** 

Marginal growth in remittance

Slower growth in exports

A lower rate of investment

"It is assumed that the peaceful political situation that currently prevails will continue in the coming days. Therefore, export, import, and remittances can be expected to increase."

The foreign exchange reserves will fall somewhat in November due to payment to the Asian Clearing Union against imports.

The rate of inflation is likely to go up in October because of the probable rise in the prices of some essential commodities, the MCCI

Some major sectors also performed well in the first quarter of the fiscal year.

For instance, the agricultural sector grew at a robust rate of 4.19 percent in fiscal 2017-18 compared to a moderate 2.97 percent a year earlier thanks to favourable natural factors and strong policy to ensure timely availability of inputs at affordable prices.

Despite the shortage of energy -- both gas and power -- the industrial sector managed to grow 12.06 percent last fiscal year, exceeding the growth rate of the previous fiscal year by 1.84 percentage points.

The manufacturing sub-sector recorded 13.40 percent growth in fiscal 2017-18, which was 2.43 percentage points higher than the previous fiscal year's.

Within manufacturing, the large and medium scale industries sub-sector grew at 14.26 percent, compared to 11.20 percent in fiscal 2016-17.

The small scale manufacturing industries, however, grew at 9.25 percent in fiscal 2017-18

compared to 9.82 percent a year earlier. "Bangladesh's economy is progressing well, but due to infrastructure bottlenecks and short-

age of power and energy its performance has remained below its true potential." In fact, all major macroeconomic indicators like per capita income, foreign currency reserves, import and export, and foreign direct

investment depict a strong positive trend, including in public sector revenue collection, the report said.

BIBM proposes Tk 200cr

The Bangladesh Institute of Bank Management (BIBM)

yesterday proposed the government launch a Tk 200 crore

credit guarantee scheme to encourage banks to lend more to

schemes in different countries. There are over 2,000 such

schemes in over 100 countries around the world aimed at

BIBM, disclosed this at a roundtable on "Credit guarantee

scheme for promoting access to finance for SMEs" at the

The BIBM came up with the idea after studying such

Md Mosharref Hossain, an assistant professor of the

credit guarantee

scheme for SMEs

small and medium enterprises.

STAR BUSINESS REPORT

institute in Dhaka.

### Tax fair receipts cross Tk 1,000cr in three days

STAR BUSINESS REPORT

Tax collection on the first three days of the ongoing weeklong tax fair has crossed the Tk 1,000 crore mark amid an increasing turnout of individuals taxpayers.

The National Board of Revenue (NBR) got a total of Tk 1,014.40 crore from all the divisional cities till yesterday, 3 percent higher from that of the same period last

Moreover some 1.85 lakh returns were submitted, up 68 percent year-on-year, according to a statement of the NBR.

This is the ninth year that the tax authority is holding the event to provide assistance to individual taxpayers to complete their tax-related formalities for the year and create a tax culture in the country where evasion and avoidance are said to be very



COLLECTED

#### SM Moniruzzaman, deputy governor of Bangladesh Bank, also supported the idea. Credit guarantee schemes will help banks share the risk of loan default for a specific type or market of customers

and help enterprises get loans, said Moniruzzaman.

giving a boost to the SME sector, it said.

"It is a harsh reality that SMEs face innumerable difficulties in getting finance from formal sources," he said.

READ MORE ON B3

People continue to throng a weeklong income tax fair around the country seeking assistance to properly fill up and submit their returns. The photo was taken at Officers Club Dhaka on Wednesday, the second day of the fair.