

ASIAN MARKETS

MUMBAI

▲ 1.61%

39,434.72

TOKYO

▼ 0.16%

21,117.22

SINGAPORE

▲ 0.29%

3,169.89

SHANGHAI

▲ 0.02%

2,852.99

CURRENCIES

USD

83.50

EUR

92.58

GBP

105.33

JPY

0.75

BUY TK

84.50

SELL TK

96.38

109.13

0.79

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DHAKA MONDAY MAY 27, 2019, JAISHTHA 13, 1426 BS

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Local assembly to meet 30pc of handset demand this year

Assemblers call for more policy support

MUHAMMAD ZAHIDUL ISLAM

As much as 95 percent of the handsets sold in Bangladesh by the South Korean electronics giant Samsung are assembled in its plant in Narsingdi, in a major endorsement of the country's fast-improving assembling capabilities. "Save for the flagship devices all handsets are now assembled here," said Mohammad Mesbah Uddin, chief marketing officer of Fair Electronics, which started assembling Samsung-branded handsets in its 58,000 square feet state-of-the-art manufacturing plant from last year. The plant, which was set up with expertise from Samsung, was born out of the government's discriminatory tax structure towards handset imports. The total tax on imported handsets is 32 percent in contrast to about 17 percent on locally assembled ones. For handsets manufactured in Bangladesh, the tax is just 5 percent.

NATURAL WOODEN TEXTURES

30x60 CM SERIES

01713 656565

dbi CERAMICS

KEY POINTS

The government cut taxes on assembling equipment and raised import tax in 2017-18 budget

Samsung, Symphony, Transsion, Walton and Al Amin Brothers have assembly plants

Couple of foreign brands are also planning to set up plants here to gain the tax benefit

Bangladesh assembled 26.1 lakh handsets in 2018 when 3.08cr handsets were sold

In January-March 2019, 9.6 lakh pieces were assembled and 76 lakh pieces were sold

In April-June 2019, around 23 lakh pieces of handsets would be assembled and sales figure may hit 94 lakh pieces

In 2019, around 90 lakh pieces will be assembled and 3cr sets will be sold

general of the Bangladesh Mobile Phone Importers Association (BMPIA). "This is a huge achievement for Bangladesh," he added. Rezwatul Haque, chief executive officer of Transsion Bangladesh,

whose plant in Gazipur is leading the charge in local assembly, echoed the same. "In a short period of time, I would say this is a great achievement for assemblers and as a whole this is an achievement of the country." The plant in Gazipur is assembling about 3.5 lakh units of handsets a month, which is the highest. The Chinese manufacturer though has targeted to assemble all its handsets at the plant and also get its sister brand Techno on board. "We have very big dreams for our plant. Our first target is to cater to the local market, after which we will explore export opportunities," said Haque, also the former general secretary of the BMPIA. Local brand Walton, which was the first to set up a mobile phone assembly plant in Bangladesh in October 2017, has been assembling all its handsets locally since the middle of last year. In 2018, the assembly line churned out about 11 lakh units, said a senior official of Walton. Market leader Symphony too has been selling handsets assembled at its plant in Ashulia since September last year and is already working on a second plant in Bangabandhu Hi-Tech City in Gazipur. Another local player Al Amin Brothers is too assembling devices of "5 Star Mobile" brand.

Footwear retailers eye Tk 3,000cr sales this Eid

JAGARAN CHAKMA
Footwear manufacturers and retailers are looking to rake in Tk 3,000 crore in sales this Eid-ul-Fitr as sandals and shoes are high on the shopping lists of customers from all walks of life. "All brands are witnessing a happy Ramadan as sales have increased," said Nasir Khan, managing director of Jennys Shoes Ltd. Renowned brands such as Apex, Jennys, Bata, Bay, Zeils and Leatherex as well as imported footwear, especially non-branded Chinese products have been found to be high in demand for their lower prices and pretty look. A third of the total annual sales of all

branded and non-branded footwear is sold ahead of Eid-ul-Fitr. Local sales fetched Tk 10,000 crore to Tk 12,000 crore in 2018, according to Khan. The sector has been growing at an average of 12 percent for the last one decade, drawing in new investors, both local and foreign. As per Khan's estimate, footwear items worth at least of Tk 3,000 crore will be sold on the occasion of this Eid, way higher than the full-year sales a decade ago. Retailers at the Tropical Alauddin Tower and the Rajlaxmi Complex in Uttara say Chinese products have a good demand among the women and ladies customers.



Branded and non-branded footwear items log a third of the total annual sales on the occasion of Eid-ul-Fitr.

Stocks salvaged by insurance

STAR BUSINESS REPORT
The insurance sector topped the gainers' list of the Dhaka Stock Exchange (DSE) yesterday as investors rushed to the companies, preventing the key index from falling. Nine insurance companies were in the top 10 list of the gainers. They are National Life Insurance, Prime Islami Life Insurance, Sunlife Insurance, Federal Insurance, Bangladesh National Insurance, Pragati Life Insurance, Prime Insurance, Sandhani Life Insurance, and Popular Life Insurance, DSE data showed. "The index was rescued from a fall thanks to the insurance sector," said a top official of a leading merchant bank. The insurance sector alone led the index. For instance, National Life Insurance was the top contributor to the index. The DSEX, the benchmark index of the DSE, gained 2.73 points, or 0.05 percent, to end the day at 5,253.32. Turnover surged 2.95 percent to Tk 328.91 crore. The day's highest turnover also came from the insurers, with the sector's contribution accounting for 19.7 percent. Market insiders say a few big players have bought shares of some insurance companies, fuelling their price and leading general investors to rush to them. Most of the insurance companies have also become lucrative as their prices fell during the ongoing market slump, analysts said. Of the 47 listed insurance companies, 35 advanced, nine dropped and two remained



unchanged, according to DSE data. However, most of the listed companies dropped on the day. Losers beat gainers as 183 issues declined, 121 advanced and 42 finished unchanged on the DSE. British American Tobacco Bangladesh dominated the turnover chart with 1.13 lakh shares worth Tk 14.46 crore changing hands, followed by Eastern Cables, Fortune Shoes, National Life Insurance, and Doreen Power. Chattogram stocks declined with the bourse's key index, CSCX, shedding 27.05 points, or 0.27 percent, to finish at 9,681.90. Losers beat gainers as 144 issues declined, 92 advanced and 21 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 76.26 lakh shares and mutual fund units worth Tk 17.06 crore.

BB moves to regulate banks' non-listed investment

STAR BUSINESS REPORT
The Bangladesh Bank yesterday issued a guideline to regulate banks' investment in non-listed securities with a view to keeping their risks at a tolerable level. Non-listed securities include non-listed equity share, non-convertible bond, debenture, open-ended mutual fund, and non-convertible cumulative preference share. The move from the central bank came after it separated banks' investment in the non-listed securities from their exposure to the stock market. In case of non-listed equity share, banks' investment must be less than 5 percent of their paid-up capital, share premium, statutory reserve, and retained earnings.

Deal soon with Eurasian nations to boost trade: minister

STAR BUSINESS REPORT
Bangladesh will sign an agreement with Russia and four other neighbouring countries soon to form a joint economic commission to boost trade with the Eurasian countries, Commerce Minister Tipu Munshi said yesterday. Munshi also said he will go to Russia on May 30 to sign the agreement. Russia and four other neighbouring countries can be a big market for Bangladesh as the region with over 18 crore people have a commendable purchasing capacity, he said. Recently, the minister also signed an agreement with Czech Republic to form a joint commission to avail trade benefit after having discussions between the two nations. He spoke while addressing a group of journalists at a workshop on "Trade and WTO rules" at the office of the Economic Reporters Forum (ERF) in Dhaka. He said Czech Republic can also be a big export destination for Bangladesh as the people of this country have \$30,000 per capita income. "The unemployment rate of Czech Republic is one of the lowest in the region and the Czech investors are also interested to invest in power and machinery sectors in Bangladesh." Director General of the WTO Cell Munir Chowdhury, ERF President Saiful Islam Dilal and General Secretary SM Rashidul Islam also spoke.

BGMEA opens probe into workers' termination claim

STAR BUSINESS REPORT
The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has initiated an independent inquiry to ascertain whether any worker was illegally terminated, in response to a complaint raised by the American Apparel and Footwear Federation (AAFF). The AAFA, the highest trade body of the US in garment and footwear business with representation of 1,000 brands having more than \$400 billion retail sales in a year, sent letters to Prime Minister Sheikh Hasina and BGMEA President Rubana Huq complaining about the termination of more than 1,000 garment workers and criminal charges against labour leaders.

EID SHOPPING Poor sales upset traders of imported clothes

STAR BUSINESS REPORT
Stores selling expensive imported garment items have so far been disappointed with sales as financially solvent customers are shopping abroad while locals keep faith on domestic produce as Eid purchases gain momentum. The days to Eid-ul-Fitr are considered the busiest shopping season in Bangladesh, particularly for garments and footwear, and shop owners prepare accordingly to meet the growing demand. But stores that retail expensive items have not had a good time so far. The sales have been lower so far this season compared to the last one because the wealthy segment of the customers are shopping in India thanks to the visa processing becoming easier, said Serajul Alam, who has a store in Gulshan. "When I went to India for wholesale purchase ahead of Eid, I found more than 50 percent of the customers carrying out shopping to have come from Bangladesh," he said. Alam imported clothes from India and China, mostly for ladies and kids items. His store, RUPOM, located in Police Plaza, however, has found very few customers. The scenario is the same in other stores in shopping mall as well as in all markets in upmarket areas of Gulshan, Banani and Bandhara.



A salesperson drapes a sari over himself to give customers a better view as the Eid shopping spree gains momentum at Bashundhara City shopping complex. The photo was taken recently.

Active SIMs cross 16cr

STAR BUSINESS REPORT
Bangladesh's mobile industry hit a new milestone in April, crossing the 16 crore-mark in total active connections, according to a report of the telecom regulator published yesterday. At the end of April the total number of active mobile connections stood at 16.06 crore, after 8.10 lakh new connections were added during the course of the month. "Definitely, this is a milestone for the country and the mobile operators," said SM Farhad, secretary general of the Association of Mobile Telecom Operators of Bangladesh. Of the total active connections, 7.45 crore are with Grameenphone, making it the undisputed market leader despite its various run-ins with Bangladesh Telecommunication Regulatory Commission in recent months. Robi, which merged with Airtel in November 2016, has 4.76 crore active SIMs and Banglalink 3.46 crore. State-owned Teletalk has 39.95 lakh active SIMs. In a sobering development, the latest one crore new subscribers took longer to come by than the previous two: 13 months as opposed to six months before. Furthermore, industry insiders said the total number of unique users might not even cross 10 crore. A survey by South Asia-based think-tank LinerAsia last year found that 30 percent of the mobile users in Bangladesh were using two SIMs and 2 percent more than three SIMs at a time.