| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | |
|---|---|---|---|---|---|---|---|
| DSEX | CSCX | Gold | Oil | MUMBAI | TOKYO | SINGAPORE | SHANGHAI |
| ▲ 2.24% | ▲ 1.91% | ▼ $1,421.30 (per ounce) | ▼ $62.85 (per barrel) | ▼ 0.13% | ▲ 0.95% | ▲ 0.47% | ▲ 0.45% |
| 5,077.75 | 9,434.62 | | | 37,982.74 | 21,620.88 | 3,373.13 | 2,899.94 |

CURRENCIES — STANDARD CHARTERED BANK

| | $USD | €EUR | £GBP | ¥JPY |
|---|---|---|---|---|
| BUY TK | 83.50 | 92.45 | 103.15 | 0.76 |
| SELL TK | 84.50 | 96.25 | 106.95 | 0.79 |





# Star BUSINESS

DHAKA WEDNESDAY JULY 24, 2019, SRABAN 9, 1426 BS ● starbusiness@thedailystar.net


# Satellite, submarine cable business may open to private sector

MUHAMMAD ZAHIDUL ISLAM

**AT A GLANCE**

- Two separate policies being formulated for the purpose
- Now two state-run companies run the undersea cable and satellite business
- The satellite was launched in May last year at a cost of Tk 2,765cr
- Bangladesh has two undersea cable connections; another one will be installed

The government is set to open up the satellite and undersea submarine cable business to the private sector as it looks to expand the capacity in preparation for a Digital Bangladesh.

At present, two separate state-run companies -- Bangladesh Submarine Cable Company Limited (BSCCL) and Bangladesh Communication Satellite Company Limited -- run the undersea cable and cosmos communication business.

Two separate policies are now being formulated to this end, Posts and Telecommunication Minister Mustafa Jabbar told The Daily Star recently.

The draft policy for the satellite business has already been finalised and forwarded to the finance ministry for approval. Once the approval comes through and some formalities are completed, the policy will be passed, he said.

Bangabandhu-1, the country's first communication satellite, was launched in May last year at a cost of Tk 2,765.66 crore, allowing Bangladesh to enter the elite space club of 57 nations which have sent satellites into the orbit. The government took the first initiative to launch the satellite for Bangladesh and now it is up to the private sector to monetise it, Jabbar said.

"Currently Bangabandhu-1 is not bringing in any money but it gave the country huge prestige. Around the globe you will find that private entities are leading this industry and the government is only facilitating them."

Of the 31 TV channels in Bangladesh, 10 -- state-run BTV World, Sangsad Bangladesh Television and BTV Chattogram and private channels Somoy TV, DBC News, Independent TV, NTV, Ekattor TV, Bijoy TV and Boishakhi TV -- are airing programmes using the satellite.

READ MORE ON B3



# Local firm to set up $200m plant to make electric vehicle

## *Bangladesh Auto Industries will tie up with firms from US, China, India and Italy*

JAGARAN CHAKMA

Local automobile company Bangladesh Auto Industries Ltd (BAIL) is all set to make electric vehicles from next year with an initial investment of $200 million.

The facilities, civil work and utility connection of the proposed plant on a 100-acre of land at the Mirsarai economic zone in Chattogram will be completed by December this year, Mir Masud Kabir, managing director of BAIL, told The Daily Star.

"We will install the manufacturing equipment by March next year and the manufacturing will begin in June."

BAIL will manufacture two-wheelers, three-wheelers, sedan, hatchback and sport utility vehicle (SUV) and has plans to produce pick-ups, mini-trucks and multipurpose vehicles.

Of the planned $200 million investment, 80 percent will be sourced locally, while the rest will enter the country as a foreign direct investment.

The total investment for the project will reach $1 billion within the next five years, Kabir said.

Leading local telecom service provider Mango Teleservices Ltd holds a majority share in BAIL established in November 2017.

An electric vehicle (EV) uses chemical energy stored in efficient and environment-friendly rechargeable lithium ion battery packs instead of fossil fuel to propel it.

Globally, the electric car's share in the total automobile industry is on the rise.

At the end of 2018, it stood at 4.6 percent, almost double from what it was in 2017, according to the Centre of Automotive Management (CAM), a research and consultancy institute based in Germany.

China is leading the countries in electric car use, followed by the US, Norway, Japan and the UK. By 2025, electric cars will account for one-fourth of all new registrations, according to CAM.

Within the next 25 years all fossil fuel cars would be replaced by the EVs, it said.

Kabir said foreign partners from the US, China, India and Italy will provide technical and expert support for the facility.

**KEY POINTS**

- Investment may reach $1b in the next five years
- The plant will be set up in Mirsarai economic zone of Chattogram
- Operation may begin in June next year
- The plant will make sedan, hatchback and SUV
- Prices may range between Tk 8 lakh and Tk 25 lakh

The plant will manufacture almost 60 percent of the component of the vehicles, including lithium battery, motor, controller, software platform, chassis and body.

Internationally acclaimed designers have designed the initial EV models for BAIL, said Kabir.

A team of the company will lead the initiative and carry out future research and development together with foreign experts, expatriate Bangladeshis and local talents, he said.

The team will also create web-based portal for co-creation and suggestion for product and ecosystem development in order to ensure inclusive and participatory environment for the nation, he said.

"BAIL products will be a national pride."

The company will sell an SUV at Tk 25 lakh, sedan at Tk 12 lakh to Tk 15 lakh, hatchback at Tk 8 lakh or even less. The price of the motor cycles will be Tk 50,000 to Tk 1.5 lakh.

About the challenges of the project, Kabir said the market seems to be small at the moment. "But the market will continue expanding as the economy is growing at a steady pace."

"There is huge regional and global potential as well."

He said the EVs would cut fuel cost by 90 percent and per kilometre energy cost will be less than Tk 2.

"Customers will replace their fossil fuel-run vehicles with EVs thanks to lower price and cheaper fuel cost and the environmental benefits."

READ MORE ON B3

# NGOs charge 25pc interest for farm loans

STAR BUSINESS REPORT

The interest rate on more than one-third of farm loans banks disbursed through non-governmental organisations in fiscal 2018-19 was as high as 25 percent -- much higher than any loan product in Bangladesh.

Considering agriculture a priority sector, the central bank usually sets the interest rate on farm loans at 2-3 percentage points less than the major credit products of lenders. 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 19-25 percent as they take the funds from banks first at 9 percent interest and then give them out to farmers -- defeating the purpose of the scheme. In fiscal 2018-19, banks disbursed Tk 8,298 crore in farm loans through NGOs, which is 35 percent of their total disbursed loans in the agriculture sector.

The amount is also 4.28 percent higher than the farm loan disbursement through NGOs and microfinance institutions in fiscal 2017-18.

"The central bank has taken different initiatives to decrease the banks' dependency on NGOs," said SM Moniruzzaman, deputy governor of Bangladesh Bank, while unveiling the farm loan policy for fiscal 2019-20 yesterday.

For instance, it has repeatedly instructed banks to distribute farm loans through their own channels. "But it seems they do not pay much heed as farm loan disbursement through NGOs is on the rise," said another BB official requesting anonymity.


SOURCE: BB

Banks turn to NGOs and microfinance institutions for farm loan disbursement to lessen their supervisory- and recovery-related costs. The central bank earlier instructed lenders to distribute at least 30 percent of their annual farm loan disbursement target through their respective branches, but a number of banks frequently disregarded the rule, the official said.

"There is no credit product in the banking sector for which one has to pay an interest rate as high as 25 percent," he added.

But the high interest rates will compound the woes of farmers, who have already been hit by a large-scale flood.

The Department of Agricultural Extension (DAE) estimated that floods affected farmlands in 26 districts until Friday, including 39,000 hectares of aus fields, 11,000 hectares of aman seedbeds and 10,000 hectares of vegetable farms.

"The high interest rate on farm loan is completely absurd," said M Asaduzzaman, a former research director of the Bangladesh Institute of Development Studies.

Banks hand over their responsibility to the NGOs because of their unwillingness to disburse farm loans to the underprivileged farmers, he said.

"But this is having a negative impact on the agriculture sector."

READ MORE ON B3

STAR/FILE

**If the loans are disbursed through bank branches, farmers can get them at 9 percent interest rate.**

# PLFS liquidator seeks asset list

STAR BUSINESS REPORT

The liquidator of People's Leasing and Financial Services (PLFS) on Monday asked the existing management to provide him with affidavit information on the company's assets and liabilities by July 27.

It means the management has three working days as July 26 and 27 comprise a weekend.

"It is impossible to give all the information on assets and liabilities within this short time. We will apply for a time extension," said a senior PLFS official wishing not to be named.

The High Court gave Bangladesh Bank the go-ahead on July 14 to appoint a liquidator for the non-bank financial institution (NBFI).

Md Asaduzzaman Khan, deputy general manager of the central bank's financial institutions department, was then appointed as the liquidator.

On June 27, the finance ministry first instructed the central bank to shutter the NBFI, a first for Bangladesh's financial sector, for its failure to improve its conditions.

Previously two banks, the Bank of Credit and Commerce International alongside Oriental, were restructured, but not liquidated, for being on their last legs.

Liquidation of the PLFS means closing its operations permanently and the BB, with the court's permission, will take steps to settle liabilities by selling off its assets.

Some 15 banks and NBFIs have Tk 850 crore stuck in the PLFS. There are another 6,000 accounts of individuals in the company.

Investors who have 68 percent stakes in the PLFS are in uncertainty over whether and how they will get back their money, amounting to nearly Tk 200 crore based on the present market value.

# Govt draws up plan to face impact of LDC graduation

## *Planning minister says*

STAR BUSINESS REPORT

The government has prepared a plan to face the impact of Bangladesh's graduation from the least developed country's category on trade and foreign aid and discussed it with the United Nations.

A 13-member delegation led by Planning Minister MA Mannan had a meeting with the Global Partnership for Effective Development Cooperation at the UN headquarters in New York during their visit from July 9 to 19.

READ MORE ON B3


COLLECTED

**Planning Minister MA Mannan, *centre*, attends a press conference at the National Economic Council in Dhaka yesterday.**

# VAT on medicine sales unchanged at 2.4pc: NBR

STAR BUSINESS REPORT

The tax administrator yesterday said the value added tax on medicine sales has been kept unchanged at 2.4 percent under the new VAT law that became effective on July 1.

The National Board of Revenue (NBR) issued a notification in this regard to dispel ambiguity and prevent traders from charging consumers higher prices for drugs.

The NBR also gave a guideline on how to calculate the indirect tax on drugs and petroleum at the manufacturing and trading stages. Officials said the government did not increase the VAT rates of the two essential items at the trading stage under the VAT and Supplementary Duty Act 2012.

The VAT rates of 2.4 percent and 2 percent had been in place respectively under the 1991 VAT law.

So medicine prices should not increase on excuse of the new VAT law, said an official of the NBR. Pharmaceuticals and petroleum are two major sources of VAT, also known as consumption tax, for the revenue collector.

READ MORE ON B3