

| STOCKS   |          | COMMODITIES |              | ASIAN MARKETS |           |           |          | CURRENCIES |        |        |        |       |
|----------|----------|-------------|--------------|---------------|-----------|-----------|----------|------------|--------|--------|--------|-------|
| DSEX     | CSCX     | Gold        | Oil          | MUMBAI        | TOKYO     | SINGAPORE | SHANGHAI | USD        | EUR    | GBP    | CNY    |       |
| ▼ 0.50%  | ▼ 0.74%  | \$1,782.31  | \$62.91      | ▼ 0.85%       | ▼ 0.72%   | ▼ 0.97%   | ▲ 0.57%  | 83.95      | 100.03 | 115.40 | 12.81  |       |
| 5,475.98 | 9,544.37 | (per ounce) | (per barrel) | 50,889.76     | 30,017.92 | 2,880.64  | 3,696.17 | BUY TK     | 84.95  | 103.83 | 119.20 | 13.46 |



# Star BUSINESS

DHAKA MONDAY FEBRUARY 22, 2021, FALGUN 9, 1427 BS • starbusiness@thedailystar.net

## Rush for family savings tools

Overall savings certificate sale soars 60pc as savers flee banks for poor deposit rates

REJAUUL KARIM BYRON and REFAYET ULLAH MIRDHA

The downing of bank deposit rates is pushing savers towards national savings certificates as they seek higher returns after incomes were wiped out by the coronavirus pandemic.

And on the frontline are families with investable funds.

Sales of family savings instruments grew nearly threefold year-on-year to Tk 20,149 crore in the July-December period of fiscal 2020-21 from Tk 7,581 crore.

Many of the investors bought such certificates in the names of their spouses and children.

Overall sales of savings certificates soared 60 per cent year-on-year to Tk 54,976 crore in the first half of the fiscal year.

The driving factor was the more than 11 per cent interest offered by the government on various savings certificates, including that for families. The interest rate of family saving certificates is the highest, at 11.52 per cent.

One can buy Tk 45 lakh-worth of the instrument using a single account. The sale of the certificates through joint accounts is not allowed.

The sale of savings certificates for a three-month term also increased because of a higher ceiling for quantities bought and an opportunity to purchase it for the underaged.

The instrument's sales soared 151 per cent



year-on-year to Tk 15,059 crore from July to December. The interest rate for the certificates is 11.04 per cent. One can buy Tk 30 lakh-worth of the certificates and double that using joint accounts.

The sale of savings certificates had increased even during the Covid-19 pandemic, which wiped out the incomes of many families.

Analysts attribute the spiral to an opportunity to whiten black money on payment of a 10 per cent tax on the declared amount and the increased inflow of remittance from

the Bangladeshi expatriates.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, said the net sales of national saving certificates had already exceeded the budget target for FY21.

There has been a boom in the sales despite a decline in incomes and savings due to Covid-19 and tighter enforcement of eligibility for investment by the government since last year, he said.

"The biggest reason perhaps is the surge in remittances, which went into the purchase of family saving certificates."

READ MORE ON B3

## Dhaka needs to pay \$460m to join New Development Bank

JAGARAN CHAKMA and MD FAZLUR RAHMAN

Bangladesh will have to pay about \$460 million in subscription fee to become a member of the New Development Bank (NDB) or BRICS Bank, a new international lender looking to mobilise resources for infrastructure and sustainable development projects.

Of the sum, \$92 million shall be contributed to the bank's paid-up capital payable in seven annual instalments, according to a letter of the High Commission of India (HCI) in Dhaka.

It came as the high commission said India was interested in helping Bangladesh become a member of the NDB.

In December, Indian Prime Minister Narendra Modi invited Bangladesh to join the NDB.

On February 2, Dhaka expressed its interest to join the NDB at a virtual meeting with NDB President Marcos Troyjo.

At the meeting, the NDB president promised to consider Bangladesh's proposal.

"Bangladesh is eligible to fulfil all conditions for becoming a member of the NDB as the country has shown tremendous achievement in economic development during the last 12 years," said Finance Minister AHM Mustafa Kamal in a press release.

The High Commission of India (HCI) in Dhaka wrote twice, in August and November 2020, offering Bangladesh to be

a member of the NDB.

"The HCI Dhaka avails itself of this opportunity to renew to the Ministry of Foreign Affairs and the Government of the People's Republic of Bangladesh the assurances of its highest consideration," the second letter said.

In August, the HCI requested Bangladesh to discuss in details for the membership of the NDB.



The NDB plans to include 16 new members. Among the prospective members, Bangladesh is a priority.

"We have to submit an analysis of the external debt situation, the gross domestic product and the strength of the economy to take shares of the NDB," said an official of the finance ministry said.

The government will now move to discuss the membership issue with the management of the NDB, he said.

The lender began its official journey on July 21, 2015, with an initial capital of \$50 billion. The total capital of the bank is \$100 billion.

READ MORE ON B3

## Govt-fixed soybean oil rates fall on deaf ears

MOHAMMAD SUMAN, Cig

Retailers and wholesalers in Chattogram market are continuing to charge Tk 3 to Tk 4 higher than the Tk 115 fixed by the government as the retail price of each litre of loose soybean oil four days ago.

According to the sellers, loose soybean oil is selling for Tk 110 per litre at mill gates and at Tk 117 to Tk 118 at retail, although the government had fixed Tk 108 for the former and Tk 115 for the latter last Wednesday.

The mill gate refers to factories of refiners.

Wholesale traders at Khatunganj market, one of the country's largest wholesale commodity hub, say loose soybeans was being sold at mill gates for Tk 4,300 per maund (40.90 litres) at the beginning of last week.

However, on Saturday the price was hiked to Tk 4,500. The main reasons being supply shortages and price hikes in international markets.

"Although the demand for the product is increasing ahead of Ramadan, the supply is not," Abdur Rashid, a Khatunganj wholesaler, told The Daily Star.



"I bought a DO (delivery order) two weeks ago but failed to collect the oil from the mill gate up until today due to a supply shortage," he said.

Rabiul Haosen, a retailer of Kazir Dewri chicken market, said although the price of bottled soybean was similarly fixed by the government and being abided by, the same was not possible for the loose one.

READ MORE ON B3

## High food prices weighing on the vulnerable: FAO

STAR BUSINESS REPORT

High prices of rice and other important food items, including soybean oil and loose palm oil, have severely constrained the purchasing power for a large section of the vulnerable population above the poverty line in Bangladesh, said the FAO.

"The food security situation for a large number of people is of concern, despite the government's expansion of social protection," said the Food and Agriculture Organization (FAO) in its brief on Bangladesh on Thursday.

The UN agency said prices of rice in the Dhaka market increased steadily throughout 2020, reflecting tight market availabilities, exacerbated by an upsurge in domestic demand due to the Covid-19 pandemic.

It said overall prices of rice were more than 35 per cent above their year-earlier values and at their highest level since October 2017.

Monthly prices data of Dhaka city compiled by the FAO showed that prices of coarse rice soared 38 per cent year-on-year to Tk 44.4 per kilogramme in January this year, the highest since September 2017.

READ MORE ON B3



## Delta Life to appoint US actuary firm to assess health

STAR BUSINESS REPORT

Delta Life Insurance is going to appoint a foreign actuary firm to get an independent assessment of the health of the insurer, which came into the spotlight for breaching rules and making bribery allegation against the head of the industry regulator.



After appointing an administrator in the company, the Insurance Development and Regulatory Authority (IDRA) ordered special audits into Delta Life Insurance to ascertain the authenticity of allegations from stakeholders.

The auditors earlier found that the company was in breach of several regulations and that further investigation was required.

"We will appoint a top actuary firm from the US as Bangladesh has few actuary firms," said Sultan-ul-Abedin Mollah, administrator of Delta Life Insurance.

The IDRA appointed Mollah as the administrator on February 11 to protect policyholders' interests and submit a report on the company's situation within four months.

READ MORE ON B3

## Pandemic wreaks havoc on car sales

Additional road tax also to blame



JAGARAN CHAKMA

Passenger vehicle sales fell by around 26 per cent in 2020 compared to the previous year due to the ongoing coronavirus pandemic and imposition of additional road tax.

Passenger car sales were at its lowest in the past seven years as a total of 12,403 units were sold in 2020 while it was 14,681 units in 2014.

Sales started rising in 2014 and continued to increase until 2019, according to data from the Bangladesh Road Transport Authority (BRTA).

However, the Covid-19 fallout and imposition of additional road tax negatively affected the industry, market players said. The government decided to increase advanced income tax, commonly known as road tax, by 67 per cent for the current fiscal year.

The amount must be paid when seeking the registration and fitness renewal for private motor vehicles.

Until the last fiscal, the owners of cars or jeeps with up to 1,500cc engine capacity had to pay Tk 15,000 as road tax while those with up to 2,000cc engine capacity paid Tk 30,000.

The rates of taxes for these vehicles increased to Tk 25,000 and Tk 50,000 respectively in the current fiscal.

Meanwhile, a car or jeep with an engine capacity of 2,000-2,500cc now has to pay 50 per cent more at Tk 75,000.

Similar vehicles with an engine capacity of 2,500-3,500cc will have to pay 25 per cent more.

READ MORE ON B3