

# SHIFT

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## The untold tale of the Bangladeshi MOTORCYCLE INDUSTRY

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RAHAQ

Dhaka, with a metro population of over 23,000,000, understandably comes with significant transportation challenges, due to which motorcycles have become the preferred mode of transportation for many urban dwellers. These two-wheelers offer affordability, low operating costs, and a built-in cooling effect through the generous use of the throttle. As such, Bangladesh has witnessed a significant surge in motorcycle users in recent years. Let's take a closer look into the popularity, production and problems of motorcycle sales in Bangladesh - and how local manufacturers are addressing the issue.

### INCREASING DEMAND

The Bangladesh Road Transport Authority (BRTA) has reported a fourfold increase in motorcycle



registrations over the past decade, from 759,257 in 2010 to 2,991,612 in 2020. Market insiders disclosed that approximately 500,000 motorcycles were sold in 2019 alone, with nearly 1,500 motorcycles being purchased daily.

To meet the surging demand, the local motorcycle industry in Bangladesh has expanded significantly. According to a 2021 report from The Daily Star, the industry has attracted investments totalling Tk. 8,000 crore and employs approximately 200,000 individuals in direct and indirect jobs. Another report revealed that nearly 96% of motorcycles in the country are either locally manufactured or assembled.

To further enhance the industry's growth, local companies are gradually venturing into motorcycle component manufacturing to reduce dependence on imports. With over 700 components required for bike production, the domestic industry is capable of producing four key components: drive chains, seats, stands, and batteries. At least four companies are engaged in component manufacturing in Bangladesh, including QVC Bangladesh and Run Industries.

### FACTORS AFFECTING SALES

Despite the gradual increase in local production and demand, motorcycle

sales experienced a notable slowdown during the pandemic, leading to a decline in sales to 311,016 units in 2020. Overall, the impact of Covid-19 resulted in a reduction in sales to 311,016 units in 2020. Aside from the pandemic, the drop in motorcycle sales can be partly attributed to the decline in the general public's ability to afford these vehicles, affected by higher consumer prices over the past year. Shah Muhammad Ashequr Rahman, CEO of Bangladesh Honda Private Limited (BHL), reported a 42% decline in sales of Honda-branded motorcycles in the last two months, with an 18% increase in motorcycle prices because of the UK dollar's rise.

Dileep Banerjee, CEO of Uttara Motors Limited, the distributor of Indian motorcycle giant Bajaj, stated that their sales have dropped to 14,500 to 16,000 units per month in recent months, compared to around 22,000 units during normal times. "Currently, people are not considering motorcycles as an essential item," Banerjee commented. Industry insiders have reported that sales of TVS, Honda, Runner, and other brands have also declined by 20% to 42%.

### GOVERNMENT POLICIES

In addition to economic challenges, certain government policies have unsettled potential buyers. In February of

this year, the government introduced the Motorcycle Operation Guideline 2023, which includes measures such as a 30 km speed limit for bikes within cities and a restriction on bikes below 126cc from highways. Furthermore, purchasing a motorcycle without a driving licence would no longer be permitted.

However, the draft policy has faced criticism due to its vague language, lack of involvement of bikers and

confusion locally among motorcycle owners.

Manufacturers advocate for an approach that prioritises safety awareness and traffic rules instead of penalising riders. "A year ago we invested in our factory to enhance the production capacity according to the market. In recent years overall industry market size has decreased," says A.K.M. Tauhidur Rahman, COO of Suzuki Motorbikes. "To encourage positive changes, we are working on road safety, Eid highway service and monthly awareness campaigns for motorbike users," he adds.

Through campaigns on highway service and road safety, the industry aims to educate bikers about responsible riding practices and enhance overall road safety. These initiatives not only prioritise the riders' well-being but also contribute to a positive image of the motorcycle industry in Bangladesh.

### IS THERE A SOLUTION?

As can be seen, the motorcycle industry in Bangladesh is currently facing challenges related to declining sales and affordability. To overcome these challenges and foster growth, the industry requires support from higher authorities and government regulations. The investments made by motorcycle manufacturers in expanding production capacities subsequently reflect their confidence in the market's potential.

Additionally, safety initiatives and campaigns demonstrate the industry's commitment to rider safety and awareness. By addressing these concerns and implementing supportive measures, the motorcycle industry in Bangladesh can navigate current challenges and lay the groundwork for sustainable growth in the future.



manufacturers in the decision-making process, and failure to address the concerns raised by riders. As a result, there have been numerous protests against the draft policy, with motorcycle manufacturers and assemblers formally opposing it.

### HOW ARE MANUFACTURERS ADDRESSING THE IMPOSED RULINGS?

Biplab Kumar Roy, CEO of TVS Auto Bangladesh Ltd and Bangladesh Motorcycle Assembler and Manufacturer Association (BMAMA), expressed concern about the potential negative impact of the reported guideline, stating, "If such a guideline is formulated, it will have serious repercussions on the country's bike industries." Ashequr Rahman, CEO of BHL, highlighted the negative impact the draft policy has had on the market, which has caused



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