

## UK economy rebounds

AFP, London

Britain's recession-threatened economy rebounded in November from the previous month, official data showed on Friday.

Gross domestic product expanded 0.3 percent in November after contracting by 0.3 percent in October, the Office for National Statistics said in a statement.

"GDP bounced back..., led by services with retail, car leasing and computer games companies all having a buoyant month," noted ONS chief economist Grant Fitzner.

"The longer-term picture remains one of an economy that has shown little growth over the last year," he added in the release.

Separate recent data showed Britain's economy shrank in the third quarter of last year, raising fears of a recession before UK elections expected in 2024.

Recession is defined as two straight quarters of negative economic growth.

**SALES IN 2023**  
461,805 units

**SALES IN 2022**  
641,240 units

### MAJOR POINTS



Overall sales declined 28%



Lowest sales record during last five years



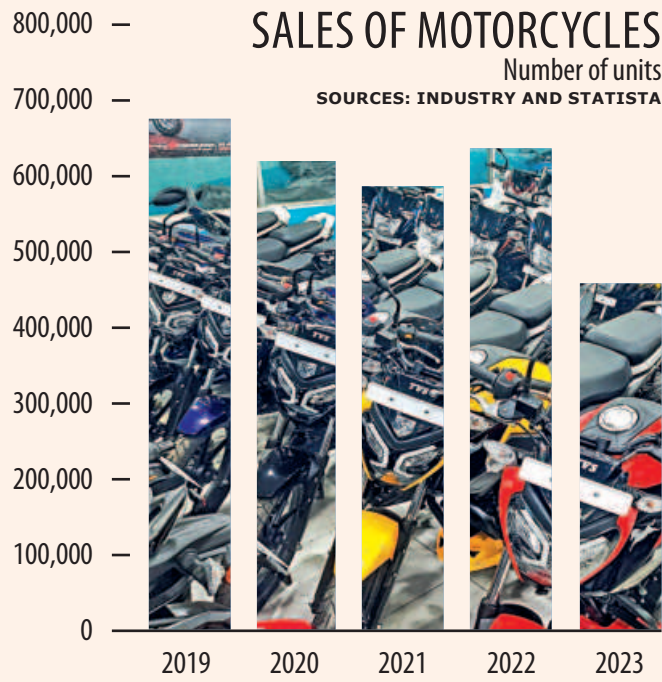
Sales last year were worse than Covid time



Sales of low-cost bikes dropped



High-end bikes saw a rise in sales



# Motorcycle sales dropped to five-year low in 2023

JAGARAN CHAKMA

Motorcycle sales in Bangladesh hit a five-year low in 2023 following a gradual decline over the past few years due to global economic crises and inflationary pressure, according to industry people.

As per a market assessment by ACI Motors, motorcycle sales fell 28 percent year-on-year to 461,805 units in 2023, with the decline even exceeding what was witnessed during the Covid-19 pandemic.

Subrata Ranjan Das, executive director of ACI Motors, said overall sales declined due to the ongoing economic situation at home and abroad.

"Sales fell as two-wheeler prices rose by an average of 10 percent as a direct impact of the ongoing US dollar crunch coupled with inflationary pressure," he added.

However, he said sales of high-end motorcycles posted year-on-year growth of around 13 percent in 2023 as customers of the premium segment remain unaffected by the current economic climate.

Das added that as the overall economy is in a downward trend, motorcycle manufacturers and retailers have no scope to expand their market until the situation improves.

Sales of ACI Motors, the local distributor of Japanese brand Yamaha, grew by about 12 percent year-on-year

to 70,046 units in 2023, the market assessment shows.

On the other hand, two-wheeler sales of other brands, including TVS, Honda and Runner, fell by an average of 22 to 44 percent at the same time.

Shah Muhammad Ashequr Rahman, head of finance and commercial at Bangladesh Honda Private Limited (BHL), said there is no chance to revive sales to adequate level within the first half of 2024.

Against this backdrop, he said the government should temporarily reduce the registration fee and customs duty for motorcycles in order to improve their affordability.

At present, the Bangladesh Road Transport Authority charges Tk 10,000 for registering a motorcycle for a two-year period while it costs Tk 22,000 for a 10-year period.

"This should be reduced to bring the price of motorcycles within the affordability of general customers and thereby give relief to the industry," Rahman added.

And citing how the current tariff regime is impacting sales by inflating prices, he said the import duty on scooters should be brought down to 89 percent from 113 percent.

The BHL is a joint venture between Japan's Honda Motor Co and the state-owned Bangladesh Steel Engineering Corporation.

Biplob Kumar Roy, chief executive officer of TVS Auto Bangladesh

Limited, the local distributor of India's TVS Motor Company, said their sales fell by around 41 percent to 60,596 units last year.

"We are now running the business amid a tight situation due to the dull market," he added while informing that the company will have to go for layoffs in order to survive if the situation prolongs.

Roy also said the current economic situation has reduced people's reduced purchasing power, forcing them to spend mainly on necessities rather than luxuries such as personal transport.

Omor Islam, national sales manager of Uttara Motors, said they have lost about half of their lower customer segment, which usually accounts for 60 percent of the overall sales.

So, sales have fallen drastically, he added.

Uttara Motors is the sole local distributor and manufacturer of India's Bajaj Auto Limited.

And according to Omor, Bajaj leads the domestic motorcycle market by contributing roughly 28 percent of the overall sales with 127,928 units in 2023 and 217,180 units in 2022.

Meanwhile, sales in the premium segment have remained the same, he said.

Omor believes sales could revive with the coming of Eid-ul-Fitr as the economy may rebound unless there is prolonged political unrest.

## Driving long-pending reform agenda

MAMUN RASHID

For years now, a plethora of reforms have been suggested by relevant stakeholders. As reactionary measures in a lot of instances, the government has explored some of these reforms and is taking steps in the right direction. However, considering where the economy stands right now and comparing with relevant countries, Bangladesh has significant ground to cover.

Reform in the banking sector has become a far cry now. While major private banks are able to maintain a respectable non-performing loan ratio, the situation in the public banks is dire. Building good governance and transparency in the operations and dealings of these banks is long overdue. Moreover, adherence to various criteria is essential to ensure that there is adequate access to foreign funding.

Several measures are being taken to increase the revenue base of the government, but the question remains whether that is enough? Alongside, it is important that government service delivery and projects truly reap the expected benefits.

State-owned enterprise (SOE) reform is an area that's getting overlooked. We can see steps being taken to improve transparency of SOEs' financial reporting, but steps should also be taken to make them efficient. There are SOEs that have huge amounts of assets, significant budgets and receive large amounts of subsidies but are not generating any noteworthy economic results.

With the pending LDC graduation and overall advancement of the economy, the focus in the medium to long term should be attracting much greater foreign investments. For this to occur, a climate to support and encourage the required foreign investment is needed.

Bangladesh's foreign direct investment inflow is one of the worst in the region and among comparable countries. Business laws and regulations, overall corporate governance and bureaucratic procedures should be updated to support businesses.

Diversification of trade will also be impossible if new business ideas and innovations never see the light due to unwelcoming bureaucratic environment.

The education system requires attention as there is a need to re-evaluate what students are really learning up to higher secondary level. Curricula should be developed to provide context of further learning and practical applications, and this is not currently present for most students.

It is critical that universities prioritise research and practical learning with the intention of convincing potential students that quality higher education is possible in Bangladesh by providing greater realistic options to them. To achieve this, the education sector requires substantial investment to foster innovation and skill development, aligning with the evolving demand of a globalised workforce.

Reforms in the healthcare sector are essential to strengthen the system's resilience and ensure better access to quality healthcare for all citizens. In a recent work call, one factor that was highlighted by a healthcare sector expert was the lack of proper infrastructure needed to support advanced medical treatments. The public sector should work in close collaboration with the private sector to establish industry-friendly regulations such that growth can be ensured.

All being said, none of these reforms mean anything without proper execution. Moreover, ensuring eco-friendly practices during such implementation is vital for long-term sustainability. While policymakers are aware of what needs to be done, a significant change in mind-set is needed for everyone to work towards the collective good instead of individual gains.

With obvious steps being delayed or ignored for individual or political agendas, no amount of discussion on reforms will solve the problems. Additionally, the people with the responsibilities should have at least some level of accountability to who they're serving, the public.

The author is an economic analyst

## Payra port now open to explosives import

STAR BUSINESS REPORT

The government has added Payra as the country's third sea port through which explosive substances can be imported.

An explosive substance is a solid or liquid or a mixture of substances which is in itself capable by chemical reaction of producing gas at such a temperature and pressure and at such a speed as to cause damage to the surroundings.

Pyrotechnic substances are included even when they do not evolve gases, states an International Labour Organization article on handling such substances.

On January 10 the energy and mineral resources division issued a gazette in this regard, informing of bringing relevant amendments to Explosives Regulations 2004.

The Payra port is situated in Patuakhali, nearly 300 kilometres south of the capital Dhaka.

It started operations on a limited scale in August 2016. Since September 2019, coal and other cargo-carrying ships have been calling at the port regularly.

The other two sea ports through which explosive substances can be imported are that of Chattogram and Mongla.

Apart from sea ports, Bangladesh allows the import of such substances through land ports and the country's three international airports.

Bringing those through the land ports require prior permission of the chief inspector of the Department of Explosives (DoE) and a fee per tonne, according to the 2004 regulations.

Only select substances are allowed to be imported through airports.

The gazette requested informing the government of any objection or advice within 30 days of its publication.

## China deflation extends into third month

AFP, Beijing

Deflation in China continued for the third month in a row in December, according to official figures released on Friday, bucking the trend in other major inflation-hit economies.

The consumer price index (CPI) fell 0.3 percent on-year last month, according to the National Bureau of Statistics (NBS).

China slipped into deflation in July for the first time since 2021 and following a brief rebound the following month, prices have been in constant decline since September.

Analysts surveyed by Bloomberg expected a drop of 0.4 percent last month, having sunk 0.5 percent in November.

While deflation suggests goods were cheaper, it poses a threat to the broader economy as consumers tend to postpone purchases, hoping for further reductions.

A lack of demand can then force companies to cut production, freeze hiring or lay off workers, while potentially also having to discount existing stocks — dampening profitability even as costs remain the same.

By way of comparison, inflation in the United States stood at 3.4 percent in December.

Inflation in China for the whole of 2023 rose by an average of 0.2 percent, in contrast to other major economies, which saw prices soar once again.

The NBS also said producer prices sank 2.7 percent, marking the 15th consecutive month of declines.

The PPI index, which measures the cost of goods leaving factories and provides an insight into the health of the economy, fell three percent in November.



People look at the menu at a counter of a fast food restaurant in New Delhi. India's food inflation, which accounts for nearly half of the overall consumer price basket, was at 9.53 percent in December, up from 8.70 percent in November.

PHOTO: AFP

## India's retail inflation rose to 4-month high in Dec

REUTERS, New Delhi

India's annual retail inflation rose at the fastest pace in four months in December, driven by a rise in prices of some food items, raising expectations that the central bank will stay away from interest rate cuts for some time.

Annual retail inflation rose to 5.69 percent in December from 5.55 percent the previous month, above the central bank's 4 percent target, Indian government data showed on Friday.

A Reuters poll of 56 economists had forecast a rate of 5.87 percent.

Food inflation, which accounts for nearly half of the overall consumer price basket, was at 9.53 percent in December, up from 8.70 percent in November as prices of vegetables, pulses and spices rose.

"The outlook for the

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