

# E-payment cuts business costs

## Analysts speak on the new system at a programme organised by Bangladesh Bank and DCCI

STAR BUSINESS REPORT

A modern payment system is a necessity for the economic growth and development of the country as electronic payment reduces payment cost down to a one-tenth of conventional one, said the central bank governor yesterday.

"E-payment is the most sophisticated and advanced part of the modern payment system that ensures speedy, safe and secure money transfer," said Atiur Rahman.

On concerns of security of e-payments, Rahman said, "We have adopted the latest security techniques and it is literally impossible for any unauthorised person to manipulate any payment data."

He however said banks offering e-payment services to their clients through internet or mobile phone would have to take appropriate measures to ensure safety and security of their channels.

Rahman said signs of economic growth are widespread in the country, which are a good symptom for the economy. "The poverty line has come down to 31.5 percent and 15 million people have crossed the line."

The governor was speaking at a public-private dialogue styled "E-payment in Bangladesh: opportunities and challenges" at Ruposhi Bangla Hotel in the city.



Bangladesh Bank Governor Atiur Rahman speaks at a dialogue at Ruposhi Bangla Hotel in Dhaka yesterday. The central bank and Dhaka Chamber of Commerce and Industry jointly organised the event with support from International Finance Corporation, UKaid and European Union.

Bangladesh Bank and Dhaka Chamber of Commerce and Industry (DCCI) jointly organised the event with support from International Finance Corporation, UKaid and European Union.

Businessmen and experts discussed the legal framework and aspects of operationalising the e-payment system.

DCCI President Asif Ibrahim said in developing or transitional

economies, electronic payment systems can play a powerful role in modernising financial systems ensuring transparency and contributing to greater predictability and stability.

Dasgupta Asim Kumar, executive director of Bangladesh Bank, said as the e-payment is a new type of payment system, awareness and marketing programmes are needed to make it popular.

Mahboob Zaman, president of Bangladesh Association of Software and Information Services, said: "If someone resorts to electronic commerce he will have to pay more tax, which is just the opposite in Germany."

TIM Nurul Kabir, senior vice president of DCCI, said: "The vehicle for e-payment is broad-band but we are still standing

on second-generation technology. After another 10 years there will be no physical banking visible; all will pay from home or office."

Masrur Reaz, programme manager of IFC, Khandaker Ali Kamran Al Zahid of Bangladesh Bank, Azad Rahman of Bangladesh Investment Climate Fund and Kazi Saifuddin Munir of IT Consultants Ltd also spoke on the occasion.

# CPD: market needs 'painful' overhaul

STAR BUSINESS REPORT

The Centre for Policy Dialogue (CPD) yesterday called for "corrective, painful and unpopular" overhauling measures to give a boost to the stockmarket.

Only swapping officials would not address the problem, said the think-tank. "A comprehensive reform programme is needed."

Bangladesh Bank must strengthen its oversight following banks' overexposure to stockmarket and a sudden rise in borrowing cost with the withdrawal of the cap on lending rate, CPD said in a report on the economy in the outgoing fiscal year.

On investment financing, CPD said the government might have to look for more foreign aid in the form of grant and budgetary support. To sustain higher growth in fiscal 2011-12, the government will have to ensure an increased flow from sources

other than exports.

The exchange rate remains a tricky issue since the second half of the outgoing fiscal year. CPD asked the central bank to manage the rate efficiently, keeping in mind the interest of consumers, not only the exporters and remitters.

An inadequate and inefficient administration is responsible for weak implementation, management and monitoring of development programmes, including public-private partnership initiatives, it said.

CPD spotted poor synchronisation between fiscal and monetary policies in dealing with inflation, interest rates and exchange rates.

"We aspire for a greater leadership role from the finance minister to ensure the quality of macroeconomic management," said Debapriya Bhattacharya, distinguished fellow of CPD.



Debapriya Bhattacharya, centre, distinguished fellow of Centre for Policy Dialogue (CPD), speaks while Mustafizur Rahman, left, executive director, looks on at a discussion on the "state of economy" at the CPD office in Dhaka yesterday.

# Textile millers ask for more subsidy

STAR BUSINESS REPORT

Textile mill operators yesterday demanded a hike in cash subsidy to 15 percent from the existing 5 percent, as the stockpiling of unsold fabrics and yarn is increasing on the back of the latest move by the EU on Rules of Origin (RoO).

The stockpiling of unsold fabrics and yarn is increasing in Bangladesh for two reasons -- relaxation of the RoO by the EU and sale of yarn by India at a dumping price, said Jahangir Alamin, president of Bangladesh Textile Mills Association (BTMA), at a press briefing at the association office.

He said garment makers prefer importing fabrics from countries such as China and India after the relaxation of the RoO by the EU-27 countries, because they now get duty-waiver to Eurozone even if the garment is made from imported fabrics.

The EU has relaxed the RoO for the least developed countries (LDCs) from January 1. Being an LDC, Bangladesh also enjoys the zero-duty facility on export of goods to EU. The LDCs now get 12.50 percent duty waiver on exports to EU.

Previously, the country's primary textile sector (PTS) remained shielded for decades, as the garment makers were bound to purchase fabrics from the domestic market to enjoy duty-waiver from the EU market.

But, after the transformation of RoO under Generalised System of Preferences (GSP) by the EU -- to one stage from two-stage transformation -- the PTS is facing trouble as the garment makers can get the waiver in case of using imported fabrics also.

He said India is now selling yarn to Bangladesh at a dumping price. "India has imposed a ban on export of raw cotton, but

they opened up the export of yarn," he said.

Bangladesh is an importer of cotton, while India is the second largest producer of this white gold fibre.

As a result, India has an advantage in yarn production, which Bangladesh does not have. "So, India can sell the yarn at a dumping price," he said.

He said the imports of woven fabrics by the garment makers increased by 88.34 percent and knitwear fabrics by 32.35 percent during the January-March period of this year compared with the same period last year.

Alamin said orders worth Tk 2,000 crore were shifted from Bangladesh to other countries when the local spinners failed to supply raw materials to the garment makers at lower prices recently.

Now, the stockpiling of unsold yarn reached two lakh tonnes worth Tk 8,000 crore. The total investment of Tk 30,000 crore in the spinning, weaving, dyeing, printing and finishing sub-sectors will be at stake if the government does not take immediate steps to help the sector.

The BTMA chief also said Bangladesh produces eight lakh tonnes of yarn per year from raw cotton imported mainly from the US, India, Uzbekistan, Pakistan and some African countries.

Showkat Aziz Russell, vice-president of BTMA, said the textile mills cannot utilise more than 35-40 percent capacity due to acute shortage of gas and power in the industrial sector.

"The problems faced by the local textile sector have compounded when the competing countries stopped export of cotton and set safeguard measures to protect their own industries," he said.

# Cigarette makers want fair tax on all brands

STAR BUSINESS REPORT

Tax should be levied proportionately on all brands of cigarettes, not only on the low-end items consumed by the poor, manufacturers said.

The National Board of Revenue (NBR) has proposed the wholesale price for low-cost brands at Tk 1,100 per thousand pieces for the upcoming fiscal year from Tk 850 this year. The tax rate for these brands has been recommended at 52 percent, up from 47 percent now.

The prices and taxes for medium and high-end brands should remain unchanged, the tax administrator said.

The NBR also proposed the price of per thousand pieces of medium-end brands should remain unchanged at Tk 1,840 and the tax rate at 65 percent. It wants the tax rate for costly cigarettes at 72 percent in the upcoming fiscal year.

Cigarette taxes are a key source of revenue for the government. Out of the Tk 72,000 crore NBR revenue target for the outgoing year, the government will get at least Tk 6,000 crore or 8.33 percent from cigarette taxes.

"I am not against higher tax and price on cigarettes. But tax and price must be raised proportionately across all brands," said Nasiruddin Biswas, chairman of Nasir Group of Industries.

Another businessman, requesting not to be named, said the tax hike move has been taken to give some specific companies edge over others.

There are hundreds of cigarette brands in Bangladesh. Of which, Gold Leaf, Benson & Hedges, Marlboro and

Pall Mall are treated as high-end brands, while Capstan, Star and Navy medium brands.

Marise, Sheikh, Pilot and Top 10 are some of the low-cost brands that are increasingly dominating the cigarette market in recent years. Now these brands account for 52 percent of the cigarette market from 25 percent five years ago.

The manufacturers attributed the rapid growth of low-end brands to urbanisation and modernisation of society.

Bidi (traditional hand-made cigarette) smokers have been shifting to low-priced cigarettes because of changing consumption pattern, said the manufacturers.

Over the years, bidi production has been going down. Now only 400 crore pieces of bidi are produced against three times higher production just a decade ago, according to industry people. On the other hand, consumption of low-end brands has doubled to 600 crore pieces a year.

An NBR official said the poor spend more on tobacco than the rich. "We want to discourage them (the poor)," said the official.

According to experts, tobacco-related illness and death cost people thousands of crores of taka every year. Bidi and cigarette smokers die 6 to 10 years earlier than their non-smoking counterparts.

Global Adult Tobacco Survey Report 2010 shows around four crore adults use tobacco in Bangladesh, of them 58 percent male and 28.7 percent female. According to World Health Organisation, some 57,000 people die annually in Bangladesh for tobacco use.



Carolyn Roberts, director of Environmental Sustainability Knowledge Transfer Network, smiles while speaking at a seminar organised by University of Liberal Arts Bangladesh at Sonargaon Hotel in the capital yesterday.

## UK firms look to Bangladesh to make green products

STAR BUSINESS REPORT

A number of firms from the United Kingdom are looking for forming ties with Bangladeshi companies to develop environmentally-sustainable goods and services, a seminar was told yesterday.

The number of UK firms interested to forge partnerships with Bangladeshi companies will be up to 20. These companies develop environmentally-sustainable technologies and services in areas ranging from energy, sea food to waste and flood management, said Dr Kazi Anis Ahmed, vice president of University of Liberal Arts Bangladesh (ULAB), at the event.

"If anyone contacts us, we will help them build link with their counterparts in the UK," he said.

ULAB organised the event styled "Opportunities for UK-Bangladesh Business Collaboration for Environmental Sustainability and Resource Efficiency" at Sonargaon Hotel in the city, in support of UK Foreign and Commonwealth Office, Environmental Sustainability Knowledge Transfer Network (ESKTN) of the UK.

Top executives from different business houses in Bangladesh attended the seminar, which was organised in efforts to help build business to business contact for transferring knowledge and technologies.

ESKTN Director Carolyn Roberts said many UK institutions are developing sustainable technologies. Many of them are interested to make closer ties with Bangladeshi firms.

"All we need to help them find partners in Bangladesh," said Ahmed, adding that the knowledge and technology transfer initiative would work in connecting companies to companies exploring scopes for

## Citi launches fourth financial quiz

STAR BUSINESS DESK

Citi Foundation, the philanthropic arm of Citigroup, has launched the 'Fourth Citi Financial Quiz Competition' programme recently.

The competition, jointly organised by Citibank, NA, Bangladesh, and the Independent University, Bangladesh (IUB), aimed at promoting financial education among university students in Bangladesh.

A total of 16 business schools both public and private across Bangladesh, selected by the advisory council of the competition, will take part in the contest. Channel i, the media partner of the show, will televise the competition.

The first advisory council meeting of the fourth edition of the show was held at IUB's Dhaka campus on Tuesday.

"As part of our continued commitment to support education for our youth, the fourth Citi Financial Quiz Competition is aimed at offering a platform for the promising business students from public and private universities to reveal their talents," said Rashed Maqsood, managing director

## Minister urges Singapore to import more from Bangladesh

DIPLOMATIC CORRESPONDENT

Foreign Minister Dipu Moni has urged Singapore to import more Bangladeshi products to reduce the trade gap between the two countries.

She also sought support from Singapore in Bangladesh's bid for becoming a member of the Asia Europe Meeting (ASEM) and explained the rationale of Bangladesh's aspiration in this regard.

The minister made the call during a bilateral meeting with her Singaporean counterpart K Shanmugam in Singapore yesterday. She is currently visiting Singapore to attend the 10th IISS Asia Security Summit, popularly known as Shangri-La Dialogue, which starts on Friday and ends today.

On trade issues, Shanmugam appreciated the pro-business environment in Bangladesh and suggested that his government would take all necessary measures to encourage Singaporean companies to do more business with Bangladesh.

He further hoped that both the governments would work together to facilitate further investments from Singapore to Bangladesh.

On ASEM membership, both the ministers discussed the inclusion process of new members in ASEM and expressed hope for Bangladesh's membership in the forum.

The two foreign ministers expressed their satisfaction on the current state of bilateral relations between Bangladesh and Singapore. Dipu Moni apprised Shanmugam on the difficulties faced by the students, seafarers and businessmen in getting visas to Singapore. She also requested the minister to upgrade the Singapore consulate in Dhaka to a full-fledged diplomatic mission. Shanmugam had agreed to look into the matters with due importance.

Bangladesh High Commissioner to Singapore Kamrul Ahsan and Foreign Ministry Director Gen-