

Atiur spurs banks on e-commerce

STAR BUSINESS REPORT

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Bangladesh Bank Governor Atiur Rahman yesterday asked all commercial banks to join the National Payment Switch (NPS) network by the end of January to facilitate quick transactions and e-commerce.

The transaction system has changed a lot over the years and the use of plastic money is increasing among the people, Rahman said.

Currently, 46 lakh people have debit or credit cards and there are 30 lakh mobile bank accounts across the country, which help quick and safe banking transactions, he added.

The NPS is a common electronic payment platform for commercial banks, which promises to revolutionise e-commerce in Bangladesh.

Once all banks in Bangladesh join the NPS, a client of any bank holding a credit or debit card will be able to draw cash from any ATM (automated teller machine) and POS (point of sales).

And transaction costs will significantly go down as the transactions will be routed



Atiur Rahman, governor of Bangladesh Bank, speaks at the launch of the weeklong e-commerce events organised by the central bank and Bangladesh Association of Software and Information Services at the Westin hotel in Dhaka yesterday.

through the NPS instead of Visa, Master or Amex card networks abroad. Moreover, purchase and sales can be done by card over the internet and web portals within the country.

Only three banks -- Dutch-Bangla, Pubali and Southeast -- have so far joined the NPS.

"The pace of transaction will

be faster if the number of mobile bank accounts reach one crore soon," Rahman said.

The central bank also plans to bring in Paypal, a global online payment system.

The governor spoke to businessmen at the launch of weeklong e-commerce events, at the Westin hotel in Dhaka as the

chief guest.

Bangladesh Bank and Bangladesh Association of Software and Information Services (BASIS) have jointly organised the series to create awareness on benefits of e-commerce.

Experts of both BB and BASIS will hold seminars and roundtables on e-commerce

throughout the week.

People of the country are trying to sell their products through the internet, but they are facing problems in transaction, said Abul Kashem Md Shirin, deputy managing director of Dutch-Bangla Bank Ltd.

Dutch Bangla Bank started its internet payment gateway from in June 2010 and later BRAC Bank also joined in the system. Banks are working as the medium between sellers and buyers in internet banking transactions, he said.

The full utilisation of e-commerce will also help quick revenue collection for the government, said Ashim Kumar Dasgupta, an executive director of Bangladesh Bank.

"We need two important things -- roadmap and role-map -- for making the e-commerce popular to the people," said Sayeeful Islam, chief executive officer of SSLCommerz, an e-commerce merchant service provider.

Syed Mahbubur Rahman, managing director of BRAC Bank, and Fahim Masroor, president of BASIS, also spoke.

Stocks: market confidence plunges

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The first week of the New Year saw stocks decline, breaking a three-week gaining streak with low turnover, as investors lost confidence to make new investment in the market.

DGEN, the benchmark general index of Dhaka Stock Exchange, ended the last week at 4,160.88 points, losing 44.27 points or 1.05 percent.

CSCX, the selective categories index of Chittagong Stock Exchange, also went down marginally and closed at 8,084.28 points, dropping 62.19 points or 0.76 percent.

The premier bourse witnessed four trading sessions as trading was closed Monday due to bank holiday. Among those, two sessions fell 80.23 points, while two sessions gained marginally by 35.97 points.

The declining participation of inves-

tors was also apparent throughout the last week, said LankaBangla Securities, a leading stockbroker.

The market is suffering from liquidity shortage and turnover fell to a six-month low during the last week, leading the market to a more shaky position, market analysts said.

The market needs much more turnover immediately to raise the index, they said.

Turnover gradually declined as the investors were wary about future market movements and followed wait-and-see policy, a stockbroker said.

Daily average turnover on the DSE lost 15.97 percent to Tk 172 crore, compared to the previous week.

None of the major sectors gained last week. Non-bank financial institutions lost 4.12 percent, followed by telecoms 1.96 percent and pharma 0.77 percent.



Anjan Chowdhury, director of Mutual Trust Bank, inaugurates its 150th ATM, named Samson H Chowdhury Memorial MTB ATM, at the bank's branch in Pabna yesterday. Md Ahsan-uz Zaman, additional managing director, was also present.

CAB urges govt to cancel fuel price hike

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The Consumers Association of Bangladesh (CAB) yesterday urged the government to cancel a recent hike in diesel and kerosene prices for the sake of consumers.

The association also threatened to file a writ petition against the government at the end of January, if it does not withdraw the hike.

Bangladesh Energy Regulatory Commission (BERC) is depriving the masses and protecting the interest of the government, said Quazi Faruque, CAB president.

He spoke at a press briefing to protest the hike at Dhaka Reporters Unity.

"We protested the hike in power tariffs again and again," said Humayun Kabir

Bhuiyan, general secretary of CAB.

The law does not permit such fuel price hike, he said.

In a keynote paper, M Shamsul Alam, energy adviser to CAB, said the energy ministry cannot hike the price with only an executive order. He urged public transport owners not to increase fares abnormally in line with the fuel price hike.

On Thursday, the government increased prices of diesel and kerosene by Tk 7 a litre, and octane and petrol by Tk 5 a litre to reduce its subsidy burden.

The price of diesel and kerosene has been raised to Tk 68, and the prices of octane and petrol have been increased to Tk 99 and Tk 96 a litre.

The BNP-led 18-party alliance called a countrywide dawn-to-dusk hartal for today to protest the hike.

The best solution for climate change is a carbon tax

FROM PAGE B4

Despite the mounting dangers, most fossil fuel lobbies remain determined to prevent a carbon tax. They claim such a tax would lead to "carbon leakage," where highly polluting industries move to countries without one. However, by 2013 some form of a carbon tax will be in place in 33 countries. Regardless, carbon tax advocates have proposed a fee on "energy imports" from countries without a carbon tax to equalise the price and prevent carbon leakage.

Another criticism is that a carbon tax disproportionately affects low-income consumers because they spend a larger proportion of their income on energy than do high-income individuals. But a study from the Congressional Research Service showed that tax rebates, while they would mean some reduction in tax revenue, could be successful in meeting this challenge.

Despite its critics, a carbon tax has garnered broad support -- even from unexpected places. Exxon Mobil's chief executive has supported a carbon tax. Among conservatives, it has been supported by scholars at the American Enterprise Institute, former Congressman Bob Inglis, Gregory Mankiw, an economic

adviser to Mitt Romney's campaign team, and Martin Feldstein, a top economist in Ronald Reagan's administration.

Unfortunately, a vocal minority of "climate deniers" has stifled congressional action. If the overwhelming scientific evidence to the contrary won't convince them, how about Harvard economist Martin Weitzman's unique perspective using an insurance approach? Insurance is designed to prevent enormous losses and reduce the risk posed to an individual in the case of a catastrophic event -- whether it is a car accident, a flood, or cancer. When we purchase insurance policies, we buy them hoping that we won't need them -- but in the event that we do, we are happy we made the investment.

It is time for some real action on global warming -- we must not temporise anymore. Will our children and grandchildren look back upon our generation as one of endless gridlock? Or will they be thankful that Democrats and Republicans came together to help solve a major crisis by enacting a carbon tax?

Ralph Nader has been named by the Atlantic as one of the hundred most influential figures in American history, and by Time and Life magazines as one of the most influential Americans of the twentieth century.

CCCI panel demands recast of voter list

FROM PAGE B1

Of them, at least 1,070 persons are 'fake voters', SM Nurul Huque, convener of the panel, alleged in a written statement.

The panel leaders also demanded cancellation of the proxy voting system in

the election.

The panel leaders also alleged that a group of chamber members gave voting rights to their drivers and office peons through an alternative nominee system to maintain their hold on the trade body.

Economy stable, but risks lurking within: CPD

FROM PAGE B1

"We think the GDP growth would be more than 6 percent," said Rahman.

He also pointed to various risks the economy faces.

He said, though revenue collection in the last four consecutive years was good, it is much slower in the current fiscal year.

In the first five months of the current fiscal year, the National Board of Revenue's earnings were 15.1 percent against the whole year's target of 18.9 percent.

The growth has to be 21 percent to 22 percent in the next seven months to achieve the revenue target, which will be hard to attain, said the CPD researcher.

On the expenditure side, the government's spending in the current fiscal year has increased, and the rise in spending on interest payment was also higher.

Rahman said, if on the one side expenditure rises, and on the other there is a shortfall in revenue earnings, the bank borrowing by the government may cross the target set in the budget.

"Surprisingly, the NBR has been (verbally) instructed to collect an additional amount to the tune of Tk 8,000 crore. It will be an impossible task."

Rahman also said the government itself is also expecting some pressure in terms of fiscal management.

State-run Bangladesh Petroleum

Corporation, which is the sole agent to import petroleum products, has already sought Tk 11,700 crore to pay its debt.

Up to December 13 last year, the net government borrowing from banks increased sharply to Tk 10,700 crore.

The CPD executive director said the government's borrowing might be Tk 10,000 crore more than the budget target if foreign aid and the sale of national savings instrument fail to reach the target.

Rahman also said, if the bank borrowing goes up, it might increase inflation and the private sector credit might have the crowding out effect.

The economist said inflation has decreased due to a fall in rice prices.

But if the production is hampered in future, it might affect inflation.

He said, although inflation has gone down, the spread in bank interest rates is still high.

The interest rate spread -- the difference between the banks' deposit rates and lending rates -- needs to be brought down to below 5 percentage points to maintain a competitive and investment-friendly banking sector, said Rahman.

He also said the central bank's new provisioning and rescheduling procedures for bank loans faced resistance from banking and private sector actors.

Rahman also welcomed the central bank's steps to improve the

financial sector's governance.

He said the Hall-Mark scam, lax supervision of the banking sector -- both internal and external, and the delay in appointing directors in the state banks have undermined the financial sector management in FY13.

Rahman said the central bank might continue its tight monetary policy when it announces the half-yearly stance at the end of the current month, in order to contain inflation.

He called for more coordination between the finance ministry and Bangladesh Bank for macroeconomic stability.

The researcher also stressed reining in inflation, which could go up following the latest rise in fuel prices

and the government's borrowing from banks.

He also said the policymakers should pay serious attention to illicit financial outflow.

Bangladesh loses around \$3.1 billion or \$1.4 billion each year due to transfer mispricing, trade mispricing and money laundering, said Rahman, citing different studies.

CPD Distinguished Fellow Bhattacharya said the illicit outflow of money goes up in the first and last days of the government. It hinted that a vicious political nexus could be behind this capital flight.

The CPD organised the programme to review Bangladesh's macro-economic performance.



GREEN DELTA

Farzana Chowdhury, additional managing director of Green Delta Insurance Company Ltd, with Md Zahirul Alam Bhuiyan, chief executive of Discovery Tours and Logistic, exchange documents of a memorandum of understanding signed at a ceremony recently. The deal will allow clients of the tour company to get complimentary insurance coverage.

Bafeda elects top brass

STAR BUSINESS DESK

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SM Aminur Rahman was elected as the chairman of Foreign Exchange Dealers' Association (Bafeda) for 2013-14 at an election held in Dhaka recently.

Rahman is also the managing director and chief executive officer of Janata Bank, the association said in a statement yesterday.

On the occasion, NCC Bank's Managing Director Mohammed Nurul Amin got elected as Bafeda's vice chairman and Islami Bank Bangladesh's Managing Director Mohammad Abdul Mannan as treasurer.



SM Aminur Rahman

Cuts in bandwidth prices on cards

FROM PAGE B1

Bose spoke at a roundtable on "Turning the future: mobile services and its impact on health and development sectors in Bangladesh" at The Daily Star Centre in the capital.

The Daily Star along with Ethics Advanced Technology, an IT firm, organised the programme.

The backhaul price of internet has already been reduced substantially and will be reduced further, he said.

In August last year, the government reduced bandwidth price to Tk 8,000 per Mbps from Tk 10,000 per Mbps.

In 2007, a caretaker government reduced bandwidth price to Tk 27,000 per Mbps from Tk 75,000 per Mbps.

It is not possible to provide wired internet connections to every house in the country, he said. So the government now plans to provide internet through wireless and optical fibre cable lines, Bose said.

"We have planned to develop the telecommunication infrastructure in the country."

He said the government has provided six licences for international terrestrial cables (ITC), and some of the ITC companies have already started their services.

Work is going on to set up a satellite in Bangla-

Higher lending rates put businesses in tight spot

FROM PAGE B1

A high interest rate has multiple impacts on the economy. It decreases capital investments, stock exchange indices and value of other assets, profitability of firms, private investment and consumption credit.

"Now no banks lend at less than 17 percent rates, which is more than 20 percent for small businesses," said a branch manager of United Commercial Bank, a private bank.

Helal Ahmed Chowdhury, managing director of Pubali Bank, said lending rates should be lowered, but it cannot be done without a proportionate adjustment in deposit rates.

Banks pay 12.5 percent interest, even for one-month deposits. Some banks offer even more for deposits. "Treasury management of some banks is weak and they have distorted the deposit market," said Chowdhury.

The BB in its last review in 2012 increased the repo (short-term lending) rate by 50 basis points to 7.75 percent, which is 8 percent in India.

The reverse repo, at which the central bank absorbs excess liquidity through borrowings from banks, was raised to 5.75 percent, which is 7 percent in India.