

Inflation falls on low food prices

Consumer Price Index drops to 7.74pc

STAR BUSINESS REPORT

Inflation dropped 0.13 percentage points to 7.74 percent in March on the back of falling food prices.

In its weekly economic update, Bangladesh Bank linked the small decline in inflation to a drop in the price of everyday essentials on the world market and stabilisation of fuel prices in both local and international markets.

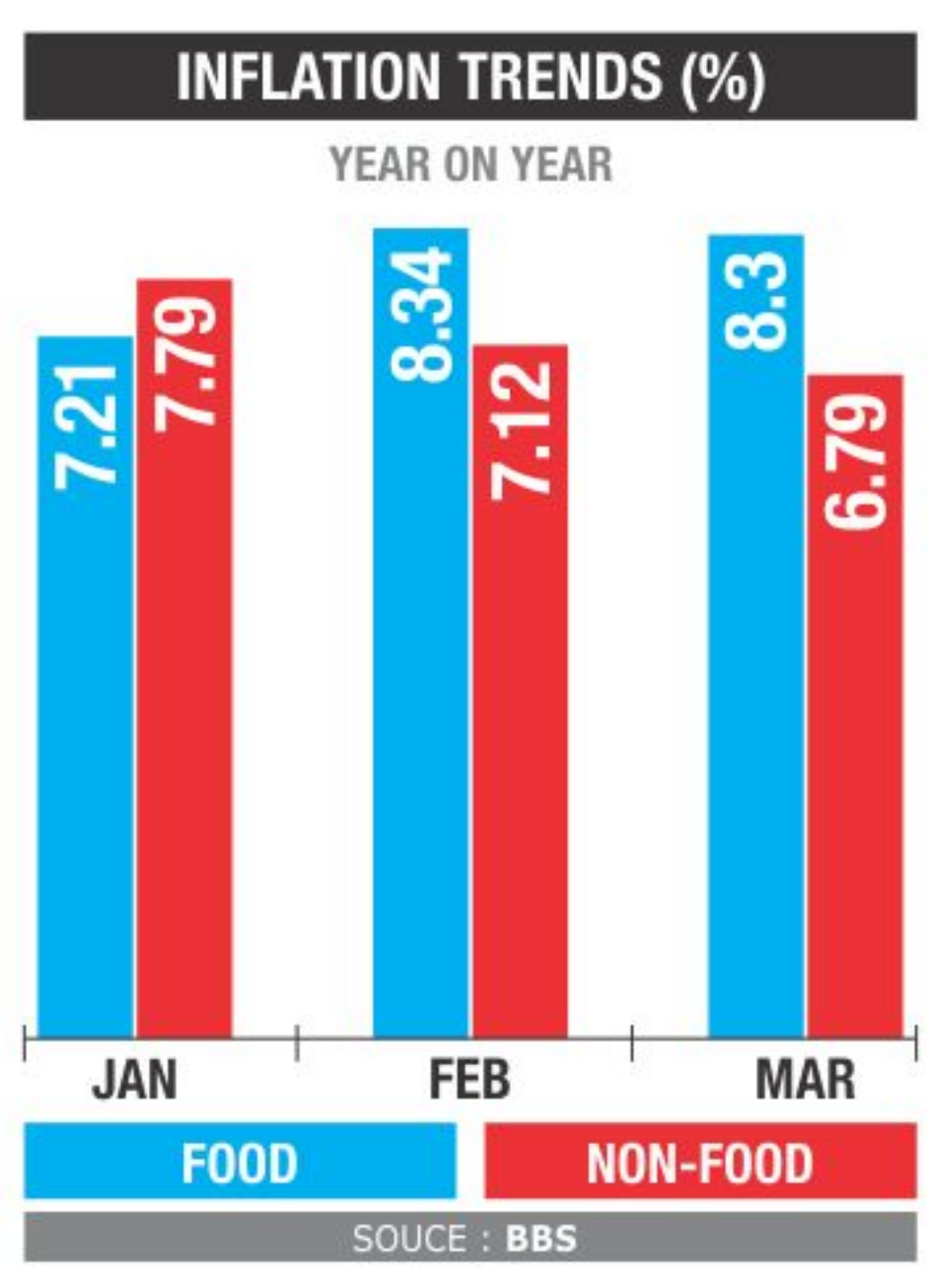
Food inflation dropped 0.04 percentage points to 8.30 percent, while non-food inflation 0.33 percentage points to 6.79 percent, according to Bangladesh Bureau of Statistics.

"Non-food inflation has been on a downward path since October, which is welcome news as it is very much in line with the monetary policy goals," a BB official said.

The government is likely to hit the inflation target of 7.5 percent for fiscal 2012-13.

"However, if the political unrest continues achieving the target would be difficult," a BBS official told The Daily Star.

The International Monetary Fund mission that visited Bangladesh from March 20 to April 2 advised the finance ministry and BB to maintain both the public and private sector credit as per the monetary policy, to meet the target.



"The central bank remains committed to maintaining a restrained monetary policy to keep inflation in check, while providing adequate space to support private credit growth," the IMF said in a statement.

However, a finance ministry official said inflation is likely to increase in future if political turmoil in the Middle East and geo-political uncertainty centring on Iran take a turn for the worse.

Duty waiver continues for exports to Canada

REFAYET ULLAH MIRDHA

Bangladeshi exports will continue to enjoy zero-duty access to Canada even after amendments to the North American country's duty-waiver criterion, an official of Bangladesh's mission in Canada said yesterday.

"This landmark decision has culminated in a safeguard for the existing \$1 billion export from Bangladesh to Canada and future growth in the apparel sector," the government said in a statement.

Earlier in December 2012, the review of the General Preferential Tariff (GPT) guidelines proposed that if at least 60 percent of the value of a product had not been from raw materials from one or more of the GPT beneficiaries, the exporting country would lose the GPT benefits in Canada.

In that scenario, it would have been rather tricky for Bangladesh as more than 90 percent of the imported raw materials were from countries which would cease to be GPT beneficiaries after June 2014.

The country would have lost its GPT facilities including duty- and quota-free access for its garment exports due to high dependence on future graduating countries from the GPT regime, like India, China and Thailand.

Garment exports now make up 95 percent of Bangladesh's total exports to Canada.

When news broke of the proposed amendment, the country made extensive diplomatic efforts and conducted constant lobbying to the Canadian government.

The Canadian government, in its 2013 budget, said it will ensure that graduating countries from the GPT regime do not reduce the benefits of the LDCT (least developed country tariff) regime.

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Atiur vows to root out banking frauds

Govt extends his tenure as BB governor until 2016



STAR BUSINESS REPORT

Atiur Rahman's service as the central bank governor has been extended for more than three years.

Rahman will retire in August 2016 when he turns 65, Bangladesh Bank said in a statement yesterday.

In his new term, Rahman said he would strengthen his efforts to fight unethical practices in the banking sector.

"We will not tolerate any unethical practice anymore," Rahman said, apparently referring to the Hall-Mark scam that involves Sonali Bank.

He said the BB would focus more on financial inclusion and stability.

Rahman also said the central bank would increase IT-based supervision as it continues to encourage banks and other financial institutions to adopt modern technology.

The BB will also cater to people, especially the unbanked people across the country, and take banking services to more people through modern technology.

Rahman's current tenure will expire on April 30. He joined the central bank on May 1, 2009 for four years as its 10th governor.

Government officials and his colleagues said his term has been extended based on his outstanding performance and competence.

Rahman worked closely with Finance Minister AMA Muhith in ensuring economic resilience.

Used car importers demand fair play in duty structures

STAR BUSINESS REPORT

Reconditioned vehicle importers yesterday urged the government to restructure the duty slabs based on the engine capacities of the imported used cars.

Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida) placed the demand at a meeting with the National Board of Revenue at the NBR headquarters in Dhaka.

The association said the present duty structure gives some importers of new cars a monopoly on the market and bars many people from buying durable cars.

The meeting took place as the revenue authority opened discussions with stakeholders ahead of the upcoming budget for fiscal 2013-14.

The association called for bringing down the duty structure to four slabs from the existing six slabs, arguing that the restructure would facilitate higher revenue earnings for the government and create a level-playing field.

The platform of used car importers suggested setting the duty at 30 percent for cars with engine capacities up to 1,500cc, from 45 percent at present. It proposed 100 percent duty for cars with an engine capacity of 1,501-2,500cc.

Presently, the duty for vehicles between 1,501cc and 1,750cc is 100 percent, duty for 1,751-2,000cc is 150 percent and that for 2,001-2,750cc is 250 percent.

The association proposed duty at 150 percent for vehicles within the 2,501-4,000cc range.

"The proposed duty structure based on engine capacities will increase government's revenue," Barvida President Md Habib Ullah Dawn said in a written proposal.

The association also demanded rationalisation of the duty structure of reconditioned cars. It urged the revenue authority to impose duties taking the year-wise price as a base.

Currently, the NBR determines the value of used cars by deducting a total of 35 percent on the new price published by Japan Auto Appraisal Institute.

The association said the reconditioned car importers face unfair competition with the importers of new cars due to the present method of valuation of used cars.

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Murky telecom ad is over

ABDULLAH MAMUN

The mobile operators will have to give all the details on services when advertising in any newspaper, magazine, leaflet or their websites.

The phrase -- 'terms or conditions apply' -- cannot be used and if all relevant information cannot be given in the original advertisement itself in the case of newspapers, the rest has to be printed on inner pages, the telecom regulator said.

Bangladesh Telecommunication Regulatory Commission has published the notification with nine interim directives on SMS based services, tariff and marketing promotion. The new directive will take effect from May 1.

The operators will also have to execute an 'end call' notification that means after every call, the operator will have to inform its subscribers about the call minutes and the amount charged.

The operators will have to inform their pre-paid customers about their credit balance after every call. This directive needs to be executed by September 30.

The operators are being consulted on the matters, but the regulator published it in the mean time, said TIM Nurul Kabir, secretary general of Association of Mobile Telecom Operators of Bangladesh, on Sunday.

"We are reviewing the directives now and then we will express our reaction," he said. "We appreciate the consultation process and these directives are a result of that process. The regulator should continue this process in formulating other directives as well."

The directive has been released at the BTRC website, signed by Lt Col Md Raqueebul Hasan, its director of systems and services division.

The regulator has issued the directives in the interest of the subscribers, it said in the notification.

According to the published directive, the operators will have to notify the users two times about how long the offer is valid. Users will have the option to unsubscribe from the service.

It also said the operators are prohibited from advertising any service, like copying a welcome tune, prior to connecting a call.

When a SIM card is inactive for a while, subscribers have to purchase a new SIM to reconnect, which is a waste of money. The regulator said the subscriber will be able to reuse the connection within a year for Tk 50.

Dhaka bourse seeks BB's help to prop up markets

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) yesterday requested the central bank to stop loan provisioning of banks against their own investment in capital market till June 2014.

Banks, considered as major institutional investors of the stockmarket, should be allowed to provision the share credit in six instalments, the premier bourse recommended.

The DSE also urged the government to create a Tk 5,000 crore refinancing scheme through budgetary allocation.

The pleas were made in the backdrop of the depressed state of the market, which has already forced many banks to provision a huge amount against their exposure to stocks.

"Bourses and regulators do not have any instrument in their armoury to revive the market in times of crisis," said Rakibur Rahman, president of DSE.

"It is down to the central bank to come up stimulus packages, and we have seen that happen in the US and India during the global financial crisis."

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