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Surplus in current account soars despite a fall in remittances

REJAUL KARIM BYRON

The current account surplus rose by 124 percent to \$2.65 billion in July-December this fiscal year, compared to the same period a year ago, despite a fall in remittances.

The surplus came due to higher exports and a decline in petroleum import.

However, the central bank in its recent monetary policy statement (MPS) apprehended that the surplus may decrease in the next six months.

Zahid Hussain, lead economist at the World Bank's Dhaka office, supported the stance of Bangladesh Bank, but said the decrease will be slight and the surplus will not be negative.

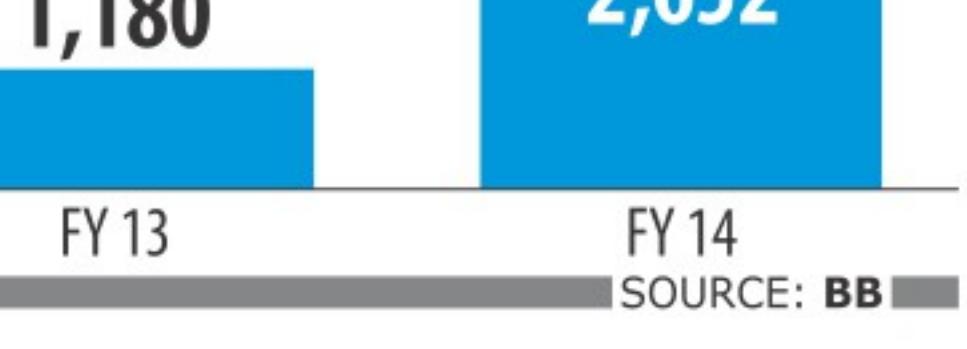
Hussain also agreed with the BB that there will be some risks of pressure on the balance of payments in the next fiscal year due to a low export growth and a decline in remittance inflow.

"Looking ahead to the second half of FY14 our balance of payments projections apprehend there will be a correction in the pace of export growth due to a possible slowdown in RMG sector orders, along with a pick-up in imports as investor confidence grows," the MPS had said.

In the first six months of the current fiscal year, remittances declined by 8.5 percent over the same period a year ago, when such earnings increased by 21.97 percent.

CURRENT ACCOUNT BALANCE

JULY-DECEMBER / IN MILLIONS OF \$



SOURCE: BB

But exports grew by 16.56 percent during the July-December period when overall import fell by 0.11 percent. The fall in import was 23.38 percent in December alone which caused a huge surplus in the current account balance.

Though import of food grains, capital machinery and industrial raw materials increased during July-December, import of petroleum products decreased by 16.14 percent, according to LC (letter of credit) settlement data of the central bank.

Shutdowns and blockades seriously hampered transportation in the last few months causing a decrease in petroleum import, Hussain said.

The prices of petroleum products also fell slightly in the international market for which the country had to spend less on petroleum import, he added.

Hussain said the government's expenditure and subsidy on petroleum will be less this fiscal year than its projection.

However, the WB economist said import may go up again as political stability is prevailing now.

The central bank's LC opening statistics show that import of capital machinery increased by 67.23 percent in the first six months of the current fiscal year, while petroleum import rose by 19.84 percent and industrial raw materials 3 percent.

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Garment tech fair starts Wednesday

STAR BUSINESS REPORT

A four-day international fair of leading brands in textiles and garment technology, machinery and parts will begin in the capital on Wednesday.

The 11th Dhaka International Textile & Garment Machinery Exhibition will be held from February 12-15 at Bangabandhu International Conference Centre in Dhaka.

Bangladesh Textile Mills Association, Chan Chao Int'l Company Ltd and Yorkers Trade and Marketing Service Company will organise the annual fair.

Over 850 exhibitors will display a wide variety of state-of-the-art textile and garment technology, machinery and parts, organisers said.

The fair offers an ideal platform for Bangladesh exporters to come into contact manufacturers, regional agents and wholesalers and source high quality machinery, equipment and materials.

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Ad-makers oppose parts of broadcast policy

SUMAN SAHA and MAHBUBUR RAHMAN KHAN

The draft of the National Broadcasting Policy has come under criticism from the advertising community on grounds of being unclear and unreasonable.

The sector's main opposition to the draft, finalised by the information ministry last week, is the clause that stipulates that media outlets such as television and radio stations comply with 'internationally accepted practices and logical break' for running ads.

"It is a vague term. The government should spell out the specific time for break," said Ramendu Majumder, president of Advertising Agencies Association of Bangladesh (AAAB), while suggesting designating one-fifth of the total duration of a programme for commercial break.

The draft also calls for superimposition of food elements and nutrition on television commercials (TVCs), a clause which would be "almost impossible" to comply with due to time constraints.

"Food products have a long list of ingredients. If we put them all on screen, how would we show the product itself? Would there be any screen space left?" Majumder said.

Besides, companies, in line with instruc-



এসআইবিএল
ইয়াও স্টার একাউন্ট
আকর্মনীয় হারে মুনাফা প্রদান করা হয়

(ইসাবায়নে ইসলামী শরীয়ার
মুদ্রারা প্রতি প্রযোজ্য)



০৯৬১২০০১১২২ মাঝারে ফোন করে এসআইবিএল-এর
যে কোন শাখায় যোগাযোগ করুন

tion of the Bangladesh Standards and Testing Institution, inscribe information about the ingredients on the product's label. Reiterating them on TVCs would be superfluous, said another ad man preferring not to be named.

Subsequently, Majumder called for removal of the clause from the policy, brought about by the government with the aim to regulate the electronic media better.

The AAAB president also opposed the clause which makes it mandatory for ad-makers to take consent from composers, vocalists and lyricists before their melody is used in ads.

Creative agencies usually don't imitate any original song or melody. Rather, they use parodies to create jingles, so it is illogical to seek permission."

The positive aspects of the draft include banning of TVCs that promote discrimination based on complexion, contain fraudulent information, infringe on copyright acts and are hostile to environment

to environment.

The policy nullifies commercials on unapproved products and services such as clubs, tobacco and drinks containing alcohol and treatments and medicines for slimming and impotence.

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Potato farmers going bust

SOHEL PARVEZ

With a heavy heart, Abdul Hakim set off early Friday morning to dig out potatoes from the acre of land he leased.

The 40-year-old, who made a profit of Tk 1.5 lakh last year from the potatoes he grew on the same land, has been putting off harvesting for the past one month, hoping the legume's prices would rebound, narrowing down his losses.

But the rally never happened, with the prices continuing to slide amid release of old potatoes from cold storage and supply glut of fresh produce as farmers moved on to other profitable crops such as boro rice and maize.

Potato was selling for Tk 1.5-4 a kilogram yesterday up north, its main growing region, down from Tk 7-9 a month ago, according to Hakim.

Over at the capital, it was selling at Tk 8-12 a kilogram in contrast to Tk 18-20 a month ago, according to Trading Corporation of Bangladesh.

With the pressure from landowners and pesticide sellers intensifying by the day, he finally decided to cash in on the fruit of his labour—at half of his costs of Tk 5.5 lakh.

"I have dues of Tk 1.6 lakh and my creditors are right on my back. I am unable to feed my family properly. I have no other option."



Abdul Hakim, a potato grower in Dinajpur, fears counting losses this time unlike the previous seasons due to continued political turmoil.

Hakim's is not an isolated story. Like him, thousands of potato growers are selling their produce much below their investments after the prolonged political turmoil in the run-up to national elections on January 5, leaving the market depressed.

Take, for instance, Mohammad Mantu from Hakim's neighbouring village in Dinajpur. He went to

Dhaka on January 28 with 184 maunds of potato and returned with only Tk 5,616.

Hakim, too, plans on taking his produce, which he expects to be around 150 maunds, to the capital the following day by hiring a truck with his neighbour.

Asked if all arrangements have been done, he said: "I cannot even think properly."

About 4.8 lakh hectares have been dedicated to potato farming this season, with the aim to ensure production of 86.5 lakh tonnes, according to the Department of Agricultural Extension (DAE).

Last year, potatoes were grown on 4.44 lakh hectares, with production reaching 86.03 lakh tonnes, according to Bangladesh Bureau of Statistics.

He spoke at a roundtable on "illegal call termination: current situation and way out" at Sonargaon Hotel in Dhaka. Telecom Reporters' Association of Bangladesh, a platform of telecom journalists, organised the event.

Regulator moves to rein in illegal use of VoIP

STAR BUSINESS REPORT

The telecom regulator will monitor how international call carriers of the country use their internet bandwidth, in a bid to track those involved in illegal call termination.

Bangladesh Telecommunication Regulatory Commission will start monitoring international gateways (IGWs) and interconnection exchanges (ICXs) in three weeks, BTRC Chairman Sunil Kanti Bose said yesterday.

IGWs transport international calls, while ICXs connect different telecom service providers. If any call comes to the country bypassing the IGW-ICX route, it becomes illegal and the government does not get any revenue.

Currently, some service providers carry international calls through illegal channels using voice over internet protocol (VoIP) technology, Bose said. "The volume of proper and illegal calls is almost the same."

He spoke at a roundtable on "illegal call termination: current situation and way out" at Sonargaon Hotel in Dhaka. Telecom Reporters' Association of Bangladesh, a platform of telecom journalists, organised the event.

The BTRC chief also asked the telecom service providers to fight as a team against the illegal operators.

The telecom ministry on Wednesday decided to slash international incoming call rate by 50 percent to \$0.015 a minute. The

rate will be effective once the finance ministry gives a go-ahead to it.

Bose said the regulator will see whether the volume of international calls increases after the new call rate comes into effect.

The gateways will be affected if the new rate is approved; instead the regulator should strengthen the monitoring system, said Mir Nasir Hossain, managing director of Mir Telecom, an IGW.

At least 90 percent of illegal calls can be curtailed through proper monitoring, said Mir Masud Kabir, managing director of Mango Teleservices.

It will be tough for the regulator to control illegal calls through monitoring or with technical efforts; rather a political will is required to stop it, said Sumon Ahmed Sabir, chief strategy officer of Fiber@Home, a telecom transmission provider.

The government should not regulate the telecom sector, especially the call rates, said Abu Saeed Khan, senior fellow of LIRNEAsia, a Colombo-based ICT think tank.

Due to illegal VoIP, Grameenphone could not collect Tk 87 crore from the IGWs, and a dispute is going on over due bills worth more than Tk 120 crore between the mobile operator and the state-run Bangladesh Telecommunications Company Ltd, said Mahmud Hossain, chief corporate affairs officer of Grameenphone.

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Jet Airways still in the red

Jet Airways, India's No.2 airline by domestic market share, reported a fourth straight quarterly loss as carriers battled high fuel costs and stiff competition limited fare increases.

--Reuters

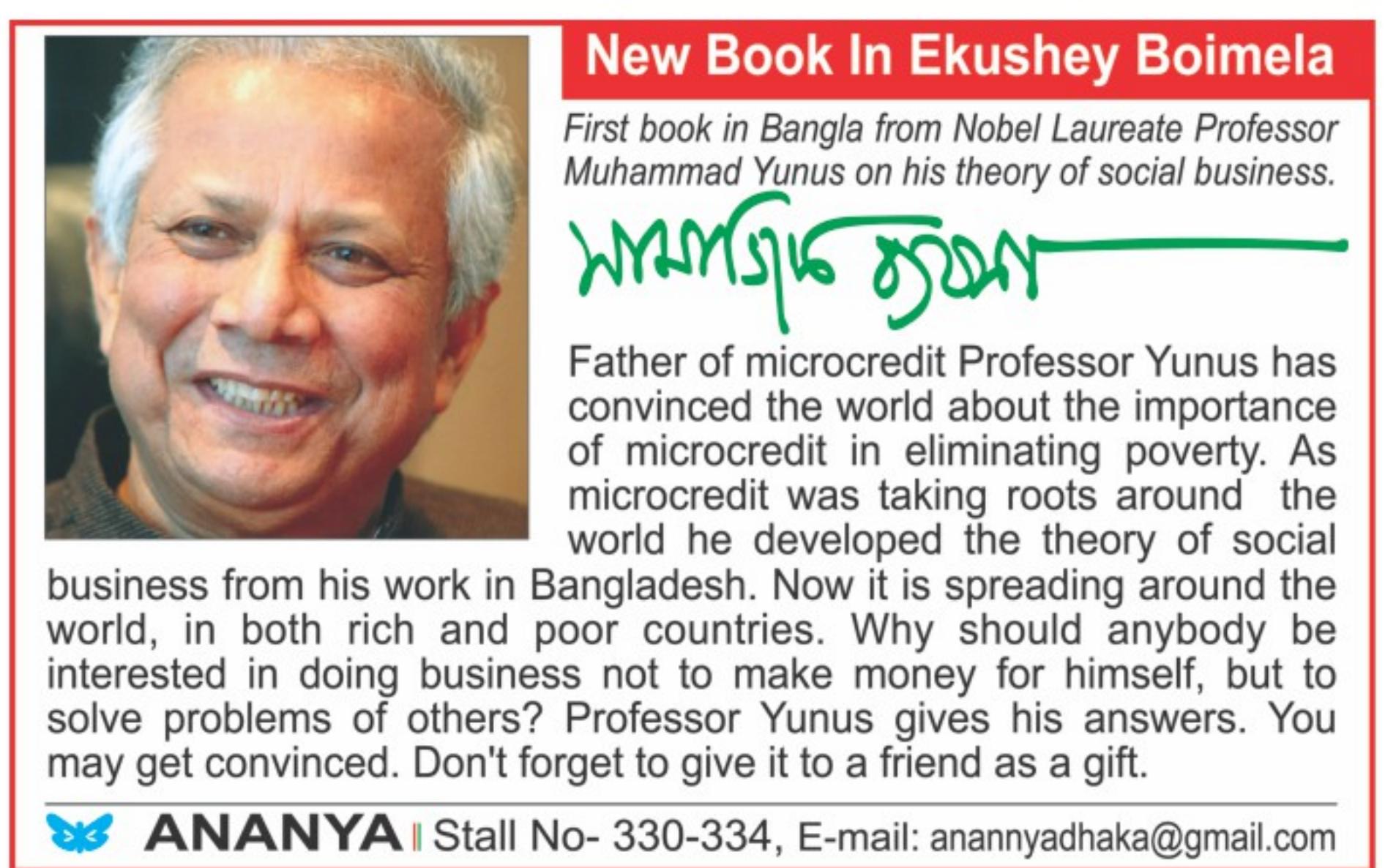


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