**ASIAN MARKETS** 

**TOKYO** 

**V** 0.56%

MUMBAI

\$101.64

**V** 0.28%

DHAKA FRIDAY JULY 11, 2014, e-mail:business@thedailystar.net

COMMODITIES

Gold \_

\$1,341.45

# Inflation drops to a 17-month low

Annual average inflation accelerates to 7.35pc, exceeding its target

REJAUL KARIM BYRON

**STOCKS** 

**V** 0.18%

DSEX

**CSCX** 

**0.05%** 

....... Inflation slipped below 7 percent for the first time since January 2013 on the back of big drops in food prices.

It slowed 51 basis points month-onmonth to 6.97 percent in June, according to Bangladesh Bureau of Statistics.

descent was driven by food inflation, which plunged 109 basis points to 8 percent June. during the month.

The significant decline in food inflation was propelled by the drop in rice prices with the harvesting of what reportedly has been a bumper boro crop, he said.

BBS Director General Golam Mostafa Kamal said the weight of rice is more in the index for inflation. "As rice prices fell, so did inflation."

Besides, food imports increased in recent times, which also helped in lowering food inflation, Zaid Bakht, research director of the Bangladesh Institute of Development Studies, said. During the July-May period of last fiscal

year, food grain imports shot up around 125 percent from the previous year, according to central bank statistics. Meanwhile, June's figure took fiscal

2013-14's average inflation to 7.35 percent, which is above the government's target of 7 percent. Planning Minister AHM Mustafa Kamal,

while releasing the data yesterday, said inflation remained stable throughout the year and it was near the budgetary target. "The success came as the economy was

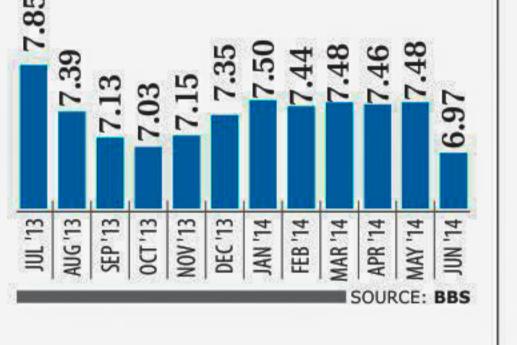
run in the way it should have been," he said at a press briefing at the NEC auditorium. He said the price of major food items fell

by average 16 percent in the international market over the last two months, which brought about the fall in inflation.

Non-food inflation though increased 29 basis points to 5.45 percent last month.

Hussain said the recent recovery in economic activities aided by political stability, revival of income growth in Zahid Hussain, lead economist of the services and a significant moderation of World Bank's Dhaka office, said June's remittance decline, have contributed to the slight increase in non-food inflation in

#### **INFLATION IN %**



The recent increase in consumer credit through banks might have caused the increase in non-food inflation, Bakht said. To prevent further rises through this mechanism, the central bank has increased the cash reserve requirement for banks by 0.5 percentage points to 6 percent. The planning minister, however,

dismissed the link between the rise in nonfood inflation and soaring of bank loans.

Kamal said non-food inflation rose because people have increased their spending ahead of Eid-ul-Fitr, the biggest religious festival in the country.



STANDARD CHARTERED BANK

**CURRENCIES** 

**BUY TK** 77.10

SHANGHAI

**V** 0.18%

Flat

The National Board of Revenue organised a rally as part of an awareness campaign on value-added tax to mark National VAT Day in the capital yesterday. More pictures on B3

### Top VAT payers honoured

STAR BUSINESS REPORT

The National Board of Revenue yesterday honoured 122 VATpaying firms in fiscal 2012-13 in a bid to encourage industrialists and businesses to deposit more valueadded tax to the state coffers. The award, which is now in its

fourth year, recognised entities in three categories: production, service and business.

Of the firms, nine were awarded from the national level and 113 from district level; three were state-run energy sector entities and the rest were from the private sector. Commerce Minister Tofail Ahmed handed over the

crests to the top VAT payers from the national level at an awards ceremony held at the Raowa Convention Hall in Mohakhali.

The minister advised the revenue officials not to harass businesses in the name of collecting tax.

FIRMS THAT PAID HIGHEST VAT

Manufacturing
Manufacturing
Manufacturing
Manufacturing
Service
Service
Service
Trade
Trade
Trade

"We have to ensure satisfaction of businesses and people -- taxes coming from them have facilitated us to increase the size of budget."

VAT, which is levied on consumers indirectly, has been the main source of revenue for the state over the past several years. However, it is set to be overtaken by direct tax from this fiscal year.

Ahmed also asked revenue officials to avoid 'overdoing'.

"We should be more careful in tax collection. Revenue officials should maintain good manners and establish good relations with taxpayers in their duty to collect tax."

Ahmed suggested the revenue administration increase the tax net instead of raising the tax burden on people. "It will allow expansion of business," he said. Earlier, some representatives of shop owners raised complaints of harassment against revenue officials to catch VAT dodgers. READ MORE ON B3

#### Regulator rejects Robi's proposal for assets transfer

ABDULLAH MAMUN

The telecom regulator has turned down a proposal of mobile operator Robi to transfer 80 percent of its network infrastructure assets to Edotco Group, a subsidiary of Malaysian Axiata Group, which is also the majority shareholder of the local operator.

ment of more than \$120 million in Robi has become uncertain, officials of the operator said. The network infrastruc-

As a result, an invest-

ture or non-telecom equipment is passive infrastructure that includes towers, buildings, batteries, and power and cooling systems.

Two years ago, Robi formed Edotco Bangladesh Co Ltd (e.co) as its subsidiary, and sought the approval from Bangladesh Telecommunication Regulatory Commission in February this year to transfer 80 percent of Edotco Bangladesh's equity shares to Edotco Group.

The regulator observed that Robi would lose control over its infrastructure if the equity shares are transferred to the Malaysian company, said Md Abdus Samad, commissioner of the legal and licensing division of the BTRC.

The 'character' of Edotco Bangladesh will be changed if the shares are transferred, according to the minutes of a recent meeting of the BTRC. READ MORE ON B3

## AFC Health to build Tk 30cr cardiac hospital in Khulna

#### India's Fortis to manage 42-bed health centre

SUMAN SAHA

AFC Health Ltd, a concern of Active Fine Chemicals, will open a cardiac care centre in Khulna in October, aiming to provide treatment to about 1,000 patients a month for a 'reasonable' fee.

a leading cardiac care provider of India, will operate the 42bed hospital, the first of its kind in Bangladesh. AFC Health will invest

around Tk 30 crore in the

Fortis Escorts Heart Institute,

project and Fortis will manage and provide technical assistance to the hospital. "Equipped with cutting-edge technology and a team of

cardiac specialists, the centre will provide early diagnosis and prompt treatment," said Sunil Kapoor, regional director of Fortis HealthCare that

owns Fortis Escorts Heart Institute. The country has huge demand for cardiac institutes as the number of cardiac patients is increasing rapidly,

Kapoor told The Daily Star, after the two companies

signed an agreement at Sonargaon Hotel in Dhaka



**Sunil Kapoor** 

yesterday.

"Local patients will now be able to get world-class treatment on their doorsteps," Kapoor said, adding that the beds of the centre's intensive care unit will be electronically monitored by Fortis in Delhi.

The hospital will offer diagnostic services such as angiography to detect heart disorders as well as varied treatment options, including artificial pacemaker, coronary artery bypass, valve replacement and periphery bypass surgery, he said.

"We have established the centre in Khulna as there is a lack of quality cardiac services in the southern part of the country," SM Saifur Rahman, managing director of AFC Health. On an average, 10

Bangladeshi patients get treatment from Fortis Escorts in India daily, he said. "The patients will now get such treatment here."

The centre will provide treatment at the same cost as in Lab Aid and other cardiac hospitals in the country, Rahman said.

#### BB bought \$5.15b last year to prop up exchange rate

STAR BUSINESS REPORT

Bangladesh Bank bought \$5.15 billion from the foreign exchange market last fiscal year to shore up the country's exchange rate.

If the exchange rate falls much, the exporters and remitters are acutely affected, which prompts the central bank to buy a huge amount of dollars, said a BB official, adding that BB bought \$4.53 billion in fiscal 2012-13.

The dollar against the taka in the interbank market stood at Tk 77.63 on July 8, which was Tk 77.75 a year ago.

Foreign exchange reserves on June 16 crossed the \$21 billion-mark for the first time in the nation's history, helped by exports and remittances, said Kazi Saidur Rahman, general manager of BB.

The figure sank below \$21 billion at the beginning of the month after paying dues to the Asian Clearing Union. The figure crossed the \$21 billionmark again yesterday and stood at \$21.12 billion.

### RMG exports hit record \$24.5b

REFAYET ULLAH MIRDHA

................. Garment exports hit a record high at \$24.50 billion in the immediate past fiscal year, rising 13.86 percent year-on-year, according to Export Promotion Bureau.

Competitive prices of Bangladeshi products and a higher demand among Western consumers have led to the growth despite all domestic and international odds, exporters said.

Export of knitwear products rose 15.02 percent to \$12.04 billion, while that of woven garments grew 12.70 percent to \$12.44 billion.

The total garment exports were worth \$21.51 billion in fiscal 2012-13.

"2013 was a challenging year for us. Still, garment exports rose \$3 billion in fiscal 2013-14 compared to that a year ago," said Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association.

"We have proved our resilience again," he said, adding that garment exports would have crossed \$28 billion in 2013-14 had there been no disasters like the Rana Plaza building collapse and political turmoil.

"The trend is good as international retailers are still coming to Bangladesh with a lot of work orders. China has already become an expensive destination for them."



Political stability, smooth transport of goods and efficient management of Chittagong Port are what the garment sector needs the most now, Islam said.

IN BILLION \$

The total earnings from exports also saw a boost, rising 11.65 percent year-on-year to \$30.17 billion in fiscal 2013-14. However, the amount narrowly missed the target at \$30.50 billion for the year.

Month-wise, Bangladesh exported goods worth \$2.80 billion in June, the amount being 3.50 percent higher than that in the same month a year ago, and 8.65 percent lower from the target at \$3.06 billion set for the month.

READ MORE ON B3

**G** RAHIMAFROOZ

(YEAR-ON-YEAR)

### 86pc of ADP implemented

STAR BUSINESS REPORT

The government implemented 86 percent of the revised Annual Development Programme of Tk 60,000 crore last fiscal year, Planning Minister AHM Mustafa Kamal said yesterday, citing primary data from his ministry.

The planning ministry is yet to get the final data from some ministries, he said. The figure may increase and reach near 96 percent as in the previous year, he said.

The science and technology ministry, expatriates welfare ministry, disaster management ministry, road division

and defence ministry implemented 100 percent of their ADP allocations. The agriculture ministry, home

ministry and the railway division implemented 99 percent of their allocations. The local government division implemented 97 percent and the bridges division 96 percent, Kamal said.

The government plans to generate jobs for one crore people in the next five years, he said.

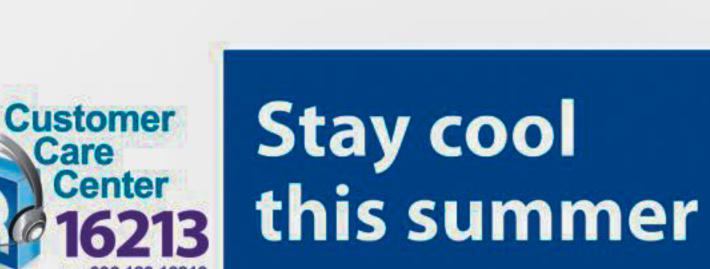
The government considers increasing the age limit for entering government jobs beyond 30 years, he said, adding that the issue has already been discussed by the administration.

### Airbus denies \$20b IndiGo jet deal report

REUTERS, Paris/New Delhi 

Airbus Group NV denied a report on Thursday of an imminent deal to sell 200 aircraft to Indian airline IndiGo. Bloomberg said in a report

published on Thursday that IndiGo was in talks with Airbus to order 200 additional A320neo jets valued at about \$20.6 billion, citing people familiar with the plans. "Rumours of a deal are unfounded," an Airbus spokesman told Reuters, but added, "We are always in talks with our customers.



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purchase of Rahimafrooz IPS.\*

Enjoy peace of mind this holy Ramadan. Banglalink Priyojon subscribers will



RAHIMAFROOZ PS One second please