

Dependence on others for livelihood declines

More people migrated from urban areas to villages in 2013 than a year ago: BBS survey

REJAUL KARIM BYRON

The number of people dependent on others for livelihood has dropped 8 percentage points over the last five years thanks to their increasing participation in the economy, a new survey found.

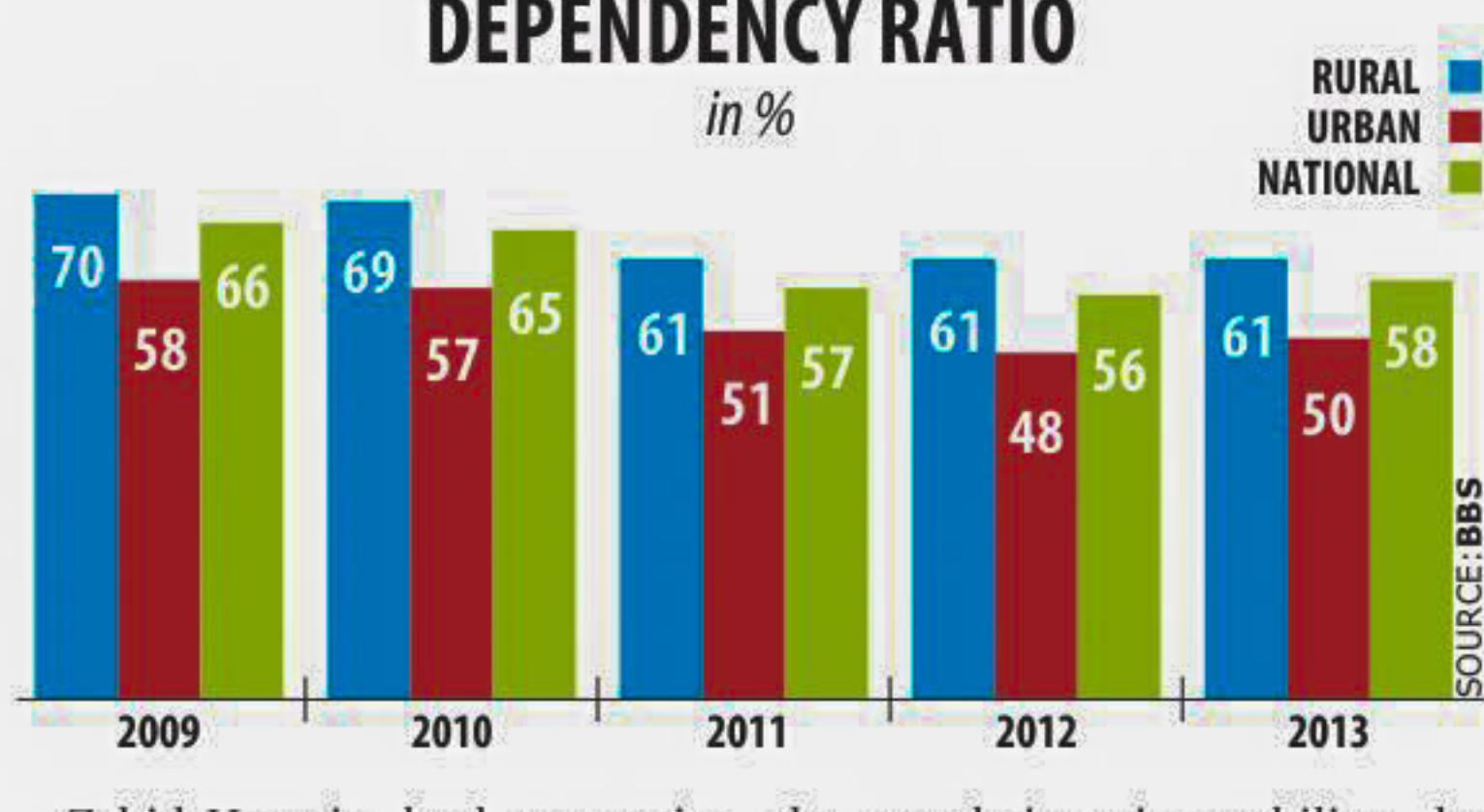
The national dependency ratio stood at 58 percent in 2013, down from 66 percent in 2009, according to data from Bangladesh Bureau of Statistics.

A nearly equal number of people were employed in jobs in rural and urban areas during the period, the survey found.

However, a significant number of people are still relying on the breadwinners of their families for sustenance.

About 61 percent of the rural population were still dependent on others to survive in 2013 and it remained the same in the previous three years. In 2009, it was 70 percent.

The dependency ratio is an age-population ratio of those typically not in the labour force and those typically in the labour force. It is used to measure the pressure on productive population.



migration, as 70.4 people per 1,000 entered the cities in search of better employment opportunities and livelihoods, from 50.2 people per 1,000 in 2009.

There was also a major shift in urban-to-urban migration: 58.3 persons among 1,000 people moved to new urban centres in 2013, which was 28.3 in 2009.

An interesting finding of the survey was that more people migrated from urban settings to rural areas in 2013 than in 2012.

Between 2009 and 2012, it hovered between 4.9 persons and 5.3 persons per 1,000. But in 2013, the number of people who migrated from urban to rural areas jumped to 12.1 persons per 1,000.

Hussain said the increased vibrancy of the rural economy could account for the spike in urban to rural migration. It has probably reduced the power of the push factors behind rural to urban migration.

On the other hand, the spike may also be reflecting the declining liveability of Bangladesh's two largest urban concentrations -- Dhaka and Chittagong.

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the population size stabilises, he said.

The dependency ratio is important because it shows the ratio of potentially inactive compared to potentially active.

The active tend to pay much more taxes, while the inactive under 15 and over 64 tend to be bigger recipients of government spending on education, pensions and health care, he added.

The survey also showed that internal migration is increasing: it was 40.4 persons per 1,000 in 2013, from 30.9 in 2009.

The urban centres are facing huge pressure when it comes to

Boosting investment is a big challenge for BB

Analysts share their expectations ahead of the monetary policy announcement, and advise BB to depreciate exchange rate

SAJJADUR RAHMAN

Finding ways to boost investment and growth is the next biggest challenge for the central bank's upcoming monetary policy, analysts said.

They also suggested that Bangladesh Bank depreciate the exchange rate to stimulate exports and liberalise current account, which would help reduce the growing menace of illegal capital flight.

Weak governance, nonperforming loans (NPL) and the spread between lending and deposit rates in the banking sector are some other major challenges that need to be taken care of.

"There must be attempts to revive investment and growth," said M Syeduzzaman, former finance minister, on his expectations from the monetary policy statement to be announced by the end of this month.

He also pointed out weak governance and high NPL in the banking sector as the two other major challenges for the central bank.

Syeduzzaman spoke at a consultative meeting on the upcoming monetary policy at the Amari hotel in Dhaka on Monday.

Mustafizur Rahman, executive director of Centre for Policy Dialogue, said how the country can go to an accelerated growth path would be the biggest macroeconomic challenge for the central bank.

Given the present favourable economic conditions, BB can go for depreciating

exchange rates to give benefits to exporters, Rahman said.

Private sector investment, which is the engine of growth, has remained stagnant at 22 percent of gross domestic product (GDP) for the last three years.

In fiscal 2014-15, private sector credit growth stood at 13.6 percent, down from 25 percent in 2011.

Though public sector investment has increased to 7 percent now from the previous 5 percent, it is not enough to boost growth to generate employment, according to the analysts.

On the other hand, the economy is on a good footing in terms of inflation (6.4 percent), exchange rate and falling commodity prices, including fuel in the international market.

The exchange rate has remained stagnant at Tk 77.65-77.8 for a US dollar for nearly two years.

Mahabub Hossain, a lecturer at Brac University, believes it is a good time to depreciate the local currency given the falling costs at import level.

The country can now afford the depreciation of exchange rate, but how it will be done is a challenge for BB, he added.

Shamsul Alam, a member of the Planning Commission and a senior secretary, questioned why banks cannot lend at single digit interest rates.

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Mobile banking to get a further boost

MD FAZLUR RAHMAN

Mobile banking will get a further boost as the central bank proposes to channel all financial payments through mobile phones under stronger tie-ups between banks, cell phone operators and other service providers.

The draft Regulatory Guidelines for Mobile Financial Services in Bangladesh, published on Monday, will turn every mobile phone into a digital wallet and spur branchless banking, a Bangladesh Bank official said.

The draft said the financial sector has undergone tremendous growth in volume and complexity over the recent years.

However, despite impressive growth gains in capital base, income, return on equity and other areas, the financial sector is yet to reach out with adequate financial services to low-income rural and urban population.

Rapid nationwide expansion of mobile phone networks and the modernisation of payment systems and financial sector IT infrastructure opened up opportunities for innovating mobile phone-based cost efficient modes of service delivery, the draft said.

The central bank started providing mobile banking licences to banks in 2009. On average, Tk 420 crore is transacted a day through mobile banking with activities mostly limited to cash-in and cash-out and person-to-person transfers. Salary disbursement and utility payments through mobile phones have remained very negligible.

Mobile operators have 100 percent coverage across the country and own up to 30 percent share into a mobile financial services (MFS) platform.

"The new guideline will help enhance transparency and accountability," the central bank official said.

The primary role of the MFS platforms will be as payment services providers, with secondary engagements in deposit taking, loan disbursement and recovery, and insurance premium collection, according to the new proposal.

MOBILE BANKING AT A GLANCE

Active accounts: 1.12cr
Agents: 5.3 lakh
Number of transactions a day: 31 lakh
Daily average transactions Tk 420cr
Banks that started mobile banking: 20

SOURCE: BANGLADESH BANK

The MFS platforms will not engage in any lending from their own funds, but will be free to act as agents of BB-licensed banks and financial institutions in disbursing loans and in accepting repayments on behalf of the licensees.

Likewise, the platforms will be free to mobilise savings of mobile account holders into their deposit accounts with authorised deposit-taking institutions such as banks and financial institutions maintaining required cash reserves.

It will not be obligatory for the MFS platforms to pay interest or profit on balances in the accounts, the proposal said.

The initiative will enable disbursement of inward foreign remittances and cash-in or cash-out into mobile accounts through agents, bank branches, ATMs and mobile network operator outlets.

Person to business payments such as utility bill payments, merchant payments, deposits into savings accounts or schemes with banks, loan repayments to banks, non-bank financial institutions or micro-finance institutions, and insurance premium payments to insurance companies can also be made.

Companies can disburse salaries and dividends into mobile accounts. Loan disbursement to borrowers and vendor payments will also be possible.

Banks alone or in association with other banks will have to form a separate subsidiary if they want to provide MFS, according to the proposal.

At present, banks run MFS as a wing of the company, but the proposed guideline stipulates that they set up a separate platform with a minimum paid-up capital of Tk 100 crore.

A further cushion of capital reserve matching the amount of paid-up capital will have to be built up from retained earnings, at a rate not below 10 percent of annual net profits, to cover operational and other risks.

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Two ISPs lose spectrum

STAR BUSINESS REPORT

The telecom regulator has cancelled spectrum of two internet service providers as they have not been in operations for a long time.

Bangladesh Telecommunication Regulatory Commission took the decision at a meeting yesterday.

The companies -- Global Access and Ektu -- obtained seven megahertz spectrum each in 3.5 gigahertz band in 2005.

"It is an ongoing process and part of a move to free some spectrum," said a commissioner who attended the meeting.

In May, the BTRC rearranged the spectrum of AlwaysOn Network Bangladesh, another internet service provider, in the 700 MHz band mainly to use the spectrum for LTE/4G or high-speed internet services.

But the company went to the court challenging the regulator's decision.

The BTRC has also decided to collect unused spectrum from private landphone operators which are not in operations.

Of the 15 landphone licensees, only four, including state-owned Bangladesh Telecommunications Company Ltd, are in operations now.

BTRC Chairman Sunil Kanti Bose had earlier said they would take back the unused spectrum allocated to different companies.

GP's net profits fall as political unrest bites

STAR BUSINESS REPORT

Grameenphone's net profits fell slightly in the first half of 2015, hurt by political turmoil and intense price competition.

Between January and June, the country's largest mobile operator logged in Tk 1,050 crore in net profits, down 0.94 percent year-on-year.

Grameenphone's net profits in the second quarter stood at Tk 513 crore, which is a decline of 5.35 percent from a year earlier.

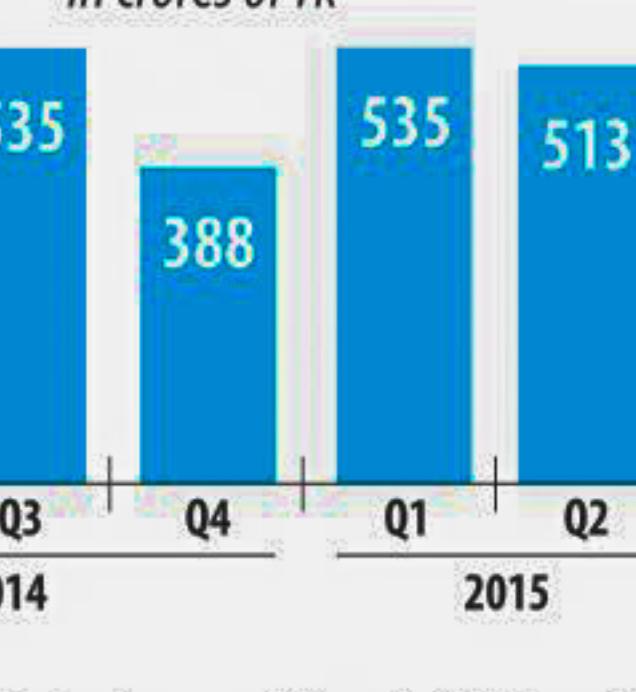
The lone listed operator declared 80 percent interim cash dividends, which means Tk 8 per share of Tk 10 for the year.

"This can be considered as a reflection of Grameenphone's commitment toward creating value for its shareholders," Rajeev Sethi, chief executive officer of Grameenphone, said in a statement yesterday.

The operator reported revenue of Tk 5,150 crore for the first half, up 0.7 percent year-on-year.

"We experienced marginal growth from last year with initial setback from intense price competition and political turmoil during the first quarter of 2015," Sethi said.

NET PROFIT



"As hinted last time, we are actually observing gradual recovery from the end of the first quarter with our simplification initiatives in improving usability experience and network superiority."

It acquired 16 lakh new subscribers during the period, marking a growth of 7.9 percent year-on-year. At the end of June, Grameenphone's total subscription base stood 5.31 crore, consolidating its position as the country's leading mobile operator. As of May, its SIM market share was 41.9 percent.

Its data subscriber base stood at 1.34 crore, with "encouraging volume growth", according to the statement.

Data services fetched Tk 360 crore in the first half, up 63.6 percent year-on-year.

The operator invested Tk 1,010 crore during the first half for 3G sites, 2G coverage, capacity enhancement for higher volume of data and voice as well as enhancement of IT infrastructure for better product and service offerings.

Each Grameenphone share traded between Tk 347.8 and Tk 340.6 on the Dhaka Stock Exchange yesterday, before closing at Tk 342.2.

Of the traded issues, 197 advanced and 85 declined with 35 securities remaining unchanged on the premier bourse.

ACI dominated the turnover chart with 7.40 lakh shares worth Tk 43.37 crore changing hands, followed by Khulna Power Company, BSRM, Ifad Autos, and United Power Generation and Distribution Company.

Among the major sectors, banks gained 1.76 percent in market capitalisation, followed by fuel and power that increased 1.67 percent, textile 0.67 percent and cement 0.48 percent.

regular analysis.

"June-end half-yearly and yearly earnings expectation kept investors vibrant in the last few sessions as they were completely focused on fundamentally sound scrips," the merchant bank said.

LankaBangla Securities said market participation increased as buyers marched up to take position on stocks, which showed up growth in earnings.