

# Tk 15cr govt fund for BIDS for research

STAR BUSINESS DESK

Bangladesh Institute of Development Studies or BIDS will get Tk 15.26 crore from the government for conducting 30 research studies in fiscal 2015-16. The research organisation will also introduce a yearlong masters' programme on two subjects -- Development Studies and Financial Management. The courses will start in November with 50 students in each batch. A proposal which has been sent to the Planning Division for funds for the master's courses will soon be approved, according to Khan Ahmed Sayeed Murshid, director general of BIDS. "BIDS used to get a funding of Tk 2 crore on average in the previous years. The allocation

will increase to Tk 15.26 crore starting this year," said Planning Minister AHM Mustafa Kamal, also chairman of BIDS' board of trustees. "Spending on research is seen as a future investment by the government. Research topics need to be set based on the country's economic demands," said Kamal, who is also the. "Research will help us discover where our capabilities are." "We are lagging in the tourism sector," he said adding the BIDS should conduct researches on it, which could be a major revenue earner for the government. "The process of building the BIDS into a centre of excellence in research has just begun. The BIDS should work with both local and foreign researchers," said Prof Rehman Sobhan, a member of

## AirAsia profit down

AFP, Kuala Lumpur

Malaysia-based budget carrier AirAsia has seen its second-quarter net profit fall mainly due to the weakening ringgit and higher costs. The region's biggest low-cost airline by fleet size said in a statement on Thursday its second quarter net profit was 243 million ringgit (\$58.98 million), down by 33.8 percent year-on-year. The carrier posted a net profit of 367.2 million ringgit in the same period last year. Its revenue remained mostly flat, rising just one percent to 1.32 billion ringgit from 1.31 billion during the same period last year. AirAsia is led by flamboyant boss Tony Fernandes, a former record industry executive who acquired the then-failing airline in 2001. It has seen spectacular success and aggressive growth under his low-cost, low-overhead model. Fernandes said he expected Malaysian operations to benefit from higher demand from Chinese passengers, as well as gaining an advantage with some competitors withdrawing routes that AirAsia operates in. "Starting middle of August, there has been substantial capacity reduction and route cancellations by other players on the routes that AirAsia operates in," he said. "Demand from Chinese travellers has also recovered starting from May 2015 onwards and with fuel trending favourably for airlines, the stage is set for a good year



Participants attend a seminar on the contribution of informal sector workers at The Daily Star Centre in Dhaka yesterday. Bangladesh Institute of Labour Studies organised the discussion in association with Oxfam GB. Story on B1.

## British retail sales inch up

REUTERS, London

British retail sales rose by less than expected in July, hit by a fall in the sales of auto fuels, official data showed on Thursday. Retail sales volumes inched up 0.1 percent on the month to show 4.2 percent growth on the year. Economists had expected retail sales to rise 0.4 percent and for sales to be up 4.4 percent compared with July last year. Excluding fuel, sales rose 0.4 percent on the month and 4.3 percent compared to a year ago, as expected. A 2.6 percent fall in auto fuel sales was partly offset by a 3.6 percent rise in the sales of household goods. The ONS said the sales of household electrical appliances and furniture rose strongly on the month, probably reflecting a pick-up in

## Lack of recognition stifles informal sector's growth

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Shamsul Alam, a member of the General Economics Division of the Planning Commission, said the informal sector's contribution to GDP is much lower as its productivity is also lower than that of the formal sector. "Excess population on a small piece of land is one of the major factors behind the huge supply of people to the informal sector," he said, citing 2013's Labour Force Survey. Domestic workers should be considered as formal sector workers, he said. "First, we have to change our behaviour to our housemaids and then recognise them by approving and implementing the domestic workers policy." The highest priority has been given to poverty alleviation in the seventh Five Year Plan, which is being revised now, he added. Lucky Akhter, a maid from Jatrabari, said garment workers, especially women, can enjoy some labour rights such as weekly holidays, annual leave and maternity leave. "But we don't have such rights," she said, urging the government to formulate laws on domestic workers' rights. Presenting the findings of a study on the "informal sector in Bangladesh: a labour market perspective", Sayema Haque

Bidisha, an associate professor of economics at Dhaka University, said a lack of data in understanding the structure and location of informal workers is a major challenge. "We need a proper survey on it," she said, stressing the need for technical and vocational education for informal sector workers. Jakir Hossain, an associate professor at Rajshahi University, said the number of domestic workers above the age of 15 is around 14 lakh, representing 0.8 percent of the total labour force in Bangladesh. "The domestic workers are poorly paid, hardly receive their salaries on time and have no specific working hours or off days. Sexual, physical and verbal or mental abuse, and negligence towards them are common as well," he said. Henrik Maihack, resident representative of Friedrich-Ebert-Stiftung, a non-profit political foundation of Germany, said some 180 countries have ratified the Convention 189. "We should find ways to ratify and implement it in Bangladesh." Snehal V Soneji, country director of Oxfam GB, urged the people who employ housemaids to change their mindset, before the government's recognition. "We need to start giving them a proper identity, wages and holidays."



AKM Nurul Fazal Bulbul, secretary general of Exim Bank Foundation, and Mohammed Haider Ali Miah, managing director of Exim Bank, attend the launch of the bank's 92nd branch at Muktarpur, Munshiganj yesterday.

## Indonesia's infrastructure promises fail the chilli challenge

REUTERS, Sukabumi

Poor infrastructure makes stable pricing difficult at the best of times in Indonesia, but the rural poor are increasingly pinning the blame for wild fluctuations in the price of staples on the policies and unmet promises of President Joko Widodo. With Southeast Asia's biggest economy growing at its slowest pace in six years, and half its 250 million population living on less than \$2 a day, price spikes on foods such as rice, sugar, beef and chillies can be devastating. "Farming is like gambling, because we never know the price," said 32-year old Rahmat, who farms chillies on the foothills surrounding Mount Salak in West Java, about 115 km (70 miles) south of the capital, Jakarta. Fresh red chillies are as common on Indonesian dinner tables as salt and pepper in some countries, but over the last 12 months, prices have fluctuated between around 20,000 and 80,000 rupiah (\$1.48) per kg, though Rahmat says his production costs have remained at just 10,000 rupiah/kg. Their journey to table explains much of the volatility. Rahmat's chillies are carried on rickety motorbikes across potholed dirt tracks, then loaded onto unrefrigerated flatbed trucks and bought and sold by up to six traders en route to Jakarta, where they can sit in the world's most congested traffic for hours. Farmers use traders because of the loans and transport they offer, said Yudi Firmansyah, a chilli trader in Sukabumi who supplies vegetables to three regional markets on a rented truck. About 15 percent of chillies reach their destination spoilt or too dry for Indonesian tastes, said Dadi Sudiana, chairman of the

Association of Indonesian Chilli Agribusiness. Spoilage rises to almost 40 percent of fresh fruit and vegetables, according to industry estimates. President Widodo took office in October with promises to solve such problems with a massive infrastructure push, but so far his administration has failed to spend the \$22 billion budgeted for such projects this year due to a lack of coordination among ministries. Widodo, whose approval rating has slumped from 72 percent to just 41 percent in July, had promised to build more dams, modernise irrigation systems, increase planting areas for foods and provide easier access to credit for smallholder farmers. To water Rahmat's plants, he relies on rain or fills buckets and small plastic bottles at a nearby stream. It can take up to a week of one worker's labour to water a hectare of crops. He said he had yet to see any government help under Widodo. "The government must boost irrigation infrastructure," said the association's Sudiana. "When the rainy season comes we plant chillies, but when the dry season comes we have no other option than to reduce our plants." Agriculture Minister Amran Sulaiman said 2 trillion rupiah (\$145 million) had been allocated this year for dam building in dry areas and the work was ongoing. Indonesia was once self-sufficient in rice and sugar, but like many other food crops, output has fallen due to competition for farmland from either cash crops like palm oil or from industry and housing. Since coming to power, Widodo has pursued ambitious self-sufficiency goals to protect domestic farmers.

## Robi profits slump

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"But we have been maintaining steady profits over the last three quarters." During the April-June period, the company recorded Tk 1,295.2 crore in revenues, up 5.58 percent year-on-year. The average revenue per user each month declined to Tk 144 in the second quarter from Tk 166 a year earlier. The country's second biggest mobile operator in terms of revenue added 11 lakh new subscribers in the second quarter to take its total customer base to 2.74 crore. In the second quarter last year, data accounted for 5 percent of the total revenue, which rose to 9 percent this year. Data though accounted for 10 percent of the total revenue in the first quarter this year. The decline was accredited to the introduction of Internet.org, a free internet service. "We took up a 'zero internet' policy as our corporate social responsibility, so we are not counting it as our loss," said Ahmed. Robi also demanded proper cost modelling by an international firm in light of the telecom regulator's intent to reduce the voice call rates. "Having a proper cost model is very important for taking such decisions and we think that should be done by an international firm. We are in talks with the regulator about the issue and I believe we will come to a solution." The Bangladesh Telecommunication Regulatory Commission asked mobile phone operators earlier this week to submit their recommendations about the issue by August 31. Asked about the BTRC drive to assess service quality of the mobile companies in rural areas, he said: "We welcome the move." For the first time, Robi gave a breakdown of the handsets used by its subscribers: 16 percent are now using smartphones, up from

## Private banks' credit rollout grows faster

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Credit from private commercial banks increased in the power, textiles and garment sectors, according to the NCC Bank chief. Also, people meet a lot of their demands through credit cards, due to which the private banks' consumer loans increased significantly, Ahmed added. The target for private credit growth for fiscal 2014-15 was 15.5 percent but it grew at 13.19 percent. Many of the big companies have been borrowing from foreign sources, due to which credit growth of the domestic banks has declined, Chowdhury said. The reduction in prices of petroleum products and other basic commodities is another reason for the low demand for credit, according to Ahmed of NCC Bank. A senior official of Sonali Bank said a

good amount of the bank's credit goes to Bangladesh Petroleum Corporation and Bangladesh Chemical Industries Corporation for importing petroleum products and fertilisers every year. But this year, the demand for credit from them is low and hence the low growth figures, he said. The state banks are very cautious now due to previous financial scams at banks, said an official of state-owned Agrani Bank. These banks are slow in loan disbursement, he also said. Both Chowdhury and Ahmed said the interest rate declined to less than 12 percent. However, in case of good borrowers the rate is 10 percent, they said. They are hopeful that this year's private sector credit growth target of 15 percent would be achieved, provided there is a stable political situation.

## Garment exports to Japan up 14pc

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"Bangladesh could benefit more from the Japanese market by promoting non-cotton garment items as demand is higher in Japan," said Fazlul Hoque, former president of Bangladesh Knitwear Manufacturers and Exporters Association. Bangladeshi exporters were already getting almost zero-duty benefit on knitwear exports as local spinners met about 90 percent of the sector's raw material requirements, he added. "We must tap the promising Japanese market properly, especially keeping in mind the target to export \$50 billion of garment products in 2021," Hoque said. Japan's annual garment sales are about \$40 billion, and mostly met with Chinese

supply. Since 2008 Japan's China-plus-One policy introduced to curb Japan's dependence on China has moved local retailers to look for other suppliers such as Bangladesh, Vietnam and Cambodia. Bangladeshi exports to Japan started to grow after the reciprocal visit of the prime ministers of both countries, said Akhtaruzzaman, managing director of Pacific Quality Control Co, a company which inspects potential exports to Japan. Earlier, Bangladesh was relatively unknown to Japanese customers, but its visibility has increased significantly as Bangladesh opened up to their outsourcing needs, he said.



Hafiz Ahmed Mazumder, chairman of Pubali Bank, and Md Abdul Halim Chowdhury, managing director, attend the launch of the bank's Retired Employees Welfare Fund in Dhaka. The fund will be used to assist the bank's ex-employees and their dependants.



Rashed A Chowdhury, director of ABC Ltd, and Md Ahsan-uz Zaman, managing director of Midland Bank, attend the signing of an agreement in Dhaka. Midland will establish a branch at the ABC Heritage building on Jashimuddin Avenue in Uttara,

## Thailand reshuffles cabinet to focus on troubled economy

REUTERS, Bangkok

Thai Prime Minister Prayuth Chan-ocha has reshuffled his cabinet, appointing a new finance minister and a new deputy premier to oversee the economy as the military government seeks to spur growth. Southeast Asia's second-largest economy has consistently missed government targets since Prayuth, then army chief, led a coup in May 2014 to end months of protests, with exports and domestic demand stubbornly sluggish. A weak economy could undermine support for the junta as frustration with restrictions on political activity simmers, particularly among younger voters and supporters of former Prime Minister Yingluck Shinawatra, whose government was ousted last year.