STOCKS: DSEX ▼ 0.24% 4,663.62 | CSCX ▼ 0.21% 8,663.42

COMMODITIES: Gold ▲ $1,101.10 (per ounce) | Oil ▼ $32.60 (per barrel)

ASIAN MARKETS: MUMBAI ▼ 0.44% 24,825.04 | TOKYO ▼ 0.39% 17,697.96 | SINGAPORE ▼ 1.54% 2,708.85 | SHANGHAI ▼ 5.29% 3,018.00

CURRENCIES (STANDARD CHARTERED BANK)

	USD	EUR	GBP	JPY
BUY TK	77.85	83.53	111.87	0.65
SELL TK	78.85	87.53	115.87	0.68

Star BUSINESS

DHAKA TUESDAY JANUARY 12, 2016

$200m project to automate state banks

WB to provide $150m

REJAUL KARIM BYRON

The government is set to take up a massive automation programme with financial assistance from the World Bank for nine state-owned banks to facilitate the central bank's monitoring.

To discuss the arrangement for the automation programme, Banking Division Secretary M Aslam Alam held a meeting with the chief executive officers of the banks on Sunday.

The estimated cost for the programme is $200 million, of which the WB will provide $150 million and the banks the remaining amount.

The approval for the $150 million from the WB board is likely to come by March, according to officials.

For modern banking, three-layer software is required. The main component is the core banking solution (CBS), using which all branches will be integrated online.

The state banks are still in a nascent stage with regards to automation, and the International Monetary Fund has been putting pressure on the government to accelerate the process.

The government has already made a commitment to the IMF that it will complete automation of at least four state-owned commercial banks by December this year.

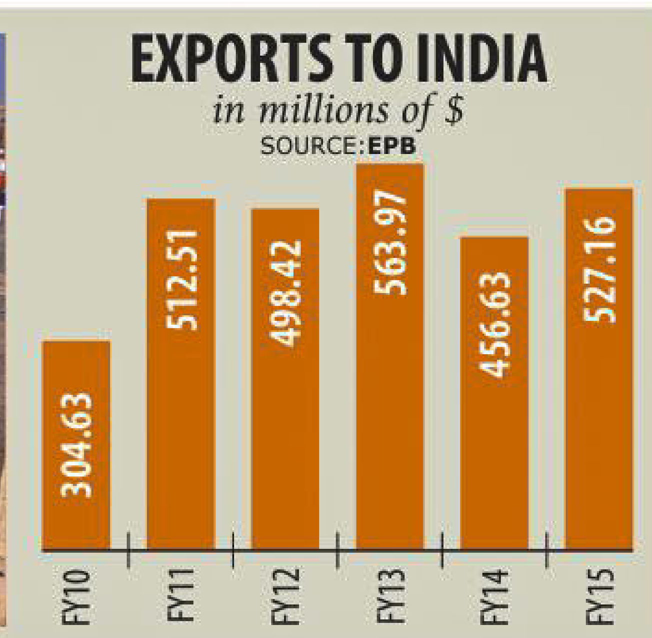
But a banking division official said it would not be possible to complete the automation of the state banks before the end of 2017.

As of October last year, the CBS system has been introduced in 403 out of 1,207 branches of Sonali Bank, according to statistics from the banking division.

In case of Janata, 260 out of 901 branches have been automated. For Agrani, the number is 509 out of 927 branches, and for Rupali 134 out of 547.

Five more state banks will be brought under the automation programme including Krishi Bank and Karmasangsthan Bank. Most of the branches of these banks are yet to be automated.

Tofail urges India to lift countervailing duty on exports



STAR BUSINESS REPORT

Commerce Minister Tofail Ahmed has urged the Indian government to withdraw the countervailing duty (CVD) on Bangladeshi exports to help boost trade between the two countries.

Ahmed made the suggestion while exchanging views with Nirmala Sitharaman, India's minister of state for commerce and industry, at the Bengal Global Business Summit in Kolkata on Sunday.

CVDs are tariffs levied on imported goods to offset subsidies made to producers of the goods in the exporting country. The duties are meant to level the playing field between domestic and foreign manufacturers of the same product.

"Bangladeshi businesses have been facing challenges in exporting to India due to the CVD. The Indian government should withdraw the duty to increase bilateral trade," a commerce ministry statement quoted Ahmed as saying.

Currently, the highest rate of CVD on Bangladeshi products destined to India is 20 percent. Garments, Bangladesh's main export item, have been facing 12.5 percent CVD since April 2013. The duty reduced the competitiveness of Bangladeshi items in India, and caused exports to fall.

This is after the Indian government allowed duty-free entry to all Bangladeshi products except 25 alcoholic and beverage items in November 2012.

With the CVD, exports to India declined 19 percent year-on-year to $456.63 million in fiscal 2013-14, mainly due to a slowdown in shipment of garment items.

In fiscal 2012-13, exports to India were worth $563.97 million, according to Export Promotion Bureau.

Bangladesh's exports to India have not increased despite measures to reduce the huge trade gap between the two neighbours.

Stakeholders have identified some major impediments -- a lack of product diversification in Bangladesh, non-tariff barriers, and inadequate banking facility along the bordering areas of the two countries.

Bangladesh mainly imports basic commodities from India like rice, cotton, onion, fabric, chemical products and dye, limestone, cattle, electricity, machinery and pulses. As a result, India has become a top source of Bangladesh's imports.

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Economy shows resilience: Citi

STAR BUSINESS REPORT

Economic fundamentals signify impressive growth prospects for Bangladesh, banking giant Citi said in its annual market update.

Showing resilience, the Bangladesh economy grew 6.51 percent in fiscal 2014-15, despite the political front presenting tough challenges at the beginning of 2015.

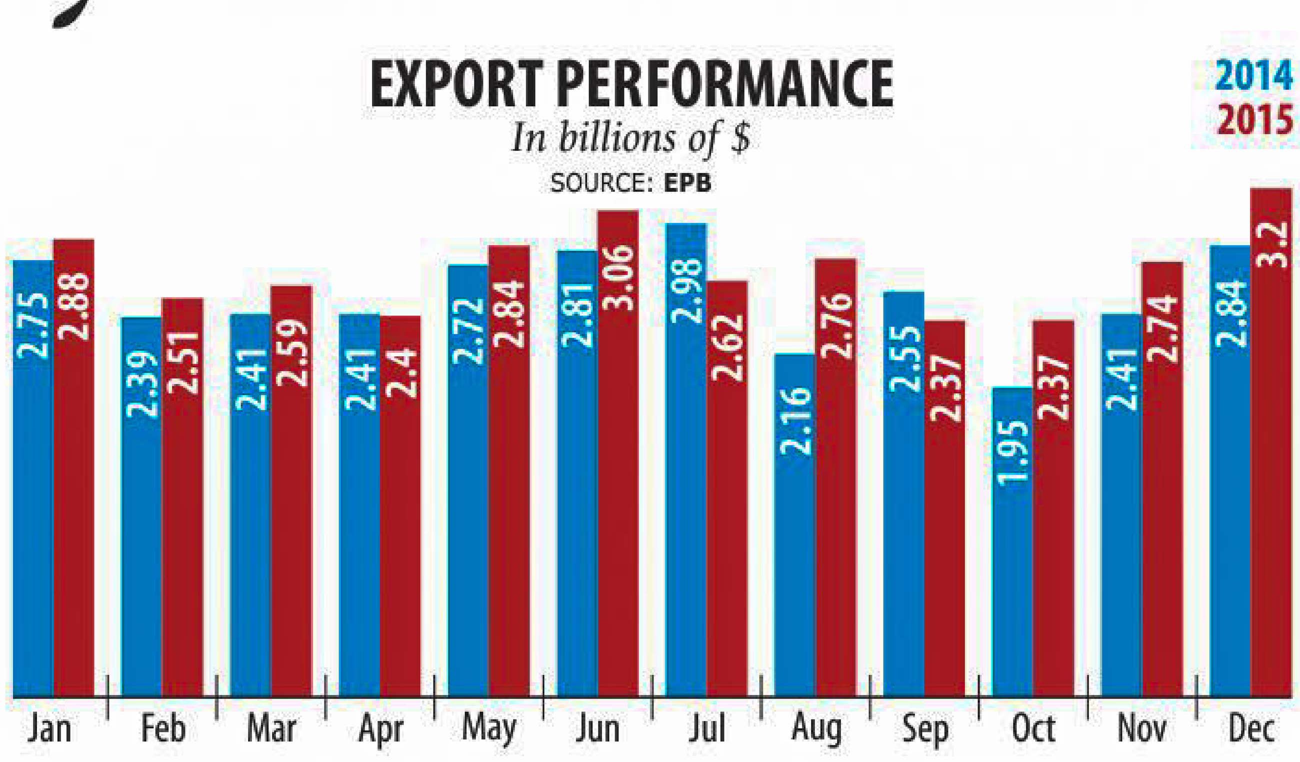
The services sector contributed the most -- 3 percent -- followed by the industrial and agricultural sector with 2.7 percent and 0.5 percent respectively, Citi said in its analysis yesterday.

Referring to the 7 percent GDP growth target for fiscal 2015-16, Citi said: "The economy gained momentum from the beginning of the new fiscal year and appears to have laid a solid foundation to meet the target."

It said 2015 marked promising feats for Bangladesh with achievement of the millennium development goals and escalation from the low-income country status to lower-middle income country as per the World Bank's classification.

"With the country achieving growth in excess of 6 percent over the last five years, focus has now shifted towards moving to the next level, and stepping up the growth rate to 8 percent by 2020 as envisaged under the country's seventh five-year plan," Citi said.

Annual average inflation decreased to 6.2 percent at the end of 2015, the lowest level since February 2013; point-to-point inflation hovered between 6 percent and 6.4 percent throughout the year before closing at 6.1 in December.



Food inflation slowed to 5.48 percent in December 2015 from 5.86 percent a year ago, whereas non-food inflation rose to 7.05 percent from 6.48 percent over the same period.

"The drop in food inflation is attributed to the increase in rice output during the harvest season, and fall in import prices of global agricultural commodities," Citi said.

"The non-food inflation rate increase was driven by supply disruptions during the first quarter of 2015 and an upward adjustment of electricity and gas prices."

Exports gained momentum after a slow start to fiscal 2015-16, rising by 7.8 percent in July-December to $16.1 billion and exceeding the $15.86 billion target for the period.

The growth was primarily driven by the apparel export growth of 9.2 percent during the same period. "At the current pace, the country is well on its way of hitting the export target of $33.5 billion set for FY16," Citi said.

Referring to the government's export target of $60 billion by 2021, Citi said diversification and investment expansion are crucial to build a sustainable platform for the country's export growth.

At present, garment accounts for over 80 percent of total exports, which is facing challenges of faltering economic recovery of the eurozone, which is one of its major export destinations and also for the taka's appreciation against the euro.

"Decisions on setting up new country specific economic zones have been applauded by the business community. Infrastructure support in the form of power, ports, and improved transport facilities through better connectivity would help to have an edge over competing nations," Citi said.

Import settlement during the first five months of the fiscal year has grown marginally by 2.48 percent to $16.6 billion from $16.2 billion in the same period last fiscal year. "The global oil price hitting record lows was one of the primary factors behind the fall in fuel import payments."

Import remained sluggish in July-September, which picked up again October onwards with rising payments for the government's mega infrastructure projects, and rising capital machinery imports amid growing confidence.

The statistics showing high growth of capital machinery imports and rising import orders provide an indication of growing investments and an expansion of production capacity.

READ MORE ON B3

Software testing centre on way

MUHAMMAD ZAHIDUL ISLAM

The government is set to establish a testing centre for locally-developed software to assure quality, a move that is expected to boost the IT sector's exports.

"As there is no process of software certification and testing in Bangladesh, local developers are always in a disadvantageous position when they compete with foreign companies, even for government projects," said Zunaid Ahmed Palak, state minister for ICT.

Bangladesh earns about $150 million from software exports a year, while its imports are 4-5 times more.

A project has already been designed by the Information Communication Division and forwarded to the Economic Relations Division for funding.

The estimated cost for the Software Quality Assurance Testing and Certification Centre is Tk 37.5 crore, Palak said, adding that talks are ongoing with South Korea for soft loans to fund the project.

The centre will be built at the BCC Building. Last year, the government has established a small-scale testing centre at Jahangirnagar University, but it turned out to be insufficient to meet the industry demands.

Palak said they have also a plan to establish an Innovation, Design and Entrepreneur Academy in the BCC building.

Officials of the ICT division said once the hi-tech park is up and running, there will be a huge demand for software testing and certification, so the government needs to start the process immediately.

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Suppliers to PPP projects may get VAT waiver

STAR BUSINESS REPORT

The National Board of Revenue may allow a VAT waiver for certain types of businesses involved with public private partnership schemes.

The NBR has sent a proposal to Finance Minister AMA Muhith for consideration, a senior official of the tax authority said on condition of anonymity.

Construction firms, consultancy and supervisory firms, suppliers and legal consultants may be exempted from paying value-added taxes for giving services to PPP projects, he said. The waiver will be part of the NBR's tax incentives to encourage investment in PPP projects and will last for a limited time.

In September last year, the government made the PPP law to spur investment in infrastructure to promote economic growth. The government also set up a PPP Authority to pay special attention to PPP projects.

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World's largest printing equipment show to begin in Germany in May

SELIM SH CHOWDHURY

Drupa, the world's leading trade fair for print and cross-media solutions, will kick off in Dusseldorf of Germany on May 31.

Winter Consulting, a marketing, communications and events agency, is organising the programme, which has been taking place every four years since 1992.

The event's main attraction will be the Drupa Innovation Park (DIP), where around 130 exhibitors will showcase their innovations in workflow processes, automation and the latest print technologies.

Drupa allows industry stakeholders to enjoy the unique advantage of discovering innovations and market-ready applications for creative print products and technologies in a convenient and compact form.

The solutions on display will be ideally complemented by presentations, panel discussions and interviews on the DIP stage, and for the first time, Drupa will devote an area to successful business and marketing concepts as well.

In view of the growing relevance of cloud integration, the print industry is increasingly interested in security aspects. This calls for smart solutions -- like those offered by Essen-based i1BOX and exhibitors in the process optimisation and automation area.

The company's maintenance-free mini server stays within the customer's premises, offers a sophisticated system concept and serves as the platform for many applications, such as data and job management, email, groupware, file sharing and asset management, which can be configured ready for use.

In the innovations in printing technologies area, exhibitors will present key technologies in modern printing and finishing, applications for functional printing, printed electronics and 3D printing and solutions for prototyping, visualisation and workflow.

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