

BB forecasts higher economic growth, lower inflation

Governor Fazle Kabir treads on the side of caution in monetary policy

STAR BUSINESS REPORT

The central bank has targeted higher economic growth but lower inflation for fiscal 2016-17 as it unveiled its cautious monetary policy for the next six months yesterday.

"In one word, the monetary policy is cautious but accommodative," Bangladesh Bank Governor Fazle Kabir told reporters at his office after unveiling the Monetary Policy Statement for July-December.

In his first MPS since his appointment in March, Kabir forecast economic growth at 7.1 percent to 7.3 percent and inflation at 5.5 percent this fiscal year.



BANGLADESH BANK TARGETS FOR 2016-17			
GDP growth	Private sector credit growth	Public sector credit growth	Inflation
7.1-7.3%	16.5%	15.9%	5.5%
POLICY RATES KEPT UNCHANGED: REPO RATE 6.75%, REVERSE REPO RATE 4.75%			

and smooth flow in the supply of goods.

The 12-month average inflation in Bangladesh has shown a declining trend for the last couple of years.

Inflation, which was 7.28 percent in July 2014, gradually fell to 5.92 percent in June 2016.

But a further decline in inflation owing to lower fuel and commodity prices may not be strongly ascertained.

"However, the inflation rate is now in a safe zone," said the MPS.

It added the central bank would remain watchful about inflation and will adjust monetary growth and policy rates if and when necessary.

Domestic credit would grow 16.4 percent year-on-year in fiscal 2016-17.

"It seems that the projected domestic credit flow target is supportive to attaining the 7.2 percent GDP growth," said the governor.

Private sector credit growth has been set at 16.5 percent and public sector credit growth at 15.9 percent.

The BB would enhance its monitoring so that the credits are not used in unproductive and risky sectors, Kabir said. It would also ensure that they go to domestic and export-oriented sectors instead.

As in the past, the central bank would ensure the availability of loans for the farming sector in order to ensure food security, said the governor.

The supervision would be tighter so that the small and medium manufacturing sectors receive low-cost financing, he said.

The declining trend for interest rates will be sustained by strengthened supervisory oversight on efforts to bring down nonperforming loans, according to the statement.

Kabir said non-performing loans or NPLs in banks in Bangladesh are higher compared to those in neighbouring countries.

BB installs a more secure SWIFT system after cyber theft

STAR BUSINESS REPORT

The central bank has installed a new SWIFT system for international transactions from its foreign currency reserves as it is determined to ensure foolproof security, Bangladesh Bank Governor Fazle Kabir said yesterday.

"The SWIFT system is being re-established in a new format through which we will be able to ensure watertight security in future," he said, adding that the system is not awaiting a third-party inspection.

Ever since the \$101 million cyber theft in early February, the central bank has undertaken a detailed remedial plan on the basis of recommendations from the BB's IT adviser and Belgium-based SWIFT.

A number of measures will be taken under the remedial plan. One of them is when the system will be restored a third party audit will be conducted.

The governor said the auditors were neither involved in the installation of the new system nor representatives of the central bank or the SWIFT.

"After carrying out the audit, if they say the system is okay it will be introduced," Kabir told reporters at his office.

Kabir was appointed the BB governor after his predecessor Atiur Rahman was forced to resign over the cyber theft of its reserve with the Federal Reserve Bank of New York.

Now, the payment instructions for the NY Fed are sent through a three-tier process alongside the normal SWIFT system that entails e-mails.

"If the NY Fed feels the e-mail is not sufficient to carry out the payment instruction, they will call us back through telephone," he said.

The payment will be made only after communication through three channels.

\$11.38b loan deal signed for nuclear power plant

STAR BUSINESS REPORT

Russia and Bangladesh yesterday signed an \$11.38 billion loan agreement, paving the way for the main construction work of Rooppur Nuclear Power Project.

The inter-governmental loan agreement was signed in Moscow, according to a statement from the ASE Group of Companies, the general contractor of the project.

The Russian loan covers 90 percent of the project cost and carries an interest rate of LIBOR plus 1.75 percent. The interest rate will not exceed 4 percent.

The repayment period is 30 years, including a grace period of 10 years. Disbursement will begin in 2017.

Sergei Anatolyevich Storchak, deputy minister for finance of the Russian Federation, and Mohammad Mejbahuddin, senior secretary of the Economic Relations Department of Bangladesh, signed the agreement.

Ten ICT startups to be awarded today

STAR BUSINESS REPORT

The government will allocate free space to 10 startups at Bangladesh's first software technology park that could represent the country positively on the global digital map.

At a ceremony today, the Information Communication Division will announce the names of the winning companies that took part in a startup incubation competition of more than 400 companies.

The winners will get space free of cost at Janata Tower Software Technology Park in Karwan Bazar and Tk 5 lakh each as seed money to set up their businesses.

The ICT Division opened the competition in October last year and identified the top 100 startups, and after an extensive process, the top 50 were nominated. Further scrutiny led to the selection of the top 10.

Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy and International Telecommunication Union's Secretary General Houlin Zhao will be present on the occasion.

Zhao is due to arrive in Dhaka today for a brief period to attend the programme, said Hosne Ara Begum, managing director of Bangladesh Hi-Tech Park Authority.

Mobile operator Banglalink has agreed to finance the completion of the fourth floor of the tower that will be allocated to the startups.

Banglalink will also help groom the ten companies for the next one year -- free of charge.

Top officials from VimpleCom, the parent company of Banglalink, will also be present at the gala event, according to the operator.

Earlier last year, the government inaugurated the tower after a long legal battle.

Bangladesh Association of Software and Information Services, and Bangladesh Hi-Tech Park Authority are supporting the initiative of the ICT Division, while the other partners are Fenox Venture Capital, GAP and Kizki.

INAUGURATION INTERNATIONAL APPLIANCES LTD



Top officials of Singer Asia Ltd, Singer's Bangladesh management and Shanghai Sonlu Shangling Enterprise cut a ribbon to mark the opening of the company's new refrigerator factory in Savar yesterday.

Singer opens refrigerator plant in Savar

Singer Bangladesh's profit soars 153pc in April-June

STAR BUSINESS DESK

Singer Bangladesh opened a new refrigerator plant at Savar in Dhaka yesterday, according to a statement.

The factory is part of International Appliances Ltd, which is majority owned by Singer, in a joint venture with a large international home appliance manufacturer based in China.

The refrigerators feature the latest designs and technology, highest quality materials and are sold at competitive prices in a wide range of popular colours.

Commercial production has commenced for sale in Singer shops and dealers country-wide.

Meanwhile, Singer Bangladesh's net profit in the April-June quarter soared 153.3 percent year-on-year to Tk 20.29 crore, driven by stable trading conditions, additional marketing initiatives and new product offerings.

"I am very pleased with the progress made in 2016. The turnover for the six months increased 37 percent, driving a sharp improvement in net income of over 2.5 times boosted by higher gross margins, controlled operating expenses and lower interest costs," said Gavin Walker, chairman of Singer Bangladesh.

BPO summit kicks off in Dhaka tomorrow

STAR BUSINESS REPORT

Encouraged by the success of the first business process outsourcing (BPO) summit in December last year, the government along with the private sector is hosting the second edition of the event at Sonargaon Hotel in Dhaka tomorrow.

The government and BPO entrepreneurs aim to earn \$1 billion from the sector and create two lakh jobs in the next five years.

The sector currently earns about \$180 million a year and growth is nearly 100 percent, said Zunaid Ahmed Palak, state minister for ICT, at a press briefing at his office yesterday.

"Our target is to earn \$3 billion from the ICT sector by 2021 and BPO can contribute \$1 billion to it," said Palak.

The ICT division and Bangladesh Association of Call Centre and Outsourcing (BACCO) are jointly organising the two-day summit, which will be attended by 47 local and 20 international analysts.

Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy will open the event. Ministers, senior officials and experts will also attend the programme as discussants, the organisers said.

The BPO industry has already created 30,000 jobs, and the government plans to increase the number to two lakh by 2021, Palak said.

"BPO is a promising sector for earning foreign currency and job creation," he added.

At the first BPO summit, around 235 people got jobs, while another 10,000 showed their eagerness to work in the industry, said organisers.

India is currently the market leader in BPO, earning \$80 billion a year, while the Philippines earns \$16 billion and Sri Lanka \$2 billion; they all got success in the last few years, Palak added.

India started its journey in the field 20 years back, he said. "We have just started and we are targeting to reach that milestone."

Siam City Cement starts its journey in Bangladesh

STAR BUSINESS REPORT

Bangkok-based Siam City Cement Public Company has recently acquired cement maker Cemex and started its operation in Bangladesh.

The company with operations in different countries in South East Asian region has 47 years of experience in the industry.

Cemex, a Mexico-based cement manufacturer, sold its operations in Bangladesh and Thailand to Siam City for about \$53 million.

The proceeds obtained from the transaction will be used mainly for debt reduction and general corporate purposes, according to the website of Cemex.

Cemex started its journey in Bangladesh in 1999, and began sales and distribution activities in May 2000 by importing finished goods from Indonesia.

Earnings of Dhaka West customs exceed target

STAR BUSINESS REPORT

The Customs, Excise and VAT Commissionerate of Dhaka West earned Tk 602 crore in that fiscal year. Its revenue rose to Tk 731 crore in 2012-13.

There are 11 customs, excise and VAT commissionerates under the NBR. Of them, only Dhaka west zone has been able to achieve the target set in the original budget.

Rahman said the enhancement of institutional capacity and strict monitoring helped them beat the target.

"We have detected VAT evasion by some large companies and realised a good sum of taxes from them," he said, adding that some 59 cases of tax evasion were filed last year.

The commissionerate has also brought massive changes to the attitude of employees who are now promoted and posted based on their performance.

Job diary has been introduced for every employee to make them responsible and accountable to their work.

The commissioner has automated the commissionerate so that documents are preserved and customers are not harassed by the employees.