DHAKA WEDNESDAY AUGUST 10, 2016, SHRABAN 26, 1423 BS

Inflation slows further down

Consumer prices stand at 5.4pc in July; lowest in 45 months

STAR BUSINESS REPORT

Inflation stood at 5.4 percent in July, which is the lowest in 45 months, helped by a decline in the prices of nonfood items.

The decline gives the government confidence in reaching its inflation target --5.8 percent -- set for the current fiscal year.

Non-food inflation contributed to the fall in overall inflation last month: it stood at 6.98 percent in July, down from 7.5 percent in June, according to Bangladesh Bureau of Statistics. Food inflation rose mar-

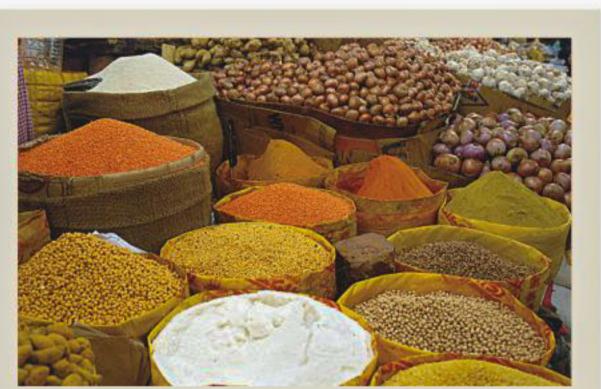
ginally to 4.35 percent in July from 4.23 percent a month earlier.

Inflation stood at 5.92 percent on average in fiscal 2015-16 -- the lowest in 12 years and even lower than the government's budgetary target of 6.2 percent.

prices on the international market and prudent macroeconomic management helped lower inflation, according to the government.

Sadiq Ahmed, vice-chairman of the Policy Research Institute of Bangladesh, however thinks the inflation rate remains stubbornly high relative to the global rate.

Inflation in Bangladesh is among the highest in the





decision to further relax Satisfactory agricultural production, a slide in fuel monetary policy and aim for higher growth in private credit in the face of rising trend of core inflation is counter-

> intuitive. The evidence suggests that the higher growth of liquidity will not likely help private investment or gross domestic product growth but might simply feed into inflation, Ahmed wrote.

> > READ MORE ON B3

South-East Asia region,

and substantially higher

than its major trading

partners in Europe and

America, the former econ-

omist of the World Bank

As global inflation has

come down dramatically

to the 2-3 percent range,

there is little justification

for Bangladesh to inflate

at the 6 percent rate, he

prices have fallen substan-

tially, providing a major

opportunity for countries

to reduce their domestic

inflation through proper

conduct of fiscal and

advantage of this opportu-

nity, Bangladesh Bank

seems to be missing the

The economist said the

"By failing to take

monetary policies.

Global commodity

wrote in an article.

said.

BTRC to scrap another 204 ISP licences

STAR BUSINESS REPORT

......

The telecom regulator is going to scrap licences of 204 internet service providers (ISPs) from August 25 in a bid to strengthen ICT security.

These ISPs did not respond to the queries by Bangladesh Telecommunication Regulatory Commission in the last one year.

BTRC yesterday directed all international internet gateway (IGW) operators not to provide bandwidth to these ISPs from August 25.

MA Hakim, president of Internet Service Providers' Association of Bangladesh, said they received a letter from the regulator.

"As far as we know, most ISPs on the list have been out of business for the last couple of years, so if these licences are cancelled, it will not impact the industry," said Hakim.

Currently, there are 34 lakh internet connections provided by ISPs across the country, according to the regulator. BTRC will also take legal action against these 204 ISPs, under Telecom Act 2010, reads the letter.

Earlier in 2015, the regulator cancelled 63 ISP licences in two different initiatives.

READ MORE ON B3

WB to give \$120m to upgrade connectivity

STAR BUSINESS REPORT

The World Bank will provide \$120 million to Bangladesh to develop infrastructure in the bordering areas, which will upgrade regional connectivity and increase trade under the BBIN initiative.

The government will have to take this initiative as the four BBIN nations --Bangladesh, Bhutan, India and Nepal -agreed upon regional multimodal connectivity, Commerce Minister Tofail Ahmed told journalists at his secretariat after a meeting with WB Country Director Qimiao Fan in Dhaka.

"Once the BBIN is in place, the transportation of goods among the four nations would be easier as each country agreed to allow the use of other's territories to carry goods," the minister said.

The BBIN deal, which was signed last year in Bhutanese capital Thimphu, will come into effect once Bhutan ratifies the agreement in its parliament; the other three nations have already done so. Fan said the Bangladesh Regional

Connectivity Project-1 will help Bangladesh reduce time and cost of regional trade. The project that is now under preparation has a number of components, he said. Firstly, the project will support invest-

that are under the shipping ministry and will support the National Board of Revenue to set up a government wide single window for trade.

ment to improve a couple of land ports

The project will also improve the capacity of traders by providing support and

services to them.

The scheme will also support the national trade and transport facilitation committee, Fan said.

"We hope, through this project, we can help enhance regional integration through trade, transport, power trade as well as other aspects of regional integration," he said.

Fan said Bangladesh is now the WB's

concessionary arm for International Development Association (IDA) and is the largest IDA recipient across the world. "So, obviously, Bangladesh is an extremely important partner for World

Bank. At the moment, we have a total investment commitment of just under \$10 billion in active investment projects in the country," Fan said. He said the Bangladesh government has

been implementing a lot of projects in many areas like education, health, social protection, agriculture and the financial sector. "So, a wide range of areas, that we are

providing financing to, support the projects that the government sees as priority. We bring just not financing, we can also bring in experience from other countries," he said. Regarding the country's development

progress, he said Bangladesh itself is a successful development story in many

"Bangladesh has a lot to offer to the rest of the world in terms of its development achievements. Very often, I am amazed to see the country with so many people with such little land has been able to feed all its people today."

READ MORE ON B3

BB clears way for freelancers to earn more from abroad

STAR BUSINESS REPORT

The central bank yesterday raised the maximum limit for inward remittances from \$2,000 to \$5,000 per transaction

authorised dealers to bring in funds from overseas against outsourcing services by signing deals with online payment gateway service providers.

Association of Software and Information Services or BASIS, welcomed the decision.

"This will help freelancers and outsourcing companies bring in their export income in larger amounts," he said.

value services such as data entry/data processing, offshore IT services, business process outsourcing.

Under the initiative, freelancers and outsourcing companies can receive their overseas payments through Paypal,

should also raise the annual spending limit for IT and ecommerce companies to \$50,000 from \$20,000 and

"Our competitors spend \$50,000 per year for promoting their products through Facebook and Google whereas we can spend only \$20,000. As a result, we are lagging behind our competitors," he said.

READ MORE ON B3

Voluntary retirement for Airtel employees on cards

Robi, Airtel merger may get approval today

STAR BUSINESS REPORT

Airtel employees are free to leave Robi under a voluntary retirement scheme after the two operators merge, if they do not want to be a part of the merged entity.

All 450 employees of Airtel will get the benefit under the scheme, which will be of international standards.

The development, which was chalked up by the telecom regulator, will go some way toward assuaging the nerves of Airtel's employees who fear job losses after the merger.

Grameenphone announced a similar scheme in June, which was taken up by about 350 employees. According to Grameenphone's programme, employees

in three categories, based on the tenure of service, will receive the scheme benefit.

They received a minimum of 24 basic salaries and a maximum of 70 basic salaries, depending on their positions. The regulator has also imposed a condition that it should

be informed of news of termination of any Airtel employee who joins the merged company with reason for three years after the merger.

READ MORE ON B3

for freelancers and outsourcing companies. Bangladesh Bank issued a notice yesterday, allowing

Shameem Ahsan, a former president of Bangladesh

The facility covers inward remittances against small-

Money Bookers, Best Payment Gateway and Virtual Pay. Ahsan, also a director of the Federation of Bangladesh Chambers of Commerce and Industry, said the government

monthly expenditure to \$5,000 from \$2,000 now.

Prime Minister Sheikh Hasina receives a Tk 75 lakh cheque for flood victims under the Prime Minister's Relief Fund from Bank Asia Chairman A Rouf Chowdhury, at a function at Gono Bhaban in Dhaka yesterday.

Investors closely watching post-attack events: MCCI

Foreign investors have not turned their back on Bangladesh despite the deadly Holey Artisan restaurant attack but are closely following the developments, said a leading chamber yester-

"They keep their eyes on what happens next in the country," said Metropolitan Chamber of Commerce and Industry (MCCI).

In its regular quarterly review on the economic situation in Bangladesh, the chamber said despite the deadly attacks, Bangladesh's low labour costs and efficient supply chain, especially in the readymade garment industry, remain attractive to investors.

However, the investors consider the underdeveloped infrastructure, shortage of power and energy, lack of consistency in policy matters, scarcity of industrial lands, administrative weakness of the Board of Investment, and

political uncertainty as major impediments to of a middle income country by 2021." new investment. "The government needs to address these

impediments to attract more FDI." The chamber said the volume of foreign

direct investment received by the country is not enough for its economic development. Prospective foreign investors have adopted a 'go-slow' strategy in making fresh investments since 2013.

The review said Bangladesh's economy is progressing well, but below its true potential. Inadequate infrastructure and shortage of power and energy are now major impediments to the growth of the economy. Major challenges include accelerating eco-

nomic growth, raising private investment growth, and containing inflation.

which is essential for achieving higher GDP "There is no alternative to raising the level of investment, if Bangladesh is to attain the status

The chamber also said political harmony

should be maintained in the country to achieve the government's growth and inflation targets.

The review, which covered the April-June period, said the agriculture sector performed well last fiscal year, but continuous government support with inputs and finance will be needed to sustain the sector's growth. "Services and manufacturing sectors are also

doing well but they will need government support in different fields," it said, adding that infrastructure deficits and gas and power supply problems were undermining the performance of all productive sectors of the economy in particular.

MCCI said a shortfall in revenue collection and weak implementation of the annual development programme are currently the major worries for the government.

IDLC launches new scheme for retail investors

STAR BUSINESS REPORT

IDLC Investments yesterday formally introduced a monthly investment product -- Easy Invest -- for the retail investors, especially those who have limited knowledge on the capital

Easy Invest offers an individual investor an opportunity to deposit a minimum of Tk 3,000 a month, which IDLC will trade in a structured manner for them and reduce the risks for cost averaging

market.

BANK ASIA

over a long time. It is a discretionary portfolio management product that will build a portfolio over time, with small investments at regular intervals.

The newly launched product is designed to attract small savers and bring people who lost hope since the market crash five years ago back to the stockmarket, said Arif Khan, managing director of IDLC Finance that owns IDLC Investments.

"This is a new concept in our country, even though it is popular in India -- commonly known as systematic investment plan," he said at the launch of Easy Invest.

The product is for those investors who have little or no knowledge about the stockmarket or do not have much time to follow the market, he added. "IDLC has always been

in pursuit of innovating new products to change the lives of people in our society with its little capacity," he added. Addressing the function,

Mirza Azizul Islam, a former caretaker government adviser, said the capital market is still in a better situation than the money market, considering the rate of return on investment. READ MORE ON B3

READ MORE ON B3