

Fed says 30pc of US adults face financial strain

AFP, Washington
 Nearly one-third of US adults face financial difficulties or are "just getting by," despite a slight improvement in well-being in the overall population, according to Federal Reserve report released Friday.
 The survey showed 30 percent or 73 million adults described their personal financial situation as difficult, but the rates of hardship

were higher in black and Hispanic populations, compared with whites.
 The Fed's annual appraisal of economic well-being of US households showed more adults would be able to withstand a modest financial disruption than in years past.
 The number of respondents saying they could not cover a \$400 emergency expense, or would cover it by selling something or borrowing money was down to 44 percent

from 50 percent in 2013.
 Even so, the Fed said, "Substantial shares of adults are struggling with their regular expenses or would struggle to cope with an unexpected hardship."
 The Fed spotlighted the continued impact of soaring health care costs on everyday Americans, with 10 percent of adults, or 24 million, carrying debt from medical expenses incurred over the last year. Costs for higher education were

another key difficulty, with more than half of the adults who attended college taking on debt.
 Overall, the picture is slightly improved, with 70 percent of Americans reporting they were living comfortably or doing okay financially, up from 69 percent in 2015 and 62 percent in 2013.
 The report is based on a survey sent to almost 12,000 adults that drew responses from about 56 percent of that sample population.



Khwaja Shahriar, acting managing director of LankaBangla Finance Ltd, cuts a ribbon to open its new branch at Rangolal Plaza in Goalchamot, Faridpur on May 18.

GSMA calls for lower 4G spectrum prices in Bangladesh

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 The BTRC also plans to slap on an additional \$7-\$8 million for per MHz of technology neutrality on the existing spectrum on the 1,800 and 900 bands.
 It also proposed 15 percent revenue sharing with the operators from 4G services along with Tk 7.5 crore as annual fees. The licence tenure will be 15 years.
 Mobile operators currently share 5.5 percent of their gross revenue from 2G and 3G services with the BTRC, in addition to 1 percent as contribution to the social obligation

fund.
 The London-based association, which represents the interests of about 800 mobile operators across the globe, also called upon the government to reduce the burden of levies to facilitate the deployment of affordable voice and data services for the people of Bangladesh.
 Spectrum's greatest value is realised when used by mobile technology and devices to provide social and economic opportunity for all of Bangladesh's citizens, it said, while citing the mobile industry's contribution to the GDP in 2015 to further the point.

In 2015, the mobile industry contributed 6.2 percent to Bangladesh's GDP.
 Besides, new research links high spectrum prices with lower quality mobile services, it said.
 "In short, mobile operators have less capital left for new networks and services," said Brett Tarnutzer, head of spectrum at GSMA.
 The proposal of imposing incremental fees on top of the already-high fees risks deterring operators from acquiring much-needed

spectrum, he said, while citing India, Ghana, Mozambique and Senegal as recent examples of countries where 4G spectrum has gone unsold.
 "This would be extremely damaging not only for the Bangladesh mobile industry but also for the country's economy overall," he added. Last month, the mobile operators wrote to Tarana Halim, state minister for telecom to sound out their opposition to BTRC's proposal to hike the spectrum prices and revenue sharing percentage for 4G services.

Raise investment in PPP projects: expert

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 Md Nojibur Rahman, chairman of the National Board of Revenue, said the finance minister is going to hold a meeting with the revenue officials today. Rahman said he would suggest raising allocation for PPP projects in the next national budget.
 Many positive announcements may come for the implementation of the PPP projects in the next budget, Rahman added.
 People may say that the government is slow in implementing the projects under the PPP initiative, but there are some challenges and weaknesses that need to be resolved first, said Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority.

Previous experiences should be used in project implementation, he added.
 "We should have a very strong regulator and good transaction adviser for the PPP projects," said Arastoo Khan, chairman of Islami Bank Bangladesh.
 He said the governance issue is important in the implementation of the PPP projects.
 Shamsul Alam, senior secretary to the Planning Commission, said strong and committed cadres are needed to give PPP a sustained momentum.
 Wendy Jo Werner, country manager of the International Finance Corporation, said the PPP office needs to develop the investment climate and it should emphasise the current projects.



Prime Minister Sheikh Hasina receives a cheque for Tk 4 crore from Rukhmila Zaman, chairman of United Commercial Bank, and Anisuzzaman Chowdhury, executive committee chairman of the bank, as donation to the Prime Minister's Education Assistance Trust and the Shuchona Foundation at Gono Bhaban on Monday.



Bangladesh Marine Academy cadets and senior officials participate in a daylong symposium conducted by Lub-rref (Bangladesh) Ltd in Chittagong on May 17.

Regent starts Doha flights

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 Doha is Regent Airway's second destination in the Middle East. The carrier started its journey to the region with flights to Muscat, the capital of Oman, in April last year.
 Speaking on the occasion, Yasin Ali said with the introduction of the route, Regent has reached another milestone in its efforts to achieve the goal of becoming a trusted travel partner of Bangladesh expatriates in the Middle East.
 Fazle Akbar said flights on the Doha route have been introduced to cash in on the opportunities of expanding job market for Bangladeshis in Qatar ahead of the FIFA World Cup in 2022.
 Regent will also fly on Chittagong-Doha-Chittagong route from the first week of next month.
 Including all taxes, the lowest fares on the Dhaka-Doha route are Tk 23, 858 (one way) and Tk 40,596 (return).
 Regent operates international flights on Kuala Lumpur, Singapore, Bangkok, Kolkata, Kathmandu and Muscat routes and domestic flights on Chittagong and Cox's Bazar routes.
 Flight operation to Saudi Arabia's Dammam will start next month, according to the statement.

Bangladesh can spearhead digital innovation: analysts

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 The first-of-its-kind event was organised by the Bangladesh Brand Forum with the view to pushing the innovation agenda for Bangladesh.
 "Participation in the global digital economy is imperative for us," said Zunaid Ahmed Palak, state minister for Information Communication and Technology, in his presentation.
 Creating a digital entrepreneurship platform will enable Bangladesh to innovate faster, create new opportunities, develop technical skills and help realise the vision of Digital Bangladesh.
 "This is why the government is also focusing on innovation and digital entrepreneurship development," he said, adding that the country has targeted to develop 1,000 innovations by 2021.
 Palak said the government aims to create a successful innovation, entrepreneurship and venture capital ecosystem.
 Mahboob Zaman, managing director of DataSoft System Bangladesh Limited, stressed on sustainable innovation.
 "We need proper collaboration between the industry and universities. Without collaboration, no innovation will be sustainable," said Zaman, former president of the Bangladesh Association of Software

and Information Services.
 He also said the fourth industrial revolution will happen through digital innovation. "And here, Bangladesh can play an important role," he added.
 Since the majority of the country's 160 million-strong population is youth they can be the change maker, said Sonia Bashir Kabir, managing director of Microsoft Bangladesh.
 "Fail first and then you can get success with your innovation. Without failure success could be feebler," she added.
 Syed Farhad Ahmed, managing director and chief executive officer of Aamra Technologies, said they are fully supporting start-ups and have already funded six such companies.
 "Anyone can change the face of Bangladesh," he added.
 Kristin Low, co-founder of Brinc Plus, a Hong Kong-based internet of things accelerator, said by 2030 emerging Asia will lead in digitisation, and within next few years most start-ups will come from this market.
 "And if the Bangladeshi youths can present their potential they can grab a big portion of it," he added.
 Kazi Monirul Kabir, chief innovation officer of Spider Digital Innovations of Dubai, and Shariful Islam, managing director of BBE, spoke, among others.

Banks irked by interest rate cap on credit cards

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 "We protest the move as it was taken without any discussion with banks," he said, adding that the interest rate on credit card is 2 to 3 times higher than the average lending rate in other countries. Bankers said the interest rate of 16-17 percent is not sustainable for the credit card business.
 They said they have to spend about 20 percent, such as 5 percent on cost funds, 5 percent for general provision (regulatory requirement), 5 percent for bad debt (minimum) and another 5 percent for other operating costs and promotional activities.
 In addition, there are huge risks involved with credit card as it is fully collateral free.
 Besides, banks have to make huge investments in infrastructure, marketing and other promotional activities for the credit card business, said Mashrur Arefin, additional managing director of City Bank.
 For instance, City Bank spent Tk 60 crore to develop the infrastructure, including installation of point-of-sales machines across the country, for credit card transactions. The bank maintains a round-the-clock call centre for the credit card customers.

"We have to understand that credit card is not the same as other loan products."
 In India, the interest rates on credit card hover between 38 percent and 48 percent, and in Pakistan it is 35 percent, according to Arefin.
 Even in developed countries where normal loans cost 2 to 5 percent, credit card costs at least 15 percent. Recently, Indonesia's central bank put a cap on credit card interest rates at 27 percent, he added.
 "Credit card is an investment-intensive industry. The way the ceiling has been set is not sustainable for banks," said Nazil A Chowdhury, head of consumer banking of Eastern Bank that has 1.25 lakh active credit cards.
 However, a BB official concerned defended their move to cap the interest rate.
 While the average lending rate came down to single digit for many loan products, it is 30 to 36 percent for credit cards.
 "This high rate is very unusual and we have decided to cap the interest rate."
 There are nearly 9.5 lakh credit cards in the market, according to the BB. But the number of issued cards would be around 15 lakh in the market. Loan portfolio against the credit cards stands at around Tk 2,000 crore, industry players said.

Canada April inflation lower than expected at 1.6pc

AFP, Ottawa
 Canadians paid 1.6 percent more for goods and services in April than a year earlier, as lower food costs were offset by higher energy prices, the government statistical agency announced Friday.
 Inflation matched the rate in March. Economists had forecast a slightly higher 1.7

percent uptick in prices.
 Food prices in April were down for a seventh consecutive month, said Statistics Canada.
 Transportation costs, including passenger vehicles, were up but at a slower pace. Gasoline prices rose in part due to supply disruptions at oil refineries as they changed over to summer fuel blends.

Private investment flatters to deceive

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 It could have gone to the garment sector, according to Nurul Amin, managing director of Meghna Bank.
 In recent times a big portion of the increase in import of capital machinery was safety equipment as apparel exporters look to please their Western retailers with their enhanced workplace safety measures.
 Import has also been increasing as a result of the government's implementation of large infrastructure projects.
 In the first nine months of the fiscal year, letters of credit opening and settlement for capital machinery soared 52.82 percent, according to data from the BB.
 "The real industries that generate employment are not taking that many loans," Amin added.
 In the first nine months of the fiscal year, private credit growth stood at 10.08 percent, down from 10.76 percent recorded for this period a year earlier by the BB.
 Khondaker Golam Moazzem, additional research director of the Centre for Policy Dialogue, said large business groups are putting emphasis on consolidating their existing business instead of expansion.
 The challenge before the medium and small investors is that, on one hand they have to compete with cheap imports and on the other hand, existing big business groups have captured a big market, Moazzem said.
 There are a lack of facilities like power, gas and infrastructure. "This is the biggest problem investors, especially the new ones, have been facing."
 Another reason is contraction of domestic demand arising as a result of sliding remittance. "This may have an adverse effect on increasing investment," Moazzem added.
 Planning Minister AHM Mustafa Kamal has acknowledged the fact that the private sector is not growing much.
 The private sector will not come forward with investment plans if the necessary infrastructure is not there or if there are not enough profits to be made.
 "We have not yet been able to provide the necessary infrastructure. This is very true."
 He also acknowledged that there is still a shortage of electricity. "We cannot provide power as soon as demand is placed."
 However, as per the government plan, the investors will have to wait for another one year. "After that the private sector will be given enough power as soon as demand is placed," he added.



The 6th annual general meeting of Bangladesh Infrastructure Finance Fund Ltd took place on May 15. Hedayetullah Al Mamoon, chairman of BIFFL, presided over the meeting.



A team of 41 bankers from 17 commercial banks led by Muhammad A Rume Ali, banking commission chairman of the International Chamber of Commerce Bangladesh, attended a meeting at the ICC headquarters in Paris on May 16.

NBR still prefers uniform VAT rate

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 The NBR wants to ensure that VAT is properly deposited to the public exchequer, he said.
 Zakir Hossain said the power division would set a MRP and can claim VAT rebate under the new law. So, the tariff of power will not go up.
 He said businesses would be able to claim VAT rebate if their purchase VAT is higher than the sales VAT.
 Jahangir said 160 countries have implemented VAT with an average rate of 16.5 percent.
 "The new law will plug holes in VAT evasion and reduce tax burden on the existing taxpayers," he added.