

WB to set up centre for urban development

STAR BUSINESS REPORT

The World Bank yesterday struck a preliminary agreement with four national professional institutions to set up a centre that will support cities and local agencies to improve the lives of citizens in Bangladesh.

The Washington-based lender signed the memorandum of understanding with the Bangladesh Institute of Planners, the Institute of Architects of Bangladesh, the Institution of Engineers, Bangladesh, and the Municipal Association of Bangladesh to set up the Centre of Excellence for Urban Development (CEUD).

The World Bank said Bangladesh has experienced some of the most rapid urbanisation in South Asia, yet its cities offer inadequate infrastructure and low levels of urban services, particularly in district towns and municipalities.

The four institutions have assisted city corporations and municipalities to prepare and implement multi-year capital investment plans. To date, some 31 urban local governments have prepared their investment plans under the project.

"Unplanned and rapid urbanisation has affected livability in the cities," said Rajashree Paralkar, acting country director of the WB.

"In response to urban governance challenges, this framework will help the urban

local bodies become strong, responsive and inclusive local government institutions, which are able to provide better urban services."

The bank will provide technical support to the CEUD to improve the performance of the urban local government bodies. In turn, the CEUD will bring together key stakeholders from the public and private sectors to improve the urban management capacity of urban local government institutions by collaborating, sharing knowledge and providing trainings.

It will also initiate a young professional internship programme in the urban local governments, according to the statement.

The Swiss Agency for Development and Cooperation has provided a \$3.76 million grant to support the bank's technical assistance for the CEUD as well as the ongoing Municipal Governance and Services Project (MGSP) and the Third Local Government Support Project (LGSP III).

For the MGSP, the bank has committed \$410 million for improving municipal governance and basic urban services in district towns and municipalities. For the LGSP III, it has committed \$300 million for empowering union parishads, the lowest tier local governments with discretionary funds that would enable communities decide and implement local development priorities.

Water expo starts today

STAR BUSINESS DESK

Bangladesh Water Expo 2017 is set to kick off today to showcase innovative technologies for water and wastewater management.

Water Today Private Ltd—an Indian company—in association with Adroit Environment Consultants Ltd and E3 Solutions will organise the three-day expo, at International Convention City, Bashundhara in Dhaka.

Lawmakers, analysts and government officials will take part at the inauguration ceremony of the expo, Water Today yesterday said in a statement.

The event is a unique forum with focus on clean water supply to rural areas, desalination, drinking water, process water, wastewater and zero liquid discharge in one comprehensive show, according to the statement.

The expo will house a host of companies offering cutting-edge products and services for water and wastewater management.

RBI keeps repo rate unchanged but frees up more liquidity

REUTERS, Mumbai

The Reserve Bank of India (RBI) kept its policy rate steady at a near seven-year low of 6 percent on Wednesday despite a sharp slowdown in economic growth, after a surge in inflation that threatened the central bank's target.

The decision had been widely expected, with all but three of the 60 analysts polled by Reuters having forecast the repo rate would be kept unchanged after the RBI lowered it by 25 basis points (bps) at its last meeting in August.

But policymakers surprised investors by taking steps to release more liquidity into the financial system, which will give banks more funds to lend.

The RBI said it would lower the statutory liquidity ratio (SLR), or the amount of bonds that banks must set aside with the central bank, by 50 bps to 19.50 percent from mid-October.

The move sent bonds sharply lower due to worries about more supply, but the rupee and stock markets rose.

The RBI said in a statement that the decision to keep the repo rate on hold reflected its concern that con-

sumer inflation could accelerate further after hitting a five-month high of 3.36 percent in August, not far from the central bank's 4 percent target.

The RBI said it would thus keep its policy stance at "neutral," even as the central bank is facing pressure from government officials and executives for more rate cuts to prop up an economy growing at its slowest pace in over three years.

"The MPC (monetary policy committee) remains committed to keeping headline inflation close to 4 percent on a durable basis," the RBI said.

Five members of the committee voted to keep rates unchanged, while one voted for a cut of "at least" 25 bps.

The RBI also kept the reverse repo rate unchanged at 5.75 percent.

The benchmark 10-year bond rose 9 bps to 6.68 percent after the SLR decision. But the rupee strengthened to 65.22 per dollar from around 65.34 before the announcement, while the NSE share index was up 0.7 percent.

The RBI has long made clear that keeping inflation at around 4 percent, the midpoint of its mandated target of 2 to 6 percent, would be its policy

priority. The RBI also raised its inflation projection for October-March to a range of 4.2 to 4.6 percent, above its inflation target and above its previous projection.

Among its concerns on inflation RBI cited rising food prices, price revisions after the recent implementation of a national goods and services tax, and stubbornly high core inflation.

By standing pat, the RBI could face pressure from government officials and executives to do more to help prop up an economy that in just months has gone from one of fastest expansions in the world to growing by only 5.7 percent in April-June, well below the 8 percent needed to generate full employment.

RBI officials took advantage of an extraordinary period of low inflation to cut rates by 200 basis points from January 2015 to August 2017, when it became the first Asian central bank to cut rates this year.

But the RBI is now pivoting to tackle accelerating inflation, despite cutting its end-March projection for gross value added - the indicator of economic growth it prefers - to 6.7 percent from its previous forecast of 7.3 percent.



BANGLADESH BANK

SK Sur Chowdhury, deputy governor of Bangladesh Bank, speaks at a press meet at the BB headquarters in Dhaka yesterday, to conclude a learning event on sustainable finance for the central bank officials of Ghana, Nepal and Nigeria. Johnson Pandit Asiama, deputy governor of Bank of Ghana; Shiba Raj Shrestha, deputy governor of Nepal Rastra Bank, and Aisha Usman Mahmood, Central Bank of Nigeria's special adviser to the governor on sustainable banking, attended the three-day event organised by the International Finance Corporation and Bangladesh Bank.

Microsoft keen to help Bangladesh in digital transformation

STAR BUSINESS REPORT

Microsoft is keen to help Bangladesh more in the country's digital transformation, according to a top official of the US technology giant.

Ralph Haupter, president of Microsoft Asia, reiterated the commitment on Tuesday during his visit to the country.

During his daylong visit, Haupter met with AMA Muhith, finance minister, and Fazle Kabir, governor of Bangladesh Bank, discussing the development of the financial services industry, and progress of ICT in Bangladesh.

Also the corporate vice president of Microsoft Inc, Haupter held a meeting with Tarana Halim, state minister for post and telecommunications. They discussed various aspects of the digital transformation in Bangladesh and how Microsoft can be a partner in the process.

"Ralph's visit to Bangladesh demonstrates Microsoft's commitment to empower every person and every business in Bangladesh with the tools and solutions to reap the benefits of the digital economy," said Sonia Bashir Kabir, managing director of Microsoft Bangladesh, in a statement. "We are working in close collabora-

tion with public and private organisations to support the nation's drive towards a Digital Bangladesh. We are also ensuring that small and medium enterprises and startups are able to participate in the enormous opportunities across various industries," she said.

Haupter met the board members of the City Bank to share ideas about the importance of digital transformation in the banking and financial services industry, said the statement.

Haupter is one of the most senior executives at Microsoft Corporation and has been leading the Asia operations of the tech firm since July 2016.

Garment makers demand efficient ports, predictable power tariff

FROM PAGE B1

But the challenge can be viewed as an opportunity too. "We have to do some homework to tap in that opportunity."

One such exercise would involve ensuring efficient functioning of the Chittagong, Mongla and Payra ports and airports. The export scenario globally has been recovering at a fast rate, he said, adding that Bangladesh is still the top choice for garment retailers and brands.

Bangladesh should also remember that India, China and the Latin American countries import garment items worth billions of dollars every year, so it could target those emerging export destinations.

"India is in a well advantageous position as it produces plenty of raw cotton," he added.

The garment business did not shrink but the profitability did due to an image crisis caused by the Rana Plaza building collapse and a slump in confidence amongst brands, said Anisur Rahman Sinha, chairman of Opex Group and a former BGMEA president.

He suggested joint efforts from the government and the BGMEA to address the labour issues that continue to plague Bangladesh's reputation in the Western world.

Price stability was a big factor for

businesspersons, said M Tamim, head of the department of petroleum and mineral resources engineering at BUJET.

The growth that the garment sector witnessed over the last five years was possible because the garment manufacturers had invested in attaining efficiency to save the costs of power and energy, he said.

The government should formulate a policy determining whether it will allow captive power plants all the time or supply electricity from the national grid as tariff from the two varies a lot, he added.

Commerce Minister Tofail Ahmed asked the Accord and the Alliance, the two foreign garment building inspection agencies, to leave the country upon completion of their tenures in May next year.

"The Accord and the Alliance need not stay here," he said, adding that the government might allow them at most six months' time extension to wrap up their ongoing activities.

The two agencies want to extend their tenure to 2021, but the government is yet to respond to their request, the minister said. Ahmed blamed a section of trade union leaders and foreign partners for wrong image of the country's garment sector.

The garment sector was hit by con-

spiracies spun by national and international players since exporters and the government announced a target to earn \$50 billion from apparel exports by 2021, he added.

The existing crisis for gas would end by April next year as the government was going to import liquefied natural gas, said Nasrul Hamid, state minister for power and energy. "By the next three years the government will ensure uninterrupted power to the industrial units. So you can plan in this line."

The state minister said the government will not give any power connections to industries if they are not located in economic zones.

"We have decided that we will give household electricity connections within 21 days and in the industrial sector by 45 days. We will start giving gas connections to industrial units from April next year," Hamid added.

Mohammed Nasir, BGMEA vice-president, presented a keynote paper and Siddiqur Rahman, BGMEA president, moderated the roundtable.

Shahriar Alam, state minister for foreign affairs; Nojibur Rahman, chairman of the National Board of Revenue; and Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, also spoke.

Cashless is the way forward: Jaitley

FROM PAGE B1

India's economy has been one of the fastest growing in the world in the last three years. "But one of the great challenges that we always faced was that it was a cash-centric economy."

Initially, the Indian government took steps to ensure financial inclusion of all by opening bank accounts.

In 2014, 58 percent of the Indian families were connected to the banking system, although the country has a very large banking network.

Jaitley said 30 crore bank accounts were opened under a campaign and 78 percent of the accounts did not have any single rupee. So, the rules were amended to allow a zero-balance in account.

To keep people to hold on to the banks accounts, some incentives -- very low-cost insurance and pension policies -- were given.

Jaitley said people were told that they would get Rs 2 lakh as accident insurance for Rs 1 premium a month and Rs 2 lakh for life insurance.

"And literally millions of people started subscribing to these policies. Each one of them was given the facility of having a RuPay debit card (an Indian version of credit/debit card)."

They were given an overdraft facility too, he said.

Later, the government introduced cash transfer to poor instead of offering commodities such as food at subsidised rates.

"Today, we have less than 20 percent bank accounts that have zero balance," said Jaitley.

The India economy is highly cash-based and 86 percent of all currency in India is of high denominations.

"And therefore a very large part of the economy just thrived on cash. And when you thrive on cash the curse of cash also hits you. Cash leads to tax evasion. Cash leads to shadow economy. Cash leads to corruption."

To bring down cash-based transactions, India took various measures such as giving opportunity to bring assets held by persons outside of the country upon payment of high tax and demonetisation of large denominations of notes.

It also made holding assets under a fake name a criminal offence, he said.

The measures compelled the owners of cash to go to the banking system and declare the ownership, according to Jaitley.

Through the process, the Indian government has been able to identify 18 lakh people whose deposits are disproportionate to their income.

"As a result, the quantum of cash currency has been squeezed in the society. Now, the demonetisation is

complete. We have less cash operating," he said, citing the increase in digital transaction and income tax to further his claim.

Terrorists also were squeezed with the cash flow, he said.

About the newly introduced Goods and Services Tax, he said the system brings the entire chain of economic activities into one tax structure. "It is also increasingly making cash generation a lot more difficult," he said.

And the impact of this in the long-run and medium-run will be expansion of the Indian economy.

"Make it a cleaner GDP and, eventually, make it a much bigger GDP -- this has been the intention as far as the government is concerned," he said.

The Indian minister said public investment has increased and the country has opened up its foreign direct investments policy. "Some 95 percent of the FDI that comes into India is now automatic."

"Besides, the corporate tax rate would be slashed to encourage investment. The Indian government is also focusing on improving infrastructure and invest in rural areas to reduce disparity," he added.

Muhith said ICT is one of the strongest instruments to eliminate corruption.

Number of mobile internet users crosses 7 crore

FROM PAGE B1

BTRC did not mention anything about 3G connections and specify the numbers for each operator.

However, a top official informed that Grameenphone is clearly ahead with 2.95 crore connections and Robi coming second with 2.42 crore, followed by Banglalink with 1.67 crore and Teletalk with 16 lakh.

Of the total connections, the number of fixed internet connections stood at 51.70 lakh and WiMAX 89,000, which is continuously declining, says the report.

Mobile operators also achieved massive success in attaining new connections, adding about 19.57 lakh and ending August with 13.93 crore active SIMs, 6.31 crore being of Grameenphone.

Merged operator Robi crossed a new milestone in August with 4.07 crore connections while Banglalink has 3.23 crore and Teletalk 32.34 lakh active connections.



US-BANGLA AIRLINES

Abdullah Al-Mamun, managing director of US-Bangla Airlines, and Kazi Wahidul Alam, editor of The Bangladesh Monitor, exchange documents after signing a deal making the airline a title sponsor of a three-day "Chittagong Travel Mart-2017" which the travel publication will organise at the port city from November 16.

Bank of England talking up sterling to fight inflation: S&P

REUTERS, London

Ratings agency Standard & Poor's said it was "a bit skeptical" that Britain's economy needed an interest rate increase soon and comments from the Bank of England that a hike might be nearing seemed designed to push up sterling and cool inflation.

"Overall, we believe the Bank and Mark Carney's recent statements are primarily aimed at propping up sterling to reduce imported inflation pressures," S&P analysts said in a report.

"This strategy may include an actual 25 basis point hike in November, thus bringing the policy rate back to where it was before the Brexit referendum. Additional moves in 2018 do not appear warranted on the back of a slowing economy," it said.

S&P also said it saw signs of a slowdown in investment by companies in Britain as a result of uncertainties over Brexit.