

# The surplus money bill has its heart in the right place

Says Finance Minister AHM Mustafa Kamal



*You people give out loans and then sometimes they turn bad. But I have to face the abuses in the parliament even though I don't either lend or take money. Do I deserve the abuses?*

KAMAL TO BANKERS

STAR BUSINESS REPORT

The government has passed the act of bringing the surplus money of 61 state and autonomous agencies to the national exchequer in order to ensure accountability and not for drawing funds, said Finance Minister AHM Mustafa Kamal yesterday.

"We did not passed the bill for any bad intention but to establish a financial discipline," he told a press conference at

his office.

Every government owned enterprise have a responsibility to people, so the act is formed appropriately and it will play a meaningful impact.

The finance minister's comments comes as opposition members of parliament walked out of the assembly the previous day in protest of the bill, which was placed on January 14.

The surplus funds will be deposited to the state coffers after keeping aside the operational cost, additional 25 per cent of the operational cost as emergency funds, money for general provident fund and pension, according to the bill. The respective organisation can estimate its operational cost.

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DISPLAY CENTRE

Nasir Trade Centre  
(2<sup>nd</sup> Floor)

89 Bir Uttam C.R. Dutta Road  
(Sonargaon Road)  
Dhaka 1205, Bangladesh

Hotline: 01713 656565

# Slowing exports stretching trade deficit

AKM ZAMIR UDDIN

Bangladesh's trade deficit widened slightly in the first half of the fiscal year on the back of sluggish exports, in a worrying development for the government.

Between the months of July and December of last year, the trade deficit, which occurs when imports outweigh exports, stood at \$8.22 billion, up 5.41 per cent year-on-year, according to data from the central bank.

During the period, imports declined 2.72 per cent and exports 5.89 per cent.

Falling exports means that the demand for Bangladesh products is decreasing in the outside world. Domestic consumption has also failed to get a pickup as import growth has been waning in recent months, said Ahsan H Mansur, executive director of the Policy Research Institute.

"The stagnant situation has

already sounded an alarm in the private sector."

Private sector credit growth recently dropped below 10 per cent. "This is a worrisome development for the economy as it is a pivotal financial indicator that shows whether or not businesses are expanding," Mansur said.

However, the current account balance deficit decreased by more than half to \$1.34 billion in the first six months of the fiscal year due to remarkable growth in remittance.

Remittance is now being used to offset the other deficits in the balance of payments.

"This is not a good sign at all for a growing economy like Bangladesh," said Mansur, also a former official of the International Monetary Fund.

Remittance could be used more productively if foreign direct investment (FDI) and medium- and long-term loans increase as expected.

FDIs increased 3.94 per cent year-on-year to \$2.74 billion in the first half of fiscal 2019-20, while medium- and long-term foreign loans decreased to \$2.57 billion.

The slow pace in FDI generation has had a negative impact on the volume of Bangladesh' foreign exchange reserves, which has remained static in recent years.

"The volume of the economy has widened significantly during the period but it will not be sustainable if the foreign exchange reserves cannot be increased," Mansur said.

Foreign exchange reserves stood at \$32.68 billion as of December last year, up 1.12 per cent year-on-year.

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, echoed the same.

The weak condition of the balance of payments reflects the sluggishness of the country's economy, he said, adding that Bangladesh has failed to diversify

both its export market and basket.

"This has had an adverse impact on our exports. Imports automatically decrease when export face a similar situation."

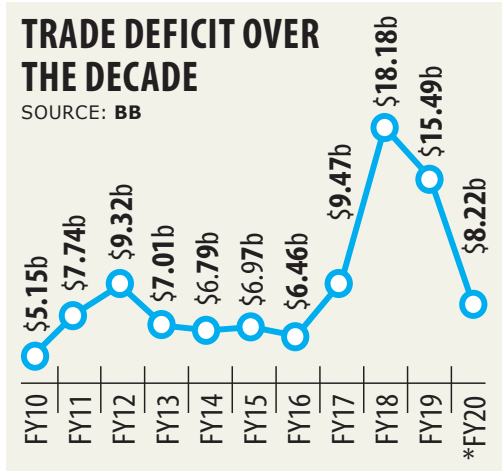
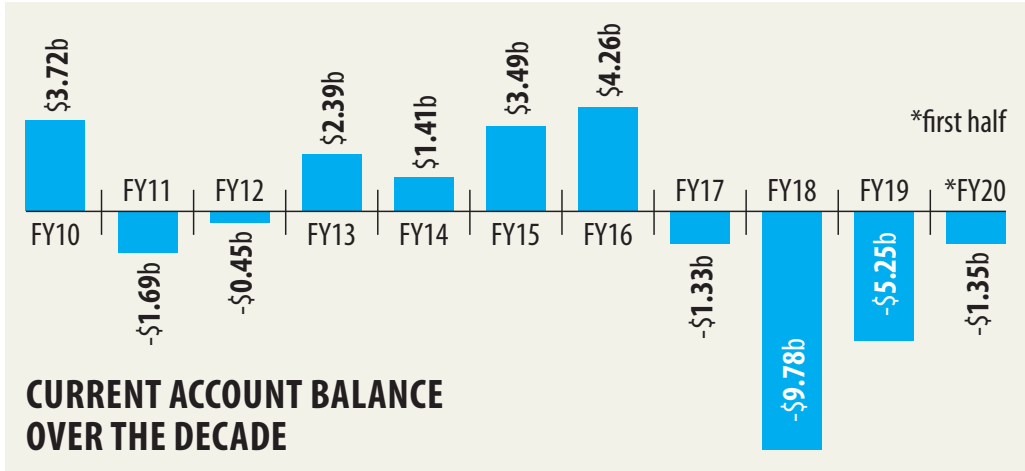
Bangladesh's private sector investment to GDP ratio has been hovering at 23-24 per cent for a while and the situation has only worsened in recent times.

The overall balance of the balance of payments could be stronger if there is a greater inflow of foreign aid and if FDIs gain momentum.

The overall balance stood at \$27 million in December last year while it was \$513 million in the negative a year earlier, Rahman added.

Both the feeble situation of the current account and the overall balance indicate that the country's dependence on the external sector is on the rise, said Salehuddin Ahmed, a former governor of the central bank.

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# Mirsarai 1 economic zone to be ready on time

JAGARAN CHAKMA

The SBG Economic Zone in Mirsarai is expected to be complete by the year end as promised.

The government plans to set up 100 such economic zones to generate one crore new jobs, earn \$40 billion in additional exports and attract \$20 billion in FDI, all by 2030.

Already 90 per cent land development work of the zone is complete and it will be ready for use by the year end, said Mahboob Rahman Ruhel, managing director of SBG Economic Zone.

Bangladesh's Sikder Group, Bashundhara Group and Gasmin joined hands to form SBG, a consortium, to develop, operate and manage the project.

About \$2 billion in investment, especially from Japan and China, is expected in the zone, also called the Mirsarai-1 zone.

MIRSARAI 1 ECONOMIC ZONE AT A GLANCE	
Expected FDI	\$2b
Total land	550 acres
Major investors	Japan and China
Total employment	2.5 lakh
Major industry	Electronics, auto spare parts, pharma, food processing
Development cost	Tk 450cr
SBG equity	30%
Bank loan	70%
Factory set up	by end of 2020
Implementation	PPP model

Construction is currently going on in the area on 550 acres of land inside Bangabandhu Sheikh Mujib Shilpa Nagar in Mirsarai, Ruhel said.

Establishment of electricity network, bridges and pipelines for drinking water have been completed.

The area will create around 2.5 lakh new jobs and the makers of electronics, pharmaceuticals, food processing and automobile spare parts will get preference here, he said.

Capital intensive investments will be encouraged for the area to bring in state-of-the-art technologies to produce quality products, he said. "However, heavy industry will not be accommodated here."

Some Tk 450 crore will be needed to develop the zone, of which SBG's equity is 30 per cent and the rest will be financed by banks.

Compliant local companies will also be allowed to use the zone, Ruhel said.

# 'If we find skilled locals, why will companies hire foreigners?'

Says commerce minister Tipu Munshi

STAR BUSINESS REPORT

The need for foreign workers will decrease gradually if the next generation of Bangladesh's population becomes skilled in technological knowledge, said Commerce Minister Tipu Munshi yesterday.

"If we find skilled locals, why will companies hire foreigners? There must be a gap somewhere," he told journalists at his office in the secretariat when asked about the report from Transparency International Bangladesh unveiled on Wednesday.

About 2.5 lakh foreign nationals now work in Bangladesh, said the report "Employment of Foreigners in Bangladesh: Challenge of Good Governance and Way to Overcome". Of them, about 1.6 lakh are living and working in Bangladesh on a tourist visa.

"The number was much higher earlier and it is gradually

YEARLY OUTWARD REMITTANCE AND REVENUE LOSS (ESTIMATED)	
Expatriates working	2.5 lakh
Average minimum monthly salary	\$1,500
Total of minimum yearly income	\$4.5 bn
Total minimum yearly outward remittance	\$3.15 bn
Minimum yearly revenue loss	\$1.35 bn

decreasing," said Munshi, a garment exporter.

He went on to give the example of his own garment factory.

"My factory now has only four foreign workers, which was 14 earlier," he said, adding that the garment sector, where most of the foreign nationals are employed, are working to cut down on the local skills

shortage by setting up by BGMEA University of Fashion & Technology (BUFT) in 2012.

Many competent professionals equipped with the skills needed by the sector are coming out every year, he said.

"We need to educate our own people." But until then, foreign nationals need to be hired and they must be done through the proper channels.

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# Great expectations from BASIS SoftExpo

16th edition of the four-day exhibition kicks off

STAR BUSINESS REPORT

The 16th edition of the BASIS SoftExpo kicked off yesterday with the view to showcasing the aptitude of the country's software industry that is gunning for \$5 billion in exports by 2021.

The four-day exposition at the International Convention City Bashundhara is the perfect opportunity for local software and IT companies to display their capabilities to international buyers, said Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services (BASIS), the apex trade body of the ICT industry.

"The exposition is the largest regional technology congress," he added.

The government has targeted to create a couple million jobs by 2021 -- an aim that is seeming more and more likely by the day.

In the last ten years the ICT sector created 10 lakh jobs, and by 2021 total employment in ICT related professions will hit 20 lakh, said various entrepreneurs and industry leaders during separate sessions on the expo's opening day.

The government's initiative to

build 28 high-tech parks and provide training programmes across the country has also helped the industry to expand.

If at least two parks are made ready this year, the target would be easier to achieve, Kabir told The Daily Star. Bangladesh President Md Abdul Hamid inaugurated the event, where about 300 exhibitions were showcased in the presence of top ICT companies, personalities, key policymakers, industry leaders and other stakeholders.

The government should create scope for people to work on different government projects so that they can become self-dependant through learning, Hamid said, while also stressing on local service development.

The Softexpo will focus on creating more collaborative relationships at the national and international level and inviting trade delegations from various countries to experience the immense potential of Bangladesh's ICT industry, said Farhana A Rahman, senior vice-president of BASIS.

The exposition was broken up into 10 individual zones, such as the Industry 4.0 Zone and Experience Zone, which highlighted the growth and development

of Bangladesh's ICT sector.

The other zones were VAT, digital education, fintech, software, mobile innovation, digital commerce and IT-enabled services, and business process outsourcing or BPO.

The event, which will wrap up on Sunday, will also feature business to business (B2B) matchmaking sessions between local and foreign companies, including those from Sweden, Japan and the Netherlands.

A 'BASIS Top Ten Digital-Ready Company' award will be presented to 10 companies from other verticals for successfully organising B2B sessions with BASIS members.

Besides, there will be about 30 seminars and sessions, where over 100 national and international speakers will share their thoughts on the industry.

An ICT career camp will also be held, where more than 2,000 students from upwards of 45 universities will showcase their innovative projects.

The event is sponsored by Dutch-Bangla Bank.

Industries Minister Nurul Majid Mahmud Humayun and ICT Secretary NM Zeaul Alam also delivered speeches on the occasion.



AMRAN HOSSAIN

Clockwise from top left, Two men use virtual reality headsets while others look on in a stall of the ongoing four-day BASIS SoftExpo, visitors are seen in different stalls of the 16th edition of the show while people take a look at robots in the annual event in Dhaka's International Convention City Bashundhara yesterday.