

Stocks

DGEN ▲ 3.66%
2,683.48

CSCX ▲ 4.31%
5,922.86

(Week-on-week)

Asian Markets

MUMBAI ▲ 0.63%
15,103.55

TOKYO ▲ 1.02%
9,768.01

SINGAPORE ▲ 1.42%
2,396.35

SHANGHAI ▼ 0.48%
2,753.89

(Friday closings)

Commodities

Gold ▲
\$979.50
(per ounce)

Oil ▲
\$68.83
(per barrel)

SOURCE: AFP

(As of Friday)

More News

Lack of research sets
back RMG



Bangladesh's readymade garment (RMG) sector has now many success stories in terms of volume of manufacture and exports, but it has some hurdles, too, that are to overcome to sustain its growth. Around 20 years back, some young entrepreneurs, inspired by a group of Koreans equipped with high technology who relocated their factories to Bangladesh, ventured into garment business to try their fortune.

B-4

International

Singapore concerned over
'Buy American' clause

Singapore expressed concern Friday over a controversial 'Buy American' plan in US efforts to stimulate recovery, saying some nations were exploiting gray areas in global trade rules. The plan was embedded in the nearly 800-billion-dollar US stimulus package adopted earlier this year that required projects funded with stimulus money to use only US-made steel, iron and manufactured goods.

B-4

Alarm rings over falling investment

Frequent amnesties to undisclosed money an injustice to honest taxpayers: CPD

STAR BUSINESS REPORT

The biggest challenge for the government in the next fiscal year will be to prop up falling investment to cope with growing domestic demand, the Centre for Policy Dialogue (CPD) said yesterday.

"Investment -- public, private and foreign -- all are declining," Mustafizur Rahman, executive director of CPD, told reporters at the launch of a report on the state of economy at its office in Dhaka.

"If we can utilise the large sums of invest-able assets and excess liquidity in the country, we don't need any foreign assistance," said Dr Debapriya Bhattacharya, distinguished fellow of CPD, a private think-tank.

"CPD is against frequent amnesties," Bhattacharya said.

"If the government wants to allow whitening of untaxed money, there must be a punishment rate in addition to the normal tax rate, as providing frequent amnesties to undisclosed money-holders to legalise their money is an injustice to honest taxpayers."

According to CPD, scheduled banks had an excess liquidity of Tk 21,752 crore at the end of February, while the average excess liquidity for fiscal 2007-08 was only Tk 12,932 crore.

However, in spite of the global recession and unusual political situation, the country performed quite well, depicts almost all major macroeconomic indicators -- export, inflation, exchange rate.

"Macroeconomic stability and resilience of the economy speak of formidable capacity, potential and promise," Rahman said.

CPD has identified some major



Mustafizur Rahman, executive director of CPD, left, speaks at the launch of a report on the state of economy in Dhaka, while Debapriya Bhattacharya, distinguished fellow of the private think-tank, looks on.

challenges for the next year: consolidating agriculture, protecting the external sector, strengthening public finance and reviving development administration.

Under its flagship programme, the CPD has prepared the current volume titled, "State of the Bangladesh Economy in FY2008-09" and an outlook for FY2009-10. CPD has independently prepared the report based on available information and a brief survey on the agricultural and industrial sectors in consultation with experts.

The CPD assessment found that gross investment as a percentage of GDP has declined for the third consecutive year since FY2006-07. Investment has declined slightly to 24.18 percent this fiscal year from

24.21 percent last year.

Public investment also continued to plunge to a historic low rate of 4.63 percent of GDP this fiscal year. Additionally, implementation of the annual development programme was only 46.3 percent in the first 10 months of this year. CPD estimates this year's ADP implementation at Tk 19,500 crore from the revised figure of Tk 23,000 crore.

Term loan disbursements, an important indicator for industrial growth, have also declined by 9.6 percent during July-March of the current fiscal year from the same period a year ago.

The disbursement of working capital, however, increased by 15.5 percent meaning that expansion is taking place, but no

new investments are being made, the report said. But importing capital machinery and opening letter of credits are worrying signs for the economy, it said.

However, the share of private investment that accounts for four-fifths of total investment has marginally increased to 19.55 percent of GDP this year from 19.25 percent a year ago.

CPD also identified the waning trends in domestic savings as a big challenge. Domestic savings declined for the second consecutive year and stood at 20 percent this fiscal year.

The agricultural sector grew by 4.68 percent this fiscal year compared to 3.2 percent last year because of a bumper crop harvest. CPD suggested the government

make an upward revision of procurement at 20 lakh tonnes from the current 12 lakh tonnes, to save farmers from probable loss.

CPD estimates that at the current growth rates, total revenue collection will fall short of the annual target by about Tk 1,374 crore. This year's revenue target was set at Tk 54,500 crore.

It said although revenue expenditure is within the target of 19.5 percent but interest payments are rising rapidly. It grew by over 36 percent during July-February of the current fiscal year.

"Rising interest payments have become a problem for the government and will create stress on revenue expenditure," said Rahman.

CPD also found this year's budget deficit, which stood at Tk 10,959 crore in July-February within control. The deficit was 34.3 percent lower than the same

period of the previous fiscal year.

Foreign direct investment also increased to \$851 million during July-February this year, an increase of 91 percent from a year earlier.

But it witnessed a sharp fall in the capital market since the second quarter of the current fiscal year.

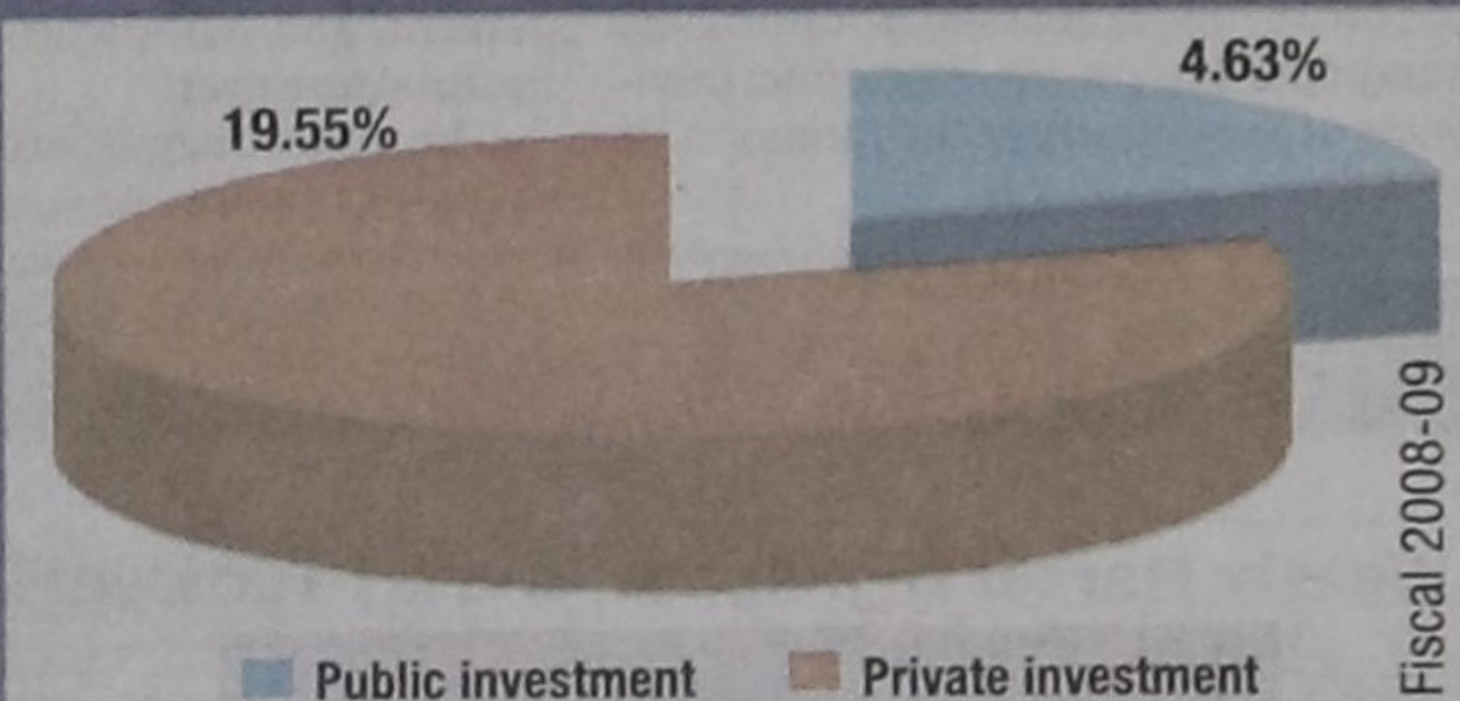
Despite the impacts of global economic slowdown, GDP is estimated to grow by 5.88 percent this fiscal year, the lowest in the last five years.

"Unless investment levels increases, growth rate will slow next year," CPD observed.

The think-tank also said moderate expansionary monetary policies are necessary to keep growth momentum on track.

"Providing credit to the private sector and managing the interest rate is very important for economic growth," said the CPD report.

INVESTMENT ACCOUNTS FOR 24.18% OF GDP



PRE-BUDGET QUIPS

How do you distinguish between 'development' and 'non-development' budgets?

You can figure it out for yourself. A government hospital with a cosy cabin you are admitted in is the product of development budget. But no sooner you look for a nurse, a doctor or some medicine but don't find them, than you are entering the domain of non-development budget.

MMI

Housing fair pulls in huge turnout

STAR BUSINESS REPORT

A huge turnout marked the third day of a housing fair in Dhaka yesterday with a good number of visitors and buyers buying and booking plots and flats.

Participants in the show said they have received an impressive response from the visitors.

Real Estate and Housing Association of Bangladesh (REHAB) is organising the show styled REHAB Summer Fair at Dhaka Sheraton Hotel.

Although the three-day exposition was scheduled to end yesterday, the organisers extended it for one more day on request of the customers and realtors.

The show is open from 10am to 8pm today with a Tk 50 entry ticket. A total of 175 real estate companies, along with four financial organisations, are participating in the fair.

"We had to extend the fair for the huge response of visitors and until today around 25,000 people visited the show," said REHAB President Tanveerul Haque Probal yesterday.

Talking about sales, Mijanur Rahman Khan, accounts officer of Hirajheel Property Development (Pvt) Company Ltd, said they have already received bookings for 100 plots at their project in Dhaka.

The company has also announced a Tk 200,000 discount on every single booking for plot, officials said.

An official of Concord Real Estate and Building Products Ltd said they sold 20 flats in the last three days.

"We also expect good sales on the concluding day," said the official.

Rupayan Housing Estate Ltd, which, according to the company officials, has created a huge enthusiasm among customers with its over 800 ready flats near Dhaka.

Moklesur Rahman, senior manager (marketing and sales) of Rupayan, said it is a great opportunity for the customers to get a ready flat at reasonable price.

"During the fair we sold around half of our total flats and we expect to sell another 100 units tomorrow (today)," he added.

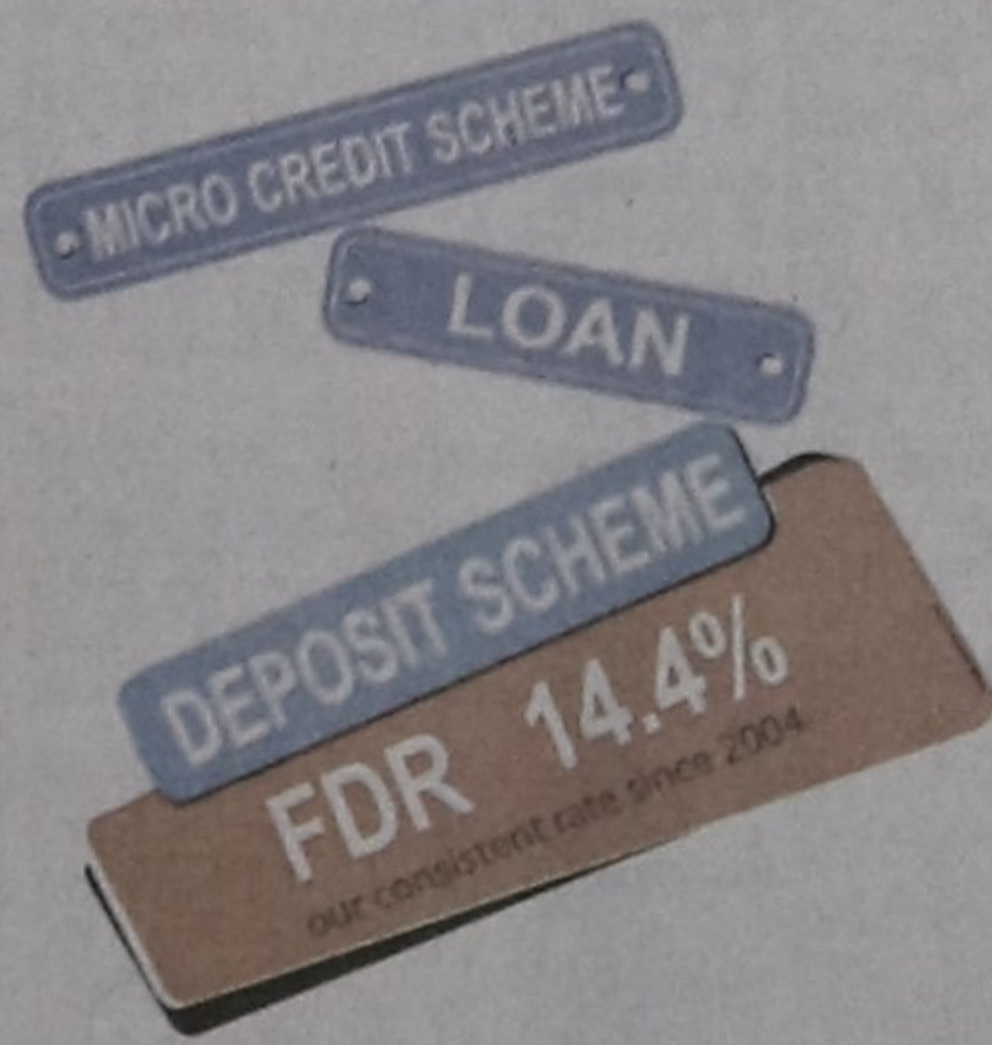
Realtors are also offering flats and plots outside Dhaka, including some tourist attractions such as Cox's Bazar and Kuakata.

An official of Century Realty Limited said they have received bookings for 112 plots in Kuakata. The company is selling a 5-katha plot at the fair at Tk 4 lakh.

Managing Director of RAMS Developments Limited said his company was displaying 12 projects and more than 10 flats have been booked.

Silent/Honest majority of this proud nation is our strength.

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and let us nurture
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