

COMMODITIES		ASIAN MARKETS		CURRENCIES			
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
1.56%	1.42%	\$1,828.30 (per ounce)	\$88.73 (per barrel)	16,709.6	8,518.57	2,739.35	2,484.83
5,960.73	10,816.03						
				STANDARD CHARTERED BANK			
				BUY TK			
				74.10 99.94 115.31 0.96			
				SELL TK			
				75.10 104.01 119.37 1.05			

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# STAR BUSINESS

DHAKA THURSDAY SEPTEMBER 15, 2011, e-mail: business@thedailystar.net

## ADB revises growth forecast up to 7pc

STAR BUSINESS REPORT

The Asian Development Bank yesterday revised up Bangladesh's economic growth outlook to 7 percent for the current fiscal year from 6.7 percent it predicted last April.

The Manila-based anti-poverty lender said strong export performance and expansion in domestic demand will push up growth.

The country, however, needs to address a number of issues such as containing higher inflation, accelerating tax reform process and speeding up project implementation rate to ensure the growth, said Thevakumar Kandiah, ADB country director for Bangladesh.

"Inflation has to be contained, policy reform accelerated and public private partnership operationalised quickly to achieve the goal," he said at the launch of Asian Development Outlook Update-2011 at the ADB office in Dhaka.

Kandiah said the policymakers should focus on a larger investment in power, energy, transport, human capital and technological development to achieve the target.

He also stressed the need for accelerated policy and institutional reforms including tax reforms and proper pricing mechanism of utility services.

Although the update marginally raised the growth forecast, it retained the outlook for inflation and the current account balance.

According to the report, the average inflation rate will be 8.5 percent in the current fiscal year, which was 8.8 percent last year but higher than the monetary



Thevakumar Kandiah, left, country director of ADB, speaks at the launch of the Asian Development Outlook Update in Dhaka, while ADB's Senior Country Specialist Mohammad Zahid Hossain looks on.

policy statement projection of 7.5 percent.

To keep inflation within the projected rate, the central bank will need to bring down annual money and credit growth at least to 18.5 percent and 20 percent respectively, said ADB's Senior Country Specialist Mohammad Zahid Hossain.

He said a major challenge for the policymakers will be balancing higher growth with credit policies constituent with price and balance of payment stability.

The outlook also said the overall economic performance was good last fiscal year when it grew by 6.7 percent.

The ADB said industrial growth is seen

edging up to 8.8 percent as exports perform well, and smaller and agro-based industries, alongside housing and construction, expand.

Growth in agriculture is likely slow to 4.6 percent from 5 percent in FY 2011, because of the high base in two successive years. But the expansion in the use of high quality seeds and better performance in livestock, poultry and fisheries will support higher growth.

The services sector is expected to do well with 6.8 percent growth, in line with industry's acceleration and reflecting a pick-up in trade and transport activities

and telecommunications services.

The import bill is expected to rise by 20 percent, reflecting the effects of the tighter monetary policy and the expected stability in prices of raw materials.

An uptick in remittances is expected, with more people leaving for work abroad. Remittances are expected to grow by 12 percent in the current fiscal year, but they will be unable to offset the expected trade, services and income accounts deficits.

The current account balance would move to a modest deficit of 0.3 percent of the GDP in the current fiscal year, from a 0.9 percent surplus the previous year.

The pick-up in export-oriented domestic industries and tax incentives for domestic industries provided in the FY2011 budget are also expected to bolster economic activity.

The ADB said controlling expansion of credit both to contain inflation and balance of payments pressure while providing a steady flow of credit to the private sector will be crucial. "In this effort the authorities will need to keep a close eye on budget finance from the banking system."

ADB said the downside risks abound. The monetary policy stance may be compromised to meet the high growth target, or the attempted tightening may not control inflation or contain import demand.

"The expected revenue and external financing may not be mobilised as planned. Failure to boost power generation could hold back industrial expansion, and political instability could affect economic activity."

## NBR expects Tk 300cr from income tax fair

### Countrywide weeklong show begins Sept 17

STAR BUSINESS REPORT

The National Board of Revenue (NBR) expects to log Tk 300 crore in tax from weeklong fair the tax administrator will organise in all divisional cities from September 17.

The income tax fair is aimed at creating awareness about tax payment and boosting revenue collection.

The NBR expects to receive 100,000 visitors at the show, the second of its kind in Bangladesh, where only 9 lakh out of 26 lakh tax identification number holders pay tax now.

"We expect people to come voluntarily to pay tax, and that's why we are organising the fair," said NBR Chairman Nasiruddin Ahmed at a news conference at its office yesterday.

In Dhaka, the fair will be held at Officers' Club on Bailey Road.

It will remain open for visitors from 10am to 6pm. The visitors will obtain TIN instantly, get aid in filling in tax return forms, assess taxes by using the "tax calculator" software available at the NBR website.

The taxpayers will also be able to deposit their taxes at bank booths to be available at the fair.

Ahmed said the NBR will provide these services to visitors and prospective taxpayers through 50 booths at the fair.

The tax administrator organises the event, inspired by the response among the new taxpayers it received in the first income tax fair last year.

Some 52,440 TIN holders submitted their tax returns, facilitating the NBR to collect Tk 113 crore in income tax receipts from the fair.

Of the 52,440 TINs submitted at the fair last year, one third was of the new taxpayers, said Ahmed, also secretary to the Internal Resources Division of the finance ministry.

"The success of the last year's fair inspired us to hold it for the second time. We didn't expect such crowds last year," said the NBR chief.

Last year, the NBR organised fair only in Dhaka and Chittagong. The event will spread in other five divisional cities this year.

Marking the fair, the tax authority will honour 350 large and long time taxpayers with the objective of motivating others to pay taxes regularly and help the government boost revenue collection to implement annual budgetary plans.

The NBR saw a 27 percent rise in total revenue collection to Tk 79,091 crore in fiscal 2010-11 from Tk 62,042 crore the previous year. Income tax is the second biggest source of revenue after value added tax.

## Govt seeks loans from IMF to cut pressure on BoP

STAR BUSINESS REPORT

The government has sought loans from the International Monetary Fund (IMF) to reduce pressure on foreign currency reserves, Finance Minister AMA Muhith said yesterday.

"Earlier IMF had wanted to help us but we did not need it then. We need it now. We really have problems," Muhith told reporters after a meeting with the visiting IMF mission.

The government seeks assistance from IMF to reduce pressure on balance of payments, Muhith said.

The chief of the IMF delegation, David Cowen, held a meeting with Muhith at the minister's secretariat office on the macroeconomic situation.

There has been heavy pressure on balance of payments (BoP) and the foreign exchange reserves will also fall substantially.

Muhith said the government sought

budget support from the World Bank, Asian Development Bank and Japan as well.

"In 2010, IMF wanted to assist us though we did not want it," he said.

As the government has made a fresh request for assistance, an IMF mission may soon visit Dhaka to discuss the matter, Muhith said. But he was not sure whether the assistance will be available in the current fiscal year.

Earlier, IMF had backtracked on its pledge to provide \$1 billion under the extended credit facility as the government did not meet the conditions in time. For the same reason, the WB did not give \$1 billion in expected assistance either.

**NOTICE**

We bring out today four pages instead of our regular eight, as business activities are

## Pragoti rolls out new SUV

STAR BUSINESS REPORT

State-owned Pragoti Industries Ltd yesterday launched a new sports utility vehicle (SUV) as a successor of Pajero V-31 in the brand name of Mitsubishi. The car is modelled on Japan's Mitsubishi Pajero Sport CR-45.

Pragoti will assemble 300 vehicles a year in line with a five-year agreement with Mitsubishi Motors Corporation of Japan.

"This year it will assemble 200 vehicles," said Industries Minister Dilip Barua, who briefed reporters on the vehicle's marketing procedure at a press

meet in Dhaka yesterday. Pragoti is an enterprise of Bangladesh Steel & Engineering Corporation under the industries ministry.

The five-door diesel car with a 2,500cc engine is priced at Tk 69 lakh. Its production cost is over Tk 64 lakh. Buyers will get a 1 percent discount on advance payment.

Government buyers can get the vehicles at Pragoti's showroom in Tejgaon industrial area. Others will be able to buy the vehicles from Rangs Motor's showrooms.

Prime Minister Sheikh Hasina will announce the formal launch of the vehicles later.

**MTB** 24/7 **ATM**

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**Price Sensitive Disclosure**

This is for information of all concerned that the Board of Directors of the Company, in its 113<sup>th</sup> meeting held on 14<sup>th</sup> September 2011 commencing from 5:00 pm, approved a Local Syndicated Term Loan up to BDT 11,025 Mn to be drawn as per the requirements of the Company to optimize its capital structure and to finance its strategic initiatives & projects.

Sd/-  
**Hossain Sadat**  
Company Secretary

Date: 14<sup>th</sup> September, 2011 Stay Close | grameenphone

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