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From right, Md Shafiul Islam, president of BGMEA; Tawfiq-e-Elahi Chowdhury, the prime minister's energy adviser; Engineer Khandaker Mosharraf Hossain, labour and expatriates' welfare minister; AK Azad, president of FBCCI; AMA Muhith, finance minister; Abdul Moyeen Khan, former planning minister and BNP standing committee member; and Mustafizur Rahman, executive director of CPD, attend a dialogue on budget, organised by private television channel NTV and FBCCI at Sonargaon Hotel in Dhaka yesterday.

Debate rages over economy

Lending agencies' predictions don't always reflect reality: Muhith

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday said the predictions made by multilateral lending agencies about Bangladesh's economic growth do not reflect the reality in most cases although those appear logical.

Muhith said it in response to BNP's Standing Committee Member Dr Abdul Moyeen Khan.

Quoting the Asian Development Bank, Khan said growth would be 6.2 percent in the current fiscal year, down from the government's projection of 7 percent.

On the ADB's Asian Development Outlook 2012, Muhith said, such predictions were also made by the World Bank and International Monetary Fund.

"In our country, some (economists) also do the same," Muhith said.

"In many instances, it appears logical. These predictions do not always reflect the reality," Muhith upcoming budget.

Private television station NTV and the Federation of Bangladesh Chambers of Commerce and Indus-

try (FBCCI) organised the programme at Sonargaon Hotel in Dhaka.

Muhith also said five risks mentioned by Khan were meaningless. Earlier Khan, referring to the ADB

report, said economy faces several risks including fragile balance of payments, high inflation, pressure of subsidy to generate electricity through rental power plants and slowdown in exports.

"Because of these, the economy is under stress. The whole economy has nosedived," said Khan, adding that growth would slow to 6.2 percent this fiscal year.

Khan also expressed doubt over the implementation of the next budget, which the government wants to keep at nearly Tk 190,000 crore.

In the first eight months of the current fiscal year, 38 percent of Annual Development Programme has been implemented. At this rate, total implementation rate will be 57 percent, said Khan. The implemensaid on a live TV show on the tation rate of foreign funded projects has also been low, he added.

But Muhith said the major challenges in the next fiscal year would be how to accelerate growth, reduce

subsidy, cut the government's borrowing from banks, improve efficiency in using foreign aid and curb inflation.

Despite these challenges, he said his ministry would frame a budget to maintain the overall macroeconomic stability.

Muhith also defended the proposed size of the budget for the next fiscal year at Tk 190,000 crore, saying it is conservative from the perspective of the potential and risks of the economy.

Given the current global economic situation, there is no scope to be ambitious, he said.

Labour Minister Engineer Khandaker Mosharraf Hossain, Prime Minister's Energy Adviser Tawfiq-e-Elahi Chowdhury, former commerce minister Amir Khasru Mahmud Chowdhury, Centre for Policy Dialogue Executive Director Mustafizur Rahman and Bangladesh Garment Manufacturers and Exporters Association President Md Shafiul Islam also spoke.

FBCCI President AK Azad moderated the discussion, also joined by businessmen from Chittagong and

Summit Purbanchol Power gets nod for IPO

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday approved the **IPO prospectus of Summit** Purbanchol Power Company Ltd, a subsidiary of Summit Power Ltd, to raise Tk 135 crore from public.

The approval came at a meeting of the stockmarket regulator with SEC Chairman Prof M Khairul Hossain in the chair.

Using the fixed price method, Summit Purbanchol Power Company will float three crore ordinary shares of Tk 10 each at an offer price of Tk 45, including a premium of Tk 35, the SEC said in a statement.

With the proceedings from the IPO (initial public offering), the company will pay offits liabilities that are in the form of preference shares.

The company's earnings per share is Tk 5.18, while the net asset value per share is around Tk 21, according to its 2010 financial statements.

Summit Purbanchol Power Company has two power plants -- Rupganj Power Plant in Narayanganj and Jangalia Power Plant in Comilla, each of which generates 33MW power.

It will be the 14th company to be listed on the stockmarket in the fuel and power category.

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Muhith signals new fuel price formula subsidise the sector heavily.

STAR BUSINESS REPORT

The government will introduce an automatic fuel oil price adjustment system in three months to keep the prices on par with the international market, Finance Minister AMA Muhith said yesterday. "I think it will take three months to

design the system, and will be implemented in phases," Muhith told reporters after a meeting with a delegation of the International Monetary Fund (IMF) at his office at the secretariat. Once the fuel pricing formula is intro-

duced, prices of kerosene, diesel, petrol and octane will be determined automatically based on their prices on the international market.

At present, the government fixes oil prices, which hardly reflect the swings in the international market. The authorities keep the prices artificially low and

The measure will help cut Bangladesh Petroleum Corporation's dependence on government-directed borrowing from nationalised commercial banks to pay the subsidies.

The state-run BPC yesterday said it incurs at loss of Tk 1,100 crore to Tk 1,200 crore a month to provide fuel to people at subsidised rates.

Muhith said many countries have the

fuel oil price adjustment system. "The fuel oil price goes up and down in those countries with the price fall and up in the international market," he said. The minister indicated that the gov-

ernment would have to take some unpopular decisions for the sake of the economy. "We're going to introduce the automatic fuel oil adjustment system and we're working on it for some days."

READ MORE ON B3

Sponsors of junk companies get share purchase rights

STAR BUSINESS REPORT

The Securities and Exchange Commission yesterday suspended a regulatory directive on share purchase by sponsors and directors of junk companies under Z-category.

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With the suspension, sponsors and directors of Z-category companies can now purchase shares to comply with regulatory minimum shareholding by sponsors and directors of listed firms, the SEC said in a statement. The stockmarket regulator at a meet-

ing chaired by SEC chief M Khairul Hossain suspended the directive up to May 21.

Earlier in 2008, the SEC issued a directive prohibiting share trade by the spon-

nies, restricting them from buying shares to comply with the directive on minimum shareholding. The SEC on November 22 last year

sors and directors of Z-category compa-

at least 2 percent stakes individually in their own companies. The commission also made it mandatory for sponsors, directors and promot-

made it compulsory for sponsors, direc-

tors and promoters of listed firms to hold

ers of a listed firm to jointly hold a 30 percent stake in the firm. The SEC set a six-month deadline that ends May 22 for the sponsors, directors

and promoters, who are now jointly holding less than 30 percent and individually 2 percent shares, to acquire the rest of the amount.





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