

ICAB urges govt to avoid excessive bank borrowing

Speakers stress alternative financing at a roundtable on budget

STAR BUSINESS DESK

The government should not borrow excessively from banks to meet budget deficit and implement the annual development programme (ADP) in the next budget, analysts said on Saturday.

Excessive bank borrowing squeezes credit facilities to private sectors resulting in stagnation investments and employment, they said at a roundtable organised by the Institute of Chartered Accountants of Bangladesh (ICAB) in the capital.

ICAB President Md Syful Islam presided over the discussion.

Speakers said the government should go for alternative financing sources such as speedy use of foreign loans, introduction of sovereign bonds and other ways of direct borrowing from the people.

They also suggested that the intrinsic spirit of the budget should incorporate the inclusive development of the country covering a rapid pace of substantial poverty reduction, broad-based across sectors and inclusive of the country's human resource.

To gain these objectives sustainable, the budget must ensure the supply side to cover the broad base of expenditure. The government's revenue must be increased to ensure the success of the ADPs, according to the speakers.

They said one of the major failures of the government in the current financial year was the sluggish implementation of the ADP, slow disbursement of foreign loans and grants and failure to control government expenditure, which caused excessive bank borrowing.

The macroeconomic situation was under pressure in the current financial year because of inflation and insufficient foreign



Akbar Ali Khan, former finance adviser to a caretaker government, and Md Syful Islam, president of the Institute of Chartered Accountants of Bangladesh (ICAB), attend a roundtable on national budget, organised by ICAB, at CA Bhawan in Dhaka on Saturday.

currency reserve, said former caretaker government finance adviser Akbar Ali Khan.

"If the reserve situation is not developed in near future, it will become a threat to the economy," he said.

He opposed the reduction in subsidy and increase in prices of power and gas without ensuring supply and service quality.

"Reduction in subsidy and increase in the prices of gas and power without ensuring the supply would not be acceptable to the people."

One of the major failures of the government in the current financial year was the failure to control government expenditure, said former Bangladesh Bank governor Mohammad Farashuddin.

He said the government needs to address this issue in the next budget.

"Use of external resources, particularly for foreign loans and grants, cause budget deficit financing and non-implementation of the ADP," he said.

President of the Federation of Bangladesh Chambers of Commerce and Industry AK Azad advised the government to hand over loss-making state-owned enterprises and gas exploration to the private sector.

"The private sector will do better in the power sector if the government provides land and coal facilities. Even the government can give the responsibilities of gas exploration to the private sector that

enough capacity to do it well," he said.

The board should take steps to expand the tax net rather than increasing the tax rate as it creates a burden on taxpayers, said former chairman of the National Board of Revenue MA Mazid.

The government should work out a strategy paper detailing how to handle subsidy issues, said the executive director of the Policy Research Institute Ahsan H Mansur.

He said subsidy was an important aspect for the economy but a 4 percent of the GDP in subsidy in different sectors was not sustainable and as a nation, Bangladesh cannot afford such a huge subsidy.

President of Dhaka Stock Exchange Rakibur Rahman urged the government to take the state-owned companies to share market to keep the market stable.

He suggested that the government should set up a company to generate fund for the Padma bridge construction by mobilising money from the share market.

ICAB past president Parveen Mahmud urged the government to formulate a gender friendly budget by allocating enough funds that patronises women's participation and entrepreneurship.

ICAB Vice President Md Abdus Salam said there are irregularities in funded foreign aid project which remain unresolved for long time; these issues need to be addressed and the defaulters should be taken to the task.

President of Chittagong Stock Exchange Al Maruf Khan urged the government to introduce infrastructure/exploratory bond to generate revenues which otherwise, can limit the dependency of external loan/debt.

ICAB Past President Humayun Kabir moderated the programme.



Nazmul Hassan MP, managing director of Shinepukur Ceramics Ltd, opens the Shinepukur Signature Showroom at the Westin Dhaka yesterday. Shayan F Rahman, director of Beximco Group, was also present.

Criteria for 30 best performers on DSE

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Bank loan or tax defaulters or companies fined for anti-environment activities will be excluded from consideration in the list for 30 best-performing listed firms, the Dhaka bourse's jury board said yesterday.

"The yardsticks for choosing the top firms would have to be selected first," AB Mirza Azizul Islam, head of the jury board, told reporters.

"In our first meeting we have decided to exclude companies that have defaulted on bank loans or taxes or were fined for anti-environment activities," he said.

In contrast, earnings-per share, net asset value and dividend payout ratio by the listed firms will be set as positive criteria.

"Awarding the top 30 companies will create more competition among the listed firms and encourage the rest to perform in better ways," said Islam, a former chairman of the Securities and Exchange Commission.

Earlier on April 16, the DSE at a meeting decided to award top 30 companies based on business growth, performance and dividend payout ratio.

On April 25, the DSE formed the 15-member jury board. Presently, 232 equity companies are listed on the Dhaka bourse.

The DSE management and the authorities will have no role in selecting the firms but Rakibur Rahman, the bourse's president, will remain on the

GDP growth stuck in narrow circle

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World Bank's senior economist in Bangladesh Zahid Hussain said the GDP growth target for fiscal 2013 is 7.2 percent in the sixth five-year plan of the government. This means growth will have to pick up by nearly a full percentage point relative to fiscal 2012.

"While not unprecedented in Bangladesh's growth history, achieving it will be a challenge in FY13 given the fragilities in the global economy, particularly sustained uncertainty in the Eurozone surrounding the fallout from the likely Greek exit from the Eurozone," Hussain said.

There are also stubborn power and infrastructure constraints, he added.

He said, higher growth could also come from taking fuller advantage of Bangladesh's favorable demographics if skills levels are increased and new jobs are created, but these take time.

The good news is that activity levels are projected to rebound in Bangladesh's major export markets such as the US, Germany and the UK in 2013, he said.

Hussain said the world trade volume is also projected to rise from 4 percent in 2012 to 5.6 percent in 2013, according to the World Economic Outlook of International Monetary Fund.

"If combined with measures to ease the key internal bottlenecks on economic activities, growth in the next fiscal year can be a lot better than this year."

Hassan Zaman, senior economic adviser to the Bangladesh Bank governor, said, to achieve the next fiscal year's growth target, "the main contribution the Bangladesh Bank can make to growth is working with the finance ministry to maintain macro stability."

Ensuring adequate liquidity in the foreign exchange market and domestic banking system and facilitating credit flows to growth-enhancing sectors are also important, Zaman said.

He also said, given the downward growth revisions in most countries due to the global crisis, if Bangladesh can achieve anywhere between 6 percent and 7 percent growth, it would be quite an achievement.

"However, what is more important than the precise growth number is how the growth is distributed." He said the good news is that over the past two decades there has been an almost halving of poverty because growth has been fairly pro-poor when compared with other countries with similar growth rates.

So the challenge is to maintain this pattern of growth and this is where policies promoting financial inclusion, access to agricultural inputs, labour intensive manufacturing and greater access to

Keep Ramadan prices stable: govt to businesses

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The price of edible oil is likely to remain stable in the international market, according to the statement. "So, there is no possibility of prices going up on the local market," the ministry said.

The Trading Corporation of Bangladesh has already initiated massive steps to keep the prices of basic commodities within the reach of ordinary people, according to the statement.

A move to import an adequate amount of edible oil and sugar has been undertaken at government and private levels, it said.



Abu Nasser Muhammad Abdus Zaher, chairman of Islami Bank Bangladesh, opens the Bahaddarhat branch of the bank at Manila Plaza in Chittagong yesterday. Mohammad Abdul Mannan, managing director, was also present.



Imran Fahad, president of International Youth Chamber Bangladesh, and MZI Dalton Zahir, in-charge of marketing and public relations of Ocean Paradise Hotel, sign a deal recently. The chamber and the hotel will work together to promote Cox's Bazar.

BGMEA demands punishment to factory attackers

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At the hurriedly called emergency meeting, Kaisar Hasnat, the local lawmaker of Sonargaon, said a vested quarter is trying to create anarchy in the garment sector. "The government will investigate the matter to take strong punitive action against the responsible persons," he said.

"I hope the persons who are behind the ugly incident will face exemplary punishment," said Montoo Ghosh.

He said the garment industry must be protected against vandalism for the interest of the workers. He urged all workers to rejoin work from tomorrow at the Opex garment factory and refrain from all kinds of vandalism.

Director General of Industrial Police Abdus Salam urged the workers to rejoin their work and maintain friendly environment there.

Arifur Rahman, a director of Opex Group, sympathised with Montoo Ghosh on account of the attack on him.

Airtel to roll out 3G in Rwanda

REUTERS, Nairobi

Bharti Airtel said on Sunday it would roll out 3G services in Rwanda in the next quarter and reiterated plans to invest \$100 million in the central African country.

Airtel launched its mobile services in Rwanda in March, and presently runs a 2G network. It said then that IBM and Ericsson would help build and manage its network.

"Although Kigali is currently operating on a 2G network, the company also plans to launch 3G services in the market within the upcoming quarter," the company said in a statement.

Qatar keen to fund Padma bridge

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Dipu Moni said the government of Qatar will assist Bangladesh in establishing a manpower training centre.

After the meeting, Air Vice Marshal Mahmud Hussain, chairman of the Civil Aviation Authority of Bangladesh, said the investors have showed interest to fund the construction of a new airport in Bangladesh.

"We have delineated the rules of investment in Bangladesh while we discussed business with the investors," said Saidur Rahman, general manager of Bangladesh Bank's forex reserve and treasury management.

"They are interested to invest in Bangladesh in different sectors as they have no liquidity problem," he said.

Officials of different ministries and departments made separate presentations to brief the Qatari side of the project proposals.

The two ministers signed the agreed minutes of the meeting to form a joint working committee to follow up on the investment plans.

Later, the Qatari delegation met Prime Minister Sheikh Hasina at Gono Bhawan in the capital yesterday.

Hasina appreciated Qatar for showing interest to explore the possibilities of investment in Bangladesh, the foreign ministry said in a statement.

Termining the bilateral relations with Qatar warm, Hasina recalled her recent meetings with the Emir of Qatar on the sidelines of the 13th UNCTAD in Doha in April and at the 66th UNGA in New York in 2011.

She also requested Qatar to recruit more from Bangladesh.

The Qatar minister said his country would encourage recruitment of professionals such as doctors, engineers, nurses, IT experts and bankers.



Md Mosaddiqur Rahman, deputy managing director of Dutch-Bangla Bank, opens the bank's 118th branch in Patuakhali yesterday.



Arif Dowla, chairman of Mutual Trust Bank, presides over the 13th annual general meeting of the bank at Bashundhara Convention Centre in the capital yesterday. The bank approved 12 percent cash dividends for 2011. Syed Manzur Elahi, founding chairman, and Anis A Khan, managing director, were also present.