

GDP growth may fall to 6-6.2pc

Bangladesh Bureau of Statistics and the central bank tell finance minister

REJAUL KARIM BYRON

The GDP growth in the current fiscal year may come down to 6-6.2 percent due to several negative factors both on the domestic and international fronts.

The Bangladesh Bureau of Statistics and the central bank came up with the projection at a meeting of the fiscal co-ordination council of the government chaired by Finance Minister AMA Muhith yesterday.

However, the finance ministry estimates the GDP (gross domestic product) growth at 6.6 percent though the rate was 6.3 percent in the previous fiscal year.

The government had a budgetary target of achieving 7.2 percent GDP growth in the current fiscal year.

The government will place its last budget in parliament in June.

As part of the budget preparation, the government's fiscal coordination council and resource committee held meetings yesterday.

A finance ministry official said the meetings discussed the probable size of the next budget, GDP growth, inflation situation and financing of the Padma bridge project.

The statistics bureau said the GDP growth may range from 6.1 percent to 6.2 percent, while Bangladesh Bank said the rate may be 6-6.2 percent.

The GDP growth target for the next fiscal year could be set at 7.2 percent, the

official said.

The government will not be able to reach the growth target at 7.2 percent this year, Muhith said at a pre-budget discussion with the secretaries at the National Economic Council auditorium yesterday.

However, the finance minister said the growth this year will be higher than that of last year.

He said the private sector credit shrank a little but the public investment increased much more than the previous year.

He said there is uncertainty in the domestic economy created by the ongoing political instability.

The European recession is prevailing and the US economy is yet to recover fully.

The EU and the US are the major export destinations for Bangladeshi products.

The finance minister said the government has directed the concerned agencies, including the BB and the National Board of Revenue, to take necessary steps to help industrialists, exporters and businesspeople minimise their losses from shutdowns.

The subsidy may be brought down to 2.3 percent of GDP in the current fiscal year, said officials who were present at the meetings.

In the current fiscal year's budget, the allocation for subsidy in different sectors, including fertiliser and fuel, was more than Tk 37,000 crore.

Ministry suggests cuts in import duty on industrial machinery



Industrialists call for continuation of the existing 1 percent duty on imported machinery used by export-oriented industries.

MD FAZLUR RAHMAN

The government should reduce duty on import of industrial machinery, and basic and intermediary raw materials to encourage entrepreneurs to set up new industries, according to a set of recommendations compiled by the industries ministry.

The government also needs to continue the existing zero duty policy for imports of essential commodities such as food items and 1 percent duty on imported machinery used by export-oriented industries.

Industrialists demanded cuts

in duties on industrial machinery from 3 percent to 1 percent, on basic raw materials from 5 percent to 3 percent, and on intermediary raw materials and raw materials produced domestically from 12 percent to 3 percent.

The industries ministry compiled the recommendations for the upcoming budget of 2013-14, on the basis of the proposals forwarded by entrepreneurs.

Speaking to The Daily Star last week, Industries Minister Dilip Barua said: "Our main policy should be to protect and promote local industrial products."

"So, we should try to give tariff

PROPOSED CHANGES		
PRODUCTS	CURRENT duties/tax/VAT	PROPOSED duties/tax
Industrial machinery	3%	1%
Basic raw materials	5%	3%
Intermediary raw materials	12%	3%
SIM/scratch cards	25% (regulatory and supplementary)	zero
Locally-manufactured parts used in buses, trucks	15%	zero
Imported essential commodities (food items)	zero duty	unchanged
Imported machinery used by export-oriented industries	1%	unchanged
Imported essential products	12%	unchanged

and duty benefits to our import-substitute industries so that they can help us raise industries' contribution to GDP (gross domestic product)."

Barua also said the tariff and duty structures could play an important role in helping local industries flourish.

The industrialists recommended continuation of 12 percent duty on essential products that are not manufactured in the country.

They urged the government to keep the duties on commodities - imported and domestically produced -- unchanged at 25 percent.

Duty on raw materials used by the plastic industries should be reduced to 3 percent from 5 percent, as the industry has a huge potential to become an import substitute industry and all raw materials used by the sector are imported.

They demanded cuts in duty on imported urea raisin from 25 percent to 5 percent, as it is used to produce electric equipment such as electric switches and socket holders and are also used in melamine and plastic industries.

Saarc members to build up ties in insurance



Farzana Chowdhury, additional managing director of Green Delta Insurance Company Ltd in Bangladesh, addresses the concluding ceremony of the first Saarc Insurance Regulators Conference at Bangabandhu International Conference Centre in Dhaka yesterday. Naba Gopal Banik, member of Insurance Development and Regulatory Authority Bangladesh, Deepak Godbole, assistant general manager of General Insurance Corporation of India and ABM Nurul Haq, consultant of Meghna Insurance, are also seen.

STAR BUSINESS REPORT

The Saarc Insurance Regulators' Conference ended yesterday with a call to strengthen the bonds between the insurance companies and industry regulators in South Asian countries.

Insurance industries in this region are facing several challenges due to globalisation and an economic crisis, analysts said at the concluding session of the two-day conference at Bangabandhu International Conference Centre in Dhaka.

They stressed the need to establish a Saarc Insurance Regulators' Committee for cooperation among the member countries and to help each other in insurance regulations, marketing, selling policy, underwriting and claims settlement.

Insurance Development and Regulatory Authority (IDRA), Bangladesh, in cooperation with Fed-

eration of State Organisations of Saarc Countries organised the conference under the theme 'The Way Forward in the Wake of Global Reality'.

This is the first such conference of the insurance regulators of eight Saarc (South Asian Association for Regional Cooperation) nations.

Regulators or representatives of authorities from five Saarc countries -- Bhutan, India, Nepal, Pakistan and Sri Lanka -- attended the conference and delivered their speeches.

A total of 26 speakers discussed various regulatory issues and presented insurance trends in seven sessions, said Naba Gopal Banik, a member of the IDRA.

Nasir A Choudhury, managing director of Green Delta Insurance Company in Bangladesh, called upon the insurance companies of the Saarc countries to set up a resource pool among the companies for reinsurance purposes.

Insurance markets in the region face some unethical practices -- undercutting pricing, charging inappropriate prices to commensurate risks, and a lack of protective measures, said Farzana Chowdhury, additional managing director of Green Delta Insurance.

They also stressed the need to establish a reinsurance company among the member countries that would cater to the needs of reinsurance/co-insurance of the insurance companies of the region.

There are 62 insurance companies operating in Bangladesh -- 18 are life insurers and the rest are general companies.

The present government promulgated the Insurance Act 2010 by repealing Insurance Act 1938 and established the IDRA with full autonomy.

The second Saarc insurance regulators' conference will be held in Pakistan in 2014, said the organiser.

Taskforce formed to boost FDI

STAR BUSINESS REPORT

The government has formed a high-powered taskforce to supervise and coordinate different works of Bangladesh Bank, Board of Investment, and Public Private Partnership Office, in a bid to boost foreign investment in the country.

The move comes at a time when foreign investors have been put off by the persistent political unrest.

The panel headed by Shaikh Md Wahid-Uz-Zaman, principal secretary to the prime minister, will work toward setting up economic zones in parts of the country as soon as possible.

It will also construct necessary infrastructures under PPP and ensure power production.

The other members of the taskforce are: governor of BB, executive chairman of Bangladesh Economic Zones Authority, additional secretary of Economic Relations Division, chief executive officer of the PPP office and a BoI member.

Norway keen to invest in 3G

DIPLOMATIC CORRESPONDENT

Telenor will invest more in Bangladesh, especially in 3G services through Grameenphone, Norwegian Trade and Commerce Minister Trond Giske said yesterday.

He also expressed his country's interest to invest in shipbuilding/recycling and oil and gas sectors of Bangladesh.

Giske spoke in a meeting with Foreign Minister Dipu Moni in the capital and is leading an 18-member trade delegation on a two-day visit to the country.

Giske also appreciated GP's role in the socioeconomic development of Bangladesh, and expressed keen interest in expanding investment given a stable and investment-friendly regulatory regime, while visiting the GP headquarters in Bashundhara.

Telenor, a Norwegian public company, is a major shareholder in GP.

The Norwegian minister said the Norwegian Statoil is specialised in deep-sea operations and can invest in Bangladesh in the future, the foreign ministry said in a statement.

He also expressed interest in expanding their investment in Bangladesh's IT sector, which includes training and skill development through higher education.

The discussion between the two ministers was largely focused on economic cooperation, trade and investment and various ongoing and future initiatives.

Dipu Moni thanked Giske for the duty- and quota-free access that Norway extended to Bangladesh since July 2002



Right, Trond Giske, Norwegian trade and commerce minister, poses with Vivek Sood, chief executive of Grameenphone, at GP House in Dhaka on Saturday.

and hoped that trade between the two nations would increase further, as there is ample scope.

She stressed the need for more Norwegian investment in certain key sectors of shipbuilding, ship recycling, offshore exploration in oil and gas sector, ICT, which will be beneficial to both the countries.

The minister also requested Norway to provide more higher education scholarships and training for Bangladeshi students and professionals.

Giske assured of the Norwegian assistance for the development of Bangladesh.

Norwegian Ambassador in Dhaka Ragne Birte Lund was also present.

NBFIs to enhance risk management

STAR BUSINESS REPORT

The central bank yesterday set a deadline for non-bank financial institutions to step up their risk management activities.

"In order to manage all the risks in a prudent and organised manner, the non-bank financial institutions operating in Bangladesh are advised to strengthen their risk management," a senior official of Bangladesh Bank said.

A notice effective immediately

instructed all non-bank financial institutions to establish an effective Risk Management Forum (RMF) and a Risk Analysis Unit (RAU) at their firms by April 15.

The RMF, to be headed by the chief risk officer, should comprise the heads of credit, treasury, operation, asset-liability or any other related divisions.

The RMF will design risk management strategies and chalk up procedures, to be shared with the senior

management of the firm.

The RAU, which will act as the secretariat of RMF, has been asked to prepare a risk management paper every month containing trend analysis of all categories of risk, with the first due on April 30.

The RAU must also be independent of all other units/divisions of the firm, and no member of this unit is to be involved in any sort of ratings of transactions or working to achieve any targets, according to the notice.