



StanChart chairman in town

STAR BUSINESS DESK

Sir John Peace, chairman of Standard Chartered PLC, is now in Dhaka on a two-day official visit.

Peace will meet senior officials of the government, and clients and staff of Standard Chartered Bank.

This is the first time a chairman of the British banking giant is visiting Bangladesh.

Peace is accompanied by Sunil Kaushal, regional CEO for India and South Asia, the bank said in a statement yesterday.

Peace was appointed the chairman of Standard Chartered Plc in 2009, after joining the board in 2007 as deputy chairman.

Standard Chartered is listed on the London, Hong Kong and Mumbai stock exchanges and ranks among the top 20 companies in the FTSE 100 by market capitalisation.

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New budget to slash subsidy

Muhith makes an initial plan to reduce waste and tries to make sure subsidy reaches true beneficiaries

REJAUL KARIM BYRON

Subsidy is likely to get the cut in the budget for fiscal 2014-15 to reduce waste and make room for other expenditures.

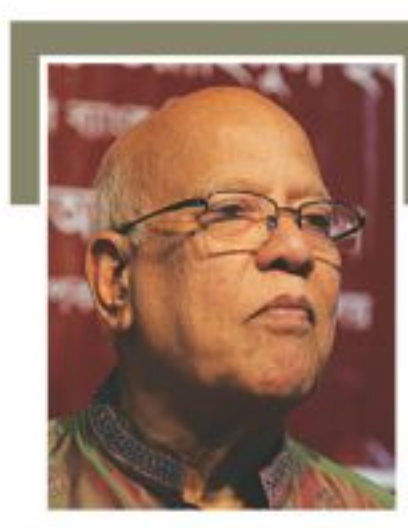
The development comes after two meetings—one of the fiscal coordination council and another of the resource committee—were held yesterday, with Finance Minister AMA Muhith in the chair, to work out a preliminary outlay of the next fiscal year's budget.

It was unanimously agreed that subsidy needed to be reduced and better targeted in the upcoming fiscal year in a bid to ensure that it reaches the true beneficiaries.

Subsequently, the total outlay for subsidy will be fixed at Tk 26,000 crore, down 20 percent from the current year.

More than half of the total subsidy goes to the energy sector and steps are being taken to reduce the allocation for it. Agriculture and other sectors are likely to see their subsidy allocations more or less unchanged.

Meanwhile, the GDP growth target of 7.3 percent was settled on at the meeting, Muhith told reporters



Due to the outburst of expectations from each ministry seeking higher budget allocations, I am going through a lot of trouble.

AMA Muhith

BUDGET OUTLINE FOR 2014-15	
Total budget:	Tk 249,020 cr
ADP:	Tk 79,030 cr
Revenue:	Tk 182,530 cr
NBR Revenue:	Tk 149,720 cr
Non-tax revenue:	Tk 27,660 cr
Budget deficit:	Tk 66,490 cr
Bank borrowing:	Tk 30,550 cr
Net foreign financing:	Tk 23,880 cr

afterwards. The current year's growth target was initially set at 7.2 percent, but was revised down to 6.5 percent.

The budget size has more than doubled in the last five years, due to which the ministries' expectations are very high, he said.

"Due to the outburst of expectations from each ministry seeking higher budget allocations, I am going through a lot of trouble. My biggest challenge would be to accommodate their expectations."

The outlay of the total budget has been primarily set at around Tk 249,020 crore, of which around Tk 79,030 crore would be for the annual development programme.

High-priority projects will get 100 percent allocations, while other projects will get funds on the basis of the availability of resources.

The total revenue collection target has been set at Tk 182,530 crore, which include NBR revenue of around Tk 149,700 crore.

Budget deficit—Tk 66,490 crore—will be 5 percent of GDP. Inflation is likely to be set at 6 percent.

ADP for the year to be revised today

REJAUL KARIM BYRON

The National Economic Council will revise this fiscal year's annual development programme today, increasing the number of projects by 20 percent but cutting allocations by 17 percent.

For the revised ADP, the allocation will be Tk 55,000 crore, which was Tk 65,870 crore originally, according to the planning ministry proposal.

The number of projects proposed in the revised ADP will be 1,254, rising from 1,046 in the original ADP.

Many projects have been given small funds and been included in the ADP, which goes against frequent suggestions made by economists to keep the number of projects low with higher allocations, a planning ministry official said.

Another 557 projects with no allocation have been included in the ADP. In the next several months, the projects will be incorporated in the ADP along with their small allocations.

In the last two months, the planning ministry and the finance ministry have been experiencing a hiccup over demand for additional funds from the ministries and divisions.

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Muhith slams BB for seeking more control over state banks

STAR BUSINESS REPORT

Finance Minister AMA Muhith yesterday criticised the central bank for seeking more control over the state banks.

"They [the central bank] seem to be bigger than the government," Muhith told reporters after a meeting with a visiting International Monetary Fund mission at his secretariat.

"They have told the IMF that they do not enjoy adequate autonomy. It's a total lie, total lie."

The IMF team started the fourth review of its Extended Credit Facility loan on March 19 for releasing the fifth instalment of the credit.

The mission held meetings with officials of different ministries in the last several days and sat with the finance minister yesterday to discuss the outcome of the review and the next course of action.

Muhith said the IMF is not concerned about Bangladesh Bank's control over the state banks.

The central bank wanted to prepare an action plan for gaining more freedom and has proposed inclusion of the plan in the ECF programme, the minister said.

"I have cut it [the action plan] out. The government will decide on it. I will talk with Bangladesh Bank about the matter," Muhith said.

The visiting IMF mission has raised questions whether the BB was exercising its power properly in controlling the state owned banks, said officials of the central bank and the finance ministry.

Recently the central bank's autonomy was boosted by amending the Banking Companies Act.

The IMF told the finance minister at yesterday's meeting that the central bank cannot exercise its power fully in controlling the state banks, a finance ministry official said.

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Third from right, Mohammed Nasim, minister for health and family welfare, attends the launch of Azbil Telstar Bangladesh, a joint venture company of Japan-Spain-Bangladesh, at the Westin Hotel in Dhaka yesterday.

A pharma tech company enters the market

Azbil Telstar Bangladesh starts its journey

STAR BUSINESS REPORT

Azbil Telstar Bangladesh, a joint venture among Japan, Spain and Bangladesh to provide high-tech solutions to pharmaceutical companies, began its journey yesterday.

"We expect to help Bangladeshi pharma companies achieve the high level of compliance that the international market demands," said Ton Capella, chairman of the newly-formed company.

The company provides high-tech solutions in design, engineering and construction, and sells equipment and machinery to pharma companies.

The investment in the company is Tk 100 crore, according to SA Khan, managing director of SAKA International, which has a 35 percent stake in the company. The remaining 65 percent is owned by Azbil Telstar, a joint venture of Japan-Spain.

"Our long experience in working with Telstar for our local valued partners inspired us to bring an international level solution at an affordable cost to Bangladesh," said Khan.

"Our endeavour will have a big significance in cooperation among Bangladesh, Spain and Japan for this specialised sector which has big contribution to the gross domestic product of Bangladesh," he added.

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Lacklustre remittance growth

STAR BUSINESS REPORT

Remittances rose 4 percent to \$1.27 billion in March from \$1.22 billion in the same month last year, as the outflow of migrant workers has been on the decline.

In the first nine months of the fiscal year, remittance fell 5.78 percent to \$10.47 billion from the same period last year, according to data from Bangladesh Bank. However, the figure for March is the highest in the first nine months of the fiscal year.

Remittance growth is sluggish mainly due to a fall in manpower exports, the Asian Development Bank said in its latest growth outlook. Manpower exports fell 10.3 percent year-on-year in the first six months of the fiscal year. In July-December, manpower export was 2.09 lakh persons, against 2.33 lakh in the same period last year.

Bangladesh needs \$100b in 10 years for infrastructure: WB

STAR BUSINESS REPORT

Bangladesh will have to spend \$7.4 billion to \$10 billion a year until 2020 to bring its power grids, roads and water supplies up to the standard needed to serve its growing population, a World Bank report said yesterday.

"In total, the country will require between \$74 billion and \$100 billion between 2011 and 2020 or 7.38 percent to 10.02 percent of its gross domestic product to improve infrastructure," said Luis Andres, one of the co-authors of the report.

Andres was talking to reporters of Bangladesh, Nepal and Pakistan from the bank's headquarters in Washington via a video conference yesterday.

The report -- Reducing Poverty by Closing South Asia's Infrastructure Gap -- is the first analysis of the region's infrastructure needs by the WB.

The lender shared the report with the media at the Dhaka office of International Finance Corporation, the WB's private sector financing arm.


The report said Saarc, the eight-nation bloc, needs to spend as much as \$2.5 trillion on infrastructure by 2020 to bring the region's infrastructure to a standard level.

It says the region, which includes Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, could address its enormous infrastructure needs by tapping private and public sector funds as well as by introducing reforms.

Andres said: "Despite recent rapid growth and poverty reduction, the South Asia region continues to suffer from a combination of insufficient economic growth, slow urbanisation, and huge infrastructure gaps that together could jeopardise future progress."

"It is essential to make closing its huge infrastructure gap a priority," said the lead economist for sustainable development for the South Asia region at the bank.

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