

Online system to track foreign aid

STAR BUSINESS REPORT

The government has taken an initiative to develop an online system that will track the incoming flow of aid into Bangladesh in an effort to ensure accountability and transparency for both the government and development partners.

The Economic Relations Division yesterday organised a meeting at the NEC conference room to share the 'beta version' of Aid Information Management System (AIMS) with stakeholders, including development partners and civil society organisations.

Arastoo Khan, additional secretary of ERD, chaired the meeting where Md Shakawat Hossain, an ICT specialist from ERD's Aid Effectiveness Project, and Karolien Casaer, a UNDP policy specialist, delivered presentations on AIMS, an application that records and processes information on development activities and aid flow in a country.

READ MORE ON B3

Tourist spending to rise this year: study

An analyst says stable political climate and increase in people's purchase power will drive growth

SUMAN SAHA

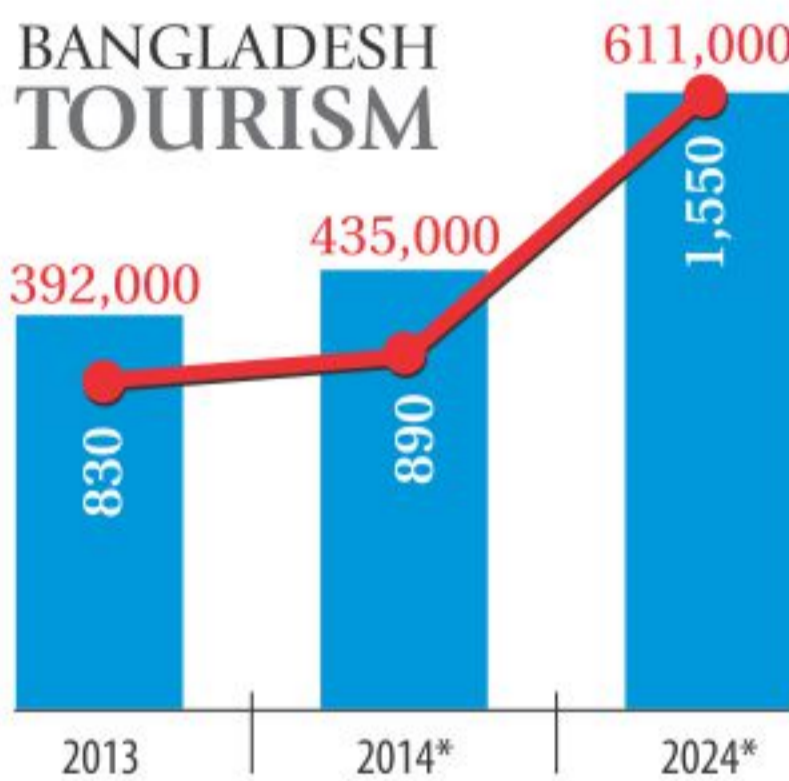
Spending by local tourists is expected to grow by 7 percent year-on-year in 2014 to Tk 39,670 crore, according to a London-based research organisation.

The amount will rise by 5.8 percent each year and finally stand at Tk 69,990 crore in 2024, World Travel & Tourism Council (WTTC) said in its latest study.

The forecast of WTTC seems to be achievable as the country is witnessing a stable political environment this year compared to the previous two years, said Kazi Wahidul Alam, a travel and tourism analyst.

An increase in people's purchase power has also contributed to the rise in spending on leisure travel, he said. The country is expected to attract 435,000 international tourists this year, up by 11 percent from the previous year, the study said.

"It is clear that the growth in travel and tourism demand from emerging markets continues with pace, as large rising middle classes, especially from Asia and Latin America, are willing and more able than ever to travel both



Foreign tourist arrivals in numbers
Foreign visitors exports in crores of taka
*FORECAST BY WTTC

within and beyond their borders," the WTTC said.

Travel and tourism contributed Tk 22,260 crore or 2.1 percent to Bangladesh's gross domestic product last year. This is forecast to rise 7.7 percent to Tk 23,980 crore this year.

The direct contribution of travel and tourism to GDP reflects the 'internal' spending within a particular country by residents and non-residents for business and leisure purposes. This

also includes the government's spending directly linked to visitors, such as museums or national parks.

The WTTC has been conducting economic impact research for more than 20 years to assess and quantify the value of travel and tourism's contribution to GDP and employment.

Alam said many domestic tour operators are now participating in international tourism fairs to attract more foreign tourists to the country, which is expected to have a positive impact on tourist arrivals.

A number of budget airlines such as Malindo Air, FlyDubai, Air Arabia and Tiger Airways have increased their travel frequency in Bangladesh, he said.

Also, many foreign experts and consultants will visit Bangladesh as the government has undertaken some big infrastructure projects, said Alam, also editor of Bangladesh Monitor, a fortnightly travel and tourism magazine.

The WTTC study said travel and tourism investment in Bangladesh was Tk 4,050 crore in 2013, or 1.5 percent of the total investment.

Govt may sign bandwidth deal with India today

STAR BUSINESS REPORT

The government may sign an agreement with India today to rent 10 Gbps (Gigabits per second) of internet bandwidth to the neighbour.

The price has not been fixed yet, but officials said Bangladesh may earn Tk 1.20 crore per month in rent.

This is an initial demand from India and the amount will increase in future, said Monwar Hossain, managing director of Bangladesh Submarine Cable Company Ltd that deals with the bandwidth.

The government has already prepared a draft memorandum of understanding and shared it with the Indian side, he said.

Bangladesh will have to lay at least 50 kilometres of optical fibre cables from Brahmanbaria to Akhaura border to facilitate the rent and the task may take six months.

A delegation from Bharat Sanchar Nigam Ltd (BSNL), the state-owned telecom company of India, is now in Dhaka. They held talks with officials of Bangladesh Submarine Cable Company yesterday.

"We are trying to find the best possible way to export internet bandwidth to India, and are very close to the final task now," Hossain said.

The Indian team led by DP Singh, chief

general manager of BSNL, also met Md Abubakar Siddique, telecom secretary.

The Bangladesh government earlier estimated that it could earn at least Tk 4.83 crore per month by exporting 40 Gbps of internet bandwidth to three northeastern states of India.

The decision to export internet bandwidth was taken in February this year.

Bangladesh's lone submarine cable, whose lifetime will end in the next 12 years, has a bandwidth capacity of 200 Gbps, while the country consumes only 32 Gbps.

Bangladesh will get another undersea cable by the end of 2015 or early 2016 with a capacity of around 1400 Gbps, while industry insiders say the country's demand for bandwidth may increase at best 210 Gbps by 2021.

Some other countries such as Singapore, Malaysia, Italy and Myanmar have expressed interest to use Bangladesh's internet bandwidth.

"We will go for both sale and lease as we have received multiple proposals from different countries," Hossain had earlier told The Daily Star. In case of lease, the agreements will be for one or two years.

Besides the undersea cable, Bangladesh currently has six terrestrial cables that are connected globally via India. These cables provide bandwidth support for both data and voice markets.

Trade deficit widens on sluggish exports

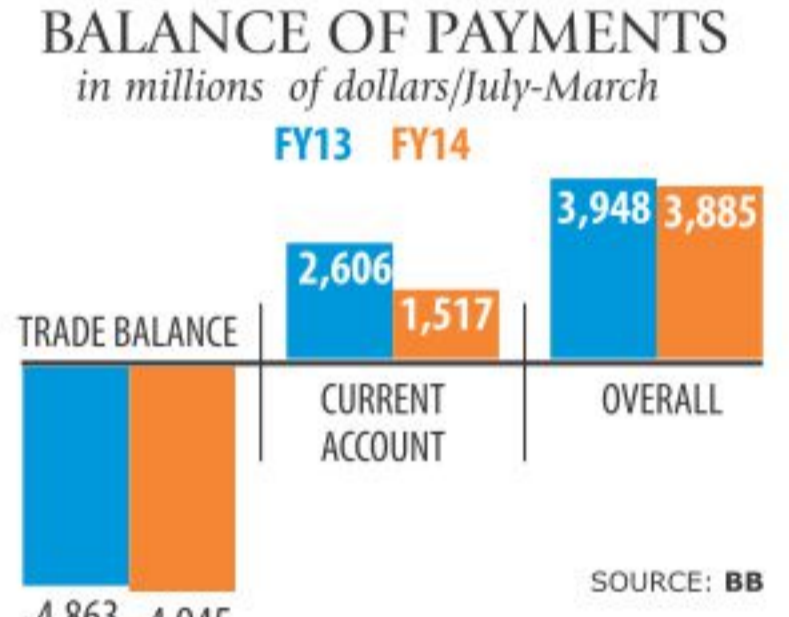
REJAUL KARIM BYRON

Trade deficit widened in the first nine months of this fiscal year on the back of lower exports and higher imports, bucking the recent trend.

Between July and March, trade deficit stood at \$4.94 billion. In March alone, it rose by \$1.38 billion, data from Bangladesh Bank shows.

Imports grew by 11.09 percent in the first nine months of fiscal 2013-14 but in March alone the growth was 54.47 percent. Exports grew by 13.46 percent during the period but in March it rose only 4.79 percent.

Meanwhile, the current account surplus dropped around 42 percent to \$1.51 billion in the first nine months of the fiscal year owing to a decline in remittance inflow.



Zahid Hussain, lead economist at the World Bank's Dhaka office, said the main cause of increase in deficit is the low export growth in March.

In April, export growth peaked and the declining trend in remittance inflow was also closing up, so there will be a marked improvement in the figures. The latest data shows that

exports grew by more than 16 percent last month.

Hassan Zaman, chief economist of BB, said there is nothing alarming about the slight deterioration in the current account balance, which, after all, is still a positive number.

"Moreover, countries at our stage of development often run current account deficits in order to finance the imports required for infrastructure development and industrial growth."

"Given that the foreign exchange reserves are more than adequate, I would not be too worried even if we had a small current account deficit, so long as it is financing the capital equipment imports required for economic growth."

The country's foreign currency reserves are still over \$20 billion.

Padma bridge a top priority

Muhith speaks on high-spend areas in upcoming budget

STAR BUSINESS REPORT

The Padma bridge project and completion of four-lane Dhaka-Chittagong highway will get the highest priority in the upcoming national budget, Finance Minister AMA Muhith said yesterday.

"We will consider the Padma bridge and Dhaka-Chittagong highway as the mega projects in the upcoming budget," Muhith said at a pre-budget discussion organised by private TV station ntv at the capital's Ruposhi Bangla Hotel.

He also gave out the size of the budget for fiscal 2014-15, which is likely to be Tk 250,000 crore.

"The next budget is a challenge for the government. We need a quantum

jump in GDP growth, which has been hovering around 6 percent for many years now, the lowest in regional comparison."

He said the budgetary allocation would be decentralised and broader reforms in administration will be introduced.

"We need to take risks for increasing investment by private entrepreneurs. It is a puzzle why private investment is not rising, although public investment went up in the country. Many said there are some uncertainties over private investment—we also need to overcome them."

For attracting private investment, the government has also been working to develop seven special economic zones,

as the land is considered as one of the major obstacles for private investment, the finance minister added.

The upcoming budget will be investment and business friendly, Commerce Minister Tofail Ahmed said.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said higher private sector investment is imperative to come out from the GDP growth limbo of 6 percent, and for that, enhancement of infrastructure is needed.

He said it will take \$60-\$80 billion of investment in infrastructure in the next 10 years to hit the expected level of economic development.

READ MORE ON B3

Foreign investment in DSE jumps manifold in April

SARWAR A CHOWDHURY

Net foreign investment in the Dhaka stockmarket rose to a record Tk 572 crore by nearly six times in April from the previous month, as overseas investors injected fresh funds into multinational companies.

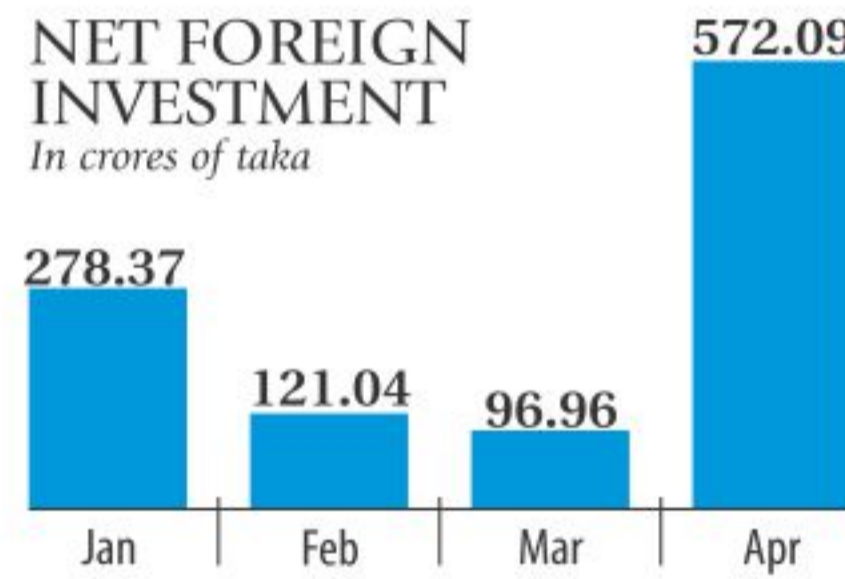
Foreign investors bought shares worth Tk 876.44 crore and sold shares worth Tk 304.35 crore in April, according to data from Dhaka Stock Exchange.

Local stockbrokers said two international merger news of cement makers—Lafarge and Holcim—and drug makers—GlaxoSmithKline and Novartis—prompted foreign investors to take position in the companies that are listed on the Dhaka market.

Lucrative dividends declared by other multinational companies also encouraged the investors to park money in the securities, they said.

The foreign investors were also on a buying spree as they found it to be an ideal time to take position in securities, said Wali Ul Islam, chief executive officer of LankaBangla Securities, a leading stockbroker.

"The foreign investors are seeing the Bangladesh outlook very positively," he



said, adding that favourable macroeconomic indicators and easing of political tension increased investor confidence.

Besides, he said aggressive overseas marketing by local stockbrokers is also attracting the foreign investors to the Dhaka stockmarket. Also known as portfolio investment, foreign investment accounts for around 2 percent of DSE's total market capitalisation, which was Tk 291,362 crore as of yesterday.

Banks were initially the foreign investors' preferred sector, but non-bank financial institutions, power and energy, pharmaceuticals, multinationals, telecoms and IT also caught their attention.

During January-April period, foreign investors bought shares worth Tk 1,811.91 crore and sold shares worth Tk 743.45 crore to yield a net investment of Tk

HC questions BASIC Bank officials' promotion

STAR BUSINESS REPORT

The High Court yesterday questioned the legality of the promotion of two officials of BASIC Bank to deputy managing director.

Respondents have two weeks to explain why the promotion of Ruhul Alam and Md Selim should not be declared illegal, according to a court rule.

Justice Tariq ul Hakim and Justice AKM Shahidul Huq passed the order after hearing a petition filed by two suspended BASIC Bank officials, Zainal Abedin Chowdhury and Khandker Shamim Hasan.

Bangladesh Bank, finance ministry, BASIC Bank, Alam and Selim have been made respondents to the rule, petitioners' lawyer Imam Hossain Tarek told The Daily Star.

Alam and Selim have been promoted from general manager in violation of the relevant rules, Tarek alleged.

The Most Trusted

Real Estate Website in Bangladesh

300+

Developers

6000+

Properties

Lamudi.com.bd

BUY

SELL

RENT

Cape Town

Paris

Kilimanjaro

Nairobi

London

IRRESISTIBLE GETAWAYS TO EUROPE AND AFRICA*

4 DAYS ONLY

UP TO 20% OFF

Your next holiday getaway is only one step away. Book your tickets between 12th - 15th May. Plan your next journey on Qatar Airways to over 130 destinations worldwide. We look forward to welcoming you onboard.

To book your ticket visit qatarairways.com/4daysale; contact Qatar Airways office at +9890024/+88985781 or visit your preferred travel agent.

World's 5-star airline.

oneworld

QATAR

আবু আবু

*Excluding North Africa. Terms and conditions apply; Please review at the time of booking.