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BUSINESS

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# Subsidy to get the cut

REJAUL KARIM BYRON

The government is set to slash subsidy allocation by about 19 percent in the upcoming budget, with the bulk of the cuts falling on fuel subsidy, in keeping with the commitment to the International Monetary Fund.

The total allocation for subsidy is likely to be around Tk 26,453 crore in fiscal 2014-15, in contrast to Tk 32,354 crore set aside this year.

In a memorandum with the IMF for the Extended Credit Facility, the government pledged to continue with its efforts to contain energy subsidy.

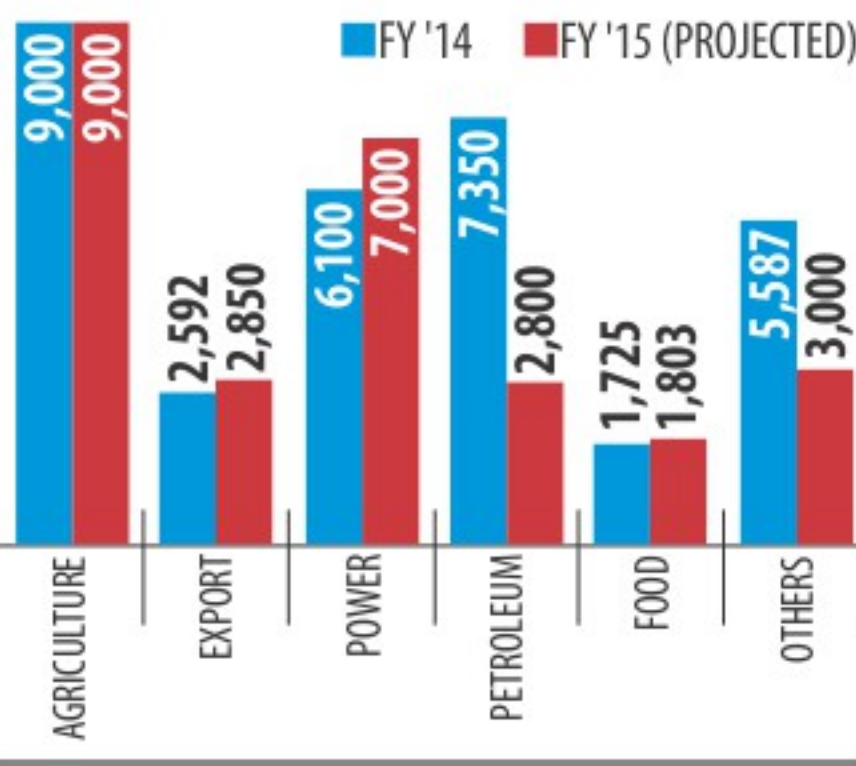
On the basis of the commitment, the multilateral lender last Friday approved around \$141 million, the fifth instalment of the ECF loan.

As part of the efforts, fuel subsidy would be slashed by 62 percent from the current year's allocation to Tk 2,800 crore.

The government also committed to keeping domestic average fuel prices within Tk 10 per litre of international prices, with the price to be adjusted as needed to keep to that target.

To enhance financial management at Bangladesh Petroleum Corporation, the

## SUBSIDY IN CRORES OF TAKA



sole agent for importing fuel, the government plans to hire professional staff by June, appoint a global firm to audit its financial statements and adopt automated financial reporting software by December.

To strengthen the transparency of subsidy policies, the required subsidy expenditure of BPC, the Power Development Board and Chemical Industries Corporation (BCIC) will be met through regular budgetary transfers, at least on a quarterly basis.

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# Four graft-ridden branches control most business of BASIC Bank

SAJJADUR RAHMAN

Troubled BASIC Bank has doubled its branches to 68 in the last five years, but 70 percent of its business activities are controlled by graft-ridden four branches.

Of the four branches, loan activities have recently been suspended in three --Dilkusha, Gulshan and Shantinagar -- by the central bank on charges of loan frauds.

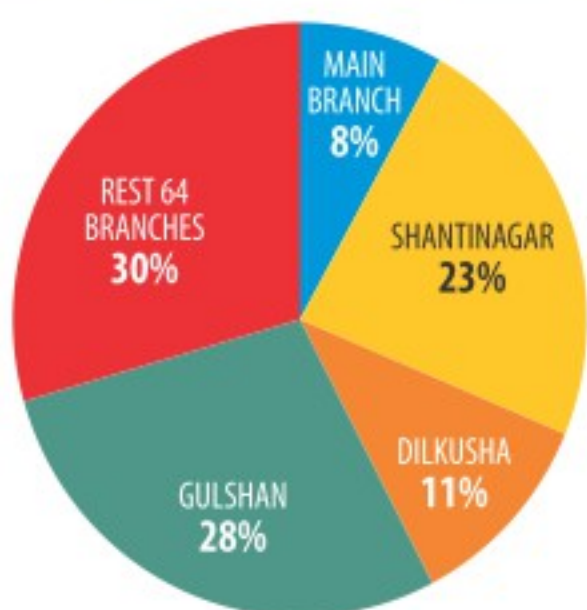
The fourth one is the bank's main branch.

The bank had only 32 branches in September 2009 when the incumbent board of directors was appointed by the government. The number of employees has more than trebled ever since.

Despite rapid expansion, the bank has failed to diversify its business and attract small and medium enterprises to its services.

According to BASIC Bank data, its 68

## TK 11,040CR LENDING IN 2013



branches lent Tk 11,040 crore in 2013. Of the amount, nearly Tk 7,791 crore was given by the four branches.

Bangladesh Bank investigations detected massive financial irregularities involving around Tk 4,500 crore of loans in the three branches between 2009 and 2013.

The Gulshan branch alone lent more than Tk 3,111 crore last year against its deposit of Tk 695 crore only. Loan-deposit ratio (LDR) reached a whopping 427 percent, meaning it has lent Tk 427 against a deposit of Tk 100.

The permissible ceiling of LDR is 85 percent.

The Shantinagar branch loaned more than Tk 2,563 crore against a deposit of Tk 1,177 crore, pushing the LDR to nearly 204 percent.

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# Tax receipts rise in April, full year off the target

SOHEL PARVEZ

The tax authority saw a rise in revenue receipts in April than a month ago due to increased monitoring and a steady recovery of the economy from political unrest.

In April, tax collection went up 15 percent year-on-year to Tk 11,541 crore, thanks a higher

flow of taxes from domestic and external trade related sources.

In March, tax grew only 6 percent year-on-year.

The overall collection rose 9.16 percent year-on-year to Tk 90,704 crore in July-April of the current fiscal year, according to National Board of Revenue.

However, despite an improvement, the NBR is

unlikely to achieve its revised collection target of Tk 125,000 crore by the end of fiscal 2013-14, analysts said yesterday.

Another Tk 34,296 crore will have to be collected in the rest two months to achieve the target, which Ahsan H Mansur, executive director of Policy Research Institute (PRI), said may not be doable.

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[ বিস্তারিত জানতে কল করুন ১৬২২১ ]

\*অফারটি চাঁদ রাত পর্যন্ত। কার্ডটি ব্র্যাক ব্যাংকের POS মেশিনে ব্যবহার করতে হবে। শর্ত প্রযোজ্য

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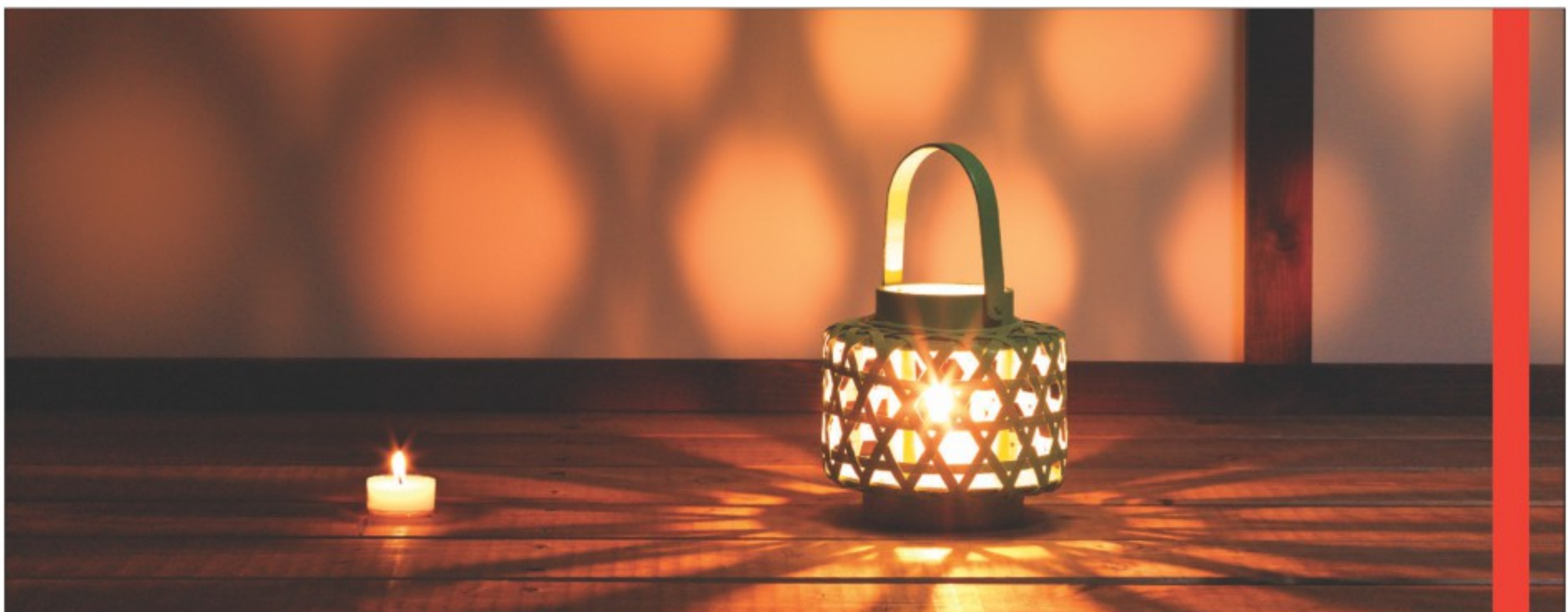
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