

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.92%	0.94%	\$1,200.50	\$54.95	Closed	0.63%	Closed	0.1%	BUY TK 77.00	82.71	113.27	0.64
4,431.10	8,257.66	(per ounce)	(per barrel)		19,435.08		3,863.93	SELL TK 78.00	86.71	117.27	0.67

**সমৃদ্ধির খোপান** **দ্বিগুণ আয়ের শ্রেষ্ঠ উপায়**

মুদারাবা দ্বিগুণ বৃদ্ধি ডিপোজিট ফিড

সর্বাধুনিক প্রযুক্তি ও সমৃদ্ধ ব্যাংকিং সেবায় আমানত দ্বিগুণ করুন স্বল্পসময়ে



ইসলামী শরী'আহ মুদারাবা নিতির ভিত্তিতে পরিচালিত

যে কোন প্রয়োজনে ০৯৬১২০০১১২২

# Star BUSINESS

DHAKA MONDAY APRIL 6, 2015, e-mail:business@thedailystar.net

## Investment, revenue should get priority: economists

*Budget size to be within Tk 300,000cr: Muhith*

**STAR BUSINESS REPORT**

The government should put utmost importance on investment and revenue earnings when formulating fiscal 2015-16's budget so that the country can come out of the 6-percent GDP growth trap, leading economists said.

The suggestion came at the first pre-budget discussion meeting, which was held yesterday at the National Economic Council auditorium with Finance Minister AMA Muhith in chair.

Muhith was in agreement with the economists, assuring that the two facets will get the most priority in the forthcoming budget.

He hinted at the size of the budget: it would be kept within the Tk 300,000 crore mark.

The finance minister also touched upon the current fiscal year's GDP growth. He said

the economy was on the way to hitting 7 percent growth until political turmoil set off in January. In light of the recent developments, he is doubtful if the target can be met.

Zaidi Sattar, chairman of Policy Research Institute, said the country has huge growth potential but is trapped in the 6-percent trajectory.

Subsequently, the aim of the next budget would be to climb up to the 7-percent growth path. To achieve this, the main emphasis has to be placed on the manufacturing sector and trade policy.

The economists -- who hail from the Bangladesh Institute of Development Studies (BIDS), Bangladesh Economic Association (BEA), PRI and Economic Research Group (ERG) -- also highlighted the infrastructure deficiency and banking issues at yesterday's meeting.

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## CPD questions budgetary support from World Bank

**STAR BUSINESS REPORT**

The Centre for Policy Dialogue is not in favour of the government's move to seek budgetary support from the World Bank, as the amount is not significant and it would come with a host of conditions which would undermine the policy-making independence.

The need for budgetary support from the World Bank remains unclear, as the past two national budgets did not face any major resource constraints, the think-tank said, adding that the amount that is being sought, \$500 million, is not significant.

CPD made the observation at an event in Dhaka to unveil its expectations from the upcoming budget, due in June.

At present, negotiations are on the way between the government and the World Bank to receive Development Support Credit (DSC).

In order to receive the credit, the government has already agreed to undertake a set of policy reforms, said Finance Minister AMA Muhith in the last week of February.

The policy reforms would encompass nine areas including public fund management, banking, energy, transport, ICT, public-private partnership and migrant workers; and they would be implemented in three fiscal years, starting in 2015-16.

"The CPD has always maintained that reforms, whilst much-needed, must be domestically-



From left, Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue; Towfiqul Islam Khan, research fellow; and Mustafizur Rahman, executive director, attend a media briefing on the think tank's recommendations for the upcoming budget, held at Brac Centre Inn in Dhaka yesterday.

owned and nationally-designed."

If there is any shortfall in resources, funds may be mobilised from development partners including the WB, according to the CPD.

"Regrettably, both in case of International Monetary Fund support and WB DSC, reform agen-

das are being imposed as conditionalities for receiving funds," CPD said.

This undermines both the national cause of policy making independence and also the prospects of implementation of these reforms, said the CPD.

Most of the reforms identified by the government and the WB are related to adoption of new laws, rules and action plans, and timely implementation of various projects related to infrastructure and ICT and other sectors.

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## NBR shuffles 40 officials

**STAR BUSINESS REPORT**

The National Board of Revenue has made a massive reshuffle at its customs and VAT department by transferring 40 officials, including 11 commissioners.

The tax authority handed over the current charge of a commissioner to an additional commissioner. It transferred five additional commissioners and 13 joint commissioners.

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## Interest rates on savings instruments may fall

*Muhith comes down hard on chiefs of some autonomous bodies for financial indiscipline*

**STAR BUSINESS REPORT**

Finance Minister AMA Muhith has hinted that the government may cut interest rates on savings instruments in the next fiscal year.

Muhith sat with economists at a pre-budget meeting at the National Economic Council auditorium yesterday.

Economist Ahsan H Mansur said borrowing from the savings instruments have crossed the government target.

The rate of interest on the instruments should be market-based and the finance ministry should have acted in time; otherwise financial intermediation will be affected, Mansur added.

Muhith agreed and said, "It is much too high compared to the yield on deposit rates."

The rate will be reviewed for the next fiscal year, he added. Between July and February, the sales of savings instruments soared 77.41 percent year-on-year to Tk 26,533 crore, according to statistics from National Savings Directorate.

The development is a massive setback for the government, which aimed to keep net borrowing through savings instruments within Tk 9,056 crore this fiscal year.

The rate of interest on savings instrument is between 12 percent and 14 percent.

In the last two and a half years, the rate of interest on bank deposits has been on a slide.

In January, the weighted average interest rate on deposits was 7.26 percent, down from 8.34 percent a year ago.

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## Political crisis eats into foreign funds in stocks

**SARWAR A CHOWDHURY**

Share selling by foreign investors outstripped purchases for the first time in the last three and a half years, due to weak performance of the stockmarket compared to the developed markets.

Foreign investors sold shares worth Tk 351.91 crore and bought shares worth Tk 319.61 crore last month, according to data from Dhaka Stock Exchange.

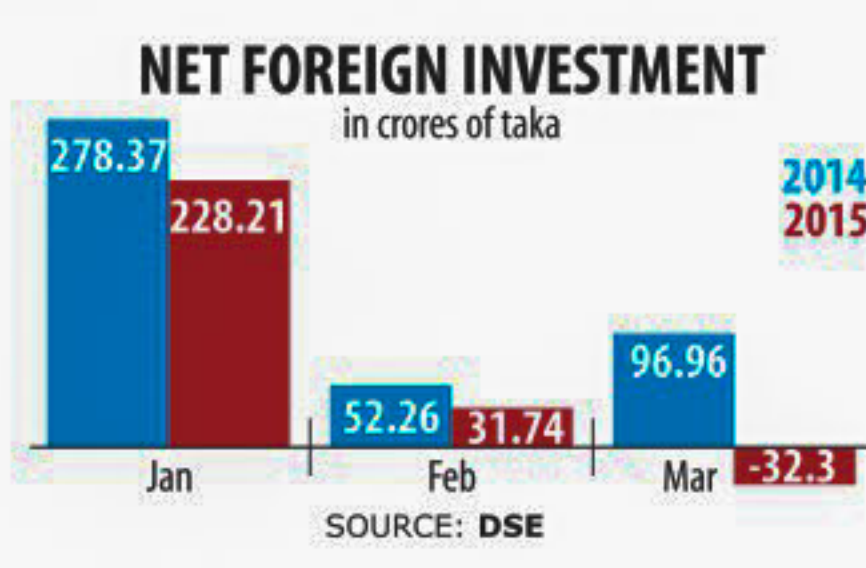
The stockmarket is passing through a spell of volatility because of the political crisis, said Kh Asadul Islam Ripon, managing director of Alliance Capital Asset Management.

"Since the developed markets are currently outperforming the frontier and emerging markets, fund managers have reallocated their funds away from Bangladesh and its peer countries to other markets that have higher liquidity and returns," he said.

"Foreign fund managers require greater liquidity in their target markets, which we have not witnessed recently."

Also, he said, the average daily turnover of Dhaka bourse has fallen 45 percent in the three months to March from the same period last year.

Unexpectedly, low earnings for certain sectors—such as banks and non-banks that saw very low private and public credit growth—as well as the manufacturing sector have also aggravated the situation, Ripon said.



"However, on a positive note, we have seen earlier that when returns in developed markets decline or slow down, the frontier and emerging markets like Bangladesh see growing momentum."

The net foreign investment also dropped by 46.75 percent year-on-year to Tk 227.65 crore in the first quarter of this year.

Also known as portfolio investment, foreign investment accounts for less than 1 percent of DSE's total market capitalisation, which stood at Tk 315,949 crore at the closing of yesterday's trading.

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

Investors include fund managers such as Morgan Stanley, JPMorgan, Goldman Sachs and BlackRock.

Net foreign investment was Tk 2,619.79 crore in 2014, up 35 percent from the previous year, according to DSE data.

## Stocks fall despite United Power's flying start

**STAR BUSINESS REPORT**

Share prices of United Power Generation and Distribution Company soared 87 percent on its trading debut yesterday, but the market continued to decline for the third day.

Listed with an offer value of Tk 72 each, United Power's share prices ranged between Tk 98 and Tk 139.9, before closing the day at Tk 134.6 on the Dhaka Stock Exchange.

The company's net profit fell 30.74 percent to Tk 175.78 crore in the nine months to September, compared to the same period in the previous year, according to a post on the DSE website.

United Power, which raised Tk 237.6 crore through the initial public offering using the revised book building method, is the 18th firm listed in the fuel and power sector that accounts for around 12 percent of the premier bourse's total market capitalisation.

The power generation company floated 3.3 crore ordinary shares of Tk 10 each at an offer price of Tk 72, which was set through institutional bidding in May last year.

The company is a merchant power supplier with an existing capacity of 160MW.

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**DATE:** 18th April, 2015 (Saturday), **VENUE:** Radisson Blu Water Garden, Dhaka, **TIME:** 8:30 am - 6:00 pm

**For Registration:** Call: 017 555 94 960, 017 555 94 961, Email: bbfseminar2015@gmail.com

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