

Star BUSINESS

DHAKA WEDNESDAY APRIL 8, 2015, e-mail:business@thedailystar.net

Govt to lower economic growth target for unrest

REJAUL KARIM BYRON

The government is set to revise down current fiscal year's GDP growth projection by 0.5 percentage point to 6.8 percent in light of the dragging political unrest.

The revised growth target will be fixed at today's meeting of the fiscal coordination council.

The meeting will also deal with current fiscal year's revised budget and next fiscal year's budget, said an official from the finance ministry.

Finance Minister AMA Muhiith already informed the parliament about the decision to revise down the growth target from the initial 7.3 percent given the tumultuous political scenario, which has been getting in the way of normal economic activities. By how much the target will be brought down was not specified.

At a pre-budget meeting with non-governmental organisations yesterday, the finance minister said the government had great expectations that it would be able to come out of the 6-plus growth trap this year.

BUDGET NUMBERS FOR 2015-16	
Budget size:	Tk 291,670cr
ADP size:	Tk 89,420cr
Total revenue:	Tk 182,770cr
GDP projection:	7.4pc
Inflation target:	6.5pc

"Now, I don't believe it so firmly," he said at the meeting held at the auditorium of the National Economic Council.

However, he said the disturbances the economy had suffered from the three month-long political unrest are much less than what is being publicised and discussed.

The finance ministry official said the government will set an ever bigger growth target for fiscal 2015-16. The relevant officials will propose a 7.4 percent GDP growth target at the coordination council meeting, he said.

Bangladesh Bank, World Bank,

International Monetary Fund and Asian Development Bank have all lowered their GDP growth forecasts due to the political unrest.

The ADB last month revised down Bangladesh's growth forecast to 6.1 percent from 6.4 percent.

"Political blockades and violence in early 2015 will constrain growth," the Manila-based lender said in the Asian Development Outlook 2015.

The BB also recently said the growth this time would be in the neighbourhood of 6.5 percent.

Meanwhile, the total budget for 2014-15 was cut by 4.2 percent from the original amount and fixed at Tk 240,000 crore. However, the subsidy expenditure, which was around Tk 26,000 crore, would remain the same.

Of the amount, subsidy for fuel was Tk 2,400 crore. As the fuel price fell in international market, the fuel subsidy may decrease by around Tk 2,000 crore.

In the revised budget, the subsidy on power may be nearly Tk 10,000 crore. Originally, it was Tk 7,000 crore.

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BB to introduce real-time bank transactions

STAR BUSINESS REPORT

Bangladesh Bank is set to introduce the real-time gross settlement (RTGS) system on October 8 to facilitate instant settlements of payments online.

RTGS is a system of transferring money or securities from one bank to another on a real-time or 'gross' basis. It is part of a project jointly funded by the government and the Asian Development Bank.

Real-time settlement means payment transaction is not subjected to any waiting period. The transactions are settled as soon as they are processed. Gross settlement means the transaction is settled on a one-to-one basis without bundling or netting with any other transaction.

It enables the instant settlement of high-value, local currency transactions as well as government securities and foreign currency-based transactions, the BB said in a statement yesterday.

Under the present system, such transactions sometimes take more than a day to come through.

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Businesses will not be harassed to meet NBR's revenue target

The chief of tax authority tells MCCI team

STAR BUSINESS REPORT

The National Board of Revenue will not put extra pressure on businesses to hit its collection targets for this fiscal year, its Chairman Md Nojibur Rahman said yesterday.

Instead, the tax authority will ask the ministries and divisions to implement the Annual Development Programme (ADP) and realise arrear taxes from state-run agencies and companies to achieve the collection target, he said.

"Hitting the target is definitely a challenge, but we will not go after the businesses. They should not fear that we will follow regressive measures to make up the shortfall in revenue collections," he said.

Rahman said ADP implementation and realisation of arrears will boost revenue collection.

The tax authority is also looking to collect withholding taxes.

Rahman's assurance will calm the nerves of the leaders of Metropolitan Chamber of Commerce and Industry, who expressed concerns that the big firms and high tax-paying individuals would be targeted to meet their collection shortfall.

The government has set out to collect Tk 149,720 crore from taxes this fiscal year, but has managed just Tk 79,978.72 crore in the first eight months. The collection figure for the July-February period is a 16.42 percent year-on-year increase.

Yet, revenue officials and other stakeholders apprehend a shortfall in overall collection target owing to sluggish economic activity amid the political turmoil that began in the first week of January.

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MCCI RECOMMENDS

- Prudent and business-friendly budget
- Generous allocation for electricity generation
- Reduction in duty and taxes for import of basic raw materials
- Hike in tax-free income limit to **Tk 2.65 lakh**
- Cut in corporate tax for financial institutions

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Inflation hits five-month high

STAR BUSINESS REPORT

Inflation accelerated 13 basis points to 6.27 percent in March, the highest in five months, on the back of higher food prices stoked by the drawn-out political turmoil.

The onset of political unrest on January 6 meant the price level started crawling upwards, resulting in a 10 basis point increase in inflation in February, when it stood at 6.14 percent. March's data now confirms the upward trend.

Food inflation, which dictates the overall inflation in the country, was the driver behind last month's uptick, as it rose from 6.11 percent in February to 6.37 percent in March.

"Inflation went up a bit in March because of the rise in transport cost amid the political uncertainty," said Planning Minister AHM Mustafa Kamal while disclosing the inflation data at his ministry.



Garment exports rise 3pc in July-March

STAR BUSINESS REPORT

Garment exports rose 3.16 percent year-on-year to \$18.62 billion in the first nine months (July-March) of the current fiscal year, according to Export Promotion Bureau.

Apparel exports have been on the rise as major markets like the US are showing positive signs, said Shahidullah Azim, vice-president of Bangladesh Garment Manufacturers and Exporters Association, the garment makers' platform.

"We needed to grow by 10 percent every month to achieve the target of \$27 billion garment export in the current fiscal year," Azim told The Daily Star by phone. Garment exports to non-traditional markets grew 7 percent year-on-year in the July-March period.

The impact of political unrest would be seen three to four months later when exporters will get their payments, as garment makers bagged fewer than normal orders from retailers between January and March.

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Huge growth in data business awaits mobile operators: survey

MD FAZLUR RAHMAN

Only 11 percent of internet users went for 3G or faster service in 2014, meaning huge growth in data business awaits mobile operators in Bangladesh, a survey found.

Overall, 61 percent of users say they would like to enjoy the high-speed internet service by the first half of the current year, according to the Ericsson ConsumerLab survey, conducted last year by the Swedish telecom equipment giant.

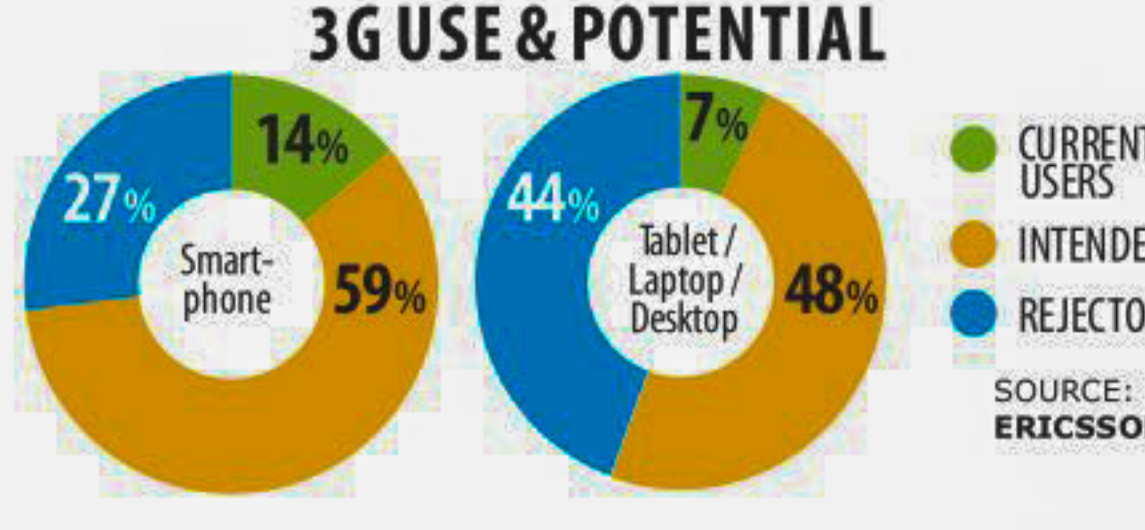
"Twenty-eight percent of them are still unaware of the benefits of 3G," said Warren Chaisatien, head of marketing for Ericsson Australia and New Zealand, while video conferencing from Australia with reporters in Dhaka last week.

The world's biggest telecom-equipment maker conducted the survey through face-to-face interviews, among 1,000 people in five divisional headquarters: Dhaka, Chittagong, Rajshahi, Sylhet and Barisal.

As of 2014, 14 percent of users accessed 3G (third generation) services through smartphones and 7 percent with laptops, tablets and desktops.

Around 60 percent smartphone users expressed willingness to move to 3G, while 27 percent in the category were found unaware of the benefits of having a 3G connection.

Nearly half of the internet users who access internet through laptops, tablets and desktops say they would transition to the 3G technology by June this year, while 44 percent in the segment did not know the advantages of using it.



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Biman resumes flights to Rajshahi, Barisal

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After a long period of suspension, Biman Bangladesh Airlines has resumed its domestic flights on two routes -- Rajshahi and Barisal.

Civil Aviation and Tourism Minister Rashed Khan Menon inaugurated the flight to Rajshahi by going from Dhaka to Shah Makhdum Airport in the northern district along with 60 other passengers on a Dash 8-Q400s plane at 3.25pm.

The flights would now reach Rajshahi from Dhaka at 3pm and return to Dhaka at 3.25pm thrice a week on Sundays, Tuesdays and Fridays, the minister said.

"If we receive a positive response, the number of flights would be increased to six days and cargo flights would also be introduced."

Menon later returned to Dhaka along with 40 other passengers on the same flight.

The minister said two Dash 8-Q400s aircraft, named Moyurakkhi and Meghdut, would be used for flights to Cox's Bazar, Jessore, Rajshahi, Saidpur and Barisal.

One-way fare on the Rajshahi-Dhaka route would be Tk 3,500 a person; however, there would be promotional fare of Tk 2,700 for one month.

Due to various reasons, including losses and a shortage of aircraft, the Biman authorities had suspended flights on the route in February 2007.

Meanwhile, Biman is set to resume its Dhaka-Barisal flight today after a pause of nine years.

Khalilur Rahman, Barisal office manager of Biman Bangladesh, said a 74-seat Dash-8 Q-800 plane will operate two flights a week -- Wednesdays and Sundays.

The flights would take off from Dhaka at 4pm and from Barisal at 4:55pm.

The one-way fare will be Tk 3,000-Tk 4,000 a person.

Menon is likely to attend a programme at the Biman office in Barisal today.