

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES			
DSEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY
0.64%	0.51%	\$1,218.82	\$66.56	0.17%	0.98%	0.08%	Flat	77.15	86.37	120.05	0.64
4,314.88	8,136.56	(per ounce)	(per barrel)	27,206.06	19,570.24	3,455.78	4,378.31	BUY TK	SELL TK	78.15	0.67

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Star BUSINESS

DHAKA FRIDAY MAY 15, 2015, e-mail:business@thedailystar.net

GDP growth number surprises analysts

Growth to accelerate 6.5pc this fiscal year

SAJJADUR RAHMAN

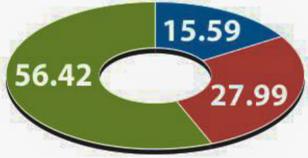
The economy was not as badly hurt as everyone expected by the three-month political turmoil inflicted by the BNP-led opposition alliance

Provisional data released by the planning ministry yesterday showed the economy is on track to log in 6.51 percent year-on-year growth for the current fiscal year, which is the highest in three years.

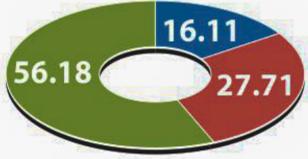
Last fiscal year, when the country too had a similar bout of political upheaval, the economic growth was 6.06 percent, which was revised down from 6.1 percent. The government's GDP figure is much higher than the analysts and development partners' estimates.

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SECTOR-WISE CONTRIBUTION TO GDP IN FY15 IN %



SECTOR-WISE CONTRIBUTION TO GDP IN FY14 IN %



AGRICULTURE INDUSTRY SERVICES

Bangladesh close to mid-income status

MD FAZLUR RAHMAN

Bangladesh is on the cusp of becoming a middle-income country as its per capita income rose to \$1,314 this fiscal year, meeting the World Bank's criteria.

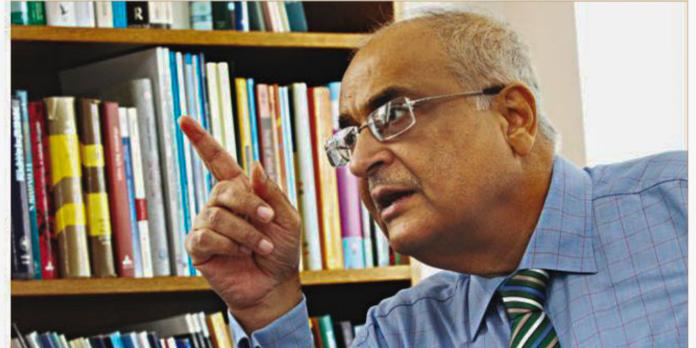
Bangladesh will be recognised as a middle-income nation if it achieves at least an average per capita income of \$1,045 for three consecutive years. Per capita income was \$1,190 last fiscal year and \$1,154 in 2012-13.

According to the World Bank's 2012 classification, the income thresholds are: low income \$1,035 or less; lower middle-income \$1,036 to \$4,085; upper middle-income \$4,086 to \$12,615; and high income \$12,616 or more.

The income thresholds are most often revised upwards to allow for international inflation, according to Zahid Hussain, lead economist of the multilateral lender's Dhaka office.

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National strategy needed to make new development goals work: Debapriya



Debapriya Bhattacharya

SAJJADUR RAHMAN

One of the major achievements of the Sustainable Development Goals (SDGs) package is that it includes means of implementation of the goals, which was totally absent in the Millennium Development Goals, said Debapriya Bhattacharya, distinguished fellow of Centre for Policy Dialogue.

This time, financing and other means of implementation are being agreed upon upfront, he said.

The United Nations is going to hold a summit in New York in September to approve the proposed SDGs. Before that, in July, another important meeting will be held

in Addis Ababa, Ethiopia's capital, to discuss the financing for implementing the SDGs.

Another high-level meeting will be held in Paris in December to ink a global deal on tackling impact of climate change.

"The strength of the SDGs is, it is based on extensive consultation," Bhattacharya said.

"In fact some of us were worried because tying up all the diverse perspectives could become difficult in the end."

Indeed, the Open Working Group has done an excellent job in producing the final outcome document in July 2014 providing the draft 17 goals and 169 targets, he said.

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Latifur Rahman

National Housing re-elects chairman

STAR BUSINESS DESK

Latifur Rahman has been re-elected chairman of National Housing Finance and Investments Ltd for a two-year term, the company said in a statement yesterday.

Rahman, who won Oslo Business for Peace Award 2012, is also the chairman and chief executive of Transcom Group.

Transcom Beverages, Transcom Electronics, Eskayef Bangladesh, Transcom Foods, Transcom Distribution Company, Transcom Consumer Product, Mediastar, and Mediaworld are some of the units of Transcom Group.

The conglomerate also has interest in tea business, leasing and insurance, the statement said.

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Economic indicators bright: MCCI

STAR BUSINESS REPORT

A leading chamber has projected a rise in some economic indicators -- exports, imports, remittance and foreign exchange reserves.

"It is assumed that the calm political situation at present will continue and export, import, remittance and foreign exchange reserves will increase," Metropolitan Chamber of Commerce and Industry said in its quarterly review of the economic situation in Bangladesh for January-March.

The chamber said the rate of inflation can be expected to fall in April and May as the supply situation is likely to improve with further improvements in the political environment.

"But then it will go up because of increased demand during Ramadan."

Food inflation rose to 6.37 percent in March from 6.11 percent in February. In contrast, non-food inflation slid to 6.12 percent in March from 6.20 percent in the previous month.

Exports grew by 2.99 percent during the first nine months of this fiscal year despite widespread political violence, while import payments fell 3.95 percent, mainly due to lower prices of petroleum products in the global market and prolonged political unrest in the country.

Remittance rose by 1.13 percent to \$3.765 billion in the third quarter, and the foreign exchange reserve stood at \$23.05 billion at the end of March.

In the concluding observations, the MCCI said political violence in the third quarter disrupted economic activity and caused a loss of life and property, but with extensive

government and private sector efforts, economic activities returned to normalcy.

"The overall scenario is encouraging although slower export growth and slowing private sector investment remain a major challenge. A shortfall in revenue collection and weak ADP implementation are also worrying for the economy," it said.

The MCCI however saw some bright aspects, as internal demand remains vibrant riding on positive development in agriculture, dynamism in rural economy, healthy remittance inflow and a wage hike in the garment sector.

The fall in fuel prices in the world market has given fiscal space to the government; the plummeting fuel oil prices in the international market enabled the government to slash its subsidy expenditure and enhance public allocations to priority sectors in the economy, it said.

Bank interest rates along with inflation have seen downward trends with the currency exchange rates remaining stable, which are indicators of macroeconomic stability and preconditions for economic expansion, the MCCI said.

Besides, the chamber said, political stability would be vital to ensure sustainability of the growth process; the continuous efforts of the government to accelerate power, energy and transport sectors reforms would result in a better environment for investment in future.

Referring to Moody's rating on Bangladesh, it reflects the country's track record in macroeconomic stability, a modest debt burden, and limited external vulnerabilities with an ample foreign reserve buffer.

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Bad loans jump 9pc

REJAUL KARIM BYRON

Default loans rose 8.97 percent in the first quarter of the year to Tk 54,657 crore owing to political unrest during the period, bank officials said.

Subsequently, the percentage of default loans climbed up to double digits to stand at 10.47 percent on March 30, which was 9.69 percent on December 31 last year.

Bangladesh Bank Deputy Governor SK Sur Chowdhury said the rise was not significant. Trends in the past years show that bad loans usually increase slightly in the first quarter of a year, he added.

Normally, before the December closing, banks launch a drive to realise default loans, after which it loses steam, said Chowdhury.

However, many could not pay their instalments in time as their businesses suffered for a political stalemate, he added.

Bangladesh Bank Executive Director Mahfuzur Rahman said, in addition to political unrest, loan classifications are now done every three months instead of six. "This may also cause default loans to rise."

Anis A Khan, managing director of Mutual Trust Bank, said people were unable to run their business due to the blockade and strikes in the first three months of the year, which might have pushed bad loans up.

Helal Ahmed Chowdhury, former managing director of Pubali Bank, said he hopes default loans will drop by June as the political environment has calmed down now.

The default loans of state-owned commercial banks stood at Tk 22,654 crore or 22.49 percent of the total outstanding loans in the first quarter of 2015.

At the end of December last year, the amount was Tk 22,763 crore.

The default loans of private commercial banks were Tk 22,747 crore at the end of March, up from Tk 18,426 crore at the end of December.

The foreign banks' bad loans during the period amounted to Tk 1,839 crore, up 7.80 percent from the previous quarter.

For specialised banks, it was Tk 7,417 crore, which was an increase of 2.18 percent from the previous quarter.

NBR imposes 10pc duty on rice imports

STAR BUSINESS REPORT

The National Board of Revenue has imposed a 10 percent regulatory duty to give a cushion to paddy farmers in the wake of soaring imports and the resultant fall in prices of the staple in the domestic market.

"We have imposed the duty to ensure that farmers get fair prices for their produce," said Syed Mushfequr Rahman, the first secretary in charge for customs policy at the NBR.

Rice imports, which until now were not subjected to any duty, have increased threefold year-on-year to 13.64 lakh tonnes between July 1 and May 12 of the current

fiscal year, according to food ministry data.

The duty, which now comes after a gap of eight years, has already become effective on May 11, a day after Finance Minister AMA Muhith unveiled the decision, according to Rahman.

The prices of all types of paddy have increased by Tk 50-Tk 60 each maund in the producing regions after the government announcement, Md Layek Ali, general secretary of Bangladesh Auto, Major and Husking Mill Owners Association, said yesterday.

In fiscal 2005-06, traders had to pay a 6 percent duty to import rice, according to NBR.

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