

# Call to raise budget outlay for agriculture

STAR BUSINESS REPORT

The government should increase allocation for the agriculture sector in the upcoming national budget, speakers said at a discussion yesterday.

Citing Bangladesh Labour Force Survey 2010, they said although 47.5 percent of the country's labour force was employed in agriculture, the sector remained neglected in the national budget.

The discussion was organised by Parliamentary Caucus on National Planning and Budget, Centre on Budget and Policy of Dhaka University, and Gonotantik Budget Andolon (democratic budget movement) with support of ActionAid at Senate Bhaban at DU.

Around 8.50 percent of the national budget was allocated for agriculture in fiscal 2012-13, but it dropped to only 4.95

percent in 2014-15, said Razekuzzaman Ratan, a member of the central committee of Bangladesh Samajtantrik Dal, a socialist party.

He urged lawmakers to come up with a minimum living wage for the workers of all sectors.

"Living wage means the workers would be able to afford healthy food, household, healthcare and childcare with their wage," he said.

Urging the government to stop violence against women, ActionAid Country Director Farah Kabir said violence remains a hurdle in women's path to development.

State Minister for Finance MA Mannan called upon people across the country to hold discussions on budget and provide their feedback to the government. Lawmakers Fazle Hossain Badsha and Kazi Rosy also spoke.

# Greek prime minister defiant as bailout talks enter homestretch

AFP, Athens

Greek Prime Minister Alexis Tsipras said Saturday he believes a bailout deal with creditors is nearing, yet remained adamant that there are strict limits to demands Athens will accept.

"We have done what we ought to do, now it's Europe's turn to do so," Tsipras said in a speech to his hard-left Syriza party's central committee, where he claimed the country is "in the homestretch of a painful and difficult period."

The Syriza-led government is locked in talks with the European Union, European Central Bank and the International Monetary Fund to release a blocked final 7.2-billion-euro (\$7.9 billion) tranche of its 240-billion-euro bailout.

In exchange for the remaining aid, creditors are demanding Greece accept tough reforms and spending cuts that anti-austerity Syriza pledged to reject when it was elected in January.

In his speech, Tsipras sought to appease prominent members of his party who are urging the government to stick by its campaign pledges to combat poverty and unemployment, and defy creditors' demands despite Greece's increasingly

acute liquidity problems.

"The majority of Greek people ask for a viable solution not only an agreement," Tsipras said, stressing a mutually beneficial deal must focus on low targets for Greece's primary surplus and restructuring of its debt.

He also accused some creditors of "taking advantage of (Greece's) cash asphyxiation," and pledged the government will not "budge to irrational demands" that involve crossing his government's "red lines".

"We don't discuss further deregulation of the labour system. We won't accept further reduction of pensions. We won't accept humiliating terms for ourselves, for our party or for the Greek people," Tsipras stated.

Greece faces a series of debt repayments beginning next month that are seen as all but impossible to meet without the blocked bailout funds. Failure to honour those payments would result in probable default, raising the spectre of a chaotic Greek exit from the euro.

According to reports, creditors are demanding further budget cuts worth five billion euros. Yet despite the acrimonious atmosphere amid the stalled negotiations, all sides appear convinced there is no alternative to reaching a deal.

# StanChart gets new MD

STAR BUSINESS DESK

Naser Ezaz Bijoy has been appointed as the managing director and head of corporate and institutional clients at Standard Chartered Bangladesh, the bank said yesterday.

In his new role, Bijoy will be responsible for the bank's overall client relationship strategy with all corporate and institutional clients (CIC) in Bangladesh and to drive the effective delivery agenda of the CIC-related staff and products, the bank said in a statement.

Bijoy brings more than 22 years of banking experiences working with Standard Chartered Bank in corporate banking, risk and audit in Asia, Middle East and Africa.

During his tenure, he worked closely with central banks in Bangladesh, UAE, Mauritius and Vietnam for implementation of Basel accord.

Earlier, Bijoy worked as the director of board of management of Standard Chartered Bank (Vietnam) where he was vested with the responsibility of chief risk officer of Vietnam and senior credit officer, Vietnam and Philippines.

Bijoy graduated with an MBA from the Institute of Business Administration and has received overseas accreditations and certifications from Omega USA, Kesdee USA and INSEAD.



**BANK ASIA AND TECH ONE GLOBAL SIGNING CEREMONY FOR MICROSOFT ENTERPRISE AGREEMENT**  
Md Mehmoos Husain, managing director of Bank Asia, Lahiru Munindradasa, country general manager of Tech One Global, and Sonia Bashir Kabir, managing director of Microsoft Bangladesh, sign the Microsoft Enterprise Agreement recently.



**Visitors through the stalls at the 5th International Tourism Fair, held at the Bangabandhu International Conference Centre. Organised by the Bangladesh Tourism Development Board, the three-day fair ended yesterday.**

# Finance ministry in a fix over budget size

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However, the NBR's collection target may be kept unchanged, he said, adding that the non-NBR segments will bear the brunt of the increased collection target.

In the initial plan, the non-NBR revenue collection target was Tk 32,400 crore and it may now be raised to Tk 35,500 crore. This means the budget deficit will be Tk 88,230 crore, which is 5.1 percent of GDP. The GDP has been projected to be Tk 17,300,000 crore at current prices.

However, Finance Minister AMA Muhiith on Friday told reporters in Sylhet that the budget deficit would be kept within the 5 percent ceiling by all means.

If necessary, the revenue collection target will be increased over the original plan. For the current fiscal year, the budget deficit is likely to cross the 5 percent threshold: it stands at Tk 67,236 crore, which is 5.1 percent of GDP.

Meanwhile, the International Monetary Fund in a recent report said in recent years routine deviations have been observed from the original budget figure in Bangladesh.

Consistently, both the revenue and expenditure turnout have fallen behind the budget target numbers, the multilateral lender said. On average, during the last four years revenues fell short of the budget targets by around 4 percent.

The highest difference has been in non-tax revenue, with an average deviation of 16 percent, said IMF in the report, Assessing Fiscal Risk in Bangladesh.

Similarly, expenditure outturns fell behind by 8.5 percent vis-à-vis the budget, or around 1.4 percent of the GDP.

The main driver has been the under-execution in capital spending, which fell below target by around 19 percent on average.

A negative number indicates that the outturn was below what was forecast at the time of budget preparation, it said. For 11 of the last 12 years, there was underperformance in both the revenues and expenditures.

The main problem associated with the pattern is that while revenue forecasts in budget documents are merely projections, the expenditure allocations are legal spending authorisations, IMF said.

Thus, if revenues fail to materialise, there is a risk that the line ministries may still execute in full their spending envelopes, leading to larger-than-expected fiscal deficits and financing needs.

The GDP growth target may be fixed at 7 percent for next fiscal year and inflation target 6.2 percent, said a finance ministry official. The GDP growth target for this fiscal year was 7.3 percent, but according to a provisional estimate of the Bangladesh Bureau of Statistics, it would be 6.5 percent.

# Huge tax benefits in store for economic zones

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The revenue authority has prepared to offer the benefits based on recommendations from the Bangladesh Economic Zones Authority (BEZA) to promote investment in the industrial areas.

The BEZA has so far approved the proposals for 22 economic zones, with construction set to begin at Mongla, Anwara, Mirsora in Chittagong, Moulvibazar and Cox's Bazar.

Investors in these industrial sites will be able to manufacture goods to cater to both the domestic and foreign markets -- scope which is not present in the eight export processing zones (EPZs). EPZ firms have to pay customs duty before they can sell their products in the local market.

As per the NBR plan, investors in the economic zones will get a full tax waiver on incomes in the first three years, after which the benefits will progressively decline.

For instance, investors will get 80 percent tax waiver in the fourth year of commercial production, with the tax breaks declining by 10 percentage points each year to touch at 20 percent in the 10th year, said the official. The tax benefit will be phased out in the 11th year.

Apart from the benefits, the companies will also get tax exemptions from declared dividends since the beginning of commercial operation.

Foreign technicians to be appointed to the factories inside economic zones will get a 50 percent tax waiver on their incomes in the first three years of their arrival in Bangladesh.

Companies will also get tax breaks from capital gains from share transfer in the first ten years of commercial operation.

Royalties, technical know-how and

technical assistance fees to be paid by the firms in the economic zones will also be exempt from tax in the first ten years.

Along with investors, the developers and co-developers will also enjoy full tax exemptions during the first ten years of commercial operation.

They will get a 70 percent tax waiver from incomes in the 11th year and 30 percent tax waiver in the 12th year, according to the NBR. The measures are likely to be announced through a gazette notification soon, said the official.

Apart from tax holidays, investors are also likely to get waivers from customs duty and value-added tax on various products and services, said BEZA Executive Chairman Paban Chowdhury.

He expects incentives to attract investors from home and abroad. "In some cases, the incentives that we will offer will be more attractive than EPZs."

"There are interests among foreign investors to invest in the economic zones," he said, adding that China and Japan have shown interests in developing two and three zones respectively.

The government aims to establish 100 economic zones in 15 years, which, once up and running, will create one crore jobs, according to BEZA.

Around 70,000-75,000 acres of land would be required to set up the zones.

In line with the aim, BEZA will also allow the private sector to establish the economic zones. So far, it has approved four private economic zones.

Of the sites, Meghna Group of Industries will build two economic zones and AK Khan and Abdul Monem one each, according to BEZA.

# AIB issue raised in Taiwan-China talks

AFP, Taipei

China's top Taiwan affairs official Zhang Zhijun met his Taiwanese counterpart Saturday, with Beijing's rejection of Taipei as a founding member of a China-led regional infrastructure bank a key issue on the agenda.

China last month dashed the island's hopes of becoming a founding member of the Asian Infrastructure Investment Bank (AIIB), though a Chinese foreign ministry spokesman said at the time it could join under an "appropriate name".

The issue was raised as Zhang, director of China's Taiwan affairs office, met Andrew Hsia, chairman of Taiwan's top China policy decision-making body, the Mainland Affairs Council, in Kinmen -- a Taiwan-administered island off China's Xiamen city. "The mainland side again voiced their welcome to our desires of attending AIIB," the council said in a statement after the meeting.

China and Taiwan split at the end of the civil war in 1949 when the Kuomintang fled the mainland after a defeat at the hands of the Chinese Communist Party. But Beijing still regards the island as a province awaiting reunification.

As a result, China routinely opposes moves by Taiwan to join international organisations, arguing it is not a country.

Earlier this month, the head of Taiwan's ruling Kuomintang party (KMT) Eric Chu said he remained "optimistic" about joining the bank and proposed joining under the name "Chinese Taipei".

Trade agreements, the opening of liaison offices and joint efforts to battle crimes were also discussed during the meeting, which is

part of a two day visit by Zhang.

In his opening speech, Hsia hailed the significance of the meeting at Kinmen, which was the scene of a fierce 44-day bombardment by the Chinese army beginning on August 23, 1958, which killed 618 servicemen and civilians and injuring more than 2,600.

Zhang's visit was met by angry members from the anti-China Taiwan Solidarity Union (TSU) who waved placards and shouted, "Oppose Hsia-Zhang meeting! Taiwan interests betrayed!"

The demonstration turned violent after a TSU protester hurled a smoke grenade at Zhang's motorcade leading to a confrontation with around 20 China supporters who pushed their way through the police line that separated the two groups, police said.

Five people were injured with four of them hospitalised, police said, adding that one pro-China protester was also arrested.

"Taiwan is a democratic country, any use of violence should be strongly condemned," Hsu Ya-chi of TSU told AFP.

Tensions between Taiwan and China have decreased markedly since 2008 after Ma Ying-jeou of the China-friendly KMT came to power promising to beef up trade and tourism links.

But recently public sentiment in Taiwan has once again turned against closer ties with Beijing, with voters saying trade deals have been agreed in secret and have not benefited ordinary citizens.

In March last year, around 200 students occupied parliament for more than three weeks to demonstrate against a controversial services trade pact, while thousands rallied in support of what became known as the "Sunflower Movement".

# End of maritime dispute offers huge opportunities

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Apart from energy and tourism potential, Alam said aquaculture is the fastest growing global food sector now providing 47 percent of the fish for human consumption. "Fish used for human consumption grew by more than 90 million tonnes in the period 1960-2009."

But, unfortunately, Bangladesh could not produce an adequate number of skilled manpower for exploring marine resources, Alam said.

Saiful Islam, chairman of Western Marine Shipyard Ltd, said people do not

know how much resources are there in the continental shelves in the Bay of Bengal as no survey was conducted.

MCCI President Syed Nasim Manzur stressed the need for an expert committee and increasing government-to-government partnership for greater cooperation to exploit marine resources.

Gowher Rizvi, prime minister's international affairs adviser, called for public-private partnership to benefit more from such resources.

Abdus Sobhan, former additional director general of the Department of Environment, also spoke.



**Dhaka Based Managers' Conference**  
Golam Hafiz Ahmed, managing director of NCC Bank, speaks at the bank's business review meeting. Akhtar Hamid Khan, deputy managing director, was also present.

# Govt worried about remittance outflow

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The minister also talked about foreign direct investment and political uncertainty.

"I want you (the private sector) to talk about this issue (FDI). I shout continuously, but others do not. I think the issue could be discussed in parliament," Muhiith said, replying to a query of a businessman who said it seems that Bangladesh does not welcome FDI.

On political uncertainty, the finance minister said he is worried about the difficulties and uncertainties that affect the economy. He said the government has addressed the issue, at least since the political turmoil began in January this year.

"The attention to economic programmes should be our priority," Muhiith said.

Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said education and skills development should get priority in the upcoming budget.

Ahsan H Mansur, executive director of Policy Research Institute, said the country needs 10 new economic zones every year, but in reality nothing is happening in Bangladesh in this regard.

He also talked about FDI and governance issues. "If we cannot improve governance, the second generation businesses will not stay in Bangladesh," he said.

Binayak Sen, director of Bangladesh Institute of Development Studies, suggested the government should spend at least 10 percent of the budget through local government bodies.

He also called upon the government to impose higher tax on the rich.

Mahbub Ahmed, finance secretary; Nojibur Rahman, chairman of the National Board of Revenue; AK Azad, former president of the Federation of Bangladesh Chambers of Commerce and Industry; Syed Nasim Manzur, president of Metropolitan Chamber of Commerce and Industry; and Aftab-ul Islam, president of American Chamber of Commerce Bangladesh, also spoke at the event chaired by Sultan Mahmud, ERF president.