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Budget to get bigger by 21pc

REJAUL KARIM BYRON

The forthcoming budget, set to be announced today, is going to be an increase of 21.65 percent over the current year owing to the new pay scale for government staff and increased development expenditure.

The projected revenue stream upon which the enlarged budget has been prepared is optimistic, said an official of the finance division.

"We are not worried, as neither the expenditure projection nor the revenue projection will turn out to be true at the end of the year."

Every year, at the time of preparing the budget, the finance division invariably finds itself in a tight spot, trying to meet the demands from various ministries and divisions.

"New viable sources of revenue collection are hard to find compared to the expenditure demand."

But, at the end of the fiscal year, a large part of the target set by the government typically remains unimplemented, he added.

The size of the budget, which will be the country's 44th, is likely to be Tk 295,100 crore.

Some Tk 97,000 crore has been earmarked for development expenditure, which is an increase of 29 percent over the current year.

At least another Tk 16,000 crore will be required to implement the new pay scale for government staff, due to take effect from July.

Debt servicing may increase by Tk 3,000 crore to Tk 4,000 crore in fiscal 2015-16 from the current year's Tk 31,034 crore.

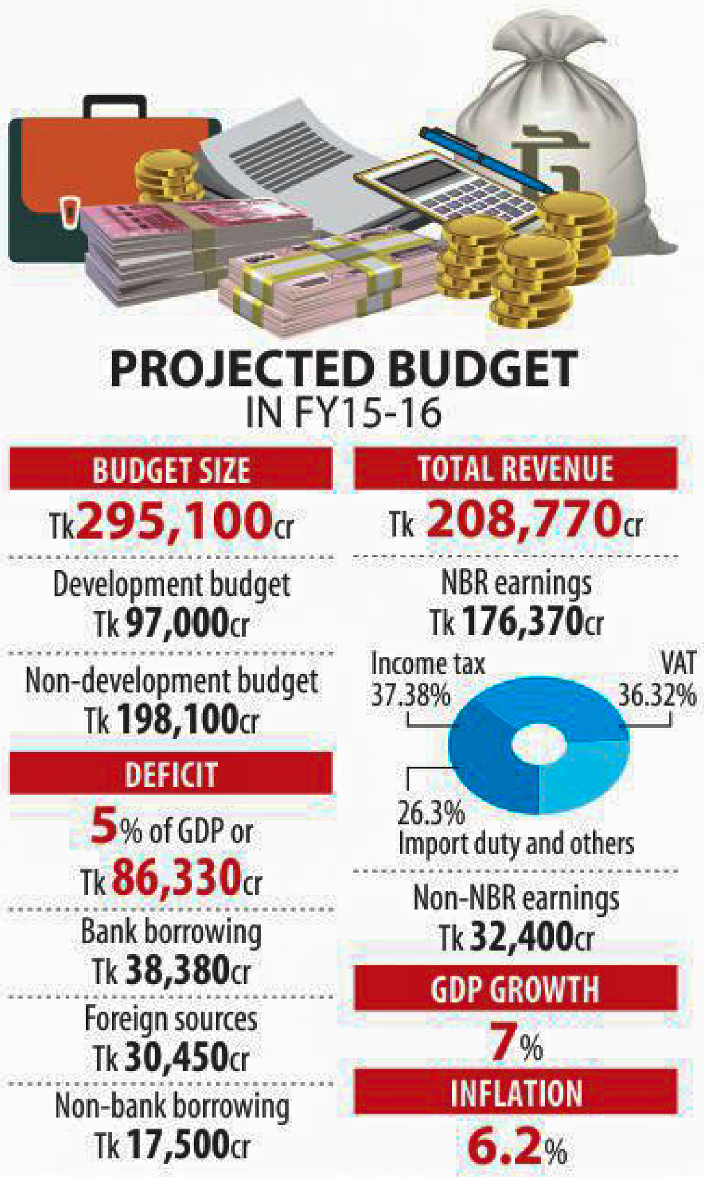
To meet the expenditure, 27.78 percent revenue growth has been estimated despite the current fiscal year's poor performance in revenue collection.

Around 85 percent of the total revenue comes from the National Board of Revenue, and they have been tasked with boosting their collection by 31 percent over the current year.

To facilitate the increased collections, the scope of value-added tax will be widened and some innovative measures imposed, the finance division official said.

On the income tax side, besides increasing the number of taxpayers, initiatives will be taken to collect more taxes through reform measures.

Another big source of funds for the government is non-tax revenue, whose target has been increased about 14 percent year-on-year.



Muhith's challenges

SAJIADUR RAHMAN

Boosting private sector investment and job creation for millions of unemployed youths are the two major challenges for Finance Minister AMA Muhith as he unveils his seventh budget today, analysts said.

The other challenges include addressing infrastructure constraints, efficient governance, delivery and implementation.

Accelerating the growth of gross domestic product through higher investment remains the key challenge for the government, Mustafizur Rahman, executive director of the Centre for Policy Dialogue, said.

How Muhith deals with the matters of setting up special economic zones (SEZs) and supplying primary energy such as gas to the industries should be paid attention to, he added.

Ahsan H Mansur, executive director of Policy Research Institute, said he would be particularly interested to see what the government does to boost private sector investment.

It is high time that the government pays more attention to economic issues than the political ones if it wants to create adequate employment and take the country to a higher growth path, the economist said.

The outgoing fiscal year saw a number of macroeconomic indicators move in a positive direction including lower inflation, declining interest rate, stable exchange rate, manageable fiscal deficit, positive balance of payments and record foreign exchange reserves.

The low prices of commodities including oil on the global market have also provided some respite in terms of resources needed to meet the demand for subsidy.

Also, GDP growth is estimated to be 6.51 percent, the highest since fiscal 2011-12, despite the three-month political turmoil.

Yet, the challenges are not too small. Of these, revenue shortfall and declining export growth and foreign direct investment are the major ones.

But analysts said the most concerning issue remains with the sluggish private sector investment affecting the much-needed employment generation.

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Govt may support India's move to launch Saarc satellite

MUHAMMAD ZAHIDUL ISLAM

The government will support India's move to launch a "Saarc satellite" if its business plan and operational frequency do not conflict with the Bangabandhu-1 satellite initiated by Bangladesh, officials of the posts and telecommunications division said.

At the Saarc summit in November last year, Indian Prime Minister Narendra Modi urged member countries to join the Saarc communication satellite initiative.

The Indian High Commission also sent letters to the member countries of Saarc (South Asian Association for Regional Cooperation), asking them to support the common satellite, which will be funded, built, launched and controlled by India.

The Saarc countries will be able to use the satellite for education, health and emergency communication, according to the satellite's concept paper.

"This initiative from India is voluntary in nature and the Saarc countries are free to join this initiative," the concept paper said.

The Saarc satellite will be launched in 18 months from Sriharikota in India, which will have a lifetime of 12 years. Meanwhile, Bangabandhu-1, which will have a lifetime of 15 years, will be launched by December 2017 at a cost of Tk 2,967 crore.

Officials of the division said they are taking preparations on the issues related to the satellite, which may come into discussion on June 6, when a bandwidth export deal will be signed during Modi's first official visit to Dhaka.

"We are not disfavouring the Saarc satellite, but we need to consider it from our perspective," said Faizur Rahman Chowdhury, telecom secretary.

The telecom ministry recently arranged a meeting with telecom experts to discuss the issues related to the satellite, including the possibility of overlapping frequencies between the two satellites, he added.

"If the orbital position of the satellite does not conflict with our satellite, then it will be a good one for Bangladesh as an alternative communication channel."

Bangladesh Telecommunication Regulatory Commission, in a recent letter, urged the government to form an expert panel before taking any final decision.

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Eight firms fined for manipulating share prices of Shahjibazar Power

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission has fined eight firms and six individuals a total of Tk 4.79 crore for manipulating share prices of Shahjibazar Power Company.

Of the firms, Prime Islami Securities was fined the highest -- Tk 2.5 crore, while PFI Securities Tk 1.5 crore, according to a statement of the stockmarket regulator that took the actions at a meeting on Tuesday.

The BSEC imposed a Tk 20 lakh penalty on Prime Finance Capital Management, Tk 1 lakh on AIBL Capital Market Services, Tk 2 lakh on Sharp Securities, Tk 1 lakh on BLI Capital, Tk 5 lakh on GETCO Communication, and Tk 2 lakh on LIBRA Trading Corporation.

Of the individuals, three directors of Petromax Refinery, a subsidiary of Shahjibazar Power, were fined Tk 10 lakh each, while its managing director Tk 5 lakh, and chief financial officer Tk 3 lakh.

An individual investor, Golam Mahiuddin, was also fined Tk 10 lakh for his involvement in the manipulation.

Earlier, a BSEC probe found that these firms and individuals manipulated share prices of Shahjibazar Power by violating securities rules and creating artificial demand in the secondary market.

The regulator also decided to file cases in the special tribunal for stockmarket against Abul Kalam Eajdani, Golam Mostafa, Nasima Akter Lata and Star Share Bazar Ltd for their involvement in price manipulation.

This was not the first time the regulator acted against the share price manipulation of Shahjibazar Power, which was listed in July last year.

The BSEC in November last year fined five directors of Shahjibazar Power Tk 10 lakh each for disclosing inflated earnings per share in the company's quarterly reports.

The regulator had also imposed a Tk 5 lakh penalty on the power generating company's managing director for the same offence.

In another move, the BSEC has approved a draft on alternative investment rules, which will be posted on the commission's website as well as published on national dailies for public opinion.

Remittance rises 8pc y/y in May

STAR BUSINESS REPORT

Bangladesh received $1.32 billion in remittance in May, up 8.47 percent over the same month a year ago, as migrant workers began sending more money home as Ramadan and the Eid festivity are nearing, according to Bangladesh Bank.

Migrant workers sent $13.87 billion in the first 11 months of the current fiscal year to their beneficiaries, which is 7.2 percent more than in the same period a year ago.

The remittance flow for May is 1.6 percent higher than in April.

Remittance, sent by more than eight million migrant workers abroad, plays a critical role in the economy, helping reduce the overall incidence of poverty as well as maintaining a healthy balance of payments.

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Summit powers up project with foreign funds

SUMMIT GROUP

Senior officials of the Asian Development Bank, the International Finance Corporation, the Islamic Development Bank and Summit Group pose for photographs after the signing of $210 million loan financing for Summit's Bibiyana II power project, at a programme at Sonargaon Hotel in Dhaka on Tuesday.

STAR BUSINESS REPORT

Summit Group, the country's largest electricity provider in the private sector, has received $210 million in financing from three development partners to forge ahead with its 341 MW gas-based power plant in Sylhet.

The Asian Development Bank, the International Finance Corporation and the Islamic Development Bank signed documents with the local company at Sonargaon Hotel in Dhaka on Tuesday to provide the capital to the Summit Bibiyana II Power Company Ltd.

The power plant company has been set up by Summit Industrial and Mercantile Corporation and US conglomerate GE Energy.

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