

Atiur takes over as chairman of Asian Clearing Union

STAR BUSINESS REPORT

Bangladesh Bank Governor Atiur Rahman yesterday took over as the chairman of the Asian Clearing Union for one year.

He replaced Valiollah Seif, the governor of the central bank of Iran, who handed over the charge to Rahman at the 44th ACU board meeting at Sonargaon Hotel in Dhaka.

ACU helps member countries settle intraregional trade payments in a manner that minimises the involvement of hard currencies.

In 2014, the volume of transactions channelled through ACU was \$20.5 billion, which was only \$51.44 million in 1976, one year after its inception.

Last year, the total transactions, which include receipts, payments and accrued interests channelled through the ACU mechanism, went up by \$3.53 billion over the previous year, said ACU Secretary General Lida Borhan Azad.

Governors and deputy governors of the central banks of Iran, Bhutan, Nepal, Pakistan, India, Myanmar, Sri Lanka and Bangladesh attended the meeting.

Rahman, while presiding over the meeting, said, besides its core function of



intraregional trade payment settlements, ACU is a useful platform for networking and experience sharing on issues such as macroeconomic, financial and trade policies.

He said economic growth of the region is consistently outpacing the overall global growth by a good margin in recent years. The ACU intraregional trade is also growing much faster than global trade growth.

"These signify this region's heightening stature as a global growth hub. Inclusive approaches in development policies are helping the region's growth vibrancy to accelerate social progress in terms of human development and poverty decline," Rahman said.

The board also discussed issues such as re-opening of the use of domestic currency in ACU mechanism, implementation of web-based application for messaging, and setting up taskforce for dispute resolution, BB said in a statement.

A special discussion also took place on non-performing loan management of the member countries. The board approved the annual report for 2014.

The central bank of Myanmar will host the 45th board meeting in May next year.

New top officials for travel agents' body

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SN Manzur Murshed and Aslam Khan have recently been elected as the president and general secretary of the Association of Travel Agents of Bangladesh for 2015-17 term, the association said in a statement yesterday. Murshed is the owner of Sureswar Travels and Khan owns New Line Travel International, according to the statement.



SN Manzur Murshed

New DMD for First Security Islami Bank

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Abdul Aziz has recently been promoted to deputy managing director of First Security Islami Bank, the bank said in a statement yesterday.

Prior to the promotion, he has been serving the bank as senior executive vice president. Aziz joined the bank as senior assistant vice president in 1999.

He has also worked as head of human resources and manager of the bank's Dilkusha and Dhanmondi branch, according to the statement.



Governor of Bangladesh Bank Atiur Rahman cuts a cake to inaugurate the grand ballroom for the first banquet event of Le Méridien Dhaka hotel on Thursday. Ashwani Nayar, general manager of Le Méridien Dhaka, was also present.

MasterCard sweetens Ramadan deals

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MasterCard users can get up to 40 percent discounts at more than 100 outlets during the month of Ramadan, the company said in a statement yesterday.

Gitanjali Jewelers, Nabila, Matias, Celebration, Plus Point and Posh & Pink are some of MasterCard's partners.

Users can also enjoy discounts at D'damas, Fiore, StyleSell, O'Code, Women's World, Ahang, Man One, Orvis, Doors, Selai Ghar, Tradition and Seasons.

"Ramadan is around the corner and these offers have been specifically designed to promote the usage of MasterCard debit and credit cards," said Syed Mohammad Kamal,

country manager of MasterCard Bangladesh.

KZ, Zaara, Diva Bangladesh, Neha Fashion Mall, OG, O2, Adroit, Devon Fashion, Mahin's Collection, Mahjabin's, Maccy and Vixa have also teamed up with MasterCard. Additionally, 20 restaurants will provide MasterCard users up to 20 percent discounts for Iftar and Sehri.

The list includes Angaar, Baiti, Broccoli Garden, Charcoal Steak House, Crossroad, El Toro, Mirage, Olympia Palace, Punjab Kitchen and Saltz.

MasterCard users will also get discounts at Sawasdee, Spitfire, Steak House, Royal Cuisine, Blue Horizon Bistro, Burger World, Flavours, Korai Gost, Rice and Noodles and Rosebud Restaurant.



Sohail RK Hussain, managing director of City Bank, and Mohammed Shoeb, chairman of Phoenix Insurance, pose at an agreement signing ceremony held recently. City Bank will collect Phoenix Insurance's policy premiums through internet banking.



Syed Rafiqul Haq, deputy managing director of Mutual Trust Bank, and Sikder M Ahmed, executive director of Arirang Aviation, exchange documents of an agreement at Arirang Aviation's premises recently. The bank's privilege customers, wholesale customers and management will enjoy up to 7 percent discount on charter and air ambulance service from Arirang.

Fuel rebound, egg shortage push up US wholesale prices

AFP, Washington

A shortage of eggs and the rebounding cost of gasoline helped push US producer prices up by 0.5 percent in May, the Labor Department reported Friday.

But fears of a surge of inflation were tempered by a low gain for core producer prices -- which exclude the volatile food and energy costs -- of just 0.1 percent over April.

Tempering gains in good prices was a flat performance in prices for services like trade and transport.

Progress in fiscal transparency poor: US report

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However, nine governments made significant progress in this regard. Zahid Hussain, lead economist of the World Bank's Dhaka office, said although Bangladesh made some progress in fiscal transparency in recent times, the country cannot reach the international standards.

While there is transparency in budget preparation, it is hard to know how the allocated funds are being spent, he said.

The government expenditure at the micro level cannot be known properly and timely. The audit reports done by the Office of the Comptroller and Auditor General of Bangladesh are backdated, he said.

For example, a computer is given to a school, but it cannot be known whether the computer is being used in the premises or at the teacher's home, he added.

Some countries in South Asia, including India, Nepal and Sri Lanka, succeeded in fulfilling the requirements.

Bangladesh's fiscal transparency could be improved by including in the budget more details on allocations and earnings from state-owned enterprises, the report said.

While information on earnings from state-owned enterprises is included in the supplementary budget documents, none can be found on the allocations to state-run enterprises.

The lack of fiscal transparency in the report means there are inadequate details on budget allocations to support executive offices. For the purpose of the report, the minimum requirements of fiscal transparency include having budget documents that are publicly available, substantially complete and generally reliable.

The review includes an assessment of the transparency of processes for awarding government contracts and licences for natural resource extraction.

Fiscal transparency is a critical element of effective public financial management and it helps in building market confidence and underpins economic sustainability.

It fosters greater government accountability by providing a window into the government budgets for citizens, helping them hold their leadership accountable and facilitating better-informed public debates.

The Department's fiscal transparency review process assesses whether the governments meet minimum requirements of fiscal transparency.

The annual reviews of the fiscal transparency of the governments that receive US assistance help ensure that the American taxpayers' money is being used appropriately.

Biscuit makers to face fiercer competition

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Jashim Uddin however brought to the fore the issue of under-invoicing that many importers resort to when bringing in biscuits from Malaysia and Indonesia.

He urged the government to measures to stop false declarations.

Virani said the local industry is trying to improve so that it can compete in the liberalised trading regime. "Otherwise you cannot sustain."

He said the biscuit market grows by 8-9 percent a year for rising purchasing capacity and higher mobility of people.

Minister criticises the way budget is prepared

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The budget is hugely misused in Bangladesh, the state minister said, terming it a 'systemic misuse'.

The government has to face pressures from different interest groups while preparing the budget, he said.

"Budget is a document of compromise."

Mannan also came down on the idea of presenting different budgets for different segments of people, such as women, children and the disabled.

Economic growth to boost sales of used cars: Carmudi

STAR BUSINESS REPORT

The sale of used cars in Bangladesh is set to accelerate in the next five years with the continued economic growth, greater household purchasing power and improving road infrastructure, a Carmudi study on buyers and sellers revealed.

More than 50 percent of car dealers in Bangladesh are now listing their wares on the most popular social media platform Facebook, the leading online car classifieds found.

Also, 70 percent of car buyers in Bangladesh reported using online car classifieds to research on cars before making a purchase, Carmudi said.

Yet, 50 percent dealers still focus on newspaper adverts to promote their product, the survey found.

A dramatic increase in internet and mobile penetration, rising economic growth and the emergence of a middle class has changed the car purchasers' behaviour, Carmudi said.

Carmudi surveyed car buyers and dealers and conducted in-depth interviews with industry influencers throughout Bangladesh, the company said in the statement.

"The automobile industry in Bangladesh is undoubtedly the most invigorating and dynamic one I have ever encountered," the company quoted Joao

Pedro Principe, country manager of Carmudi Bangladesh, as saying in the statement.

"Motorcycle sales are skyrocketing, with over 3 lakh units sold in 2014 alone."

Toyota, especially with the reconditioned models Axio, Allion and Premio, is the undefeated champion in car segment, he said.

With significantly growing internet and mobile penetration in emerging markets, the rate of moving the car shopping experience online is beginning to mirror that of Western markets, Carmudi said.

However, even with the rapidly changing online market dynamic, around 40 percent of car dealers found no change, just 30 percent found an increase and another 30 percent found decrease in sales, it said.

This phenomenon occurred due to high stock, more fierce competition between dealers, and the political instability in the country, Khaan M Saakib Us Salehin from Rangs Group, told Carmudi.

Global automotive sales for 2015 are expected to grow by 2.4 percent year-on-year to reach \$89 billion, Carmudi survey estimates.

Emerging markets' share of global sales will rise from 50 percent in 2012 to 60 percent by 2020, while their share of global profits is also set to rise by 10 percent, according to the statement.

Roadmap for revenue

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All of them criticised the government for poor implementation of the annual development programme but supported initiatives that would help the local industries to grow.

Many of the discussants also demanded withdrawal of tax on education in private institutions. Mustafizur Rahman, executive director of CPD, made a presentation on the budget, which was a summary of the findings of the think-tank's extensive analysis.

He said the budget has been assessed on five broad criteria: clarity and credibility, alignment with medium-term priorities, efficacy of capital budget framework, justification of the allocations and quality of proposed management and monitoring.

The objectives of the budget appear to be high-revenue growth targeted for underwriting overreaching expenditure, harmonisation of taxes and tariffs to support selected domestic sectors and higher allocations for building physical infrastructure and capacities.

Reform initiatives will need to be given the highest priority if the current macroeconomic stability is to be translated into a journey of higher growth trajectory, Rahman said.

To break the decade-long 6 percent GDP growth-barrier, the CPD said the establishment of five independent commissions would be of great importance.

The commissions are: statistical validation, agriculture price, local government financing, public expenditure review and financial sector reform.

CPD also called for resumption of the stalled reform agenda concerning Public Services Act, PPP Act, Privatisation and Financial Reporting Act and implementation of VAT and SD Act 2012.

Amir Khosru Mahmud Chowdhury, a BNP leader, said private sector investment,

which is the engine for growth, has not taken off the past few years due to insecurity, poor democracy and a lack of business-friendly environment.

The former commerce minister particularly criticised the continuous recapitalisation of state banks with taxpayers' money, as it sends out a wrong signal and encourages the culprits "to loot money again and again".

"The culprits have taken away thousands of crores taka from state banks. They have looted the money with state patronisation," said Chowdhury.

The government allocated Tk 5,000 crore in the outgoing fiscal year for recapitalisation of state banks, with the lion's share going to the scam-hit Sonali and BASIC banks.

The proposed budget for the coming year has also earmarked Tk 5,000 crore for the same purpose. AB Mirza Azizul Islam, former finance adviser to caretaker government, said the fiscal targets are unrealistic.

The size of the budget should be Tk 273,000 crore, he said, while blaming the administrative inertia and inefficiency for poor implementation of ADP. Atiqul Islam, president of Bangladesh Garment Manufacturers and Exporters Association, urged the government not to create further pressure on the existing taxpayers.

Prof Rehman Sobhan, chairman of CPD, came down hard on the successive governments for poor implementation of ADP.

"An explosion of expenditure [in ADP] happens in the last two months. Also, most of the projects remain behind schedule and get extended," he said in his concluding remarks. In response, the planning minister said no projects other than the mega ones would be extended for more than two years.

He also said the government is planning on outsourcing the monitoring of ADP implementation to a firm.



Gurudutt M, director of channel and midmarket business at Schneider Electric IT Business, and Zahir Ahmed, general manager for sales at Schneider Electric Bangladesh, pose during the closing ceremony of a two-day technical seminar to connect with different industry stakeholders, at the Westin hotel in Dhaka on Thursday.



Shehab Chowdhury, principal of BASIC Bank's training institute, poses with participants of the 25th foundation training course organised by the bank recently.