

# China leaders meet for five-year plan amid calls for reform

AFP, Beijing

China's Communist leaders gathered Monday to plan the country's course for the next five years, official media reported, confronting an economic malaise that has investors worried and intractable problems such as pollution souring the public mood.

The world's second largest economy is riddled with structural inefficiencies and growth is at its slowest rate since the global financial crisis.

The meeting, called the Fifth Plenum, began in the wake of a series of disappointing economic figures prompting "increasing attention from observers both home and abroad", the official Xinhua news agency said.

Five-Year Plans -- it will be the 13th since the People's Republic was founded in 1949 -- are a holdover from the days before China embraced market reforms that have lifted hundreds of millions out of poverty.

But they still provide wide-ranging guidelines for managing the nation's affairs, from the boardroom to the bedroom.

China is a key driver of the world economy and analysts have urged more and broader structural reforms to sustain its long-term expansion in the face of vested interests resisting change.

The ruling party's legitimacy depends on projecting an aura of ultra-competence, but growth fell to 6.9 percent in the third quarter, according to official figures.

Leaders took another step towards loosening remaining communist-style economic reins Friday, with a surprise announcement that the People's Bank of China was removing controls on what interest rates banks can pay savers.

At the same time it cut benchmark interest rates for the sixth time since November, and lowered the amount of money banks must keep in reserve, in an attempt to stimulate the economy and avoid a hard landing.

A weekend posting on a government website reported Premier Li Keqiang as saying authorities may let growth rates slip below the previous target of around seven percent.

"We never said we must defend any target to the death," he said.

China is entering a "key period of Chinese socialism as it trudges along the road of national rejuvenation", the Communist Party mouthpiece, the People's Daily, said in a commentary.

The dedicated focus on promoting growth has, among other problems, led leaders to ignore the effects of the country's dependence

on heavy industry powered by cheap but dirty coal.

That must change, according to an editorial in Monday's China Daily, which is published by the government.

"The government should resort to energy restriction, particularly of coal, in order to press ahead with the transformation of the economic structure," wrote Lin Boqiang, director of the China Center for Energy Economics Research.

Hu Angang, an economics professor at Tsinghua University, said bold environmental reforms cannot continue to have a lower priority than growth.

"We need to raise economic efficiency, but we need to raise environmental efficiency more," said Hu, who was on an experts' committee helping guide the planning process.

"We need to grow material investment, but we need to strengthen environmental investment more. We need to conserve energy, but we need to develop green energy more," he told AFP.

Beijing is also considering loosening restrictions on its one-child policy, which has fuelled public discontent and which experts say is now raising demographic dilemmas.



Istafiz Rahman, head accounts manager of Nestle Bangladesh, and Zia Ashraf, chief operating officer of Chaldal.com, pose at the signing of an e-commerce partnership agreement at the Nestle head office in Dhaka. Nestle products will now be available for purchase on the website of Chaldal.

## Bangladesh Seed Association gets new president

STAR BUSINESS DESK

M Anis Ud Dowla has been elected as the president of Bangladesh Seed Association for the 2015-2017 term, ACI said in a statement yesterday.

Dowla is the chairman of ACI Group and Pioneer Insurance Company, according to the statement.

He has previously served the Metropolitan Chamber of Commerce and Industry, Dhaka and Bangladesh Employers' Federation as president, the company said in the statement.



Wan Zainal Adileen, chief marketing and corporate affairs officer of Edotco Group, poses at the inauguration of an Echo Centre at Edotco Bangladesh's office in Dhaka on October 20. Darryll Sinappa, managing director of Edotco Bangladesh, was also present. The centre will work for real-time monitoring, control, remote data collection, alarm capabilities and pro-active problem resolution for all passive infrastructure elements of Edotco.



Shamim Ahmed Chaudhury, managing director of AB Bank, and Sayeeful Islam, managing director of SSL Wireless, attend the signing of an agreement at its corporate head office in Dhaka for integration and activation of online retail payment service for the bank's account holders.

## Call money rate slumps to six-year low

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The interest rate on reverse repo has remained unchanged at 5.25 percent since February 2013.

Reverse repo is the rate at which banks park their excess funds with the BB -- the last option when no other avenues are available for investing the excess money.

The BB bought Tk 12,442.5 crore on October 21 and Tk 16,956 crore a day earlier through reverse repo auction.

"Now, the BB looks reluctant to buy money from us at reverse repo rate," said the head of a treasury department of a local bank.

On Sunday, banks have offered Tk 19,248 crore to the BB, but it took up Tk 12,127 crore, according to the central bank's reverse repo auction data.

Shrinking imports and rising foreign exchange reserve also indicate weak economic activities in Bangladesh.

The opening of letters of credit for imports stood at \$3.01 billion in July, down 17.62 percent year-on-year. In August, LCs of \$3.44 billion were opened.

Declining imports and piling up of foreign reserves are not good signs for an economy like Bangladesh, said a managing director of a bank requesting not to be named.

Bangladesh's foreign currency reserves stood at \$26.88 billion yesterday.

## Auditors must maintain highest level of ethics

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"We are also equipping our officials with IT knowledge so they can fight financial crimes committed through cyberspace."

Ahmed however said the OCAG office has remained understaffed for a long time although the expenditure of the government is increasing rapidly.

At present, the CAG office is tasked with auditing 22,431 offices, including all ministries and divisions and their field offices, all local authorities, statutory bodies, embassies, foreign offices of state-run banks and Biman Bangladesh Airlines.

It also has to look into the whole expenditure of the development budget and cover about 1.5 million government employees.

But with 4,000 auditors, the OCAG has to resort to sampling given the limited number of workforce and it could cover only 10-15 percent of the auditee units.

The OCAG is responsible for auditing government receipts and public spending and ascertaining whether expenditures have yielded value for money in government offices, public bodies and statutory organisations.

Zahurul Islam, project director of the Strengthening Public Expenditure Management Programme in Bangladesh, also spoke.

## Stocks fall on heavy sell-offs

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Turnover, another important indicator of the market, however, jumped 27.6 percent to Tk 415.46 crore with 10.17 crore shares and mutual fund units changing hands on the DSE.

Of the traded issues, 117 advanced, 165 declined with 38 securities closing unchanged on the premier bourse.

CVO Petrochemical Refinery dominated the turnover chart with 3.37 lakh shares worth Tk 15.70 crore changing hands, followed by Lafarge Surma Cement, Ifad Autos, Shahjibazar Power Company and KDS Accessories.

Among the major sectors, fuel and power rose to the highest, increasing by 1.1 percent in market capitalisation, followed by textile that rose 0.25 percent and food and allied 0.24 percent.

Conversely, telecom lost 2.21 percent, followed by non-bank financial institutions that fell 2.08 percent, cement 1.8 percent, banks 0.66 percent and engineering 0.43 percent.

Paramount Textile was the day's best performer with 11.3 percent gains, while Jute Spinners was the worst loser, shedding 16.06 percent.

Chittagong stocks fell with the bourse's benchmark index, CSCX, declining 33.97 points or 0.39 percent to finish the day at 8,601.87 points.

Losers beat the gainers as 103 declined and 92 advanced while 32 finished unchanged on the Chittagong Stock Exchange.

The port city bourse traded 77.38 lakh shares and mutual fund units worth Tk 28.43 crore in turnover.

## New DMD for United Commercial Bank

STAR BUSINESS DESK

Arif Quadri has recently joined United Commercial Bank as its deputy managing director, the bank said in a statement yesterday.

Prior to joining the bank, he has been serving the Premier Bank as deputy managing director and chief operating officer.

Quadri has 31 years of banking experience, as he started his banking career with the then Arab Bangladesh Bank in 1984, according to the statement.

He has also worked with AB Bank, Al Baraka Bank, ONE Bank and Meghna Bank. He is currently the secretary general of the Association of Bankers, Bangladesh.

Quadri completed his graduation and post-graduation in economics from Jahangirnagar University.



## Factory compliance still has a long way to go

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"This indictment and the murder charges presented earlier this year against Sohel Rana, the owner of the Rana Plaza complex, are among the first times that owners of garment factories are being tried for their role in the death of workers at their facilities."

The US government will be working with two Bangladeshi banks to extend credit to the inspected factories that have a Corrective Action Plan in place.

## Greece talks with lenders 'on right track': EU

AFP, Athens

Talks between Greece and its international lenders on implementing required reforms are "on the right track" despite a few sticking points, the European commissioner for the euro said Monday. "We had very good and constructive discussions," Valdis Dombrovskis told a joint news conference after meeting with the Greek finance and economy ministers, Euclid Tsakalotos and George Stathakis.

## Tax collection goes up, but misses target

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Collection of VAT from the domestic services and manufacturing sectors rose 10 percent to Tk 11,499 crore.

Income tax receipts grew 10 percent to Tk 9,551 crore in July-September from the same period a year ago, according to the NBR.

Officials blamed the less-than-expected collection figure on falling imports and low prices of various imported items, including petroleum and commodities, low rate of ADP implementation, extension of the deadline on tax return submission as well as sluggish export growth.

In the first quarter, development spending stood at Tk 6,502 crore, down 7.43 percent year-on-year. Development spending enables the tax authority to log withholding taxes from contractors, which provides nearly 30 percent of NBR's tax collection at source.

Imports fell 3 percent in July-August of fiscal 2015-16. Export receipts edged up nearly 1 percent in

July-September year-on-year.

Khan, the CPD's research fellow, said lower commodity prices in the international market and failure to accelerate private investment and hence, economic activities, have taken a toll on revenue collection.

There is no doubt that the revenue collection target for the current fiscal year was ambitious, Khan added.

"It is critically important to enhance administrative efforts towards revenue mobilisation. It is disappointing that the NBR, in recent years, has not put the required emphasis on administrative reforms which are required to accelerate tax mobilisation efforts."

The revenue shortfall needs to be checked in order to maintain fiscal balance, particularly in view of the recent pay scale revision for public servants, he said.

"Lower tax revenue collected by the government may also hinder investment for basic public services and infrastructure development," he said.

## PwC launches Bangladesh subsidiary

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The company has appointed Mamun Rashid, a former banker with work experiences in ANZ Grindlays, Citibank NA and Standard Chartered, as partner in-charge.

US-based PwC has been operating in Bangladesh for many years and setting up of the subsidiary is in line with the rising importance of Bangladesh in the global business scenario, the company said.

"We believe that Bangladesh is on

a growth trajectory," said Deepak Kapoor, chairman PwC India and PwC Bangladesh.

"With Rashid's extensive experience, we are confident that PwC would be able to build a high performing team of professionals who will meet expectations of all our clients by offering them the right solution for their business challenges," Kapoor said on Rashid's appointment.

PwC's foray is testimony to the

"If such a trend cannot be reverted, the government will need to consider an early revision of the national budget for the ongoing fiscal year in view of recent developments," said Khan.

Rahman of the NBR said three members from the income tax, VAT and customs wings are monitoring revenue mobilisation. The NBR also activates monthly report cards for all to ensure good performance, he added.

"Tax and VAT deduction at source is becoming institutional. We have identified some of the areas for revenue," he said, adding that the NBR also takes steps to realise outstanding taxes, particularly from government bodies.

For the NBR, he said, this quarter was for mobilisation of inputs and for strategically placing manpower to achieve the revenue target for the fiscal year. The results of these steps will be seen in the coming quarters, he added.



Zeeshan Hasib, deputy managing director of NRB Bank, and Md Shahid Sarwar, managing director of Desco, open the bank's bill collection booth in Mirpur Dhaka.



Atiur Rahman, governor of Bangladesh Bank, launches the agent banking services of Social Islami Bank Ltd (SIBL) at the BB office in Rangpur on Sunday. Md Rezaul Haque, chairman of SIBL, was also present.