

# Business leaders demand special budgetary allocation for Ctg city

*They seek uninterrupted power and gas supply to industrial units*

ARUN BIKASH DEY, Chittagong

Business leaders in Chittagong have urged the government to pay special attention to infrastructural development of the port city in the upcoming national budget for fiscal 2016-17.

Infrastructural development of Chittagong is a must for the sake of the country's overall development, as Chittagong is considered the commercial capital of Bangladesh, they said.

While talking to The Daily Star yesterday, they also urged the government to increase budgetary allocation in power and gas sectors to ensure uninterrupted power and gas supply to the industrial sector.

"We know that it's a national budget and there is no scope to consider it from regional perspective," MA Salam, former first vice president of

Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told The Daily Star.

"But we demand allocation for infrastructural development of Chittagong for the sake of the overall development of the country."

The construction work of the four-lane Dhaka-Chittagong highway project has not been completed in nine years, which should be done immediately with special allocation, he said. The expansion of the cargo hub and runway of Shah Amanat International Airport in Chittagong is necessary to boost the economy, he said.

"We want allocation for a bridge over the Karnaphuli river in Kalurghat-Boalkhali area as the condition of the only railway bridge constructed in the British regime in the area is very poor now."

The government plans to con-

struct Dohazari-Cox's Bazar railway and the bridge is necessary for the railway connection from Cox's Bazar and southern part of Chittagong to the other parts of the country, he said.

AM Mahub Chowdhury, senior vice president of Chittagong Metropolitan Chamber of Commerce and Industry, demanded the government allocate at least Tk 5,000 crore in the budget for the infrastructural development of the city. The Chittagong port losses around 25 percent of its operation capacity due to traffic congestion in the area, he said.

The government should allocate more to build four lanes of the road that connects Bahaddarhat to Karnaphuli Shah Amanat bridge and to build power sub stations and new gas pipe lines from Bakhrabad to Chittagong, Chowdhury said.

He also stressed the need for allocation of funds in the budget to build an LNG station in Chittagong to meet the growing demand for gas.

Nasir Uddin Chowdhury, former first vice president of BGMEA, said the flow of investment to Chittagong is not well as there is no favourable atmosphere for investment.

"Allocation should be kept in the budget to build cluster of industrial villages comprising 30 to 50 industrial plots so that the entrepreneurs are encouraged to come up with new investments here."

The roads of the city should be widened for extensive movement of heavy vehicles to and from industrial units, he said, adding that an expressway from Shah Amanat International Airport to central bank governors from the nations of the South Asian Association for Regional



MA Hashem, chairman of International Leasing and Financial Services Ltd, presides over the 20th annual general meeting of the company at Dhaka Ladies Club yesterday. The company approved 5 percent stock dividends for 2015. Rashedul Haque, managing director, was also present.

## China slowdown poses threat to world economy: RBI chief

REUTERS

Reserve Bank of India (RBI) Governor Raghuram Rajan has warned that a "sharp" slowdown in China's growth posed a threat to the global economy, highlighting possible impact from the shadow banking system of its neighbour, the Reserve Bank of India said.

Rajan's comments were made in India's financial capital in a speech on Thursday to central bank governors from the nations of the South Asian Association for Regional

Cooperation (Saarc) grouping, the RBI said in a statement. "Bad loans in the banking system were likely to grow over current levels, and, in addition, there might be serious weaknesses in the shadow banking system, which could feed back to banks," the RBI summarised Rajan as saying on China.

"Both could be significant downside risks as they could have second round effects for Saarc economies. Chinese growth would depend not just on its policies, but also on growth elsewhere in the world."



Naser Ezaz Bijoy, managing director and head of corporate banking at Standard Chartered Bangladesh, pose with the eight awards the bank won at the Asset Triple A Awards 2016 held in Hong Kong.



Jakaria Shahi, managing director of Edison Group, hands over keys to the winner of a campaign of the company, Symphony Bombastic Offer. The campaign started on March 8 and ended on May 15.

## Gas subsidy in the offing

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Food ministry officials said the price cut was necessary to trim losses of the government as the quality of rice would deteriorate if they remain in warehouses.

The amount of food subsidy increased 7.29 percent to Tk 2,000 crore in the revised budget of the current fiscal year, although food subsidies used to witness cuts in recent years, thanks to stable rice and wheat prices.

Food ministry officials said the OMS price will remain the same in fiscal 2017. Besides, a new programme called Palli Rationing Card is likely to be introduced in the next fiscal year, under which rice will be sold at Tk 10 a kg.

The government plans to sell about 11 lakh tonnes of rice through the OMS in fiscal 2017. The current fiscal year's target is 7 lakh tonnes.

The power sector will get a subsidy of Tk 6,000 crore against the current year's Tk 8,000 crore.

The subsidy for agriculture in the upcoming fiscal year will remain the same as in the current year, at Tk 9,000 crore.

In the revised budget, the agriculture subsidy was cut by Tk 2,000 crore to Tk 7,000 crore as fertiliser price fell in the international market.

The subsidies for exports and jute will remain the same as in the current year.

The total subsidy in the next budget may cross Tk 28,000 crore, from Tk 25,573 crore in 2015-16.

## Payment system start-up CloudWell gets \$2m from India

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PayWell equips SMEs and enterprise merchants to accept payments from more than 30 million mobile financial services users, Islam said.

Sanchayan Chakraborty, partner at Aavishkaar, said CloudWell provided a compelling investment case for Aavishkaar, with a skilled entrepreneur team creating a highly scalable business, ramping up on the back of large and growing mobile financial services and digital economy.

"We are pleased to have made the first investment in Bangladesh and look forward to playing a role in supporting the startup and SME ecosystem in the country."

This is Aavishkaar's first investment in Bangladesh and the third from its South and Southeast Asia-focused investment vehicle Aavishkaar Frontier Fund, formed to invest in Sri Lanka, Bangladesh, Indonesia and Pakistan.

Last month, Aavishkaar invested nearly \$2.1 million in MA's Foods, a Sri Lanka-based food processing firm.

Since its incorporation in 2002, Aavishkaar has made more than 50 investments.

## DBL Group to set up \$100m garment factory in Ethiopia

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DBL has already employed 30 Bangladeshis in construction work for the Ethiopian project, he said.

Currently, DBL, which produces items from yarn to garments, employed 22,600 workers in different factories in Bangladesh.

The group is expecting shipment of apparel worth \$340 million by the end of the current fiscal year, which was about \$320 million last fiscal year.

Bangladesh is the second largest apparel supplier worldwide after China. It exported apparel worth \$26 billion last fiscal year.

## Banks still slack on security at ATMs

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On the quality of the ATMs used by banks, an official of another private bank said six ATMs, which were skimmed in February in Dhaka, were of the same brand -- NCR -- and provided by a single supplier. But there are four vendors who sell NCR brand ATMs in Bangladesh.

"An ATM is a secured terminal, like a bank cashier or bank vault, and it's a proven technology that has been used globally for a long time now. Are we using lower graded ATM machines, which are easily accessible by the scammers?" he asked.

About two to three lakh transactions worth around Tk 500 crore take place through ATMs a day in Bangladesh.

## Bank of England tweaks capital rules to limit global risks at high-street banks

REUTERS

Banks which have a global footprint and big high-street lending activities in Britain might have to set aside slightly more capital from 2019, the Bank of England said on Thursday.

The BoE, which is seeking to prevent a repeat of the 2007-09 financial crisis when problems in the banking system hammered the global economy, published a final set of rules on how much capital banks must hold to wrap around their retail arms.

After consultations, the Bank tweaked the rules to reflect how three British lenders - HSBC, RBS and Barclays - have separate global capital requirements to comply with as well.

The rules on domestic capital buffers will mainly affect RBS because, under its current structure, it has a large retail arm while its global capital requirements are relatively low.

That means there could be a potential mismatch in the event of a future international banking crisis, raising the risk of banks not having enough capital to deal with a crisis at a global level.

RBS, however, is shrinking its international operations and might not be affected by the time the rules take force in 2019.

The BoE has set a target for the UK banking system as a whole to hold capital equivalent to 13.5 percent of risk-weighted assets, a level that has already been largely reached.

The changes announced on Thursday aimed to ensure that the ring-fenced retail arms of HSBC, RBS and Barclays do not end up raiding their global capital pots.

The BoE's Financial Policy Committee said the impact of the new rule would be "very small at present."

The BoE's capital ring-fencing rules have come under criticism from John Vickers who chaired a commission on the shortcomings of the banking system exposed by the financial crisis.

Vickers has accused the BoE of failing to implement the commission's recommendations in full.

## India seen holding off for now on reducing raw sugar import tax

REUTERS, Mumbai/London

Indian authorities are expected to hold off before cutting or cancelling a 40 percent raw sugar import duty as a last resort to tackle surging domestic prices as the country shifts from net exporter to importer.

Soaring domestic sugar prices in the world's second-biggest producer, where drought has cut yields in the main growing regions such as Maharashtra, mean that mills will increasingly spurn the export market.

Production in the current year ending Sept. 30 is likely to drop following two drought years in a row.

The federal government has asked state governments to impose stock limits on sugar to avoid

hoarding by traders.

Traders spoke of market talk that India could move to either reduce or cancel the raw sugar import duty.

However, no imminent action was expected.

"I don't think the government will scrap the import duty any time soon," said Rohit Pawar, chief executive of Baramati Agro, which operates sugar mills in Maharashtra.

"Yes, sugar prices have risen in the past few months but now they are running just above production cost. In the past few years mills have incurred huge losses as they were forced to sell sugar below production cost."

"In such a situation duty-free imports can depress local prices and cane payment arrears will start rising."

A government official, who declined to be identified, said, "Right now there is no proposal (to scrap the import duty) on the table."

A Mumbai-based dealer with a global trading firm said the government had to maintain a delicate balance between the interests of farmers and consumers.

Aggressive steps to dampen prices, such as a cut in the raw sugar import duty, could damage the central government's image among farmers.

"Duty-free import is the last weapon the government has to control price rises," the dealer said.

"It will do it in phased manner. From 40 percent, it will first reduce the duty to 20 percent. If prices rally even after the reduction, only then it will allow duty-free imports."

## China central bank to keep policy slightly loose

REUTERS

The People's Bank of China will keep policy slightly loose to support the economy, which still faces downward pressure, the China Business News said on Thursday, cited a report written by the central bank's monetary policy analysis team.

Global financial markets have been buzzing over whether China is shifting to a more cautious policy stance since an article in the People's Daily early this month.

The article quoted an "authoritative person" as saying China may

suffer a financial crisis or recession if the government relies too much on debt-fuelled stimulus to boost flagging economic growth.

"It's objective and appropriate to keep China's monetary policy generally prudent with slight loosening," the report on Thursday said.

"China's economic growth remains within a reasonable range, but the economy faces relatively big downward pressure," it said. Monetary policy should still be counter-cyclical, it said.

The central bank has said previously it will maintain prudent monetary policy with a loosening bias.

The report also said the PBOC will create a neutral and appropriate monetary and financial environment for reforms.

Growth of China's broad M2 money supply is likely to slow in the coming months, it added, noting the central bank had to inject liquidity after a stock market crash last summer to prevent financial risks.

China's new bank loans hit a record high in the first quarter, but loans in April were much lower than expected, adding to fears that Beijing was taking a more cautious approach on stimulus.



Akhlaqur Rahman, senior vice president and manager of Gulshan branch of Dhaka Bank; Emranul Huq, deputy managing director; and Mohammed Shahidul Islam, chairman of HNS Automobiles, pose at the signing of a deal. The customers of HNS will get car loans from the bank at competitive rates.



Deen Mohammad, chairman of Phoenix Finance and Investments Ltd, presides over the company's 21st annual general meeting at the Institution of Diploma Engineers, Dhaka yesterday. The company declared 20 percent cash dividends for 2015. SM Intekhab Alam, managing director, was also present.