

star BUSINESS

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Unused foreign funds hit new high of \$23b

REJAUUL KARIM BYRON

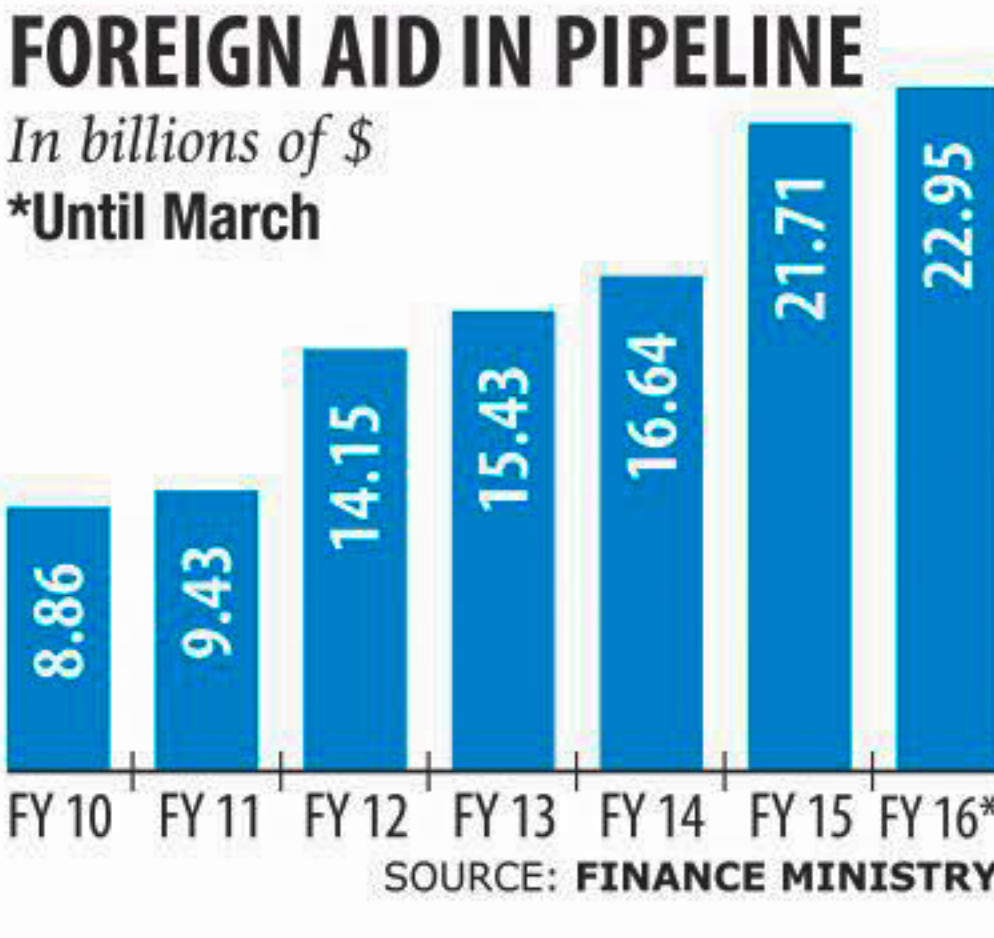
The amount of unused foreign aid in the pipeline reached a new high of \$22.95 billion in March as the government is slow in utilising the low-cost fund, which accounts for about 40 percent of the development budget.

A finance ministry official said foreign aid commitments rose in recent years but the absorption capacity of ministries and divisions did not improve, leaving a huge stockpile.

The current fiscal year started with \$21.71 billion of foreign aid in the pipeline. Till March, development partners promised \$3.81 billion, but \$2.57 billion was disbursed during the period, leaving another \$1.24 billion in the pipeline.

It would be satisfactory if the government can utilise \$4 billion in the current fiscal year, as spending 20 percent of the opening fund in a fiscal year is reasonable, an official of the Economic Relations Division (ERD) said.

The government's target was to disburse \$4.36 billion in the current fiscal year, but the amount was slashed to \$3.66 billion because of



the failure of the ministries to use the funds.

At a recent meeting of the National Economic Council, ministries demanded more local funds for annual development programme and refunded foreign money, a planning ministry official said. In the current fiscal year's revised ADP, the government's allocation from own

funds has remained the same, but for foreign funds the amount has been cut by about 16 percent, which will decrease further at the end of the fiscal year due to low implementation.

Until fiscal 2009-10, the country received commitments worth \$2 billion a year on average, but since fiscal 2011-12, it rose to \$5 billion, according to the ERD.

However, disbursement till fiscal 2011 was below \$1 billion and from the next year it started increasing and reached \$3 billion in the last two fiscal years, but is yet to reach a satisfactory level.

Economists said the implementation capacity constraints of line ministries, problems in land acquisition and politicisation of bidding processes continue to haunt project implementation.

Although the government has given some reasons for the gap, the explanation has been the same over the years, they said.

The reasons include delays in the bidding process, faulty project documentation, unrealistic requisition for fund allocation and holdup in land acquisition.

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Tax returns filing may go online next year

SOHEL PARVEZ

Taxpayers are likely to be able to file and submit tax returns online next fiscal year -- a development that is expected to relieve people of the hassles of dealing with paperwork.

To put the system in place, the National Board of Revenue is expected to propose changes to the related sections of the finance bill in the upcoming budget to be placed on June 2.

Under the scheme, taxpayers will be able to submit returns online by using their tax payment receipt numbers or chalans.

The taxpayers will get acknowledgement receipts from the tax authority electronically, an NBR official said.

"We are currently piloting the online tax filing system and training field level officials."

Taxmen said it would take some time to accommodate the income tax related changes in the software, based on the proposals in the budget for fiscal 2016-17. Currently, the NBR pilots online tax return filing based on changes brought in fiscal 2015-16.

The NBR took the initiative to introduce

e-filing of tax returns in 2011 with financial assistance from the Asian Development Bank at a cost of Tk 78.98 crore. Of the amount, Tk 12.98 crore came from government funds.

The tax authority's initiative comes after it launched the online registration of taxpayer identification numbers or e-TINs in 2013.

About 20 lakh taxpayers, including companies, have signed up for e-TINs, according to the NBR.

Insiders said a data centre and data recovery centre have been already established at the Bangladesh Computer Council.

The NBR also distributed computer hardware among 649 field offices in 31 tax zones to make the offices paperless in early 2016. It also aims to bring all tax offices under a network so that their activities can be monitored.

Electronic filing of tax returns will increase accountability and transparency in the tax administration as it will reduce human interaction and ensure higher compliance.

The NBR hired FPT Information System, a Vietnamese firm, to develop the platform.

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Muhammed Ali, managing director of United Commercial Bank, and Mohammed Jahangir Alam, managing director of GPH Ispat, attend the signing ceremony of a syndicated term loan agreement of \$154 million, in Dhaka. United Commercial Bank is the lead arranger, with 11 other banks participating in the arrangement.

Give more funds to tourism: sector leaders

SHARIFUL ISLAM

With the government planning to double the number of tourists to one million in Bangladesh by 2018, industry leaders have demanded more funds for the tourism sector in the next budget.

They also suggested identifying and developing more tourist-focused products, proper global branding of Bangladesh to attract foreign tourists and mass publicity to brighten Bangladesh's image that has been tainted due to political unrest and killings of foreigners.

A large portion of the sector's budget is spent on attending tourism fairs abroad and some other minor programmes, which do not have a big impact on attracting foreign tourists, they added.

The government has already announced the 'Visit Bangladesh 2016' initiative, chalk-

ing out elaborate programmes to achieve the target of a million tourists.

According to the World Travel and Tourism Council or WTTC, travel and tourism generated \$7.6 trillion, or about 10 percent of global gross domestic product, and 277 million jobs, or one in every 11 in the global economy in 2014.

In Bangladesh, the travel and tourism sector's total contribution to GDP is 4.1 percent, while it ranks 168 among 184 countries in the sector.

Bangladesh lags far behind its neighbouring countries like India with 6.7 percent, Nepal 8.9 percent, Myanmar 4.8 percent and Sri Lanka 11.1 percent, according to the latest WTTC report.

Travel and tourism's total contribution to employment globally is 9.4 percent while it is just 3.6 percent in Bangladesh.

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GPH Ispat secures \$154m in biggest syndicated loan

STAR BUSINESS REPORT

Chittagong-based steelmaker GPH Ispat secured \$154 million or about Tk 1,200 crore from a dozen financial institutions, which will be the largest syndicated loan in Bangladesh led by United Commercial Bank.

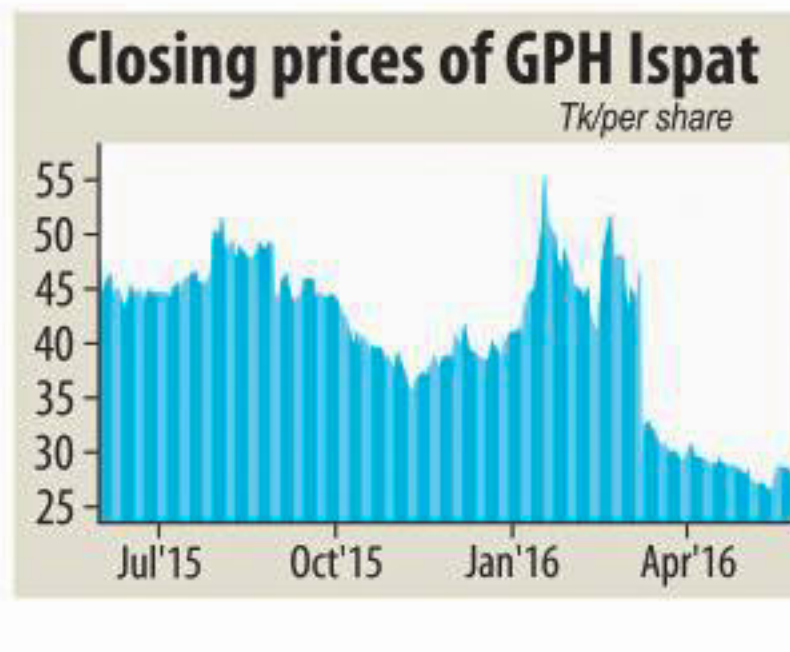
In 2012, Grameenphone borrowed Tk 846 crore from 15 banks and financial institutions, which was the biggest such syndicated loan at the time.

GPH Ispat will use the funds to expand its production: its annual production capacity of MS billets will rise to 10.08 lakh tonnes from 1.68 lakh tonnes now, which will put the company on par with top market players -- BSRM and AKS.

GPH Ispat's production of MS rods and steel beams, angles, channels and flat bars will increase by 6.4 lakh tonnes to 7.6 lakh tonnes a year.

"We expect to start commercial production from the extended project by mid-2018," said Mohammed Jahangir Alam, managing director of GPH Ispat, a listed steelmaker with a market value of Tk 873 crore.

Technology that the company will use in its expansion project will be the first of its kind in Bangladesh, Alam



City and Trust.

UCB's Managing Director Muhammed Ali said the private banks are always ready to serve good clients like GPH Ispat.

"GPH Ispat knows how to take risks for business and we feel proud to be an arranger of this syndication," he added.

Earlier in January, GPH Ispat signed a deal with Primetals Technologies Austria, a joint venture of Siemens and Mitsubishi Heavy Industries and Partners, for its planned large-scale expansion.

Primetals will provide the technology and necessary machinery for the expansion of GPH Ispat, which will invest a total of Tk 1,700 crore in the project.

The net profit of GPH Ispat, which was listed on the stock exchanges in 2012, rose 4.91 percent year-on-year to Tk 29.25 crore in 2015, according to Dhaka Stock Exchange data.

Each share of the company traded between Tk 28 and Tk 28.9, before closing at Tk 28 on the premier bourse yesterday.

Sponsors hold a 56.03 percent stake in GPH Ispat, institutions 14.79 percent and general investors the remaining 29.18 percent.

bKash clarifies stance on mobile money theft

STAR BUSINESS REPORT

Mobile financial service provider bKash has sent a clarification for a report published on May 26 with the headline -- Regulator blames bKash for mobile money theft.

The telecom regulator had alleged that the recent mobile money theft in Chittagong would not have been possible unless some bKash officials had been involved.

The company in a statement said: "bKash would like to condemn such aspersion supposedly brought against its officials questioning their professionalism, commitment and integrity."

"We would like to clarify that deposit in bKash account is protected by individual's personal identification number (PIN) which a customer creates when he/she registers for a bKash account."

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Wake up to cyber threats: analysts

STAR BUSINESS REPORT

Bangladesh should try to find out why cyber security is being breached as the cost of ensuring cyber safety is increasing every year in many countries, speakers said yesterday.

Financial institutions around the world spend 8 percent to 10 percent of their IT budget for cyber security. The rate is 2-3 percent for non-financial institu-

tions, said David Allen Cass, chief information security officer at IBM.

"It is not enough to spend money for ensuring cyber security; it is equally important to identify how cyber security is being breached and take steps accordingly," he spoke through video conferencing at a conference on cyber security at Radisson Hotel in Dhaka.

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