STOCKS | COMMODITIES | ASIAN MARKETS | CURRENCIES

STOCKS		COMMODITIES		ASIAN MARKETS			
DSEX	CSCX	Gold ▲	Oil ▼	MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 0.26%	▼ 0.09%	$1,341.40 (per ounce)	$41.89 (per barrel)	▲ 0.66%	▼ 1.13%	▼ 0.78%	▲ 0.10%
4,538.21	8,499.26			28,208.62	16,476.84	2,918.62	2,994.98

CURRENCIES — STANDARD CHARTERED BANK

	USD	EUR	GBP	JPY
BUY TK	77.90	85.22	101.55	0.72
SELL TK	78.90	88.62	104.95	0.76

Star BUSINESS

DHAKA FRIDAY JULY 29, 2016, *SHRABAN 14, 1423 BS*

Development spending lowest in six years

REJAUL KARIM BYRON

Ministries and divisions spent Tk 28,171 crore, or 34 percent of their total development budget, in the last month of fiscal 2015-16, in continuation of the old practice of accelerated expenditure toward the end of the year.

Total spending under the annual development programme was Tk 83,488 crore last fiscal year, which is 91.74 percent of the budget -- the lowest in six years.

Economists often criticise the large expenditures at the end of the fiscal year, saying it leads to waste.

At the beginning of the fiscal year, implementation works are usually delayed due to monsoons, said planning ministry officials.

But data shows that spending did not accelerate even when the dry season set in. Spending ranged from only Tk 4,000 crore to Tk 5,000 crore, going over Tk 6,000 crore in only two months.

Over the last two years, Planning Minister AHM Mustafa Kamal spoke of various steps to increase ADP implementation but the performance did not improve.

The government's ADP allocation increased in recent times but the ministries and divisions' implementation capacity did not improve, said planning and finance ministry officials.

The officials also said there has been no progress in addressing the problems that have been causing lacklustre ADP implementation.

The government has taken steps to ensure that implementation gains momentum this fiscal year, they said.

The size of the total ADP in the current fiscal year has been set at Tk 110,700 crore, which is 21.64 percent higher than the revised ADP of the immediate-past fiscal year.

A separate pool will be formed this fiscal year, from which a project director will be appointed. Such an initiative was once taken in 2015, but it never materialised.

Finance Minister AMA Muhith, in his closing speech before the budget was passed in parliament on June 29, said some structural changes will be brought about in project formulation and implementation.

Muhith said the preparatory works will be completed before the approval of the projects. For this end, Tk 100 crore has been allocated in this fiscal year's budget.

There will also be a provision to appoint a separate project director as one will not be able to focus on several projects; and rules will be prepared for this as well, he added.

The finance and planning ministries will jointly sit with the ministries to accelerate the implementation of the ADP projects this year.

However, the first month of the new fiscal year has nearly passed and no such step is visible yet.

In fiscal 2015-16, the 10 large ministries and divisions got 76 percent of the total ADP allocation.

Of the amount, power and housing and public works ministries spent more than 100 percent of their allocation.

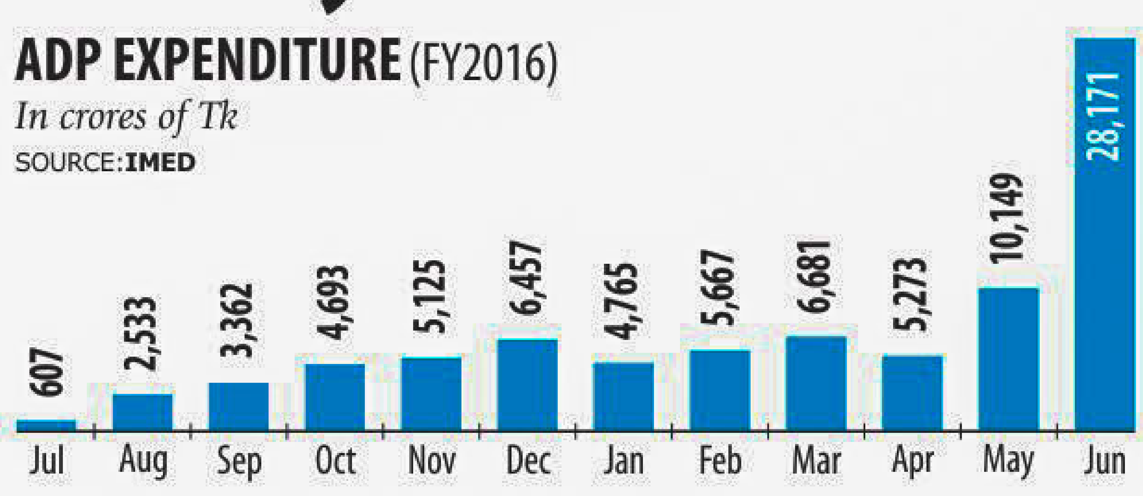
The road transport and highways division and education and primary and mass education ministries also spent almost all of their allocations.

The bridges division is the lowest spender, managing to use up only 68 percent of its allocation. Another ministry, health and family planning, spent 85 percent of its allocation.

ADP EXPENDITURE (FY2016)

In crores of Tk

SOURCE: **IMED**



Brac Bank's profit soars 75pc

STAR BUSINESS REPORT

Brac Bank's net profit soared 75 percent year-on-year to Tk 174.6 crore in January-June this year, the bank said in a statement yesterday.

The bank's net asset value per share stood at Tk 31.39 at the end of June, compared to Tk 26.47 at the end of June 2015.

The bank's consolidated earnings per share hit Tk 2.52 during January-June, which was Tk 1.44 during the same period last year.

The financial results were disclosed at a programme at the bank's head office in Dhaka yesterday.

Local and foreign investment analysts and capital market experts participated in the programme which was also broadcast on the internet for overseas stakeholders.

Selim RF Hussain, managing director and CEO of the bank, and Parvez Sajjad, chief financial officer, presented the financial results and then answered queries.

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Businesses express satisfaction over govt's anti-militancy efforts

Commerce Minister Tofail Ahmed sits with business leaders on aftermath of terror attacks

STAR BUSINESS REPORT

Business leaders in a meeting with the commerce minister yesterday expressed satisfaction over the government's steps to ensure security in the aftermath of recent terror attacks.

Even though their businesses are running smoothly, they are facing some challenges, they said. In some cases, their foreign partners are unwilling to travel to Bangladesh and want to meet abroad instead to discuss further work orders.

Commerce Minister Tofail Ahmed met the top business leaders at the ministry yesterday to discuss the current business climate and security issues.

"Our factories are running, but we have a lot of challenges. Work orders are coming to Bangladesh, and we have to address the challenges," said Tapan Chowdhury, president of Bangladesh Textile Mills Association.

"It is not true that we did not face challenges after the recent killing incidents in Dhaka. We have to stay united, forgetting religious differences, to face the current issues."

"Many international garment retailers did not want to come to Bangladesh after the Gulshan attack. But they started coming again after the government assured them of police protection from the airport to the hotels and for factory visits," said Salman F Rahman, chairman of Beximco Group.

"The Kalyanpur raid, in which nine militants were killed, has helped restore confidence among the businessmen and their foreign trading partners."

Moinuddin Mintoo, acting president of Bangladesh Garment Manufacturers and Exporters Association, said: "If we can hold the confidence of the foreign retailers, growth in garment exports will continue."

"Most factories are booked until December. Not a single work order has been taken away from Bangladesh following the Gulshan attack," Mintoo added.

Syed Nasim Manzur, president of Metropolitan Chamber of Commerce and Industry, said everybody should highlight the responses that Bangladesh showed to the attacks. "Bangladesh should highlight that 99.99 percent of its people did not accept the Gulshan attack."

He said at least 10,000 foreigners work at different factories in Gazipur. He visited his factory twice last week and the police officers in Gazipur have ensured the safety of foreigners by providing police security, he added.

Previously, members of the Ansar used to provide security to the foreigners in Gazipur, but now the industrial police have been deployed.

"We should also highlight these security measures to the foreigners so that they do not feel any insecurity in visiting Bangladesh," said Manzur.

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Sonali publishes notice to auction off Salman's property

STAR BUSINESS REPORT

Sonali Bank has put up for auction a mortgaged property owned by ASF Rahman and Salman F Rahman after they failed to repay about Tk 228.19 crore against their loans taken for the now defunct GMG Airlines.

The bank published the auction notice in the Daily Ittefaq on July 12 under the Money Loan Court Act 2003 to realise the loans that Beximco Group's chairman and vice-chairman owed to Sonali as of April 30.

Beximco Group bought the lion's share of GMG Airlines in 2009. About 10 years ago, Sonali, a state-run commercial bank, lent Tk 165 crore to the airline.

The auction is scheduled to be held on August 3 at Sonali Bank's office in Motijheel, according to the notice. The property includes 33 decimals of land and constructed buildings on it and is located on Road No. 2 in Dhanmondi.

Sonali officials said they have repeatedly requested the two borrowers to repay the loans and also served legal notices on them.

If the bank cannot realise the total loan through the auction, it will then file a case with the Money Loan Court.

Salman F Rahman, vice-chairman of Beximco Group, said he has obtained a stay order from the High Court against the loans being classified as defaults. So, the bank cannot show the loans as a case of defaults.

"It's not a big deal. We will settle it in eight to 10 days," Rahman told The Daily Star by phone yesterday.

The top businessman said as GMG is not part of Beximco Group the loan remains unresolved. Also, the change of chairman and managing director at Sonali has delayed the settlement of the loans.

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BSS

Left, **Sajeeb Wazed Joy, the prime minister's ICT affairs adviser, inaugurates the two-day BPO Summit at Sonargaon hotel in Dhaka yesterday. *Second from left*, Zunaid Ahmed Palak, state minister for ICT, was also present. Story on B3.**

Bashundhara gets economic zone licences

STAR BUSINESS REPORT

Bangladesh Economic Zones Authority yesterday awarded two prequalification licences to Bashundhara Group to set up two economic zones at Keraniganj in Dhaka.

The group will set up the Bashundhara Special Economic Zone on 56 acres and the East West Special Economic Zone on 53.87 acres in Keraniganj, some 15 kilometres from the capital.

The sites will be suitable for setting up heavy and medium industries such as petroleum oil refinery, LPG cylinder manufacturing and bottling, food and beverage, chemical products, ship-building and steel industries.

The economic zones will create around 40,000 jobs, said Md Fakhruddin, chief operating officer of Bashundhara Dredging Company, a unit of Bashundhara Group.

Beza Executive Chairman Paban Chowdhury handed over the licences to Bashundhara Group's Adviser Mohammad Mahboob Haider Khan at a programme in Dhaka.

Upon satisfactory completion of the prequalification exercises, Bashundhara will get the full licence, which will make it eligible to enjoy tax exemption for 12 years.

Apart from the developers, entrepreneurs can also get fiscal and financial incentives and other benefits that industrial units typically get in export processing zones.

By setting up a unit in an economic zone, investors can get tax exemption for 10 years.

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Bangladesh on elevated growth path: Citi

STAR BUSINESS REPORT

Bangladesh has managed to set growth on a higher trajectory, posting 7.05 percent economic growth in fiscal 2015-16, on the back of a surge in both private and public investment and as well as an increase in consumption expenditures, banking giant Citi said in its half-yearly market update.

Higher implementation of the annual development programme, higher consumption driven by a new pay-scale for public sector employees and moderate inflation helped boost the GDP growth.

The manufacturing sector grew the most by 10.1 percent followed by the services sector and agriculture, which grew 6.7 percent and 2.6 percent respectively in the last fiscal year, Citi said on Wednesday.

Referring to the 7.2 percent GDP growth target for fiscal 2016-17, Citi said it is imperative to reap the benefits of the favourable demographic characteristics of a large working population to achieve sustainable growth and investment.

"Enhancing the quality of the workforce and addressing the skills gap will help align the supply side factors with supportive fiscal measures."

The investment-GDP ratio has been set at 34.4 percent, up from an existing 29.38 percent, to support growth this fiscal year, Citi said.

Given the importance of private investment growth in achieving the target, the government has planned on speeding up public investment on infrastructure through its fast track projects.

It said average inflation slid to a 12-year low at 5.92 percent in fiscal 2016 on the back of low food inflation, which was well below the government's target of 6.2 percent.

"Good domestic harvests, low international commodity prices and political stability helped keep inflation manageable," it said, citing that food inflation dipped to 4.92 percent from 6.68 percent last fiscal year.

However, Citi said non-food inflation surged to 7.45 percent from 5.99 percent during the same period.

"The lagged impact of the new pay-scale for government employees and an upward adjustment of gas and electricity prices drove the non-food inflation higher. However, a cut in fuel prices in April helped limit non-food inflation during May and June."

Exports posted a healthy 9.72 percent growth last fiscal year to reach $34.24 billion, mainly driven by the 10.21 percent growth in apparel exports.

Improvements in workers' safety standards and gradual migration to manufacturing of high-value apparel helped boost exports, Citi said.

"While the growth in RMG is commendable, it is also a cause of concern from a diversification aspect, as it accounted for over 82 percent of the earnings."

Exports to the US, the biggest single market for Bangladesh, were resilient despite suspension of the generalised system of preferences. "Given the UK's decision to leave the EU, it is crucial for Bangladesh to ensure that existing preferential terms are maintained as the UK is one of the major RMG export destinations for Bangladesh."

Import settlement during July-May last fiscal year grew marginally by 4.23 percent to $36.66 billion from $35.17 billion in fiscal 2015. "The sluggishness is primarily due to continued low oil prices and a fall in food imports," Citi said.

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Yunus social business centre to open in four countries

STAR BUSINESS REPORT

Yunus Centre has signed agreements with ten universities in India, Malaysia and Spain to establish Yunus Social Business Centre at the institutions.

Another memorandum of understanding will be signed today with Kasetsart University of Thailand, the largest public university in the southeast Asian country, Yunus Centre said in a statement yesterday.

With the signing of the agreement, the universities have become part of a growing network of social business centres, linked with Nobel laureate Prof Muhammad Yunus. This brought the total number of such centres to 26 around the world.

One of the MoUs was with Universiti Sains Malaysia, one of the leading public universities of Malaysia located in Penang with about 30,000 students and three campuses.

Prof Azlan Amran, dean of Graduate School of Business of the university, and Prof Yunus, chairman of Yunus Centre, signed the agreement.

The centre signed another MoU with SSM College of Engineering, a leading engineering institution in Tamil Nadu, India.

The centre also signed MoUs with eight universities in Barcelona to create a single Yunus Social Business Centre in the Spanish city.

The participating universities are: Universitat Pompeu Fabra, University of Barcelona, Autonomous University of Barcelona, University Polytechnic of Catalonia, Open University of Catalonia, International University of Catalonia, Abat Oliba University, and EADA University Foundation.

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