

**SIBL Islamic Credit Card**  
COVERS THE WORLD AROUND YOU

\* ফ্রি অনলাইন সেবা  
যে কোন প্রয়োজনে ০৯৬৯২০০৯২২

# Star BUSINESS

DHAKA MONDAY FEBRUARY 27, 2017, FALGUN 15, 1423 BS

## New budget to be of Tk 420,000cr

**REJAUL KARIM BYRON**

The size of the budget for the next fiscal year will be Tk 420,000 crore, up 23 percent from the current annual outlay.

Finance Minister AMA Muhith made the disclosure to reporters after holding a pre-budget discussion with the economists of Bangladesh Economic Association, the Bangladesh Institute of Development Studies, the Economic Research Group and the Policy Research Institute of Bangladesh at the Padma guest house in Dhaka yesterday.

"At first I decided to keep the size within Tk 400,000 crore but later I increased the size to implement my plans properly," said the minister.

The size of the existing budget is Tk 340,605 crore. Muhith said GDP growth will surpass 7.2 percent by the current fiscal year and it will not come down below 7.5 percent in the future.

Every year, before placing the budget in parliament, the finance minister holds pre-budget discussions with various stakeholders, but very few of their recommendations are reflected in the budget, experts said.

Finance ministry officials also admitted that not many proposals are accommodated in the budget.



LPG products are on display at a fair at International Convention City Bashundhara in Dhaka yesterday.

## LPG price mechanism in the offing

**STAR BUSINESS REPORT**

The government will design a mechanism to set the prices of liquefied petroleum gas in line with the global market in an effort to control any overpricing, State Minister for Power and Energy Nasrul Hamid said yesterday.

"We want to focus on three issues: developing a mechanism to control overpricing in the market, ensuring the safety of cylinders and setting up a regulator," he said.

A policy on LPG will be intro-

duced within one or two months, Hamid said.

LPG will be supplied at affordable rates in 70 percent areas of Bangladesh in next three years as the government's target is to increase its use mainly at households. Its consumption in automobiles and other areas will also go up as the fuel is cheaper compared to diesel.

Hamid spoke at the inaugural session of "fourth Asia LPG Summit 2017" at the International Convention City Bashundhara in Dhaka.

The World LPG Association or WLPGA organised the summit, the first in Dhaka, in association with the power, energy and mineral resources ministry.

Over 100 petroleum companies from 20 countries are participating in the three-day summit.

Hamid said the price of LPG is high in Bangladesh because the country does not have a deep-sea terminal. "If we can bring big ships to the port, the cost will go down by about 30 percent."

READ MORE ON B3

## Govt to cut foreign fund spend 17.5pc

**REJAUL KARIM BYRON**

The government plans to reduce foreign fund spending by 17.5 percent in the revised ADP for 2016-17 although the unused money in the pipeline has reached a new high of \$35.44 billion.

The planning ministry will place the revised annual development programme at a meeting of the National Economic Council tomorrow.

A proposal to cut the revised ADP allocation by 5.87 percent to Tk 104,200 crore from the original outlay will also be placed at the meeting, according to a ministry official.

Of the amount, Tk 71,200 crore will come from the government's own fund, which is 0.71 percent of Tk 500 crore higher than the original amount.

However, the project aid has been proposed at Tk 33,000 crore which is Tk 7,000 crore less than the original amount.

Unused foreign aid in the pipeline was \$22.24 billion on June 30 last year, which rose to \$35.44 billion in January, according to statistics from the Economic Relations Division.

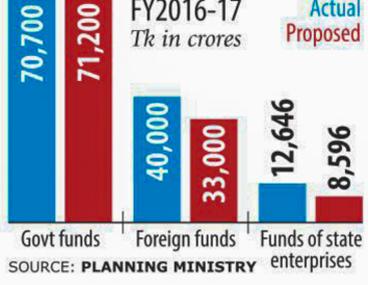
In the first seven months of the current fiscal year, \$14.66 billion was received in new commitments, while \$1.46 billion was disbursed and \$13.2 billion remained unused.

In July last year, Bangladesh signed a loan agreement with Russia to obtain \$11.38 billion for Rooppur Nuclear Power Plant.

Due to the Russian loans, the credit in the pipeline has reached such a high level and the amount will be spent until 2024 as per the project implementation schedule.

In many cases, the implementation is

### ADP ALLOCATION



delayed due to lapses on both the sides -- the implementing agency and the development partner.

Last fiscal year, \$3.42 billion was disbursed in foreign aid, which is more than the revised target.

The scope to increase disbursement depends a lot on the efficiency of the implementing agency, the ERD official said.

The implementation of many of the large donor-funded projects was slowed due to the militant attack in Dhaka at the beginning of the current fiscal year, the planning ministry official said.

It also contributed to the less utilisation of foreign aid then, according to the official.

Prime Minister Sheikh Hasina has increased the local fund over their proposed amount in the face of demands from the ministries and the divisions, the official said.

Of the total allocation, the transport sector received 24.34 percent, infrastructure, water supply and housing sectors got 13.41 percent and education and religious affairs 12.20 percent.

READ MORE ON B3

## Orion Pharma borrows \$34m from Germany for expansion

**STAR BUSINESS REPORT**

Orion Pharma has recently signed a deal with Germany's leading private lender BHF-Bank to borrow over \$34 million (Tk 270 crore) to partially finance the purchase of a new plant and machinery to expand its existing production facilities.

The interest rate for the loan will be LIBOR plus 2.15 percent, officials of Orion said yesterday.

Presently, US dollar LIBOR for 12 months stands at nearly 1.74 percent.

So, the aggregate interest rate for Orion would stand at less than 4 percent, much lower than over 10 percent for term loans in Bangladesh.

However, the lender will take management and commitment fees from the borrower.

"We will expand our capacity to produce biotechnology, hormone and

anti-cancer products," Salman Karim, managing director of the company told The Daily Star.

"The loan is much cheaper and it will help us add value to our company's goodwill," said Karim.

Orion has set a target to launch the new products within a year, he said.

The German lender has given Orion five years time to repay the loan, excluding two years of grace period. The loan will be paid in 10 equal and consecutive semi-annual payments.

The loan agreement signed on December 7 last year got go-ahead from Bangladesh Investment Development Authority on Wednesday.

Orion Pharma made the disclosure in the stockmarket yesterday as it is a listed company. Each share of the company that has paid-up capital of Tk 234 crore was traded at Tk 53.2 in Dhaka Stock Exchange yesterday.

## Poultry show begins in Dhaka on March 2

**STAR BUSINESS REPORT**

A three-day exposition on poultry is set to take place from March 2 to March 4 to promote the use of scientific knowledge and modern technology for poultry farming, said a press release.

The show to be held at International Convention City Bashundhara in Dhaka also aims to encourage people to consume more poultry and poultry-based products so that the industry grows further.

"The poultry industry has ensured eggs and chicken meats at affordable prices for all the urban and rural people. The effective use of science and modern technology has made this possible," said Shamsul Arefin Khaled, president of the World's Poultry Science Association-Bangladesh Branch (WPSA-BB), at a press meet at the National Press Club yesterday.

The press conference was organised to announce the schedule of the 10th International Poultry Show & Seminar in Dhaka.

The WPSA-BB will organise the show to be participated by 195 local and foreign companies. The poultry show and seminar will remain open for all from 9am to 7pm, according to the press release.

Zahedul Islam, vice-president of WPSA-BB, also spoke.

## Singer's earnings increase 30pc

**STAR BUSINESS REPORT**

Singer Bangladesh's earnings rose 30.3 percent year-on-year to Tk 900 crore in 2016 recording strong sales in all key product categories, the company said.

Its gross profit increased 40.7 percent in the year with gross profit margins rising to 28.8 percent from 26.7 percent a year ago.

Profit after tax went up 48.2 percent to Tk 54.63 crore. Its earnings per share rose to Tk 7.1, according to a statement of the company.

In addition, there was a gain on revaluation of property, plant and equipment amounting to Tk 17.19 crore.

The company announced 70 percent cash dividends, maintaining its long history of robust dividend payments. Gavin Walker, chairman of Singer Bangladesh, said, "2016 was a phenomenal year for the company, with record sales in all key product categories."

"We now look forward to carrying this momentum into 2017. We have many exciting growth initiatives and new products to bring to the market."

Throughout 2016, Singer continued to build upon the success of its factory operations for refrigerators, panel televisions, air conditioners and furniture, with further substantial increases in output and capacity being planned in 2017 and beyond.

The statement said Singer refrigerator range, with its modern R600a gas refrigerant, allows savings in electricity running costs up to 50 percent compared to most refrigerators available in Bangladesh that use R134a gas.

The number of Singer hire purchase accounts increased 50.8 percent in 2016. About two-thirds of the retail sales are conducted using the hire purchase system. Hire purchase related losses were below 0.5 percent of the revenue.

Last year 48 retail stores of the company were renovated. Some stores were enlarged.

"Singer's main focus for 2017 is to continue to renovate and enlarge existing stores to allow for more products to be displayed, particularly furniture," said the company.

READ MORE ON B3

## Analysts suggest ways to beef up garment sector

**STAR BUSINESS REPORT**

Bangladesh will have to address three important factors -- higher productivity, workers' wage hike and profitability -- for sustainability of the apparel sector, said an economist yesterday.

These three factors should work together to improve the sector's competitiveness, said Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue.

There needs to be effective social dialogue to resolve some outstanding issues in the garment sector and to save the entrepreneurs, he suggested.

He also suggested retailers, suppliers and other stakeholders share the remediation cost of factories to reduce the burden on manufacturers.

Bhattacharya said the garment sector survived and reached its present position by overcoming major challenges, including the shock of a quota-free era, child labour, fallouts from global financial meltdown, and finally, the Rana Plaza building collapse that happened in 2013.

He was moderating a discussion on 'Pains and Gains', a research paper on the progress made, impediments and the



Analysts attend a discussion on the garment sector at The Daily Star Centre in Dhaka yesterday.

future of the garments sector.

The Daily Star and Bangladesh University jointly organised the discussion on the outcomes of the research conducted by Wamiq Umaira and Mahmood Hussain, at The Daily Star Centre in Dhaka.

Rubana Huq, managing director of Mohammadi Group, said apparel makers want to brand Bangladesh as the most compliant supplier.

Investment in social dialogue is crucial at this moment, she said.

"We need to brand ourselves better."

The recent unrest at Ashulia showed that Bangladesh needs further engagement of stakeholders.

Manufacturers have been spending millions of dollars on remediation and relocation of the factories. Unavailability of workers is a major challenge in the case of relocation of the factories, she said.

Fahmida Khatun, research director of CPD, said garment manufacturers should increase workers' wages

in addition to carrying out the remediation works. Nazma Akter, president of Sammito Garment Sramik Federation, a rights group, said the harassment of the workers and unionists should be stopped.

"We need to protect the voices of the workers and unionists," she said, demanding fair wages for workers.

Bangladesh will face challenges in becoming a middle income country if workers' wages are not increased, Akter said. "We

need real participation and real social dialogue."

Debbie Coulter, head of programme of Ethical Trading Initiative, said the voice of workers needs to be heard in terms of health and safety.

Toufik Ali, former Bangladesh ambassador to Geneva, said the Bangladesh Garment Manufacturers and Exporters Association has an important role in resolving the disputes.

READ MORE ON B3

**Congratulations**

In recognition of outstanding contribution to National Economy and in large industry sector of Bangladesh **Mr. Salim Ahmed** achieved **CIP (Industry)** award from Ministry of Industries, Government of Bangladesh.

He is the Managing Director of Super Refinery (Pvt.) Ltd., Vice Chairman of Elite Paint Group and Vice Chairman of AB Bank Ltd. **Mr. Salim Ahmed** was elected President of Bangladesh Paint Manufacturers Association (BPMA) for the 5th time on December 24, 2016.

It may be mentioned here that he is sincerely working to safe guard & for development of Paint Sector since many years. To introduce BPMA in international arena he took initiative to get the membership of Asian Paint Industry Council (APIC) and sent BPMA delegates abroad to acquire knowledge of advanced technology & skills from time to time. His achievement of CIP award for the 5th time has undoubtedly brought pride & honor for BPMA and brightened our presence.

On behalf of Bangladesh Paint Manufacturers Association we congratulate him wholeheartedly.

**BANGLADESH PAINT MANUFACTURES' ASSOCIATION**