

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
STOCK INDEX	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
▼ 0.93%	▼ 0.86%	\$1,286.30	\$52.91	Closed	▼ 0.49%	Closed	▼ 0.44%	80.65	84.39	99.72	0.72	
5,592.83	10,501.56	(per ounce)	(per barrel)		18,335.63		3,261.64	BUY TK	81.65	87.99	103.32	0.76

Star BUSINESS

DHAKA MONDAY APRIL 17, 2017, BAISHAKH 4, 1424 BS

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Bangladesh's GDP to grow 6.4pc next year

WB says possible protectionism should not deter export-oriented growth in South Asia

STAR BUSINESS REPORT

Bangladesh's economy will grow 6.4 percent in fiscal 2018, according to a World Bank forecast.

The Washington-based multilateral lender said growth would sustain at 6.8 percent in 2017, compared to the officially reported 7.1 percent in 2016, with a decelerating inflation rate and a budget deficit that has narrowed.

It said the economy of Bangladesh has weathered global uncertainties well, aided by strengthening investment and a recovery of exports.

"Bangladesh's industrial production reached a record-high recently and growth remains strong," said the report.

The WB said infrastructure gaps and inadequate energy supplies, combined with the high cost of doing business, remain the main obstacles to realising Bangladesh's growth potential.

The report -- Globalisation Backlash -- said possible protectionism in advanced economies should not deter export-oriented growth in South Asia, a region that could even benefit from the backlash against globalisation.

The report also confirms that South Asia remains the fastest-growing region in the world, gradually widening its lead relative to East Asia. Regional GDP growth is expected to rise from 6.7 percent in 2016 to 6.8 percent in 2017, and 7.1 percent in 2018.

The just released edition of the twice-a-year South Asia Economic Focus explores whether South Asian countries should worry about mounting protectionist pressures.

The report said global integration has been good for economic development and poverty reduction, but finds that the region would be resilient to higher trade barriers in advanced economies.

"It would even stand to gain if selective protectionism resulted in trade diversion away from established suppliers. South Asian economies also stand to gain from the observed recovery in advanced economies, which are their largest export markets."

In a statement, Annette Dixon, vice-president of the WB for South Asia, said simulations on the impact of hypothetical new trade barriers show that South Asia is not only resilient to a potential rise in protectionism but could possibly even gain from it in some circumstances.

"Advanced economies are recovering and could see faster growth that will likely increase demand for South Asian products. The region should seize this opportunity to diversify its exports and enhance its supply response. This could create a substantial number of jobs for new entrants to the labour force."

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Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue; Fahmida Khatun, executive director, and Mustafizur Rahman, distinguished fellow, attend a programme to present the think-tank's budget recommendations for 2017-18, at Brac Centre Inn in Dhaka yesterday. Story on Page 1.

Stocks continue to fall

STAR BUSINESS REPORT

Stocks suffered a 184-point or 3.2-percent fall in the last eight trading days, as price correction continued.

The benchmark index of Dhaka bourse came down to 5,592.83 points yesterday from 5,777.11 on April 4.

The market was on a gaining streak, driven mainly by healthy earnings and dividend declarations by the financial sector securities, said Md Shakil Rizvi, managing director of Shakil Rizvi Stock, a stockbroker and stock dealer.

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Prime Bank writes off Bismillah Group loans

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Prime Bank has written off Tk 300 crore embezzled by Bismillah Group in order to clean up its balance sheet.

"We are not worried about Bismillah Group as the loan of the client was cleaned up from the balance sheet. In the meantime, the legal process to recover the money is also ongoing," said Ahmed Kamal Khan Chowdhury, managing director of Prime Bank.

He spoke at a media briefing at Hotel Purbani in Dhaka organised to mark 22nd founding anniversary of the bank.

Golam Rabbani, deputy managing director of the bank, said some other banks were also the victims of the Bismillah Group scam but only Prime Bank's loan was secured by collateral.

"We have got court decree in our favour and we hope we will be able to recover a handsome amount of the loan by this year," he said.

Bismillah Group, which used to make terry towels for the export market, embezzled Tk 1,100 crore from five local banks with the help of bank officials between June 2011 and July 2012.

The five banks intended to sell the properties Bismillah Group had used as the security to secure the loans.

Chowdhury said Prime Bank has developed a credit assessment system in line with the standards of global credit ratings agency Moody's to prevent scams.

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Govt sets growth target at 7.4pc

STAR BUSINESS REPORT

The economic growth target for fiscal 2017-18 has been set at 7.4 percent, as the government looks to leverage the low inflation rate and the strong momentum generated this year from the political calm.

"Our GDP growth target for the current fiscal year is 7.2 percent. We have achieved it," Finance Minister AMA Muhith told reporters yesterday after a meeting of the fiscal coordination council and resources committee, where the targets for the upcoming budget were fixed.

The World Bank, however, disputed Muhith's proclamation.

The Washington-based multilateral lender yesterday said the Bangladesh economy will grow at 6.8 percent in fiscal 2016-17 and 6.4 percent the following year.

Earlier, the Asian Development Bank and the International Monetary Fund said the economic growth this year would be below 7 percent.

At yesterday's meeting, the inflation target for next fiscal year was set at 5.4 percent, down from current year's target of 5.8 percent.

As of February, inflation stood at 5.31 percent.

The meeting of the fiscal coordination committee has fixed a preliminary size of the budget at Tk 400,267 crore.

As per the medium-term budgetary framework, the size of the next budget should be about Tk 390,000 crore, so the Tk 400,000 crore figure is not overly ambitious.

But the figure may see adjustments before the finance minister unveils it in June, said an official of

the finance ministry.

The size of the current year's budget is Tk 340,605 crore, but it is going to be downsized to less than Tk 310,000 crore in the revised budget to be announced in June, the official added.

The annual development programme will be Tk 150,000 crore-Tk 153,000 crore in fiscal 2017-18, up from current year's Tk 119,000 crore.

The revenue collection target for next fiscal year has been set at Tk 263,000 crore, of which Tk 236,000 crore will come from the National Board of Revenue.

The NBR's target for this fiscal year is Tk 180,000 crore.

In the first eight months of the fiscal year, the NBR's collection grew around 20 percent, which is still satisfactory considering the historical context.

But as per the target set at the beginning of fiscal 2016-17, the growth should be 43.89 percent from previous year's actual collection.

Budget deficit may be fixed at a close vicinity of 6 percent of GDP in 2017-18, breaking out from years-long practice to keep it within 5 percent.

In the last several years the budget was diligently prepared such that the deficit stayed within 5 percent, but, in the course of the fiscal year the deficit would come to below 4 percent.

"We have kept the deficit at a higher level. However, it might not be of any benefit as it will go down towards the end of the fiscal year," Muhith said, adding that the deficit might be fixed at 5.4 percent for fiscal 2016-17.

Private sector can play a crucial role in regional connectivity: analysts

STAR BUSINESS REPORT

The private sector should play a vital role in greater regional integration for more trade under the South Asia Free Trade Agreement (Safta), business leaders said yesterday.

The volume of trade among the eight members of South Asian Association for Regional Cooperation (Saarc) is one of the lowest among global regional trade agreements like Asean, EU and Nafta, they said.

The Safta is the least used platform for regional trade because of the unwillingness of political leaders in the South Asian nations, they said at a roundtable on 'Unleashing South Asia: imperatives for action' at Sonargaon Hotel, Dhaka. Saarc Chamber of Commerce and Industry (Saarc CCI) organised the roundtable that was attended by businessmen, leaders from chamber and trade bodies, diplomats, government high-ups and trade analysts from the eight nations.

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