

# Star BUSINESS

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## Ensure transparency in public spending

Analysts say govt should publish enough info on fiscal policies

STAR BUSINESS REPORT

Bangladesh does not make public enough information related to fiscal policies and measures taken in budget every year to ensure transparency, said analysts yesterday.

At present, the government publishes some budget information but not enough to ensure an informed public debate, said Ahsan H Mansur, executive director of the Policy Research Institute.

Mansur's comment came while presenting a paper on improving fiscal transparency in Bangladesh at a dialogue held at Amari Dhaka.

PRI, a private research organisation, arranged the event, which was attended by Finance Minister AMA Muhith.

He made the comment citing that Bangladesh is classified under category C3 in the Open Budget Index prepared by the International Budget Partnership.

This means the country does not disclose adequate information related to fiscal issues, he added.



Finance Minister AMA Muhith speaks at a dialogue on fiscal transparency, at Hotel Amari in Dhaka yesterday.

In his speech, Muhith said fiscal transparency is very important for ensuring the sustainability of reforms.

He said the paper placed many good suggestions, some of which could have been implemented had they been placed a couple of years ago.

Since the national election is approaching, it will not be a good year to initiate reforms, he said, adding that there would be no real discussion until 2020.

Muhith also stressed on continued effort to cut poverty. "Poverty reduction has to be the core of government objectives," he added.

In his paper, Mansur cited the 2015 Fiscal Transparency Report of the US State Department, which said Bangladesh did not meet the minimum requirements of fiscal transparency and it did not make significant progress towards meeting the minimum requirements.

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## New banks in risky lending: BIBM study

STAR BUSINESS REPORT

The nine new banks are in an aggressive expansion mode, putting their depositors' money at risk, a survey by the Bangladesh Institute of Bank Management (BIBM) found.

Their non-performing loans rose considerably over the last two years due to irregularities, according to the survey.

The survey report -- An Evaluation of the Performance of New Commercial Banks -- was released yesterday by Mohammed Sohail Mustafa, associate professor of BIBM, at a workshop held at the institute's auditorium yesterday.

The report dealt with the performance of the nine banks, which got licences upon political consideration, since their inception in 2013.

Of the nine banks, three are sponsored by non-resident Bangladeshis -- NRB, NRB Commercial and NRB Global -- and the other six -- Union, Modhumoti, Farmers, Meghna, Midland, and South Bangla Agriculture and Commerce -- by locals.

The report found that the new banks are lending aggressively to make more profit; the advance deposit ratio of five banks -- Farmers, Union, Meghna, NRB Global, NRB Commercial -- was beyond the authorised limit of 80 percent last year.

Furthermore, the non-performing loan ratio of the new banks has been on the rise over the last two years, led by Farmers Bank,

which saw an increase of 4 percentage points. So much that the Bangladesh Bank was compelled to appoint an observer in Farmers and another in NRB Commercial -- within only four years of their commencement -- after detecting loan irregularities, said the research report.

Although they have made significant hires in the four years, they failed to establish goodwill in the talent market.

A total of 6,610 employees were recruited in the last four years in the new banks, but in hiring for entry-level positions some of them emphasised political affiliation instead of academic and professional qualifications of the candidates.

Besides, they poached staff from the 47 old banks by offering higher positions and financial benefits, creating an imbalance in the entire banking sector, according to the research.

The new banks were supposed to concentrate on rural banking for financial inclusion but their focus has been on urban-centric corporate banking, said the report.

For instance, South Bangla Agriculture and Farmers had said their mission was to serve the agriculture sector. But their contributions in agriculture loans were very insignificant last year.

Agriculture financing accounted for only 1.94 percent of Farmers' total loan portfolio and 2.11 percent for South Bangla Agriculture's.

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## Tofail asks Ctg port to release basic commodities in 24hrs

STAR BUSINESS REPORT

Commerce Minister Tofail Ahmed yesterday asked Chittagong Port Authority (CPA) to release imported basic commodities, especially onion, within 24 hours to control a price spiral in local markets.

Onion prices skyrocketed in the last few days due to heavy rainfall and low supply from India, the major source of the vegetable.

Retail prices hovered between Tk 40-50 a kilogramme, up from Tk 28-35 a week ago.

The minister sat with traders, importers, retailers and suppliers of basic commodities, at his secretariat office in Dhaka yesterday.

The minister called M Khaled Iqbal, CPA chairman, over cellphone from the meeting and urged quick release of onion.

Businessmen said congestion in the Chittagong port was one of the main reasons for the price hike as many onion laden ships had to wait for a long time to offload their cargo.

Onion supply in local markets cannot be increased due to long delivery time of products from the Chittagong port, as many businessmen imported onion from Egypt due to its shortage in India.

The minister even directed the businessmen to contact the port chairman if their goods were not released within 24 hours

or the highest in two days.

"You take my visiting cards and meet the port chairman and show it to him if your goods are not released within 24 hours," he said.

Ahmed said onion prices increased despite there being an adequate supply.

If there is a crisis, then where are the businessmen getting it from when higher prices are offered, the minister asked the businessmen.

The annual demand for onion is around 22 lakh tonnes. Of it, 18 lakh tonnes is locally produced while the remaining is imported, mainly from India.

"I am hopeful that the prices of onion will come down within four or five days as the supply is increasing," the minister said. A section of traders take advantage of situations and make a hefty profit when prices go up, he said.

Bangladesh imported 11.05 lakh tonnes of onion in the July-April period of the last fiscal year, up from 5.78 lakh tonnes in the previous year, according to commerce ministry data.

Onion production target was fixed at 21.37 lakh tonnes in 2016-17 while its production in 2015-16 reached 21.30 lakh tonnes, according to the data.

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## Bangladesh seeks duty-free access for 36 products to Thailand

STAR BUSINESS REPORT

Bangladesh yesterday sought duty-free access of 36 products to Thailand to narrow a huge trade gap with the Southeast Asian country.

The products for which the trade benefit is being sought are jute and jute goods, garments, agricultural products, processed food and sweaters.

Commerce Minister Tofail Ahmed asked for the duty-free facility in the fourth joint trade commission meeting between Bangladesh and Thailand held at the Sonargaon hotel in Dhaka. The two-day meeting ended yesterday.

But the bilateral trade between the two countries is heavily tilted towards Thailand.

Bangladesh's share in the \$995 million bilateral trade in 2016-17 was only \$48 million.

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## Exporters hardly grab orders diverted from China

Analysts blame low capacity, weak infrastructure and inadequate energy

REFAYET ULLAH MIRDHA

Bangladesh cannot grab the apparel work orders, which are being shifted from China to other countries, due to lower capacity, weak infrastructure and inadequate supply of energy, exporters said.

China's market share in global apparel trade has been declining over the last few years because of a dearth of skilled workers and the manufacturing shift towards high-end and technological products.

Its market share last year stood at 36.7 percent or \$161 billion, down 8 percent year-on-year, according to data from the World Trade Organisation.

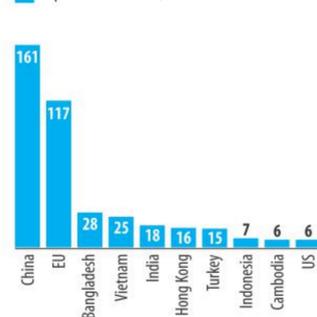
In other words, China lost garment work orders worth \$14 billion in one year alone to other countries.

On the other hand, the market share of Bangladesh, the second largest apparel supplier worldwide after China, is increasing but very marginally, meaning the country is unable to take advantage of the shifting work orders from China.

In global apparel trade, Bangladesh's

### APPAREL EXPORTS BY TOP MANUFACTURING NATIONS

Exports in billions of \$ SOURCE: WTO



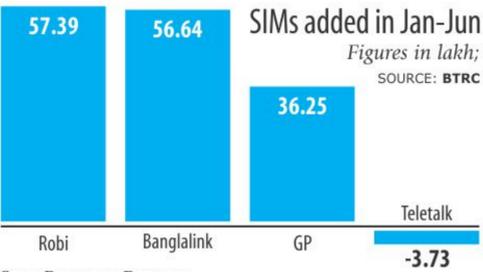
market share was worth \$28 billion in 2016, up 7.69 percent from a year earlier.

"Bangladesh was supposed to get more of the shifted orders from China, but unfortunately those were received by some other countries like Vietnam, Myanmar and Cambodia," said Ahsan H Mansur, executive director of the Policy Research Institute.

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## Mobile industry fares well in first half

67.24 lakh internet, 95.91 lakh mobile connections added



STAR BUSINESS REPORT

The telecom industry got a massive boost in the last six months as more and more people are now taking up digital services.

Between January and June this year, the industry added 95.91 lakh new mobile subscribers and 67.24 lakh internet users, according to data from the telecom authority, unveiled yesterday.

Over the last six months, the total active mobile connections saw 7.59 percent growth and internet connections 10.09 percent growth. At the end of June, the total mobile connections stood at 13.60 crore and internet connections 7.34 crore, according to the Bangladesh Telecommunication Regulatory Commission.

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## Spend CSR funds efficiently

Experts urge united efforts of govt, firms and charities

STAR BUSINESS REPORT

The government, the private sector and charitable organisations should work together to ensure that corporate social responsibility funds are spent efficiently so as to support communities as well as the economy, said experts yesterday.

"At the end of the day, we have to ensure the value for money," said Prof M Abu Eusuf, chairman of the development studies department at Dhaka University (DU).

He was addressing a discussion, "Dialogue on CSR Guideline in Bangladesh", organised jointly by the Centre on Budget and Policy of DU and the Asia Foundation at The Daily Star Centre in Dhaka.

CSR spending by banks has more than doubled in the last seven years. It was Tk 232 crore in 2010 and rose to Tk 555 crore last year, said Prof Eusuf in a presentation.

But the amount was only Tk 50 crore in 2009, said Manoj Kumar Biswas, general manager of the sustainable finance department of the central bank.

In the first half of 2017, banks

spent Tk 326 crore in CSR and it would be more than Tk 600 crore at the end of the year, said the central banker.

Sara L Taylor, country representative of the Asia Foundation, said there were lots of CSR funds and these funds can be used more efficiently.

Shahamin S Zaman, chief executive officer of the CSR Centre, said a guideline on CSR finalised in consultation with the private sector has been sent to the planning division and would be launched next month.

She said the CSR activities should be voluntary, not mandatory so that more and more people join the efforts.

Prof Shamsul Alam, a member of the general economics division of the planning commission, said the CSR guideline should be approved by the cabinet or the National Economic Council so it becomes a national document.

MA Mannan, state minister for finance and planning, backed voluntarism in CSR spending. The government should not interfere and should only ensure whether the

funds are being used properly.

MA Yousuf Khan, a former deputy managing director of Mercantile Bank and a board member of Buro Bangladesh, said his experiences in the banking sector show that the money spent as CSR was not free of bias.

"NGOs also don't spend the money in a disciplined manner," he said.

Hasibur Rahman Mukur, executive director of the Management and Resources Development Initiative, stressed the efficient spending of CSR funds. "Our experience shows that corporate efficiency in CSR spending can be as high as 90 percent."

Syed A Al-Muti, associate director for economic development of the Asia Foundation, said that the private sector uses the CSR funds to support their growth as well as the economy has to be ensured.

Debashis Roy, general manager for corporate responsibility of Grameenphone, said Telenor, the parent company of the mobile phone operator, has already committed to the "Sustainable Development Goal 10" to reduce inequality.

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## Foreign ministers talk market access in Kathmandu meeting

DIPLOMATIC CORRESPONDENT

Foreign ministers and high officials of seven South Asia and South East Asian countries yesterday assembled in Kathmandu for negotiations on market access for professionals, reduction in duty, investment and connectivity in the region.

Foreign Minister AH Mahmood Ali left Dhaka yesterday, who is leading Bangladesh at the 15th Ministerial Meeting of the Bay of Bengal Initiatives for Multi-Sectoral Technical and Economic Cooperation (Bimstec).

Nepal's Prime Minister Sher Bahadur Deuba inaugurated the meeting attended by ministers from Bangladesh, India, Nepal and Bhutan. Myanmar and Thailand sent their deputy foreign ministers there.

Member countries are closely watching India's efforts to promote Bimstec after a stalemate in the functioning of Saarc because of differences in opinion between New Delhi and Islamabad, diplomatic sources said.

India's enthusiasm for Bimstec was first manifested during the BRICS-Bimstec Outreach Summit in Goa.

Meanwhile, the 18th session of the Bimstec senior officials meeting began yesterday.

They discussed matters relating to the formation of the Eminent Persons' Group, Bimstec Free Trade Agreement, establishment of Bimstec Grid Interconnection and prepared agenda for the ministerial meeting. The senior officials meeting and ministerial meetings approved the nomination of Bangladesh's Ambassador in France M Shahidul Islam as the new secretary general of Bimstec.

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