

Private credit growth target may be 15pc

BB set to unveil monetary policy on July 30

AKM ZAMIR UDDIN

The central bank may set a 1.5 percentage points lower private sector credit growth target for the second half of the year amid the shrinking demand for credit.

For instance, private sector credit growth hit a six-year low of 11.29 percent in June, according to data from the Bangladesh Bank.

The central bank though was hoping it would be 16.50 percent when it had set the target earlier in January in its monetary policy for the first half of 2019.

"The country has achieved 8.13 percent GDP growth in fiscal 2018-19 with private sector credit growth of 11.29 percent, so a credit growth target ranging from 14 percent to 15 percent is enough to achieve 8.20 percent growth for the current year," said a central bank official.

Besides, the credit growth will also help contain inflation at 5.5 percent as targeted by the government this fiscal year, he added.

The BB may not revise its policy rates

AT A GLANCE

Policy rates and SLR/CRR may not change

Lower credit growth to help achieve GDP growth target and contain inflation

MPS goals will not be achieved in absence of corporate governance, say economists

Measures should be taken to improve confidence of businesses

Lenders and businesses will have to play a collective role in implementing the MPS

and statutory and cash reserve ratio in the upcoming monetary policy, which will be unveiled on July 30 at its headquarters in the capital. Cautious lending by banks and low confidence among the business community are to blame for the existing low trend of credit growth, economists said.

The low private sector credit growth figure raises questions about the veracity of the economic growth figure given by the government, said Fahmida Khatun, executive director of the Centre for Policy Dialogue, a think tank.

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BRI needs India to be useful for Bangladesh

Economists say at a discussion

STAR BUSINESS REPORT

Bangladesh has a lot to gain from cooperation between China and India for the Belt Road Initiative (BRI), said two leading economists yesterday.

In 2016, Bangladesh joined China's BRI initiative to advance global and regional connectivity. But the country is yet to take full advantage of the opportunities presented by the BRI as India is yet to join the process.

"Both China and India as well as their neighbours have much to gain from making the BRI into a more inclusive enterprise," said Rehman Sobhan, chairman of the Centre for Policy Dialogue (CPD), at a seminar on the BRI and new international economic order organised by the Workers' Party of Bangladesh at National Press Club.

India has kept itself outside the BRI along with the US and Japan, he said, adding that no plausible explanation came from the Indian side so far. He recommended the Chinese and Indian think-tanks to come together to assess the concerns of the Indian government that have kept India out of the BRI process.

China's President Xi Jinping coined the BRI in 2013 in light of the ancient Silk Route to connect Asia with Africa and Europe via land and maritime networks through infrastructure and other connectivity related investments.

The BRI in its totality is much more than just a programme to use Chinese capital to construct infrastructure projects across the world.

"The BRI is indeed a global initiative to construct a new international order based on enhancing development and ending poverty across the South (developing countries) within the framework of a more equitable world order," Sobhan said.

The scope of the BRI thus extends to



CPD Chairman Rehman Sobhan speaks at a seminar organised by the Workers' Party of Bangladesh at National Press Club in Dhaka yesterday.

agendas for comprehensive, deeper economic cooperation across the world.

"We are not just talking about road. The first is about economic connectivity," he said, adding that work on identifying project priorities will remain important.

He proposed collaboration between Chinese think-tanks and their counterparts in other countries to explore the possibility of a more comprehensive programme for long-term

cooperation with China. Sobhan mentioned the sub-regional grouping of Bangladesh, China, India and Myanmar (BCIM) in this regard.

"Multinational groupings involve more complex political and strategic issues, which may also be examined in order to design a comprehensive regional agenda for cooperation. This is mutually beneficial to all partners," Sobhan said in a written text circulated at the seminar.

GLOBAL INNOVATION INDEX

Bangladesh's position remains unchanged

STAR BUSINESS DESK

Bangladesh was placed 116th out of 129 countries in this year's Global Innovation Index, unchanged from last year's ranking.

The country scored 23.31 in 100 in a survey of innovative capacity of the countries by the World Intellectual Property Organisation (WIPO).

In South Asia, India was placed 52nd, Sri Lanka 89th, Pakistan 105th and Nepal 109th, showed the survey report, which was released in New Delhi on Wednesday.

The GII, in its 12th edition this year, is co-published by Cornell University, INSEAD, and the WIPO, a specialised agency of the United Nations.

Published annually since 2007, the GII is now a leading benchmarking tool for business executives, policy makers and others seeking insight into the state of innovation around the world.

The GII 2019 shed light on economies based on 80 indicators, from traditional measurements like research and development investments and international patent and trademark applications to newer indicators including mobile-phone app creation and high-tech exports.

Bangladesh was ranked 124th on institutions pillar, 127th on human capital and research, 86th on infrastructure, 96th on market sophistication, 120th on business sophistication, 91st on knowledge and technology outputs, and 115th on creative output.

Switzerland is the world's most innovative country for a second consecutive year, followed by Sweden, the United States, the Netherlands, the United Kingdom, Finland, Denmark, Singapore, Germany and Israel.

The GII 2019 also looks at the economic context: Despite signs of slowing economic growth, innovation continues to blossom, particularly in Asia, but pressures are looming from trade disruptions and protectionism.

SOUTH ASIAN COUNTRIES IN GLOBAL INNOVATION INDEX		
COUNTRY	RANKING (out of 129 countries)	SCORE (0-100)
India	52	36.6
Sri Lanka	89	28.5
Pakistan	105	25.4
Nepal	109	24.9
Bangladesh	116	23.3

SOURCE: WIPO

NBR misses revised revenue target by Tk 50,000cr

STAR BUSINESS REPORT

The National Board of Revenue (NBR) logged Tk 230,000 crore in tax in the just concluded fiscal year but failed to reach the target for the seventh consecutive year.

NBR Chairman Md Mosharrar Hossain Bhuiyan shared the collection figure at a workshop organised by the Dhaka Chamber of Commerce and Industry (DCCI) at the Cirdap auditorium in the capital yesterday.

The tax authority was initially given the task of raising Tk 296,201 crore for fiscal 2018-19 and the target was revised down to Tk 280,000 in the face of sluggish growth of collection.

The collection data shared by Bhuiyan showed that the NBR managed to attain 82 percent of the revised target last fiscal year, falling short of Tk 50,000 crore.

"There is criticism from the media and think-tanks that we have missed the target. But tax collection is not a matter of coercion," he said at the workshop on "Awareness Raising on Value Added Tax and Supplementary



NBR Chairman Md Mosharrar Hossain Bhuiyan, second from right, and DCCI President Osama Taseer, second from left, attend a workshop on VAT and Supplementary Duty Act at Cirdap in Dhaka yesterday.

Duty Act-2012."

This was the seventh year in a row the NBR missed the tax collection goal set by the government, ignoring warning from economists that the lofty targets would remain unachieved.

For example, the target was 43

percent higher from the NBR's provisional collection of Tk 206,407 crore in fiscal 2017-18.

Bhuiyan said raising awareness among the general people is essential to collect the increased amount of tax.

READ MORE ON B3

Foreign satellites face tough times

BTRC drafts guideline on landing rights

MUHAMMAD ZAHIDUL ISLAM

The telecom regulator has drafted a guideline on landing rights for broadcasting satellite services as the government looks to monetise the country's lone satellite Bangabandhu-1.

The draft, which Bangladesh Telecommunication Regulatory Commission has placed on its website for public consultation, states foreign satellite companies will have to pay more to run their business in Bangladesh.

But if anyone uses Bangladesh Communication Satellite Company Limited's (BCSCL) connections, fees and charges will be lower and in some cases it will be free.

The main objective of the guideline is to encourage the local television channels to use Bangabandhu-1's connections for their broadcasting, said BTRC officials involved with formulating the rules.

Satellite landing rights are a legal permission for using satellite signal in the geographical boundary of a country.

Under the permission, satellite companies are supposed to comply with certain rules and regulations of that country along with payment of fees and charges to authorities concerned. For up-linking through other permitted satellites, companies will have to pay Tk 3.5 crore per year to the BTRC, which is much higher than the current rate.

READ MORE ON B3

LafargeHolcim's half-yearly profit up 51pc

STAR BUSINESS REPORT

LafargeHolcim Bangladesh's net profit rose 51 percent year-on-year to Tk 79.40 crore in the first half of 2019.

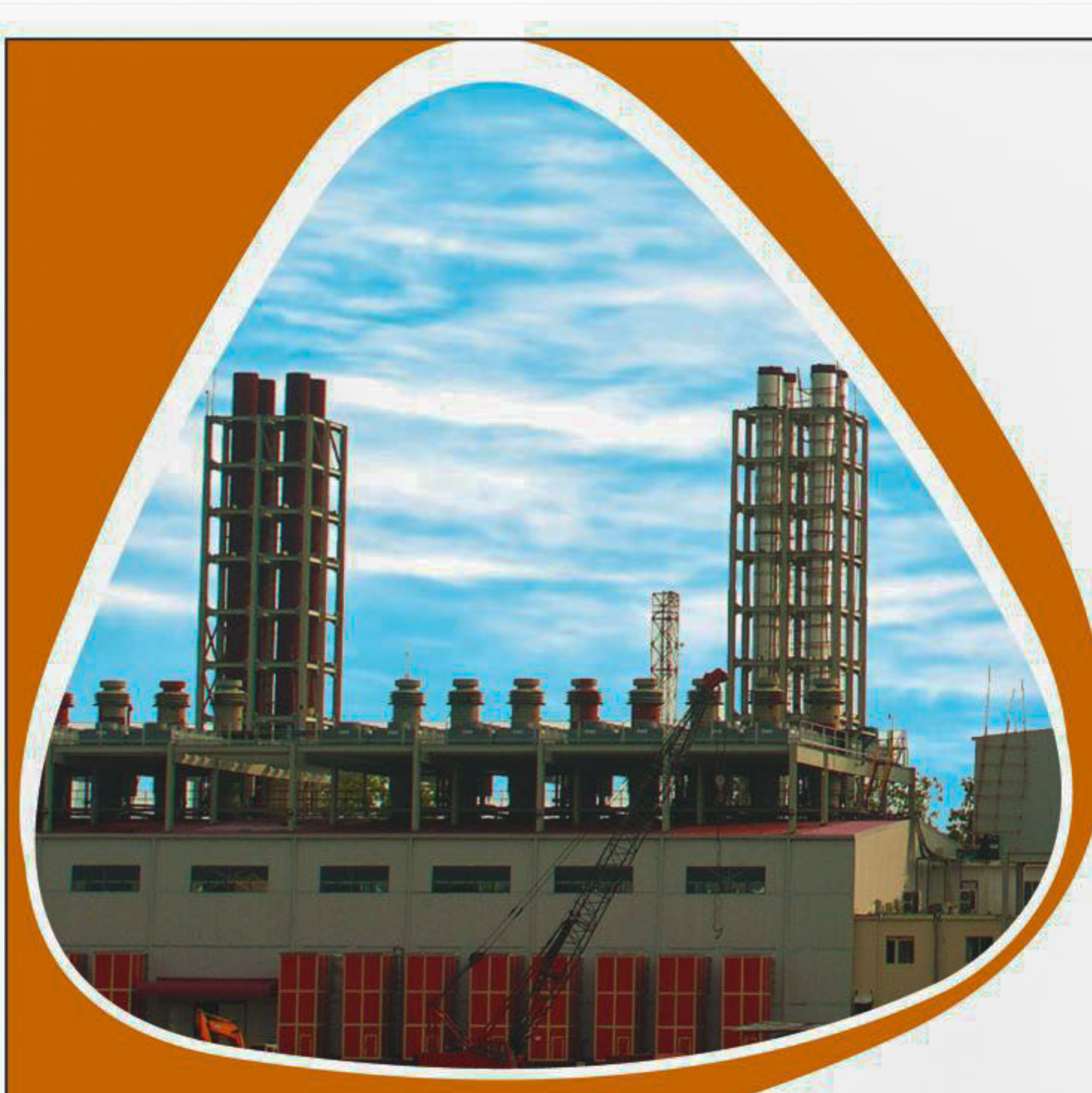
Its earnings per share (EPS) also increased to Tk 0.68, which was Tk 0.45 in the same period a year ago.

The multinational cement manufacturer's half-yearly financial report was approved in a board meeting on Thursday.

The report shows its EPS rose to Tk 0.38 in the April-June quarter whereas it was Tk 0.26 in the same quarter the previous year.

Rajesh Surana, CEO of the company, said the second quarter results demonstrate continuation of 2018's strong performance.

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