

| STOCKS | | COMMODITIES | | ASIAN MARKETS | | | | CURRENCIES | | | | |
|----------|----------|---------------------------|-------------------------|---------------|-----------|-----------|----------|------------|-------|-------|--------|------|
| DSEX | CSCX | | | MUMBAI | TOKYO | SINGAPORE | SHANGHAI | USD | EUR | GBP | JPY | |
| ▲ 0.09% | ▼ 0.15% | Gold ▲ | Oil ▼ | ▼ 0.18% | ▲ 0.49% | ▲ 0.61% | ▲ 0.62% | BUY TK | 83.85 | 91.94 | 107.78 | 0.75 |
| 4,722.01 | 8,709.52 | \$1,467.30 (per ounce) | \$63.00 (per barrel) | 40,284.19 | 23,416.76 | 3,258.66 | 2,909.20 | SELL TK | 84.85 | 95.74 | 111.58 | 0.79 |





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BUSINESS

DHAKA TUESDAY NOVEMBER 19, 2019, AGRAHAYAN 4, 1426 BS starbusiness@thedailystar.net

ADP projects with token allocation soar

JAGARAN CHAKMA

The number of projects in this year's annual development programme (ADP) getting token allocations has increased significantly, a trick that can keep these projects alive for years.

According to planning commission data, 62 projects have got just Tk 1 lakh allocation this fiscal year, up from 26 two years ago.

Of the 62 projects, 12 are 90 percent complete, while there is even one scheme that is almost 99 percent implemented.

"Many of these projects are included in the ADP on political consideration and they remain unimplemented for years due to inadequate allocation of resources," said a senior planning commission official.

Bangladesh's spending for development projects has been increasing incrementally in the past decade.

The government allocated over Tk 2 lakh crore for 1,358 projects in this fiscal year's ADP. The allocation was just around Tk 20,000 crore 10 years ago.



| FY2020 ADP AT A GLANCE | |
|--|------------|
| Total allocation: Tk | 202,721 cr |
| Total projects: | 1,358 |
| Carried over projects: Over | 91% |
| Projects that got Tk 1 lakh allocation: 62 | |

Interestingly, the ADP contains only a small number of new projects while over 90 percent had been undertaken years ago with extensions provided to their completion deadlines.

These token allocations do not fulfill the objective of public spending, rather causes further delays in the project implementation, said Mostafa Amir Sabbih, senior research associate of the Centre for Policy Dialogue (CPD).

"These allocations are just to keep the projects alive and are a misallocation of resources," added Sabbih, who has been conducting research on public investment for over five years.

But the government has indiscriminately taken up these projects under the ADP and allocated Tk 1 lakh for each without giving consideration to their importance or deadline.

Take the case of the Tk 122.57 crore project for widening a highway from Langalbandh to Minarbari in Narayanganj.

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Tax collection dismal for sluggish domestic VAT

STAR BUSINESS REPORT

Tax collection growth slowed in the first quarter of the fiscal year due to a decline in the flow of value-added tax (VAT) from domestic economic activities and decline in import tariff, according to data released by the National Board of Revenue (NBR).

Overall, revenue collection grew 2.62 percent year-on-year to Tk 47,388 crore between the months of July and September thanks to an 11 percent growth in income tax receipts during the period.

Yet, the NBR missed its target of Tk 62,294 crore for the period by almost Tk 15,000 crore.

Revenue officials linked the sluggish growth in collection to delays in adoption of the new VAT law by businesses because of changes in the accounting system and definition of rebate.

Decline in collection of VAT from cigarettes, one of the biggest sources of revenue, and imports were also blamed.

"A section of smokers switched to low-end segment of cigarettes after the hike in prices of mid-price cigarette at the beginning of the fiscal year. This has affected VAT receipts from this sector," said a senior official of the NBR.

During the period, collection from VAT, the biggest revenue source, declined one percent year-on-year to Tk 17,373 crore.

The overall fall in imports affected the collection of tariffs from overseas trade activities, said M Fakhru Alam, commissioner of Customs House at Chattogram.



COLLECTED

Visitors find some seating space to fill up their returns in front of Officers' Club Dhaka where a tax fair organised by the National Board of Revenue is ongoing. The photo was taken yesterday.

"We see low imports of mobile handset, electronics and cars," he said.

Imports declined 2.54 percent year-on-year to \$14,324 million in the July-September period, according to data from Bangladesh Bank.

The import of completely knocked down (CKD) units of vehicles increased this fiscal year, Alam said.

As these items do not have high duty, collection from the area was lower. Besides, import of CKD units of motorbike also dropped as a number of firms are making bikes here.

Imports of petroleum dropped while imports of liquefied natural gas and liquefied petroleum gas increased.

The import of edible oil dipped as some firms were importing

soybean seeds.

Meanwhile, the NBR logged Tk 311.85 crore on the fifth day of tax fair taking place in all divisional cities and districts. The fifth day's collection was 10 percent higher than that of the previous day.

Overall, taxmen got Tk 1,658.65 crore in the first five days of the fair. Some 4.20 lakh tax returns were submitted at the fair, said a press release.

Digital finance to cut costs for all: analysts

STAR BUSINESS REPORT

Digital transformation in the financial system will help both lenders and customers expand their business and reduce operational cost in tandem, said speakers yesterday.

The underprivileged small and medium entrepreneurs in remote areas will also get financial facility from lenders by way of the digital products. This will reduce financial forgery as well, they said.

They spoke at a roundtable on "Triggering Digital transformation: Reducing Operating Cost and Expanding Customer Base" organised by the Business Finance for the Poor in Bangladesh (BFP-B) at the capital's Brac Centre Inn.

IPDC Finance has recently rolled out a digital supply financing product titled 'Orjon' using blockchain technology, said its Managing Director Mominul Islam.

A blockchain is a database that is shared across a network

of computers. Once a record has been added to the chain it is very difficult to change. To ensure all the copies of the database are the same, the network makes constant checks, according to Reuters.

Blockchains have been used

to underpin cyber-currencies like bitcoin, but many other possible uses in the areas such as banking and supply chain are emerging.

IPDC Finance, a non-bank financial institution (NBFI), has

already integrated more than 2,000 micro, small and medium enterprises (MSMEs) and 12 corporates bodies in the first year of the rollout of the system, Islam said.

The MSMEs are receiving loans

by using the digital system, which is highly secure and time-saving.

"Verifying all the documents given by small borrowers is very much difficult under the manual system," Islam said.

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Analysts take part in a roundtable on digital transformation at Brac Centre Inn in Dhaka yesterday.

DISPUTE OVER DUES SC defers order on BTRC petition

STAR BUSINESS REPORT

The Supreme Court has deferred its order until November 24 on a petition filed by the Bangladesh Telecommunication Regulatory Commission (BTRC) seeking a stay on the High Court order that issued an injunction on its move to realise Tk 12,580 crore due from Grameenphone.

A four-member bench of the Appellate Division headed by Chief Justice Syed Mahmud Hossain yesterday said a seven-member full bench will pass order on the issue on that day.

The apex court, however, asked Grameenphone not to pursue any arbitration process over the payment before any other forum during this period.

The BTRC's stay petition was included in the cause list of the four-member SC bench for an order yesterday.

During the SC hearing on November 14 on the issue, Grameenphone has agreed to deposit Tk 200 crore with the BTRC against its claim of Tk 12,580 crore.

On the other hand, a lawyer for the BTRC told the SC that Grameenphone should clear 50 percent of the Tk 12,580 crore due now.

The telecom regulator claims the country's two top mobile carriers including Grameenphone owe the state Tk 13,447 crore in revenue share, taxes and late fees until 2014, but the carriers disputed the amount.

Barrister Sheikh Fazle Noor Taposh, Advocate AM Aminuddin and Barrister Mehedi Hasan Chowdhury appeared for Grameenphone while Attorney General Mahbubey Alam and Barrister Khandaker Reza-E-Raquib stood for the BTRC.

Foreign aid utilisation for dev projects crawling

STAR BUSINESS REPORT

Foreign aid utilisation in the annual development programme dropped 8.14 percent over the last four months although the government had set an ambitious target of spending from foreign sources.

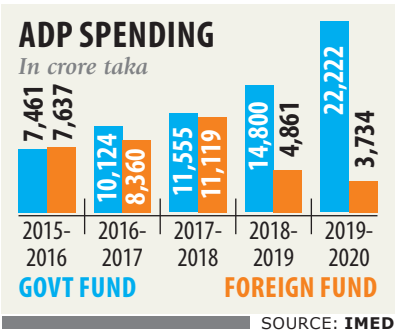
Between the months of July and October, some Tk 7,637 crore was utilised, which is 10.64 percent of the foreign aid allocation for the fiscal year.

At this point last year, foreign aid utilisation was Tk 8,360 crore, which was 13.93 percent of total foreign aid allocation for fiscal 2018-19.

The government has targeted to spend Tk 71,800 crore or more than \$8 billion from the foreign fund for ADP implementation this fiscal year.

Although foreign aid commitment rises every year, the government cannot spend much of it for ADP implementation. As a result, the amount of unutilised foreign aid is also increasing every year.

Foreign aid in the pipeline surged



to a record \$48.11 billion at the end of the last fiscal year in Bangladesh despite spending more of the committed money.

At the end of last fiscal year, fresh commitments amounted to \$9.8 billion and \$6.2 billion was used, the highest ever.

However, the amount fell short of the \$7.5 billion spending target, according to data from the Economic Relations Division (ERD).

Between fiscal years 2012-13 and 2016-17, the government managed

to spend between \$3 billion and \$3.6 billion of foreign aid a year. In fiscal 2017-18, the spending went up to \$6.1 billion.

Despite this, lenders seem to be optimistic about Bangladesh, as evident in the growing foreign aid in the pipeline.

Ideally, the government should aim to use a fifth of the foreign aid in the pipeline at the beginning of a fiscal year, official sources said.

Last fiscal year began with \$44.51 billion in the pipeline; meaning \$8.9 billion should have been used. The government was not so optimistic and had set a target of spending \$7.5 billion. But the target was missed too.

A senior finance ministry official said the amount of foreign aid has been increasing over the last few years because Russia, China, Japan and India have committed more funds to Bangladesh with a view to implementing the mega infrastructure projects in the country.

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NEWSIN brief

BSEC rejects share purchase plea of Shepherd Industries

The Bangladesh Securities and Exchange Commission (BSEC) has rejected an application of Shepherd Industries seeking to purchase shares of a company which did not have most of its relevant papers, including trade licence.

The board of directors of Shepherd Industries had sought to buy 1.55 crore shares of Shepherd Jeans, which it said was formed last April, at Tk 10 per share and make the payment with assets such as land, factory building and machinery.

The BSEC found that Shepherd Industries had not followed the securities rules in conducting valuation of Shepherd Jeans' assets in determining the share price.

Bashundhara Paper Mills' earnings fall

Bashundhara Paper Mills' earnings per share (EPS) fell to Tk 0.68 in the first quarter of the current fiscal year whereas it was Tk 1.06 in the same period last fiscal year.

The company said the EPS decline was driven by low sales, increase in utility and other overhead costs, a rise in bank interest rate and depreciation of machinery.

Regulator blocks Bangladesh Autocars' dividend

The BSEC has decided to prevent Bangladesh Autocars from giving a 15 percent stock dividend that the company announced for its shareholders last month. The regulator will now apprise the Central Depository Bangladesh Ltd of its decision.

The company had announced the dividend based on its EPS being Tk 1.53 last fiscal year, but according to securities directive, a company cannot offer dividend if it has cumulative losses. Bangladesh Autocars had a cumulative loss of Tk 2.66 crore.

Turnover rises for third straight day

STAR BUSINESS REPORT

Turnover of the Dhaka Stock Exchange (DSE) showed a rising trend in the last three days as investors poured funds into the market after many shares fell to their lowest levels because of the recent slide.

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