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INTERNATIONAL MONETARY FUND

The asset declaration process also needs to be strengthened. Currently, there is no standard method to utilise and update the declarations to identify and mitigate risks

IMF says

Reprioritise health and social spending | Take steps to reduce corruption | Initiate reforms in financial sector | Enhance fiscal transparency and governance | Strengthen asset declaration process | Phase out cap on interest rates for lending, borrowing | Orderly exit from Covid financial policy

IMF RECOMMENDATIONS

GOVERNMENT DEBT
In % of GDP
* estimated; ** projected

34.6	35.7	39.5	41.3	42.6	43.2
FY18	FY19	FY20*	FY21*	FY22**	FY23**

SOURCE: IMF

BUDGET DEFICIT
In % of GDP
* estimated; ** projected

4.8	6.3	5.6	4.5	6.1	5.7
FY18	FY19	FY20*	FY21*	FY22**	FY23**

Reprioritise spending, bring financial reforms

IMF offers recipe for better use of public money amid pandemic woes

REJAUL KARIM BYRON and MAHMUDUL HASAN

The government should reprioritise spending, take steps to reduce corruption and initiate financial sector reforms for better use of public money with a view to overcoming challenges brought on by the pandemic, suggests the International Monetary Fund (IMF).

Containing the pandemic and intensifying efforts to reprioritise spending will be crucial, it said.

"The government should step up efforts to support the health system and re-enact containment measures, while ensuring that export and import channels operate safely, as witnessed during the 2021 nationwide lockdown," said the multilateral agency.

The IMF made these observations in a report submitted to the government after an IMF team visited Bangladesh from December 5 to December 15 last year.

According to the IMF, near-term policy measures

should make room for health and social spending while enhancing fiscal transparency and governance.

Managing risks amid large-scale uncertainties will require continued support for the economy, close monitoring of the financial sector and gradual

rebuilding of buffers for policy manoeuvres as the recovery gets entrenched, it said.

The IMF cautioned that under such an adverse scenario, public finances would be impaired by lower revenue, higher health, social and energy subsidy spending, and contingent liability materialising from explicit

and implicit state guarantees provided to state-owned enterprises.

The crisis lender highlighted the importance of strengthening governance to boost investment and said Bangladesh stands to gain from strengthening economic

governance and improving the framework to limit vulnerability to corruption.

"Further progress in digitalising the public sector would help promote transparency and reduce corruption."

According to Ahsan H Mansur, executive director of the Policy Research Institute

of Bangladesh, strong economic governance was mandatory for every country for the attainment of economic prosperity.

Agencies such as the IMF always stress on ensuring good governance since there are severe impediments to guaranteeing good governance in countries such as Bangladesh, he said.

The IMF also recommends that the asset declaration process of public servants be strengthened. "Currently, there is no standard method to utilise and update the declaration to identify and mitigate risks," it said.

The IMF said an audit of Covid-19 related health expenditures has begun, with the audit authorities availing information from the Ministry of Finance. During the initial onslaught of the pandemic, the Washington-based multilateral lender provided over \$700 million to tackle the impacts of the pandemic on the country's economy.

An audit into the spending of the IMF money has been initiated

as it was one of the provisions of the financing, an official of the finance ministry said.

The lender suggests that the governance and legal structure of Bangladesh Bank needs to be updated to strengthen the autonomy to safeguard resources.

The IMF recommends that the government phase out interest caps on lending and borrowing to strengthen market competitiveness and gradually shift away from the financial policy adopted for the pandemic to lessen the build-up of financial sector vulnerabilities.

The IMF said despite strong economic growth, the banking sector was already weak before the pandemic and an orderly exit from Covid-19 financial policies remains important.

Structural weaknesses in corporate governance alongside in regulatory, supervisory and legal frameworks have contributed to a growing non-performing loans (NPLs) ratio over the years, especially in state-owned commercial banks, said the report.

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FBCCI opposes proposal to raise gas price

STAR BUSINESS REPORT

Businessmen yesterday expressed worries over the energy companies' latest proposal to raise gas prices, as they believe another hike now will increase the cost of production and ultimately slow down the economic revival amid the ongoing pandemic.

The industries will lose competitiveness if the cost of production is raised at a time when the country is struggling to recover from the epidemic, said the leaders of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The FBCCI's Standing Committee on Power, Energy and Utilities raised the concern at its first meeting held at the FBCCI office in Dhaka, the apex trade body said in a statement yesterday.

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Tea production hits record

STAR BUSINESS REPORT

Bangladesh has beat its record in tea production as a total of 96.50 million kilogrammes (kgs) of the plant were produced by 167 farms across the country last year.

This is the highest annual yield on record, eclipsing 2020's harvest by a good 10.111 million kgs, according to officials of the Bangladesh Tea Board.

The previous highest annual production came in 2019, when a record 96.069 million kgs of tea was produced.

In the northern region alone, plain tea gardens and small plantations added a record amount of 14.54 million kgs of tea to the national

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STOCKS

DSEX ▲	CSCX ▲
0.47%	0.44%
7,089.43	12,465.51

COMMODITIES

Gold ▲	Oil ▼
\$1,824.46	\$86.07
(per ounce)	(per barrel)

CURRENCIES

STANDARD CHARTERED BANK

	\$ USD	€ EUR	£ GBP	¥ CNY
BUY TK	85.05	95.29	114.82	13.15
SELL TK	86.05	99.09	118.62	13.82

ASIAN MARKETS

MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▼ 1.08%	▼ 2.80%	▲ 0.12%	▼ 0.33%
60,098.82	27,467.23	3,283.94	3,558.18

Edible oil prices rise despite govt promise

STAR BUSINESS REPORT

Consumers have been paying increased prices to buy edible oil, the essential commodity for preparing foods, over the last couple of days even though the commerce ministry yesterday said prices would not increase in the next two weeks.

Yesterday, retail prices of loose soybean oil were at Tk 145 to Tk 148 in Dhaka's markets, up from Tk 140 to Tk 145 a week ago.

Prices of a five-litre bottle of soybean oil were Tk 710 to Tk 750 yesterday from Tk 700 to Tk 750 a week ago, according to market prices data of the Trading Corporation of Bangladesh under the commerce ministry.

Prices of palm oil also increased, a development that comes at a time when rising inflation is putting a strain on wallets of consumers especially fixed, low and middle income groups.

Consumer price rose to a 14-month high to 6.05 per cent in December, impacted by a spike in non-food costs after the government hiked diesel and kerosene prices by 23 per cent two months ago.

However, prices of one-litre bottles of soybean oil did not rise, according to the TCB.

Two retailers at the city's Mohammadpur area said they were selling a bottle of edible oil at Tk 160 per litre as they were yet to get delivery of new batches of cooking oil from edible oil refiners and their agents.

Yesterday, after a meeting with the refiners and

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Edible oil prices have been gradually rising for the past one year. A 5-litre bottle of soybean oil which used to cost around Tk 550 is now costing consumers over Tk 700. The photo was taken at Kajir Dewri area in Chattogram yesterday.

PHOTO: RAJIB RAIHAN

Prime Bank to offer nano loans

STAR BUSINESS REPORT

The global trend of loan availability at one's fingertips is gaining grounds in Bangladesh, this time with Prime Bank preparing to launch PrimeAgrim app, an AI-based instant digital nano loan platform.

Customers whose salaries are of a specific range can avail up to 30 per cent of that as a loan within a few seconds through the app, which makes use of machine learning and alternative credit scoring. This service is available 24/7, the bank said in a statement.

A pilot project has already been run since November 8, 2021 with garment maker Ananta through which over 1,000 loans have been disbursed among garment workers.

Prime Bank plans to expand the services for workers of other sectors.

Ant Group, an affiliate of Alibaba, introduced

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