



DHAKA THURSDAY AUGUST 17, 2023

REGD. No. DA 781

VOL. XXXIII No. 206

BHADRA 2, 1430 BS

www.thedailystar.net

MUHARRAM 29, 1445 HJRI

16 PAGES PLUS CAMPUS : Tk 15.00



B4

Onion prices rising again



P11

Sabina & Co 'are happy now'



P7

US beefs up Gulf deployment over Iran tanker threat



P5

Patients suffer as KMCH interns continue strike

BUDGET DEFICIT FINANCING

Govt cuts BB borrowing to tame inflation

REJAUL KARIM BYRON and MD MEHEDI HASAN

The government has started the fiscal year with the resolve to borrow less from the central bank to fund its budget deficit as it looks to rein in the runaway inflation to a tolerable level ahead of the polls.

In July, which is the first month of the fiscal year, the government did not borrow from the central bank; rather, it returned Tk 9,354 crore, according to data from the Bangladesh Bank.

"Borrowing from the central bank fuels inflation, so we plan to do less of that this year," said a finance ministry official involved with the proceedings.

In July, inflation stood at 9.69 percent, down 10 basis points from the previous month on the back of a drop in non-food inflation, which is mostly fanned by new money entering the economy.

"Food inflation is due to supply side issues but non-food inflation is almost always for demand side issues and we are targeting this to bring down overall inflation," he said.

The government would instead be training its focus on borrowing for commercial banks to make up its deficit financing of Tk 261,785 crore this fiscal year. Of the sum, Tk 132,395 crore would be coming from the banking system, as per the finance division's projections.

More borrowing from commercial banks means less funds available for the ordinary people and the private sector, so lesser chances of inflation edging up.

Last month, the government's borrowing from banks stood at Tk 5,531 crore was borrowed from banks, according to data from the BB.

So, overall, the government's net borrowing from the banking system declined by Tk 3,823.3 crore in July from the previous month.

"We will try not to borrow from the central bank for as long as inflation stays high," said another finance ministry official on the condition of anonymity to discuss sensitive deliberations.

The government has targeted to keep inflation within 6 percent this fiscal year.

At the same time, the government is also trying to bring down its costs to minimise its funding requirement. The Daily Star has learnt from finance ministry officials with knowledge of the matter.

For instance, in the months leading up to the polls in 2018, there would be frequent meetings of the Executive Committee of the National Economic Council, in which a flurry of projects was approved.

Last month, there was just one Ecneec meeting, and there hasn't been any so far this month. It is unlikely that there would be one this month at all, according to officials involved with the meetings.

"Borrowing less from the central bank is the right decision but I have my doubts that the government will be able to comply with it," said Ahsan H Mansur, executive director of the Policy Research Institute.

For that to happen, the interest rate must be allowed to rise further and the savings growth has to be substantial.

"It will be extremely challenging as they will have to change the way they do business. If the deposit growth does not go up much, it will become impossible to stick to this policy," said Mansur, also a former chairman of Brac Bank.

Zahid Hussain, a former lead economist of the World Bank's Dhaka office, is unwilling to read too much into July's lower central bank borrowing.

"I think it's a seasonal effect – expenditure pressure is less in July," he said.

Besides, revenue collection goes up in June and those are deposited to the government's account; with that surplus, the government manages the next few months' expenses.

"It's too early to say if there has been any policy shift from the government's part based on just July's data."

"Borrowing less from the central bank is the right decision but I have my doubts that the government will be able to comply with it."

Ahsan H Mansur
Executive director of
Policy Research Institute



Piles of discarded and used tyres at Sanarpara of Narayanganj's Siddhirganj along the Dhaka-Chattogram highway. The tyres become ideal breeding grounds for Aedes mosquitos, the carrier of dengue virus, as rainwater can easily accumulate in them.

PHOTO: PALASH KHAN

SEE PAGE 2 COL 4

UNIVERSAL PENSION

Premium to be invested in T-bills, bonds

PM to launch the scheme today

STAFF CORRESPONDENT

The National Pension Authority (NPA) is planning to invest the premium of the subscribers of the Universal Pension Scheme in treasury bills, financially sound commercial banks and lucrative infrastructure.

Rules for fund management would be issued after the inauguration of the much talked about scheme, The Daily Star has learnt from finance ministry officials informed with the proceedings.

The NPA is considering the treasury bill and bonds where the interest rate is about 8-8.5 percent.

Since the central bank has withdrawn the cap on all loans, investing in well-reputed banks' fixed deposits will yield good returns.

Besides, the authority is eyeing profitable projects as a good source of return on investment too, they said.

The scheme will be inaugurated virtually by Prime Minister Sheikh Hasina today.

Initially, it will be rolled out in Gopalganj, Bagerhat, and Rangpur. Expatriate Bangladeshis in Saudi Arabia would also be able to register for the scheme today.

The scheme will have four packages: Progoti, Shurukka, Probesh and Samata.

Progoti is for private sector employees. The instalment

SEE PAGE 2 COL 1

FREE, FAIR POLLS

US rights bodies urge sanctions, other steps

DIPLOMATIC CORRESPONDENT

Rights bodies in the US called for policy tools, including additional sanctions, for ensuring free and fair elections in Bangladesh.

Political violence remains high, competing political rallies result in clashes, and the opposition's demonstrations often face crackdowns, they said.

The call was made at a briefing hosted by Tom Lantos Human Rights Commission, a bipartisan body of the US House of Representatives, on the human rights situation in Bangladesh.

Panelists from the Asian Human Rights Commission, Robert F Kennedy Human Rights, Human Rights Watch, US Institute of Peace, and

SEE PAGE 6 COL 4

Some foreign nations want to impede progress

Says PM

AGENCIES

Prime Minister Sheikh Hasina yesterday said the secret motive of some foreign countries is to hinder the progress of Bangladesh and their intent to use the Bay of Bengal is behind their interest in the election and democracy in this country.

"They want to create a situation in this country with different excuses, including election, democracy and other things, so that they can use the Indian ocean and the Bay of Bengal. The purpose of some of them is to attack different countries in this region and destroy them," she said without mentioning any particular country, reports BSS.

Hasina said the Bay of Bengal is very important in terms of geographical location.

She said their purpose is neither an election nor democracy. "They want to create obstacles to the development journey of Bangladesh. It is the reality," she added.

The premier was addressing a memorial meeting arranged by the Awami League in Dhaka to mark the National Mourning Day. She chaired the event at the Bangabandhu International Conference Centre, reports UNB.

The PM said her government strengthened the

SEE PAGE 2 COL 3



'S ALAM'S ALADDIN'S LAMP'

S Alam turns to High Court

Files two petitions, one seeking gag order on media

STAFF CORRESPONDENT

S Alam Group yesterday submitted two petitions with the High Court and the attorney general's office, one seeking to become a party to a probe ordered by the HC, and the other seeking a retraction of the probe and a gag order on media.

The HC had earlier on August 6 issued a suo moto rule directing an investigation into allegations that S Alam Group owner Mohammed Saiful Alam and his wife Farzana Parveen are running offshore businesses without Bangladesh Bank's permission.

The HC order was based on a report in The Daily Star headlined "S Alam's Aladdin's lamp" published on August 4.

In the petition to the HC yesterday, Saiful Alam and Farzana Parveen requested the court to allow them to become a party in the suo moto rule ordering the probe so they can place their arguments, petitions and appeals before the court through their lawyers.

The second petition is currently filed with the attorney general's office and will be submitted later to the HC once they have been made a party to the suo moto rule.

This one seeks a recall of the same

SEE PAGE 2 COL 4



A fisherman offloads his measly catch from a boat at Bottola Machhghat in Bhola's Doulatkhan yesterday afternoon. The fisherman said he sold all his catch for only Tk 2,500, which hardly covers the cost of fuel and the crew.

PHOTO: MONIR UDDIN ANIK

VIOLENCE IN 3 DIST

Sayedee's son among 7,700 accused

56 Jamaat-Shibir men arrested in Dhaka, Ctg

STAR REPORT

Police have accused about 7,700 Jamaat and Shibir activists in different places for vandalism and attack on law enforcers over the namaz-e-janaza of war criminal Delawar Hossain Sayedee.

In the capital, Sub-Inspector Jabbar accused four named and around 5,000 unnamed leaders and activists in a case filed with Shahbagh Police Station last night.

Sayedee's son Masood Sayedee is one of the accused.

Nearly 400 Jamaat men were coaxed in Chattogram and almost 2,300 in Cox's Bazar yesterday. So far, police arrested 16 Jamaat men in Dhaka and 40 in Chattogram.

The three others named in the case filed with Shahbagh Police Station are Jamaat Assistant General Secretary Hamidur Rahman Azad, and Dhaka city unit leaders Shafiqul Islam Masud and Saiful Islam.

The charges include obstructing law enforcers, assaulting law enforcers, and setting vehicles on fire in Shahbagh area

SEE PAGE 2 COL 3