



## RUN-UP TO BUDGET FY06

# Check flaws, wastage in ADP implementation

## FBCCI chief talks to *The Daily Star*

MONJUR MAHMUD

Budget should be mission-driven, target- and result-oriented, suggested Abdul Awal Minto, president of the country's apex trade body FBCCI.

He said the nation is not getting expected results from the annual development programme (ADP) due to poor quality of work and corruption.

Roughly 40 to 42 percent of the total ADP expenditure benefits the nation and the rest is wasted because of the delay and flaws in project implementation, Minto said in a pre-budget interview with *The Daily Star*.

He said the main challenge of the economy is to create employment. "Every capable hand that wants to work should get employment opportunity and it should be a priority target of the government."

On the quality of project implementation, he said, "If the administrative structure and the governance are not improved, we cannot expect a meaningful change. Misuse of public money must be stopped."

Minto said tax holiday should continue as it has a kind of positive impact on investment. "If anybody abuses it, take step to punish him," he asked the policymakers.

"Tax evaders should also be punished. People have to pay tax for any taxable items," said the chief of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).



Abdul Awal Minto

He said the budget exercise needs to be modified to remove fears of any bad consequences. A budget should be placed in the parliament at least 120 days before the fiscal year begins, he suggested.

About the ADP, he said the quality of development activities is not as good as it is expected. "The maintenance cost becomes too high due to poor quality of work, particularly in the city corporation areas."

The FBCCI chief said funds allocated for ADP should be disbursed phase-wise, but in time. Delay in bill payments slows the economy down for a considerable period of time, he observed.

Minto said bureaucrats have a tendency not to spend government money. The amount allocated in the budget must be spent timely and the bureaucrats should be punished if they fail to spend that money in time.

He said it has become a general tendency for the finance ministry to hide stark facts by showing higher revenue income and lower revenue expenditure. "This is self-defeating and must be avoided," Minto said.

About unemployment, the FBCCI chief said investment should be increased in the infrastructure sector to generate more employments.

He said the growing unemployment problem is creating public discontent in the society and no government can ignore such a situation.

# Economic growth better on industrial performance

## MCCI says in Jan-March quarterly review

STAR BUSINESS REPORT

The economic growth in the third quarter of this fiscal year (2004-05) was slightly better than the first and second quarters and it was largely driven by relatively better performance of the industrial sector, says MCCI in its latest quarterly review.

The performances of the services sector, such as power, wholesale and retail trade, transport and communication contributed to higher economic growth during January-March 2005, said the Metropolitan Chamber of Commerce and Industry.

"Steady increase in private investment including FDI as indicated by movement of credit, increased imports of capital and intermediate goods, and buoyant external demand, all contributed to increased economic activities," the chamber observed.

The lower growth in the first two quarters was mainly due to the contraction of agriculture production, particularly food crop production caused by the adverse impact of floods during July-September 2004, it explained.

"The decline in the growth of agriculture, the largest sector of the economy, due mainly to the failure of crop production, one again exposes the extreme vulnerability of the economy to the vicissitudes of nature," the leading chamber said.

Citing the uncertainties in agricultural production, the MCCI said a double-digit growth of industry and services sectors would be essential to lead the economy on a higher growth path.

The chamber suggested appropriate steps to raise agricultural growth to its normal two to three percent level, and all-out efforts to achieve a broad-based growth in

manufacturing and services sector. "Serious attention should be given to small-scale manufacturing (and services), which, because of their domestic market orientation, are not directly affected by extraneous factors like slowdowns in global demand, the MCCI observed.

All these will call for a significant improvement in the business climate through accelerated structural and policy reforms, the MCCI said.

The chamber interviewed 14 leading entrepreneurs about the overall economic situation and all of them noted that the business community would continue to respond favourably if the government policies proved business-friendly and supportive to growth.

Business will suffer if the policies are donor-driven and the government response is slow and half-hearted, it said.

In this context, the businessmen

feel that the emerging interest rate regime, the likely restoration of the further discretionary powers of the tax administration and withdrawal of investment incentives including tax holiday are bound to have adverse impact.

All the 14 entrepreneurs regretted that regional free trade negotiations remained slow. They pointed out that political contacts between the governments in the region were of utmost importance and political commitment for economic cooperation was crucial.

The government should implement the newly formulated pay scale for the government employees but in doing so, the government must not borrow from the banking sector. Besides, the government should give urgent attention to reorganising the government service set-up, it concluded.

## Thai woman wins global entrepreneur award

ANNI THE NATION

Pranee Phaeamchok, president and director of Thai Rung Union Car Plc, was recently honoured as one of the world's leading female entrepreneurs.

She will receive the award at the International Women Entrepreneurs event now in its eighth year currently being held in Vancouver until Thursday. Pranee will be attending the ceremony along with 14 other leading female entrepreneurs from eight countries.

Her award not only celebrates her success in the business world, but as a globally recognised prize, it will also provide greater exposure for the modified-car assembler on the world stage.

"This award is for all Thai working women and will hopefully encourage them," said Pranee.

The highly successful company has its own brand name, TR.

Established in 1967, it has developed from a producer of car-body moulds, to assembly. The company listed on the Stock Exchange of Thailand in 1994.

## China says no timetable on yuan reform

REUTERS, Tokyo

Chinese Vice Premier Wu Yi said on Monday that China remains committed to reforming its currency but no timetable has been set for when the reform will take place.

"We will not reform the yuan until the time is right even if there is external pressure," Wu told a conference in Tokyo, speaking through an interpreter. "As for when to reform the yuan, there is no timetable yet," she said when asked about Beijing's stance on widely awaited reforms in the yuan.

China has kept the yuan's value in a narrow band around 8.28 to the U.S. dollar since the 1997-98 Asian financial crisis.

Critics say the rate gives Chinese exports an unfair competitive advantage, and Beijing is facing increasing pressure from the United States and other countries to allow it to appreciate.

Washington, the most aggressive advocate of a more flexible yuan, has been urging China for two years to modify its pegged currency regime and has raised the threat of potential trade retaliation if it continues to delay.

Wu, who is a member of the Communist Party's policy-making Politburo, said that given China's economic development, Beijing is fully committed to reforming its exchange rate regime regardless of external pressure.

But she stressed that every country has the right to choose its own exchange rate regime as well as appropriate currency levels in line with its national interests.

"We are now preparing for the reform of the yuan's exchange rate system. For such reforms to take place, we need good economic conditions ... and we need to do it under tight control," she added.

## Inflation key challenge for Pakistan

AFP, Karachi

Pakistan is gripped by rising inflation which could pose a serious challenge to its economy despite an expected growth rate of more than eight percent this year, the central bank said Monday.

"The major concern on the country's macroeconomic profile is the sharp rise in domestic inflation during 2005," the State Bank of Pakistan said in its report on the economic performance during the fiscal year ending June 30.

The inflation rate surpassed 11 percent after the consumer price index hovered between nine and 10 percent through most of 2004-05, official statistics said.

Inflationary pressure that had been building up in the preceding year, remains "unexpectedly strong" in 2005, the bank said.

"This is due to both supply and demand pressures in the economy," it said.

Prime Minister Shaukat Aziz last week said Pakistan's economy would post impressive growth of 8.3 percent in the current fiscal year to June, the first time in two decades.

While endorsing the government's claim the bank warned that growth might be less in the next fiscal year beginning in July.

## AB Bank Foundation becomes DSE shareholder

Arab Bangladesh (AB) Bank Foundation has become a shareholder of the Dhaka Stock Exchange (DSE) Ltd.

Kaiser A Chowdhury, president and managing director of AB Bank Ltd, received the share certificate on behalf of AB Bank Foundation from Md Feroz Khan, senior vice president of DSE, at a function recently in Dhaka, says a press release. Other senior officials from both the sides were also present at the function.

## Islami Bank observes service fortnight

In a bid to establish bank-clients relationship on a concrete base, Islami Bank Bangladesh Ltd organised a special programme titled 'Service Fortnight' from May 2 to 16.

A set of programmes, including clients' get-together, discussion meeting and exchange of views, were held at all the branches of the bank across the country, says a press release.

Nazir Ahmed, chairman of Board of Directors of the bank, inaugurated the fortnight function.

## Dollar firm at 7 months high

REUTERS, London

The dollar edged higher toward a recent seven-month high against the euro on Monday, underpinned by expectations the Federal Reserve would raise interest rates steadily.

This week will see the minutes from the Fed's latest meeting where it raised interest rates to 3 percent and the central bank's preferred measure of inflation, the PCE index.



PHOTO: STAR

Vijay Watson, chief operating officer of AKTEL, announces a new offer, 'Post-paid Redefined', for its post-paid subscribers at a press conference in Dhaka yesterday. Subscribers will enjoy various facilities regarding bill and line rent under this offer. Jose Ravee, general manager (Marketing), and Rajendra Kumar Nath, chief financial officer of AKTEL, is also seen in the picture.

# AKTEL announces new offer for post-paid subscribers

STAR BUSINESS REPORT

Cell phone operator AKTEL has announced a bundle of facilities for its post-paid subscribers. Its new offer, 'Post-paid Redefined', includes one-second pulse from the first minute, reduced line rent and up to cent percent savings on line rent.

Under the new offer, AKTEL post-paid subscribers will enjoy reduced and flat rates nationwide without any inter-zonal or roaming charges from now on, the company officials said at a press conference in Dhaka yesterday.

Savings of more than 50 percent on call charges on three selected numbers under "Friend 'n' Family Talk Plan", convenient bill payment through SMS (Short Messaging

Service) with pre-paid scratch card, bill information through SMS and international SMS facility to more than 500 operators globally are some of the features of the new offer.

Under the new tariff structure, one second pulse will cost only 5.84 paisa in peak hours (8am to 8pm), 4.16 paisa in off-peak hours (8pm to 12pm) and 2.5 paisa in night bird hours (12pm to 8am).

"So, a subscriber will be charged according to his total outgoing talktime whether it is 16 seconds or 36 seconds," said Vijay Watson, chief operating officer of AKTEL, while announcing the offer.

When a subscriber's airtime usage bill will be more than Tk2000, he will be awarded a cent percent

discount on his monthly line rent for that month. The discount will be 50 percent if the airtime usage bill is between Tk1500 and Tk2000, he said.

The company also reduced line rent for Standard connection from Tk500 to Tk300 and from Tk200 to Tk150 for MobileLink connection.

Presently, AKTEL has more than 1.5 million subscribers including 100,000 post-paid subscribers, the company officials said.

Jose Ravee, general manager (Marketing), Sania Mahmood, assistant general manager (Marketing), Abraham Kaikobad, senior marketing manager, and Rajendra Kumar Nath, chief financial officer of AKTEL, also attended the function.

# Indian PM calls for bold economic policy

REUTERS, New Delhi

Indian Prime Minister Manmohan Singh said Sunday the country needs bold economic steps to cut subsidies, create jobs and ensure that the benefits of growth in Asia's forth-largest economy reached the poor.

"People in our country are impatient for a better quality of life. We will be failing them if we do not think out of the box and act with courage," he said in a televised speech at a function to mark his government's first year in power.

"Bold initiatives are called for on the economic front," he told the gathering of cabinet ministers and top leaders of the ruling coalition.

Analysts say the government needs big-ticket reforms to attract foreign investment and put the economy on a path of 9-10 percent growth -- a rate that would match rival China and make a difference to 260 million people living below the poverty line.

China's \$1.4 trillion economy has grown at 8-9 percent a year for the past decade, while India's

\$600 billion economy has averaged only 6 percent and attracts about as much foreign direct investment in a year as China gets in a month.

Singh said his coalition government, backed by communist parties, should work for the benefit of the poor and manage its resources better.

"I'd like to see an improvement in our public finances at all levels of our government. We must reduce wasteful subsidies and divert these resources into social sector expenditure, investment and employment generation."

India's economy is expected to grow 7 percent in the year to March 2006 and the government has a target of 7 percent to 8 percent for the next few years.

The left-leaning coalition was voted to power last year after the previous government lost support of the poor, who felt they were denied the benefits of rapid economic growth.

"Our government has the obligation to ensure that the benefits of growth reach all sections of society," he said.