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Law on cards to fine errant shrimp hatcheries

JASIM UDDIN KHAN

The government is set to introduce a law for shrimp hatcheries, incorporating for the first time a provision of financial penalty for failure to keep shrimp products free from germs.

As per the proposed law, if any hatchery owner is found guilty of using material that is not allowed to apply in the hatcheries, he/she will be fined from Tk 25,000 to Tk 1 lakh, sources said.

The frozen foods sector has long been struggling to ensure germs free consignments for international buyers. In most cases, origins of these germs are detected at hatchery level.

"The law will help reduce the presence of harmful germs at hatching level. Presence of hazardous germs is a serious concern for one of the largest export items in the country," said P Datta, joint secretary (Fisheries) to fisheries ministry.

Application of the law will help the industry improve significantly, he hoped.

Under the law, the hatchery owners will have to obtain licence from authorities to run their businesses and the government inspectors will be authorised to inspect any hatchery and its infrastructure at anytime.

The owners must disclose the names and sources of the materials they use in their hatcheries.

Artificial breeding, along with tanks for breeding, maturation, hatching and hybridisation will be subject to regular inspections.

The inspectors will also collect and inspect samples of cartilaginous and bony fishes, shrimps, crustaceans and molluscs.

Abul Bashar, executive director of Bangladesh Frozen Foods Exporters Association, said the industry has been demanding a law, as such, for a long time, as hatchery sector is an important component of the industry.

The proposed law has been sent to the Law Commission for voting and the government may approve it at the Council of Advisers meeting soon.

Bangladesh earned US$ 515 million in 2006-07 fiscal from shrimp export and has set a target of $ 600 million for the current fiscal.

The industry is facing manifold challenges, one of which is to comply with European Union standards regarding the export of frozen foods to EU countries.

PHOTO: STAR
A file photo shows shrimps at a farm. The government is going to introduce a law for shrimp hatcheries with a provision of financial penalty for failure to keep the shrimp products free from germs.

MICROENTREPRENEURSHIP

Citi awards today

The names of the winners of Citi Microentrepreneurship Awards (CMA) 2007 in four categories will be announced today, says a press release.

The categories are 'Best Microentrepreneur of the Year', 'Best Woman Microentrepreneur of the Year', 'Best Innovative Microentrepreneur of the Year' and 'Best Microfinance Institution (MFI) of the Year'.

The main objective of this award is to promote the unsung heroes from the toiling masses of the country who have literally graduated from microcredit takers into microentrepreneurs, contributing to the economic growth of Bangladesh.

This award managed by Shakti Foundation for Disadvantaged Women (SFDW) and Citibank, N.A. Bangladesh has been a special effort to contribute to improved micro level practices and to reinforce an enabling environment for tri sector partnerships between business, NGOs and the government on developing micro enterprises.

Tea output misses target slightly in 2007

IQBAL SIDDIQUEE, *Sylhet*

The country's tea production missed the target slightly in 2007 as the output of the crop reached 56 million kg against the target of 60 million kg.

Tea garden sources said fertiliser supply crisis during the peak season was behind the production shortage.

Md Shahjahan, manager of state-run Somonbhag Tea Estate, said most tea producing regions had better rains last year compared to the previous year.

Moreover, the distribution of rainfall was also good during the tea season in 2007 and the gardens experienced favourable temperature and sunshine, which are very important factors for the sensitive crop, Shahjahan added.

But the delayed supply of fertiliser to the gardens was a major setback, said an official of a private garden.

Fertilisation is a regular practice for tea gardeners but the fertilisation was inadequate last year due to fertiliser crisis, the official added.

Tea Production Trend

Year	Production in kg
2007	56 million
2006	53.27 million
2005	60.14 million
2004	55.62 million
2003	58.29 million

But in north Sylhet valley, where some 20 tea gardens are located, the situation was a little different. Zafar Ullah Hali, manager of Malnichhera Tea Estate, said tea gardens in the valley suffered bad weather besides the fertiliser crisis.

There was no rainfall in the valley in March-April period, playing havoc with the crop, he added.

Anwar Hossain, acting manager of Luckatoora Tea Estate in Sylhet, also blamed less rainfalls and fertiliser crisis for the production shortage.

In 2006, Bangladesh's total tea production stood at 53.27 million kg, which was about 7 million kg behind the year's target.

In 2005, the country's tea production hit 60.14 million kg, thanks to favourable weather condition. In 2004, tea production was 55.62 million kg, while in 2003 it was 58.29 million kg.

Bangladesh has 160 tea estates, which produce 55 million kg to 60 million kg tea annually. Roughly two thirds of the produce is consumed locally, while the rest of the amount is exported.

According to the Export Promotion Bureau (EPB), Bangladesh earned US $ 6.94 million from tea export in 2006-07 fiscal year.

Nepal set to launch biggest IPO in its history

ANN/ THE KATHMANDU POST

Nepal Telecom (NT), the largest telecom operator in Nepal, is set to launch the country's biggest initial public offering (IPO) from next Wednesday to sell 15 million unit shares--a 10 per cent stake--that would raise at least 9 billion rupees (US$126.61 million).

The minimum price of each share of the state-owned telecom company is fixed at 600 rupees ($8.44--that is, face value of 100 rupees each and a premium of 500 rupees per share) for public bidding. Its offering will last for 35 days.

An official at NT said an individual or organisation is allowed to buy maximum 5,000 shares. The shares will be allotted to applicants who quote the highest price, he said.

Its rational price is considered to be in the range of 627 rupees to 836 rupees ($8.82-$11.76) per share, while calculated on the basis of price-to-earning (P/E) ratio, the most common parameter for analysing stocks. This range of NT's share price will result in P/E ratio of 15-20, which market analysts termed an appropriate ratio for a Nepalese company to reflect justifiable price of its shares.

The P/E ratio tells how much a share costs relative to a company's performance. The higher the ratio, the more overvalued its stock, and stronger the argument that it would not do any good for investors to quote still higher prices.

Dhaka International Trade Fair

Private land phone firms get good responses

STAR BUSINESS REPORT

Private land phone operators are receiving good responses from visitors at the annual Dhaka International Trade Fair (DITF).

"We are receiving very enthusiastic visitors everyday at the fair and we sell at least 50 phones everyday," an official of Dhaka Telephone Company Ltd, a PSTN (public switched telephone network) operator, said yesterday.

Officials of RanksTel, the largest private PSTN operator in the country with over one lakh subscribers, are also happy with sales at the fair.

"We sell between 30 and 50 units every day from the fair," said Javed Parvez, executive (sales) of Ranks Telecom Limited.

The officials of the private land phone operators at the DITF said growth is increasing now. The subscription base of the private land phones reached around near 2 lakh in 2007.

In recent days, the private land phone companies have started growing to challenge the state-run Bangladesh Telegraph and Telephone Board (BTTB) that has over 10 lakh land phone customers across the country.

In the face of the growing competitions, the BTTB reduced phone connection fees twice in the last 18 months.

At present, 5 private companies offer land phone services across the country.

The DITF is a yearly programme of Bangladesh government, which mainly aims to showcase local products to foreign buyers. The Ministry of Commerce and Export Promotion Bureau (EPB) are jointly organising the fair at Sher-e-Bangla Nagar in the city.

This year a total of 395 organisations, including 15 from seven foreign countries, are taking part in the fair. The foreign participants include firms from India, Pakistan, Singapore, Thailand, USA, UK, Japan and Turkey.

Entry fee of the fair has been fixed at Tk 10 for each adult and Tk 5 for children. The fair will remain open from 10am to 9pm on weekdays and from 10am to 10pm on holidays.

Organisers expected the participating companies would get Tk 50 crore worth of spot orders from the show from local and foreign traders with a further Tk 500 crore generated in follow-up business.

PHOTO: STAR
The photo shows RanksTel stall at Dhaka International Trade Fair yesterday. Private land phone operators are receiving good responses from visitors at the annual event.

India to meet wheat output target

AFP, *New Delhi*

India, the world's second largest wheat producer, expects to meet the production target of 75.5 million tonnes this season and has no immediate plans for any more imports, a minister said Friday.

"I am confident that in the next two months we should be able to harvest over 75 million tonnes" for the year to March 2008, Agriculture Minister Sharad Pawar told a business leaders' conference.

No fresh imports of wheat were being considered, at least for now, he added.

However, India's national government and states need to draw up a "roadmap for taking agricultural growth and farmers' welfare to a higher growth trajectory," Pawar said.

India, once a wheat surplus nation, floated a global tender last November to purchase 350,000 tonnes to replenish buffer stocks used to feed its hungry poor and keep market prices under control.

It had earlier clinched import deals for 1.3 million tonnes last year to build up buffer stock.

ADB admits problems over lending to poor nations

AFP, *Manila*

The Asian Development Bank admitted in an internal study released Friday that some of its loans to poor countries over the last few years had failed to achieve all their goals.

The release of the study comes after reports that disillusioned major donor nations such as the US and Britain want big changes at the Manila-based international lender.

The study said the administration of some 5.4 billion dollars worth of cheap loans approved between 2001 and 2004 was "less than efficient," adding that "effectiveness" declined over the period.

The report assessed the result of loans extended by the bank's Asian Development Fund, which accounts for a quarter of the bank's total lending.

The bank's wealthy Western members contribute to the fund, which charges little or no interest on the loans it extends to poor nations for a range of development projects.

Conflicting demands from donors and recipient governments led to less of the loans going to projects like health, agriculture and microfinance that promote the UN's Millennium Development Goals for poverty reduction, the study said.

The study also criticised the bank's reliance on consultants "who often lack authority" rather than on staff to oversee projects.

It added that efficiency had improved since 2005, which should ensure some seven billion dollars of cheap loans allotted for 2005-2008 are "likely sustainable in terms of effective poverty reduction."

But it urged the bank to avoid "congestion" in its operations because supervision and resources may be spread too thinly.

"Some country programs spread resources thinly, and the operations in some sectors have little critical mass," it said.

The study said the bank had to be willing to suspend the disbursement of loans if reforms, like improving governance in developing member nations, failed to make sufficient progress.

It said the bank should work with the IMF and the World Bank "to require that all developing member countries, within five years, have a legal framework regarding public debt" in a bid to ensure it is kept under control.

The bank said it revised the Asian Development Fund's focus in 2006 to devote more support to agriculture, social infrastructure and transport and communications.

Concerns about the bank have prompted Britain to withdraw a commitment to provide more funds because of a "lack of significant progress on the reform agenda," the Financial Times newspaper reported on Thursday.

Twenty-eight member countries can receive loans from the fund. Pakistan, Bangladesh, Vietnam, Afghanistan, Indonesia and Sri Lanka are the main borrowers.

State of Bangladesh economy in FY2007-08 (I)

A review of first six months by Centre for Policy Dialogue

First six months of FY2007-08 (henceforth FY08) have passed. During this period, the economy faced two successive floods in August and September, devastating cyclone Sidr in November and increased prices of essential commodities. These have raised concerns as to whether the macroeconomic targets set for FY08 could be achieved. The present review assesses the performance of major macroeconomic indicators. The review analyses the performance of the public finance and monetary sector, and the real sector.

Public Finance and Monetary Sector

Revenue Earnings and Expenditure: During July-November of FY08, revenue earnings by NBR had 22.4 percent growth while collection of income tax registered 44.0 percent growth. Introduction of the universal self-assessment system has played a positive role in this context. Revenue expenditure (July-August of FY08) had higher growth (30.7 per cent) than the targeted growth (15.6 percent). So, mobilising additional revenue will be a key challenge.

Annual Development Programme (ADP): During July-October of FY08, ADP expenditure (Tk 3,042 crore) was 11 percent of the annual target. In view of the consecutive floods and the cyclone, a review and restructuring of the ADP would be required, and funds need to be diverted towards rehabilitation efforts.

Budget Deficit: Planned budget deficit in FY08 is very high (5.6 percent of the GDP, against 3.7 percent of FY07). Government borrowing from domestic sources increased significantly by 33.3 percent, mostly from the banking sources. Government borrowing is expected to surpass the target because of high government expenditure for post-Sidr rehabilitation. Notably, commendable success was achieved in mobilising foreign resources. Net foreign financing amounted to Tk 1,642.74 crore during July-October of FY08, against Tk 163.51 crore during the same period of FY07.

Monetary sector: At the end of October 2007, money supply (in terms of M3) posted 13.23 percent growth. Reserve money registered a marginal rise of 5.68 percent and excess liquidity of the scheduled banks was almost steady. Total outstanding domestic credit to the private sector posted a moderate growth (16.84 percent) on a point-to-point basis. Disbursement of term loans targeting industrial sector registered a positive growth during July-September 2007. Taka appreciated by 1.85 percent against US dollar in November 2007, though it rapidly depreciated against Euro and Indian Rupee.

Real Sector

Agriculture: Foodgrain production in FY08 is likely to be 1.2 to 2.0 million metric tons (4.4 percent to 7.4 percent) lower than actual production of FY07. It is mainly due to the damage by flood and Sidr and partly due to lack of fertilizer availability. Estimated loss of livestock sector, affected by Sidr is about Tk 132.26 crore. Coastal fisheries, particularly the shrimp farms, were severely affected.

In view of large scale agricultural rehabilitation in flood and Sidr affected areas, the government disbursed substantial amount of credit. During July-November of FY08, total credit disbursement stood at Tk 1,869.3 crore (6.6 percent higher than comparable months of FY07). The government needs to focus on mobilizing more funds for agricultural credit, particularly for the upcoming boro season.

Price Level and Inflation: Low levels of production in the domestic market, rising prices in the international markets and supply disruption were the major instigating forces behind high inflationary trend. Import of foodgrains has failed to meet the gap in view of the requirement and the production loss caused by flood and Sidr, even though it was notably higher in FY08 (726,000 mt) than that of last year (143,000 mt). Increased price at the international level, and export restriction imposed by some countries limited imports by Bangladesh.

Industry: Industrial sector was not able to overcome the decline in growth rates during the first half of FY08 because of negative production growth in jute, cotton, RMG and leather sectors. Government's decisions of shutting down 4 state-owned jute mills and retrenchment of 14,000 workers along with other measures in view of restructuring the jute sector have raised lot of concerns.

During the first quarter of 2008, import of capital goods and others have increased by 14 percent, but total amount of LCs for import of machineries declined in following months. Import of industrial raw materials and machinery for miscellaneous industries had registered positive growth during July-October 2007. This perhaps indicates that business activities picked up in terms of current production but entrepreneurs were reluctant to make new investment.

Foreign Investment: Total foreign investment posted a rise by 11.1 percent during July-October 2007, but FDI experienced a fall of -4.0 percent. Portfolio investment experienced a substantial rise. A sharp decline in investment registration indicates that foreign investors have been losing interest to consider Bangladesh as a possible destination. In order to establish confidence of foreign investors, the government should come up with decisions regarding the pending major investment proposals, and also look into the constraints both in terms of infrastructure and regulatory mechanisms that inhibit FDI. The proposed coal policy, if approved without delay, could develop this potentially important source of energy.

Capital Market: DSE's all price index recorded an increase by 749.22 points (41.1 percent) during July-December 2007. Market capitalisation rose to 742.2 billion on 30 December 2007 (compared to 315.4 billion on 30 December 2006) taking the market capitalisation to GDP ratio to 15.9 percent. Entrance of the Grameen Phone in the stock market would encourage other large-scale companies, especially foreign owned companies, to off-load their shares in the stock market.

External Sector: Aggregate export declined in July-August 2007 (-12.1 percent), mainly due to the fall of RMG exports. In view of the set export targets for woven (19.1 percent) and knit (20.0 percent) products for FY08, export of these two sectors will need to increase by 28.9 percent and 31.2 percent respectively, during the rest of the year. This will be a difficult task with the sanctions on China being phased out as of 01 January 2008.

A large part of increasing import in recent months is accounted for by the rise in international market prices, and less to rise in volume. Total imports during the July-October period of FY08 posted a growth rate of 20.0 percent. In monetary terms, high growths were observed for the import of rice (596.8 percent), wheat (88.4 percent) and fertiliser (106.7 percent).

During July-November of FY08, remittance sent by migrant workers was US$ 2,806.4 million (21.7 percent higher than comparable months of FY07). While the high flow of workers' remittances is expected to continue in the coming months, anticipated higher import payments combined with falling exports might create further pressure on the BoP position in the near future.

Given the challenges lying ahead, the next six months of FY08 will be critical for Bangladesh in terms of achieving sectoral targets as well as maintaining macroeconomic balances. The performance of the economy will also be important for implementing the election plus agenda of the government.

Macro-economic performance in FY08 (July-December): A report card

Indicators of Hope	Indicators of Disquiet
1. Reforms including institutional reforms, establishment of Regulatory Reforms Commission, separation of judiciary, new policies and Acts (Consumer Protection Ordinance 2007, Coal Policy, Right to Information Act)	1. High Inflation, particularly for food items. Could potentially undermine macroeconomic stability
2. Successful relief operations after flood and Sidr	2. Reduction in agricultural production mainly due to damage by flood and Sidr
3. Revenue increase particularly high growth in income tax	3. Income erosion due to high inflation and loss caused by natural disasters
4. High foreign exchange reserves	4. Low level of industrial growth
5. Remittance: all time high, could approach US$7.0 billion in FY08	5. Depressed investment climate
6. Improvement in management and operation of Chittagong Port	6. Slow pace of ADP implementation
7. Buoyancy in the Capital Market	7. Sluggish export growth
	8. Slow employment creation