

DHAKA SUNDAY MAY 17, 2009

Stocks

DGEN	0.53%
	2,506.89
CSCX	0.22%
	5,309.49
(Week-on-week)	

Asian Markets

MUMBAI	2.53%
	12,173.42
TOKYO	1.88%
	9,265.02
SINGAPORE	0.83%
	2,139.78
SHANGHAI	0.20%
	2,645.26
(Friday closings)	

Commodities

Gold	▲ 0.50%
	\$929.50 (per ounce)
SOURCE: AFP	

(As of Friday)

More News

NCC Bank to launch mutual fund, bond

NCC Bank Limited plans to launch this year a mutual fund and a bond, each worth Tk 100 crore, said the bank's top official yesterday. "Our board gave the approval last week. Now we are awaiting the regulator's nod," Nurul Amin, managing director of the bank, disclosed this at a press conference at its headquarters in Dhaka.

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International

Raising domestic demand a way



Over the long horizon, Asian economies are at a risk of a structural decline in demand from advanced economies, and so the countries must rely more heavily on domestic consumption to keep their economies afloat. Japan's Prime Minister Taro Aso and predecessor Yasuo Fukuda have compiled three stimulus packages with a combined headline figure of 75 trillion yen, including fresh spending and other measures such as loan guarantees.

Recession storm sinks Europe
The global recession stormed into Europe with a vengeance in the first quarter, data showed Friday, pushing the economy deeper into the mire and casting a shadow over predictions the worst may soon be over. The 16-nation eurozone economy contracted a record 2.5 percent in the first three months of the year, the deepest slump ever going back to 1995, after shrinking 1.6 percent in the last quarter of 2008, the Eurostat agency said.

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If you have views on Star Business or news about business in Bangladesh, please email us at business@thendaystar.net

ADP pace hurts the poor

Only 49pc implemented in 10 months



SAJJADUR RAHMAN

Poor implementation of annual development programme (ADP) remains a perpetual problem for Bangladesh, depriving the mass of the benefits from government spending.

ADP continues to perform badly -- only 49 percent of Tk 25,600 crore annual outlay has been implemented in 10 months until April of the current fiscal year to be ended on June 30. The implementation rate was 41 percent until March.

Sensing the poor performance rate, the government has already revised this year's ADP allocation by Tk 2,600 crore to Tk 23,000 crore.

"Allocation for ADP in Bangladesh is very small in terms of GDP. But we can't utilise even the present allocation because of extreme poor capacities of the officials," said Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies (BIDS), a state-owned think-tank.

Former finance and planning ministers and advisers, including M Saifur Rahman, Dr Akbar Ali Khan and Dr AB Mirza Azizul Islam, also focused on the capacity issue during their tenure.

Mujeri said there were many talks, but no tangible progress is seen yet to improve the capacity.

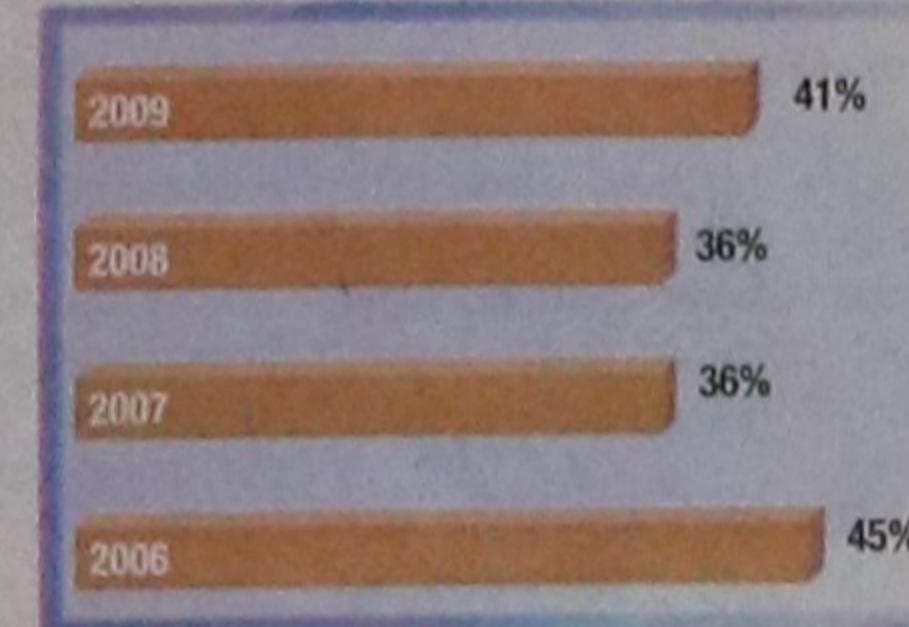
The Implementation, Monitoring and Evaluation Division (IMED) of the planning ministry identified some problems in a recent report submitted to the high-ups of the government on the ADP's implementation situation for the first six months of fiscal 2008-09.

In the report, the IMED found land acquisition as the biggest threat to the implementation of the development programmes. A lack of planning and expertise, frequent transfers of project directors and taking extra time to disburse funds are some other major barriers to the implementation.

Governments across the world, especially developing countries, undertake development programmes to achieve growth and poverty alleviation goals. These programmes contribute significantly to improving basic needs, including education and healthcare.

Bangladesh also does so. ADP is a part of the country's budget. A specific allocation is made every year against a certain number of projects for a certain period of time.

ADP IMPLEMENTATION (JULY-MARCH) TRENDS



But the country could not utilise the allocation fully in any year.

Planning ministry officials said a project worth Tk 20 crore creates jobs for 20-25 persons directly and several hundreds for day labourers. At that rate, ADP worth Tk 25,000 crore generates some 31,250 jobs directly in addition to the day labourers.

They said ministries and divisions concerned have implemented 49 percent of ADP in 10 months until April this fiscal year, which was 41 percent a month ago.

In the first nine months of fiscal 2007-08, the agencies concerned could implement only 39 percent of the development budget.

Some 10 major ministries and divisions that account for 79.12 percent of the total ADP have implemented only 26 percent of their development projects in nine months of the current fiscal year.

Of those major ministries and divisions, local government and rural development (LGRD) ministry has implemented only 34.57 percent of the ADP, power division 26.20 percent, communications ministry 13.11 percent, health ministry 26.34 percent, primary education ministry 26.26 percent, agriculture ministry 25.77 percent, education ministry 39.27 percent, water resources ministry 14.98 percent, energy ministry 4.86 percent and home ministry 29.42 percent.

"Ministries and divisions do not conduct feasibility study before undertaking a project," a senior planning ministry official said. He also blamed the inactive planning cells of the ministries for this poor performance.

The official said: "We have already reduced the number of the non-implemented projects by diverting funds to the projects that are going smoothly."

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Impose duty on rice import

Economists suggest

SOHEL PARVEZ

The government should impose duty on rice import to guard farmers from invasion of low-priced imported rice, economists said recently, placing suggestion for the increased allocation for agri-research in the budget for fiscal 2009-10 to develop new technologies for ensuring food security.

"Farm sizes become thin every year but population is on the rise. What we need is adequate public investment in research to develop improved technologies to ensure higher production in a small piece of land," said Mahbub Hossain, executive director (ED) of Brac.

Mahbub, also former director general of Bangladesh Institute of

subsidy for fertiliser, diesel and electricity irrigation and special allocation for development of surface water irrigation system.

Recommendations also came for the creation of tillage and irrigation facilities to bring additional one million hectares of land in the coastal belt under boro cultivation, increased allocation for Bangladesh Agricultural Development Corporation (BADC) to allow it to produce and distribute quality seeds.

They also suggested increased budgetary allocation for modernising agricultural extension system and training of extension workers and farmers on modern technologies.

Stressing the need for introducing

research organisation.

"Cost of rice production is lower in India than in Bangladesh and withdrawal of ban by the country will deepen a risk for the local farmers by encouraging imports," said Uttam Kumar Deb, head of research of CPD.

To discourage imports, the CPD recommended imposing 15 percent duty on rice imports.

"It will protect farmers from another shock," said Uttam.

Brac Executive Director Mahbub Hossain echoed Uttam.

"Tax measures are necessary to protect dumping as well as our farmers," said Mahbub, "The government should also withdraw ban on rice export to allow price of rice to increase



The government should impose duty on rice import to help farmers compete with low-priced imported rice, economists say. They also suggest increased allocation for agro-research in the upcoming budget to develop new technologies for ensuring food security.

Development Studies (BIDS), made the statement as the government is set to announce next month the national budget for the FY 2009-10.

His views were also echoed by others who want the government to invest more on agricultural research to develop new technologies, and also the improved seed varieties that are salinity, flood and drought resistant to boost food production. The increased output, the economists say, would help the country attain self-sufficiency in food to feed growing population on the back of declining arable land.

"Now farmers need short duration crop so that they can cultivate more crops on their lands a year. For the winter season, introduction of some high value crop is also needed to up their incomes," said Mahbub.

Analysts also asked for creation of a seed production fund, continuation of

crop insurance, experts also asked the government to ensure subsidy for production of quality cow, poultry and fish feeds to encourage these sectors to grow and farmers to produce at low cost.

Agricultural experts made the recommendations at a time when the country braces for another good harvest of boro rice after bagging about 1.16 crore tonnes of Aman rice and about 19 lakh tonnes of Aus rice this fiscal year (2008-09).

In FY 2007-08, domestic production of rice was 2.88 crore tonnes, according to Bangladesh Bureau of Statistics.

Farmers said consistent good crop however deepens their sufferings as they receive prices below their production costs.

And the situation might get worse because of a possible withdrawal of the ban on rice export by India, observes Centre for Policy Dialogue (CPD), a

in the local market."

Mahbub also suggested continuation of subsidies for farm inputs such as fertiliser, diesel and electricity so that farmers could produce crop at low cost.

On the seed issue, the CPD advised the government to create a Seed Production Fund by allocating Tk 100 crore in the next budget for the production and distribution of improved seeds to build domestic capacity.

"Ultimate goal of the fund is to build local capacity in seed production in the long-run," said Uttam.

Shykh Seraj, who works on farmers' concerns and expectations in the budget, said fisheries and livestock sector should be given equal priority.

"These sectors should be treated equally, rather than viewing them as sub-sectors of agriculture. They contribute a lot to the economy," he said.

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Anthony Flores (L) and Larry Noga work in the service department at the Balzakas Chrysler dealership in Chicago, Illinois on Thursday. Chrysler had asked the bankruptcy court to shut down its 789 dealers, nearly one-fourth of its sales outlets, while General Motors, the largest US automaker, said Friday it would seek to eliminate nearly 40 percent of its US dealers, more than 2,300 sales outlets, by the end of 2010.

Landline growth low for March

STAR BUSINESS REPORT

Private landline operators added 16,062 customers to their network in March 2009, a 13 percent down compared to the previous month.

The industry added 18,588 customers in February 2009. The total number of such customers stood at 13,88,061 as of March 2009, while the February figure was 13,71,999.

Customer acquisition by the state run landline operator Bangladesh Telecommunications Company Ltd (BTCL) remained stagnant at 8.72 lakh until March. However, the company still holds the top position in the 12 operators market.

Of the 11 private operators in operation, RanksTels is ranked number one in the market. It added 1,727 customers in March, taking the total number of customers to 16,0592.

Among the top operators, Dhaka Telephone's has a total number of customers of 64,682.

"All the private landline operators are incurring losses and refraining to go for massive marketing, after paying Tk 800 tax for each connection and Tk 2,000 subsidy on every landline set to the customers," said ATM Hayatuzzaman, chairman of Dhaka Telephone.

He, however, forecasts a boom, if the government considers some tax waivers in the next budget.



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