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## Govt staff to be outsourced

The plan covers class-IV employees under revenue budget

REJAUL KARIM BYRON

The finance ministry has directed all ministries and government offices to outsource class-IV employees under revenue budget in posts that fall vacant because of retirement or other reasons.

The ministry in a circular on June 10 issued an 11-point directive of austerity and quick implementation of the government programmes.

However the ministry has dropped its plan not to appoint for the time being any manpower against 10 percent vacant posts at all levels. The plan was taken as an austerity measure to offset the impact of global recession.

The circular said the present rule will continue for taking services through outsourcing instead of appointing class-IV employees including security guards, gardeners, cleaners and sweepers under all offices, agencies and organisations except different ministries, divisions, disciplined forces and the Supreme Court.

"Squeezing government expenditure and austerity are required to ensure fund for creating employment, increasing macroeconomic demand, social security activities and different poverty alleviation programmes against the backdrop of the recession," according to the circular.

It also said procurement plan should be made at the beginning of a year. Specific plans have to be prepared for construction and repair or maintenance of the government buildings, installations and roads. The finance division will examine the plans and allocate and release the funds.

An expert committee will fix every year the

### KEY FACTS

- The government will outsource fourth-class employees under revenue budget
- The plan for not filling 10 percent vacant posts as an austerity measure is on hold
- Four conditions have been slapped on purchase of new vehicles
- People will not be allowed to build gates or arches for VIPs
- Frequent transfers of officers or employees will be avoided

standard rate of cost for construction or repair of per square feet, and construction or repair cost for per kilometre road. In this case the committee must include at least two external experts including a representative of Bangladesh

University of Engineering and Technology.

The circular said fuel costs for vehicles of completed projects should not be met from the revenue sector, and government organisations will not be entitled to using Sedan cars above 1600CC or jeeps above 2700CC.

Approval for purchasing new vehicles will be given upon meeting four conditions.

The conditions include whether the purchase proposal is approved by the proper authorities, whether the vehicle can be sold after declaring it out of order, whether the process of declaring a vehicle out of order is proper.

The new (purchased) vehicles must be CNG-run. The existing directive for conversion of all government vehicles into CNG-run ones must be implemented.

Energy saving bulbs should be used, according to the circular.

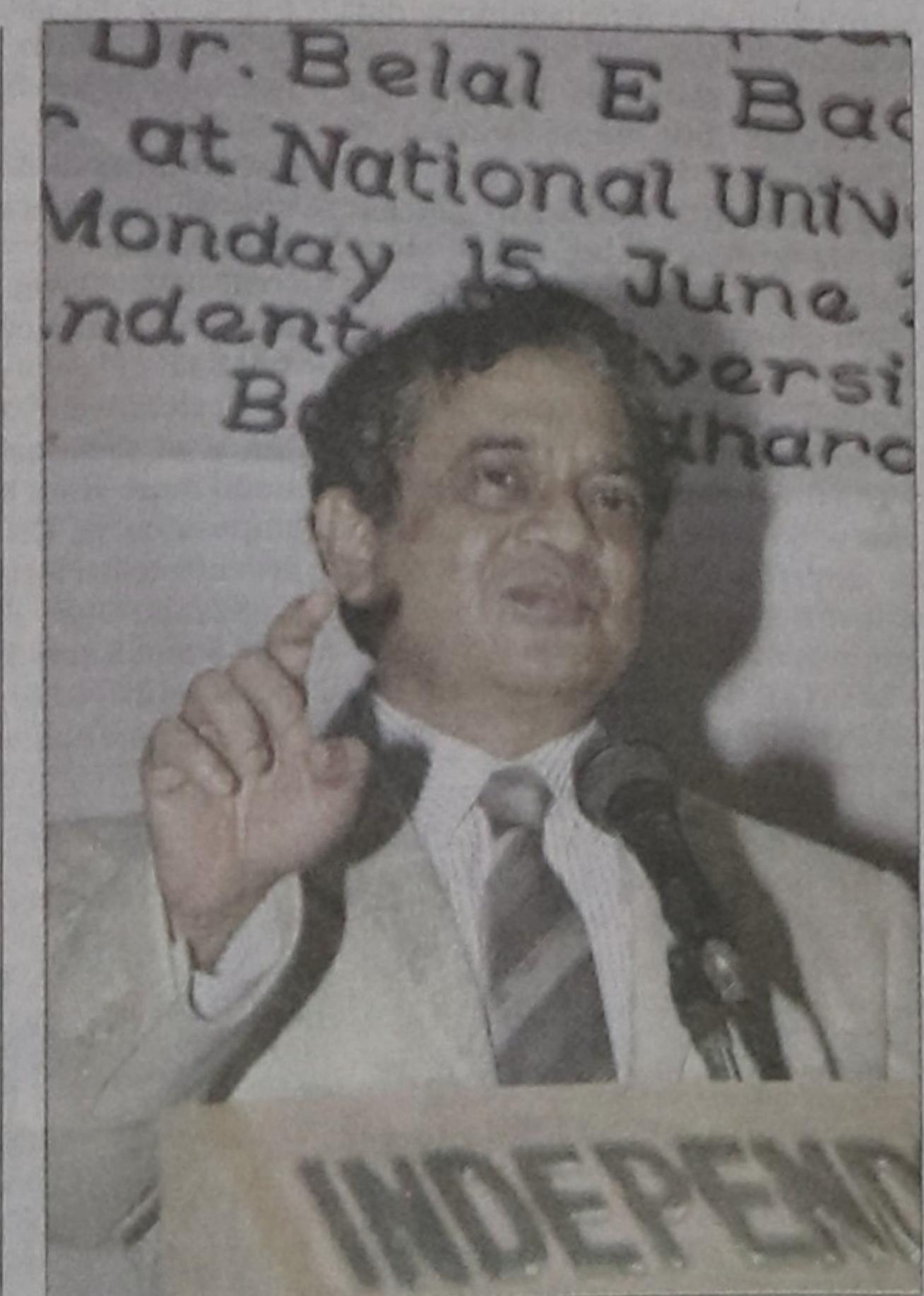
Like the residential telephones of the entitled officers, the bill limits of all official telephones will have to be controlled at own initiative.

Excess expenditures on entertainment for government meetings and seminars should be avoided. People will not be allowed to build gates or arches for VIPs.

Frequent transfers of officers or employees of government or semi-government offices should be avoided. The rule of serving up to three years at a workstation has to be followed.

In case of the officials entitled to protocol, not more than one person should be engaged in protocol duty.

Development projects will have to be manned, as far as possible, on deputation by staff under revenue budget.



## Stimulus must be based on track records

Says professor of National University of Singapore

STAR BUSINESS REPORT

Any stimulus package should be designed, based on track-records of different sectors, not in a blanket measure, says Belal E Baaque, a professor at the National University of Singapore.

Prof Baaque has suggested that the government should be proactive in supporting the sectors hit by the impacts of global recession.

"Support needs to be given on track record -- who needs it and who does not," he told The Daily Star yesterday after his lecture on "the 2008 US Financial Meltdown: Causes and Stages" at Independent University in Dhaka.

"The government should examine the matter (stimulus) independently," Baaque emphasised.

Author of two seminal books on quantum finance, Baaque advised Bangladesh to learn from the steps taken by other Asian countries such as China, Malaysia and Singapore, which have restructured many of their policies to fight recession.

China has made deals with six countries for currency swap following the impacts of the crisis, he pointed out.

In his presentation, Baaque diagnosed the crisis in phases: main causes, stages of meltdown, spread of the crisis, consequences and future prospects.

He identified sub-prime loans, repeal of Glass-Steagall Act in 1999, lax regulations, surplus liquidity, negative interest rate, corporate greed and role of rating agencies as triggers in the broader crisis.

Referring to lax regulations, Baaque pointed fingers at Hank Paulson, who had left the top job at Goldman Sachs to become US treasury secretary in 2006. Paulson had ended up almost single-handedly running the US economic policy for the last year of the Bush Administration.

Baaque said a former chief executive officer finding himself in the new role of a regulator can influence policy.

Of other causes, Baaque said, AAA investment grade had been attached to many sub-prime mortgage bonds that had pulled funds from all corners, including pension funds.

On corporate greed, he said some 35 percent profits of Wall Street in 2007 (\$33.2 billion) were paid out as bonuses to CEOs and employees.

He said the new legislation that replaced the Glass-Steagall Act in 1999 allowed investment banks to take high risk.

"Expansion of credit was so high that people with no jobs, no assets and no credit history were given housing loans," he said.

Baaque blamed regulators for the failure and said the global financial sector must be protected from corporate greed to avoid such crisis in future.

Relying to a query, he said Bangladesh should be cautious about regulations as well.

Baaque advised Bangladesh to diversify export markets and products to minimise the impacts of recession on the local economy.

## Rising interest payment may mar vital works

### Say analysts

SAJJADUR RAHMAN

The continuous increase in interest payment on loans of the government, both from foreign and domestic sources, is becoming a major concern for the economy, analysts said.

The allocation for interest payment in the Tk 113,819 crore proposed budget for fiscal 2009-10 is Tk 15,808 crore or 13.9 percent of the total outlay. The proposed allocation is nearly 19 percent more than that of the previous year.

Only public administration (salary and allowances) got higher allocation (16.2 percent) than that for the interest payment. Education, and information and communication technology altogether received 12.6 percent of the budgetary allocation.

"Rising interest payment is a major concern," said private think tank Centre for Policy Dialogue (CPD) in its immediate budget assessment last Friday.

The government paid Tk 13,314 crore as interest in the outgoing fiscal year (2008-09), which was Tk 11,967 crore in 2007-08, Tk 9,154 crore in 2006-07 and Tk 7,545 crore in 2005-06.

Of those interest payments, nearly 90 percent were given for domestic loans, government statistics show.

Data also shows that the amount for interest payment more than doubled from Tk 7,545 crore to Tk 15,808 crore between FY06 and FY10.

"It will squeeze out all other



important expenditures," said Dr Debapriya Bhattacharya, an economist and distinguished fellow of the CPD.

"We have to justify that the borrowing has generated enough return to pay off the loans," said Bhattacharya, the immediate past Bangladesh's ambassador to Geneva and the WTO (World Trade Organisation).

After failing to mobilise resources from low-cost international funds, the successive governments went for the high-cost domestic sources, he noted.

Finally, the economist said the future generation will have to bear the burden.

About the short-term consequences of the rising interest payment on the economy, Zaid Bakht, research director of Bangladesh Institute of Development Studies, said: "If the government relies too much on domestic sources, it can result in a crowd-out situation and a hike in interest rate."

Bakht also advised the government to avoid bank finances as much as it can.

"The government should bolster its efforts to raise revenue to reduce reliance on loan and keep deficit financing in control," he said.

He said the budget deficit for the outgoing fiscal year at 4.1 percent of GDP could have been much higher if the government had spent the allocation for its annual development programmes.

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## Banks, airlines, DSE move on daylight saving time

STAR BUSINESS REPORT

The central bank directed yesterday all banks to set their clocks one hour ahead in line with the government's daylight saving time (DST) plan to take effect at midnight on June 19.

The Bangladesh Bank (BB) in a circular said the banks will set their clocks one hour ahead at 11 pm on June 19 to make it read 12 midnight.

BB officials said it means the banks will start working at 8 am and end at 4 pm under the present schedule but the clocks will then show 9 am and 5 pm respectively.

Dhaka Stock Exchange (DSE) also decided last week to follow the DST.

Trading on the premier bourse will start at 10 am from June 20 and continue to 2 pm, while works will begin at 9 am and continue until 5 pm.

The government will soon issue letters to different airlines to follow and adjust the new local time, said civil aviation and tourism minister.

"If the local and international airlines don't follow and adjust to the DST fixed by the government, the passengers will suffer," said GM Quader.

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