



Prof Rehman Sobhan (centre), chairman of Centre for Policy Dialogue (CPD), speaks at a public lecture on 'Bangladesh's Graduation from LDC Status: Timeline and Policy Implications' organised by CPD in Dhaka yesterday. Prof Mustafizur Rahman (right), executive director of CPD, and Dr Debapriya Bhattacharya (left), special adviser to the secretary general of Unctad, are also seen.

Faster growth can upgrade Bangladesh

Debapriya tells CPD programme

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With the current pace of growth, Bangladesh needs 23 years more to graduate to a lower middle income country from the status of a least developed country (LDC), Dr Debapriya Bhattacharya, special adviser to the Unctad secretary general, said yesterday.

"Bangladesh will meet the graduation threshold for lower middle-income country by 2047 based on average growth rate of 5.9 percent, while the status could be achieved by 2039 at 6.3 percent rate," he told a public lecture in Dhaka.

The Centre for Policy Dialogue (CPD) organised the lecture on 'Bangladesh's graduation from LDC status: Timeline and policy implications,' at Cirdap auditorium.

However, Bhattacharya feared that population control by 0.4 percentage point from the present 1.4 percent could reduce the graduation threshold by 5 years to 2034.

There are challenges as well, the trade expert said.

"Improvement in the undernourished share of population and secondary school enrolment are the main two challenges for achieving the graduation status," he said.

He also ruled out any possibility of losing Bangladesh's preferential trade facilities if it is graduated from the LDC status.

Professor Rehman Sobhan, chairman of CPD, delivered welcome address, while Prof Mustafizur Rahman, the executive director, moderated the discussion.

Former finance adviser to a caretaker government Dr AB Mirza Azizul Islam also spoke at the programme.

Bangladesh joined the LDC category in 1975. Starting with 25 countries, the current LDC list includes 49 countries. Of them, 33 are in Africa, 13 in Asia and the Pacific and one (Haiti) in Latin America.

Three criteria -- low income (within \$905), human assets weakness and economic vulnerability-- determine such a status.

Since inception of the LDC categorisation, only two countries -- Botswana and Cape Verde came out of the status in 1994 and 2007 respectively. Three countries -- Samoa, the Maldives and Equatorial Guinea -- are in the pipeline for graduation.

Bangladesh has remained an LDC for more than three decades, although it has shown consistent growth for the past 15 years, despite natural disasters and turmoil in international market.

Out of the 3 criteria, Bangladesh achieved eligible score in economic vulnerability, but lags behind greatly in other two indicators.

Recently discussions are taking place at various forums on Bangladesh's becoming a middle-income country in the near future.

Dr Debapriya said the aspiration was documented in the CPD's Vision Document 2021 (Nagorik Committee 2006), Awami League's election manifesto (Vision 2021) and by international development organisations.

"Bangladesh needs to work out a graduation strategy to achieve the goal," he said, while Dr AB Mirza Azizul Islam ruled out the necessity of a special graduation strategy.

"We should have a development strategy. If we deserve, the graduation will take place in course of time," said Mirza Aziz.

The list of LDCs is reviewed every three years by the United Nations Economic and Social Council (Unesco) on the basis of the recommendations of the Committee for Development Policy.

According to Debapriya, if Bangladesh can come out of the LDC status, it will lose nothing. "Rather foreign investment and image of the country will mark a significant rise," he added.

NBR logs 15pc revenue growth

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The National Board of Revenue (NBR) has recorded 15.55 percent growth in revenue collection in the first five and a half months of the current fiscal year.

NBR collected Tk 21,616.75 crore against the target of Tk 20,894.43 crore, data updated on December 24 shows.

Revenue from import grew by 5.39 percent, while value added tax (VAT) and income tax posted 24.81 percent and 23.37 percent

growth respectively.

But other taxes, including travel tax, recorded 4.74 percent negative growth.

NBR came up with the statistics at a press conference in Dhaka yesterday, where the chairman of the board said they are launching 'motivational campaign' to increase revenue collection.

"We are taking several measures and revising the rates of VAT and customs duty to increase revenue," said Dr Nasiruddin Ahmed.

He said two teams comprising high-profile present and former NBR officials have been working since November to modernise VAT and customs rules.

The NBR chairman said the teams will place a draft of new rules at a public seminar on February 4 and seek recommendations from the stakeholders.

Another team is working on the First Schedule of the Customs Act to rationalise it. The draft schedule will also be placed on February 4 to get responses from the

stakeholders, Ahmed said.

The board also has a plan to form a team to modernise the income tax rules, he said, adding that NBR is likely to net four lakh new taxpayers by June.

"So far 32 income tax-related cases have been resolved. Some more cases are pending with the High Court.

Fariduddin Ahmed, member (Customs and VAT Administration), and Aminur Rahman, member (Income Tax) of NBR, were also present.

PSI contracts may extend

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The government is likely to extend its contract with the pre-shipment inspection (PSI) companies for another year in order to give more time to the National Board of Revenue (NBR) to enhance its organisational capacity.

A letter with regard to such time extension from the finance ministry has already been forwarded to the NBR, its chairman said yesterday.

"We've got an indication from the government about the contractual extension for the firms doing the job of pre-shipment watch. If it's done finally, we'll have more time for our capacity building as the board now is faced with skilled manpower constraint to do so," said Dr Nasiruddin Ahmed.

Ahmed also pointed out that abolishing the PSI system is not possible overnight.

However, the NBR chief

said performances of PSI firms are now under the board's evaluation.

Presently, a core committee of NBR is working on phasing out PSI companies with an aim to gradually develop its skills to cease its reliance on these companies. Detecting the board's shortcomings and suggesting way outs are some other jobs this body has been assigned for.

In this context Ahmed stressed 'political will' to

beef up government's own strength.

Initially, the government inked deals with four PSI companies for a period of 3 years in 1999, validity of which expire today.

Different trade bodies, including the Federation of Bangladesh Chambers of Commerce and Industry, demanded that the government continue the present PSI system at least for one year in the interest of businesses and revenue collections.

SME unit opens at BB today

STAR BUSINESS REPORT

A separate SME department in Bangladesh Bank is set to open today, aiming boosting finance for small and medium enterprises.

Governor Atiur Rahman will formally inaugurate the department, which a general manager is supposed to run.

"Besides farm loan, we target strengthening SME loans in future. The new department is being opened for the purpose," the central bank boss told The Daily Star.

Meanwhile in Jamalpur yesterday, National Bank disbursed around Tk 43 lakh loans among embroidered quilt makers. BB governor handed over the loan cheques to the SME borrowers.

Describing SME loan as a tool for quick employment generation, he also announced incentives for the banks providing such loans more.

Energy crunch hurts industrial activities: FBCCI

UNB, Dhaka

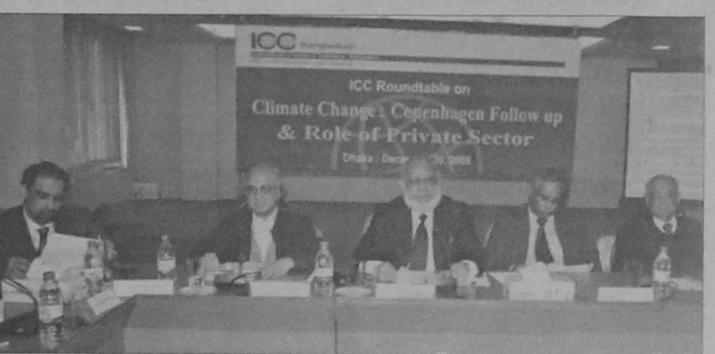
The Federation of Chambers of Commerce and Industry (FBCCI) President Annisul Huq said that power and energy shortages together with underdeveloped infrastructure remain a major constraint in industrial activities and its sectoral growth potential.

He said this while speaking at the federation's 34th annual general meeting at the Officers Club in Dhaka yesterday.

"The government has taken steps to attract local and foreign investors with private-public partnership (PPP) approach to encourage them to invest in power and energy sector in Bangladesh," added the FBCCI chief.

Presiding over the AGM, Huq also appreciated the timely initiative of Bangladesh Bank in lowering interest rates, relaxing conditions for borrowing by banks from the central bank, widening the range of financial assets admissible as collaterals to maintain adequate liquidity and credit flow to markets.

He hoped the measures taken by the government would usher in a prospective scenario in the coming years.



Mahbubur Rahman (3-L), president of International Chamber of Commerce-Bangladesh, speaks at the ICC Roundtable on Climate Change: Copenhagen Follow up & Role of Private Sector yesterday in Dhaka.

Copenhagen deal opens scope for private sector investment

Say experts at ICCB roundtable

STAR BUSINESS REPORT

The Copenhagen Accord has opened investment opportunities for the private sector in Bangladesh, as it will need new technology for adaptation with climate change, speakers said at a roundtable yesterday.

They stressed combined public-private efforts for mitigation and adaptation with climate change.

The International Chamber of Commerce-Bangladesh (ICCB) organised the roundtable on 'Climate Change: Copenhagen Follow-up and Role of Private Sector' at Dhaka Chamber of Commerce and Industry (DCCI).

The adaptation and mitigation fund declared in the Copenhagen Accord will rise up to \$100 billion per year after 2020 to help developing nations in adaptation and mitigation. The developed countries have agreed in the accord on technology transfer to the developing countries as part of mitigation efforts.

Although Bangladesh and other countries vulnerable to climate change are not responsible for greenhouse emissions, they will cut carbon voluntarily by using green technology, the speak-

ers said. ICCB President Mahbubur Rahman observed that businesses have already taken "substantial action to reduce greenhouse gas emissions and will continue to increase its efforts".

The businesses are the most important investor in clean technology and can do more if provided with "clarity, predictability and flexibility through a global framework agreement", he said.

"The Copenhagen Accord allows for the use of markets, which will help provide cost-effective means to intensify actions and contribute to meeting the new commitments," he said.

The speakers at the roundtable also said although the climate change negotiation process in Copenhagen did not deliver a clearer and more ambitious agreement, the heads of state provided a basis for the development of a meaningful agreement -- providing \$30 billion in next three years for adaptation and mitigation for vulnerable countries.

But a lot more remains to be done in 2010.

The speakers observed that the COP-15 came up

with some concrete actions to be taken before the next conference to be held in Mexico in 2010. It was mentioned that Bangladesh played a major role in the COP-15 as the proposal of Bangladesh was accepted and incorporated as it is without any change in the COP-15 declaration.

At the roundtable, the keynote speakers were Dr QK Ahmed, chairman of Bangladesh Unnayan Parishad, Dr Ainun Nishat, senior adviser on climate change (Asia region) for International Union for Conservation of Nature, Quamrul Islam Chowdhury, chairman of Forum of Environmental Journalists of Bangladesh, Ziaul Haque Mukta, policy and advocacy manager of Oxfam and Ahmedul Hassan of Centre for Environment Geography Information Service.

ICC Bangladesh Vice President Samson H Chowdhury, DCCI President Abul Kasem Khan, Bangladesh Insurance Association Chairman AKM Rafiqul Islam and former caretaker government adviser Rokia Afzal Rahman also attended the roundtable.



Khaled N Kabir, managing director of Fu-Wang Ceramic Industries Ltd, presides over the company's 14th annual general meeting in Dhaka on Sunday. The company declared 10 percent stock dividend for 2008-09.

One house one farm scheme kicks off next month

STAR BUSINESS REPORT

The government will start implementing 'one house one farm' project within a month to cut poverty by creating jobs and ensure overall rural development, a top government functionary said yesterday.

Under the scheme worth around Tk 1,197 crore, a total of 578,400 farms will be set up for as many households in the rural areas.

The government expects to create employment for around 29 lakh people directly or indirectly.

"We hope to begin the implementation process at field level within a month," said Jahangir Kabir Nanak, state minister for LGRD and Cooperatives, emerging from a workshop on the contribution of Bangladesh Rural Development Board in poverty reduction and rural development.

Bangladesh Institute of Development Studies, Rural

Development & Cooperatives Division and Ministry of LGRD & Cooperatives organised the programme in Dhaka.

Nanak said five villages in four unions each under 482 upazilas will be selected for the five-year project, scheduled to complete by June 2014.

Later, based on a survey, 30-60 families

will be selected to help them set up farms by providing training, asset and post-training support, officials said.

"We will provide appropriate training and other supports so they can gradually set up farms," Md Humayun Khalid, director general of Bangladesh Rural Development Board, told The Daily Star.

The officials said female-headed poor households will be given priority in the selection process, followed by the families having only lands for homes, marginal farmers with a maximum of 0.5 acres of land and wage labourers.

"If we don't get families based on the

set criteria, we will look for small farmers having maximum 2.5 acres of cultivable land," said Khalid.

Bangladesh Rural Development Board will act as the lead agency for implementing the project under Rural Development & Cooperatives Division.

Under the project, around Tk 538.83 crore will be spent for assets meant for the selected households and Tk 308.48 crore for post-training supports such as microcredit for them, he said.

The remaining amount will go for setting up data centres at upazila levels, pay and allowances, procurement of computers and accessories, and conducting surveys, said Khalid.

He said cooperatives would be formed by the beneficiaries so they can market their produce easily.

The move to start implementing the scheme comes after Executive Committee on National Economic Council approved the fund early last month.



Erfanuddin Ahmed, president and managing director of Bank Asia Ltd, inaugurates the bank's third SME Service Centre at Rekabi Bazar Point in Sylhet on Tuesday.