Star BUSINESS

DHAKA THURSDAY MARCH 24, 2011, e-mail:business@thedailystar.net

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Prof Muhammad Yunus names Maliyat Aniqa Noor, a class VIII student of Sir John Wilson School, as the winner of the first-ever social business plan competition in Dhaka yesterday. Related story on B3

Govt spends big on poverty cuts, but impact unclear

CPD spotlights budget resources for the poor

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The government spends more than 55 percent of allocations in the national budget to reduce poverty but the impact of the expenditure remains unclear.

This was shared at a dialogue where leading economist Prof Rehman Sobhan urged the government to share with people information on the outcome of spending over half of the total budgetary allocations on poverty reduction.

"This must be the first area of accountability of the government. We need to know about the outcome of the expenditure. We need to know about the constraints too," said Sobhan at the discussion, "Resources for the Ultra Poor in the National Budget: How Much? How Effective?"

The Centre for Policy Dialogue (CPD) and nongovernmental organisation Brac organised the discussion at Brac Inn where Food Minister Muhammad Abdur Razzaque also spoke.

At the dialogue, CPD's Head of Research Fahmida Khatun showed that the government's poverty reduction expenditure has been more than 55 percent of annual budgets since fiscal 2006-07.

In fiscal 2010-11, the government allocated Tk 76,001 crore in poverty reduction expenditure, up from Tk 61,808 crore in the previous year, according to the finance ministry.

Prof Sobhan, chairman of CPD, said the outcome of such expenditures should be made public.

Of the total budgetary allocations, a portion goes to social safety net programmes (SSNPs) to support the poor and marginalised sections.

The outlay for SSNPs, which is 14.8 percent of total budget this fiscal year, is below the average 4 percent of GDP in South Asia, according to CPD.

At present, various government agencies run 84 SSNPs to support the poor, including 25 percent of the extreme poor. Khatun said a meagre proportion of the extreme poor are covered by SSNPs.

Discussants said the governments' safety net schemes are characterised by "pilferage" and other problems, as the relatively well off people get the benefits due to a wrong selection of beneficiaries, governance problems and political influences.

"There has been wasteful expenditure and leakage due to lack of governance and political problems," said MM Akash, professor of economics at Dhaka University.

He suggested adoption of participatory processes in selecting the "really needy".

"Unless we resort to participatory approaches in targeting beneficiaries, then we will languish in the system of business as usual and the wind of change will not come," said Akash.

AB Mirza Azizul Islam, former finance adviser to caretaker government, said the government runs many small and large programmes under SSNPs which may be one of the causes of pilferage.

He suggested merger of similar programmes to cut leakages and replication in beneficiary selection.

Brac Executive Director Mahabub Hossain said an effective use of allocation is important to help the poor.

Prof Shamsul Alam, member of the Planning Commission, said capacity of the "ultra or extreme" poor has to be increased by ensuring free education. "This is the best way of helping them lift themselves. Free quality education will help change the situation of the poor," he said.

Lawmaker Akram H Chowdhury said poverty should be seen and addressed from the right perspectives and the root causes of poverty should be addressed.

Mustafa K Mujeri, director general of Bangladesh Institute of Development Studies, said endowment for the ultra poor has to be increased. Policies should also address the issues of the ultra poor and ensure their wellbeing, he added.

Food Minister Razzaque admitted that there have been pilferages and leakages in SSNPs due to factors such as wrong selection of beneficiaries.

"We are trying to reduce pilferage. We will also try to make the selection process more transparent," he said.

Complex spectrum fees baffle telecom operators

ABDULLAH MAMUN

Prices of radio spectrum laid out in the complex licence renewal guideline have baffled telecom operators. The charges are too high and different for different operators.

According to the draft 2G licence renewal guideline, radio spectrum prices per megahertz (MHz) are set at Tk 300 crore for the 900 MHz band, Tk 150 crore for the 1,800 MHz band of GSM technology, and Tk 150 crore for the 850 MHz band of CDMA technology.

The actual charges to be paid by the mobile operators are much higher, when the spectrum utilisation factor is taken into account.

In fact, four mobile operators will have to pay a total of Tk 12,118 crore in spectrum fees. Grameenphone will have to pay the highest -- Tk 5,504 crore, Banglalink Tk 2,994 crore, Robi Tk 3,000 crore, and Citycell Tk 620 crore, although their renewable radio spectrum volumes are not much different.

Radio spectrum means radio waves, on which all communication signals travel. Radio frequency is a natural resource but unlike other resources it will deplete when used. But it will be wasted if not used efficiently.

Grameenphone, Banglalink, Robi and Citycell's licences have to be renewed this year.

The guideline was supposed to be finalised by mid-May, but it would be extended for one month, said officials of the telecoms ministry. According to the guideline, licence renewal fee for 15 years is Tk 10 crore for each licensee.

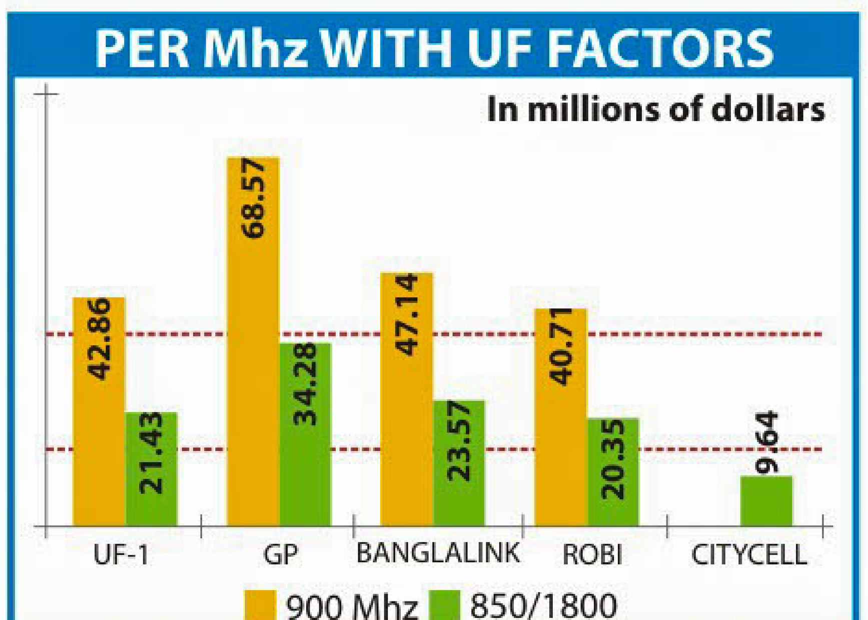
Different spectrum charges have been imposed on the operators in line with their subscriber bases, said an official of Bangladesh Telecommunication Regulatory Commission (BTRC). "That's why per MHz spectrum within the same band is different."

The BTRC officials said the operators' market share and income base were considered to calculate the charge and an utilisation factor (UF) was determined based on that.

The UF ratings are 1.6 for Grameenphone, 1.1 for Banglalink, 0.95 for Robi and 0.45 for Citycell. The utilisation factors have been multiplied with the spectrum acquisition fees, said a BTRC official.

But the official did not explain the exact equation of calculating the UF, and the mobile operators also seem confused about it.

Experts said the "utilisation factor" will force operators to cut back on their use of spectrum, deploy fewer base stations, and consider handing some of their spectrum back to the regulator to cut fees and charges. Marginal customers and Bangladesh's mobile penetration will suffer, they added.



	GP	BANGLALINK	ROBI	CITYCELL
Utilisation factor	1.6	1.1	0.95	0.45

The utilisation factor of spectrum fee is discriminatory and unfair, said Mahmud Hossain, chief corporate officer of Grameenphone. He said the method of calculating the UF is still unknown to them.

"We have asked for explanation from the government, but did not receive any answer yet," he said.

Hossain said: "Spectrum is the capital machinery of our business. So there should not be any discrimination."

Zakiul Islam, director of Banglalink, said, "We have conveyed our concerns to the ministry and are now waiting for their response to discuss on the issues. We would not like to comment before anything is finalised."

Mohiuddin Babor, head of communication of Robi, said, "The process is complex and confusing and we are working on it."

The 2G draft renewal guidelines are now at the post and telecommunication ministry for a go-ahead and the operators will have to renew their licences by November.

Sunil Kanti Bose, secretary to the ministry, said: "We are still working on the draft guidelines. The issues are still under examination. So comment at this moment would not be relevant."

The secretary said the timeline to finalise the guidelines would be extended by one month more as the licence renewal time is in November.

Govt puts dealership system in place

STAR BUSINESS REPORT

The government yesterday published a notification on marketing of basic commodities and appointment of dealership order 2011 to check price manipulation.

The notification will abolish the old delivery order (DO) system automatically in 90 days of its circulation.

"Primarily, the new order will be applicable only to sugar and edible oil trading. Gradually, the system will be applied in trading of other commodities," the statement said.

Under the order, every company in the field has to appoint dealers at different levels in 90 days of the publication of the notification. In case of a city corporation, the companies will have to appoint one or more than one dealers for each thana and upazila.

Each thana and upazila level dealer will act as the central point of goods distribution to keep the prices of commodities at tolerable level for the consumers.

The supply order is not transferable in any way and it will be valid for maximum 15 days from the issuance date, which will not be extended.

The companies will not be able to supply goods to the dealers against any expired supply order. At each level of trading, metric system must be followed in weighing of goods and in case of liquids the litre system will be in place.

Quantity, manufacturing date, expiry date and maximum retail price of goods must be inscribed on the labels of commodities.

A national committee will be formed headed by the commerce secretary to monitor the whole system. Deputy commissioners will head the district level monitoring committees and upazila nirbahi officers will head the upazila monitoring committees.

The commerce minister will act as the adviser to the national committee while lawmakers and upazila chairmen will act as advisers to the district and upazila level monitoring committees.

The national committee will fix the prices of commodities after consulting with manufacturers, refiners and importers.

The government initiated the move last year because a section of traders change the DO letter repeatedly under the present system, and as a result, it had a bad impact on the domestic prices of the commodities, the statement added.

EU sanctions Libya's oil company

AFP, *Brussels*

Europe formally approved new sanctions Wednesday on the Libyan National Oil Corporation and five "autonomous" subsidiaries, the European Union announced.

Broadened measures also rewrite two existing waves of sanctions "to prevent all flights in the airspace of Libya and strengthen the enforcement of the arms embargo."