

DHAKA FRIDAY JANUARY 20, 2012, e-mail:business@thelystar.net

# BUSINESS

## Only a third of ADP spent in six months

Muhith says spending will be less than last year

STAR BUSINESS REPORT

The government was able to spend only a third of the money allocated for development projects although half of the current fiscal year has gone by.

Finance Minister AMA Muhith said the spending this year will be even less than last year.

Ministries and divisions will not get local fund as substitute, if they fail to spend foreign assistance, he added.

Those who failed to spend foreign funds last year were given support from local sources. "But this time they are not getting the scope."

The minister said "some old habits" were responsible for the smaller amount of spending this year -- undertaking projects without feasibility study, complexities in appointing project directors and a dearth of manpower.

During the July-December period, some progress was made in utilising the government's own funds but the use of foreign aids decreased comparatively.

According to Implementation Monitoring and Evaluation Division (IMED) statistics, annual development programme (ADP) implementation was Tk 12,703 crore or 28 percent of the total outlay during the six-month period.

During the same period last year, the implementation was 27 percent of the allocation.

The total ADP size in the current fiscal year was Tk 46,000 crore, up by 35 percent from the revised allocation of the previous year.

During the first six months this year, local fund spending was Tk 9,588 crore or 35 percent of the allocation and foreign fund utilisation was Tk 3,115 crore or 17 percent of the allocation.

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## Inflation is the biggest challenge: Muhith

The minister says economy volatile, but no signs of a crash



**From left,** Latifur Rahman, former president of Metropolitan Chamber of Commerce and Industry (MCCI); Anis Ud Dowla, former MCCI president; Mohammad Tareque, finance secretary; AMA Muhith, finance minister; Amjad Khan Chowdhury, MCCI president; Farooq Ahmed, MCCI secretary general, attend a discussion on the country's current economic situation, organised by the chamber, in Dhaka yesterday.

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Finance Minister AMA Muhith yesterday said arresting inflation is the biggest problem for the government as a volatile economic situation is prevailing in the country.

The minister agreed that the economy is going through volatility, but said there were no signs that it was heading for a crash.

The budget deficit in the current fiscal year might not be contained to 5 percent of the gross domestic product due to the volatile eco-

nomic situation, he said.

According to Muhith, the budget deficit should be cut to rein in soaring inflation.

The minister said the amount of subsidy will be higher this year, although the projected subsidy in the budget was 2.3 percent of GDP.

He said the government will reduce subsidy gradually as the measure might cut pressure on inflation.

Muhith spoke to a group of businessmen at a discussion on the current economic situation of the

country, organised by the Metropolitan Chamber of Commerce and Industry (MCCI) at its office in Dhaka.

The budget deficit was projected at Tk 45,000 crore this year, but the government is not sure whether it will be within the limit as expenditure is increasing for different reasons, the minister said.

Of the total amount of the deficit money, Tk 27,000 crore was supposed to be supplied from the domestic sources and Tk 17,000 crore from foreign aid.

"But this year there are some problems with foreign aid. The condition of foreign aid receipt is very bad this year," the minister said.

The major reasons behind less receipt of foreign aid are some traditional habits in project implementation such as taking development projects without feasibility study, complexities in appointing project directors and manpower shortage, Muhith said.

He said it is better to reduce subsidy to cut budget deficit.

Traditionally, the government spends 20 percent of foreign aid, but this time, it is difficult to spend as much, Muhith said. There are about \$13 billion foreign aid in the pipeline.

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## Kodak files for bankruptcy

REUTERS

Eastman Kodak Co, which invented the handheld camera and helped bring the world the first pictures from the moon, has filed for bankruptcy protection, capping a prolonged plunge for one of America's best-known companies.

The more than 130-year-old photographic film pioneer, which had tried to restructure to become a seller of consumer products like cameras, said it had also obtained a \$950 million, 18-month credit facility from Citigroup to keep it going.

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## Garment villages soon: minister



STAFF CORRESPONDENT, Ctg

The government has taken an initiative to develop garment villages, Commerce Minister GM Quader said in Chittagong yesterday.

Quader spoke as the chief guest at the inaugural ceremony of Chittagong Apparel Fabric and Accessories Exposition (CAFAXPO)-2012, organised by Bangladesh Garment Manufacturers and Exporters Association in the port city.

Entrepreneurs will benefit from the government's move to build garment villages across the country, he said.

"Efforts are underway to set up a garment village in Savar," he said, adding that such initiatives will play a vital role in expanding the readymade garment sector.

The government has given steps to this sector, including cash incentives, to promote it, he said.

The minister said skills development is necessary for the RMG sector as competition is growing by the day. The government is also working to explore new international markets in RMG, he added.

On inflation, he said as import costs have increased more than exports and remittance, there are pressures on the foreign currency reserve that triggers inflation.

Despite the limitations, the RMG sector is growing every year, which is possible for the sincere efforts of the entrepreneurs, he said.

According to a research report by McKinsey & Company, the country's export income will double in five years

and treble in ten years.

But there are also challenges that must be overcome with combined efforts, he said.

State Minister for Home Affairs Advocate Shamsul Hoque Tuku, who was present as a special guest, said Chittagong is a hub of business in Bangladesh, adding that Bangladesh will be developed if Chittagong is developed.

He said the government has created an atmosphere of trust in the industrial sector.

The present government has taken many initiatives to produce electricity as power is the key to industrialisation.

"But the previous government could not add a single megawatt of electricity to the national grid," he said.

Chittagong City Mayor M Manjur Alam urged the government to relocate the commerce ministry to the port city.

"As Chittagong is the commercial capital, so the commerce ministry should be set up in Chittagong, which will reduce 80 percent of the problems in the port city," he said.

BGMEA President Shafiqul Islam, who chaired the meeting, said RMG exports to India grew 104 percent last year.

BGMEA First Vice-President Nasir Uddin Chowdhury delivered the welcome speech.

Models sashay down at a fashion show at the launch of Chittagong Apparel Fabric and Accessories Exposition (CAFAXPO)-2012 in the port city yesterday. Bangladesh Garment Manufacturers and Exporters Association organised the three-day fair.



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## Helpline for banking complaints

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Commercial bank customers will now be able to lodge their banking related complaints directly with the central bank.

Bangladesh Bank (BB) yesterday introduced the helpline (number: 16236).

"We want the number to serve the people as a helpline," said Atiur Rahman, the central bank governor.

Complaints could be lodged from anywhere in the country by calling from any number during office hours, said Rahman at the central bank head office.

Customer interest protection centres have been set up at the BB head office and its other offices to make the banking sector more customer-friendly.

The BB formulated the operational procedure of the centres and informed banks and other financial institutions about the initiative, Rahman said.

In addition to this helpline, customers will also be able to lodge complaints, via fax, phone, SMS and email, the governor said.

## Stocks return from losses

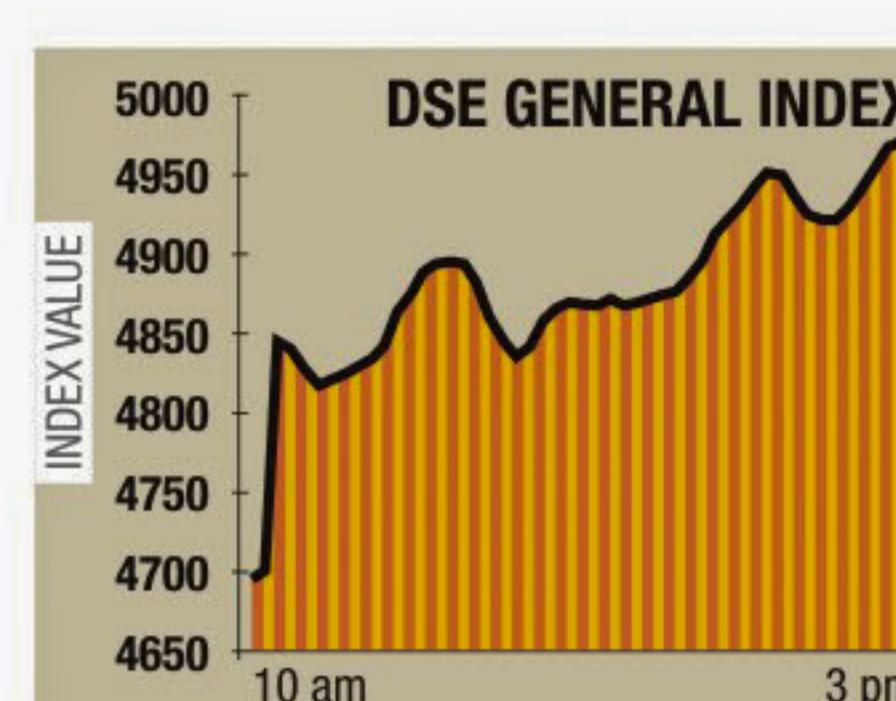
STAR BUSINESS REPORT

Stocks rose 5.34 percent yesterday, as the government withdrew a notice enforcing a ban on public employees' investments in the capital market.

The market was buoyant as Finance Minister AMA Muhith sat with officials of the Securities and Exchange Commission at a meeting at his ministry to discuss the current market.

A meeting participant said they discussed ways to stabilise the market.

The benchmark General Index (DGEN), indicator of Dhaka Stock



Exchange, closed at 4,946.49 points, after gaining 250.92 points, the highest in the New Year, at the 3pm close.

The Chittagong Stock Exchange (CSE) also advanced as the Selective Categories Index went up 381.46 points or 4.37 percent, to end the day at 9,108.29 points.

"The twin bourses gained as the government withdrew its notice, which is a sign of the government's seriousness to stabilise the market," said Fakhruddin Ali Ahmed, former president of CSE.

Investors breathed a sigh of relief from the panic-stricken situation, bought shares and sold those in the last two days, Ahmed said.

The Dhaka bourse lost 336.41 points or 6.79 percent in the last two days following the government's move to enforce a ban on public servants from investment in stocks.

He said the government quickly cancelled the notice thinking that its circular may impact the market negatively.

The indicator shot up 146 points within the first five minutes of trading and finally closed in positive figure.

Under the banner of Bangladesh Share Investors Association, retail investors once again demonstrated in front of the DSE building in Motijheel yesterday demanding long-term steps for market stabilisation.

"The market rallied with moderate participation as the government has temporarily withdrawn the circular," Kanchan Bangla Securities said in its daily market analysis.

Markets rose in a steady manner as some investors tried to average out their positions speculating that the bottom may have reached already, it said.

Green Delta LR Holdings in its daily market analysis also marked the withdrawal of the government notice for the gain.

Turnover on the DSE floor was not significantly higher than the previous day as many investors are still worried about the correction of the indices.

The turnover gained 1.5 percent compared with the previous day. A total of 1.04 lakh trades were executed, generating a turnover of Tk 321 crore where 6.60 crore shares changed hands.

Almost all the issues advanced due to the buying pressure. Of the total 265 issues traded: 258 advanced and five declined. A total of 38 issues touched its circuit breaker on price.

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