

STOCKS		COMMODITIES		ASIAN MARKETS				CURRENCIES				
DGEN	CSCX	Gold	Oil	MUMBAI	TOKYO	SINGAPORE	SHANGHAI	USD	EUR	GBP	JPY	
2.46%	2.16%	\$1,606.90	\$83.86	0.22%	1.11%	0.47%	0.53%	81.40	101.78	125.36	1.00	
4,295.50	8,241.44	(per ounce)	(per barrel)	16,896.63	8,752.31	2,855.68	2,292.88	BUY TK	82.40	105.78	129.84	1.10

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DHAKA THURSDAY JUNE 21, 2012, e-mail:business@thedailystar.net

Govt should track safety net benefits

Speakers at Prothom Alo roundtable suggest strong monitoring to prevent leaks in project funds

STAR BUSINESS REPORT

The government needs to strengthen monitoring and ensure evaluation of social safety net schemes to stop leaks, a former caretaker government adviser said yesterday.

The government should also let these programmes play a role to alleviate poverty from the country, said Hossain Zillur Rahman.

"These days the social safety net programmes are getting more importance globally, and have become a mainstream agenda. It's no longer a temporary support for marginal people."

The government now has to see whether these projects bring any effective transformation in the lives of the targeted people, Rahman said.

He spoke at a roundtable on "extreme poverty alleviation: transparency and accountability in social safety net programmes" organised by the daily Prothom Alo in association with BRAC at the newspaper's office in Dhaka.

The government will be able to stop 16 percent of fund leaks in these schemes if it starts a strong monitoring system, said Rahman, also chairman of Power and Participation Research Centre.

He suggested the government focus more on nutrition, healthcare expenditure and urban poverty in the existing programmes.

He also stressed the need for developing a database on consolidation of scalable models and innovations in the benefit packages.

"The database on the extreme poor needs to be upgraded, while poverty micro-mapping is also important to widen the social safety net programmes," said Rahman.

He pointed out that the government has now 90 such schemes, of which 30 get 97 percent of the total allocation.

Rasheda K Chowdhury, another former adviser to the caretaker government, said the government should track the impacts of these safety net projects in changing the present condition and financial status of the targeted beneficiaries.

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Left, Sanjay Kathuria, lead economist, and Zahid Hussain, senior economist of the World Bank, attend a press briefing in Dhaka yesterday to speak on the proposed budget for the next year.

WB sees risks from huge subsidy

STAR BUSINESS REPORT

The World Bank yesterday advised the government to revise down subsidy allocation in the 2012-13 budget, as it is disproportionately benefiting the society's well-offs.

Subsidy to the power sector takes up most of the allocation, and the high income group, with their heavy consumption of gadgets, stands to gain the most.

In line with the income distribution patterns, more than 52 percent of it goes to the top 20 percent of the population, while the bottom 20 percent, only receives 12 percent of it, said Zahid Hussain, the World Bank's senior economist.

"Rather than reducing disparity in the society, it is, as a matter of fact, widening it," he said.

It is high time the government stopped shielding the power and energy sector from the escalating global price through ever increasing subsidy allocation, Hussain said.

The subsidy on diesel is Tk 24 per litre at present, while it is Tk 16 for furnace oil and Tk 2.78 per unit for electricity.

It is best for the economy that the consumers bear the burden of the global price rise, Hussain said.

Sanjay Kathuria, lead economist of the World Bank, illustrated the enormity of the share of subsidy in the upcoming budget, which, at 3.1 percent of GDP, is 1.5 times the education budget and 3.5 times the allocation for the health sector.

While deposit mobilisation in the banking system is falling, indicating resource constraint, the government's demand for bank borrowing to fund subsidy, worryingly, is increasing, Kathuria said.

"Crowding out of the private sector has already begun and, it may intensify," Kathuria added.

"Falling private investment does not bode well for growth sustainability, and strongly highlights the need for reforms in energy, power, land, infrastructure and ease of doing business," Kathuria said.

Citing various tax measures in the proposed budget, the WB said the 1 percent tax at source on mobile phone bills and 1 percent on amount received by International Gate Way (IGW) services should have been more targeted.

On the government's growth target of 7.2 percent for the next fiscal year, Hussain opined that it is achievable but challenging.

"The growth next year, however, could reach as high as 7 percent if there are not any power and energy crisis," added Hussain.

Safety audit into air operators begins today

SHARIFUL ISLAM and SAYEDA AKTER

An international safety audit begins today to determine whether Bangladesh will come out of the list of countries having unsafe civil aviation systems.

Bangladesh has been on the list of significant safety concern (SSC) countries since May 2009 when the country failed in a similar audit and was eventually placed on the SSC list.

"Several European countries have already warned of imposing restrictions on flights coming from any safety concern countries. So this audit is very significant for Bangladesh," said an official of Civil Aviation Authority of Bangladesh, asking not to be named.

Caab officials said the week-long audit between June 21 and June 27 will be carried out by two officials of International Civil Aviation Organisation (ICAO) -- Roger Lambo and Aul Hewawasam.

The ICAO team will also visit two carriers -- Biman Bangladesh Airlines and United Airways -- as part of the audit.

The ICAO team will submit a report to the ICAO within two to six weeks that will determine the fate of Bangladesh.

Known as ICAO Coordinated Validation Mission, the expert team will monitor performances and efforts of Caab in five areas -- air worthiness, personnel licensing, legislation, operational activities and organisational activities.

The Caab will have to go through a tough inspection regarding 39 findings and a total of 304 protocol questions. If the aviation regulator can satisfy the ICAO team with these questions, Bangladesh is likely to come out from the ICAO black list, said wing commander SM Nazmul Anam, director (flight safety and regulations) of Caab.

"We are now ready for the audit. We have prepared no less than 15-20 guidelines regarding safety and security complying with the ICAO regulations, which we hope will be helpful in satisfying the audit team," he said.

The audit team is likely to monitor various aspects such as issuance of operation licence to airlines, surveillance on air operators, airworthiness and documentation, manpower and logistics of both Caab and other air operators, said the Caab official.

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DSE turnover slips to record low

STAR BUSINESS REPORT

Turnover on the Dhaka Stock Exchange dipped to a three-and-a-half-year low yesterday as investors went for another panic sell-off amid volatility.

The turnover stood at Tk 122 crore, 12.70 percent lower than that in the previous day.

The benchmark general index, DGEN, of the bourse finished the day at 4,295.5 points, after falling 108.12 points.

The key index lost 496 points in the last ten sessions and 1,287 points over the last two months.

"With no signs of optimism in the market, general investors waited on the sidelines, without making any new investments," said IDLC Investments Ltd in its market commentary.

Of the 254 issues traded on the DSE, 222 declined, only 21 advanced and 11 remained unchanged.

A total of 0.46 lakh trades were executed with 2.77 crore shares and mutual fund units changing hands on the Dhaka bourse.

All the major sectors saw red, with non-bank financial institutions losing 2.92 percent followed by banks at 2.74 percent and power at 2.61 percent.

Grameenphone, which represents the telecommunication sector, fell by 1.35 percent and pharmaceuticals by 1.29 percent.

Bangladesh Submarine Cable Company topped the turnover chart with 14.16 lakh shares worth Tk 8.1 crore, followed by Grameenphone and Lafarge Surma Cement.

In textiles, Rahim Textile featured in the top gainers' chart thanks to an increase of 4.69 percent, while Desh Garments was the worst loser, with its share value plummeting by 9.7 percent.

Stock investors call for a halt in trade to break losing streak

Protesters block traffic in Motijheel as stocks fall

STAR BUSINESS REPORT

A group of small investors yesterday urged the government to suspend trading in the stockmarket to bring an end to a losing streak that has been continuing for the last six days.

Demanding prime minister's intervention once again, the aggrieved investors said the government should shut down the market, troubleshoot it and then reopen.

They said the market has become a place of losses only.

The DGEN, the benchmark index of the Dhaka Stock Exchange, finished the day at 4,295.5 points, after plunging 108 points or 2.46 percent.

The turnover also hit a three-and-a-half-year low at Tk 122 crore, which is 12.70 percent lower compared to the previous day.

The investors under the banner of Bangladesh Share Investors' Association also asked their peers to refrain from trading for two hours today as a sign of protest.

"We are requesting all investors not to partici-



Retail investors stage protests against a fall in share prices in front of the Dhaka Stock Exchange in the capital yesterday.

pate in stock trading for the first two hours," said Ataullah Naim, international affairs secretary of the association.

"It will be a token strike as part of our demonstration programme against the continuous fall in prices," he added.

A hundred of angry investors were demonstrating in front of the premier bourse to protest the unusual fall in share prices.

Mizanur Rashid Chowdhury, president of the association, questioned the keenness of the government and the stockmarket regulator in stabilising the market.

The Securities and Exchange Commission remains quiet during the crisis of the market, he said.

"We know who are responsible for the current downturn in the market," said Chowdhury.

The investors also blocked vehicular movement in front of the prime bourse in Motijheel at around 2pm, but later the law enforcers drove them away.

Grameen Shakti, Schneider Electric launch social business for power

STAR BUSINESS REPORT

Schneider Electric, an entity of global energy management specialists, and Grameen Shakti have jointly set up a social business venture to provide access to electricity and develop associated services for disadvantaged people in Bangladesh.

A deal was signed on the creation of Grameen Schneider Electric on Tuesday in Rio de Janeiro in Brazil, on the sidelines of the UN Conference on Sustainable Development (Rio+20).

As a social business, Grameen Schneider Electric meets the non-dividend principle defined by Muhammad Yunus, founder of Grameen Bank and Nobel Peace Prize winner in 2006.

The profits made by selling access to energy solutions will be fully reused to develop and expand Grameen Schneider Electric offer throughout the country, the company said in a statement.

Launching Grameen Schneider Electric on the fringes of Rio+20, Schneider Electric and Grameen Shakti combine their skills for access to energy, said Jean-Pascal Tricoire, president and chief executive of Schneider Electric.

"This way, we develop sustainable solutions for the 1.3 billion people who are still lacking this right which is access to energy," he said.

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Formal opening of the relocated

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