

Faulty selection hurts safety net plans

STAR BUSINESS REPORT

A large number of people are still not getting the benefits of the social safety net programmes due to the presence of targeting errors, corruption, weak monitoring and faulty selection criteria, according to a study.

The government now runs 98 social safety net programmes, the study said.

According to government data, around 7.71 crore poor, vulnerable and marginalised people got the benefit of the programmes in 2011-12, and the number is expected to exceed 7.98 crore by the current fiscal year.

The number of beneficiary would be higher if the government could solve the targeting errors, including overlapping and fake birth dates, said the study on major social safety net programmes in the country.

Shamunnay, a research organisation, conducted the study with support from Manusher Jonno Foundation, an organisation that promotes human rights and good governance in Bangladesh.

A marginalised person aged between 18-40 years is eligible to get the benefits of the vulnerable group development (VGD) programmes, said Dilruba Yasmin Chowdhury, coordinator of Shamunnay. "But older people with fake birth dates who became beneficiary are numerous."



Dilruba Yasmin Chowdhury, coordinator of Shamunnay; Khondker Ibrahim Khaled, chairman of Bangladesh Krishi Bank; and Ranjit Kumar Biswas, secretary of social welfare ministry, attend a national budget hearing, organised by Shamunnay, at Cirdap auditorium in Dhaka yesterday.

More than one lakh additional beneficiaries can be brought under this programme without increasing allocation further if the government can rectify the errors in the VGD programme, said Dilruba.

She spoke at a national budget hearing on "Social safety net programmes: implications for budget 2013-14" organised by Shamunnay at Cirdap auditorium in the city yesterday.

Corruption is also hampering the process of selecting real beneficiaries, she said.

Local political leaders, influential individuals and even NGOs are alleged to be influencing the beneficiary selection process, leaving the actual candidates, she said.

Implementing agencies of the programmes usually follow the same beneficiary selection criterion for all areas of the country without considering different socio-economic conditions of those, according to the study.

For example, people owning maximum 0.15 acres of land will get the benefits of

Employment Generation Programme for the Poorest programme, she said.

The amount of land holding as a criterion for beneficiary selection causes complexities and leaves actual candidates out, as land value is not the same in all areas, Dilruba said.

Implementation of social safety net programmes also faces hurdles, as the process of implementing never begins in time, said Mahfuz Kabir, senior research fellow at Bangladesh Institute of International and Strategic Studies.

Most of the ministries spend nearly 9 percent to 17 percent of their allocated funds for the programmes in the first six month of a fiscal year and fail to utilise the total fund allocated for the year finally, Kabir said.

The government should introduce quarterly budget monitoring mechanism to speed up government expenditure, said Khondker Ibrahim Khaled, chairman of Bangladesh Krishi Bank.

For effective implementation, he also urged the government to form a small monitoring committee involving secretaries of the ministries that run the majority of the social safety net programmes.

The government is seriously working to address the problems relating to the safety net programmes, said Ranjit Kumar Biswas, social welfare secretary.



Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, meets Muhiuddin Khan Alamgir, home minister, with a delegation of the newly elected office bearers of the chamber, at his office in the capital on Sunday.



K Shamshi Tabrez, managing director of Dutch-Bangla Bank, and Md Jalalul Azim, managing director of Delta Life Insurance Company, exchange documents after signing a deal at the bank's head office in Dhaka recently. The insurer's employees and clients will receive and pay their monthly salaries through the bank's mobile banking accounts.

Yunus's initiative for vocational training school in Albania

STAR BUSINESS REPORT

Yunus Social Business in Albania and Tirana Business Park, an investment of Germany-based Lindner Group, have teamed up to set up a vocational training school for the unemployed youth in the impoverished European country.

Prof Muhammad Yunus, a Nobel laureate and founder of Grameen Bank, and Carsten Conrad, general manager of Tirana Business Park and its German parent company, signed a memorandum of understanding for the Vocational Training Social Business in the Albanian capital on Monday.

The ceremony was held at the Tirana Business Park in Albania, in the presence of Albanian Prime Minister Sali Berisha.

The centre will initially train new plumbers, electricians and industrial mechanics, with more subjects being added in later

Davos leaders uneasy over glut of easy money

REUTERS, Davos, Switzerland

The world is awash in easy money, with consequences that are starting to worry some central bankers and business leaders at the Davos World Economic Forum (WEF), though so far inflation fears seem overdone.

With developed world government finances constrained by huge debts and deficits, central banks have pumped trillions of dollars into the system to try to revive sluggish economies, combat deflation and prop up weak banks.

The Fed, the Bank of England, the Bank of Japan and to a lesser extent the European Central Bank have strayed far from traditional inflation fighting to take into account objectives such as reducing unemployment, raising nominal GDP, and ensuring the smooth functioning of the sovereign bond market.

In pursuit of these goals, they have taken unconventional steps such as keeping interest rates well below the inflation rate, buying government bonds and mortgage-backed securities and providing long-term liquidity to banks at near zero rates.

Indeed, the Japanese central bank is now actively trying to create

more inflation because prices are obstinately stagnant.

On Tuesday, the BoJ announced its most radical effort yet to end years of economic stagnation, after weeks of relentless pressure from new Prime Minister Shinzo Abe for a greater push to lift the economy out of recession.

In a joint statement with the government, the BoJ said it would switch to an open-ended commitment to buying assets next year and double its inflation target to 2 percent.

Central banking purists, especially in Germany, with its history scarred by hyper-inflation, worry that the guardians of sound money are losing their independence to governments and will find it hard to get the genie back into the bottle.

The leading hawk on the ECB's Governing Council, German Bundesbank chief Jens Weidmann, who cancelled his appearance at Davos, warned on Monday that central banks were being bullied by governments and it could lead to currency wars.

"Already alarming violations can be observed, for example in Hungary or Japan, where the new government is interfering massively in the business of the central bank with

pressure for a more aggressive monetary policy and threatening an end to central bank autonomy," he said in a speech in Frankfurt.

"A consequence, whether intentional or unintentional, could moreover be an increased politicisation of exchange rates."

Within the Federal Reserve, dissident Richmond Fed president Jeffrey Lacker has been warning for months that the U.S. central bank's stimulus actions risk a surge in inflation after this year.

Management consultancy Bain & Co. said in a report that the most immediate effect of a world awash with capital has been "to paralyse, confuse and distort investment decisions".

Large financial flows were creating dangerous pockets of excess capital in some places, while simultaneously cutting off access in other places. At the same time, big institutional investors like pension funds face large gaps between the returns they will need to meet payouts and what markets will generate.

"Capital superabundance will increase the frequency, intensity, size and longevity of asset bubbles," it said, pointing to big risks for economies and businesses closely linked to commodities.



Mehboob Chowdhury, chief executive officer of Citycell, and Yee Siew Ng, finance director of Bata Shoe Company Bangladesh Ltd, sign a deal at a programme recently. BATA will avail Zoom Ultra connections of Citycell at special price to connect their 240 outlets online.



Kazi Samiur Rahman, head for retail business at Industrial Promotion and Development Company, and Ashique Un Nabi, executive director for marketing at BTI, sign a deal to finance BTI clients, at a ceremony in Dhaka recently.



Monir Ahmed, managing director of Asiatic Laboratories Ltd, and Md Fayekuzzaman, chairman of ICML Capital Management Ltd (ICML), attend a programme recently where the companies signed a deal to make ICML the manager for all primary market issues of Asiatic.

New DMD for Standard Bank

STAR BUSINESS DESK

AFM Nizamul Islam Chowdhury has recently been promoted as the deputy managing director of Standard Bank Ltd.

Prior to the appointment, he was serving as group company secretary of the bank, the bank said in a statement yesterday.



Chowdhury started his career with Agrani Bank in 1973. He joined Standard Bank in 1999 after taking a voluntary retirement from Agrani Bank.

Regulator okays garment maker's IPO

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The company will use the fund to pay bank loans, the regulator said in a statement. The company's earnings per share and net asset value per share were Tk 0.92 and Tk 11.82 in line with the financial statement for the year to December 31, 2011.

Purabi General Insurance will offer two rights shares against one existing share without charging any premium. As per the regulator's approval, the company will issue more than 18.3 million rights shares at the price of Tk 10. The regulator set up a three-member panel to ensure more monitoring over the activities of credit rating agencies.

BSEC Executive Director Saifur Rahman has been made the convenor of the body, whereas Director Mahbubul Alam and Deputy Director Lutful Kabir have been appointed as member and member secretary respectively.

Wal-Mart refuses to pay firm with Tazreen links

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Siddique said he along with Shaiful Islam Mohiuddin, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), met with the Wal-Mart high-ups in Hong Kong last Tuesday.

But the Wal-Mart authorities did not respond positively at the meeting.

"I told the Wal-Mart authorities to make the payment as soon as possible so that I can keep my business alive," he said.

"I have lost the whole order of \$1.2 million now. If I don't get the payment in time, there is a possibility of my company going bankrupt."

Success is not paying Simco either, as Wal-Mart has cancelled its business agreement with them.

Earlier on December 20, Mohiuddin sent a letter to Wal-Mart asking it to review its decision as Simco is now in serious financial trouble.

"But Wal-Mart did not respond positively," said the BGMEA president.

"In the meeting I told the Wal-Mart authorities that they have taken a very harsh and drastic action against Simco Group -- the company may go bankrupt for such a decision."

In the event of bankruptcy at Simco, according to Mohiuddin, at least 2,000 workers will lose their jobs.

None of Wal-Mart officials in Dhaka could be reached for comments, even after repeated attempts.

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Higher acreage brightens wheat prospects

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Government purchases after the harvest in the last production season inspired growers to opt for wheat cultivation, said Naresh Chandra Deb Barma, chief scientific officer of Wheat Research Centre of Bangladesh Agricultural Research Institute (BARI).

"It appears that many farmers cultivated wheat on their medium and high land areas this year because of the low prices of rice. Boro rice cultivation has declined in these areas," Barma said.

Acres have increased mainly in north Rajshahi, one of the main wheat producing regions, said Barma.

"The growth so far has been good, so prospect of good crop looks bright," said the BARI scientist, while predicting the wheat output to be upwards of 13 lakh tonnes in the current growing season.

"Our domestic wheat consumption is rising, so increased acreage and output will help us cut imports," said Barma, while adding that present annual requirement of wheat is over 30 lakh tonnes.

So far in the current fiscal year, wheat imports dropped 3 percent year-on-year to 9.41 lakh tonnes, according to food ministry data.

Bangladesh's wheat imports fell 52 percent to 17.7 lakh tonnes in fiscal 2011-12 due to higher stock and increased rice production.

The country spent \$658 million to buy the cereal last fiscal year, down from the previous year's \$1.19 billion.