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DHAKA THURSDAY FEBRUARY 28, 2013, e-mail: business@thedailystar.net

ADP efforts speed up

STAR BUSINESS REPORT

The implementation rate of annual development programme (ADP) rose 4 percentage points year-on-year in the first seven months of the current fiscal year.

Between July 2012 and January 2013, Tk 21,039 crore was spent by different ministries and divisions, which is 38 percent of the year's allocation of Tk 55,000 crore.

In the same period last fiscal year, some 34 percent of the total allocation was utilised.

The allocation for ADP is comprised of government funding and foreign aid; of the total spending in the first seven months, 67.6 percent came from government funds and the remaining from foreign aid.

This year, the mobilisation of foreign aid has gone up: Tk 21,500 crore of foreign aid has been allocated for ADP projects, of which 32 percent has been used up in the July-January period.

Only 24 percent of the foreign allocation was utilised in the same period last year, which prompted the government and development partners to take a number of steps, said an official of the Economic Relations Division.

"The problems in utilisation of foreign aid are discussed every three months at a meeting of the local consultative group, a platform of the local representatives of development partners," the official said.

Of the 53 ministries and divisions to which the Tk 55,000 crore was allocated, 10 got 72 percent of the sum.

The 10 ministries and divisions are: roads and power divisions, primary and mass education, local government division, education ministry, health and family welfare ministry, railway ministry, industries ministry, energy and mineral resources division and water resources ministry.

The roads and power divisions utilised the fund the most, spending 54 percent of their allocation in the first seven months of the year.

The other notable performers are: primary and mass education ministry used 51 percent, local government division 49 percent and education ministry 45 percent.

Of the poor performers, the health and family welfare ministry utilised 28 percent of its allocation, railway ministry 20 percent, industries ministry 11 percent, energy and mineral resources division 36 percent and water resources ministry 33 percent.



Commerce Minister GM Quader, third from left, and Bangladesh Enterprise Institute (BEI) President Farooq Sobhan, third from right, hold a publication of BEI on private sector development, at a discussion co-organised by BEI and The Asia Foundation at Ruposhi Bangla Hotel in Dhaka yesterday.

Grameenphone row can put off foreign investors

Roundtable spotlights setbacks to FDI

STAR BUSINESS REPORT

The government's inappropriate handling of the problems faced by big foreign investors may affect foreign direct investment (FDI) flows, experts said yesterday.

"How the biggest investors are treated here in Bangladesh is crucial," William Hanna, European Union (EU)'s ambassador to Bangladesh said, adding he has seen Telenor, Europe's biggest investor in Bangladesh, face problems "time and again".

"Investors talk to each other, so it is very important that the existing investors are treated right -- to attract more funds."

Recently, a commission on Grameen Bank recommended that the licence of Grameenphone, in which Telenor has a 55.8 percent stake, be suspended.

The EU ambassador said Bangladesh has the potential, but stability, predictability of business environment, a level playing field and transparency are vital to luring in foreign investors.

Hanna's comments came at a roundtable discussion co-organised by Bangladesh Enterprise Institute (BEI) and the Asia Foundation, at the capital's Ruposhi Bangla Hotel.

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Businesses worried over political unrest

STAR BUSINESS REPORT

Businesspeople yesterday expressed concern about the ongoing political unrest and frequent shutdowns, which they said are a major obstacle to trade and both domestic and foreign investment.

Almost all business are being affected when the economy is taking off, said Kazi Akram Uddin Ahmed, president of the Federation of Bangladesh Chambers of Commerce and Industry, the apex trade body.

Ahmed said this when he was leading a delegation at a meeting with Commerce Minister GM Quader at the latter's secretariat in Dhaka.

"It will not be right to look for export markets only. We should also take care of the domestic market. The political unrest will not let the domestic economy expand," Ahmed said.

If necessary, heads of the two major political parties should sit together to resolve the political crisis, he added.

The bank interest rate on lending must not cross 15-16 percent for the sake of the businesses, as some banks charge higher rates, he said.

He demanded an allocation of Tk 40 crore for the construction of the FBCCI office building from the upcoming national budget for fiscal 2013-14. The size of the next national budget might be Tk 2.30 lakh crore, Ahmed said.

Quader said the commerce ministry will try to amend the trade organisation rules by May to introduce a 'direct election system' in different trade bodies and expand the tenure of elected committees to three years.

"I will hold two seminars -- one in Dhaka and one in Kolkata -- within March 15 to resolve problems in trade through land ports, particularly of Hilly, Sonamasjid and Bhomra land ports," Quader said.

He said he has already talked with some Indian ministers and Bangladeshi high commissioner in New Delhi.

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GSMA awards Comviva for Bangladesh Railway's m-ticketing

MD FAZLUR RAHMAN, from Barcelona

Mahindra Comviva, an international provider of mobile financial and value-added service solutions, has won the Best Consumer Mobile Service award for its platform that has powered mTicketing service for Bangladesh Railways.

The GSMA, the world's association for mobile operators, awarded the company at the 18th Annual Global Mobile awards at the GSMA Mobile World Congress in the Spanish popular tourist destination of Barcelona on Tuesday.

In 2011, two of the country's leading operators partnered with Bangladesh Railways to exploit the mobile to retail tickets. The service is available in Bangladesh for all destinations covered by the railway network.

Comviva's mobiquity@ mTicketing solution allows consumers to quickly and conveniently book and buy intercity train tickets using their mobile phones.

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Race is on, no time to lose

Analysts at a US conference say Bangladesh must bring political stability soon

STAR BUSINESS DESK

Investors may bypass Bangladesh for other less attractive locations unless the country is able to achieve political stability soon, speakers said at an international conference held in the US recently.

All the participants agreed that the political gridlock Bangladesh has faced is a huge barrier and must be overcome. There is not much time to lose since the race is on, they said.

Policy makers, businesses, civil society and NGO community should work together to redouble their efforts to attain much higher growth with equity, they said.

The conference on Bangladesh was organised by Bangladesh Development Initiative (BDI), a US based think tank and advocacy group of Bangladeshi professionals in the US, at the University of California Berkeley campus on February 22-24.

The Center for South Asia Studies (CSAS), a leading research organisation on South Asia studies, co-hosted the conference, according to a statement.

The overall theme of the conference was "bridging the policy-action divide in Bangladesh: challenges and prospects for Bangladesh's future."

Around 20 academic sessions with 50 papers were organised covering a broad spectrum of challenges faced by Bangladesh economy and society.

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Inditex to clear bills for Smart garments but won't sell products

REFAYET ULLAH MIRDHA

Spanish retail giant Inditex has decided to receive the products that the fire-ravaged Smart Export Garments of Bangladesh was making for the retailer without its knowledge.

But the retailer will not put the garments on display as the factory was a noncompliant one, an official of Inditex said.

After buying the products from Smart Export, the Dhaka-based factory where eight workers died in a fire on January 26, the retailer will destroy the products, he said.

Logos of Bershka and Lefties -- two major brands of Inditex -- were found in the ashes after the fire.

"We will buy all the garments from the factory, but will not put those on display at our stores," said the official at the Dhaka office of Inditex, asking not to be named.

However, the official did not say anything about the value of the garments or how those will be destroyed.

Earlier there were reports that Inditex scrapped deals with Spanish outsourcing company Wonnover and Bangladeshi supplier Centex, who subcontracted Smart Export.

Wonnover executes the work orders of the retail giant through various garment factories like Centex in Bangladesh.

After the fire at Smart Export, Inditex found that Centex shifted orders of 3,000 pieces of jackets to the unlicensed Bangladeshi factory under an alleged subcontract arranged by Wonnover.

Campillo Nestor, managing director of Wonnover, said on Tuesday that they are still monitoring the situation.

However, he did not confirm whether their deal with Inditex was really scrapped.

"I will come to Dhaka within a week and will issue a press statement clarifying the situation," Nestor told The Daily Star by phone from Spain.

As compensation, Inditex has already paid more than Tk 13 lakh to each deceased worker, Tk 5 lakh to each injured and three months' salary to each survivor.

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