

DHAKA TUESDAY DECEMBER 31, 2013, e-mail:business@thedailystar.net

Unrest slows ADP pace

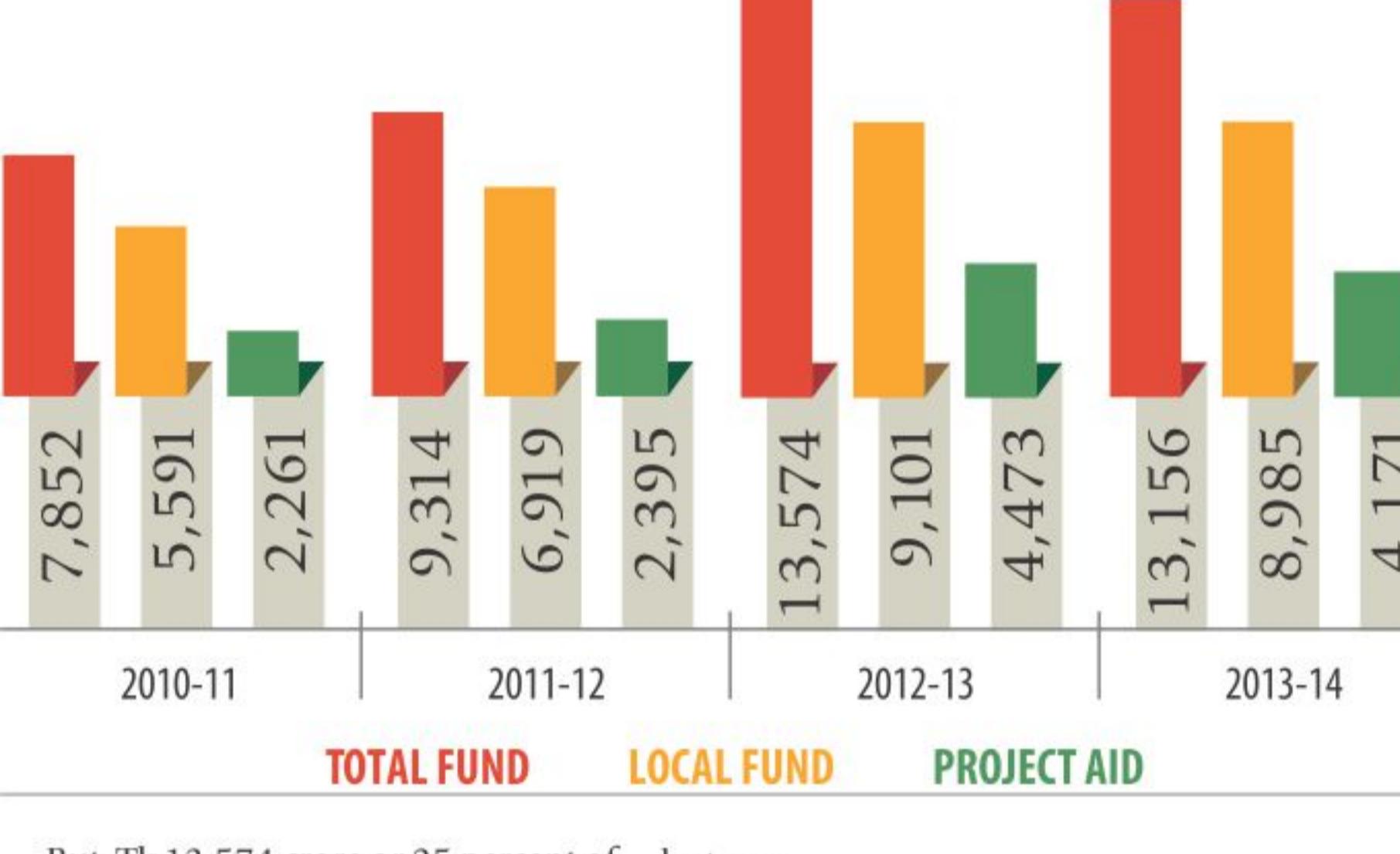
Govt spends only 20pc of the outlay in five months

REJAUL KARIM BYRON

Political unrest has slowed the government's ADP implementation pace by 5 percentage points in the first five months of the current fiscal year compared to the same period a year ago.

Of the Tk 65,872 crore earmarked for the annual development programme (ADP) for the current fiscal year, only Tk 13,156 crore or 20 percent was spent during July-November.

ADP IMPLEMENTATION JULY - NOVEMBER IN CRORES OF TAKA



But, Tk 13,574 crore or 25 percent of the original ADP at Tk 55,000 crore was spent in the same period last fiscal year.

Not only in percentage, the ADP spending declined in terms of amount also, according to the Implementation, Monitoring and Evaluation Division (IMED).

Though ADP implementation traditionally slows down in the election years, officials of the planning ministry said the implementation rate was negative in recent months due to prolonged political crisis.

And the implementation of ADP for both government funds and foreign aid has dropped this time.

During July-November, Tk 8,985 crore or 22 percent of the ADP's local component or government fund was spent, though the amount was Tk 9,101 crore or 27 percent in the same period last fiscal year.

Of the foreign component, Tk 4,171 crore or 17 percent was spent during the period, down from Tk 4,473 crore or 21 percent during July-November

depends on smooth transportation of construction materials.

But the contractors were unable to carry the materials to the project sites due to political violence, he added.

Risk aversion also increased delays in project implementation, Hussain said, adding that proper supervision was not possible due to the political turmoil.

An official at the Economic Relations Division said development partners usually monitor the projects, but officials of many of the development partners did not come to Bangladesh of late.

The IMED official said many projects were awarded on political consideration and such contractors have taken a wait-and-see approach, keeping an eye on the political developments.

ADP implementation will speed up again once the political crisis is over, the official said.

WB's Hussain said it would not be possible for the government to implement this year's ADP and it would have to be revised.

Many ministries have started refunding their allocations, a planning ministry official said.

Of the 10 large ministries, performance of only four ministries or departments was above the average, according to IMED statistics. Those are local government (31 percent), primary and mass education (30 percent), and education and railways 25 percent each.

The Energy and Mineral Resources Division spent only 17 percent of its ADP allocation, while Power Division 13 percent, housing and public works 10 percent, health and family welfare 17 percent, Roads Division 20 percent,

last year.

The implementation of the development projects was hampered due to political instability, said Zahid Hussain, lead economist at the World Bank's Dhaka office.

He said shutdowns and blockades disrupted transportation of construction materials such as rods and cements.

Giving an example, an official of the IMED said the entire work of the Dhaka-Chittagong four-lane highway

17 percent, Roads Division 20 percent,



AMRAN HOSSAIN

A roadside clothes-vendor rests among stacked merchandise at a stall opposite Dhaka College in the capital yesterday. Political unrest has left most markets bereft of shoppers, seriously denting the incomes of shop owners and livelihoods of many workers.

STOCKMARKET

Battered by political instability

SARWAR A CHOWDHURY

The year 2013 held promises aplenty for the capital market, but the lingering political turmoil hacked most of it down.

It, however, managed to buck the downward trend of the past two years, to end in the black: DSEX, the key index of the Dhaka Stock Exchange, yesterday closed off the year with 4,266 points, meaning a gain of 4.3 percent in the course of the year.

The gain would have been more had there been no political turmoil, which sent investors into a conservative mode.

Average daily trade stood at Tk 400 crore in 2013, down 5 percent from the previous year.

"If the political turmoil continues

LOOKING BACK 2013

issues."

Kh Asadul Islam Ripon, managing director of City Brokerage, said the DSE saw its market capitalisation increase 11 percent in 2013, spearheaded by a general increase in initial public offerings (IPOs). The total market capitalisation is Tk 264,779 crore which is 25.51 percent of the gross domestic product.

"This growth would have been much, much more in volume if there had been some stability on the political front."

Meanwhile, there were many qualitative changes as well, the most notable of which was the demutualisation of the Dhaka and Chittagong stock exchanges to bring more transparency and accountability to the market following 2011's market

for a longer time, businesses will be affected - their profits will decline and so will their ability to disburse dividends. This will definitely erode investors' confidence," said Faruq Ahmad Siddiqi, a market expert and a former chairman of the Bangladesh Securities and Exchange Commission (BSEC).

The primary market would also take a hit, as companies will not come to raise capital, he said. "I see a gloomy year on the horizon if there is no quick solution to the political

GARMENT SECTOR

The year of adversity, resilience

REFAYET ULLAH MIRDHA

Resilience best sums up 2013 for the garment sector, the country's main foreign currency earner: hit by one setback after another and yet it managed double-digit growth.

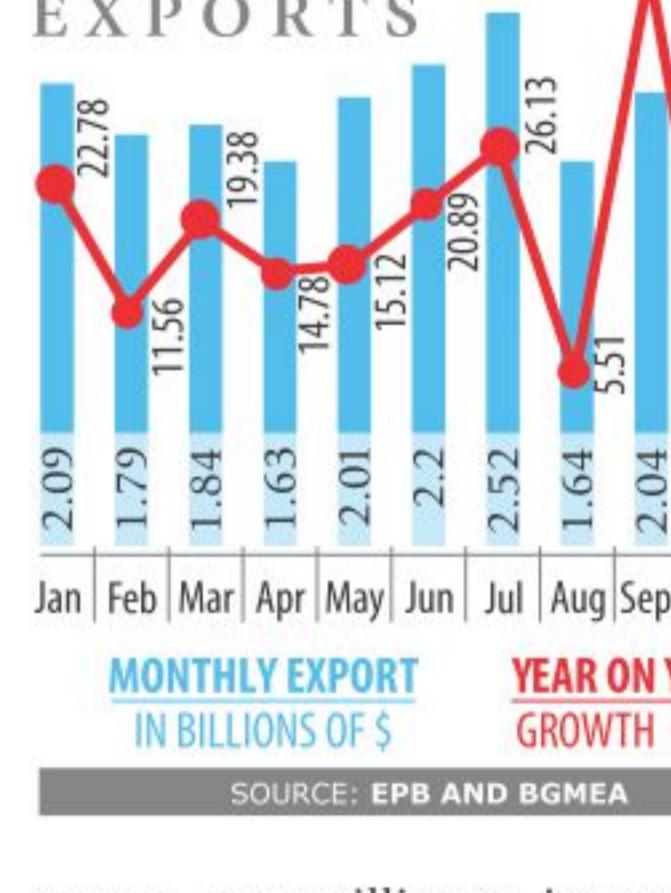
Between January and November, the sector raked in \$21.22 billion, up 19.10 percent from the previous year.

Just as the sector was recovering its bruised reputation from the Tazreen fire of 2012, came the fire at Smart Export Garments on January 26, killing eight. And barely three months later, Rana Plaza, an eight-storey building which housed five garment factories, collapsed.

The worst industrial accident in the nation's history, it put the sector right under the microscope the world over and prompted many international buyers to reconsider their sourcing options and the US to suspend its trade privileges for Bangladesh.

The sector then witnessed labour unrest over wage rise which lasted for months and brought about suspension of production in more than 300 garment factories in Ashulia and Savar.

The agitated workers demanded a 170.5 wage rise but the garment



owners were willing to increase their payroll by 20 percent. After protracted negotiations, a salary increase of 77 percent was agreed upon on November 21, which restored normalcy to the sector.

A few days later on November 26, during the peak shipment season, the opposition alliance embarked on its demonstration programme which involved non-stop nationwide blockade. Several goods-laden trucks were burnt on their way to the Chittagong port, prompting many transport owners to take their vehicles off the

roads or increase the fares fourfold.

Lastly, the sector had to deal with the steep decline in value of the Indian rupee, the currency of its major competitor on the global market, and appreciation of local currency against the dollar, both of which eroded its competitiveness to a certain extent.

"Yes, we have overcome a very difficult year," said Atiqul Islam, president of the Bangladesh Garment Manufacturers and Exporters Association.

He said that the following year will pan out to be as challenging if the political turmoil spills over into 2014.

"We need a peaceful solution to the political crisis for the sector. We are losing our competitiveness on the international front and the domestic turbulence is only making things harder for us."

Meanwhile, all the criticism following the twin industrial disasters of Tazreen fire and Rana Plaza yielded some constructive actions.

Taxpayers may get more time to sign up for e-TINs

STAR BUSINESS REPORT

Deadline to cut single-borrower exposure extended by a year

STAR BUSINESS REPORT

The deadline to adjust loans for subsidiaries such as merchant banks was extended by a year, Bangladesh Bank said in a notice yesterday.

Under the new deadline, banks will have to adjust the excess amount of their loans over the single borrower exposure limit to their subsidiaries by December 2014.

The central bank extended the deadline against a backdrop of political turmoil.

Vodafone can now fully own local unit

REUTERS, New Delhi

India cleared a decision on Vodafone Group Plc's \$1.6 billion plan to take full ownership of its local unit, Economic Affairs Secretary of India Arvind Mayaram said on Monday.

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