

Star BUSINESS



Targeted cash transfers can cut poverty by a third: CPD

STAR BUSINESS REPORT

Targeted cash transfers to poor households could reduce Bangladesh's poverty rate by 6.13 percentage points, according to the Centre for Policy Dialogue (CPD), as the think-tank argued that current social safety net programmes are plagued by inefficiencies such as errors in beneficiary selection.

At a dialogue in Dhaka yesterday, the CPD proposed providing Tk 4,500 per month to targeted households based on their level of income.

The CPD said households could be identified using a poverty scorecard and intervention approaches could be tailored to poverty-prone, climate-vulnerable and highly poverty-prone areas.

The think tank contended that current social safety net programmes, despite costing crores in taxpayer money, are insufficient and inefficient in addressing poverty.

According to the National Household Income and Expenditure Survey (HIES) 2022, the poverty rate in Bangladesh was 18.7 percent, while the extreme poverty rate stood at 5.6 percent.

Despite more than 140 ongoing poverty alleviation programmes, the think tank said the beneficiary selection process does not have objective metrics, meaning officials can exercise excessive discretionary power, which ultimately leads to prejudice and nepotism.

CPD SUGGESTS

- ➔ Adopting universal basic income for citizens in next budget
- ➔ Introducing a poverty scorecard with 10 indicators to assess poverty
- ➔ Allocating Tk 4,540 per month for every poor household
- ➔ Increasing tax-GDP ratio

"Besides, most of these programmes are rural-centric, which is ineffective in reducing overall poverty," said Towfiqul Islam Khan, a senior research fellow at the CPD.

While presenting the keynote at the dialogue, titled "Assessing the Viability of Universal Basic Income (UBI) in Bangladesh" at Hotel Lakeshore in Gulshan, Khan said that the government should select its approach based on the country's limited revenue mobilisation capacity.

Professor Rehman Sobhan, chairman of the CPD, Amir Khasru Mahmud Chowdhury, former commerce minister, and KAS Murshid, head of the interim government's sustainable development review task force, also spoke at the event.

Targeted cash transfers to cost up to 1.35% of GDP

The CPD estimated that a nationwide cash grant programme could cost the government 1.35 percent of the country's gross domestic product (GDP).

"The second approach, providing targeted cash grants to poverty-prone households, would cost around 0.84 percent of the GDP. Programmes

READ MORE ON B3



MGI's \$700m investment in Cumilla EZ stuck in energy crisis

JAGARAN CHAKMA

Three production units owned by Meghna Group of Industries (MGI) have been sitting idle inside the Cumilla Economic Zone despite two years having passed since construction works were completed due to a lack of gas and power connections

The industrial conglomerate has already invested \$700 million in the three units, with \$400 million going towards a steel mill, \$200 million for a glass factory and \$100 million for a paperboard manufacturing unit, according to Mostafa Kamal, chairman and managing director of MGI.

Additionally, the company has been incurring around Tk 80 crore in annual losses since 2022 to maintain the inactive units, Kamal said.

He added that the Bangladesh Economic Zones Authority (Beza) could not provide any answers about when gas and power supplies

Officials blame the previous government's allocation of land to the private sector players without adequate assessment

would be ensured. Instead, public officials blame the previous government's allocation of land to the private sector players without adequate assessment.

The Cumilla Economic Zone, located in the district's Meghna upazila along the Dhaka-Chattogram highway, spans 350 acres.

While recalling the tumultuous timeline so far, Kamal said BEZA held a multilateral meeting featuring representatives from the Gas Transmission Company (GTCL), Petrobangla, Titas Gas Transmission and Distribution Company Limited (TGTDL), Cumilla EZ and the Energy Division in 2022.

Various decisions were made to speed up

MGI has invested ...

- ➔ \$400m for a steel mill
- ➔ \$200m for a glass factory
- ➔ \$100m for a paper board mill

AT A GLANCE

- ➔ The factories were built in 2022
- ➔ But those are yet to get gas, electricity lines
- ➔ MGI faces Tk 80cr in annual maintenance cost



the process of providing electricity and gas connections, but none have had any tangible impact yet.

To speed up the connection process, Kamal said MGI even provided an additional Tk 100 crore for the development of the grid network and Tk 100 crore for GTCL's pipeline infrastructure.

But the slow rate of progress is frustrating, he added. Ashik Chowdhury, executive chairman of both Beza and the Bangladesh Investment Development Authority (Bida), said discussions were underway with MGI and utility service providers to find a solution.

An inter ministerial meeting will be held to speed up the process of providing gas and electricity connections to the economic zone, he added.

Chowdhury also blamed the previous government's "indiscriminate" land allocation to the private sector for the current

situation.

Shahnewaz Parvez, the managing director of TGTDL, said they could not currently provide new connections to industries and economic zones due to an ongoing national gas crunch.

A meeting regarding gas connections for economic zones was held by Petrobangla recently, where it was decided to seek a final decision from the Ministry of Power, Energy and Mineral Resources, Parvez said.

He added that the situation could worsen if adequate liquefied natural gas is not imported.

Abdur Rashid Khan, managing director (additional charge) of PGCB, said they provide high-voltage industrial connections while distributors like the Bangladesh Rural Electrification Board (BREB) give connections to private economic zones.

"I am not aware of any application from the Cumilla Economic Zone," he told The Daily Star.

Most SMEs cite tax structure as main barrier

STAR BUSINESS REPORT

Around 57 percent of surveyed small and medium enterprises (SMEs) cited the existing tax structure as the main obstacle to doing business in compliance with the law, according to a report by the SME Foundation.

The trade licence renewal process was the next biggest barrier, being identified by 54 percent of entrepreneurs, it said.

Other leading concerns were regarding the cost of trade licences, singled out by 51 percent of respondents, and the complexity of laws and regulations, pointed out by 44 percent.

Melita Mehjabeen, a professor of the Institute of Business Administration (IBA) at the University of Dhaka, conducted and

IN THE SURVEY

- 57% SMEs cite tax structure as the main obstacle to doing business
- 54% consider trade licence renewal process an obstacle
- 51% see additional cost for trade licences as a bottleneck
- 44% say complexity in govt laws and regulations creates problems

led the research.

She presented the findings at a seminar yesterday.

READ MORE ON B3

Panel to address labour unrest at Beximco factories

STAR BUSINESS REPORT

The government has formed a six-member committee to review the labour and business environment at the Beximco Industrial Park, an enclave of 24 industrial units owned by troubled conglomerate Beximco.

Headed by Labour and Employment Adviser M Sakhawat Hussain, the panel will recommend short-, medium- and long-term measures to resolve labour unrest at the park.

Finance Adviser Salehuddin Ahmed, Home Affairs Adviser Md Jahangir Alam Chowdhury, Industries Adviser Adilur Rahman Khan, Commerce Adviser Sk Bashir Uddin and the Chief Adviser's Special Envoy on International Affairs Lutfey Siddiqui are the other members of the panel.

The committee will also take required measures to ensure the desired work environment in similar firms, according to a notification issued by the cabinet division yesterday.

A five-member committee, comprising secretaries from the Bangladesh Investment Development Authority as well as the commerce and labour ministries, will assist the advisory panel.

READ MORE ON B3

ADP spending hits record low

STAR BUSINESS REPORT

With public projects disrupted following the political changeover on August 5 and the interim government exercising caution in spending, the implementation rate of the annual development programme (ADP) fell to at least 14-year low in the July-October period of this fiscal year.

The government allocated Tk 278,288 crore for the ADP this fiscal year, up 9.6 percent from last fiscal year's revised budget of Tk 254,000 crore.

However, in the first four months of FY25, implementing agencies could spend only Tk 21,978 crore, according to data from the Implementation Monitoring and Evaluation Division (IMED).

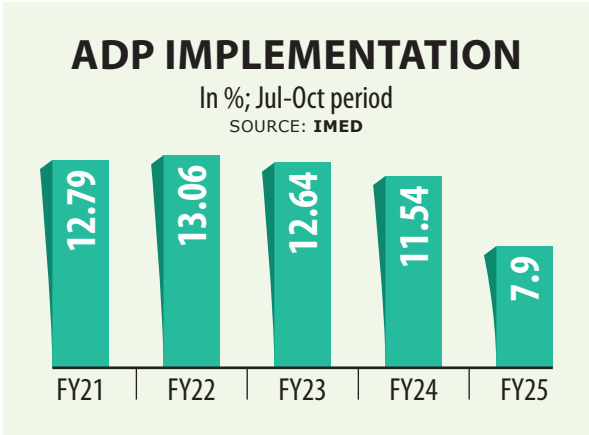
They spent Tk 31,692 crore during the same period in the last fiscal year.

This was reflected in the drop in the implementation rate, which fell from 11.54 percent to just 7.90 percent year-on-year in the four-month period.

The government could implement only 14.25 percent of the ADP in the same period in FY20.

According to the IMED officials, all projects under the ADP are on hold as contractors, who fled following the ouster of the Awami League government, are yet to return to work.

The ADP implementation rate is usually slow at the beginning of the fiscal year, said Mir Nasir Hossain,



managing director of construction company Mir Akhter Hossain Ltd.

But this year is different due to the political changeover and anti-discrimination student movement, which impacted the ADP implementation, he said.

Besides, the government is identifying project which are not that important, for which the rate of implementation of the ADP is slow compared to that of previous years, he said.

READ MORE ON B3

