

Long-term poverty eradication policy eludes budget

Speakers observe at post-budget seminar

STAR BUSINESS REPORT

Speakers at seminar yesterday observed the proposed budget for the 2003-04 fiscal lacks long-term policy guidelines to eradicate poverty.

They said the budget has been formulated under the three-year Interim Poverty Reduction Strategy Paper, which does not have specific programmes to uproot poverty.

Many of the programmes are unrealistic in the context of Bangladesh, they said.

They were speaking at a seminar titled "National Budget: Designing a Pro-Poor Budget for Bangladesh" organised by Bangladesh Foundation for Development Research (BFDR) at the CIRDAP auditorium in Dhaka.

Addressing the seminar, Atiur Rahman, senior research fellow of the Bangladesh

Institute of Development Studies, said there is no specific strategy for poverty alleviation in the proposed budget.

Moreover, no long-term vision for economic development has been projected, he said.

He also said this budget will increase income discrimination among different income group people.

There is no accountability in the presentation and implementation of the budget, said Abdur Razzak, a member of the parliament.

He also said imposing of supplementary duty on sugar may be a strategy to protect local sugar industry. But as the government has no comprehensive policy in this regard, it will not be helpful to promote domestic sugar industry, he added.

There is no fund allocated for research works in the proposed budget, which is essen-

tial, he said.

Referring to the Tk 345 crore allocation for micro-credit programmes, AMA Muhi, former finance minister, observed government interference in the micro-credit sector may have a negative impact.

Rehman Sobhan, chairman of independent think tank Centre for Policy Dialogue, said there are structural problems in the budget and Annual Development Programme (ADP) implementation plan.

Reza Kibria, associate professor of Department of Economics of Dhaka University, presented keynote paper in the seminar.

In order to have a 'pro-poor' budget, both revenue and expenditure policies need to be reformulated, he said.

There are many fiscal measures in the proposed budget that appear to be beneficial

for the upper income groups, he said.

The proposed Tk 20,300 crore allocation for the Annual Development Programme in the budget has not met with the favourable reception anticipated by the government, he said.

Improvement in tax administration will certainly be desirable, but there is a need to deal with the underlying problems associated with the poor compliance rates, he said.

He also criticised the government for a large increase in the recurrent spending programmes, as revenue spending has been projected at Tk 28,969 crore, representing a 14.5 per cent rise over the previous year's revised budget figure of Tk 25,307 crore.

Former finance minister ASM Kibria, chairman of the foundation, presided over the seminar.



New chairman of Pragati Ins

Abdul Awal Minto, a sponsor director of Pragati Insurance Limited, has been elected chairman of the company.

He has replaced Moazzam Hossain who is the chairman of the Hosaf Group of Industries.

The election was held at a meeting of the board of directors of Pragati Insurance Limited in Dhaka on Wednesday, says a press release.

Minto, former president of the FBCCI, is the chairman and CEO of the Multimode Group of Companies, director of Chittagong Cement Clinker Grinding Company, chairman of East-West Seed (BD) Ltd, chairman of MF Consumer Ltd, chairman of Jamuna Resort Ltd, and Chairman of Bangladesh-India CC&I.

\$120m Aktel network expansion scheme on the cards

MUSTAK HOSSAIN

Telecom Malaysia International Bangladesh (TMIB), the service provider of Aktel cell phone, plans to invest US\$120 million to implement a master network expansion programme.

The expansion programme will bring 50 district headquarters under Aktel's network and double its subscribers by the year-end, said TMIB's General Manager (Marketing) Yussli Yusoff.

"We will start to implement the master network expansion programme by third quarter of this year which will help us to increase base stations, upgrade short message service (SMS) centres and voice mail service (VMS) facility,"

Yusoff said.

"After the upgrading our subscribers will be able to send SMS to cell phones of other operators and receive SMS from others as well. And we will be able to notify our subscribers of voice mail via SMS," he said. "I believe these valued added service will help us to increase revenue."

The fresh investment will raise TMIB's total investment to around \$200 million since its launch in 1997, he said.

Its operating income and syndicated bank loans will finance the expansion programme, he said, without elaborating.

At present, Aktel, with 200,000 subscribers, covers 35 administrative districts.

He also said to remain competitive Aktel will reduce call charges if leading operator GrameenPhone Ltd reduces call tariffs.

But the government should reduce charges for microwave and other fees, which are about 20 times higher than those of neighbouring India, said Yusoff.

He said the increased tax on mobile handsets will also hinder the growth of local mobile industry.

TMIB, Bangladesh's second largest GSM (global system of mobile communications) operator is a joint venture between Telekom Malaysia Bhd of Malaysia and local AK Khan & Company.

Indonesian trade delegation visits Kanchpur plant of Ctg Cement

STAR BUSINESS REPORT

A six-member business delegation from Indonesia led by Ilhamy Elias yesterday visited Kanchpur plant of Chittagong Cement Clinker Grinding Co Ltd (CCCCGL).

"It is nice to see the plant produce high quality cement by using imported clinker from Indocement, a sister concern of Germany-based Heidelberg Cement Group in Indonesia," said Elias after the visit.

Elias, also chairman of the Bangladesh Committee of the Indonesian Chamber of Commerce and Industry, said besides producing cement, the company has taken some measures for preventing environmental pollution in the factory and its surrounding areas.

CCCCGL Managing Director Mark Ven Kempen made a presentation before the delegation explaining the overall scenario of the company.

CCCCGL General Manager (Sales and Marketing) KM Zahid Uddin was also present during the visit.

The managing director said the total demand for cement in Bangladesh is 6.5 million metric tons per year. At present, Chittagong Cement, also a member of Germany-based Heidelberg Cement Group, has a 16 per cent market share in Bangladesh, he added.

3M consumer products now available

STAR BUSINESS REPORT

3M company's popular consumer products like kitchenware and cleaning pads or scrubs are now available in Bangladesh.

The products were formally launched yesterday at a function in Dhaka yesterday.

3M Singapore (pvt) Ltd has appointed EC Distribution Limited its local distributor.

3M's Scotch Brite scrub pads are durable and effective for cleaning utensils, said Masudur Rahim, senior assistant vice-president (sales and marketing) of EC Distribution Limited, a concern of East Coast Group.

Targeting the upper and middle class customers, some 20 products of 3M will now be available, said Jeffrey Lim, business development manager of 3M Singapore (pvt) Ltd, at the function.

Apart from cleaning items, Scotch tape, Scotch glue, note-pad and floor mat will be available.

East Coast Group's Director Kutubul Alam Chowdhury and Executive Vice-president KR Choudhury were also present at the function.

US-Japan beef trade talks next week

REUTERS, Washington

US and Japanese farm officials will have a chance to discuss beef trade worries raised by a case of mad cow disease in Canada when they attend a biotech conference in California next week, a US Agriculture Department official said Thursday.

Japan, a major buyer of US beef, is seeking assurances from the United States that none of the beef it ships contains meat originally from Canada.

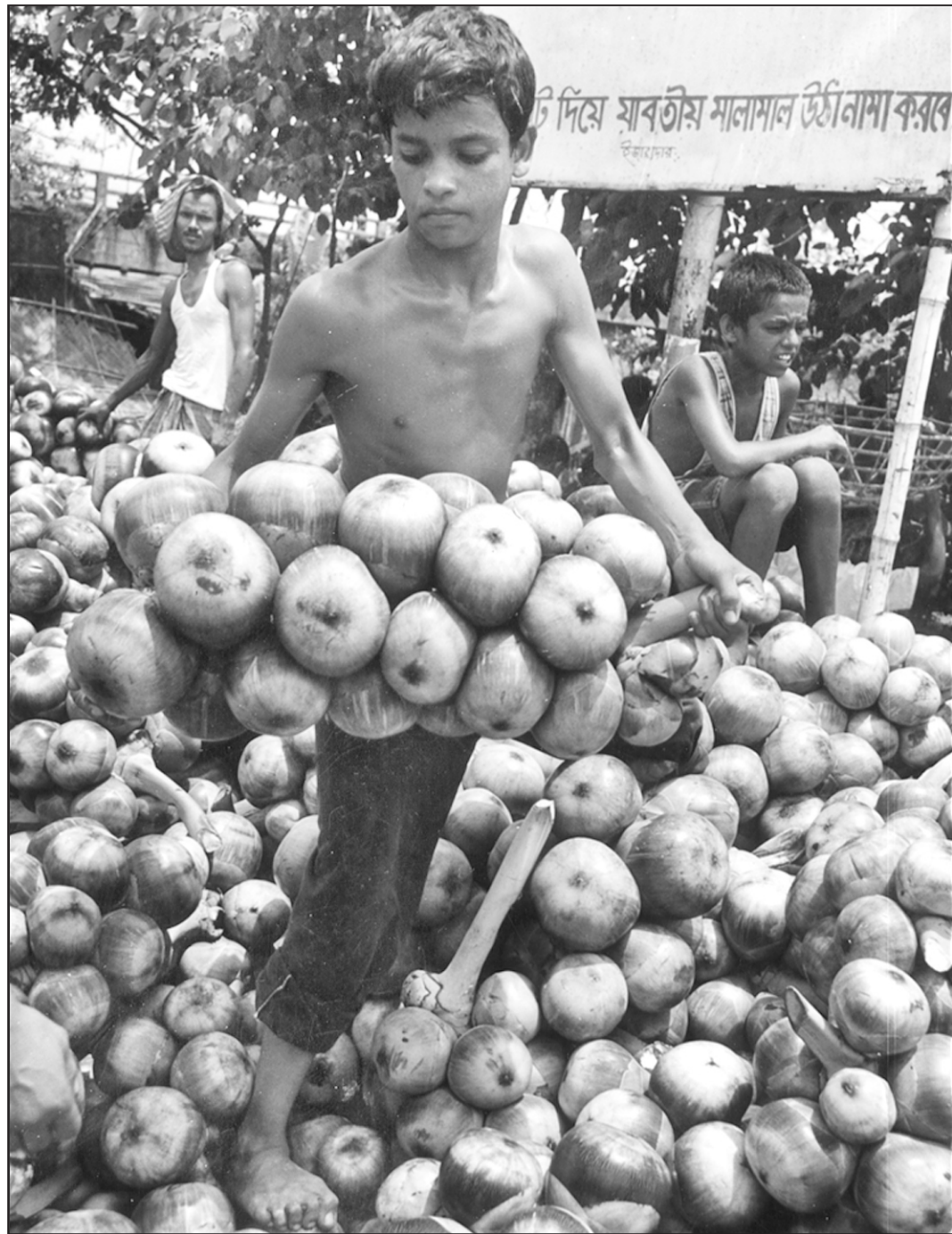


PHOTO: STAR

A roadside vendor displays a bunch of green palmyra fruits in Dhaka. The kernel of the fruit's stone is popular for quenching thirst in summer. The fruit, which usually contains three stones, sells at Tk 2-3 per piece in wholesale market. Retailers charge Tk 2 per kernel.

?

&

A

Saturday Business Solutions

Do you have business problems? Write to us at:

Saturday Business Solutions

The Daily Star, 19 Karwan Bazar, Dhaka, Bangladesh. E-mail: dsbusins@gononet.com

The Daily Star runs a business solution column which appears on Saturdays. While running your business, you come across problems and wish someone would help. This column will provide you with insights to solve your problems. Write to us or to Sarwar Ahmed, MBA (sarwar@asia.com) who hosts this column.

Law of the Seed

Take a look at a mango tree. There might be five hundred mangoes on the tree, each with a seed. That is a lot of seeds! We might ask, "Why would you need so many seeds...to grow just a few more trees?" Nature has something to teach us here. It is telling us: "Most seeds will never grow. So if you really want to make something happen, you had better be prepared to try more than once." (Thank you FN for this mail).

In business too, how many times have we tried to get a product to succeed in the market and failed? I am sure, it is rare that you have struck gold every time you have launched a new product. More often than not, we 'fail' to get the customer buy the first time we try to sell. And if you give up because of that first 'failure' that is the end of the line for you too.

I recall a new venture we began several years ago. I think we paid more compensation for product failure to the users of this new business than we sold each year! Disheartened, the person incharge would nearly give up. I would reassure him saying, you need to 'burn your fingers' for several years before you will see results. And that is what is happening now the sales are flowing in smoothly, and no further need for compensation.

So, if you are new to a business, you need quite often to burn your fingers, to find that one seed in several that will grow and give you the revenue stream you seek.

When you are new to something, there is also what I call the 'cost of learning'. After our son bought a bicycle one day I found a tire flat. Taking the bike to a shop, I asked the boy to pump up the tire. He did, and the tire would deflate instantly. So I asked the boy to check on what was the problem. He fiddled with the air inlet valve, hemmed and hawed, feeling the tire and announced, 'It is a major problem it will cost Tk15 to repair.'

With a lot of bargaining we settled for Tk10. He got to work and I noticed he replaced something and with a great air of craftsmanship got the bike up and running. I parted with the Taka ten note, greatly relieved and rode back the bike. A couple of weeks later, the bike again had a flat. I remembered the young fellow to have changed something.

This time I stopped by a way side rickshaw repair stand and explained that I need to change something which looked like a piece of rubber tube which is attached to the metal piece. 'You mean, the valve,' replied the mechanic and showed me one. 'How much?' I asked. 'One taka.' It took one taka for replacing the valve and I wryly mused at my last experience of been literally taken for a ten taka ride! This is what I call the cost of learning.

When you are new and gaining experience, you will make mistakes. It is a wise and patient manager who allows his associates to make mistakes at this stage of learning. This is the only way we learn and helps people to be more risk taking in doing business. We all know the adage, no risk no gain. You need to grow this trait too - taking calculated risks to take the business forward. One of the requirements is to remember the law of the seed. Out of the hundreds, one will grow into the plant, which will bear fruits for you. Be patient as you sow your seeds for your future.

BASIS hails budget

STAR BUSINESS REPORT

Bangladesh Association of Software and Information Services (BASIS), a forum of software developers, hailed the proposed budget for FY 2003-2004, saying it will help boost information and communication technology sector.

BASIS, in a statement, praised the budget proposal for allocating funds in setting up computer labs in schools and colleges at district level and a proposed hi-tech park at Kaliakoir, Gazipur.

The statement, signed by BASIS President Habibullah N Karim, also said inclusion of software firms on the list of industries eligible for export incentives is a positive step.

In BASIS hoped the Equity and Entrepreneurship Fund (EEF) facility for software companies will continue.

However, the association expressed its surprise as the budget lacks initiatives to computerise the government offices.

US consumers urge Bush to end steel tariffs

REUTERS, Washington

US automotive suppliers, other manufacturers and even some fellow Republicans Thursday called for President George W. Bush to end his emergency steel tariff programme, saying it contributed to massive job losses in the manufacturing sector.

"US manufacturing, as a whole, is in a crisis and tariffs on steel are part of the problem," Rep. Joseph Knollenberg, a Michigan Republican, told the US International Trade Commission at the start of two days of hearings on the effect of the tariffs on steel consuming companies and the overall economy.

Bush imposed tariffs of up to 30 per cent in March 2002 to help the US steel industry get back on its feet after a string more than 30 bankruptcies. US trading partners challenged the action and the tariffs were declared illegal by the World Trade Organization earlier this year.

The United States has appealed the decision and is awaiting a final ruling this fall. In the meantime, as part of a mid-term review ordered by Bush, the ITC is preparing a report on whether the three-year tariff programme is having its intended effect of promoting steel industry restructuring.

Once receiving that report, Bush could decide to continue, modify or terminate the steel tariffs, which already have fallen to a top rate of 24 per cent in the second year of the programme and will drop further in the third and final year.

New DMD of Dhaka Bank



Khondker Fazle Rashid joined Dhaka Bank Limited as deputy managing director recently.

Prior to his joining the bank, he was senior executive vice-president and head of Credit Division of Southeast Bank Limited, says a press release.

Rashid started his banking career as probationary officer in Sonali Bank in 1978. He switched over to Arab Bangladesh Bank in early 1982 as senior officer and served the bank in various capacities.

He joined Southeast Bank Limited in December 1999 as executive vice president and head of Credit Division.

JOBS' training for engineering students

Job Opportunity and Business Support (JOBS), the project funded by USAID Bangladesh, held a three-month training on "Entrepreneurship Development" for 25 engineering students on electronics power control system in association with Silicon Valley, a local firm, says a press release.

The objective of the training is to generate and encourage young entrepreneurship development in electrical and electronics (E&E) components manufacturing with the credence of local demand and backward linkage with the export-oriented companies for regional markets like India, Nepal, Pakistan, Bhutan and Myanmar.



PHOTO: CHITTAGONG CEMENT

Ilhamy Elias, head of the visiting Indonesian business delegation, and some members of the trade team pose for a photograph with the officials of Chittagong Cement Clinker Grinding Co Ltd during their visit to the cement company's plant at Kanchpur in Narayanganj yesterday.

EU farm reforms essential to fit into world trade: Lamy

AFP, Geneva

EU trade commissioner Pascal Lamy told the European Union's 15 member states on Friday that they needed to press through with substantial reform to farm support in order to fit into the world trade system.

Showing signs of irritation with the EU's internal deadlock on reforming Common Agricultural Policy (CAP), Lamy told journalists that if countries cared about supporting farmers in the EU, they needed to reform CAP.

"What will happen in the EU is

important, not that we reform our CAP because of the World Trade Organisation, but because a reform of our CAP will increase our negotiating capacity in WTO," Lamy said.

EU farm ministers meeting in Luxembourg failed on Thursday to overcome their differences on CAP after a marathon round of talks, but agreed to resume negotiations on June 25.

The EU's regime of production-linked agricultural subsidies are also at the heart of a deadlock in the ailing development round of world trade liberalisation talks.

CAP reform "has to be a consistent and voluminous step", Lamy commented after several EU countries tried to water down the EU Commission's proposals.

Lamy was heading to a "mini-ministerial" meeting of about 30 countries in Egypt beginning later on Friday which is aimed at ironing out some of the obstacles in the WTO negotiations.

That meeting at Sharm el-Sheikh would help set priorities for full blooded ministerial review of the WTO talks in Cancun, Mexico in September, he said.