

Tk 448.21cr duty realised from cigarette factories

The government has realised Taka 448.21 crore as duty from different cigarette factories in the country in the first six months of the 1993-94 financial year, the Minister of State for Finance Mujibur Rahman told the Jatiya Sangsad yesterday, reports BSS.

The minister said of the amount, Taka 365.20 crore was paid by Bangladesh Tobacco Company, Taka 56.42 crore by Messrs Dhaka Tobacco Industries Ltd, Taka 13.36 crore by Messrs Alpha Tobacco Manufacturing Company, Taka 8.45 crore by Messrs Asian Tobacco Company, Taka 2.23 crore by Messrs Sonali Tobacco Company, Taka 0.28 crore by Messrs Tobacco Nee Bangladesh Limited and Taka 0.40 crore by Bangladesh Aroma Tobacco Company.

Tea trade continues to regain position

From Nurul Alam

CHITTAGONG, Mar 7: The country's tea trade, which suffered a debacle since the disintegration of Soviet Union, has continued to regain its position with good harvest, rising prices and strong export demand.

According to tea officials and brokers, in the 42 weekly auctions of this season, a total of 26.45 million kilograms of Bangladeshi tea were exported, up from 23.40 kgs during the corresponding period of last season showing an increase of 3 million kilograms.

Tea prices also recorded a steady rise compared with previous season, they said adding that the average price

this season was about Tk. 50-per kg as against Tk 45 in the last season.

"Tea trading this season is far better than previous season in all respects" said an executive of a leading tea auction house in this port city.

Bangladesh is one of the world's major tea exporters, after India, Sri Lanka and Kenya, but its tea trade faced a setback after the collapse of Soviet Union, one of its traditional buyers. Bangladesh's tea season runs all year from April to March, normally covering 45 weekly auctions participated both by the local and foreign buyers.

Officials of state-owned Bangladesh tea board said that

traditional buyers like Pakistan, Poland and CIS countries had bought more tea from here this season.

Besides, the tea markets here received good boost with the arrival of new buyers from Saudi Arabia, Cyprus, Greece and Jordan, they said.

According to tea growers association, tea production has also risen by three million kilograms, this time because of favourable climatic conditions. Production rose to 51 million kilograms in 1993 from 48 million kilograms in 1992.

There are about 150 tea gardens in the country, mostly in the private sector.

Norway to give Tk 100cr aid to Bangladesh

An agreed minutes was signed in Dhaka yesterday in the Economic Relations Division (ERD) between Bangladesh and Norway at the end of the annual consultations on Bangladesh-Norway bilateral development co-operation held in the city from March 2 to 6, reports BSS.

During the discussions, review of ongoing projects, projects in the pipeline and also new requests under Norwegian assistance were made. Norway has been providing assistance to different socio-economic sectors like rural development, women affairs, social welfare, shipping, education and other infrastructure developments in Bangladesh since liberation.

It was announced in the meeting that the quantum of Norwegian assistance to Bangladesh during 1994 would amount to nok 180.00 which is equivalent to approximately Taka 100 crore. Norwegian assistance to Bangladesh is entirely on grant basis.

A F M Alamgir, Joint Chief, Economic Relations Division, Ministry of Finance and Ms. Gerd Wahlstrom, Director, a SIA and Latin America division of Norad Oslo signed the agreed minutes on behalf of their respective governments.

Durga S Mathur takes over as Air-India's CMD



Capt Durga S Mathur has assumed charge as the Chairman and Managing Director of Air-India with effect from Feb 10, says a press release.

He succeeds Y C Deveshwar who resigned on the same day. Mathur, 57, joined the airline in 1959 and has logged 14,830 hours, including 9,440 hours as pilot-in-command. He is the second pilot from within the company to head the airline.

He has had an outstanding career with varied experience at different levels of the industry. He became Director of Operations on November 16, 1987 and Co-ordinator on May 21, 1992. As a Co-ordinator, all the departments of Air India were placed under his direct supervision.

He brings with him a wide range of experience including an in-depth understanding of aviation industry as a member of various committees constituted by the DGCA for: reviewing flight time, cockpit duty time limitation, of cockpit crew and upgradation of airport facilities. He is also a member of the FANS (Future Air Navigation System) Committee.



The second meeting of the MCCI-CII Task Force for recommending measures for removing Bangladesh's trade imbalance with India was held at MCCI in the city yesterday. The Indian side was led by P K Dutt, Managing Director, Bata India Ltd, while the Bangladesh side consisting of Latifur Rahman, Azimur Rahman and C K Hyder was headed by Syed Manzur Elahi.

Saudis to buy aircraft worth \$ 6000m from US

WASHINGTON, Mar 7: President Clinton's active role in helping to gain a huge Saudi Arabian contract for US airplane manufacturers marked just the start of US government cooperation with business and industry in gaining export sales, Secretary of Commerce Ronald Brown says, reports USIS.

"We're going to be proactive and aggressive" in supporting US companies in a tough and rapidly changing global business environment, Brown said in a speech at the Washington headquarters of the Carnegie Endowment for International Peace.

Clinton announced February 16 that Saudi Arabia was buying 6,000 million dollar worth of airplanes from Boeing and McDonnell Douglas to replace its commercial air fleet.

Announcement of the deal followed written and telephone contacts between Clinton and Saudi King Fahd, as well as visits to Riyadh in support of Boeing and McDonnell Douglas efforts by

Brown, Secretary of State Warren Christopher and Secretary of Transportation Federico Pena.

The US firms won out over tough competition from Airbus Industries, a consortium owned by European government.

Elaborating on his comments during a question and answer session after his Carnegie Endowment speech, Brown said he had become "tired, over the years, of seeing President Mitterrand and Chancellor Kohl and Prime Minister Major getting on the aircraft to fly to the distant corners of the earth to support the commercial interest of French and German and British business and industry, and us having a government that would not do that."

"If we're going to be able to compete and win in this tough global economic environment, it's going to take government standing shoulder to shoulder with American business and industry," Brown said.

Bacteria to help boost gold output in India

NEW DELHI, Mar 7: Bacteria growing in Indian soil will help recover gold from near-exhausted mines, and boost India's annual production of gold, scientists have said, reports PTI.

Studies have shown that gold deposits harbour special bacteria that can be used to extract the gold from the raw ores as well as from the effluents of existing gold processing plants.

"With such bacteria, many low-tonnage, small pockets of gold deposits scattered across the country can be turned into treasure chests," said Dr K A Natrajan a metallurgist at the Indian Institute of Science in Bangalore.

Bacterial processing of gold promises major cost benefits, and will have less environmental impacts than the conventional chain of energy-intensive and high-temperature chemical reactions used to recover gold.

India currently produces only two tonnes of gold per year.

Plea to ban export of hazardous waste to developing states

WASHINGTON, Mar 7: Environmentally minded legislators from the United States, the European Union, Japan and Russia have called for a complete ban on export of hazardous wastes to almost all developing countries, says a USIS press release.

The Global Legislators Organization for a Balanced Environment (GLOBE) at a meeting March 2 asked their governments to permit exports only to a limited number of countries that have shown that they can manage disposal or recycling of hazardous wastes.

The proposal by the international group paralleled the Clinton administration's announcement the day before to GLOBE that it was asking Congress to ban shipments except to Canada, Mexico, Western Europe and Japan. And the exception for Western Europe and Japan would end in five years.

The trade with Canada and Mexico is regulated by gov-

ernment-to-government agreements, and other countries could be added to that list if they developed innovative ways of disposing of or recycling hazardous wastes, under the Clinton proposal.

Akiko Domoto, a member of Japan's House of Councilors and an influential member of its environment committee, said in reply to a question at a news conference that her country's waste laws should be strengthened.

Exports destined for recycling are now permitted whether or not there is a government agreement to manage the material safely, she said.

She endorsed GLOBE's call for permitting disposal or recycling only when there are bilateral governmental agreements.

Hemmo Muntingh, a Dutch member of the European Parliament, said there is a debate within the 12-nation European Union (EU) over whether to limit exports to

members of the EU or to the Organisation for Economic Cooperation and Development (OECD), composed of 24 leading industrialized countries of the world.

"I can't predict the outcome," he said in reply to a question.

The current laws in the United States, Japan and the EU are more stringent than those embodied in a treaty signed by more than 100 countries in 1989. That treaty permits exports to any country that ratifies the convention and says, if it is willing to accept such shipments.

Almost 50 of the 150 members of GLOBE attended parts of the February 28-March 1 meeting in Washington.

The legislators also called for a moratorium on challenges by any country to environmentally inspired trade regulations until the current General Agreement on Tariffs and Trade (GATT) is succeeded by the World Trade Organization.

The change in structure of the trade organization is scheduled to take place by July 1, 1995, but there are efforts underway to advance that date.

Most governments, including that of the United States, seem to oppose the moratorium on environmentally related trade regulations.

GLOBE also called for creation of a strong environment committee in the reconstituted GATT. "Anything less would be walking away from one of the tension points in the (world's) future," US Senator John Kerry said.

"Trade and the environment are the significant areas of conflict and tension" now that the Cold War has ended, he said.

US environmentalists have argued that GATT has the potential to greatly harm the environment because, they argue, it tends to lower standards to the lowest common denominator.

24699 certificate cases filed for realising agri loan: JS told

The government has filed 24,699 certificate cases for realising agricultural loan during the 1992-93 financial year, the Minister of State for Finance M Mohibur Rahman told the Jatiya Sangsad yesterday, reports BSS.

Replying to a question from Hajj Mosharraf Hossain (AL) the State Minister said 15,391 cases were filed for realising agricultural loan during 1991-92 financial year. In the absence of opposition members in the House, the question was raised by Treasury Bench member Fazlul Huq.

The state minister furnished a district-wise list of the certificate cases showing that the highest number of 2,391 cases were filed in Jamalpur followed by 1,897 cases in Netrokona and 1,013 cases in Tangail.

820m people unemployed world over: ILO

WASHINGTON, Mar 7: About 30 per cent of the world's workforce, or 820 million people, are unemployed or underemployed now across the world, the International Labour Organization (ILO) said in a report released here yesterday, reports Xinhua.

Unemployment, the organization said in the report made public a week before the group of seven jobs summit in Detroit, Michigan, has become the world's global crisis since the great depression of the 1930s.

The ILO said there are at least 120 million registered unemployed around the world, though the real numbers, including those who never registered or who have stopped looking for new are almost certainly far higher.

In addition, there are about 700 million workers who are underemployed, a level of

work or economic activity that does not permit the worker to reach a minimum standard of living.

In total, the ILO said, some 1.1 billion people around the world live below the poverty levels of their own country because of lack of a good-paying occupation.

In 1993, the average per capita fell globally for the fourth year in a row, reflecting the general stagnation in world output that has hindered job growth, the ILO said.

"This data demonstrates why we call the employment situation a global crisis, far more serious than the economic problems of the 1980s," said Michel Hansenne, ILO Director General.

Many countries in Europe have double-digit unemployment, a situation which also exists in Canada, Australia and New Zealand.

IMF team meets ICAB chief

A two-member IMF team met the President of the Institute of Chartered Accountants of Bangladesh (ICAB) Howlader Mahfuz Huq at his office in the Chartered Accountant Bhaban in the city recently, says a press release.

The team comprised John King, Consultant and Emil Sunley, Assistant Director.

During the meeting, they held discussions in detail on accounting and auditing standards in Bangladesh.

The ICAB President told the IMF team about further tax simplification, assessment procedure and reduction in corporate tax rate.

He said this would help enhance revenue potential for govt exchequer and attract direct foreign and private investment in the country.

ICAB Vice President Badrul Ahsan was present in the meeting.

General insurance needs to be more people-oriented

by M M Murshid

As everybody is aware, since late 1970s there has been a change in world economic order and the people of socialist countries particularly the USSR and Eastern European countries began to suffer boredom and disillusion about socialism which failed to deliver the goods they dreamt of. This tendency ultimately resulted in the dismemberment of USSR into 15 independent states leading them to form a commonwealth among them. This commonwealth of independent states along with Eastern European socialist countries drifted towards open market economy. This changes in world economic order had their repercussions elsewhere also including Bangladesh as it persistently followed the policy of open market economy since later part of 1975 when the Government ventured upon a policy of de-nationalising a number of industrial, commercial and financial institutions as well as liberalising its commercial policy. As a sequel to this in 1984 Bangladesh Government decided to allow insurance companies in the private sector and to that effect promulgated the Insurance Corporations (Amendment) Ordinance 1984.

Private Sector

Since the Government allowed private insurance companies to function, a total of 16 general insurance companies have entered into the insurance industry in Bangladesh. As the position now stands, general insurance business in Bangladesh is transacted by the state owned 'Sadharan Bima Corporation and 16 private sector insurance companies. With the emergence of this private sector companies volume of general insurance business in the country has expanded substantially as evident from the fact that while in 1985 total volume of premium income in the country was around Tk 108 crore only, in 1993 it stood around Tk 245.00 crore. The reason for this increase in the volume of business may principally be ascribed to inflationary effects on the economy resulting from the process of economic development taking place in the country although efforts made by Sadharan Bima Corporation and the private insurance companies jointly for exploring new business cannot be under-estimated.

However, with the recent slackening in the pace of economic development in the country due to recession all over the globe, there is not much scope for expansion of

general insurance business. The only avenue in which business may increase is through motivating the existing clients to assess the value of their assets on the basis of their present market value and take insurance coverage for such a value with a view to getting appropriate indemnity in case of any loss. But there are very clear limits on the market for general insurance business determined by the pace of economic growth of the nation and of the buying power of its people as general insurance always follows assets acquisition. People must first gain the power to buy insurable assets.

Although Bangladesh is a country with big population of 120 million, its per capita income in insurance is very low and general insurance continues to be confined to industrial and economic activities. Until such times that personal lines of insurance develop, which is linked with economic prosperity, the market will not grow into anything worthwhile.

Drawbacks

Besides this, at the moment the insurance industry in Bangladesh is suffering from certain drawbacks most important of which are as follow:

- 1) There is a serious paucity of technically qualified manpower in the insurance industry. This is due to the fact that when Sadharan Bima Corporation came into being it had to absorb about 2700 employees of 10 Bangladeshi and 39 Pakistani and other foreign companies operating in Bangladesh at that time. Many of them were unskilled. Under Government directives this huge number of employees had to be absorbed by Sadharan Bima Corporation although the volume of business at that time warranted employment of not more than 1000 employees. In view of this huge excess staff Sadharan Bima Corporation during its life of 20 years could not recruit new batch of officers excepting a very few to generate professionalism in its cadre. Consequently when private insurance companies entered into the industry in 1985 they had to face serious manpower problem which has not yet ceased as is conspicuous from the fact that the existing companies are still facing the same problem obstructing their operation on professional line.
- 2) Most of the companies simply want to procure business and not evaluate the risk

on its merits which very often causes problem in settling the claims. Due to dearth of professionals in the insurance companies, most of them are unable to underwrite and manage their risks on scientific basis. Often they assume risks indiscriminately without considering what consequences they may be faced with, consequently weakening their financial strength and stability.

3) Insurance services marketed by our industry so far have been limited to conventional classes of insurance. Little has been done to introduce or promote a need oriented insurance coverage on to apply innovative approach in responding to local needs and local hazards.

4) There is a shortage of well-trained against/employer of against to give proper services to customer, and there are no proper training facilities in the country. There is also an acute shortage of well-trained and qualified loss adjusters. There is a need for training on CILA (Chartered Institute of Loss Adjuster).

5) Absence of healthy competition is yet another factor bringing about indiscipline and irregularity in the insurance industry. Healthy competition occurs where there is well-informed market and in particu-

lar a well-informed and well-advised consumer group.

Some of the insurers, in the name of competition, indulge in certain business tactics which directly violate the provisions of Insurance Acts and Rules. These relate mainly to issue of covers and documents giving commissions and settlement of claims.

Corrective Steps

In view of the above, it is felt necessary that urgent corrective steps are taken in order to control and stop the irregularities so far as general insurance business in Bangladesh is concerned. In this regard, the following actions are suggested:

- 1) Although Bangladesh Insurance Academy is there to provide training facilities and professional education to those engaged in insurance business, even then the syllabus, curriculum and training programmes need to be drastically rationalised to meet the modern needs of the insurance industry. The management of the Academy may be re-modelled with effective participation of private insurance companies. Insurance is a service-oriented industry and the efficiency of our institutions will largely de-

pend upon the trained manpower capable of taking quick and correct decision.

- 2) The insurance companies shall have to be encouraged and motivated to expand their activities towards developing non-traditional and people-oriented insurance schemes apart from their aggressive efforts for the development of conventional classes of insurance.

- 3) The office of the Controller of Insurance should be strengthened with professional people with a view to efficiently handling the affairs of the insurance companies ensuring discipline and regularity in their operations. While it is desirable to give greater freedom to insurance industry, it may, however, be borne in mind that the privatisation of insurance is not without pitfalls. Accordingly, unless its administration is closely monitored and its sequencing is properly drawn, its side-effects may be baneful.

Further, if the profit motive remains unbridled, potentially damaging distortions could creep in. Thus to avoid such distortions, Government must ensure that insurance companies adhere to the basic rules and ethics of business.

(The writer is the Managing Director of Sadharan Bima Corporation)