

Criminalisation of politics breeds Tk 60,000cr black economy

BUP seminar on Scenario of Bangladesh Economy told

STAR BUSINESS REPORT

Criminalisation of politics and economy has supplemented each other in creating a huge black economy, observed speakers at a seminar.

They also said there has to be positive changes in the political system in order to bring a change in the overall economic scenario of the country.

The speakers observed this at a seminar on The Scenario of Bangladesh Economy, Organised by Bangladesh Unnayan Parishad (BUP). Presided over by Pro-vice Chancellor of North South University Hafiz GA Siddiqui, the seminar was attended by Economists, academicians, politicians, former bureaucrats and representatives from different NGOs.

General Secretary of Bangladesh Economic Association (BEA) Dr. Abul Barkat presented the seminar with a keynote paper.

In his paper, Dr. Barkat said criminalisation of economy and politics has created a situation where out of 14 crore people only ten lakh are influential while the rest are 'deprived as

well as powerless'.

"The influential people have created a cycle of black economy that generated sixty thousand crores of taka in black money in 2000-01 which is one third of the total national income," the economist said in his paper.

In fiscal 2000-2001, 83.5 per cent of the black money was generated by tax evasion and 16.5 per cent generated from illegal activities like bribery, smuggling and others, Dr. Barkat said.

The same people are responsible for default loan of thirty thousand crore taka and corruption worth around eleven thousand crore a year, he said.

The government has received a total of 1.8 lakh crore taka in the form of foreign loans or grants since independence. In his paper, Dr. Barkat said that the political and economic criminals have misappropriated around 75 per cent of Tk 1.8 lakh crore.

The participants also identified the deteriorating law and order situation, excessive interference by donors and their contradictory prescriptions as factors hindering economic

growth.

Termining political parties as most powerful organisations of the society, Professor Ashraf Uddin Chowdhury of Dhaka University said "the political parties are responsible for corruption and misuse in the society."

"We can not expect any improvement of the economy and society if political parties do not proceed in the right direction and do not put a cap on corruption and misuse," he said.

A frustrated Professor Chowdhury also said that the people who are supposed to remain underground or behind bars are now freely operating in different sectors.

Hasanul Haq Inu of Jatiya Samajtantrik Dal observed that the rulers have been protecting the corrupt ones. "There seems to be an unholy alliance between rulers and corrupt ones in order to defeat the political opponents," he said.

Rashed Khan Menon of Workers Party stressed the need for a change in political culture to bring about a positive change.

Professor Anu Mohammad of Jahangirnagar University said that the country

should be careful in selecting Foreign Direct Investment (FDI). "All FDIs cannot be helpful in development, rather we have to look into the conditions of the FDIs," he said.

Referring to KAFCO and Production Sharing Contracts (PSC) with the International Oil Companies (IOCs), he said such investments are possible only when a high degree of corruption persists.

BEA president and also chairman of BUP, Dr. Qazi Kholiqzaman Ahmad observed that although the majors donors are not giving adequate financial support, their statement and views are still considered with importance and 'the donors are still dictating'.

"We have to be aware of our capacity. We ourselves have to find out the solutions to achieve economic development using our own resources," he said.

Professor Anu Mohammad blamed donors for coming up with prescriptions that help to grow corruption.

"Because the so called donors will not be able to work in Bangladesh if corruption does not persist," he said.

Govt to import 1 lakh MT salt by Nov

STAR BUSINESS REPORT

In the face of price hike, the government yesterday decided to import around one lakh ton salt through Trading Corporation of Bangladesh (TCB) by November this year to keep the market stable.

According to sources, salt price in the wholesale market went up over the past few days as a section of traders stockpiled salt, apprehending a crisis and price hike.

Salt production was lower than the target this year because of continuous rain and unfavourable weather, salt farmers told in a meeting at the Ministry of Commerce yesterday. Taking the decision for importing salt apart, the meeting reviewed its present supply in the market and the price situation.

Around 7.75 lakh metric ton salt has been produced this year against the demand of 8.82 lakh metric ton while 1.40 lakh ton was in the stock, the meeting was told.

With Commerce Minister Amir

Khosru Mahmud Chowdhury in the chair, the meeting was attended among others by State Minister for Communications Salahuddin Ahmed, State Minister for Commerce Md Barkatullah Bulu, Alamgir Md Mahafuzullah Farid MP, Mohammad Shahiduzzaman MP, Commerce Secretary Suhel Ahmed Chowdhury,

Bangladesh Small and Cottage Industries Corporation (BSCIC) Chairman M A Mannan, TCB Chairman AKMAB Siddiqui, President of Salt Mill Owners' Association Paritosh Saha and President of Salt Farmers Association Mostafa Kamal.

Although there is no shortage of salt in the country and there is no reason behind the price hike, a section of wholesale traders stockpiled salt, which ultimately pushed the price up, the meeting was told.

The farmers informed the meeting that fresh production would be available by January next year. Salt farmers urged the minister to con-

sider the interest of local producers and requested him to finish the imported stock by December this year so that they could get reasonable price after marketing their products.

There will be no restriction on salt import after seven years, so there is no option but to improve local salt producing industries. Using modern technology, quality of salt should be improved and steps taken to stop the sale of black salt, the meeting was told.

Salt price went up by Tk 50 for each 100 kg in the wholesale market, said traders at the retail market.

Price of better quality salt at the retail market was higher by Tk one per kg yesterday than that of a few days back. On the other hand, low quality salt was selling at the city's Karwan Bazar market yesterday at the price of better quality, market sources said.

New office bearers of Dutch-Bangla Chamber



President



Secretary General

The executive committee of Dutch-Bangla Chamber of Commerce & Industry (DBCCI) unanimously elected the new office bearers of the chamber on Tuesday, says a press release.

The newly-elected office bearers are Alamgir M Z Rahman -- president, Reinier Reddingius -- vice-president, Asif A Chowdhury -- vice-president, Mir Md Imam Hossain -- secretary general, Shahzada Hamid -- joint secretary general and Sheemab Rasheed -- treasurer.

Directors are Sanjiv Mehta, M RA Taha, Amirul Islam Chowdhury, AK M Alamgir and Abul Hashem Khan.

Gulf states to consult ECB on monetary union

AFP, Riyadh

Gulf Arab states, seeking to set up a monetary union and issue a single currency, decided Tuesday to ask the European Central Bank to study requirements for their planned union, the governor of Oman's central bank said.

"We have decided to ask the European Central Bank to study the requirements and procedures needed for the monetary union," Hamoud al-Zadjali told reporters at the end of a meeting of Gulf central bank governors in Riyadh.

The governors agreed on a timetable to set up a monetary union by 2005 and issue a single currency before 2010, as was decided last December by the leaders of the six-nation Gulf Cooperation Council (GCC), Zadjali said.

The GCC leaders have approved the US dollar as a yardstick for a single currency to be effective by 2010.

The currencies of the GCC member states are pegged to the dollar, except the Kuwaiti dinar which is pegged against a basket of currencies, mainly the US dollar.

The GCC groups Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Barisal-Ctg shipping service in shambles

OUR CORESPONDENT, Barisal

The public passenger shipping service between Barisal and Chittagong is in shambles due to huge losses.

The Bangladesh Inland Water Transport Corporation (BIWTC) runs three ships on the route on Fridays and Tuesdays. The ships are M V Alauddin, MV Monirul Huque and MV Matin.

But according to sources the ships have been incurring losses of about Tk 55,000 per trip following a decline in number of passengers

and cargo volume.

The average earning from the ships declined to between Tk 45,000 and Tk 50,000 each trip. Previously the earning was more than Tk one lakh.

The failure to stick to schedule caused the decline in business, sources said.

The average weight of cargo transported by the ships reduced to about 20-25 tons while just one year back it was around 100-150 tons.

The ships carry full passenger load up to Sandwip and Hatia but is almost empty the rest of the way.

This fall in the selling of tickets is yet another reason behind the drop in revenues. The BIWTC local officials told the Daily Star that the ships are often behind schedule because of mechanical faults and emerging shoals in the river.

They felt the necessity of dredging the river regularly to make the route operative. "We are helpless in this aspect because the responsibility rests on another organisation under the BIWTA," said a BIWTC official.

Govt plans Jubo Bank

BSS, Dhaka

The present government plans to set up a Jubo Bank (Youth Bank) for the benefit of millions of unemployed youths across the country, State Minister for Youth and Sports Fazlur Rahman said here yesterday.

The plan was taken at the directive of Prime Minister Begum Khaleda Zia to create self-employment opportunity for the jobless youths in a bid to reduce poverty, he told the news agency.

The state minister said, "The finance minister has cleared the proposal, the ministry is now preparing a formal proposal for the pro-

posed Jubo Bank."

The youth directorate has Taka 500 crore as revolving fund for youth development programme with a record of around 94 per cent micro-credit recovery, he said, adding that these recovery record inspired them to set up a bank for country's youths -- a majority section of the society.

"The youth is the major workforce of the society, if we can utilise them in a proper and disciplined way, they can contribute a lot to the national economy," he said reviewing the one year in office of the present government.

At least three lakh youths would be brought under the vocational

training programme every year from next December under the youth directorate to build them as skilled manpower so that they can contribute to the national economy.

"The plan was taken to help the jobless youth to become self-employed as well as to reduce poverty," Rahman said. The state minister said the youth directorate used to give vocational training to 275 youths in every upazila each year in different professional categories. But the present government would increase the number of trainees by four times from 275 to 1,000 in each upazila every year from December next.

Handicrafts fair begins in city today

STAR BUSINESS REPORT

A six-day handicrafts exhibition, jointly organised by Women Entrepreneur's Association, Bangladesh (WEA) and Bachte Shekha, begins in city today, says a press release.

The fair will be held at Midas Mini Mart, house no. 15A, road no. 103 at Gulshan.

France Ambassador Michel Lummaux will inaugurate the exhibition at 5:00 pm today.

BB repo auction held UNB, Dhaka

The repurchase agreement (repo) auction of Bangladesh Bank (BB) for commercial banks and financial institutions was held here yesterday.

Only one bid of 1-Day tenor amounting Tk 38 crore was received but not accepted, a BB press release said.

ONE Bank forms team for loan syndication

One Bank Limited has formed its Loan Syndication Team, says a press release.

The team was formally announced by Mirza Ejaz Ahmed, managing director of the bank, at a function held at the bank's head office recently.

The team, headed by Farman R. Chowdhury, executive vice president and head of marketing, has been constituted to ensure dilution of risks as well as better management of loan portfolio, the release said.

The team is now ready to engage itself in arranging and participating in loan syndication's designed for major industrial or commercial concerns.

New chairman of shipping agents assoc

STAFF CORRESPONDENT, Ctg

Former president of Chittagong Chamber of Commerce and Industry (CCCI) Farid Ahmad Chowdhury has been made new chairman of the Bangladesh Shipping Agents Association (BSAA).

He was unanimously elected at the 25th annual general meeting (AGM) of the BSAA held at a local hotel on Sunday.

Mostafa Kamal Hayath of Rainbow Shipping was made vice-chairman of the Association.

Outgoing Chairman ASM Naeem presented the annual report on activities and audit for the year 2001.

The new executive members include ABM Wadudullah of Ispahani Group, ASM Naeem of Karnaphuli Group, Khondaker Sirajuddin Ahmad of HRC Group, Tarek Anis Ahmad of K-Line, Rafiqul Islam of PIL, AS Chowdhury of Marco Shipping, Engineer Swapan Ghosh of QC Shipping, GK Rabbani of Samudrajatra, Golam Javed Malik of Sea-Borne Shipping, Azim Rahim Chowdhury of Kaptai Shipping, Abdul Gaffar Dobash of MH Shipping, Kazi M Ahmad Hashemi of Trans Global, MA Bakkar of JEC Shipping, Rahath Bin Asad of Averst, Obaidul Haq of Intership and Md. Mahbulul Alam of James Finlay.

Tea producers pin hope on duty free access to Pakistan

BSS, Chittagong

Country's leading tea producers and exporters have expressed high expectations about Pakistan government's recent nod to duty free access of Bangladesh tea to their market.

Such a decision, they feel would act as a wake up call for Bangladesh tea market.

They said that it would definitely yield a positive result and would be helpful to overcome the stupor from tea export fatalism that has been prevailing over the last several years where major foreign buyers were berthing other countries and market fully depending on ever increasing domestic consumption.

Pakistan last week officially said 'yes' to duty free access of Bangladeshi tea following President General Pervez Musharraf's announcement on the issue made during his recent visit to Bangladesh.

Chairman of the Tea Traders Association of Bangladesh (TTAB) Feroz Ahmed said today that tea export must bounce back following Islamabad's decision because country's tea export market have been heavily dependent on imports by Pakistan and Afghanistan for last few years. He said in the last couple of years Bangladeshi tea did not compete well with the international price level as some tea producing countries including India, China, Indonesia, Vietnam offered tea at a very cheap rate compared to Bangladesh.

However, some of the exporters attributed shrinking of export market to the increased domestic consumption.

Feroz thanked the local buyers and consumers who gave good support in sustaining tea industry during the dull period.

According to annual report of 2001-2002 season prepared by leading tea broker National

Brokers Limited, increase in production coupled with shortfall in export could have posed a serious threat to the viability of the industry if the internal buyers had not increased their offtake very substantially and proved to be the mainstay of the market.

Apart from the increase of production and cost minimisation all out government cooperation including liberal financial support and facilities like rebate on gas and electricity and duty free import of chemicals are needed to recapture the export market, Feroz said.

According to Bangladesh Tea Board (BTB), the country had harvested 54.96 million kgs of tea from around 158 gardens during the fiscal 2001-2002, of which it exported 13.80 million kgs and earned taka 947 million. The rest quantity amounting to about 40.44 million kgs was consumed by the domestic market.

Nitol, HSBC sign deal to provide car loan

STAR BUSINESS REPORT

Nitol Motors Ltd, the sole distributor of TATA vehicles in Bangladesh, and The Hongkong and Shanghai Banking Corporation Limited (HSBC) signed a memorandum of understanding (MOU) at a city hotel yesterday to provide the prospective car buyers with loans.

Nitol Motors Ltd Chairman Abdul Matlub Ahmad and Chief Executive Officer of HSBC Bangladesh signed the MOU on behalf of their respective companies.

As per the MOU, HSBC's personal financing for purchase of cars under 'car loan' project will be made available to the prospective buyers of Indica V2 range of cars of Nitol Motors Ltd.

State Minister for Communications Salahuddin

Ahmed was present as chief guest at the signing ceremony. N Ram Chandran, country manager of TATA international, was also present on the occasion.

The minister said that government has been taking various steps like setting up of adequate CNG gas stations in Dhaka city to make it the number one environment-friendly city.

Nitol Motors Ltd Chairman said, "Buyers can purchase our world class car after making a down payment of only Tk 1.65 lakh against the price of Tk 5.5 lakh. They will also take advantage of easy term loan.

Besides personal and family use, the cars will also be suitable for using as taxicabs, he also said.

Novartis to sell Ovaltine, Caotina

AFP, Basel, Switzerland

Swiss pharmaceutical giant Novartis said on Tuesday it would sell its hot-drink brands Ovaltine/Ovomaltine, Caotina and Lacovo to Associated British Foods (ABF) for 272.5 million euros (267 million dollars).

Novartis had announced plans in February to divest its health and functional food businesses.

Under the proposed deal, the London-based ABF will acquire the food and beverage business and brand ownership worldwide, with the exception of the United States and Puerto Rico, Novartis said in a statement.

The transaction is still subject to regulatory approvals. Paul Choffat, chief executive officer of Novartis Consumer Health, said a key element in choosing ABF as the future owner was the "commitment to maximize job transfers and employment continuation globally and especially in Switzerland".



Picture shows Mirza Ejaz Ahmed, managing director, and Kaiser A Chowdhury, deputy managing director of ONE Bank Limited, with the members of the bank's loan syndication team at a function held in the city recently, where the team was formally announced.

Micro credits miss 15-20pc poorest, workshop told

BSS, Rajendrapur

Though micro-credit has proved to be an effective way of improving the living standard of the poor in general, yet 15 to 20 per cent of the extreme poor population are mostly bypassed by the existing micro-finance programmes.

This was stated at a two-day workshop on Financial Services for the Poorest (FSP) project which concluded here on Tuesday. Held at the BRAC-BCDM, the workshop was organised by Palli Karma Sahayak Foundation (PKSF).

The FSP project will conduct an

experiment to develop an appropriate credit delivery model for reaching the poorest of the poor in 20 thanas of Bangladesh to test whether they can rise above the poverty line with the help of micro-finance facilities combined with programmes of training, awareness raising and marketing services.

World Bank will provide 5 million US dollars as credit for this pilot project under which PKSF will create a Disaster Fund to compensate the borrowers for losses caused by events beyond their control.

Dr Shamusuddin Ahmad, Senior Financial Analyst of World Bank,

members of PKSF board of governors Dr Sheikh Maksud Ali and Abdul Mueyed Chowdhury and PKSF general body members Dr Nazmunnesha Mahtab and Begum Rokeya and Managing Director of PKSF Dr Salehuddin Ahmed attended the workshop.

Speaking at the inaugural function, Dr Shamusuddin Ahmad put emphasis on the need for a strong and close monitoring system on progress in achieving the ultimate goal of poverty alleviation. He said if successful, this FSP pilot project could be replicated all over the country.