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Businesses want special flood insurance scheme from govt

STAR BUSINESS REPORT

Business leaders yesterday urged the government to launch a special flood insurance scheme for industries through the state-owned insurance company to help them cope with the recurrence of flooding.

As flood is a perennial problem in the country they said the government and the businesses should look for permanent ways to minimise losses caused by the natural calamity to industrial sector.

Sadharan Bima Corporation, the general insurance company under the Ministry of Commerce, may introduce scheme to provide insurance coverage especially to the factories vulnerable to flood damages, they said.

The suggestion came at a discussion on 'Post-flood Rehabilitation of the Business Enterprises' organised by Dhaka Chamber of Commerce and Industry (DCCI) in Dhaka. Commerce Minister Altaf Hossain Choudhury attended the meeting.

"With the record of high magnitude floods in 1954, 1955, 1974, 1987, 1988, 1998 and this year, we can say that Bangladesh is a highly flood risk country. So, business community needs permanent precautionary measures to manage the risk," DCCI President Fazle RM Hasan told the meeting.

He called for forming an inter-ministerial taskforce to assess the flood-related damages and help the affected industries especially the small and medium enterprises (SMEs), which do not have required strength to recuperate their losses.

The DCCI chief also urged the government to relieve duty on raw materials and machinery of flood-hit industries, extend time limit for loan payment, waive interest for three months and relieve demurrage charge for stranded goods at ports.

Sabur Khan, DCCI director and former president of Bangladesh Computer Samity, said every industry should take flood as a risk factor and get insurance coverage for it. "The government can initiate flood insurance scheme so that other companies can follow."

Monzur Ahmed, another director of DCCI, said it is high time the businesses took long-term measures to face the recurring floods. "Flood insurance scheme may mitigate losses to industries," he said.

Addressing the meeting, the commerce minister said the government will hold an inter-ministerial meeting and take up action plan to rehabilitate flood-hit industries.

"The total loss is estimated at Tk 35,000 crore to Tk 40,000 crore due to this year's devastating flood. This is a big blow to the economy at a time when we are exposed to challenges of the post-MFA (Multi-fibre arrangement)," Altaf said.

"But the government and industry people will work together and surely overcome the challenges," he said referring to his meetings with leading chambers and trade bodies for taking their inputs for undertaking an appropriate action plan.

MA Momen, former director of the chamber, said the government should chalk out special rehabilitation programme for flood-hit SMEs. "The big industries may survive the flood loss but many SMEs may face closure as they run with small working capital."

Syed Tawfique Ali, former senior vice-president of DCCI, said the government may think of constructing protection dam around industrial area to save them from floods.

PHOTO: STAR

Commerce Minister Altaf Hossain Choudhury, Dhaka Chamber of Commerce and Industry (DCCI) President Fazle RM Hasan, among others, are seen at a discussion on 'Post-flood Rehabilitation of the Business Enterprises' organised by the chamber in Dhaka yesterday.

30pc fruits, vegetables damaged for lack of preservation facility

Seminar calls for proper packaging to boost horticulture export

STAR BUSINESS REPORT

In absence of proper preservation facility more than 30 percent of fruits and vegetables produced in Bangladesh is damaged annually, agricultural experts revealed at a seminar in Dhaka yesterday.

They said Bangladesh has a bright prospect of earning a handsome amount of foreign currency by exploring markets of diversified products. But lack of technical knowledge about post-harvest processing of horticultural products hinders the efforts towards tapping the prospect of the sector.

The observations were made at the seminar titled 'Post-harvest handling and export packaging of horticultural crops' organised by Horticultural Export (Hortex) Development Foundation.

While presenting the keynote paper, post-harvest specialist of the Department of Agricultural Extension Mohammed Saleh Ahmed said out of total production of 3.41 million tonnes of horticultural crops about 30-40 percent are damaged every year.

The gross losses related to post-harvest handling stands at Tk 6,120 million to Tk 8,160 million every year, he said narrating the losses in the field, in packaging areas, in storage, transportation and in wholesale markets.

In his paper, Saleh also said quality packaging is important at all stages of production and distribution system since good packaging is a prerequisite to generate interest among consumers.

The farmers should be given proper training to better production. They should also be trained on post-harvest technology in order to ensure quality, he suggested.

Speaking at the inaugural session, State Minister for Agriculture Mirza Fakhrul Islam Alamgir said the country suffers from proper technical knowledge in the field of packaging and post-harvest handling.

He also admitted that due to lack of proper post-harvest management about 10-30 percent horticulture crops are damaged before reaching to consumers.

"It will be difficult for Bangladesh to sustain in the international markets unless packaging system is improved," the state minister said urging the private sector to invest more in packaging to boost horticulture export in the international markets.

Speaking at the seminar, Agriculture Secretary ASM Abdul Halim said in the fiscal year 2002-2003 export of horticultural crops declined by 14 percent. He also observed that Bangladesh should concentrate on packaging if it wants to tap overseas markets.

Presided over by Mohammed Akmal Hossain, managing director of Hortex Foundation, the inaugural session was also addressed by its Deputy General Manager Mesbahuddin Ahmed.

3 more companies join CDS Aug 25

STAR BUSINESS REPORT

Three new companies will debut in the paperless trading on August 25, said an order of the capital market regulators, the Securities and Exchange Commission (SEC).

It said the stock exchanges will not accept physical delivery of shares of these three companies for settlement purpose from August 25.

The companies are Bata Shoe Company (Bangladesh) Limited, Advanced Chemical Industries Limited and Kay & Que Bangladesh Limited.

"On the eve of beginning of dematerialising of these securities, there will be spot trading of these issues on August 21 and then share trading of these companies will remain suspended from August 22 to 24," according to the SEC order.

The capital market watchdog asked the shareholders of these companies to convert their physical shares into electronic entries by opening an account with the depository participants.

Shareholders who have not yet registered the shares in their own names will have to register within next six months for demating the shares.

Square Pharmaceuticals Limited is the pioneer in adopting electronic trade settlement system in Bangladesh. Shares of Square Pharma were traded under central depository system (CDS), provided by Central Depository Bangladesh Limited (CDBL), on January 24.

Three more companies including Industrial Development Leasing Company Bangladesh Limited, Square Textile Mills Ltd and Sandhani Life Insurance started scripless trading on April 27 while Dhaka Bank, Southeast Bank, Pragati Insurance Company, and Pioneer Insurance Company Limited made their debut on May 16.

On June 15, seven more companies started trading under CDS. The companies include Mutual Trust Bank Ltd, Standard Bank Ltd, Dutch-Bangla Bank Ltd, National Credit and Commerce Bank Ltd, Prime bank Ltd, Olympic Industries Ltd and Ambee Pharmaceuticals Ltd.

CityCell subscribers to get ntv news service

CityCell subscribers will be able to get news service of ntv through their cell phones.

An agreement to this effect was signed between CityCell and International Television Channel Limited, the owning company of the private television channel ntv, on Monday in Dhaka.

Intekhab Mahmud, head of Marketing of CityCell, and Hasnain Khurshed, executive director of International Television Channel Limited, signed the deal on behalf of the organisations, says a press release.

GTCL corporate client of GP

Gas Transmission Company Ltd (GTCL), a company of Petrobangla, has recently signed an agreement with GrameenPhone Limited (GP) to become its corporate client.

Md Eunus Mian, company secretary of GTCL, and Tanvir Ibrahim, head of Sales, GP, signed the agreement on behalf of their organisations in Dhaka, says a press release.

Manjur Morshed Talukder; managing director of GTCL, and Mehboob Chowdhury, director, Sales and Marketing of GP, were also present on the occasion.

RISING INFLATION, PROTEST AGAINST PROVIDENT FUND RATE CUT

Indian PM faces twin challenges

PALLAB BHATTACHARYA, *New Delhi*

Indian Prime Minister Manmohan Singh yesterday grappled with the twin challenges of rising inflation and the protests from Left parties, the chief prop of his coalition government, on the politically-sensitive reform measure of slashing the interest rate on Employees Provident Fund (EPF) of nearly 40 million salaried employees.

The decision to bring down the EPF interest rate from 9.5 to 7.5 percent, taken at a marathon meeting of the Central Board of Trustees of EPF Organization here on Monday, promptly drew storm of protests from CPI(M), CPI and other Left parties and their major trade unions which threatened to launch street protests later this month.

The decision to cut provident fund interest rate came even as the government is engaged in a tussle with the Left parties on the issue of hike in foreign direct investment in insurance, telecom and civil aviation sectors as well as increase in prices of petroleum products. The Left parties as well as main BJP-led main opposition combine are opposed to increase in FDI in the three key economic sectors and rise in prices of petrol and diesel and cooking gas.

The lowering of provident fund interest rate is the latest in a series of whammy for the salaried class in India. Last Friday, the inflation had reached a three-and-half-year high of 7.5 percent and the very next day, the country largest bank State Bank of India reduced interest rate on short-term deposit.

The implications of these developments are clear to the salaried class: inflation weakens the purchasing power on one hand and the saving is going to fetch less return.

In cutting the provident fund interest, the government has undoubtedly bitten the bullet as it took the decision ignoring the grave misgivings from the Left parties.

A number of meetings in the past of EPF Board of Trustees had failed to take a decision on provident fund interest rate as consensus eluded the Board members.

While the decision to cut provident fund interest may have signaled the government seriousness to take hard decisions and push ahead with reforms, the Left parties are not impressed.

CPI(M) leader Nilotpal Basu said the soft interest regime in the country is heavily loaded in favour of the corporate sector and biased against ordinary depositors.

CPI trade union leader Gurudas Dasgupta said will fight against this. This is outrageous.

The Left parties concern is understandable given the fact that its support base is mainly in the organised labour force which accounts for 30 million out of a total workforce of 400 million.

According to the finance ministry, the cut in provident fund interest rate will save the government exchequer Rs 721 crore.

On the inflation front, the government is clearly concerned prompting Manmohan Singh to hold two rounds of talks with Finance Minister Palaniappan Chidambaram and senior Reserve Bank of India officials Monday.

Rising prices of petroleum products, steel and iron have contributed to the general price hike but the main focus is on the petro-products.

The prime minister's party, the Congress, is worried the inflation could give its principal rival BJP a handle with populist appeal especially in the run up to the coming assembly elections in Maharashtra, Bihar, Jharkhand and Arunachal Pradesh states in the next seven to eight months.

The Congress and the Left parties expect the government to come out with effective steps to bring the inflation under control but options for Manmohan Singh may be limited, analysts say.

One of the suggestions, put forward by Petroleum Minister Manishankar Aiye and endorsed by the Left parties, is to review the excise and customs duties in oil sector in view of rising international prices of crude to prevent further pressure on prices of essential goods.

In a letter to Chidambaram, Aiyer proposed waiver of customs and excise for cooking gas and kerosene and replacing existing ad valorem duty structure on petroleum products.

But the finance ministry is not keen to shut out its revenue source as it gets about Rs 9,000 crore in duty on crude imports.

Besides, the finance ministry is not willing to suffer fiscal and revenue deficit and violate the Fiscal Responsibility and Budget Management Act which stipulates the quantum of such deficit, analysts say.

Another reason why the government disfavours customs and excuse duty cut or waiver on petroleum products to cushion against rising international prices is that it might put pressure on the budgetary allocation to higher social sectors in keeping with the ruling coalition joint economic agenda, they point out.

Thirdly, the finance ministry is already under mounting pressure for huge additional funds to help states affected by drought and flood in various parts of the country.

A second option before the government to contain inflation is mopping up excess liquidity, one of the reasons cited for the rising inflation. But the problem is such a measure could push up the interest rates at a time when the economy is in need of fresh investment, analysts point out.