

Star BUSINESS

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Lack of infrastructure holds back tourism

Say local tour operators

JASIM UDDIN KHAN

With domestic tourism getting popular in recent years, local tour operators have said lack of adequate infrastructure is holding back their business growth.

The number of local holidaymakers visiting popular destinations such as the Sundarbans, Kuakata beach, Bandarban and Sylhet will rise tremendously if the infrastructure is developed, they said as a three-day tourism fair organised by Tour Operators Association of Bangladesh (Toab) is going on in the capital.

The government needs to encourage public-private initiatives to set up more hotels and ensure other facilities such as internet and ATM booths of banks at popular tourism spots across

the country, said Hasan Mansur, president of Toab.

Mazhar Anwar Manna, managing director of a tour firm, said some hotel owners increase rent and other charges exorbitantly during the peak seasons, much to the frustration of tourists.

"As the hotel owners do not face any strict regulation in fixing rents, they increase service fees when they see tourist rush," he added.

He also said the tour operators have to face some security problems at Cox's Bazar. Tourists often fall prey to mugging, he added.

Industry people said around 20 lakh local tourists visit popular tourist destinations across the country a year.

Frequent pleasure and business trips to tourist destinations are also contributing to tourism

growth, said the tour operators. There have been around 200 tour operators in the country.

Industry people also estimated 20 percent annual growth in the business based on local tourists.

M Azam Koreshi, a sales executive of Safari Plus, said during Eid vacation, the tour operators experience rush of local tourists, who mainly want to visit Saint Martin's island, Cox's Bazar, the Sundarbans, Kuakata beach and hill district Rangamati.

Enayetur Raskin, manager of Mountain Tour, said tour operators charge around Tk 4,000 a person for four nights and three days package for Saint Martin's and Cox's Bazar visit.

Four nights and three days packages for Kuakata and the Sundarbans cost Tk 3,500 and Tk 7,500, he added.

Tata to launch \$2,500 small cars in mid '08

PALLAB BHATTACHARYA, New Delhi

The Tata Motors' much-hyped small car for about 2,500 dollars will hit the roads as per schedule in the middle of the year 2008, the company's Managing Director Ravi Kant has said.

Ahead of the proposed car's launching, it will be on display at an exhibition here in January next year when the model would be unveiled by the Tata Group Chairman Ratan Tata.

To keep the price of the car at 2,500 dollars, as announced by the company three years back, is going to be a big challenge to Tata Motors in view of high input costs, especially of steel and rubber, Kant said.

"It makes our job a little more challenging but you will see whether we are able to put it off or not only when we launch the car", he said.

There has been intense speculation about the proposed 2,500 dollar car which is expected to set off a price war in domestic small car market, automobile industry analysts said.

The Tata Motors' proposed small car is expected to give a tough competition to Maruti and Hyundai cars and French auto maker Renault SA and Japanese car manufacturer Nissan, which are believed to be looking at selling a joint venture compact car for less than 3,000 dollars.

Citibank tops Asiamoney cash management client polls

Citibank has won 95 awards in Asiamoney magazine's largest ever client polls of the Asian cash management business, says a press release.

Citibank was awarded Best Cash Management Bank for small, medium and large corporates in Asia Pacific, Best Cash Management Bank for US dollar cash management services for Financial Institutions in Asia Pacific and Best Electronic banking platform.

"These awards are welcome recognition for our staff across the region. I would also like to thank our clients who place their trust in us day in, day out, to handle their cash management needs," said Nigel Dobson, Asia Pacific head of cash management for Citi.

Around 1,500 cash management end-users were involved in the polls, making it the largest ever polls of the cash management industry in Asia Pacific. The results were announced in August.

In the editorial write-up that accompanied the awards, the editors of Asiamoney said, "The voters in our polls made one thing clear, for cash management, Citi is a tough house to beat. It boasts an unparalleled regional franchise."

United Airways flies to Cox's Bazar, Jessore

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United Airways (Bangladesh) Ltd, a private sector airline founded by non-resident Bangladeshis, yesterday launched two new flights to Cox's Bazar and Jessore.

The airline operates a Canadian made 37-seat Dash-8 aircraft on the new routes, Dhaka-Cox's Bazar-Dhaka and Dhaka-Jessore-Dhaka.

Return ticket fare has been fixed at Tk 5,290 including tax for Jessore and Tk 8,890 including tax for Cox's Bazar.

Besides, the airline also flies to Chittagong and Sylhet. Barisal and Rajshahi will be two new destinations of the airline soon.

At the new flight launching

programme, Tasbirul Ahmed Choudhury, chairman and managing director of the airline, said United Airways handled over 6000 passengers in the last seven months.

He also said the company will add two new aircraft to its fleet by the next month to launch more domestic routes.

The company has already invested Tk 50 crore in the airline business. With Tk 100 crore authorised capital, the company is also planning to invest Tk2000 crore by the next five years in the aviation sector, according to Choudhury.

"We have received licence from the Civil Aviation Authority of Bangladesh to operate passenger

and cargo services both on international and domestic routes," said Choudhury, also a pilot.

He said aircraft passenger market in the country is showing 8 to 10 percent growth per year, but no airline was introduced in the last seven to eight years.

The non-resident Bangladeshis (NRBs) mainly from the UK have teamed up to create an airline in Bangladesh and become a major carrier in the next two years on the domestic routes.

Choudhury also invited local investors to invest in the United Airways.

Presently, GMG Airlines, a private sector carrier, has the domestic market share of more than 60 percent.

Indian inflation falls to 16 months low

AFP, New Delhi

India's annual inflation has fallen to a 16-month low helped by lower food prices, data on Friday showed, fuelling expectations that the central bank will loosen its monetary policy.

The wholesale price index, India's closest watched cost-of-living monitor, showed annual inflation slowed to a lower-than-expected 3.79 percent for the week ended August 25, down from 3.94 per cent a week earlier.

"Some relaxation of the tight monetary stance" by the central bank "makes some sense as inflation is hovering below four percent," said economist Shashank Bhede at the National Council for Applied Economic Research, India's top economic research think-tank.

"It is only a question of timing now," Bhede said.

The latest official data showing inflation below four percent for a second straight week came as welcome news to India's Congress-led government as inflation has emerged as a major political issue because of the burden it imposes on the nation's millions of poor households.

Annual inflation stood at 5.27 percent during the corresponding week earlier a year ago.

Gold prices hit highest level since May '06

AFP, London

The price of gold broke through 700 dollars per ounce here on Friday, reaching the highest level since May last year on a variety of supportive factors, analysts said.

On the London Bullion Market, the spot price of gold touched 700.08 dollars per ounce, which was last seen on May 17, 2006.

This week, gold has won support from the falling US dollar, global geopolitical jitters, rebounding demand and ongoing concern about world financial markets.

A falling US currency ramps up demand for dollar-denominated commodities, such as gold, as they become cheaper for buyers holding stronger currencies.

Geopolitical concerns in the Middle East have also attracted buyers to the precious metal, which is regarded as a safe-haven investment in times of uncertainty.

On top of that, gold has drawn strength from strong oil prices.

Gold is energised by higher crude prices, which increase the risk of inflation. In turn, that increases the attractiveness of the precious metal as a defence against the erosion of the value of money.

The price of gold is not far off last year's peak. On May 12, 2006, the metal climbed to 730.40 dollars per ounce -- which was the highest level since 1980.



PHOTO: STAR

Visitors crowd a stall at the three-day 'Banglalink Bangladesh Travel and Tourism Fair 2007' at Bangladesh-China Friendship Conference Centre in Dhaka yesterday. The show comes to a close today.

Visitors throng travel and tourism fair

STAR BUSINESS REPORT

Visitors thronged 'Banglalink Bangladesh Travel and Tourism Fair 07' at Bangladesh-China Friendship Conference Centre in the capital yesterday, the second day of the country's tourism extravaganza, as tour operators offered a wide range of packages.

The tour packages include almost all spots of the country known for scenic beauty besides foreign spots.

"The country's tourism is becoming popular as high and mid-income urban people, bored with the city life, now want to have the warmth of nature," said Suhrawardy Hossain of Kears Tours and Services Limited.

"We offer three different packages from Dhaka to Saint Martin's island, Rangamati and Kaptai," he added.

The three nights and four days package of Saint Martin's island, which includes stopovers in Cox's Bazar and Teknaf, costs around Tk 5,650 a person, said Suhrawardy at the fair, organised by Tour Operators Association of Bangladesh (Toab). Mobile phone operator Banglalink is the sponsor of the show.

About 80 stalls of tour operators, travel agents, hotels, resorts, airlines and travel magazines have been set up at the fair, which is open to the public from 10:00am to 9:00pm. The entry fee has been fixed at Tk 20 a person.

Tour firms from Nepal, Thailand, Malaysia and India's Assam are taking part in the fair.

The visitors, who include students and professionals, were enthusiastic about tour offers at the fair that ends today.

"I like to travel with my family members but managing the whole journey on my own is difficult. The tour operators are really making our travel plans easy," said Ekramul Haque, who came to the show from Mohakhali, Dhaka.

Shefali Islam, a housewife from Mirpur area in the capital, said, "The offers are really attractive but costly."

"The tour operators should offer packages considering capabilities of mid-income people," she added.

Travelon Tours Ltd is providing

Tk 500 discount on all its tour packages during the fair.

Four days and three nights tour to the Sundarbans of the firm costs Tk 6,500 a person.

The tour operator is also offering Sylhet tour package for three days and four nights at a cost of Tk 4,700 a person.

Shabaz Tourism Limited is offering tour packages to Arunima Country side, a privately made eco park in Natore.

Tourists will be able to enjoy swimming, boat journey and

horse riding at Arunima, said an official of the company.

Eastern Saarc Tourism offers tours to popular destinations in Nepal and Bhutan at a cost of Tk 10,900 a person.

World View Ltd will offer sea cruise on moonlit night after the Eid-ul-Fitr.

"We are yet to fix the package cost. But it was Tk 1,500 a person last year," an official of World View said. He also said the package is now suspended due to rains.

MAMUN RASHID

So far, I can take back from the scratch pad/notes prepared during our economics or business school days -- the World Bank is one of the world's largest sources of funding and knowledge to support governments of member countries in their efforts to invest in schools and healthcare centers, provide water and electricity, fight disease and protect the environment. Not a 'bank' in the common sense, since its inception in 1944 as the International Bank for Reconstruction and Development, the number of its member countries increased sharply in the 1950s and 1960s when many countries became independent nations.

In addition to the International Bank for Reconstruction and Development and the International Development Association, three other institutions are closely associated with the World Bank (WB): The International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). All five of these institutions together make up the World Bank Group. Each institution plays a different but supportive role in their mission of global poverty reduction and improving living standards. Together they provide low-interest loans, interest-free credit and grants for developing countries for

education, healthcare, infrastructure, communications and many other purposes. All support to a borrowing country is guided by a single strategy that the country itself designs with help from the WB and many other donors, aid groups, and civil society organisations.

On the other hand, the work of the IMF (International Monetary Fund) is of three main types. Surveillance involves the monitoring of economic and financial developments, and the provision of policy advice, aimed especially at crisis-prevention. The IMF also lends to countries with balance of payments difficulties to provide temporary financing and to support policies aimed at correcting the underlying problems; loans to low-income countries are also aimed especially at poverty reduction. Third, the IMF provides countries with technical assistance and training in its areas of expertise.

In recent years, as part of its efforts to strengthen the international financial system, and to enhance its effectiveness in preventing and resolving crises, the IMF has applied both its surveillance and technical assistance works to the development of standards and codes of good practice in its areas of responsibility, and to the strengthening of financial sectors.

In Bangladesh, the WB is currently working in the areas of economic management, education, energy and mining, environment and natural resources manage-

ment, private sector development, public sector governance, rural development, transportation, and water and sanitation. In the same way, IMF is working mainly on streamlining the balance of payment side and on Poverty Reduction and Growth Facilitation (PRGF), along with WB and some other development partners under Poverty Reduction Strategy Paper (PRSP) of the government.

Although I started the article with a big academic preamble on WB and IMF and reviewed their roles, the main purpose of this article is to review their roles, in view of the recent criticism being put forward to their ways by Bangladesh's intelligentsia, especially the business community. To the best of my knowledge, although we have seen public protests against WB/IMF in some of the countries like India, Bangladesh, Pakistan, Indonesia and few Latin American countries, we have never come across business community who by definition is supposed to be 'pro-market', issuing a joint press statement against the Bank and the Fund, charging them as the main culprits for the economic backwardness of the country. The main charges put in were-i) IMF pushing the government to go for contractionary monetary policy and gas price hike, ii) WB suggesting that Bangladesh Krishi Bank increase its interest rate for agricultural loan. Personal discussions with some of the chamber leaders also revealed

that they didn't quite like the WB idea of further trade liberalisation, shutting down the loss-making jute mills or even privatisation (!!!).

A portion of Bangladesh intelligentsia has been protesting or challenging WB and IMF's role in Bangladesh for long. They possibly have a strong philosophical basis for this as they always question the integrity of 'market-led growth'. Nothing wrong in that and I have complete respect for their views even though I am not always inclined to agree with them. However, the other portion of the intelligentsia was found to be never standing on a philosophical stance, rather most of the time was swayed by flimsy popularity or populist approach. Their speeches or notes never had any depth or were backed by homework and therefore could never earn respect or cognizance even from a serious student of economics. This became more alarming, when corridor discussions revealed that the press releases from some of the chambers might have been influenced by some of the people or houses, belonging to the lateral group. The characteristics of this group are that they only speak about things that can arrest headlines in the media or attention of the people, who do not have adequate time or reason to get into the depth of an issue. They very conveniently use WB documents or a paragraph in a document to speak against the WB, or even resort to blatant lies, when

the funding issue of their projects/research works is being raised.

As mentioned, I don't have a single line debate with the people, who do not subscribe to 'market-led growth' philosophy, thereby protesting the WB and the IMF stance on further reforms or liberalisation. My problem is rather with the people who subscribe to 'market-led growth', 'competition theory' or continuous market and institutional reforms but would always shy away from these issues when they fear that they would be marginalised due to their inefficiency when reforms and liberalisation would take place. The very people who are supposed to argue for deregulation and liberalisation are blaming the Bank and the Fund for advocating that only because that would hurt their vested interest. They are blaming the same policy for our dysfunctional development process, which ought to be the key to their future growth.

Ironically, a section of our economists often uses quotes of former WB chief economist Joseph Stiglitz to undermine the activities of the Bank and the Fund. I have gone through few articles and two books written by him and heard him once in Dhaka. Knowing about him, one would wonder, why Mr Stiglitz with even his Nobel prize could not change these mammoth institutions, or why he needed to helplessly share his 'family secrets' or failures with people, who do not

matter or why even a person of his stature, needed to take a 'populist approach'!!!! Here I would like to bring in another person named General Colin Powell, not much known or recognised for his academic excellence, but very respected for his balanced approach and leadership in the battlefields and turbulences. In his lecture on leadership, Powell said "being responsible sometimes means missing people off". Powell further observed, "Good leadership involves responsibility to the welfare of the group, which means that some people will get angry at your actions and decisions. It's inevitable, if you are honourable. Trying to get everyone to like you is a sign of mediocrity; you'll avoid the tough decisions, you'll avoid confronting the people who need to be confronted, and you'll avoid offering differential rewards based on differential performance because some people might get upset. Ironically, by procrastinating on the difficult choices, by trying not to get anyone mad, and by treating everyone equally 'nicely' regardless of their contributions, you'll simply ensure that the only people you'll wind up angering are the most creative and productive people in the organisation."

Most of the members of our business leadership have problems with regard to settling sovereign claims/dues, maintaining their books of accounts, sharing their corporate success with the com-

mon people of this country in the form of joining the capital markets or even showing minimum possible cognizance to corporate social responsibility. If they could do least possible of what they are expected to do, if our governments could welcome 'the wealth accumulation in the appropriate way', if our policy planners could trust and support 'the market-led growth' with due seriousness, we could have said good-bye to the WB and IMF long ago. Unless we review those agendas seriously and put some words into actions or 'walk the talk', the issue of bringing in discipline in the economic management process, accountability in project implementation, transparency in public procurement, diverting liquidity to the hungry streams of the economy, wealth/capital accumulation will remain a far cry. More our business community realises that the better would be that for the nation and for the future of our next generations. History has proven how our 'populist' leaders were thrown into 'oblivion' for not taking the right or 'tough decision' at the right time. Although history repeats itself, we don't want our leaders, especially the business leaders, to face the fate of our political leaders.

The writer is a banker who writes regularly on economic issues.



PHOTO: AL-ARAFAH ISLAMI BANK

Al-Arafah Islami Bank Ltd has signed a remittance agreement with UK-based remittance service providing company JAP Financial Services Ltd. Under the deal, Bangladeshi expatriates will be able to send their money home through the branches of the bank. Senior Vice President of the bank ANM Abdus Shahid and Vice President AW Shamsuzzuha, Chairman of JAP Financial Faruque Ahmed and Managing Director Syed Shaiful Ahad, among others, were present at the signing ceremony held recently in Dhaka.

Joseph Stiglitz, Colin Powel and Bangladesh business leadership