

Non-farm economy in rural areas to help cut poverty

Economists observe at workshop

STAR BUSINESS REPORT
Marginal farmers will not be able to come out of poverty cycle unless non-farm economic opportunities expand to the country's rural areas, economists said at a workshop yesterday.

"Land reform is necessary. But unless we increase non-farm economic opportunities, land reform will not alone help alleviate poverty," said Prof Wahiduddin Mahmud, a former finance adviser to the caretaker government.

Wahiduddin was speaking at the workshop on 'Access to Land and other Natural Resources by the Rural Poor: The Case of Bangladesh', organised by the Centre on Integrated Rural Development for Asia and the Pacific (Cirdap), at its office in Dhaka.

Discussions stressed the need for enacting different land laws to help the landless get access to land and natural resources. They also put emphasis on better management of khas lands and common resources.

LGRD and Cooperatives Secretary ATM Fazlul Karim, Dhaka University teacher of Economics Department Dr Selim Raihan and Cirdap Director (Research) Dr Nasreen Khundker, among others, spoke at the workshop chaired



Prof Wahiduddin Mahmud (C), a former finance adviser to the caretaker government, speaks at a workshop in Dhaka yesterday. Dr Durga P Paudyal (R), director general of Cirdap, and Dr Nasreen Khundker, director (Research) of Cirdap, are also seen.

by Cirdap Director General Dr Durga P Paudyal.

The number of marginal farmers is rising due to decrease in farmland, Prof Wahiduddin said, adding that now around 90 percent of the farmers are marginal, whereas in 1960s 40 percent farmers were marginal.

Referring to grabbing of lands and natural resources by political clouts, he said the rights of marginal and landless people remain on the paper only.

"But if we want to establish their rights, a strong local gov-

ernment is very much necessary," he said.

Wahiduddin urged the government to enforce laws for recovering the grabbed lands and distributing those to the landless and marginal people.

Citing an example of land grabbers' move of building resorts by the Dhaka-Mymensingh highway, he said, "These lands were leased out to set up factories or filling stations. But resorts were built there."

Poor people will never have access to land without good

governance, he added.

Dr Selim Raihan, associate professor of economics at the University of Dhaka, said, "Land reform is not just about the redistribution of the ownership of land, but also about establishing the rights of the tenants."

Land reform is still an important issue in Bangladesh. Establishing the rights of landless agricultural labourers is very important, he said, adding that poor farmers have to be provided with proper support so they attain food security and become free from poverty.

GP offers benefits to postpaid subscribers

STAR BUSINESS DESK

Mobile phone operator Grameenphone (GP) Ltd on Sunday introduced a whole new range of features for its postpaid subscribers.

One of the key features is zero line rent if the xplore postpaid subscribers' airtime usage exceeds Tk 450 per month. In addition, the monthly line rent has been reduced from Tk 100 to Tk 50.

Postpaid subscribers can also get internet access 24 hours a day, seven days a week with the reduced 'Unlimited EDGE' package tariff at Tk 850 (+VAT) per month.

Additionally, xplore postpaid subscribers will enjoy 1 second pulse for all calls, except for calls to their F&F numbers. Pulse for F&F calls will be 60 seconds (from 1st minute onwards).

However, the number of F&F numbers has now been increased to four, which means that xplore postpaid subscribers can call four F&F numbers at 25 paise per minute. VAT is applicable for all tariffs.

These new features, along with the existing convenient payment methods, exclusive thankyou benefits and more, are expected to add greater value for GP postpaid subscribers and help them stay better connected with their loved ones.

Biman to choose new MD in ten days

STAR BUSINESS REPORT

The board of Biman Bangladesh Airlines will choose a new managing director within the next 10 days, its chairman Mahbub Jamil said yesterday.

"We will take a decision on appointing a new managing director in seven to ten days," Jamil told The Daily Star.

He made the remarks a day after its immediate Managing Director MA Momen was transferred to the Ministry of Agriculture as a joint secretary. The government appointed Momen in early 2006 as the chief executive of the national carrier that had turned into a public limited company (PLC) in July last year.

The government also freed the airline of its liabilities of over Tk 1,700 crore with the Bangladesh Petroleum Corporation and Civil Aviation Authority aiming at giving a fresh lease of life to the airline that posted a loss of about Tk 273 crore in the fiscal year 2006-07, down from its record loss of Tk 454 a year ago.

Biman now expects that its losses would be below Tk 100 crore in the fiscal year 2007-08.

Since its inception as a PLC, Biman's management took various steps including cutting of over 1800 jobs and operating extra flights to various destinations such as Kuala Lumpur to optimise its revenue.

Biman had also moved cou-

ple of months earlier to appoint a new chief executive from outside the bureaucracy and received 24 applications for the post. Out of the applicants, Biman board short-listed 5 applications.

"But we have found none of them having the quality to run the carrier with dynamism," a director of Biman's board told The Daily Star earlier.

Biman's Chairman Mahbub Jamil, also a special adviser to Chief Adviser, however said they would consider all the options on the table.

He said if a CEO cannot be appointed within a few days, the senior most executive director of Biman will take charge as the acting managing director.



National Board of Revenue Chairman Muhammad Abdul Mazid (2-L), Dhaka Chamber of Commerce & Industry (DCCI) President Hossain Khaled (2-R), DCCI Vice President Khandaker Shahidul Islam (L), and DCCI Director RI Khan pose for photographs while launching DCCI-published 'Tax Guide 2008-09' in the capital yesterday. (Story on B1)

World growth to slow before recovery: IMF

AFP, New York

World economic growth is set to continue to slow in the second half of 2008 before a gradual recovery in 2009, the number two official at the International Monetary Fund, John Lipsky, said Tuesday.

"The global economy is projected to slow further in the second half of 2008, with a recovery gaining pace gradually in 2009," Lipsky said in speech to be delivered in Frankfurt, Germany, according to a copy pre-released here.

The IMF predicts that global growth will crawl to three percent in late 2008 from five percent in 2007 and could climb back "toward four percent in the course of 2009."

"The specific figures are still under review and will be released in our World Economic Outlook next month," he said.

A source close to a G20 delegation indicated at the end of August that the IMF had dropped its latest world growth projections for 2008 to 3.9 percent from 4.1 percent and

3.7 percent from 3.9 percent for 2009.

"The recovery of global economic activity in 2009 would be driven by the unwinding of the effects of the more than 50 percent increase in oil prices in 2008 and the bottoming out of the US housing sector," Lipsky said.

In the United States, growth is set to fall to a mere one percent in the fourth quarter of 2008 and increase to 1.5 percent by the end of 2009, he added.

For the eurozone, growth will

be limited to 0.75 percent for late 2008 and climb to 1.50 percent by the fourth quarter of 2009.

In emerging economies, growth is also expected to ease from more than eight percent in 2007 to more than six percent in 2008 before recovering to more than seven percent in 2009.

"The global economy is facing its most difficult situation in many years as we grapple with the financial crisis that erupted last August together with the impact of high commodity prices," Lipsky said.

Seminar on branding held

STAR BUSINESS REPORT

Unitrend Limited, an advertising agency, yesterday held a seminar at a city hotel where different aspects of understanding consumers were focused.

David McCaughan, regional director of strategic planning, Asia Pacific for McCann Erickson Worldgroup, which works to develop brand, delivered a lecture at the function styled 'Don't call them consumers, call them people'.

Representatives from different advertising and creative agencies attended the function.

Vietnam limits golf courses to save land for rice

AFP, Hanoi

Vietnam has suspended giving out licences for new golf courses in an effort to maintain soil for rice cultivation and protect poor farmers, reports said Tuesday.

Prime Minister Nguyen Tan Dung has asked local authorities to review all existing courses, according to a report on the government's website, while the Vietnam News daily said no new licences would be

issued.

"Golf course projects located on areas under rice cultivation must be unconditionally stopped," Phan Huu Thang, head of the Foreign Investment Agency, was quoted as saying in the Vietnam News.

He added that no new licences would be issued pending the review of existing projects.

Earlier this year, Vietnamese media said new courses had been licensed at a

rate of more than one per week since early 2006, when foreign investor interest surged in the "emerging tiger" economy, which saw growth of 8.5 percent last year.

But they explained in July that as food prices were soaring and inflation went into double digits -- hitting 28.3 percent in August -- Hanoi wanted to freeze new courses that do not meet land-use criteria and environmental protection requirements.

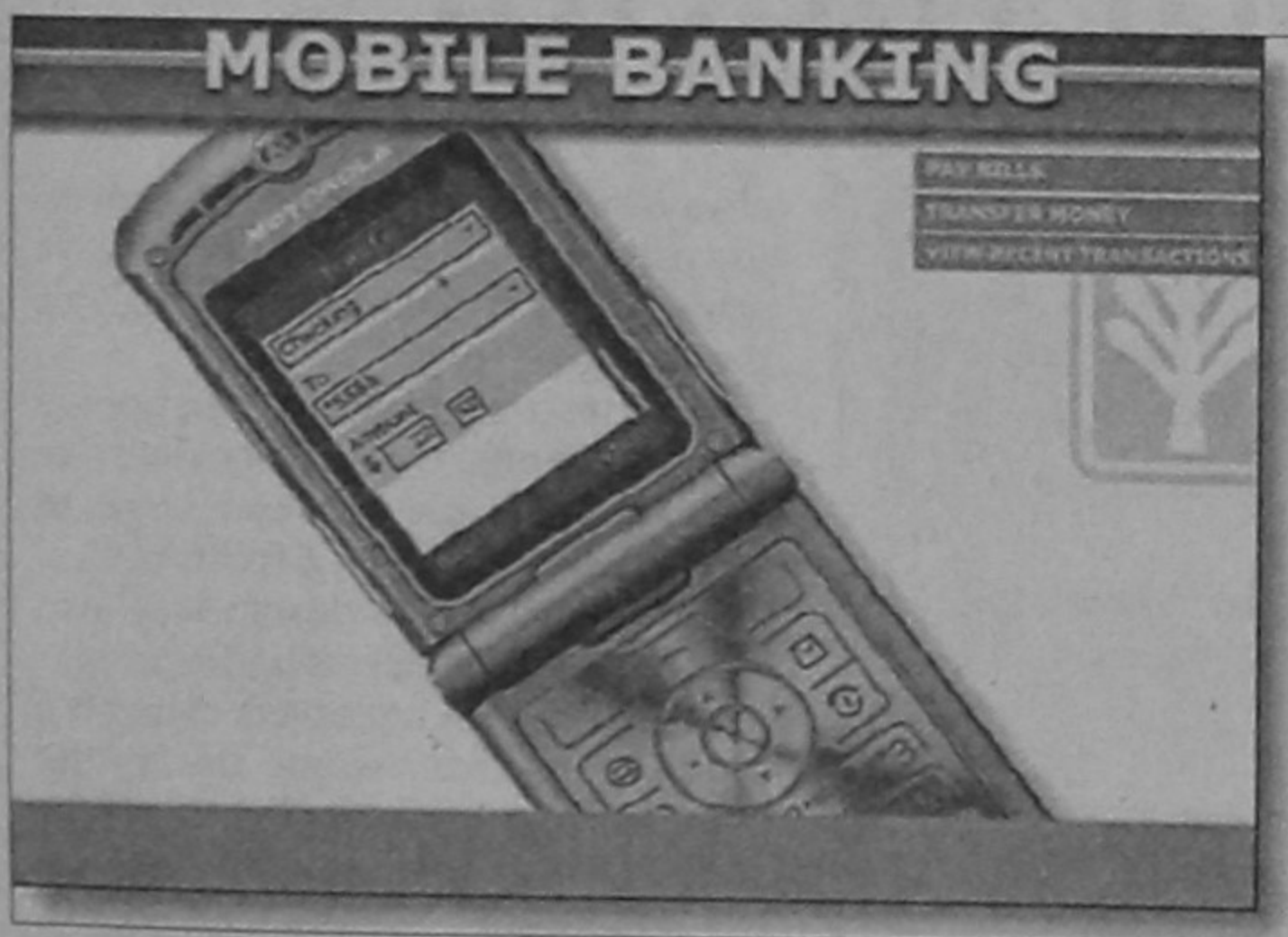


BIZ LETTERS

Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words.

bizletters@thedailystar.net

Mobile banking misappropriated



In response to a letter printed on the Biz Letters section on September 3 on 'Emphasis on mobile banking', I would like to offer some thoughts on the author's views.

What phone companies in Bangladesh have termed as 'mobile banking' is completely different from mobile banking systems in western countries. In North America, mobile banking does exist, but it is used as a vessel by banks. Therefore banks retain the backbone and manage the transaction. Companies wishing to be banks need banking license to deal with money transactions. There is no shortcut or any exceptions to this rule in any developed nation. Yes, as the author mentioned, that 'change is the only constant', but change also has to be fair. Keeping the banking sector highly regulated for years and turning the benefits to on to another industry would be an unjust change.

But if we really want to look for a positive change, the banking sector's transformation in Bangladesh is nothing short of extraordinary. With the leadership of the Bangladesh Bank (BB), the sector has improved dramatically and has caught the recognition of the International Monetary Fund (IMF), World Bank and Citibank's Chief Executive Officer Mamun Rashid. But yet the improvements of the banking sector are not easily recognisable as there are no phone subscriber numbers to boast about and no market penetration data to flaunt to the public. The results of the banking sector's role and improvement are seen in the rapid industrialisation of Bangladesh and the country's competitiveness in the international world. And some banks have gone further by pushing SME financing aggressively.

Regarding the phone operator outlets versus banking booths, the writer mentions that mobile operator outlets are not supposed to replace branches. The playing fields are not level to start off as the writer presents the evidence himself. He mentions that banks have tied up with the Bangladesh Post Office (BPO) to increase their retail outlets to over 10,000. But for the last two years banks have lobbied for rural booths that are capable of offering world standard banking services and bringing banking to the rural masses. The regulator did not allow this. That is the only reason why banks were forced to tie-up with BPO. With the booth rejection for the banks, the phone companies want to copy this concept for their retail outlets and term it as 'mobile banking'.

If the phone company's mobile banking is approved, it will make the situation worse for that region as banks will not have any business case of delivering world class banking services in remote areas. Phone company outlets are already there being subsidised by their phone operations. For state banks, which are hanging by the thread, the situation is even more morbid. Their branches will become inoperable if a sector that was under their control suddenly becomes the realm of a phone company.

A problem with Bangladesh's version of mobile banking, that the writer did not mention, lies with the SMS protocol being used. It is widely known and proven that SMS is insecure. It is usually mentioned in the first chapter of any computer security textbook. In Japan, the most widely documented mobile-banking case, uses an NFC Payment system which is a type of secure blue-tooth instead of the insecure SMS. The difference being the Japanese phone companies invested in a new system instead of trying to adapt the widely insecure SMS protocol. Also the crucial difference in Japan is that banks are in control using the phones as a medium of payment. This is also the reason Bangladesh phone companies exclude Japan from their case studies. Japan is a testament of the new investment for security as well as mobile banking done correctly in accordance with banking laws.

What banks are concerned about is, as a banking licence holder, they are not getting what they are entitled to as stipulated in the license. They fear that phone companies are already getting more than what they are being offered in their phone license (a banking license as well). They have no problem if mobile banking is done in accordance to standards in developed countries such as the US and Japan where the backbone of the transaction lies with the banks. Phones are a medium of communication, not a banking licence.

The writer mentions that money-laundering can be addressed by educating phone company staff. But it is not a whole lot simpler by letting banks deal with the money laundering problems and the phone companies only act as the medium? When the phone

companies strictly act as a medium, the entire money-laundering problem disappears. There is also an issue with trust, as most of the phone companies have been fined repeatedly for skewering or blatantly disregarding their own rules. How will we trust them to act properly with a banking license?

Lastly the writer mentions that the mobile operator DiGi does mobile payments and it is an excellent case to let phone companies do mobile banking. The interesting case with DiGi is that it is also a subsidiary of a well-known phone company doing business in Bangladesh. So the example of DiGi is a little biased. The phone companies point out to the Philippines as an excellent case study for mobile banking, whereas they conveniently ignore Japan and the US.

Also neighbor India, despite having significantly larger remittance than Bangladesh has not given out mobile banking licenses to any phone companies. India not only has a larger rural population, but the rural population is spread over a landmass that is 23 times larger than Bangladesh. Doesn't India have similar problems with their poor being 'unbanked'? Or is this headache unique to Bangladesh?

As for remedies to this collision of views there are a few solutions. If BB wants to take the risk and allow phone companies to do banking business it should be done in the same conditions as in the US, where banks are the backbone and mobile companies act strictly as the vessel. The second solution lies on a consensus that the 'unbanked' cannot be bought under banking channels without mobile banking. If so, then why not provide a few mobile licenses collectively to banks so that they can bring the 'unbanked' under their umbrella. But this would not be fair to phone companies as the banks would be getting more for their highly regulated banking license. Or would it?

Mahfuz Ahsan
Washington

Eight women entrepreneurs awarded

Small and Medium Enterprises (SME) Foundation organised an award function for the first time to recognise women's contribution and participation in the economy of Bangladesh on August 31. Eight women entrepreneurs in three categories were awarded the maiden national SME women entrepreneurship award, 2008. Cash and crests were awarded to them. The first prize winner got a crest and Tk 1 lakh, while second and third prize winners got crests and Tk 50,000 and 25,000 respectively. It is really a good step to encourage women entrepreneurs. Now women will be enthusiastic about getting involved in entrepreneurship and the existing women entrepreneurs will work hard.

Rawnak Arefin
Sylhet



Perspective on oil price

Oil runs wheels, wheels run the economy. Oil is the main natural resource in our earth that is used to fuel our modernised world.

At the advent of 2008, the price hike of oil created unrest not only in our country but also around the world. Analysts say, more than 4 million new people went under poverty line in Bangladesh. The situation gradually worsens day by day. Developing and developed countries now have to think about renewable sources of energy to overcome the present crisis. But it is quite impossible to come to a solution overnight. Oil prices rose to \$145 per barrel this year. Equally dramatic was when oil prices began declining. The oil price went down to \$105 per barrel. It is a tremendous opportunity for our country to take prompt decision to stock our oil reservoir to meet any word crises that may occur in the future. The present benevolent government recently signed a deal with the government of Maldives to import more than 1.5 lakh tonnes of oil. Even though Maldives is not an oil rich exporting country, our government's quick initiatives proves to be a milestone. Bangladesh Petroleum Corporation (BPC) in our country has a traditional status to be a losing concern sector. So it is high time they gain back the losses by purchasing huge amounts of oil at the present international low rate, for the betterment of the country.

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