



Prof Azizur Rahman Khan (3-L), a Bangladeshi economist and a teacher of University of California, poses at the launch of a book -- Development, Equity and Poverty: Essays in Honour of Azizur Rahman Khan -- at a programme organised by Bangladesh Institute of Development Studies (BIDS) in Dhaka yesterday. (L-R) Dr Lopamudra Banerjee, assistant professor of economics at University of California, Dr Mustafa K Mujeri, director general of BIDS, Prof Rehman Sobhan, chairman of Centre for Policy Dialogue, Dr Rizwanul Islam, former special adviser to International Labour Organisation, and Dr Anirban Dasgupta, lecturer at Institute of Social Studies under Erasmus University Rotterdam in the Netherlands, are also seen.

Rich-poor gap blocks efforts to cut poverty: Economists

STAR BUSINESS REPORT

Widening rich-poor gap is a major barrier to reducing poverty not only in Bangladesh but in many developing countries, said economists from home and abroad at a discussion in Dhaka yesterday.

They said policies and strategies should address this growing inequality problem that demands redistribution of income and wealth, creation of ownership and making land reforms.

Bangladesh Institute of Development Studies (BIDS) organised the discussion to mark the launch of a book -- Development, Equity and Poverty: Essays in Honour of Azizur Rahman Khan.

Khan, a Bangladeshi economist who teaches at the University of California and researches in development issues across the globe, also

delivered a lecture on development, equity and poverty based on his personal experiences.

Prof Rehman Sobhan, Prof Wahiduddin Mahmud and Dr Mahub Hossain took part in the discussion as panellists, while Dr Rizwanul Islam, former special adviser to International Labour Organisation, moderated the session.

Prof Khan said the world has witnessed remarkable changes in the past several decades based on three major factors -- growth, inequality and international migration.

Growth in Bangladesh was slower compared to the opportunities the country got, he said, adding that distribution of income has become increasingly unequal during the last two decades.

"Poverty would have been eliminated if inequality was not increased," said Khan.

He blamed the growing inequality on accumulation of wealth by a section of people, gap in implementation of strategies and imbalanced distribution of wealth.

Khan cited examples of some countries including China, Vietnam and India where inequality has risen despite considerable economic growth.

Sobhan said enormous inequality, particularly in the human development area, prevails in Bangladesh.

He said broadening the ownership of productive assets can reduce the inequality. He cited example of Amul India that has created ownership for a huge number of people.

Sobhan, chairman of Centre for Policy Dialogue, blamed institutional failure for poor quality of education and healthcare services.

Mahmud, a professor of econom-

ics at Dhaka University, said inequality deprives people of getting the benefits of economic growth what he said has happened in Sri Lanka.

He said there must be a balance between the demand and supply of resources based on the capacity of consumption.

BRAC Executive Director Dr Mahub Hossain has called upon the government to carry out land reforms if it wants to reduce inequality.

Dr Mustafa K Mujeri, director general of BIDS, Lopamudra Banerjee of New School University in New York, and Dr Anirban Dasgupta of Institute of Social Studies in the Netherlands, were also present.

Earlier, Sobhan unveiled the book published jointly by Macmillan India and UNDP.

\$2m boost for micro-insurance

STAR BUSINESS DESK

The government signed an agreement for \$2 million to finance insurance for the poor with the Asian Development Bank (ADB) yesterday.

Bangladesh and Japan governments along with the ADB and Palli-Karma Sahayak Foundation (PKSF) jointly developed the Developing Inclusive Insurance Sector project.

The micro-insurance project is expected to benefit close to 20,000 households.

Japan will grant the assistance through Japan Fund for Poverty Reduction for the project to be administered by the ADB with technical support.

The fund will be disbursed to the government

through the finance ministry, which will oversee the implementation of the project by PKSF, an apex microfinance organisation.

Md Saifuddin Ahmed, joint secretary of Economic Relations Division, Paul J Haytens, country director of ADB's Bangladesh Resident Mission, and Parveen Mahmud, deputy managing director of PKSF, signed the deal at a ceremony in Dhaka yesterday.

"It will significantly strengthen financial coping skills of these families by helping reduce by at least 30 percent unexpected expenses arising from illness, fire, theft and loss or damage to property from natural disasters," ADB said in a statement.



Foreign minister to attend business summit in Kolkata

OUR CORRESPONDENT, New Delhi

Bangladesh Foreign Minister Dipu Moni will attend the northeast business summit, Explore Business Opportunities, beginning in Kolkata today.

The summit, jointly organised by Indian Chamber of Commerce (ICC) in association with the Ministry of Development of North Eastern Region, will focus on building international partnerships, enhancing infrastructure in north-east India.

More operating efficiency to help reduce bank spread

Seminar told

STAR BUSINESS DESK

Economists at a seminar on Wednesday suggested that banks reduce interest rate spread (IRS) by increasing operating efficiency and competitiveness for sustainable economic development.

The seminar, Determinants of Interest Rate Spread in Bangladesh, was organised by the Policy Resource Programme of the Bangladesh Institute of Development Studies (BIDS-PRP) at its conference hall in Dhaka, according to a press release.

Dr Monzur Hossain, a BIDS research fellow, presented the keynote paper.

He said high administrative costs and non-performing loan in the banking sector are responsible for the prevailing high IRS.

At present the IRS in the country ranges between 5 to 8 percent.

Foreign commercial banks need to be brought under strict scrutiny, as they could not bring competitiveness in the banking sector, and their substantially high non-interest income needs to be reduced, added Hossain.

Dr Salehuddin Ahmed, former governor of Bangladesh Bank, was present as special guest, while Dr Mustafa K Mujeri, director general of Bangladesh

Institute of Development Studies (BIDS) chaired the seminar.

"We need to maintain certain rules and regulation for bringing competitiveness in the banking sector," said Dr Qazi Kholiqzaman Ahmad, president of Bangladesh Economic Association and chairman of Palli Karma Sahayak Sangstha.

Bangladesh Bank has no control over foreign banks and companies in the country, Ahmed pointed out.

Dr KAS Murshid, director of BIDS-PRP, and Muhammad A (Rumee) Ali, chairman of BRAC Bank Ltd, also spoke on the occasion.

Regional connectivity for business stressed

STAR BUSINESS REPORT

Regional connectivity with a deep-sea port will open up an enormous trade opportunity for Bangladesh, speakers said at a roundtable in Dhaka yesterday.

They pointed to the huge prospect of being an important business hub in South Asia, provided such connectivity is established with India and landlocked Nepal and Bhutan.

"Trade in transport services will bring huge resources in the country, as

users of transit, port, road and rail facilities are to be charged a certain amount of revenue," said Dr M Rahmatullah, policy adviser of Transport Sector Management Reform at the Planning Commission, in his keynote paper.

The Bangla daily Bhorer Kagoj organised the discussion on 'Connectivity in South Asia: Opportunities for Bangladesh' at a city hotel.

Rahmatullah suggested Bangladesh offer Mongla Port facilities to Nepal, Bhutan and northeastern

states of India and generate revenue.

Foreign Minister Dr Dipu Moni, who attended the programme as chief guest, made an assurance that people's aspiration and concerns over regional connectivity and transit will be reflected in the talks during the Prime Minister's ensuing visit to India.

"One cannot ignore that 1.5 billion population in the region can reap benefits from intra-regional trade," the minister said, adding that connectivity will facilitate regional economic

integration, trade and investment.

In this connection, she pointed her finger at a World Bank data showing that a 20-foot container costs \$ 2200 to reach Bangladesh from India by sea, while it costs \$ 1400 and takes a week to land directly by rail.

The discussants underscored the need for easy visa procedure and common registration of vehicles under the Saarc arrangement to help enhance trade and business in the region.

Abdul Awal Mintoo, former president of the Federation of Bangladesh Chambers of Commerce and Industry, pointed out that connectivity issue should be addressed along with the issues of trade deficit, water sharing, tariff and non-tariff barriers and Tipaimukh Dam with India.

Former foreign secretary Syed Moazzem Ali, former ambassador Muhammad Zamir, and journalist Jaglul Ahmed Chowdhury also spoke at the discussion, moderated by Bhorer Kagoj Editor Shyamal Dutta.



Syed Manzur Elahi (middle), founding chairman of Mutual Trust Bank Ltd, holds the bank's calendar for 2010 at a ceremony in Dhaka on Sunday. Anis A Khan (left), managing director and chief executive officer of the bank, and Ramendu Majumdar (right), chairman and managing director of Expressions Ltd, a communication agency, are also seen.

Citi's cash management service ranks top

STAR BUSINESS DESK

FinanceAsia, a Hong Kong-based financial publication, has named Citi's Global Transaction Services as the best cash management bank in Asia in 2009 for a sixth year.

According to FinanceAsia, Citi's cash management business in Asia stood out in 2009 through its "unmatched regional footprint, its diverse product suite and unrivalled integrated solutions", according to a statement released yesterday.

The Global Transaction Services, a division of Citi's Institutional Clients Group, offers integrated cash management, trade, and securities and fund services to multinational corporations, financial institutions and public sector organisations in over 100 countries.

"Citibank pioneered cash management services in the Bangladesh market and we are honoured that FinanceAsia has chosen Citi for the award," said Mamun Rashid, managing director and country officer for Citibank Bangladesh.

As of the third quarter of 2009, Citi's Global Transaction Services held \$314 billion in liability balances and \$11.8 trillion in assets under custody.

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 Date: January 6, 2010

NOTICE OF TIME EXTENSION
 Extension of Closing Date for Submission of Bids against "Design, Supply, Erection, Testing & Commissioning of 230 kV Siddirganj Substation on Turnkey Basis" (Bid Package No. G2-PGCB) under Siddirganj Peaking Power Plant Project.

Ref: Memo No.01/PGCB/Sec-Design/4431, dated: November 15, 2009

The closing date for submission of Bids for the above work has been extended from January 18, 2010 at 11:00 am Bangladesh Standard Time (BST) to February 16, 2010 at 11:00 am BST. All other terms and conditions for the above Bidding Documents shall remain unaltered.

(Md. Ashraf Hossain)
 Company Secretary

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 Syed Akhtar Mahmood, Senior Program Manager, IFC BICF (Bangladesh Investment Climate Fund)
12.15pm - Introduction Venture Capital Regulations for SME Promotion in Bangladesh
 Ify Islam, Managing Partner - Asian Tigers Capital Partners, Dhaka
3.00pm - Access to Finance for Light Engineering Sector
 ASM Mashi-ur Rahman, GM - MIDAS - Micro Industries Development Assistance & Services.
4.15pm - JV Opportunity in Light Engineering Sector in Bangladesh.
 Abu Reza Khan, Executive Member (Addl Secretary), Board of Investment

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