

Call for banks, non-banks to change business model

STAR BUSINESS REPORT

Banks and non-bank financial institutions should change their business model and take their services to millions of people still left out, said an economist yesterday.

"The banks should not try to replicate their urban business model in rural areas. They need to go to village customers," said Toufic A Chowdhury, general secretary of Bangladesh Economic Association.

Speaking at the seminar on 'inclusive financing' at Bangabandhu International Conference Centre in the city, Chowdhury said banks should also rearrange their business hours to catch up with the rural customers, as most of them remain out during the traditional banking hours.

Palli Karma Sahayak Foundation (PKSF), the state-run lender, organised the seminar on the sidelines of its four-day event -- 20 years of PKSF and Development Fair 2010 -- which ended yesterday.

Atiur Rahman, governor of Bangladesh Bank, presided over the programme, while Md Shafiqur Rahman Patwary, secretary of Bank and Financial Division of the finance ministry, spoke as the chief guest.

Chowdhury, the keynote speaker, said a well-functioning financial system can economically and socially empower individuals, allowing them to better integrate into the economy, actively contribute to the development and protect themselves against economic shocks.

Bangladesh ranked 43rd among 55

countries in an index of financial inclusion adjudged as per three dimensions, banking penetration, availability of services and usage of services, said Chowdhury, quoting a 2008 study.

Around 25.5 percent of the country's 16 crore people have bank accounts, according to a United Nations estimate of 2006.

In 2008, there was a bank branch for every 20,566 people and the number of bank deposits stood at Tk 3.76 crore, according to Bangladesh Bank.

To improve the scenario, the central bank increased the availability of quality banking services to the farmers, allowed the banks to open SME service centres to provide a whole range of services and invested at least 50 percent of deposits of these centres in SME or agriculture sector.

Among other initiatives, Bangladesh Bank also introduced a three-year term revolving crop credit limit system to ensure smooth flow of agricultural credit.

The state-run commercial and specialised banks have so far opened nine lakh accounts for the farmers at Tk 10 each, which is expected to help the country to shift from paper-based payments from state benefits to direct payment into accounts.

Chowdhury said the policies and measures on inclusive banking undertaken in the country are of course essential and in the right direction and they already started creating positive impacts.

However, he said the measures are still wholly regulation-driven and are not really spontaneous initiatives on

the part of the banks and financial institutions. "Without their spontaneous participation, the sustainability of inclusive banking cannot be established and achieved."

The economist said the measures so far taken are still not fully able to address the demand side problems of the financially excluded section, and the issue is not only a supply-side problem.

Chowdhury, also the director general of Bangladesh Institute of Bank Management, said banking approaches to the financially excluded people are to be changed. Women focus of the inclusive banking measures also must be maintained.

He urged the central bank to provide a detailed guideline of inclusive banking, instead of piecemeal directives, to all financial institutions.

The central bank chief said the country cannot afford to forget those people -- farmers, small and rural entrepreneurs and micro-financiers -- who have helped Bangladesh tremendously to achieve 6 percent economic growth in the turbulent times.

"We have to think about them, as Bangladesh is growing gradually -- thanks to their contribution," he said. "The country's success stories are actually the success stories of its people."

"The banks and financial institutions have to reach them," said the central bank governor.

Rahman said the central bank has awarded licences to eight banks to carry out mobile banking, which he said will help the country's target of bringing all people under the banking services.



Wonder Wang, Huawei Bangladesh country manager, and Oddvar Hesjedal, Grameenphone chief executive officer, pose after signing an agreement in Dhaka recently. Huawei will deploy its SingleRAN solutions for Grameenphone's mobile network and install thousands of 4th generation base stations countrywide.

Huawei, GP team up

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Huawei, a telecom network solutions provider, has signed a deal with Grameenphone to expand capacity and enhance its SingleRAN network.

As part of the three-year agreement, Huawei will deploy its industry-leading SingleRAN solutions for Grameenphone's mobile network and install thousands of base stations.

"We are delighted and honoured to be the vendor for Grameenphone," said Wonder Wang, country manager of Huawei Bangladesh.

As the core component of SingleRAN, Huawei's latest 4th generation multi-platform All-IP solutions enable the convergence of radio access networks, providing a smooth evolution to 3G and LTE.

The network will also deploy Huawei's SingleCORE, SingleEPC, ngHLR (home location register), and IP STP (signaling transfer point) solutions.

The move will help Grameenphone build a more robust and flexible mobile network with a highly reliable and simplified architecture, making the network more efficient, easier to maintain, and less expensive to operate, according to a statement.

Since starting its operations in Bangladesh in 1998, Huawei has become one of the country's leading communications suppliers.

Make food safety authority for effective coordination: FAO

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The government should form a separate national food safety authority to ensure proper coordination among ministries and stakeholders, an official of Food and Agriculture Organisation (FAO) said.

"About 11 ministries are now involved in ensuring a safe food supply to consumers," said Deon Mahoney, chief technical adviser to the FAO food safety project. "But this involvement of too many government bodies hampers coordination of activities."

Bangladesh, therefore, should establish a separate umbrella body to oversee and coordinate its food safety mechanism, he added.

He was speaking as a keynote speaker at a two-day workshop at BIAM Centre in Dhaka, organised by Consumers' Association of Bangladesh (CAB) in collaboration with FAO of the United Nations.

The programme styled 'National workshop on building a food safety advocacy network in Bangladesh' ends today. It aims to develop a national platform to address food safety advocacy, said Quazi Faruque, president of CAB.

"Food safety is in a precarious condition,

said Faruque, "because the whole food chain, from agro to the food plate, has many problems due to the indiscriminate use of fertilisers, pesticides, chemicals in fruits, vegetables and seafood, which are hazardous to our health."

Mahoney said: "FAO is working with the government to establish a laboratory of international standards in Bangladesh, for which, they will donate \$2 million for providing technical assistance and capacity building."

The main function of the laboratory will be survey work, inspection, routine testing and practicing quality management systems.

The FAO representative also pointed that Bangladesh has an absence of a national food safety policy and effective food testing capacity, in addition to outdated food legislation, poor food inspection systems, and limited outreach material for consumers, food industry and food handlers.

FAO began a food safety project in Bangladesh last year, which is scheduled to end mid 2012. The overall goal of the project is to improve consumer health through activities designed to improve food safety, quality and hygiene, he said.

Output data has no impact on rice market

Economists point out at a discussion

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Rice prices are on the rise, although the food grains output is close to autarky by an official estimate. Economists now question the validity of production data.

They say there should be an impact of adequate food grains production on the market. Data shows a rise in rice production to 3.22 crore tonnes in fiscal 2009-10 from 3.13 crore tonnes the previous year.

But without showing any impact of better output, retail prices of rice, depending on variety, shot up between 18 percent and 47 percent in the last one year.

For coarse rice, consumed mainly by low-income people, prices rose by 47 percent to Tk 31-34.

Mustafa K. Mujeri, director general of Bangladesh Institute of Development Studies, said data shows that food availability is higher than requirement.

"Under such circumstances, there should be adequate stocks and thereby its impact should be felt in the market," he said at a discussion on 'Food Grain Market Situation: Prices and Government Response' yesterday.

Food Division of the food and disas-

ter management ministry organised the programme at the Cirdap auditorium to find reasons why rice prices have soared and suggestions to tackle the situation in the coming months.

Food Minister Muhammad Abdur Razzaque, who moderated the discussion, expressed his concerns over the rise in rice prices at a time when estimates show a good harvest of crops in FY 10.

"We know population is a problem. But if we take production and per capita availability into consideration, there is no crisis," said Razzaque.

One of the reasons the food minister pointed was the impact of rise in the prices of rice in the international market.

A rise in purchasing capacity may also be a reason for the price-hike, he observed, seeking interpretations of analysts at the discussion.

"It's a serious concern for the government," he said, "There is no serious crisis of food in the market. But still, some have to cut their budget."

Expressing doubts about objectivity of domestic production data, discussants blamed lack of stock in government hand, profit-mongering of traders, rise in inflation and wages and surge

in prices of food grains in the international market for the rise in rice prices.

Centre for Policy Dialogue Executive Director Mustafizur Rahman said government's low food stock as well as its failure to achieve procurement target has created a fear of inflation in the market.

"Stock management is important," he said.

Rahman also cited production data and said an objective estimation is needed to get clear idea. For Rahman, prices should not have increased so much if demand and supply situation was in order.

Abdus Sattar Mandal, vice chancellor of Bangladesh Agricultural University, linked increase in wages partly to the rise in prices of food.

Participants suggested the government procure rice from farmers by forming cooperatives, create adequate storage capacity and enhance production.

They also stressed the need for continuing providing rice to the extreme poor at subsidised price and increasing efficiency of bureaucrats so that they can take steps and procure food grains in advance before the market goes up.

Sadharan Bima gets new GM



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MA Hannan has recently been promoted to general manager of Sadharan Bima Corporation, says a statement.

Prior to this, Hannan was the deputy general manager (re-insurance) of the insurer.

An MSc in mathematics from Rajshahi University, he started his career with Sadharan Bima as trainee officer in 1981.

Tata Motors profit soars

AFP, Mumbai

India's leading vehicle company, Tata Motors, said Tuesday its consolidated second-quarter net profit soared, beating analysts' forecasts, as demand for cars improved across its markets.

Tata Motors' net profit, including British motoring icons Jaguar and Land Rover, totalled 22.23 billion rupees (505 million dollars) for the three months to September, compared with 217.8 million rupees a year earlier.

Revenues rose 36 percent to 287 billion rupees for the second quarter of the financial year to March 2011, a company statement said.

Analysts had forecast Tata Motors to show a profit of 18 billion rupees.

Tata Motors produces utility vehicles, passenger cars including the world's cheapest Nano car and sells luxury brands like Jaguar and Land Rover.

Tata Motors, India's largest vehicle maker by revenues, bought Jaguar and Land Rover from US Ford Motor for 2.3

billion dollars in 2008. Sales of the luxury cars were hit by the global financial crisis, but have improved since.

"In the quarter we saw healthy volume growth in the Jaguar Land Rover business," the company said in a statement, with a net profit of 238 million pounds (383 million dollars) as demand for the luxury cars improved.

Tata Motors shares closed up 0.2 percent or 2.55 rupees at 1,270.55 at the Mumbai stock exchange, before its earnings were released.

Tata Motors, part of the tea-to-steel Tata Group, launched the world's cheapest small car, the Nano, in July 2009. About 70,000 have been sold so far.

India's automobile market has seen strong sales for several months, led by a recovery in demand, the launch of new models and a rise in rural income and consumer spending after a good monsoon this year.

The Society of Indian Automobile Manufacturers, a leading industry body, has raised its forecast car sales growth this fiscal year to March 2011 to 18 to 20 percent from an earlier forecast of 13 to 15 percent.

Appointment Notice

The Institute of Business Administration (IBA), University of Dhaka invites applications in prescribed form for the following positions:

LECTURER: 4 (four) permanent positions plus 2 (two) positions against leave vacancies.

PAY SCALE: Tk. 11000-490 x 7-14430-EB-540 x 11-20370/- (NPS-2009)

Candidates must have a regular MBA degree majoring in Finance or Marketing or a Masters degree in other business disciplines. He/She must have a minimum CGPA of 3.50 (on a 4.00 point scale) and a minimum 3 years Bachelor degree including internship with a minimum CGPA of 3.50 (on a 4.0 point scale) from a recognized University. Candidates must also have first divisions or equivalent results in SSC & HSC or similar examinations. Candidates having Bachelors degree in Business, Computer Science, Economics, Mathematics and Statistics will have an advantage. Applicants having higher degree will be given preference.

Application Procedure:

Interested candidates must submit 8 (eight) copies of application, enclosing attested copies of all educational certificates, mark sheets and passport size photographs with a crossed Pay Order/Bank Draft of Tk 750.00 (take seven hundred and fifty) drawn in favor of Institute of Business Administration. The prescribed application form may be obtained from the office of the Secretary, IBA. The properly filled-in application along with the Pay Order/Bank Draft must reach the Office of the Director by December 15, 2010 during office hour (9:30 a m to 4:30 p m.).

Candidates already in public service should apply through proper channel.

Director, IBA



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