

Ctg port to celebrate 125th founding anniversary

Users want port of world-class standards

DWAIPAYAN BARUA, Chittagong

CHITTAGONG Port is to celebrate its 125th founding anniversary tomorrow amid users' demand for world-class standards.

Even though the Chittagong Port has remained active for over 2,000 years, the port started its administrative journey since the enactment of Port Commissioner's Act introduced on April 25, 1887.

The existence of such an ancient but still alive and active port is rare in the world and stakeholders believe it would contribute to the regional economy for many more years if its efficiency and capacity is increased.

Users of Chittagong Port, the prime maritime gateway for Bangladesh that carries 80 percent of the country's total exports and imports at present, urged authorities to upgrade the port as Myanmar, another important transit point, is moving forward fast in attracting regional business in the backdrop of a changing economic scenario.

On the eve of the port's founding anniversary, users expressed their views to The Daily Star and urged the government to take necessary steps immediately in this regard.

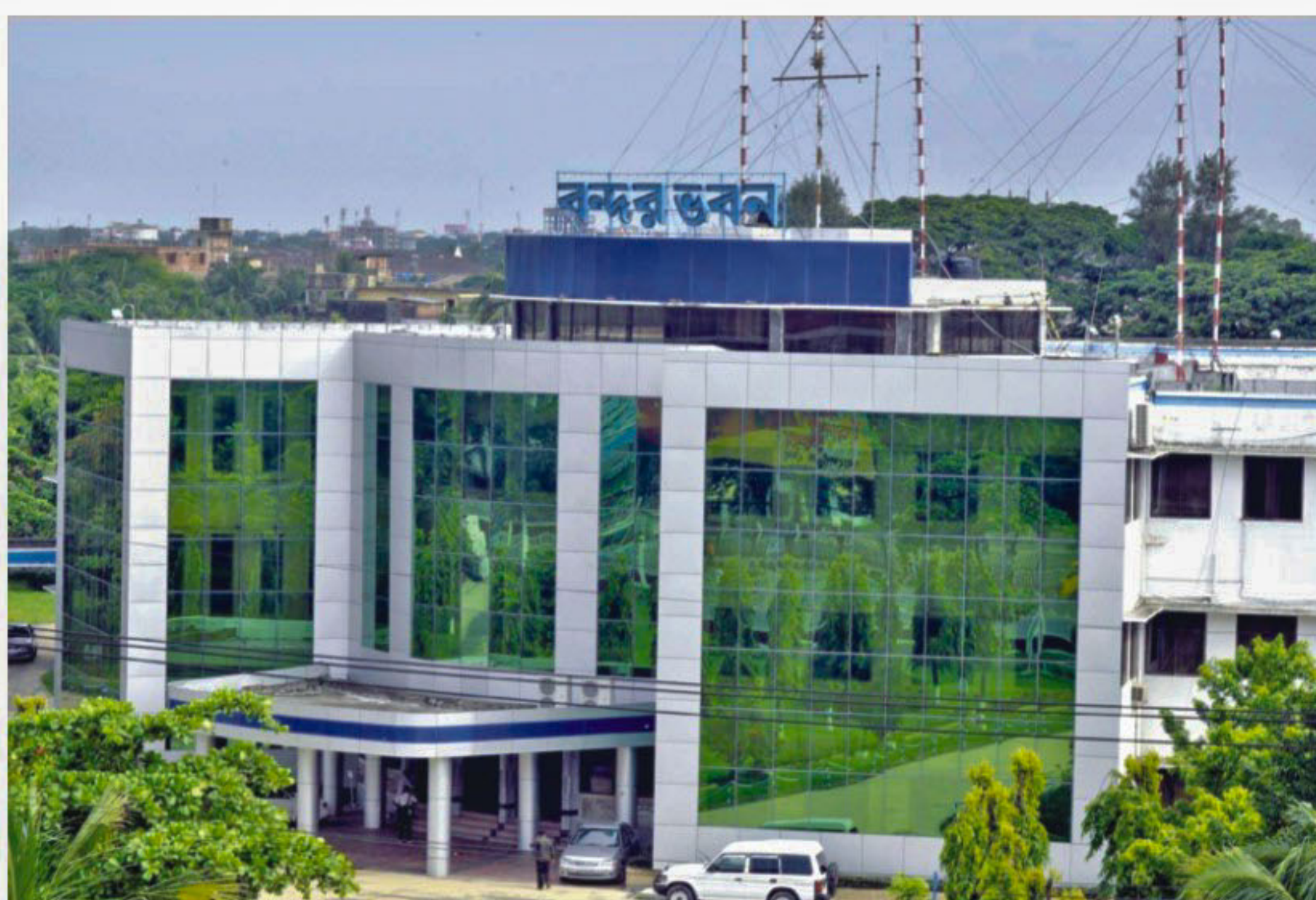
First Vice President Nasir Uddin Chowdhury of Bangladesh Garments Manufacturers and Exporters Association (BGMEA) said the country's premier port still lags behind in providing world-class services. He emphasised increasing its capacity and efficiency.

The port's management should be independent while its chairman should have the power to take decisions in the shortest possible time, he said. The existing lengthy process of taking a decision stands in the way of providing better services, he added.

Chowdhury underscored the need to bring the whole port area under closed-circuit television monitoring to stop petty theft, as the port's image is destroyed by such incidents, and all the sheds should have modern equipment in place.

Chittagong Chamber of Commerce and Industry (CCCI) President Murshed Murad Ibrahim said the port is providing better services at present.

Citing some improvements at the port, Ibrahim said the turnaround time for all types of



Bandar Bhaban is the administrative building of Chittagong Port Authority. The ancient port will mark its 125th founding anniversary tomorrow.

ships has declined in the last few years, which has reduced expenses in running vessels. The previous scenario of container congestion is also not widely seen with setting up of private inland container depots (ICDs), he said.

He, however, added that there are many things that need improvement.

Ibrahim emphasised encouraging the private sector in developing infrastructure as well as in operating the port jetties to make the port more efficient at cargo handling.

Ibrahim said Chittagong Port has the potential to be an important regional port, which would increase growth of the economy.

Federation of Bangladesh Chambers of Commerce and Industry Director SM Nurul Hoque said the port's capacity would have improved further if the New Mooring Container Terminal (NCT) was made operational three years back.

He said once the NCT is operational, with the appointment of an internationally renowned

operator, the port would be more cost effective and efficient.

He emphasised greater transport of containers by using the railway and river routes, instead of the roadways.

Hoque said containers reach Chittagong Port from Singapore in four days, but it sometimes takes around a month to transport the containers within Dhaka due to a poor transport system.

Fazle Ekram Chowdhury, president of Berth Operators, Ship Handling Operators and Terminal Operators Owners Association, termed introduction of private berth operating systems in the port during the caretaker government's regime in 2007 an important step in improving port efficiency.

He said more backup yards, including container yards, should be set up to increase the port's capacity. Stakeholders hoped that the port could accelerate the country's economy as well as become a regional hub in the near future with proper management and efficiency.

Bangladesh's demographic dividend is arriving

WILLIAM WESTGATE

CAN we predict the future? The answer to that is both yes and no. While many random events are unpredictable, many other events are part of cyclical patterns (such as the tides or seasons), while others are logical outcomes (example, in ten years from now, a person will be 10 years older).

This latter observation is much more important than you may think. "Demographics is destiny" is an old refrain heard among economists and statisticians. The expression arose because we have learned over the generations that studying population trends such as birth rates and average ages in a society has remarkable predictive powers on matters ranging from national output to patterns of consumption. Quite simply, the average 20-year-old behaves significantly differently from the average 65-year-old -- and predictably so.

Understanding these behaviour patterns allows statisticians to look at a given population and current birth rates to determine what future output and consumption patterns will be.

The good news is that demographic analysis suggests that the economic future of Bangladesh is encouraging. A critical feature is the 'dependency ratio', which is the percentage of population below working age (below 16 years of age) and how many are above working age (typically over 65 years).

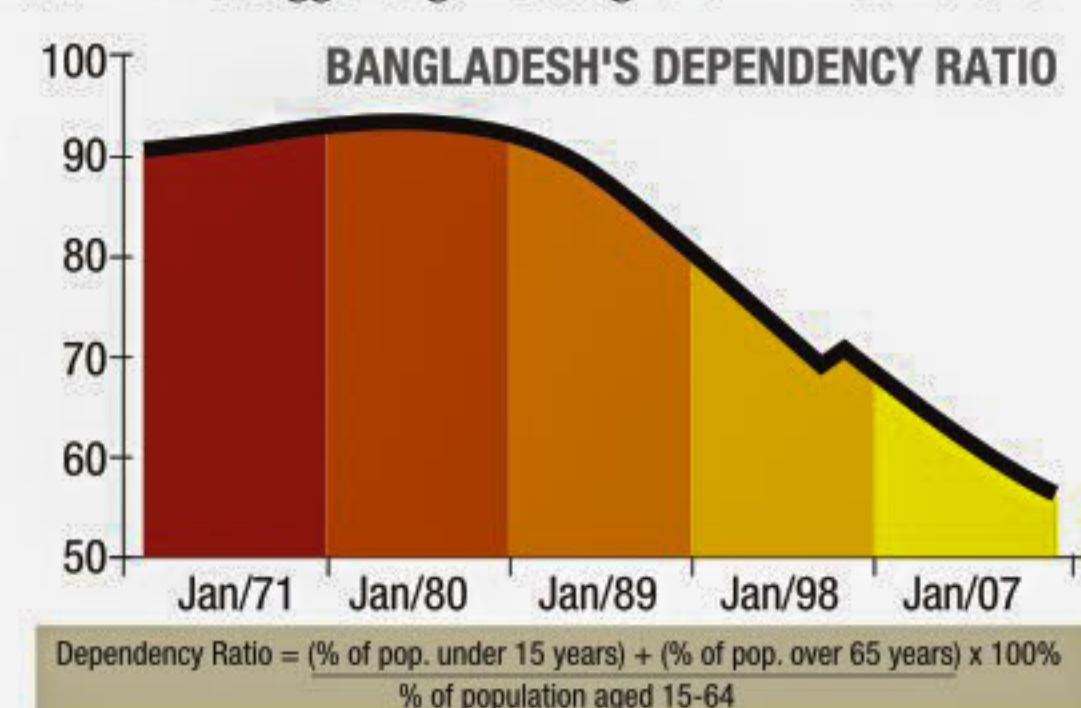
When a population has a high dependency ratio (as many dependent people as working age people) a nation will struggle to generate growth in income and output. When the dependency ratio is low, 'economic miracles' tend to happen.

We have seen all this before -- in the US and much of the West, the Baby Boom of the 1940-50s created a bulge in the workforce in the 1970s-90s, which fuelled much of the surge in economic output seen across the region. Likewise, a massive rise in the average age of Japan seen in the past 20 years led many demographers to predict -- quite accurately -- that the nation's economic strength was going to start to wane.

As the accompanying chart shows, from the 1970s up until recently, Bangladesh experienced negative demographic forces (a high dependency ratio -- anywhere close to 100 percent -- or one dependent for every worker). That acted as a huge drag on economic output until recently when the ratio started turning positive. Moreover, according to the United Nations, Bangladesh's fertility rate has fallen by half over the past 20 years to just 2.16 children per couple. This has further reduced the strain, while all those born in the 1970-90s are now entering their most productive working age. When this happens, not only does output and productivity rise, but so does tax revenue and all this occurs amid a relative decline in demand for education and healthcare. This is the so-called 'demographic dividend'.

Of course, demographics is very complex and there are many factors that will influence and individual nation's economic future. However, we have seen a similar demographic pattern before in many countries and the outcome is usually positive. We have also learned that whenever the demographic dividend pays off, many groups and leaders try to take credit for the progress that unfolds. Of course, the resulting boost in national wealth has less to do with various policies and more to do with positive, yet natural, forces.

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Plugging the loopholes in SME financing

TARIQUE AFZAL

GLOBALLY, the financial crisis has halved the economic growth potential. Many investment plans, talents and ideas are not being utilised because of uncertainty, sluggish demand and a lack of funding. The impact on real economic activity could be more pronounced everywhere because small and medium enterprises (SMEs), being today's engine of growth, rely more on bank loans than their counterparts in some other economies. It is, therefore, crucial that banks resume their normal role of providing liquidity and supporting investment in the real economy, and Bangladesh is no exception.

SME financing is the funding of small and medium sized enterprises, and represents a major function of the general business finance market and is truly the device of success that will continue to contribute to the country's economy at large. Considering the slogan of Small Industries and Development Bank of India (SIDBI) -- Good things in life begin small -- we reciprocate as we notice that the wind of change has commenced in the finance sector and general and banking in particular. Such a panorama suggests that now is the time of cooperation rather than a competition; now it is a time of convergence rather than cutting each other's neck over customers and markets; now it is a time of consolidation for attaining a sustainable growth to ensure a healthy and acceptable economy.

In recent times, Bangladesh Bank under the leadership of Dr Atiur Rahman continues to play a proactive role in providing necessary refinancing or seed money under its SME financing and Equity and Entrepreneurship Fund initiatives. Governor Dr Rahman said: "Institutions like the SME Foundation and banks can play a major role in minimising disincentives and promoting entrepreneurship in the country by ensuring adequate finance and maintaining basic discipline." We believe such assurance will increase the cause and appoint uninterrupted growth in the economic sector at large. It is pertinent to mention that Bangladesh has achieved landmark results in the domain of SME financing and fulfilling their credit requirements time to time in various forms such as long-term project finance, working capital finance, etc by encouraging and directing financial institutions so far. However, considering the level of requirement for credit facilities of the SMEs, the financial institutions need to work out a unique and innovative model of financing to this vital sector (SME) of Bangladesh economy and that is



Jute items on display during a fair held in Dhaka recently. In today's changing world, SME financing/credit is the major growth driver for the banking industry.

"stretch and reach beyond urban areas".

In today's changing world, SME financing/credit is the major growth driver for the banking industry. The scene has changed since the adoption of Basel II and the applicable risk grading methods. Simultaneous need for rating SME portfolios have emerged alongside to determine and monitor risk in the same.

Recently, BB Governor Dr Atiur Rahman laid emphasis on expediting investment in agriculture and SMEs to turn the country self-reliant and self-sufficient. According to him, "Commercial banks have been playing a tremendous role in this regard through the timely guidelines from the BB."

The role of the BB in the format of SME financing has been overwhelming, as the central bank continues to motivate/advise all financial institutions to expedite SME

sector disbursement and uphold the tempo of continuous growth. In this regard, the BB in letters issued to divisional, regional and branch managers of all commercial banks said that the monitoring system would be enhanced for selecting the real SME entrepreneurs by the field-level officials of the banks for SME credit facilities.

The regional managers have also been instructed to properly follow the loan disbursement rules and regulations for agro-processing industries and women entrepreneurs under the BB's revolving scheme.

SME entrepreneurs can take credit support at 10 percent interest under the BB refinance schemes, the BB letter said.

To commensurate with the model and initiatives of the BB, the Asian Development Bank (ADB) continues to extend its support to expand the country's economically

vital non-urban SME sector. In addition, JICA along the BB memo rates the financing in full swing under the discipline of BB lending rules as per sources prioritising the sector of SME in Bangladesh.

The contribution of the SME sector to employment generation is next only to agriculture. The SMEs account high in internal trading, service and in the manufacturing sector nowadays. Development of the SME sector has the potential for achieving a lot which surely will define the country's economic diagram in the very near future. However, SMEs have always faced severe constraints and the challenging global economic landscape has made matters worse. By all accounts, financing is the most serious problem for the growth of SMEs in Bangladesh.

The prospects of financing and the applied models of banks and non-bank financial institutions under the supervision of the BB have improved miraculously in recent days. However, improving access to finance for enterprises, especially SMEs, needs further monitoring and strategic planning. Introduction of more banks and steep competition hence shall determine sustainability of all including the fundamentals of economy at large. In this regard, it shall become imperative for all participants to ensure monitoring of new and existing SME portfolios to grow and diversify, and identify thrust sectors based on demography and ensure periodic health checks to guarantee timely recovery and thus motivate financial institutions to participate more and more.

The role of the BB requires fortifications of enhanced guidelines to ensure quality and quantity based lending. The rating phenomena should include small by the side of medium to ensure a minimal risk on the financiers. A system based online matrix to be introduced to assure sector-based lending growth, which eventually shall define and measure data. By virtue of that, financiers may be guided along precisely and meticulously to achieve certain stipulated numbers as may be suggested by the central bank.

Our vision, belief, future and sustainability shall then become reality and Bangladesh will overcome all financial problems inherited from the past and shall continue to prosper to a favorable economic climate which will ensure a reduced inflation, higher GDP growth and sustainable development at large.

The writer is the chief executive officer of Dun & Bradstreet Rating Agency Bangladesh Ltd.