

Yunus spurs students on social business

STAR BUSINESS REPORT

NOBEL laureate Prof Muhammad Yunus yesterday called upon the young generation to pursue his social business model to address the social problems in Bangladesh.

"Social business is designed to solve social problems. It is also known as selfless business or no-dividend business," said Yunus.

He said the young generation can become entrepreneurs by pursuing this model. "Social business is all about ideas. It is not about money."

Many people are now keen on investing in social business. "If you have a good idea, they will invest in it," said Yunus while delivering a speech on social business to the students of BRAC University.

The Centre for Entrepreneurship Development, and Entrepreneurship Development Forum of the university arranged the event at the university auditorium in Mohakhali.

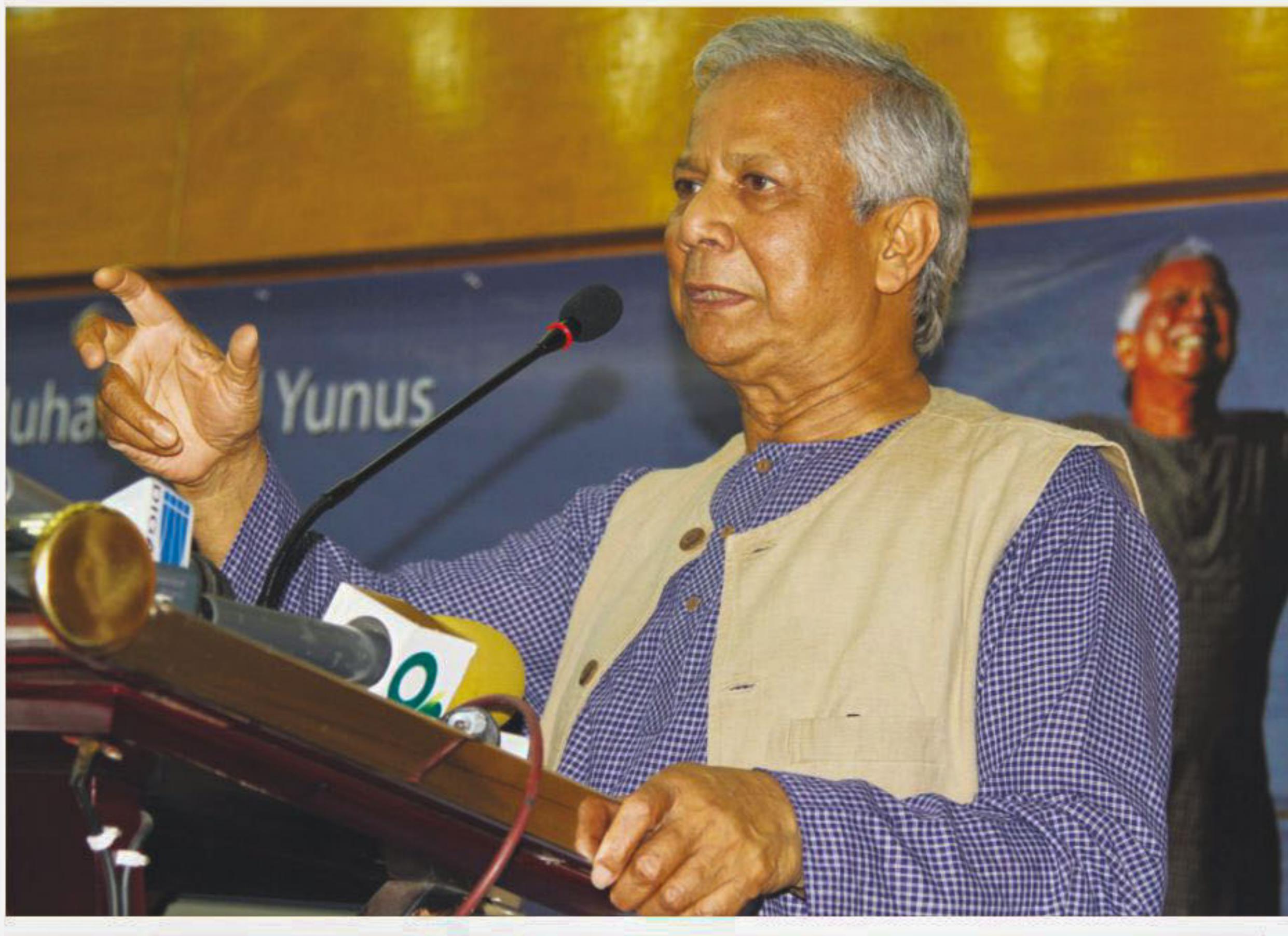
Yunus, who along with Grameen Bank won the Nobel Peace Prize in 2006, said some social business funds have already been created with some being in the process of formation to support these ventures.

He said all human beings are entrepreneurs. "Some people have discovered the challenge to be entrepreneurs, while some do not get the chance."

The microcredit pioneer has formed ties with a number of renowned global firms such as Groupe Danone, Veolia, BASF, Intel, Uniqlo and Adidas in an effort to fight various social problems, including malnutrition of children and arsenic contamination in water.

Yunus said economic theories have so far interpreted human beings as selfish, ignoring the spirit of selflessness among individuals.

To him, explaining humans from only selfishness perspective is a 'fundamental flaw' in the whole structure of economic theories that maintain that business is only for making money. "We have misinterpreted humans."



Nobel laureate Prof Muhammad Yunus speaks on social business at BRAC University in Dhaka yesterday.

These companies were not created for anyone to earn profit from them. There is no scope for making personal profit from these organisations, he said.

The Nobel laureate, however, said they are now facing problems in setting up new social venture due to reluctance of government officials.

"These days are not easy to start a new venture because government officials are not very friendly to us," said Yunus, "They are very reluctant to give us registration. So we have to wait."

"Many of our companies now cannot go into operation due to the reluctance of government officials," he added. Over the years, his social business concept that stems from the spirit of selflessness has created enthusiasm around the world.

However, Yunus is not opposed to making profit within social business. Profit in itself is not a bad thing, he said.

Social business is allowed to earn profit to be sustainable -- with the condition that the profit stays with the company and is used in expanding social benefits it provides.

This sets social business apart. Conventional businesses are geared to maximising revenues and the profits earned by them benefit the owners, he said.

Social business is not a charity either. "It is more effective, much more transparent than charity." When it comes to charity, Yunus said, people write cheques or reach into their pockets to give away money. "And once you have done this, you forget about it."

In social business, on the other hand, people get involved. "You personally get involved and have to make sure you get the money back. That's why you have to be meticulous about it. Your energy goes into it and that's a big difference."

Yunus criticised the present system of capitalism that defines humans as one-dimensional beings whose only mission is to make profit.

He said Grameen Bank does not only lend money but also encourages borrowers to save money.

South Asian integration comes to the limelight



Diep Nguyen Van Houtte, senior operations officer of South Asia Regional Integration, is seen at a workshop in Kathmandu in Nepal yesterday.

MD FAZLUR RAHMAN, from Kathmandu

SOUTH Asian countries should step up efforts to remove barriers to improve the frustratingly low-level of trade between them in the world's least integrated region, said analysts at a workshop in Kathmandu yesterday.

They said regional cooperation and better integration would promote economic assimilation, improve development, and encourage social and human coordination in the region, which is home to about one-fourth of the world's population.

The remarks came at the inaugural session of a workshop on "regional cooperation in South Asia" at Hotel Radisson in the capital of the Himalayan country.

Twenty-four journalists from Afghanistan, Bangladesh, Bhutan, the Maldives, Nepal, Pakistan and Sri Lanka are taking part in the three-day event.

Diep Nguyen Van Houtte, senior operations officer of South Asia Regional Integration, said the area is experiencing a huge demographic transformation, as half of the region's population belongs to the younger generation.

"One million people will be looking for jobs, each month, in the next one decade. You have to create jobs for these people. Otherwise, you will face trouble. If we can create jobs for them, we will have demographic dividends."

pared with about 40 percent in East Asia.

The economist said due to low trade, Pakistan and India are the two potential traders Bangladesh has lost. "Intra-regional trade can offer huge economic benefits for all the countries in the region," she said.

She said there is a huge potential to produce intermediary goods by South Asian countries. There is also a high potential for transit trade services.

"Bangladesh can be a transit route between India and Pakistan to Myanmar and other parts of East Asia," she said.

Tahseen Sayed, World Bank's country manager for Nepal, said trade in energy is negligible in South Asia.

For example, she said Afghanistan and Nepal could combinedly produce 100,000MW of hydropower, and alleviate the crippling energy shortages to reduce the growing regional dependence on fossil fuels, and thus lower carbon emissions.

"We are sitting on such valuable resources, but most of the South Asian countries are suffering from energy shortages," she said.

She said opening up trade and promoting cross-border cooperation in water and energy offer the most promising and long-term solutions to job creation, poverty alleviation, flood control and water shortages.

"We have to increase people-to-people contact and remove trade barriers to prosper as a region," she said.

The Pakistani citizen gave examples of low-level of connectivity from the region.

"Some of you from South Asia probably arrived in Kathmandu on elaborate flights involving detours through the Middle East. Some of you are probably paying exorbitant roaming charges on your cell phones. Some of you may have had difficulties obtaining visas to enter each other's countries. These are also examples that speak to the issue of poor physical and people-to-people connectivity between our countries in our region."

Tahseen urged the participants to use their power to mould minds and heads of the people to bring the countries more closer.

"To create jobs South Asian countries need to open new markets," she said.

Houtte said all countries in South Asia, except Sri Lanka, face energy shortages, and insufficient energy accounts for low growth.

She said in Pakistan, industrial load shedding resulted in loss of 400,000 jobs, whereas in Bangladesh power shortages account for 1 to 2 percent of losses in gross domestic product. In Nepal, the load-shedding amounts to 16 hours a day.

"Except South Asia, all regions in the world have regional energy trading scheme," she said.

The economist also said the region has a very low people-to-people contact. "South Asia has the lowest number of inbound tourists in the world."

"It is a shame as the region is a beautiful one," she said.

She said the ongoing global crisis has heightened risks of dependence on the US and the European Union. Bangladesh's 60 percent exports go to these regions, while Sri Lanka, Pakistan and the Maldives also send a significant amount of their exports to these regions.

South Asia remains the least integrated region in the world. Its trade with other parts of the world has been 20 to 25 percent of GDP over the last decade, but intra-regional trade among South Asian countries has languished at less than 2.7 percent.

In South Asia, only 6.1 percent of total trade is intra-regional com-



From left, MA Halim Khan, CEO of Uniglory Cycle; Yesmin Ipphat, CEO of Kryolan Bangladesh; Farooq Siddiqui, managing director of Software Union; Sakhawat Abu Khair, president of Bangladesh German Chamber of Commerce and Industry (BGCCI) and MD of Robintex Bangladesh; Daniel Seidl, executive director of BGCCI; Holger Michael, German ambassador to Bangladesh; Saiful Islam, managing director of Picard Bangladesh; Shouvik Bhattacharya, BGCCI vice president and MD of Siemens Bangladesh; and Syed Jamal Haider, founder of BGCCI, pose for pictures at a farewell lunch organised in honour of the outgoing German ambassador at the Westin Hotel in Dhaka on Sunday. As a parting gift, the ambassador was given a bicycle made by Uniglory Cycle, one of BGCCI's member companies.

Are mobile-only taxes justified?

ROHAN SAMARAJIVA

WILLIE Sutton was asked why he robbed banks. He is said to have replied: "That's where the money is." Why do politicians tax mobile use? That's where the money is.

But perhaps the reasons are less cynical.

N Gregory Mankiw is a professor of Economics at Harvard. He is advising Mitt Romney, the former governor of Massachusetts, in the campaign for the Republican presidential nomination. He is also the author of the best-selling textbook *Principles of Economics* and the 32nd most widely cited economist in the world today.

In a recent op-ed article on taxation policy, Professor Mankiw said: "A good rule of thumb is that when you tax something, you get less of it. That means that taxes on hard work, saving and entrepreneurial risk-taking impede these fundamental drivers of economic growth. The alternative is to tax those things we would like to get less of."

So economics would interpret the government's action as indicating that mobile use is a bad thing that must be

discouraged. Few economists will complain about cigarettes being subject to additional taxes.

Cigarettes have significant negative externalities. They impose costs on people who did not decide to smoke, either through health problems caused by secondary smoke inhalation or by the damage caused to smokers directly, whose healthcare falls on the shoulders of their families or the government.

So the government has a case to make. It must tell the people what the negative externalities of mobile use are. It must tell the people that it considers mobile use to be akin to cigarette smoking and that it wants both reduced.

Is this the first time governments imposed additional tax burdens on mobile users? In Sri Lanka, there was time when mobile was supposed to fund all sorts of things. There was even an attempt to fund the operations of the environment ministry from various special taxes, including a tax on mobile bills. Of every rupee that a Sri Lankan mobile user paid the operators, the government took more than 30 cents.

In 2010, the finance ministry saw

the light. It cleared away the underbrush of value-added tax (VAT), nation building tax, regional infrastructure development levy, environment conservation levy and the mobile subscriber's levy and taxes on taxes, and imposed a single 20 percent tax.

It is difficult to compare earnings over the years because in the old days the VAT did not come into the fund of the Telecom Regulatory Commission (TRC) and because various one-time levies were imposed on the TRC to vacuum out the money being accumulated from various special taxes.

After the reduction and simplification, the TRC contributed over 9 billion rupees (around \$82 million) in 2011 to government revenue, more than any other single government institution.

In 2008-09, the government of Pakistan increased taxes on mobile use. In April-June 2008, the tax authority collected 12.4 billion rupees.

In the quarter after the tax increase, the collections declined 8 percent to 11.4 billion rupees. In the next quarter ending in December 2008, there was slight increase to 11.7 billion rupees, still 6 percent less than before the tax was increased.

READ MORE ON B3