

# Food safety in Bangladesh

MIKE ROBSON

**L**EAD in turmeric; formalin in fruit; fatal food poisoning after eating watermelon. Recent findings released by the Ministry of Health's National Food Safety Laboratory—of high residues of banned pesticides, and chemical preservatives in fresh produce samples from local markets in Dhaka—confirm the widely held suspicion that food control in Bangladesh is inadequate.

The results suggest that farmers are using a cocktail of toxic chemicals in their efforts to fight insect pests—and that they are not sufficiently aware of the need to stop using them before harvesting. The results also indicate deliberate adulteration of produce to extend its shelf life, using chemical preservatives without concern for the health of consumers. Other results have previously highlighted contamination by microorganisms, leading to acute food poisoning cases in consumption of fruit, occasionally with tragic consequences.

The press is commanded for drawing attention to such cases, but the question is what can be done to prevent them happening? And it is not sufficient just to tell consumers to be more careful, or to avoid buying mangoes from certain vendors!

I would argue that there are a number of things which are needed, some of which are already in hand. But the first thing to do is to recognise that the problem has at least three different dimensions—which I would characterise as the “production practices” question, the “fraud” question, and the “food handling” question.

With regard to production practices, the way forward is to educate farmers in using agro-chemicals and to move towards less toxic alternatives (recognising that the farmers will look for the most convenient or cheapest means of controlling pest or disease). This should start in the major fruit and vegetable producing areas, such as Jessor or Comilla. More work is needed to understand what advice farmers are being given; what chemicals they are using where they are getting them. There may also be initiatives to control the availability of toxic pesticides which are banned but are still produced in neighbouring countries; there may still be stockpiles of



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**Farmers use a cocktail of toxic chemicals in their efforts to fight insect pests and they are not sufficiently aware of the need to stop using them before harvesting.**

such chemicals in Bangladesh which need to be disposed of safely.

Regarding the fraud question, what we are talking about is the adulteration of food to make it appear fresher than it is, in ways which actually make the produce unsafe. Inspection and prosecution are a key element in consumer protection. Injecting formalin is not (ever) a safe practice even if it makes fruits look better for longer. Those who do so should fear the consequences if they are caught doing so. Here, transparency is vital. Eventually consumers will avoid suppliers with a poor track record. Labelling and packaging to improve traceability are also important to maintain the integrity of the food chain. Other countries face the same problem of criminal adulteration—in China, the apparently deliberate use of melamine in

dried milk to boost the fat content was a recent case with serious food safety consequences; in Europe criminal gangs are substituting cheap replacements for high value commodities such as olive oil. Lessons may be learnt from others in how to combat such food-based frauds.

Finally on the food handling question, contamination occurs from use of unclean water, or other unsanitary practices, the inability to maintain a cold chain, cross contamination between different food products. Again education is part of the solution; but also investment in food handling infrastructure (cold chain, processing, packaging, market infrastructure).

If people want safer food, they may have to pay more for it. Paying more is not a guarantee of safety in itself. And for many in Bangladesh, paying more is not an option.

What to do? Several government departments have a role to play in consumer protection, whether by educating the producers to produce safer food, by testing samples, by prosecuting cases where unsafe food is being sold. The Bangladesh Food Safety Authority incorporated in the 2013 Act is a major step in the right direction, to help coordinate consumer protection activities across the food control system. FAO is providing technical assistance to the Ministry of Food on setting up the authority. But this also requires the political will across government to support the authority in its infancy, and the commitment to devote sufficient public resources to make it operational in the longer term.

The writer is the Bangladesh representative of the Food and Agriculture Organisation.

## India microlender trumps billionaires in race to change banking

AFP, New Delhi

**C**HANDRA Shekhar Ghosh is a man in a hurry since he beat India's financial titans to win a prized banking licence for his microfinance firm that lends to poor borrowers.

The founder of Bandhan Financial Services—Bandhan means “bonding”—must transform his microfinance company into a bank in just 18 months to serve India's millions of “unbanked poor” under the licence terms.

Ghosh aims to open nearly 700 bank branches in 22 states and start with at least 10 million savings accounts.

Under the licence conditions, one in four branches must be in towns with fewer than 10,000 people. But Ghosh plans to go further, setting up 80 percent of his branches in rural areas, although there will also be “signature” branches in cities to raise Bandhan's profile.

The 53-year-old has come a long way from serving in his father's candy store.

“Having a degree has never been the most important qualification for a job with us,” Ghosh said.

The beauty of becoming a bank means cheaper lending rates. Now, as a microfinancier, Bandhan must borrow from other financial institutions to make loans, which means its interest rates are as high as 22 percent annually.

But as a bank Bandhan will have its own resources from depositors. It is a “virtuous circle and means we'll be able to lend at rates in the lower teens,” explained Ghosh.

Ghosh will attempt to use Bandhan's 5.2-million borrowers to build his savings account base. He already has a 57-billion-rupee loan portfolio and a staff of 12,961 working in his more than 2,100 microfinance branches.

“If we get two family members from our client base opening accounts, we'll automatically have 10 million accounts,” said Ghosh, who promises the bank will “listen to people to meet people's needs”.

But Bandhan's bank licence is key for another reason—it signals redemption for India's microfinance sector. Two years ago, alleged strong-arm debt recovery tactics by the then biggest microfinancier, SKS, drove some farmers to suicide and brought the sector to the brink of collapse.

Microlenders have since been forced to significantly drop their lending rates thanks to strict new guidelines. The risk for Bandhan as it expands is that most of its borrowers are unsecured—they have no assets to pledge against their debt.

But Bandhan already enjoys a top credit grading and a near zero default rate because under its current system an entire local community pledges to keep watch over one of its members who is borrowing.

Bandhan becoming a bank is “a huge achievement” for the industry “which was thought to be in terminal decline,” said Alok Prasad, head of the Microfinance Institutions Network.

Money was scarce at home when Ghosh was growing up, but he earned a master's degree in statistics. He then worked for non-governmental organisations where he saw close-up exploitation of the poor by moneylenders who charge up to 200 percent a year for loans.

Dismayed by the predatory loan sharks, he created in 2001 a small lending outfit with 200,000 rupees (\$3,300) in capital and two employees.

At first he borrowed from friends to have funds to lend. But he finally got his big break when the state-run Small Industries Development Bank of India put up capital—allowing him to expand his loan portfolio.

Bandhan slowly became India's largest microfinancier, focusing on the northeast and then expanding across the country. “I'm not an economist, I'm not a banker—I learn from my



**Founder-director of Bandhan Chandra Shekhar Ghosh poses inside his office in Kolkata.**

“For a microfinance company, getting a banking licence is like achieving the Holy Grail,” Ghosh told AFP in an interview.

India's central bank created a stir last month when it handed one of its first banking licences in a decade to the microfinancier based in the eastern city of Kolkata, bypassing heavyweight contenders such as billionaire tycoon Anil Ambani.

The second licence went to India's biggest lender to road projects, IDFC.

Reserve Bank of India governor Raghuram Rajan wants these new banks to penetrate poverty-hit rural areas to promote lending and saving among farmers, small businesses and others whom traditional banks have been reluctant to serve.

Just 35 percent of India's adults have bank accounts, a rate the central bank calls “pathetic”.



REUTERS

**Second from right, Siemens Chief Executive Joe Kaeser and the company's Chief Financial Officer Ralf Thomas pose before a news conference in Berlin yesterday. German engineering giant Siemens unveiled a long-awaited strategic overhaul yesterday to catch up with more profitable competitors and said it would not be forced into making a formal offer for the energy assets of French rival Alstom.**

## Telenor banks on Asian data growth

REUTERS, Oslo

**N**ORWEGIAN telecoms operator Telenor ASA expects heavy investment in data traffic to drive its growth for years and is banking on unique low-cost offerings in key Asian markets like Bangladesh and India, it said on Wednesday.

Telenor, which has 172 million customers across Europe and Asia, sees growth opportunities since only a fifth of its customers are so far using the Internet, and sees Thailand—already its second-biggest territory by revenue after Norway—as a future star of data growth, providing a model for many of its Asian markets.

Telenor, once a favourite among investors for its exposure to the relatively healthy economies of the Nordic countries and Asia, had fallen out of favour in recent months because of a slowdown in growth and its activities in Russia and Ukraine.

Yet Chief Executive Jon Fredrik Baksaas said Telenor would stick with its investment in Russia-focused Vimtelcom, in which it holds a 43 percent stake, even though its view of

Russia had changed because of the conflict in Ukraine.

“If you started from scratch, it would be hard to see a western company like Telenor would do a significant investment in Russia right now,” Baksaas told Reuters.

“We are where we are and right now we have to position the company ... in each and every market that we have,” he said, noting the impact of Western sanctions against Russia was not yet clear. “It's too early to speculate on what kind of development potential sanctions can have on this operation ... Generally speaking, telecoms ... is a needed infrastructure.”

Elsewhere, Telenor has rolled out a slimmed-down version of Facebook in India, offering content without videos and high-resolution pictures, giving a bigger customer base access.

“We are doing this differently than in any other market,” Chief Financial Officer Richard Aa told an investor conference. “This is the way to sell Internet in very low-cost, spectrum-scarce markets ... We see a big value-creation opportunity.”

Many European telecom compa-

nies have struggled to cash in on surging data traffic, making it hard to justify heavy investment, but Telenor, which has 154 million users in Asia, has stood out because of the relatively strong returns it has achieved.

It is also offering financial services such as money transfer in Pakistan and has invested in classified advertising, expecting the market to move to mobile platforms.

“What we have done in some Asian markets is give customers very small data packets to enjoy, see and learn what Facebook is about,” Baksaas told Reuters. “This is to get people on board, then we work to keep them there.”

Baksaas said the Thai unit could offer the best potential growth prospects in Asia, looking beyond short-term political uncertainties linked to months of sometimes deadly anti-government protests.

In the first quarter, Telenor's Asian operations, particularly in Pakistan, Bangladesh and India, drove profit growth, more than offsetting weakness in places like Denmark and central Europe.

## Alibaba files for what may be biggest tech IPO

REUTERS, San Francisco

**A**LIBABA gave investors a closer look at the scale and growth of the Chinese e-commerce juggernaut in an initial public offering (IPO) prospectus filed on Tuesday, the first step in what could be the largest technology debut in history.

Alibaba Group Holding Ltd, which powers 80 percent of all online commerce in the world's second-largest economy, is expected to raise more than \$15 billion, and could top the \$16 billion pulled in by Facebook Inc when it listed in 2012.

The bulk of the proceeds will go to Yahoo Inc—which bought a 40 percent stake in Alibaba in 2005 for \$1 billion and which must sell more than a third of its current 22.6 percent stake through the IPO. Alibaba also plans to sell new shares, people familiar with the plans have said, to bulk up a cash war chest depleted by a rash of recent acquisitions.

While the Alibaba brand is less well known in the United States than Internet companies such as Amazon.com and Facebook, the Chinese company's listing has stirred the most excitement in Silicon Valley and Wall Street since Facebook's record IPO. Alibaba will become the largest Chinese corporation to list in the US—on either the New York Stock Exchange or the Nasdaq.

Alibaba will debut later this year in a market where high-flying tech stocks like Twitter and Amazon have fallen in recent weeks in a sell-off that has divided analysts and investors, reviving doubts about soaring tech valuations.

Still, estimates of Alibaba's market value have soared in recent months, to even beyond \$200 billion, underscoring Wall Street's eagerness to take a crack at a massive Chinese company with robust growth.

Alibaba handled more than 1.5 trillion yuan—about \$248 billion—of transactions for 231 million active users across its three main Chinese online marketplaces in 2013, more than Amazon and eBay Inc combined. It did so with 20,884 full-time workers, fewer than eBay.

“If it's able to transport that kind of power to outside China, it has the potential to become a true global e-commerce powerhouse,” said Roger Entner, lead analyst and founder of Recon Analytics.