

# More Rational Policies Needed to Activate Private Sector

by Enamul Huq

Disciplined operations in the financial sector can be strengthened only if there exists a democratic situation where the government remains accountable to the people. This was the broad consensus among the discussants at a recent seminar on financial management in Bangladesh.

The experts also said that for better management in the financial sector timely planning an absolute necessity. Participating in the discussion organised by Bangladesh Finance Association in Dhaka, Khurshid Alam, former Chairman of Dhaka Stock Exchange (DSE) said only a firm political will and determination of the government can strengthen the capital market. He said, the govern-

ment should facilitate rather than only of "policing" the industrialisation efforts. This needs changes in the system for floatation and issue of shares, registration of companies and firms under the Companies Act, doing away with malpractices in public sector enterprises and, above all, democratisation of the economic activities parallel to that of the political system. Syed Ali Kabir, former Deputy Governor of Bangladesh Bank said capital market remains weak because people prefer keeping money with banks to investing in stocks. The transactions in the share market are slow because the conditions in the market are not favourable for the traders. The private sector should have a strong role in the economy

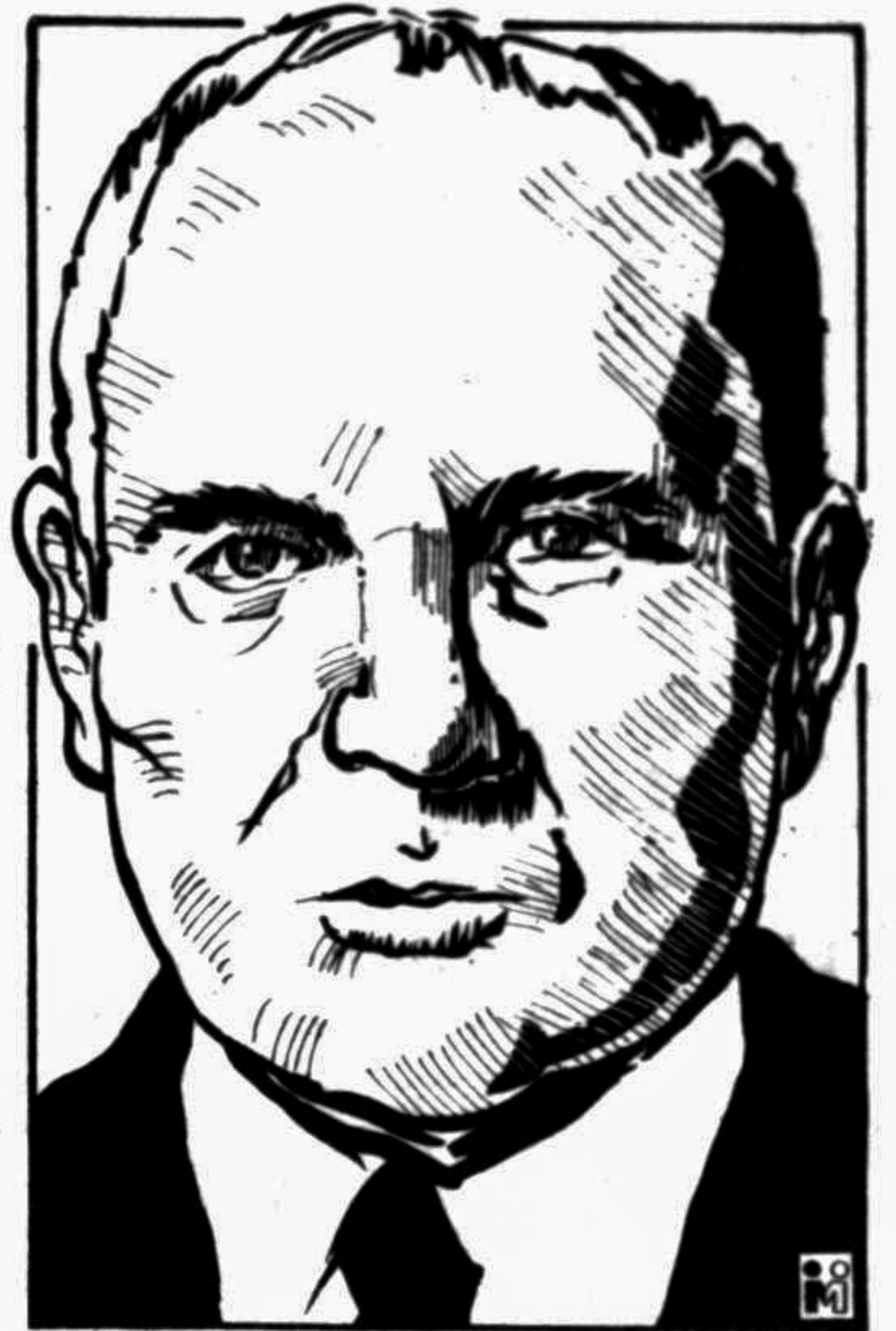
and "rational" economic management policies are needed to activate the private sector. Mr. Kabir observed. Professor Qazi Ahmed Nabi of Department of Accounting, Chittagong University said the basic weakness in the funding practices of the Specialised Financial Institutions (SFIs) lies in lack of understanding about their role. The SFIs should only supplement but not supplant the supply of capital for the enterprises. Managerial efficiency of the SFIs suffers because the members of their boards of directors perform their responsibilities on a part-time or casual basis. Managerial efficiency also suffers because there is hardly any authority of SFIs on their clients, he observed.

Abu Ahmed, Associate Professor of Department of Economics at Dhaka University said industries in the private sector should be set up with capital coming from the entrepreneurs and not with loans from the banks or SFIs. Competition should be allowed to prevail in all spheres and at all stages, particularly in the capital market. Existence of flexible and competitive interest rates in banks is a precondition for development of a healthy capital market. Professor Ahmed said. Professor A. H. M. Habibur Rahman of Department of Finance said, SFIs should work in a way so that there exists a mutual trust between them and the entrepreneurs. The SFIs should follow strictly the norms in conducting and evaluating the feasibility of projects and loans should not be sanctioned without proper appraisal. As soon as the loans are sanctioned the entrepreneurs should be given training in performance, motivation, management aspects of sanctioned or approved project. Loans should be sanctioned in line with objectives of industrialisation through use and development of indigenous technology and absorption and diffusion of the important technology. SFIs should develop a strong follow-up and monitoring mechanism for ensuring proper use of their funds. Also the SFIs should take care that their loans do not go to the incompetent hands, he suggested.

# THE RUGGED NEW ZEALANDER WHO FOUND KUWAIT OIL

Few would dispute that without oil, no alliance of global powers would be lining up in an attempt to blast Saddam Hussein from Kuwait. Indeed, without oil, Kuwait as a country might never have existed. In the early Twenties a man from the Pacific noticed black seepages in the sands of Iraq. It was New Zealander Frank Holmes, of Dunedin in South Island, who discovered oil under the isolated deserts of the Middle East. If he were alive today, Holmes would no doubt be invaluable in negotiating peace. The Arabs still knew him as Abu-El-Naft — the father of oil — long after New Zealand had forgotten him. In 1923, the rugged Holmes staked everything he had on an oil concession in Arabia after all previous experts had pronounced the area dry. He was convinced vast deposits of petroleum lay under the sand, although he had no formal training in geology. He made wealthy countries of the small impoverished Arab nations of the Gulf, and yet was paid only a paltry percentage and he died years later, far from the Middle East. Holmes was born on November 25, 1874, the son of a British engineer employed by the New Zealand government to build a bridge near Bluff, at the southern tip of the country. At 20, he went to South Africa to work in the goldfields and from there to Australia to work in the Melbourne mine. At 23, he married Nian Eccles, daughter of a Melbourne doctor. To make up for his lack of formal training, Holmes spent the years between 1897 and 1909 working in building, engineering and mining in Singapore, Russia and Mexico. Now hang gliders seek the skies for rising currents of air, birds, leaves, smoke — anything that hints at elevation — and will then latch on to it with their Daeron sails, using glanos learus could never have dreamed of to gain height and pinpoint direction. In the British Isles, the unhelpful climate can intensify the search. Roads, quarries, buildings, fires, even combined harvesters and friends driving furiously around car parks have provided last-minute sources of lift for descending pilots. Which is why Brazil's Paulo Cuelho, competing in the British leg of the World Super League last year, told his hosts: "Here we follow you. At home we follow the vultures." Another advantage of flying in warmer climes is that less paraphernalia is worn. Cuelho commented: "At home we fly like birds. Here we look like astronauts." It is not, however, all plain gliding in South America either. Another Brazilian once told of floating gracefully down to the remote reaches of the Amazon to be confronted by a terrified, scythe-brandishing farmer. The pilot pleaded: "Hold on, I'm a human being." None of the pilots in these championships is likely to get such a hot reception landing in the Governor Valadarez region, 300 miles north of Rio. Most are an fait with the area, having flown on reconnaissance missions last year in the "pre-words" — a tournament won by Brazil.

The man who discovered oil in Iraq and Kuwait came from New Zealand — Frank Holmes, known as Abu-El-Naft, the father of oil. He began the process that turned the arid deserts of the Arabian Gulf into the richest region of the world. He gained little from it and, as Gemini News Service reports, his discovery may have set the nations of the Gulf toward the current conflict. —By Edward Rooney



FRANK HOLMES The father of oil

Europe, however, is still the dominant continent and besides the British, teams from France, Austria, Switzerland and Germany will be formidable contenders. Anyone who has been to the Minas Gerais region of Brazil will certainly be aware of the severe deforestation that has occurred below the take-off point on the 2,500-foot Itirama Mountain. Ironically for such a "green" sport, these denuded hectares will be a better source of warm rising air than the cooler, damper rainforest. The real hang gliding pioneer was Otto Lilienthal, a German, who made several flights in the 1890s before crashing to his death. However, the sport did not really take off until the Seventies as a spin-off from space research. American professor Francis Rogallo turned Lilienthal's dream into reality and confirmed that the time really had come to "mate the wings of mind with material wings and fly." The original delta-shaped contraption was ostensibly the simple concept of a steerable parachute, born out of a recovery system for space vehicles. It consisted of little more than tubes and fabric, precariously held together. The idea was simultaneously high jacked in California by students who skimmed above the ground on bamboo and polythene Rogallo wings, and in Australia, where similar frolics went on. From these humble, low-attained beginnings, the first truly steerable parachute was evolved in 1970. Since then man, in his indomitable way, has sought to go higher, faster and further. That he has done in some style, with both the world distance (300 miles) and height gain (14,412ft) records being set by California's Larry Tudor last year. Americans hold the world records for distance and weight, but Judy Leden (Britain) became the first woman to cross the English Channel — small beer compared to her best of 114 mile-British and European record. Women's world championships are being held in Austria in July. Such distances are unlikely to be approached in Brazil (February 23-March 9) as competition gliding is about accomplishing specific tasks, which are as much a test of navigation and the theory of flight as strength and stamina. Whoever wins in South America, Lilienthal's dreams will be put into graceful practice. Ask the vultures. — GEMINI NEWS About the Author: BOB HOLMES is a British freelance sports journalist.

# Success Story of a Man with a Mission

By Fuad A. Chowdhury & Trevor A. Bindoo Special to The Star

TORONTO (Canada)—Benedict Lobo does not present an imposing figure when you first meet him. In fact, one can easily lose him, sitting behind his huge oak desk when you walk into his sprawling office in Toronto, Ontario, Canada. But Lobo is a man with a mission. It's a mission that has been designed to bring two long-time friends together in an economic marriage that would benefit both Canada and India and have as the offspring, increased trade in goods, services and technology. Mr. Lobo, 41, was born in Bombay, India. He arrived on Canadian shores 14 years ago not knowing that he would be instrumental in a project to forge a beneficial relationship between his native country and his adopted country. He prepared himself for the journey, having studied in Canadian universities and now working as a partner in a prestigious Canadian accounting firm. Mr. Lobo got into accounting by accident. In his homeland, Mr. Lobo, who holds a Master's degree in econometrics from the University of Bombay, worked as a statistician for Lever Brothers. In Canada, no employer would hire him because he didn't have "Canadian experience." His working background in India is not considered an asset in the Canadian work-

place. He eventually landed a job as a salesman for an appliance and furniture store in Toronto. When the store owner discovered that Lobo was a whiz in mathematics, he gave him a crash course in accounting and put him in charge of the payroll office. Just over a year later, Mr. Lobo was the store manager. Mr. Lobo pursued accounting studies at the University of Toronto. He graduated as a chartered accountant in 1980. Today, Mr. Lobo is president of the Indo-Canada Chamber of Commerce, a Canadian association consisting of about 200 small businesses owned by people of Indian origin from various countries. In an interview, Mr. Lobo elaborated on his plan. He said that Canadian companies with an interest in India will find a market with exceptional potential. The challenge facing the Canadian companies, he said, is to take advantage of the opportunities while making an effort to understand India. Mr. Lobo said Canada's trade with India can be substantially greater and he's determined to do something about it. Mr. Lobo pointed out that

India has many attractions. First is its market size: more than 800 million people, a significant percentage of whom are well educated, English-speaking professionals. He said India's population includes a middle class of about 100 million—four times Canada's population—who can easily absorb goods offered by Canadian companies. The country is a democracy, rated in the top 10 of the world's industrialized nations. It has been given a top credit rating by the World Bank. Labor is inexpensive and plentiful, and the country has a large pool of skilled scientists, managers and entrepreneurs. Mr. Lobo said Canadian industries could harness lucrative business deals in India, but they must first shed their image of the country as poor and famine-stricken. "The potential for doing business with India in the 1990s is tremendous," he said. In the 1990s, India is embarking on an extensive expansion programme, including projects in energy, transportation, electricity, communications, agriculture and industrial machinery. Mr. Lobo said. Canadian companies have the technology and know-how

India needs to accomplish its goals. The Canadian Federal Government and the Government in the province of Ontario know this and have established trade offices in New Delhi and Bombay. Currently, India's main suppliers are Japan, West Germany and the United States. Of India's total trade last year of about \$35 billion, India-Canada trade tallied less than \$600 million. The includes about \$300 million in sales to India of polash, sulphur, wood pulp, newsprint and manufactured goods. India's tax incentives for joint ventures provide tax-exempt status to manufacturers in certain zones in India, producing goods for export only, he said. In addition to the Indo-Canada Chamber of Commerce, there are many government authorities in Canada, as well as private agencies and organizations, that exist to facilitate Canada-India trade. Groups include the Canada-India Business Council, the Federation of Indian Chambers of Commerce and Industry, the Indian Merchants Chamber, the Canadian Manufacturers Association and others. Mr. Lobo said these organizations are active participants in many supportive and promotional activities, including trade missions in both directions.

Although there are only a few Indian companies with operations in Canada, there are signs that their interest is growing—and they represent another area of business opportunity. Indian businesses may have an increased desire to establish operations in Canada now, thanks to a free-trade agreement, Mr. Lobo said. This agreement has been negotiated and put into effect between Canada and the United States, which is aimed at the two countries exchanging goods and services free of duties. It is an agreement that is quite similar to one that has been set up between the western European countries in the European Common Market. But Mr. Lobo is mindful that the free trade agreement between Canada and the U.S. has Third World countries such as India, worried that the accord might leave them out in the cold. According to Mr. Lobo, the developing world have no real cause for concern. The deal would actually help countries, like India. He gave as an example the possibility that a finished product can be semi-processed in India and the rest of the processing taking place in Canada before the product is exported to the US. It is a classic example of two countries working together for the benefit of both. Now, he said, India is not looking at only the Canadian market but the entire North American market. Mr. Lobo has helped organized a service network geared to the needs of Canadians doing business in India and Indian businesses and individuals wishing to explore business opportunities in Canada.

# THE UNDERGROUND ECONOMY RIDES THE RAILS

Half a million ambulatory vendors crowd Mexico City's streets and the subway system. They make up an important part of the informal economy which is responsible for 22 per cent of the Gross National Product. As Gemini News Service reports, Mexican authorities are worried about the safety risk at stations, but they also acknowledge this unofficial system acts as a safety valve in face of 18 per cent unemployment. —By John Ross.

ON the tenth anniversary of the death of singer John Lennon, young Ramon Miranda rode the Mexico City Underground from 8 a.m. to 8 p.m., strumming Beatle songs while his buddy, Roberto Ruiz, passed the hat. The duo was followed from car to car along the 14-stop Number One Pink line by a beggar on amputated stumps, a disfigured burn victim seeking donations, an array of vendors pushing chewing gum and sewing needles and several plainclothes police. Over on Line Two, strikers from a tyre factory were shaking cans, another fast talker sold colouring books and a visibly stoned teenager tried to cage coins by clumsily turning handstands as the train lurched through the 314-kilometre system that snakes its way under the streets of the capital. The vagabonds (wagon sellers) are only the tip of Mexico City's underground economy. Since the metro opened its gates in May 1969, the system has been invaded by vendors, beggars, and entertainers of varying abilities. Some 4,500 ambulantes (ambulatory vendors) work the 126 stops of the eight-line system, estimates David Arevalo, the self-described leader of Solidarity, a shadowy vendors association. He says only about 1,000 actually walk the trains. At the system's busiest stops, young men and shawled mothers sprawl on the high-shine floors of labyrinthine passageways, hawking items ranging from sunflower seeds to fancy sneakers. The more compact the merchandise, the easier it is to run with when subway security shows up unexpectedly. Outside the turnstiles, whole bazaars or tianguises (marketplaces) have sprung up, sending their pungent odours of fritangas (fried grill mixes) and rancid grease wafting into station vestibules. One

stop on Line One actually opens into La Merced market, said to be the largest daily retail outlet for fresh produce in Latin America. But there is a downside to the culture, nourishment, and cheap merchandise brought to the five million metro users by street vendors. Metro director Gerardo Ferrando says the 314-kilometre underground ambulantes pose a serious safety problem. passengers alike when trying to clear stations by dragging suspects off to improvised underground holding cells. "We are not going to negotiate strategic spaces," Chapa Latina insists, justifying the irregular outbursts of enforcement. As the Christmas rush increased usage of the Metro by busy sellers and bargain-hunting buyers alike, Gerardo

gates were once again infiltrating the metro. Gretel Rojas, an opposition party delegate in the capital's powerless Representative Assembly, complained: "The only thing that changed was the mordida (bribe) which doubled after the raids." At Hidalgo station, another key transfer point, the police raised the "rent" for floor space from 5,000 to 10,000 pesos a day. Collectively, the vendors at Hidalgo have to come up with a million pesos a day just to work, calculates Rojas. Mexico City is thought to have 500,000 street vendors and another 2.5 million residents dependent on their sales. Some 22 per cent of the nation's gross annual product is concentrated in the informal sector and the country has an ambulant population topped only by Brazil and India, according to a United Nations survey.

During peak hours, trains disgorge up to 2,500 passengers at key transfer points and queues push into aisle space that is increasingly narrowed by the vendors. Delegated metro officials have tried everything from raising fares to closing the system in an effort to oust the persistent vendors. Fernando Chapa Luna heads up an outnumbered 2,000-strong metro security force. His police and heavily-armed and helmeted reinforcements from above ground sometimes prove an equal danger to the riders, beating vendors and



# Lead Exploration Up In Thai-Burma Border

Min Thu

It is the first direct foreign investment and joint venture for lead ores

Neighbours Burma and Thailand have signed an agreement for the joint exploration and exploitation of lead ores along their common border. An official announcement from the Burmese government said a "production sharing agreement" was signed recently between a Burmese mining enterprise and Thailand's Saha Pongstiri Co. Ltd. The agreement is the latest to be forged by Burma with foreign firms since it adopted an open-door policy. Already, some ten foreign oil firms have negotiated similar production sharing contracts with the country for the exploitation and exploration of both on shore and off shore oil and gas reserves. The recent Thai-Burmese agreement is the first direct foreign investment and joint venture to explore and exploit lead ores. Burma has been mining lead ores in the Shan states area. The country is aiming for a production goal of 5,500 metric tons of lead for

the current fiscal year which will end March 31, 1991. Lead mining, under the Thai-Burmese agreement, will be undertaken in the Mong Kyut area along the border. Pongstiri's chairman S. Montree said he came to know about the area's potential for lead mining because his company is also engaged in timber logging activities along the border. The official announcement did not indicate how much investment the joint project will involve nor the production sharing arrangement. Earlier agreements forged by Burma with foreign companies for the exploration and exploitation of gas and oil appear to be proceeding smoothly. The country has been working for a production target of 5.8 million barrels of crude — about half the production in the past — and 45,000 million feet of gas in the current fiscal year. A joint coal mining venture,

which involves China and Thailand, has been started along the borders, according to Mines and Energy Minister Vice-Admiral Maung Maung Khin. Burma has set a coal production target of 42,000 long tons for this fiscal year. Two Thai firms have been engaged in offshore tin exploration since early 1990. Thailand's Sea Exploration and Mining Company (SEMCO) was the first to sign a production sharing agreement with Burma for offshore tin exploration. A second Thai company, the Song Thai Construction and Trading Company, forged another agreement with Burma soon after. Burma has been working for a production output of 800 metric tons of raw tin and 500 tons of refined in the current fiscal year. However, SEMCO appears set to scale down its exploration activities, as it complained of the decline in world tin prices and the volume of world production and consumption which averaged around 192,000 tons annually. Mining has been an area of concern for Burma's ruling Military State Law and Order Restoration Council (SLORC) since it came into power in 1988 in a coup which ended one-party rule in the country. Officials hope in particular that the agreements reached with foreign oil companies might soon bear fruit in terms of increased oil production starting early 1991 that would help boost the still sluggish economy. —Depthicus Aska.

JOHN ROSS is a poet, activist and reporter with 30 years experience reporting from Mexico.