

Sick Industries — Some Causes and Remedies

by A K A Firoze Noon

THERE cannot be any controversy that to make the base of our economy strong, our efforts should be deployed simultaneously to (a) improve the production efficiency of agriculture by adopting up-to-date scientific methods and also to (b) develop industries in a planned way. In this regard, while emphasis should be laid on the growth of export-oriented industries, it should also be a programme for the planners and the financing institutions to put in motion a concerted effort to develop agro-based industries, preferably in the villages on small scale and where necessary, at cottage level as well. It may be expected that if policies are framed rationally and implemented judiciously in these directions, our economy can be comfortably self-reliant soon.

After our independence industrial units have been set up in many sectors. But as compared to the cost involved, it is difficult to say to what extent real industrial development has taken place. On the whole, the contribution of industrial sector to the GNP is far away from what was expected to generate. Many units have become sick leading to wastage of installed production capacity.

According to some assessment industrial credit was not properly distributed. In many cases, industrial loans were not properly utilised by the industrial sponsors. Lack of credit supervision and dishonesty of concerned parties, diversion of funds and in many cases unforeseen and uncontrollable external factors frustrated the main objectives of the credit agencies, established by the Government entrusting them with the express obligations. However, it will not be wise to say that all officials or all industrialists were insincere and dishonest. Nevertheless, truth remains that in the process of credit distribution some entrepreneurs became richer, some became poorer and again some are about to extinct.

The present democratic Government is committed to

the people to provide them, better food and shelter, solve unemployment problem and overcome financial crisis in the country. Of the several measures to achieve these objectives, one step is to arrange for utilisation of the idle production capacity of the sick industries. For this, concerted efforts to diagnose the causes of sickness, and to suggest effective measures to remove the sickness, where it is justifiable, are to be adopted by the concerned agencies, banks and financial institutions and in the drill, the sponsors have also to discharge their part of obligations sincerely and diligently.

However, as all the sick units may not be found viable for rehabilitation, some entrepreneurs may have to suffer. The basic aim should be to provide ultimate benefit to the common people. While developing new industries, only large scale industries should not receive attention of the concerned agencies and instead, small scale industries, to be scattered all over the country, should also be encouraged and supported.

Causes of Sickness

While making an attempt to diagnose/identify the causes of sickness of any industrial project, it will be pertinent to keep in mind the physical components of an industrial unit viz land, building and machinery vis-a-vis the funds needed to create those, and also the men behind the project. The sickness may originate from the under-mentioned factors, or any one or a combination of the same.

Delay in implementation of the project (in technical term, called 'time over-run') and the accumulation of interest and various charges (mostly on compound basis) which may be attributable to the following: i) delay in procuring or developing project land; ii) procurement of an excessively larger land than what is actually required, blocking funds without any benefit, and this contributing to making the cost of production higher; iii) construction of too costly and too large buildings (for office, installing machinery, storage of raw materials and finished goods etc.) — both requiring investment of excessive funds under the equity and the loan, involving both time to procure the funds and avoidable cost thereof; iv) sometimes selection of unsuitable land/project site and wrong/defective building layout plans — and subsequent need for change and alteration, causing wastage of scarce money and time; v) delay in selection of machinery through any institutional procedure or even at the behest of the sponsors themselves; vi) delay in placing orders for the machinery; vii) delay in shipment/delivery of the machinery; viii) sometimes, change of suppliers after placement of order (opening of L/Cs) either due to inability/unwillingness of the suppliers or due to change of mind of sponsors for replacing the suppliers; ix) supply of defective/imbalanced machinery and equipment, requiring replacement/procurement of missing/additional machinery/equipment; x) delay in providing stipulated equity funds in right time; xi) delay in releasing funds by the bank/financial institution, assuming that sponsors became eligible to these disbursements in time; xii) unusually long time in completing installation of the machinery and undertaking the trial run, due to delay in arrival on board of the engineers/technicians for the said work; xiii) delay in arranging the technical hands for running the plant; xiv) delay in getting connection of all required utilities/infrastructural facilities; xv) natural calamities and political unrest both within our country and also in the country from where the machinery are imported.

ability of the plant and machinery to produce the goods (and services) in the quantum as was visualized (estimated) while working out the financial viability (projection of profitability) of the project (i.e. production capacity). When the market is flooded with excessive supply of the same product (s), may be of better quality and lesser prices; Unusual fluctuation in the rates of exchange (Bangladesh currency and other foreign currencies) and inability (or absence of possibility for) of the borrowers to bring about the required adjustment in the prices of their products(s); Increase in the prices of raw materials (and also spares etc.) and absence of possibility to increase the prices of the products because of keen market competition; Increase in prices (costs) of utilities like electricity, gas etc. and absence of scope to increase the prices of the products; Unusual rises (increases) in wages and salaries, taxes/duties etc. which can't be adjusted with the product prices; In cases of export products, lack of demand and decrease in prices; In cases of products for local consumption, lack of sufficient demand due to poor purchasing capacity, strained economic condition, unemployment etc. and in line with the situation, the adverse market situation may also exist due to availability in the market of the products through unauthorized channels (these are generally available at lower prices, quality being superior to that of our domestic products); Sometimes, the some sponsors go to implement/run too many projects/schemes, industrial or trading/commercial and these may make the main project sick due to so many factors; Absence of required management and technical knowledge and the resultant management problems, and inability to find out proper solution for the technical difficulties. Here, intention of the sponsors also count very much in all related aspects and from the side of the financiers, lack/absence of

required supervision and monitoring on the projects(s) at all stages. Incomplete, biased and wrong findings/ recommendations from the supervising officials also may cause detriment to the project's health in several ways.

Suggested Remedies

Like identification of the causes of sickness, there is no fixed set of remedies, depending on the nature of project vis-a-vis sickness, the prescription of remedial measures also will vary. The discussion on suggesting measures of remedy demands an understanding that every industrial unit will have (i) a corporate management comprising organizing, planning, leading, controlling, measuring and organizational development; (ii) finance components encompassing financial structure, planning and budgeting assets, utilisation and management, working capital management, costing and pricing, accounting system, maintenance of books and control procedures; (iii) production/technical aspects which include site and plant/machinery selection and their maintenance, civil construction aspects, production panning and control, materials control (purchases and inventory), quality control, research and development; iv) marketing aspects which comprise demand forecasting, pricing policy, product-mix, market segmentation, distribution and promotion, after sales service, publicity and advertisement-market strategy and lastly v) personnel aspects which include recruitment and training, man-power planning, wage and salary administration, good labour-management relations and congenial working conditions.

As discussed above, sickness may be caused from the lapses/follies in any one or in a combination of the above elements of an industrial project. The best remedy is prevention of the factors which bring about sickness. However, once a project has fallen sick, it is to be taken up for treatment and cure. The remedies which result in rehabilitation of a project may again be in terms

of (a) technical assistance, (b) infusion of additional needed funds, (c) counselling on fixing up appropriate marketing strategy, (d) training of the management or sometimes partial or whole-sale change of management and (e) improving or setting-right proper personnel management. These measures will generally be initiated from the side of the financiers and in some cases, jointly from banks and sponsors. There are some areas where Government has to take initiatives, like controlling excessive development of production capacity, changing or adjusting tax policies, market control etc. The sponsors, on their part, have to adopt all such measures as may be determined by the financiers well in time. On the side of the financiers, additional steps like quick implementation of the rehabilitation programme, close supervision and monitoring regarding correct implementation of the rehabilitation steps are equally vital. It need be emphasised that after proper/correct diagnosis of the sickness, the rehabilitation programmes must be sorted out on accurate basis. If the diagnosis does not provide for rehabilitation of a sick project, the best alternative, for both the financier and the sponsor, is to sell out the project assets well in time. Where a project, after in-depth analysis, shows a good sign of prospect after rehabilitation and if the financial obligations are considered heavier than it can bear after rehabilitation, the concerned agencies may have to restructure the accounts to reduce the burden. Of course, such step is called for only where the sponsors are considered sincere and serious and who played his due role all though, but even then they failed to implement/run the project profitably. The stable remedy is, however, an ever alert mind of the sponsors and also of the supervising officials of the banks/financial institutions in their respective spheres.

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Crackdown on Smuggling

We welcome the government's decision to crackdown on smuggling which has, according to government officials, become a severe threat to industry, trade and revenue earning — in short, the whole economy. What, however, we fail to understand is the need for this warning. According to a decision of a high-level inter-agency meeting convened by the Finance Minister, the anti-smuggling campaign is to start from 1st December — a good twenty days away from the day of the decision. Conventional wisdom says that thieves and law breakers must be caught in the act. To achieve that the element of surprise is most essential. Here, however, we see that ample warning is being given to the smugglers to dispose of their goods. The idea, we guess, is that we allow them to benefit from their nefarious act this time round, in the hope that they will be good boys in the future. The approach is a bit unusual, to say the least.

The Home Minister — the person in charge of enforcing the law of the land — has himself admitted that "smuggling business has virtually taken over genuine business in Chittagong." We are therefore forced to ask as to why did the government wait — till genuine business was virtually wiped out — before starting the crackdown, and that also with a nearly two-week long warning? In mentioning specific measure that were being taken to curb smuggling the Home Secretary said that a "list" of these traders in contraband were being prepared in each district. We can't help asking the obvious question that if the identity of the smugglers are so well-known as to enable the law enforcing bodies to make a "list", then why are they not being arrested, or cases being lodged against them. As is obvious, the statements made in the inter-agency meeting by senior government officials have left many questions unanswered.

Bad Cinema, Dying Cinemas

Cultured people, men and women of refined taste and especially those involved in the film society movement have almost written off our home-grown efforts in film making. They have every reason to do that. The last movie that one with any sensibility whatsoever can sit out was produced perhaps a decade back. All the rest that run up to any number of hundreds is a fare sufficient to shame any nation that cares for such things as art and deeper pinions life and society.

It has to be said in defence of the very untenable situation of our films that it is the host of problems and challenges more than any artistic or creative persuasion that shape the tenor and temper of our films — and that we hardly feel or care about those problems.

A news report published in this paper on Monday says that cinema halls in Dinajpur are facing certain closure. The situation must be about the same in almost all the towns. The competition from television and then from the video cassettes is overwhelming enough. To that has been added the factor of unending series of television cinema coming from across the border — all of them so very enticing. These factors have joined to keep the prospective filmlover away from the road of the cinema houses.

A special factor is now at work in Dinajpur and other northern towns. There is at the present moment simply no money with the cinema going classes — owing to reasons very much evident: Floods and resultant low agricultural production.

The cinemas are fighting against all these odds to ensure at best a measly existence. The atrocious things move across our silver screens are but one unmistakable, and perhaps inescapable, reflection of the cinemas trying to go to the limits to live. Sex and violence come easy as life buoys.

The cinema was supposed to be the best and most effective educator in our country of about a hundred million illiterate people. We have abused that potential beyond any measure of recovery. All our instruments of progress we are blunting into suicidal poison. Let the cinema hall situation occasion a good stock taking of our overall cultural situation.

Vietnam: Waning Devotion to Marxism

STREET vendors still sell the occasional hammer and sickle flag, but there are growing signs that Vietnam's devotion to Marxism-Leninism is waning in the wake of sweeping changes in the Soviet Union.

"We are still waiting for the second revolution," said an old banner salesman in the capital's Hang Bong street, lit by kerosene lamps and bustling with bicycles and pushcarts.

Falling sales of Lenin buttons has been another immediate consequence of the Soviet shake-up. The staid gear of communism's greatest revolution is rarely seen peering from lapsels these days.

Communist party officials who were initially shocked and muted when they learned of major setbacks to communism in Moscow, have begun scrambling to guard against similar events overtaking their party.

"They called us for a special meeting to say they were disappointed with events in the Soviet Union," said a young hotel worker who had to attend a special seminar. "They said they will make sure the same thing does not happen here."

But even before the fall of

The demise of communism in the Soviet Union is taking its toll on Vietnam's own shaky allegiance to Marxism. Philip Smucker reports from Hanoi.

(BBC) reports.

In the ancient royal capital of Hue, formerly part of South Vietnam, a government official, alert to the changes in the Soviet Union, lashed out at the stubbornness of his own party.

"The citizens of Hue are like the river here, calm and going with the flow on the outside, but underneath, there is great turbulence," said the long-standing member of the city's people's committee.

Outside a dance hall in Da Nang, once a major US government airbase and even now an escape for the fun-loving and free-wheeling, a young ticket salesman said the city of half a million was abuzz with news of communism's demise.

"People say Gorbachev is a respected world leader, so now is the time for the rest of the communist world to follow his lead," he said.

While disdain for strict authoritarianism is growing in the countryside, orthodox Marxists in Hanoi insist communism will weather this latest storm.

"If something is wrong with Marxism-Leninism, we want discussion in order to perfect it," said Col. Hai, executive editor of the pro-government Quan Dai Nhan Dan newspaper in Hanoi.

"It is not easy for it to collapse overnight, it is a creative and scientific masterpiece," he said.

Hanoi's disdain for democracy factions in the Soviet Union echoes the Chinese claims in 1989 that only a handful of pro-democracy demonstrators were behind the Tiananmen Square uprising.

"Only a few small groups of people want to destroy Marxism-Leninism," said Hai. "It has a great immortal value that must be tested."

But Vietnam's vice foreign minister, Nguyen Dy Nien, said the country is in the throes of serious ideological debate.

"I think because of the failure in Eastern Europe and the Soviet Union, we need analysis on the role of ideology in economic development," he said.

Hanoi-based diplomats said Vietnam's allegiance to Marxism, largely perceived to be a

Flood management

Sir, This refers to the news item captioned "Feasibility of flood management pilot project undertaken" published in The Daily Star of October 22. There certain things are not clear, and I have some confusions, for which I would request for clarification by the concerned authorities.

First, the term 'feasibility of pilot project' itself is not clear. Pilot projects in fact aim at determining the feasibility of different approaches for development. Again 'nine months feasibility study' is a confusion. How the authorities are certain to have a flood in nine months if that doesn't naturally occur within the period?

Should we really need to manage flood or we should try to manage our water resources? I understand that we should manage water resources in such a way that the water causes less harm and do more good to us. I feel that to make the programme comprehensive and more appealing to the people, it may be called as 'development of integrated land use planning' which would ensure best use of land for the socio-economic uplift and environmental amelioration. By this it is not necessarily meant that agriculture i.e. seasonal crops like paddy,

Pandemonium at ZIA

Sir, The other day I want to Zia International Airport (arrival lounge) to receive my brother and his family which included his grand children, aged five and six year. No sooner they entered the Arrival Lounge from the Customs enclosure, a Pandemonium was let loose on them. As many as a dozen of persons encircled them, some asking for Pound/Dollar notes to be exchanged, some were literally trying to snatch their bags, some were higgling over the transport rates to the city, some wanted the visitors to put all their trust in them. The visitors were in a state of utter confusion and horror. They went to the exchange counter of Agran Bank for conversion of Foreign Exchange into Bangladesh Taka. Another set of suspicious looking characters followed them cajoling and coaxing them to sell the FC to them for they would give better rates (I believe this is illegal). Finally, when they failed, they followed the visitors right upto the counter and continued to remain by their sides almost rubbing shoulders with them without caring that there were ladies with them. They were staring wickedly at them till they completed the transaction with the bank. It was wracking for them to be in that atmosphere for more than half an hour and no one could help.

When they came out to get into the vehicle, they were mobbed. The children got panicky and were bitterly crying out of fear and it took them about 48 hours to get rid of the fright and be normal.

We are amazed at things happening at ZIA. Entire airport, its precincts including the passengers' lounge, is supposed to be a restricted area. No where in the world one will find such a hullabaloo in the terminal building, not even in that airport where one plane is landing every minute. It is not the passengers who create this pandemonium.

Zia International Airport appears to be a paradise for swindlers, thieves, racketeers, currency smugglers and anti-social elements who find their ways to passenger lounge and other restricted areas through corrupt means. Tourists will think several times before coming to such a country. It is the gateway to our country and authorities should evolve ways and means to make the airport free from activities of anti-social elements.

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The State of the Nation

A. Mawaz

Star's editorial of October 30 ("We Protest" — on the disruption of road and rail traffic by mill workers nation-wide) calls for reflection on the sorry state of the nation (including the campus violence simultaneously capturing the headlines).

Our leaders should note some of the dangerous trends being practised in our society today. Unless nipped in the bud, the whole nation will suffer the ill-effects for years to come. These trends cannot be supported legally or morally. Another danger signal is that these undesirable attitudes tend to become precedents, later practised by others. When action is taken, it is too late, and too severe, causing more resentment. Here are some examples:

1) Professional tyranny: Essential services are disrupted to press home sectarian demands, such as stoppage of water, electricity, blocking of national transportation services.

2) Raising internal protests to national level: Two parties are in dispute, say, the employees and the employers. This bilateral issue is unnecessarily turned into a national problem, by involving third parties who have nothing to do directly with the problem, namely the public. Public life is disrupted, in the guise of publicity and national support; and damage is inflicted on public and private properties. Others, not interested, are also not allowed to work, and daily normal life is dislocated. All issues, cannot, and should not, become 'national' issues. This self-importance is illusory.

3) Sectarian interest is given precedence over national interest: In other words, the message is "Meet our demands first" (at this point of time and space, as the scientists say), regardless of the overall implications of the demands in future time and space (3-dimensional; to the agitators their

problems/demand look straight-forward enough to be seen as one or two-dimensional simplicities.)

4) Intolerance: This have several angles (i) immediate solution, no waiting. Street-side judgement demanded; (ii) no yielding or give-and-take, that is, no compromise; (iii) no respect for other's views; (iv) the party itself sits over judgement and gives a verdict in this favour. No respect for law and order.

5) Erosion of "respect for authority": The attitude of defiance and confrontation has permeated to the lowest levels of the society, due to — 6) Lack of discipline. This tendency might have taken a root from the continuous political "movements" since British-India broke up in 1948. Three generations have been reared on this dangerous fodder. How to channelize? The behavior pattern is the same with elected governments.

As for the sharing of blame, all credit for the originality of the moves cannot be bestowed at the lower levels. How do they learn, and from where do they learn these 'tricks'? There must be some roots or precedents (the majority are imitators). To cut the long story short, the encouragement (and some of the incitement) comes from some of our leaders at the very top, who, unfortunately, miss the boundary line of where to stop. The result boomerangs. The same leaders face the familiar music when they come into power and try to administer the country (this is history and no current aspersions are in mind).

As we read so frequently in the local press, there is a strong call to re-define the rules of the local games we play. The name of the game is not football, but lives are turned into footballs.