Dhaka, Sunday, July 3, 1994

# **Investment** in Power and **Telecom Sectors**

The government looks increasingly keen to at tract private investment in key infrastructure industries like power and telecommunications. The cabinet recently cleared the way for securing private sector participation in setting up power generation plants in the country. Earlier, a decision was taken to invite private investment in six proven gas fields with a view to expanding energy sources for power generation. Contracts have been signed with foreign firms for exploration of gas and oil. A part of the telecommunications market also has been ceded to the private sector.

Utilities like power and telecommunications are crucial to generating economic growth. Present facilities in these areas are owefully inadequate. Electricity consumption in this country is not only among the lowest in the world but also in the region. So is the case with availability of telephones. Wastages are horrendous and the quality of service remarkably poor. There is no doubt that these facilities need to be upgraded

and expanded rapidly.

Investment on a massive scale will be required to upstage the existing facilities in the power and telecommunications sectors. Developing the proven six gas fields alone would call for an investment of more than eight hundred crore taka. And a staggering sum of more than fortyfive thousand crore taka would be required to meet the expected demand for electricity over the next few years. The authorities plan to quadruple the availability of telephones by the year 2000. Needless to say, this also would necessitate huge investments in the years ahead.

The government cannot obviously meet the cost of investment on such a massive scale from its tax revenues. Prospects for obtaining official development assistance from abroad for financing infrastructure development work are none too bright. Even now, official development finance accounts for just about twelve per cent on an average of total resources for infrastructure investment in developing countries globally. Delaying investment in these sectors for lack of funds would stall development. Hence the drive to secure private investment in such key areas as power and telecommunications. It is also to be noted that notwithstanding the level of poverty in a country, key utilities attract foreign direct investment also mainly because of an assured market.

All the same, securing private investment is not an end in itself. Benefits of investment must reach the consumers by way of better and expanded service at a fair price. Users will probably be ready to pay a little more in consideration of better and prompter service. However, they cannot be left totally at the mercy of the suppliers of essential services. Private investment must also bring improvements in the performance of utili-

Alongside with the drive for private investment in utilities, there is also an urgent need for taking up rationalization measures. Such measures should seek to evolve standards for quality of service and pricing of the product. It is encouraging to hear that a committee has been set up to standardize such matters as the cost of input for generating power by private sector units and the price at which they will sell electricity to the users. Similar initiatives need to be taken in the telecommunications sector also. Private investment in utilities will not yield the desired dividend unless it also improves performance of these key sectors simultaneously.

# Arafat's Triumphant Move

Yasser Arafat's arrival in the newly autonomous Gaza Strip after 27 years in wilderness marks an important point in the Palestinian people's struggle for an independent homeland. His arrival there to a hero's welcome reflects the mood of the people who have had the painfully long history of living stateless. The full independence is still quite some way away, but at least there is the promise of that beautiful feeling called freedom. The autonomous status of Jericho and the Gaza Strip has enabled the Palestinians the first real opportunity to set the course for the dream to shape into reality.

Yes, the Palestinians have pursued a dream for much too long and Yasser Arafat has all along the way carried the beckon for them. So the Palestinian liberation and Arafat have almost become synonymous and this is despite dissident Hamas guerillas terming him as a traitor. The first visit of the Gaza Strip after 27 years by the indomitable leader therefore has immense values both practical and symbolic for the Palestinians. Sure enough, they know it is not the end of the struggle but as long as Arafat is around, the fight

will be easier to win.

The tumultuous applause and cheers for Arafat at the time of his 25-minute speech upon arrival in a place where he was once a wanted man show how much respect and love he commands from his people. The charismatic leader has as well made a mental journey home through this short visit of only four days. But that he went to the Gaza Strip instead of Jericho, where from the new administration will function, first, is immensely significant. His wish to pray in the Al-Aqsa Mosque and make the Arab part of Jerusalem the capital of the yet-to-be Palestinian state may however give rise to controversy and once again antagonise the Tel-Aviv government.

But Arafat is no stranger to such controversies and conflicts. He knows quite well the implications of his speech. He is still pushing for the original demand of the Palestinians. Whatever his opponents can say about his so-called compromising deal with the Israelis, the former guerilla fighter has never betrayed his people, nor will he ever give up the crusade. He has made the Palestinians proud, he would be happier if he were able to earn for them a sovereign country. Odds were against him, now he has led them to a position from where none can back out. The Palestinian state looks all the more real than ever before. The problem is, how much of the territory of the original plan will they get from the Israelis to make that state. Certainly both the parties will have to make some concessions and only then the peaceful creation of the Palestinian state will be possible.

# Does the Capitalist System Have to be the Handmaiden of the Rich?

have been arguing that credit should be accepted as human right. If we can come up with a potential entrepreneur, we'll system which allows everybody build a system to give everyaccess to credit while ensuring body a chance to materialise excellent repayment - 1 can his/her potential. The heavy guarantee you poverty will not wall between the entrepreneur last long. If the helplessness and the labourer in this world and isolation of labour ("have will be meaningless. In addinothing to sell but their labour tion, if labour had access to power") can be totally removed capital this world will be very by connecting labour with cap different from what we have ital through a universal credit built now. We build what we system we'll have differen imagine. In the past we imagkinds of actors on the eco ined the wrong way; as a result nomic scene than what the we got a wrong world. By forexisting capitalist world allows mulating our axioms the right way, we can create the right

F we are looking for one.

L enable the poor to over

come their poverty. I would go

for credit. Money is power.

to be bring out.

linger around us.

on palliatives.

human dignity.

in the country!

related illness.

the past 30 years.

years ago).

Poverty is not created by

the poor. Poverty is created by

the existing world system

which denies fair chances to

the poor. If we can ensure

erybody in the society there is

no reason why poverty should

maintain and deepen poverty

These are invented to avoid

giving equal chances to the

poor. Handouts take away ini-

tiatives from people. Human

beings thrive on challenges not

into the picture. We do busi-

ness on trust. (In the USA one

of the Grameen replications

call itself "Good Faith Fund" to

make this very point.) Gra-

meen trusts people. It believes

in the enormous potential of

each and every human being.

Given enabling environment

even the poorest woman can

peel off her doubts in herself

and start exploring her abili-

ties to find a life with full

stitution Grameen also re-

quires the borrowers to save.

Each borrower saves one taka

(2.5 cents US) each week, and

five per cent of loan money.

Today the total savings of

Grameen borrowers exceed

US\$ 70 million. If they wish,

Grameen borrowers collec-

tively can buy up the largest

enterprise in the country. It

would be fun to do that - the

poorest in the country getting

into the league of the richest

where every human being is a

head of state will die violently

- and a 20 per cent risk they

Countless more have con-

tinued in high office despite

suffering everything from dia-

betes (China's Mao Zedong,

Egypt's Gamal Abdel Nasser) to

strokes (India's Jawarharla)

Nehru, Portugal's Antonio

Salazar), manic depression

(Lyndon Johnson of the US.

Fidel Castro of Cuba, Muammar

Qaddaff of Libya) and psycho-

pathic disorder (Idi Amin, the

self-styled "Son of God," who

was forced to flee Uganda 15

ards have been further accen-

tuated by the recent aircraft

crash deaths of the Rwandan

and Burundian presidents.

Juvenal Habyarimana and

Cyprien Ntaryamira, and the

equally sudden demise from

heart failure of Britain's main

Opposition leader, John Smith.

most coincided with the high-

speed accidents that robbed

Grand Prix motor-racing of

two top aces - Roland

Ratzenberger and Ayrton

Yet the premiums payable

These three mortalities al-

Recently the sobering haz-

If we imagine a world

Na life insurance basis

there is roughly a 10 per

cent chance that your

Besides being a lending in-

Grameen has put trust back

Charities and handouts help

truly equal opportunities to ev-

single action which will

In the "right" world, we'll have to forget that people should wait around to get hired by somebody. We have to instil in everybody's mind that each person creates his or her own job. We'll build institutions in such a way that each person is supported and empowered to create his/her own job (self employment). Wage-employment will come into the picture only as an alternative to self-employment. The more self-employment becomes attractive, wide-ranging, and self-fulfilling, the more difficult it will be to attract people

for wage-jobs. Women, minor-

ity groups, physically handi-

capped, and socially handi-

capped persons will benefit

more, the more self-employ ment becomes rewarding and convenient. Mass production of a product leads to economy of scale under any production system. But there is nothing which makes it obligatory to organise this mass production under one roof. Home-based production based on selfemployment can be as mass-scale productions as in single roof wagebased factory system. The more we can move towards home-based production by the self-employed masses, the

Through wrong conceptualisation the agricultural world quickly moved into plantation economy and enslaved people. In its impatience and arrogance, the world refused to see the opportunities through

more we can come close to

avoiding the disasters of capi-

by Prof Muhammad Yunus

the people-based agriculture. Let me give some examples from Grameen how people based production can be organised in a large scale and benefit the poorest.

Help Them Learn How to Catch Fish

In 1986 Government of

Bangladesh invited us to take over a large fisheries project. The project was not getting off the ground after investing several million dollars of donor money. We were not sure whether we should get involved in the project. We did not know anything about growing fish. In the end we agreed to take over the project at the urgings of the government. hoping that the un-utilised water bodies could be combined with the unutilised abilities of the poor to create a new chemistry for production and

There were nearly 800 ponds of various sizes and shapes under this project with a combined water-body of water of over 1000 hectares. The Government tried to grow fish in these ponds. They failed because government employees used the resources to benefit themselves rather than the government and the people. Stealing of fish from the ponds by the villagers was identified by the government officials as a major cause for the failure of the project. Government records show that the actual annual fish harvest remained below 50 tons.

Grameen brought in new management style, new determination and drive. Poor people around the ponds were organised into groups to become partners in the pond management and share the harvest on a 50:50 basis. Grameen provided the capital and know-how; poor people provided their labour. Stealing of fish was brought down to near zero. The poor, who under the previous regime, either stole fish for themselves or stole fish as agents of others, now became growers

and protectors of the fish, and owners of the fish. In 1993 Grameen produced 805 tons of fish, 402.5 tons went the poor group members. In 1994 we are hoping to raise the production to above 1.000 tons. Yield per unit of water body is rising steadtly. The project not only covers all its cost, it generates profit.

### Two Million Idle Ponds

Encouraged by the results in our fisheries project we have now created a non-profit, non-stock new company called Grameen Fisheries Foundation The new company has taken over all the fisheries projects of Grameen Bank, including a shrimp farm. Bangladesh has nearly two million ponds. endless other water-bodies with excellent possibilities to grow fish. All these water-bodies remain unutilized. If we can only extend the Grameen style of growing fish in these waterbodies we can achieve the following objectives a) poor people can grow and catch their own fish and enhance their income by growing more and more fish per unit of waterbody; b) it will make substantial contribution to animal protein availability in the country; c) a large pool of educated youth will have ready opportunities for self-employment and wage employment; d) processing, storing, marketing of fish can generate another growth

Why doesn't it get done now? Because in a capitalist world we are told that we'll have to wait around until we find a "greedy" entrepreneur to discover this as a new opportunity to make money. With a socialist orientation of the government the state would have come forward and exploited the opportunity presented in the fisheries sector of Bangladesh. (In our case the state did step forward. But the result was very unhappy). In a capitalist framework we have always ignored the role of another type of entrepreneurs social-consciousness-driven

entrepreneur. I think it is time we pay serious attention to

Let me add a few more examples from Grameen experi-

#### Grameen Check: Peoplebased Textile Industry

Grameen had neither any

intention nor any qualification to get involved in the garment industry of Bangladesh. But somehow we got drawn into it. There are half a million weavers in Bangladesh with over a million handlooms in their possession. Over eighty per cent of textile requirement in Bangladesh are made by these weavers in their handlooms One will tend to imagine that the weavers are having good business from this captive market. They are not. Since most Bangladeshis are very poor they cannot afford to buy clothes as often as you'll imaging. Unless a piece of clothing becomes absolutely unrepairable and unusable one does not buy another piece of clothing.

Many of the weavers are Grameen borrowers. We see how difficult their lives are because of very low demand and stiff competition from machine-made clothes. Many of the weavers remain without work during slack season. About two years back we

came to know that Bangladesh imports US \$ 80 million dollars worth of handloom product called "Madras Check" for Bangladeshi garment industry to make garments for North American and EEC countries. We could not figure out why Bangladesh imports such huge quantities of handloom fabric while our weavers remain halfstarved part of the year. One explanation we got was that our weavers cannot produce the quality that is demanded by the international market. We wanted to find it out. We produced samples and circulated around. Everybody agreed that the samples were as good or even better than the imported fabric.

Then we got another explanation why this cannot be probecause "they are not organised; we cannot go door to door to each weaver to buy hundreds of thousands of yards we need; now we place orders to Indian suppliers and they supply whatever quantity we need, right on time." We said Grameen Bank can play the role of the supplier. We can accept orders and remain responsible for quality and deliv-

cured from the local weavers --

### Make Room for Social-Consciousness Driven Entrepreneurs

We started receiving orders. We named our product "Grameen Check". We organised some weavers to do the job. These weavers never worked for international market. Everybody in the villages was thrilled to know that the fabric their village was making will be worn by the Americans and the Europeans. The weavers took it as a great appreciation of their work. They worked hard to make sure users like it.

Now business is picking up. The more we deliver, the more the garment industry takes us seribusly. This can grow into billion dollar business — all based on homebased weavers. We can supply "Grameen Check" to garment industry any where in the world - India, Pakistan, Sri Lanka, Thailand, China, Viet Nam, or any where else. We are inviting consumers and producers every where to try us. Please make room for social-consciousness-driven entrepreneurs in the world economy

Noticing the growth of the business Grameen Bank has created a non-profit, nonstock company called Grameen Uddog (or Initiatives) and handed over all the Grameen Check related businesses to this new company. Grameen Uddog is expanding itself into new areas of textile too. Besides Grameen Check it is now producing Grameen Flannel. They are getting good response from the market.

Above are excerpts from a speech delivered at the 85th Rotary International Convention, held in Taipei, Taiwan, 12-15 June 1994.

(To be concluded tomorrow)

# How Safe is Your Nation's Leader?

Nicola Cole writes from London

may suffer a disabling stress-Given the growing risks, it is arguably amazing At least 19 presidents, that anyone lives long enough to take or retain prime ministers or their high political office. France's Charles de deputies, from South Africa's apartheid exponent Hendrik Gaulle was reputedly the subject of more than Verwoerd in 1966 to 30 assassination plots. Has national leader-Mohammed Boudiaf of Algeria ship, asks Gemini News Service, become a in 1992, have fallen victim to assassins' bomb's or bullets in chance to die for your country; and is survival a lottery?

> by political leaders exceed even those paid by world class race car drivers. Only the leaders and the syndicates who insure them such as those at Lloyd's of London ("all risks considered") know the precise

Although Lloyd's brokers cheerfully discuss the liontamers they have insured against being eaten (the fate of at least 20 this century) and the circus fat ladies covered against anorexia, politician clients are a closed book. Disclosures could tempt the

gods. France's Charles de Gaulle survived an alleged 31 plots against his life in just 22 years to 1966 - and died peacefully in old age, but US President John Kennedy was felled during his 46th year in the first peacetime attempt on his life.

Historian Hugh L'Etang observed that voters "demand a decent reticence when they themselves are ill, but expect to sit in judgement if their

leaders are sick ... and sick statesmen abound."

US vice-presidential candidate Tom Eagleton knows it well: he lost his chance of high office in middle age through opponents' revelations about his three nervous breakdowns.

Josef Stalin in the Soviet Union (arterial disease, alcoholism), Britain's Winston Churchill (three strokes) Dwight Eisenhower of the US (heart attack) also bear witness, but all remained in office after these afflictions.

Salazar, the reactionary architect of modern Portugal. was allowed after a brain operation to go on believing himself to still be dictator, though real power had passed to other nands.

Lesser figures have been toppled by everything from offguard comments while jetlagged — a continual risk for would-be leaders — to outbursts by neglected partners. "I am definitely leaving my



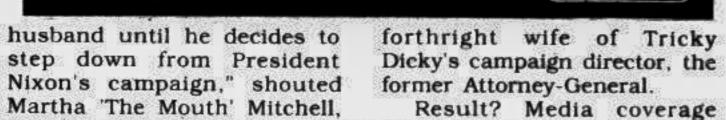












worldwide, end of John Mitchell's further political Just how do you start to

assess the likelihood of surviving to, let alone in, political high office?

Begin with the average world citizen's life expectancy - 77.6 years if you are female and Norwegian (the world's highest), 40 years if you are male and living in one of the poorest African countries then allow for factors such as genetic disposition to physical or mental disease, exhaustion, the possibility of being "creamed" should you cross the street without looking, defeat in a democratic election and the million-to-one chance of being an air-crash victim.

Also allow for random factors such as gold-digging exlovers, lunatic gunmen, sane terrorists, imprisonment and torture by rivals - and start multiplying.

Finally, pay due regard to anti-ageing experiments which have rejuvenated rats. Medical scientists claim these show that by fortifying the immune system, human decline into senility is theoretically re-

versible. Saddam Hussein for ever? Boris Yeltsin for president in 2020? Don't rule it out.

Gemini News.

NICOLA COLE is a British freelance writer. Previously. Cole was with The Times of London and the London Bureau of The Australian.

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

## Income tax burden

Sir, I fully support the opinion expressed in the article "Fresh income tax burden on individual assessees" by Md Nurul Haque, published on 23.06.94 in your esteemed daily. It has given a clear picture of sufferings of a regular tax payer with limited income. The following are the recent changes in income tax rules:

Tax year 91-92: Withdrawal of Entertainment Allowance (Tk 4,200) from I T exemp-

Tax year 92-93: Introduction of Investment Rebate @ 15% tax credit on 20% of taxable income instead of deducting at first the one-third amount from taxable income. Tax year 94-95: Total with-

drawal of investment Rebate. Every year a new rule is being imposed upon the honest taxpayers whereas being incapable of discovering crores of Taka from many an industrialist our Government is relieving

them from all the previous

taxes while they are taking money from banks as loan and using them in appropriately. If the government is considerate even with 'defaulters' for the interest of industrial development of our country then why people are discouraged to invest money by being deprived of investment rebate? Zafar Shaheen

Elephant Road, Dhaka.

### Youth exchange programme

Sir, Youths are the dynamic and progressive force which are the most needed elements in bringing about progress in the world and improving quality of life on this planet. They are full of energy, vigour, enthusiasm and dedication. If channelled rightly, they can serve their community best. Youth Exchange Programme can offer the chance of knowing the youths of other countries more closely and thereby

establish cordial relations be-

tween them. Exchange of youths of different countries helps generate will and intention in them of doing good to each other and the less fortunates in each others' countries.

It provides the youth of the world an opportunity to make their contributions to development both individually and collectively, as responsible members of the local, national and international communities. Through the exchange programme, youths can share ideas, exchange information about their activities and learn about the cultural, social and moral welfare of other countries and to discuss mutual problems and concerns with each other.

Youth exchange programme provides an opportunity to promote international understanding and helps to unite the youths with the bond of friendship, fellowship and mutual understanding. This bond of friendship and cordiality between youths will ultimately result in enhancing the world peace, merging their differ-

ences, if any. If the youths of the world can join hands, they can ensure peace and prosperity for the whole of mankind. Today's youths are the work-force of tomorrow. Preparing the youths of today around the world to fight the ills and evils

of tomorrow will surely guarantee a happy and prosperous world in future.

Imbabwe 1980

S H Reza Ex President Dhaka Rajdhani Leo Club Green Corner, Dhanmondi, Dhaka.

### Government transports

Sir, Once again misuse of government and public sector corporations' transport seems to be on the rise. Most of the time - before, after and between pick up and drop off from residence to office, the government transports are being misused family members of officers who are entitled to allotment of cars.

One can see pile of vehicles in front of schools and colleges. New Market, Elephant Road and Baitul Mukarram areas of the city. It is alleged that false entries are being made daily in the car log books and there is no authority to look into it.

During the autocratic rule of H M Ershad, the government vehicles were red license plates and the public sector corporation transports had blue number plates. But at the end of his rule this system of distinguishing official cars was abruptly abolished. These days there is a common black number plate for all cars, government and private alike. It has now, therefore, become a free for all, drive as you like sort of thing. It is very difficult to distinguish between a government and a private vehicle.

We would like to request our minister concerned to kindly let us know as to what amount of money is spent on government transports from our public exchequer and what amount of money is lost on 'systems loss' every year?

We would once again request the authorities concerned to use identification marks on both the government and public sector corporations' vehicles for proper check, control, supervision and stoppage of misuse of the trans-

O H Kabir Dhaka-1203

## Time Scale

Sir, Time scales were introduced for the cadre service officers about two decades ago for providing incentive to the officers in a situation where the officers are eligible for promotion but where the scope of promotion is limited. Soon after that, trade unions exerted pressure on the government for introducing time scale for the general staff and the government conceded to that demand.

When a pay commission was set up after two-three years of that event it recommended abolition of all time scales and the government accepted that recommendation also. But the trade unions again exerted pressure and the government restored three time scales to staff, two time scales to class two officers and only one time scale to class one officers. So, the class one officers for whom the time scales were originally meant, have become the worst

This is highly unjust and unethical. Hence, it is felt that class one officers should be allowed atleast two time scales. They may be allowed the second time scale on completion of twenty five years of class one service and with atleast ten years in the existing scale. There may be no time scale beyond national scale No. three as is the case at present.

The second time scale at the fag end of their career will involve very little financial cost on the part of the government. May I, therefore, request the honourable Prime Minister and the Finance Minister to look into the matter and do something for the class one government officers.

Dhaka Cantonment, Dhaka.

Saleh Ahmed Chowdhury