

'Steps to be taken  
to encourage more  
foreign investment  
in DSE'

Commerce and Information Minister M Shamsul Islam Tuesday said the government was pledged-bound to provide infrastructural facilities to further increase investment for helping the growth of national economy, reports BSS.

He called for active cooperation from all concerned quarters in this regard to help the country to integrate itself with the continuous trend of economic development all over the world.

The minister was addressing as the chief guest the investors and officials of Dhaka Stock Exchange (DSE) at the DSE Bhaban here. The DSE Chairman Khurshid Alam and member Akbar Ali MP also spoke.

Shamsul Islam referred to the positive activities of the DSE and said adequate measures would be taken to encourage more foreign investment in the DSE side by side the domestic investment.

Describing the investment activities as the life of economy, he said banks, insurance and other financial institutions in the private sector would help a lot in increasing more investment in the Dhaka Stock Exchange in future.

In this respect, the minister called for consolidation of inter-relations among the financial institutions and said that their activities and cooperative attitude would attract more and more investment in DSE.

## Malaysian DPM addresses int'l confce

Economic dev no excuse  
for authoritarianism

KUALA LUMPUR, Dec 7: Developing nations should not use the goal of economic growth as an excuse for authoritarianism, Malaysian Deputy Prime Minister Anwar Ibrahim said Wednesday, reports AP.

"The notion that freedom must be sacrificed on the altar of development must be rejected," Anwar said in a speech to an international conference that has been highly critical of Western concepts of human rights.

The citing of "cultural differences or Asian values" as a way to deflect criticism of human rights violations "is an affront to our moral sense," Anwar added.

"We are certainly not oblivious to crimes against humanity perpetrated by non-Western people. Tyranny and injustice are repugnant to civil society wherever they may occur," he said.

In the past, the leaders of several developing countries, particularly in fast-growing Asia, have spurned calls for improved human rights and greater democratic freedom.

Anwar is widely regarded as a likely successor to current Prime Minister Mahathir Mohamad, a longtime critic of western human rights concerns and a driving force behind Malaysia's current economic boom.

"It is often argued that civil

and political liberties are incompatible with the pressing needs of backward or emerging economies," Anwar said. "Democracy, it is claimed, follows economic advancement and not vice versa. ... The fact of the matter is that more nations have been impoverished by authoritarianism than enriched by it."

Anwar criticized what he said had become a contest between East and West on human rights issues and called for a more balanced approach.

He said many Asians reject the idea of human rights, which they regard as Western, even though it has long been part of Eastern traditions and religions, such as Islam.



Dr Tashi Tobgyel (3rd-R), Ambassador of Bhutan in Bangladesh, called on A Rob Chowdhury (2nd-R), President, Dhaka Chamber of Commerce & Industry on Sunday at the chamber office.

Lanka keen to  
develop tea  
industry

Sri Lanka, willing to bolster bilateral trade relations, has shown keen interest for developing tea industry of Bangladesh, reports UNB.

The offer came from the visiting Sri Lankan Foreign Minister, Lakshman Kadirgamar, when he called on Commerce and Information Minister M Shamsul Islam at his Secretariat office Tuesday.

Termining the visit of the Lankan minister as significant, the commerce minister said it would play a key role in developing relations, specially trade expansion, between the two countries.

He proposed that Sri Lanka will import jute, jute goods and chemical fertiliser from Bangladesh. He also stressed exploration of possibility to expand trade in the private sector between the two SAARC countries.

Fashion show  
at Sheraton  
held

A gala evening of fashion show was held on Tuesday night at the Winter Garden of Hotel Sheraton in the city as part of a programme to celebrate the Tourism Month '94, reports UNB.

During the show, organised by Bandwagon, renowned models of the country displayed latest and traditional dresses of the fashion world based on the summer, monsoon, autumn, winter and spring seasons.



City-bound trucks loaded with essential commodities seen stranded at Gatali Bus Stand yesterday in the wake of observance of country-wide hartal by the major opposition parties.

— Star photo

## Asian stock markets close lower

HONG KONG, Dec 7: Asian stock markets closed mostly lower Wednesday, with share prices dropping moderately in Hong Kong as local investors failed to rescue shares from an overnight slump overseas, reports AP.

The Hang Seng Index, the market's key indicator of blue chips, dropped 64.15 points, or 0.8 per cent, closing at 8,268.50 following Tuesday's 30.12-point rise.

There had been some speculation that buying interest would pick up after Nomura International's global

strategist had signalled some bullishness about Hong Kong stocks, but the premium was completely eroded by the end of trading Wednesday.

Selling Tuesday of Hong Kong stocks listed in London could not be overcome in local trading Wednesday.

In Tokyo, share prices declined following two days of gains.

Tokyo's 225-issue Nikkei Stock Average lost 166.24 points, or 0.85 per cent, closing at 19,174.23. The key index had gained 34.81 points, or 0.18 per cent, to 19,340.47

on Tuesday. The Tokyo Stock Price Index of all issues listed on the first section was down 10.14 points, or 0.66 per cent, to 1,525.35. It had risen 3.63 points, or 0.24 per cent, to 1,535.49 the previous day.

Traders said profit-taking following two days of gains sent prices down.

Meanwhile, the US dollar slipped back below 100 yen after exporters seized on the higher rate to sell their dollar holdings.

The dollar finished at 99.77 yen, down 0.65 yen from Tuesday's Tokyo close and also below its overnight finish of 100.08 yen in New York.

Elsewhere in Asia:

**WELLINGTON:** New Zealand shares finished lower in moderate trading amid continued nervousness about the outlook for interest rates. The NZSE-40 capital index lost 10.16 points to 1,931.29.

**TAIPEI:** Share prices climbed in expanded trading, led by gains in textiles and electric machinery as investors bought into stocks with healthy earnings prospects. The market's Weighted Index advanced 68.21 points to 6,777.68.

**MANILA:** Share prices ended mixed in choppy trading, marked by late-hour short-covering after investors sold down their shares. The Philippines' PSE index rose 7.54 points to 2,663.17.

**SYDNEY:** Australian share prices closed sharply lower in generally lackluster trading, with shares in blue-chip companies leading the overall market lower. The All Ordinaries index of share prices closed down 21.9 points at 1,869.2.

**SEOUL:** Share prices closed lower, succumbing to late selling pressure. The Korea Composite Stock Price Index dipped 6.08 points to 1,068.93.

**SINGAPORE:** Share prices closed lower in another session of thin trading. The 30-share Straits Times Industrials index fell 6.69 points to 2,180.38.

**KUALA LUMPUR:** Share prices closed lower in soft trading. The KLSE Composite Index, biased toward large capital companies, shed 2.00 points to 951.68.

**JAKARTA:** The stock exchange's Composite Index fell 4,060 points, closing at 462,333.

BCIC supplies  
7,54,000 MT urea  
from 6 factories

Bangladesh Chemical Industries Corporation (BCIC) has supplied 7,54,000 MT urea from six urea fertilizer factories under its control valuing Tk 281 crores during the first five months of the current financial year (July '94 to November '94) as against 7,37,000 MT valuing Tk 274 crores during this corresponding period of last year, says a press release.

These factories are: Jamuna Fertilizer Factory, Chittagong Urea Fertilizer Factory, Zia Fertilizer Factory, Ghorasal Urea Fertilizer Factory, Polash Urea Fertilizer Factory and Fenchuganj Fertilizer Factory. Industries Minister was informed of this position while he reviewed the overall performance of BCIC in a high-level meeting held at BCIC Bhaban yesterday.

The Minister instructed BCIC to streamline the procedure of marketing fertilizer to help stabilise the availability and price in the remote areas of the country. The meeting reviewed and further refined the policy of exporting surplus urea to foreign countries after meeting domestic demand.

The Industries Minister reviewed the current trend of production of paper and newsprint and distribution of the same among the newspaper industry, dealers, industrial consumers etc. He instructed BCIC to build-up stock at the BCIC depots located at the different parts of the country and arrange special supply from the depots to the Deputy Commissioners for distribution among the students of schools, colleges and universities.

## Bangladesh power rector: Time for reforms—Part 2

by Sohail Kasem, FCA

A major energy sector reform policy being contemplated by the government will end decades of state monopoly in the country's power sector.

The main components of the power sector reform initiative include restructuring of the Bangladesh Power Development Board (BPDB) and the Dhaka Electric Supply Authority (DESA); establishing a power cell in the Ministry of Energy and Mineral Resources (MEMR) to regulate the power sector; and announcing new incentives to attract private sector participation in power generation and to improve efficiency.

Earlier this year the cabinet approved the power sector reform policy in principle and directed the ministry to form a power cell to look into the reform initiatives.

The power cell is currently being set up with technical assistance from the World Bank. The government had also opened up the power sector for private investments. It has been reported that a number of foreign companies have approached the government to invest in the sector, but these offers are being kept on hold as technical details, including the nature of power purchase agreements, are yet to be finalised. These technical details will be finalised by the power cell once it starts functioning.

The new proposals envisage corporatisation of both BPDB and DESA which will enable the private sector to participate in the utilities management. The main concern is to find ways and means of reducing system loss in the power sector, which currently averages around 36 per cent.

The new reform policy is expected to provide more autonomy to BPDB, DESA and other utilities so that these organisations can operate in a commercial manner with little interference by the government. The power cell in the ministry will act as a regulatory body to oversee the activities of the sector and will also negotiate with the foreign investors for power generation.

The corporatisation process envisages capital restructuring of BPDB and DESA including the possibility of floating shares to the general public. If this process is to be carried out properly, it would mean that the boards of these organisations will be elected by the shareholders and such boards will have full autonomy and power to run the organisations.

## System Losses

Huge system losses have acted as a deterrent in the past to foreign investment, particularly by the donors led by the World Bank which suspended all aid to the power sector in September 1991. It has been estimated that lowering system loss by one per cent will generate additional revenue of Tk. 20 crore. The BPDB/DESA combined system loss in FY 92-93 was 36.3 per cent. Assuming overall technical losses of about 23 per cent, the avoidable system loss (some would call it pilferage or theft) of about 13.3 per cent was equivalent to more than Tk. 266 crore in FY 92-93 alone.

The World Bank and other donor agencies are mounting pressure on the Energy Ministry to expedite the reforms.

Bank sources believe there would be no dearth of funds for carrying out the energy sector reforms once the political commitment is made. In support of this it may be pointed out that about seventeen foreign investors have expressed their intention to invest in the power sector, and these proposals are still awaiting clearance by the ministry.

## Need for Investments

Investments are badly required in the power sector, both to maintain the present capacity as well as to meet increased demand. Since the power utilities in Bangladesh are financially non-profitable, investments from own resources have been insignificant. On the other hand, the requirements in the power sector are large but there are competing demands on government resources constraining public investment in this sector. During the fourth five-year plan period, the estimated investment need was Tk. 69 billion at 1990 constant prices, whereas the government requirements in electricity sector during the fifth (1995-2000), sixth (2000-2005) and seventh (2005-2010) plan periods have been estimated to be about Tk. 100 billion, Tk. 151 billion and Tk. 199 billion respectively at constant 1990 prices, assuming a steadily improving economic situation in the country. The projection of demand for electricity and investment requirement is given below:

Price	Peak Demand (MW)	Investment requirement (in 1990 Prices)	
		Gen./Trans./Distribution	
		Billion Taka	
1991-1995	523	69	
1996-2000	958	100	
2001-2005	6117	151	
2006-2010	8953	199	

Source: Ministry of Energy and Mineral Resources.

The World Bank is in favour of breaking up the government monopoly and encourages the entry of the private sector to overcome deficiencies in the management and institutional capacity of BPDB and DESA. In particular, weak management, strong unions, shortage of trained manpower and the absence of competition have been identified as the principal causes for the exacerbation of institutional weaknesses.

Breaking up the government's monopoly and introduction of competition is expected to lead to a more transparent and accountable state of affairs and creation of an environment that will lead to increased revenues of the government and more protection of the interests of the consumers.

The Bangladesh power sector has grown significantly in the last three decades. Installed generation capacity has increased to 2608 MW in 1993 from 88 MW in 1960 and 822 MW in 1980. But despite this phenomenal increase, only about 12 per cent of the households are now electrified and per capita generation of about 80 KWH is among the lowest in

the world. About 26 per cent of the capacity (nearly 700 MW) is out of service and is awaiting major maintenance or rehabilitation. The annual load factor of about 58 per cent is low compared to India's 62 per cent, Pakistan's 64 per cent and Thailand's 74 per cent.

Operating performance of both BPDB and DESA has been poor. Cash income of both utilities has been less than half of the sales value of power generated, while accounts receivable stood at 5.0 months (BPDB) and 6.0 months (DESA) in FY 92-93. Collection-to-generation ratio (CG), considered by many as a benchmark for performance, also slumped during the July 1993-March 1994 period.

The combined CG ratio in fiscal 1992 was 51.6 and improved to 54.8 in fiscal 1993 but then dropped to 51.6 during the current period. The revenues foregone, due to the failure to bill or collect, amounted to over Tk five billion, a staggering seven per cent of the fiscal 1993 plan. No wonder then, that the visiting Vice President of the World Bank, Attila Karaosmanoglu, told reporters in Dhaka in 1991 that Karasmanoglu could build a Jamuna Bridge on its own every four years, if it could cut down system losses.

The availability of an adequate, reliable and reasonably priced source of electricity is a prerequisite for the country to achieve its target growth of 6-7 per cent per annum by the end of the decade. Urgent reforms are now needed to restore credibility in the power sector and inspire confidence in investors. It should now be clear that much needed investments in the power sector are no longer going to be as freely available from the donors as was available in the past. In fact the donors may well be looking to the private sector — foreign and local — to provide the investments which so long were provided by them.

Private sector participation in this region has already started. A recent newspaper report has stated that agreements have already been signed for investment of four billion US dollars in the power sector in Pakistan. Similar moves are also underway in India. Bangladesh must not lag behind in this context and therefore the need for reforms has become even more urgent.

The road to reforms is never an easy one, there are pitfalls and resistance from various quarters. However, the authorities may well derive some consolation from the following quotation:

*One must be aware that there is nothing so difficult, more doubtful in its result and more dangerous to do than to introduce a new state of things. The innovator has bitter enemies among all those who benefit from the old system, while he has only half hearted defenders among those who expect to benefit from the new system.*

— (Nicolo Machiavelli, The Prince, 1532)

(Concluded)

The writer is a chartered accountant of the Institute of Chartered Accountants of Bangladesh.

Sri Lankan FM seeks speedy  
implementation of SAPTA

By Staff Correspondent

Sri Lankan Foreign Minister Lakshman Kadirgamar has called for the speedy implementation of the SAPTA and a number of moves to gear up bilateral trade ties between Dhaka and Colombo, including increased business contacts at the private level, setting up of air links and joint collaboration in the tea sector.

Addressing a press conference at the state guest house Padma Tuesday at the end of his three-day official visit to Bangladesh, the Sri Lankan Foreign Minister termed his visit to Dhaka as very successful and said he had very fruitful discussions with the Prime Minister and the Foreign Minister on bilateral and regional issues. He also met a number of other ministers, Speaker Shaikh Razzak Ali and Leader of the Opposition Sheikh Hasina.

Maintaining that trading between the two countries was still at a very low level, Kadirgamar called for identifying

new items of exchange between the two countries. He said, it has been decided that a Dhaka-Colombo 'Business Council' would be set up and efforts would be made for increasing visits by businessmen.

The next meeting of the Sri Lanka-Bangladesh Joint Commission would be held early next year in Dhaka. The last meeting which was the third took place in Colombo in 1993, he said.

Although a protocol for air-links had been signed two years ago, it had not yet been implemented and a Bangladesh team would be visiting Colombo shortly to introduce air services between the two countries. Lakshman said, immediate airlinks would help quick movement of the large number of Bangladeshis in the Maldives and also the Sri Lankans living in Bangladesh, he added.

Lakshman told pressmen that he had suggested the use of Colombo as a hub port for transshipment purposes for

Bangladesh shipping vessels. He said a team could inspect the facilities available at Colombo which would help Bangladesh vessels to send goods quickly to both eastern and western directions.

The Sri Lankan foreign minister underlined the need for joint cooperation in the tea sector and said his country was willing to provide technical cooperation and also supply machinery.

He said his country would import jute bags through advance arrangements rather than by piecemeal tender basis.

Lakshman Kadirgamar who decided to visit Dhaka first after being appointed foreign minister said both countries have very 'special relationship' and would set up their respective embassies in their own purchased lands shortly.

The Sri Lankan minister underlined the need for making SAARC a more vibrant and dynamic organisation. "Many

would say SAARC is not moving, it is very 'slow,' he observed.

He said the move for making SAPTA (South Asian Preferential Trading Arrangement) effective was important as trade blocs were now playing a very crucial role in the competitive world economy.

Stating that the first stage towards implementing SAPTA, which included exchange of item lists, had moved slowly and the process was yet to be completed with six countries exchanging lists. He hoped that before the next summit in April Bangladesh during its chairmanship would be able to impress upon Pakistan to give its list. "That would be a tremendous achievement for SAPTA to move forward," he added.

The Sri Lankan foreign minister felt that summit meetings are too formal, and it should include more scope for substantive discussions among leaders of government.

Bangladesh Railway  
Engineering Department  
Tender Notice

Tender Notice No. CE/E/104/94

Dt 1/12/94

Sealed tenders are invited from Registered "C" class contractors of Bangladesh Railway, East Zone having experience in construction work in Bangladesh Railway for the following work:- (A) Comilla Station Building: Construction of RCC roof by dismantling existing CI sheet roof and ancillary repair work (B) Laksham Station: Construction of RCC roof by dismantling existing Jack Arch roof and ancillary repair work. Approximate cost (A) Tk 12.00 lacs (B) 11.70 lacs respectively. Earnest money 2% of the quoted price. Tender documents will be available for purchase in the office of the AEN/CML Divisional Engineer-1-CTG, 111/DA and Chief Engineer/East, Bangladesh Railway, Chittagong on all working days on cash payment of Tk 750/- (Seven hundred and fifty) only (non-refundable) up to 14.12.94. Tender documents will have to be dropped in the box set apart for the purpose in the above three offices by 12.00 hours of 15.12.94 which will be opened at 12.30 hrs in presence of contractor or his authorised representative if any on the same date.

Railway authorities reserve the right to accept any tender in full or in part and reject all tenders without assigning any reason.

Chief Engineer/East  
Bangladesh Railway  
Chittagong

D-1249

Bangladesh Agricultural  
Development Corporation  
Krishi Bhaban

49-51, Dilkusha Commercial Area, Dhaka-1000  
(Purchase Division)

## Local Re-Tender Notice

1. Re-Tender No. and date: 1-Jute Seed (P) 62/94-dated 28.11.94.
2. Description of stores: Dole Moisture Meter, Jute Seed Project.
3. Scheme Head: Tk 200/- (Taka two hundred) only.
4. Sale value of tender document (Non-refundable): 21.12.94 at 11.00 AM.
5. Date and time for submission of tender: 21.12.94 at 11.05 AM.
6. Date & time for opening of tender: Office of the General Manager (Purchase), Purchase Division (3rd floor), BADC, Krishi Bhaban, 49-51, Dilkusha C/A, Dhaka.
7. Place of submission & opening of tender: Local currency.
8. Source of fund: Special Instructions:

1. Tender documents may be procured from the Cashier, Accounts Division (Cash Section), 3rd floor, BADC, Krishi Bhaban, Dhaka.
2. No tender documents will be sold on the date of opening of tender.
3. No tender or part of tender will be accepted after closing of tender.

ADC-166  
DFP-11953-1/12  
G-1943

Md Abdul Baric Miah  
Manager (Purchase)-1  
BADC, Dhaka.