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DHAKA SUNDAY, NOVEMBER 19, 1995

New energy policy may face setback due to inefficient power plants, fertiliser units

By Govinda Shil

The newly formed "National Energy Policy" (NEP) might face a setback as the fertiliser factories and the gasfired power plants use the lion's share of the total gas consumed.

These two sectors would require a vast amount of investment to replace the aged-old machineries whose efficiency has fallen sharply over the years, official sources said.

While the Jamuna Fertiliser Factory consumes 24000 cubic feet of gas to produce one metric ton of urea fertiliser, the Polish Factory uses about 49000 cubic feet of gas," said an official who was involved with the formulation of the NEP. He said that the power plants and the fertiliser factories must reduce gas consumption for their sustainability in

the long run.

The allocation of gas for power generation should be kept between 45 to 50 per cent from its present allocation of more than 49 per cent of the total gas use.

"The BNP has already started giving its fruits brushing aside these two sectors," said Nurul Islam, an energy expert and professor of the Bangladesh University of Engineering and Technology (BUET).

The production sharing contacts (PSCs), gas development plans, power system master plan and the private sector initiatives in the power sector are some indications of the NEP achievements, Islam said.

"We had still many things to do. NEP might be a guideline," said Islam.

Talking about the foreign

investment in the energy sector, the professor said, "The NEP or the petroleum policy should be attractive enough to bring foreign investment but not so attractive that could not serve the national interest."

The NEP has suggested an increase in gas prices according to the international norms. The international price of gas would not be less than 1.60 to 1.65 US dollars per 1000 cubic feet of gas while the local price is 1.10 dollars on an average, sources said.

An expert team that has been given the task to recommend pricing of gas, had already visited a few countries to take lessons in this regard. But, the recommendations have not yet been finalised, sources said.

"Power stations and the

fertiliser factories should not be given gas on subsidised prices, rather they can be given cash subsidy, so that the government can realise the amount of the concessions made to them," said an Petrobangla official.

"The authorities of power generation and fertiliser manufacturing are found apathetic to the suggestions made by the NEP," said an official of the Bangladesh Atomic Energy Commission.

He said that it would have been more rational if the households and the smallscale industries were given the priority to use gas. So, he added, the gas reserves could be used for long term and the environment could be kept safe. The BAEC scientist has criticized the NEP as "it did not have sufficient provisions for the re-

newable energy."

Meanwhile, the NEP makers felt that the policy should be reviewed on a regular basis. So that it could be enriched, more cost effective and up-to-date, the experts said.

The officials suggested that the government train the available manpower to execute the NEP successfully. The country lacked efficient personnel in the field of energy management, they added.

The experts have also asked for formulation and implementation of "Energy Conservation Act". The Act would help a lot to ensure optimum use of oil and gas and other available resources.

Some of the experts also felt inclusion of a more liberal policy.

Govt exceeds agreed borrowing limit: RBI

BOMBAY, Nov 18: The Indian government has exceeded an agreed borrowing limit with the central bank by 10 billion rupees, the Reserve Bank of India (RBI) Governor Chakravarty Rangarajan said, reports Reuter.

"In this year we had difficulties — the levels fixed have been exceeded," Rangarajan said in a reply to an address on "Central bank independence and monetary policy" delivered by Manuel Gutierrez, Director of International Monetary Fund (IMF).

He was referring to an agreement between the Reserve Bank of India (RBI) and the Indian government in 1994 to gradually limiting government borrowings.

"We signed an agreement which functioned beautifully in 1994/95," Rangarajan said. In fact, the government did not borrow to the extent it indicated it would in 1994/95.

A limit on the extent of government borrowings from the central bank is essential, Rangarajan said.

"But that by itself it not enough," he said, agreeing with an earlier remark by Gutierrez. A correct fiscal policy was vital to fulfil the central bank's objectives, Rangarajan said.

He said RBI's task would have been simpler if it had to pursue only one basic objective which Gutierrez said central banks should pursue — price stability.

"But we don't live in a perfect world — we do have other pressures other than price stability," Rangarajan said.

He said a reasonable exchange stability in the value of the domestic currency required a reasonable domestic price stability. "One has to do some tight rope walking," he said.

Ciba-Geigy, Beximco to do joint research

Cybernetics chemical and pharmaceutical industry enters into a new era with the undertaking of collaborative research by local Beximco Pharmaceuticals Ltd. and the multinational giant Ciba-Geigy, says a press release.

Beximco Pharma Centre for Bio-Industrial Research Ltd. the newly formed research organ of Beximco Group and Ciba-Geigy are going to commission a joint research in the field of industrial chemicals specially certain high performance chromatophors under an agreement signed between the two sides recently.

This is for the first time a Bangladeshi organisation has entered into research collaboration with a multinational company, the press release added.

The joint research will aim at developing certain high performance pigments namely "functional Chromophors" used in opto-electronic devices such as electronic display and others.

Lankan Parliament okays '96 budget raising defence spending

COLOMBO, Nov 18: The Sri Lankan Parliament on Friday approved a budget for 1996 which sharply raises defence spending to fight Tamil separatists, says Reuter.

The November 8 package was approved by 134 votes to 85, with the main opposition United National party voting against and Tamil parties, all pro-government, voting for.

The government sharply increased its defence budget to fight the Liberation Tigers of Tamil Eelam but vowed to pin inflation to a single digit for the first time in 12 years create jobs and attract investment.

Deputy Finance Minister G L Peris, presenting the budget for the financial year ending on December 31, 1996, said the war would cause defence spending to rise to 38 billion rupees (745 million dollars) from 32 billion rupees (627 million dollars) in 1995.

The LTTE are fighting for a homeland in the north and east in a war which has dragged on since 1983.



A two-day Korean national food and handicraft festival, organised by the Embassy of Korea in Bangladesh, began at the residence of the Korean envoy in the city yesterday. — Star photo

Talks on funding IDA resume: Hope of accord still far

LUXEMBOURG, Nov 18: Finance officials of over 30 donor countries resumed negotiations here on Friday on funding the International Development Association (IDA) for the next three years, without much hope of reaching agreement by a theoretical year-end deadline, reports AFP.

IDA is a 35-year-old World Bank affiliate which has become the main source of concessional financing for the world's poorest nations, most of which are located in Sub-Saharan Africa.

But its future funding, for the three-year period starting next July-IDA-11 is now in the balance because of the budgetary stalemate in the United States, the main contributor to IDA ahead of Japan, Germany, France and Britain.

Despite fierce opposition from President Bill Clinton the, Republican-dominated US Congress proposed to roughly halve US contributions to IDA for the current

financial year and to stay at that level for the following three years, or stop contributing altogether.

World Bank officials fear this might induce other donors to cut their own contributions proportionally, because of the established principle of "burden sharing" and the linkage between the size of contribution and voting rights in IDA.

Representatives of the donor countries met here early Friday for their fifth round of talks so far this year, chaired by seven sandstorm of Sweden, one of the World Bank's three managing directors working closely with the bank's new President.

According to some European delegates, prospects for decisive progress at this point were "slim," and a final outcome might not become clear until some time in the course of the first half of 1996.

In the light of the latest developments in the US budget debate—some 8,00,000

US federal government workers were laid off without pay this week. "We don't expect our US colleague to be able to clarify the situation", a European official commented.

The US delegation is headed by Lionel Johnson, a top US treasury official.

Joseph Stiglitz, President Bill Clinton's Chief Economic Adviser, told AFP in Paris last week he thought a breakthrough in the budget battle between the Clinton administration and Congress was unlikely before Christmas.

The same European sources said the donors have begun to look at possible scenarios for action in case the anti-foreign aid Republicans were to win their tussle with the White House.

Some 74 countries with an annual per capita income of less than 835 dollars are at present eligible for IDA credits, granted for periods of 35 to 40 years free of interest but with a modest service charge of 0.75 per cent.

More land being brought under rabi cultivation in Tangail

TANGAIL, Nov 18: A total of 2,11,125 hectares of land is being brought under rabi cultivation in the district, reports BSS.

Official sources said that under this programme boro paddy will be cultivated in 1,32,300 hectares with a target production of 4,19,565 metric tons of paddy.

Potato will be cultivated in 4,400 hectares with a target production of 52,800 metric tons. With a target production of 525 metric tons, a total of 175 hectares will be used for maize cultivation.

Seed potato is being cultivated in 2,900 hectares with a target production of 43,500 MT winter vegetables cultivation target has been earmarked at 3,200 hectares with a target production of 97,536 metric tons.

Different types of pulses are being cultivated in 13,650 hectares with a target of production of 10,309 metric tons.

UAE urges OPEC steps to defend market share

ABU DHABI, Nov 18: The United Arab Emirate (UAE) urged OPEC on Friday to take steps to defend its market share against independent oil production as they grab most of the growth in world demand, says AFP.

Although the 12-nation cartel controls more than 65 per cent of the world's proven crude reserves, its actual production does not exceed 37 per cent of global supplies, the state run United Arab Emirate (UAE) news agency WAM said.

"The current market situation makes it more difficult for OPEC to define its options and decisions at its next meeting," starting in Vienna on Tuesday, it said.

"But what matters in the end is that it should adopt a unified position that could result in clear and strong decisions coupled with pledges that they would be fully respected."

OPEC oil ministers have repeatedly complained that outside producers are ignor-

ing calls for cooperation to stabilise the oil market and to take advantage of a steady growth in world demand to hike output.

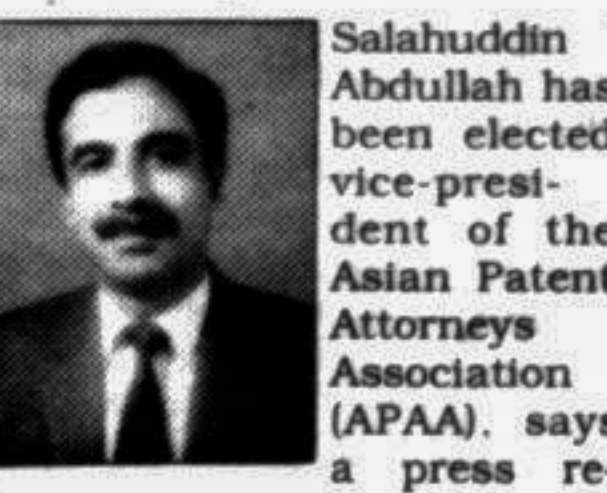
They argue the production rise was at the expense of OPEC as its output ceiling has remained unchanged since September 1993 at a time when global demand has grown by more than two million barrels per day (BPD).

OPEC has singled out North Sea producers Britain and Norway, which have accounted for the biggest part of the production increase.

They are also expected to provide around 800,000 BPD of the projected increase of nearly 1.6 million BPD in 1996, according to independent estimates.

OPEC oil ministers are due to meet in the Austrian capital next week to discuss a production ceiling for part of 1996 or the whole year. But the cartel has already sent signals it would again opt for a rollover or a slight rise.

Salahuddin APAA vice-president



Salahuddin Abdullah has been elected vice-president of the Asian Patent Attorneys Association (APAA), says a press release.

He was elected at the 38th council meeting of the association held in Hong Kong from the 10th to the 14th of November of this year.

The APAA is a recognised non-government association in the Asian region including Oceania having its headquarters in Japan. It was established in 1967.

Abdullah is an advocate of the Supreme Court of Bangladesh and senior partner of Remfry & Son, a firm in the field of intellectual property. He attended the meeting.

AB Bank formally opens office in Yangon

A representative office of Arab Bangladesh Bank Limited (AB Bank) has been opened formally in the Myanmar capital Yangon yesterday, says a press release.

The bank office was inaugurated at No 9 Gandamar Lane, Thukhawaddy, Yankin in Yangon.

Brig Gen Win Tin, Minister of Finance and Revenue of Myanmar was the chief guest while M Morshed Khan, Special Envoy of Bangladesh Prime Minister and Chairman of the bank, was present at the opening ceremony.



Gulam Mustafa, Managing Director of Janata Bank, seen speaking at a managers' conference of the bank in Rajshahi on Wednesday. Md Shamsuzzaha, GM, and Sultan Nasiruddin, DGM, were also present.

Finn Air cancels winter charter flights to Lanka

COLOMBO, Nov 18: Finn Air cancelled its winter charter flights bringing Scandinavian tourists to Colombo because of heavy fighting between Sri Lankan troops and Tamil rebels, travel trade sources said yesterday, reports AFP.

The Finn Air winter charters, usually lasting three months, were called off due to escalating violence in the island's northern Jaffna Peninsula and amid fears of bomb attacks in the capital Colombo, the sources said.

"Arrangements are being made to bring Scandinavian tourists on other airlines," a travel official said, adding the Finn Air decision could adversely influence other tour operators.

The Jute Mills Study Team (JUMS) and Jute Sector Restructuring Project (JSRP) were established in 1992 to undertake BMR study in the Reverse Way in order to reduce the number of working looms and production of Bangladesh. In this connection, I would like to leave a question with the BJMC — what happened with the British Mission (PA Consultant to Adamjee) Report, prepared by the top most experts team from Dundee, and submitted during 1974/75? Why was it not implemented? This very important and costly report is still available, and locked unimplemented, in the BJMC and the Adamjee Jute Mills.

In 1972 the British Mission team (PA Consultant to Adamjee) was brought to re-habilitate the Jute industries which were almost destroyed due to Liberation War. The British Mission Report became inactive in the BJMC just after 1975 tragedy. There can't be a justification of JUMS or JSRP, when there is already a foreign expert team report lying un-implemented, which is far, far superior to JUMS in all respects related to the Jute industries.

The main objective of JUMS and JSRP as per guidelines imposed on them by the World Bank and the donor countries, is to decrease production of Bangladesh by lessening the number of working looms, and consequently, reducing skilled workers and other technicians rendering them jobless, by conducting BMR in the Reverse Way.

The real objective of BMR (balancing, modernisation and rehabilitation) is to bring the mill-side and the weaving of a jute mill into a balanced position. In Bangladesh, generally from Pakistan period, the set-up of a jute mill is that two shift weaving is supplied by three shift mill-side. The mill-side back processing machineries were mostly new at that time. The yarn supply by the three shift mill-side to the two shift weaving was not also a problem. But after Liberation War, the necessity of BMR in Bangladesh arose. It was first conducted in the Adamjee Jute Mills by the British team, and they were successful.

The main task of BMR is to chalk out a programme for preventive maintenance, changing of spare parts, and replacing or increasing the number of back-processing machines for raising the quantity of yarn required by the weaving for two shifts, without going for overtime.

Unfortunately, the JUMS and JSRP, in their own BMR in Bangladesh, have recommended reduction of skilled workers and staff, as well as unnecessary floating workers engaged by the so-called CBA of the mills. They have also recommended reduction in production by over 70 per

Future of jute in Bangladesh — Part-2 Ominous shadow over our golden fibre

By MA Lais

cent. The World Bank and the donor countries have reportedly wanted Bangladesh to decrease its jute goods production from nearly 6 lakh tons (30 per cent) to 1.80 lakh tons over a specified period, whereas, on the other hand, they have set India for an increase in their production up to 19 lakh tons (70 per cent) from their production of 11 lakh tons annually.

The JUMS and JSRP conducted BMR reviews of 59 jute mills including on-the-spot study of 22 jute mills, belonging to the BJMC and the BJMA during the period 1992 to 1994. Their reviews showed, in some of the mills under BMR, the spinning production rose from 27 lbs/l/hr to 35 lbs/l/hr, a 30 per cent increase with spg efficiency up to 98 per cent having only two to three ends down in a spg frame. But they did not mention the RPM of the hessian spg frames under review, nor did they mention the batch-composition used for such high spg efficiency, which is only possible by using perfectly std Batch, and with constant supervision.

The JUMS also found the weaving efficiency in a jute mills improved under their supervision up to 8.8 lb/l/hr, which is totally impossible in the conventional FLTMs looms. Such fictitiously high and abnormal weaving efficiency shown by the JUMS and JSRP may raise certain queries —

"Whether, the performances of the mills under BMR review by the JUMS and JSRP, producing 8.8 lb/l/hr, hessian weaving production as stated in their report, were actually spot verified by the JUMS and JSRP executives?"

"Whether, the mills giving weaving production 8.8 lb/l/hr hessian, were exactly calculated on the 16 hours production basis, i.e. the mills started at 6 am while the weaving stopped exactly at 10 pm without any deviation?"

"Whether, extra looms were allowed to run in those mills beyond their revised budgeted target looms (fixed after the closedown of extra working looms due to BMR) by engaging additional weavers by the Shift Incharges just to add to their normal 16 hrs production on the budgeted looms?"

"Whether, those mills under BMR review by the JUMS and JSRP are giving such high weaving production on daily regular basis or occasionally?"

I had the opportunity to work under a number of foreign experts from Dundee during the Pakistan period. All those foreign experts were serving in the jute industries of Bangladesh (then East Pakistan) on contract basis with full administrative power to run the mills on profit without interference from any corner including the mill-owners.

Those experts, in the mills with mostly new Mackie machines and FLTMs looms, could not exceed max. 7.50 to 7.75 lb/l/hr hessian, 20 to 22 lb/l/hr sacking, and 15 to 16 lb/l/hr CBC production. They were happy with their performances, with marginal difference of max. two per cent between the mill-side and the weaving production having no inflation. During their time the mills used to start just at 6 am and stop weaving exactly at 10 pm.

But now-a-days, the mills weavers start the looms even at 3:30 am instead of 6 am while the other shift weavers continue up to 12 pm to achieve their target. The mill-side workers can't afford to run beyond their limit of three shifts. By the time, the weavers consume and finish all the stocks. As a result, the weavers suffer shortage, leading the mills to run overtime on weekly holidays just to compensate yarn shortage, leaving aside the normal weekly maintenance and cleaning work.

The JUMS and JSRP, on their on-the-spot study of jute mills under BMR, achieved 8.8 lb/l/hr. It's not unlikely the weavers of those particular mills might have spent extra hours of weaving time. Moreover, they might be utilising some of the closed looms to their benefit, for achieving such unusual target. Such 'high weaving efficiency' in hessian, cannot be achieved exactly on normal 16 hrs weaving basis. This achievement is, in no way, a credit for the JUMS or JSRP. Such efficiency cannot be profitable for the mills. This involves extra electricity, undeclared wages for the workers, and holiday overtime wages.

Such weaving 'efficiency' in hessian, displayed in the JUMS report, may naturally create confusion in the mind of the people acquainted with the jute industry about the genuineness of the JUMS and JSRP.

The JUMS and JSRP might have got the guidelines from external quarters to reduce the number of running looms in order to bring down the production of Bangladesh over a specified period of ten years from 1994 up to 2005. With this target in view, the JUMS and JSRP, at the first instance, have recommended reduction of 8,895 working looms from a total of 25,864 working looms in 1992 to only 16,969 looms by 1994/95.

This could be possible for the JUMS and JSRP by conducting BMR in the negative way, just to bring down the production from Bangladesh. Contrary to this, the donor countries and the World Bank are encouraging increase in production in India and other countries.

It is shocking to note that the present Bangladesh government and the BJMC have become submissive to constant pressure from the World Bank and the donor countries just for a strongly worded conditional loan of 250 million dollars in the name of restructuring jute industries, which in real sense, means ultimate extinction of jute in the long run. I strongly feel the Bangladesh government should not have yielded to such unjustified pressure and should have rejected this loan.

Alternatively, I would like to make certain specific suggestions:

1. To reject the negative BMR recommended by the JUMS and JSRP, and to revive the British Mission Report of 1974/75 for implementation.
2. To abolish the so-called CBA groups of the mills by enforcing strict disciplinary law. Those people, according to experts, are responsible for leading the mills to their present loss making state.
3. Recruit foreign experts from Dundee for jute mills under BJMC and BJMA on contract basis as project head or advisors.
4. The government must also have strict vigilance on the performances of the jute mills owned by the private sector mill-owners organisation (BJMA). Like the BJMC, the private sector mill-owners under BJMA must also be made accountable to the government for their mills' performances.

(Concluded)