



## 'Pak Railways on verge of collapse'

ISLAMABAD, Pakistan July 22: Pakistan Railways is on the brink of financial ruin from poor management and over staffing and needs immediate action to redress the situation, a newspaper reported Monday, according to AP.

Malpractices and over staffing have caused billions of rupees of loss to Pakistan Railways and it is on the verge of collapse, the English-language daily The News reported, quoting a government survey.

The survey did not specify the malpractices, but said the railway was overburdened with redundant staffing and had failed to break even in years.

"If timely measures were not taken, it will [collapse] within the next 10 years," Prime Minister Inspection Commission Chairman Naveed Malik was quoted as saying.

The Inspection Commission recently launched a study into the railway network at the request of Prime Minister Benazir Bhutto.

Pakistan Railways has been struggling to complete with domestic airlines and road transportation for passengers and freight, an earlier report said.

With more than 8,775 kilometers (5,450 miles) of track, Pakistan's rail network covers virtually the entire length of the country and stretches from the Khyber Pass on the Afghan border in the northwest to the Indian border in central Punjab province.

## Danish envoy calls on Fisheries minister

Royal Danish Embassy Charge d'Affairs in Bangladesh Kun Kjaer Nielsen called on the State Minister for Fisheries and Livestock Satish Chandra Roy at his secretariat office yesterday, reports UNB.

They discussed matters of mutual interest mainly on the implementation of different projects supported by Danish Government in the country, said an official handout.

The State Minister appreciated the Danish Government for the support in Fisheries and Livestock sector in Bangladesh and they also discussed about the future areas of co-operation between the two governments.

## Buying of shares of Ansar-VDP Bank rises sharply

COXS BAZAR, July 22: Buying of shares of Ansar-VDP Development Bank is increasing rapidly in all over the district, reports UNB.

Officials and employees of the Thana Ansar and VDP are facing heavy pressure in maintaining files and clippings of photographs and selling of forms and shares among the interested people.

Official sources said they have sold 21,887 shares of Taka 100 in seven thanas and earned some Taka 21,88,700. They also sold some 10,983 forms.

Due to increasing demand of share buyers the authority extended form submission date from July 9 to September 9.

The sources said some 4,478 shares in Sadar, 2,747 at Ramu, 5,158 at Chakoria, 1,034 at Moheshkhali, 1,093 at Ukha, 2,561 at Kutubdia and 4,712 at Teknaf thana were sold.

## Matia speaks at 3-day workshop Make new agri technology available to farmers

A three-day workshop has begun to devise ways of introducing developed technology in the country's agriculture sector for modern farming in keeping with the new era, reports UNB.

Inaugurating the workshop Agriculture Food Relief and Disaster Management Minister Matia Chowdhury said new agricultural technologies derived from research should be made available and acceptable to the farmers.

She advised the NGOs to play effective role in extending new agricultural technologies to the doorsteps of the farmers and suggested the use of audiovisual media side by side print media to inform the illiterate farmers about the technology.

The national workshop on Transfer of Agricultural Technology has been jointly organised by Bangladesh Agricultural Research Council and Department of Agricultural Extension (DAE) at the BARC auditorium here yesterday.

The minister said despite a remarkable achievement in boosting production of some agricultural crops, the overall agricultural development in the country could not reach a desired level.

Apart from natural disasters, drought in the northern region and salinity in the southern part are hindering the agricultural production in

the country. Moreover, the increasing population was obstructing the development initiatives, she said.

Country's total demand of food is 21 million tons while the production is 19 million tons, Matia Chowdhury said. Therefore if the production is increased by 0.3 tons per hectare, the food deficit could be made up.

She said small farmers (0.05 to 2.49 acres), who adopt new technology rapidly and use more fertilizer in comparison with others, cultivate 32 per cent of the country's total land. So they should be provided technological assistance on priority basis.

The Agricultural Minister called upon the researchers to develop appropriate technology to meet the challenges of the 21st century and urged the extension workers to reach the outcome of the research upto grassroot level.

Matia Chowdhury said food production could be increased through concerted efforts of farmers, researchers, extension workers and NGOs. She assured all possible cooperation from the Ministry of Agriculture in research and extension.

Addressing the function, Agriculture Secretary M Akhtar Ali said the government was going to implement a nearly Taka 240 crore Agricultural Research Management

Project (ARMP) with the financial assistance of the World Bank.

Presenting the keynote paper at the workshop, Director (Food Crops) of the Department Agricultural Extension M Yussuf Majumdar said the country would have to produce 38.33 million tons of food from plant origin by the end of the century.

Country's technology transfer system should be broad-based and should take into account farmers' diverse goals, attitudes, demands and aspirations, he said.

He stressed the need for participation, decentralisation and sustainability in agricultural extension activities and rearing skilled manpower and able leadership to ensure effective transfer of technology meeting challenges of the next century.

Director General of the Department of Agricultural Extension M A Sattar delivered the address of welcome at the inaugural session of the workshop which was presided over by Executive Chairman of BARC MSU Chowdhury.

The workshop, which is expected to formulate recommendations regarding development of agricultural research, is being participated by some 200 researchers, extension workers and NGO representatives.

## Rupali Insurance declares 20 pc dividend

The eighth annual general meeting of Rupali Insurance Company Limited was held yesterday at a local hotel, says the company's press release.

Annual accounts of the company for the year 1995 was placed and approved unanimously. During the year 95, the company earned a net profit of Tk 37.07 million out of which 20 per cent dividend was declared after keeping a reserve of Tk 13.50 million.

The total reserve and total asset of the company stood at Tk 60.26 million and Tk 376.28 million, respectively which is about 29 per cent and 43 per cent higher than the last years.

Seven new directors from the public shareholders were elected at the meeting.

All the directors including Chairman Mostafa Golam Qudus, Jamaluddin Ahmad, FCA,

## Transplanted aman seed crisis in Sunamganj

SUNAMGANJ, July 22: Acute shortage of transplanted aman seeds is prevailing in all four flood-hit thanas of the district, reports UNB.

Local farmers said seedbeds in Dwarabazar, Chhatak, Biswambharpur and Sadar thanas remained under flood water from July 11 to 15 causing extensive damage to the seedlings.

Farmers said despite repeated appeal agriculture extension department failed to supply necessary seeds to them. They said they are collecting the seedlings from other areas at high prices.

They alleged that a section of traders created artificial scarcity of seeds to earn windfall profit. At present aman seeds are being sold between Tk 500 and 600 per maund.

## PNG wants to be economic bridge

JAKARTA, July 22: Papua New Guinea wants to be a diplomatic and economic bridge between booming Southeast Asia and struggling South Pacific island nations, reports AP.

Foreign Minister Kilroy Gena says some small islands fear they'll be left behind in the push to liberalise trade among Asia-Pacific states.

Papua New Guinea is part of the 16-nation South Pacific Forum and currently has observer status with the Association of Southeast Asian Nations, which is meeting in Jakarta this weekend.



At the 8th annual general meeting of Rupali Insurance Company Limited, Chairman, Mostafa Golam Qudus, Managing Director ZA. Khan and Management & Financial, Consultant Jamaluddin Ahmad are seen among the Directors.



Turkish Ambassador to Bangladesh K Ozcan Davaz called on Post and Telecommunications Minister Mohammad Nasim at latter's office in Bangladesh Secretariat on Sunday. — PID photo

## Pakistan, ROK agree to boost economic ties

SEOUL, South Korea July 22: Pakistani prime minister Benazir Bhutto held summit talks with South Korean President Kim Young-sam Monday and agreed to strengthen economic cooperation between the two countries, reports AP.

During the one hour meeting, the leaders agreed that their countries can cooperate significantly in the economic field by increasing investment, trade and cultural exchanges.

South Korean officials said Kim told Bhutto that her visit, the first by a Pakistani prime minister in eight years, will help encourage South Korean businessmen to increase in Pakistan's, they said.

The South Korean president also sought Pakistan's support for Seoul's effort to promote peace on the divided Korean peninsula, the officials said.

In April, South Korea and the United States jointly proposed that North Korea join them and China in holding four-way talks on drawing up a new peace system to replace the armistice that ended the Korean War in 1953.

North Korea has yet to officially respond to the proposal. Bhutto expressed hope that all issues pending between the two Koreas, including the four-way talks, would be resolved peacefully, the South Korean officials said.

Pakistan has maintained close political and military ties with North Korea, while seeking closer economic ties with Seoul, Bhutto visited North Korea in 1993.

The two countries also signed an agreement Monday for air services as a first step towards establishing a direct air route.

Bhutto was accompanied by about 50 businessmen. She was scheduled to speak at an investment conference and meet South Korean businessmen before winding up a four-day visit on Wednesday.

Trade volume between Pakistan and South Korea remained virtually unchanged in the past several years. In 1995, South Korea exported 360 million dollars to Pakistan and imported 279 million dollars from it. Its total investment in Pakistan stood at 14 million dollars at the end of last year.

South Korean companies are running electronics and textile companies in Pakistan and recently won contracts to build roads and power plants there.

## Govt borrowing doubles in Pakistan

ISLAMABAD, July 22: Government borrowing during the last fiscal year was more than twice the amount projected in the federal budget, state-run media reported Sunday, according to AP.

The massive borrowing has forced the government to expand its own credit levels and has overburdened debt servicing programme, the official Associated Press of Pakistan reported, quoting State Bank Gov. Mohammed Yaqub.

The government borrowed more than 1.68 billion dollars during the 1995-96 fiscal year, he said.

The government's domestic credit line expanded by 19.2 per cent, Yaqub said.

The International Monetary Fund has been urging Pakistan to curb its spending and reduce the country's growing dependency on credit.

The IMF wants Pakistan to cut its budget deficit to four

per cent of the gross domestic product. Officially the rate hovers just above five per cent, but some analysts say a more accurate estimate puts the deficit at about six per cent.

Prime Minister Benazir Bhutto last month unveiled a tax-laden budget aimed at reducing the deficit, but at the same time announced a large jump in defence spending.

The new taxes aim to collect about 1.1 billion dollars in additional revenues for the government.

The IMF earlier threatened to withhold the final installment of a 600 million dollars emergency loan if the government did not close its budget gap.

Last year the IMF agreed to provide Pakistan with the loan in three payments to help it meet its balance of payments requirements. The final installment due in October is worth 68.5 million dollars.

## New challenge for ASEAN as export momentum flags

JAKARTA, July 22: ASEAN economies face the challenge of maintaining their edge in exports, the engine of their rapid growth, as domestic constraints increase and competition from Asian rivals heats up, reports AFP.

Economists say the first signs of a slowdown from years of fast export growth are now visible and warn that the Association of South-East Asian Nations (ASEAN) cannot dismiss it as a mere blip.

The Jakarta-based ASEAN secretariat has projected collective export growth for six of the seven ASEAN members to slow a shade from 20 per cent in 1995 to a still healthy 16 per cent in 1996 at 350 billion US dollars.

But the forecast — which excludes ASEAN's newest member, Vietnam — did not factor in a steep fallen external electronics demand hurting the group's exports.

Electronics is a key item in the export basket of Singapore, the region's biggest trading nation, as well as neighbouring Malaysia and Thailand.

ASEAN which ended on Sunday an annual ministerial meeting in Jakarta, groups the three countries with oil-rich Brunei, Indonesia, the Philippines, and Vietnam

As a bloc, ASEAN is the fourth largest trader after the United States, Japan and the European Union with two-day trade this year estimated at 700 billion dollars.

Indonesian economist Raja Silalahi said that, besides the slowdown in the volatile electronics market, infrastructure constraints and other bottlenecks were beginning to affect ASEAN's competitiveness in trade.

Brunei's exports are projected by the secretariat to rise to 2.7 billion dollars from 2.5 billion dollars last year, Indonesia's from 45.3 billion dollars to 51.9 billion dollars and Malaysia's from 71.5 billion dollars to 86.2 billion dollars.

The Philippines' exports are expected to rise from 16.6 billion dollars to 19.8 billion dollars, Singapore's from 111.9 billion dollars to 130.9 billion dollars and Thailand's from 56.2 billion dollars to 57.9 billion dollars.

Current account deficits were projected by the ASEAN secretariat to decelerate — from 11.4 billion dollars in 1995 to 4.2 billion dollars in 1996.

Indonesia, the Philippines and Thailand would record lower deficits while Brunei and Singapore were expected to increase their surpluses.

## Kabul to probe fake money in circulation

ISLAMABAD, July 22: Afghan authorities stopped printing new currency yesterday and set up a commission to investigate large amounts of fake money in circulation, the official Kabul Radio said, reports Reuters.

The broadcast, monitored in Islamabad, said the commission, set up by a state high council headed by President Burhanuddin Rabbani, was asked to collect fake Afghanis, identify the source issuing it and submit an early report.

It quoted the Afghan authorities as saying the Afghanis' value had plummeted because of the circulation of large amounts of fake notes.

Afghan sources in Pakistan said the Afghanis' value had dropped by more than 50 per cent in recent months to more than 14,000 for a dollar from about 7,000 a dollar in January.

In the past, money dealers and opposition factions have accused Rabbani's embattled government for the continuing fall of the Afghanis, saying that it had circulated more local currency than there was demand for it.

The Afghanis have never been a stable currency during the civil war in Afghanistan, its value affected by prolonged factional fighting and the activities of speculators.

## Mitsubishi wins \$1b Saudi power deal

RIYADH, Saudi Arabia, July 22: An international consortium led by Japan's Mitsubishi Corp. has won 1.1 billion dollars contract to build a power station in Saudi Arabia, reports AP.

The project, to build and install a 2,400 megawatt power plant near the Gulf port of Ras Tanura, was signed Saturday in Dammam, eastern Saudi Arabia, between the consortium and the Saudi Consolidated Electric Co. East.

Mitsubishi Heavy Industries Ltd. and San Francisco-based Bechtel Group Inc. are the main partners in the consortium. They beat out American General Electric, Westinghouse Electric Corp. and the Swedish-Swiss group Asea Brown Boveri for the contract.

Work on the project will start immediately and is expected to be completed by 2002. The consortium will provide pipelines for fuel gas and crude oil, warehousing and transportation facilities, and four 600 megawatt steam turbine generators.

In March, Saudi Arabia announced the Ghazlan power station project as part of a 117 billion dollars master plan to raise power generation in the kingdom to 60,000 megawatts over a period of 25 years from a current capacity of 17,700 megawatts.

Saudi Arabia is the world's largest oil exporter with a daily output of 8 million barrels. Its energy needs have dramatically increased in recent years because of its fast expanding industrial base and growing population.

State-owned SESCO also approved an offer by five Saudi and international banks to provide a 500 million dollars loan to partially finance the Ghazlan station.

The Saudi French Bank, Chase Investment Bank, Gulf International Bank, Saudi Arabia's National Commercial Bank and Saudi British Bank will arrange the 500 million dollars loan.

## Our private sector and market economy

By Iqbal Mahmud

rate has been maintained at about 80 per cent. Such micro industries are meeting a growing domestic urban demand. According to an unofficial estimate, the local production of milk has reduced our dependence on imported powdered milk significantly.

### Entrepreneur, technology and credit-putting the act together

The failure of the DFI financed private industries during the yester years and difficulties currently being experienced by import substituting industries (ISI) have caused consternation among policy analysts. Questions such as — "Have we moved too fast in too short a period with import liberalisation?" "Can we 'trust' the private sector in not promoting trans-border transfer of financial resources advanced to them?" have been raised. There can be no denying the fact that our history of private sector industrial development is replete with instances of over-invoicing of imported machinery and quick profit hunter who had no intention of going through the rigours of putting up an efficient productive unit in the first place. However, there can be no turning back to the days of command economy now. We are set on a course with market economy. We ought to consider the fact that there are several instances where industrial units became non-performing (or "sick") because of one or more of the following genuine constraints, viz.

(a) The investor/entrepreneur had no training in formulating a proper business plan. He was nursing under the false impression that protection of ISI would be a permanent feature. He had no idea about costs of fund and manufacturing under varying factor endowments. He could find no proper institution to seek advice on marketing of his products. He himself did not know how to do some marketing research of his own. In most cases he was dependent on "rumours" and "talk of the town." He did not know how much investment was required for a proper pre-investment and appraisal study. Slow pre-project activities led to slow disbursement of sanctioned industrial loans. Every investor is not imbued with entrepreneur spirit. A large body of investors do not like to face upto the challenge that is usually associated with setting up of a new industrial venture. They would rather jump on a band wagon in order to feel secure with their investment.

(b) Technology choice was wrong. The entrepreneur (assuming he had the best of intentions of setting up a proper industry) had made a wrong choice of technology. He had no personal knowledge of the technologies available in the market. The bank or the financial institution was in no better position to give him appropriate direction in this regard. The industrial credit division or the bank managers had no idea about the productive process envisaged. The entrepreneur, even if he had some idea about the process, was unable to talk in the same wavelength with the person responsible for giving a decision on the final purchase of machinery. In other words, the human resource base on either side was either inappropriate or poor. Also dependable consultants were not sought for appropriate guidance.

(c) Credit was not available at the proper time. The appraisal process was inordinately delayed due to inadequacies in the credit giving organization. The credit giving institution was either not capable of or could not appreciate the need to properly service the working capital requirement. The debt-equity ratio was very high and with a high interest rate the debt servicing problem often became insurmountable. The sharp credit market was underdeveloped and the entrepreneur could not raise the equity portion through issuance of shares. Neither the investor/entrepreneur, nor the credit giving organization had adequate knowledge about capital budgeting.

Thus so far, we have failed, in most cases, to get the entrepreneur, technology and credit to act together. It has to be a conjoint action. All the three principal elements must be ready at the right time. What was true in the yesteryears is, to a considerable extent, valid even to-day. Introduction of market economy and public calls from the roof tops to the future entrepreneurs will not yield desired results unless we put the three essential elements together. One of the reasons for the perceived short term success of the special investment scheme of one of the NCBs (Sonal Bank) has been that a deliberate attempt has been made (1) to choose the right entrepreneur (with knowledge of the productive process), (2) train the bank manager in the related micro-industry and (3) ease the credit approval process at the local level. The NCBs do have entrenched bureaucracies which have grown over the

years. However, it has been observed, albeit over a short period, that they can be activated with the right stimuli. They need to be trained to serve the private industry. But the private sector, in their turn, need to train themselves too. And this is even more important in the present context.

### Points to ponder

In the East Asian countries, where industrialisation has been success, the bureaucracy has been instrumental in leading the private sector into fruitful investments. But we have our problems with bureaucracy. It is often corrupt, inefficient, indiscipline and lacks in knowledge of the dynamics of market economy. Government policies can also be blamed for non-performance of some of the private sector units. Import liberalisation may have been done in a hurry without a pragmatic appraisal of the state of ISIs. However, as mentioned earlier, there can be no going back to mixed economy. We are set on a course to industrialise through the initiative of the private sector, and the latter has to face the challenge of global competition. This is a difficult task and the private sector alone cannot meet the challenge without appropriate support from the government (as has been the case with Asian "tigers"). Support is needed in terms of R&D, market promotion, technology bank, infrastructural adequacies, reduction of bureaucratic barriers, etc.

But why blame only the government? What about the inadequacies within the private sector? How are they preparing to reap the harvest in the proper way? have they assessed the full implications of a market economy and taken stock of the tools required to work it to its ultimate success? We often find the leaders of the Chambers of Business and Industry blaming the government policies alone without looking back at their own inadequacies. Are the prospective entrepreneurs, especially the small ones, adequately trained to prepare a proper business plan? There is a need to appreciate that one must be willing to invest adequately in pre-investment studies to make sure they are not treading on sand traps. They have to gain adequate knowledge of the technology shelf. They must be willing to invest in human resource development for their own enlightened self interest.

In other words, both the private sector and the government need preparation to enter the world of market economy. The die has been cast for market economy. The challenge has to be met. This is no time to blame each other. The time is for conjoint action.

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