

Workshop on power sector reform

Dhaka needs to mobilise \$6.6b to raise generation capacity

Bangladesh needs to mobilise 6.6 billion US dollars to increase its generation capacity to 4,600 MW to meet the increasing demand of electricity in the next decade, reports UNB.

With a nominal demand growth of 8.9 per cent in this sector, the country will require to have an additional generation capacity of 3,400 MW by the year 2005, according to statistics presented at a workshop here yesterday.

The power cell of the ministry of energy and mineral resources organised the day-long workshop on "Power Sector Reform: Bangladesh Perspective" at a local hotel.

Inaugurating the workshop, Energy and Mineral Resources Minister Muhammad Noor Uddin Khan said the government had agreed in principle to a broad framework of reform in the power sector and initiated mobilising private investment in power generation.

Based on this broad framework, the government, with the assistance of the World Bank, has undertaken a study to determine the strategic frame-

work for reform: a rational tariff and a regulatory framework, he said.

The energy minister said the prospect of mobilising 6.6 billion US dollars from the development partners and from own resources looks bleak. Moreover, the sector is unable to generate adequate fund for expansion of the system.

The power sector thus faces a major challenge of improving its performance to acceptable level and mobilising fund from alternative sources rather than depending solely on traditional sources for sustainable power development in the country.

Referring to the government's objective to provide adequate and reliable supply of electricity at reasonable price, the minister said, "sustainable power development is a must and it is our priority list."

Noor Uddin stressed the importance of looking for new approaches to achieve the objectives like efficiency and financial viability of the power sector and quality service to the consumers.

The energy minister said

only 15 per cent of the country's vast population have access to electricity and the per capita generation is only 95 kilowatt-hour per annum which is much lower than that in our neighbouring India and Pakistan.

He admitted that the quality of service to the consumers was not satisfactory and the shortage of power supply manifested by frequent power cuts affected the country's economic activities badly.

In 1972, the annual electricity generation was 717 million kilowatt for only 0.25 million consumers while in 1996 the generation increased to 11,500 million kilowatt for over three million consumers, he pointed out.

Energy Secretary Dr Syed Abdus Samad presided over the inaugural session, presided over by Director General of the Power Cell SD Khan.

Two experts from London Economics, the World Bank consultant for the study to determine strategic framework for power sector reform, presented two papers in the workshop.

The paper on "Industry and Market Structure in the Power Sector" and "Power Sector Regulation and Private Sector Participation" prepared by Michael Webb and J Carstairs gave an overview of the power sector reform in Bangladesh and dwelt on problems and prospects of the issue.

Salman F. Rahman, President of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), and Tawfik-e-Elahi Chowdhury, Executive Chairman of the Board of Investment (BOI), chaired two business sessions of the workshop.

Prof Ali Ashraf MP, Chairman of Power Development Board, businessmen, concerned officials and leaders of CBA and Power Engineers Association participated in open discussion on the two papers.

Organisers said a follow-up in-depth discussion on sector reforms will be held today at Sotargao Hotel. Secretary to the Prime Minister Dr Mohiuddin Khan Alamgir will preside over the discussion.



The 71st meeting of the Board of Directors of Bank of Small Industries and Commerce Bangladesh Limited (BASIC) was held in the city on Sunday under the chairmanship of M Akhtar Ali. The Board approved balance sheet and profit & loss account of the Bank for the year 1995.

Declare 1997 as Invest in Bangladesh year

By Lutfe Siddiqi

That Bangladesh is in need of capital investment is more than obvious. Economic theory, through a trajectory of fierce academic debates in the recent decades, have now ground to a consensual halt — to arrive at the belief that capital is the main ingredient of growth and growth is the only vanguard of development.

Particularly in the post-GATT world, Bangladesh finds itself bidding for scarce international capital amongst some fierce competition, all motivated by ambitions of material advancement. It is to the advantage of Bangladesh that it is endowed with many of the complements of investment — an easily trainable labour force, potential access to a vast regional market etc. — and so it can justifiably claim a far greater portion of international investment than it does at the moment.

The tragedy, therefore, is that despite the ability and willingness to offer itself as a rational choice for investors, Bangladesh fails to attract commensurate investment.

The need now is to advertise. And the most potent method of doing this is to proclaim at a national level, 1997 as the Invest in Bangladesh Year.

The Invest in Bangladesh Year would be a visibly dynamic period of two simultaneous processes. On the one hand, all remaining impediments to investment — such as deficiencies in infrastructure, law and order, financial systems etc. — would have to be removed (or lessened) within a strict time frame and on the other hand, a campaign of some bombastic publicity in both national and international arenas would have to be unleashed, using some of the most modern of marketing techniques.

The need for marketing Bangladesh as a land of opportunities in infrastructure, law and order, financial systems etc. — again, a two-pronged approach is required. One is to catch the eye of potential investors abroad by a blitz of publicity and the other is to unite the nation itself in a "sell-Bangladesh" frenzy. Through

the use of catchphrases, music-jingles, television, clotheswear etc. a craze should be created round the idea. One may think of the hype that surrounds an American Presidential election or the prelude of the Sydney Olympics to visualize the kind of all-pervasive publicity that I mean.

Declaring the Invest in Bangladesh Year as such would be an irrevocable commitment — and it is our commitment to inviting investment that is the first message to be imparted.

Secondly, such a declaration would concentrate our national focus on the importance and urgency of attracting investment. It would put us into top-gear and give us a much needed momentum in action so that just the preparation for the Invest in Bangladesh year would leave us that much more developed. Think of the development Manchester underwent simply due to its bidding for the Olympic games of the year 2000 even though the bid was unsuccessful.

Additionally, an enhancement of the much battered image of Bangladesh would generate other benefits such as increased tourism and export demands.

So with the theory laid out, the problem now is that of implementation.

I fear, the wisdom of this idea might be lost in the naivete of some of my prescriptions for its implementation.

Nevertheless, I would suggest the first task is to set up a Department of Development which would have the status of a government ministry but a different composition of staff. The structures of MITI in Japan or the Development Board in Singapore could be inspirational models.

This department should also involve business and academic concerns who would together chart out targets and set deadlines.

Very importantly, this Board should include members of the Opposition in Parliament.

This is because the most forceful wind in the campaign should be the fact that it is a national drive and neither of the two main parties should attempt to jeopardize it.

In other words, the Department of Development should be raised above politics but in a

of Development (with their members carefully picked) should be sent out to cover areas of Europe, America and the Far East and to attract particular companies — perhaps Toyota or Kentucky Fried Chicken! It is amazing how one such company can bring with it, a host of its competitors.

Full spread advertisements can be put in The Guardian or the Washington Post or the Straits Times. Already, such an ad has been placed in the Economist.

The international network of Rotary and Lion clubs could be used to promote the Invest in Bangladesh cause.

The Department of Development could maintain a homepage on the internet which would provide upto-date information on opportunities in Bangladesh.

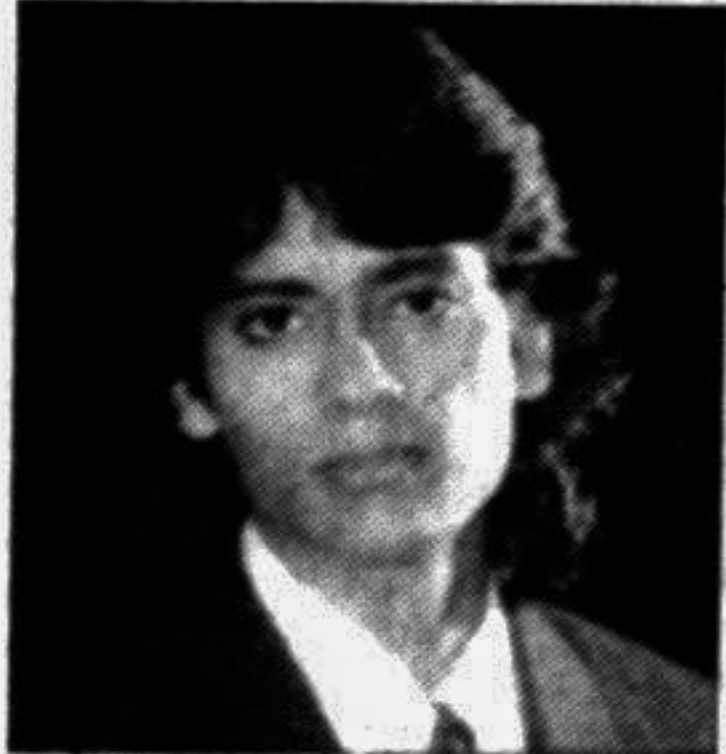
Furthermore, Bangladeshi expatriates, especially students (of which I am one) could be of immense help. As it is, the last two years of political disturbance have generated a sincere spirit to do something good for the country. Secondly, many of these spirited Bangladeshis enjoy positions of considerable influence abroad.

Thirdly, almost all have access to novel communication networks such as the internet. So we have an international human infrastructure which can be capitalized on to serve the Invest in Bangladesh campaign.

So, I float the idea: to declare 1997 as the Invest in Bangladesh year — 1997, and propose a possible approach to it. Such a dedication would not only introduce to the goal of growth-led development, it would act as a unifying umbrella for the uncoordinated activities already in action at the moment. Particularly in this context, it is not enough to act; we must be seen to act.

That's enough of talk. Let's see some action now.

(The writer is currently studying Economics and Econometrics at the University of York, England where he is also President of the Overseas Students' Association.)



Lutfe Siddiqi

unique way that gives it executive powers. The opposition should therefore be approached in the right language — lashing out at past governments and their malfunctioning can only be counterproductive.

Finally, although the route to improving our infrastructure, law and order and financial sectors are best designed by Bangladeshi planners, the Department of Development should employ a high-profile multinational consultancy firm to offer advice on its marketing strategy. The advice would undoubtedly be useful and the banner of the big multinational itself would provide good publicity.

Invest in Bangladesh Year could be inaugurated with pomp and ceremony perhaps in the form of simultaneous "business fairs" in the main centres of capital such as New York, Tokyo, London, Berlin etc. Delegations from the Department

DSE status upgraded

The International Federation of Stock Exchanges, Paris, France, has recently upgraded the status of the Dhaka Stock Exchange to an Affiliate Securities Market, says a press release.

This has been done on the basis of the recent quality performance of DSE.

It is expected that in the course of next few years DSE will be able to get the full membership of this important international organisation.

Recently DSE has been also invited to become a member of Federation of Euro-Asian Stock Exchanges, Istanbul, Turkey.

The DSE is planning to send a delegation in October to Isphahan, Iran, on the occasion of the Second International Conference of Euro-Asia Stock Exchanges.

Unemployment in Hong Kong falls

HONG KONG, Aug 20: Unemployment in Hong Kong fell to a seasonally adjusted 2.9 per cent in the three months to July — the lowest level in the past 14 months, according to provisional figures released yesterday, says AFP.

The Census and Statistics Department attributed the drop to increased hiring in the wholesale, retail, and import and export trades and transport sectors, the Census and Statistics Department said.

The unemployment rates in the other major sectors remained generally stable, the department said.

LDF seminar on current budget

Efficient state mechanism can help alleviate poverty

Country's leading economists say an efficient state mechanism and improvement of the health and education sectors can alleviate poverty from the country, reports UNB.

The economists were speaking at a seminar on "Poverty Alleviation and the National Budget 1996" organised by the Left Democratic Front (LDF), at the ICMA auditorium in the city Monday.

Dr Binayak Sen said social justice, which is essential for poverty alleviation, could not be achieved without bringing efficiency in the state mechanism.

He said advancing capital to the poor entrepreneurs, ensuring qualitative education and health service for the poor could help break the chain of poverty.

Dr Sen said a civil society can act as a pressure group on the government to ensure efficiency in management.

"A minimum political settlement is a must to attain economic growth and the settlement should be savings and investment-oriented," he said.

Prof Muzaffer Ahmed said the new government, like the previous one, is trying to gain confidence of donors, foreign private sector, bureaucracy, NGOs and local neo-rich class.

He stressed for indirect capacity building approach and targeted approach to alleviate

poverty. The total education system should be restructured for this reason, he added.

Prof Ahmed expressed concern over transfer of capacity from rural to urban areas and public resources transfer to foreign countries by a section of rich people.

"It is not correct that command economy cannot bring growth. The people are suffering the social cost of the transition to free economy from command one," he said.

Dr Anu Mohammad said due to unplanned programmes, the budget allocation for poverty alleviation does not bring any positive change to poor people.

He said devaluation of the

Taka against dollar is similar to imposing new tax on low-income poor people, as it reduces their net income.

MM Akash said during the last 21 years, structural adjustment and move towards market economy prescribed by donor agencies could not bring remarkable results in the economy.

In his keynote speech, Dr Anisur Rahman said there is no such theory in Economics that unbridled market economy can make real development or ensure welfare for society.

He suggested encouragement of small producers in cooperative efforts, providing them with loans on condition of compulsory savings, and ensuring reinvestment from the savings.

Dr Rahman emphasised introduction of integrated farming system in agriculture sector, and setting up of quality-control cell to make local products export-standard.

He also called for taking drastic programmes for eradication of illiteracy to help Bangladesh step into the new century as a literate nation. Student community can play important role in this regard, he observed.

The discussion, presided over by Coordinator of the Left Democratic Front Dilip Barua, was also addressed by central leaders of the front.

French envoy meets WASA chairman

Renée Veyret, the French Ambassador in Bangladesh, made a courtesy call on the newly formed chairman of Board of Directors Ahmad Fariduddin at WASA Bhaban, Kawan Bazar yesterday, says a press release.

She was accompanied by Bertrand Desruelles, the French Trade Commissioner in Bangladesh. The Managing Director of Dhaka WASA Dr. Azharul Hoque was present.

VAT on motor vehicles protested

The Bangladesh Reconditioned Vehicles Importers and Dealers Association (BARVIDA) has urged the government to withdraw "double" value Added Tax (VAT) from marketing of motor vehicles as proposed in the national budget for 1996-97, reports UNB.

Addressing a press conference at a local hotel, Md Sayed BARVIDA president Abdul Haq called the newly proposed VAT on motor vehicles contradictory to the government's general tax policy.

He demanded formation of a commission with representatives of the government and the concerned trade organisations for the country's import and commerce policy.

Abdul Haq also denounced the government to take action against the importers involved in evading tax through false declaration in court about the prices of imported goods.

The country is being deprived of huge revenue because of these dishonest importers, he said adding that his association plans to go to court to stop the large-scale tax evasion.

The BARVIDA president urged the government not to impose any ban on the import of reconditioned vehicles, used for more than three years.

In this regard, he retorted the allegation of environmental pollution by reconditioned cars saying that no such vehicles without pollution device are imported in Bangladesh.

The association president also appealed to the government to "stop police harassment" of sellers of reconditioned vehicles in the country.

Tk 100cr subsidy only for fertilizer: Tofael

BHOLA, Aug 20: Commerce and Industry Minister Tofael Ahmed has said, "Awami League formed a consensus government to save the country's economy from narrow party interest," reports BSS.

He was addressing the government officials and local elite of Bhola district at poet Mozammel Haque Town Hall here Sunday. The minister said, the present government of Prime Minister Sheikh Hasina was an accountable and transparent one to the people of the country. Favouritism, nepotism and any irregularities at any stage of the government machinery would be taken in to task, he said.

Tofael Ahmed said the government had not cancelled fertilizer dealerships given by BNP government. But the government had geared up the monitoring system if dealers were drawing their fertilizer quotas and selling those to the farmers with fixed prices. In case of any irregularities found dealership would be cancelled and other punitive measures would be taken against the persons concerned, he added.

The minister said that the annual demand of fertilizer was 23 lakh metric tons (MTs) against production capacity of 21 lakh MTs. He said, remaining 2 lakh MTs would be imported, but farmers would get fertilizer at reduced prices and the government had to give Taka 100 crore as subsidy only for fertilizer.

Tofael said, a new industrial policy would be framed consid-

ering all suggestions from political parties and related organisations.

The minister called upon all to cooperate the government with suggestions and advice to make a happy, prosperous and peaceful "Sonar Bangla" as dreamt by the founding father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Earlier, the minister visited the flood affected people at Sadar and Doulatkhan thanas of Bhola.

The minister asked the water development board officials to start embankment repairing work immediately.

During the visit, the local people informed the minister of the failure of WDB to complete the embankment work within the last winter season.

Japan may build intelligence satellite

TOKYO, Aug 20: Japan is thinking of building its own intelligence satellites instead of relying on American and European data, the Foreign Ministry said Monday, reports AP.

A ministry official, who spoke on condition of anonymity, said the ministry is planning to ask for money to study the idea in the fiscal 1997 national budget.

Japan presently obtains satellite photos on a commercial basis from American and French companies.

Beijing's tax revenue collection up

BEIJING, Aug 20: Beijing's tax revenue surged 41.3 per cent year-on-year in the first six months as a flourishing economy was matched by better collection, Xinhua reported yesterday, says AFP.

Authorities collected some 6.54 billion yuan (790 million dollars) in taxes in the first six months of this year, representing 58.8 per cent of this year's target, the official news agency said, quoting figures from the city's Tax Bureau.

Beijing's industrial and commercial tax revenue has grown steadily since the start of this year, with the quarterly average rising 780 million yuan compared to last year to a new high of 2.75 billion yuan.

Consumption tax revenue rose 40.7 per cent year-on-year to 3.27 billion yuan from January to June, while corporate income tax revenue was up 36.8 per cent.

The Bureau attributed the steady growth in tax revenue to a sustained, rapid and healthy economic development in the capital, and better tax collection.

Tax revenue has increased substantially since China implemented sweeping fiscal reforms at the beginning of 1994, although authorities were forced to wage a major campaign last year to clamp down on income tax evasion and illegal claims for export tax refunds.

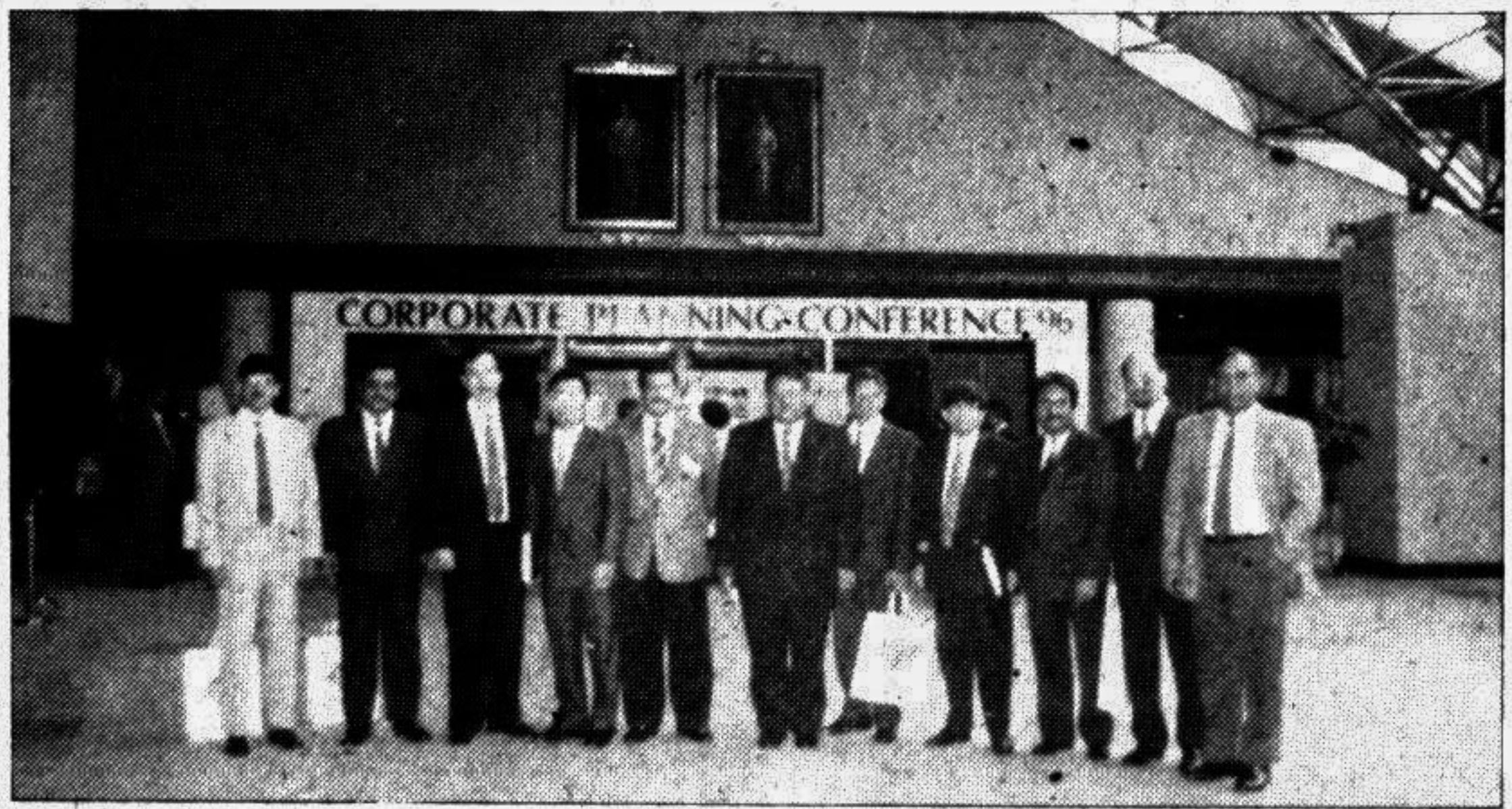


Reckitt & Colman's executive in city

Ashoke Prodhan, Regional Director of Reckitt & Colman for Bangladesh, India and Sri Lanka is on a four-day visit to Bangladesh, says a press release.

This being his first visit to Bangladesh, he looks forward to the positive contribution of Reckitt & Colman in this growing economy. He is expected to visit Chittagong, the head office and factory of Reckitt & Colman.

During his stay he will visit the market place and Unirend, the advertising agency and the research agency.



Bangladesh delegation which attended the Thai International CPC '96 in Bangkok seen at the Queen Sirikit National Convention Centre. From left Zahir Karim, Station Manager, Shahid Iqbal, Accounts Manager, Dol Bhasavanich, GM-Bangladesh, Anon Juangbhanich, GM-Western Australia, M Zaran, Director, Vantage Tours & Travels, Jon Na Nakorn, Director Marketing, Sales Co-ordination, Hasanuzzaman, Dist. Sales Manager, Syed Fahim Muñaim, Dy. Managing Editor, The Daily Star, A M Hasan, Managing Director, Aero-Marine, M D Atallah, Cargo Manager and Kazi Wahidul Alam, Editor, Bangladesh Monitor.



Shah Abdul Hannan, Secretary-in-Charge of Banking Division of the Ministry of Finance, speaking at a seminar on "The Effects of Exchange Rate Volatility on the Aggregate Export Growth of Bangladesh", jointly organised by the Dhaka Chamber of Commerce & Industry (DCCI) and Centre for Development Research, Bangladesh (CDRB) held at the DCCI auditorium on Monday. DCCI acting President Fazle R M Hasan, Chairman CDRB Dr Mizanur Rahman Shelley, former DCCI President M Yunus, DCCI Vice President Absar Karim Chowdhury and key note speaker Dr M Kabir Hasan are also seen in the picture.