

Taka Against USD

## The Economy Needs Consecutive Downward Adjustment

by Iftekhar Ahmed

*The government should have a stable economic and currency policy to reduce uncertainty in the business, so that it cannot fluctuate frequently and keep the interest of the import substitute industries.*

BAKGLADESH currency has been adjusted downward on 11 occasions during less than one and half years of the present government. The buying and selling rates for the greenback with authorised dealers will now stand at taka 45.30 and 45.60. So the new buying-selling rate stands at taka 45.45. Bangladesh Bank, in all cases, harped on same string: it is done to increase foreign currency reserve, boost export earnings and remittances sent by expatriate Bangladeshis.

The exporters of the country have also a trend to pressure on the government to adjust downward of local currency against US dollar. In the process, the exporters would receive more local currency against US dollar, although the export earnings are unlikely to rise as expected in foreign currency due to slump in demand of the exportable commodities, economic recession in the importing countries, changes in personal consumption, emergence of new competitors, fall in export price and corruption etc. Further, devaluation is unlikely to shave the hundi business or increase remittances by expatriate Bangladeshis.

In Bangladesh, the main export items — readymade garment, knit-wear, raw jute and jute goods, leather, shrimp, chemical goods and tea — accounted for over 90 per cent of the total export earnings in the fiscal 1996-97. However, export earning of readymade garments, leather, frozen food, jute goods and tea fell short of export target, in spite of, down adjustment of local currency against US dollar on seven occasions in the fiscal 1996-97.

The value addition in the export-oriented garment industry is around 30 per cent. Local manufacturers have been exporting readymade garments on Cut, Make and Trim (CMT) basis. In the existing rule, the local manufacturers can import textiles and accessories up to the extent of 75 per cent of FOB price (Free on Board). Further, if the price of FOB is more than \$60 per dozen, the local manufacturers can import textiles and accessories up to the extent of 85 per cent of FOB price. It is, however, learnt that BGMEA is demanding of NBR (National

Board of Revenue) to permit exporters to import raw materials up to the extent of 90 per cent of FOB price. Because the importers are not interested to pay them 15 per cent of FOB price as CRM rate. From this situation, the readers can realise that exchange rate of local currency against US dollar can hardly affect the export of readymade garments to US, Canada and EU market. Further, Werner International shows per hour labour cost in the garment sector of Bangladesh (\$0.23) is lower compared to India (\$0.60), Pakistan (\$0.40), Sri Lanka (\$0.40), Vietnam (\$0.40), Malaysia (\$1.20) and China (\$0.40). But the real labour cost in the garment sector is far below than that. One BGMEA official, who has been monitoring the labour and safety measurement in the export-oriented garment sector told this correspondent that in a good number of garment units, the workers are even deprived of minimum wages of Taka 900.

The international market of readymade of Bangladesh is protected under quota category in US, Canada and under GSP in EU market. Presently out of total readymade export to US market, 70 per cent goes under quota categories, the local manufacturers cannot fulfil the quotas. Downward adjustment of local currency is highly unlikely to increase export earning of readymade garment.

It is reported in Textile Asia that India and Pakistan earned around \$10,000 million and \$8,200 million by exporting textiles and clothing in 1996-97 fiscal respectively. In the last fiscal, according to Export Promotion Bureau (EPB), Bangladesh earned around \$3001 million by exporting readymade garments. In the present time, the value addition in this sector has been considered around 30 per cent, that means, the net export earning from this sector was \$900.3 million. But the export figure of EPB shows around 25-30 per cent higher than that of EPB. Further, one BGMEA official, on condition of anonymity, has also expressed his doubt over

the exorbitant export figure of shown by EPB. However, to scrutinise the export figure, the readers can go through the export figure of EPB and Economic Trend, Bangladesh Bank. So in terms of net export earnings of textile sector, Bangladesh is lagging far behind from both Pakistan and India. It is, therefore, can be concluded that both Pakistan and India are unlikely the competitors to Bangladesh in the textiles and clothing sectors.

Presently Bangladesh imports fabrics almost 95 per cent of woven fabrics and 35-40 per cent of knit fabrics from countries like India, Pakistan, Hong Kong, Indonesia, Korea and the Philippines that have quotas in EU, USA and Canadian markets. In the last fiscal, only the garment manufacturers and exporters spent around 27 per cent of the total import bill to import textiles fabrics and accessories. However, the entrepreneurs of the textiles and clothing sectors of the country imported goods worth Taka 102,100.00 million, that was around 37 per cent of the country's total import. So setting up of competitive textile units can reduce total import of the country by around 20 per cent and subsequently likely to improve the trade balance of the country.

By 2005, the quotas are being phased out in the international trade on textiles and clothing and the smooth supply of fabrics disrupted to Bangladesh from that regions. Unless Bangladesh can develop her textile industry to feed the export-oriented garment industry in the quota free environment, the prospect of readymade garment industry sector is seemed to be bleak.

It can be concluded that backward linkage industries of this sector, high value added items, upgrading of manufacturing technology in all factories with modern machinery and technical know-how, reorganisation

and development of marketing, production and delivery system, come the crisis, local exporters, as demanded, have took initiative to standardise fish processing factories as per EU regulations including implementation of HACCP (Hazard Analysis Critical Control Point) system.

The evaluation committee formed by the government visited 50 factories reformed among 122 existing projects in the country. However, the Ministry of Fisheries only sent the name of six factories to EU which are considered can meet EU standard. But Bangladesh Frozen Food Exporters Association (BFEEA) has expressed deep concern over selecting six processing units as the association seems that the production process of 25 units had already been improved. Presently, it has been demanding more factories to be listed by authority concerned to send EU. It also said short-listing of production units would reduce the international market share and also export earning.

The economy of Bangladesh is also import laden and the successive down adjustment of Taka against US dollar resulted in price rise of imported essential goods such as raw cotton, yarn, milk powder, cement,

iron and steel, dairy products, cereals and cereal preparations, industrial raw materials, papers, newsprint, capital goods and transport; the local industries and the importers are being hard hit by the consecutive downward adjustment of local currency. Even consecutive down adjustment of local currency has put the local spinners at the crossroads because the price rise of raw cotton, said the official of Bangladesh Textiles Mills Association (BTMA). Further, both India and Pakistan have long been practising a dual price policy for raw cotton to protect their local spinning industry. The dual price policy provides for a favourable domestic price for the local spinners of both countries to procure raw cotton from the local market and a minimum export price (MEP) for raw cotton fixed by their respective governments, that is around 20-25 per cent higher against the domestic price. So local spinners of both the countries can procure raw cotton by 20-25 per cent less price against the international level. However, both countries are also the leading cotton producers in the world.

Bangladesh, during fiscal

series to increase export earnings. Only product and market diversification are likely to boost export earning of the country.

Local currency dealers are expecting further devaluation of Taka against Dollar in the future. This is, however, in turn reflected in the exchange market. The speculation has influenced the official exchange rate of US dollar and unofficial exchange rate that in the current time is badly affecting the importers and industrial entrepreneurs of the land. The Finance Minister and the officials of Bangladesh Bank should remember that since floating the Taka against US dollar on July 2, Thail currency lost around 40 of its value against dollar. In spite of massive devaluation, the exports of Thailand have almost stagnated. So the government should clear the cloud of the currency market and should protect the import substitute industries. In this connection, the government should have a stable economic and currency policy to reduce uncertainty in the business, so that it cannot fluctuate frequently and keep the interest of the import substitute industries. It is the onus of the government to protect the interest of the local industries by stabilising the local currency against US dollar and remember that devaluation already resulted in high inflation rate. Macro-economic stability of the country is likely to be at the crossroads because of consecutive devaluation.

## Bridging the Gap between Medicine and Management

by Dr M Zakir Husain

*Like any other enterprise with a formal institutional setting, most health facilities will benefit from good management practices to improve efficiency and effectiveness within affordable costs. That makes management a highly relevant concern.*

CONVENTIONAL medical and health care organisations in the past did not give much stress on good management. Medical care largely was managed as a transaction at a personal level and rested on the confidentiality of doctor-patient relationship. But today medical and health care is a large-scale service industry though its product is more than merely a commodity produced by a manufacturing industry.

Medical and health service in Bangladesh, as in most countries, represent a significant percentage of gross national product; employ very large number of personnel with varying skills, consume and use many types of materials and appliances, and above all involve almost the entire population as consumers and beneficiaries. All of this strongly argue in favour of efficient and effective use of these resources. To that end, management makes a major contribution. This is true both for the government health sector and the private medical care enterprises.

Traditionally, management of health and medical care activities were regarded as the sole prerogative or domain of the medical personnel giving direct patient care. The doctor-patient relationship was shrouded in secrecy and was sacrosanct. It still is and should be. But like any other enterprise with a formal institutional setting, most health facilities will benefit from good management practices to improve efficiency and effectiveness within affordable costs. That makes management a highly relevant concern.

In many countries, hospital and health centre management, and public health administra-

tion are accepted as specialised professional tasks requiring a recognised level of education, training, and competence. Also required are some checks and balances to secure accountability and protect the consumer public from harm and malpractice. In health institutions, the issue of safety and accountability is very pertinent since human life and well-being is at stake.

Most disease prevention and control programmes receive large amounts of external funds and engage numerous staff for field work, yet there are few medical administrators who have received adequate training and there does not seem to be a clear recognition of the need to establish a qualified and competent cadre of medical administrators. The question is: how to establish a pool of trained medical administrators?

The only postgraduate medical institute in the country is turning out qualified medical specialists in basic and clinical subjects. The only post-graduate public health institute — National Institute of Preventive and Social Medicine — is burdened with training public health specialists in many different subjects. What is required is a good institutional base to train medical administrators in sufficient numbers for the extensive health infrastructure of the country.

But while the medical professionals nearly always take charge of administration, few of them have formal education and training in management. It is not surprising that the health sector — particularly the public sector in health — is not very well managed. It may be argued that the essential function of hospitals is humanitarian service and that management was not the important issue. Yet it is equally important to ensure that patients get the most benefits at reasonable cost which is the function of efficient and effective management of the health sector as a whole, and the hospitals in particular. There are numerous general services beyond direct patient care that support good, safe and ethical care.

In the context of Bangladesh, health service, a senior medical specialist with professional experience — but without specific education and experience in management — may not necessarily be the most competent medical administrator. Yet, a doctor in the government health service from a basic medical science or clinical background is appointed to the senior posts which require planning and management skills of a fairly high level. This results in a gap in management. This gap is acutely felt as the present government health sector includes many large

public health programmes for health promotion, disease prevention and control is addition to many large and medium sized hospitals and numerous health complexes.

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should be supported by establishment of a sub-cadre within the existing health service.

Good human resources planning will demand quality training of medical administrators to be supported by specific career development path.

Appointment of qualified medical administrators should be required for most if not all hospitals — government owned or private.

Some administrators could be engaged in selected public health programmes. Arrangements for continuing and in-service training will attract doctors with aptitude and motivation to opt for career in medical administration.

It is regrettable that medical management has so long been treated with indifference much to the loss of efficiency and effectiveness of the health sector. Given the amount of public and private resources from internal and external sources that the sector consumes, it is quite appropriate that health service plans and provides trained medical and health managers.

This will open up career path for the young and motivated doctors early in their service career. Many key managerial positions go to untrained and unmotivated doctors who cannot bring the required enthusiasm or ability to their jobs. The programmes suffer, the personnel suffer, and the public are deprived of top-quality management. Should this continue?

By demonstrating high-quality management of its facilities, the health service of the country will, no doubt, command more support and respect from other sectors of the government and secure their cooperation in the promotion and protection of health of the people.

## Metropolitan

## Haji camp to be completed by mid-January

The under construction Haji camp near Dhaka International Airport is expected to be completed by mid-January, reports BSS.

This was informed by the concerned engineers when housing and works secretary MAM Ziauddin visited the construction site of the camp yesterday.

The secretary directed the engineers to take care about the quality of works and complete it within the stipulated time.

The secretary also on Saturday visited the project area for construction of Shahheed intellectuals memorial at Rayer Bazar killing ground.

The project is being constructed at a cost of about Taka seven crore which is expected to be completed by June 1998. Land filling works of the project has already been completed.

Chief engineer of the Public Works Department, additional chief engineer, and other concerned engineers were present during the visits.

## Esal-e-Sawab of Furfura Sharif from Dec 12

The 37th annual Esal-e-Sawab of Furfura Sharif will be held at Darbar-e-Furfura Sharif at Darusalam, Mirpur from December 12 to 16, says a press release.

The programmes of the mahfil include waz, jikir and special prayers.

Pr. Shahab of Furfura will lead the 'Akheri Munajat' after Fazr prayers on Dec 17.

Hasina visits Prof Amanullah

Prime Minister Sheikh Hasina visited ailing State Minister for Health Prof Amanullah at Suhrawardy Hospital yesterday, reports UNB.

She stayed there for some time and enquired about the treatment of Prof Amanullah and wished his early recovery.

## IMART Computer Technology Ltd inaugurated

By Staff Correspondent

IMART Computer Technology Limited, a joint venture company, held its inaugural ceremony on Friday, said a press release.

Noted scientist Abdullah Al-Muti Sharafuddin was the chief guest at the function. In his speech, Sharafuddin urged the government to exempt computers from Value Added Tax (VAT) to keep them within the purchasing capacities of the users.

Managing Director of the company, Akhtaruzzaman Khan, was also present.

The secretary directed the engineers to take care about the quality of works and complete it within the stipulated time.

The government will take necessary steps to reconstruct and renovate the Dhakeshwari Temple to be

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Lions District Governor SI Khan handed over a cheque of Taka 4 lakh to Md Nazrul Islam at a 'ladies night' organised by Lions Club of Dhaka Glydia in the city recently.

## 4 killed in road accidents

By Staff Correspondent

Four people were killed in separate road accidents at Savar and Narayanganj yesterday.

Of them, three were killed in Savar and one in Narayanganj.

In Savar, a road accident on Dhaka-Aricha highway near Ullal bus stand yesterday left three people dead.

The dead was identified as Haider, 12. The injured, Noor Mohammad, 24, and Shahid, 20, were admitted to the Dhaka Medical College Hospital (DMCH).

The accident occurred as a speeding truck hit a scooter from the back at Munshikola at about 5.30 pm. Fatally injured Haider was taken to DMCH where the on-duty doctors declared him dead.

Our DMCH Correspondent reports: A 12-year-old boy was killed and two others were wounded in a road accident at Fatullah, Narayanganj yesterday.

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A musical soiree followed the discussion meeting. Jagannath University Theatre Troupe and Dhaka Nattaya Dal staged dramas.

## V-Day programmes Joy Bangla Sangskritik Jote discussion

By Staff Correspondent

Joy Bangla Sangskritik Oikya Jote organised discussion meeting at city's Ramma Batamul yesterday afternoon as part of its month-long Victory Day programmes.

Agriculture and Food Minister Matia Chowdhury addressed the meeting on 'Pledge of the democratic government in