

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.

BAKLADESH 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 pressurise 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 earnings 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 CM 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. In some quota categories, the local manufacturers cannot fulfil the quotas. Downward adjustment of local currency is highly unlikely to increase export earnings 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 102100.00 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 is 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, improved infra-structures such as port facilities, good fiscal and banking system and sound law and order situation are likely to boost readymade garment export of Bangladesh.

Presently, as reported, the members of Bangladesh Jute Mills Association (BJMA) have been demanding 10 per cent subsidy on exports of jute yarn and twine that also shows the bleak picture of the jute sector. Further, jute goods have been experiencing a slight tail-off in demand in the international export market over the years, according to FAO publications. So only down adjustment of local currency hardly can boost this sector and also export earnings. Rather, increasing local consumption, fair price to the jute growers, modernisation and replacement of old equipment and machinery, reduction of surplus labour in the public mills, effective privatisation of state-owned mills and rescheduling of old and outdated debts and interest could only save the this sector and also increase the export earnings. Further, the private sector and the government should take positive steps to promote and popularise local use of jute goods as has been taken over the years in the neighbouring India.

Leather sector is saddled with bad loans, which also fell 14.72 per cent short of export target in July-October of the current fiscal. The export earnings of tea in 1996 was around \$25 million, that was less than one per cent of the total export earnings. In spite of price rise of tea in the international market, the export earnings from this sector is likely to add any significant contribution to the foreign exchange reserve.

In August last, EU imposed temporary ban on frozen food exports of Bangladesh on ground of poor environment

and quality control. To overcome the crisis, local exporters, as demanded, have taken 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 (BFFEA) 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 earnings.

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) of 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

1995-96, exported goods around 85 per cent of total export to US, EU, Japan and Canada. Although Asia (37 per cent market share of the present world economy) is by far the largest market in the present world, the export to that market till date is poor. Readymade garment, the largest export earners of the country is not competitive to enter into the Far East and South East Asian as well as in the rest of the Asian market. Till present time, the South East and Far East Asian countries are the leading exporters of textiles and clothing in the US and EU market. Export of jute goods is also poor in Far East and South East Asian market. In the fiscal 1995-96, Thailand imported around 5 per cent of the total jute and jute goods exported from the country; the amount was only \$4501. Even by country, United States (18.4 per cent), China (12.3 per cent), Japan (8.3 per cent) and Russia (four per cent) are the leading import market, but the export to that countries except US (the largest export market of Bangladesh) is very poor. Entrepreneurs of Bangladesh should concentrate on other sectors such as agricultural, engineering and electronics, handicrafts and chemical products, artificial flowers, toys, leather fabrics, jamdani sari, ceramic tableware, stainless steel wares, data entry, computer software and accessories to increase export earnings. Only product and market diversification are likely to boost export earnings 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 Bath 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 administration

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.

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 at a fairly high level. This results in a gap in management. This gap is acutely felt in 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.

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.

Why not a college of Medical Administrators with full time and part-time faculty? There are enough hospitals and related facilities and large specific health programmes to serve as valuable training resource without any need to make large additional investment. The facilities and facilities of existing management training centres and the universities are additional resources. If the importance of good management is understood and accepted, ways and means are not difficult to find.

The establishment of post-graduate training programme for medical administrators

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.

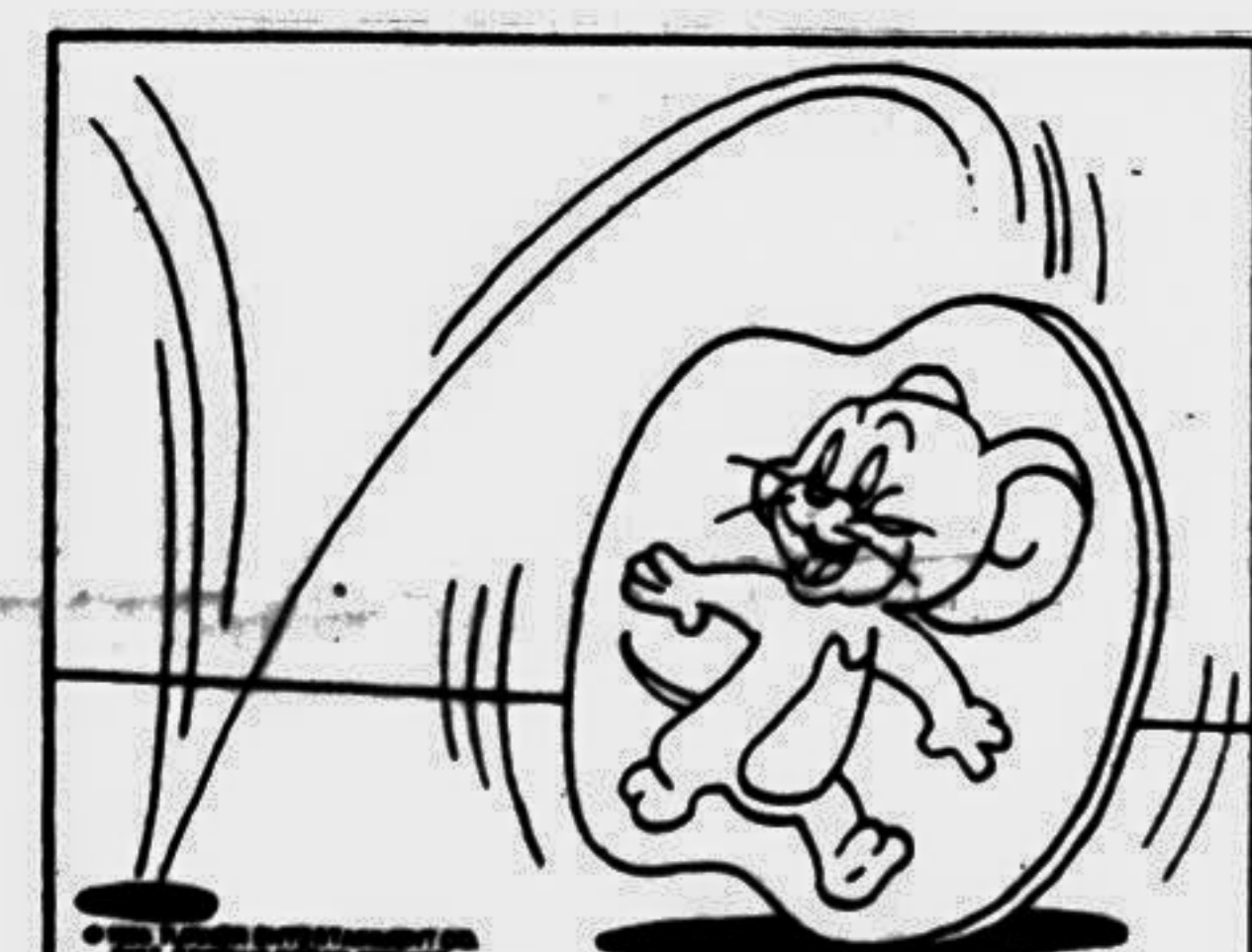
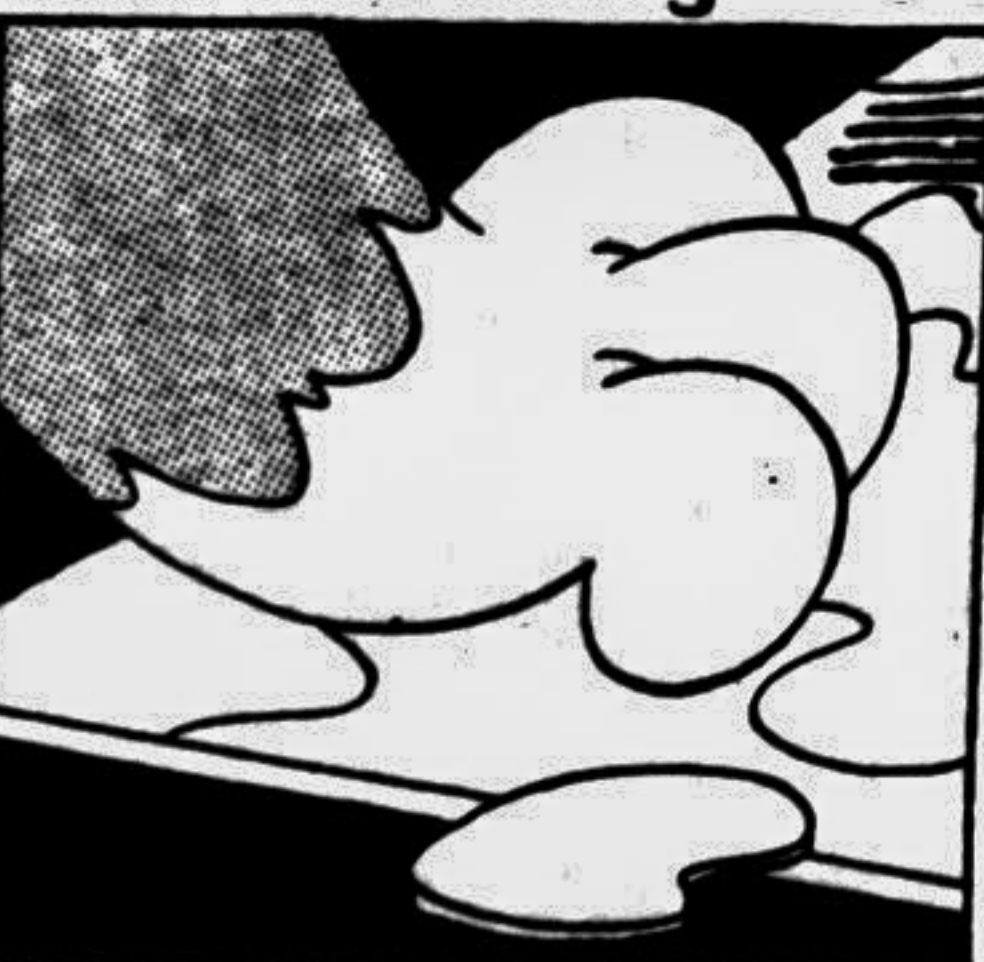
Some administrators could be engaged in selected public health programmes. Arrangements for continuing and in-service training will attract doctors with aptitude and motivation to opt for career in medical administration.

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 attractive 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.

Tom and Jerry



IAN FLEMING'S

James Bond



DRAWN BY JOHN MCLUSKY

Metropolitan

Proposed bill seeking death penalty for road barricade slated

By Staff Correspondent

A group of research lawyers have criticised a proposed bill that seeks the death penalty for road and rail barricade, saying if passed, it will set another example of undemocratic laws like the Special Power Act.

The lawyers, from Bangladesh Legal Aid Services Trust, Ain-O-Salish Kendra and Madanipur Legal Aid Association, in a press release said that people's practice of blocking communications could be changed by creating public awareness.

"It is quite impossible to stop it by enacting a new law, whatever the degree of sentence may be," it said.

The lawyers said while capital punishment is being gradually abolished from many countries and that the United Nations has set out principles to eliminate this severe punishment, the proposed bill, if enacted, will overburden the country with unimplemented laws.

Haji camp to be completed by mid-January

By Staff Correspondent

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 Shaheed 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-Saab Mahfil of Furfura Sharif will be held at Darbar-e-Furfura Sharif at Darulul Uloom, Mirpur from December 12 to 16, says a press release.

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

Pir Shaheh of Furfura will lead the 'Akheri Munajat' after Fazz prayers on Dec 17.

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.

Steps to renovate Dhakeshwari Temple to be taken

The government will take necessary steps to reconstruct and renovate the Dhakeshwari Temple, reports BSS.

This decision was taken at an inter-ministerial meeting for the renovation of the Dhakeshwari Temple held in the conference room of the Ministry of Works yesterday with Post and Telecommunications, Housing and Works Minister Mohammad Nasim in the chair.

Vested Property Act, renovation of temples situated in different parts of the country and the activities of the Hindu Welfare Trust were discussed in the meeting.

Prime Minister Sheikh Hasina recently directed the authorities concerned to renovate the Dhakeshwari Temple damaged by the miscreants during the past government.



Lions District Governor SI Khan handed over a cheque of Tk 4 lakh to Ln 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 Ulaib bus stand yesterday left three people dead.

Police said the accident occurred when a fruit-laden truck from Lalmonirhat plunged into a roadside ditch as the driver lost control over the vehicle at about 4 am.

Two people, including helper of the truck, died on the spot while an unidentified man succumbed to his injuries at Suhrawardy Hospital in

Dhaka.

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

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 Munshikhola at about 5:30 pm. Fatally injured Haider was taken to DMCH where the on-duty doctors declared him dead.

V-Day programmes Joy Bangla Sangskritik Jote discussion

By Staff Correspondent

Joy Bangla Sangskritik Oikkya Jote organised a discussion meeting at city's Ramna 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 establishing human rights and rule of law" as the chief guest.

Presided over by actor Khalequzzaman, the discussion meeting was also addressed by State Minister for Foreign Affairs Abul Hasan Chowdhury, justice KM Sobhan, Attorney General Barrister KS Nabi, advocate Maleka Begum, general secretary of the Jote Sheikh Abdul Kader.

Matia Chowdhury said that the freedom of speech was curtailed by killing the father of the nation Bangabandhu Sheikh Mujibur Rahman.

As a mark of respect for human rights, the trial of Bangabandhu Murder Case is being held in civil court, not in any special tribunal although there was pressure to do so from inside the party. Matia Chowdhury said.

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

At the Central Shaheed Minar premises street dramas were staged and patriotic songs were rendered and poetry recitation sessions were held.

Get together of alumni of '63-65 batch of Dhaka College Dec 26

By Staff Correspondent

The annual get-together of the alumni of the 1963-65 batch of Dhaka College will be held on December 26, reports BSS.

A press release of the alumni said on Saturday it will be a river-cruise family get-together.

Interested persons to participate the get-together have been requested to contact the following persons by December 15: Quazi Abdul Mannan at 814747, Mesbahuddin Ahmed at 861318, Rais Khan at 9556819/017523115 and Miah Moniruzzaman at 866672-9 ext-207.

Fund raising campaign

By Staff Correspondent

Members of Notre Dame Debating Club are organising a fund raising campaign for Prof Mukhtar Ahmad, the moderator of the club, who has been suffering from coronary ailment. Ahmad needs an immediate by-pass surgery.

The students have formed a "Medical Treatment Fund for Mukhtar Ahmad," for seeking financial contributions, according to a press release.

Interested contributors may call Sayed Anwar Mohammad Tofail at 324193 telephone number or may deposit their donations at the Mouchak Branch of the City Bank (account number: CD 720).

Special train between Ctg, Bhatary Dec 10

By Staff Correspondent

CHITTAGONG, Dec 7: A special train will run between Chittagong and Bhatary on December 10 for the convenience of the guests invited to the 'president's parade' of Bangladesh Military Academy, reports BSS.

The train will leave Chittagong Railway Station at 6 am and Bhatary Railway Station at 1 pm on the day, an ISPR press release said.

The invited guests will be able to travel by the special train on payment of the prevailing rates of fare.

DU English Deptt farewell for MA students Dec 11

By Staff Correspondent

The Department of English, University of Dhaka, is going to host a farewell for the MA students of 1994 and 1995 on December 11. Students of these two batches are requested to collect their invitation slips from the departmental seminar by tomorrow, says a press release.

Uttara Club moves into own premises

By Staff Correspondent

The Uttara Club has moved into its own premises at Sector number one, reports BSS.

The club president Aminul Islam formally unveiled the plaque of the new building in presence of club members on Thursday.