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# The Daily Star BUSINESS

DHAKA TUESDAY, MAY 12, 1998

**HYUNDAI**  
CARS THAT MAKE SENSE

Air Parabat's Dhaka-Ishwardi route opens

State Minister for Information Prof Abu Sayeed has said the government has taken steps to create a healthy competitive environment between government and private agencies in the light of free-market economy, report BSS.

Prof Sayeed said this while inaugurating the Dhaka-Ishwardi domestic route of Air Parabat, a private sector domestic airline, at Ishwardi Airport Sunday.

The ceremony was addressed, among others, by Zinatul Ferdous MP, Shamsur Rahman MP, chairman of Air Parabat Air Vice Marshal (retired) A K Khanda and its managing director Nadira Alam.

Prof Sayeed described the development of communications system as precondition to national development and progress and added the government has been providing all possible incentives to encourage private entrepreneurs in the sector.

He said a revolutionary trend will be initiated in the country's communications system through the opening of Bangabandhu Bridge.

**Jakarta raises train fares by 41.5 to 100 pc**

JAKARTA, May 11: Jakarta will raise train fares by 41.5 to 100 per cent, except for Economy Class tickets, after this week's increase on sea and air fares, a press report said today, according to AFP.

State-owned railway company PT Perumka will implement the increase from midnight May 12 (1700 GMT), on all Executive and Business Class trains.

PT Perumka had director Eko Sasputro said Economy Class tickets would be temporarily kept at current fares because of the financial crisis, despite instructions from the transport ministry to raise fares.

"We have consulted with the minister for transportation and the Director General of Land Transportations, including on the decision to hold off on raising ticket prices on Economy Class trains considering the current situation and condition of the underprivileged," Sasputro was quoted as saying.

Had the increases been imposed on economy fares, intercity rates would have gone up 100 per cent to 39 rupiah per kilometer (less than one cent per 0.62 miles) from 19.43 rupiah.

A Perumka official said the firm had long planned to raise fares due to the slide of the Indonesian economy that caused operating costs to soar 80.6 per cent, the report said, without detailing other fares.

Despite the price hike, Perumka was optimistic trains would remain a popular travel option with Thursday's sharp 37 per cent increase on airfares. The firm planned on adding extra wagons and better ticketing service.

**'Boycott Pak products'**

As a four-day exhibition of Pakistani products began at Sonargaon Hotel yesterday, a large number of posters calling for boycotting Pakistani goods have flooded the surrounding walls of the hotel, reports UNB.

"Increase Bangladeshi's wealth, boycott Pakistani products," says the poster that was originally produced by Bangladesh government in exile in 1971 during the War of Liberation.

The poster was reproduced by us... but I don't know who pasted those there," said Akku Chowdhury, Member Secretary of the Trustees of the museum.

Hold UNB that they reproduced some 8 types of posters published during the Liberation War. "Perhaps someone who bought or collected the posters, pasted those," he added.

**KSA opens 2nd largest dam in ME**

RIYADH, May 11: Saudi Arabia has inaugurated the second largest dam in the Middle East, after Aswan in Egypt, at a cost of around 66 million dollars, newspapers reported yesterday, says AFP.

The all-concrete dam for agriculture and drinking water in the Bisha region of southwest Saudi Arabia, inaugurated on Saturday by Crown Prince Abdallah Ibn Abdul Aziz, has been named after King Fahd.

It has a capacity of 325 million cubic metres (11,375 billion cubic feet) of water, measures 500 metres (yards) in length, 103 metres in height, and its wall is 80 metres thick.

The desert kingdom, which in 1984 achieved self-sufficiency in wheat production, now has a total of 206 dams.

## Railways reels under heavy losses, draining a billion a year Road to recovery lies in private hands

By M Anwarul Haq and Toufique Imrose Khalidi

Bangladesh Railways (BR) is trying to change its old ways.

Corruption, inefficiency and mis-management are synonyms for the state-run network that reaches almost every nook and corner in the country. Last year, it drained as much as Tk 100 crore of public money.

Started by the colonial Britishers nearly 120 years ago, the railways in Bangladesh, once the prime mover of passenger traffic and cargo, have been in the red for many years.

Times have changed. BR is now making moves to privatise some parts of its commercial operations and also handing over the responsibility of running trains on certain routes to private operators.

The first such initiative came less than a year ago, when the Dhaka-Narayanganj rail route, a stretch of 18 kilometres, was offered to private operators.

H A International won a one-year, renewable, contract by offering to pay the government Tk 65 lakh annually. This was nearly 20 per cent more than what the government earned previously. The company is still making a profit.

On the first day of its operation -- July 7, 1997 -- the company sold tickets worth almost double the amount the BR used to sell. Now, in less than six months, the company was selling tickets worth about Tk 50,000 everyday, nearly four times BR could make out of this route.

Passengers are happy. The private service is much better in terms of comfort as the operators are taking special care of the passengers on board. The compartments are much cleaner and the trains operate on time, not stopping frequently at smaller stations," says Rezaul Karim, a government official who has commuted on this route for the past five years.

Now, hundreds of commuters have come back to the Dhaka-Narayanganj shuttle train because of the better service and the reliability.

Anwar Hossain, Managing Director of H A Group which runs the train, also says this is exactly the reason. "Our emphasis on service and maintaining schedule has resulted in increased number of passengers."

But some of the old problems remain.

It's not that the number of commuters was much less. When the government operated the train service, 80 per cent of the passengers used to travel without tickets. But now 70 per cent buy tickets. We can make a comfortable profit if the re-

maining 30 per cent passengers buy their tickets."

There are other aspects in which BR is failing, apalling. Safety has never been a concern for the authorities. And it is common knowledge that maintenance is in a sorry state.

In most cases, the accidents

which have killed scores of passengers could have been avoided and occurred for reasons such as lack of care, attention and accountability.

Was there any valid reason for the latest incident on early Sunday morning, which killed 17 passengers?

"It's just callousness," says Communications Minister Anwar Hossain.

And this has been the case for years, without a remedy.

**Roads are better, faster, cheaper**

In fact, for the last few years, it has been a losing battle for BR.

On inter-city routes, railways is facing new competition. Buses are better these days if

one considers comfort and costs. And now there are no dearth of luxury buses connecting number of the BR employees.

BR is failing, apalling. Safety has never been a concern for the authorities. And it is common knowledge that maintenance is in a sorry state.

These bus services are also claiming a share when it comes to cargo, a monopoly for lorries and trains for long. Inter-city buses, in many ways faster and more reliable, are now ferrying even perishable goods and consumer items. Some domestic courier service providers have also emerged as good clients.

**Solution lies in private hands**

Bailing out BR appears a daunting task. Donors like World Bank and Asian Development Bank say gradual privatisation could be a solution.

And, the success of the Dhaka-Narayanganj operation seems to have encouraged the government to turn to private operators in a bigger way.

Already, BR has employed a private firm to handle its computerised ticketing for intercity trains. In another step, the on-board service for the newly-introduced Shuborno Express

has been contracted out to a private firm.

Even operation of some mail trains is being considered for lease-out to private companies.

The government plan is to invite an operator if its offer can beat the average revenue for the previous 3-5 years on a particular route.

At the moment, trains on two long-distance, high-density routes are being considered, according to a senior BR official. The Karnaphuli mail train on the Dhaka-Chittagong route and the Dhaka-Mymensingh-Balaka Express have been chosen for the purpose.

Sources say the BR authorities are also considering six local train services in the Lalmonirhat Railway Division for private operators. These have long been incurring huge losses.

**Repair and maintenance as well**

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Some more plants in the private sector are also expected to undertake carriage reconstruction work and build cargo wagons.

**Glorious history**

It was on November 15, 1862, when the colonial Britishers laid the first rail track in what is now Bangladesh. That was only 37 years after the world's first-ever public railway had been opened to traffic between Stockton and Darlington in

England.

The 53.11-kilometre broad-gauge rail line between Darsana and Jagati was the beginning. Soon after, the British saw the potential of tea, jute, cotton and other commercial items in this fertile deltaic soil, and hence the utility of railways.

The Hardinge Bridge across the mighty Ganges was opened to traffic on January 1, 1915. By then, Dhaka, Narayanganj, Chittagong, Comilla and Chandpur had been rail-linked under the Assam Bengal Railway Company.

Some 100 years after the start, the railways in this country sustained the most devastating blow.

In 1971, after the War of Liberation, the Bangladesh Railways found itself in 300 parts. Three hundred bridges and a large number of stations were badly damaged.

Committed efforts restored some 2700 kilometres of railway tracks. But bad management, theft and pilferage eroded much of its potentials. The hardware and rolling stock suffered heavily because of theft and mismanagement.

Corrupt inspectors and supervisors have allowed travel without tickets at the cost of standard of services.

Today, with some 489 rail stations, 284 diesel locomotives, 1397 passenger coaches, 16,255 goods wagons, Bangladesh Railways' still carries more than 100,000 passengers and nearly 9,000 tonnes of freight a day.

The government subsidises the BR to pay for its 40,410 employees. Every year, the payment from the state exchequer is going higher.

Some officials admit that only large-scale privatisation of its commercial operations could save Bangladesh's generally well-covered railway network.

Communications Minister Anwar Hossain agrees with the view. He confirms that efforts are being made for privatisation "in as many areas as possible."

"The sky is the limit so far as potential of privatisation of the railways is concerned. However, since this is a new concept and we do not have a sample structure before us in this field, we have to do it carefully," he told The Daily Star.

The minister, however, speaks of limitations, and refers to bureaucratic impediments and resource constraints for improving railway track conditions before many lines could be handed over to private operators.

Japan's cabinet approves \$ 35b supplementary budget

TOKYO, May 11: Japan's Cabinet approved a 4.6 trillion yen (35 billion dollars) supplementary budget Monday as part of the government plan to jump-start the economy with public spending, says AP.

The measure, targeted for the fiscal year that started April 1, will require 6.2 trillion yen (46 billion dollars) in new government bonds, the Ministry of Finance said.

The budget plan would provide funding for a wide range of projects, including 826.5 billion yen (6.2 billion dollars) for developing telecommunications infrastructure and promoting technology.

A ministry official briefing reporters said the spending plan would boost the country's combined regional and national deficit to 6.7 per cent of gross domestic product in the current fiscal year.

Originally, the ministry had forecast that the country's combined fiscal deficit would come to 4.7 per cent of GDP. The deficit in the fiscal year that ended March 31 was an estimated 5.9 per cent.

**Common market**  
**Gulf states still haggling over customs barriers**

ABU DHABI, May 11: Gulf Arab states are still haggling over how to tear down their customs barriers in line with a 15-year-old agreement to set up a common market, official said yesterday, reports AFP.

Despite several rounds of talks over the past few years, the six-nation Gulf Cooperation Council (GCC) remains split on proposals to reduce the percentage of national contribution to the output of industrial units so they are exempted from customs tariffs in member states.

A technical committee met last week and recommended lowering that percentage to 30 per cent from 40 per cent, but Saudi Arabia was opposed, according to the Riyadh-based GCC Secretariat.

"Saudi Arabia expressed reservations on the proposed cut in national contribution to the added value in industrial units in the GCC," according to the memorandum published in the United Arab Emirates (UAE) daily Al-Bayan.

The added value includes the difference between the institution's total turnover and the costs of the raw materials, goods and services used in production at that unit.

The added values in various sectors make up the gross domestic product of any country.

DAMASCUS, May 11: Arab oil ministers held an energy conference in the Syrian capital on Sunday to discuss efforts to bolster crude prices, as Qatar criticized the policies of non-Arab producers, reports AFP.

Syrian Prime Minister Mahmoud Al-Zohbi opened the conference of the Organisation of Arab Petroleum Exporting Countries (OAPEC), in which OPEC Secretary General Rivalin Lukman also took part.

"The price of oil is very low... it will have negative consequences for producer countries," warned Qatari Energy and Industry Minister Abdallah Ibn Hamad Al-Attiya on the sidelines of the conference.

"OPEC provides 70 per cent of (world) exports, and Gulf states and other Arab countries are providing only 40 per cent... a minority is fixing prices and imposing its views on the majority," he told reporters, without naming countries.

Prices have fallen to 14-15 dollars a barrel, way below the 1997 average of 19 dollars. Saudi Arabia, Kuwait and the United Arab Emirates have lost more than four billion dollars so far this year because of the fall, experts said.

The output of Syria, a small producer, is around 600,000 barrels per day (BPD), of which 375,000 BPD is exported.

The oil ministers of Saudi Arabia and other major Gulf producers will meet next month to discuss prices ahead of OPEC's mid-year conference, Oman's Oil Minister said on Saturday.

But oil analysts in the region ruled out any decision on output reductions at the June 16 meeting in Riyadh of the ministers of the six Gulf Arab monarchies.

Omani Oil Minister Mohammad Al-Ramahi said low oil prices would top the agenda of the Riyadh talks, which take place a week before the June 24 conference of the 11-nation Organisation of Petroleum Exporting Countries.

OPEC agreed in March on voluntary output cuts of around 1,245 million BPD to rescue oil prices, which have plunged to their lowest level in nearly nine years because of a large glut in the market.

Mexico and other independent producers also pledged to put reductions, bringing the total committed cuts to more than 1.5 million BPD.

## Tofael opens 'Made in Pakistan' show in city

## India, Pakistan should not tax Bangladeshi products

Star Business Report

He said Bangladesh could not avail India and Pakistan's derogation to export its products as they had set a rule that Bangladeshi products must add 40 per cent value in the country to get into their markets.

He referred to a proposal where member states agreed to reduce value addition to 20 per cent and urged the both governments to endorse it at a forthcoming SAARC ministerial meeting in Colombo this July.

He said SAFTA would not be succeeded until India and Pakistan reduced tariff rates substantially.

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The commerce minister said it was "sad" that some people tried to create problems when the government wanted to install bus services between Dhaka and Azmeen.

The minister suggested the member states take steps to increase regional trade to 10 per cent from the present level of three per cent by the end of the century.

The minister said

be the one of engines of development as Bangladesh sought to find new avenues of growth in the next century.

EPB officials said there had been no dearth of enthusiasm on the part of the government, which duly approved the project but failed to prepare the modus operandi so far.

"We are not a bank, we do not have expertise to process project proposals from prospective," he told the Star.

The site has been