

TECHNOLOGY

Should We Ride the Wave or Pick Up the Crumbs?

by Muhammad Yunus

The promotion of advanced technology like computer, fax, internet, and the installation of software industry have been confronted undesirably, by the technologists themselves... The matter of felicitation is that the ones who gave a 'die-hard' fight to bring new technology to Bangladesh are also the technologists.

I won't try to describe the condition of Bangladesh or even Dhaka city 50 years ago. The world was much behind in the field of technology. On the cessation of second world war, nations were engaged in measuring the amount of destruction and calculating profit and loss. Till then nothing called development economics came into existence and the concept of foreign aid had not originated.

The thumb impression we are discarding now will be back again in a different way. We can then easily identify a person by his thumb impression and all transactions will be conveniently made under that. Everyone will have his/her own number, which will be determined based on date of birth and place of birth etc.

As there will be no money, we need not have any bank for transactions. There will be an organisation to keep proper accounts and for conducting related consultations.

As it will be possible to judge the opinion of all people through serving short notice, political parties won't have to take the trouble of assembling people by trucks to show their popularity. It will be quite needless to express disagreement through hartal (strike). Disagreement proposal in the parliament floor will not be required for removing a government. It can be done any time by judging the opinions of all people.

Technology will undergo such a rapid change that only the students will be able to acquaint with new developments. Those who have left schools and colleges will gradually become back dated. The younger people will acquire technology faster and remain more acquainted with scientific knowledge and development. The older, the wiser - this adage will be replaced by 'The younger, the wiser'. The older will come to learn from the younger.

No Botheration of Expenditure

As currency notes will no longer be in use and all records of transaction will be stored in computer memory, bribing will be very difficult. No thing will remain secret, even if it is bartered through gold or other materials. Because all buying/selling will be recorded with transparency in transaction, secret dealings will become impossible.

The tradition of taking commission percentage from the contractor will be abolished. All information regarding the kind, rate and amount of materials purchased by contractor will be transparent. All necessary information during the preparation of bill will be instantly known from the information network, persuading the person who would pass the bill will be needless. As a result there will not occur any bribing.

Any sort of irregular addition in the balance sheet of those who work for fixed salary will be disclosed. All information regarding the source and time of receipt will be known. As a result unusual interest for jobs in specific departments will be done away with. The government job will become less attractive. Ambitious young people will show eagerness to commerce and industry, boosting the development process.

Competition for admission to specific department of technological universities and colleges will no longer remain so tough as now, people willing to make rapid money through politics will become reluctant to it. Those who may become much moneyed man without any endeavours will repent and try to form resistance against modern technology.

Interesting matter is that in the field of marriage, the guardians of brides will loose interest for persons serving specific government departments.

Enthusiasm for multi-billion project will lessen. The responsible quarters of the government will show serious argument in favour of privatising development projects and their implementation.

Passing through the Critical Part of the Long Way

What will be our actual benefit to hear that all our problems will be solved after 50 years? We are to live in the present day world and have to be concerned with the problems of today.

The reason why I am talking about that far future is that we shall have to reach a better position in the long run, we have to cross every inch of the long way with the help of our industry and intellect. We can cross this way too fast or may be slow or remain stagnant being tired even we may regress backward to certain extent. But we have no alternative to cross the way. They picture 50 years hence which I have drawn is not all fictitious. But to reach there, we have to start now. If we don't start at all it will only add to our misery. I don't think anyone would disagree on the point that we can bring in revolutionary changes to our society and economy with the help of technology. If it is so, why is there no eagerness towards intimating it?

Exchanging the degree and notion of frustration among ourselves has become an inseparable part of showing social courtesy. As soon as we meet someone, we start describing a series of frustrations and repent for it. Whether staying inside or outside the country, all speak out frustrations. Corruption, terrorism, political stagnation, woman violation, deteriorating law and order situation, irregularity in electricity supply etc have become the prime subject matters of discussion. If I start showing argument

and try to inspire, they try to say with counter arguments that the situation has exceeded the level of tolerance. Perhaps I am a genuine optimist. Frustration has not yet weakened my stamina and I hope it will not do so in future too.

I think we are passing the most critical part of our long way forward. Once we can successfully cross this part, our way is bound to be smoothed, lighted. How quickly can we spread the light of new age to the houses of all people will depend on how quickly we can pass this difficult part.

All our anxieties are concerned with the difficult part. The anxiety arouses deep suspicions in our mind and tends to shatter our confidence. It seems the darkness of problems will further intensify rather than being removed by the light of solution.

The leaders of the country speak against one another in such a way that our confidence in anything seems to wither away. Political competition has turned into a competition for

list of frustration with the help of the innovative technology. All we need for the purpose is to culture them in the classroom with a sense of purpose. Getting admission to BUET is to be compared with winning a lottery which ensures a glowing future like that of a state service.

BUET, to my estimation, holds a unique position with remarkable sincerity and honesty in its fold. Why graduates from such an institution are questioned their honesty? Is it not possible to root out this apprehension? Those who can get into this academic premises are considered to be the cream of the country. Why, deplorably, will the cream be driven by the idea of earning bush money right from the beginning? Who, then, are to be endowed with the

advancement. We have to assert the impression that we believe in profits but not at the cost of our neighbours. Our national development will be eased thereby. Look at the instance of Malaysia. Technological programmes are being welcomed with celebration, as if the whole nation is awaiting technological innovations with a 'Red Carpet' reception.

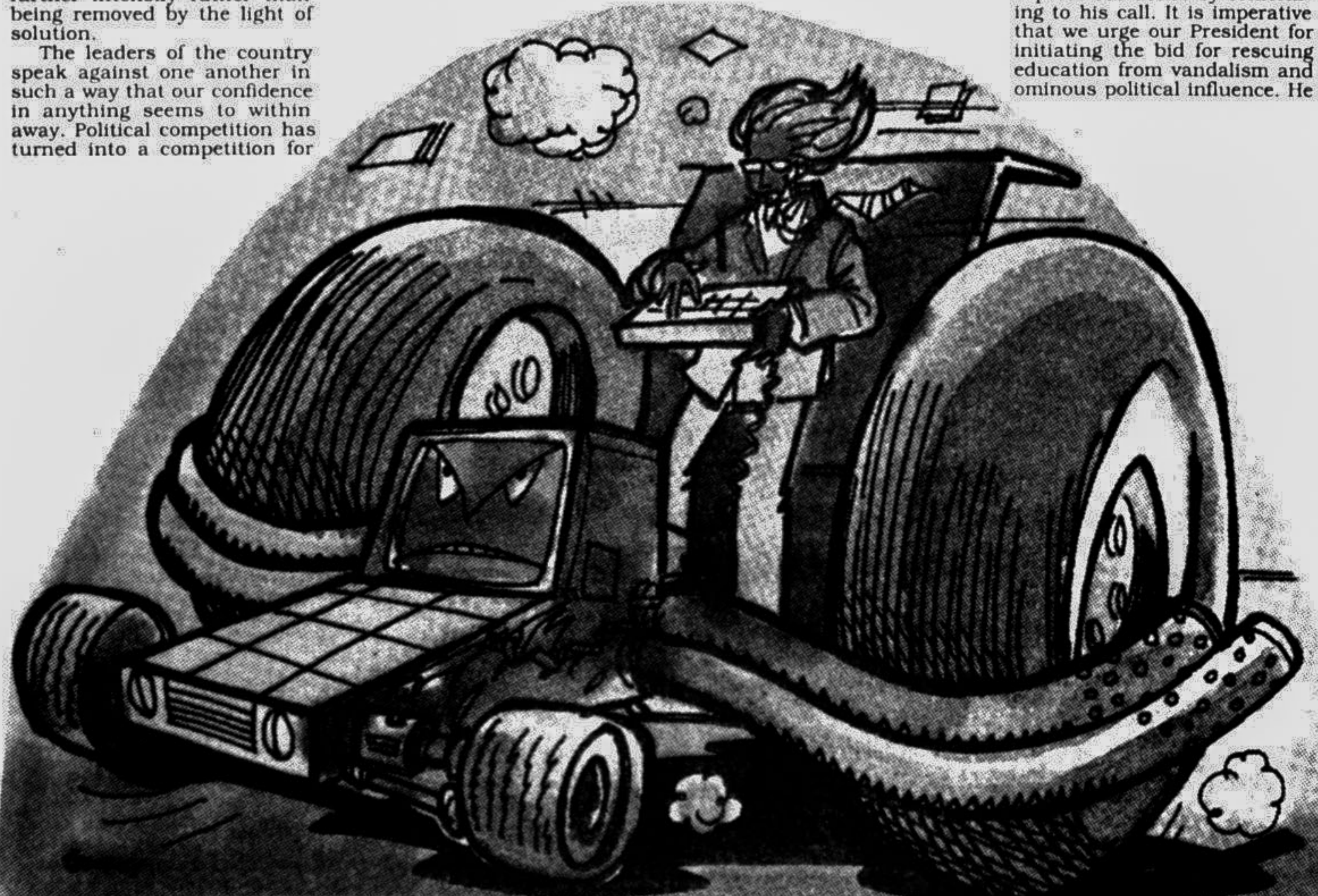
Tomorrow's Bill Gates

I wonder whether the future Bill Gates are already born in any anonymous family in the remote corner of Bangladesh. He might belong to a peasant family but is bestowed with the quality of brilliance ornamented by communicative skills. Capitalising on these two qualities, he will be one of

our frustration.

The violence at the premises of higher study gives the idea that we are resolute to root out our buds of high hopes. The Honourable President is repeatedly bringing the fact to the acknowledgment of the political parties. But it regrettably, makes no big difference. Isn't there any sensible and far-sighted political leader to put a stop to this suicidal game of armed youths? Our President has gone through our minds. My request to our political leaders will be not to ignore our unspoken desires.

This is a question of life and death for our nation. There is no scope for hesitation. Our Honourable President has emphasised on the need purposefully. We can, more discernibly, express our desire by conforming to his call. It is imperative that we urge our President for initiating the bid for rescuing education from vandalism and ominous political influence. He



Illustrations: Courtesy - Computers, Today

the most successful personnel of the future world.

Bangladesh's per capita income is \$250 i.e. the average daily income of a Bangladeshi is a meagre 68 cents. The population with an income below one dollar a day counts upto 1.3 billion. This income level is considered to be below-poverty line. The average income of the lower income group could be, assumingly, one-fourth of this 68 cents, e.g. Taka 8.50 a day.

The root cause of our problem lies in this income statistics. Upgrading the aforesaid income rate to one dollar is our foremost responsibility, i.e. multiplying the present rate by six times. The question is how many years we are to look forward this increase.

Call to the President for timely intervention

My hopes for the change espouse from dual assets - our youth and technological innovation.

Our future will be shaped by the way we dress our youth up. The way we are dealing with them now is rather aggravating

might be limited in terms of legislative power but his moral power flows beyond the sphere. For the nation's sake, it's time for him to exercise this power. It would be logical if he talks to different classes of professionals for opinions. It is he who is to enkindle hope today.

New Technology, New Hopes

The developed countries will be producing new technology for their own interest as they did in the past. But some qualitative changes in that have brought about same good news for us.

The technology now being introduced is of such type that reaches the paupers of poor countries simultaneously with the developed ones. In the days to come, such technology is likely to reach the poor ahead of the rich. The reason is that we don't have the heritage of old technology. Installation of new technology in the blank space is likely to be more convenient than the replacement of

older technology. If we become determined to bring about the economic changes I'm speaking of, the process of implementing new technology will be of no difficulty. It won't be inconceivable for us to abbreviate the time to accomplish the economic momentum. Nevertheless, it depends on our preparation for and expertise on accepting and infusing new technology.

Until recently, technology tended to appear as one of the tools of labour, as absolute. Sometimes it came as a factory formula at times while often as a system. The technologists identified its working mode and put into appliance accordingly; the outcome was anticipated. To rebuild this technology was no less than an extravaganza for us, the underdeveloped.

The technology of the new era is gleaming differently. Now, a myriad of technology will come with lot more susceptibility. What will be curbed from them are to be decided by the expert. This orientation needs no big preparatory work nor a mammoth investment (in fact the expertise begets investment).

Technologist Must be a Social Artisan

The previous technologist worked as 'mechanic'. He applied his technical know-how with repeated excellence which earned him success and reputation. Being a mere constituent of the whole process, neither did he take himself for a 'Director or Manager' nor the society was ready to confer him such title.

The future technologist must be a craftsman, a scientist - especially a social craftsman, a social scientist. He must be well-aware of the socio-political-economic enigma which will multiply his ability to utilise the technology. He has to invest the typology and methodology of technological implementation for the well-being of the common folks. He can't escape the concern for economy by the excuse of being a mechanical workman. He can't plead for solely mechanical problems and their solutions being divorced from the social causes.

The future is not likely to leave such scope for averting social problems. If the technologist doesn't have social awareness he will fail in discharging his responsibilities with competence. He must be creative, imitative skills won't serve the ultimate. In future, not only acquiring new technology will be crucial but armouring it with the highest applicability will be significant as well.

Another aspect gets along with the advent of new technology. We are not only to import technology but to export technology proportionately. As technology is compared to clay, we should curb such a sculpture out of it as will be a throb for the whole world. We could, thus, hand in the harvest of our genius to the world.

Software: More Luminous than Gas

Software technology is prospective, which is said to be the determinant of all future activities. Our youth can acquire the know-how and assert their superiority in this respect. This software industry, by far, can be much more instrumental in economic development than the hidden treasure of natural gas, on the ground that the storage of natural resource is exhaustive. The software will not decay or be used up - rather, it will extend beyond the periphery. It may provide employment for the millions of our educated,

unemployed youths lifting but life to the verge of a dramatic change. It may resolve much of our socio-political dilemma.

So, what restricts the opening of this industry in Bangladesh? When the whole nation is awaiting the inauguration of software industry in our country, will the successive governments are fluttering the flag of 'Red Tape' year after year. All they have to do is just creating opportunity and providing some logistic support. The private investors are waiting eagerly shape up the infrastructure.

The government has to make the law of Intellectual Property Rights' which will guard against all kinds of intellectual piracy. Withdrawal of tariff on computer import will ease the use of computers on a mass scale fostering flourishing of data processing industry and creating easy access to exotic technology.

Computer and infotech are to be regarded as the vanguards of reaching the beaming-tomorrow. The more easily it reaches the hands of our common youth, the more we will speed up towards prosperity. What is needed now is to establish progressive and favourable laws to replace the stagnant and ancient ones.

Every concerned person, these days, realises the worth of software and data-entry industry for national development. Why, then regrettably, do the enthusiasts have to wait to make them realise the utility of this industry? In contrast, the government was supposed to encourage the mass in this regard offering preferred facilities. I don't understand why the relations between the citizens and the government is malodious in reality.

My earnest request to the government is to form a reception committee for welcoming the investors in this prospective sector. If any special action plan is to be formulated, it must be the one favouring the installation of data-entry industry in positive investment environment. It would be big blow for the nation if the government fails to lift the green flag lowering the red one. The nation is looking forward to the same initiative from the government as is being shown in the distribution of gas blocks.

Riding on the Waves of Technology

To smoothen the arrival of new technology is the foremost social obligation of a technologist - to reap the latest and prospective technology in no time.

Who is supposed to be the most enthusiastic about it? Undoubtedly the technologist. Whereas if the question is who restrain the entry of technological innovations to Bangladesh, the answer, unfortunately, will refer to the technologists.

The promotion of advanced technology like computer, fax, internet, and the installation of software industry have been confronted undesirably, by the technologists themselves. Those who represent the technologists in the state governing body are not charged with responsibility of abetting new technology.

The matter of felicitation is that the ones who gave a 'die-hard' fight to bring new technology to Bangladesh are also technologists. The ego that they had not joined this exciting profession for picking up the crumbs of technology was the driving force behind the struggle. They are determined to put the nation on top of the new wave of technology. I know they'll succeed. Because they must have to succeed. We have no other option.

The author is Managing Director of Grameen Bank. The above writup is based on his speech delivered at the 50th founding anniversary of Engineers' Institution.

Bank Lending: Reducing the Risk

by Md Ahsan Ullah

Proper implementation of Lending Risk Analysis (LRA) can ensure higher return on investment and generation of substantial revenue in the form of Corporate Tax

IN the changed context of banking, embracing a number of reform measures as adopted in Bangladesh since early nineties, the important issue which concerns the banking industry is the declining trend in profitability of commercial banks, both in public and private sector. The main sources of earning is return on investment (i.e. interest) which is associated with risk i.e. business risk and security risk. While company risk and industry risk combine the business risk, security risk is associated with the event when the real value of the security does not cover the loan exposure.

These risk factors were not systematically analysed and evaluated before implementation of LRA (Lending Risk Analysis). Moreover, NCBS (Nationalised Commercial Banks) were overburdened with classified loans and advances which was around 30 per cent of the total loan portfolio and loss of interest income of every bank was between 50-120 million taka every year. This situation obtained gradually as a result of the following:

- * Absence of adequate analysis of financial statements
* Absence of assessment of lending risks
* Banks extended risky lending facilities without proper selection of borrower.

To protect further deterioration, FSRP (Financial Sector Reform Project) has come up with a new tool of risk analysis of lending known as LRA which gives more importance to busi-

ness performance of the company rather than the security offered. Moreover, it brings a significant change in appraisal credit proposal of financial institutions. Earlier, the financial institutions of Bangladesh used to follow the UNIDO system while appraising a credit proposal. Under the previous system risk of loan/advances was calculated on the basis of mere ratio analysis with emphasis on certain area of projected balance sheet, income statement or existing balance sheet. Income statement, LRA facilitates a systematic and structural analysis of business and security risk of project or existing project or trading concern while implementing the lending risk analysis, in financial institutions.

Implementation Stage: Bangladesh Bank first issued an instruction regarding LRA implementation in late 1993 by which the use of LRA was made mandatory for NCBS in sanctioning process of loan cases of Tk 1.00 crore and above from January, 1994. Among NCBS, Agrani Bank first came forward to implement LRA in loan sanctioning process lowering the floor level of individual loan to Tk 25.00 lac for processing under LRA. Later, all commercial banks - both private and public - follow the LRA.

Problems and Barriers: It has been observed that the fol-

lowing problems and barriers may arise before the lending risk analysis officer of a bank:

- 1. Inadequate information or statistical data, for example under sales risk the data from competitors i.e. turnover of sales/revenue, profit etc. are so difficult to manage.
2. Inaccurate data (fictitious or inflated balance sheet).
3. Complicated legal system.
4. Non-cooperation among banks.
5. Decision maker may become biased while deciding on lending risk analysis.
6. The analysis may not be accurate if the LRA introducing officer does not have thorough knowledge of accountancy and finance.
7. Political influence
8. The scoring of lending risk analysis may differ from person to person since it is based on qualitative judgement.
9. Some body may think it as time consuming.
10. Most of the senior executives of banks are not usually conversant with LRA as this is a new phenomenon.

Proposals: In order to overcome the above problems, while implementing the LRA, the following steps may be taken by financial institutions as well as government bodies:
1) A data bank or MIS (Management Information System) may be developed.
2) Financial institutions

should be kept away from any type of political influence or pressure group in respect of loan and advances.

3) All sorts of information and data in respect of all kinds of industries should be provided to all financial institutions.

4) Interpersonal relationship among banks should be developed for exchanging information and data.

5) The respective officer must be trained with knowledge of basic accountancy and financial management, for analysing the proposal.

6) Credit Officer and Senior Executives should be aware of the new tool.

7) Officers receiving LRA training must work in credit area.

Prospects: After proper implementation of LRA in all the financial institutions of our country the ratio of new classification of loans and advances would be gradually increasing profitability of banks due to higher return on investment. Then, naturally, the banks will be able to contribute significantly in socio-economic activities of the country and earn substantial revenue for the government in the form of Corporate Tax. The analysis emphasised on business risk instead of security risk which leads to identification of good borrower as well as the extent of risk of lending which is also systematic and scientific.

The writer is Principal Officer, Prime Bank Ltd, Mollahalli, Dhaka.