The Daily Star
BUSINESS

EU food security aid stands at Tk 89 cr in '98

Star Business Report

The European Commission has ended its 1998 food aid programme to Bangladesh by contributing a total of Tk 89 crore for food security, says a press release issued in city yesterday.

In all, the Commission delivered 81,375 metric tonnes of wheat this year, at a cost to the EU budget of 12 million ECU (equal to Taka 61 crore). Over and above its deliveries in kind, it has committed and additional 5.5 million ECU in cash (Taka 28 crore) for food security programmes implemented by the government and local NGOs.

By means of these allocations, the EU is helping to improve food security and reduce malnutrition among some of the poorest people in Bangladesh.

The wheat grant will be used by the Bangladesh government in the following ways:

— 30,000 tonnes for free distribution in the Vulnerable Groups Development (VGD) programme;

— 25,000 tonnes for food-for-work activities under the Rural Development (RD) programme; and

— 21,375 tonnes for the Integrated Food-Assisted Development Programme (IFADEP), a pilot project through which the government, with financial and technical support from the EC, is developing new methods for eradicating extreme poverty in the rural areas.

The remaining 5,000 tonnes will go to Bangladeshi NGO Institute for Integrated Rural Development (IIRD) for using in its food security.

1000 Thai rubber workers going to lose jobs

BANGKOK, Aug 6: More than a thousand Thais will lose their jobs when one of Southeast Asia's largest rubber firms shuts down its curing plants next week, company officials said Thursday, reports AP.

Teck Bee Hang Company will shut down 12 rubber curing plants in Thailand's southern provinces on August 15. Company officials said employees will receive severance pay.

CDA undertakes 5-year master plan to implement Tk 474 cr projects

CHITTAGONG, Aug 6: Chittagong Development Authority (CDA) has undertaken a five-year master plan 1998-2002 to implement some 34 projects at an estimated cost of Taka 474 crore with a view to turning the city into the country's industrial and commercial hub.

As part of the plan, construction and widening of five roads and development of four housing projects with an expenditure of Taka 105 crore have been incorporated in the current annual development programme, Chairman of the CDA Captain M Zakaria told BSS today in an exclusive interview.

Besides, CDA chairman said the master plan, incorporating structure plan urban, detailed area plan, transportation and drainage plans was prepared in 1995 by UNDP in collaboration with United Nations Centre for Human Settlements (UNCHS) and reviewed by a 12-member multi-sectoral experts under the guidelines issued by the Chittagong city mayor.

The master plan is now at its final stage for approval of the Ministry of Law and awaiting gazette notification, he said.

Zakaria said since inception of CDA in 1961 it had spent only about Taka 72 crore for execution of various development activities up to June 30, 1997, whereas the present government attaching important to development of Chittagong city allocated around Taka twenty crore alone during the fiscal 1997-98 and 1998-99.

Chairman of CDA said the government allocated Taka eight crore for implementation of seven projects in the fiscal year (1997-98) and Taka eleven crore for nine projects including development of four housing projects in the current fiscal year.

During the annual development programmes of the current financial year Zakaria said nine projects would be implemented at a cost of Taka 105 crore.

Of the projects, five will be implemented with government's grants. The projects include construction of connecting roads from Chaktai to Karnaphuli bridge, Oxygen to Kaptai, Baizeed Boostami to Dhaka Trunk road, widening and development Chateshwari road and Nizam road.

Fortifive per cent of the first two projects has already been completed, he said.

The CDA chairman said the remaining four projects on development of residential accommodations for the city-dwellers are self-financed and an estimated cost of the Taka 44 crore would be spent on them.

The residential areas to be developed under the projects are left side of the river Karnaphuli, WAPDA colony, at Chandgaon, "Kalpalok" at Bakalia and Chandrima at Chandgaon.

The development of the four residential areas will facilitate around 1605 housing accommodations to different sections of people of the city, the CDA chairman said.

Referring to the allotment of the plots Zakaria said lottery system will be stopped and new criteria depending on age, occupation and income capacity will be incorporated so that people would get residential accommodation in a fair manner.

Speaking about the potentialities of Chittagong in the fields of economic development Zakaria said basic infrastructure development and creation of congenial atmosphere is imperative to attract foreign and local investment.

He underscored the importance of better coordination between all agencies and public utility services organisations for building up the Chittagong city in a planned and pragmatic way.

He admitted that following formation of city development coordination committee by the government development work in the city is being carried out smoothly.

Chittagong Development Authority is running with 535 staff including 38 first class officers.

It earns Taka eight crore and spend 7.5 crore per year, the sources added.

New ADB resident representative meets Kibria

The newly-appointed Resident Representative of Asian Development Bank (ADB) Phiphit Fuphaphiphat made a courtesy call on Finance Minister Shah AMS Kibria at his office yesterday, reports BSS.

During the meeting, they discussed matters of mutual interest.

Ninth AGM of BASIC held

Star Business Report

The ninth annual general meeting of the Bank of Small Industries and Commerce Bangladesh Limited (BASIC) declared 1:1 bonus share at par to its only shareholder-owner the Government raising the paid-up capital from Tk 8.00 crore to 16.00 crore.

The meeting held at a local hotel on Tuesday also raised the authorised capital of the bank from Tk 10.00 crore to Tk 50.00 crore, said the bank in a press statement.

K M Ejazul Huq, chairman of the Board of Directors of the bank and Secretary, Ministry of Industries, presided over the meeting.

The AGM was attended among others by members Risalat Ahmed, Project Director, Electoral Process Project; Ghulam Rahman, Additional Secretary, Ministry of Finance; A K M Rezaul Karim, Chairman BSCIC; Syed Mushtaq, Member-Administration, Bangladesh Water Development Board; Abdur Raquib, Executive Director, Bangladesh Bank and the Representatives of the only shareholder-owner, the government (Ministry of Finance) — Aminur Rahman, Joint Secretary; Md. Didarul Anwar, Deputy Secretary; Md. Karimul Azim Baigh, Senior Financial Analyst; M Abduz Zaher, Senior Assistant Secretary; and Alauddin A Majid, Managing Director of BASIC.

Muhammad Nurul Islam, General Manager; Kazi Md Joynul Amran, General Manager, and Md Mosaddiqur Rahman, Secretary of the bank were also present.

The meeting approved annual accounts of the bank for the year 1997 and advised the management to boost small and cottage industries financing and further strengthen micro-credit programme of the bank.

The representatives of the Ministry of Finance were satisfied with the performance indicators including capital adequacy ratio and the classified loans to total loans ratio, it said.

They expressed satisfaction at the Tk 17.16 crore pre tax profit posted by the bank in the year 1997 as against Tk 10.40 crore in the year 1996.

Allegation by Shafat Choudhuri

Nasir Choudhury clarifies

Nasir A Choudhury, a director of Delta Life Insurance Co, has issued "clarifications against reported allegations allegedly by Mr. Shafat A Choudhuri, Ex-Managing Director, Delta Life Insurance Co. Ltd circulated by vested interested people". The following is the text of his clarification:

"I have gone through the contents of a copy of an undated letter addressed to the Chairman of the Company under the alleged initial of Mr Shafat A Chaudhuri, Managing Director of the Delta Life Insurance Company which have been circulated in various financial organisations and news media.

"1. That I interfered in the internal management of the company by way of lobbying for promotions, demotions, terminations etc. which led to the resignation of Mr Shafat A Choudhuri.

"2. That Mr Shafat A Chaudhuri paid for 5000 shares bought in the name of me which were to be transferred to him after three years. After repeated requests Shafat Choudhuri claimed I refused to go for the agreement leading to a conflict that resulted in the termination of an "innocent executive." Shafat Choudhuri in his alleged letter further claimed that a Sr Vice President and Company Secretary helped him secure the transfer of 3000 shares, which invited my wrath. The rest 2000 shares were yet to be transferred to Shafat Chaudhuri.

"The following clarifications are given on the above allegations against me:

i) Mr Shafat Chaudhuri is known to me since childhood and he is held in high esteem by me for his human qualities and scholarship and insurance expertise. I still believe that the alleged letter has not been written by him and, if at all it is written by him, it has been done under some influence or duress of some vested quarters. I did never interfere in the normal affairs of Delta Life Insurance Company as alleged but always did my best for the growth and development of the Company from its inception.

ii) The matter leading to transfer of shares is an absolutely personal affair unrelated to the management and administration of the company. The matter was amicably resolved long before and it had no connection what-so-ever with the administration of the company.

iii) During the tenure of Shafat Choudhuri as Managing Director of the Company a number of irregularities were reported in the affairs of the company by a section of senior officials and hence an Inquiry Committee was formed to investigate the matter. Accordingly on the basis of findings in the preliminary report of the Inquiry Committee the concerned Sr Vice President and Company Secretary Mr Azadur Rahman Khan was found guilty and necessary disciplinary action was taken by the full Board attended by Mr Shafat Chaudhuri also. It is, therefore, anybody's guess what I can play as a director in this process and in other management affairs such as promotion, demotion and termination of the company employees etc.

iv) That the above letter allegedly written by Shafat Choudhuri has given rise to doubts and suspicions whether it has at all been written by Mr Shafat Choudhuri as the language and spirit of it bears no imprint of the usual character of Mr. Shafat Choudhuri.

The reported allegations are motivated and ostensibly made by some interested and vested quarters to malign and tarnish my social and tarnish my social and personal image and reputation.

The reported allegations against me, are therefore, vehemently protested."

FIBB executive vice-president due Aug 9

Star Business Report

Akbar A Chughal, Executive Vice-President and head of the Overseas division of Faysal Islamic Bank of Bahrain (FIBB) is due in the city on August 9 for a five-day official visit, says a press release issued yesterday.

During his stay, he will evaluate FIBB operations in Bangladesh and will also meet some important clients.

Vu Thi Phuong Uyen, 19, left, and her twin sister Vu Thi Phuong Ly prepare to serve customers at a new restaurant in Ho Chi Minh City Wednesday. The appropriately named Twin Restaurant has 11 sets of twins waiting on the tables. — AP/UNB photo

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Part One

The Y2K: Mother of all viruses

By Mahbub ur Rahman

The world is worried about what has come to be called the Year 2000 or Y2K problem, and is calculating that the cost could be as high as 600 billion US dollars to deal with it. (Remember, Bangladesh's annual expenditure budget is less than seven billion US dollars.) Fixing it all is a dream unlikely to come true.

"I write to alert you to a problem which could have extreme negative economic consequences during your second term. ...The computer has been a blessing; if we don't act quickly, however, it could become the curse of the age," reads a letter to President Clinton from Senator Patrick D. Moynihan, on July 31, 1996.

To give a simple example, if you are 31 years old today, your computer will tell you in the year 2000 that your are minus 67 years old today! Traveling will be severely disorganized from mid-December 1999, with no flights departing from Heathrow until the end of January 2000. International phone services will be erratic. London hospitals will operate on an emergency only policy, and schools will remain closed until the end of January 2000.

The computer system at Marks & Spencer department store in London read 2002 as 1902 and calculated tons of food was ninety-six years old and made the tons of food destroyed.

So what is it? In what other areas, computer systems are going to play pranks with you? How is the world preparing to fight it out if possible at all? One of the top computer consultants in Bangladesh has many more stories to tell in a series that is launched today.

In this first part, the Y2K problem itself and its hypothetical impact on daily living are discussed. There should be so much of discussion on Y2K problems — as within the cycle of Awareness, Understanding and Action: many people are aware, a lot understand and most have taken action. But only those who have acted realize the cycle is iterative, says the writer.

Y2K is short for "Year 2000". The letter "K" is an abbreviation for the Latin word "kilo" meaning one thousand. The Y2K problem is simply this — Computers and embedded microchip-built devices may make date related data corruption as they move into the new century. Fixing these computers, embedded chips and associated codes have become an extraordinarily large and complex task. Because we have waited so long to get started, the job is probably more than we can manage. "Overall, the US government earned a failing grade 'F'. Underlying this dismal grade is a disturbing slowdown in the government's rate of progress (for its work to avoid potential millennium bug)," said Rep. Stephen Horn, Chairman of the House Government Technology Subcommittee. (read the news located at http://www.zdnn.com, dated June 2, 1998)

We can simply identify the Y2K problem as a malfunctioning of date related data. The problem is essentially the result of shortcut storage of year data in two numeric digits instead of four. Using the "day/month/year" format and a two-digit year representation, the date Feb 15, 1960 was assigned the numbers "15/02/60" (with the "19" before the "60" being assumed). Obviously, the assumption would only remain true till Dec 31, 1999. This shortcut representation of a date, turned out to be a short-sighted and a very expensive logistic nightmare, is not an absolute technical flaw. We, the human beings, do the same shortcut ourselves by saying "sixty" when we really mean "nineteen sixty". I advised my son to write the same "DD/MM/YY" format in his first day of homework for school. Neither can I recall my father ever discouraging me to follow the two-digit years in my first day school. We, the human beings, can easily interpret this shorthand but computers and microchips in some embedded devices cannot handle this lack of precision, because they are not designed to do so.

Consequently, any date after the year 2000 will have a different logic in calculation than in the 1900's. Computers, generally following this logic, will be unable to compare the hidden digits between the two dates. This will result in any of a number of errors, ranging from miscalculations to computer stoppages and malfunctions. As for example, I was born in 1967. If I ask the computer to calculate how old I am today, it subtracts 67 from 98 and announces that I am 31. But in the year 2000, the same logic will subtract 67 from 00 giving the results that I am minus 67 years old.

This error will affect any calculation that uses time series. The computer system at Marks & Spencer department store in London reads 2002 as 1902 and calculated tons of food was ninety-six years old and made the tons of food destroyed. I want to sort by date (e.g., 1945, 1935 and 1998, the resulting sequence would be 1935, 1945, 1998. However, if we add in a date records such as 2010, the computer following the same logic, reads the last two digits of the year date, sees 10, 35, 45, 98 and sorts incorrectly. Just think of a financial application that deals with life insurance or bond policies that have expiration dates beyond the year 2000. Or, just think of a credit card which was supposed to be expired by the end of 1999. These are just a very few ideas taken for granted, can easily go wrong. Believe me, the next millennium will be the most infamous test on how much can we believe in humanity.

Why did the technical people in computer world use this two-digit year representation? Were they unaware of the consequences? No one knows for certain. But some conclusions may be drawn. At the very beginning, there was a time when valuable information was stored in punch cards that had limited width in a row. Obviously it was required to squeeze information as much as possible. Two-digit year was a logical available choice as this form was readily adopted by the society. Moreover in those days computer memory was in short supply and very expensive. Do not compare the memory of 16K with the entry point of today's PC starts with 32 MB of memory. But one of the most important factors carrying the two-digit-year-data from platform to platform, applications to applications was that there were so many users being involved worldwide, it was absolutely impossible to train them up against this simple but widely accepted 'social flaw'. The flaw itself is lying inside the hardware, operating systems, compilers, applications, databases and so on.

Unfortunately, many programs infected by this Year 2000 bug are still with us. This is the case, for a number of reasons. Many of the legacy programs which reside in larger mainframe computers are still in use and very popular especially in larger corporations and organisations. Many of the original programs and corresponding data were brought along from one generation of machine to another. Even when the replacement systems were developed, they used the same data format because a large number of software and hardware companies were still using the abbreviated, two-digit year data format well into the 1990s.

Many business managers initially doubted the seriousness of this problem, assuming that an easy technical fix would be developed. But the Year 2000 date problem is an enterprise issue, not a computer issue. Correcting the year field is technically simple but the process of analysing, correcting, testing and integrating software and hardware among all computers and embedded systems that must interact is a very complex management task. The real problem and real potential for crisis are in the simple facts that most programs talk to other programs, most files are shared by several programs, and much of the world's daily economic transactions take place electronically (e.g., the banking system, the stock and bond markets, the currency and commodity exchanges, the grocery and department store checkout counters, EDI, ATM machines, social security deposits, and so on). None can deny that we are living in the age of global economy, made possible by the technical advancement. Following are some of the probable impacts that could occur in the arrival of the millennium bugs.

The biggest risk in Y2K problem is we do not know all the risks. "I would not allow my family to be in New York City for millennium weekend," said computer consultant Ed Yourdon, who recently sold his apartment in the Big Apple and moved his family to the mountain town. (Read the interesting story 'Millennium bug has some Americans heading for hills' by Andrew Hay, Reuters, July 20, 1998. http://www.zdnet.com/zdnn/stories/). Many computing systems use firmware, a kind of coded instructions which is permanently embedded into a computer chip and cannot be easily changed like a software. In order to change firmware one must dismantle the equipment and replace the computer chip containing the coded instructions.

The extent of embedded processing is truly amazing in today's modern world. Many consumer goods such as automobiles, microwave ovens, VCRs, cellular phones, pagers and even talking toys and greeting cards use embedded processors. Any of these devices which make date-related calculations are vulnerable to Y2K problems.

The most serious worry about embedded processors with date calculation problems is military satellites. Satellites are the biggest concern because it is not possible, of course compared with the easily available fix in software codes, to put them in the repair shop to replace a computer chip. Here is an example, of not technically a Y2K problem, but of date-related problem that occurs, coincidentally, very near the Year 2000.

The Global Positioning System (GPS) receivers have a date rollover problem. It has been recognised that at midnight August 21-22, 1999, the GPS system clock rolls over and the date becomes January 6, 1980. The GPS consists of 24 satellites positioned around the earth orbits in such a manner that several satellites are always within a direct line of sight from any point on the surface of the globe. These satellites broadcast time and position information that is received by a special radio called GPS receiver embedded with processor. By comparing the signals from several satellites at once, the processor is able to establish the GPS receiver's longitude and latitude with high degree of accuracy. GPS is an extremely important technology that received very high marks after its extensive and highly successful use in Persian Gulf War. Briefly stated, it gave US military forces the ability to determine their position with greater accuracy at all times and in all conditions. Try to imagine what may happen if date related problems occur in GPS system. In the last couple of years millions of GPS receivers have been sold commercially world-wide in such industries as shipping, agriculture, trucking and fishing and in consumer use by boater, hikers, campers, fishermen etc. Virtually all GPS receivers in the world will have to be recalled in order to install a new computer chip if a bug is found for the year rollover.

Dr. Edward Yardeni, Chief Economist of Deutsche Morgan Grenfell, recently stated that he is now predicting a 60 per cent chance of a global recession similar in scope to the 1970's oil crisis as a result of Y2K. The summary of a study -- Y2K and City Infrastructure, A Case Study of the Greater London Area predicts that a degradation in the quality of infrastructure will be felt in terms of interruptions to the power supply and to supply chain management (food, gas, etc.). Central London will be very badly affected by an IT skills crisis that could force mass migration from traditional large infrastructure and government employees to the service and financial sector.

Travelling will be severely disorganized from mid-December 1999, with no flights departing from Heathrow until the end of January 2000. International phone service will be sporadic. London Hospitals will operate on an emergency only policy, and schools will remain closed until the end of January 2000. In general, social services in the area will be severely disrupted, with high potential for hypothermia if the temperatures fall below zero. And the Federal Reserve and the Bank of England will keep the markets and the High St. Banks closed until all major players are operating and have performed street wide verification tests.

The study clearly demonstrates that London's infrastructure situation will potentially impact not only on city services, but also on a countless number of companies, workers and residents with ugly ramifications for the global economy.

However, the result of the study was that London scored a 49 out of 100 in a scale for Year 2000 readiness. The survey was undertaken by Corporation 2000 on October, 1997. Those who live in a world that depends on satellites, air, rail and ground transportation, manufacturing plants, electricity, heat, telephones or TV will experience a fatigue millennial shift when the calendar clicks from '99 to '00.

The governor of New York State banned all nonessential IT projects to minimise the disruption caused by the Year 2000 bomb after reading a detailed report that forecasts the millennium will throw New York City into chaos. The dates on the calendar are always closer than they always look.

The Murphy's Y2K Law — That which 'cannot fail' – will fail. In May of this year, 90 per cent of all pagers in the U.K. crashed for a day or longer because of the failure of one satellite. What could be the potential number of delays and shutdowns if just one out of 100,000 suppliers worldwide for General Motors goes out of work. We have been working with utmost focus and diligence to bring its manufacturing plants for Y2K compliance for their self assessment that they are likely to face a catastrophe. An article appearing in The New York Times on January 13, 1998 stated that, according to IBM, a set of crucial computers in America's air traffic control system should not be used after December 31, 1999. One system, ironically the most important system used by the Federal Aviation Administration (FAA), is serving as the basis for its monitoring of all national flights. The FAA was sharply criticized in Congress earlier this year for its slow start in dealing with the problem.

On July 31, 1998, FAA said that they were on track to meet government guideline for all departments and agencies to have repairs made. FAA Y2K program Office Director Ray Long said that out of 23 million lines of code his team had examined, about four per cent were in a problem. But even if the U.S. air traffic control system is ready by the end of next year, the safety of millions of passengers will depend on how well other countries address the issue. Lufthansa has already announced it will not fly its aircraft during the first days of 2000. Obviously, the biggest effect would be on companies like Federal Express, but they are only one in a vast universe of companies that may have major business problems.

If you rest easy at night, you don't understand the problem. Never before in the history have human beings been forced to deal with an absolutely non-negotiable deadline. Y2K reporter Ed Meagher says: "Old, undocumented code written in over 2500 different computer languages and executed on thousands of different hardware platforms being controlled by hundreds of different operating systems .... [that generate] further complexity in the form of billions of six character date fields stored in millions of databases that are used in calculations." The Gartner Group, a computer-industry research group, estimates that, globally, more than 180 billion lines of software code will have to be screened. The Social Security Administration began working on its thirty million lines of code in 1991. After five years of work in June, 1996, four hundred programmers had fixed only six million lines. Software Productivity Research, a firm that tracks programmers productivity, estimates that finding, fixing and testing all Y2K-affected software would require 700,000 person-years.

There are somewhere over a billion of hardware chips located in systems world-wide. The average American comes in contact with seventy microprocessors before noon every day. Many of these chips aren't date sensitive, but a great many of them are. It is impossible to locate all of these chips in the remaining months, nor can we replace those that are identified. The solution in these cases is to redesign and remanufacture that part of the system.

The economic impacts for the global economy are enormous and unknown. The Gartner Group projects that the total cost of dealing with Y2K worldwide will be somewhere between $300 billion to $600 billion — and these are only the direct cost for remedial.

This estimates keep rising every quarter now. Business Week in March of 1998 estimated that the Year 2000 economic damage amount would be $1.19 billion. When potential lawsuits and secondary effects are added to this — people suing over everything from stalled elevators to malfunctioning nuclear power plants — the cost easily could be over $1 trillion.

In February, 1998, the Bangkok Post reported that Philip Dodd, a Unisys Y2K expert, expects that upward of 70 per cent of the businesses in Asia will fail outright or experience severe hardship because of Y2K. The Central Intelligence Agency warns reports this with their own analysis: 'We're concerned about the potential disruption of power grids, telecommunications and banking services, among other possible fallouts, especially in countries already riven by political tensions."

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