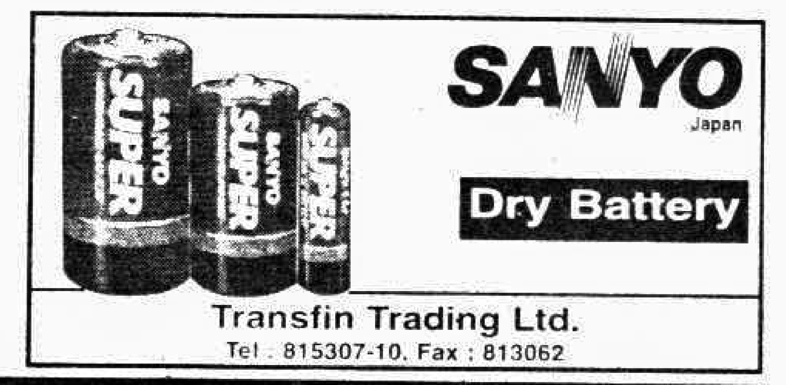
The Daily Star
BUSINESS
DHAKA, SATURDAY, MARCH 13, 1999



Entire country to come under telephone network by 2001

The entire Bangladesh will be brought under telephone network within the year 2001 with the installation of digital telephone exchange at district and thana levels, Minister for Post and Telecommunications Mohammad Nasim said Thursday, reports BSS.

Replying to a question from Md Nurul Amin Talukder of BNP from Netrokona in the Jatiya Sangsad, he said a decision was now at the implementation stage to install digital telephone exchange at 80 thana headquarters with the government money.

On a supplementary from Fazlur Rahman Potol of BNP, the minister said that digital telephone exchange had already been installed in many district headquarters and the rest would be done within the year 2001.

Nasim particularly mentioned Narayanganj where telephones were a curse for the subscribers, but now it is a blessing for them since the present government had provided them with the telephone facilities they had been aspiring for a long time.

On supplementaries from Abdur Rashid Sarker and Rawshan Ershad of JP, Shahiduzzaman Beltu of BNP and Emdadul Huq of AL the minister said all formalities including tender of the project on installing digital telephone exchange with 1,89,000 lines were now complete and the work on this project would start after 3 to 4 months following the completion of preliminary work.

Replying to a question from Jafrul Islam Chowdhury of BNP from Chittagong, Mohammad Nasim said the first consignment of 2000 new cardphones will come to Bangladesh in the last week of April and those would be installed in phases at all important places of the country.

Replying to supplementaries from Panchanan Biswas of AL, Alhaj Shamsuddin Ahmed of BNP, Kamrunnahar Putul of AL, Shamsuzzaman Dudu of BNP and Akhtaruzzaman of AL, the minister said that Bangladesh would also have the most modern satellite telephone and personal handy telephone as soon as possible.

"These telephones can be used from anywhere of the country in any situation. I can say Bangladesh will be one of the 35 countries of the world to have such modern telephone system," he said, adding that the handy telephone could be used as mobile telephone.

On a supplementary from M K Anwar of BNP, Nasim said his ministry had constituted a regulatory commission to look into the interest of the subscribers of mobile telephones.

Replying to a question from Sarwar Jamal Nizam of BNP from Chittagong, he said the Bangladesh T and T Board has a plan to provide mobile telephone service to the subscribers. "A project plan in this regard has been sent to the planning commission for approval," he apprised.

On a question from Moulana Delwar Hossain Sayeedi of Jamaat-e-Islami from Pirojpur, the minister said the T and T Board has already provided Internet facilities to subscribers in Dhaka, whose number now stands at 500.

He said such facilities would gradually be expanded to Chittagong, Sylhet, Bogra and Khulna within the next 2 to 3 months. The government has a plan to expand Internet facilities all over the country in phases, he added.

Sonali, Rupali banks' bids fail

Janata, Agrani achieve profit targets in '98

Two nationalised commercial banks, Sonali Bank and Rupali Bank, failed to achieve their profit target in 1998, but Janata Bank and Agrani Bank could achieve theirs, parliament was Thursday, reports UNB.

However, none of these four nationalised commercial banks had achieved their profit targets in 1997, said Finance Minister SAMS Kibria while replying to Adv Goutam Chakravorty (BNP-Tangail).

The minister said Sonali Bank made a post-provisioning profit of Tk 78.21 crore in 1997 and Tk 60.14 crore in 1998.

He said that the post-provisioning profit of Janata Bank was Tk 103.71 crore in 1997 and Tk 130.19 crore in 1998, while that of Agrani Bank Tk 75.95 crore in 1997 and Tk 84.93 crore in 1998.

Rupali Bank made a post-provisioning loss of Tk (-) 8.52 crore in 1998 while its post-provisioning profit in 1997 was Tk 1.02 crore, he added.

In reply to Master Mojibur Rahman (AL-Shariatpur), Kibria said Sonali Bank's capital deficit was Tk 132.85 crore while its provision deficit was Tk 1200.43 crore. The capital deficit of the Janata Bank was Tk 249.58 crore and provision deficit Tk 645.21 crore.

He said that capital deficit of Agrani Bank was Tk 131.36 crore and provision deficit Tk 676.77 crore.

An employee of Japan's camera maker Canon Inc. shows off its new head mount display "Glasses-Type Display GT270" at its headquarters in Tokyo Friday. The GT270 can be connected to a television, video deck or DVD player to experience watching a 52-inch large-screen television from a distance of 2 meters whether in a small room, on a train or in an airplane. The display features an ultra-compact free-from surface prism which achieves four times the brightness of concave mirror optical systems while also making possible vivid, distortion-free images. The firm will put it on market later this month, priced at 85,000 yen (700 dollars).
— AFP photo

Move to set up jt venture industries

West Bengal businessmen to come up with proposals

Businessmen from the Indian state of West Bengal will come up with 'concrete' proposals for the setting up joint venture industries in Bangladesh to reduce huge trade imbalance between the two countries, reports APB.

West Bengal Commerce Minister Bidyut Ganguly said his government and leading investors of the state would hold a conference in Calcutta shortly to formulate concrete joint venture projects.

Ganguly said this during a meeting with the Bangladesh Chamber of industries (BCI) at its office here on Thursday.

Earlier, BCI President Sharif Afzal Hossain urged the minister and leaders of Calcutta-based Bengal National Chamber of Commerce and Industry (BNCCI) to invest in Bangladesh to narrow the current trade gap.

The minister said that there were bright prospects of setting up of joint venture industries in Bangladesh. "Many basic industries are needed for the development of the country," he said.

He asked the BNCCI to take initiative to organise the conference shortly where Bangladesh business leaders would also be invited.

The West Bengal minister, however, said that India as a whole was not in a position to invest much out side the country.

"India is still hungry for investment for its own economic development and poverty is still endemic in India," he said adding that some Indian entrepreneurs, though on a small scale, invested in Uganda and China.

On tariff and non-tariff issues, Ganguly called for frequent interaction between both the public and private sectors to resolve the outstanding problems.

A delegation of Bengal National Chamber of Commerce and Industry (BNCCI) led by Shri Bidyut Ganguly, West Bangal Minister for Commerce and Industry, at a meeting with Sharif M Afzal Hossain, President of Bangladesh Chamber of Industries (BCI), and directors and members of BCI at BCI Board Room Thursday.
—BCI photo

Four more train services to go private Monday

LALMONIRHAT, Mar 12: Four passenger trains of the western zone of Bangladesh Railway will be handed over to private operators on Monday, officials said, reports UNB.

Rail division control room sources here said the privatisation process of the train services was finalised with the signing of contracts between the railway authority and M/S Islam Shipbuilders and Heavy Engineering of Dhaka on Thursday.

The trains being contracted out are Lalmonirhat-Shantahar 484 Down, Shantahar-Lalmonirhat 483 UP, 21 UP Shantahar-Lalmonirhat Padmarag Express and 22 Down Lalmonirhat-Shantahar.

The lease agreements provide for monthly rents to be paid to the Railway at the rate of Tk 7.52 lakh for 484 Down and 483 UP while Tk 9.78 lakh for the other two trains.

Already, the firm has deposited Tk 51.10 lakh for the first three months.

Earlier, a local contract firm — Angur Enterprise — had taken 10 bogies of two Padmarag Express trains on lease for monthly payment of Tk 11.43 lakh in 1998. But they withdrew from the deal on the plea of financial losses it faced after three and a half months.

Forex reserve $ 1753.85 m, JS told

Country's foreign exchange reserve till February 1999 was 1753.85 million US dollars, Finance Minister SAMS Kibria informed parliament Thursday, reports UNB.

Replying to Adv Khairul Enam (BNP-Laxmipur), he said that government borrowing was Tk 2112.75 crore in the first seven months of the current 1998-99 fiscal from commercial banks through the sale of treasury and other bills.

Miyazawa optimistic about bank bailout

Troubled Japanese financial system on verge of recovery

TOKYO, Mar 12: Japan's troubled financial system is on the verge of recovery because of a massive government bailout, the country's financial chief said Friday, reports AP.

Finance Minister Kiichi Miyazawa said stability would soon be restored to the banking industry, which has been hobbled with massive bad loans accumulated during the speculative "bubble" economy of the 1980s.

The government has recently embarked on a cleanup of the battered banks, pledging 7.5 trillion yen ($63 billion) in public funds.

"With the injecti G:gn public funds, we are now about to achieve stability in the financial system," Miyazawa said.

Under the plan, 15 of the nation's largest banks would receive funds in return for carrying out major restructuring to boost profitability.

Later on Friday, Hakuo Yanagisawa, head of the Financial Reconstruction Commission which is overseeing the bank cleanup, was expected to deliver a statement declaring all 15 banks cured of their financial ills.

The statement reportedly would be intended to disperse anxiety about the financial system to encourage renewed lending by financial institutions and reinvigorate markets.

In hearings held by the commission earlier in the week, all of the banks, including the Industrial Bank of Japan and the Dai-Ichi Kangyo Bank, predicted they will post losses for the fiscal year ending March 31.

But they have promised the FRC that they will see profits for the next fiscal year and have said that the public funds will help them boost lending to cash-strapped Japanese companies and individuals.

Japanese banks are struggling to write off bad loans estimated at between 70 trillion yen and 140 trillion yen ($580 billion and $1.2 trillion). The loans problem has soaked up funds badly needed to help the economy pull out of its worst recession since World War II.

Meanwhile, Japan's struggling economy shrank 0.8 per cent in the final three months of 1998, marking the fifth straight quarter of contraction, the government announced Friday.

The contraction in the gross domestic product — the measure of all goods and services produced in the country — in the October-December quarter follows a 0.3 per cent drop in the previous quarter.

At that pace, the world's second-largest economy will shrink 3.2 per cent in the 1998-99 fiscal year — the first time it will have contracted for two fiscal years in a row since the end of World War II.

The economy shrank by 0.7 per cent for the 1997-98 fiscal year, which ended March 31, in the first full-year decline since 1974.

Gross national product, which discounts inflation, declined by 1 per cent, the Economic Planning Agency announced.

"We can't expect real economic recovery without a rise in consumption. If we don't see a rise in personal consumption in April and May, recovery will be difficult," said agency head Taichi Sakaiya.

But Sakaiya, said the government was sticking to its initial target of 0.5 per cent GDP growth for the next fiscal year.

The grim figures were a blow to the government's massive campaign of public works, tax cuts and a financial bailout to pull the country out of its worst recession on 50 years.

Kenneth Landon, senior currency strategist at Deutsche Bank in Tokyo said the steep decline in the October-December quarter could lead to more moves to prop up the economy.

The economy could use help.

The government reported earlier this month that the jobless rate remained at a record-high 4.4 per cent in January for the third month in a row. Bankruptcy debts are still high, and a credit crunch is squeezing companies.

Japan corporate bankruptcies down 40pc

TOKYO, Mar 12: Japanese corporate bankruptcies plunged 40 per cent in February compared to a year earlier, dropping below 1,000 for the first time in six years, a research company said Friday, reports AP.

A total of 955 companies went bankrupt in February, the fourth straight month of declines, said Taikoku Data Bank. The last time bankruptcies fell below 1,000 was in January 1991, when bankruptcies numbered 960.

Debts left behind by insolvent companies rose 8.1 per cent to 813.366 billion yen (6.8 billion) in February, compared to 9.8 per cent in January, the company said.

The number of bankruptcies has fallen sharply since October, when the government introduced a loan guarantee system for small and medium-sized companies that has eased pressure on cash-strapped outfits.

Cambodia may join ASEAN April 10

HANOI, Mar 12: Foreign ministers from the Association of Southeast Asian Nations are expected to gather April 10 in Hanoi for a special ceremony to admit Cambodia, a Vietnamese government source said Friday, reports AP.

The ministers also would be expected to meet to discuss regional issues on the sidelines of the ceremony.

The Vietnamese Foreign Ministry said Friday it could not confirm yet that the date had been set.

ASEAN leaders agreed at their December summit here to admit Cambodia as the group's 10th member but delayed the induction to allow the country's new coalition government time to establish credibility.

The decision on the timing was left to Singapore Foreign Minister Shanmugam Jayakumar, who currently chairs ASEAN. He said last Saturday that he was proposing implementation of the admission agreement.

VAT earnings Tk 2505.92cr in 7 months

The Revenue earning through VAT (Value Added Tax) during seven months of the current 1998-99 fiscal was Tk 2505.92 crore, the parliament was told Thursday by Food and Agriculture Minister Begum Motia Chowdhury in absence of the finance minister, reports UNB.

In reply to Abul Kalam Azad Siddiqui (BNP-Tangail), she said that in the first seen months of the current fiscal, the VAT realisation was Tk 283.40 crore less than the target.

This was Tk 15.97 crore more than the amount realised during the same period of the last fiscal, Motia Chowdhury added.

Path to Prosperity-2

Agro-processing industry: Country's need of the hour

By Maj Gen Amjad Khan Chowdhury (Retd)

Amongst the fossil remains, which the world famous anthropologists, the Leakeys-father and son, found at the Olduvai Gorge in Kenya were perhaps the earliest known remains of Homo Sapiens and animals and plants, a quarter of a million years old. There was one extra-ordinary item which had elicited considerable interest at that time. Chunks of meat liberally laced with salt possibly sun-dried and preserved in the lava ashes. Our ancestors had discovered almost as quickly as they had learnt to hunt, the importance of preserving food for a rainy day.

This is the very basis of processing-increasing shelf life of food for consumption at a later date. More than ten thousand generations down the line the end result is the same.

The people in colder countries preserved food out of necessity as their growing seasons are short. Those in the tropics where food is plentiful throughout the year, preservation assumed the nature of a hobby and experimentation with exotic recipes to tickle the palate.

During the last half-a-century, the world has seen a boom like none other, except perhaps in automobiles, where an industry has expanded as rapidly and as comprehensively as the agro-processing industry. One has merely to visit any supermarket in any developed country to see the mind boggling variety of processed fruits, vegetables, meat, dairy, poultry, fish, confectionery, bakery, sweetmeat etc on display not only from local manufacturers but from agro-processing industries around the globe. Entrepreneurs have been quick to get on the bandwagon of an opportunity second to none. All that is except for some countries which are still in a state of somnolent inertia.

Is it not surprising that Bangladesh is one of these when its comparative advantages as an economy is ideally suited for large-scale establishment of a vocation which has been traditionally practised here for generations? It is resorted to from palatial homes to humble abodes everywhere in Bangladesh. Whether it is puffed rice *(muri)*, rice cakes *(pitha)*, molasses *(gur)*, savouries *(chanachur)*, pickles *(achar)*, or dried fish *(sutki)* every meal invariably has an item of a processed product? From these humble beginnings, using in most cases "grandma's recipes," it is now time to think big, think modern, think hi-tech and think commercially. Agro-processing in Bangladesh must now raise itself from what is at best a cottage industry to a modern commercially viable one with export penetration in a big way.

What is Bangladesh's need at this hour to propel itself from being one of the poorest nations on earth to one where its hard-working population can at least look forward to a life free from hunger, poverty and constant stress of insecurity? The answer inevitably is:

a. Improvement in the standard of life of our rural areas where the bulk of our people live, by guaranteeing growers fair prices for their produce.
b. Employment, hence income generation.
c. Creation of wealth through value addition to basic commodities.
d. Setting up labour intensive industries close to their raw material sources.

Only agro-processing industries provide a common platform for the alleviation of all these problems which beset our economy.

Our agriculture sector can be divided into several major areas. First, the cereal crops like rice and wheat which were the main focus of the government in recent years where significant break-through was achieved. Second, the cash crops — jute, tea, sugarcane etc whose potential is essentially based on the efficiency of processing without which it would be difficult to find a market either at home or abroad commensurate with existing levels of production. Third is the wide range of our horticultural crops, fruits and vegetables whose potential have been left totally unexplored. These include mango, pineapple, guava, banana, jackfruit, papaya, potato, a dozen varieties of gourds, beans, peas, cabbage, cauliflower, tomato, spinach, cucumbers etc. Then there are potentially lucrative crops like baby corn, gherkin, mushroom, avocado etc which can also be grown here. The ability of our local market to consume these fruits and vegetables in fresh form is extremely limited. Therefore they have not reached the status of cash crops. If, however, our horticulture crops are processed in processing industries located close to farms a rapid transformation can take place in our rural areas with the increased opportunities for employment and income generation.

Processing is essentially extending shelf-life of agricultural produce for consumption when needed. This specially true for seasonal fruits and vegetables, for lack of storage facilities, difficulty in transportation and where the grower is unable to retain his produce himself. Processing can be done by canning, dehydrating, freezing including IQF (Instant Quick Freezing), converting into juice, pulp or concentrate, extruding, aseptic packing, pickling or a combination of these methods of preservation.

Let us analyse now the manifold ways in which the establishment of agro-processing industries countrywide can benefit the economy:

a. The generation of massive employment in the rural areas, thereby discouraging the curse of urbanisation.
b. Value addition to basic crops thereby creating new wealth.
c. Affording growers fair prices for their produce thereby protecting them from gluts.
d. Siphoning off surplus production thereby preventing wastage.
e. Injecting investments, technology, quality control and better farming methods simply by offering a market for agricultural produce.
f. Encouraging the establishment of support, ancillary and auxiliary industries, services and businesses to provide backward/forward linkages to the agro processors thereby generating even more employment.
g. The beneficial effect on national health by making fruits, vegetables and other eatables available throughout the year.
h. The full utilisation of scarce arable land by creating demand for new crops and larger quantities of traditional crops.
i. The motivation of getting higher yields from land and thereby creating demand for better seeds, agricultural machinery, fertilisers, pest control methods, irrigation equipment, packaging etc all employment and income-generating activities.
j. Increased revenue generation through taxes at home and foreign exchange earnings through exports.
k. Improvement in transportation, including the all-important network of waterways presently neglected, tele-communication and other infrastructural facilities including banking all over the country.
l. Last and foremost, highlighting the bane of our agricultural backwardness, the systematic fragmentation of rural land holdings which discourages all progressive measures at the farm level. Increased demand from agro-processing industries, the prospect of fair prices, assured markets and the lure of additional incomes must of necessity foster cooperation amongst farmers and lend credence to consolidation of land for better yields through the concept of "contract farming" amongst local groups.

The boom in processed foodstuff is already evident in Bangladesh especially in urban areas from the mushroom *chatpatti/poochka-wallas* in their carts to countless fast food shops and on to such multi-nationals as wimpys. If Wimpy is here today can the others McDonalds and Kentucky Fried Chicken (KFC) be far behind? Each can generate enormous demand for fresh and processed vegetables, meat, poultry, dairy, potato, bakery and other foodstuff. We can, therefore, no longer afford to lag behind.

In the next article we will discuss the strategies and achievements of our neighbours, most notably India who are already in the midst of an economic resurgence by giving the agro-processing sector the importance it deserves.

The author is the President of Bangladesh Agro-Processors' Association.