

Agroindustrial Projects Analysing a Major Employment-generating Sector

by A B M S Zahur

Though importance of agroindustries in developing countries declines with industrialisation their employment-generating capacity in the manufacturing sector is significant. Small scale industries generally provide most of the jobs in the manufacturing sector and most of the small scale industries are agroindustries.

An agroindustry is an enterprise that processes agricultural raw materials. Agroindustrial projects are regarded as unique because of three characteristics of their raw materials: Seasonality, perishability and variability. Though supply of raw materials may be seasonal the demand for its finished products remains relatively constant throughout the year. The processing factories must contend with a supply-and-demand imbalance and problems of inventory management, production scheduling, and coordination among the production, processing, and marketing segments of the farm-to-consumer chain. Greater speed and care is needed in handling and storage of agroindustrial products because of their perishability. The variability of its raw materials may be seen both in quantity and quality. Quality varies because of damage to crops or weather change. Quality varies because standardisation of raw materials remains elusive. Apart from the unique characteristics they have the following characteristics:

i) the raw material is usually the major cost component; and
ii) many agroindustrial products are necessities and as such governmental interest and involvement will often be high and therefore social, economic and political considerations are particularly relevant to project analysis.

The following factors may be identified as to why agroindustry is important to a nation's economic development:

* Agroindustries are a nation's primary method of transforming raw agricultural products into finished products;

* Agroindustries often constitute the majority of a developing nation's manufacturing sector;

* Agroindustrial products are frequently the major exports from a developing nation; The food system provides the nation with nutrients critical to the well-being of an increasing population.

No country can fully use its agronomic resources without agroindustries. Mechanical processing saves consumers' time and effort, and with economic development, these savings become more important and meaningful to consumers. Agroindustries generate new demand for more or different agricultural output. In some cases they enable subsistence farmers to increase their income by entering the commercial market in others, they enable new lands or lands unsuitable for traditional crops to be brought under cultivation. It accelerates regional development through development of rural infrastructure. They can also function as an economic focal point for cooperatives for small farmers.

Though importance of agroindustries in developing countries declines with industrialisation their employment-generating capacity in the manufacturing sector is significant. Small scale industries generally provide most of the jobs in the manufacturing sector and most of the small scale industries are agroindustries. They frequently provide major employment opportunities for women (e.g., India, Sri Lanka, Cyprus, Honduras etc.). A large percentage of the commercial sector is engaged in distributing agroindustrial products. Similarly, they contribute to the financial sector and other service industries.

Agricultural produce has an international demand and, because production capacity frequently exceeds local consumption, there is an opportunity for export. The value added in agroindustrial products tend to exceed that of other manufactured exports because other exports frequently rely on imported components, and export

agroindustries tend over time to increase the domestic percentage of value added by increasing the degree of raw material processing.

By generating income to low-income farmers and providing income to low-income workers, agroindustries can improve a population's diet. The food-processing industry is important to the nutritional well-being of the urban poor because of their dependence on commercial food channels. Agroindustrial projects can, however, have adverse nutritional consequences if they are not carefully designed because of the possibility of shifting of farmers' interest from producing staples.

Agroindustrial projects are often evaluated as either agricultural or manufacturing projects. As agroindustrial projects are by nature intersectoral a framework using sectoral analysis would be inappropriate because (a) the nature of the raw material distinguishes agroindustries from industries that are not subject to the pressures and vicissitudes of agronomic forces; and (b) processing differentiates agroindustrial projects from agricultural projects that focus primarily on production.

Agroindustrial systems analysis focuses on project design relating to marketing, procurement and processing activities. It is also important to apply the techniques of financial and economic analysis to assess the financial viability and social costs and benefits of a project. It may be pointed out that owners and investors in agroindustrial enterprises are concerned about their return on investment. Therefore conducting a financial analysis to compute these returns is essential. Unless such computations prove the project financially

viable private investors will be reluctant to invest in such projects. However, an adequate return on investment cannot be the only consideration for launching a project. Society's return of the resources it devotes to the project must also be determined through economic analysis.

Agroindustrial projects have four stages: identification, analysis and design, implementation, and evaluation. To assess the proposal project analysts should develop a set of criteria based on the agroindustrial areas that are weak or present new opportunities. Such areas can be identified by studies of the commodity system that examine industrial subsections. It is worthwhile to collect information on the structure, volume, flow, and financial and economic performance of commodity systems because additional agroindustrial investments can improve the efficiency or growth of these systems. A commodity system data bank can help avoid undesirable investments or high-light areas that warrant further attention. Information on the commodity system would lower the costs preceding the feasibility study for those commodity projects because the data are common to all project analyses. Marketing studies of an industry can also be viewed as a capital investment in information. Such studies could assess volume, prices, standards, and competition on domestic and export markets for selected products that are judged to have high market potential because of existing market needs or emerging demand trends. Such studies are costly for individual projects. However, they are feasible for multiple projects.

Project proposals that sur-

vive initial screening must be examined closely for their operational, financial, economic, and social feasibility and desirability. The analyst should attempt to redesign the project to overcome weaknesses in the proposal.

The task of the analyst is to increase the probability of a successful transit by paying adequate attention to critical management factors during the project appraisal.

Once the project has begun a project analyst is responsible for monitoring the project to local and remedy deviations from the projected performance. Such evaluation should follow indicators of financial and economic performance. Poor performance is caused by problems in the original project design, changes in the external environment or weakness in operations management.

It is desirable that the analyst who evaluated the project design remains with the project throughout implementation to provide continuity from design to evaluation. Macro-level policies likely to affect agroindustries are briefly discussed below:

(a) International trade: In the case of exports one has to be careful about fiscal incentives. Such incentives must not favour substitution of labour by capital in a labour surplus developing country. In the case of imports efforts should be made to develop input productivity while providing access to vital inputs to establish an agroindustry.

(b) Regional development: Agroindustries can play a critical role in regional development. Fiscal incentives and investments in public sector infrastructure can attract industry to new regions;

(c) Research: Government-

sponsored research programmes, in conjunction with industry can create product information vital to project development.

(d) Quality control: Quality control is particularly important to export-oriented agroindustries. Government and industries should ensure that the export product is of a high quality.

(e) Income policies: Income policies can include support prices to farmers or price controls on finished consumer goods;

(f) Monetary policy: Monetary policy can determine interest rates and credit availability for certain projects and can, therefore, mobilise resources to agroindustries of different kinds, size and locations;

(g) National planning: The feasibility of an agroindustry can be significantly influenced by its relationship to overall national development plan. The role a government wishes foreign investors to play in its national development strategy can also be significant for agroindustries.

Bangladesh industrial policy 1999 has rightly placed agroindustries in "thrust sector" to enable such industries to receive special incentives. Development of agroindustries is particularly desirable for the following reasons:

* provider of major employment opportunities particularly for women;

* provider of nutrients to urban poor;

* can slow down rural-urban migration;

* encourages development of rural infrastructure;

* manufactures higher value added products;

Adequate attention on the development of agroindustries would help Bangladesh not only in attaining its goal in manufacturing industries but also in social sector.

The writer is a retired Joint Secretary.

Toll-collection A Death-toll Indeed

by Alif Zabr

The human nature has a softer side for resisting temptation; but moral rearmament projects are hardly the fashion these days. Few in the right path have to take a stand against many in the diverse paths of the evil.

TOLL collection in Bangladesh has reached menacing proportion, and it has reached the point when trying to control it may go beyond the capability of the Administration, resulting in administrative breakdown of the state machinery (there are many examples in Africa and S America).

Therefore it was reassuring to note the Home Minister's public warning that the citizens should become mentally prepared to undergo some suffering due to public transport dislocations, as the vested groups engaged in toll collection might resort to vicious strike cycles; as the government had decided to master-mind a crackdown on toll collectors of all types, regardless of affiliation.

Better to confront the menace with practical action plans than leave it pending on platitudes. It is a difficult task as many toll groups are supposed to have the backing of godfathers connected to the sources of power and influence. The police and the civil service have been tarnished visibly. The labour unions are taking advantage of the *bakshish* syndrome and defense of their evil kingdoms. Dry measures will not wipe out the greasy palms.

The public cooperation is assured, as the spectrum of the victims has broadened, to include victim groups which cannot sustain a regular flow of payment of tolls indefinitely.

The point of no-return has been reached. This is the time to break up the cartel. The supplementary and complementary support bases of other centres of unsocial practices will also be wiped out, once the jungle is cleared and the underground exposed to the sunlight of regulation and justice.

Defiance of the authority had a political beginning, with the ouster of the autocratic regime in 1990, (after entrenchment of sixteen years. It is alleged), centering on the street movement of the masses, under combined political leadership.

But unfortunately, the defiance continued with the assumption of power by the elected regime in 1991, the culprit this time being the other major political party in the

then opposition. After a couple of years, the stream of political hartals set in, introducing a new style of "public" defiance.

To achieve some goal, certain means are adopted. In the heat of the moment, the critical moral analysis is laid aside. Today the society is suffering due to hartal over-kill. It is the law of the *karma*, or Newton's Third Law applied morally. We are the custodians of our suffering or rise. The compensation has to be paid for, directly, or indirectly, in cash or kind, for anything a society supports.

The benefit or suffering is within one's choice. Therefore there is more to it than simply blaming the operators of a good or bad system. The genesis has to be probed. The public-interest litmus is a good test.

Today the reprisal phase is in operation, with hartal being used as a weapon by the other major political party, which is now in the opposition. Some questions arise: how poor leadership adversely affects the society; and how an imitative society acts as a mirror image.

This image is not an illusion, but chance is provided (by providence) to identify the symptom, and thereafter go for the diagnosis and remedy. Self-analysis is a toll of divine mercy.

Like toll collection, there are other areas of corrupt practices which have grown up during the years. The autocratic regimes had their own styles of corrupt practices. Unfortunately, "democratic corruption" is very much alive today; and what is worse, it is being kept alive through alibis.

The human nature has a softer side for resisting temptation; but moral rearmament projects are hardly the fashion these days. Few in the right path have to take a stand against many in the diverse paths of the evil. Perhaps that is why genuine leadership constitutes such a microscopic minority.

But it is backed by the majority of the masses — the voice of the people.

Bangladesh's fall has so far been controlled by poor leadership of the limited kind. This phase cannot last long, as it is already too long. "For whom the bell tolls? It tolls for thee."

What is in a Name?

by AH Jaffor Ullah

"The power of accurate observation is commonly called cynicism by those who have not got it."
— George Bernard Shaw

In the last decade or so, quite a few private and publicly funded universities had popped up all over Bangladesh. Most of them, however, found their home in Dhaka. The rapid mushroom-like growth of these higher seats of learning must be a good omen for our impoverished land provided credible people are behind the setup of each of these universities.

How could one know the identity of folks behind each of these universities? Mere mention of the names is not good enough. What are their academic credentials? Who is designing the curricula? Do these institutes have proper accreditation? Where do these new private universities are located? How is their physical infrastructure? Finally, who are the faculty members and do they have advanced training? These are some of the questions I might ask, if I were thinking to admit my kids into any of those newly founded universities.

However, another criterion might be used to have some vague idea about these new institutions. I would be very curious to know the names of these universities and I would ask the authorities to explain what criteria had they used to choose the name of their university. After all, name is very important for any institution. Besides, an institution should be worthy of its name.

About four years ago, I posed a question in the Internet forum 'soc.culture.Bangladesh'. I wanted to know from the graduates of Dhaka's North-South University why the authorities have picked this name for their university. Few months went by and I did not get any answer. In the meantime, a vigorous debate had ensued in the Internet forum concerning the justification of having so many private universities in a country like

Bangladesh. When the debate was running out of steam, I received a reply from one of the founding fathers of North-South University. The professor explained that in the 1970s West German Chancellor Willy Brandt started a campaign to bridge the gap between rich northern hemisphere countries and poor southern hemisphere countries. The founding fathers of North-South University were highly impressed by Willy Brandt's effort.

The folks who are at the top in Bangladesh do not pay much attention to details when they are naming an institution. They take fancy at certain English names while ignoring the whole issue of appropriateness of those foreign words for our local institution.

So, they named their institute The North-South University. Perhaps the idea was to bring professors from North (developed countries) to teach students from South (least developed nation such as Bangladesh). The North-South discourse of Chancellor Willy Brandt did not go anywhere, but at least we have one private university in Dhaka to uphold the values of the Nobel Peace Prize winning Chancellor of West Germany. Parenthetically I would like to add here that you wouldn't find kids from economically disadvantaged families enrolled in North-South University. So, one might ask—where is the spirit of Willy Brandt?

With much fanfare, the Sylhet folks of Bangladesh opened a technological university in Sylhet town. They named it Shahjalal University. I have always felt that a technological university should not be named after an Aotah (Muslim saint). However, if Sylhet folks would like to establish a religious university, then perhaps the name Shahjalal University would have been very appropriate. Hazrat (Honorable) Shahjalal came all the way

from Middle East to spread Islam in northeastern corner of Bengal and while doing so, he and his disciples defeated the Hindu King (Gaur-Govindha) of Sri-Hatta (the Sanskrit name of modern day Sylhet). Naturally, to revive the spirit of Islam the Sylhetis could have founded an Islamic Madrasah or University calling it Hazrat Shahjalal Islamic University. But to teach kids computer and Internet technology it is hardly befitting to call the institute as such.

Look at what is going on in Shahjalal University these

change the name of the university to something like Sylhet Technological University and then change the name of the dormitories to Newton Hall, Einstein Hall, Satyen Bose Hall, Qudrat-e-Khuda Hall, JC Bose Hall, Professor Salam Hall, etc. These names will mean much to the future tech-graduates. They have another choice too. They could keep the good old name of Hazrat Shahjalal Islamic University but then change the nature of the university to an Islamic one.

Here is yet another blooper regarding the name of a private

university in Dhaka. I just read about this institution on January 27, 2000, in Dhaka's *New Nation*. The headline blurted: "Queen's Varsity students submit memo to President." First I thought the students gave a memorandum to the President of the university. Reading the first line of the news, I gathered that the students went to see the President of Bangladesh Justice Shahabuddin Ahmed at Bangabhaban (presidential palace). They demanded the President to appoint a new Vice Chancellor of the university on that day. Bangladesh's President must carry quite a chore. Moreover, in the world, the President of a country has to attend World Religious Congress (Bishwa Jitema), meet foreign dignitaries, and also hunt for a new Vice Chancellor all in the same day!

The news article on Queen's University states: "The general students under the banner 'Queen's University Student Action Council' have been waging their movement for long protesting various anomalies in the university." The student leaders were preparing themselves for "fast unto death" movement unless the authorities

change the name of the university to something like Sylhet Technological University and then change the name of the dormitories to Newton Hall, Einstein Hall, Satyen Bose Hall, Qudrat-e-Khuda Hall, JC Bose Hall, Professor Salam Hall, etc. These names will mean much to the future tech-graduates. They have another choice too. They could keep the good old name of Hazrat Shahjalal Islamic University but then change the nature of the university to an Islamic one.

Here is yet another blooper regarding the name of a private

ties met their demands. I had the distinct impression that students from public colleges and universities only resort to strike and violence to get even with the authorities. I never thought the students from private universities would do anything like that. But then, anything is possible in Bangladesh.

Let me ask one question pointblank — who had the audacity to name the university Queen's University? Is there any living queen in Bangladesh perhaps the founders of the university wanted to honor? Alternatively, is it the Queen of England they wanted to honor?

the University. However, that isn't the case.

Bangladesh must be producing new breed of academic administrators. The new administrators who are setting up these universities are not paying much attention to the name they are choosing. Perhaps they intentionally wanted to name the universities a la West.

It won't be a difficult thing to find Queen's University or King's College in England. But you may comb the entire America to find names like these only to find that no such names exist. Why? Because in America they don't have kings and queens. They stopped that practice in 1776 when they defied the English throne and established a democracy in the original thirteen colonies.

It saddens me a great deal to know that the folks who are at the top in Bangladesh do not pay much attention to details when they are naming an institution. They take fancy at certain English names while ignoring the whole issue of appropriateness of those foreign words for our local institution.

Thus, one ends up in having names like North-South University, East-West University, or even Queen's University. The bottomline is an institution should be worthy of its name.

The writer, a senior research scientist in America, writes from New Orleans.

Government of the People's Republic of Bangladesh Office of the Executive Engineer, R&H Road Division, Patuakhali Notice

Tender No-Patu RD 24/1999-2000
Reference: Memo No of the Notice 103 (15) Date : 18-1-2000
and Memo No of the Tender: 104 (O Cha) Date : 18-1-2000

The tender invited through the memo for construction work of 18.30 metre long double-single Bailey bridge on RCC apartment on the 24th KM of Galachipa-Ulania-Doshmina Road under Patuakhali Road Division during 1999-2000 year is postponed due to unavoidable circumstances.

DFP-1912-30/1
G-196

Md Abdul Bari
Executive Engineer, R&H (CC)
Road Division, Patuakhali

BCIC International Re-Tender Notice

বিসিআইসি'র পণ্য শিলায়নে জাতীয় অর্থায়ন প্রকল্প

Managing Director, NGFF Ltd., Fenchuganj, Sylhet invites sealed quotation against Tender Enquiry No. NGFF/P-459/TSD(LAB/RS)/81 for GAS CHROMATOGRAPH with Accessories on C&F (C) Chittagong basis under double envelope system. Tender documents may be purchased at Tk. 200/- (Taka two hundred) only per set (Non-refundable) from (1) BCIC, 30-31, Dilkusha C/A, Dhaka, (2) BCIC Branch Office, 6, Agrabad C/A, Chittagong, (3) NGFF Ltd., Fenchuganj, Sylhet on all working days during office hours. Quotation against the above tender will be received on 13-03-2000 up to 11-00 hrs at BCIC, Purchase Division, Dhaka and NGFF Ltd., Fenchuganj and will be opened in public immediately thereafter. No tender documents will be sold on the date of opening of the tender.

BCIC-51-27/1/2000
DFP-2034-30/1
G-197

Kazi Fazlul Hoque
Addl. Chief Manager (Pur)
NGFF Ltd

Garfield®



BCIC-51-27/1/2000
DFP-2034-30/1
G-197

Kazi Fazlul Hoque
Addl. Chief Manager (Pur)
NGFF Ltd

R&H, Tender Invitation Notice

1. Tender Notice No	55/EEWD, Dhaka/1999-2000.
2. Name of work	Supply of spare parts for Vibromax Soil Compactor Model-1102 under R&H, Workshop Division, Dhaka.
3. Estimated cost	Taka, as per schedule.
4. Earnest money	2% (two per cent) of the estimated cost should be submitted as per usual govt. rules.
5. Time for completion of work	40 (forty) days from the date of issuing work order.
6. Eligibility of contractor	R&H, Directorate's all class enlisted contractors as per financial and zonal eligibility.
7. Offices where tender & schedule to be had at	Tender can be purchased at Tk 510/- (non-refundable) per set including Bangladesh Form No. 2908 from Workshop Division, Dhaka/Workshop Division, Mymensingh/Equipment Control Division, Dhaka/Planning Division, Sarak Bhaban, Ramna, Dhaka/Workshop Sub-Division, Dhaka during office hours up to the day before the date of receiving tender.
8. Officers & offices to receive tender & schedule	Superintending Engineer-R&H, Workshop Circle, Tejgaon, Dhaka/Superintending Engineer-R&H, Monitoring & Evaluation Circle, Sarak Bhaban, Ramna, Dhaka/Executive Engineer-R&H, Workshop Division, Tejgaon, Dhaka/Executive Engineer-R&H, Workshop Division, Mymensingh/Executive Engineer-R&H, Equipment Control Division, Tejgaon, Dhaka.
9. Last date of selling tender	14-02-2000.
10. Last date & time of receiving sealed tender	15-02-2000 up to 12:00 Noon.
11. Date & time of opening sealed tender	17-02-2000 at 12:30 PM.
12. Date of lottery (if necessary)	17-02-2000 at 2:30 PM.
13. Head of expenditure	2-repair.

Md. Abdus Sattar
Executive Engineer-R&H (Mechanical)
Workshop Division, Tejgaon, Dhaka

DFP-1827-27/1
G-198