

FOCUS

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.

A n 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 agroindustries 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 agricultural 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

Project proposals that sur-

vey 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 its progress to locate 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 production 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.

then opposition. After a couple of years, the stream of political harlots 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 harlot overkill. 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 harlot 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 provocation) 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

from Middle East to spread Islam in northeastern corner of Bengal and while doing so, he and his disciples defeated the Hindu King (Gaur-Govinda) of Sylhet. The professor explained that in the 1970s West German Chancellor Willy Brandt started a campaign to bridge the gap between rich northern hemispheric countries and poor southern hemispheric countries. The founding fathers of North-South University were highly impressed by Willy Brandt's effort.

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 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 point-blank — who had the audacity to name the university Queen's University or 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?

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.

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 *Aaliah* (Muslim saint). However, if Sylhet folks would like to establish a religious university, then perhaps the name Shahjalal University would have been very appropriate. *Shahjalal* (Honorable) Shahjalal came all the

days centering naming of one of its residential Halls. The authorities should have picked the names of any of the lesser *Sufi* *pir* or *Dervish* from Sylhet area. There are plenty of them. Nevertheless, they could not decide from the list that contains the names of few secularists. So, the students of Shahjalal University had transformed the campus into a virtual battle ground hearing that one secular-minded *lady* (Jahanara Imam) who lost her son and husband for the liberation of Bangladesh is not a good enough of person to lend her name in the wall of one measly dormitory. That is not all. The dean of computer science, Dr. Zafar Iqbal, a Washington University graduate, has become *persona non grata* in the university because as an administrator he was involved in making the list that includes the name of Mrs. Jahanara Imam. The irate students even threw a homemade bomb in his residence. The university is a war zone now. No one is learning a thing about technology. What a waste, may I say?

Shahjalal University has a challenge in the coming months. Could the authorities

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. Nowhere in the world, the President of a country has to attend World Religious Congregation (*Bishwa Ijtema*), 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 authori-

ties met their demands. I had the distinct impression that

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strike and violence to get even with the authorities. I never

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Government of the People's Republic of Bangladesh

Notice

Office of the Executive Engineer, R&H

Road Division, Patuakhali

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.

Md Abdul Bari

Executive Engineer, R&H (CC)

Road Division, Patuakhali

BCIC International Re-Tender Notice

বিসিআইসি'র পথ শিল্পে জাতীয় অবগতির প্রতীক

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-198

Kazi Fazlul Hoque

Addl. Chief Manager (Pur)

NGFF Ltd

R&H, Tender Invitation Notice

1. Tender Notice No : 55/EE/WD, Dhaka/1999-2000.

2. Name of work : Supply of spare parts for Vibromax Soil Compactor Model-1102 under R&H, Workshop Division, Dhaka.

Taka, as per schedule.

2% (two per cent) of the estimated cost should be submitted as per usual govt. rules.

40 (forty) days from the date of issuing work order.

R&H, Directorate's all class