

## Brutality with a disquieting message

Perpetrators no strangers, catch and punish them

THIS has been horrifying and mind-boggling; the like of which should never again happen anywhere in the country. We condemn it with a deep sense of outrage and the strongest of words we are capable of using.

It was a late Saturday night onslaught against a farmer household at a Bagerhat village, executed most brutally, by a band of gangsters out to exact political vendetta on hire. They admitted to being hirelings flaunting a bundle of notes and adding it was paid to them 'to collect' the head of Niranjan Bhattacharya, the eldest member of the family in question. But with the targeted man unavailable, they killed his younger brother Tapan Bhattacharya and gang-raped three women members of the household. Even the youngest brother Swapan Bhattacharya, a police constable, was badly injured in the incident. One of the killers openly bragged about 'legitimising' the fee for murdering Niranjan -- who was missing -- by knifing his younger brother.

There is more to the wholesale manner in which the mayhem was carried out: Tapan's wife who had delivered a still-born child only 10 days ago was not spared by the rapists.

On available information, the family has been receiving threats since the parliamentary elections in which they reportedly voted for the AL. The intimidation seems to have accentuated following the UP elections. After Saturday's incident, the police have arrested Abdur Rahman who lost in the local UP election contest for the membership post.

So, it reads like an open-book. The identity of the suspects is more or less known; and their motive is no mystery as well. Hence, nothing should stand in the way of the government to take the sternest of measures against the most shameful act of violence committed on some helpless and innocent persons in the community. The brutality of the incident topped off by the fact that the victims belonged to a particular community make it incumbent on the local authorities to book the perpetrators immediately for early trial, prosecution and conviction.

The disquieting message put across by the seemingly politically-driven act of violence in a locality should make us sit up. We call upon the political parties to take stock of where politics has gone; where it has degenerated requiring to be reformed so that vendetta does not rule the roost anywhere in the country.

## Revolt against Tony Blair

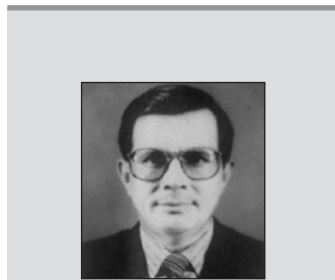
Can he ignore the dissent from his party MPs?

THE revolt within the Labour Cabinet in Britain clearly shows how deeply divided the party is over waging war against Iraq without a second UN resolution. Prime Minister Tony Blair may have been complacent after winning a motion in parliament last month brought against his decision to support military action in Iraq. But he couldn't have forgotten the fact that more than a hundred of the MPs who voted in favour of the motion belonged to his own party. The latest dissent must have been a big blow to his leadership, but he couldn't have been unaware of the disillusionment among his aides and should have been more attentive to their reasoning.

What is interesting to note is that those who differed with him have gone on record in voicing their unhappiness. Some newspapers have even reported that as many as two hundred Labour MPs, five of whom are ministers, were willing to resign if Blair bypassed the UN. He doesn't seem to have any other option but to carefully weigh up the situation after such an unprecedented declaration of intent by his own MPs. We will have to wait and see whether he is prepared to risk his own leadership by sticking to his guns and continuing with his support to George Bush. He shouldn't forget what happened to the Iron Lady of Britain, former Prime Minister Margaret Thatcher in early nineties; she had to resign in the face of demands by the rebels in her party even though she was not willing to do so. But that was an internal matter, this time the issue is of far bigger magnitude.

The UN inspectors still haven't finished their job in Iraq. They are saying Iraq has been showing definitive signs of co-operation in complying with the UN resolution 1441 on declaring, dismantling and destroying any weapons of mass destruction that might be in the possession of Iraq. So what do Britain and the US want to accomplish by pressing the UN for a second resolution or ignoring the world body at this stage? It is just another sign of paranoia by the US and Britain in a situation where they are getting more and more alienated -- thanks to their rigid stand on Iraq. It is time for Tony Blair to rethink his strategies and decide whether facing a bigger challenge within his party is more important than sticking to the agenda primarily set by George Bush.

# Changing faces of rural finance



ABDUL BAYES

FROM time immemorial, Bangladesh had a substantial credit market largely managed by professional moneylenders and large landowners. They have been catering to the credit needs of the vast majority charging an exorbitant rate of interest and dubbed as "usurious monopolists". With a view to downsizing the role of the "usurious monopolists"-cum-moneylenders, institutional approach towards mitigating credit constraint in rural areas has been a policy objective in many developing countries, including Bangladesh. Agricultural Development Bank (*Krishi Bank*) was set up in the 1960s. Later, government of Bangladesh also encouraged the establishment of rural branches of the nationalised commercial banks in the early 1970s and set up a special agricultural credit programme called *Matir Dak* in 1977. All of these developments contributed to increased branches of banks as well as institutional credit inflow to rural areas. However, the credit institutions primarily favoured the large and medium farmers. On the other hand, large-scale defaults on agricultural loans went to limit the loan-revolving capacity of the rural financial institutions in the late 1980s. Quite obviously, since then, stagnation in credit supplies developed.

One important aspect of rural financial market developed over the years -- and not so much aired in academic angles -- is the growing interactions between formal and informal credit markets. A large-scale survey conducted few years back in Bangladesh discovered that more than two-thirds of the formal channel's credit in rural areas finds its way quickly to the informal channel. It can be called quasi-formal or quasi-informal credit, which, to an extent, has been helping in softening the credit constraint of the small farmers. A similar phenomenon could be observed in Indian

Punjab. Some large-scale farmers took to lending money in the wake of green revolution at low rate of interest and rented the money to small-scale farmers at a premium. To them, it was more profitable than investing in agriculture.

There are other sources of rural credit in Bangladesh and they are non-government organisations (NGOs). Following the foot print of success of the Grameen Bank's credit programme for land poor households, a large number of NGOs stepped in supplying rural credit as a part of their social development programmes. The NGO

credit programme targeted mostly women from landless and poor households. It is estimated that about six million of the estimated 11 million functionally landless households are now covered by NGO credit programme.

In this column today, we shall present the findings on rural credit from a sample survey carried out by the International Rice Research Institute (IRRI) in 62 villages, for 1987 and 2000.

**Declining demand?**  
The IRRI-initiated survey shows that, in 1987, 44 per cent of the sample households reported to have availed rural credit through various channels. In 2000, the proportion of borrowing households marginally declined to reach at 41 per cent. Thus, between 1987 and 2000, the dependence on credit seems to have gone down. However, it is not clear whether the fall is a reflection of demand or supply constraints. At disaggregated level, the proportion of households borrowing from banks was nine per cent in 1987 and fell marginally at about eight per cent in 2000. However, the proportion of households taking credit from NGOs increased five times between 1987 and 2000: from about 4 per cent in 1987 to 20 per cent in 2000. The most dramatic decline could be observed in the

share of NGOs to total credit disbursement increased more than 4.5 times: from about 7 per cent in 1987 to 30 per cent in 2000. On the other hand, while moneylenders used to pump in 39 per cent of the credit of all sources in 1987, the share of their disbursement dropped to only about 2 per cent in 2000. Thus, the role of moneylenders in supplying credit seems to have come almost to a point of non-existence. Again landowners and traders used to supply about 22 per cent of total rural credit in 1987 but the share came to 11 per cent in 2000. However, friends and relatives still continue to grease the

classes and businessmen in the village. Quite opposite scenario prevails in the case of loans from another component of institutional market i.e. NGOs. The average size of loan from NGOs ranged between US\$102 to US\$ 118 -- barely any substantial rise indicating perhaps that NGOs cater to the needs of the poor households whose absorptive capacity is small compared to others. Among the informal sources, moneylenders used to provide an average credit of US\$155 in 1987 but by 2000 -- due to a drastic decline in demand perhaps -- the average amount stood at only US\$ 53. In rural areas, a

of marginal households' access to NGOs also increased from 6 to 19 per cent and of small from 4 to 14 per cent. Surprisingly, the large and medium farms also increased their access to NGO loans -- albeit at a lesser extent than the poor ones -- between 1987 and 2000. The syndrome seems to put the very aim of the NGO operation -- loans only for the landless and the poor -- into serious suspect. We reckon that over the years, NGOs have lost much of their earlier enthusiasm of serving the poor, may be due to dis-economies, growing loan defaults. And thus a concern over low repayment capacity by the poor could have forced NGOs to diversify loan portfolio by accommodating relatively richer segments of the population of the rural areas.

## BENEATH THE SURFACE

Small farms' share from institutional sources drastically declined from 31 per cent in 1987 to 16 per cent in 2000. The small seems gradually missing because NGOs consider them as too big to have access to credit while banks consider them as too small to have access with sufficient collateral. Unless the "missing small" -- that constitutes one-third of farm households having about one-fourth of cultivated land under their control -- could be provided with credit facility, the development of agriculture and rural livelihood system would be put to serious strains.

credit requirement of the borrowers by accounting for a little over one-third of total disbursement and there is little evidence of a decline between 1987 and 2000.

If we lump the disbursement of rural credit as from formal and informal markets, we observe a rise of the formal market and a fall of the informal market in terms of the share of total credit supplied. For example, in 1987, credit from informal sources constituted about 73 per cent of the total disbursement while the share of the same source of credit almost halved in 2000, accounting for 36 per cent. The space so created seems to have been occupied by formal market with a rise in share from 27 per cent to 64 per cent -- almost by an equivalent amount.

**Size of the opie**  
The average size of loan as taken by the borrowers increased from US\$ 131 to US\$ 191 between 1987 and 2000. However, the average size of loan of the banks increased substantially from US\$ 136 to US\$ 345 -- almost 2.5 times over the period under comparison. That seems to indicate -- and as argued by the critics -- that banks have been feeding lesser proportion of rural households with more of credit per household. It could be possible that banks these days mainly cater to the needs of large landowning

relatively softer and cost effective option than moneylenders -- friends and relatives -- increased the average size from US\$ 131 to US\$ 191.

**Who for whom?**  
Who takes loan from whom? All land owning groups of the sample rural households marginally decreased their share of loan from banks between 1987 and 2000 (9 per cent vs 7.6 per cent). At disaggregated level, however, the loan taken from banks by the medium and large farms increased between the two periods. But the share of small, marginal and functionally landless farm households decreased. In other words, it is the large and medium landowning groups whom the banks are mostly feeding with credit. The scenario then supports our earlier contention that banks seem to cater to the needs of large and medium farms and business interests in rural areas. Second, all land owning households be it small or large, increased their share of loan from NGOs over time: about 4 per cent in 1987 to 20 per cent in 2000. But the most important beneficiaries were the functionally landless households who increased their share from 3 per cent to 27 per cent. This is quite obvious since NGOs by mandate mostly target functionally landless households. The share

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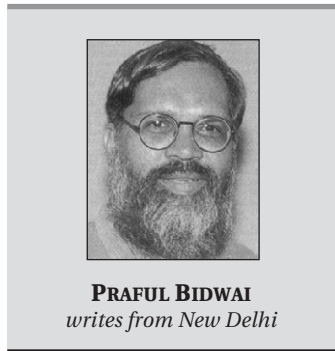
### Institutions and poor

In 1987, for example, functionally landless households and marginal households accounted for about 22 per cent of total institutional loan. This compares with about 37 per cent of the large and medium households. In 2000, the respective shares were about 52 per cent and 32 per cent, respectively. The large and medium could almost cling to their share mainly because of the loans from banks and the poorer group could enhance the share mainly because of NGOs. But in between there is a "missing small" where small farms' share from institutional sources drastically declined from 31 per cent in 1987 to 16 per cent in 2000. The small seems gradually missing because NGOs consider them as too big to have access to credit while banks consider them as too small to have access with sufficient collateral. Unless the "missing small" -- that constitutes one-third of farm households having about one-fourth of cultivated land under their control -- could be provided with credit facility, the development of agriculture and rural livelihood system would be put to serious strains. That means, in course of time they may swell the large army of landless households in Bangladesh.

Do NGOs charge an exorbitant rate of interest to be compared with moneylenders? Should we hail or hate NGOs? Hopefully, we shall address these issues in our subsequent installments.

Abdul Bayes is a Professor of Economics, Jahangirnagar University.

# Hindutva 'experiment-2' bombs: BJP back on downswing



PRAFUL BIDWAI  
writes from New Delhi

IT was typical of the hubris-driven approach of Law Minister and former BJP general secretary Arun Jaitley that he "strategised" an assured victory for his party in Himachal Pradesh through what he called "carpet-bombing": bombarding the electorate to saturation with campaigning by BJP top guns, including Mr Atal Behari Vajpayee.

Mr Jaitley even roped in *Hindustva* firebrand Narendra Modi to repeat the Gujarat "experiment". That was to produce a near-magical victory and dress the Himalayas in saffron.

In the event, "carpet-bombing" simply bombed. The BJP was reduced to half its size: 16 seats of the 65 counted. It failed to unite the Hindus as Hindus, cutting across caste, class and region.

By contrast, the Congress bagged 40 seats. If its eight rebels are added, the party's total exceeds the two-thirds mark. This is impressive because over 90 per cent Hindu Michalis are literate, and judge parties by performance.

"Anti-incumbency" cannot explain the crushing quality of the BJP's defeat. Only the voter's *revulsion* against corruption, and a general erosion of *Hindutva's* appeal can, in any case, "anti-incumbency" isn't a constant independent of party performance.

The BJP is wrongly attributing the Himachal debacle to another factor: feuds between Chief Minister P.K. Dhumal and Mr Shanta Kumar. This is part of the inner-party blame-game.

byelections. In Meghalaya, the Congress emerged as the largest party and returned to government. (What happened to anti-incumbency?)

The Nationalist Congress Party's P.A. Sangma has been reduced to a leader of the Garos, not all of Meghalaya's tribes, including the more numerous Khasis and Jaintiyas.

In Tripura, the Left Front won 41 of 60 seats. The Congress wanted to rout it by allying with the Indigenous Nationalist Party of Tripura

held for 15 years. In Karnataka, the Congress reversed its recent downslide.

In Uttar Pradesh, an important Hindi-heartland trend is discernible. In Gauriganj, which falls within Ms Sonia Gandhi's Lok Sabha constituency, the Bahujan Samaj Party scored over the Congress. The BJP lost Haidergarh to the Samajwadi Party. This means the upper castes are shedding their hostility to the SP. UP is moving towards the "Tamil Nadu model", dominated by two regional parties, around which national parties

Chhattisgarh where its Chief Ministers are busy playing "cow politics". It must change course.

The Congress did relatively well in this round of elections because the BJP couldn't drum up a "national security" scare, as it could in Gujarat. This means the Congress must combat the BJP's crazed anti-Pakistan-anti-Bangladesh rhetoric, which blames all of India's internal problems upon its neighbours' machinations.

The Congress must project a sober understanding of security

The lesson for the BJP is that the Gujarat "experiment" cannot be replicated. Yet, deeply entrenched as it is in primordialist communal irrationalism, the BJP won't easily resist that temptation. All recent trends suggest this -- including raking up of Ayodhya, disinformation on the "Vedic sciences", denial of India's multiculturalism, maligning of Muslims, and unveiling of Savarkar's portrait in Parliament... The last is particularly insidious, even obnoxious.

In reality, the BJP's factionalism was less severe than the Congress's. Mr Dhumal had wooed the tribal Gaddis and Gujars through reservations. The real failure lies in the BJP's corruption and eroding popularity of its politics based on primordial identities.

A pro-*Hindutva* mood has not crystallised all over India. The BJP's Gujarat victory remains an *aberration*, explained by its cynical exploitation of the Godhra carnage, and whipping up of base sentiments of revenge.

This is also the conclusion from the three other state Assembly elections and numerous

(INPT). The strategy came a crop-per: 12 of the Congress's 13 victories are from non-tribal areas. Its sole tribal winner had a single-vote margin.

In Nagaland, the BJP opened its account with seven seats by joining the Democratic Alliance of Nagaland. But this is attributable to *piggbacking*, the peace process centred on the National Socialist Council of Nagaland (I-M), which campaigned for DAN. Yet, the Congress emerged the largest party.

The BJP lost all the seven byelections in six states. It even lost a Maharashtra seat which it had

form alliances.

There is a lesson for the Congress here. It shouldn't delude itself, it can do well in UP without a tactical alliance with, say, the SP. It has already lost its "traditional" Muslim and Dalit base; its upper-caste support may also be rapidly eroding.

The Congress shouldn't fall into the trap of opposing the Left by adopting "soft-*Hindutva*" or aligning with the INPT, widely thought linked to the extremist National Front for the Liberation of Tripura.

The Congress faces a tough test in Rajasthan, Madhya Pradesh and

and promote reconciliation with our neighbours. And it must firmly reject "soft-*Hindutva*" -- on Ayodhya, cow protection, Mahakala temple and Bhoshala.

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Evidence of Savarkar's role in Gandhi's killing comes from Sardar Patel, who cannot be accused of antipathy towards *Hindutva*. On February 27, 1948, Patel wrote to Nehru: "It was a fanatical wing of the Hindu Mahasabha directly under Savarkar that (hatched) the conspiracy and saw it through" (Volume 6 of Patel's correspondence, published 1973). The official Kapur inquiry into Gandhi's assassination also proves Savarkar's involvement.

The BJP suppresses this to glorify Savarkar. This is a brazen attempt to concoct a "nationalist" icon and give respectability to the core-ideology of the *santh*. The gruesome results of that ideological "experiment" became evident in Gujarat.

The BJP will try to replicate them elsewhere unless it's challenged. The *Hindutva* menace won't disappear on its own. It must be *consciously* combated.

Praful Bidwai is an eminent Indian columnist.

## TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR

### We want peace!

We are passing through a crucial time as war between Iraq and US/UK is looming out. But from the spontaneous anti-war demonstration held in all parts of the world speaks clearly of the majority of people's sentiment against any kind of bloodshed and proves that they want to live in peace and harmony.

I hope that the warmongers would realise that war is not the solution. It only brings destruction. There is an old saying 'he who lives by sword die by sword'. I hope bush and tony blair would try to conceive the inner-meaning of this proverb and show the path of destruction.

Mohammed Sohel Hara  
Topkhana Road, Dhaka

The war that Tony Blair is trying to get started is going to hurt Bangladesh economy in a very serious way. Also, we know that the general people in England are against this

war.  
To protect the interest of Bangladesh and its citizens and more importantly, to avoid this war we all have to come forward.  
Daiyaan, Dhaka

### Iraq can be liberated without massive civilian casualties

In the debate over coming showdown with Iraq, most critics of the US fail to understand that regime change and disarmament in Iraq are basically two sides of the same coin. Because, even if Saddam agreed to actual disarmament for now without being removed from power, it would be just a question of time before he rearm again. Presence of 200,000 US and British troops, which provided the diplomatic pressure on Saddam to cooperate with the UN weapons inspectors, cannot be sustained for long and once the US forces are pulled back, there would be no

pressure on Saddam who will invariably ask them to leave and then re-activate his weapons program. The United States must not miss this opportunity to liberate Iraq from an odious regime.

Though war, as one American Civil War general remarked, "is cruelty and you cannot refine it," there is a way to liberate Iraq without many civilian casualties. A look at the map of Iraq will show that most of southern and western Iraq is sparsely populated desert with a density of population of less one per person per square mile. This area can be taken over without much casualties on either side. Dr. Ahmed Chalabi, president of Iraqi National Congress, presented such a plan in 1998 when the then President Bill Clinton was contemplating military action to punish Saddam for not letting the UN weapons inspectors do their job. The proposals involved "no-drive" zones north of the 35 parallel and south of the 32nd parallel. This would mean the US and its allies

reserve the right to attack any tanks and troops used by Saddam's forces in these areas, while maintaining a "no-fly" zone over the whole country. Iraq's military installations and missiles can be destroyed by a massive air blitz while sparing Baghdad and other large urban areas and with them large civilian casualties. President Clinton did not follow the advice of Mr. Chalabi and instead opted for a short bombing campaign which killed some civilians, leaving Saddam and his Republican Guards intact. President George W. Bush can avoid such a mistake by taking over the southern Iraq and install Dr. Chalabi as leader of an interim government, letting him negotiate the surrender of Baghdad.

**Mahmood Elahi, Ottawa, Canada**

**Is the UN really alive?**  
Every morning, I go through the international news of your esteemed daily and also read

between the lines. I just can not control my anguish when I see news run parallel that the whole world is amassing support against any war on Iraq while the US hawks supported by a few especially Tony Blair all ready to attack Iraq without the support of the UN. Whereas sum and substance of the total news is 'Iraq is co-operating and complying with Security Council resolutions and so far the inspectors could not come out with substantial proof of existence of WMD' and they have been asking for more time. It seems to me that though there was nothing substantial found in support of the war mongers, proposal for extension of time appears to support the allegation and fraught with dubious intention to find faults with the Iraqis! My principal worry is how the US threatens to go it alone, even if no one supports them? How dare they declare to attack Iraq, with or without UN endorsement? How dare they yet continue to over-fly

Iraqi territory and raid civilian areas killing and injuring innocents (latest attack was on Friday destroying a radar station and injuring several civilians). I wonder if the UN really exists and the member-nations are alive to the threats of the US forces. If the UN really exists and are effective, then why till date no one has raised its voice to disarm the US, Israel or UK and ask for the destruction of their weaponry of mass destruction?

**AF Rahman Dhaka**

### PSC and an apolitical civil service

We are all aware of the recent news concerning the leakage of questions of the 24th BCS exam. We are at our worst in everything. In the cricket, in the exam hall, in the offices -- everywhere. BCS stands for Bangladesh Civil Service. No body has ever heard of question papers being leaked when commissioned officers in the

army are recruited. In India, has anybody ever heard that the IAS like their past predecessors (the ICS) have witnessed any leakage of questions in their recruitment exam? I believe the honourable Chairman and the members would kindly remember, if not, I would humbly request them to read the history of PSC or how the 1100 ICS members were recruited in UK and India before Partition in 1947. Does it mean that the PSC during Pakistan or before that were manned by more capable people? If that is not the situation, then why is the BCS having this kind of crisis these days? Is it because of some incompetent people seating in the PSC? Who are these people? What is their background? What is their political affiliation? How were these people selected and appointed? Do they have any code of conduct? We have the right to ask all these questions. As far as our recruitment system in the civil service is concerned, we have only 45% as merit. The remaining are all kinds

of quota system. Now if the questions are being leaked and given to some quarters, then what would happen to our civil service which is a career system that enjoys some permanency and stability. What would then happen to our governance and to our future?

**Sudipta Haque Bergen, Norway**

### More humiliation ahead!

The South African Cricket Team will be coming to Bangladesh next month to play Test and one-day series. Without a doubt, this is going to be a one-sided match as we have noticed how poor the form of our team is. I have no idea how our boys will play against the mighty South Africans after their devastating performance in the World Cup. I am afraid more humiliation awaits us.

**Minhaj Ahmed Uttara, Dhaka**