

## Political influence making Bangladesh Bank ineffective

*Without structural overhaul, our nation's ambitions are at risk*

A Transparency International Bangladesh (TIB) report on the banking sector, unveiled recently, paints a grim picture of the state of the financial sector of Bangladesh. According to the report, the central bank has become an ineffective entity in containing defaulted loans due to immense political pressure and illegal interventions by some large business groups. TIB also warned that due to the influence of vested groups on Bangladesh Bank, the entity enjoys autonomy on paper only, and is mired by a lack of corporate governance and corruption amongst a section of its officials.

This observation may come as no surprise, but the seriousness of the situation cannot be overlooked. It is not just a lack of monitoring by the central bank over the past decade leading to defaulted loans that is the issue here, but also the fact that delinquent borrowers have been given a free pass as a result of political pressures. In some instances, it has actually been made easier for them to carry on their misdeeds, such as the relaxed rescheduling facility offered by Bangladesh Bank last year which allowed delinquent borrowers to regularise non-performing loans and artificially bring down the amount of defaulted loans.

On top of that, the finance ministry's control over state-run banks and its influence over appointments, allegedly based on political considerations only, have created a conflict of interest and further weakened Bangladesh Bank's autonomy. This has been exacerbated by government influence, and the influence of some prominent business groups, on appointments within the central bank as well. The end result has been a total lack of transparency and accountability as well as impunity for the "influentials", despite their involvement in corruption.

The responsibility for this sorry state of affairs lies completely at the doors of the government. A democracy is entitled to an autonomous state bank and financial regulatory authority, yet ours is completely under the grip of political influence. This is not simply a stumbling block for the financial sector; an ineffective central bank is also a fundamental weakness in our entire economy that can potentially jeopardise our goal of becoming a middle-income country by 2021. The question is: will the authorities allow our nation's ambitions to be thwarted, simply for the benefit of an elite few?

We urge the authorities to take immediate steps and adopt the report's recommendations—form a banking commission to bring a stop to loan defaults; amend the Bank Companies Act so that Bangladesh Bank can supervise state-run banks; formulate regulations on appointment and withdrawal of Bangladesh Bank officials; and bar persons involved in politics from holding any posts in state-run and private banks. Without these measures and a complete overhaul of the central bank's governance structures, the consequences for our banking sector will be nothing short of dire.

## Khulna-Darshana Double Rail Track project in limbo

*Two and a half years gone without any work!*

It is very disappointing that two and a half years after the Khulna-Darshana Double Rail Track project got approval from the government, the project authorities have not yet appointed a consultant, let alone start its construction. Although the project, aimed at boosting trade activities with neighbouring countries using the Mongla port, was supposed to be implemented from January 2018 till December 2022, the authorities are now saying that it will take at least two more years to start the physical work. So, the project's deadline will have to be extended, meaning the project cost will also escalate.

According to the project authorities, only Tk 3.75 lakh had been released for this project against the demand for Tk 3.27 crore this fiscal year. If funds are not released as per the demand, how will the project work progress? Also, what's the point of setting a deadline for a project if that is never implemented? Now we hear that the government had categorised this as a "low-priority project", meaning that it would not get any allocation from the annual development programme (ADP). But the salaries and allowances of the project officials will be given from the ADP. Does this mean that the project officials are getting their salaries and allowances on time although they are not working for the project? This is nothing but a complete waste of public money.

It's not only the low-priority projects—the pace of projects that got allocations from the ADP was also reported to have been very slow. Last November, *The Daily Star* reported that there were many projects under ADP that were getting token allocations just to keep them alive for years.

There is no reason to downplay the importance of this particular project because once completed, this would meet the demands of national, regional and international traffic by increasing transportability through Dhaka-Khulna and Khulna-Chilahati corridors of Bangladesh Railway. We hope the government and project authorities will do the needful to start the work and stop further delay in implementing the project.

# A criminal bucket list: having fools as bosses

OF MAGIC & MADNESS



BADIUZZAMAN BAY

STORIES of corruption no longer produce the same shock they once did. This is what happens when corruption in a country becomes so widespread and its structures of accountability so weak or broken that even low-level state employees can become a millionaire using loopholes in the system. So when the news of the arrest of driver Abul Malek of the Directorate General of Health Services (DGHS) surfaced on Sunday, it was unsurprising to see more amusement than anger. Here was a man who knew how to make money. Never mind that he was just an "eight-pass" driver. Never mind that he had a *nurani chehara* (as some pointed out)—deemed incompatible with a life of crime. Never mind that he worked for a division that has a history of throwing up bad apples every now and then.

Some wondered, if a driver could make so much money, how much money would his superiors possibly have?

One cannot be faulted for seeing in Abdul Malek the fulfilment of their rags-to-riches fantasy. According to a report by

*The Daily Star*, Malek's wealth was valued at more than Tk 100 crore. He owns two seven-storied buildings consisting of 24 flats in the capital's Dakkhin Kamarpara area. A third building is now under construction in one of his plots in Dhanmondi. He also has a dairy farm on a 15-katha land plot in Dakkhin Kamarpara as well as a vast amount of money in different bank accounts. When he was arrested from his residence on Sunday, he reportedly had with him a firearm and a magazine with five bullets,

former directors general (DGs) of the DGHS and Medical Education and Family Welfare Division as he used to drive their government-issued vehicles. It was during the tenure of Shah Munir Hossain, former Director General of Health Services, that Malek emerged as an influential player. He drove his car for four years. According to Rab, there were allegations of corruption and irregularities against Shah Munir Hossain. Abdul Malek was witness to his corrupt activities, and would use his closeness with him to engage in

criminal justice system. From a criminal's perspective, anyone would like to have such bosses so long as the latter don't interfere with their misdeeds or object to having their good names besmirched.

Given how widespread corruption is across all sectors in the country, such "fools" must be numerous.

Unfortunately, since high-level corruption is rarely investigated in Bangladesh, we're left with these apparent fools occupying leadership positions in vital public offices. The health ministry and its offices including DGHS, especially after the outbreak of the coronavirus in the country, seem to have outdone all others in that respect. The ministry has consistently turned a blind eye as corruption festered, despite several top-level reshuffles, and ordinary folks suffered for lack of test, treatment and other containment measures. Despite its cataclysmic failure to contain the virus over the last six months, there hasn't been a single case in which a high-level officer was shamed, sacked, prosecuted or faced any other punitive action, which would have set an example and brought some much-needed accountability in the system. It's the low-level employees who always get the short end of the stick, justifiably or not, while their superiors conveniently hide behind their shield of deniability.

As if to confirm our suspicion, newspaper reports covering Malek's capture have revealed that the Anti-Corruption Commission has been carrying out investigations against 45 officials and staffers of DGHS, including Malek, since 2019. Recently, notices were issued against 12 of them—all first-line or low-level employees and officials. But what of their employers? Will they be ever captured, too?

The public faces of corruption maybe few but its beneficiaries are not. No corrupt seed grows on its own. People like Malek are not outliers or "isolated incidents"—to quote an oft-repeated excuse—but rather offshoots of an administrative culture in which superiors often tolerate and even empower subordinates willing to do their dirty work. One supports the other, and vice versa, and that's how a corrupt system works. Unless we dismantle and reform the whole administrative system and hold all corrupt officials to account, regardless of their ranks, corruption will never truly be eradicated.

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DGHS driver Abdul Malek, who was arrested on September 20, 2020.

PHOTO: COLLECTED

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among other illegal possessions.

We get a gist of his activities from the initial reports by Rab officials. According to them, Malek abused his power to facilitate illegal recruitments, including of seven members of his own family, and manipulate transfers and promotions of other drivers and even higher officials including doctors. Hopefully we will know more about his *modus operandi* once the investigation is completed. The question is, how could a lowly non-administrative staffer have such influence in the administrative decisions of a division as vital as the DGHS? We're told that Malek was the president of the Health Directorate Drivers Association, a platform he himself created, which he used to exert his influence. For ten years, he ran a syndicate within the division influencing important decisions.

But his main source of power was somewhere else: his connections with his superiors. According to a report, Malek had an "intimate relationship" with two

corruption himself. Between 2009 and 2010, Malek was behind the appointment of more than 100 health assistants. He was Shah Munir's "collector", according to a top official quoted by *Prothom Alo*.

However, Shah Munir denied these allegations and also any knowledge of Malek's misdeeds, as did his last boss AHM Enayet Hossain, now Director General of the Health Services Division, who he also drove for a couple of years.

Should we take their denial at face value? Even if we do, and wait for more witnesses to blow the whistle or future investigations to exculpate them, the mere fact that they didn't know what their subordinates were doing right under their noses, using their names no less, makes them either fools or downright incompetent. Even if they're innocent of direct involvement, they're unwittingly complicit in the corruption committed under their stewardship. To their advantage, there is no punishment for either foolishness or incompetence in our

### VIEW FROM INDIA

## Has Abe's Arc of Democracy Arrived in Asia?



PALLAB BHATTACHARYA

ON September 21, India and China held their sixth and latest round of talks to tamp down tensions along their unresolved border in Ladakh. The marathon meeting, which began in

the morning and continued late into the night, assumed importance as it was the first such exercise since the foreign ministers of the two countries had met in Moscow eleven days prior to that, agreeing on the need for de-escalation of troops and arms build-up at the border and disengagement of troops who are almost in eyeball-to-eyeball standoff. But the tensions and standoff show no signs of a resolution. The mistrust between the two sides has only deepened in the last four-five months.

While the overwhelming focus has been on the bilateral dimensions, one equally important—and a somewhat less discussed—dimension is the manner in which China's increasingly military assertiveness has had the effect of expediting a new world order and realignment of forces at the international level.

An idea in the labyrinth of international relations takes time to germinate and there is a time for it to grow. Nothing could be truer for the "Arc of Democracy" proposed across Asia by former Japanese Prime Minister Shinzo Abe in 2007. It is an idea whose time has come, to quote a favourite expression of former Indian Prime Minister Manmohan Singh.

Thirteen years ago, Abe, with an eye on China, had proposed the Arc as a loose alliance of democracies in Asia. His idea at that time was nebulous. But as he stepped down as PM, he may have derived some satisfaction from the recent developments that saw his proposal taking concrete shape. Nothing illustrates this better than two events that happened on September 10: (1) India, France and Australia had their first dialogue in a trilateral dialogue; and (2) India and Japan signed an agreement allowing defence forces of the two countries to

access each other's logistics and facilities. What is common between the two is the firm focus on the vision of an Indo-Pacific where China is aggressively ramping up its military and economic presence.

This is a far cry from the initial days when Abe's Arc of Democracy idea was met with a tepid response across much of Asia as country after country, including Australia and India, did not want to be seen too keen on it as they did not want to rub China the wrong way. Each Asian country had its own strong

and openness—are not in the lexicon of China's worldview.

Beijing may or may not have factored in that there may be countries which can come in the way of its desire to hold sway, refuse to accept its territorial ambitions, join the BRI, debt-trap diplomacy and look at a maritime security coalition and compete for influence in South East Asia and Africa. This is what appears to be happening as India, Australia and France held the



File photo of Indian Prime Minister Narendra Modi and Chinese President Xi Jinping.

PHOTO: REUTERS

economic engagements with China. Not that the situation has changed much now. Over the years, democracies in Asia, or for that matter across the world, have tended to underplay China's worldview. That, however, began changing once Beijing came out with its white paper on the Asia-Pacific in 2017 suggesting major powers to be sensitive towards each other and medium and smaller powers to stay neutral. That was the time when China, with a bulging moneybag, went about hard-selling its Belt and Road Initiative (BRI) across the world and its territorial claims in several parts of Asia. China's worldview is one to dominate the international order by putting in place its own rules governing the international order. The values of a democratic society—individual rights

trilateral dialogue virtually on September 9. What is noteworthy is that this was the first time that a European power was brought into the Indo-Pacific scheme of things as opposed to China's Asia-Pacific picture.

The two main focus areas of the meeting were: collaborative efforts to ensure free, open and inclusive Indo-Pacific and enhance the resilience of reliable global supply chains. This should also be seen in the context of Japan and Australia that recently took an initiative for ensuring resilient supply chains. It remains to be seen if France also joins it. Besides, India and the US are also expected to ink an agreement for maritime information sharing that gets well with the overall Indo-Pacific strategy. There already exists the quadrilateral

grouping involving the US, India, Japan and Australia viewed as another forum for ensuring freedom of navigation in the Indo-Pacific. India already has a trilateral forum with Indonesia and Australia. The common thread running through this surfeit of tri-nation or quadrilateral groupings is the convergence of strategic interests in the Indo-Pacific.

China views the idea of Indo-Pacific with suspicion, without apparently realising that its own actions to tailor the world order have pushed and expedited such irreversible alignments of countries. On the face of it, these alignments are separate but one should not underestimate the ability of these countries in the groupings with focus on the Indo-Pacific to coalesce when the necessity arises, because their worldview has certain shared values like individual liberty and a spirit of accommodation for all.

It is important to listen to Indian External Affairs Minister S Jaishankar, who was speaking at a function in New Delhi on September 18. He underlined that the military logistics pact between India and Japan is a very practical manifestation of the ability and intent of the two countries to work together and expressed the confidence that "it would be both a big plus for the evolution of the Indo-Pacific vision of both countries as well as adding to the stability and security of Asia." His remark could be an indicator of the shape of emerging Indo-Pacific narrative in the midst of growing Chinese assertiveness.

The real challenge for the votaries of the Indo-Pacific vision is to sustain the initiative without being distracted by short-term interests or change of guard in the countries. After all, the foreign policies of democratic countries are underpinned by certain common values and convergence of interests. China may be going wrong in expecting medium and small powers to be neutral in international power play. Neutrality may not be an option for these powers if they are pushed by China to a corner. Shinzo Abe's Arc of Democracy may have been in the incubator for a long time, but China's actions may have given that idea a decisive push to get off the drawing board.

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