

Mustafiz in Moscow

Foreign Minister Col. (retd.) Mustafizur Rahman's visit to the Soviet Union is unquestionably a major development and the new government deserves praise for this welcome initiative.

But that is a lot of water under the bridge now. The international scenario has been transformed since the advent of Mikhail Gorbachev.

On the face of it, Mustafizur Rahman's visit is not an ambitious one, judging by his limited brief dealing principally with consular issues.

Trade is an area where Bangladesh-Soviet relations can flourish in years to come as well as now.

With doors to closer relations opened with the foreign minister's visit, follow-ups should be arranged without much delay involving other ministries, particularly trade, industry and those dealing with technical aspects of development.

Press in Indonesia

Does a journalist make a good Minister for Information? The question which might have been asked here in the past has now cropped up in Indonesia.

The relations between the press and the government had never been smooth in Indonesia, even from the days of the late President Sukarno.

Minister Harmoko tends to get tougher with the press, as his credentials as a former journalist become more and more a matter of the past.

If the powerful Jakarta press makes up its mind to put the Minister in his place, Mr Harmoko may well be on borrowed time as a member of the cabinet of Mr Suharto.

Human Rights Move up the Commonwealth Agenda

by Gillian Forrester

As world attention moves from East-West problems to North-South issues, the Commonwealth is examining the role it can play in the dramatic world-wide movement towards democracy and individual freedom.

The Commonwealth may be progressing towards becoming a monitor, consultant and judge of conduct affecting human rights in its 50 member countries.

THE 50-nation Commonwealth is moving human rights higher up on its agenda. Organisations of doctors, lawyers, journalists and trade unionists want it to reinforce and encourage people's awareness and respect for basic human rights.

A non-governmental advisory group on human rights is recommending that the Commonwealth adopt a declaration of human rights, create a commission of experts to advise and monitor countries on human rights issues and eventually set up a body to investigate and judge problems as they arise.

Dr. Beko Ransome-Kuti, a member of the advisory group from Nigeria, was himself jailed in 1985 for taking part in a strike to obtain proper medical supplies for his patients.

He says people are now getting bolder as awareness of human rights grows throughout the world. An initiative such as this will help people confront authorities "on a more serious basis."

Flora MacDonald, chairperson of the committee and former foreign affairs minister for Canada said: "We're not trying to invent something new, we just want to hear the Commonwealth make a definitive declaration on the matter."

The United Nations has put forward several conventions on human rights but many Commonwealth countries still have no charter of basic human rights.

The purpose of the new group, known as the Commonwealth Human Rights Initiative (CHRI), is to support people who are struggling for their rights and to raise awareness among all about what their rights are.

Struggles for democratic and human rights are surfacing most strongly throughout developing nations, but con-

sciousness is also rising in developed nations.

The Commonwealth's presence in every continent puts it in an ideal position to set human rights standards. It is a role the organisation has left largely untouched until now.

Says MacDonald: "The Commonwealth is at a crossroads... the preoccupation with East-West issues is moving to one side, so that there is now more concern with North-South problems."

Because Commonwealth countries stretch around the globe it is in a perfect position to reinforce people's cries for justice.

Over the past dozen years, its focus has been on struggles for democracy in South Africa and Namibia. Now that the resolution of those problems is in sight, the attention of the Commonwealth and of other nations, particularly in Africa, is turning towards democracy in their own countries.

After the lifting of the state of emergency in South Africa in 1990, many countries were forced to reconcile the situations in their own countries. Zambia and Zimbabwe, for instance, have had in place in their countries states of

emergency during all the time they were pushing for abolition of the state of emergency in South Africa. Both countries have made serious moves towards changing their own policies.

In a state of emergency, citizens have few rights and the government assumes sweeping powers. Securing the power of the state has been considered a good enough reason to violate people's rights.

The final report and recommendations of the Human Rights Advisory Group will be discussed by member coun-

tries at the Commonwealth summit in Harare in October.

The bodies that contributed to the new Commonwealth recommendations were the Commonwealth's Journalists Association, Trade Union Council, Lawyers Association, Legal Education Association and Medical Association.

Each has its own reason for fighting human rights violations. "Journalists report it, lawyers fight it in the courts, and trade unionists can strike over it," says group director, Richard Bourne. The goal is to make each free to do so. Journalists, whose profes-

sion depends on the right to freedom of expression, are often silenced by governments. Frequently, they, as well as doctors and lawyers, become instruments of the state, with no freedom to exercise detached professional judgement.

Doctors in many countries are asked to take part in capital punishment, or torture, and are not permitted to act according to their consciences. In the case of South African black rights activist Steve Biko, doctors permitted him to be hauled along miles of bad road, even though he was close to death.

In Pakistan, where hands are amputated as a form of punishment, there is a group of doctors now refusing to perform the operation.

Although basic rights are generally enjoyed by citizens of developed nations, rights are violated in subtler forms. For example, Canadian aboriginal people are demanding acknowledgement of treaties signed last century and the government is starting to listen.

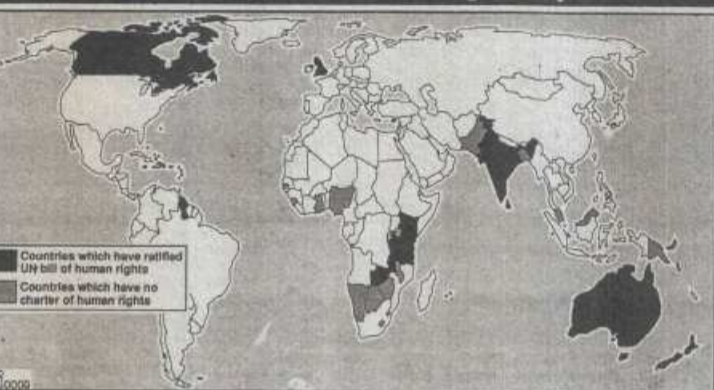
After 17 years, the British courts have finally released the "Birmingham Six," a group convicted of a bombing they did not commit. The admission that a mistake was made has given new hope to many prisoners who claim innocence.

The same day the recommendations to the Commonwealth were published, Amnesty International condemned Britain's handling of major human rights issues.

It said the nation's protection of human rights "clearly falls short of international standards." —GEMINI NEWS

GILLIAN FORRESTER is a graduate of the University of Regina School of Journalism and Communications in Canada working on a fellowship for Gemini News.

Commonwealth human rights profile



Members of the Advisory Committee include: Dr George Barton, a barrister from New Zealand; Law Professor Yash Ghai of Kenya; Billie Miller, a barrister and minister of government in Barbados; John Morton, a British member of the Trade Union Congress; Dr Boko Ransome-Kuti, president of the Committee for the Defence of Human Rights in Nigeria and former Secretary-General of the Nigerian Medical Association; George Verghese, former editor of the Hindustan Times and the Indian Express newspapers; Richard Bourne, Deputy Director of the Commonwealth Institute in Kensington; Flora MacDonald, former external affairs minister for Canada.

Indian Economic Scene

Profitability of Commercial Banks Shows Downward Trend

by Jagdish Prakash

THE commercial banking sector in India is fast assuming the role of a catalyst in the nation-building process, having well shifted its focus from "class banking" and "mass banking" to "social banking" and "innovative banking".

Over the past few years, commercial banks have branched out of urban areas and penetrated deep into rural and tribal pockets. The objective of creating a "structural transformation of the sectoral distribution of bank credit" has immensely benefited small and marginal farmers, artisans, self-employed professionals and small scale entrepreneurs.

Clearly, the objective of maximising profitability has had to be compromised to a certain extent. But then, it must not be forgotten that these banks are, primarily commercial institutions and, as such, must necessarily maintain their financial viability. This is also crucial in the interests of instilling confidence among innumerable depositors.

In the post-nationalisation period, these commercial banks have consistently demonstrated a downward

trend in their profitability. The ratio of net profit to total working funds of the banks was 0.4 per cent in 1989, which declined to 0.14 per cent in 1985. This is in sharp contrast to the performance of foreign banks in India whose profitability has all along been on the rise.

To worsen matters, there are eight nationalised banks which have recently been declared "sick" by the Reserve Bank of India. They are the

because banks are becoming more "target conscious" than ever before.

Indian commercial banks are also operation with a lower capital base. The capital-asset ratio of these banks ranges between 1.2 and 2.5 per cent, while their capital-weight risk assets ratio ranges between 1.1 and 4.7 per cent in the case of nationalised banks. In this context, the Basic Committee

Commercial banks are subject to strict regulations by the Government and the Reserve Bank of India. In view of the fact that the money and capital markets are gaining maturity, it is time these banks are granted more financial liberalisation so that they improve their efficiency and profitability. This idea has been strongly favoured by the noted economic L. K. Jha and the

of 1,854 new branches to be opened, 5,624 were allotted to nationalised banks.

If all these targets are to be fulfilled, adequate attention cannot be paid to the commercial viability of the branches opened. This has necessitated a consolidation of the operations of banks. The former Governor of the Reserve Bank of India, Mr R. N. Malhotra had himself launched a drive towards "consolidation of banks" by merging

problematic branches with a view to extend their network and improve their branch strength. A major hurdle in this regard is that while a branch can be swapped, its personnel cannot be easily swapped.

There is also the problem of mounting bad debts and overdues, eroding the profits of banks substantially. The loan waiver schemes have further aggravated the situation. What is needed now is the strong will on the part of politicians to shun populist moves and save the banks from deteriorating financial health. Ironically enough, in nursing various industrial sick units, these banks themselves are becoming sick. Hence the need to closely monitor lendings to sick units.

In the ultimate analysis, it is crucial that bank managements put their house in order. Productivity and profitability can be improved by means of developing new systems for monitoring and control. Due emphasis must also be given to proper manpower planning, human resources development and effective training programmes to improve the quality of banking personnel.

— PTI Feature

The author, Dr. Prakash, is Director of the Institute of Public Enterprises Research, Allahabad.

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Bank of India, Syndicate Bank, United Bank of India, Bank of Maharashtra, Punjab and Sind Bank, Vijaya Bank, United Commercial Bank and New Bank of India.

Significantly, these banks have not been able to utilise a major part of the deposits attracted by them for generating profits. Moreover, they have, on the whole, demonstrated a strange over-enthusiasm towards priority sector lending. At the end of June 1990, the total priority sector advances by these banks touched Rs 38,474 crore, constituting 42.3 per cent of the net bank credit as against the prescribed target of 40 per cent only. This is primarily

Norms for Capital Adequacy, as adopted by the Central Bank Governors of the group of ten countries, assume relevance.

According to the Basic Committee, banks should maintain a minimum capital base of eight per cent of risk weighted assets. In the case of Indian banks, it is nowhere near the norm. Even if we come down to four per cent, the additional capital required for the nationalised banks will be about Rs 2,000 crore. Along with the low capital-asset ratio, another problem is that a fairly high percentage of assets is in the category of non-performing assets. No solution has yet been found for this.

Chakravorty Committee set up a few years back. After all, too many regulations adversely affect the performance of commercial institutions.

There is also a need for restructuring the entire banking system in the country. The enthusiasm banks have displayed in opening more and more branches in far flung areas of the country is well known. Even the 1985-90 Branch Licensing Policy laid down a target of 5,360 new branches for the banking sector as a whole. In addition, when the Service Area Approach scheme was launched in 1989, these banks were prescribed a fresh target

uneconomic branches. But in the absence of takers, the move could not succeed.

However, of late, the Reserve Bank of India has granted permission to banks to swap their branches in far flung areas with those of other banks for the purpose of geographical rationalisation. They have also been permitted to close down their uneconomic branches in urban and metropolitan areas, so long as the Reserve Bank is informed about it.

Merging of uneconomic branches with healthy ones would also help in this regard. Recently, some healthy banks have been willing to take over loss-making, uneconomic and

To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

The BCCI debacle

Sir, Many thanks for the Star Report (July 07) on the situation created in the BCCI and for your leader entitled "A Banking Disaster" of July 08. Unlike the reports carried by some newspapers of little or no consequence that scream for attention, your report was admirably balanced, objective and unbiased. And your editorial suggestions for saving the institution are pragmatic and constructive which bear testimony to your real concern for public welfare.

Why the apparently unnecessary and allegedly unjustified action that shook the country's banking world to be taken by the Bangladesh Bank with no proper anticipation of the adverse repercussions intrigued every sensible person? You are right in asserting that without a statement to prevent misgiving among depositors immediately preceding or following the suspension of operation it was regarded by many panicky clients as a prelude to liquidation.

In fact, the action said to have been taken to "allow an orderly conduct of banking business" actually caused widespread disorder and panic leading to loss of public confidence in the country's banking system and perhaps to its premature collapse.

Every well meaning citizen will endorse your suggested steps for making part payment to depositors, honouring letters of credit, and releasing imported merchandise aimed at restoring public confidence in the country's banking system, preventing disruption in our economic activities and strengthening the country's monetary system as a whole. As you have said, the BCCI can be saved, and with it the entire banking system of the country. And as you have suggested, we should not follow the steps taken by the monetary authorities in developed countries, but choose our own methods.

Incidentally, is the creeping fear wholly unfounded that the institution is also a victim of the unholy conspiratorial cru-

sade launched by the powerful quarters evidently to undermine the economic stability in the developing countries?

Nasrul Haq, Esakton, Dhaka.

Prerogative and responsibility

Sir, Members of the current parliament were elected on the basis of free and fair election what has been widely termed as true reflection of people's will. It is with high expectation that the electorate exercised their franchise. The hope is one of alleviation of the lots of the people groaning under poverty and illiteracy. Both of these scourges are colossal in magnitude and are real impediment to all-round development of the country. Intractable as they are the government has set a target for their removal by the turn of this century. To say the least, the task of the elected representatives is stupendous and the challenge before them herculean. Besides plunging headlong in ameliorating the lots of their hapless electorate their role as lawmakers should not be lost sight of. Against this backdrop the news of staggering amount of defaulted telephone bills running into lacs of Taka makes a disappointing study in irresponsibility and recalcitrance. The electorate languishing

in abject poverty, not without a little anguish, has observed in the past the indecent and undemocratic move by the MP's enhancing their salaries and perquisites by show of hand, and of being granted exemption on custom duties on limousines imported for them — all at the cost of public exchequer.

The present parliament can rightly boast of being democratically elected. Hence, people expect of the elected representatives a lot more. In view of their onerous position the government has already given them red diplomatic passport and myriad privileges in spite of our resource constraint. Ours is a poor country and footing the bill of sessions of the Parliament puts a strain on the exchequer — a necessary price we have to pay for our innate aspiration for a society built on democratic principles. The MP's on their part, should be exemplary in their conduct by being dedicated to the people selflessly. Squabbles like issue of warrant of precedence of MP or their additional amenities not only devalues precious time of the floor; it also tend to lower the profile of those upto whom people look wistfully. One should not forget the fact that by being elected one does not become any different from the masses in whom he owes responsibility for the preroga-

tives enjoyed at the cost of taxpayers.

M. G. Mustaq, Elephant Road, Dhaka.

The VAT payers

Sir, The Board of Revenue had been publishing advertisements in newspapers for all eligible concerns to get themselves registered under Value Added Tax system within 30th June, 1991.

The advertisement had been published in various newspapers only from 7th June, and referred to the Ordinance dated 1st June 1991, and the details in the ordinance.

I am sure no newspapers have published the salient feature of the ordinance, and NBR has also not indicated the principal features of the ordinance in their notice. They have "directed" all concerned to contact the nearest VAT office or Customs and Excise office for obtaining the forms. The least they could have done was to give the address of the VAT offices in various cities for the convenience of the public.

It will of course be asking for the sky if one expects politeness in written communication from a government office, and a "requested" instead of "directed" in their notifica-

tion to those whose pay tax for the salary of the officials who are "directing" the tax-payers.

Narme Ali, Motijheel, Dhaka.

12th amendment and MP

Sir, The 12th constitution amendment bill proposes to vest dictatorial powers in the chairman of political parties who would be able to remove an elected member of parliament by simply expelling him from the party. And that also without assigning any reason. The vesting of such autocratic and arbitrary power in a party chairperson is undemocratic and infringes the fundamental right of the people to choose their own representative.

An MP is elected by the people more for his personal qualification than party affiliation. From that point of view if a member of parliament loses his seat and is debarred from contesting another election for 5 years simply because he does not submit to the dictates of the party chairperson, the member will owe his loyalty to the chairperson rather than to his constituency. He will thus lose his representative character.

M. Choudhury, Shantiganagar, Dhaka.