

## Towards a More Meaningful Second Cycle

With two postponements and the third often talked about, with India, the biggest member, caught in a most devastating domestic turmoil and with the Pakistani government facing a critical political crisis, it is no small wonder that the 7th SAARC Summit was held at all. Yet, the Summit was not only held, but held most successfully with the active participation of all the seven leaders. With whatever misgivings the SAARC leaders may have come to Dhaka, it fast gave way to a realisation that the Summit provided an unique and magnificent opportunity to discuss their problems — regional ones, formally and in public, and bilateral ones, informally and in private.

The Dhaka Declaration, which needed to be negotiated till the very end, symbolises, according to chairperson Prime Minister Khaleda Zia, a "strong resolve to work together for the promotion of peace, progress and stability". The Declaration, running into 63 paras of a 23-page booklet-size document, contains references to the possibility and desirability of regional cooperation on poverty alleviation, trade, environment, population, shelter, children, youth, women, and the disabled. The Declaration also talks about working together to eradicate terrorism, drug trafficking and drug abuse.

However it is in the agreement on SAPTA (South Asian Preferential Trade Agreement) and in SADF (South Asian Development Fund), where much of the attention of the officials and leaders were focused.

We all know that no regional cooperation arrangement is of much value unless it has an economic base, which SAPTA was supposed to provide. And it is here that we have a mixed record. As the Dhaka Declaration puts it, the framework agreement will be followed by "first round of trade negotiations to exchange trade preference". The expressions make it abundantly clear that we have some ways to go before SAPTA can be put into place.

We are happy to see the environmental concerns get their due importance. While the common stand of SAARC countries on global environmental problems is welcome, yet we cannot but note with regret the absence of specific action proposals in the Dhaka Declaration, directed at the region itself.

It is our view that the Declaration does not sufficiently highlight the population issues. High population is a very serious problem of the South Asian region and the need for urgent and coordinated action in the area cannot be over-emphasized.

The highlighting of the need to promote people-to-people contact between SAARC countries is indeed welcome. However, the leaders seem to want to confine such contacts between regional apex bodies and the different Chambers of Commerce and Industry. This hardly constitutes promotion of people-to-people contact which must include easing of visa restrictions and more freedom of travel by journalists.

A lot will depend on the private sector cooperation to give SAARC some meaning at the grassroots level. Yet the Dhaka Declaration is rather weak in stressing this point. With the policy of market economy followed by all SAARC countries, the role of the private entrepreneurs need to be recognised, highlighted and encouraged much more than it is done at present. All said and done, it was a good summit and we are proud to have hosted it. Given the uncertainties under which it was organised, a word of praise for the organising bodies is well in order. Our Foreign Ministry and those in charge of security and everybody involved, deserve our thanks for doing a commendable job.

## Savings Grace

A week-long savings campaign is now underway throughout the country. A few functions held on the occasion will wax eloquent on the virtue of savings for the future, for internal resource generation and for increased investment. But the hard truth is that the campaign will be largely ignored by people of almost all strata. Ritualistic values apart, nothing significant will be achieved in the process. A week's promotional activities — those also confined to certain circles in the city — are too inadequate to change a habit ingrained in the people's character.

The issue relates to the total economic performance of a nation and also the quality of life it has not set for itself to attain. Indeed, history is replete with examples of nations volunteering for sacrifices before making great strides in creating internal wealth through proper planning and investment. Moreover, savings for the hard times are instinctive with animals. Man is only more rationally disposed towards and capable of using savings for further gainful purposes. The paradox, unfortunately, is that he does not always apply his rational faculties as discreetly as is expected of him.

This seems to be a problem with us as a nation. Naturally, it is going to be a daunting task to have the process moved on the reverse order. The campaign for savings should be sustained throughout the year. But publicity alone cannot be of any help unless complemented by practical measures. One such measure obviously is the incentive for savings. During the past couple of years, the incentives enjoyed earlier have recorded a rather sagging influence. A cut by as much as four per cent on the interest rate is bound to discourage people in putting their money with the banks. Not all people are expected to directly invest in industrial, commercial and other ventures.

This is terribly hampered when the government, rash in thinking that reducing interests is a sure way of increasing investment in productive sectors, makes loans available for all purposes at a cheap rate. What happens is that the borrowed money accounts for a spurt in consumerism often based on materials and gadgets imported from foreign countries. Domestic resource mobilisation and the expected investment for more production remains to be an illusion. This is precisely what has happened in our country: our local production has seriously suffered. Indeed, without internal resource generation, even the foreign investors cannot be asked to make investment. All this should make us realise the importance of domestic savings and investment. The government can only offer the best possible terms and conditions for attracting people for more savings and investment.

Of the least desirable credentials of the SAARC countries is their combined population of more than 1.1 billion. The total world population now stands at 5.3 billion. India alone accounted for 849.5 million. Those who lived below the poverty line were estimated at 562 million or 49.0%. While the average annual rates of growth of population during 1980-90 in India (2.1%) and Bangladesh (2.3%) were about the same, the growth rate in Pakistan (3.1%) was higher and that in Sri Lanka (1.4%) was lower than the above two countries. Women's education and employment contributes substantially in arresting growth of population as evidenced in Bangladesh where average annual growth rate is declining more rapidly than in India. It has been found that the average woman has three children in a society where 40 per cent of all women have secondary education, as compared to the average of seven children born to women who never enrolled in secondary education. In Bangladesh a scholarship programme has succeeded in almost doubling female secondary enrolment, as well as promoting higher labour force participation, later marriage, and lower fertility rates. Although the Asia-Pacific region has been most successful in alleviating poverty, the performance of the SAARC region — because of its low growth rate — has been relatively unimpressive. The estimated growth of real per capita income of South Asia is 1.5 per cent as compared to 5.6 per cent for East Asia. Despite South Asia's estimated tripling of income by the year 2030, the per capita income that year will be just about \$ 1,000, as compared to \$ 3,300 for East Asia. Even with rapid growth rate, in terms of the per capita GNP, the Asia-Pacific region will be behind the rest of the world, except the Sub-Saharan Africa which is expected to crawl to \$400. The per capita income for the other regions, in ascending order, are estimated as follows: Middle East and North Africa \$4,000; Latin America and the Caribbean \$5,000; former USSR \$8,000; Eastern Europe \$9,000; and High Income Economies \$40,000.

The SAARC countries have to drastically improve their economic performance and food production before the end of the century. Despite decline in the growth rate of population, it is estimated that food production will lag behind the

# SAARC Countries must Strive Hard for a Better Future

by Syed Noor Hossain

population growth in the region. In that circumstance, the Malthusian Theory may well be in operation and a famine like the one that affected Somalia now is not unlikely in the coming decades unless breakthroughs can make harvests keep pace with population growth. A report published by the Food and Agricultural Organisation (FAO) in September 1992 estimates that the percentage of children who are malnourished in South Asia is twice as high as that in Africa. No less than 300 million people in Bangladesh, India, Nepal and Pakistan are today chronically hungry. If a major natural disaster reduces food production further, large scale famine would be inevitable. That will certainly cause a human tragedy of much greater proportion than Somalia's. The demand on the surplus resources is so high in the present world that during any emergency quick and adequate help may not be forthcoming. The political leadership in the SAARC countries, who have so far behaved in ostrich-like manner and failed to fathom the difficult global situation and the danger that may engulf the region, should collectively devote themselves to prevent any catastrophe.

Among all the South Asian countries, Sri Lanka is distinctly different from the rest of the SAARC members on a number of counts. Despite the racial conflicts that greatly hampered the country's economic development, Sri Lanka has attained higher quality of life as compared to other SAARC countries. As the selected indicators below will reveal, Sri Lanka is the only country in the SAARC region which has statistics comparable to Malaysia with regard to life expectancy and infant mortality. Sri Lanka's comprehensive medical coverage and broad-based education has been behind the falling birth rate.

During the period of 1980-90, population in that country grew at the annual average rate of 1.4%, the lowest in South and Southeast Asia. Among the ASEAN countries Indonesia and Malaysia have the lowest growth rate of population (1.8%). The credit lies in these two countries' success in arresting the population growth drastically. During the 1965-80 period, population in Thailand and Indonesia grew annually at the average rate of 2.9% and 2.4% respectively which were comparable to India's 2.3%. Bangladesh's 2.6% and Nepal's 2.4% during the same period. The world average for the growth rate of population in 1990 was 1.7%, a rate none of the SAARC countries, except Sri Lanka, could reach. In terms of per capita GNP, all the SAARC countries belong to the group of Low Income Economies having income of US \$610 or below in 1990. Among the ASEAN countries only Indonesia belongs to this category.

India's persistent balance of payments deficit is due to the failure of their manufacturing industry — pampered as they are in a sheltered market — to attain international competitiveness. While the Indian consumers get a bad deal, having to buy mediocre products at high prices, industries made easy profits in the absence of external competition. Therefore, if the Indian trade balance has to regain a sound equilibrium, its manufacturing industry must attain adequate international competitiveness. For this drastic deregulation would be necessary to make the domestic market for manufactured goods more competitive.

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gory. Malaysia, Philippines and Thailand belong to the Middle Income Economies and Brunei and Singapore are in the company of the High Income Economies. Unlike the ASEAN countries, the SAARC countries do not have much income differences among themselves (Nepal's US \$170 to Sri Lanka's US \$470). Just compare that with Indonesia's per capita GNP of US \$570 to Singapore's US \$11,160.

In foreign trade, South Asia is nowhere. Malaysia, a country having only one-fortieth of India's population, has greater volume of international trade than India's. South Asia's deplorable failure to launch an export-led growth is reflected in Japan-India trade relations as well. The trade between India and Japan has declined in percentage terms. Japan's import from India in 1960 stood at 2.2% of its total import; in 1990 it came down to 0.88%. In the same period, Japan's export to India declined from 2.7% to 0.6%. The IMF compiled statistics suggest that India's global share in trade, both exports and imports, have declined in percentage terms from 1960 to 1989. The share of exports and imports in 1960 were 1.03% and 1.53% respectively. The corresponding figures in 1989 were 0.55% and 0.71%. In the background of India's critically deteriorating balance of payments position, there has been consensus in the policy making circle about the necessity of pursuing economic reforms and seeking IMF's much-needed loans.

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The collapse of the socialist system in the Soviet Union and the Eastern Europe has greatly popularised the market economy system to attain industrial development. Thanks to the persistent pressure of the World Bank and the International Monetary Fund (IMF), even countries like Bangladesh which largely followed open market policy have taken new measures to further liberalise the trade and investment policies. Bangladesh has launched a new Industrial Policy for 1991. This approach fits well into the overall policy of the government to encourage and stimulate the private sector. One of the innovations effected in the import and export policies is to formulate these policies for a period of two years. Thus the current export/import policy covers the period of 1991-1993. This will allow the importers and exporters to devise their strategy for a longer period while planning their imports and exports. Secondly, the government has reduced the rate of duty on the import of capital machinery and spares for export oriented industries. Thirdly, facilities have been extended to procure raw materials from abroad through external back to back Letter of Credit (L/C) in selected export sectors. Fourthly, all commercial banks are authorised to establish back to back L/C for the import of raw materials and other accessories, without the permission of the Bangladesh Bank, for ready-made garments, specialised textiles, household linen and hosiery products.

The New Industrial Policy 1991 was largely welcomed by the big business houses in Bangladesh. The government expected that the new policy, which contains some favourable provisions, should apparently look attractive to the potential investors, both local and foreign. It stipulates that there will be no limitations pertaining to equity participation, i.e., up to 100 percent foreign private investment will be allowed. Secondly, in case of joint ventures or industries set up independently by foreign investors, there shall be no obligation to sell shares through public issue irrespective of the

amount of paid-up capital. Thirdly, if the foreign investors reinvest their repatriable dividends, those will be treated as new investments. Fourthly, it ensures exemption from income tax up to three years for the foreign technicians employed under the approved industries. Fifthly, there will be no restriction in issuing work permits to foreign nationals in Bangladesh. Sixthly, the policy extends facilities for repatriation of invested capital, profits and dividends. Finally, apart from all these, the Industrial Policy 1991 provides separate facilities for the Export Processing Zones in Bangladesh. Alongside this policy the Foreign Private Investment (Promotion and Protection) Act, 1980 will continue to remain in force. The key provisions of this Act includes a) ensuring equal treatment in all respects for local and foreign investments, b) protection of foreign investment from nationalisation, and c) ensuring repatriation of proceeds from sale of shares and profits.

Just as in India, Eastern Europe or elsewhere, the New Industrial Policy 1991 introduced by Bangladesh did not expect to bring in the flow of milk and honey. All of these countries have three complicating factors: long-standing rules and regulations which are impediments to the implementation of any liberal policy; uninspired bureaucracies and political leadership which are self-serving and fail to give appropriate guidance to business enterprises; and top of all, unwieldy, inefficient and overgrown labour force whose leaders are pampered by politicians to work more as bandits rather than partners in production. Apart from these, the SAARC countries in general present the picture of a conservative and strife-torn region with scanty amenities for modern living and leisure, having poor infrastructure and lacking in law and order. These are perceptions deeply ingrained in the minds of the foreigners. They are difficult to erase. The South Asian countries have made them worse by intra-regional conflicts and revival of religious fundamentalism, notwithstanding the lip-service given by the leaders to the 'SAARC Spirit'.

To be concluded tomorrow

The writer is currently the Deputy High Commissioner of Bangladesh to India, based in Calcutta. He has written this article in his personal capacity.

BASIC INDICATORS OF SAARC COUNTRIES AND MALAYSIA 1990

ITEMS	Bangladesh	India	Nepal	Pakistan	Sri Lanka	Malaysia
Total External Debt (Million \$)	12,245	70,115	1,621	20,683	5,851	19,502
ODA Receipts (Million \$)	2,103	1,586	429	1,152	665	469
GNP Per Capita (\$)	210	360	170	380	470	2,320
Total Population	107	850	19	112	17	18
Growth Rate (%)	23	21	26	31	14	26
Life Expectancy at Birth	52	59	52	55	71	70
Infant Mortality (per 1000 births)	105	92	121	103	19	16
Exports (million \$)	1,674	17,967	162	5,590	1,194	29,409
Imports (million \$)	3,646	23,692	543	7,377	2,698	29,251

Source: World Development Report 1992

## Bank for Industrial Development within the SAARC: A Proposition

by M Shamsul Alam

WITH the experience from different Regional groupings among the developing countries like ASEAN (Association for South East Asian Nations), RCD (Pakistan, Turkey and Iran), ECCM, EACM, CARRICOM etc it is seen that, they have either not achieved much progress in industrial cooperation or are still at the threshold of such cooperation. Within the groupings the member countries have assigned to produce some specific items as per availability of the raw materials, resources and other facilities. But some of the groupings like MRU have been facing major difficulty related to financing. The absence of a Regional Development Bank made the financing problem somewhat acute. Sometimes it happens that there are a few projects which are so attractive that almost every member country is interested in having them. Under such circumstances, it becomes difficult to achieve a fair distribution of the benefits among the developing countries. RCD, now known as ECO and the ASEAN are the only exception which have some sort of success in industrialisation. Many a Regional Industrial Cooperation within the region has proved a flop or has been slow to achieve the success. The reasons behind it is mainly the shortage of adequate financial resources. Allocation of industries among the members are also a big problem. Therefore allocation

of projects for exclusive development by each one of the SAARC countries is a distant dream. Again industrial cooperation of the advanced type involves a sort of surrender of sovereignty in economic decision making, for which these SAARC countries are not prepared.

**Difficult Proposition**  
Joint venture is also a form of industrial cooperation among the Regional groupings. In the context of SAARC Region, Least Developed Countries like Bhutan, Maldives, Sri Lanka, Nepal even Bangladesh also feel overwhelmed by their bigger and stronger neighbours like India and Pakistan. India and Pakistan have sufficient resources, managerial capability and infrastructure to set up joint ventures in other five member countries.

India had setup 10 joint ventures in Nepal and 21 joint ventures in Sri Lanka by 1985. There is a proposal of joint venture with Bangladesh to set up a Sponge Iron Plant, but still uncertainty of implementation remains. There is no joint venture of India in Pakistan, Bhutan and Maldives. On the other hand the rest six member countries have no joint ventures in India. But it needs to be guaranteed that joint venture in Regional groupings should be reciprocal. Among the seven member countries there is only one country i.e. India which is looking for joint ventures in other countries. The remaining six member countries are

certainly facing financial problems or lack of expertise, managerial capabilities, suitable infrastructures to set up joint ventures in other neighbouring countries. So within the regional groupings like SAARC, joint venture is also a difficult proposition.

**Alternatives**  
Under the above circumstances, SAARC looking for other alternative paths for industrialisation within the member countries which leads to Economic Development. In view of Regional Industrial Cooperation, allocation of industries to the member countries are not feasible because of limitation of resources and financial solvency. Joint venture is also not suitable because of the same reasons. Therefore there might be an alternative proposition for creating a Regional Industrial Development Bank for SAARC. The member countries will contribute some fund to the bank as per GNP of the respective countries or any other proportionate way. Specially the solvent country should contribute maximum capital to the Bank and the least developed members will get the maximum benefit from the Bank. Special drawing rights will be maximum for the poorest countries. There may be some conditions to fund using the available raw materials from the member countries

with the international price and they are bound to meet the requirements of the member countries demand as much as possible. If there is any surplus production, only then they can export outside the SAARC countries. Certainly the other member countries will buy the goods on competitive price.

To begin with, we may propose for the creation of a Bank for Industrial Development within the SAARC (BIDS) which would be charged with the task of developing industries including agrobased industries, cottage and small scale industries, in the least developed member countries. The bank should not only render financial and technical assistance, it should also help selecting the areas of industries and formulating the project profiles. However this type of Bank may work as vehicle of economic cooperation within the SAARC Region. There are some fields like tourism on which a package programme may be taken. Foreign tourists will be interested to make tour over all the SAARC countries in one trip or one travel. This should be preferable for a foreign tourist. In this field there may be a good chance of developing the tourism industry within the SAARC territories. The infrastructures like hotel, motel, a fleet of vehicles and tourist facilities can be built up on a joint basis making this a region of tourist's paradise.

This tourist industry may certainly bring in higher exchange earnings for all the member countries.

**Other Steps**  
Apart from the establishment of BIDS other steps should be taken up for implementing the policy and guidelines of industrialisation in the region. The first step is to exchange of complete information on capabilities of the SAARC countries for the industrial and economic development. There should be a centre for data collection, data storage, data processing and monitoring. The experienced officials of trade and industries sector of member countries should be deputed to the centre for consulting the concerned authorities. Secondly the private sector entrepreneurs may visit one country after another country for studying the feasibility of the related industries. Similarly the visits of policy makers, government officials, could be arranged from one country to another for transfer of views and ideas. Thirdly there may be a SAARC trade centre for marketing the products within the SAARC Region and also for export to the outside Region. The trade centre will exercise on different facilities for the exporting countries within the region, such as reduction of tariff value, import duty etc, which is suitable for the all member countries. Recently, the Government of SAARC member countries agreed upon 10%

reduction on tariff value. But this type of facility may go to the industrialised countries like Pakistan and India. Because they have enough goods for export. The other five member countries have not so much products for exports to India & Pakistan. The trade gap between India & Bangladesh is now about twelve crore & ninety lac dollars.

Reduction of 10% tariff value will only help to increase the trade gap between Bangladesh & India and also with Pakistan. Therefore, it is the time to think over the matter of industrialisation in the least developed countries within the SAARC. Fourthly and lastly there should be separate section in the trade centre for Research and development programmes on a joint basis. All sort of expenditures for the SAARC trade centre will be paid up by the all SAARC countries proportionally.

There is no doubt that the proposed Bank for Industrial Development within the SAARC (BIDS) will promote industrialisation within the region. SAARC leaders should pay special attention to industrialise the least developed member countries like Bhutan, Bangladesh, Maldives and Sri Lanka and Nepal. For this purpose setting up a Bank for industrial development with a specific stipulation of extending greater assistance to the less developed countries for their industrialisation could perhaps be an eventual goal.

## 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.

**Nationality card**  
Sir, Time has possibly come to introduce Nationality Cards to all individuals of our country.

Computer can make the whole process of doing the job in a systematic way. If this is done, we shall be able to know the exact population of our country and help to avoid all irregularities in voters' lists as well. It can be first started from Dhaka and gradually extended up to thana level. One computer in one thana will possibly be enough to get the

rural people enlisted with the help of UP chairmen and members. Every individual's date of birth, educational qualification, occupation and even involvement in any unlawful activities can also be recorded in the computer against the number of the card. So the needed NC has a very wide range of use.

I think our Government can think over the proposal more deeply to get this implemented at the earliest.  
Mottus Samad Chowdhury  
Assistant Manager,  
Phullola Tea Estate, Sylhet.

## Scabies as epidemic

Sir, In the small Primary Health Clinic operated by Friends of Bangladesh in Saidabad, we are experiencing an unprecedented number of scabies cases. For the second year 50 to 70 per cent of our child patients are showing this, far surpassing the usual diarrhoeal and respiratory case numbers. These children of our clientele, street dwellers and slum area people, are often almost completely covered with the welts. Babies scratching and crying all night disturb their mothers as well as others' sleep.

In most cases, after a lengthy period of time — and with warmer weather and less indoor crowding — the disease would cure itself. However, if constant scratching leads to secondary infection, this may turn into Nephritis (kidney

disease) which, unfortunately, can well be fatal. If our experience is typical — and it appears so from discussion with other health organizations working in the slum areas — this affliction is approaching epidemic proportion.

As we became unable to afford the usual benzyl benzoate treatment we came up with a relatively inexpensive idea — bringing in bottles of Lindane, purchased at US\$6.95 at plant or nursery stores and diluting it at the rate 20:1, thus bringing the price down to US\$ .07 per person. We would welcome comment or inquiries from others regarding the application of such treatment.

More important, we urge the Government to recognize and then investigate ways to contain this growing epidemic. These are people who, for the most part, are unable to agitate

for themselves. City health services must be convinced of the seriousness of the problem.

Herbert B Codrington, MD,  
Medical Director, and Sarah E  
Coghlan, Consultant, Friends of  
Bangladesh, P O Box 5049,  
New Market, Dhaka-1205.

## Agri graduate

Sir, Our attention has been drawn to a recent employment advertisement of Bangladesh Small and Cottage Industries Corporation which appeared in some newspapers wherein required educational qualification for the post of Asst Extension Officer has been stated as — "Minimum Arts/Science/Commerce/Agriculture graduate" in the scale of Tk 1725-3725/- which is also a scale shown against the post of Master Technician in the same ad. This is a gross degradation of the status of

Agriculture Graduate (Krishi-bid) and I file strong protest and dissatisfaction for the act.

In reality, an agri graduate as a technical graduate is equal to a medical or engineering graduate and equivalent to a general Master's degree holder. As per Govt order, the minimum pay scale for an agri graduate at the entry point of the related service should be Tk 2850-5155/-. And an advance increment for four years course is also given to agri graduates at the entry point.

We draw the attention of the competent authorities to the matter. At the same time we request the Ministry of Agriculture to issue circular to various departments clarifying the pay and status of agriculture graduates fixed by the Government of Bangladesh.

M Zahidul Haque  
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