Dhaka, Monday, April 26, 1993

Securities and Exchange Commission Ordinance

Cabinet approval of the draft Securities and Exchange (amendment) Ordinance 1993 and Securities and Exchange Commission Ordinance 1993, represent the first concrete step towards filling up a vacuum that existed so far in the area of regulation of dealings in stocks and shares in the country. The existing regulatory set-up, as represented by the office of the Controller of Capital Issues, has become an anachronism.

Drafted as ordinances, it is not clear if the two pieces of law would be promulgated as such or placed before the ensuing session of the Jatiya Sangsad to be enacted into legislation. In any case, if the proposed Securities and Exchange Commission (SEC) is to start functioning from July 1, as is widely believed, then the legislation, whatever form it takes, will have to be speeded

Building up confidence in the capital market. perhaps the first major task that the new SEC will face, has become imperative on several counts. For more than a year now, the central bank, with the aim of bringing lending rates of commercial banks down, had been reducing the bank rate as also the floor for commercial banks' rates of interest that they pay to their depositors. In their turn, commercial banks also had been reducing interest rates on saving and fixed deposits. The latest move of the central bank in this area came on Saturday last when it brought the floor for time deposits or the minimum rate of interest that a commercial bank has to pay to client on fixed deposits, another notch down, to six per cent from six and a half. Most commercial banks will now reduce interest rates offered by them to the depositors, further. Given the prevailing low level of inflation in the country, the real rate of return on fixed deposits in banks will remain positive despite the scaling down of interest. But there is no denying the fact that lower rates diminish a depositors total earnings from bank interest. Naturally, this reduces the attractiveness of bank deposits as a medium for saving. especially as the depositor has also to pay taxes on interest income. Placed in such a situation, depositors and savers, particularly those belonging to the fixed income group, would try to shift investment in bank deposits to another medium where the money would remain safe and yet yield higher income. Such a shift might even benefit the economy by effecting diversion of savings from relatively idle financial assets to more productive purposes. And here, confidence in market for stocks becomes a critical factor.

Until new financial instruments become available to the investors and a secondary capital market emerge or for that matter, new bourses come up in the country, Dhaka Stock Exchange (DSE) will provide the focult point for the regulator's attention. A dynamic DSE is also important for the success of the steps already taken by the government to attract foreign investment in shares. An effective SEC might also help government's privatisation programme enter a new phase of selling shares of state owned units to the public through the stock exchange. At present government is offloading its shares almost exclusively through tenders, probably because of its lack of confidence in the stock exchange. A programme to sell shares to the general public through the stock exchange would not only diffuse ownership of disinvested units but also broaden the present narrow base of the share market.

Although the proposed SEC is being set up as an independent agency, it would need to operate in close harmony with the allied regulatory bodies. For instance, to be able to function effectively in its own area of command, it would not only need the long awaited new Companies Act to come into force but also the support of a revamped agency to enforce the law. It would also need the full backing of the central bank so that a broker-banker nexus may not, some day, bring about a share market scam in this country too.

Fixing national power grid

Power failure in the national grid, plunging the capital and some its adjoining areas into total darkness reminded us, once again, how fragile our power system is. The failure of the grid occurred not too long ago, just prior to the 7th SAARC Summit, when for nearly two hours the capital and much of the countryside remained in darkness. It is well known that frequent power failure is causing havor to our industries and bringing our output down by quite a few percentage points. There is the loadshedding-planned power cut due to inadequate power generationwhich is understandable, though regrettable in the wider sense of raising the overall productivity of our economy. But what we are objecting to is the regular power failure which occurs due to lack of proper maintenance or sloppy work in the first place. Saturday evening was a very ordinary evening when there was hardly any storm or gusty wind to cause any disruption to the power lines. Why then should such failure occur? In every city, worth the name, such power failures have long been totally eliminated. For those that occurs here, maintenance is the main culprit for which the concerned authorities must shoulder responsibility.

, In addition, there is the regular feature of power failure when there is a light storm or rain. Till today there has been no satisfactory explanation by the concerned authorities as why we are put through such trails.

We urge the Power Development Board to take immediate steps to put its maintenance department in order. The formation of a four member committee is a step in the right direction. The Committee should be given all facilities to complete its work very quickly. Once completed quick actions should be taken to implement whatever recommendations it may come up with. The power system must be made more dependable if we improve our industrial output.

Harkin's Bill: LDCs Need International Adjustment Assistance ROSPECTS of US Sen-Some are all hollow inside

ator Tom Harkin's Child Labour Deterrence Act of 1993 being enacted into law are sending shivers of apprehension through our readymade garment industry for fear of loss of the US market in the near future. The draft law aims at prohibiting into the United States import of any product, made wholly or in part, by children under the age of 15 employed in industry

or mining. To add perspective to the issue, it has to be borne in mind that Bangladesh has not been singled out for the proposed action. Rather, it is part of a global move to eradicate use of child labour in trade oriented manufacturing activities and engulfs developing countries as a whole barring a few exceptions, such as Jordan and South Korea, where progressive education policies are said to have kept children out of the work force. Nor is this move directed against readymade garment industry alone.

For instance, carpet industries in India, Nepal and Pakistan where use of child labour is said to be widely in practice and who depend on the US market for a large segment of their export of the product, would also be affected if the draft becomes a law. It is stated that the children form part of the work force in developing countries in such diverse industries as glass, metalworks, textiles, firework manufacturing and mining as well. Indian carpets are reported to be finding it increasingly difficult in retaining market share in Germany also because of the involvement of

T / UNGANG, a bleak min-

half's bus ride from Datong city

centre, once had few ameni-

tics. Its ugly grey buildings and

stark streets are unrelieved by

greenery except for bunches of

plastic flowers and grapes

draped around in an effort to

coal around which the people

of Yungang's lives revolve, rise

from the roofs of the tiny ter-

raced houses made of mud and

stone. Small trucks labour

along the roads under their

. The air is thick with coal

dust, but Yungang docs boast

its own department store and

restaurant, all manned by

people who would otherwise

have to be found jobs at the

country's most important min-

are trying to get to grips with

the giant task of reforming the

Datong's showpiece profit-

making mine - 14 others in

the city make a loss - an ex-

periment is taking place.

Thousands of miners are being

moved away from the coal face

to jobs above ground in service

industries in an effort to slim

coal mines are making losses,

and the mines are absorbing

billions of yuan in state subsi-

dies. The problem the authori-

ties face is how to make mines

efficient when millions of their

20 million staff are excess to

requirements and yet to turn

them out on the street would

Some 95 per cent of China's

down the workforce.

create a rebellion.

At Yungang, which is

world's biggest coal industry.

Here is Datong, one of the

heavy cargo of slabs of coal.

Cimneys, a symbol of the

brighten things up.

ing community set in

bare hills an hour and a

child labour in the manufactur-Not that employment of children aged below 15 in the

readymade garment industry in Bangladesh has been denied. At least I have not come across any such dental. Rather, arguments are being advanced for its continuance. It is more than doubtful if this line of approach will yield any concrete results. For one thing, by employing children below 14 in mills and factories, we are breaking our own law Bangladesh has very recently prohibited employment of child labour below the age of 14 in industry. Then again, extensive campaign in the United States in recent months by human rights activists and the media have brought the abuses of child labour into sharp focus. It is in the cards that Senator Harkins' bill will be passed into a law.

The key issue is how much time will be allowed and what of international support would be forthcoming to assist a country like Bangladesh transform its labour force from a part-child and part-adult one to an 'all-adult' one? It's al right for the western activists to tell us "we are not going to impose our standards on you." Rather, we do not want our firms to take advantage of you. The finding that use of child labour distorts the process of industrialisation by allowing a country to increase its exports without making the investments necessary for the devel-

opment of a more highly paid and highly trained work force can not indeed be disputed. Words that the real alternative to child labour for a country is to invest in children and their future and raise productivity through a healthy and well-ed ucated workforce are weighty and merit full attention. The question is, as this newspaper recently put it, who is going pay for this?

Indications are that the proposed new US law would allow a transition period of about one year only. This

forms in time and to the extent necessary.

What is required urgently to supplement our own efforts at reforms is international adjustment assistance so that parents would be provided with funding for arranging schooling for the children now working in mills and factories and funds for building new schools to accommodate these deprived children as also to ensure a safe environment for them. In addition, funding for a safety net is needed to cushion the impact of loss of in-

ALONG MY WAY

S B Chaudhuri

period appears to be too short for a country like Bangladesh where the required transition takes the appearance of almost a quantum leap. The period for transition ought to be phased out over a longer period, at least for affected least developed countries.

It is reported that the Bangladesh Garment Manufacturers and exporters Association (BGMEA) has already opened a dialogue with the Asian American Free Labour Institute (AAFLI) for assistance in making the transition to an older work force. BGMEA's efforts are commendable but the point arises if this organisation on its own can carry out the proposed recome of families of the displaced child labour force.

It is said at times that foreign aided development projects in the country are often conceived by outside agencies and not ourselves. The problem relating to child labour offers an opportunity to our planners to draw up an appropriate project on their own and go out on a campaign for raising funds abroad.

With the SAARC summit just over, it is tempting to visualize a scenario in which instead of each nation doing its lone battle, countries of the region act in cohesion over such issues of common concern, evolving a collective ap-

proach which overrides domestic compulsions and supersedes intra-regional mistrusts. As the Prime Minister of India said in Dhaka the other day, "Internationally, our voice is better heard if spoken in unison....". Since the phenomenon of child labour is common to nearly all the countries in the region, SAARC Secretariat could consider making a move to test if it was possible to formulate a uniform strategy for the SAARC nations

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on this issue.

NDONESIA is to host a four-day international congress and exhibition of bamboo in November this year

The exhibition would present interior design and home appliances, paintings, sculptures, musical instruments; all made from bamboo. The purpose of the gathering is to consider ways for improving the quality of the existing bamboo products as also to explore new avenues for its utilisation as a multifunctional material.

Bamboo, as we all know, is treelike or woody plant of the grass family, having a hard hollow, jointed stem and grows mainly in the tropical region. It is a versatile material adaptable to use for varied purposes. Quite a few varieties of the plant grow in this country, ranging from some which are almost pencil thin to others measuring nearly a foot round the stem at the base.

with only a thin outer shell while a few are nearly solid.

It's a pity that while others are actively promoting multiple use of bamboo, arranging international conference and holding exhibition, production is declining in some of the major growing areas in this country. A news item appearing in a local daily says that bamboo clusters in Chuadanga area were facing depletion. A report published earlier spoke of the neglected state of bamboo thickets in Maulyfbazar district. Bamboo clusters, it says, are left untended and production is falling off fast. Bamboo is an essential raw material for paper industry, handicrafts fashioned out of it are exported abroad and it caters to a wide range of day-to-day necessities, especially in rural areas. As an obvious reason for the depletion of bamboo, the report identifies uprooting of the stalk for use as fuel in place of firewood, in disregard of the plant's growth cycle. Some motivational training of the growers in nursing bamboo clusters and planning production, the reports suggest, could help arrest the decline in yield and quality. Experts in

Reverting to the Jakarta seminar and exhibition, it is reported that the Indonesian bamboo association expects experts from at least thirty countries to participate in the meeting and ten countries to be represented in the exhibition. Participation in the Jakarta events might prove rewarding to Bangladesh also.

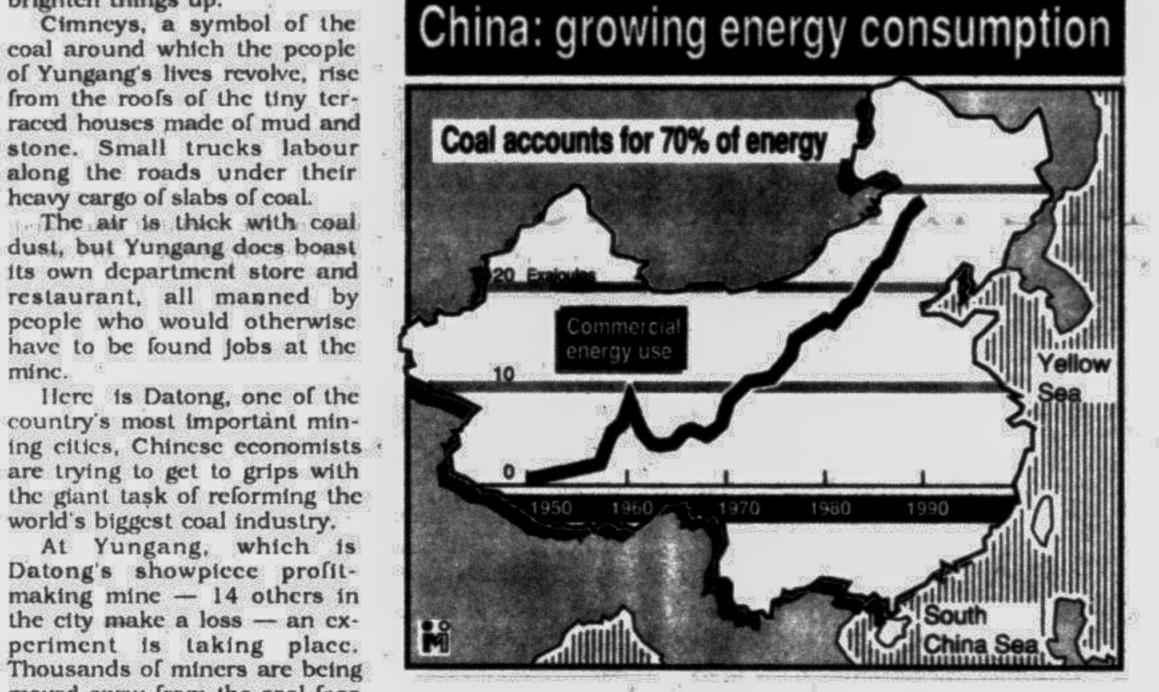
forestry would do well to

check on this.

How China Plans to Wave off its Miners

Catherine Sampson writes from Datong, China

China has the world's biggest coal industry. Coal accounts for 70 per cent of the country's energy. Although the mines absorb billions of yuan in state subsidies, 95 per cent of them are making losses. The dilemma the authorities face is how to make mines efficient without turning millions of mineworkers out on the street.



Coal is of primary importance both in the nation's industries and in the nation's homes. It provides a billion tons of coal a year, 70 per cent of China's energy. Mindful of the snags ahead, reformists of Yungang are going so slowly and cautiously that it is not yet clear they are achieving any-

Three thousand miners have been moved above ground, leaving more than 2,000 men 220 metres underground to do their work. Before these reforms, a man could not leave once he was assigned to the mines. Moreover, miners were paid very little extra to compensate them for the danger they faced. They were a captive work force. Now, says one official, some miners "want to do something less noisy, dirty and dangerous.

China officially admits to

10,000 deaths in the mines every year. Many more are believed to go unreported. Officials at Yungang are proud of their safety record, but say the actual figure of deaths and injuries remains a secret.

To keep enough men underground pay has had to be increased. At Yungang, coal miners now carn up to 1,000 yuan a month - five times what they could expect to earn in a state-run factory. The miners are not very forthcoming about the reforms, but do say they are prepared to put up with the bad conditions to earn that much money.

Beijing intends to increase pay differentials, so that a coal miner will earn three times the salary of a man above ground, and an underground auxiliary worker will earn twice as much as the man above ground. Li Jianren, a scnior official at Ministry of Energy in Beijing, points out that even those moved out of the mines will not be left destitute. That, after all, would pose a risk to social stability, something China's leaders are not prepared to contemplate. "We don't use the word dismissed, we call it changing

jobs," says Li. Workers who have left the coal face at Yungang are redeployed by their work units in other jobs. Others will leave the work unit, but keep their

low-rent housing and their benefits, and continue to be paid a full wage until they have established themselves in a new job outside.

"We'll put them on their horse and wave them off," says Li cheerfully. It is hard to see a radically slimmed down workforce emerging from reforms in which employees are for the most part shuffled around rather than fired. But every state-run industry in China will be trying to shed hundreds of thousands of workers before the turn of the century, so reformers are having to set their sights low.

Li says Beijing expects to redeploy or dismiss one-third of the nationwide underground worklorce of 2.6 million by the end of the century. Just in the state-run mines 80,000 miners will be shuffled or fired this year. Many millions more work in smaller collective and privately run mines.

In small mines, reform has hit hardest. In the southern province of Guangdong, some 15 unprofitable mines have closed. Each had just a few hundred workers.

At the same time as shedding staff. Beijing intends to increase efficiency by the year 2000 to two tons a day per worker from 1.27 now.

Officials believe there is little point in increasing output if they cannot sell their coal at a realistic price. Just two years ago, deputy prime minister Yao Yilin said that there would be no increase in the price of coal because consumers would not tolerate it. Rather, Beijing would increase subsidies. Now the party line has changed drastically.

"This cannot go on," says Li at the coal bureau. A senior minister said coal prices must be freed within three to five years. Pricing of 100 million tons is expected to be freed. That will mean vast changes. At present, a ton of coal costs 70 yuan at state-set prices and 120-180 yuan at free market - GEMINI NEWS

CATHERINE SAMPSON is Beijing correspondent for The Times', London.

OPINION

This has reference to

Control NGOs' published in The Daily Star on April 17, 1993. It is well known to all that voluntary undertakings by individuals or groups intending to serve and benefit the people have been in vogue for centuries drawing their energy and inspiration from religious, social and cultural values. With changing social and economic structures and consequent changes in belief, practices and social and economic relations, the concept of voluntarism has marked a radical swing along a direction that involves dynamism, invites specialized skills and invokes flexible structures which can be seen in present Non-government Organizations (NGOs) operating in Bangladesh. Here NGOs work is linked to socioeconomic contexts Bangladesh and for nearly two decades, the NGO's have working through various ways and means as required by a society in transition.

The report has stated that the Government is going to adapt new polices immediately to monitor the NGO activities in the country. On the surface, the news looks a progressive one. But the news says that "the NGO Affairs Bureau has been empowered to coordinate NGO activities and enforce the necessary laws to cancel registration of the organization found involved in politics, working against the country's sovereignty, working against religious sentiments, gross irregulations" etc.

But unfortunately, as a conscious citizen of the country I feel confused as to the question of taking part in politics. Because people working in NGOs should not be barred from exercising their fundamental rights of participating in politics. Moreover any process of change is always political. For instance, NGOs work-

ing for establishing human news item titled 'New Policy to rights or for women's empowerment must operate on a process which is more or less political. How could their activities be restricted?

> As it is observed that NGOs are better able to reach the rural poor as they have presumed advantage of less bureaucratic, more flexible approach and more human development oriented policies.

> The Fourth Five Year Plan (FFYP) has already recognized NGOs as possible contributors in the mainstream of development activities of the country. The Honb' le Prime Minister has, time and again, expressed her faith in the good work being done by the NGOs in all the fields of development.

> The recently held Earth Summit '92 recognized and appreciated the vital role of NGOs in development sectors emphasizing global networking among NGOs and general agencies operating at the international, national and local levels. Besides, the summit has urged the leaders and statements of the world to cooperate and coordinate NGOs in their respective country. Bangladesh who already been signatory to the Agenda - 21 of the Earth Summit -UNCED.

I feel that the Government's attitude regarding NGOs should be one of cooperation and the relation between NGOs and the government should be that of partners in development and not of competitors. If there are 'black ships' within the NGOs, and there always could be. The government can always use the existing Law of the Land to take action against them instead of formulating rules and procedures which could hamper healthy development of a well-functioning non-profit private sector.

> Joyeeta Khan Mohammadpur, Dhaka

Roadside ditches and

accidents Sir, Accidents are very common in Bangladesh. Road accidents are of frequent occurrence. The root cause of the accidents is perhaps the ignorance of the concerned people. We cannot however, get rid of ignorance overnight. Educating the masses is a lengthy process but compulsory primary education is a good answer to the problem.

One thing about road accidents is well known. The passenger buses and private cars are often reported as falling into the roadside ditches and the poor passengers drowning to death. Then what is the genesis of the road side ditches? Roads are built and repaired with soil taken from either side of the roads themselves.

The workers take out soil from just the the road side for ease and rapid building or repair of the road concerned. Neither the supervisors nor the Govt. agencies concerned asks them to do otherwise. The resultant ditches on either side of roads get filled with rain water and transform into all season water bodies. These extremely narrow and shallow water bodies are unsuitable for pisciculture and virtually unavailable for crop production. Water bodies was mentioned earlier. Although water is termed life, the ditch water which is obviously polluted, causes the quick kill of accident victims. In other words, the ditches often act as death

Therefore, we are to think if we shall make more such ditches or fill the existing ones. The dry season of the country is still going on! Most of the roads are built and repaired in this season. The concerned authority is fervently requested to make provisions for taking soil for building and repair of roads from a reasonable distance so that there created no more death traps near the road. Taking soil from a distant, place may have two forms, viz leaving a more or less uniform upper level (of soil) suitable for cultivation, or, making some ponds (for pisciculture) at a distance from the roads. Bringing soil from a reasonable distance will obviously increase the construction cost.

But the government is to consider the matter as a long term plan and a sustainable infrastructure.

Md. Abdus Sattar Molla Deptt. of Science and Math Edn, IER, DU.

Independent state

Sir, Other countries have sclicitated Bangladesh on her 22nd Independence Day on March 26, above all controversics over the date of independence.

Such a controversy is hardly creditable as long as a nation's

prestige is concerned, even though it matters least to the rest of the world.

Concern should be of each citizen's duty regarding history, heritage, and progress of the nation and, as such, the facts of the nation must be true to the realities with all confusions and contradictions cleared up for ever.

Apart from the embarrassing arguments that are still tangling up the very conception of an independent state for Bangalees even after 22 long years since her bloody birth, this sentimental issue can rightly impregnate any thoughtful mind.

No matter how serious the whole matter is, the responsibility for the undue fights over the facts of the nation's independence movements must be shared by the pioneers and leaders of the historic events as well as by the recording personnel, which will otherwise disappoint and disgrace each individual involved in the do-or-die struggles for an independent identity of the nation ever since the last emperor was dethroned.

Right or wrong about March 26, an independent state for the nation has come into being now and the correct facts of her background are essential for a stout foundation for her right development.

M Rahman Zila School Road Mymensingh.

Better use of gifts

Sir, A friend who happened to be a medical officer recently drew my attention to one of her recently published letters in the press. Dr Farzana Ishrat in her write-up stressed on the need for controlling the wastage made by supplying numerous number of sample pads of different sizes and shapes to the practitioners by the pharmaceutical companies According to her observation, the quantity of sample pads supplied to a physician is far more than even a busiest practitioner can make use of.

Morcover, the practitioners usually write prescriptions on their own letter-heads. As such, the sample pads do not find their appropriate use.

Hence, Dr Farzana suggested the pharmaccutical companies to reduce the production and supply of sample pads and use the money so saved towards providing free books, clothes, foods etc to the poor children attending primary schools.

I fully endorse the views and suggestion put forwarded by Dr Farzana. Such help will not only lighten the burden of the parents of poor ehildren but will also attract many more to send their wards to the schools under the universal primary education programme launched by the government.

M Zahidul Hague Asstt. Prof. BAI, Dhaka.