

## Questions over Taka Convertibility

Finance Minister M Saifur Rahman stated the other day that Bangladesh was moving with the policy of undergoing convertibility of Taka. Coming in the wake of this statement, the announcement of the central bank on Thursday that the exchange rate of Taka in terms of US dollar will henceforth be fixed daily, had created an impression in some quarters that this move marked a stage in the process of making Taka convertible on trade account. Some thought that the process was being speeded up and there were even speculations that the Taka would be made convertible early next month.

Daily announcement of the rate of exchange does not *per se* constitute a move towards convertibility. The move could be interpreted this way, albeit to a limited extent only, if the daily rates announced, also reflected movements in the world currency markets. In that case, exchange rates, even though managed by the central bank still, would have moved a step closer to open market operations. As it transpires, it is not to be so. Rates announced will continue to be anchored to the trade weighted basket of currencies of the major trading partners, as before. For now, then, the latest move can only be read as a mere change in the modality of the central bank for fixing exchange rate. Instead of doing it at infrequent intervals, the central bank will determine the rate on a daily basis.

The existing modality for exchange rate management protects the users from the volatility in world currency markets. However, the government is committed to make taka convertible on trade account. As and when it comes, putting taka on a free float would induce a degree of fluctuation in foreign exchange rates. Users of foreign exchange will face increased uncertainty in their day-to-day business. Even the latest move of the central bank to fix exchange rate daily, adds a new dimension to the element of uncertainty. The Finance Minister spoke of the need for putting appropriate institutional arrangements in place before the Taka can be made convertible. Hopefully, these institutional arrangements will include a streamlined exchange rate fluctuation risk insurance system to cover the element of uncertainty. Change of even a fraction of a percentage point could involve a lot of money in big deals.

Preparatory work for the proposed shift to convertibility is said to be enormous. Capability of the central bank to operate in a new environment is reportedly being built up. Assistance of the Bank of England and the International Monetary Fund (IMF) has been sought. However, there are indications too, that the IMF probably also considers that Bangladesh was in a quite stronger position in comparison with any other country in the region to go for current account convertibility. After all, the macro-economic situation was never better nor the country ever before possessed foreign exchange reserves equivalent to seven months' imports.

It is not known how the banks — the lead players on the field — are getting ready to operate in a new and changed environment. Those among them who already have a ready access to global expertise in currency dealings, would probably steal a march over the others. Already a part of the global banking network, such banks could emerge as the market leaders in the new regime for dealings in foreign currency. Unless they come up quickly, other banks could very well be left out to encounter a cornered foreign currency market. This would not auger well for the new system. Let's hope that the elaborate preparation would take this aspect of the needs of the banks, the prime movers, into account too.

## Better Programmes from BTV?

It is heartening to learn that Bangladesh Television (BTV) has earned a revenue of Tk 22.7 crore for 1992-93, which is about Tk. 4 crore above the income of the last year. This increase in revenue is the result of improved business skills shown by the BTV, including introducing bidding system for selling popular programmes to the sponsors and some reforms in the advertisement tariff. Now that the BTV is earning more, can we expect that some of this extra money will spill over onto the programmes and news departments and they will be given some more funds to improve their performance? Often we write about the poor quality of news on the BTV. One reason for it is the total control over news by the government. Footage after footage of seminars, speeches, opening this or that function and public meetings have made the BTV news extremely boring and predictable. We would like to suggest that BTV should introduce a separate programme called "government news" or "activities of the Cabinet" or something to the effect. It could even call it "development news" pretending that everything a cabinet minister does is a "development" work. This will free the actual news programme to concentrate on what actually is news, and allow the professional news team of the BTV to produce a quality news programme.

There is a lot of scope for improving the so-called development programmes of the BTV. There is hardly any focus on the many positive developments that are taking place in the rural areas. Success stories connected with the Grameen Bank and the BRAC seldom find place in the BTV's programmes. There are many other lesser known NGOs who are doing exemplary work, that can and should find focus in BTV's programmes. A point needs to be made here about the presentation of whatever little development programme that is now projected. They are usually done in the form of interview stories conducted in a very patronising and superficial manner. Here the approach should be of producing news and feature documentaries and not just interview programmes. Producing good feature documentaries requires much more money than is currently given to the producers. This is where the fact of increased earning by the BTV comes in. Now that BTV is doing better business, this extra money should not be eaten up in increased perks, but should be invested in programmes and facilities for outdoor shooting. It is known that whatever facility there is for outdoor shooting is mostly used by the news department to tag behind the ministers. Even without going into the basic question of government control over the BTV, a lot can be done about the quality of its programmes.

There is really no end to how many ways the BTV can improve its performance. But it can all get started, if there is the will.

# Let's Make Privatisation a Participatory Process

PRIVATISATION comes in different shades and adopts varying styles. Privatisation programmes may also differ from one another in content — in phasing and sequencing.

The immediate objective of privatisation could be to raise substantial resources for the government without recourse to new taxation or running into budgetary deficits, like selling off the family silver, as the *Economist* once called it. The current privatisation drive in France to raise \$70 billion over the next three years would seem to fall in this category. The funds so raised could then be spent to stimulate the economy. Giving the private sector a higher stake in the means of production and other income generating activities in such cases would rather come as a spin-off.

Privatisation in Russia, on the other hand, seems more in the nature of an exercise in just getting the government off business activities fast. Each of country's 150 million citizens is being issued with one voucher, giving him title to a share of state-owned enterprise. This voucher-privatisation programme is, in effect, creating 150 million citizen-shareholders of state-owned enterprises.

Privatisation, we are getting familiar with, comes as a corollary to the move towards market economy. State-owned enterprises are being sold off. This opens up more opportunities for the private sector. In the process, the drain on government resources, caused by loss-in-

curring public sector enterprises, will be reduced. Sale proceeds of the state-owned enterprises will provide a source of fund to the government for financing an expanded public investment programme in priority sectors. And, of course, the government will be getting out of the business of running mills and factories. There was a time when, rather than divestiture, the accent had been on running the state-owned enterprises more efficiently. Apparently, there has been a shift in the policy stance of late.

The current programme for cost-cutting at state-owned enterprises appears more concerned with manpower reduction. Presumably, this will also improve productivity by raising the output per man-hour ratio!

Privatisation is now being seen as the means to improve efficiency of the economy. However, it is a moot point if improvements in efficiency follow from privatisation *per se*. There is a school of thought which holds that full benefits of privatisation will accrue to the economy only if it brings increased competition to the marketplace. Just privatising is not enough, it is said. Entire industries have to be restructured to ensure competitiveness if efficiency gains are to materialise. Thus, it may be necessary, so the argument goes, to introduce regulation and supervision to ensure effective competition. Otherwise, privatised enterprises will only realise higher profits, leaving consumers worse off. Where does it lead to then? Is it back to square one

— regulations to cap deregulation?

Be that as it may, the process of privatisation spawns many a knotty problem. A nearly intractable one among these is that privatisation could disrupt social harmony. Governments dread this issue because of its potential for adverse political fall-out. Basically, the squabble arises from the competing desires of the employees of the privatised enterprise for 'employment guarantees' and the buyer's, for 'efficiency'. Some of the developing coun-

tries who have embarked on privatisation, have tried to ease the process by laying down, in advance, redundancy provisions for sale contracts — usually after protracted negotiations with the country's trade and labour bodies. In the case of Pakistan, for instance, the redundancy provisions include guarantees against lay-off for 12 months after privatisation, unemployment benefits for two years after lay-off, and a 'golden handshake' option providing for payments equal to five months salary for each year of service. Some such explicit guidelines could allay misgivings about privatisation in this country too. On the other hand, uncertainty about who would bear the cost of redundancy payments might

discourage potential buyers of state enterprises. Guidelines ought to be explicit on such issues too. In all fairness, the seller should bear a specific portion of the redundancy payments out of the sale proceeds. On the score of ensuring better transparency also, explicit guidelines on redundancy provisions should be welcome.

As a matter of fact, transparency in the procedure for sale of state enterprises usually turns up as another thorny problem for any privatisation

programme. Open tendering is not always accepted by the interest groups involved as a 'proof positive' that the whole process is indeed transparent. In cases where the concerned country has well regulated stock exchange, shares of enterprises under privatisation could be issued in the stock market. A combination of sale through open tender and stock market, is also possible. Sri Lanka does it. Majority holdings of 51-90% are offered for sale by open tender, and the balance shares are allocated to the employees or issued in the stock market. Sale of small equity parcels through banks and unit trusts/mutual funds also keeps the government at arm's length and makes a transaction more

transparent. India has set up a special tripartite committee on privatisation. Formation of such a body here also could add to transparency in the process of privatisation. Perhaps, a better way would be to associate private sector formally in the working of the Privatisation Board — may be even induct private sector representatives as members of the Board. Such a move will not only promote transparency but also instil into the private sector a sense of participation in the process.

Issuance of shares — to the public — of enterprises being divested, could turn out to be a good way to make privatisation in the country a participatory process. As the valuation of the enterprise is done in advance, determination of the transfer price of shares earmarked for sale to the public, should not be too difficult a task. Shares could be sold to the public through designated banks, or, still better, through the stock exchange. This will also expand the base of stock exchange and help develop capital market.

Now that the Securities and Exchange Commission is in place, it is time that the government gives serious consideration to this mode of divestiture also and thus instil a sense of participation in privatisation process into the public mind as well. While talking about the staggering 1500 crore taka loss in the state enterprises, one should not forget that in the final analysis, it is the taxpayer

who foots the bill. Why deny him a share of ownership of these enterprises now?

As mentioned earlier, shedding of excess manpower is an important component of the public sector enterprises reform programme. It's not that no other measures are being taken to improve the financial viability of these enterprises. For instance, it is said that the government will reduce its relending rates on foreign assistance funds for the purpose of onlending to public sector enterprises. This would reduce the debt servicing charges on the parastatals and improve their financial viability to that extent. The books of the parastatals would look better.

However, that much less money would accrue to the government account. In other words, the parastatals' gain will be the government's loss.

Reverting to the issue of job-shedding, it appears that the European Economic Community (EEC) plans to promote over-staffing as a short-term boost to job creation. As an overseas news agency report put it, the idea was that unemployment could be reduced quickly if two people could be hired to do the job of one, as long as both then did off-the-job training. Firms would be encouraged to do this, the report says, with direct subsidies and tax relief. Quite a different perspective on redundancy, it would seem.

## ALONG MY WAY

### S B Chaudhuri

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He reaffirmed his conviction that steps were being made toward the creation of a Palestinian state. "I believe we are not so far from such a conclusion," he said. "In this peace process we started from a very low point and until now, if you will compare our position with where we were after the Gulf War, I believe it is clear that we have made very important steps forward."

He said it is important to note the change on the Israeli side from a mentality that the occupied territories are historically Israeli land, to a position where there can be constructive discussions on Palestinian rights to the same territory. Said Hussein: "We will have a Palestinian state. In this case every Palestinian will have the right to come back to this state and will have the right to have his own passport."

And he said Arab delegations that had not coordinated their efforts at all heading into the first round of peace talks in Madrid in 1991, now work together at every step. As a result, he said, there is no worry the Jordanians or Syrians would go ahead and sign bilateral deals with Israel and leave the Palestinians hanging.

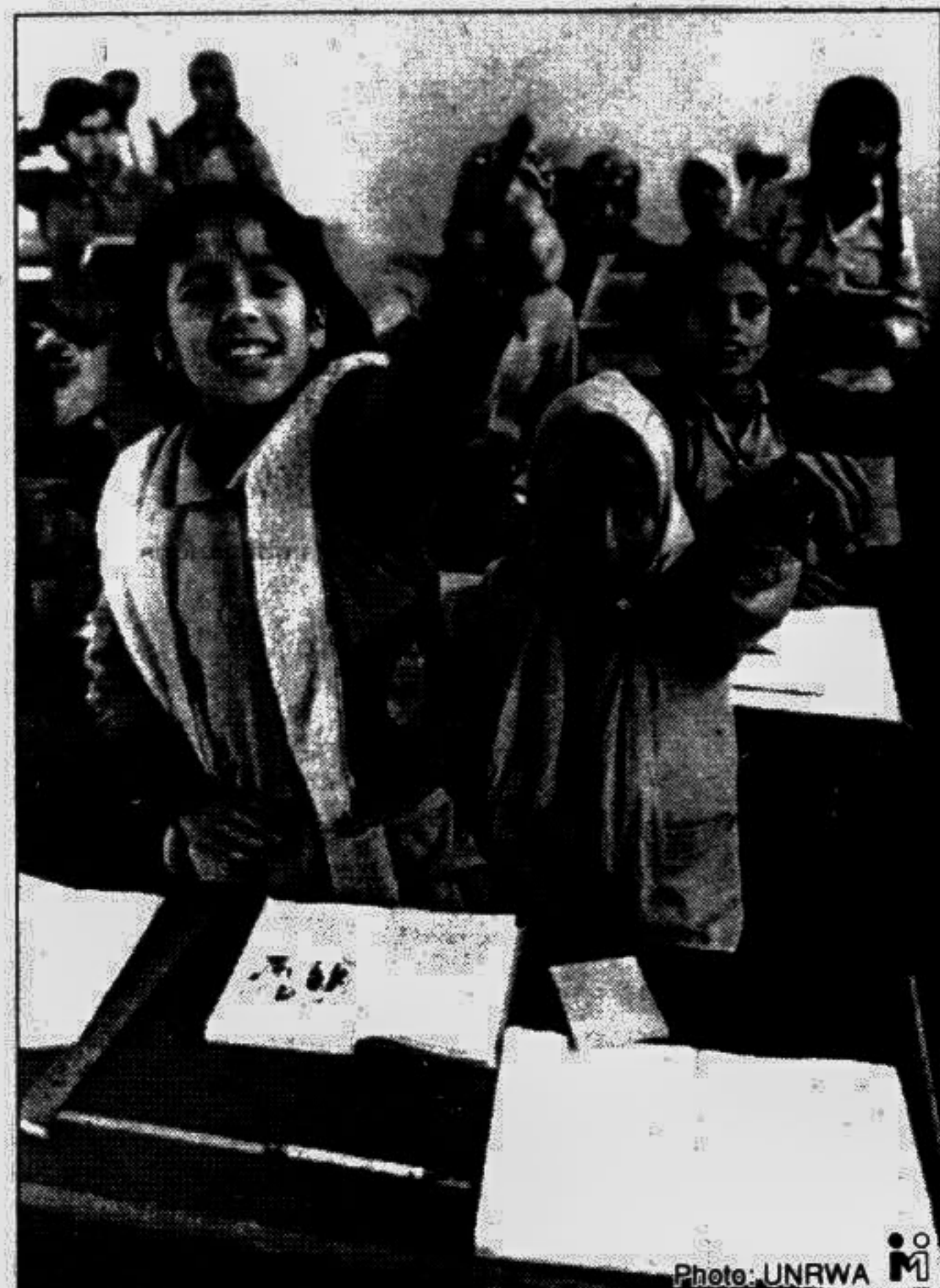
"To be sure that such a thing will not happen we have started and we are developing coordination between us and the other Arab states. And I can say that there was no coordination at all, but now there is a lot of work."

ALLAN THOMPSON is a Canadian journalist specialising on immigration for the *Toronto Star*.

## Palestinian Leader Seeks Foreign Aid

Allan Thompson writes from Ottawa

While Middle East peace talks plod on, Palestinians are working behind the scene to lay the ground work for the state they hope to create in the occupied territories of West Bank and Gaza Strip. As Gemini News Service reports, Faisal Hussein, a prominent leader of the Palestinian community and head of its Mideast delegation, used a recent trip to Canada to appeal for foreign assistance in the transition to a Palestinian state.



THE FUTURE BELONGS TO US  
Palestinian children in a refugee school

time such a high-ranking Palestinian leader — and one who is a member of the Palestine Liberation Organisation (PLO) — has been to Canada on an official visit.

In Montreal, he met several high-profile leaders just prior to the introduction of the new cabinet, including then-external affairs minister Barbara McDougall. A lunch was hosted

not good for their career. Again the students being frustrated may try to go abroad to seek education. On completion of their studies they will not come back to the country. A developing country like ours needs good engineers to carry on its development programme. So we should do something positive to remove session jam.

Mahbubul Haque Chowdhury  
Sonal Bank, HO, Dhaka

**Haj management**  
Sir, In the Govt. Haj Policy 1993 there was virtually little room for Haj, other than under Ballot System. Non-Ballot Haj arrangement was later allowed on the eve of regular Haj flight.

Foreign exchange quota of SR 4,000/- was to be purchased at Tk. 42,000/- as per rate ruling in the month of March i.e. period for Haj deposit. The foreign exchange quota was not purchased at that time and the Hajis had been made the first victims of the devaluation to pay Tk. 650/- more even though they deposited the money two months before. The Haj deposit of Tk. 84,750/- for two months would earn a profit of Tk. 990/- approximately @ 7% per annum. Banks would not demand any service charge in the past, but service charge of 200/- had been realised this year. The government rather, flouted their policy decision of allowing op-

by then-constitutional affairs minister Joe Clark, a former prime minister who has met Hussein frequently in the Middle East.

Hussein said in his speech that Israel, by sealing off the occupied territories, may have inadvertently helped Palestinian efforts to become more independent. "When the Intifada started, one of the main aims was to disconnect the West Bank and Gaza Strip from Israel, economically and from other aspects," he said.

"What we are watching now and witnessing now is that this disconnection has started. And I believe... we can deal with it and use it to work hard, to try to rebuild our infrastructure, to rebuild the Palestinian economy and to rebuild the Palestinian associations, in a way that can help us to go on using this reality to build the base, the real base for our state."

The future of Jerusalem, which Palestinians still seek as their capital, is another matter. Said Hussein: "Maybe we are going to face another political problem of the closure of Jerusalem from the other parts of Gaza and the West Bank, but

this is another case. We will fight there politically to end such isolation."

Returning to the subject of dealing with Palestinian youth, Hussein described the personal experience of losing one of his children to the occupation, even though the 14-year-old boy was not killed.

"In the second or third year of the Intifada, I sent my child to school... I looked at his eyes when he left the car and I saw there my child going to school. On that very day, he was arrested by the Israelis, he was beaten by the soldiers and in the end of the day, I was so lucky that I saw him and he returned back to the home. When I looked at him his face was full of injuries because of this beating, but the change was not there in his face."

"The change was there in his eyes. When I looked to his eyes I didn't find my child there... He was not a mere child."

He warned of the danger of a whole generation of radicalised, traumatised youth. "People are losing faith in the peace process, they are not against it but they start losing interest. It didn't hurt only the Palestinian side, it can hurt also the Israeli

## OPINION

### 'Get Your Beds Freed of History Bugs'

G A Momin

The sentence put above is the gist of the advice given to Colonel (Rtd) Akbar by Mr Mahfuz Anam through his commentary under caption 'And now for instant correct history' published in The Daily Star of 17th June. Great many thanks to Mr Mahfuz Anam for his timely rejoinder to Colonel Akbar's audacious statement in an August session of parliament on 16th June bringing down the figures of the martyrs of 1971 to three hundred thousand in place of three millions.

We are happy to see that Mr Anam often comes up with his very sound and strong positions against brusque and baseless pronouncements quite often made by some leaders, many of them, shockingly enough, from the top hierarchy of the ruling party.

I have used the pronoun 'we' in the preceding sentence with the hope that most of the readers, contributors and columnists of The Daily Star will share my views and sentiment on the issue.

Mr Anam in his commentary has blasted the stance of Colonel Akbar and has likened it to that of one bitten by 'history bugs' — a very interesting epithet coined for the occasion. It is indeed disturbing to see that some top leaders of BNP have developed an irksome proneness to 'bite by history bugs'. In a statement at parliament that has triggered a spate of condemnation all over the country, Colonel Akbar has arrogantly contradicted the figures of three million martyrs originally announced by the Government of Bangladesh and universally accepted ever since the end of the Liberation

War in 1971.

The figures of killings, rapings and destruction of properties by Pakistan military have so far been never challenged by any government or its leaders. Even the founder of BNP General Ziaur Rahman did not do it. General Ershad responsible for many unholy escapades, did not fiddle with these figures either. Even the Pakistanis are not known to have contradicted this figure. We are shocked and wonder how Colonel Akbar could dare bring down the figures of the martyrs to only a fraction of the original level! Colonel Akbar's statement constitutes a flagrant defilement of the sacred memories of the martyrs of 1971 and an insult to the nation as a whole. It is indeed a little puzzling to understand the motives behind such comments and statements. These can be explained only as an attempt to assuage the anti-liberation forces who are once again trying to unfurl their fangs. Colonel Akbar, through his statement, has faulted on three counts. First he has tried to lessen the guilt of those who were against war of independence morally and politically; those who took up arms against freedom fighters and supporters of independence movement. Second, taking off steam from fuming public mind about unspeakable atrocities committed by Pakistani Army under the leadership of an ignoble drunkard and womaniser General Yahia who had elected himself to be the champion of the cause of Islam and ordered a veritable genocide and large-scale arson and

rape on the pretext of safeguarding interest and sanctity of Islam. Third, this statement by Colonel Akbar puts the credibility of our official position in the doubt and as such is certain to tarnish the image of our country in the eyes of the outside world.

If the figures of devastation resulting from the diabolic actions of Pakistan Military were a little up-cast, these were certainly done in the right spirit. It is just because of the massiveness of our tragedy in 1971 that almost the entire world was drawn towards us. We obtained moral, political even financial and strategic support from great many countries. Indian assistance, we must acknowledge, in every step of our struggle was of paramount importance.

Without this global support, particularly that of India, perhaps the number of three million martyrs would have gone through a process of quick multiplication till the last of the Bangladeshes were done to death. Colonel Akbar or any other person of his thinking must understand that a nation facing extermination can never weigh the crimes of its adversary in a very accurate scale. A small margin of error is acceptable. The world is full of such examples.

Lastly, I would offer my full agreement with Mr Mahfuz Anam for requesting the so-called leaders to get their beds freed of the history-bugs so that they can have peaceful sleep at night and devote themselves to their own jobs. After all there is no dearth of historians and researchers in our country.

## To the Editor...

### Session jam in BUET

Sir, BUET is the only educational institution in Bangladesh where the brilliant students can seek their higher education in different technical faculties. The students who cannot afford to go abroad or do not like to prosecute higher studies abroad seek admission to BUET first.

Until recently, the university was free from any session jam. But for the last 3/4 years it is experiencing this acute problem. For example, the students who got admission last year could not sit in the class room as yet. Meanwhile, students for the current session have also been admitted. But they are not sure as to when their classes will be started. This type of uncertainty has cast a pall of gloom on the students. The students as well as the guardians are passing their days with despondency.

Of late the law and order situation has improved on the campus. It is only teachers who can help remove the problem of session jam. The students who are our future hope and upon whom the future responsibility of the nation is depending, should not be allowed to waste their time unnecessarily. Because this type of break of studies for more than one year may allure them to something

Exchange differential Tk. 650.00  
Service charge Tk. 200.00  
Value of SR 680 @ 10.67, being excess house rent realised Tk. 7,255.60. Total Tk. 8,105.60.  
SMA Latif  
Bakalia High school Road  
Chauk Bazar, Chittagong