

## Insurance Cos : A Good Move Badly Handled

Commerce Ministry's directive on issue of shares of public subscription by the end of October appears to have disconcerted the private insurance companies. Most of them are saying that the deadline cannot well-nigh be met.

On the face of it, the Ministry's action appears justifiable. The law requires fifty per cent of the paid-up capital of a private insurance company to be offered as shares for public subscription within three years of commencement of business. All the existing companies are long past the time limit and very few of them have floated shares for subscription by the public. Insurance companies are also required by law to appoint a third of members of their boards of directors from amongst the public shareholders. Obviously, this condition also is yet to be met.

These provisions of the law are designed to make ownership of private insurance companies in the country broad-based and give the public a voice in the decision-making process. Put in this light, management of insurance companies might well be seen to have been tardy in meeting their obligations and the government as having been gracious in allowing them a further three months time to fulfil the requirements of the law.

The insurance people think otherwise. What they say is that the government framed the law alright but did not adopt the follow-up measures essential to its implementation. The government, they say, is yet to promulgate the insurance rules which form an integral part of the legislation. Presumably, these regulations would lay down, among other things, the groundrules for such matters as floatation of shares for public subscription, election of members of the board of directors from amongst these shareholders.

Insurance groups have also identified certain provisions of the existing legal framework which is holding up public floatation of shares. They speak of a legal requirement which asks the insurance companies to arrange bank under-writing of the shares to ensure that the unsubscribed portion of the issue would be taken up by the financial institution. Banks, it is said, are reluctant to underwrite the public issue. Nor should banks be faulted for their attitude. For them, it's a question of investment decision. The upshot is that the insurance companies find themselves unable to float shares for public subscription, even if they wish to do so.

Then there is the question of absorption capacity of the share market. To meet the deadline, if all the fourteen insurance companies involved unload fifty per cent of their shares on the market at about the same time, will there be takers from the public? People connected with the stock exchange seem to have serious doubts on this score. They feel that the offer of insurance company shares to the public should be staggered over a period of time. Where floatation of shares for public subscription is involved, choosing the right moment is always vital to the success of the issue.

The establishment of the Securities and Exchange Commission (SEC) as a separate and autonomous entity also has changed the situation. SEC has taken over the functions of the erstwhile Controller of Capital Issues. In the fitness of things, the SEC should be the authority to decide matters such as the volume, timing of public issue of shares, taking into account the absorption capacity of the market and other relevant factors.

It seems that the appropriate course of action for the Commerce Ministry now would be to finalise the long-awaited insurance rules immediately and leave matters pertaining to the floatation of shares of insurance companies to the public, with the SEC entirely.

## A Many-sided Genius

A many-sided genius and the quirkiest of them all in the Bengali people's living memory has on Thursday died at the rather young age of 64. What shall we compare Utpal Dutta with? The trouble can be saved and still the description be as true and honest if we dub him with that trite epithet — incomparable. He was indeed that. In fact, his incomparability sometimes tended to be overbearing, almost bordering on the cliche.

An actor par excellence he was. A better one with higher achievements was simply not there in the last four decades. But then he was a playwright too, of golden promise and radical abrasiveness. And more than that, he was a director of plays — of a very high order. He thought big and was not satisfied with individual cases of histrionic or directional success. He aspired to fashion veritable movements of drama — *natya-andol*, so to say. Who can forget his Little Theatre and 'Ferari Fouz', among others, being staged for months on moving the viewers to a sense of assertion and belonging? And his strivings in this line cannot ever be dismissed.

But to those who had known him closely, peeling off his doctrinaire outer trappings, Utpal would ever remain a great Shakespeare man. Remember 'Othello', among many other Shakespeare plays that he translated and staged — and acquainted the Bengali playgoers with Shakespeare more in their own intimate way. He was an intellectual of a very enviable depth and comprehension.

The other Utpal who wrote a tome on Girish Ghosh was as true and great as the Utpal of the limelight. Perhaps greater and truer.

And the Utpal Dutta of 'Palanka' and 'Padma Nadir Majhi' is intimate to us. He visited Bangladesh several times working in these films, till last year. The memory is still vibrant. Our sincerest condolences to his bereaved family and innumerable admirers and friends.

URING the decade of 1980's and the beginning of 1990's the world has witnessed some epochal changes. Dramatically and almost incredibly the frightening cold war between the two power blocs suddenly ended. The political landscape of the European continent and, for that matter, of the world was transformed. The demise and disintegration of the Soviet Union were accompanied by a new wave of freedom and democracy sweeping the world. Powerful totalitarian regimes began to collapse, heralding the triumph of human and democratic values in various parts of the world including South Asia.

Concurrently the world political horizon continues to remain under the dark shadow cast by animosities and conflicts in several regions of Africa, Asia, Latin America and Europe, sparked by ethnic, linguistic or religious differences. The situation, alarming as it is, was compounded by the policy of vacillation, indecision, ambivalence and appeasement followed by the leaders of western democracies as observed in the case of the 'ethnic cleansing programme' of the fascist aggressor in Bosnia-Herzegovina.

Geographically the region of South Asia is fairly well-defined. It lies South of the Himalayas and Afghanistan. Historically, this region has been a cradle of some of the ancient and great civilizations that flourished during the last five millennia. It has also been a crucible of many races, languages, religions and culture — all inextricably interwoven. The vicissitudes of time and history profoundly influenced the political, economic and social architecture of the region.

### Historical Process

The emergence of the independent sovereign states in the region was the culmination of a long, complex and traumatic historical process. It marked, on the one hand, the end of the colonial era and the fulfillment

## South Asia in Transition: Challenges and Choices

# Animosities and Conflicts Cast Dark Shadows across Political Horizon

by Muhammad Shamsul Huq

of the political aspirations of the peoples; and, on the other, it bore the deep imprint of the wounds and scars left by the struggle for independence. The pangs of the birth and the turbulence and violence that came in the wake of independence overshadowed the rich heritage shared by the South Asian countries and obscured the core of their regional identity. The major consequences of this process were:

(i) Interstate relations were left in a state of flux, tension, distrust, discord and were sometimes marked even by armed conflict;

(ii) The political climate of the region became far from conducive to the growth of wholesome and stable neighbourly relations indispensable for healthy, stable and mutually beneficial bilateral relations;

(iii) The distortions in interstate relations created by mutual suspicion, mistrust and fear created a trend towards isolation through mutual withdrawal and lack of a constructive interaction at bilateral or regional level. This was in striking contrast to their ever expanding interaction and cooperation with an ever growing number of states outside the region.

The slow pace of the nations in the region in social and economic development and in building up national cohesion and integration has strengthened the centrifugal forces resulting in ethnic unrest and separatist tendencies. In some cases, sparking armed conflicts as in India's Punjab and Kashmir states and the predominantly Tamil region in northern

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into frameworks in which its neighbours can gang up against it.

### Asymmetry

The great disparity in size, population, economic and military strength of the countries in South Asia made this region appear like a microcosm of the world community. An accentuating factor was the trend of growing disparity between India and her neighbours, particularly in military power, economic growth and technological advancement. Fuelled by historical memories, especially those of three wars between India and Pakistan, this disparity acted as a major force in distorting the security perceptions of the countries in the region and deepening their sense of mutual fear and distrust.

The resultant phenomenon was, however, far more pervasive than a 'big small neighbour syndrome.' The vastly superior status of India in economic and military power was a source of fear to India's neighbours. On the other hand, since the Sino-Indian conflict of 1962, India has become prone to look upon the friendly relations of her neighbours with China with suspicion. This was demonstrated recently through the formulation by India of the transit and trade treaties with Nepal to the great chagrin of the latter. The situation was complicated by the escalating arms race between India and Pakistan and great power involvement in the triangular India-Pakistan-China relations. But, the politico-strategic scenario has in recent times un-

dergone a change with substantial improvement in India's military strength, improving Sino-Indian and Sino-Soviet relations and finally by the disintegration of the Soviet Union.

These welcome developments have not, however, yet substantially changed the regional scenario of mistrust and fear in South Asia. Both India and Pakistan are credited with nuclear capability and, therefore, unlikely to attack each other. They have already entered into an agreement not to attack each other's nuclear installations. But, if the continuing unrest in India-held Kashmir explodes into an armed conflict between India and Pakistan, it will be a serious threat to peace and stability of the entire region.

### Geo-political Factors

The South Asian region's political environment has been further vitiated by geo-political factors which have unleashed an arms-build-up in India with aid from erstwhile Soviet Union, and in Pakistan with aid from the United States.

US policy appears to be based on the recognition of India's role as the strongest and the largest democracy in the region. The two most beneficial American contributions to Indian development were in fact services and not physical artifacts, namely, (i) the 'Green Revolution' (1965-75) which helped India to triple her grain output; (ii) the 'Fulbright Educational Programme' under which thousands of Indians were trained in science and technology. The differing Indian and American strategic percep-

tions led India to seek assistance from the USSR in building her defences. Falling short of a formal linkage initially, India-USSR relations began to acquire new heights and dependability culminating in the 'Treaty of Peace, Friendship and Co-operation' between India and the USSR in August 1971. Though India did not have to invoke any of the provisions of its treaty during the Bangladesh War of Independence, it was undoubtedly proved to be a source of great strength in deterring American or Chinese intervention in the war directly or through the UN.

During the cold war the United States apparently viewed her alliance with Pakistan as useful in her policy of containment of communism. Strategically also Pakistan was useful to the US in gathering electronic intelligence and as a base for her U-2s. In exchange Pakistan received, besides the assurance of protection against the Soviet Union, over \$ 9 billion in economic and military assistance during 1947-88. During the 1960's and after, Pakistan also received security assistance from China. Pakistan's close links with the Arab countries, particularly Saudi Arabia, were an additional advantage for the United States.

The disintegration of Soviet Union and India's opting for market economy appear to have added a new momentum to US-India relations. During 1993 the leading industrial nations pledged \$7.4 billion (including \$1.117 billion by the US as aid to India) in backing up India's progress towards a liberal economy.

*To be concluded tomorrow*

The article is based on a lecture delivered by National Professor and former Foreign Minister Muhammad Shamsul Huq at the Defence Services Command and Staff College, Mirpur Cantonment, Dhaka recently.

to break the Tajik-Uzbek coalition, has supported Tajik rebels with arms and training camps. He says they, too, 'are fighting atheistic communism.'

What better, then, than to isolate Tajikistan from the other Central Asian republics, then launch a campaign against the Russians, causing them to depart and leave Tajikistan defenceless?

The next step would be to start a fight between the country's Tajiks and Uzbeks, to affect the balance in the Kabul power struggle.

Hekmatyar's rival, Ahmad Shah Massoud, as well understands the tactic that last year he stepped up his tours of inspection in the north and replaced many military commanders. Tajikistan fighters have thus been split into pro-Massoud and pro-Hekmatyar factions.

The Kabul and Dushanbe governments are both sincere when they say they have no interest in the de-stabilisation of the region. But neither controls the clan warfare which, under the pretext of ethnicity, is leading them into a war to defend national interests.

There are also factors that have nothing to do with the Tajikistan international political situation. For example, use of the rebel-held Gorni-Badakhshan region, where thousands of civilians have been killed, to bring opium and other drugs from Afghanistan and Pakistan to neighbouring Kirgistan, and then to Europe.

Account must also be taken of the political and religious motives of Muslim countries such as Saudi Arabia, Iran and Pakistan, which are also helping the Mujaheddin with money for arms and military training.

**GEMINI NEWS**

**NINA BACHKATOV** is a Belgian writer specialising in the countries of the former Soviet Union.

## Yeltsin Faces Threat of New Afghan War

Nina Bachkatov writes from Moscow

A crisis is building up over the Central Asian state of Tajikistan. It could lead to a new Afghan war. President Boris Yeltsin is anxious to preserve the cohesion of the former Soviet state without his actions reviving memories of Soviet imperialism. Afghanistan and Tajikistan do not want the region destabilised, but neither controls clan warfare leading them to defend national interests.



traumatised by civil war.

Although all these centres on Tajikistan, what is really at stake is the security and stability of Central Asia. A quarter of the Tajikistan population is Uzbek, and those of its neighbours are similarly mixed. If it succumbed to anarchy, ethnic minorities would be drawn into a wave of revenge killings across the whole region. Central

Asian governments are afraid of a new refugee flood, and of contagion by Islamic fundamentalism.

Russia's concern is wider. Unless it can prevent the internal destabilisation of a group of republics threatened with war on their southern borders, it will forfeit the status of a leading regional power.

The crisis could oblige

Yeltsin to apply a real 'new foreign policy' — something he has so far avoided while making vague declarations and over-turning relationships established in the Cold War. Tajikistan presents him with the toughest possible challenge — how to preserve the cohesion of an ex-Soviet republic without reviving memories of Soviet imperialism and the Afghan morass of 1979-88.

Desperately poor and riven by clan feuds, Tajikistan is the Central Asian bloc's weakest link. Warring clans have used the end of communism to retake control of villages and valleys, and set up de facto mini-states. They have encountered no resistance from intellectuals who early on were torn between fear of Islamic fundamentalism and that of a communist comeback.

Some have been tempted by thoughts of power — like members of the 'Great Aryana Society,' which dreams of a state uniting the Tajiks of Tajikistan and Afghanistan, plus those of the 'lost territories' of Samarkand and Bukhara (now in Uzbekistan). But they are handful.

In fact, Uzbeks and Tajiks

are among Central Asia's fiercest nationalists. If their respective plans for 'great' nation-states were ever to come about, they would be doomed to bloody confrontation. The two may co-exist more or less, in Uzbekistan, Tajikistan and Afghanistan, but their potential for internecine rivalry makes the region a powder keg.

At the end of last year there was a glimmer of hope when Tajikistan's former communists were restored to power with the help of the CIS peacekeepers. Refugees began to trickle back, and inducements were offered to returning Russian specialists whose departure had almost destroyed the economy.

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Tajikistan's crisis to be revealed

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