

Urban Inadequacy

Of the 23 million urban population of the country, no more than 40 per cent enjoy any kind of municipal service. In fact, a tiny fraction is fortunate enough to avail of all the utility services the urban authorities can offer. Therefore, the simple conclusion is that the majority of our urban population have to fend for themselves for the various basic requirements of daily life. The inadequacy of the community service has been attributed to — as we all know and has now been confirmed by a report prepared by concerned government authorities — the unbridled growth of urban population and the expansion of the existing urban centres.

The incompatible human concentration in urban centres compared to the expansion of facilities there is indicative of so many unhealthy developments, chief among them being the flow of wealth from the bottom to the top — almost a one-way traffic. Indeed, the soaring urban population is directly related to rural exodus, not so much to any unnatural birth rate in the urban centres. But this saga of rural exodus — often ignored by governments in the Third World — is a tragic chronicle of our time. In an unplanned economy such chaotic concentration of people is bound to happen.

No wonder, people go where work is available. In the absence of human resource development, their enterprises cannot shape into any means of wealth creation in a big way. Naturally, investments in the places they leave are almost non-existent. Not that the majority who migrate to cities or townships can save enough to meaningfully invest in any productive activity but at least they get some sort of employment — albeit low-paid. But compared with the life in villages, that in the town is still better because of this opportunity for job. In their urban concentration, these migrated people hardly complain for the lack of utility services. And they constitute a substantial portion of the population left out of the pale of municipal services.

However, there is another class, a rung or two above, who can afford to pay for the rudimentary facilities of urban life and are yet denied the advantages of those utilities. Already under severe strains, the municipal or city-corporation authorities surprisingly are responsible for creating several unwarranted paradoxes. For example, according to the authorities' own admission, water supply through pipes now meeting 40 per cent of the urban requirement experience a wastage rate between 40-70 per cent. The strength of the authorities in sanitation services and waste management is pitifully low. Add to this the distribution of electricity — which is equally or more dismal — and the biggest of all paradoxes become evident. Which is that the cities or towns run on displaced people's labour without providing the minimum facilities for them.

So the developments in the urban fringes totally defy the economic theories but the disproportionate growth of one compared to the capacity of the other gives a bad account of a national policy. Any economic and social policy cannot continue to ignore the widening gap between and among the various classes of people. To resolve the paradoxes, employment openings have to be taken to villages and basic facilities must exist in any urban centre before it is ready to receive any more batches of rural migrant. People pay revenue and taxes on top of several other sources of municipal incomes. One must not assume the sources are too shallow to meet at least a reasonable portion of the requirement for facilities. Admitting that consumer behaviour must need improvement, the responsibilities of the municipal and corporation authorities hardly lessen in importance.

However, to do full justice to the issue of urban-rural conflict, the devolution of resources to all areas from the centre will be a right step. A study on Asia, recently carried in The Economist, has welcomed the rise of this emerging region but at the same time suggested that a large number of townships rather than a few megalopolises will rightly match its new prosperity.

Friendly Act at Yangon

Spirit ran high in the Rohingya refugee camps in Cox's Bazar on Monday on receipt of the news of the conclusion of the Myanmar-UNHCR agreement ensuring them a UN supervised return to their homeland. They danced and sang their jubilation over the prospect thus paved for a safe repatriation to Myanmar.

If possible our whole nation would have joined their spontaneous celebration. It is with a sense of relief and satisfaction that we greeted the news of the accord. The agreement signifies the removal of a vicious bone of contention between two neighbouring countries of the most friendly disposition to each other. Thanks are due to the Yangon authorities who relented to the position of a UNHCR supervision of the repatriation on the Myanmar territory. And we also record our sense of gratification over the kind of assiduous application with which our foreign office pursued the matter till it met with such a happy ending. The patience and behind-the-scenes lobbying by our diplomats, especially by our foreign minister can be said to have finally produced, if not the desired result, at least a gainst stride towards it.

When we shall all be long gone Bangladesh and Myanmar would continue to be neighbours and each action that makes their existence congenial for one another is a good work of lasting value.

It cannot be said we treated our Rohingya guests on a lavish scale — that was beyond us. But it is said that we did not spare any part of our capacity to make them welcome and secure. The Rohingya guests can repay our meagre hospitality only by not outliving their welcome. We want them to appreciate that we have shared in their suffering by bearing ungrudgingly to serious social and environmental dislocation caused by their sudden influx. We would only pray that they wouldn't need to anymore undergo ethnic persecution or other discrimination and would be allowed to flourish as Myanmar's worthy citizens.

The Myanmar-UNHCR accord was the sweetest thing to happen to Bangladesh in many years. May it lead to a rapid repatriation of the Rohingyas.

THE Bangladesh Government has accepted the rationale/need for import liberalization but the progress made in this area has been rather slow and limited. One indicator of this limited progress is provided by the degree of openness of the Bangladesh economy compared to that of South Asian countries, as calculated by the World Bank for the year 1990. The openness is measured in terms of ratios of exports, imports and manufactured exports to GDP. It is found that up to 1990, the Bangladesh economy has been considerably less open, compared to several South Asian countries such as Pakistan, Sri Lanka, Thailand, Malaysia and Indonesia, with the exception of India. While successful developing countries in South Asia and Latin America have eliminated almost all non-tariff restrictions on trade and reduced tariffs to 15-30 per cent levels, Bangladesh still depends significantly on import bans and restrictions to protect domestic industries and its nominal protection rates (tariffs plus other protective levies on imports) average 50 per cent.

Progress in Trade and Industrial Policies
Progress had been particularly limited up to FY 1991-92 (FY92). Imports remained highly controlled by extensive non-tariff and high tariff measures. Exports incentives were not very effectively designed and/or administered and the industrial policy framework was still characterized by numerous regulatory problems. Phased reduction in the quantitative restrictions (QRs) on imports initiated in the mid-eighties still left more than 1000 items at HS 8-digit level at the end of FY92, which was nearly one-fifth of all trade items. In addition, imports of a significant number of non-codified broad product groups remained controlled by restrictions specified in the text of the Import Policy Order (IPO) and which were not included in the Control List (CL) items. Industrial imports remained more lightly controlled by the use of a Passbook system. Tariffs were generally very high, especially on finished industrial

products and the range was much too wide, between 0 and 350%. Industrial investments remained subject to Government (BOI) approval control over a financial limit of Tk 3000 million for projects which required funding from public financial institutions. Industrial firms remained subjected to other various types of exchange control related and other regulations.

Tariff Rationalization
The changes made in FY93 in this area can be summarized as:
— compression of the customs duty (CD) rates into a range of 7.5 per cent for most products, and
— removal of many end-user-defined distinctions in CD and/or non-CD rates.
Because of this reform, the World Bank report estimates that net nominal protection rates and their dispersion have come down substantially in FY92, compared to FY89 and also compared to FY91, but not so substantially compared to FY92 when the introduction of trade-neutral VAT significantly reduced the net nominal protection rates. The unweighted mean net protection rate (NPR) for manufacturing came down to 50 in FY93 from 59 in FY92 and the dispersion for this sector came down to 32 from 40 in FY92.

The improvement must be reckoned as still limited as the current average (intended) NPR is still at a very high level and dispersion remains quite substantial. Many of the CD rates are at still higher levels. The generally cascaded structure of the tariff rates according to production stages with high differentials between output and input tariffs and at different tariff levels keep/introduce every serious distortions in the resulting ERPs for various products (More on this in the next section). Furthermore, the recently expanded use of pre-

Recent Progress in Trade Liberalization and Industrial Deregulation

by Abdur Rab

scribed tariff values which in many cases may not reflect actual world prices (invoice values) prevents the CD structure alone from playing the protectionist role. And also, there remain various inconsistencies in tariff rates for output and input goods.

Industrial Deregulation
The new improvements brought about in these areas are:

- removal of power and telecommunication sectors and domestic air transport from the Reserved List and opening them to private initiatives;
- removal altogether of the private investment approval requirement;
- lifting of restrictions of foreign firms' borrowings from domestic banks;
- easing of controls on domestic firms' foreign loans including suppliers' credits and relaxation of other exchange controls on remittances on account of debt service payments, dividends, royalties, technical fees, employees savings, consultancy fees and overseas training costs, etc and the latest move to convertibility of taka on current account.

— some export policy improvement such as reducing first duty payment on machinery to 2.5 per cent and providing for its full refund later on for 100 per cent export-oriented industries, providing them with advance import facility up to 4 months' requirement other than through back-to-back L/Cs; expanding the coverage of flat-rate duty drawback; giving them the benefit of retaining up to 5-10 per cent foreign exchange earning, etc.

— some preparatory steps taken for legal framework improvement are establishment of new courts to help resolve loan default cases; establishment of the Securities and Exchange Commission; establishment of

the Labour Laws Reform Commission; undertaking the tasks of revising the Companies Act, Bankruptcy Law and Foreign Investment Act and Trade Marks and Patents Laws, etc.

Need for Further Actions

Despite some recent good progress made in trade policy and industrial deregulation reforms, the policy environment is still far from ideal as perceived by domestic and foreign investors. Although considerable progress has been made in industrial policy liberalization and deregulation, there is need for identification of further regulatory problems being faced by industry in view of still continuing sluggish pace of industrial investment.

The Ministry of Industry's Policy Implementation and Analysis Group (PIAG) is about to complete a study on this task. According to this study, there still remain significant regulatory constraints to industrial development in various areas. Some of the findings of this study are briefly noted as follows:

- a) registering the wholly foreign-owned joint-venture firms and large and medium-scale domestic firms;
- b) making recommendations to the Chief Controller of Imports and Exports about the individual firms' production capacities and raw material requirements for issuing a passbook for import purposes;
- c) issuing a Passbook to firms incorporating BOI ap-

proved individual firms' authorizations to remit royalties, technical know-how and technical assistance fees, and consultancy and training fees; and
d) issuing an employment contract to foreign-owned and foreign-controlled firms detailing BOI-approved remittances on account of savings of expatriate employees of such firms.

According to private entrepreneurs' perception as well as expert opinion, the BOI has not yet switched its role from a regulatory to promotional one. New thinking is, therefore, required to strip the BOI of its regulatory functions to completely deregulate industrial investment.

Exchange Controls. Although these controls have been relaxed recently, there still remain significant controls on a number of foreign exchange-related transactions. These remaining controls should be removed or sufficiently relaxed to make the taka convertibility measure more meaningful. Taka should also be put on a free-float basis. The managed float basis being used renders the convertibility measure largely meaningless.

Import Controls. QRs remain on a good number of goods on trade reasons, which should be removed on a priority basis. Only those QRs which can be justified on non-trade reasons of health, religion or safety could stay. In addition, import procedures need to be further simplified/streamlined, which should include abolition of import permits for all non-controlled import items and for all importers; abolition of restrictions on imports of second-hand machinery and old goods and job lots; abolition of restrictions on commercial imports by foreign firms, etc.

Export Controls. Certain controls remain on exports as well, in contrast to the Government's expressed export-promotion objectives.

Restrictions remaining on *entre pot trade*, i.e. on imports for re-export and on exports on consignment (sale or return) basis and export ban and restrictions on a number of products should go.

Banking Regulations. Apart from certain regulations which are required for supervisory and prudential purposes, there still remain other credit restriction measures for various sectors and trading transactions which should go. The Government should also think of phasing out directed credit to the jute sector. In order to correct the current oligopolistic market structure of banks dominated by inefficient uncompetitive NCBs, the government should encourage entry into the market by new private banks.

Labor Regulations. Streamlining of existing regulations and increasing effectiveness of the law enforcement machinery are critical needs in this area. This subject is being discussed separately in this seminar.

Legal Reforms. A FIAS study (FIAS, 1992) identifies many serious loopholes with the current laws, legal procedures and institutions, which need urgent and major reforms, both legal and institutional. The Government has taken some preparatory steps in this direction. These reforms need to be accelerated.

Industry-specific Regulations. The pharmaceutical industry has been subjected to many economically unacceptable regulations, such as bans on production and import of a number of drugs, restriction of product ranges for foreign firms, block list restrictions on quantities and prices of imported raw materials and controls on prices of finished medicines; ceiling restriction on marketing expenses, etc. These restrictions are holding back a more rapid growth of this industry. The edible oil refining industry has been subjected to an import restriction of its raw materials. There is a ban on the production of 'gur' in specified areas to protect sugarcane supplies to the sugar mills. These industry specific restrictions should also be removed.

that is, the name, rank and regiment, the reported incident and the quantum of punishment have to be announced.

General statements are made about errant personnel but no details are given. We have to protect the family of the guilty officer/men for fear of reprisals. The former Governor of Jammu and Kashmir, Mr Jagmohan, explained at a panel discussion. 'What about the families of innocents killed?' a human rights activist interjected.

Human Rights Body Called 'Cosmetic'

Prakash Chandra writes from New Delhi

An activist warns that the human rights commission's recommendations are merely for the record — and perhaps no more.

Attorney-General and eminent barrister, Mr Soli J Sorabjee. He argues that the effectiveness of the commission in protecting human rights will be almost minimal. He attacks the government for not providing the NHRC with its own independent investigative machinery under its exclusive control and accountable only to the NHRC.

As he points out, 'Violations of human rights by the police and government officials are commonplace in India. It is unrealistic to expect the police to provide impartial and effective assistance to the NHRC in investigating violations by their brethren and superiors.'

A human rights activist warns that the NHRC's recommendations are merely for the record and perhaps no more. It might meet the same fate as similar commissions — for Untouchable Hindus, minorities and the Commission for Women. These commissions were set up with a great deal of noise and publicity. But they merely reported to Parliament.

Another activist elaborates: 'What about the 1984 riots in New Delhi, following Mrs Gandhi's assassination? The guilty have not been brought to book because merely 12 of the 2,341 accused have been convicted. Significantly, none of them is a policeman or political functionary and all the 12 are on parole.'

But the Sikh community cannot forget how thousands of their men, women and children were slaughtered, their houses burnt or looted and their taxis set on fire. It is common knowledge in Delhi that some local politicians were behind this carnage.

But the Congress Party has remained mum on this issue. And some analysts believe that this is the prime reason for the current insurgency in Punjab and the anger of the Sikhs.

One obvious is the deliberate omission of the armed forces from the operations of the NHRC. According to one journalist who has often visited Kashmir and talked to people there, 'If there was one grievance against the security forces it concerns the disappearance of people after a cordon and search operation.'

Diplomats suspect that the Rao government reacted rather quickly to criticism in the United States Congress on violation of human rights in Kashmir by the Army. It is hot on the international agenda. Indeed, New Delhi's human rights profile in Kashmir has become rather delicate and it imperils foreign aid.

A Western diplomat points out that assurances have been made by India following strictures passed last June by the US House of Representatives as embodied in the Fazio amendment and the Helms Amendment, passed by the Senate in September.

The Fazio amendment almost ban American government funds for military education training of Indian officers unless the US President certifies that New Delhi was taking steps to identify and prosecute violators of human rights. The Helms amendment censures the security forces but also holds the Pakistan and the terrorists equally responsible for human rights violations.

Recently, journalists participating in a media conference at the Combat College in Mhow were informed about a nine-point charter of dos and don'ts issued by the Army Chief to the men of the 15 Corps deployed

in Jammu and Kashmir. It ranged from no torture deaths to the use of only just and adequate force.

To meet the specific needs of

fighting an insurgency in Kashmir, the Army is setting up a second counter-insurgency training centre in the foothills in Jammu. The Waireng Centre in Mizoram was oriented towards countering the insurgency in the north-east.

But the Army has balked at accepting what international human rights organisations are insisting should be mandatory;

— Dephneus Asia

Punjab Militants Hit the Heartland

'Insurgency never dies without the causes being removed'

THE bombing attack last September in the political centre of India's national capital showed that Punjab militants are down, but not out.

Several terrorist outfits were wiped out by a determined police force led by the Inspector-General of Police, Mr K P S Gill. More than 5,000 militants were killed in battles with security forces and the state police.

International human rights organisations have raised hue and cry over the so-called encounter deaths. It is widely suspected that police officials killed known militants once they were in the firing range instead of arresting them and producing them before a court of law.

Whatever the truth in these allegations, the dreadful fact has emerged that the Sikh terrorists have now extended their operations to Delhi and even other cities.

Senior intelligence officials have grimly warned that the weekend blast was just the beginning of a series of similar attacks. Already, a team of senior officials has captured two known terrorists, who belong to the much feared group of the

Bhindranwale Tiger Force of Khalistan, or KLF.

Some Punjab police officials explain that the assassination attempt on a Congress Party youth leader was typical of tactics used by the KLF. Stationary car bombs are used to blast targets. The first attempt was made on August 29, 1991, when the militants tried to kill a senior police official of Chandigarh, Mr Sumedh Saini.

In this incident four people died and about a dozen were injured. The blast was triggered off with the help of a Japanese-made remote control toy plane. Intelligence agencies say that the Punjab police had warned the Home Ministry that Mr S Bitta, president of the Youth Congress, remained the No. 1 target of the militants as he himself was a Sikh strongly opposed to militancy.

Police authorities suggest the KLF is demoralised enough to strike in a major way in the capital and Punjab to boost morale.

Recently, the Punjab police managed to arrest or kill a few known leaders of the KLF. But they have been quickly replaced by others. New militants recruited by the insurgency group

are highly skilled, intelligent young people. They have taken the lead in regrouping, recruitment and winning over sharp-shooting guerrillas from other groups such as Babbar Khalsa International. The police allege that most top Khalistan militants have fled to Pakistan.

Mr K P S Gill, Punjab police chief, who was until recently claiming that he had wiped out militancy, now admits to local newspapers that more bomb blasts are expected.

Top Army officials operating in Punjab have always insisted that the insurgency is not over in the troubled state. They will have to stay in Punjab for long time. As one senior Army officer commented candidly, 'We have restored the rule of law and helped the civil administration to take control. But one cannot claim that militancy has been eradicated. This was not the task given to the Army.'

Army officials insist that the dip in the crime graph is only a passing phase. 'Insurgency never dies without the causes being removed,' says one observer.

— Prakash Chandra

— Dephneus Asia

To the Editor...

Bank interest

Sir, The government has sharply slashed down bank interest with a view to generating more industrial and business growth in the country or, in other words, discouraging those who keep money idle in banks and depend on bank interest. The people who have some savings, but no experience in any sort of trade and not young enough to start anything fresh, are victims of the present situation.

Our country is not a welfare state like England or Canada or Australia; so most people here face financial problems after their retirement or when past middleage they become inactive. Deposit Pension Scheme (DPS) was a very good scheme through which people could think of getting some financial benefit for a period of 10 to 20 years, but unfortunately, no fresh account under the scheme is allowed to be opened now-a-days. At least one or two such schemes are required for our

people, so that old-age financial problems can be minimised to a great extent.

It is, however, expected that the concerned authority will pay due importance to this matter and introduce new schemes under modern banking concepts for greater interest of the people of our country.

Motius Samad Chowdhury
Housing Estate, Sylhet

The British govt also owes an apology

Sir, I congratulate the political leaders, who have demanded Pakistan's apology for the crimes committed by Pak soldiers in Bangladesh in 1971, published in your esteemed newspaper on 6.10.1993. The Japanese Prime Minister sought apology for the abuse of women by Japanese army in China during the Second World War. It is quite in fitness of things and speaks of the greatness of the

mind seeking apology for atrocities perpetrated by the predecessors, and is designed to create a climate for improving inter-state relationships and, for that matter, international peace and harmony.

I would only add, on the same reasoning, that in 1947, after the World War-II, the British Government left India in a bad shape creating two states — India and Pakistan — on the basis of religion, which led millions of people to leave their hearth and home, to lose their lives and properties. India and Pakistan fought three wars, and the Kashmir problem still remains festering only to remind the woeful days after partition of India.

Had Mr Attlee, the British Prime Minister, not terminated Lord Wavell's viceroyalty and appointed Lord Mountbatten as Viceroy of India in his place in February, 1947, the tragedy might have been avoided. During their rule of India the

British pursued the policy of 'Divide and Rule' and adopted the policy of 'Divide and Leave' at the time of their departure throwing the people of this sub-continent in the danger of brewing problems. So, the British Government in all fairness owes an apology to the people of this sub-continent.

Md Moksudor Rahman
Senior Advocate,
Supreme Court of Bangladesh,
(former Judge of the High Court Division)

Tourism

Sir, It is heartening to see the colourful and attractive programme drawn up by the Bangladesh Parjatan Corporation in connection with observance of tourism month from October 16 to November 15 with a view to creating awareness among our people and promoting tourism in the country.

Since days immemorial man

has been fond of tourism to quench the thirst of his inquisitive mind for travelling, knowledge and information, trade and commerce, leisure and pleasure and knowing the unknown.

The modern world of tourism is most organised and sophisticated. It provides necessary help and assistance, caters information on places of interest, transportation, accommodation, food and auxiliary matters thereof to the people. In our country, the jurisdiction of Parjatan Corporation, our national tourism organisation, is limited to enjoying tourism within Bangladesh. Who does not like tourism? Everyone — both domestic and foreign tourist — wants to go to Cox's Bazar, Sunderbans, Rangamati, Paharpur and Sylhet etc. But when one learns or thinks about transportation, food and accommodation etc one feels disheartened and dejected. Most of the tourists, domestic and foreign, can neither afford travelling by Bangladesh

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Dhaka

Biman, charter luxury boats or air-conditioned coaches or cars, stay in exorbitant hotels, motels or cottages and pay sky-high rates for food, nor do they like travelling by jam-packed trains, public buses and motor launches.

So tourism in our country in its true sense is dull and dull.

We would very much welcome if the Bangladesh Parjatan Corporation kindly introduces and runs regular directed tours of 3-5 days, from Dhaka to various tourist spots in ordinary buses and motor launches; provides accommodation (no matter how simple it may be) and food (no matter ordinary but fresh) at a cost within the reach of the common people and students and thus help activate and vitalize the comatose tourism in our country.

O H Kabir
Dhaka