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Dhaka, Thursday, January 6, 1994

## A Lesson for Government

Things at the Zia International Airport have reached a level of anarchy short of only a complete breakdown of its functioning. Incidents demonstrating dangerous security lapses - either systemic or performance-related or both - were bad enough - they were not beyond rectification. The Civil Aviation Authority went about that business of plugging the holes in a most unfortunate and summary fashion landing the whole of that gigantic yet inestimably delicate organisation into unprecedented chaos. When things would clear up - it has to in a matter of days - its effects would continue to bedevil airport management perhaps for years. It is saddening to see very plainly that the unmanageably bad turn of events at the ZIA is wholly the handiwork of the CAAB authority.

Why did the authority jump into the harrowingly precipitate action of suspending and demoting key airport personnel? Hadn't they any idea of what repercussions could follow such an action? Or didn't they simply care, harried as they must have been by pressures from all around, specially up above? If the action was right and taken in a right manner, that could possibly have been worth the trouble. But it is the very ineptness of the action that contributed so largely to the deterioration of the situa-

The second act — of rescinsion of the punitive orders - was what pushed the bad state of affairs into a regular catastrophe. This was done in response to the gherao mounted by the employees of the authority on its chairman. The unexpected success of the forceful protest ran the protesters to a state where they would not know when to stop and how. And they started lumping ageold grievances with the redressal of the heavy yet superficially arrived at measures of the day before. The fear now is about what will happen to the task that led to this awful rumpus: The task of setting right the state of security of the ZIA? There are more chances now of that question going by default. The matter of bringing the whole organisation back to a frame of discipline may easily push the former into the background.

In our earlier comment on the gaps lighted up by the Jessore young man, we called for a deepscooping probe into the security situation of the ZIA. The government went the other way and swooped on people in what clearly appears as a tentative action featured even by retraction. While we hold the CAAB's administrative ineptness wholly responsible for the most undesirable follow-up of the stowaway story, we strongly suggest the government not to allow the security question to slip by. Rather we counsel this to be the take-off point for a series of searches into a lot of other holes riddling that hotbed of multifarious crimes and corruption, our only air entrepot. The management faux pas has already fouled up the prospects of such necessary enterprise. The government would do well to take care that such carelessness does not repeat, even if the whole of the cabinet is under hellish pressure to show summary response to certain situations.

### Good Example, but Needs to be Multiplied

The Prime Minister's secretariat has instructed the cabinet division to serve a show cause notice on the Deputy Commissioner and other concerned officials of Cox's Bazar for overexpenditure during her visit to the district. The act by itself has all the making of setting an example in a country where playing cronies has gained a disproportionate ground. A vernacular daily's snippet column that carried the news on the Premier also accommodated a spicy piece on an unfortunate compounder who failed to complywith his boss's order to present a bottle of foreign brand shampoo at the medical store's expense. The compounder was fired by the officer who had asked for the graft. This incident allegedly took place in the unlikely place of Sylhet Cadet College.

Reports also had it that in Khulna, the organisers of a college function were so enthusiastic that they felled a number of century-old trees to facilitate the landing of the PM's helicopter. The overenthusiasm was manifest in that there was no need for felling the mighty trees on the college compound for the helicopter's lan-

Considering the Cadet College and Khulna incidents and various other routine exercises of greasing the higher officers or just keeping them in good humour by the subordinates, the Prime Minister's decision to ask for an explanation of the excessive — beyond allowable limit — expenditure on her reception deserves quite a few kudos. Credit also goes to the Prime Minister for her instruction through a circular in 1992 that categorically forbids lavish decoration, building of arches and other costly structures for her and her ministers' reception.

All this looks quite encouraging. But not always has the limit been maintained and the criteria followed. However, the Prime Minister has at last taken exception to the non-compliance of the austerity measure and this is good news. But to make the move more than just a style something really substantial — the top echelons must set the right examples of propriety and austerity for the rest to follow in a naturally

binding sequence.

If the preaching and practice do not have a meeting point at the higher levels, there is little chance of any improvement of the situation in theadministrative system below. The contradictions in the claims and performance of some of our politicians have left a baneful influence on our body-politic. As the highest executive of the eountry, we expect the Prime Minister to continue to emphasise austerity and tellingly curb the prodigal ways of governance.

# A Case for Bankassurance in Rural Bangladesh

ANKASSURANCE denotes a kind of organisates a kind of organisa-tional arrangement under which operate both bank and insurance company. It's a recent phenomenon capable of being modelled to suit the needs of the rural people of Bangladesh. The organisation to put the whole concept into practice may be styled as Grameen Bankassurance Organisation (GBO).

The banking operation of the proposed GBO may include all normal banking functions but the emphasis will be on credit programme. In fact, the credit programme should be its sole function during the early years, at least. Even in the insurance side, life insurance will be an essential part to the credit programme which will be supported by the life insurance fund. Apart from life. GBO may take up, in course of time, those classes of non-life (general) insurance, such as crop insurance, livestock insurance, poultry insurance, health insurance etc. which are likely to help the rural people.

WHY BANKASSURANCE? The advantage of offering both banking and insurance services from the same organisation is obvious. It is in the saving of costs. A bank branch can be used also as an insurance branch. There will be better utilisation of manpower employed since the same person can work for both bank and insurance. This advantage will be particularly felt in the case of high quality skilled hands who are likely to be much in de-

Bank clients would also be the potential insurance clients and the employees would be found ready for that reason to sell insurance policies at much lower than the usual commis-

ANILA — This year it

ent than ever before

There are the prosperous

that there is not just one Asia

dragons on the Pacific coast,

where growth rates are taking

off. Then there are the lumber-

ing economic dinosaurs of the

hinterland still living in the

dragons was recognised and its

links to North America were

finally formalised in October at

Pacific Economic Community

Washington's hurry to push

through with the summit was

seen as an indication that

United States was eager to

shed its trans-Atlantic phase

and get into a new trans-Pa-

summit of the Group of Seven

(G-7) industrialised nations in

Tokyo in July served to under-

line this strategic shift in the

been dictated more by eco-

nomic than political or secu-

rity motives. But whatever the

reason, the events were hailed

by the regional media as the

first rays in the dawn of 'The

The West no longer per-

ceives East Asia's vibrant

economies as just a peripheral

market, but an economic lo-

comotive that can potentially

pull their recessed economies

· Some Asian analysts felt

that the United States, faced

with trade deadlocks and

political setbacks in Europe in

1993, was in a hurry to use

APEC both as a bargaining chip

against Europe and a profitable

export market in world of a

new General Agreement on

deep misgivings about scram-

bling in Seattle, but they at-

Operation doomsday

and only survivor may have to

ponder what the costly record

of mankind means - a record

of barbarism and civility, con-

flict and conciliation, con-

frontation and cooperation,

superpowers and non-aligners,

ate manoeuvres to do away

with the arms race, which

have brought about a great deal

of relief lately, American re-

ciprocation switching nuclear

test back on as a fallout of Chi-

nese underground detonation

of nuclear device is definitely a

This is now up to the world

conscience to perceive the

consequences of revived arms

showdown, specifically of

atomic class, with US decision

to resume nuclear experiment

which is powerful enough to

accelerate manufacturing ultra-

Any decision in favour of

testing what can destroy entire

civilization within seconds (for -

whatever reasons may there

be) terrifies peacelovers re-

trieving the horror memories

of Hiroshima-Nagasaki and

ought to confront the records

the peacemakers set along the

way of subduing global tension

over the decades - viz. SALT.

START, Cold War termination,

modern weaponry.

cause for anxiety worldwide.

Today, after all the desper-

so forth.

,Sir, Day after holocaust, one

Most East Asian leaders had

Tariffs and Trade (GATT).

Pacific Century'.

out of the doldrums.

The change seems to have

West's perception of Asia.

The APEC meeting and the

the Seattle summit of the Asia-

(APEC).

cific mode.

The dynamism of East Asian

there are at least two.

became more appar-

sion costs. In Bangladesh, this advantage has been clearly noticed in the case of Postal Life Insurance. Compared to the usual commission-alone-dependants the insurance companies employ for selling policies, the bankassurance staff will be salaried employees and commission earners at the same time. Commission will be their additional source of income, not the only one. Compared to commission-only career, such a career will appeal much better to a young educated person looking for

No wonder, bankassurance is becoming very popular in the advanced countries Prospect of paying higher insurance benefits at same premium cost is drawing more and more banks and insurance companies in many countries towards close integration through mergers, takeovers etc. To get an idea how far bankassurance has advanced in Europe, in France, for example, about 50% of all life insurance is sold over he bank counter.

It may be said that bankassurance model may work well in advanced countries but that does not automatically guarantee the same model's suecess when it is applied to operate among the least developed section of a community in a least developed country. namely the rural poor of Bangladesh. How confident can one feel that running banking and insurance in the rural areas will be a feasible idea?

On the banking side, Grameen Bank is too wellknown to need any elaboration. A fairly large segment of the country's rural population is by now covered by its eredit programme and the programme is expanding fast. There is no

by Shafat Ahmed Chaudhuri

enterprise.

reason to doubt that the credit programme making up the most difficult part of a bank's functions, can operate successfully in rural areas provided the Grameen Bank model is followed

Case of insurance is, however, different. One experiment with the rural life insurance presently being carried out by the Delta Life Insurance Company, as described below is showing very encouraging results. Nothing, however, has yet been tried with non-life insurance of the low-income or no-income folks.

DLI's Experience with

Grameen Bima \* The Delta Life has been carrying, for nearly 6 years, an innovative kind of programme called the Grameen Bima (rural insurance), aimed at popularising endowment-type life insurance among the rural poor. The programme faced many difficulties and suffered many setbacks. But most of the initial problems have largely been overcome by now and the scheme is making steady and satisfactory progress.

. Since commencement, the premium earnings from Grameen Bima have been as follows:

Premium Income Year 1988 Tk 5 lac " 15 " 1990 " 37 1991

1992

1993

In what respects is the Grameen Bima different from the ordinary life insurance? Important distinguishing features of the Grameen Bima are:

" 150 " (expected)

Policies are small. (Average size of a Grameen Bima policy is about one-tenth the size of

DLI's average ordinary life policy); premiums are collected weekly through passbooks; underwriting is done locally and no medical examination involved; uniform premium rate is charged irrespective of age. (Entry age limited to age 40 for males and 35 for females.) and, investible funds are advanced to the insureds for investment in approved micro-

FINDINGS: One thing has

by now been definitely established. To the target group, that is the poor people of Bangladesh, life insurance presents itself as a very convenient means of reaching a destred savings target. Life insurance is one medium of savings where one is forced, so to say to save through contributions, spread over a long period, in sizes one can afford. No other savings medium offers a comparable advantage. At the same time, the monetary help a life insurance policy extends in the event of early death of the bread earner is also viewed as a very useful benefit. There is no reason to doubt that with the backing of efficient management, life insurance can become a very effective mechanism for mobilising savings of the rural poor.

From the management's point of view, it is noted with satisfaction that, contrary to earlier fears, death claims have remained within expected limits. The subject of expense, however, is a cause for some worry. Because of small size of policies the overhead costs appear rather too high. High expense diminishes prospect of adding attractive, profits to policies. Without profits, life insurance can not become a popular savings instrument.

Here, bankassurance offers the solution. With less cost, for reason of cost sharing with bank operation, profits will inorease and life insurance can then become an attractive sav-

ings scheme. GRAMEEN BIMA'S CREDIT PROGRAMME: The most important feature that puts Grameen Bima clearly apart from the ordinary life insurance relates to the investment of funds. It has already been mentioned that investible funds are advanced to the insureds for investment in approved micro enterprise. This needs explanation.

To a life insurance company, which accumulates sizable funds through premium collection, investment is always a major subject Where to invest? In Bangladesh, unfortunately, avenues for good profitable and secure - investments are very limited. Channelling investible funds through credit programme. run on Grameen Bank model, offers an ideal opportunity and this is the method Delta Life's Grameen Bima has adopted. Experience, shows that Grameen Bank's credit programme not only assures an excellent security of the capital but is also profitable. On the question of profit-making, all the profits, after all, will pass to none else but the insureds.

It may be mentioned that although the credit programme is very much an integral part of the Grameen Bima, yet policies are never sold on promise of credit. A policyholder can not ask for credit as a matter of right. Each project is judged on its merit and the money is advanced only when the project is judged vi-

One has to bear in mind the distinction between the

In Thailand, a new civilian

government of prime minister

Chuan Leekpai born out of last

year's anti-military middle

policy-loan', which is advanced against security of an insurance policy and the investment 'eredit' which is advanced in consideration of the viability of the project. In case of loan, the borrower does not have to give an undertaking to refund, nor does the company lose if he does not. In the case of credit, on the other hand, refund of the borrowed money. together with interest, is binding on the borrower. That is a must in any credit programme.

Once the GBO has been set up, be it a company or a mutual fund or an NGO, DLI shall want to hand over the Grameen Bima operation to that organisation. A question might be asked why DLI would not like to manage the Grameen Bima itself, as it has been doing so long. Reasons are not far to seek. Target clientele of the two programmes - Grameen Bima and the ordinary life are entirely different. So are the forms and designs of the two. Besides, no matter what the DLI's present management may feel about social commitment, in the ultimate analysis the sole objective of DLI, like that of any such company, is to earn maximum profits for its shareholders. Grameen Bima is unlikely to be supportive ofachieving that objective. In that situation, the logical step should be to separate Grameen Bima from its parent body DLI.

To be concluded tomorrow

The author is the Chairman and Managing Director of Delta Life Insurance Company and Chairman of the Green Delta Insurance Company. He is the first Bangladeshi Actuary and was Controller of Insurance after the liberation of Bangla-

# Yearend Special: The East is Rich

tended anyway. Malaysian prime minister Mahathir Mohammad was the the most 'miffed, and boycotted the summit because APEC eclipsed his own East Asian Economic Caucus (EAEC), which would have excluded North American and Australia.

Others felt APEC, which includes Australia, Brunei, Canada, China, Hong Kong, Indonesia. Japan: South Korea, Malaysia. New Zealand, the Philippines, Singapore, Taiwan. Thailand and the United States (Mexico and Papua New Guinea joined up in Seattle) would needlessly latch on Asian economies to North America and hurt trade ties with Europe.

With APEC, a forgotten chunk of Asia from Burma to Afghanistan and Cambodia to Mongolia fell into the crack between tectonic plates of new emerging trading blocs.

South Asian countries, which were feeling the neglect of no more being a strategic bastion of the Cold War years, are still trying to come to grips with unruly democracy.

In 1993, India and Pakistan showed their democracies could still spring a surprise or two when voters in both countries rejected religious obscurantism. In India, it gave prime minister P V Narasimha Rao's fast-track economic reforms another chance to show re-

During the course of the year, another fault-line dividing Asia became apparent as countries prepared for the International Human Rights Conference in Vienna in June.

It pitted those who believed that concepts of democracy and human rights are universal and others who felt there is an 'Asian Way' that puts community rights above individual

counter-toxic hazards, anti-

fallout and leakout, morato-

of nuclear technology is de-

vised for the improvement of

universal habitat, as are most

other inventions to date, no

objection should hinder the ef-

forts for betterment of human

life quality above all destructive

devices technically well set on

Bus fare

rules and law of the land some

private mini buses are illegally

extracting fares at a higher

rate than fixed by the govern-

ment. The mini buses plying

from Sayedabad to Mirpur run

like all other local buses having

stoppage almost everywhere

over, this route, but claim

higher and full fare from

Sayedabad to Mirpur from ev-

ery passenger irrespective of

one's destination/stoppage.

The conductors/helpers fash-

ion to call this minibus as

'direct', though at every stop-

page it becomes 'indirect' by

taking and dropping passen-

This kind of illegal exac-

tion of fare from the humble

Sir, Ignoring all accepted

a countdown to Doomsday.

As long as the development

rium, etc.

M Rahman

Mymensingh

Zila School Road,

1993 will perhaps go down in history as the year the Pacific Ocean shrank, and the West 'discovered' Asia. Kunda Dixit of Inter Press Service wraps up the year for Asia.



Governments of East Asia's newly-industrialised economies pointed to their glittering wealth and break-

neck growth as proof that soft authoritarianism worked, and accused the west of trying to ram its concept of liberty down Asian throats.

Events in 1993 showed although many Asian countries had attained high income levels partly by sacrificing some personal freedoms, the emer gence of an assertive middle class was now feeding a clamour for democratic reforms.

The Japanese decided they were so disgusted with political corruption that in August they voted out a government that had ruled the country for 40 years and risked a new clean and young face : Morihiro

Hosokawa. Also in 1993, South Korea elected a new non-military president in one of its first

passengers is causing tension

which often results into alter-

cation between the passengers

and the vehicle drivers, con-

ductors and helpers. As per

convention the conductors and

their helpers misbehave with

the peaceful but helpless pas-

sengers all the time. On

November 24, 1993 I experi-

enced one such bitter inciden

while I was travelling from

New Market to Asad Gate

(mini bus No Chaw 4521). As

asked the conductor why he

was demanding higher fare il-

legally he said Whether this is

legal or illegal is none of your

business, this is a matter be-

tween the government and us.

When I challenged him and

wanted him to show the copy

of official order or announce-

ment regarding payment of

higher fare, he started shout-

ing and abusing me. However.

the co-passengers joined me

in protest against his misbe-

Now I would request the

concerned authorities includ-

ing the traffic police to please

look into this kind to unlawful

and authoritarian activities on

the part of the bus or mini bus

owners, drivers and conduc-

tors for which the law abiding

passengers are forced to pay

Mohammad Shafayet Islam

illegal fare.

Azimpur, Dhaka

class uprising consolidated itself despite some initial confu-Across Asia in 1993, the trend showed that it is only af-

ter former authoritarian states achieve a threshold per capita income level that the government seems to want to loosen up and give the people more democratic space. But officials in these ethnically-diverse countries say they are wary of the dangers of unruly democracy as practiced in

India and the Philippines which they blame for economic stagnation and communal strife. "There are (countries)

which have embraced Western liberal democracy uncritically and to the point of paralysing the process of government itself," says Anwar Ibrahim, Malaysia's powerful finance minister who is regarded by many as Mahathir's successor.

Despite East Asia's astounding growth, what seems to rankle policy makers in Washington is that the region still has four of the world's five last remaining communist-governed states.

And despite its declining military presence in the region in the post-Cold War era, US

sabre-rattling with North Korea reached a crescendo as the year ended. Washington was still vainly dangling aid and diplomatic recognition in exchange for Pyongyang calling off plans to build unclear Although the United States

partially lifted its trade and investment embargo in July to allow loans to Vietnam, it seemed reluctant to forgive Hanoi for winning the war 20years ago. The MIA lobby and US President Bill Clinton's own history of draft evasion were important factors to keep the embargo in place.

Vietnam did manage to get a pledge for US \$1.86 billion in credits at its first-ever donor meeting in Paris in November, and the country appeared poised for economic takeoff.

Washington approved China's most-favoured nation trading status for another year, but Beijing was under relentless pressure throughout 1993 from Washington on issues such as missile sales to Pakistan, chemicals to Iran, human rights, Tibet and prison

But the war of words between Beijing and Hong Kong governor Chris Patten is as vitriolic as ever as the two sides prepare for a collapse of 16 rounds of negotiations in 1993 over Hong Kong's political future when the territory reverts to Chinese rule in

Joint Economic Commission (JEC) was held in Dhaka on December 28, 1993.

truly fair elections. Kim Young

Sam immediately set about the

task of uprooting some author-

itarian aspects of government

that had dominated the coun-

In super-rich Taiwan, the

tiny territory which has

amassed one of the world's

largest foreign exchange re-

serves, a popular yearning for

change began forcing the

complacently nationalist

Kuomintang Party to do sonte

The meeting was attended by Mr A S M Mustafizur Rahman. Foreign Minister of Bangladesh and Mr Pranab Mukherjee, Commerce Minister of India. The leaders of the two delegations expressed their satisfaction on cooperation at different levels and stressed the need for further expanding the economic

tion of dry season flow.

The Indian Minister avoided questions relating to bilateral problems particularly on water sharing. He admitted that "bilateral irritants" were discussed. He said, "Any problem can be solved through bilateral discussions." Mr. Mukherjee is a veteran

politician and held ministerial posts for a long time in India. He is well aware of the problems does not mean anything but a diplomatic ploy to avoid the is-

Amjad Hossain Khan A few weeks earlier, during the 13th session of SAARC Council of Ministers held in Dhaka 4-5 December 1993, the Indian External Affairs Minister Mr Dinesh Singh said: "On water issue we will make every effort for solution of the prob-

Leaving aside diplomatic niceties and empty promises from the highest political level in India, we have not heard or seen any move by India to resolve the water issue.

If these are only an attempt to pressurise Bangladesh, to come to terms (Indian version). then I believe they have mistaken. This has rather hardened Bangladesh position.

It is unfortunate that a few people in Bangladesh still think that we made a mistake by going to UN and raise water problem. They advocate bilateral efforts for solution. We have seen diplomatic manoeuvering to handle water problem under successive governments since 1972. We have seen the results of such moves! Without any results, we have waited too

Did our policy makers really stry hard to understand the gravity of the water problem? If so, they would have come up with some firm water policy. So far we have none. We are suffering from an inhibition that nothing can be done on rivers coming from across the border. The donor reluctance has also added to this as they feel shy to finance projects on common rivers.

What is our national priority

the projects of national importance? Do those projects establish our rights on the waters of the common rivers? Answer is still no. Why are we not seriously considering these issues? A national council for water was created in eighties. So far they had a few meetings. When we are thinking of national policy on different sector, why are we silent on our water policy?

We are talking about barrages on the Ganges, Brahmaputra, Dharla, Dudhkumar and other river for a long time except for Teesta, there was no firm decision for construction of barrages. In the absence of any government decision, we couldn't undertake any study of barrages on the other rivers Study of barrages should have been done irrespective of water negotiation. Even if the water issue is settled, are we ready with project for implementation? While we want to have good relations with our neighbours, we must safeguard our national interest. While pursing our efforts for solutions of bilateral or multilateral problems with our neighbours, we must also work on national issues. We must have an action plan.

' It is high time that we must have a national water policy The national water council didn't have any meeting for last two and a half years. Enough experienced professionals are available in the country. We have failed to recognize their talents or utilise them for nation building activities. The initiative should come from the government. We must discuss and find solutions to solve our own problem. Time is running

The writer is the former Chairman, Water Development Board and Managing Director, Approtech Consultants Ltd.

### OPINION

serious soul-searching.

try for decades.

#### Water: We Need an Action Plan The fourth meeting of the

ties for mutual benefit.

In his opening remarks, the Bangladesh Foreign Minister noted that the two countries have a number of common environmental concerns at different fields including agriculture, forestry, Wildlife, fish, salinity intrusion, flood control, use of common rivers and, augmenta-

and "bilateral irritants" between the two countries. He is aware of the promises and assurances of the Prime Minister of India on these issues. He is also aware that the water issue is being discussed between the two countries for over 30 years. These discussions were purely bilateral, yet the problems could not be solved so far. Naturally Mr Mukharjee's statement that any problem can be solved through bilateral discussion

in selection of projects in water sector? Why do we have to take up projects just because the donors want to push it? Are all