

## Trade Presence Abroad

We are launched into having trade ties, under an institutional arrangement, with the Commonwealth of Independent States in the former Soviet Union. In what appears to be a belated move — but explicitly so — we threw a credit line to the CIS late last year whereby Russia, Kazakhstan and Ukraine would be able to import goods worth up to US 25 million dollar from Bangladesh on deferred payment within a year. In the meantime, our exporters will be receiving all the money involved, from our banks, following the shipment of goods on the basis of export documents.

The intervening more than 3 years' time since the formation of the CIS was taken up in the preparatory work undertaken by those countries to have a banking system of their own. The CIS' entry into international banking, and by practical implication, the market mechanism, to make the inter-country transactions possible, obviously took its time. This is for the fact that the decades-old centrally controlled command economy from Moscow, hitherto accustomed to doing barter trade only, had to yield place to new institutions compatible with the world trade regime.

But have we really struck the iron when it was hot? After all, we have followed India and Pakistan in the pursuit of the business. These two countries having already extended the banking facilities with appropriate credit lines to the CIS, the fear of losing business in a potentially big market seems to have weighed with us heavily to be introducing the system at long last. The facility given to the importing countries for deferred payment while we bore the costs of export ourselves in the interregnum, falls in the category of aggressive banking beyond the conventional meaning of the phrase. This is because foreign currencies are a hard earned commodity for us, a good reserve of them, notwithstanding — for the present.

However, the fact remains that in grabbing the opportunities in the new markets, India and Pakistan have moved to a vantage point, being early starters in the race. The redeeming thing though is that the Turan Bank of Kazakhstan has opened letters of credit with us and the SBER Bank of Russia is on the line to be doing this soon. These are signs of their enthusiasm to do business with us. The persuasion phase seems to be over but the real test is ahead. Business worth 25 million US dollar is on the horizon as an important symbolic beginning waiting to be made. And the trade is one-way at the moment putting the pressure entirely on us to succeed, as a trend-setter for the future.

In a way, since our competitors Pakistan and India are offering the same easy terms to the CIS as we are, the three exporting countries are supposed to have similar advantages in due course unless we mess things up. Opening trade offices will matter no doubt. It has to be aggressive salesmanship from this point in time onwards. Our competitors have their merchandise to offer and we have our own but since some exportables overlap, there is need for conscious efforts to maintain a competitive edge.

Sky is the limit when it comes to exploring new markets that are emerging in every continent and very rapidly indeed: South Africa, Gaza Strip, Jerico and some East European and Latin American countries. We must have a steady trade presence in these countries. But it will be an empty vessel sounding much if our frenzied bid to enter new markets is not substantiated by rejuvenating the production lines.

## Kumaratunga Moves in the Right Directions

With the election of Chandrika Kumaratunga as prime minister of Sri Lanka, the strife-torn country may not, as yet, have left its worst days behind but there are already encouraging signs. True to its election-campaign promise, the left-leaning People's Alliance headed by Kumaratunga is almost certainly going to ask President Dingiri Banda Wijetunge to lift ban on about 40 items in the Jaffna Peninsula, a Tamil rebels' stronghold. Against the backdrop of recent bloody history of Sri Lanka, this move of the People's Alliance should be considered more than just a political overture. The alliance has already let it be understood that the new outfit means business and has no intention of losing time.

The coalition was able to draw a few splinter rebel Tamil groups into its fold even before the election. Although it did not have similar success with the main rebels such as the Liberation Tigers of Tamil Elam (LTTE), the People's Alliance now has before it the chance of taking its good works further ahead. Happily the coalition is precisely doing that. If it can convince the president, a united national party man, and more importantly the Tamil Tigers, of its intention to foster a national reconciliation, not the alliance itself, but the entire island-country stands to gain.

The success of the move however depends on several factors, a few of them just indicate an auspicious start. As for the People's Alliance's commitment, the coalition has to pursue a peaceful path for forging a national reconciliation. The Tamil-controlled area in the country's east has been severely hurt by the embargo imposed by the previous government. Falling out of India's favour the Tigers too are seeking a way out of the impasse. So, if the rebels now respond positively to the proposed offer of the new government, it won't be surprising.

Such optimism however can be dampened by one single negative nod from the president. Chandrika Kumaratunga may have beaten the complicated rules of Sri Lanka's elections to become Prime Minister but she still faces the daunting task of working with a president with political affinities for the rival party. The real power lies with the president who also happens to be the defence minister. If Wijetunge wants to foil the move by the prime minister, he is capable of doing so. But as the majority party in parliament the coalition will still have made a point — one that may further erode the credibility of the UNP. The Sri Lankans are fed up with the protracted bloody ethnic war and any hindrance will hardly be to their liking. So the president may block the move at a cost not only to his own standing, his party but also to the country. Therefore, it is least expected of him. The question now is how smoothly both the parties can bring about the most cherished reconciliation to the relief of the Sri Lankans.

If posterity ever apportions blame for conditions in Kashmir, New Delhi will have far more to explain than Islamabad. From the very beginning, we have made hash of things in the state. We jailed Sheikh Abdullah, who was instrumental in the integration of Jammu and Kashmir with the Indian Union. We never allowed the people of the state to choose their rulers as the rest of the country did and saw to it that New Delhi's choice was Srinagar's choice.

And till today, we have not realised that our policy — if at all there is one — is wrong. Pakistan is a consequence, not the cause. It is always fishing in the troubled waters. Why couldn't we calm the waters even till 1989, the year to which Pakistan's direct complicity is traced?

The present phase in the valley is a carbon copy of the last one which Islamabad started as 'Operation Gibraltar' 29 years ago, in August 1965. The difference between then and now is that the Kashmiris did not respond at that time. They, in fact, thwarted Pakistani moves by handing over the first batch of infiltrators to Indian security forces. This time, the Kashmiris have responded and fought with the training and the weapons which they were offered by Pakistan even then. Why have the same people changed is the key to situation.

Giving information on the 1965 operation, Altaf Gauhar, then Pakistan information secretary, has said in his book, *Ayub Khan, Pakistan's First Military Ruler*: "The decision to send 'freedom fighters' (Mujahids for Pakistan and armed infiltrators for the

Indians) across the ceasefire line to start a guerilla war in the Indian-held part of Kashmir, where there was no evidence of any popular stirring at the time, made no military sense."

Singling out Zulfikar Ali Bhutto, then foreign minister, and Aziz Ahmed, then foreign secretary, Altaf has pointed out how some in Pakistan had convinced themselves that they were in a position to dislodge the Indians from Kashmir. That once the trained Pakistani soldiers went into Kashmir, the people of the valley would rise in revolt. India, because of Chinese fear, would not go all out and would thus lose Kashmir as they had done in the Rann of Kutch a few months earlier.

General Ayub's directive, 'Political Aim For Struggle in Kashmir', is revealing: "To expect quick results in this struggle, when India has much larger forces than us, would be unrealistic. Therefore, our action should be such that can be sustained over a long period. As a general rule, Hindu morale would not stand more than a couple of hard blows at the right time and place. Such opportunities should therefore, be sought and exploited."

The operation failed. Altaf has regretfully noted that "the people in Pakistan had been swallowing stories of the triumphant progress of the

# A Long Way to Srinagar

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'freedom fighters', purveyed out to them by a euphoric press. The question that New Delhi has to ask itself is why that operation failed and why the current one has not. On that hangs the tale.

The simple answer is that the people in Kashmir at that time were with us. This time they are not. So much so, they want an independent state-of-their own. Why they have got

violators. It is not a weighty argument that the excesses are bound to take place in such situations. Then those who transgress the law should also be punished and the public should know about it. Only accountability does evoke response.

My impression is that the government of India has been reacting all along to certain situations and taking steps to

was that the people of Jammu and Kashmir should be associated with the talks India would have with Pakistan for a permanent solution to Kashmir. It was not an unreasonable demand. But he had to stake his life to make New Delhi agree. The second was about the removal of bunkers in and outside the Hazratbal shrine. Once the militants, who had taken shelter inside the shrine, were cleared in last November, the bunkers should have been removed there and then. They were established only to deal with that particular situation, not permanently. The J and K commissioner had even given in writing that the bunkers could easily be removed.

What the government should have done on its own had to be extracted from it, again through Yasin Malik's fast. Minister of state Rajesh Pilot worked hard to effect a formula which, it must be said to the credit of prime minister Narasimha Rao went past even the intransigent governor. The Hazratbal shrine has been restored to the people.

We made some promises to the people of J and K when they joined the Indian Union. Those promises are incorporated in Article 370, which gives a special status to the state. I can understand the Bharatiya Janata Party line, which wants to abolish Article 370. It is not a moral or prin-

ciplined approach because the J and K joined the Union on the assurances which have been watered down over the years. The right to withdraw those assurances depends on those who got them, not on those who gave them.

The policy of other non-Congress parties is not at all understandable. They are conspicuous by their silence. At best they look like camp followers of the Congress. They should have come out with a categorical statement that they are opposed to what the Congress is doing in Kashmir. They should have themselves got in touch with the new young, emerging leadership in the state.

The word from the government these days is 'political process', as if it is some switch which can be turned on at will. It is an effort which will have to be spread over a long period, with several inputs (Pakistan will also have to come into the picture at some stage). Those who confine the process to mere elections do not realise that the people do not want to go back to the set up against which they rose. What that set up is yet to be decided.

Once Narasimha Rao said that the sky was the limit. That means he is willing to accept any set up that is within the Indian Union but not necessarily within the Indian constitution. Even preparing the ground for such a formula is not going to be easy. Already, as a Muslim Kashmiri told me in Srinagar a few days ago, the valley was increasingly becoming a vortex of Islamic fundamentalism where the Kashmiris were counting less and less.

## BETWEEN THE LINES

Kuldip Nayar writes from New Delhi

so alienated is the question to which we have to seek an answer before attempting any solution on Kashmir.

"You did not allow them to rule themselves," Abdul Ghani Lone, now in prison, told me in 1990, when the militancy had taken a concrete shape. "You did not allow them even to win some seats in the assembly elections. They thought that going across the border and getting the arms was the only way out."

There is ample truth in what Lone had said. But the post 1989-90 actions do not suggest that we have learnt anything from our mistakes. True, the militancy had to be met. But the law protectors did not have to become the law

get out of them. Whatever its pronouncements, it is increasingly depending on force. But the mere use of force cannot be a policy. Ultimately, the people in Kashmir have to be won over.

One would have imagined that New Delhi must be cultivating such elements as are opposed to violence and fundamentalism. But this is not the case: Shabir Ahmed, a young Kashmiri, who is dead against the gun, has been in and out of jail for the last 20 years. He is still behind the bars. Yasin Malik, the JKLF leader, recently freed, has been forced twice in the last six months to go on fast unto death.

The first time his demand

## Some Issues of Banking in Bangladesh vis-a-vis Reforms

by M Haroun Al-Raschid

I am writing this at a time when some measures for banking reforms have been undertaken in Bangladesh since 1990 through Financial Sector Reform Programme (FSRP) under the axis of IMF and the World Bank. It is still under-way. It is expected that some qualitative improvement will take place after the conclusion of the Financial Sector Reform Programme by the end of 1995.

Though promising it may look at the moment, to make it successful it is imperative first of all to initiate urgent and sweeping reforms in our banking sector by overhauling: (a) The Negotiation Instruments Act of 1981, (b) The Banking Act of 1991, and (c) The Company Act of 1913.

It must be remembered that no piecemeal amendments will serve the purpose of reform. On top of it, our legal system is outdated and defective. So, in legal issues in general and banking issues in particular, must also be simultaneously updated and new laws must be enacted to bring about necessary improvement in our legal system in general and bank loan recovery in particular.

Having touched on the above, I shall now focus on the following issues of our existing banking scenario vis-a-vis offering suggestions for those issues.

### Bank Loan Recovery

There is huge cumulative bad loans in each and every bank in Bangladesh. Bank loan recovery scenario is already pretty bad and is a matter of great concern. Rate of recovery is extremely poor, slow, cumbersome and ineffective. Out of a total bad loan of Tk 2600 crore, only Tk 150 crore had been recovered till Oct '93. To tide over this bad situation, tough measures are essential to speed up recovery of bank loans. Existing Financial loan courts are operating but not as fast as the situation demands.

### Poverty alleviation

Sir, Sitting cozily on cushioned chairs in the air conditioned official rooms, our ruling party administrators along with bureaucrats, are chalking out methodology for poverty alleviation programmes, while on the other hand, deprivation and penury, want and hunger reigns supreme in Bangladesh.

Batches after batches of poverty ridden families of rural Bangladesh are fleeing from villages, and like hordes of locusts are pouring in the megacity Dhaka, to eke out a living by finding jobs in suitable places. The women folks, along with their siblings are observed to be chipping bricks into small pieces, with their babies asleep beside them. The elderly and aged persons are seen to be plying rickshaws, sweating and holding with trembling hands the handles of rickshaws, standing on the paddles and exerting every ounce of their energy to haul the heavily loaded rickshaws.

Some of the womenfolks have been noticed to be working as housemaids with a baby, since the bulk of young girls who used to work as housemaids have been absorbed in garment factories of our

What is actually required is special new laws to be enacted to recover loans from all defaulters but especially from the big ones, who have practically swallowed most of public money from the banks. Such people now must be dealt a hard blow. Existing procedures of loan recovery mechanism are poor and very slow in execution. Hence, it is essential that money taken from the banks by borrowers must be recovered quickly especially from people who did not pay back even after a period of 5 to 15 years. These people deserve to be treated harshly without delay. These are the people who managed to take money from the banks for one purpose and utilized the same for totally different purposes for personal gain in unproductive channels. These are the people who are responsible mainly for the overall bad health of banks by causing huge stuck-up loans in every bank. Big or small, bad borrowers must be dealt with severely on a priority course of action. Time for repayment must not be extended to the defaulters on any pretext other than proven genuineness of the borrower. No waiver of interest should be entertained to any big borrowers.

### Banking Service Operation

It also calls for reform and change. With regard to foreign exchange operation and foreign trade business, existing daily and weekly working system of transaction hours is not upto the common global concept of banking. To integrate in today's high-tech global banking, Bangladesh must switch to gradual and massive computerisation programme to catch up the latest in the application of information technology in banking operation. To achieve international standard, banks (especially those dealing in high volume foreign exchange transactions) in Bangladesh must operate round the clock to keep in touch with markets in Tokyo, London, Hong Kong, New York, Frankfurt, Zurich, etc. simultaneously for speedy exchange of information between banks across the world relating to export, import, fund transfer, remittance and placement of funds etc.

To achieve actual result, the course of action for the Govt to be taken as demanded by the situation created by them calls for: a) Seizure of bad borrowers' personal properties and even their inherited properties, if need be; b) All assets of such borrowers be taken over by the state to get back the money; c) Their passports be seized and their travel be restricted/or banned till the settlement of their accounts; d) Bank accounts be frozen; e) Verification of tax payments; and f) Intelligence Agencies of the government must keep special watch on their movement and activities till their cases are settled.

Exemplary punishment should be meted out against

willful defaulters of bank loans and also bank officials for proven criminal complicity with borrowers by enacting new laws to recover loans by disposing off personal properties (movable and immovable) of such persons including imposing penalties and jail sentence.

### Banking Service Operation

Present weekly transaction hours for foreign exchange operation from Saturday to Wednesday between 9.00AM to 3.30 PM and 9.00 AM to 1.00 PM on Thursday keep practically Bangladesh out of touch/or shut off from the rest of the world on Fridays, Saturdays and Sundays and partially even on Thursdays. So, Bangladesh remains completely out of touch with the international circuit of banking and international trade for roughly 3 days and a half day every week. We cannot afford to remain out of touch in this way

any longer. Because in most of the countries, Friday is a full working day and Saturday and Sunday are closed holidays, when we keep on operating, On Thursdays, by the time when we close at 1.00 PM, London banks starts operation and Tokyo is closed. Present arrangement, moreover, causes delay in transmission of urgent banking communication between Bangladeshi banks and Overseas banks across the world.

On Sundays, banks doing foreign exchange business should remain closed and on Friday such banks should remain open. Banking plays a key role in trade, commerce and international communication in today's high technology and fast developing economic/commercial links in overall foreign/diplomatic channel. Existing banking hours is suitable for local banking purpose but not for foreign exchange business. So, it is imperative that one branch from every bank doing foreign exchange business should be selected and kept open round the clock with special set-up at their respective Head Office. This new measure will help expedite and maintain smooth operation in foreign exchange/international trade business in a global context.

### Central Deposit Insurance Corporation (CDIC)

This organisation is necessary to take care of, firstly, bank depositors' interest in the event of a bank failure and secondly, to bail out a bank in troubles like temporary insolvency. Federal Deposit Insurance Corporation (FDIC) is an agency of the Federal government of the USA working successfully since 1933. Its main purpose is to ensure against payment of a premium called FDIC assessment, deposits up to US\$ 100,000 in member commercial banks. On

own. Not only the sarees but also the daily necessities like onion, sugar, spices, tomatoes, toothpastes, soaps, bi-cycles, pressure cookers, video cassettes even VCP etc are flooding our markets.

None but we help promote those goods in our country. Only our awareness and responsibility can resist this damaging trend. So, we need change our mentality before it is too late.

Mohmuda Khatun Shathi Jubly Bagan Lane, Strajganj

US's Ohio has 3 such major complexes introducing tools and the art of glass blowing. We don't seem to care see it so often and because we drink it in and use it as flower vase at our houses! Why know all this god-forsaken details?

Ghulam Murshid MCA, Dhaka

### Uses of glass

Sir, In a mid-May seminar abroad, I was impressed with the way the Belgians addressed the diversity of glass but was disappointed to notice that they left out the discipline of scientific glass blowing, the foundation of many a discoveries. Everything, from a thermometer to a semi-conductor employs lab glass shop services and glass optic fibre lighting.

British Library, Raffles Hotel chain in Singapore, McDonalds are lit by glass fibre for over a decade. It is also employed for ambient, architectural, emergency lighting everywhere. Its not an electronic signal but a photonic one. Electronic sig-

nals are in and outputs of transmission after being multiplexed with high speed digital circuitry and light diodes.

This for me is a horrifying thought and I can only hope that this situation will never happen to me. How some people can live with these self-confessed killers in their midst is hard to understand.

H Lechner DRA, Dhaka

### August 15

Sir, Every year I am reminded of the shocking situation which we, staying in this country, are in: It could very well be that at any gathering suddenly we come across one of the killers of Sheikh Mujibur Rahman and his family, shake hands and exchange pleasantries.

The President of the BGMEA, has accordingly decided to retrench all children working in the garment factories, upto the age of 14 years. Hence such surplus unemployed children would add to the already unemployed population of the country.

N H Sufi Mohammadpur, Dhaka

### Growth of national economy

Sir, We all think of the economic development of our country and we want the growth of indigenous industries and products. But do we ourselves contribute to such a growth or come up with help?

The sarees that legally or illegally enter into our country from outside the borders are found to be put on by many Bangladeshi women, which, if made a common practice, will eventually destroy the loom and textile industries of our

## OPINION

### Political Stock Exchange

A Husnain

The recent editorials harmonise with the agony, frustration, and the despondency of the people at the stagnancy in the *jowar-bhata* (the tides of political *khals* (canals). The floating garbage stinks, fanned by mushrooming activities by groups more loyal to escapism than trying to steer the ship of the state caught in the gusty winds of monsoon politics. This complainant is seeking a window of fresh air to drive away the surrounding halitosis.

Politics is a leisure-hour activity (for the employed, that is). Politics is like a fatal attraction for us Bengalees. Therefore it tends to overflow into the working hours (of others). The state of empty unemployment is tapped by the opportunists and the shirkers, masquerading as the benefactors, who lean on others' shoulders to achieve their self-centred ambition; only to come down after a while. Politics is not a profession, in the sense that it is unable to earn one's daily bread, feed the apolitical family, or enhance the life of the social animal.

In the developing countries, the politicians exert a far greater influence on the drifting citizens than in the richer societies where the standard of living is high or adequate enough to offset the misuse or overuse of political power or influence. The pedestrians are without heels, and the 4-wheeled reaps the benefit of the social disparity — the feet have no gear-changing device. This economic liability sharpens political hawking, slowing down the pilgrimage.

On the pretext of improving the citizens life, political tools are craftily employed to carry out a BMR of the party in distress, without paying the bill

for the mass labour employed. The stooge, at the receiving end, carries out a simple arithmetical calculation to find out the multiplication factor; for example, five for five parties. While the demand (forced labour for demonstrations) is multiplied, the loyalty is divided. The country cannot progress on the low dividend. The political stock exchange has no stock, change, or exchange.

Coming to the role of the ruling party, the responsibility is more than trying to keep it self in power, and remain popular at the same time. It has to carry the country forward, and the citizens upwards; and in the process take care of the opposition tangentially. This is Solid Geometry in 3-D — and we have a shortage of mathematicians. Calculated moves differ from logarithmic calculations; and differentials and integrals are beyond the ken of Awami politicians, who are disarmingly armed with wishful thinking and mouthful of audio cassettes. When our play-pack system of politics will end?

No use looking up at the heavens — the stars shine only as television channels, and do not inspire. We are the ones who are left perspiring. There is a severe shortage of political airconditioners in the country. The VAT on the same should be abolished, as no value is added whatsoever to the accumulated garbage of four decades (the politicians are responsible for the mixed metaphor, trying to keep in tune with their disharmony).

Let us try a new international definition of politics: An endless live debate on how to bury the dying, and then the dead. What is annihilationism?