# The Baily Star

Founder-Editor: Late S. M. Ali

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## On to Newer Glories

Emperor Akihito opened the 12th Asian Games yesterday at Hiroshima's newly built totally circular Big Arch stadium. A stunning inaugural pageantry then transported the packed stadium to a new height of cultural presentation. The 12th Asiad should portend newer glories for Asian sport

Although Hiroshima is the first non-capital venue of the 53 year old games, it rises far above the past and future sites in significance and is. symbolic of man's march of creativity over aberrations ending in massive death and destruction. With all of it razed to ground and the total population of 140,000-killed by history's first attack with an atomic bomb — the city is back to a 1.8 million population and is hosting about 8,000 athletes and officials from 41 Asian nations and another 800,000 visiting spectators. The leaders of Hiroshima's greatest show on earth but for the Olympics has added to the 'harmony' theme of the games by not only having a pair of mascots one a female and the other a male — but also lighting the torch jointly by a girl and a boy. The Olympics and the Asian Games have, very fortunately for mankind as a whole, become cultural events of the highest quality and of great importance involving nations of the world and yet keeping away from the shadows cast by conflicts that are an integral part of the human organisation known as the state. That the Olympic spirit, through the Asian games and other such, is increasingly infecting the lesser sporting meets with this cultural bias is all to the good.

From 11 nations participating in 6 disciplines in the first New Delhi Asiad in 1951, yesterday 42 nations started competing in 34 disciplines for prizes in 337 events. This is phenomenal growth but not only in the size of the happening. More than half of the world's population, the Asians had not even a pair of world figures in sport at the start of the Asian Games. Now there will be dozens of world champions competing in Hiroshima together with many more of their standard. Thanks largely to East and South-East Asian prosperity and political maturity reflected well in the qualitative spurt in the sporting activity in those regions. Asia as a whole is fast becoming world class in sport. Credits must go to the Asian Games for much of this.

It is sad that one of the first sponsors of this great sporting meet, the subcontinent that is, has not registered any improvement in the sporting arena in the half century gone by. Not to speak of great strides in any area of the wide ranging disciplines and events — athletics or swimming or competitive games, sprints or middle or long distance running etc — this region rather has been producing poorer performances than before. But this cannot either be a consolation or an excuse for Bangladesh's miserable showing in sport and games

A 55-member team of Bangladeshi competitors is now in Hiroshima. Around 20 million Taka have been spent on preparing and sending this team together with some 23 officials. This is quite in keeping with the size of the money that goes for promotion of sport in this land. And this is a size one would get in very few nations of Asia. The leaders of the Bangladesh contingent themselves are not confident of making their mark in any of the events they are there to compete — except for Kabadi which is exclusively a SAF game. Why

Like education and many other sectors Bangladesh's spendings are drained almost wholly in maintaining and servicing establishments that have gone up centring on those - and not even a niggardly sum goes to education and sport proper. In sport not the play, not even the player but it is the managers and organisers who eat up almost the whole pie.

The inept performance of Bangladesh's sport managers quite frequently hit absurd levels and very publicly too. Why can't they be made accountable and removable? As the system that employs them is not itself very accountable, things carry on rather on the principle of divine right.

The athlete and the swimmer and the player plod on giving their best of life. All to no avail with a 120 million base, we continue to be the very worst in sport. How soon are we to see a turn-around?

## Caring for the Elderly

Old age is said to be a leveller, loneliness being the common denominator cutting across levels of solvency and real estate-holding. The pauperized is even more vulnerable to the feeling of having to plough a lonely furrow. The gerontologist's whole existence revolves around giving a purpose to the lives of ageing people who have crossed the threshold of tending for themselves with their own mental and physical resources.

Apart from loneliness which can be turned into solidarity of the aged people, all of them stand out by the natural trait of being drawn to the root - devoid of frills, artificialities and gogetting restlessness which were associated with their rat -race of a life-style they had taken to earlier on. Many a well-to-do at Dhanmondi and Gulshan left alone to live in their once-posh mansions gone rather colourless with all of their progeny away overseas, pine for their own townships and villages. Many have already mentally opted out of Dhaka city making week-end visits to suburbs where they have gardens to tend.

This trend has caught on well with the richer among the middle-aged group, who have bought some acreage on the cheap outside Dhaka as an old-age fall-back pasture promising good, creative living. So, inside the country we have plenty of people making up their mind to settle away from the metropolis, but apparently still avoiding going back to the villages they originally hailed from. This middling of a choice between modern living in a big city and outright rural living is some form of going to the root anyway.

We must leave room in the country for Bangladeshi wage earners abroad, many of whom are likely to be drawn to the country - the root, that is - in course of time. Have you not heard many of them saying as they came home on holidays that they would like to be buried in their own country?

It is only when the economy looks up that the destitute among the poor old people will find their places securely guaranteed in a society that fortunately has respect left for the old age.

# Trends In Banks' Deposit and Lending Operations

deposit-taking and lending operations for the whole of the financial year 1993-94 (FY94) published just recently, point to certain deviations from the usual pattern. Of course, these changes only provide possible indications of a departure from the way banks usually operate. rather than an actual shift.Inadequacies built into the data base make it so.

Data on the deposit base reflect the credit balances of the accounts at the end of the pe riod under consideration. Credit balances naturally include interest accrued in the case of term deposit accounts. Actual incremental deposits would thus be less than the amounts standing to the credit of the accounts at the end of the given period in other words, the data base for term deposits would not delineate the net flow of fresh funds into the baking system.

Likewise, data on lending portfolios of the banks would show the amount of loans outstanding at the end of the period under consideration. This amount would include the interest due on the outstanding loans. Amounts actually lent would naturally be less than the loans standing in the banks' books at the end of the period. Money lent but repaid during the year adds to the complication of data interpretation. In short, the figure for loans outstanding at the end of the year does not reflect the amount of banks' fresh lending to the borrowers during the preceding twelve months.

Be that as it may, this is the way official banking statistics get published:In our case, the data comes from some 5780 branches of the banks. Most of the work on collation of the

data are done manually, at least at filed levels. So there is a usual time-lag of about three months between the close of the financial year and publication of the official data. Despite limitations, the data so published provide the only dependable base for perceiving the trends in operational aspects of the banking sector Definite conclusions may not be in order. However, there are useful pointers to allow for tentative ideas to emerge. Some such ideas could just be presumptions Still. it is tempting to try to divine which way the wind is blowing.

First, the change in banks' deposit mix in FY94 appears to signal increased cost consciousness. This could be interpreted as a shift away from the banks' traditional preoccupation with collecting deposits - at any cost. In their dealings with the public, banks now seem to be showing a preference for non-interest bearing deposits. When banks accept more of term deposits savings, short-term and fixed deposits) they also have to pay out higher amounts by way of interest to the depositors. This increases the banks' cost of collecting funds namely, deposits — for lending to the borrowers at still higher inter est rates. On the other hand, if the banks take in more of demand deposits, better known as current account deposits. they don't have to pay any interest to the depositors on these amounts. Their cost of funds would consequently come down. Well, savers would not like such behaviour of the banks at all as their money would not readily earn returns as in the past. However, banks would lower their costs this way and could even pass the benefit on to the borrowers by

way of reduced lending rates. In FY94, deposits in current accounts with banks grew sharply to Tk 5751 crore from Tk 4582 crore as at the end of FY93. These figures do not include deposits from the government and interbank transactions. By and large, these represent money coming in from the public. Demand deposits with banks thus inereased by more than 25.5 per cent in FY94. In the preceding year, these had grown by about 9.5 per cent only. The share of demand deposits in total deposits of Tk 30,987 crore lagain, excluding inter-bank and government deposits) ex-

ceeded 18.5 per cent in FY94.

Term deposits growth rate in the preceding year had actually heen lower - 10.8 per cent. The year before that, in FY92, term deposits had advanced by 13.8 per cent. Term deposits might have slipped in FY93 partly on account of a marked decline in interest rates. The weighted average of interest rates on deposits had recorded a sharp decline from 8.11 in FY92 to 6.51 in FY93 Many savers would have been lured away from banks by higher yields elsewhere, especially government savings in struments. Nor does the limited rally in term deposits with banks in FY94 signal that savers have flocked back

ALONG MY WAY

S B Chaudhuri

In the preceding three years, demand deposits had hovered around 17 per cent of total deposits. The shift, if it can be termed so, may also have been aided by the banks' lesser need for additional lendable funds Banks already had surplus funds so that they could be choosy in accepting fresh deposits from the pub lic.\Anyway, higher access to non-interest bearing deposits should allow for better man agement of the banks loan portfolios. To that extent, their exposure to the risk of mismatch between deposit liabilities loan portfolios would be

All these do not mean that term deposits did not grow Actually, term deposits expanded at a rate of 12.3 per cent in FY94 to reach Tk 25,236 crore by the year-end.

reduced.

interest rates on deposits continued to slide downward in FY94, albeit at a sedate pace the weighted average touched 6.20. In absolute numbers, term deposits in FY94 increased by Tk 2763 crore. This amount includes, as noted earlier, accrued interest on deposits. The incremental amount of term deposits in FY94 would, therefore, probably work out at around Tk 2500 crore for the entire banking system. As against this, investment in government savings instruments in said to have reached Tk 2586 crore in FY94. Savers thus continued to park their money increasingly in government savings instruments where yields are definitely higher than the interest banks pay on term deposits. Besides.

investment in government sav-

ings instruments also enjoys tax breaks on the yields, as does dividend income. So it is not surprising that savers are also leaning towards shares availability of which is on the increase Financial saving through banks is not exactly at a premium now. And as already noted, nor do the banks appear as keen as in the past to attract term deposits.

Banks credit to the private sector expanded by 8.6 per cent in FY94 as compared to 7.6 per cent in the preceding year. Credit to the private sec tor in FY94 touched Tk 20,950 crore which constitutes 68.5 per cent of the total credit fexcluding interbank) of Tk 30.583 crore as at the end of the year In FY93 credit to private sector had accounted for 65.8 per cent of total credit.Which private sector activity benefitted most from the credit expansion of Tk 1669 crore in FY94? Published data available right now are not of help in this regard. However, we do have a recent statement of the Finance Minister to the effect that Tk1388 crore had been disbursed by the banks in FY94 for industrial investment. In FY93, banks had disbursed Tk719 crore for the same

purpose There are other indicators also to suggest that banks are raising the level of their financing of industries. On the basis of total outstanding bank advances at year-end, the share of industry, including working capital financing. came to 34.8 per cent of gross loans in 1991 but rose to 37.8 per cent in 1993. By the same count, the share of commercial lending declined to 30.7 per cent from 31.3 per cent. Does this augur a shift in banks traditional preference for

commercial lending?

Banks continued to reduce lending rates. However, the private sector banks scaled down their lending rates faster in FY94 as compared to the preceding year. In certain areas, they cut their lending rates faster than the Nationalised Commercial Banks (NCBs) as compared to FY93 Thus here also, FY94 marked a departure from the usual pattern. In FY93, private banks had cut their lending rates for working capital by only 0.5 per cent on average. In FY94 they reduced the rate by 1.5 per cent and NCBs by 1.25 per cent. For term loans

to industry, private banks had lowered their rates in FY93 by 0.5 per cent but in FY94 they knocked off 1 per cent and so did the NCBs. However, in the case of export finance, private banks brought the lending rate down-by a paltry 0.25 per cent in FY94 - the same as in the preceding year - whereas the NCBs reduced theirs by 0.75 per cent. On the other hand, private banks had, in effect, raised their rates for commercial lending by 0.25 per cent in FY93. In FY94, they slashed their rate by 2.75 per cent and the NCBs cut theirs by 2.5 per cent. All the same, interest rates on commercial lending still remained higher than

those for industrial financing. Bank lending expanded in FY 94 but not by enough - so runs the general perception. Meanwhile disturbing signs have appeared about the quality of bank lending. Available data suggest that non-performing loans took up about 34 per cent of the banks' portfolio in 1993 as compared to 25 per cent in 1991. The deterioration in loan performance is indeed a worrisome feature calling for urgent attention.

# All Eyes on Blair as the Parties Huddle Closer

Derek Ingram writes from London OR good or ill, Marga ret Thatcher changed It is party conference time again in Britain (Labour conference Oct 3-7. Conservative confer

the face of British politics. She moved the ence Oct 11-14). This year all eyes will be on the new leader of the Labour Party. Tony Blair, goalposts. Nearly five years who has been riding high in the opinion polls and winning support from disillusioned Tory after her departure from the voters. After 15 years of Tory rule, the country is looking for change. Gemini News Service scene her imprint remains. Britain is now midway beexamines the way in which the three parties have moved closer together.

tween genefal elections. The Conservative government of John Major, with an overall majority of only 13, has twoand-a-half years left.

As the politicians return from their summer holidays and take part in the annual ritual of the party conferences the time has come to stock-

The Conservatives have now been in power for 15 years longer than any party this century. For most of that time it has benefitted greatly from a weak and divided opposition a Labour Party led successively by Michael Foot, Neil Kinnock and John Smith.

The last Labour government, headed by James Callaghan and finally propped up by a pact with the Liberal Party, fell to Thatcher and her

right-wing radicalism in 1979 Michael Foot, an old-fashioned radical of the Left, was no match for the new politics of the country's first woman prime minister, intent on chopping down the power of the trade unions and worshipping the new gods of mone-

tarism and privatisation. A Labour Party clinging to policies of the 1960s and earlier became unelectable. It was gradually driven towards the right, but not before four of its. most prominent leaders led

not only have speeded that reform but helped get it back in power at the last election.

They might justifiably argue. however, that by breaking away they sped the change within the Labour ranks. Whether so or not. Kinnock and Smith spent most of their energies in opposition dragging Labour towards policies that embraced many elements of Thatcherism.

Britain has thus ended up with a Labour Party that accepts the much reduced power of the unions, privatisation and even modification of its own historic creation, the welfare state. The 1945 socialist dream of a state that looked after its people from cradle to grave has gone.

In the wake of the global downfall of communism even the word socialism is used sparingly by the new Labour Party leader, 41-year-old Tony Blair. The party today is in reality no longer socialist but social democrat.

Which leaves the Liberal Democratic Party, led by exdiplomat and ex-soldier Paddy Ashdown, squeezed in a small space between a party that has moved to the right of the old Tory party of Macmillan and Churchill, and a Labour Party

that is well to the right of that once led by Attlee and Wilson.

One day someone might move the goalposts back towards the left, but in today's world that possibility seems remote. Blair, who took over the Labour leadership on the sudden death earlier this year of John Smith, is moving in quite the other direction, taking the party ever nearer to the paths being taken by Prime Minister John Major.

If Smith inclined to the right of Kinnock, Blair inclines to the right of Smith. In other words, the British political parties today are huddled closer together than perhaps ever before.

In this situation Britain is finding it harder to bring about the change of government that is essentfal if democracy is to work effectively. A government too long in office becomes complacent and arrogant. It makes mistakes and it can become corrupt.

The Major government has become increasingly incompetent, ever more vulnerable to scandal and sleaze.

A period out of office gives ministers time to reflect and work out new policies. In office for long periods they find no time for constructive rethinking. They find themselves making sloppy announcements, poor legislation and ever more frequent U-turns.

In Britain there is no limit

to the time a prime minister may serve. Thatcher held the post for 13 years and for long threatened to "go on and on and on." There was nothing to stop her doing this, provided she could get the electorate to vote her back every five years.

Under Britain's first-partthe-post system a government these days never wins 50 per cent of the votes cast. In the 1992 election Major won 41.93 per cent in a 77.73 per cent turnout. Labour got 34.39 per cent and the Liberal Democrats 17.85 per cent.

Even now, as Blair's Labour Party stands way ahead in the opinion polls it is by no means certain that it can win the next election. Despite Major's poor performance and dowdy image, the British economy is staging a good recovery and peace in Northern Ireland is a prize that could win him back

Blair has much going for him. He is a new generation: the first party leader to be born after World War Two. He is a highly attractive personality, more appealing than any of

his immediate predecessors to those wobbly Tory voters in the south who must be won over if Labour is to win.

To them he talks sense, but the charge is that so far his speeches are too tull of generalisations and lack specifics. His supporters say that, with more than two years to a general election, he is keeping his options open

At the next election the Tories will argue from a base of experience. They will point out that Blair and most of his colleagues have never been in government. This is a specious argument difficult to counter. Its logic is that there can never again be a change of government. As the term in power lengthens the chance of opposition MPs getting experience

in government disappears. Many members of both opposition parties are increasingly worried that unless they come together in some way the Tories might yet win again in 1996. That would mean

Tory government till 2001.

Much of the political debate in Britain for the next two years will be about how the Labour and Democratic Liberal Parties can loosely come together to turn the Tories out. Each party is jealous of its independence and the debate will be tough. In the end some coming together to defeat the common enemy seems

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inevitable.

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

### BTV ad on environment

Sir, In a BTV advertisement on environment, which propagates against cutting trees, the message tells us that if one tree is cut five saplings must be planted anew. On the basis of this we can possibly cut trees just fulfilling the ratio 1:5 by planting fresh saplings five times more! Have we ever calculated the survival percentage of saplings planted in the last few years and the amount of return nature gets from five plants of one year comparing to a tree of nearly 20 years?

I think this particular advertisement is highly mislead ing. If this suggestion is followed then trees will be cut mercilessly. The message could have been, "Plant five saplings and get all survived for at least two years before cutting a tree".

Motius Samad Chowdhury Phultola Tea Estate, Sylhet

## Massacre of pigeons

Sir. Monitored by AFP and published by you, a small news item (The Daily Star 20 Sept) terribly shocked me. Reportedly, the Iranian police have killed about 12000 pi-

geons in the Holy City of Qom - the seat of the Iranian spiritual leader who is also the supreme authority of the state and the government of Iran.

Appealing to Tory wobbiers

democratic party.

Democratic Party

by former Chancellor of the

Exchequer Roy Jenkins had

broken away to form a social

The Gang of Four, as they

became known, had seen no

hope of moving Labour to the

right. Their venture proved

disastrous. The new party col-

lapsed within a few years and

three of them joined up with

the traditional Liberal Party,

forming the Liberal

others were David Owen.

former foreign secretary, and

ex-ministers Shirley Williams

and Bill Rodgers - were

wrong about the Labour Party.

It did reform and if they had

remained inside they might

The Gang of Four — the

The police seized the innocent and docile pigeons from the breeders because of undefined complaints from the residents of the city; they also seized all the pigeons on sale in shops in the city of Abrar and the birds had their throat slit. Horrible!

Unfortunately, 1 broke this ghastly news to my children who have four or five pigeons as pets whose mischiefs are rather delightful and a kind of remedy to sooth my nerves. Suddenly, two of my children grew pale. They left me. Later on, I found them sobbing and weeping on the staircase in darkness. Even the Zee TV programmes could not pacify them.

Pigeons are considered symbol of innocence, tenderness, peace and love. They don't build nests. It's strange that they always prefer to live and fly over the domes, minarets and roofs of mosques. temples and churches or other shrines.

The Iranian police have not committed a heinous crime. but a sin. The soils of their

beautiful and historic country is still wet with the blood of about a million people done to death by the fanatics and cynics unfortunately in the name of Islam which is a religion of tolerance, peace and love for both the believers and the non-believers.

Although the power of the present Imam has been practically reduced to a minimum by the moderate Mr Rafshanjani, President of the Islamic Republic of Iran, it seems the fanatics are still active.

May Allah bless them with goodness and the true essence of Islam. Violence in the name of religion by the Muslims, the Hindus or the followers of any other religious faith is a curse which yields wrath of the Creator in many forms.

wholeheartedly condemn the brutal and un-Islamic act of the Iranian police for their crime against the helpless pigeons which is actually crime against the humanity in itself. In the worlds of Wordsworth. the best portion of a good man's life is his little, nameless, unremembered acts of kindness and love.

K R Zakhmi Khulna

### Sylhet Division Sir, We congratulate the

Honourable Prime Minister for declaring the Sylhet as new administrative division. With the declaration, the long felt demand of the people of the area has been fulfilled.

The people of Rangpur and Dinajpur are also eagerly wait-

ing to listen to a similar declaration at Rangpur. It may be mentioned that the people of the greater Rangpur District are demanding for the establishment of a new administrative division in Rangpur for the last few years. At present there is one division in Rajshahi for the whole sixteen districts of the area. It is not only a demand but a necessity now as it is impossible to administer the whole of 16 districts sitting in Rajshahi.

We, the people of the area fervently request the government to consider this genuine demand of the people of Rangpur and Dinajpur and declare Rangpur as a division without much delay.

Mahbubul Haque Chowdhury Kalabaghan, Dhaka

### Game theory and caretaker government

Wahiduddin Mahmud's Game-Theoretic interpretation of BNP-AL political conflict on caretaker government (Star Sept. 18) and a correspondent's comment on that (Sept.

Sir, This refers to Professor

My first reaction is that it is not a zero-sum game, say, as it was in the case of Ershad vs. the Opposition. In the classic example of two cars coming from opposite ends over a bridge that admits only one car at 100 m.p.h and none willing to give way to the other might lead to a "disaster". But in politics such situation does not al-

ways lead to disaster. In a straight fight between military/autocracy and democracy, the outcome in this country has been success, not disaster... whether against the Ayub. the Yahya or the Ershad regime. The success of the AL, for that matter the Opposition comprising the AL, the Jamaat, and Jatiya Party will depend on how closely forces of democracy and autocracy are defined and fixed on the public mind. This is the crux of the whole matter. If the Opposition representing democracy is fighting against an autocratic regime, then it can go home smiling for its success is assured. But is it fighting an autocratic regime? Or does the public mind perceive the Opposition with the Jamaat with its '71 antecedents and the Jatiya Party with its Ershad connections as really representing the democratic forces of the country?

If the answer is "no" or even ambiguous, then the success of the Opposition is nil. The BNP might go home and have a sound sleep. So far so good for the game theory.

Of course, neither the BNP nor the AL has asked for my advice on the present so-called "crisis". But still I can offer some. The BNP needs to keep its head cool. It should pretend that no crisis really exists and go about its ways always remembering that restraint and magnanimity are the essence of success of a ruling party. It acted commendably on September 10. Opposition public meetings should be

matched with BNP meetings of equal size and shape. The JCD "activists" ought to be off the streets. In no time the 5-year term will be completed and the Opposition will be confronted with the choice either to accept elections under the BNP government or to prolong its life. The government has only to keep the 'key forces' happy just for an insurance against any third party inter-

vention. The real strength of the AL lay on its fierce insistence on democracy and secularism. Whenever it deviated from either of them, it spelt disaster for the party and the leaders. The trouble with the AL since 1972 is that it refuses to listen to independent advice. As early as March 1972 the Sheikh was given a timely warning from a very unlikely place - a newspaper editorial which exhorted him to look above and beyond sycophants. Mujib did not listen to it and August 1975 was only three years away.

Astonishingly, Sheikh Hasina is now surrounded by similar set of people. For the AL it will be a good question to ask whether its current fight for caretake government has not impinged on its twin ideals of democracy and secularism by an alliance with Gen. Ershad's Jatiya Party and Golam Azam's Jamaat.

In democratic politics it is not relevant what the politicians think about their own act. It is what people think about their work that matters.

Abdul Hag Chowdhury Savar, Dhaka