

Power Sector Reform

The power sector was the earliest to come under donor pressure to be radically reformed and, yet even to this day, happens to be smarting under it. The World Bank's development funding in the sector has remained withheld for an unusually long time. Resultantly, modernisation of the existing network and addition of new capacities to it are in abeyance. Unfortunately this sounds discordant with the rapidly growing demands for domestic and commercial uses of the electricity, even in the outlying areas, let alone the urban centres and their immediate peripheries.

If we accept the fact that a large quantum of the electricity we generate is leaking through the distribution network then of course the WB's view that a cap on such loss would free up nearly as much power as we are presently making do with, is highly sensible. There are, however, two finer points that arise from such conventional reasoning. The system loss is caused partly by an outmoded equipment base and partly by mismanagement and deliberate human mischief. To the extent that the network has undergone wear and tear, it obviously cries out to be repaired with an ungrudging flow of assistance. And if a project along this line should go unfunded it would be tantamount to overlooking what must be done right away. Furthermore, those who are habitually callous in the maintenance work may find a handy excuse for a continued inaction.

With the coming of DESA, the system loss has not been curbed convincingly enough for the donors to take any optimistic view of the structural reforms in the power sector.

The main thrust of the donor prescription for power sector reforms is privatisation of its operations and management of the same by the owning companies on a commercial basis. At this stage, the state sector cannot make over the power generation responsibilities wholesale to the private sector, although there should be no bar against the latter being associated gradually with the generation and supply of electricity to homes, offices, industries and the service sector. The government is obligated to retain an ultimate control over the rates of utility services so that in private hands these are not tainted by any high profit motive in the name of commercial viability. So, one can understand why the existing organisations are sought to be re-structured in the power sector to make room for privatisation on the one hand and allow whatever has to be retained of the old order to function efficiently.

This is a how we would like to reflect on the news about forming a special cell to expedite the pending reform of the power sector. Approved by the cabinet last month, and likely to be in place well before the year is out, the call is to be a regulatory body in time to coordinate the activities of the public and private sectors to be involved in the generation and distribution of electricity. That is the longer-term perspective but immediately upon its formation, an inter-ministerial steering committee is going to come up for an overall supervision of the reform activities.

The addition of this new structure to the existing organisation for the power sector is to meet an exigency, both as an answer to lack of coordination as well as a mark of seriousness being demonstrated to the donors that we are serious about the reforms. Let the private sector leaders be well represented on the special cell to ensure their adequate say on the reforms.

The Yearly Toll at Cox's Bazar Beach

Dilruba's hands were still hennaed — a nuptial mark — when the groom, Shahabuddin was carried away by a receding sea from her side. On a honeymoon trip to Cox's Bazar beach the doctor and his wife together went on an early morning swim in the Bay on Sunday. The husband was swept away, and shocked, Dilruba fainted and did not recover even after the janaza was over.

Our pet boast of having the world's longest unbroken sandy seashore which should mean a bathing beach notwithstanding, we haven't yet been able to whip up even a whiff of enthusiasm for the sea as a resort among our own 120-million-strong people. Nor have we been particularly successful in enticing foreign tourists to Cox's Bazar in any significant number. As a result, for most of the year the small stretch of bathing beach close to the Parjatan facilities presents a picture of desolation. It is as such very unfortunate and at the same intriguing that of these rare visitors to this beach one or two should drown every year.

Or perhaps it is because of the lonesomeness of the place that such tragedies can occur with a mind-chilling regularity. With a crowd all the while, and round the year frequenting the beach and scores of them taking a dip at all hours of the day, the chance of a Shahabuddin-like drowning would be minimal. Here then is the first point of how to prevent drowning at the Cox's Bazar beach. Whoever arrives there for a bout of seabathing should be briefed, as a matter of course, about the precautions to be taken and preparations to be made. Bathing all alone should be discouraged and professional people should be on constant offer to accompany groups and lone bathers.

The briefing should be, particularly, about asking the visitors not to go bathing in low-tide hours. On top of it, signs should go up at special points on the beach on the start of a low-tide warning about the danger and asking the bathers to wait for high tide. Exact timings of the tides should be there on the beaches for all to see. The bathers should also be encouraged to use beach-points frequented by a constant stream of bathers and other people.

There has long been a talk of a safety net to be strung along the line up to which bathers could be allowed to swim. This could of course lessen the risk of bathers being swept out to sea. Such a net shouldn't prove too costly for the Parjatan people who have the highest stake in developing Cox's Bazar as a very popular resort.

That the above hasn't been realised even full two decades after independence is due mostly to Cox's Bazar's miserable failure to attract the native tourists in sizeable numbers. Here perhaps is a vicious circle at work which must be broken before one can expect radical improvements in the safety arrangements at the sea resort. But should that mean a continuance of a yearly toll of lives at the beach? Cannot the government go for some safety measures counting the cost thereof as being incurred in the development of facilities?

Emeka Plan and the Dialogue: Let it End Well

by SH Khondker

THE ice seems to be melting. Thanks to the mediation by the Commonwealth Secretary General, Emeka Anyakwu, both BNP Chief and Prime Minister Begum Khaleda Zia and Awami League Chief and Leader of the Opposition Sheikh Hasina have agreed to sit across the table and discuss, on the basis of a three-point plan proposed by him, how and in what ways the fairness of the future general elections in Bangladesh can be ensured and thereby the present political impasse, lasting for a couple of months, be done away with.

The political stalemate began after a demand from the leading opposition political parties, having representation in the national parliament, for a caretaker government to hold the future general elections was raised. The demand for election under a caretaker government was, if my memory serves me well, first mooted by the Jamaat-e-Islami but it gained support from other opposition political parties only after the Magura by-election. The Awami League alleged that the Magura by-election was badly rigged. The government, however, opposed the allegation. Since then there had been a number of "sieges" and "harkats" in protest of the alleged rigging and in support of the proposed caretaker government. Jatiya Party and Jamaat-e-Islami joined hands with Awami League. And in protest, these three opposition parties have

been abstaining themselves from attending the national parliament sessions for the last couple of months or more which, in its wake, has rendered the parliament rather ineffective.

A national budget was passed without the participation of the opposition members. Many people expressed their views through the news media for an against the proposed caretaker government. There were also efforts to get the ruling party and the opposition parties to sit together and resolve the deadlock. But all were in vain, presumably because none seemed to budge an inch from its own ground.

This failure of our leaders to settle the issue has given rise to an anxiety about the future of democracy in Bangladesh which had its rebirth only about three and a half years back. The Gono Forum Chairman Dr Kamal Hossain, a prominent political leader and an eminent jurist, has expressed his anxiety more than once, in his public speeches. Looking at Haiti and Nigeria, this anxiety about the future of democracy here, naturally does not appear to be a wishful thinking. In Haiti the elected president Jean Bertrand Aristide was ousted by the armed forces. He took refuge in the United States. Very recently, an accord has been reached with the military rulers of Haiti through mediation of Mr Jimmy Carter, an ex-president of the USA. As a result, however, it is apparent

that Aristide will soon be reinstated as President. The American soldiers are there to watch over things and ensure implementation of the accord. So far, so good, but yet there remains something which does not look well for democracy.

Democracy is a concept of people's government. Abraham Lincoln defined it as a government of the people, for the people and by the people — the shortest but most eloquent definition of democracy. Since democracy is a government by the people it would have looked better if, with a view to reasserting their political right, the people of Haiti could rise to the occasion to pull down the military regime and restore their own elected President to power, instead of any foreign intervention for the purpose.

In Nigeria, the elected president Mushood Abiola was ousted and put into jail by the armed forces. Till now no effort from any quarter to reverse the position is in sight. In Bangladesh it took about nine years to unite the people to rise against autocratic President Lt. General Ershad and cause his fall. Therefore, it is natural for the democracy-minded people here to suffer from anxiety in the face of the persisting political impasse.

In the circumstances, the melting of the ice through the negotiation of Mr Emeka is, no doubt, pleasing. In the three issues, as reported in the

newspaper and on which the expected dialogue is likely to take place, there is nothing extraordinary. These are the issues brought to light by many in their speeches and writings and it is difficult to believe that these ideas have not occurred in the minds of our leaders. Yet, without mediation, they themselves could not sit together to settle things by themselves. If they could, it would have been most welcome.

Now that Begum Khaleda Zia and Sheikh Hasina have descended to discuss matters, on the basis of the Emeka plan, we long for a sound settlement of the issue — free and fair exercise of our right of franchise. The dialogue should be directed not merely to ending the present political deadlock but to making the settlement, if at all reached, lasting and to the best interest of the nation. Whether formation of a caretaker government is agreed upon or not, the Election Commission should be so strengthened as to make it all-powerful so that there be no scope for any quarter to exert any influence on it. It should be the sine-qua-non of the dialogue.

Democracy is not merely a political doctrine; it is also a way of life in a civilised society. Such a way of life cannot be achieved within a short time. It takes years of patient practice. Unfortunately, neither in Pakistan nor in Bangladesh, we

had enough of such opportunity. Therefore, we are still far away from what may actually be termed a democratic way of life. In this backdrop it seems, it would be better for the sake of an unquestionable credence to the fairness of the future elections, that due thought is given to the formation of some sort of a caretaker government in spite of strengthening the Election Commission. The ruling party should be allowed to complete its full term, unless it itself decides to hold a premature election. The President who has been elected by the parliament may be chosen to head the caretaker government for a period of time to be specified at the dialogue while the constitution may be amended accordingly, with further details. The details should be so worked out as to eliminate possibility of any political or constitutional deadlock concerning election or formation of government.

In this context, it may not be out of place to say that the people exercise their franchise and they want that the election should be fair and free.

Therefore, it is they who should say whether they would cast their votes at an election under a political caretaker or a non-political caretaker government. Since, now-a-days hartals are not the barometers of correct public opinion, a referendum appears as necessary to seek public opinion on the issue. If I remember well, in the manifesto of none of the

political parties contesting the last general election, the issue of election under a caretaker government was included. It may, therefore, be contended that the members of our parliament do not have the people's mandate to amend the constitution with a view to inserting therein the clause for caretaker government.

Well, if the referendum is now held under the prevailing conditions and the result is against the caretaker government, it is very likely that the fairness of the referendum will be questioned. Therefore, if after the proposed dialogue, the Election Commission is made all powerful, it can conduct the referendum. It is only then that the constitution may be amended with a view to making provision for the caretaker government.

According to one of the points of the Emeka plan the question of framing rules for conducting political activities is likely to come up for discussion. From experience in the past, it is felt that framing of such rules is necessary. It is a good augury that the two major political parties, the BNP and the Awami League, have agreed to discuss such an issue. Well, the political parties should have done it long before without having to seek counsel in this regard from a foreigner. However, all's well that ends well. Let the dialogue end well. If it is fruitful and the present deadlock is over, the trouble taken by Mr Emeka will be deemed worthwhile.

Intervivos Transfers: Patterns and Motives in Bangladesh

by Zahid Hussain

PRIVATE intervivos transfers perform important social functions. They provide insurance against shortfalls in income and old age security. They even out income inequalities and mitigate liquidity constraints thus enabling education, marriage and migration to urban areas for jobs. In many poor economies where public social security programmes have very limited coverage, private transfers are the only mechanism to which the impoverished can turn in times of distress.

Information on the extent to which private transfers in reality perform these functions is extremely important for designing effective public transfer programmes. The effect of such programmes depend critically on the size and determinants of private transfers. Very little was known about the size of private transfers until recently. A cross country study by Donald Cox, an economist at Boston College, Massachusetts, found that the proportion of all households receiving private transfers ranges from a fifth to a half and the amounts received are large.

To the best of my knowledge private transfers have not been subject to systematic empirical scrutiny in Bangladesh primarily because of the lack of data availability. This is regrettable because the Bangladesh Bureau of Statistics regularly collects transfer data in its Household Expenditure Surveys. But their published reports provide minimal, if any, information on the size and patterns of transfers. The BBS was kind enough to allow this author access to a subset of their 1985 household survey data set. I used this data set to explore answers to the following questions on intervivos transfers in Bangladesh.

How large are private transfers? What are the actual patterns of private transfers? What type of motivations cause these transfers? In addition to being interesting in their own right these questions have important implications for policy

makers. In what follows the results of my study are briefly reported for the general audience.

Patterns of Private Transfers

Transfer Payments and Receipts: The survey collected data on transfers paid to and received from persons related genetically or through marriage. The overall sample mean transfer income is Tk 1837.6 which is 6 per cent of mean household earnings. Mean transfer expenditure is Tk 383 which is 1.25 per cent of mean household earnings. Net transfer is thus positive for the entire sample and very significant. Since these are transfer between households, it may seem puzzling that on the aggregate transfer income is not close to transfer expenditures. One important reason undoubtedly is the remittances received from relatives abroad, particularly in the Middle East and the West. One related evidence available from the sample is that cash transfers constitutes 88 per cent of mean transfer income. It is well known that remittances from abroad are mostly made in the form of cash. Also, according to the World Bank, remittances constitute 2.5 to 3 per cent of Bangladesh's GNP.

The recipients represented 14.8 per cent of the total sample of which 65 per cent were from the rural areas. However, the rural recipients accounted for 14.7 per cent of the rural sample and the urban recipients accounted for 15.2 per cent of the urban sample. This casts doubt on the commonly held belief that the incidence of transfer receipts is higher in rural areas.

Total amount received represented 39.4 per cent of average pre-transfer income of recipients for the entire sample. This percentage is significantly higher for rural (48.5) than for urban recipients (32). However, average transfers to urban residents was 1.685 times the transfers received by rural residents. Most (91.1%) transfer income was received in cash. Somewhat surprising,

the proportion of cash transfer income is higher (93%) in rural than urban (88%) areas.

The donors represented a whopping 62.5 per cent of the total sample of which 62 per cent are rural residents. However, rural donors accounted for 58.4 per cent of the rural sample while urban donors accounted for 70 per cent of the urban sample. Average amount paid constituted only 1.6 per cent of average pre-transfer income of the donors. This percentage is significantly higher for urban (2.4%) than rural donors (1.1%). The average amount paid by urban donors is 3.52 times the amount paid by rural donors. Unlike transfer income, donors reported making most of their payments (69.6%) in kind. The proportion of in-kind payments is higher in rural areas (81.96%).

The numbers reported above are gross in the sense that transfer payment is not netted out from transfer income. But they are presented to indicate the frequency, size and form of transfer transactions. To study the characteristics of donors and recipients we need to look at net transfers. A donor household is one whose transfer payment exceeds transfer income and a recipient household is one whose transfer income exceeds transfer payment. In this sample of 1500 households to which the BBS allowed me access, there are 216 recipient households and 795 donor households. Of the recipient households 145 are rural and 71 urban residents. Of the donor households these numbers are 498 and 297 respectively.

One point emerges clearly from the data on net transfers. As a proportion of their income, transfers are a great deal more important to the recipients than to the donors. The contribution made by a typical donor is small but the amount received by a typical recipient is relatively large. The survey made no attempt to link donors and recipients.

One may be tempted to infer that these patterns suggest that the typical recipient receives transfers from multiple donors and, not necessarily, vice-versa. However, the fact that cash transfers dominate the recipient subsample while in-kind transfers dominate the donor subsample, coupled with the fact that average reported transfer for the sample as a whole greatly exceeds average reported donation, clearly indicates that persons doing most of the giving in Bangladesh are missing from the donor subsample because they were working abroad at the time of the survey. This, at the very least, can impart sample selection bias to the donor subsample making all inferences based on it highly suspect.

Characteristics of Recipients: Compared to the overall sample means, the recipients have higher dependency ratio, lower number of earners, less education, and lower pre-transfer income. They also appear to be a little bit younger. The differences between rural and urban recipients, closely mirrors the differences between rural and urban residents in general particularly in terms of age, education, income and assets.

Of the variables covered in the survey, age and income are particularly interesting because the related literature has a lot to say about how they may be related to receiving transfers. It suggests a U-shape relationship between transfer receipts and age. In the developing countries in particular the older generations have to rely on the young for supplements to their income because of the inadequacies of both public and private pension systems. This is particularly true for the poor old because they have no savings to draw from to pay for consumption when they are unable to work. Also, if private transfers are con-nected to investment in human capital then the incidence of transfer receipts among the

young should be high too.

Furthermore, economic theory predicts that irrespective of whether the underlying motivation is altruism or exchange, transfers are likely to flow from rich to poor. When altruism is the driving motive, transfers flow from rich to poor to equalise marginal utility of consumption between altruistically linked individuals. When transfers are driven by the exchange motive, it flows from rich to poor because the rich make consumption loans and/or buy services from the poor that are not available in organised markets.

	Rich (Y>55,000)	Middle (20,000<Y<55,000)	Poor (Y<20,000)
Young (Age<30)	1.798	393	1.327
Middle (30<Age<50)	27.100	7.698	7.884
Old (Age>50)	2.999	820	2.823

Table-1 present the expected value of transfers by age and income. Expected value is calculated by multiplying the average size of transfer by the probability of households receiving transfers in each category. The numbers are rather striking. In each income category, transfers by age looks like an inverted J turned to the right. While the old do receive more transfers than the young, highest expected value occurs for the middle aged in all income categories. Thus, there is little support for the U-shape transfer-age relationship.

Notice also that transfer flows to the relatively high income groups among the recipients. Expected transfers of the rich exceeds the expected transfers of the poor in all age categories. Furthermore, there appears to exist a J-shape relationship with income in all age categories. Expected transfers of the middle income groups is less than that of the rich and poor and the expected transfers of the poor is less than the expected transfers of the rich.

It is clear that the simple prediction that transfer flows from rich to poor does not get

strong support from this data set. The average annual pre-transfer income of the young, middle aged and old rich was Tk 98,239, Tk 95,912 and Tk 1,11,240 respectively, all of which are very high in the context of Bangladesh.

It is of course possible that their donors are even richer so that the prediction still holds. The point, however, is that a lot of transfers seem to occur within high income classes. It is also clear that transfers do support the young and the elderly although not nearly as much as they support the

Variables	Mean Values
Age of head	39.7
Family size	4.5
Dependency	1.1
Earners	1.4
Education	1.6
Family income	Tk 13,901

Compared to the characteristics of the recipients, the non-recipient poor are middle aged and much less educated. They are a lot poorer than the recipients who too are in general very poor. Apparently, the private transfer mechanism fails to include the extremely poor.

(To be concluded tomorrow)

The writer is Assistant Professor of Economics and Business Administration, North South University, Banani, Dhaka.

To the Editor...

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.

Islamic University

Sir, My attention has been drawn to a news item published in your esteemed daily on 2nd October, 1994 regarding unrest in the Islamic University (IU), Kushtia over inclusion of Islamic studies as a compulsory subject. Indeed, it is a right decision of the IU authority and deserves support from all the quarters. IU has been established to spread the Islamic education throughout the upper echelon of the society. I understand that is the aim and objective of establishing IU, which is a specialised university for Islamic studies at higher levels. To that extent, the IU authority has taken the correct step to implement the ideals for which it was created.

It is a common practice of Islamic universities throughout the world such as Madina, Al-Azhar, Malaysia and Pakistan to incorporate Islamic studies as a core subject in all the fac-

ulties. We should remember that IU is not a general university but a specialised university and persons enrolled there want to improve their knowledge about Islam. Those who are not interested in Islam are free to quit the IU and get themselves admitted to general universities. We should not abandon the main objectives of creating a specialised Islamic university.

M M K Khan
Kamal Ataturk Avenue
Banani, Dhaka

UN and moral development

Sir, There is no doubt that due to world-wide severe moral degradation, the modern human civilization is passing through a critical juncture of various crucial social and global problems. This global alarming situation compels our conscience to respond to a re-

cent vital issue, that is, "A Proposal to the United Nations on Moral Development Approach: A New World Order for Peace" propagated by an eminent educationist Dr Abu Obaidul Huque, Professor and Director of Bangladesh Institute for Advancement of Science and Technology Teaching (IASTT).

At the present intolerable situation of social and global unrest, this proposal to UN on moral development is really unique and timely because morality is the key to curb the recent world-wide crucial problems like terrorism, AIDS, human rights, environment pollution, oppression on women, drug abuse, smoking, etc.

So, as soon as possible, the UN and its member states should come forward to consider and implement this proposal to save us and our next generations.

We hope that the Bangladesh Government has a unique opportunity to play the pioneering role in mobilising in favour of this proposal at the UN in the greater interest of welfare of mankind.

Prof Anisul Haq
Department of Bengali
Rangamati Gout College

Let not others' children suffer

Sir, On 23 November '93, my husband, a government servant, was transferred from Khulna to Jessore. My eldest son, Muhammad Eusuf Dawood, a candidate (Roll No. 111159) for result recently declared SSC Exam '94, was a student of Khulna Public College. Formally, we got his examination centre changed from Khulna to Jessore. Accordingly, my son appeared all the exams from Shaheen School, Jessore Cantt along with the students of Dawood Public School, Jessore Cantt.

On 2 September, the result was declared. Since his result was sent to his school, my husband along with the Principal, Dawood Public School, and my son went to the Controller of Exams. To our surprise and shock, we found his result shown as withheld. "Don't you worry, this is my responsibility. Soon, I will get you the result," was the instantaneous smiling assurance from the Controller.

To our worry and frustration, till to date, we have not received the result. Meanwhile, several times my husband approached the Chairman and the Controller of

the Board personally and over telephone. "The Computer Centre (BUET) is not giving the result. What can we do? We are still trying and soon shall do something" are their replies and assurances. At last, we, through a distant relation, approached the Computer Centre, and "the Controller is not collecting the result, tell him to contact us" was their reply.

Whom do we complain to? When all his friends are appearing at various colleges for admission, we are blaming our luck, sobbing and passing through agony.

Sir, shall you please tell us what to do? If not please pray for our child and also pray that none else's child suffer like this.

Khurshida Dawood
D-II (Bawami) Jessore Cantt

"Part of Our Heritage....."

Sir, While going through the article, "Part of Our Heritage: The Temples of Bangladesh" published in the Weekend Magazine section of The Daily Star on 2 September 1994, I was shocked to find that the writer Syed Amirul

Islam had extensively took material with slight alteration for his article from my book "Discover the Monuments of Bangladesh" (UPL, Dhaka, 1984 published with UNESCO assistance), from page 87 to 114, without acknowledging it. I condemn this sort of practice and request you to be good enough in future to ensure against recurrence of such free-style borrowing.

Nazimuddin Ahmed
Ex-Director Of Archaeology
5/1 Gaznavi Rd, Mohdpur, Dhaka

"Development"

Sir, I have read Mr Haradhan Ganguli's letter under the title "Development" published in your esteemed daily on September 9, 1994. Mr Ganguli is an Assistant Professor of Economics, Tangail College, and he could not be more correct in saying several things on a vital national problem like education in Bangladesh. To me Mr Ganguli's letter seemed to be one of the few best letters I have read in The Daily Star. I congratulate Mr Ganguli for writing such a letter.

M T Haq
4/5, Pallabi, Dhaka-1221.