# The Baily Star

Founder-Editor: Late S. M. Ali

Dhaka, Saturday, January 21, 1995

# Get the Fly-overs Ready

Needless to say, fly-overs are important for Dhaka City. That some of these have not already been laid across is regrettable, to say the least The costs are not prohibitive and the Roads and Highways Directorate has the engineering skill to do the job. Foreign consultancy is not needed.

Thus it is bit of a mystery too, why we are yet to have a fly-over, apart from this being saddening. In actual fact, it is the mysticism that gets the better of the sorrow, as it would seem from a report carried yesterday in our newspaper.

We are intrigued that a project prepared some 14 months ago to have just two fly-overs at Maghbazar and Mohakhali intersections, still awaits a go-ahead from the top. While the estimated cost sounds far more bearable, at Tk 100.82 crore, than what it was in the Ershadian era, and, the assignment has since been freed from the clutch of a favoured private party, the lack of progress is unforgivable.

There is none of that suspected corruption premium stigmatising the give-away act of the previous regime which had allowed the per metre construction cost of Tk 8.50 lakh which, in the present case, has been whittled down to Tk 6.51 lakh. Usually the cost revision is upward, but in this case, even after a few years have gone by, it is downward. The Roads and Highways Dept has our thanks for lowering the estimate as well as for its commitment to completing the job without any external technical assistance.

It surprises us a great deal though need we have to wait until 1998 for this modest addition - of only two fly-overs - to our cityscape. Why would these few miles of construction work take 3-4 years to complete, when other cities in the neighbourhood, particularly New Delhi, had done it in a few months' time, albeit under pressure of the ASIAD? After all we are not building the Tower of London nor the highly patterned and intricately criss-crossing Expressways of the Japanese type, and we have our own pressures too. For instance, we have a fast changing demographic picture, the costs may increase and the materials supply prove dicey. Granted, these factors may have been taken into account while estimating the cost, but who knows what variables spring up as we take that long a time. Let's therefore complete these two - at best mediumsize projects — by the middle of 1996.

### Keep Up the Courageous Act

In an exceptional action, rarely matched in the history of administration in this country. Power Development Board has dismissed and sent into forced retirement 24 officers and 57 employees This was no isolated action. These people are among a lot of 283 officials and employees variously punished for failing to reduce systems loss and meet revenue collection targets. PDB has by this action broken out of some built-in incapacity If the pressure can be kept unflagging, every individual officer and employee of this government set-up will soon be mindful of accountability something so foreign to government job-holders.

Those having any knowledge of the inner working of PDB will call this action as a supremely courageous one. The systems loss of PDB that is the difference between the price of power distributed and the money actually received from the sale is no systems loss at all. Transmission of power entails an amount - 10 to 15 per cent — of physical loss. This is called systems loss by text-books of elementary physics. But in Bangladesh systems loss has been recorded at dizzy heights of three or four times the physical loss. The difference has gone to line the pockets of PDB men and to benefit the parties that were happy to pay a paltry sum to these rather than settle the full price of power consumed

This corrupt practice of a very long standing has been pushing price of power in this poor country to world beating levels. And foreign donors supporting the numerous power projects of our nation have long been unwilling to fund corruption instead of development. Why couldn't this be stamped out in time? The muscle-power of the unions worked as a protector of this systematised income on the sidelines for thousands of PDB people. The unions couldn't be touched as the CBA always belongs to the fold of the government in power.

The PDB action is a definite signal that the authority has at last been able to cut loose of the vicious circle. Can they keep it up? In the nation's interest — very vital it is — they must.

## Chimera Chasing

Parthasarathy of Coimbatore, the South Indian industrial city, has been at it assiduously and for long. Once he devoured 36 raw eggs at a single go. That was nuts compared to his journey in the company of a cageful of poisonous snakes. Or, consider any human being doing this - pushing a mustard seed by the nose all the way up to half a kilometre. Parthasarathy has done that too. Every time he finished doing such incredible and bizarre things he got a lot of press. The South Indians are compulsive newspaper readers. His is now a rather famous name in the Deccan. But that was not on his heart. He wanted to go international

The latest in the line of his somewhat absurd and grotesque attempt at fame is weird even by his own standard. He has only recently chomped down his gullet a bush full of roses — with roots, stalks et al of 4-foot high plants-in palpably a record time of one and a half hours.

But, as with every other act accomplished, Parthasarathy knew this too will fail to fetch him what he had longed for all his life. So he has already decided on his next world beating act of eating 625 chillies in one gulping session. How much better would it be had his realisation of futility and coming to terms with it come before his Quixotic expeditions rather than after. But that could rob Parthasarathy of the force that drives

him and the hope that sustains him. O hope, what a hope! To come out in print on the Guinness Book of Records. The famous collection of out-of-the-usual facts about man and his doings apparently has become notorious for goading quite sane young people into the mild insanity of doing whatever to earn a space on the book. Parthasarathy is a prey to man's oldest malady - an unquenchable thirst for fame. What is in his case a regular fame fixation — doing him hardly any good — has in all history been at the root of very many noble achievements and contributions to civilisation. He has missed the right road by, may be, centimetres. All sympathy to a comrade in chimera chasing.

# Export Scenario: Fictitious Figures, Conspicuous Conclusions

by Abdul Bayes

Have our export earnings been on the wane, as seemingly depicted by some of the statistics generated by a

Hangladesh's export ea rnings, during the first quarter or so, of the current fiscal year (1994-95) recently tut the headlines of many news papers Fall in export earnings has also been reported for the previous financial year (1993-94) To those who believe that the economic reforms pro gramme tespecially the trade liberalization schemel 'rigorously enunciated by the government in recent years should positively influence the over all matrix of export earnings, the said news items could appear sour. Even if there were no **economic re**forms whatsoever, such a trend(alleged) could turn out to be an issue of grave concern and of immense research in a country where the share of exports to GDP is very marginal. And also where a feeble boost in economic growth in coming years is expected to follow from a vigorous export drive However the discussions that follow here should not be construed as a note where export-led growth is being ar gued to have knocked at the door, but, simply as a brief resume where incorrect figures. be it for exports or for imports, could be said to upset the calculus of rational thinking pertaining to the perfor mance of our crawling external

HE alleged decline in

Have our export earnings been on a wane, as seemingly

LL the commercial banks

A have been suffering from

A serious setback in capital

adequacy Long years of unsc-

rupulous banking, particularly

during the eighties has res-

ulted in this capital shortfall.

Banks that are running out of

capital of huge amount came to

light after the introduction of

revised system of classification

of Loans and Advances by

Bangladesh Bank vide BCD

Circular No 34 in 1989 which

set forth definite criteria to

judge a loan - whether it is

performing or non-performing

Till 1974, there was no system

of classification. Bangladesh

Bank introduced classification

of Loans and Advances in

1975, the basis being qualita-

tive judgement. By application

of the criterion of qualitative

judgement, actual performing

assets of the banks could not

be assessed, as this criterion

was subjective and terms and

conditions of classification was

also very much liberal having

tendency to specially rely upon

collateral security, giving less

importance to recovery aspect

As a result, actual capital ade-

quacy could not be assessed

while banks paid income tax to

the Income Tax authority and

contributed to the government

exchequer out of the profit

which was inflated due to

transfer of unrealised interest

that money borrowed by the

banks in the form of deposit

was lent to such hands which

has become unrecoverable. If

we make an attempt as to why

and how the loans and ad

vances have become unrecov-

erable and turned into non-

performing assets, dozen of

reasons can be identified

It is evident from the above

to income account.

depicted by some of the statistics generated by some of our agencies? Perhaps not. To begin with, let's remember that there are three principal

sources of export trade figures for Bangladesh. These are Export Promotion Bureau (EPB), the Bangladesh Bank (BB) and the Customs or NBR. EPB, usually, is observed to release actual shipment figures mainly drawing upon the records of the NBR source The BB, on the other hand, tends to posit the actual realized figures generated by its exchange control or foreign exchange department that is entrusted with the tasks of foreign exchange record keeping including those of cash sources like export earnings. The figures from EPB and

the BB sources should normally go together. If the shipment figures of EPB are observed to be more than the realized receipts by the BB. then it must be presumed that an element of lag is there where the shippers failed to realize the amount at the time BB happened to process those figures. In this sense, EPB information on export earnings can outpace that of BB on any occasion On the other hand, if there exists no lag, then the

two figures should converge

But never can the realized figures of BB stand higher than that of the EPB figures simply because we cannot earn more

#### The Crux

And here lies the crux of the matter. The EPB's shipment figures pointed to a dip but it can be gleaned from the BB source, on realized export receipts, that the actual export earnings of Bangladesh during the first quarter of the current fiscal year (1994/95) actually went up by a margin, possibly, of about 20-25 per cent when compared with the corresponding figures of the last financial year (1993/94). How could export earnings show up a rise when an alleged fall in the volume of export shipments and earnings seem to be reported in place? Only a substantial rise in the unit prices of exports could possibly help that miracle to happen. But substantial evidence behind this argument is hard to come

The EPB figure should perhaps, be a suspect in this case for a number of reasons First. BB (as compared to some other organizations dealing with external trade figures) seems relatively more bouring countries through

dowed with qualified technical manpower needed for a reliable compilation of those figures. Second. BB's system of recording cannot allow any room for under-reporting. Third given that there was hardly any spurt in foreign in-flows of capital lespecially, foreign aid) during the reference period, how could the FOREX reserves go up with a fall in export earnings? Possibly a fall in import volume would have done that but available evidence again do not seem to buy that kind of argument. in fact a higher level of imports during the said period is being reported by different sources. Third, the alleged decline in RMG exports do not appear plausible because although a decline of RMG exports was recorded imports of fabrics are documented to have heaved over the same period Had this large inflow of fabrics not been used to make RMG and hence to export), who would account for the divergence between inputs pur chased and output produced? One argument could possibly be smuggling of fabrics out to neighboring countries. Unless

one can show that imported

inputs found ways into neigh-

faithough not sufficiently) en-

government agency? A deeper look into the trend indicates something quite different. smuggling and thus upsetting the input-output "coefficient" such an analogy would bring no credence to the episode.

### The Fix

The fix, therefore, lay else where. EPB is heard to should be making serious efforts at looking for the villain of the peace. And in that search, we assume that a recalculation of the statistics of Bangladesh's exports for the same period might tell a different story. It is that Bangladesh's exports should be up by a margin of about 20-30 per cent during the first quarter of the current fiscal year as compared to the corresponding period of the last financial year (possibly too good a news to believe!). This should, however, be in consort with BB's figures by incorporating the lag element as mentioned earlier and adjusting the figures a bit downward.

It may so happen that EPB was fed with incorrect data set by its parent source of information i.e. the Customs, Few lapses may be cited in support of this. First, many of the shipments might have escaped the eyes of the recorder to cause the total amount

Moreover, it is bitterly ex-

perienced by the bankers that

document and security alone

cannot ensure recovery of loan

Legal action is a means to re-

cover the bank's dues by dis-

decree of the court. But till

this time, disposal of suits filed

by the banks is utterly miser

able as existing legal frame

competent authority may advo-

cate that existing legal frame-

work will be strengthened

through amendment. This is a

very complicated matter and a

long drawn process in a coun-

try like us. But the most im-

portant task that lies before a

banker is not to recover the

dues through disposal of the

properties retained as security

but to ensure proper utilisation

of the fund by the borrower

and to recover the dues in

time from the business for

duced a number of control

mechanisms to ensure good

recovery of Loans and

Advances to recoup the capital

shortfall which are: (i) Lending

Risk Analysis designed under

FSRP. (ii) Establishment of

Credit Information Bureau. (iii)

Review of recovery position of

classified and stuck-up ad-

vances which includes top ten

Bangladesh Bank intro-

which the advance is given.

work is very weak. Now the

posal of the properties through

ledger book for unknown reasons and third, record keeping in the Customs perhaps could not rise up to the standard. By and large, then, it seems likely to come out that Bangladesh's export earnings during the first quarter of the current financial year did in fact went up by a 'comfortable' margin which should have contributed to a higher growth rates of exports. And if it could be assumed that the same mistakes were not present in the calculations last financial year then a deceleration in the growth rates of exports could hardly be established. The reasons stated can

Second, many of the "lots"

might have not entered the

hardly console us because when a few percentage points of increase in foreign exchange earnings can soothe all of us, the disconcerting performance can do just the opposite. We would expect that in future such mistakes (for the moment we like to dub it as inadvertence) do not happen. Whether such corrections could make a dent to the export-GDP ratio is another question altogether. Our appeal at the moment is for a punctilious care in processing and exposing sensitive informa-

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# Financial Discipline: Control Measures in Banking Sector

by Kazi Borhan Uddin

Advances in most cases have been utilised for personal luxury and other business instead of the purpose for which these were extended. Large number of industries/projects have become sick due to lack of efficient management and technical know-how. curity

Some of the important reasons are as follows: i) Lack of loan risk analysis skill; ii) Lack of adequate follow-up and monitoring, iii) Political consideration; iv) Dishonesty of the bank officials and vi Absence of accountability.

Advances in most cases have been utilised for personal luxury and other business instead of the purpose for which these were extended. Large number of industries/projects have become sick due to lack of efficient management and technical know-how. The permissible limit of classification is 10% of the total loans and advances, whereas 40% of the total advances of the banks has been adversely classified on an average and in some banks 70% of the advances. have been classified. Out of the total Loans and Advances of Tk 24500.00 crore of the banks, Tk 8500.00 crore have been classified. This is an understated official record. Actual position is much more higher Probably, there is no instance in the world the way the public money has been played with as in the case of Bangladesh

Economic growth largely depends upon (i) impact of money and (ti) right use of money. Bank's role in this regard is unique as banks perform highly useful service to the money market and capital market i.e. to the business world as a whole. But huge amount of stuck up and classified advances acted as an im-

pediment to the economic growth as recycling of investment could not be effected due to poor recovery and diversion of fund for reasons already stated above.

interestingly enough, in spite of bewildering amount of classification of advances. some banks, specially the nationalised commercial banks are suffering from liquidity surplus. The Finance Minister time and again called upon the bankers to invest their funds who have surplus liquidity. The Finance Minister also insisted upon the bankers to lower the lending rate of interest disregarding the basic principles of fixation of interest in a competitive market as per market economy which Bangladesh government is now trying to pursue to make investment attractive to the entrepreneur. The banks also lowered their lending rate of interest by 4% to 5%, but response from the entrepreneurs was not positive as other conditions of investment do not prevail in the

country The banks also do not appear to be encouraged to enlarge their volume of credit probably due to the following reasons: i) Overburden of already classified and stuck-up advances: ii) Injudicious attitude of the government to wards the bank officials for lending which turned ultimately bad and iii) Scarcity of good entrepreneurs.

Bangladesh Bank has recently issued a circular amending certain rules of BCD circular No 34 of 1989 which will be implemented in five phases starting from 31 12 94 and ending on 31 12 98 to raise classification standard to the international levels in terms of the said circular, rules of classification and provisioning have been made more and more rigid in every phase reducing the overdue length of classification and increasing the rate of provisioning. While the banks are gasping under the burden of staggering amount of classified advances, these amended rules will fur ther affect the capital adequacy of the bank although land and building which were not hith erto treated as eligible security will henceforth be treated 50% of the value as eligible se

inclusion of land and building will help the banks in reducing the amount of provision requirement but it will also give rise to some problems as the bankers will have the tendency to inflate the value of the land and building to avail higher amount of benefit from the same as eligible security. In that case, most of the bor rowers also will not fail to take undue advantage of the inflated value of land and building pro-

Bangladesh is basically

curity. In terms of the

amended circular

defaulter borrowers of every bank and (iv) Strengthening of reporting system through offsite and on-site supervision statement etc.

Sufficient knowledge of a banker to analyse the lending risk is a precondition to good lending. To impart sufficient knowledge about the risk involved in lending, different banks have undertaken extensive training programme on "Lending Risk Analysis" designed under FSRP. But are we sure that all the fact-based balance sheets and other information will be provided by the entrepreneurs on which lending risk will be analysed and all the bankers will honestly analyse the lending risk? The answer is obviously known to many of us. All post-disbursement control mechanisms will turn in vain if pre-sanction lending risk analysis is not done fairly. It would not be out of place to mention here that other factors are more responsible for huge amount of classified advances than lack of

reigns in every sphere of our life due to absence of rule of law, so happens in the banking sector also. Therefore, all the measures adopted by Bangladesh Bank to bring about financial discipline in the banking sector will fall flat if rule of law cannot be established. Recapitalisation programme of World Bank will heal the wounds only for a brief span of time.

As a matter of fact anarchy

lending risk analysis.

### Gender equality and family planning

Sir, I was present in a meeting of a women's voluntary service organization where the members in charge of difterent service groups were giving their monthly activities report. A member incharge of family planning group appraised the 26 female clients were given family planning aid meaning operations for ligation and other methods, and one male client received vasectomy operation. Everybody clapped. But when she reported that the man was 25 years old there came a common sound of dismay from the ladies. was surprised by their reaction. (My mind searched the cause of this reaction and thought it over and over again) We are all for gender equality and elimination of all kinds of violation against women and equal participation of men and women in every sphere of life; but it seems to me that we are yet to accept the fact that men and women have equal responsibility in controlling the birth of children

Practically women are mainly shouldering the responsibilities of taking most birth control methods, bearing all the pain and agony, taking the risk of the after effect of medicines and other methods on their body and mind. This year, I have joined many seminars and workshops in Bangladesh relating to many problems facing the country including the rights of women family and women but did not have any chance to attend a family planning seminar which gave me an idea that this year we were more concerned with political and other rights than the main problems of our country. But we all no-

tice that our population growth

is creating hazards in every

sphere of our life. Education

for our children is becoming a big problem: trees and open spaces are gradually vanishing from the urban and adjacent areas giving way to high-rise buildings: environment is being polluted in every possible way, stranded for hours in a car amid a traffic jam we curse ourselves for coming out of the house and I think after some years the children would curse the parents for bringing them out into this world.

This year the International Conference on Population and Development in Cairo achieved worldwide publicity through media and the Conference was notable for the Programme of Action it announced Advancing gender equality and equity ensuring women's ability to control their own fertility, elimination of all kinds of violence against women and women's development were some of the highlights. Women's health was the focus for the debate on abortion. But could not find out whether equal share and responsibility of man and woman on family planning was discussed. But my reason says that for population control, men should come out to take more responsibility of adopting family planning methods as they can create as many child as they wish in a year, whereas a woman can give birth only once a year. Moreover, controlling methods have an adverse effect on the body and health of a woman.

As God has given women the power and responsibility to give birth to children keeping them in their wombs - the responsibility of controlling the birth should be taken by men mainly. That would be equal sharing of responsibility towards effective family planning. It should be appropriate to motivate men for this purpose and planning should be done accordingly to spare the women folk only from much

inconvenience. And the move should come from men as we all know that for the development and survival of a society. nature and the world men's role in action-planning are bigger than women's. In the whole world women's representation in parliament (highest body for policy-making institutions) as in 1993. were 10.01 per cent. In 100 countries there are no women members in Parliament. But everybody is trying to overcome the gender gap.

Efforts to identify and eliminate discrimination towards women are being made. The women of the world are preparing for the Fourth World Conference on Women in Beijing next year. Time has come for all of us to think and adopt a plan which is concrete and constructive. We, men and women, are to look ahead to the next century together in partnership in every way to keep this world habitable. Munira Khan

### 'Man of the Year'

Dhaka.

Sir. With this I would like to congratulate the 'Star' very. very heartily for choosing Mohammad Yunus as 'Man of the Year'! You could not have made a better choice as he is the symbol of a bright future for Bangladesh - if only more people like him put their trust and faith into the poor, and the poor women at that; they, honest and hard working, are the ones who keep this country going and, instead of being often overlooked by the better off, are the reason why a Bangladeshi can be proud of his/her country.

And by the way: Would he not be a very good choice to head an NCG, if it ever comes to that?

H Lechner Dhanmondi, Dhaka,

### vided by them as collateral se-OPINION

# Agrarian Reforms

### Shamsul Huda

an agrarian economy. Contribution of this sector to the GDP is about 40 per cent. Seventy-five per cent of our total work force are employed in agriculture and its allied activities. Eighty per cent of our population live in the rural ar-It is very much encouraging eas and are mostly dependent to note that general enthusion agricultural production. Sixty-six per cent of this rural population through a process of pauperisation have turned

landless. Without drastic economic reforms specially in the agriculture sector the rural economy cannot be properly dynamised. Until and unless appropriate agrarian reforms are implemented, the ever-growing unemployed work force cannot find their employment either in agro-based industriés, expanding commercial and trading activities and new industrial ventures or anywhere else.

Ours is a very small country area-wise but quite a large one population-wise. Per capita agri-land in our country is only 20 decimal. Because of scarcity of land, it is considered most valuable asset by our people. But it is quite often found that land is not used properly. rather abuse, misuse and unplanned use of land both in private and public sector is frequent and random.

More disappointing is our utter indifference towards these vital issues of national life. No national policy with regard to sustainable use and productivity of land has been set. As a result, public awareness at all levels are shamefully wanting.

To educate and awake the people about these matters the national media like TV. Radio and the newspapers have a vital role to play. But unfortunately, the national media seem to be very much unconcerned about these issues. Of course, our national press has a very bright tradition of taking a lead in pioneering many such

issues in the past. So they should come forward to make the nation fully aware and highlight the basic issues concerning agrarian reforms as an urgent question for the overall development of our country.

asm and eagerness for knowledge and information about development activities has been growing in the recent years. This should also be noted that the private development agencies (NGOs) and Grameen Bank have covered more than 38 thousand villages with their development programmes. The landless and rural poor who formed their own associations (samity) under mobilisation programmes of different grassroots development organisations have now become a large potential force for development. About seven million rural people are now organised in their samities. Forty per cent of these samity members are rural women. Most of these groups of rural men and women are already engaged in many different development activities. They have their group savings which are used by themselves for their own income generation projects. The total aggregated group savings of the rural poor now amounting to several thousand crores taka have been revolving to regenerate the rural economic activities. These groups are facing many different social, political and legal constraints

Your esteemed daily has been highlighting the devel opment constraints and matters related to rural masses with great enthusiasm and care. We very much appreciate the positive role played by this newspaper. We sincerely hope you would take a pioneering initiative in focusing the afore said issues to your readership and making the nation properly aware and activating the

policy-makers to take necessary actions. For this purpose, may I request you to offer necessary space, at least one full page every week in your esteemed daily. This page may be titled as: "Land, Agriculture

and Environment." If such space is available, our renowned specialists in different fields related to agriculture, the economists, researchers, agronomists, officials in service and those retired development activists; journalists, professionals, lawyers, peasant leaders, political stalwarts, peoples' representatives, planners and policy-markers will be able to contribute articles, papers, field reports, features etc with a view to ventilating thoughtprovoking views on different aspects of agriculture and land management.

Specially, administrative reforms of land management. land laws reforms, land survey and record system. productivity of land, sustainable use of land, use of appropriate technologies in agriculture. bad effects of chemical fertilizer and pesticides, river erosion, seeds preservation, surface water resource management, use of underground water resource, irrigation facilities at micro and macro level redistribution of govt land fisheries, poultry, cattle rais ing, environment etc could take place. Information sharing, exchange of experience and dissemination of appropriate knowledge between and among the public is possible through this process in the best interest and higher benefits of the grassroots masses, specially farmers, small and medium-size land holders and the vast number of land-poor and landless. This process is also necessary and effective to involve the largest numbers of our working hands in the development activities planned or going on in the rural areas at private and government inttiatives.