

## Banking Sector Reform

The base-line for financial sector reform seems to have been strengthened. The management boards of banks have been somewhat divested of political party cronies, simultaneous holding of bank directorships stands rejected, and lending by political considerations is being professedly shunned. In addition, the Prime Minister has assured a World Bank team which visited her on Tuesday to make a presentation of their proposals for an early financial sector reform that she does not have to be charitable with small loans either. Small lending operations accounting for a huge credit figure, a recovery back-log can be consequentially large.

The financial sector reform process has got off to a late start and it thus devolves upon the present government now to speed it up.

The government has constituted a banking reform committee. While its recommendations are awaited, the World Bank has submitted its proposals for overhauling our banking sector to the government. In fact, a dialogue has got underway between the WB and the GOB functionaries on the specific banking sector reform project put up by the former.

What is there in the project? It seeks to combat 'default culture' by improving bank managements and providing them with adequate legal ammunition. But the banks face severe operational problems right at this moment. They are crippled under the dead-weight of accumulated bad debt estimated at Tk 150 billion. This accounts for a whopping 37 per cent of the total disbursement figure of Tk 395 billion. It is the recovered loans that gives banks the money to re-lend.

The recipe never being talked about is that banks ought to accept a degree of central bank's representation on their managements in return for the capital support they might receive. Without questioning Bangladesh Bank's right to supervise and intercede in appropriate cases, especially where things have sharply gone downhill, let us say that the banks' respective administrations must be allowed to function autonomously. If there is no political or hierarchical impositions on them and the laws are strengthened adequately there is no reason why the banks cannot perform in the best interest of the national economy.

## Call of Reason

Sooner or later the voice of reason and reality had to make itself heard. Appreciably, it managed a fairly unified reverberation yesterday as the leaders of four leading business organisations of the country urged the government to cancel the weekly holiday on Friday and reinstate, instead, Sunday as the no-work day of the week in a temporal solidarity with the rest of the business world.

This was inevitable because country's international business transactions have come to suffer since this highly hypocritical imposition from the September of 1982. The then government did it with the sole intention of gaining some ground under its feet by thriving on the religious sentiment of the predominantly Muslim population of the country. Friday being the special prayer day of the week for Muslims, it found the idea of declaring it a holiday extremely useful to sell itself as a great champion of Islam both in and outside the country. But the reality is that sanctitude of Islam has got nothing to do with the declaration of Friday as a holiday. Muslims keen and regular with their habit of offering Jumma prayers performed this religious rite as completely and as satisfactorily when Friday was a working day as they do it now. We are not the only country with a majority Muslim population. Malaysia, known for its strict adherence to Islamic culture and values has no problem with Sunday being the weekly holiday. Same is the case with its south east Asian neighbour Indonesia, the country with the largest Muslim population in the world. Interestingly, Pakistan, the country before whose zeal for epitomising the spirit of Islam even Saudi Arabia tends to pale at times, has of late reverted back to Sunday as its weekly holiday from a poignant understanding of its economic reality.

The fact is declaring Friday as a weekly holiday was a decision that sacrificed national interest for political convenience. The emaciated economy of Bangladesh was weaker for this change. In an age of global cooperation, Bangladesh chose to remain isolated due to the sanctimoniousness of an autocrat. Worse, the subsequent democratically installed government felt no urge to come out of the cocoon of self-defeating illusion and prejudice created by its predecessor. With Friday unaltered as the weekly holiday, Bangladesh continued to be cut off from international business world for three continuous days. It is a shame how a country like ours that woke up at different points of time from the planted nightmares of religious stunt and prejudice, could allow the forces of autocracy to abuse sense, discretion and interest. Now that the point has been made, the government should do the patriotic concern a favour by doing away with the suicidal imposition as soon as possible.

## Housing for Women Workers

It was a good thought on the part of the Prime Minister. When the newly installed leaders of the garment manufacturers called on her at Ganobhaban on Thursday she asked them to take steps to solve the housing problem of the female garment workers.

When the garments came and employed more than a million women, the portals were thrown wide open for women to get familial and social recognition through the very powerful instrument of gainful employment. It lent the society a qualitative change when the busy million started walking briskly to their plants and repairing back to their hovels rather late in the evening — droves after droves of them.

If the garments entrepreneurs have done that unknowingly, their eyes gloved on cheap labour that made their plants rake in millions for them from abroad, let them now do this knowingly. A woman garment worker, on top of enjoying a healthful employment situation and working atmosphere, must also be given accommodation — hostel-type if she is all by herself and small flats if she has a family. This will act tremendously to boost the productivity of the garments establishments.

We are happy that the garments leaders have responded positively to Sheikh Hasina's urgings. The next happy thing that we want to hear from the garments sector is that a competition has begun among owners to build colonies for their women workers.

# Bangladesh: Affirmative and Negative Perspectives

Many would not like to accept the argument that Bangladesh could have even been worse off, fortunately it is not. But if anybody poses the situation like this: Bangladesh could have even been better off but unfortunately it is not, would there be any room for celebration?

WHEN a nation is devotedly poised to celebrate its 25th anniversary of nationhood, the task that, possibly, assumes paramount importance is an assessment of the performance of the nation in the whole course of the journey since independence. While the air of a monumental mood is now prevailing across the country, with equal emphasis, a number of compendious academic papers are in circulation to speak of the successes and failures that the 25-year-old Bangladesh bagged in her lifetime to date. To cite a few of them, Dr Azizur Rahman Khan of California University was, perhaps, the first to come up with an authoritative account of socio-demographic and economic achievements of Bangladesh for the last quarter century. Again, Professor Rehman Sobhan's devoted and distinct works on various issues pertaining to the development of Bangladesh since independence hardly escape our notice. Above all, a volley of research papers can now be found to have some glimpse of past performance record of Bangladesh.

The latest addition to the gloss of assessment came from two prominent economists of Bangladesh, Abu Abdullah and Binayek Sen (DG and Research Fellow, respectively) of BIDS. In a recently published article entitled, 'Bangladesh: A Half-Century of Development', the authors, apparently, attempted to filter few drops of hopes in the existing ocean of lypes. They seem to have summarily dismissed the notion that the poor of Bangladesh are getting poorer or that Bangladesh performed very badly over the last twenty-five years. Let's pick up few of their observations:

In the nearly two decades of post-independence era, (1975-1993) the growth rate of GDP stood higher at 4.1 per cent compared to 3.2 per cent of the two decades in pre-independence era. The commendable deceleration in the growth rate of population over the same period of time succinctly suggests the difference in terms of the rate of growth of per capita income: 0.66 per cent during 1950-70, 1.46 per cent in the late 1970s and 2.2 per cent in the late 1980s and 1990s. Bangladesh thus crawled fairly well, although failed to run like India or Pakistan.

It may be noted here that the average growth rate of GDP at 4 per cent (1993-1994) took place despite a relatively stagnant agricultural sector, slow industrial development and a robust service sector, in fact, fueled the wheels during this period. In relative terms, a growth rate of

4 per cent stands quite high when compared with the average growth rate of the low income countries (excluding China and India) at 1.4 per cent. Further, during 1980-90 period, Bangladesh was ranked 9th out of 47 countries and during 1990-94 period, 11th out of 50 countries. Bangladesh, on the other hand, does not seem to have largely lagged behind other low income countries in terms of macro economic management. Her advancement in terms of few indicators, like lower budget and trade deficits, low levels of inflation and high FOREX reserves need special mention.

From 1975-77 to 1990-92, gross per capita income of Bangladesh increased by 73 per cent. Had the distribution of income been equal, the burden of poverty could be axed heavily. Unfortunately that did not seem to have happened. And it is forestalled by the fact that while in 1973/74, the bottom 40 per cent of the population bagged 18.3 per cent of national income, in 1991/92 the same group eked out only 17.4 per



## Beneath the Surface

by Abdul Bayes

cent. Notwithstanding the worsening income distribution, the good news is that the bottom 40 per cent experienced a per capita increase by 1.4 per cent. Needless to mention here, perhaps, that such a growth rate for the bottom 40 per cent had significantly affected the overall poverty syndrome: in 1991/92, half of the rural population, reportedly, groaned under poverty live compared to 70 per cent in 1973/74! The authors also observed certain reductions in the share of malnourished children. For example, in 1985/86, 30.9 per cent of the children aged 6-7 months were prey to serious malnutrition while the share dwindled to 25.4 per cent in 1992. By and large, the authors tend to firmly conclude that during the last 25 years of Bangladesh's existence, the difference in the levels of poverty among urban and rural areas narrowed down.

Bangladesh seems to have succeeded in making a minor dent into the vicious circle of poverty. The authors found no evidence, whatsoever, to substantiate the frustrating notion that there has been no change in the poverty situation of the country or that the poor of Bangladesh are getting poorer. However, the major factors that helped poverty reduction are: introduction of irrigation-led HYV technology in agriculture, developed communication net-

work, extension of power supply, greater access to credit by landless families, expansion of primary education programme etc. Hopefully, strengthening of these factors in future would help poverty reduction at a much faster pace than before.

Bangladesh, reportedly, also made certain progress in the areas of Human development. In 1970, the infant mortality rate was 154 per 1,000 while in 1990s, it was 80 per 1,000. Adult literacy rate, female literacy rate etc also showed signs of improvement. The progress might not be up to the mark but, the authors feel, one should not downsize the achievement level.

Substantial progress could also be in sight in the realm of social changes. Bangladeshis have over the years, inculcated a sense of 'modernism' in their thoughts and attitudes. For example, growing number of women, from both high and low income classes, are entering the job market. Garments industries are dominated by female labour force, 80 per cent of whom are under 25 and about

54 per cent of them are yet to be married. About 35 per cent of them read up to class 12 and 27 per cent upto class IX — thus exceeding the national averages on these two counts. Furthermore, about 70 per cent of those working women hail from villages and 76 per cent had no work experience, these hard working women are found to work for 12-13 hours in the given environment of factories. The fact that in 1991/92, 800,000 women were found working in urban areas is a clear pointer to the sea changes of a conservative society. The above mentioned dynamism was more vividly brought to the fore by the fact that in the recently held general elections, the participation or rural women heaved the size of total vote cast. In fact, the growth of NGO activities in Bangladesh (spearheaded by Grameen Bank) contributed the most in the improvement of women of a traditional society.

The expansion of family planning activities and their successes during the last two and a half decades also tend to confirm the notion that Bangladesh traditional society had started to cleave to modern ideas. The massive reduction in fertility rate — from over 7 in 1960s to 4.8 in late 1980s to 3.7 in 1994 certainly defied the prophets of doom who had predicted a nightmare of yearly

population boom. What is creditable is that the achievements occurred in the face of high illiteracy, religious bindings and massive anti-family planning campaign by fundamentalists.

Finally, the authors lauded the democratic transition that Bangladeshis aspired for a long time and the way they succeeded in upholding it. According to their view, Bangladesh is rightly set to the goal towards democracy with reduced terrorism and election manipulation, increased uninterrupted participation of people. The idea of the caretaker government added a further fillip to the fulfilment of the aforementioned objective. The authors then drew the curtain by concluding that, by and large, the situation in Bangladesh is not as terrible as it could have been. However, significant progress manifested in some fronts but dismal failures razed other fronts. The next twenty-five years should, therefore, take lesson for the last quarter century.

Despite all our positive developments, as mentioned by the authors Bangladesh is still a country where: (a) nearly two-thirds of all adults are illiterate; (b) 29 million children are out of primary schools; (c) there is only one doctor for every 12,500 people; (d) two-thirds of under-five deaths are attributable to malnutrition; (e) the population density of 800 person per sq. km even surpasses the density that would result if the entire world population moved into the territory of the USA; (f) half of the total urban population lives in slums/squatter settlements; (g) 15 million children under 16 are exploited as child labour and 10,000 children between the age of 12 and 16 are forced into prostitution; (h) 50 per cent of children are born under-weight against the average of 19 per cent for developing countries; (i) military holdings (total military equipment of all descriptions) have gone up by 122 per cent in less than a decade and (j) more than half of the total population survives below poverty line.

When set against the above mentioned odds (cited by Mahabubul Haq, an eminent economist of Pakistan, in his forthcoming book, 'Human Development in South Asia'), the success stories narrated by the authors might look absolutely pale. For that matter many would not like to accept the argument that Bangladesh could have even been worse off, fortunately it is not. But if anybody poses the situation like this: Bangladesh could have even been better off but unfortunately it is not, would there be any room for celebration? We want gallons of water to drink, not a glass of water would serve the purpose although availability of the latter could also be considered as an achievement.

## An Evening with Film Makers

by Fayza Haq



Panel discussion on films at Alliance Francaise.

Cafe '372 Betty Blue' was bustling with both Bangladeshis and expatriates to its seams. The atmosphere was dimly lit with small candles interspersed on the white cane tables. 'Sanga', a blue drink, was being served complementarily. Guitarist Rob West and saxophonist James McLauren played as speakers came to a halt. On the panel of speakers sat Tanwir Mukammal, Zainul Aman, Amirul Kausar, Ijaz Khan Majlish and Uttam Guha. The evening at the cafe at Alliance Francaise was dedicated to discussing 'Insight into Alternative Film Making'.

Tanwir Mukammal was the first speaker. He said that there are 90 feature films a year. Dwelling on the difference between the commercial and alternative films he said, 'The alternative films are 16 mm and made outside the FDC while the commercial films are 35 mm and made inside the FDC. The alternative films are cheaper. They have the liberty to distribute.'

Tanwir added, 'We hire auditions, gave ads, in the paper. Thousands come and we get funds, collecting money. Over the last ten years the network is expanding. We do not take in film stars, for they only do harm. They own a lot of the media and get the monopoly. We like to work with the theatre people. They have the commitment and they give the time and energy without money.'

Anwar Hossain said, 'Even as there are individual persons, so there are alternative minds. Some need songs and dances to please their minds. There are moments you want to be serious and sensitive. As a protest, alternative film makers create films which deal with normal human problems. Satyajit Ray made 25 such films in the serious tone.'

Tanwir Mukammal added, 'The audience of the alternative films are mostly middle class,

It is a pity that we can't reach the downtrodden. Technically our products are not so good. When the populace is suppressed, they feel they can express their feelings in short films.'

There were excerpts the films of 'The Fading Wild Orchid', 'Ochin Pakhee', 'Terminating Numbers in the Human Body' and 'Begum Rokaya'.

Ejaz Khan Majlish, speaking in particular about his production of 'The Fading Wild Orchid' said, 'We had to finance ourselves, this is an old issue. We had to take the initiative ourselves. The Kaptai Dam did not do what we expected it to do. We faced problems when we went to interview. People were hesitant to give interviews. This film was economical and was well appreciated abroad.'

Aminul Islam put in, 'In short films you get back some of the money but in documentary there are no such rewards.'

Ms France Lesnier, who organised the evening of films and talk at the Alliance Francaise cafe said, 'Direct dialogues are important in Bangladesh. The platform helps to make people known. This evening was to make people meet. This was also to make people used to French ways of open discussion while gaining knowledge on Bangladeshi culture. The provocative films make you think. We do not know if this 'platform' will work. This is just the beginning. We hope to cultivate our public.'

The evening was a pleasant one though crowded and warm. This was one way to relax, meet people and increase one's knowledge, while having a cool drink. Usually students alone come to the cafe. Here outsiders were welcomed and they had an entertaining time watching excerpts from successful alternative films. One wonders how successful the other 'platforms' will be.

# Steps to Correct Indian Economy

by Arun Ghosh

India would lose all the momentum of even the lopsided growth registered over the past two years. Thus, today the most urgent need is for a massive increase in public investment for the build-up of basic infrastructure.

is bleak, primarily because of the failure of infrastructure industries to perform. For the past six years, public investment for infrastructure development has been on a steady decline. Now even Dr Manmohan Singh says that he had made a mistake in not providing adequate funds for the expansion of power generation capacity. Long and repeated power cuts are now suffered even by the otherwise privileged residents of Delhi. It is significant that Nagaland Chief Minister, Mr. S. C. Jamir has come out with the forceful statement that 'Liberalisation has been disastrous for Nagaland' because nobody now cares for infrastructure development in that (backward) State.

The result of the withdrawal of public investment on infrastructure is thus both politically and economically suicidal, because with tottering infrastructure, even Direct Foreign Investment is likely to taper off. India would lose all the momentum of even the lopsided growth registered over the past two years. Thus, today the most

urgent need is for a massive increase in public investment for the build-up of basic infrastructure.

Simultaneously, there is need for significant increases in public expenditure on education of health. The recent tendency to privatise these essential elements of social infrastructure facilities caters to the needs of only the rich, the elite, and leaves out in the cold the vast masses of the population. If this trend persists, poverty and ignorance would afflict not 37 per cent of the population (as today) but may be 50 or 60 per cent of the population, in the not too distant future. This is not only unacceptable, it cannot be sustained; and political upheavals could then destroy the country.

Both the above considerations point to the third essential need; namely, the need for the mobilization of a significant volume of additional resources for social and economic infrastructure development. The fourth need today is the careful management of the balance of payments.

Although the latest foreign exchange reserves (as on 31 January, 1997) stood at \$ 19.8 billion, the future scenario is bleak. Our export growth has been flagging, our industrial production is getting to be increasingly more import intensive, and (according to the Petroleum Ministry) oil imports alone are expected to touch \$10 billion in 1997. This is not sustainable. Careful management of the foreign exchange would therefore have to be an important task of the budgetary exercise, so as to increase investment in crucial areas and to discourage profligate spending, and restore confidence in the future of the Indian economy.

The crucial point in the above context is confidence — confidence of both Indians and foreigners in the stability and growth of the Indian economy. Again, such confidence can come only from a firm control over inflationary pressures, and an assured long term growth path based on steady improvement in infrastructure. Today, the focus of all invest-

ments — both domestic and foreign — is on the possibility of quick capital gains, both from purchase of (undervalued) public assets and possible depreciation of the exchange rate of the rupee. (One should note in this context the recent IMF estimate of more than \$100 billion — or Rs 360000 crores — of Indian funds stashed away abroad; and a recent American study indicates that during 1994 and 1995, capital flight from India to the USA alone amounted to between \$4 and \$11 billion).

The most important need today is to announce the rejection of the substantive part of the Fifth Pay Commission recommendations (in regard to hikes in salaries and perquisites of senior officials), and, at the same time, to reduce the expenditure on routine administration. The merger of departments, reduction of surplus staff and their redeployment where they are required, is one part of the Pay Commission recommendations that should be quickly implemented. Dearness allowances, increases — as per past practice — should

meanwhile continue. At the same time, the olive branch held out by Prime Minister Nawaz Sharif of Pakistan should be grasped firmly, and the advice of hawks in the Institute of Defence Studies, rejected. A beginning can be made by unilateral resumption of easy travel facilities, and of trade and cultural exchanges. In the Budget, both defence and internal security expenditures should be actually lowered, and certainly not increased.

At the same time, there is need to lower of the interest rate. In the 1996-97 Budget, interest payments alone were estimated to cost Rs 60000 crores, and preliminary forecasts indicate this figures to go up to Rs 80000 crores next year. The Government of India has been borrowing at rates varying from 13 to 14 per cent per annum. This is absurd; even if the rate of inflation remains at 7 per cent, the Government borrowing rate cannot and should not be any higher than 10 per cent; and only a drastic reduction in the structure of interest rates would achieve this, and reduce the burden of interest payments. Incidentally, that would also give a boost to investment in both agriculture and industry.

The writer is a former Member of Planning Commission.

## To the Editor...

### Stirring in South Asia

Sir, The workability of SAARC is now being increasingly questioned by some of the member-nations. First, the Ganges accord between India and Bangladesh came on a bilateral basis, although the mighty river flows through more than two countries, and falls into the sea via the large delta in Bangladesh. Then came the eastern sub-regional idea, now sought to be formalised through formal meetings, starting with the coming foreign ministers' conference of only the four nations, not all members. The latest news is Nepal's moot to link itself more closely with the ASEAN developed members at high level.

Meanwhile, a US government spokesman, at a Dhaka press conference, was reported to have ruled out the possibility of United States supporting any SAARC sub-regional organisation, but may support chosen

aspects of sub-regional cooperation. This diplomatic hair-splitting cannot be ignored, as it reflects the direction of US foreign policy in Asia.

As known to all, the bug in SAARC is the traditionally sour Indo-Pak relations, lingering since British India was divided in 1947. So for all purposes, the west limb of SAARC is in limbo, and smaller members such as Bangladesh and Nepal are squiggling to extract more out of the SAARC institution to move ahead with the national development efforts, with the friendly cooperation of the neighbours across the borders. Big India is exercising her options.

In the SAARC exercise, the role of Myanmar, however direct or indirect, is yet missing, depending on the mood of the superpower/s, who control the strings of international puppet dances. The US foreign policy during the coming months can be guessed on the basis of the recent state of the Union message by the President.

One thing is clear, the global spotlight will be on Myanmar sooner or later, because the western philosophy is at odds with Myanmar's philosophy, regardless of sovereignty rights of nations (leaked report: US may use force in foreign countries to extract terrorists, etc). Bangladesh, so close to Myanmar, cannot be indifferent to international implications on her eastern borders (the Indian border is also on the East); and should be doing her home work diligently.

SAARC is stirring, and Bangladesh is getting in the thick of it, like it or not. As for Pakistan, it remains to be seen what difference the new government in Pakistan would have on the SAARC stance. The next moves on the chess board would be watched with interest by the international and regional observers, especially when the Opposition is not inclined to toe the official line on SAARC sub-regional moot.

A Hossain  
Dhaka

### What is happening in the power sector?

Sir, I am deeply upset by hearing about the sufferings of our people caused by the crisis of electricity in our country. I just can't believe that in Chittagong, electricity remains only for three hours out of twenty-four! How can it be possible? How has the situation come to such a pass?

In the past, in our country, the situation was not so bad. I can't imagine why suddenly it has become so. When other countries are going up in every sphere, it seems we are going down.

Why is the government not taking necessary steps to bring the situation to normal? We know that in our country a huge amount of money is being wasted upon many unnecessary projects. Bangladesh Television's Chittagong centre is a worthwhile example. I think the government should stop wasting money on these sorts of

projects and use them on those which are essential to a healthy and secure living.

In the last two months, I have not seen power failure for a single second in America. I feel very sad thinking how our people are suffering and our economy is affected by the erratic supply of power.

The government must take utmost efforts to bring the situation to normalcy. But taking any step to import electricity from another country is out of the question, it will only ruin our country. We must set up new power stations and bring the existing ones to working condition.

Nur Jahan  
Connecticut, USA.

### Agri-education

Sir, Following the authority's decision to withdraw Agricultural Education as a compulsory subject from the SSC curriculum, certain schools — as it has been learnt — are going to cease the provision of taking Agricultural Education as an

optional subject by the interested students at the SSC level.

It is not clear to us as to why the authorities have withdrawn Agricultural Education as a compulsory subject from the SSC course. But this was made compulsory on the recommendation by the national experts considering the practical importance of studying Agricultural Education at the secondary level in the agro-based Bangladesh. The concept was that, after passing SSC exam, those who would not be able to go for further education plus drop-outs at the SSC level would take up farming occupation to form a qualified farming community and would ensure modernisation and development of Bangladesh's major industry and economic base — Agriculture.

Would the authorities concerned please review their decision on the above mentioned matter?

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