

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 consequently 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 now 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 urgencies. 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 in celebration of silver jubilee is now prevailing across the country, with equal emphasis, a number of copious 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 Binayen Sen (DG and Research Fellow, respectively) of BIDS. In a recently published article entitled, "Bangladesher Pachish Bachhar Akti Itibachak Prekhhit" (Twenty-five Years of Bangladesher), An Affirmative Perspective, the authors, apparently, attempted to filter few drops of hopes in the existing ocean of hypotheses. 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. Slim 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 FOREIGN 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

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 rural: 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-

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