

Sigh of Relief

Bangladesh has made up with the European Commission on the question of resuming knitwear export to EU countries hitherto held in abeyance following detection of violation of Rules of Origin applicable under the GSP. The stigma of having resorted to wrongful or callous certification of origin raked in a terrible sense of loss for Bangladesh whose knitwear exports constituted 20 per cent of the total external earnings from the RMG sector.

With her now agreeing to (a) withdraw a certain category of irregular certificates with immediate effect and to (b) order investigations into another category of less obvious floutations of rules Bangladesh has been able to remove the EC's mental barrier to knitwear exports.

The actual derogation of the rules of origin is left to the EU meeting on October 8. But our Commerce and Industries Minister Tofael Ahmed has learnt in Brussels on the authority of EC's Vice President Manuel M. Gonzales that the Commissions' mind is made up on the issue so that it is only a matter of formality.

The EC has also agreed in principle to phase out the payment of duties under irregular certificates which will help Bangladesh comply with international obligations emanating from the withdrawal of certificates. In meeting the fall-out requirement both sides are only expected to be accommodative to each other.

Quite discernibly Bangladesh's self-corrective approach has been well-received at the EC headquarters. So much so that Gonzales thought it would have a favourable impact on the WTO to accord tariff concessions to the LDCs. In other words, by taking to 'honesty is the best policy' Bangladesh has led a good cause for the LDCs. But the lessons drawn need to be borne in mind, too.

The derogation of the Rules of Origin ceases after 1998 whereupon a new regulation is set to take effect until 2005. At that terminal date the quota system will have altogether vanished. Let's be prepared for those eventualities.

Good Revival

We congratulate the Dhaka Railway District Scouts for reviving the Save Dhaka Clean Dhaka, Campaign jointly launched by Bangladesh Scouts, The Daily Star and Bangladesh University of Engineering and Technology (BUET) nearly a year ago. At a time when collective callousness was pushing the campaign into wilderness, a section of the initiators has given it a new lease of life.

It could not have been timed better for Dhaka as a city of accumulating filth amid enormous civic indifference has been in dire need of a campaign like this. It is both a pity and irony that a movement which was to be kept in a state of undying vigil came to a standstill at one stage.

Save Dhaka, Clean Dhaka was a symbolic act that envisioned to sensitise the city dwellers to the need for keeping the city clean while impressing upon the authorities in particular Dhaka City Corporation, the necessity of both intensifying and modernising its cleaning operations.

The success in the early days of the campaign showed that if taken seriously the concept of community awareness and involvement could not be as daunting as it may look. As representatives of selfless service the scouts really succeeded in imbuing the city dwellers with an hitherto unasked sense of responsibility.

It was an initiative that should have ideally come from the DCC. Even sadder was its failure to take a cue from this trail blazing symbolic campaign and come up with its own action plans for keeping the city clean. As a professional unit in a world that is caught in an unending quest for innovative managerial skills, the DCC has proved to be an epitome of betrayal of the minimum expectations of the tax paying citizens.

We sincerely hope the latest act will be emulated regularly across the capital so that people and authorities both work as complementary forces to keep the city clean. Once the campaign is embraced by the denizen as a daily implementing ritual, Dhaka will be relieved of the great burden of its filth. But that will be a reality only after the DCC rose to the occasion with a sense of urgency and purpose.

Thuggery at the Terminals

Perhaps no part of the country's transport sector is more emblematic of a chaotic and disorderly state of affairs than the bus and launch terminals, especially those in the capital and its water-front. Breakdown of law and order, mismanagement have forced the passengers to put up with travelling ordeals of intolerable proportions. Reports of passenger suffering at the terminals find places in the pages of newspaper much in the fashion of the recurring decimal but nothing has happened for the better so far.

One reason it has proved to be such a refractory reality is probably the high financial stakes involved in this area. These terminals are all happy hunting grounds for transport owners and labour unions operating under various banners. They intimidate the other transport owners and collect huge amount of money in the form of toll. It is understandable that they have links with political parties but they have used money and power to ensconce themselves to an extent where the political vicissitudes have little or no effect on them. Turning of these terminals in to centres of organised criminality goes to explain why there have been so many rags to riches stories in this business.

But what alarms us most is that the issue is no longer limited to the accumulation of wealth of a few at the cost of mass convenience. What once used to be mere mechanism of making money has turned into dens of crimes of all degrees and conduits of drug trafficking.

It has been reported that the five bus terminals in the city are controlled by some 250 identifiable terrorists. Our question is why the law enforcing agency is not capturing these known, enlisted criminals? Nabbing them would have led to the discovery of the 'godfathers' behind them. We demand the authorities take up the matter seriously and immediately.

Some Issues of Automating the Stock Exchanges of Bangladesh

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Automating the Stock Exchanges

There is hardly any doubt that the exchanges need to be automated to remove the rigidities and shortcomings of the existing Open Out-Cry (OOC) system. Automation simply means the application of modern computers and communication technology with both Local Area Network (LAN) and Wide Area Network (WAN) in the operation and management of the exchanges. While LAN connects the trading operations and management activities of the stock exchange in one premise or building, WAN connects the operations with traders and brokers anywhere in the country. The buyers and sellers of shares, therefore, do not have to be physically present in and around the trading tables of the stock exchange as it is now necessary in the OOC system. All buy and sell orders from the clients of a broker can be executed by a telephone instruction to the broker who will automatically record and transmit the message to the stock exchange through the network connections. The entire operations becomes impersonal.

In this process, the stock exchange records, matches the buy orders with the sell orders of suppliers of shares, and instantly determines a price and the volume of transactions. All these information are instantly shown on the electronic display board for public information. It takes place continuously and no human intervention can occur to distort the price and the transactions. As a result, fairness, transparency and automatic surveillance in the trade are assured. The old and out-dated OOC system automatically vanishes. Equally important is the fact that almost 10 men's work around the trading table and the record room in finalising, recording and exchanging scripts for cheques etc., which may take more than 10 hours in the prevailing OOC system can be accomplished in less than 10 minutes. That is how the efficiency and productivity of the entire stock exchange can be vastly improved in a short time.

One may of course ask whether a computer wizard in

the brokerage firm's computer room may not take advantage of his inside knowledge of the rising price trend for his own profit neglecting the orders of the buyers or implements the buyers' orders by selling his own shares when prices are declining. It is simply not possible because placing of the order by a client is instantly recorded with the time of entry and the date received. Law is strict about settling and clearing the transaction instantly. If it is manipulated by the computer wizard for his own advantage, the buyer will complain and will eventually take up the matter to the higher official of the firm which will have two kinds of consequences.

Firstly, existence of the competitive market process suggests that the dissatisfied client can move out of this brokerage firm and invests his money through another broker who will deliver quicker and better

services. The reputation of the former brokerage firm will go down in the market which will lead to reduced volume of its business. This result will not be tolerated by this firm for long, and if it is detected by the manager of the firm, then the computer wizard will certainly lose his job.

Secondly, which is far worse, the smart computer wizard may end up in jail for violating the legal norms of his profession. One can cheat the employer and the institution for a short while but not for long without severe punishment in a society where law has biting teeth. This is why an overwhelming emphasis on the legal side has been given to the operation and management of the stock market by this writer all along. Law has to strictly uphold the ethics of the market operations; if not, one might as well forget the use of capital market for mobilising domestic capital for the country's industrialisation and economic development. Without proper legal framework and its strict implementation, the capital market can easily turn into swindlers' haven. So will the economy in general. If that happens, then one can simply stop thinking about economic development, poverty alleviation and social justice. All these will then turn into some clichés.

The Central Depository System (CDS)

What has been discussed above is a simple but most vital aspect of the technological need of the stock exchanges in Bangladesh today. However, what has not been discussed so far is the pivotal role played in the automation or technological transformation of the stock exchanges by the CDS. There is a need for examining — what it is? what purpose it serves? who should control

market on the book-entry transfer of ownership record of a security and not on its physical transfer.

Two important consequences of the installation of CDS are immediate: First, the kerb market that has developed in Bangladesh since September-October, 1996, where securities (real or faked ones) are physically transferred from the seller to the buyer on payment of cash, will completely vanish. Second, the Delivery Versus Payment (DVP) system that prevails now will also vanish with it unless arrangements are made. All transactions and settlements will have to be done through the computerised sales and purchases of the stock exchange.

A word on the settlement system with CDS will be illuminating. Once a trade takes place in the exchange, it then advises the CDS about the trade. The book-entry record of the share is then electronically changed from the seller's to the buyer's account. A statement of settlement of the account showing the delivery of the share and the payment of money is electronically sent to the respective brokers of the trade who then, in their turn, inform their respective clients. The buyer's broker then either realises the cash from the buyer or deducts the amount from his account with it while the seller's broker either sends a cheque to the seller or credits the sale proceeds into his account with it. All these are done in a fixed period of T+2 or T+4 days from the date of transaction (T) as specified in the Rules of the stock exchange.

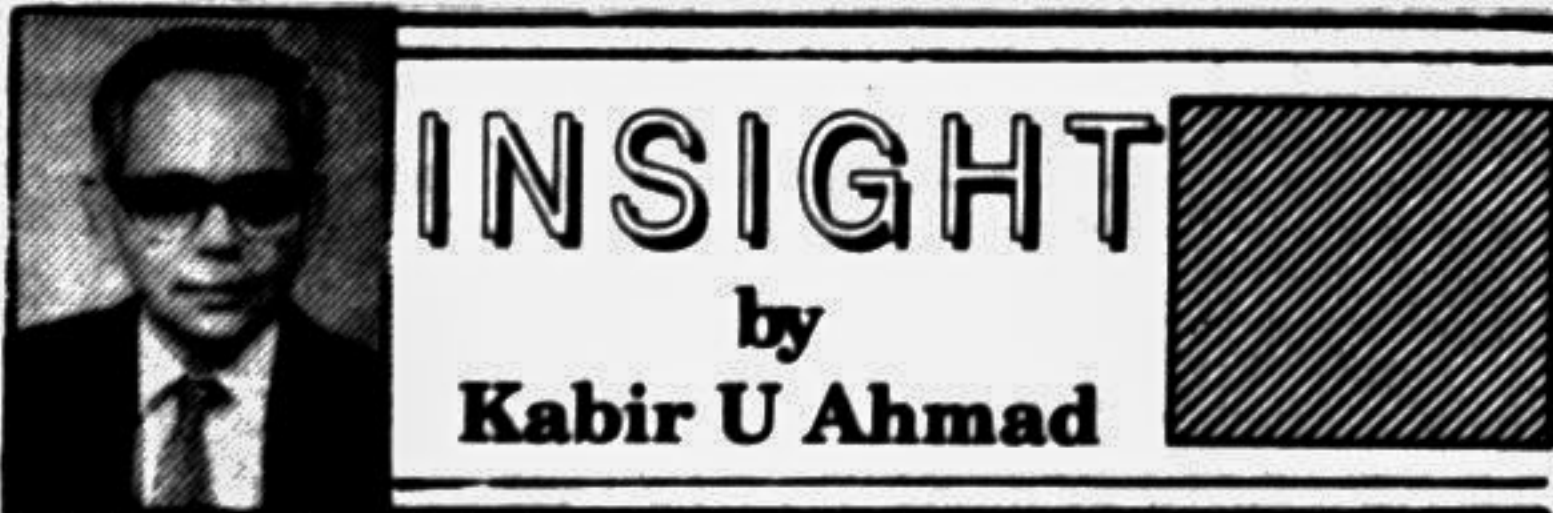
Some advantages of this system are the following: First, trading, settlement of accounts, and registration of the beneficial ownership is smooth, efficient and least time-consuming; and, as a result, the system can handle vast number of transactions in the market without any delay or hindrance, which the OOC system is unable to handle so smoothly and faultlessly. Second, it protects as well as gives evidence of the holdings of the investors. Third, the corporate actions as well as the decisions of individual buyers and sellers of shares are made infinitely easier and simpler.

Who Should Own and Control the Central Depositories?

The vagueness and haziness of thinking that seem to exist in this area are about how many central depositories should be installed in Bangladesh and who should own and control them. Although it is not clearly spelt out, there seems to be a feeling that the two exchanges of the country should have two central depositories. It does not seem very appropriate for a small and thin capital market of Bangladesh. One would like to argue that one central depository would be more than enough for Bangladesh even after the capital market becomes sufficiently deepened. However, apart from small size of the market now which does not need two depositories, security issuing companies will be minimising their costs if they can register only in one depository.

With the availability of the advanced Wide Area Network, which will have to be used in any case, trade can be effected with any number of brokers and centres of operations anywhere in a small country. Secondly, having only one depository will centralise the security deposit system which is badly needed in the country to eliminate all kinds of risks. Related to this is the question of who owns and controls the CDS. One would like to suggest that it should be under the supervision and control of the SEC, but it should be run by a company the shares of which would be subscribed by brokers, individual investors and the SEC. The SEC should have about 20 per cent contribution to the capital while the rest should be subscribed by the two exchanges and individual investors, if there are any. Since it would be able to earn money by charging a fee for its service to the issuing companies, there would be incentives for brokers and investors to invest in the company.

But since it has a problem, SEC has to be involved in the running and overseeing the operations of the company. The SEC Chairman should preside over the meetings but its activities should be run like a private business corporations. What is, however, most urgent now is to have a legal framework for the constitution, management and operations of the company. There should be no ad hoc decision on this issue.



INSIGHT
by
Kabir U Ahmad

and own this system? Depending on the satisfactory resolution of these issues, the stock market can perform most efficiently or it can create a havoc. What is a Central Depository? It is like a treasury or an iron safe or a store for all securities in the market electronically linked to the main-frame computer of the stock exchange. A register is maintained in the CDS for all securities with all their relevant information about the issuing company, date of issue, face value of the security and the proposed rate and frequency of dividend payments etc. The securities are permanently kept in this depository without ever being physically transferred from one buyer to another, as it is now done in the OOC system. By keeping the securities in such a safe depository, all risks of losing, tampering, defrauding, or counterfeiting the security are completely eliminated. Trade takes place in the stock

market on the book-entry transfer of ownership record of a security and not on its physical transfer. Two important consequences of the installation of CDS are immediate: First, the kerb market that has developed in Bangladesh since September-October, 1996, where securities (real or faked ones) are physically transferred from the seller to the buyer on payment of cash, will completely vanish. Second, the Delivery Versus Payment (DVP) system that prevails now will also vanish with it unless arrangements are made. All transactions and settlements will have to be done through the computerised sales and purchases of the stock exchange.

All about the Letter "P"

The media should tell the nation what is the actual state of economics, not statements from both sides. Tell the nation the state of the law and order. Tell the nation that politicians, to grab or keep power to exploit those who vote for them without caring if they die or live.

IN FOOL'S PARADISE?

by Nadeem Qadir

role in the past in helping achieve independence and democracy. But how far we can also proudly claim to be united for a good cause? How far can we boast like the Express columnist?

There were flicks towards that end in two leading national dailies this month.

The Bengali-language Bhorer Kagoj (issue 08/09/97) in an editorial said everyone knows that a demand for fresh national elections only 15 months after a new government has come to office would bring disaster for the country's economy. Everyone one wants political stability in the country.

More significantly it said, despite parliamentary walk-outs, anti-government campaigns, "all political parties must reach a consensus that there will be no mid-term elections (and) polls will be held normally every five years and the only way to change a government is election."

The Daily Star in an editorial (issue-07/09/97) said, "we think a mid-term poll will not be good for democracy. BNP should not forget that in spite of AL's efforts it did not 'ete its full tenure of five years and that gave certain continuity to the government process."

More significantly it said "... the existing nature of our politics will have to change, and dramatically at that. Is it too much for us to hope for?"

It should not be an issue to hope or beg for, because politicians appear to have forgotten

who vote them to power and in violence created by them they lose nothing --- it is the unfortunate, thanks to the politicians, lose life and their families forgotten after a token of one lakh taka. The politicians' families or children are either in foreign countries or making a boom in business.

Our Honorable President Shahabuddin Ahmed rightly pointed out in a recent emotional speech that the politicians learnt nothing from the "past" and called for an end to "obstinacy," advising that in a parliamentary democratic system "accommodating spirit and give and take" between two sides were required.

The media must act. I hope my colleagues will rise to the occasion by using the power of their pen to end the conflict between our main leaders Prime Minister Sheikh Hasina Wajed and Opposition Leader Begum Khaleda Zia by forcing them to speak the truth. Bangladesh does not only belong to them, it belongs to us — the people.

The newspapers should be choosy about political comments and print what is only newsworthy by not giving into mere propaganda or rumours. Otherwise, we will be in a situation well described by Fidel Castro about exaggerated reports of his death. He said, "We all have to die someday. If it happens, how do we convince people that it is true?"

The media should tell the nation what is the actual state

of economics, not statements from both sides. Tell the nation the state of the law and order. Tell the nation that politicians, to grab or keep power to exploit those who vote for them without caring if they die or live. Tell the nation if the current government is harassing or not opposition activists as claimed by the BNP. Tell the nation how much an election costs people's pockets and what can mid-term polls bring for them. Tell them

which politicians are opportunists. Tell the nation about the true history of the independence war. Tell them who are those who opposed our independence and where are they now.

Facts, only facts and no partisanship, that has gripped us so badly that even some who are posted here as representatives of foreign media dare to comment so crudely about Bangladesh as well as any of the leaders.

Let us unite to do what we are supposed to do for our motherland — use our power of the pen for a prosperous and peaceful Bangladesh.

OPINION

Proposed Reform of Education System

Jawadur Rahman

Let us hope the proposed reform of the education system will not create more problems than it will solve. In the past, every reform in education more difficult and costlier than it had been before and only lowered the standard of education instead of raising it.

The proposed ban on key-books, guides and coaching centres can be of benefit only if the curricula are rationalised, class-room environment is improved and the Text-Book Board's books — most of them — are revised first.

The school curricula are burdensome. Talk to any guardian, he will say his wards find no time to play or relax after returning from school. And the books are much too difficult — not only for the students, I know some efficient and well educated teachers who are honest enough to admit that they find portions of the books difficult to teach, because they themselves do not really know or understand the topics concerned well enough. Over the years the text-books have become increasingly heavy and difficult, both content-wise and language-wise, in cases.

The guardians who send their wards to coaching classes or centres are not all affluent. The difficult nature of the books containing too many topics compel them to do so.

The affluent families engage more than one private tutor; and those who can't afford the service of private tutors send their wards to coaching centres and face economic hardships. Unfortunately are those children whose parents can neither engage tutors nor can bear the cost involved in sending them to coaching centres. They depend on key-books and guides. If they can select relatively good key-books and guides, they can somehow prepare themselves for the examination and hope to come out successful. They may or may not obtain high marks. But without the help of these books, many of them would never pass.

There should be no coaching centres and no key-books or

guides — all this sounds good. But have we created the conditions for such an ideal academic world where students will not need any help except of their teachers in the classroom? Many guardians are convinced that before taking any other steps, the authorities should look into the curricula and the books. The curricula should not be burdensome and the books should be such as will be understandable with the necessary help in the classroom. But many portions of some of the books are Greek to the students. They need help after the school hours.

No amount of class-room teaching, however serious and sincere the teachers may be, can be enough. Such is the nature of books taught. This observation is particularly relevant to the books of Science and Mathematics.

Even Bengali now proves a difficult subject needing help of private tutors or guides. Look at the selections of Bengali prose and poetry prescribed for classes IX and X. Some of the pieces included in the recent years should never have been selected. Selection of difficult-to-understand pieces on airy topics alone does not mean a better standard of education. Many of the students who take the SSC examination fail to qualify in Bengali. It is not entirely their fault. They do not understand much of what they read, and other subjects take away most of their time. And the book of Social Science for the students of Science group I is such a voluminous book containing so many topics at all justified?

So, let us not be in a hurry to introduce the proposed reform in its entirety. Do not shut down the coaching centres and do not ban the key-books and guides before ideal conditions are created. And, for God's sake, trim the books and have them revised so that the students of an average merit can learn their lessons with little or no coaching after school hours.

To the Editor...

Watch the JP profile

Sir, The Jatiya Party (JP) has started its political campaign, led by the shrewdest politician in the country.

Ex-president Ershad has initiated several chess moves. AL has been served the anticipatory notice of Khuda Hafiz, take confidence with protect you or being you down. He is praising Shahid Ziaur Rahman, but harbours a grudge against the current BNP for sending him to jail.

Ershad is fishing for the marginal votes to weaken the two major parties. All three groups suffer from negative image problems. The game is to erase some of the negative points, and net some positive points. Ershad has high points for being able to be tolerable to the fickle Bengalees for nine years — no mean achievement. He knows how to rule and run the country, regardless of his weaknesses.

At the next general elections

if JP gets marginally more seats than BNP, then he has some chance of becoming the Prime Minister, if AL is out of the running. Now, or in the very near future, AL will be pitted alone against the combined pressure of the opposition, plus the voters who do not like AL's handling of Islam or Muslims, and/or AL's policies with neighbour India (the majority of the citizens are not pro-Indian).

Another issue might backfire. The local government election (the first phase) might have to be postponed as the opposition is not going to accept the way this Bill was 'passed' in the JS (no input of BNP and other minor parties). The coming winter of discontent will keep the body warm and the brain hot.

Besides, the fiscal world does not look too bright to enlist support of AL.

Uncle Sam might be fidgeting over the delays and postponements in enjoying the sta-

tus of 'Alithi pakhi' in Sonar Bangla.

It is not going to be all quiet on the eastern front of SAARC. A dying horse still has the parting kick. It's all yours, AL.

An Analyst
Dhaka

How Bangabandhu is being defamed by AL

Sir, The person who can say "you may kill me but you will send my dead body to my Bangladesh," is not an ordinary person. He will survive at least at the subconscious mind of the people. So, no hard step is necessary to establish his name. But what is being done by his party men?

They are busy marking his name on the wall of various institutions. His name is mentioned in every field — high or low. Sometimes, they compare him to other persons who stand much below to him. I think, to establish him,

they are doing the opposite. Their activities are arousing bitter feelings in the mind of the people who really love him. It is a matter of great regret that a nice person is being defamed by his party men, by their activities.

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BSS neutrality

Sir, It is amusing to find BSS, a public-sector news agency has taken the trouble to creed a Calcutta 'Statesman' editorial against BNP on the fuel price-hike issue.

Has BSS nothing better to do than act as 'HMV'? Well, let of be 1:1 or 50:50. The next item should be against AL from a foreign source.

The BSS has the guts to do that, or am I missing the point? What is it?

A Zabr
Dhaka