

Marching to the Millennium with Triplets in Tow

More than 50 years after independence, the concept of nationhood is undergoing another bout of evolution in India. The creation of three new states with large indigenous populations in November has taken the country further down the road to federalism and diversity. But whether economic and political power will also be devolved is another matter.

Biswajit Choudhury writes from New Delhi

INDIA enters the new millennium with three new provinces in tow, making up a whopping total of 28. In the sheer number of provinces, it comes second after the United States (50), but the country carries possibly the widest ethnic and cultural variety of peoples anywhere.

But while it trumpets its pluralism and democracy, there are doubts as to what the further creation of states means for the majority of Indians who live in them. "Statehood may be a necessary, but not sufficient, condition [for development]," says P.C. Joshi, an economist, social scientist and former director of the Indian Institute of Economic Growth, a think tank.

Power needs to devolve further to the local level in order to be responsive to local needs. Half a century after independence, the concept of the nation is being redefined in India. Starting out as a country where much power was wielded by the central government, today attempts to centralise power face a formidable foe: the various regions of India.

The new states Jharkhand, Uttarakhanda and Chhattisgarh were formed in response to long-time demands and political movements. Their importance can be gauged from the fact that the last major state that was created, India's breadbasket Punjab, was nearly three decades ago.

The demand for Jharkhand, home to seven million people from diverse tribes or indigenous groups began soon after independence in 1947. The region, and some noted tribes like the Santhal and Munda, has a history of violent struggle in the 19th century against British rule, as well as against their exploitation by non-tribal Indians.

The area is extremely resource-rich, accounting for 44 per cent of India's total mineral production. Jharkhand was created by separating 18 districts from the northern state of Bihar. Chhattisgarh in south-central India, carved out of Madhya Pradesh state, has a similarly large tribal component (36 per cent) in its population. It is also a rich repository of mineral and forest wealth. Like Jharkhand, the area is underdeveloped and desperately poor.

Uttarakhanda, the third, has been carved out of mostly the Himalayan hill districts of Uttar Pradesh, another of India's now-truncated giant states. Economic backwardness is something that is common to all the three new states. Uttarakhanda faces the further challenge of arresting rapid environmental degradation from deforestation in this ecologically sensitive region of the Himalayas.

Besides the lack of development, the large size of states has been cited as a reason to break them up so that they can be administered better. Bihar had an area of 175,000 sq kms before Jharkhand, making up 80,000 sq kms, broke away. Uttar Pradesh is even larger and India's most populous state.

Uttar Pradesh and Bihar are notorious for their general maladministration, corruption, feudal and caste hierarchies and the lowest human development indicators such as education, health and the status of women in

India. Predictably, given the record of the parent states, the birth of the new ones was enveloped in a degree of chaos.

Weeks after its birth had been announced, infant Uttarakhanda lacked a capital as politicians and bureaucrats looked around for a town with the adequate infrastructure.

There are other, long-term concerns: chiefly the need to deliver the fruits of economic develop-

ment to poverty-stricken tribal populations.

After decades of neglect and exploitation, this will not be easy. Further, with India having embraced economic liberalisation in 1991, all states are now expected to compete among themselves to attract direct foreign investment. That has implications for areas such as Jharkhand, where tribals have for long been at the mercy of outsiders.

Jharkhand (meaning the land of forests), with its iron ore, manganese, bauxite, copper and uranium, is one of the richest regions of India. But earnings from these resources hardly ever reach the tribals, doubly hit because they have already lost their traditional occupations to become wage labourers at subsistence levels.

India has simply substituted British colonialism with an internal colonialism, where the India of the First World exploits and humiliates or simply ignores the India of the Third World," says Ram Dayal Munda, a leading intellectual of the Jharkhand movement.

One solution, according to the academic Joshi, the author of a book on Uttarakhanda, is to strengthen local democracy based on the foundation of self-governing village councils or Panchayats.

Following the ideas of Mahatma Gandhi, the revival of local bodies for a decentralised form of government has been integral to the philosophy of the Indian state. In practice, effective power, especially financial power,

was not often devolved by the leaders at the provincial or national capitals worried about losing their sources of patronage and influence.

The decline of the Congress party, a pan-Indian force in the late 1980s, along with growing assertiveness in the regions, brought an end to one-party dominance in India, starting off a period still continuing of fragile coalition governments at the centre, supported by widely differing regional parties.

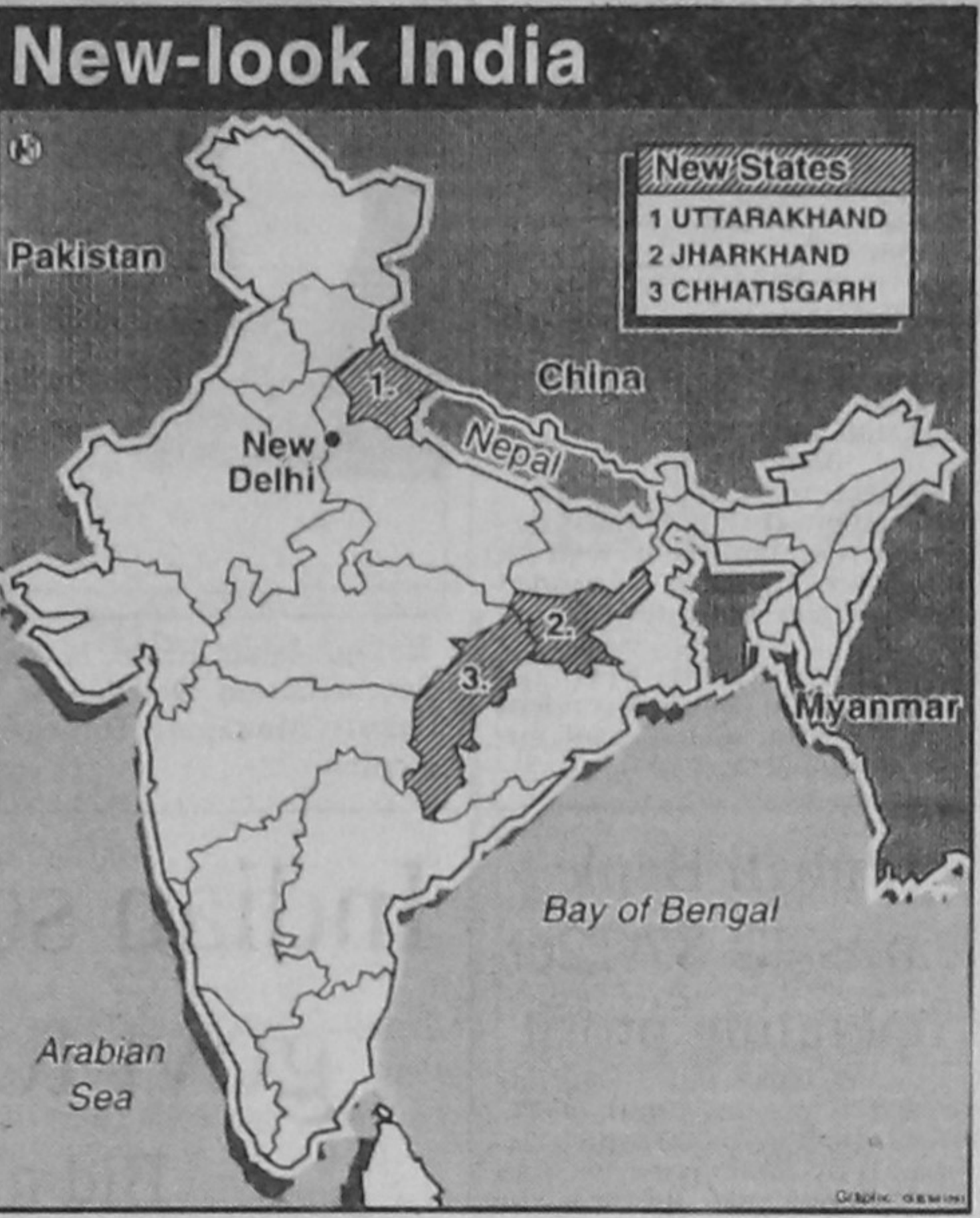
As a result, the emergence of the three new states is seen by many observers as inevitable. According to Joshi the demand for more such states, accompanied by unrest, is bound to grow. "Indian planners have paid scant attention to regional development. There is hardly a holistic view based on the specific needs of the region," he says. "After all one must also consider that the regions cannot develop its resources and prosper without the Centre."

At the passing of its half century as a modern independent nation, India has the lessons from the Soviet Union to draw from a diverse group of nationalities breaking up after being held together by an overarching and centralised state.

Through its own many separatist movements, India has first-hand experience of how pluralism can take subversive forms when suppressed.

Addressing the economic concerns of the regions and their poor, political commentators say, remains the key to promoting pluralism paradoxically, at a time when the trend is towards integration with wider markets. *GeminiNews*

The author is a freelance journalist based in New Delhi. He contributes frequently to 'Frontline', a current affairs magazine brought out from Chennai.



All health information to keep you up to date

Commonly asked questions

Bed rest
Will resting in bed cure what ails you? Not necessarily. Bed rest is of indisputable value in certain situations, like when you've got a broken leg or when you have a bad cold or flu, it can help you feel better. But too much of this good thing can be hazardous to your health. According to experts at the Mayo Clinic in Rochester, Minnesota, prolonged bed rest - one or two weeks or more - can cause constipation, stiff muscles and joints, even lung congestion and blood clots in your legs, which is why surgeons now insist on their patients' getting up and out of bed as fast as possible after surgery. To avoid overdoing on bed rest during a cold or flu you may want to do some mild stretching or walking during the day if you can.

Breakfast
Is breakfast the most important meal of the day? Eating habits, like sleep patterns, are pretty much an individual affair. As long as you get the proper amount of nutrients every day, it really doesn't much matter when you get them. So how come most people are hungry in the morning? Easy. We all respond to the ticking of an internal clock that signals hunger at various times during the day. One of the clearest hunger signals is a drop in temperature. Most people have a lower body temperature when waking up, so they feel hungry then. Others, who maintain a warmer body temperature when waking from a long night's sleep, will start to feel hungry slightly later in the day, perhaps around noon. Not surprisingly, people who start eating early in the day often stop earlier, too.

Small act big fact

Take a break
Take at least one day a week off from exercise. You need a day of complete rest to allow your body time to recover. Your exercise will feel easier after your day off. Many people who exercise every day have learned to live with a constant reeling of fatigue and continual aches and pains.

Tomorrow: Always children first and other tips

Dilemma of Management in Commercial Banks

by Muhammad Ali Zaryab

GLOBALIZATION, technological development, changing economic environment, competition and some worrisome trends in the banking industry of our country create a demand for strong bank management. There is no scope for traditional lump-sum management strategy. People responsible for managing banks must attempt a logical assessment supported by statistical and financial analysis; must upgrade themselves with the concepts and techniques of management to succeed in this challenging period of changes; must be equipped with the techniques for increasing returns without significantly increasing risks.

The prime objective of any commercial bank is achieving the highest possible returns at an appropriate risk level that is profit maximization leading to maximization of the value of owners' investment. Undistributed profit that is known as retained earnings ensures the growth and sustainability of the organization.

What is our present condition and would be the future in a difficult economic environment, with a rapid rate of technological development and an increasingly intense level of competition? It is the critical and crucial issue of time. Let me draw your attention to what is going on in our banking industry.

Raw materials of banks are funds and the product sold is also funds. A bank spends for funds with a view to recovering funds in excess of the amount spent. So each and every bank must have a clear marketing policy to market its products and a clear understanding of structure of deposits and cost of funds so that purchasing price of raw materials (interest rate on deposits) can be negotiated and selling price of products (loan pricing) can be fixed/determined efficiently and effectively. Loan pricing must be done on the basis of cost of fund. Profitability of banks depends largely on how the prices are charged for loans and numerous

services compare with their costs of funds and operations. Loan prices including interest rates, fees and compensating balances play the crucial role in bank profitability. Loan pricing is to be the focal point of both revenues and costs.

We may divide customers into three basic groups for pricing purposes: a) Prime Customers; b) Perceived-value Customers; and c) Relationship Customers. Banks should compete with each other in pricing their products and services in an efficient and effective manner so that customers find it comparable, and as comfortable and beneficial. They should offer competi-

and consequences upon yield on investment or profitability of the bank. In fact they are placing excess emphasis on deposit mobilization no matter if the particular bank is in surplus position having huge amount of idle fund.

In the above circumstances, if our interest cost of deposit is 10 per cent, we would incur loss of Tk 10/- for additional deposit of Tk 100/- as a result of which our profit will decrease, stock holders will get less dividend, our retained earnings will decrease and gradually the organization will be in a vulnerable position. The whole process is against the prime objective.

corresponding yield and how to manage a portfolio. Most of us have no idea of time value of money. We remain busy in maintaining 4 per cent Cash Reserve Requirement. Quoting rates for Government Treasury Bills seems to be the easiest job to many as they are doing this without undertaking any sort of analysis. However, often they are paying Penal Interests to Bangladesh Bank, weakening the strength and status of their respective banks, achieving poor grading in CAMEL rating.

By analyzing the deposit structure/mix of the commercial banks, it has been observed that about 6 per cent to 10 per cent is

Financial Sector is highly sensitive and technical and we must up-date and up-grade ourselves with changing global economic situations and difficult socio-political and socio-economic environment of our country, which is highly unpredictable. However, anticipating the market in which commercial banks will operate is very much important. It is not possible to predict accurately all aspects of the future environment for management decisions but some reasonable inferences should be made by studying economic trends and undertaking financial analysis. The environment is changing rapidly and will clearly be a challenging one in the coming years. Some banks will fail and there may be numerous acquisitions and mergers in the industry. Well-managed banks will be very successful and modern concepts and techniques will help bank managers in this challenging time. Those who are unwilling to educate themselves with the modern concepts and techniques of bank management are virtually dragging their feet and will find themselves as becoming non-competitive in the time of intensified and compounded competition.

Last of all we must ask ourselves some questions for self diagnosis of our limitations and to determine our future action for the survival of our banking sector and to speed up the economic activities in the greater interest of development of our country. Let us think: What is our mission? Is it supported by vision? Have we prepared a strategic plan and chalked-out operating plan on the basis of that? How can we differentiate ourselves from others? What are the distinctive features of our banks? What is our speciality? Why people should bank on us? How one's respective bank would be the best in the industry?

The writer is a banker.

Let us think: What is our mission? Is it supported by vision? Have we prepared a strategic plan and chalked-out operating plan on the basis of that? How can we differentiate ourselves from others? What are the distinctive features of our banks? What is our speciality? Why people should bank on us? How one's respective bank would be the best in the industry?

price and services to attract potential customers and to retain the existing stock. It is indispensable to be successful at this level of intensified competition prevailing in the market. If we can offer competitive price keeping in mind our cost of fund, customers will be financially benefited by paying lower price, and we would be in an advantageous position to make our customers adhere to the formalities, rules and regulations for making our investment more safe and secured. So, we would be able to improve the quality of our assets. In the age of compounded complexities, there is no alternative way of success and for survival.

There should not be any contradiction between objective and marketing policy. In our country, unfortunately, purchasing raw materials that is deposit mobilization has become the main function of marketing executives. They are doing it often without having proper knowledge of cost of funds, deposit structure, advance deposit ratio etc

If this is the position, what can we do? We can adopt aggressive marketing policy to sell our products within the risk level deemed normal. We can explore new avenues of investment. We can reduce amount of costly deposits, lower the rate of interest on deposits for the time being. Minimization of cost is maximization of profit. If we reduce our cost of funds by reducing costly surplus deposits, our total deposit will decrease but, definitely, the yield on investment will increase. In our banking sector, we give desperate effort to maximize our deposit at any cost and profit in the months of June and December each year. Is 'increase in deposit and at the same time increase in profit' is possible or justified? Having huge surpluses increase in deposits can be interpreted as increase in cost of funds, decrease in advance-deposit ratio, decrease in yield on investment leading to decrease in profit. It is guided by the universal objective of commercial banks? No, it is a suicidal

result of which cost of fund will decrease leading to increase in yield on investment and miscellaneous income. In this way, profit will increase and the growth of the organization and stockholders' investment will be ensured. In case of the term 'IDLE/SURPLUS FUND', argument may be raised pointing out the 'call money' market. The return on call money transaction is far below the cost of fund and it is to minimize the loss to some extent by deploying temporary surpluses. Mere call money market dealing does not mean bank fund management. Even most of the dealers of our country start their dealing without having a calculation of the gap between maturity of assets and maturity of liabilities although their basic job is to manage the gap irrespective of whether it is positive or negative in result. They are also entrusted with the responsibility of investment in Government Treasury Bills but the fact is that many of them do not know how to calculate the offered price and

TOM & JERRY



By Hanna-Barbera



James Bond



Government of the People's Republic of Bangladesh

Office of the Director General Youth Development Directorate Ministry of Youth & Sports 108, Motijheel C/A, Dhaka-1000 Memo No-YDD/YTC/E-88/98-1561 Date:18-12-2000/4-9-1407Bang

Tender Notice

Sealed tenders in Bangladesh 2911 form are invited for completing the internal electrification work of Jamalpur Youth Training Centre under a project titled "Development of existing centres and completion of unfinished work including the setting up of eleven new youth training centres from the pre-qualified contractors of this project and contractors renewed during 1999-2000 fiscal year (ABC licence holder/involvement with ABC licence). Tenders will be received on 7-1-2001 that is 24-9-1407 Bang till 12:00 Noon in the office of the undersigned, Divisional Commissioner, Dhaka Division, 12-storied Government Building, Segunbagicha, Dhaka and Consulting Establishment Engineers Consortium Ltd, 64/B, Green Road, Dhaka and the tender received will be opened the same day at 12:15 PM before the tenderers present (if anyone remains present). Earnest money at the rate of 2% of the quoted cost in the form of Bank Draft/Pay-Order from any scheduled bank in favour of the Project Director, project for setting up of Youth Training Centre, Youth Development Directorate, Dhaka will have to be given with tender. Otherwise, tenders will be outright rejected. The time limit for the work is 90 (ninety) days. Terms and conditions of tender and schedule can be purchased by depositing Taka 700/- (seven hundred) (non-refundable) respectively through Bangladesh Bank/Treasury Chalan in "Code No 1/3640/5130/2681" and by depositing the original copy of chalan in the office of the undersigned, Divisional Commissioner, Dhaka Division, 12-storied Government Building, Segunbagicha, Dhaka and Consulting Establishment, 64/B, Green Road, Dhaka and by producing the registration book for pre-qualifications. No tender form will be sold on the day of opening tender. Attested copy of trade licence for pre-qualification renewed during 1999-2000 fiscal year (the contractorship establishment holding ABC/licence holder/involvement with ABC licence) will have to be submitted with tender. Otherwise, tenders will be treated as outright rejected. The authority reserves power to accept or reject any tender or accept or reject tender partially or fully without assigning any reason and is not obliged to accept the lowest rate.

On behalf of the Director General Md Mosharraf Hossain Project Director DFP-31190-21/12 G-35

Government of the People's Republic of Bangladesh

Department of Supply and Inspection

Invitation of Tender

The following tenderers invited by the Department of Supply and Inspection. All the registered firms of this Department in the relevant group and other well established firm subject to submission of application well in advance and if considered fit by the authority.

Sl No	Tender No & Nature	Short description of stores	Value of tender set (non-refundable)	Last date & time for submission of tender
1	S-8/Engg-I/Local/68/2000-01 18-12-00	Mobile Cinema Van	Tk 15,400/-	On 10-01-2001 at 11 AM
2	S-10/Engg-II/Local/98/2000-01 18-12-00	Different kinds of Murcury Electric Bulb & Electrical Goods	Tk 450/-	On 10-1-2001 At 11 AM.

N.B. No tender will be sold on the date of submission of tender.

- Tenders obtainable from:
- Department of Supply & Inspection, 48, Motijheel C/A (4th Fl), Dhaka.
 - Department of Supply & Inspection (Shipping), C.G.O. Building, Agrabad, Chittagong.
 - Department of Supply & Inspection (Shipping), 51, Farazipara Road, Khulna.
 - Place for submission of Tender: Department of Supply & Inspection (4th Floor), 48, Motijheel C/A, Dhaka

DFP-31246-21/12 G-26 Asstt Director (CDN)