

## FOCUS

## Policing the Police: The Confidence Crisis and Reforms

**The image of the police force in Bangladesh is worse than it was in the times of the British administration. We may want to deny it out of rhetorical patriotism but the fact remains that people on the street, from every strata of society, believe the police to be the corrupt most segment of society.**

by Esam Sohail

My grandfather was a man considered progressive for his times. He encouraged his children and grandchildren, male and female, to get an education and, then, choose their careers and spouses as they saw fit. Yet, even my progressive grandfather had his boundaries: he distinctly forbade his children and their children from choosing a career in the police and railway departments or from marrying into a family whose members had worked in those areas of government service. Far from being bigotry, this was simply an expression of the extremely deep mistrust felt by the common citizenry towards certain government agencies. Directed towards the 'protectors' of society, i.e. the police, this lack of confidence is a dangerous element in the national psyche. The amazing thing is, of course, that while everyone agrees that the police department is corrupt to the bone, nobody has done anything about it yet. That is, excepting forming meaningless commissions which author secret reports that are filed in unknown caverns of ugly gray buildings.

A few things are very predictable in Bangladeshi politics. One such thing is the agreement by all opposition politicians and most journalists that the police is a corrupt institution that is little more than a wily tool of the government. This force is used less to protect life and property and more to harass, intimidate, and torture dissidents. The converse argument, of course, is the fact that every regime regularly claims that the police is a professional force that discharges its duties with honour and impartiality. Any given home minister will be happy to show-case even a few 'members' of the ruling party who are arrested for various misdemeanors. So, one has the spectacle of Home Minister Mohammad Nasim defending ardently the same force he vehemently criticised until 1996.

Political hypocrisy is not the

only by-product of a deformed public security environment in society. In fact, the major victim of this confidence crisis is the economic and political uplift of the nation. It is no secret that every year hundreds of major investors shy away from Bangladesh because of the law and order situation. The questionable statistics of the government notwithstanding, it would defy common sense for a foreign company to invest a fortune in a country where extortionists run amok with the blessings of the ruling elite while the law enforcers turn a blind eye at best. It is not surprising that, as confirmed by the World Bank, foreign direct investment in Bangladesh has fallen by fifty percent since 1995. This drop has happened in the context of the government continuously liberalising the business climate here.

If the tycoons of powerful European and North American companies do not feel safe in Bangladesh, how can the common man? It is little wonder that often people from all walks of life, from the rickshaw puller to the former Member of Parliament, take the law into their own hands. When the opposition, political or non-political, is convinced that the police is not a protector but a tyrant, it is likely to create its own safety net. Hence, we see ordinary street thugs become respectable as the protection racket for opposition politicians, businessmen, and other 'out-of-favour' elements in society. This situation leads to debates being staged on street corners with guns and petrol-bombs instead of being held in the Parliament buildings. The permanent victim is the nascent democracy in Bangladesh.

This situation cannot last forever. Either this lawlessness will devour society and make it subject to the law of the jungle or society will take a decision to bring the law and order system in line with a modern, democratic polity. Our law and order mechanism, specially the police system, is a product of colonial times and, thus, inconsistent with a free society. Briefly, here are the major concerns about the police service in Bangladesh:

1. It is corrupt, prone to bribery and extortion.  
2. It is not neutral, but only a tool of the regime in power.  
3. It is inefficient, ineffective, and insensitive to public concerns.  
4. It is given to high handed methods including physical abuse, torture, and even killing in custody.

Those concerns are hardly news. They are well known and well articulated by all segments of society (except those in power on a given day). Even Home Minister Mohammad Nasim will agree with them as soon as he is out of office. The bottom-line is that the deformed police service needs to be reformed. And it needs to be reformed right now. Any further delaying tactics, including instituting enquiries and commissions, is only going to aggravate the situation further.

The Home Minister and his successors may want to take note of some of the following themes of reform.

**Regulatory Reforms:** The police needs to become an independent agency of the Republic supervised not by a partisan Home Ministry but a non-partisan Police Authority at the national level. Such an Authority will be made up of civilians appointed by the prime minister,

home minister, leader of the opposition, speaker of parliament, and the chief justice.

At the same time, the day to day workings of the police must be devolved down to the local level. The metropolitan and upazilla police forces will be supervised by the elected representatives in question: the mayors and the upazilla councillors. This will ensure that people find accountability next door rather than in the Secretariat. Only specialised functions like the detective branch, the CID, the armed police battalion, and forensics need be kept under direct supervision of the national Police Authority.

**Recruitment and Retention Reforms:** Like most other government departments, the police force is made mostly of men with little formal education. This leads to a situation where the law enforcers are largely ignorant of their role in a democratic society and the rights of the citizens they are supposed to serve. Setting a minimum educational standard, perhaps at the intermediate level, for police recruits will help alleviate this problem.

But recruitment is only half the answer. Retention is the other half. There is an old saying in Bengali, 'Abhabey Shabab Nashto' (Want Corrupts Character). We have to pay the men and women in police enough at least to take away some of the incentive for bribery and extortion.

While it is impossible to afford wages that are comparable to their counterparts in the West, the Pay Commission can at least peg the salaries in the police department with that of a basket of salaries made in the private sector.

Finally, continuous training

will go a long way in reforming the police. Such training ought to inculcate thoroughly the idea that policemen are servants who exist at the pleasure of the citizenry, their master. The officers of the force must be taught the concepts, principles, and precepts of basic human rights and civil liberties. These courses should incorporate minimum texts like the Constitution's Basic Freedoms, the Universal Declaration of Human Rights, and the International Covenant on Political and Civil Rights. The police must be brainwashed of the treacherous idea that it is the master of the people. Such a colonial mentality has no place in a free country.

**Accountability Reforms:** The police, collectively and individually, needs to be accountable to the Republic's citizens. This means more than the farce of taking 'departmental action' against corrupt personnel. Someone who has presided over deaths in custody at a jail needs harsher action than posting to a remote district. Same goes for an ex-commissioner who has built, say, a four-storey house in Gulshan with his meagre salary.

The nation's antiquated laws should be changed to make it easier for citizens to sue police personnel for misconduct. Nobody ought to be above the law including the police. Such changes, just by being there, will be a deterrent to police personnel who may want to cross the line between right and wrong.

Additionally, an executive order may be issued to require all police personnel above a certain level to disclose fully the assets held by them and their immediate families. Those who refuse to do so should be retired instantly.

**Prosecutorial Reforms:** It is undeniable that the police is overburdened and overworked. We often ask the Officer in Charge (OC) of a thana to be patrolman, detective, security guard, jailer, and prosecutor, all at once. That is an inhuman burden. The Republic's decision-makers need to take a studious view of the justice systems in the West and learn a few things. The police should be busy keeping life and property safe from immediate harm. Someone else should take care of investigating and prosecuting the accused.

That 'someone else' is the public prosecutor's office. Indeed we do have these law officers but they are mere appendages of the police bureaucracy. Hence, their role is limited to that of pleaders in courts. This is a waste of talent and opportunity. The public prosecutor's office must be made into an independent judicial entity and prosecutors treated as 'officers of the court' as they actually are. This office, one in each district and metropolitan area, should be responsible for investigating alleged crimes, preparing cases, deciding who to prosecute, and, finally, prosecuting the alleged criminals. This will free up the police to do actual police work and let the court system decide who is guilty or innocent.

The image of the police force in Bangladesh is worse than it was in the times of the British administration. We may want to deny it out of rhetorical patriotism but the fact remains that people on the street, from every strata of society, believe the police to be the corrupt most segment of society.

Left unattended, this perception may well create a crisis of confidence that this Republic cannot survive politically, economically, or socially. It is past time to police the police.

The author writes from Kansas, USA.



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**Dr. Rubaiul Murshed**

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## Beware

### What's in a cigarette?

Tobacco smoke contains some 4,000 chemicals including these poisons:

**TAR:** Contains cancer-causing substances; it coats your lungs. A 20-stick-a-day smoker inhales up to a full cup of tar every year.

**BUTANE** (lighter fuel)

**CARBON MONOXIDE:** This is the gas that kills you when you breathe in car exhaust fumes. It replaces oxygen in your blood and robs, muscles, brain and body tissue of oxygen. It also makes the lungs less able to clear themselves and over time, airways swell and lets in less air into the lungs.

**ARSENIC** (found in ant poison)

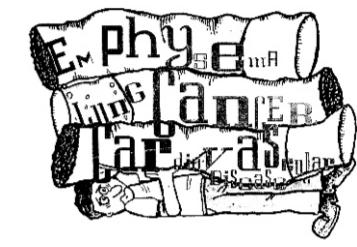
**NICOTIN:** This is the addictive drug in tobacco. It raises your blood pressure and heart rate each time you smoke. This strains your heart and increases your chance of heart attack.

**AMMONIA** (found in floor cleaners)

**CADMIUM** (found in batteries)

**NAPHTHALENE** (mothballs)

Bet you know all the hard facts about smoking already. AND, we challenge you to do something good for YOURSELF-- QUIT!



### EMPHYSEMA

-- a disease that slowly destroys the lungs; lungs rot and lung tissue harden

**LUNG CANCER**

-- caused by tar and nicotine in tobacco smoke

-- most lung cancers cannot be removed with surgery

**CARDIOVASCULAR DISEASE**

-- nicotine and carbon monoxide causes blood vessels to narrow and clot

-- the heart will be overworked because it has less oxygen and has to work harder to pump blood through narrowed vessels.

**Tomorrow: Always children first and other tips.**

## Factoring: A Facilitative Financial Service

by Prashanta Kumar Banerjee

agreement has to spell out the rights and responsibilities of each of the parties.

### Post-factoring Agreement:

After entering into a factoring agreement, a client entrusts the factor to carry out the credit collection and the sales accounting function in a manner, which will constitute a clear improvement over the pre-factoring situation, and to pay promptly for receivables in accordance with the factoring agreement. A well-established mechanics helps to conduct these functions smoothly.

1) The client approaches the branch office of factoring companies directly for preliminary discussion.

2) The branch writes to the client's principal bank for confidential opinion.

3) Once the client and the factor are convinced about the need for factoring, the factor conducts an in-depth study on the various areas of operation of the client.

4) An offer is made to the client, if the facility is approved, after examining of information and assessment of credit.

5) An agreement is entered into between the factor and the

up to if invoices remain unpaid by due date.

8. Customer pays the factor (i.e. collects book debts).

9. Factor makes the balance payment of the invoice to the client.

10. If, however, the buyer defaults to pay the factor, it would still make the final payment to the seller in case of without recourse factoring.

### Costs of Factoring Services:

There are two types of costs involved in factoring. These are the interest on advance, if any, given by the factor to the firm and the factoring commission or service fee. Interest rate is charged on the funds outstanding and calculated on a day-to-day basis. It should be equal to or slightly above the interest rate being charged by banks on their cash credit and overdraft facility.

Galli (1999) shows that spread should be from 1 per cent to 4 per cent on advanced funds. Singh (1988) advocates that it could be expected to be somewhere between 14 per cent and 15 per cent in India. In Bangladesh, as lending rates both for term lending and working capital are to be decided by the banks themselves,

applications of factoring. In brief, factoring provides (a) specialised service in credit management and, thus, helps the firm management to concentrate on manufacturing and marketing, and (b) helps the firms to save cost of credit administration due to the scale of economics and specialisation.

Many firms are often started by technical or marketing entrepreneurs and they may lack expertise to provide adequate attention to credit control and financial management. This leads to inefficient management of working capital and the undertaking of unwarranted risks. By utilizing a factoring facility, companies are able to access specialist management service in the highly specialised field of factoring.

Companies would, particularly, help SMEs as they would ensure payment on a fixed date, as well as provide protection against the customer's default on account of his inability to pay.

### Factoring and Bangladesh:

Bangladesh is a developing country. Its manufacturing sector is relatively a minor sector. As of now, it accounts for 9.11 per cent of the GDP. Of this, Small and Medium Enterprises (SMEs) play a vital role in the economic development. Its share of the value of the gross output of the entire manufacturing sector is estimated at about 35 per cent. Bangladesh's important challenge is to improve the contribution of whole manufacturing sector to the total GDP (at respectable rates) for fast economic growth.

It expects a sizeable industrial sector where manufacturing sector will account for at least 25 per cent of the GDP. In the context of market economy, this sector is trying to be competitive both domestically and globally. In order to achieve the objective of accelerating industrial growth rate, it is necessary to provide all required assistance to the industrial sector in areas such as finance, collection of accounts receivable, in due time, coverage against defaults, provision of effective information, overseas trade networks, and promotion of closer understanding between industrial and trading sectors, and the financial sector. In this perspective, factoring could be a supplementary service of the existing financial services provided by banks. It is expected that factoring could prove to be mutually beneficial to both factors and manufacturing sector.

Factoring is a supplementary service of the existing financial services provided by banks. It is expected that factoring could prove to be mutually beneficial to both factors and manufacturing sector.

On the one hand, manufacturing sector could benefit from the wide range and flexibility of factoring services, on the other hand, factors would be assured of readily available substantial business from the sector. Apart from this, regional economic co-operation has emerged as a major economic arrangement for the global economic integration. Bangladesh has participated as an active

member of SAARC, SAPTA, Colombo plan etc. This has created possibilities for increasing the cross border trade among the countries of the region through land and sea routes. It

SMEs have tendency of slackening their effort of collecting book debts, once banks have financed their book debts.

Factoring can assist in the credit management of SMEs. Factors can buy their receivables and help them in collection and protect them against bad debts. Factors, with their systematic, specialized and professional debt-collection facilities, can assist SMEs in these areas and ensure improvement in debt collection. In this context, the credit protection services of factors would, particularly, help SMEs as they would ensure payment on a fixed date, as well as provide protection against the customer's default on account of his inability to pay.

In this perspective, it is felt that it will be of great assistance to the entire industrial and trading sectors if factoring services are introduced in Bangladesh. Moreover, the introduction of export factoring in Bangladesh would provide an additional window of facility to the exporters. There is, therefore, no need to keep any reservation in introducing both the domestic and international factoring in Bangladesh. It is positive that some financial institutions of Bangladesh are already thinking about the factoring services. However, such a system can only sustain if a conducive environment is created and a professional approach is taken. Bangladesh bank can initiate suitable actions for launching factoring services. For this purpose, an urgent attempt is required to be taken for the following:

i) What types of organizations should be encouraged to provide the factoring services?

ii) What is the legal set up which will facilitate the growth of factoring?

iii) What sources of funds are available to the factoring organizations? How can investors be motivated to invest in factoring organizations?

iv) What type of staff will be needed?

v) Is computerization necessary?

vi) What type of pricing policy should be applied for factoring services?

vii) What types of accounting procedures are required for factoring services?

viii) What types of services should be offered by factoring organizations on the basis of priority?

ix) What are the appropriate sectors which will receive the factoring services?

The answers to these questions will provide a helpful direction to the government, policy makers, bankers, manufacturers, traders and other authorities who can intimately involve in launching this financial service.

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About 700 factoring companies of 50 countries offer the factoring services to 80,000 businesses all over the world... It is felt that it will be of great assistance to the entire industrial and trading sectors if factoring services are introduced in Bangladesh

client. The agreement provides for service charge, facilities, warranties, procedures, etc.

credit department; it does not have to incur costs of credit investigation, evaluation and collection and the bad debt losses.

The economic significance of SMEs in Bangladesh is well rehearsed. However, the long and short story is that financing still remains a perennial problem for them. They suffer from the inadequacy of working capital because of: (a) delayed payment of their receivables (book debts) by large sized firms as well as public sector enterprises and governments; (b) reluctance of banks to extend credit against their receivables; and (c) lack of expertise in financial management, in general and credit management, in particular.

Banks are generally reluctant to finance against book debts of SMEs for the following reasons:

SMEs do not maintain a proper accounting system and therefore banks are unable to verify the accuracy of book debts.

Most SMEs are organized as proprietary or partnership firms and, thus, are not required to have audited accounts. Banks cannot put much reliance on unaudited accounts.

Most SMEs have poor credit

By Hanna-Barbera</p