

# Election 2001: Citizens' concern

DILARA CHOUDHURY

THIS is an election year in Bangladesh. Despite much bickering between the ruling party and the opposition about a probable date to hold the 8<sup>th</sup> Parliamentary elections in the country the major political parties are already preparing to contest it. And although there are, and there will be, ups and downs in political climate of the country, we are hoping that both BNP-led opposition and the Awami League will go for the election rather than playing in the field, and the *harkats*, *street agitation* and *violence* would be a thing of the past. Election has a significant role in any political system. In some it may be peripheral but in democracies its place is central. It means that in a democracy it is a time for the people to choose between prospective teams of policy makers. It is also a time for them to give their verdict about the performances of the incumbents and then decide whether to reelect them or throw them out. That is if the election is free and fair.

Bangladesh's situation is quite unique in that respect. The quest for a free and fair election is as old as the country itself. In 1990, the demand for free and fair election culminated into the adoption of 13<sup>th</sup> Constitutional Amendment, which provided the basis for the formation of a constitutional body like caretaker government under which the parliamentary election takes place instead of the party in power. We needed it in order to have free and fair elections as the party in power could not be trusted to hold an election without rigging and thereby seriously undermining the legitimacy of the government. We have been proud to have such an institution and presumed that the thorny problem of conducting a free and fair election has forever disappeared. But despite such 'wonderful' achievement the ominous shadow of doubts and apprehensions about the prospects of having an election in which every voter would be able to cast his/her vote in order to choose their policy makers is hanging over the electorate in Bangladesh like a Damocles sword. And even after caretaker government, the question of having a free and fair election has been raised anew and there is heightened sense of anxiety among the people about the fate of next general election.

Most people feel that if the present situation and trends continued attainment of a conducive environment for holding a free and fair election would not be feasible and consequently the outcome of

the election will not reflect the genuine will of the electorate. There are compelling reasons for such thoughts. Just think about the rate at which the government is going about in politicizing the administration. The latest reshuffle in administration at divisional and district level underscores opposition's allegation that the ruling party is putting their own men at the administration in such a way that the caretaker government would find itself constricted in discharging its responsibilities. When the army's role in helping to conduct the election is totally dependent on the magistrates then neutrality of the administration is crucial and, if not, can pose a threat to caretaker government's neutral stance. It is a tragedy that instead of genuine efforts to strengthen democratic institutions like the Election Commission, which could have democratized the process in the country in a far reaching way, it is alleged that the ruling party has been busy setting up administration favourable to its interest. Election rigging under such circumstances even with a caretaker government is a distinct possibility. It can be argued otherwise that since there would be election observernational, regional and international rigging would be difficult. But is it possible to have observers at every polling centre? Would we not then need thousands of poll observers if we really want to stop incidents like the polling personnel working for the ruling party candidate and wilful non-cooperation of the Presiding Officer (the Magistrate) with the poll observers that took place during the recent by-election of Paban-2 constituency?

Till now we have been discussing about the unfortunate likelihood of rigging in the election. But there is more to it. A conducive environment during and before the election is as important as election being conducted by an independent Election Commission and a neutral administration. What is bothering most people about Election 2001 in Bangladesh, more than anything else, is about the kind of environment we would have, physical and psychological, so that people can go out freely and cast their votes without the fear of any intimidation. Would we have it? This is a million-dollar question. Let us pause and take a look around. What seem to be the law and order situation and political climate of the country? Here are the scenarios. Murders with impunity seem to be the order. The indifference of the law and order agency has reached its apogee. It is not only politicized but also corrupt. The results? An alarming rate of

deteriorating law and order and nobody seems to be safe. Besides ordinary criminality of the day, there looms a larger scenario in which there is a daily contest in eliminating each other's political rivals as evidenced by the harrowing tales of Feni, Lakkhipur and other affected areas. One simply needs to scan the dailies and one would know what I mean. Moreover, the rampant political violence is hair raising as well. The recent incidents in Dhaka, Brahmanbaria and other places where the activists of both ruling party and opposition were locked in bloody battles, and murder of the police person in mosque, in many

ate is concerned they seem to be the hostage of the situation instead of being the main actor. This feeling is discernible through the expression of sense of resignation and alienation of the people that do not augur well for a democracy. People are afraid that this time around the scale and nature of political violence would be something the people of Bangladesh have never had experienced before. They are afraid at the potential of an unprecedented terrorism that would be unleashed through the use of small arms. The abundance, easy availability and use of small arms like revolvers and self-loading pistols, rifles, stenguns,

take place. If the outcome of the election is distorted due to violence and other forms of intimidation and people's will is not reflected in election outcome, and as a result not accepted by all, then its repercussions would be multifarious. The legitimacy of the government formed by the winning party would be in question. Consequently the people would find it difficult to support and identify with the political system. The usual stabilizing effects of free and fair election like institutionalization of electioneering and thereby ensuring the process of peaceful transfer of power and allowing the electorate to judge the

multiply from which no one would be able to escape.

Usually elections lead to important changes in a given political system. They can be either positive or negative. Its impacts are positive if the voters have a chance to exercise a genuine and meaningful degree of political choice and political control. Fundamental change and realignment of major social forces through such elections demonstrate the functioning of a stable democracy. It then has profound stabilizing effects on political order of the country. One may argue that, one cannot really expect such stabilizing effects

bear the major responsibilities. They must remember that they are on total display during the election. They must not act in such a way that they lose their vital links with the society of which they themselves are a part. It should be noted that losing that vital link would spell nothing but unmitigated disaster for them. At the same time people of Bangladesh can pin their hopes on the good will and good behaviour of the political parties. Their track records are those of letting people down in most disappointing ways. As such, the main task to make the election meaningful rests with the civil society. Pressure must be built on every organization, every institution and every segment of our society so that they all discharge their duties in making the election free and fair.

We hope the critical institutions like caretaker government, the Election Commission and above all army under the able guidance of President Shahabuddin Ahmed would perform their duties with a sense of patriotism and allow the electorate to express their will. Civil society must become pro-active and

keep a vigil. After all democracy's fundamental guardian are none but the people themselves. Without their involvement, interest and vigil Bangladesh cannot achieve the objective for which she was created. We cannot simply shrug our shoulders and say that 'it is not my business.' It is very much our business. Because it is our ideas, talents and activities that would, in the ultimate analysis, make and unmake our nation and our state. Let us rise above partisan bias, trivial matters and make it known to our political leaders in unison and thunderous voice that we want the 2001 election free from terrorism, black money, muscle-flexing and use of armed hoodlums. For Bangladesh, it is indeed a crucial election. Let us not jeopardize it.

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ways, and not without cause, create a psychosis of fear.

That fear is compounded and deepened when people witness ruling party lawmaker surrounded by armed hoodlums, who shoot with impunity, as the police look the other way. Then the fear is no more a psychosis but real. A friend of mine became so agitated after the photo display of Dr. Iqbal episode that she called me and advised me not to venture out on election day unless I was ready to sacrifice my life for the sake of Bangladeshi brand of democracy. Grave concerns about election as expressed by my friend should not be treated in isolation because countless Bangladeshis, I am afraid, are also of the same opinion. One can sense that there is a feeling of despair, a sense of resignation about the uselessness of conducting an election and its outcome in an environment that is charged with macabre of death. One can feel it in the air and it's really smug. Too many are saying that they would not vote for the fear of potential violence on election day that would be unleashed by the power contenders, who are contesting the election not on the basis of their performance, but rather on their endeavours for a naked struggle of power. Nay, the way the political polarization has taken place and amount of ill feelings the two major political parties have for each other they would fight it as if it is a struggle for their respective survival, and they would do everything possible, including use of arms, to make the outcome of the election in their respective favour.

Obviously, as far as the elector-

kata rifles and grenades are not secrets any more. One estimate has it that about one hundred small arms enter Bangladesh everyday. According to another report, between six to seven hundred pieces of illegal arms are smuggled into Bangladesh from Myanmar and India daily.

The most harrowing tale comes from the recent report by Bangladesh Development Partnership (BDPC) and Bangladesh Coalition for Child Rights, which stated that the demand for small arms has alarmingly increased due to, among other reasons, cadre-based politics and continued infiltration of crime syndicates in politics, and at present there are between 100,000 and 150,000 users of illegal arms in the country. What is most distressing about the whole situation is that right now 80,000 to 90,000 users are operating under the patronage of political parties. Use of these arms by crime groups under the patronage of the mainstream political parties and their youth and student fronts has already created an atmosphere where people are afraid to even speak their minds. Under the circumstance, apprehension about the potential use of these arms and the ones and are entering Bangladesh daily that are being stored to intimidate the voters cannot be completely ruled out. How can then an election be meaningful and significant if the voters decide to stay home out of fear and the ballot boxes are filled with ballot papers anyway?

It would indeed be a tragedy beyond any one's comprehension if the scenario painted above does

performance of the incumbent and deciding either to keep the incumbent party or throw it out, which is the essence of popular government, would not be forthcoming. As people's support and identification with the political system would be in question its impacts would be felt in the form of acute political instability whereas the lack of accountability would result in disarrayed political development.

One fails to comprehend as to how would a government without popular support be able to deal with various issues beginning from attracting foreign investment, national security, rampant organized crimes, drug, arms, and human trade to deteriorating law and order. It would also not be able to further the consolidation of the nascent democratic process of the country. Without the consolidation of the democracy it would be impossible to integrate the emergent major social forces into the system not to speak of the disaffected and alienated groups like the Biplabi Communist Party (BCP) and Purba Banglar Communist Party (PBCP) who are believed to active in the south western region of Bangladesh and are regrouping to take care of the class enemies like the political leaders and business tycoons. And if large-scale alienation of the electorate takes place following the election there is no guarantee that these disaffected groups would not take advantage of the opportunities to use the available small arms to further destabilize the country. Grave threats to people's lives and security arising out of prevailing use of small arms would alarmingly

resulting from elections as discernible from countries with democratic political party system and a responsible electorate in which the relationship between the parties and the electorate are mutually interacting, in a country like Bangladesh. Why is it not possible? We have both political parties and the electorate. What is the catch? It would be outrageous to assume that Bangladeshi voters are illiterate, traditional, inexperienced and politically apathetic. On the contrary, time and again, Bangladeshi electorate has demonstrated their political awareness, astuteness, and responsibility as evidenced from the election results of 1954 of the then East Pakistan and general election of 1970 of erstwhile Pakistan. Let the electorate have the freedom and the chance so that they can give the right verdict. They will once again show that the electorate in Bangladesh are not naive. Will they have that freedom? That is our concern.

We are concerned, as mentioned earlier, due to prevailing political trends in the country. The confrontational and belligerent relationship between the two major parties, alleged politicization of the administration by the government, 'fight unto death' contest between the power contenders, and most importantly the link between politics and small arms make one worry about what would happen on the Election Day. We are worried because survival of democracy and along with it the survival of our polity depend on the kind of election we will have in the year 2001. In such eventualities, what is to be done? The political parties, in this regard,



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### Always children first

#### Teething

*Signs of Teething*

- λ Dribbling
- λ Red patches on cheek
- λ Baby bites or chews on whatever is available
- λ Fretfulness

*What to Do*

- λ Comfort baby
- λ Give extra drinks of cool, boiled water or diluted fruit juice
- λ Provide something for baby to bite, e.g. hard rusk or teething ring
- λ Rub a teething jelly onto the gums to relieve discomfort and inflammation. Your pharmacist can advise on a suitable one
- λ Give a preparation with paracetamol to relieve discomfort. Ask the pharmacist for something suitable

*Consult the Doctor if Baby*

- λ Pulls at her ears
- λ Has diarrhoea or vomiting
- λ Becomes chesly
- λ Becomes very upset

*Is feverish or has a convulsion (fit)*

**Tomorrow: Around the world**

# Practicing Islamic banking within the traditional bank

MD ABDUS SALAM

BANGLADESH is one of the largest Muslim countries in the world. The establishment of Islamic bank in Bangladesh in 1983 is thus a reflection of the inner urge of the people. An Islamic bank is a financial and social institution whose objectives, operations, principles and practices must conform to the principles of Islamic Shariah (jurisprudence) and which must avoid the use of interest in any of its operations. It is not only a financier but also a partner in productive economic activity and development. Islamic banking stands for an alternative financial system based on Islamic ideals of social justice and fair deal for all. As the use of interest in financial transactions is prohibited, Islamic banking system has to operate on the basis of profit sharing arrangement. Banking system by profit sharing and other Shariah approved modes imply participation of the depositors, the bank and entrepreneurs.

The expansion and unfolding of Islamic banking along with traditional interest based banking is a recent phenomenon. During the fifties it was only a subject matter of research and was limited to the writings of scholars and philosophers. During the sixties actual experiments were made and in the seventies Islamic banking institutions started gaining strength. The eighties and nineties were the period of consolidation and now Islamic banking is coming up as the welfare banking system in the modern world.

**Islamic banking around the world**

There are about 300 Islamic banking and financial institutions in about 40 countries of Asia, Africa, Europe and America. The banking system of Pakistan and Iran was made Islamic and that of Sudan has been totally remodelled on the basis of Shariah.

The spread of Islamic banking in the Muslim world was never in

doubt. What has surprised many has been the reversal of views of western bankers. More and more western bankers, specially in Europe, are not only acknowledging the viability of Islamic banking but also its considerable potential. The positive trends in Islamic banking are much stronger than the problems. There is clearly considerable scope for expansion, both in countries with majority Muslim population and in financial markets of the West.

Islamic financial institutions are estimated to have a total of 140 billion dollars invested in more than 40 countries. Those investments are growing annually by 15 to 20 per cent.

**Islamic banking in Bangladesh**

Islamic banking is one of the few fast growing sectors of the economy of Bangladesh. To understand the scope, problem and prospects of Islamic banking in the country it would be necessary to have a brief overview of the total banking context of the country vis-a-vis Islamic banking.

In Bangladesh out of 49 commercial banks/financial institutions five banks have been operating on Islamic principles. Islami Bank Bangladesh Ltd has been operating on Islamic principles since 1983 and now it has 118 branches. Al-Baraka Bank Bangladesh Ltd has been in business since 1987. There are 34 operating branches of the bank. Other two Islamic banks, Al-Arafah Islami Bank Ltd and Social Investment Bank Ltd have been doing their business since 1995 and now operating 37 and 14 branches, respectively. At present Islamic banks serve about 10 per cent of the total banking business in Bangladesh.

At present Islami Bank Bangladesh Ltd is well established and one of the largest private banks in the country. Besides, one of the famous Islamic bank in the world Al-Fayisal Islamic bank now Shameel Bank Ltd has been operating in Bangladesh since 1998. Now two branches of

Prime Bank Ltd and one counter/booth of Dhaka Bank Ltd are operated under Shariah principles. On the other hand, National Credit and Commerce Bank Ltd is collecting deposit from the people through Islamic banking counter at their 10 branches in Dhaka and Chittagong. Besides, some conventional banks are also thinking about opening Islamic banking branches/counters/booths for serving the people who are interested in transacting under Islamic Shariah. Some are trying to issue different Islamic bonds/securities/financial instruments to attract those interested in transaction on Islamic mode. Future of Islamic banking in Bangladesh with conventional bank or otherwise seems bright so far.

It may be recalled here that Mr Lutfar Rahman Sarkar, ex-Governor, Bangladesh Bank, now Chief Advisor, Mercantile Bank Ltd., is the pioneer in Bangladesh to introduce Islamic banking facilities within traditional bank. When he was the Managing Director of Prime Bank Ltd, he thought about this banking under Islamic Shariah within conventional bank and opened an Islamic banking branch in Prime Bank Ltd. In 1995, This was the first of its kind in the South Asia. Now as said above, three conventional banks have been offering Islamic banking facilities within their existing mode of operation.

**Operational mechanism**

Islamic banking branch shall meticulously follow the operational modes and methodologies as permissible under Islamic Shariah and as followed by other Islamic banks.

**Sources of fund:** Islamic banking branch collects its deposits from the clients as under:

- (a) *Al-Wadia Current Deposits:*
  - (i) It is like current deposit of conventional banks.
  - (ii) Nominal value of deposit is guaranteed.
  - (iii) No return on this type of deposit is allowed by the bank.

- (iv) This account can be opened by depositing a certain amount.
- (v) There is no restriction on deposit in and withdrawal from this account.

(B) *Profit and Loss Sharing (PLS) Savings Account:*

- (i) This type of account can be opened by depositing a certain minimum amount.
- (ii) Provisional profit is credited twice a year i.e. on the 30<sup>th</sup> June and the 31<sup>st</sup> December. Final profit is determined and adjusted at the end of the year i.e. after finalisation of the accounts.
- (iii) Generally four withdrawals in a month are allowed in the account.
- (iv) Seven days' prior notice is required for withdrawal of large amount.
- (v) Cheque books are issued for withdrawal of money from this account.

© *PLS Term Deposit:*

- (i) This type of deposit can be made any time for a certain amount.
- (ii) Term/period of this deposit are six months, 12 months, 24 months and 36 months and above.
- (iii) Term deposit receipts are issued against deposits.
- (iv) Money can be withdrawn submitting the deposit receipts on the expiry of the term/period and even before, if necessary.
- (d) *PLS Short Term Deposit:*
  - (i) Any company, commercial organisation, corporation, government department, trust etc can open this account.
  - (ii) Any amount can be deposited in this account.
  - (iii) Any amount can be withdrawn from this account by giving prior notice.

Deposits of different A/cs are not given equal weightage in ascertaining profit rates. The bank gets opportunity to invest fund for long period if the deposit is obtained for long period. Depositor participates in long term investment of the bank and faces higher risk. As such, bank fixes up profit on different weightage against various types of deposit A/cs on the basis of risk.

**Types of Investment:** There are

various types of investment in Islamic banking branches under traditional bank as per Islamic Shariah. These may be classified as:

- (a) *Musharaka:*
  - (i) A contract is executed between the bank and the client.
  - (ii) Equity is provided by the bank and the client according to agreed ratio.
  - (iii) Profit is shared by the bank and the client according to agreed ratio.
  - (iv) Genuine business loss is shared according to equity ratio.
  - (v) The bank may participate in the policy making/management of the business.
  - (vi) Loss due to any negligence or inefficiency of the client is not shared by the bank.
- (b) *Mudaraba:*
  - (i) This is a loss bearing and profit sharing system of investment.
  - (ii) A contract is executed between the bank and client.
  - (iii) Equity is provided by the bank.
  - (iv) The management of the business is conducted by the client.
  - (v) A performance guarantee is obtained from the client to ensure strict observance of the terms of contract.
  - (vi) Loss due to negligence and inefficiency of the client is not borne by the bank.
- (c) *Murabaha:*
  - (i) This is a system where investment is made by the bank in purchasing goods according to the choice of the client for onward sale to him under an agreement.
  - (ii) Sale price of goods is determined taking into account the agreed profit mark-up, taxes, duties, carrying cost, insurance premium and other incidental expenses.
  - (iii) Goods are retained under bank's custody as security against the investment.
  - (iv) Goods are delivered to the client against payment.
  - (v) A terminal/due date is fixed for adjustment of the investment.
- (d) *Bai-muazzal:*
  - (i) This is a system of investment

whereby goods are purchased by the bank according to the choice of the client for onward sale to him under an agreement on deferred payment basis.

- (ii) Sale price of goods is determined taking into account the profit mark-up and other incidental expenses incurred thereon as per mutual agreement.
- (iii) Goods are delivered to the client with ownership.
- (iv) A terminal/due date is fixed for adjustment.
- (e) *Ijara (Leasing):*
  - (i) Lease finance is offered for acquiring the use of capital machinery, equipment, medical instruments, automobiles etc.
  - (ii) Financial lease is long term in nature and is non-cancellable.
  - (iii) The customer will be required to make advance deposit and rent payment on the lease amount.
  - (iv) Bank will purchase the equipment after confirmation of the acceptance of the equipment by the client.
  - (v) On execution of the lease, the client and the bank shall enter into an amendment lease agreement reflecting the actual acquisition cost.
- (f) *Bai-Salam:*
  - (i) This is a system of investment by way of forward/advance purchase of goods from client at a mark-down in the price.
  - (ii) Quantity, quality, date of delivery and place of delivery of goods are specific in the agreement.
- (g) *Hire-Purchase:*
  - (i) Under this mode of investment the bank finances for purchase of automobiles, machinery, equipment, apartments/buildings etc adjustable by deposit of instalment of principal with rents at predetermined rate.
  - (ii) The bank retains ownership till full and final adjustment of the investment.
  - (iii) The clients are allowed to use the items supplied.
  - (iv) A hire-purchase agreement is executed between the bank and the client detailing the terms and conditions.

- (v) The bank can take possession of the items supplied if the clients fail to deposit the instalment and rents as per agreement.
- (vi) The clients become owners of the items after full adjustment of bank's dues.
- (h) *Direct Investment:*
  - (i) The bank directly invests in industry, agriculture, commerce, transport, real estate and housing for short term, medium term and long term.
  - (ii) The bank manages the business and enjoys income thereagainst.
  - (i) *Post Import Finance:*
    - (i) The bank finances for short period under agreement at agreed rate of profit against L/Cs opened by the bank on clearance of goods from the party on selective basis on the occasions of tied up fund position of the importers to retire the documents against payment of dues.
    - (ii) Stipulated margins on the landed costs of goods are obtained from the parties.
    - (iii) Charge is made on the goods favouring the bank.
  - (j) *Purchase and Negotiation of Export Bills:*
    - (i) The bank finances exporters by way of negotiation and purchase of export bills drawn against confirmed export L/Cs.
    - (ii) The bank gains on difference in purchase and sale rate of the foreign exchange involved.
  - (k) *Inland Bill Purchase:*
    - (i) The bank finances by way of purchase of inland accepted bills drawn against inland L/Cs and earns from differences in exchange rates i.e. purchase and sale.
    - (ii) The bank purchases inland government cheques/bills against service charges/ commission.
  - (l) *Murabaha Import Bills:*
    - (i) This is a temporary investment covering the period from the date of lodgement of bills to the date of retirement by the client/clearance of goods by the bank under Post Import Finance.
    - (ii) The bank charges profit at agreed rate.
    - (iii) Charges are made on the documents/goods favouring the

- bank.
- (m) *Bai-Muazzal Import Bills:*
  - (i) This type of investment is related with back to back L/C whereby obligations/comments to foreign banks are fulfilled/met in payment of back to back bills in the cases of export failures by the exporters as per mother/export L/Cs.
  - (ii) Charges favouring the bank is made on the stock-lots.
  - (iii) Profit is charged at an agreed rate.
  - (iv) Goods remain with the customers till export/disposal is made.
  - (v) The bank conducts time to time supervision.
  - (vi) The investment is adjustable by export of the goods by extension of validity period of the export L/C or on deduction of a percentage of the proceeds of other export bills or from other sources of the party.
- (n) *Pre shipment Finance:*
  - (i) The investment under *Musharaka* mode is allowed to Islamic export L/Cs to meet labour charges, rent, utility bills, carrying charges, freight etc. for timely execution of export as per the L/Cs.
  - (ii) This investment is generally allowed in the RMG sector after arrival/procurement of fabrics and starting manufacture of the garments.
  - (iii) The investment is adjustable from the proceeds of the export bills concerned.
- (o) *Quard*
  - (i) Temporary financial requirement is met against lien on the deposits with the bank.
  - (ii) No profit is allowed on the deposit for the Quard amount during the currency of the Quard and profit is also not charged on the Quard.
  - (iii) A service charge is recovered from the clients on the Quard.

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