

Political parties should support 'de-govenmentalisation'

DR. M. S. HAQ writes from New York

I do not think there is a word called 'de-governmentalisation' (hereinafter: DGN) in the dictionary. But I am using the term intentionally in this write-up. One of the purposes is to put an emphasis on the need for a well planned, concerted and sustainable effort towards liberalising the country's bureaucracies from those of its functions that have so far been managed with success, in varying degrees though, by private sector (or otherwise) in many other countries.

Under the WTO regime, Bangladesh would need to survive meaningfully and to ensure its growth in a sustainable manner. DGN can assist the country in that respect. Because a properly cultivated constructive pluralism in an adequately de-governmentalised operations environment could be instrumental in promoting inter alia cutting-edge decisions, actions and innovations at local, national and other levels.

DGN has been taking place in Bangladesh on a piece-meal basis and its progress is relatively slow. It lacks the required political will; so is the political parties' accountability to the people in pertinent area. Bangladeshis should explore with the political parties the possibility of promulgating an Act focusing on DGN, its implementation requirements and other related matters. The Act should be designed in a way that it will help ensure that a change of political leadership in the government will not lead to abandoning DGN, unless say, a breakthrough replaces DGN in favour of higher national productivity and better governance.

Pursuing DGN in an aggressive manner would be a formidable challenge for Bangladesh. For meeting the challenge, Bangladeshis should be prepared to take hard decisions and be able to withstand the consequences of those decisions, both individually and collectively.

To many Bangladeshis, privatisation is a matter that is associated with some kind of fear. Many Bangladeshis tend to perceive the private sector jobs as relatively less secured. The perception is valid in many respects, particularly when it comes to employee firing practices of private companies.

Due to the absence of a well developed, as well as diverse private sector in the country, the job opportunities in the sector are limited and the in-country market competition

is relatively less intense, affecting the product quality and price. While the survival and growth in private sector (say, job-wise) are comparatively competitive, the compensation packages and career prospects in some private companies are lucrative than those in the government. Since the government jobs are, on the other hand, more secure at least in terms of the length of time and the prospect for continuity than those of private sector, the efforts towards commercialisation or privatisation of government or government controlled operations have so far faced a stiff resistance from the job holders and their unions. For most of them, it is: a matter of uncertainty; a situation that has potentials for hurting their coping capacities; and a kind of impact that could shatter their life-long dreams.

An apparently widening gap between profits and social responsibilities of many private sector companies is a matter of concern for Bangladesh. The protection of the law of the land against unfair labour

the market requirements and the market oriented focus of the country's education; and fifthly, the inadequacies of investment climate, product marketing facilities (particularly, for small business holders in rural areas) and retraining opportunities for retooling the country's human resources. The factors, such as: relevant process constraints; bureaucratic hard ups; corruption; institution and capacity related deficiencies; the lack of adequate protection for small businesses; and a less than required outcome of the government's regulatory functions in pertinent areas are among the current investment-related inadequacies.

A national blue print for DGN is required. It should clearly specify inter alia: i) the commitment and the obligation of the government, the political parties, the development partners and the people of Bangladesh concerning DGN; ii) the potential areas and sub areas for DGN; iii) the modes of intervention, and implementation targets; iv) the mechanics of implementation; v)

freely their success in pertinent areas by declaring them as first, second or third best ministries of the year.

A pragmatic rehabilitation plan for government staff members and others (who would be affected by say, privatisation initiatives) should be drawn along with the initial proposal for privatisation. The rehabilitation plan may inter alia be based on such considerations as: at least 70 per cent of the affected staff members (on the basis of demonstrated potentials) would be trained for a possible placement in the eventual private enterprise(s), the next 20 per cent or so would be assisted through self-employment programmes and the remaining 10 per cent or less than 10 per cent (nearing retirement) would be given the option to retire with full benefits up to and including their age of retirement or time-in-service limit. The total anticipated costs of rehabilitation, the arrangement for meeting the resource requirements, the implementation time-frame and other relevant information of the plan should be made public. The aims would be to improve inter alia transparency in DGN process and attract internal, as well as external resources and support for DGN.

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Bangladesh should explore the possibility of introducing a nationwide unemployment insurance scheme.

The government should review the country's minimum wages more frequently. Likewise, also review the effectiveness of industrial relations institutions and mechanisms in the pursuit of achieving the goals of DGN in a purposeful manner.

The government should establish a national, as well as marketable skills inventory and keep Bangladeshis informed about skills related forecasts from time to time. The outputs of the inventory and the forecasts should form a basis for the country's human resources plans, education plans and DGN plans. The inventory can inter alia be used for attracting FDI and ex-country jobs for Bangladeshis.

The government may explore the possibility of creating a national privatisation fund by attracting foreign remittances (from expatriate Bangladeshis) for the promotion of private sector industries in the country. In that respect, it can also explore the possibility of establishing some kind of consortium.

Bangladesh may seek donors' support for improving the country's regulatory mechanisms and implementing DGN.

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practices on the part of private sector employers, as well as employees is inadequate, and obtaining justice in pertinent areas is often costly in many respects.

There are several reasons for the contemporary beliefs and perceptions concerning privatisation. Some of them are: firstly, the country's social safety net, in its current form, is often of no help to most of those who are at present or would be in the future affected negatively by DGN; secondly, the long term dependence of immediate or extended family member(s) or both on the continuous income of a single job holder in most cases. In an average sense, the current number of bread earners per Bangladeshi family is not encouraging, so is the impact of supplementary family income on family welfare; thirdly, there are a limited re-employment and self-employment opportunities for employment seekers (say, government officials affected by DGN) due, as applicable and inter alia, to their age, skills and mindsets; fourthly, the existing gap between

the networks of partnership; vi) the people's participation modalities; vii) the anticipated risks and outcomes; viii) the controls; ix) the resource requirements; and x) the conditions for the continuity of DGN activities through governmental successions. The blue print should inter alia be built upon the country-wide gains so far in DGN areas and the lessons learned. Provisions should be made for capturing future DGN lessons and best practices say, for other countries to benefit from Bangladeshi experiences in the area.

Strong and sustained political will would be needed for a proper implementation of DGN. The political parties must be prepared to work above party lines for a meaningful outcome.

For a productive DGN regime and an improved state function, Bangladesh would need to do a number of things. For example, it should: expedite the transformation of private sector into the engine of the country's economic growth; accelerate the implementation of

(among others): introduce nonpartisan municipal elections; re-introduce jury system for the dispensation of justice (initially on a pilot basis); institute a system of periodic reconfirmation (etc.) of sitting supreme court (both the high court and the appellate divisions) judges on the recommendation of an independent judicial commission; promote in-country developments with the support of local inventions and innovations; form an independent arbitration commission for the settlement of disputes between and among political parties (for example) and harness, in that respect and as needed, the support of the SAARC; establish a monitoring cell in the office of the Prime Minister for obtaining the result, outcome and impact of external assistance to the country and reporting those periodically to Bangladeshis and others; and encourage competition among government ministries, for example, in terms of just-in-time realisation of their commitments to Bangladeshis and recognise pub-

Manikda lives on

KAUSHIK SANKAR DAS

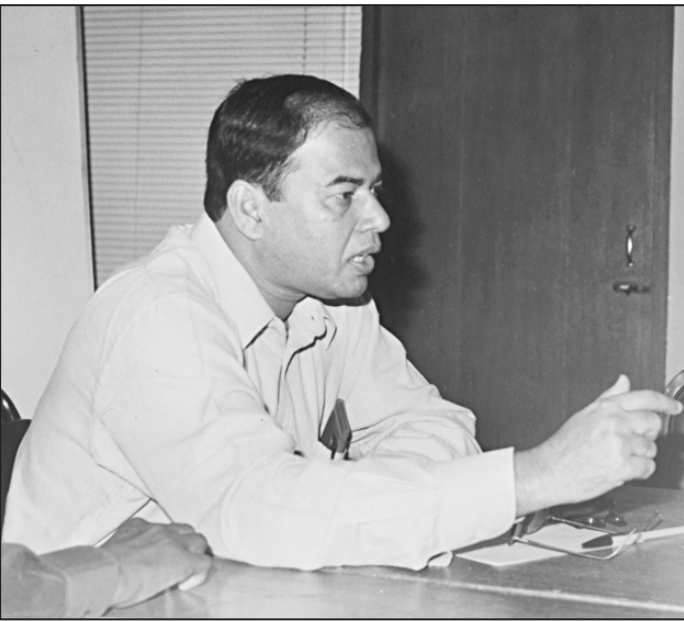
WHEN my colleague and friend Supan from ntv rang me up on my mobile in the afternoon to fill me in with the news, I was taken aback by sheer disbelief. Not because I didn't anticipate something this gory taking place, but because one doesn't really want to hear such type of news at any given time. I was numb for a few minutes, then frantically began to make calls to all those who knew him and when they all confirmed the news, I had this peculiar lump in my throat, sadness in my heart and a feeling that can't be explained.

I always felt that people like Manikda or, should I say, good people like Manikda would be protected. I always thought whoever wanted to take their lives would think twice because of their popularity and positive image in society. But how wrong I have been -- first it was Shamsurbhai in Jessore, and now Manikda in Khulna! Now I do believe that good people are never allowed to live longer.

I have (can't say had) known Manikda ever since I began working as a reporter. I met him in Khulna in July 1996 when I had gone there for a radio series I was doing for the BBC Bengali Service. He was so friendly and co-operative towards a junior reporter like me, we talked about the stories I wanted to do, planned our trips outside Khulna city in the days to follow, chatted about so many different things and lastly had a delicious dinner cooked and served by Boudi. Manikda was so fond of his daughter, she would stick around him like glue for as long as he was home. I teased him that maybe he should give up some outside responsibilities to spend more quality time with his daughter. He just smiled and changed the topic. Probably he knew that it was something he could never do.

Manikda was committed to his profession to the point of no return. There was not a single time he forgot to call us at the BBC Dhaka office with a breaking news. There was not a single instance when we would be in any doubt about the authenticity of the news - that's the kind of trust and credibility he had earned over the years as a stringer for the BBC. He was one of the very few correspondents in the divisional cities who could be interviewed on a short notice -- live or prerecorded. Press Club was his second home; his friends, colleagues were all there, but no-one could save him.

Manikda was talking or rather contemplating to move to Dhaka since he was no more feeling safe in Khulna. Being a high-profile reporter in that troubled zone is not



Brave, honest and vocal journalists like Manik Saha are never allowed to live that long.

an easy thing. I don't know whether he had informed the authorities about his intention, but one thing that I know -- Manikda for sure did ruffle many feathers with his reports.

Many might have had an axe to grind with him; some of them, now seem, was desperate for revenge, but for what? For writing the truth, for being uncompromising at any cost? If this is the price one has to pay for being true to his commitment and beliefs, then, as the cliché goes, the price is really too heavy. It wasn't anger, it was a feeling of being hapless and I am sure many would feel the same way. I am not really interested to know who was behind the attack, but I would like to find out what prompted it. That is a question we need to ask ourselves over and again.

Let's flashback -- what happened after Shamsur Rahman was shot dead in his office three years ago. The then government took the killing quite seriously and vowed to bring the killers to justice. We are probably going to witness a similar round of political circus centering Manikda's death. The opposition will blame the government for not being able to protect the journalists and the present government will 'vow' again to punish the culprits. But the underlying reality will eventually get lost. Shamsurbhai's killers are yet to be punished. I still haven't been able to muster up enough courage to call his wife and express my sympathy. Because what do I say to her? Thanks for those cups of tea all through the night when Shamsurbhai and I

watched the mutiny drama unfolding at Jessore central jail in 1996 but sorry we haven't been able to catch his killers? What if she asks me, "what have you done to bring his killer to justice?"

I admit I am too much of a coward to face the question. But what about all the others who had been fighting for the protection of journalists? Didn't we just restrict our responsibility within the perimeters of verbal and written protests? It is hard for me to believe that all the prominent and respected journalists could not use their influences in pressuring the administration to bring the killers to book.

For me, Shamsurbhai still lives. Similarly, Manikda is still there too. But I know that in all likelihood his killers would also never be caught, let alone punished. And I will continue to feel helpless, because who knows who would be next in line.

Someone who trained to be a lawyer became a journalist. Maybe Manikda realised that he could serve the society through this noble profession. I heard from his friends that there were many instances when he used his good relation with the local administration to mobilise them in helping the persecuted and oppressed when they came for help, especially after the general election in 2001. But Manikda remained behind the scene. He never bragged about his achievements, his efforts. He was probably being careful. He might have saved a lot of people, but not himself.

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Tax tribunal's role in settling disputes

MASIH MALIK CHOWDHURY

THERE are a few steps of assessment of tax in Bangladesh. These are Deputy Commissioner of Taxes, along with Inspecting Additional/Joint Commissioner of Taxes, Commissioner of Taxes and NBR, as and where necessary. The involvement of NBR is the most recent phenomenon. The basic responsibility of assessment obviously falls on the DCT's office which can collect revenue or can lead the assessment to a level of confrontation with the assessee.

Quite often than not, the assessments are done by the sole discretion of DCT. And those cases do not result into any sort of disputes. Revenue, often deprived, does not cause any dispute or discord with the tax payer in most cases. These are often the core revenue files. Consequently, few cases have gone to the appeal section of the revenue department.

The appeal officials are mostly on deputation from the assessment offices under NBR. They are of the levels of appellate joint commissioner, appellate additional commissioner, commissioner of taxes, of tribunal under the quasi judicial banner. But the

officials working in appeal section are all taken from taxation services, actually under NBR. Only the retired Commissioners of Taxes are taken on contracts for the tribunals as members. This leads to limitations of the tribunal. Such situation stems from the fact that the contract of members, deputation of officials and staff are directly controlled by the NBR when their verdicts and outputs in the tribunal are supposed to be directly against the NBR, revenue and their employer. Consequently they are not free to infuse justice on disputes. Nevertheless these officials have been doing this job somehow rather only for maintenance of a balance and the routine work. Also some body has to do the unpopular jobs for the government.

The recent changes in tax laws have rendered the disposals to an expeditious delivery of justice by the appeal section of the revenue despite limitations. This has occurred by way of imposing time frame for disposals along with tax official personnel in the Tribunal Benches with a few honest persons at the top of the tribunal. The tribunal functions by way of two members, often retired Commissioners of Taxes now. When both of them are having total allegiance to reve-

nue their verdicts quite often go in favour for revenue. Moreover, they are directly under NBR, having worked under NBR and got into contract with NBR. With the exception of only a few for personal qualities, they cannot get out of the domain of NBR for delivering justice.

In no court/quasi court absence of retired judge/judge is evident except these courts -- the tax appellate tribunals. The tribunals should be brought under Ministry of Law, which is a long cherished demand of assessee and lawyers. Earlier, the tribunals used to include a member from judicial cadre, giving it a judicial look but that has become lackluster by absence of any judicial cadre persons.

However, the tribunal in the recent past has taken large number of steps for disposal of cases despite all limitations. The recent 1.5 years have marked a disposal of about 15,000 cases. Now the disposal takes only a month which previously took 2 to 3 years. The time frame enshrined in law of the day along with very efficient persons in the tribunal has shown remarkable efficiency in disposal. But in most cases justice has been only partly rendered to the assessee.

But large number of faulty assessments by some officials have also rendered the revenue to suffer at large. This means, irrational, unjust and egoistic assessments by the offices have led to the deprival or deferral of receipt of revenue by the government. Those officials have never been made accountable for their deeds, more properly misdeeds. They should be held for such misdeeds and wrong doings after scrutiny at tribunal. The evasion is dual function of these wrong doer officials and the assesses. As such tribunal's domain for actions should be extended.

In order to effect the extension judicial cadre members should be deployed along with retired members of tax cadre. But the services of members have to be contained in the law ministry. It is ridiculous to expect verdict against employer, when the contractual employment depends on the sweet will of NBR. The tribunal and appellate body officials should be trained by judicial and those of judicial cadre by the tax personnel to infuse efficiency and justice together. The law and fiscal expertise together are likely to bring in positive outcome and equitable justice to the appellants. This will add impetus to revenue also as people will feel urge to pay taxes.

Also new additional benches would be created to instantly settle down the disputes and discords between assesses and revenue. Justice delayed is justice denied. Thus far as such the tax appeal offices, from bottom to top have deprived the seekers of justice by way of dilly dallying. Now that the law has taken note of tightening the flaws in appeal system and offices, justice should me made ready for all who need it. Also those officials depriving the seekers from getting justice and resultantly instigating them to seek justice from appeal office must be brought under note. Time is passing fast and there is no moment to spare and to ponder over it any more. Let us not bring the changes but sumoto start the changes for development through drawn but expeditious reform actions. Of course we cannot spare moments for reform waiting for prescriptions by heterogeneous agencies often against national interest as we cannot any longer afford that.

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GLOBAL foreign direct investment (FDI) figures are beginning to turn around. According to recent numbers published by UNCTAD, global FDI activities seemed to have plateaued after reaching a peak of US\$1.4 trillion in year 2000 and since declining to US\$ 651 billion in 2002, while in 2003 the figure has marginally moved up to US\$ 653 billion. The prediction is that, from now it is on its way up again. The prospect of higher US growth is likely to put fresh impetus on global mergers and acquisitions, which is a key element in driving higher investment flows between countries.

In Asia China is the champion by far, sucking in about US\$57 billion for the year 2003, and that is without adding Hongkong's share of US \$ 14 billion. A very distant second is India, which is purported to receive around US\$ 3.5 billion. What China and India have achieved are exemplary, and from anecdotal evidence there is lot more money in the pipeline waiting to enter the two countries. China is transforming to be the numero uno manufacturing backbone for the world, whilst India the equivalent in services. However as services require smaller capital investments, mainly in infrastructure and people, the gross FDI number for India is likely to remain relatively smaller than China. The numbers therefore belie the revolutionary change that India is also undergoing along with China.

It would be unfair to compare Bangladesh to either of the two countries as they are clearly in a league by themselves and have raced ahead leaving rest of Asia behind, let alone Bangladesh. But could Bangladesh have done more in its effort to attract larger foreign direct investment? The answer has to be yes. Offshore outsourcing is the primary driver of FDI for both China and India, but we forget, Bangladesh was one of the earlier forerunners of offshore outsourcing in the garment sector. This activity in Bangladesh dates back to early seventies-nineteen when garment buyers from mature economies in their relentless search for cheaper production started to

source also from Bangladesh. The industry subsequently thrived and has done well under the protection of the Multi-Fibre Agreement (MFA). However, not surprisingly the industry largely grew by drawing on scarce domestic capital, very little equity came from overseas. Admittedly given that Bangladesh is at the lower end of the production spectrum, there is very little incentive for foreign investors. Financial margins are incredibly thin at this low end production. Had Bangladesh being able to move up the value chain, then perhaps there would have been lot more interest from overseas. The other glaringly obvious is the lack of world class infrastructure and higher level

about creating the right enabling environment and building a strong economic case that makes choices easy for investors.

Whilst FDI is the more stable foreign money that Bangladesh should strive to attract, the other foreign institutional investment (FII) which flows into the listed stock markets is also of equal importance. This is of a less stable variety but of great significance to the growth of the domestic capital market. FII investment, unlike FDI is not always driven by economic returns, risk diversification can also be a reason for investment decisions. One can recall the good days of early to mid nineteen-nineties when Bangladesh was showered with FII money. But things have

Global institutional fund flow into Asia is again beginning to grow reflecting the region's higher GDP growth rate than western mature economies. It would be a pity if Bangladesh is not ready to take advantage of this welcoming trend. To make the country FII friendly it has to create the right enabling environment. In very broad terms, that means creating the right financial infrastructure, encompassing corporate governance, quality research by stockbrokers to smooth and efficient payment and delivery mechanism.

trained workforce. Bangladesh has more than three thousand garment factories but without a single integrated industrial park to house them. There is also no attempt to step up workforce proficiency through modern training methodology. If you go and see India today, their industrial parks both for software services and business process outsourcing (BPO) are state of the art. Foreign investors there have to only make the financial decisions, the rest, namely infrastructure and labour are best of class and readily available.

Surely Bangladesh can learn from all the success stories that abound in Asia which is not just confined to China and India. Attracting FDI driven by offshore outsourcing is a trend that is here to stay and Bangladesh is well placed in the textile and clothing sector to benefit from it. It is all

changed since, and FII money seems to have dried up. There could be several reasons for it. One of the primary causes may be that the local market lacks the liquidity that is needed to attract FIIs. Institutional funds have a much shorter-term outlook, principally driven by its quarterly performance that is measured against a variety of global stock indices. Fund managers therefore favour markets where they can execute predictably, that is buy and sell, sometimes very large amounts at short notice which is not always possible in smaller markets like Bangladesh.

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the country FII friendly it has to create the right enabling environment. In very broad terms, that means creating the right financial infrastructure, encompassing corporate governance, quality research by stockbrokers to smooth and efficient payment and delivery mechanism. Corporates should understand their responsibility toward their shareholders and function in a transparent manner. Laws should safeguard shareholders from malpractices and hold CEOs and auditors responsible. The Enron debacle in the US has led to the draconian Sarbanes Oxley Act covering regulation from the composition of board members to duties of CEOs and auditors. This may be an unlikely comparison here, but the underlying spirit of the law is what should be noted. The stockbrokers on the other hand should earn their commission by providing unbiased quality research and not just market gossip. Regrettably self regulation in this industry has not worked anywhere in the world, even in the most mature economies. Given a chance, self-greed takes over, and this is not just typical of Bangladesh. To have strong capital market infrastructure that will attract foreign capital, Bangladesh needs to have tough laws and cleaner than clean and whiter than white policing institutions like the SEC.

In today's globalised world, economies are inter-linked not only through trade but in actual delivery of products and services through supply chain integration. It is indeed a different world -- when you punch an order for a computer in the US, the instruction lands up in China for production of that computer to begin. The world is getting more and more integrated and investment capital also tends to flow beyond boundaries to regions where it can get the best returns. In many ways capital is more easily accessible provided there is an economic case and an enabling environment. Nations that see this new reality and act will benefit whilst others will continue to struggle.

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