

## NCB performance under microscope

Contradictions need to be removed first

**A**MIDST pressure to improve performance the nationalised commercial banking sector finds itself confronted with the challenge of proving its self-worth. Bangladesh Bank (BB), the central bank of the country, as the institution overseeing the NCBs, is obliged to monitor the latter's performances within the overall banking policy framework of the government. In this context, the central bank signed a memorandum of understanding (MoU) with the NCBs in 2003 specifying the areas in which they were expected to perform better within a year; but the banks could make only a limited headway leaving a lot to be desired in terms of cost cutting and credit management. Consequently, the central bank extended the MoU by another year. Even at the end of the extended period, in Bangladesh Bank's assessment, the NCBs have failed to reduce their operating costs and control the credit growth in pursuance of the terms of the MoU.

There are contradictions in the objective conditions in which the NCBs are working, or to be more precise, are being tasked to meet certain targets set for them. Operationally, credit growth has to be linked to deposit expansion. But demand for credit might increase, like it did last year owing to the floods, without a preceding increase in the level of deposits. One more vital, though not readily acknowledged, parameter of credit management is recovery of outstanding loans, especially from the big defaulters code-named the 'top twenty' for each bank. In this area, the four nationalised banks -- Sonali, Janata, Rupali and Agrani -- have not collectively fared too well. The breakup shows that Rupali Bank recovered Tk 2.78 crore only from the top defaulters owing it a whopping Tk 551 crore; Janata Bank realised Tk 9.31 crore out of Tk 513 crore owed to it by the top defaulters; Agrani fared somewhat better recovering Tk 102 crore from the top defaulters owing it Tk 638 crore; and Sonali, the biggest NCB, hit a rock bottom recovery at Tk 40 lakh only from 1555 crore outstanding against top loanees.

There are two ironical features to the whole story: one, the NCBs are saying that their operating costs went up because they had to spend large sums of money to lodge and pursue a huge number of cases against defaulters at the Artha Rin Adalats (loan courts). If they had not put money into wrong hands, for whatever reasons that happened, they wouldn't have landed in such expensive troubles. Secondly, fifty percent of the big default is traceable to government entities who refuse to repay. They have their job cut out. It's house-cleaning.

## Vessels continue with faulty designs

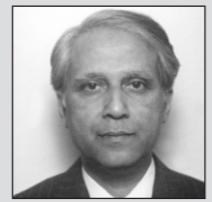
Another unbelievable revelation

**F**IRST we learnt that there was no weather forecasting system on board the passenger launches to warn the launch masters in case of a storm. And now, it's been revealed by this paper that most of the launches that pile on the waterways are built without approval from the authorities concerned. In fact the report says that the vessels are built first, and then get approved through illegal means. And this gets done with 'connivance of the government's naval architects, supervisors and surveyors'.

That's not all. Apparently, the government appointed naval architects approve the design of a passenger vessel so hurriedly that they are not even able to scrutinise every aspect of the design. They hardly even visit the spots where the vessels are built, which in turn encourages the unscrupulous launch owners to carry on with their misdeeds. And to top it all, the number of architects in comparison to that of the registered vessels they are supposed to inspect is simply insignificant. The architects themselves have admitted that it is just impossible for such few of them to minutely examine all the vessels. It's now almost obvious that such discrepancy in the whole system is directly responsible for the frequent launch disasters we have been witnessing. And if this is the real scenario, then who is going to ensure the safety of the passengers?

Every time there is a launch disaster causing horrific deaths of hundreds of innocent people, we press on taking measures to ensure passengers' safety. And every time the authorities assure us of taking proper steps to avoid such disasters. But those steps just do not seem to materialise into actions.

It is simply not acceptable anymore. We do not want to hear anymore about 'plans'; we want action. It is beyond our imagination that how could the launch owners as well as the officials concerned continue to flout the rules after so many fatal accidents in the waterways in last few years. Either the government takes prompt action against them or we have no option but to believe that the government is simply not concerned about the safety of passengers.



MUHAMMAD ZAMIR

INTERNATIONAL assessment of fiscal governance in Bangladesh has not been very kind over the last few years. We have been tarred with the brush of being the most corrupt country in the world, not once, but three times -- spanning two Administrations. As expected, this led to strong formal protests.

The government reacted by reiterating its determination to root out corruption (BAC). It accepted the fact that the existing arrangement had flaws and needed to be corrected. Subsequently, it dissolved the Bureau of Anti-Corruption. In its place, on 21 November, more than three months ago, they constituted the Anti-Corruption Commission (ACC) by the Anti Corruption Act, 2004. Everyone in the Administration pointed out that this measure was a reflection of the right sort of political will. It was anticipated that the donors would be satisfied and some of their criticism deflected.

Unfortunately, controversy with regard to the Anti-Corruption Commission just refuses to go away. It is more like a rubber ball that bounces back instead of settling down.

Disagreement about the ACC has kept front pages of the daily newspapers and the electronic media pre-occupied.

Constitutional experts, including

former Chief Election Commissioners have gone on record and suggested that the very appointment of a former Chief Election Commissioner as the present Chairman is in violation of the Constitution. They have pointed out in this context, that Justice Sultan Hossain Khan, the present Chairman, was the Chief Election Commissioner from February 17 to December 24, 1990. They have also referred to Article 118 (3) (a) of the

the constitutional aspect of this matter. Any step taken in this direction will make the matter further complicated.

The next factor has been the sad squabbling among the ACC Commissioners about their jurisdiction and their respective responsibilities. The media has watched with glee as they have washed their dirty linen in public. Instead of reaching any consensus on important issues, they have

ployed, by attaching them temporarily to the Commission to make it an effective institution. So far, so good. However, the question then rises as to whether the Cabinet Division and the Ministry of Law and Parliamentary Affairs will fully agree with such a step.

Does this mean that the views and threats expressed by the Cabinet Division in their letter of January 29, 2005 are no longer valid? Strong words were used in

outlining the need for non-interference by the government. It would have been useful if this screening Committee could have been vetted by a parliamentary Committee, participated by representatives of the Opposition. This might have averted further controversy.

I recall here some of the salient points of a report published in the local press late last year. Major General (Retd) MA Matin, who had

autonomy. Such an arrangement creates diffidence in taking unpopular steps. This is an obvious area that needs to be addressed suitably to make the ACC an effective mechanism. Despite procedural complexities, an inherent autonomy needs to be guaranteed for the ACC.

According to reports there are more than 2000 cases that have been inherited by the ACC from the BAC. We cannot overlook the fact that corruption, economic development and foreign investment are all inter-related.

Time has come for politics of influence to be set aside. This has to be done in a bi-partisan manner.

It is also for this reason that I propose that a Special Committee should be set up to assist the Chairman of the ACC in formulating a pro-active organogram and distribution of responsibility chart. The vertical chain, as well as the horizontal overlays, need to be made more responsive, in terms of real time. This will improve accountability, which in turn will also promote transparency.

The ACC has to be seen to function. It cannot waste any further time. It must also avoid being an instrument for unnecessary harassment. In this context, it also needs to remember that a person is innocent unless proven guilty. It should also encourage the culture among the investigating officials that they should avoid framing charges that will not stand up in court.

The ACC is a good idea. It must receive full cooperation from all other agencies of the government. Some of our donor friends may also consider arranging necessary training for the personnel of the ACC so that it can be more efficient as an organisation.

Muhammad Zamir is a former Secretary and Ambassador -- any response to [mdzamir@dhaka.net](mailto:mdzamir@dhaka.net)

## POST BREAKFAST

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Constitution which states that 'a person who has held office as Chief Election Commissioner shall not be eligible for appointment in the service of the Republic.' They have also clarified that the constitution indicates that service of the Republic means -- 'any service, post or office, whether in a civil or military capacity, with regard to the Government of Bangladesh, and any other service declared by law to be a service of the Republic.'

Attention has also been drawn to a judgment of the Supreme Court of December 2, 1999 which said that -- 'in broad concept, the service of the Republic means all services of Bangladesh.' It has also been held that 'it is a generic term' and includes a 'person who is getting emolument because of his service in the Republic as a public officer.'

This constitutional debate has not been resolved and some have even mentioned that a ruling of the High Court needs to be sought on

blemished the image of the newly constituted body.

Trouble has kept pace with work in the ACC. Professor Miah has disagreed with decisions made by the Chairman. He has claimed that these were not quite in conformity with existing rules. The issue as to whether officials and employees of the defunct Bureau of Anti-Corruption can be part of the ACC, has been one of the major irritants in the relations between the three top officials of the Commission.

On 17 February, 2005, it was reported that the ACC had taken the decision to temporarily take in all regular staff of the defunct BAC. This has made the scenario more complex. Many have pointed out that such a decision not only violates the ACC Act and ignores an earlier government order, but also sets aside the principle of screening. The Chairman has said that the ACC 'has decided to utilise all former BAC staff, now unem-

ployed, by attaching them temporarily to the Commission to make it an effective institution.'

The Commissioners of the ACC and the cabinet Division both appear to have certain merits in their arguments. The ACC needs experienced people to make it a suitable instrument for proper fiscal governance. At the same time, it is also true, that the ACC cannot, and should not, be a mere copy, a re-incarnation of the past institution. It is this factor that necessitates careful scrutiny of the personnel.

We understand that a screening Committee has been constituted for this purpose. One hopes that members of this Committee will direct their attention towards financial discipline and not be persuaded towards decision-making on the basis of political partisanship. This is very important and relevant for restoring credibility within and outside the ACC.

I am stressing on the principles of impartiality and honest. I am also

served as the BAC Director-General for more than two years pointed out that the defunct Bureau had failed to play an active role in combating corruption due to persistent government interference.

In this regard, he also suggested that 'it was impossible for us to work beyond influence since we were dependent on the government.'

This is indeed sad. In fact, this assertion only confirmed general opinion that charges of corruption are regularly used as an instrument to harass members of the opposition in general. This has been the unfortunate practice for many years. Charges are framed, thousands of man-hours spent on inquiry and investigation and then everything set aside, if the accused in question, happens to be part of a political party which has formed the Government.

Another connotation has been the factor of dependency. This obviously refers to lack of financial

Md. FIROZ ALAM

**A**NOTHER wave of grenade and bomb attacks has rocked the NGOs of this country recently. The terrorists carried out the attack on the Grameen Bank and the BRAC -- the two leading NGOs in Bangladesh which also have an excellent reputation abroad for their microfinance, education, women empowerment, income generation programmes. The attack has wounded six staff of BRAC and two staff of Grameen Bank and damaged their Naogaon and Sirajganj offices. The attack has scared the NGO community, destabilised their normal operation and stained the image of Bangladesh among the donors and other countries.

Sad it is to say that Bangladesh is one of the few countries in the world where the humanitarian organisations at present are working under the threat of terrorists' attack. Afghanistan and Iraq are among the others. In Afghanistan and Iraq the militants have targeted the NGOs as political activists. There are a lot of reasons to believe Dr. Younus of Grameen Bank said. He further said 'It is a political and planned attack'. There are a lot of reasons to believe Dr. Younus's assertion. Here I would like to put forth some of the activities of the government that has made the NGOs vulnerable to the terrorists.

**The Foreign Donations (Voluntary Activities) Regulation (Amendment) Act 2004:** From the beginning the four-party alliance government, has become very critical about the NGOs. Some influential figures within the government frequently slandered

in Afghanistan and Iraq have targeted the humanitarian and development agencies like UNO, ICRC and NGOs. The militants seemingly prefer to carry on attacking such soft targets. In the last two years the militants have killed, abducted and attacked many people working in the humanitarian organisations in Iraq and Afghanistan. We might remember the deadliest attack on ICRC and UN mission in Iraq that killed many people including the UN mission head in Iraq. By attacking the NGOs and other humanitarian organisations militants retaliate against the West.

But why such types of attack are happening in Bangladesh?

The attack on the NGOs is not an 'isolated local and religious incident', Dr. Younus of Grameen Bank said.

He further said 'It is a political and planned attack'. There are a lot of reasons to believe Dr. Younus's assertion. Here I would like to put forth some of the activities of the government that has made the NGOs vulnerable to the terrorists.

**'The Foreign Donations**

NGO activities and side by side prepared the above bill to make it an act last year with a view to having ultimate authority to 'control' the NGOs. On pressure of the donors and protest of the NGO community government had to call the bill back.

If the bill were passed, government could remove the NGO chief and other officials any time it wished. There was an intention to restrict the activities of NGOs terming them as political activists. In the bill, involvement of NGOs and their staff in 'political activities' was totally prohibited. And implication of the term 'political activity' was so pervasive that accepting membership of, directly supporting or getting aligned with any political party, and includes any activity which may be interpreted as political or may affect politics or such other activities which may be interpreted as detrimental to national independence, sovereignty and culture, ethnic and religious sentiment, etc...

..] that many of the good and effective programmes of NGOs such as campaign for good governance, voter education, against corruption, advocacy, policy analysis, women empowerment, legal aid, etc. could easily be shown as linked with politics to punish the NGOs. This attitude had created concern among the donor communities. Last year in the BDF [Bangladesh Development

Forum] meeting, the donors had criticised government for interfering with NGOs.

**Splitting ADAB:** ADAB is the oldest forum of the NGOs under which hundreds of NGOs of the country were united. Government has virtually tried to break this forum by creating FNB -- the divide and rule approach of controlling. New ADAB and FNB, in fact have taken a face to face position, instead of standing shoulder to shoulder. Government seems to have fulfilled its intention of weakening the NGOs by dividing them into two parts.

**Obstructing activities of Proshika and some other NGOs:** Government barred fund of Proshika and some other NGOs for long time which has hampered their development programme. Sufferings came down on many staff as those NGOs faced difficulties to provide wages and salaries because of fund shortage. Mr. Kazi Faruq, the Executive Director of Proshika and a noted development thinker in the country with some of his colleagues had to remain under detention for many days under such types of allegation that people believe are plotted and politically motivated. Till today thousands of beneficiaries of these NGOs are being deprived of services.

I think these instances are quite enough to understand the anti-NGO mentality of the administration, and definitely it is working as green signal for the terrorists. Whatever condemnation [the LGRD Minister has condemned the attack as a 'heinous' act] about the attack is coming now from the government is assumed as nothing but a political trick to pacify the NGO community for the moment. The terrorists, I believe have their long term plan that they will be executing. The 'seriousness' of Mr. Babar [the State Minister for Home Affairs told with BBC on 18 February that he is very 'serious' about it] perhaps is not being taken into account by the terrorists. The Bhoror Kagoj [20.02] has reported that one of the BRAC offices in Gopalgonj received fresh threat of bomb attacks. The Federation of NGOs handed over a memorandum to a district administration [Nilphamari] [20.02] seeking security of their lives.

More than 60 million people of this country are living below the poverty line. Their access to the government service is very much limited -- restricted in fact. Widespread corruption, inefficiency, nepotism, favouritism, politicisation of administration have made the government services unavailable to this big part of our population and it has created a big gap between people's NEED and the services GIVEN. The interventions of the NGOs are helping the government to minimise this gap. It is difficult to

find out even a single sector of development where these NGOs are not contributing.

NGOs are precisely focused on the marginalised and deprived section of our population. They are not involved with any party politics; they are not calling any *Hartal*; they have been working silently and cooperating with any government in power. Despite this, the disguised enemies of this country want to see these organisations shut because these are creating a group of critically aware civil society, empowering the women, raising awareness among the community about their rights, and all these activities go against those who prefer ignorance, darkness and exploitation. The latter have already infiltrated in politics and terrorised the cultural fields. Now they have extended their black hands up to the development organisations. They are apparently against all that are good, progressive and liberated. They seem well organised and coordinated and slowly marching towards a serious mission. We have no time to spare but to stand against it.

Md. Firoz Alam is a development activist.

## EDITOR TO THE EDITOR TO THE EDITOR

Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing.

### An appeal to PSC

It is a battleground for every student who likes to take the challenge of serving as a nation builder of tomorrow. But if the right people do not get the right places through right procedures like BCS competitive exams, then it can only be a matter of frustration, despair and anger. We the examinees will be cheated if the authorities do not take the right decision for the controversial exam which was held on 24 February. The PSC should cancel it in the interest of all honest candidates.

We expect justice and we also know that justice is the root cause of all evils. Be nice to us on our way up', that is our appeal to you.

**Haris JU**

### Weekly holiday

The government is reviewing a proposal on two weekly holidays -- Friday and Saturday. My humble question is, if there are two weekly holidays, why that shouldn't be Saturday and Sunday, and if there's only one day why it is not Sunday instead of Friday. We lose one full day of communication with our overseas clients, and Saturday and Sunday being their holidays makes it three. This matter is known to all and the decision makers are aware that many Muslim countries have Sunday as their holiday.

The government has to be action-oriented:

1) The yellow signal from New

Delhi (vide the Indian Foreign Secretary's recent tirade (DS column, Feb 18). The light may turn red, not green! Modular action plans are needed. India is not happy with the alleged refugee bases in Bangladesh of the armed activists operating in NE India for years. What is the next step after denial? The Indian paper plans for erecting barrages on rivers flowing into Bangladesh may be a political reprisal. The situation has to be defused. How is the communication link at the diplomatic level?

If religion is the reason for declaring Friday as holiday, then religion could be the reason for changing it. I just can't imagine that someone who is used to offer his prayers abstains from doing it only because it doesn't fall in the weekly holiday!!

**Khondaker Ali Imam**

Mohammadpur, Dhaka

**Act, not sermonise!** The regime in Dhaka is facing increasing problems day by day. The citizens' confidence level is sinking, as day-to-day uncertainties increase. They are at present not in the mood to listen to pre election sermons. Safety first, before we lend our ears!

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