

## Garment sector's Achilles heel

*Time business as usual approach were shunned*

**A**FTER each episode of violence and vandalism wreaked by garment workers in the Ashulia factory belt, one would have expected a bit of wizing to avert another round of indulgence in self-destruction. But this was not to be -- after a spell of uneasy lull induced through adhocism, back again on a suicidal track!

One can discern two elements of irony in the whole situation. First, despite the acclaimed skill of quick learning workers, most of them women, a talented pool of entrepreneurs and the overall profitability of their concerns, they have failed to forge healthy equations between them, primarily based on meeting the basic needs of the employees.

The second paradox is in the predictability of the pattern of action and reaction and yet the owners being invariably caught unprepared, to a point of deliberate callousness, in heading off an impending crisis with any timely intervention. To us, the internal vulnerabilities run so deep in the organisations that one needn't be surprised if it courted an act of sabotage.

The trouble has usually ensued from underpayment or delayed payment of dues. In the case of Textown Group, the latest under the spotlight for wrong reasons, the BGMEA claims that traffic jam caused a delayed arrival of money. Now, the point is, given the worker sensitivity over payment issues and the known reality of worsening traffic congestion, why was the money transfer not arranged in good time?

With the police and the workers clashing with and injuring each other, as many as 50 factories shuttered down by the owners in anticipation of trouble, and workers escalating their demands, valuable working hours were lost adversely, one hopes not, affecting our goodwill among overseas buyers. To say nothing of public inconvenience and loss caused by the bashing of vehicles, all the stakeholders were losers whereas it should have been win-win for them. Perhaps, it is time the concept of industrial police the governments have often toyed with were translated into reality.

The adversarial relationship between the owners and the workers must be brought to an end by setting up truly representative, professional and responsible CBAs in the garments sector. No communication gap should be allowed to develop between the employer and the employees as the origins of trouble have been usually found in miscommunication and exaggerated account of an incident which are so avoidable.

## Suicide attacks in Pakistan

*They reveal the pressures the country is under*

**T**HE increasing frequency with which terrorists are targeting Pakistan's security and defence establishment demonstrates the ever-escalating levels of danger posed to the country. This past week alone there have been two suicide attacks, the second one taking Lahore in its vicious grip on Friday. This latest attack has left no fewer than 45 people dead and scores of others severely injured. The worry is that this new attack was targeted at the army, which included the cantonment, homes of military officials and institutions such as hospitals and schools run by the army. The bigger worry is that where the aim earlier was to spread fear among soldiers, it now appears that these suicide bombers have widened the net to include anyone and everyone related to the military. Of the greatest significance is the fact that the terrorists are these days finding it rather easy to penetrate the perimeters of the security establishment in the country. They have killed policemen, soldiers and others before and now they feel they can keep doing it with ease.

The fragility of the state establishment in Pakistan is what is revealed by these attacks. And note that it seems to have become a macabre pattern for suicide bombers to target people in the country every Friday, especially as the Juma congregations are about to take place or are already underway. That Pakistan's administration, either civil or military, has not been able so far to curb such activities points to the besieged nature of politics in the country. It is all a sign of the critical nature of conditions there, with a government that is hamstrung not only by a lack of effectual performance.

The judiciary, having lifted the immunity earlier granted to President Zardari with regard to corruption charges against him, would now like a re-investigation of the cases against him. It is thus a restive Pakistan the world must deal with. As if to emphasise this point, the Indian home minister has warned that Pakistan must reinvent itself as a responsible neighbour and a genuine democracy. All of this only goes to show the pressures Pakistan is under, pressures that only a strong and yet enlightened approach on the part of its leadership can handle.

It is difficult to see how Pakistan's internal security can be stabilised soon, although we would like that to happen for the sake of peace in the region. There is little question that an efficient intelligence system to track down militancy is a paramount need. At the same time, it is important that the democratic process in the country is not undermined in the name of a strengthening of security.

## We need professional investment advisors

As a matter of fact, like any other technical fields, investment is also a technical job. Since small investors usually lack basic knowledge of investing in the share market, advice from professional investment advisors can help them to take judicious investment decisions.

A.F.M. MAINUL AHSAN

**W**HENEVER there is a bearish trend in the market, investors initiate processions or chant slogans. Our investors are not ready yet to accept a bearish or declining market. An investor should always be ready for any market situation, and should invest accordingly.

But how can a small investor -- who knows nothing about the stock market -- be able to take wise investment decisions at the DSE? Don't they need to take advice from well-trained professional investment advisors? In Bangladesh, we don't have trained professional investment advisors to guide small investors about investing in the stock market.

Our investors are mainly concerned about finding some simple trends in the market rather than understanding a firm's business fundamentals. They invest on the basis of some simple ratios rather than analysing firm's financial statements. Ratios are just numbers unless you are trained to decode them properly. In fact, our investors do not have any choice. They hardly know about fundamental analysis. Most of the investors do not have any degree on business or finance, and do not know how to read financial statements of a company, and that is fine.

We should not expect that an individual will have every single skill. For instance, a doctor may know nothing about software engineering, or a lawyer might know nothing about architecture. So we need the right person for the right job.

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What actually does a professional investment advisor do? Professional investment advisors counsel small investors on making prudent investment decisions, and also on tax consequences for a

certain amount of fee.

US Investment Advisors Act of 1940, which regulates Investment Advisors, describes an "Investment Advisor" as a person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. This Investment Advisors Act of 1940 requires that practitioners compensated for advising others about securities investments must register with the SEC and conform to regulations designed to protect investors.

How can we train students as investment advisors? All private and several public universities and colleges have finance, business or economics program. The main things an investment advisor needs to know, is an investor's investment objective and level of risk tolerance. Universities should heavily focus on investment and business principles, investment analysis, portfolio management, taxation, general banking, basic psychology, economics, and investment laws and market regulations.

After completing the program in the universities, like doctors or pharmacists, a finance or business graduate should participate in professional qualifying, i.e. licensing exams to practice as an investment advisor for a fee. In the US, all professional investment advisors have to take Series 7 exam, which covers all the basics of investing including general investment laws, stock market, bonds, derivatives and taxation. Other advanced level profession tests are also available.

The SEC can have a wing to administer, for a fee, all the licensing profession tests leading to professional investment advisor designation. However, the SEC must always keep track of an investment advisor's activities, and must observe zero tolerance policy. All complaints related to investment advisors, must be settled by minimal time; because in the stock market it takes years to



We need to deter the bearish trend in demand for professional advice.

build confidence but people can lose it very quickly.

At this point, one might reply "let the buyer beware" which means that the buyers have the responsibility to understand what they were buying. It's true that before investing in the stock market, investors should be fully aware of the risk of losing their life-time savings. But trained personnel must be available to explain what kind of risk and return is currently prevailing in the marketplace, or what should be asset mix to increase return with minimal risk.

Furthermore, whenever the market is behaving abnormally -- like now -- an investment advisor will analyse the situation and will provide all the pros and cons about investing in such a volatile time so that small investors can control their losses. In fact, if investment advisors were in place, we might have put a ceiling on the damage caused by 1996 market collapse.

Because of high returns, our market is getting attention from every corner of society. Today more than two million people are involved with the stock market in Bangladesh. At least one lakh new investors have entered the capital market in the last two years. If we can induce small investors to seek advice from trained investment advisors, overall risk management in the marketplace will be impacted positively.

In the beginning, investors will not seek assistance from professional advisors. In time they will understand the need for

professional advices. Once people hardly visited doctors in villages, and used to go to a quack in case of emergency. Now even people in the villages understand the necessity of a specialist doctor. Similarly, since our market is getting complex because of new innovative products, investors eventually will have to seek assistance regarding investment from trained investment advisors.

Bangladesh is now considering having a commodity exchange. However, mass irrational investment in the complex commodity market will pose a systematic risk to the whole economy. Since most of the newly signed up investors have not even the basic knowledge about the market system and investment techniques, trained investor advisors can fill the gap.

In addition, to increasing employment opportunities for business students, in the long run, the result of this introduction of investment advisor is a far more active, efficient, and transparent capital market that facilitates the capital formation which is vital to our economy.

Because it is the responsibility of the SEC to secure small investors' investment and also to increase efficiency of the overall market, it should take all the measures to provide regulatory framework leading toward ensuring trained investment advisors in Bangladesh.

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## Maoists stand at bay

Political parties should take a leaf from the book of the Maoists. Today, Maoists have come to represent a socio-economic change in the country. They alone talk about such an agenda. What they do not realise is that they will be a big force to reckon with if they take to electoral politics.



KULDIP NAYAR

**T**AMAR is a small advasi tribal village in the deep jungles of Chhattisgarh. Two farmers from the village are fighting a losing battle against a young Congress member of parliament. He has forcibly built a factory on their fields, spread over 10 acres. He belongs to an industrialist family from Haryana.

One farmer, possessing one and a half acres, is a policeman who has resigned from his job to devote all his time to get back the land. He and the other farmer, having seven and a half acres of land, often travel 400 kilometres to Raipur, the state capital, to knock at the door of top officials because they (farmers) have got no justice at the district headquarters, Raigarh.

Both the farmers have been dubbed Maoists. Prime Minister Manmohan

Singh has characterised the force as the "single biggest internal security challenge" to India. The two farmers have nothing to do with the Maoists or Naxalites, a group of radicals who initiated their armed struggle in 1967 from a village called Naxalbari in West Bengal.

But since the Maoists have evoked revulsion in the last few months after slaughtering 24 policemen in West Bengal and 12 villagers in Bihar, including two who were beheaded, the government finds it convenient to call the two farmers Maoists to divert attention from the forcible occupation of the land. But the two farmers are not an exception.

I met at Raipur this week, many tribals who had been ousted from their land and villages to make room for industrialists, Indian and foreigners, to exploit the natural resources like coal and iron ore. The state government has signed as many as

105 MoUs. The rag-tag force of Sulwa Judum is an armed private outfit that the government has constituted to drive out tribals by force.

Some of the uprooted tribals, numbering two lakh, have crossed over from Chhattisgarh to the jungles in Maharashtra, Orissa and Andhra Pradesh. Many wait to be rehabilitated (40,000 are still in camps). Tribals could have used their poisoned arrows to defend themselves, as they had done in the past. But they say that they trust the government, which has promised to shift them to other lands where they will have facilities to send their children to schools and reach the sick easily to the health centres. Tribals have no reason to disbelieve the government, which gives them one kilo rice for two rupees.

The National Human Rights Commission gave a critical report against the treatment meted out to tribals. On the basis of the report, the Supreme Court has instructed the Chhattisgarh government to rehabilitate the dispossessed adivasis. Every collector has been asked to rehabilitate the ousted. But there is no action yet, no land in sight.

In fact, Chhattisgarh has some districts where the collector has no hesitation in admitting that his writ does not run in the entire area under him. But this is also the case in other parts of India. Out of 626, collectors of some 210 districts in the country say the same thing helplessly.

An overwhelming number of tribals, roughly 84 million, 8.2 per cent of India's population, are not with the Maoists in their rebellion against the state. But what option do tribals have when they find the Maoists equipped with the latest weapons threatening them? Tribals are primarily victims of lack of development and corruption. In fact, they find themselves caught between the government's neglect and the Maoists' guns.

Tribals want to return to their old life, when the forest provided them with everything they needed. They had, then, *jal* (water), *zamin* (land) and the natural bounty of the jungle. In fact, that is their demand and they agitate to have them back. They are too innocent for the mechanisations and brute force of the nexus between the government and the corporate sector.

The Maoists have only made things more difficult for them because their war cry and their violence have driven the state to adopt more fascist tactics. Unthinkingly, New Delhi has named the

operation Green Hunt. If at all it is a hunt, it is for the red and it endangers whatever green is left. The ravages of operation through the jungles can be devastating. The innocent will bear the brunt.

I also met Dr. Vinayak Sen, reportedly a Maoist, at Raipur. He is president of Chattisgarh's People's Union for Civil Liberties. He is a doctor who has spent two years in jail. I did not see anything violent either in his deeds or words. Why the government took umbrage against his fight for civil rights of the suppressed tribals is not understandable. Such people should be given recognition for the good work they are doing to retrieve tribals from the Maoists' clutches.

Those who live by the gun die by the gun. How can the culture of violence be superior to the culture of peace? Bullet cannot replace ballot. The Naxalites' advantage is not the fear they evoke but the hope they generate through the promise of an egalitarian society.

The crisis of Indian politics, as I see, is a crisis of change. It reflects the widening gap between the base of polity and its structures. Both political and the economic processes have brought sections of the peripheral and deprived social strata in the open without the rulers doing anything about it. There is a growing demand for purposive and principled politics, and mounting anger over the neglect of public interest by political parties and leaders.

Home Minister P.Chidambaram may be able to suppress the Maoists by employing the huge apparatus of the government has built in the name of law and order, a state subject. But he should realise that some other Maoists will come up if 70 percent of the people remain poor and if the disparities between the people and the areas do not get narrower and narrower.

Chidambaram's advice to the Maoists to give up violence would go down better if he were to announce the economic package as well. He must have seen how the movement, confined to a few villages in West Bengal some 50 years ago, has spread to Orissa, Bihar, Jharkhand, Chhattisgarh and Andhra Pradesh.

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Kuldip Nayar is an eminent Indian columnist.