

## Good news, bad news

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A.N.M. NURUL HAQUE

HERE is good news and there is bad news. The first piece of good news is that Bangladesh has been identified as one of the world's top 30 emerging nations where IT services could be shifted in 2010-2011. Gartner, the World's leading information technology research and advisory company, has included Bangladesh for the first time along with 29 other top countries.

Eight new countries, including Bangladesh, have made their debut in the Top 30 as they have placed significant emphasis on IT and business process services, providing a vehicle for their economic growth.

The second piece of good news is that Bangladesh has advanced significantly in the prestigious Economist Intelligence Unit's (EIU) Index of Democracy 2010. The index showed that Bangladesh has risen to 83rd position this year from its 91st place in 2008.

The progress signifies considerable improvement in core areas of democracy in the past two years. The EIU Index is based on five categories -- electoral process and pluralism, civil liberties, the functioning of government, political participation and political culture.

Another piece of good news is that the country's foreign exchange reserves stood at \$10.949 billion on December 22 this year compared with \$10.32 billion a year ago, showing a 6.09% rise. The reserves were lower by \$211 million (1.89%) compared with \$11.16 billion recorded in October, 2010.

The gross foreign exchange reserves in October this year, without ACU (Asian Clearing Union) liability, was equivalent to import payments of 5.22 months. The imports were worth \$2.14 billion per month based on the previous 12-month average.

That the export earnings of the country during July-October, 2010 increased by \$1.828 billion (37.35%) to \$ 6.721 billion compared with \$4.894 billion during July-October of last fiscal is also a piece of good news.

Terming Bangladesh's GDP growth of 5.8% for fiscal 2009-10 as respectable, the Asian Development Bank (ADB) expects a higher growth in the current fiscal if the trend of export growth is sustained and the domestic economy performs strongly. This may also be considered as a piece of good news.

The ADB noted that strong performance by the agriculture and non-farm sectors and a pickup in public spending contrib-

uted to this respectable growth. Agriculture grew strongly with continued government support, which encouraged favourable supply responses.

are responsible for decline of manpower export from the country, which is why there is a decline in remittances.

Prime Minister Sheikh Hasina issued a strong warning recently to recruiting agencies, discouraging them from cheating migrant workers. The prime minister's warning is most welcome. But her good initiative will go in vain if appropriate measures are not taken to stop the cheating of migrant workers and end anomalies and corruption in manpower export.

That the import payments of the country during July-October period of fiscal 2010-11 amounted to \$9.547 billion against

speedy actions to upgrade infrastructure, improve the investment climate, develop institutional capacity, and accelerate economic reforms.

The findings of the latest national household survey on corruption by the Bangladesh chapter of the Berlin-based Transparency International (TIB), which indicate that the judiciary is most corrupt among the service sectors, is certainly a piece of bad news.

With their faith in other major organs of the state substantially eroded, the people still look up at the judiciary as their only hope for protection of their rights. This



Now the bad news. The remittance receipt during July-November of fiscal 2010-11 totaled \$4.529 billion, which is lower than the \$4.659 billion received during the same period of last fiscal, showing a decline by \$130 million (2.79%). The inflow of remittances during July-October, 2010 fell by \$32.63 million (0.90%) to \$3.576 billion against \$3.609 billion during July-October, 2009.

The remittances sent by non-resident Bangladeshis during November this year have also declined. It was \$945.99 million against \$1.051 billion in the same month last year.

Bangladesh Bank's statistics shows that remittance during fiscal year 2009-10 was recorded at \$10.973 billion.

Despite global economic recession, Bangladesh's economy remained on a firm footing, and the credit goes to our migrant workers. With the remittances sent by them Bangladesh has been able to form a bank reserve of \$1,000 crore. But anomalies, irregularities, corruption and fraudulence

\$7.159 billion during the same period of last fiscal year, indicating a rise by \$ 2.388 billion, is another piece of bad news.

In its quarterly economic update of September 2010 the ADB, a leading lending agency of the country, said that food prices were rising, causing hardships for the poor especially in rural areas while high growth in broad money and private sector credit was fuelling inflation. The alarming rise in the cost of living due to the abnormal price hike of essentials has forced most of the people to live in utter misery. That is a truth that the government cannot really deny.

Industry sector growth declined because of a fall in external demand and shortage of power, gas, and transportation facilities. Services sector growth also declined because of slower trade activities until later in the year and a decrease in industry sector growth.

To create conditions conducive for rapid growth, the ADB said that Bangladesh needed to undertake major initiatives to address power and gas shortages, take

TIB finding is likely to shake the public faith in the judiciary.

Corruption among government functionaries and public agencies is still high in the country and is always discussed in the international arena. The rise of corruption in the judiciary has occurred most during the tenure of the incumbent government, which pledged to the people that it would adopt multi-pronged measures to curb corruption.

Chairing a cabinet meeting on December 19, the prime minister directed all ministers to expedite their works, saying that the people would judge the government very critically. Such realism by the prime minister is really an encouraging development. The AL leadership should now take criticism in due spirit and make the country more inclined towards development and less inclined towards political unrest.

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## India battles for transparency

But this doesn't mean India can't begin to curb corruption. The uproar over the Radia tapes shows that society's capacity for outrage remains intact. Every walk of life has its share of the scrupulously upright.

SADANAND DHUME

IN comparisons between China and India of the sort that have become commonplace in recent years, India is often given the edge on account of its political system. India has a deep-rooted democracy, the argument goes, while China is a brittle autocracy whose government functions without transparency or accountability.

Indeed, the idea of India as Asia's democratic alternative to China was underscored during US President Barack Obama's November visit to India, where he declared that "in Asia and around the world, India is not simply emerging; India has emerged."

A cursory look at Indian newspapers over the past six weeks, though, portrays a country submerged in corruption. Exhibit A: the so-called 2G telecom scam, the allocation of licenses for a pittance, an alleged \$40 billion fraud that taints powerful politicians, leading industrialists and some of the best known names in Indian journalism. And though the Indian economy continues to grow at an impressive 9% per year, the depth of the rot suggested by the scandal raises questions about the sustainability of the Indian model of development.

That sometimes corner-cutting corporations benefited the most from the corruption that accompanied India's opening casts a shadow over the economic-reform process.

Despite loosening government control over the economy, enough remains for politicians to milk. The country's businesses remain beholden to an anarchic and greedy political class whose appetites have multiplied manifold since the advent of economic reforms nearly two decades ago.

That the taint comes from the telecom

industry, a poster child of Indian reform thanks to a massive user base of 600 million, built up over the past decade, could hurt public appetite for further reforms. And unless the country moves decisively to stem the rot, large businesses may think twice about future investments. The ultimate loser would be the people of India.

The 2G scandal, involving the government's 2008 allocation of valuable telecom spectrum to favoured firms at throw-away prices, already brought this year's winter session of parliament to a halt over unsuccessful opposition demands for a wide-ranging inquiry. The man at the centre of the storm, former telecom minister A. Raja, was forced to resign pending an investigation. Raja claims innocence.

Meanwhile, the publication by two news magazines last month of a series of secretly taped phone conversations between Niira Radia, a high-powered lobbyist for two of India's richest men -- Mukesh Ambani of Reliance Industries and Ratan Tata of the Tata Group and industrialists has India agog.

The recordings, part of an income-tax investigation of Radia, reveal a country run by clubby elites whose allegiance to one another is apparently greater than to the general public they're supposed to serve. In the aftermath of national elections last year, Radia worked the phones in an attempt to ensure that the telecom portfolio -- dubbed an ATM ministry in India's political parlance for its lucrativeness -- remained with Raja, already under a cloud of suspicion for corruption.

Well-known journalists apparently offered to act as intermediaries with the ruling Congress Party, agreeing to pass on messages from Radia to senior party figures and reporting back to her on conversations. In an unrelated matter, influential

editors alluded to a capacity to fix a court judgment on a multibillion-dollar gas-pricing dispute between Mukesh Ambani and his estranged younger brother Anil, or blithely discussed story placement and media strategy with Radia.

An opposition member of parliament is heard allegedly plotting to change the order of speakers in a parliamentary budget discussion to benefit a potential tax break for Mukesh Ambani. The 142-year-old Tata Group, long known for a squeaky clean reputation, is under a cloud for using Radia to lobby on behalf of a minister now largely viewed as a by-word for corruption.

Though most speakers on the tapes are not accused of illegal activity, taken collectively the tapes nonetheless create an overwhelming impression that the exercise of power in India is compromised by a culture of rampant cronyism.

So far, middle-class ire focuses on the state of Indian journalism. Over the years, educated Indians have grown cynical about politics and politicians. Individuals regarded as personally honest -- such as Prime Minister Manmohan Singh and senior opposition BJP leader L.K. Advani are the exception rather than the norm.

More worrying, from a longer-term perspective, is the idea that the tapes reveal undue corporate influence in the affairs of India. For the first time since the advent of economic reforms a large section of educated Indians blames business rather than government for creating a national problem.

That India's institutions have failed to rein in corruption is undeniable. Transparency International ranks India 87 out of 178 countries surveyed for perceptions of public corruption, behind the likes of Malawi and Morocco. China is number 78. But though individual business houses are often guilty of gaming the system, the genesis of the problem in India is cultural and political. At best, 300 million Indians can be called middle-class by even the most generous estimate.

Most of the rest are too poor and ill-educated to make corruption an electoral issue. Caste, creed and the price of onions

are more likely to influence their vote than looting in distant Delhi.

Moreover, India's splintered polity is littered with caste-based or regional parties with little conception of the national interest. Raja belongs to one such party, the DMK, an important Congress ally from the southern state of Tamil Nadu whose campaign blandishments for prospective voters sometimes include cash-stuffed envelopes and cable TV connections. For its part, the middle-class tends to personalise corruption rather than focus on the system. In prosperous democracies, leaders are deemed upright as much for presiding over a clean government as for personal honesty.

By contrast, until now Prime Minister Singh has remained beyond reproach despite the misdeeds of his cabinet colleagues.

But this doesn't mean India can't begin to curb corruption. The uproar over the Radia tapes shows that society's capacity for outrage remains intact. Every walk of life has its share of the scrupulously upright. And unlike many developing countries, India has stood up and sustained credible institutions such as the Election Commission, the Supreme Court, and the Securities and Exchange Board of India.

If India wants to be taken seriously as a world power, it must establish similar institutions to fight corruption. A good place to start would be an independent anti-corruption commission backed with investigative powers, prosecutorial heft and fast-track courts. Unlike in China, where the threat of harsh punishment can deter blatant corruption, India has nurtured an anything-goes environment where the powerful rarely face trial or conviction. Only when Indian businessmen aren't held hostage by an erratic and all-powerful political class -- when public servants begin to pay for breaking the law will the country's future prosperity be assured.

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## The flurry of cases against TIB

The report must be taken in the spirit it has been prepared

IT'S a matter of abject pity. Instead of appreciating the good work that Transparency International (Bangladesh) is doing some are bent upon involving it in a senseless controversy. The day before, three defamation cases were filed in Comilla and Chittagong against TIB, for "demeaning the judiciary." The case filed in Comilla was dismissed on technical grounds in the evening hours after the court issued arrest warrants against the three. However, the two Chittagong courts have summoned the three TIB officials against whom the cases were filed there in connection with the recent TIB survey report which showed that the judiciary was the most corrupt service sector in Bangladesh.

Let's look at what the survey is all about. The TIB visited 6,000 households and spoke to inmates on one-to-one basis asking them about their experience in receiving services including their encounter with corruption, if any. Based on their findings, the report is a public opinion survey. Public opinion is regarded as a valuable tool for good governance in the modern-day world and is extensively utilised in many countries as a matter of normal practice. It is a barometer whereby the government of the day gauges the effectiveness or otherwise of its policies, where its governance meets public expectations and where it does not.

We wonder why that which is an instrument of good governance is sought to be undermined. It is to be noted that as soon as the report came out some ministers came down heavily on it in putting strange motives. It is in the wake of the ministers' comments that a series of cases have been moved in the court. If this were to raise suspicion in the public mind that the cases may have been politically motivated would that be too wrong a statement?

The modality adopted by the TIB is one that is adopted by all those that conduct such survey, and public survey, or opinion poll, is an accepted means of determining the public pulse, opinion, views, judgment about a particular issue, person or institution - which the TIB has done in this instance. The people have every right to express their views and the TIB has equal right to collect, collate and make public the views for the public to make their own opinion. What is wrong in people recording their experience about graft in the service sectors, about the hassles they encounter in their daily life, and what is wrong in TIB making it known to the public?

We believe that the report was not designed to malign any one, least of all the government, and in any case graft did not appear during the last two years only. It has been there and has grown, unfortunately, over time. And it is in that spirit that the government and all concerned should take the report and make good use of it. If need be, the government can employ its agencies to verify the findings.

So we urge all concerned to desist from any knee-jack reaction to the report signaling intolerance of public opinion survey, a standard practice in democracies around the world to help themselves perfect their policies and actions midway for the good of the people.

## Tougher action against environmental polluters

The government should set an example

THE recent special drive to bring to book environmental polluters -- in which over 100 polluting units have been fined -- is commendable. Half of the amount in fines is yet to be realised, however. Despite tougher laws and the government's promises of strict action against violators, the evil of pollution continues, causing serious hazards to public health and marine life from industries, especially fabric and dyeing industries and tanneries.

Directives and fines are obviously not enough. Most of the 371 heavy polluter industries that have installed effluent treatment plants (ETP), rarely use them, while 311 severe polluter industries are yet to install the plants in the first place, having failed to meet the deadline of June 30 this year. Final warnings for timebound compliance, if not heeded, may be followed by strict action such as de-licensing defaulting industries, in order to counter their passivity and negligence. Like safety precautions, measures to protect the environment should also be a strict pre-requisite for setting up of industries.

A key concern in the recent action against environmental polluters is pressure from political high-ups, which is getting in the way of tougher action being taken against owners of many industries who are former law-makers or who have connections to current ones. However, the fact that some of them have been fined for the first time ever is a positive sign.

While the government has pledged to take any action necessary to protect the environment, it is yet to take any concrete decisions. The plan to relocate tanneries and the Export Processing Zone (EPZ) in separate industrial zones remains unimplemented as legal cases drag on almost indefinitely. The industries' demands for government loans to set up ETBs as well as the government's plans to set up centralised ones in industrial zones are yet to be realised. There also lies a hitch in the fact that many government-owned and government-operated industries such as Bangladesh Small and Cottage Industries Corporation (BSCIC) and some EPZs themselves do not have ETBs. Before demanding it of private industries, the government would do well to set an example of doing the needful itself.

Not only tougher laws but their strict enforcement, as well as concrete long-term plans are necessary to counter not only industrial pollution but environmental damage in general. And the government must be the one to not only make the laws, but also to set an example of following them.