

STRATEGICALLY SPEAKING

SMEs have high potential

Barriers to their growth should be removed

DESPITE the government's recognition of the Small and Medium Enterprise (SME) sector as an important driver of economic development and employment generation, real headway is yet to be made in the sector.

Yes, the central bank has laid emphasis on the SME sector in accelerating pro-poor growth. We note also that the women entrepreneurs were given a stimulus in the form of Special Credit Package Programme through the SME foundation.

Yet, whereas in India and Sri Lanka the SMEs reportedly comprise about 21 per cent of their GDP, we are still basically stuck with policy declarations.

Starting from obtaining credit and gaining access to land through project feasibility to pricing and marketing, there is need for counselling and guidance to potential entrepreneurs.

Unless the government relaxes insistence on collateral security for availing loan from banks or other financial institutions, the funds earmarked for the sector will remain under-utilised.

Although there is domestic demand for SME products, the chief advantage of SMEs is their export potential. In this context, the prices and qualities will have to be competitive with the outside world.

The SMEs in the service and manufacturing sub-sectors are mainly facing difficulty in accessing institutional credit.

According to an expert, the small and medium scale trading houses are taking the lion's share (between 60 and 80 per cent) of the institutional credit, though they generate limited employment compared to those in the service and manufacturing sectors.

High interest rates are another barrier to the SMEs. Particular mention may be made of the refinancing schemes for SMEs under Bangladesh Bank. Unfortunately, very high interest rates charged by the banks through which the funds are being disbursed discourage the genuine SMEs to derive benefit.

Finally, we have to bear in mind three very important dimensions to prioritising SMEs. First, it is a powerful tool for pro-poor growth in the poverty reduction strategy paper (PRSPII). Secondly, this is a sector where ingenuity and innovation can get free play. Last but not least, it provides backward linkages to the higher end manufacturing sector.

Fatwa-related crimes persist

Strict, prompt action required

A recent case of a woman and her husband's male friend being sentenced to 101 lashings for engaging in 'anti-social activities' made its way into some newspapers. The woman, from Naogaon, was reportedly talking to her husband's friend in her home where no other male member was present. Upon discovering this, an over-enthusiastic neighbour claimed that the two were engaging in unethical relations and caught and tied the man to a tree. A local arbitration later sentenced both the woman and man to 101 lashings each, and fined them a total of Tk. 5,000. The money was later used to feed sweets to the locals to celebrate saving of the woman's marriage, according to a local influential who was a part of the arbitration. The sentence, as is often the case, was given by a local religious leader.

For all practical purposes, the case is one of fatwa, a so-called religious edict, but which has been used vindictively time and again by local religious and community leaders to punish whom they judge to be 'deviant' persons, most often, poor, illiterate women. The Supreme Court last year declared fatwa legal in 'religious matters' only and categorically said that such edicts cannot be imposed on anyone, used to punish anyone or violate rights which are protected by the laws of the land. Incidents such as the above clearly do all three, yet they continue unabated, especially in remote areas of the country, where local influential community members use their power to exploit and punish the poor and helpless.

In order to end such crimes, this and similar cases must be thoroughly investigated, the perpetrators brought to book with exemplary punishment. These acts are not only illegal but outright barbaric and totally against the



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THE Nobel Laureate has been rather off the scene at home, and it was after a very long time that we read his comments in the

media a couple of days ago made at a function organised by the Gana Shasta Kendra to honour some freedom fighters.

Perhaps there is reason for Dr. Yunus' reticence, because, as likely as not, what he pronounces has a good chance of being misrepresented, misquoted or distorted, giving the opportunity to his detractors to pounce on him. In Bangladesh it is not only wise to believe in the maxim that the dumb has no enemy but also to act on it.

I am sure, by God's Grace, Dr. Yunus is well and doing fine. And he is at the moment in the country. And when not in the country he is either delivering talks at various international fora on a range of global issues and of course on micro-finance, or social business that is catching up pretty fast internationally, or being received with honour by kings, presidents, and heads of governments, not only in the western world but in the four corners of the globe, cutting across languages, cultures, religions and race, who want to share his ideas and utilise his experience and expertise to better the lot of their peoples.

And while our lone Nobel Laureate is being bestowed with honours in other countries and deservedly so, he is being blatantly belittled and disregarded by his own. The loudness of his absence in all government and state functions since the time he was so unceremoniously forced out of his

position from Grameen Bank, albeit through a court judgment, compels me to ask of his whereabouts. His absence at the inauguration of Bangla Academy Book Fair and other state functions, particularly the most recent one, the World Bengali Convention-2012, held between February 19 and 23 in Dhaka, has been very visible.

However, it was good to see that the main stage on these occasions was adorned by another illustrious Bengali, Prof. Amartya Sen. Prof. Sen has done our country a great honour in adorning several state-level functions in the last few months. And no one can have any reservation about that. He has made us proud as a Bengali. There are but a very few of his caliber as a scholar in the world, and one would find it hard to come across a more committed secular individual than he. In him we find a kindred soul who has spoken out for Bangladesh and publicised our achievements to the world. And we only honour ourselves by honouring Dr. Amartya Sen.

But the question is why our Nobel Laureate is being ignored? Is Dr. Yunus' absence occasioned by his equation with the prime minister? Is he being left out because she does not like him? The PM's feeling towards him is not a state secret, so clearly expressed publicly and in private. If calling someone a "blood-sucker" is not an expression of utmost contempt of

the person that adjective is addressed to, then what is? And when the object of disdain happened to have made Bangladesh positively visible to the world, most of which associate only disaster, famine and poverty with the country, there cannot be a more pathetic situation than that.

I do not think Dr. Yunus' credentials are any less than any other Nobel Laureate's. Much as we found the spin doctors in the establishment, and some outside it too, run him and Grameen Bank down, preparatory to causing his exit from the Bank, his idea was,

and still is, being replicated in more than a hundred countries in the world. The Bank had not only flourished under Dr. Yunus, the idea had won many accolades and the ultimate recognition of his work and of the Grameen Bank was the Nobel Prize.

While Dr. Yunus was given a bad name by some ill-motivated group in the country, nothing incriminating against him has been found. And even the government appointed enquiry committee has not been able to find anything to substantiate the allegations made against him. And the Norwegian government, a party in the particular issue, has exonerated him after conducting its own inquiry.

One can understand the constraints of the organisers of the state level functions, particularly ones that are graced by the PM herself. We understand that per-

haps exclusion of Dr. Yunus from the guest list is a pre-condition for the attendance of the PM. One can recall the episode of the inauguration of the Asian University for Women where reportedly the Nobel Laureate's name was dropped from the list as the main speaker for some unknown reasons. We wonder whether that had anything to do with the fact that the PM was the chief guest at that function.

But what about the civil society and the private organisations? Admittedly, it is the organisers' prerogative to invite or not to invite whoever they like, but when private and intellectual bodies who are supposed to be the keepers of the nation's conscience kowtow to the government then we have much to worry about. Take for example the recently held World Bengali Conference? I am appalled and surprised to see the name of Dr. Yunus missing from the list of key-note speakers. While in no way demeaning those that are on the list, I dare say Dr. Yunus merits no less than those on the list, to be there.

We wonder whether the PM and her advisors are aware of the great damage being done to the image and prestige of the country because of her personal aversion to Dr. Yunus. His denigration at home because of that, while being accorded so much honour and dignity abroad, also sullies the image of the government and those that are leading it.

We should not forget that honouring a son of the soil who has done us proud is honouring ourselves. And by the same token we belittle ourselves as a nation by not giving him or her due honour.

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| The New York Times EXCLUSIVE

Chinese labour, cheap no more

MICHELLE DAMMON LOYALKA

WHEN China's Vice President, Xi Jinping, visited the White House on Tuesday, President Obama renewed calls for China to play more fairly in the world economy. Vice President Joseph R. Biden Jr. echoed those sentiments, telling Xi that the two countries could cooperate "only if the game is fair."

But while China's industrial subsidies, trade policies, undervalued currency and lack of enforcement for intellectual property rights all remain sticking points for the United States, there is at least one area in which the playing field seems to be slowly levelling -- the cheap labour that has made China's factories nearly unbeatable is not so cheap anymore.

China has experienced sporadic labour shortages, which in turn have driven up its once rock-bottom labour costs. This trend is particularly evident in the weeks following China's Spring Festival, or New Year, when more than 100 million rural migrants return to the countryside to spend the year's biggest holiday with family. Coaxing those same migrants back into the urban work force has proven increasingly difficult.

This year has been no exception. Although nearly two weeks have passed since the Lantern Festival that officially marks the end of the 15-day holiday, cities across China are still facing a serious labour shortfall. In order to lure new workers and retain the old, some companies give employees sizable bonuses just for coming back to work, while others offer cash for every new

employee they bring along with them. And in many areas, wage increases ranging from 10 to 30% have become the norm.

Despite all this, cities like Beijing, Shenzhen and Guangzhou are still short hundreds of thousands of migrant workers. Shandong Province is missing a full third of its migrant work force, and Hubei Province reports a loss of more than 600,000 workers. Last week, the Chinese government released a report describing this year's post-Spring Festival labour shortage as not only more pronounced than in years past, but also longer-lasting and wider in scope.

Numerous factors underlie China's mounting labour woes. Until now, the country has been able to achieve its stunning economic growth by shifting large numbers of farmers into non-agricultural jobs. Over the past several years economists have warned that China may be reaching the so-called Lewis Turning Point -- the stage at which the rural surplus labour pool effectively runs dry and wages begin to rapidly increase.

At the same time, China's population has been steadily aging, and by 2020 the nation will have more than 200 million people over age 60. Furthermore, rising living costs in urban China coupled with markedly

improved conditions in rural areas are encouraging many would-be migrant workers to look for opportunities closer to home.

In addition to a shortage in the sheer number of available workers, China's labour problems are further exacerbated by a shift in the quality and character of its work force. For the older generation, there is very little that a factory or foreman can dish out that seems too difficult to deal with, given that they witnessed,

or grew up with parents who had witnessed, the nation's rocky ride through the Communist Revolution, collectivisation, the disastrous Great Leap Forward and the Cultural Revolution. These are the people who pioneered the model of migrant labour on which Chinese manufacturing has come to depend -- long hours in substandard conditions, all for a fraction of

what United States workers earn. As illustrated by the recent headlines over working conditions at Foxconn, which makes components for Apple, there are plenty of migrant workers still living and working under that model. But by and large China's younger generation is no longer willing to endure hardship without clear expectations that it is a temporary means to a more comfortable end. According to the government

report, a full 70% of rural migrants are now under 30. That means they are members of the so-called after-'80s generation -- a euphemistic Chinese term to describe those who grew up during the nation's economic revival and have thus never experienced real deprivation or acquired a taste for the chiku ("eating bitterness") work ethic championed by previous generations.

In the past, China's migrant workers were just thankful not to go hungry; today they are savvy and secure enough to start being choosy. Higher salaries, basic benefits, better working conditions and less physically taxing jobs are only the beginning of their demands, and for many factories, these are already too costly to be tenable.

For China, having spent the last three decades building the nation on the back of its cheap labour force without having to pay too much attention to its welfare, all this is uncharted territory. It is also a serious blow to the comparative advantage that has helped make its factories an international juggernaut.

It's no wonder then that the day after meeting with Xi, Obama showed up at a Master Lock plant in Milwaukee declaring that the time for manufacturing jobs to return to America had arrived. Not too long ago such a statement would have been nearly unthinkable, but now, thanks to China's rising labour costs, it looks as if America might be back in the manufacturing game sooner than expected.

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THIS DAY IN HISTORY

February 23

1917 First demonstrations in Saint Petersburg, Russia. The beginning of the February Revolution.

1955 First meeting of the Southeast Asia Treaty Organization (SEATO).

1966 In Syria, Baath party member Salah Jadid leads an intra-party military coup that replaces the previous government of General Amin Hafiz, also a Baathist.

1991 Gulf War: Ground troops cross the Saudi Arabian border and enter Iraq, thus beginning the ground phase of the war.

1998 Osama bin Laden publishes a fatwa declaring jihad against all Jews and "Crusaders"; the latter term is commonly interpreted to refer to the people of Europe and the United States.