

## Children in need of homes

### High time for uniform adoption laws

**L**OST or abandoned children in Bangladesh are denied the chance of a normal childhood, as highlighted by a Daily Star report yesterday. If unclaimed by their legal parents, they end up in government shelters or orphanages where they can live till they are 18. However, as the country lacks uniform adoption laws, it is difficult, if not impossible, for other families to adopt these children and provide them a home and a new life.

Currently, legal adoption is only permissible for Hindu males who can adopt boys, but not girls; under the Hindu law, an adopted son would enjoy the same rights as a son born to the family. Under Muslim laws, Muslim families are only allowed to seek guardianship of children through the family courts. However, the process of guardianship does not confer any rights to the children, which makes it easy for extended families to deny them property. Worse still, it has been noted that, with no monitoring mechanism in place, many families take guardianship of children, but, rather than provide a loving home, they often treat them like servants.

In Bangladesh, there are many children who are in need of a home, and many families who wish to adopt children. Unfortunately, adoption, which was a simple and legal process in the country post-liberation, has been disallowed since 1981. It is high time for the government to reconsider this stance and adopt a uniform adoption law that enables these homeless children to find new parents, love and a place to call home. Meanwhile, a monitoring mechanism needs to be instituted to ensure that guardians do not ill-treat their adopted wards.

## Society considers them a liability

### Relatives abandoning patients at hospital

**I**T is one of those issues families do not like to air in public. Mentally challenged children or adults are not talked about and are usually hidden away from sight. The mentally challenged denied proper treatment and are looked down upon as a burden on the family. Hence, it is not surprising to find such mentally ill patients being regularly dumped in the country's dedicated Pabna Mental Hospital. That is just the beginning of the story. According to a report published in this paper, there have been cases where families give false addresses so that there is no possibility for hospital authorities to return patients to their homes once treatment is completed. This prevents the hospital from admitting new patients in need of immediate attention.

The number of psychiatrists nationwide is painfully inadequate compared to the number of patients. The Pabna Mental Hospital runs with only four doctors for 500 beds and needs another 30 doctors. Add to this a culture of general physicians not referring patients to seek psychiatric help and we have a situation where proper treatment of mentally challenged patients is practically non-existent. A large number of mental illnesses can be cured with proper treatment; it is unacceptable that patients suffering from psychological disorders should be treated with such neglect. Our health policy must acknowledge and make adequate provisions for treating mental disorders. This requires planning and financial allocations in the health budget for recruitment of mental health practitioners and making provisions in medical institutions. With around a tenth of the population suffering from one form of mental disorder or other, this issue needs to be addressed properly at policy level.

## COMMENTS

### "Cops go tough on medical entry protests"

(October 8, 2015)

Tariq Wahid

What is the use of studying if questions get leaked?

### "A man loved by everyone"

(October 7, 2015)

Reaz Safdar

Bring the culprits to book.

Bishmito Mohi

The criminals killed an innocent foreign friend of ours.

### "LIVING WITH INJUSTICE"

(October 7, 2015)

Alamgir Mahmud

More barbaric incidents are happening every now and then in Myanmar. What step was taken by their military government? What did Suu Kyi do in this regard? Nothing. But in our country, the government tried to compensate Ramu victims and rebuild the temples.

Nahela Nowshin

To all those giving the example of Myanmar, why is it that you think it's okay to justify one injustice with another? Why can't you get it in your heads that they're both gross violations of human rights? If every time we countered Palestinians' sufferings with the Holocaust, what would you have to say then? So sick of the narrow-mindedness and the constant comparison of one injustice with another like it makes everything okay.

Pierre Claquin

Justice delayed is justice denied.

# An engineered depreciation

## WHAT CAN BB DO?

SHARJIL HAQUE

**A**MID the wave of currency depreciation across emerging markets in Asia, Bangladesh Bank's (BB) fight against appreciation stands out as an intriguing challenge. Economists and the corporate sector are calling for an "engineered" depreciation of the taka to revive export competitiveness.

The need for depreciation was fueled by rapid foreign reserve accumulation. As of September 2015, Bangladesh's foreign reserves stand at USD 26 billion from less than USD 10 billion only three years ago. Such rapid reserve accumulation would have appreciated the nominal exchange rate if BB had not relentlessly mopped up excess foreign currency from the interbank exchange market.

However, this policy of keeping the exchange rate stable by removing excess dollars from the market, injects equivalent local currency into the domestic economy. This creates a conflict between exchange rate and price stability targets which BB resolved by undertaking sterilisation operations. BB conducts sterilisation via reverse repo operations by selling BB bills and bonds, which removes the excess money supply. This strategy has ensured that broad money did not exceed monetary programme targets, despite net foreign assets (foreign reserves) drastically exceeding monetary programmed targets the last few years. Notwithstanding this success, a potential depreciation and associated sterilisation raises several challenges for the authorities.

In the latest monetary policy statement, BB's projection for net foreign assets and by extension, broad money, largely relies on the assumption of import growth outpacing export growth by 8.5 percent – a rate similar to last year's. However, a depreciation will affect these forecasts as imports become more expensive. Owing to pre-existing trade contracts, it is quite likely that the volume of import will not adjust immediately while the benefits to exporters will appear with a substantial lag. The implication is that trade deficit could worsen in the short-run before improving eventually – this is popularly known as the J-curve effect. In such a scenario, both trade and the current account deficit could exceed the authorities' monetary policy projections for FY 16, complicating its current financial programming exercise, and by extension monetary management.

The other aspect of foreign exchange intervention – sterilising excess liquidity – poses a major challenge for BB. Due to the high interest rate differential between

the rate authorities pay on BB-bills/bonds and the low return they receive on foreign reserves (usually invested in U.S treasury securities), the central bank incurs massive quasi-fiscal costs. Assuming 5-6 percent interest rate differential and that Bangladesh is holding approximately USD 15 billion of reserves in excess of three months' import payment, cost of holding excess reserves is USD 0.75-0.90 billion (note there are other ways also of calculating this cost). This figure is still on the lower side since rapid reserve accumulation started from 2013, when the interest rate differential was much higher. An artificially orchestrated depreciation will only add to this cost.

Even if we assume that the cost is not substantial, there is always an underlying risk of incomplete sterilisation. Given that BB purchased roughly USD 1.6 billion this fiscal year till September 20, just to keep the exchange rate stable, the absolute amount of

*Authorities could consider incorporating the effects of a possible depreciation of around 5 percent on its upcoming monetary programme projections.*

intervention necessary to fully turn around an appreciating currency could well be higher than previous years' USD 4-5 billion dollars. This means the challenge of sterilising excess liquidity escalates for the authorities. Any slowdown in sterilisation activities will translate to widening gap between broad money and private sector credit growth, potentially leading to higher inflation or even asset market bubbles.

Looking at the medium-term, if we assume a sustained pickup in exports, remittance or external borrowing from the private sector, speed of foreign currency inflow could rise. How long can authorities sustain this stance of artificially stabilising the exchange rate while maintaining price stability objectives? Now, what can authorities do to counter these issues?

First, authorities could consider incorporating the effects of a possible depreciation of around 5

percent on its upcoming monetary programme projections. This is particularly relevant now given that international oil and food price, and by extension, Bangladesh's import prices have fallen. Meaning, existing estimates of price elasticity of imports may no longer be reliable and the effect of a depreciation on imports may be different from what it was a few years ago. In this regard, readers of BB's monetary policy statement would like to know the effect on imports, current account and ultimately Balance of Payments brought about by an exogenous shock to the exchange rate. Additionally, it would be interesting to see if there is a J-curve effect with major trading partners given a change in exchange rate.

Second, authorities could time its intervention so that it is fighting less against the appreciating wind. One approach would be to aggressively purchase dollars from the market when an Asian Clearing Union payment intersects with lower inflow of exports and/or remittance. This is expected to create the shortage of foreign currency necessary to trigger a depreciation. Compared to intervening when net foreign currency inflow is following its regular trend, this strategy is expected to reduce the absolute value of intervention necessary to implement a depreciation. By extension, it means lower associated sterilisation costs.

Third, in the event that BB is not able to fully sterilise foreign exchange intervention with sterilisation bills/bonds and this results in persisting inflation or greater levels of excess liquidity in the banking sector, authorities would need to utilize additional tools. Based on the experience of China, India and several other emerging Asian countries in this context, authorities could utilise reserve requirements to soak up excess money supply. However, authorities should not hesitate to re-adjust reserve requirements when credit demand picks up.

While in the short-term, depreciation seems to be the best strategy to revive exports, in the medium term, authorities will need to tackle eroding competitiveness by reducing the inflation differential with major trade partners. Apart from reducing the real effective exchange rate, lower inflation will allow for lower lending rates, encouraging investments and productive imports. Sustained imports will prevent massive appreciation pressures and reduce BB's cumbersome dual-role of foreign exchange intervention and matching sterilisation.

The writer is currently working as a macroeconomic analyst in Washington D.C.

## Security for foreigners

### An Australian's perspective

ANDREW EAGLE

**I**feel I know enough, not about life and the universe, but to assess the current security situation for foreigners in Bangladesh. At the least, from having lived here for several years, I should know about as much as I need to know.

The first point is that security for foreigners in Bangladesh has always been very good. It's one of the country's strengths. It's easy to have confidence in the Bangladesh police and security services which, while criticised in other areas, do their absolute best to prevent foreigner insecurity. There is no doubt.

They are keenly aware of the particular consequences insecurity for foreigners can have on the country's reputation, as mentioned by the Prime Minister, and, were it to continue over a longer period, for the economy as well. More than that, police are not exempt from the sense of hospitality and 'looking after the guest attitude' that pervades Bangladesh.

I know they are currently under enormous pressure from the government, an embarrassed public and international circles to quickly arrest the killers of Italian Cesare Tavella and Japanese Kunio Hoshi. I can also imagine that this must be an exceedingly difficult task, especially if the perpetrators are a small, independent group or groups, rather than anything directed from Syria, as the international media wishes to sensationalise. Still, for foreigners living in Bangladesh, it must be said that whether they are hit men, local or international militants is a minor issue compared to safety.

I am worried that under pressure police can scapegoat. I hope this does not happen. In this regard, there are



important differences between the Bangladeshi public and, at the least, westerners. While in Bangladesh crime solving is taken as a given, investigation deadlines are oft prescribed and people will generally attribute any failure to quickly solve a crime to corruption or negligence; in western countries there are many unsolved crimes. Western publics expect law enforcers to do their best but they also appreciate that some crimes may not be solved for decades, and in others, offenders will never face justice. Such outcomes regularly apply to murder cases.

In that sense, at least in theory, foreigners are likely to be more patient in waiting and hoping for arrests. However, a strong counter argument is that most do not have to live here; it's a choice and security is an important aspect of that choice. Indeed, before Cesare Tavella's murder, security was a drawback.

To some degree, deliberately, I know few other foreigners here, mostly

because life is busy with local friends. But of the few I do have contact with, I know they are scared. Who wouldn't be? One was mentioning a friend who left for a holiday after the first murder, precisely what Bangladeshi friends have suggested for me. Others already out of the country are likely to delay return plans.

Of course it is easy to theorise that terrorist-style killings can happen anywhere in the world, that nowhere is entirely safe; and that Bangladesh remains even now safer than many - including western - countries. Besides, many foreigners here have lived through hartal seasons with street cocktails and petrol bombs thrown. We are used to unsettling periods.

Unfortunately however, this time it's different. During previous days of uncertainty, it was much easier to manage risk. Most obviously, one could avoid buses or travelling about by car on hartal days, arguably with most westerners better able to control their schedules than many locals who were

forced to attend office or drive a truck in order to feed their families.

The two murders are each significant: the first in the supposed secure zone for foreigners and the second in a semi-rural setting in Rangpur, a district that's hardly renowned for being particularly violent. During hartal periods, Dhaka often has better security than district towns, for example, but also, staying in a village, if not moving about, can be considered reasonably safe. Neither holds true this time.

More significantly, foreigners are the targets: an absolutely new development. Risk management says that this is particularly concerning because the number of foreigners in Bangladesh is relatively low, with less presence than in many comparable countries. We stand out. With foreigners set to leave, as many will if they can, hopefully temporarily, the statistics only worsen for those who stay. Moreover, with many foreigners staying off the streets, for those who move about the risk is greater still. Assurances of security protection by police are welcome but will surely not convince everybody.

Besides, as Bangladeshis know from hartals, living cautiously soon eats into life quality.

Nonetheless, I assume along with most foreigners who know Bangladesh, I would like to thank the police and other security agencies for their diligent efforts. For many years foreigners in this country have been able to move about freely with very little security concern. We know you are trying your best to solve these murders and return Bangladesh to the very hospitable and safe country that we are used to.

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## LETTERS TO THE EDITOR

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### Roads aren't trash bins

When I walk or travel along any road, I notice with disappointment that people throw almost anything and everything on the roads in Bangladesh. Shopkeepers keep on dumping the wastage onto the roads as long as their shops are open. We treat the roads as public trash bins. Consequently roads become dirty, stinky and unhealthy. It also creates an additional pressure on the road cleaners.

However, I have seen in Bangkok that shopkeepers store the waste in garbage bags and, at the end of the day, put them in front of their shops. The following morning, road cleaners come and collect the trash bags. It saves the cleaners' time and roads remain clean. Undoubtedly, it is a good habit which we can also begin practicing in Bangladesh. The authority concerned can also take some measures to raise awareness



among the people to create a healthier environment.

Jerry Cornelius Cardoza

Dhaka

### Repair the road to Bichhnakandi

Bichhnakandi is a newly emerged tourist spot which falls in the Goainghat Upazila of Sylhet. The beauty of this place can't be explained in words. Everyday more than five thousand visitors come to visit it. But it is a matter of sorrow that the road to Bichhnakandi is in a very bad shape. There are potholes everywhere. It is very risky to run vehicles over this road. We request the authority to take immediate steps to repair it.

Koyes Abmed

SUST, Sylhet