

## Panthapath militant hideout raided

*No scope to let our guard down*

We would like to congratulate our law enforcement agencies on a job well done. Yesterday's raid on a militant hideout in Panthapath is yet another reminder of the lurking threat of militancy in the country as well as the critical role of good intelligence in tackling it. Operation August Bite successfully foiled a planned attack on people going to Dhanmondi Road No. 32 to pay homage to Bangabandhu on National Mourning Day. The militant—Saiful Islam—was found with a suicide vest on him, a backpack and IED explosives. He died when his suicide vest exploded.

The raid was a success partly due to heightened surveillance and security measures, and it goes to show that constant vigilance is essential for a good counterterrorism strategy. We have learnt—especially in the last one year—that counterterrorism efforts need to be both constant and active. And we simply cannot afford to let our guard down at a time when militants—blinded by a destructive ideology—are becoming more and more sophisticated in their planning, and increasingly determined to carry out their attacks.

The Panthapath raid is amongst a string of successful raids on militant dens in the recent past. However, we must not become complacent. Coordination between law enforcement agencies—that are at the front lines of countering the threat of terrorism—is of utmost importance. We would also like to add that terrorism cannot be combated without good intelligence and for this multilateral intelligence collaboration—particularly with our neighbouring countries—is needed.

## The Hajj debacle!

*Somebody has to answer for this*

TIME is running out for some 15,000 hajj pilgrims who are yet to receive their visas. Although the religious ministry has given a 48-hour ultimatum (that runs out today) to 16 agencies to complete the visa related procedures to send 3,000 pilgrims by August 26, we need to ask some hard questions regarding bungling of this year's hajj.

It is not a question of slapping ultimatums on hajj agencies when things go wrong at the time of their departure for pilgrimage. Is the religious ministry's only job to ensure quota for hajj pilgrims or should it not be involved in the overall management of the entire procedure for hajj and ensure that all actions are duly completed by agencies involved in time? Every year, devotees are plagued by one problem or the other, and this year it has been especially acute.

With less than two weeks to go before the cut-off date of August 26, it may be that not all of these hajjis will be able to get their visas on time. Although devotees may get their money back, what about the mental anguish of not being able to participate in the holy pilgrimage? Who will compensate for that?

It is imperative that authorities take effective measures to expedite the process to make sure that all the hajj aspirants are able to go on the pilgrimage. We strongly urge the ministry to launch a thorough investigation to identify the loopholes in the hajj process. Bring those responsible for this situation to book for dereliction of duty. It is time these irregularities were straightened out once and for all so that we do not face this chaos in future.

## NSS RATES

# To cut or not to cut?



SHARJIL HAQUE

**T**O cut or not to cut yield on national savings schemes (NSS)—that's one headache our finance minister is unable to get rid of. Will reducing rates on national

savings schemes (NSS) have a strictly positive impact on our economy? Not necessarily, unless the gains from cutting rates are complemented by other necessary reforms, namely stronger regulation and institutions, better infrastructure, efficient banks and deeper asset markets.

We all know small savers rely on savings schemes that pay higher than bank interest rates in a country where prices of basic goods and utility still rise arbitrarily. Adequate and suitable employment is few and far between while retired citizens struggle through an underdeveloped pension system.

If NSS rates are cut, central bankers claim, monetary policy transmission will improve as well as encourage investment in the stock market. Bankers will rejoice at the fact that the government will finally start borrowing a bit more from



prerequisite for a strong financial sector and efficient resource allocation from savers to borrowers. We need far greater regulatory support and investor awareness, not just lower NSS yield to develop this market.

Speaking of monetary transmission, some will argue our banks will pass on policy rate changes to consumers if yields on savings schemes are reduced. Two points are worth considering here. First, with bad loans choking their frail balance sheets, the banks' responsiveness to central bank policy changes is likely to remain low. Professor Raghuram Rajan, former governor of the Reserve Bank of India, faced this very problem with the Indian banking sector. Add to that the gigantic volume of excess liquidity in our financial sector, and monetary policy transmission looks set to remain weak for the foreseeable future—give or take savings schemes. Second, with inflation already above deposit rates, how much further down do we really want deposit rates to go? What we need is the intermediation spread to go down, not to squash deposit rates in order to bring down lending rates.

No doubt bankers will be the first to put on their party hats if the government slashes rates on savings schemes. With NSS rates and hence its demand reduced, the government would have to finance more of its budget deficit with bank funding. But this implies that bank may feel less pressurised to hunt out real corporate and SME borrowers and be just happy putting their money in treasury

bills and bonds.

True, if NSS yields are reduced, the government will incur lower interest payments. From there it's easy to argue that the money saved can be used for productive development purposes. Again this is one of those arguments that do not really go to the root of our fiscal challenges. At this point, banks are teeming with excess liquidity while development partners have huge resources in their pipeline. The problem lies with our government's capacity to properly spend that money. Our abysmal track record in spending our allocation for the annual development programmes should be a good pointer. So while reducing NSS rates tells the common citizens that "we are paying you less today to make more public goods available to you in the future," the reality maybe pretty different.

To be sure, economists have put forth strategies the government could undertake to financially compensate small savers. But given how long it generally takes for any fiscal initiative to be fully implemented in Bangladesh, one must ask, should NSS rates be reduced before or after such an initiative is fully operational? A retired or senior citizen certainly will not want to sacrifice money today and wait 3-5 years for a lengthy government process to become operational.

Finally, watchdogs of the country's stock market argue that high yield on NSS impedes investment in the stock market. This argument is flawed if we agree that investors recognise the difference

between risk-free fixed income investment and equity investment, which comes with uncertainty. Take any random investor. Suppose his savings are divided between some equity investments and some in risk-free NSS. It's tough to believe that if NSS rates were significantly slashed, he would put the amount he had invested in NSS in stocks instead of bank deposits—even at lower rates—since he would want risk-free earning on at least a part of his income. Even more so given the general lack of confidence in our stock market, which has nothing to do with high NSS rates.

So what could be done? One option being considered lately is to offer above-market rates to small savers and market rates to institutional savers and wealthy citizens. But given our lack of automation, administrative and monitoring capacity, big investors will almost certainly find creative ways to earn the "small-saver" yield on these instruments by finding loopholes. The effort needed to monitor such malpractice (with our limited resources) may be best spent on strengthening our tax system which will reduce the need to borrow from the public in the first place!

What we need to understand is, cutting rates will not automatically shower the economy with massive benefits, nor will it create a more dynamic Bangladesh unless other big-picture reforms are put in place.

Sharjil Haque is a PhD student in economics at the University of North Carolina, and former research analyst, International Monetary Fund, Washington DC.

*What we need to understand is, cutting rates will not automatically shower the economy with massive benefits, nor will it create a more dynamic Bangladesh unless other big-picture reforms are put in place.*

them, while the government itself is likely to incur lower interest costs on its debt. While all that sounds good, small savers will undoubtedly be hurt. But even the supposed benefits need to be better assessed.

The idea that monetary policy transmission will improve is, in theory, irrefutable. Decisions on interest rates should indeed be left only to the central bank. But the reality is, monetary policy transmission in Bangladesh will remain weak until we develop a deep and vibrant corporate bond market. It is also a key

## PROJECT ■ SYNDICATE

# India, a land of belonging

AWAKENING INDIA



SHASHI THAROOR

**S**EVENTY years ago this month, at midnight on August 15, 1947, Prime Minister Jawaharlal Nehru proclaimed India's independence from the British Empire. Nehru called it "a moment that comes but rarely in history, when we pass from the old to the new, when an age ends, and when the soul of a nation, long suppressed, finds utterance."

With that, the country embarked on a remarkable experiment in governance that continues to this day.

It was an experiment that Winston Churchill thought implausible. "India is merely a geographical expression," he once dismissively barked. "It is no more a single country than the Equator."

Churchill was rarely right about India. But it is true that no other country matches India's extraordinary mix of ethnic groups, profusion of mutually incomprehensible languages, varieties of topography and climate, diversity of religions and cultural practices, and disparate levels of economic development.

It is often noted, only half-jokingly, that "anything you can say about India, the opposite is also true": every truism about the country can be contradicted by another truism. In fact, the singular thing about India is that you can speak of it only in the plural. There are, to use that hackneyed expression, many Indias. Everything exists in countless variants. There is no agreed standard, no fixed stereotype, no "one way" to approach things. Even the country's national motto, *Satyameva Jayate* (Truth Alone Triumphs), can be understood in myriad ways. India is home to at least 1.3 billion truths, if the last census hasn't undercounted us again.

It is this diversity and complexity that led the British historian EP Thompson to call India "perhaps the most important country for the future of the world." As he put it, "All the convergent influences of the world run through this society...There is not a thought that is being thought in the West or East that is not active in some Indian mind."

India's exceptional pluralism is acknowledged in the way the country arranges its affairs: all groups, faiths, tastes, and ideologies survive and contend for their place in the sun. At a time when most developing countries opted for authoritarian models of governance to promote nation-building and economic development, India chose to build a multi-party democracy.

That democracy may be freewheeling, boisterous, corrupt, and inefficient. But, despite many stresses and

strains over the years—including 22 months of autocratic rule during a "state of emergency" declared by Prime Minister Indira Gandhi in 1975—it has survived, and even flourished.

To be sure, India still strikes many as maddening, chaotic, divided, and even desultory, muddling its way through the first decade of the twenty-first century. But, thanks to its unique diversity, India is not just a country; it is an adventure, in which all avenues are open and everything is possible.

The resulting national identity is a rare animal. It is not, as is most often the case, based on language; India

Bengalis, for example, have more in common ethnically with Pakistanis and Bangladeshis, respectively, than they do with their fellow Indian Poonawalas or Bangaloreans.

Finally, Indian nationalism is not based on religion. The country is home to every faith known to mankind, and Hinduism—a religion that not only lacks a national organisation, established church, or ecclesiastical hierarchy, but also uniform beliefs or modes of worship—exemplifies our diversity as much as it does our common cultural heritage.

Instead, Indian nationalism is founded on an idea: the idea of an ever-ever land, emerging from an ancient civilisation, united by a shared history, sustained by pluralist democracy. This land imposes no narrow conformity on its citizens. You can be many things and one thing. You can be a good Muslim, a good Keralite, and a good Indian all at once.

Whereas Freudians note the distinctions that arise out of "the narcissism of minor differences," in India, we celebrate the commonality of major differences. If the United States is a melting pot, then India is a *thali*, a selection of sumptuous dishes in different bowls. Each tastes different, and does not necessarily mix well with the next, but they do complement one another, together forming a single satisfying repast. Put another way—and turning Michael Ignatieff's expression on its head—we are a land of belonging, not blood.

So the idea of India is of one land embracing many peoples. It is the idea that a nation characterised by profound differences of caste, creed, colour, culture, cuisine, conviction, costume, and custom can still rally around a democratic consensus—namely, that everyone needs to agree only on the ground rules of how to disagree. It is this consensus on how to manage without consensus that has enabled India to thrive for the last 70 years, even as it faced challenges that led many to predict its disintegration.

India's founding fathers wrote a constitution for their dreams; we have given passports to their ideals. But, today, those ideals are being increasingly threatened by rising intolerance and an increasingly belligerent majoritarianism. On this 70th anniversary of Indian independence, all Indians must rededicate themselves to an inclusive, pluralist, democratic, and just India—the India that Mahatma Gandhi fought to free.

Shashi Tharoor, a former UN under-secretary-general and former Indian Minister of State for External Affairs and Minister of State for Human Resource Development, is currently Chairman of the Parliamentary Standing Committee on External Affairs and an MP for the Indian National Congress.

Copyright: Project Syndicate, 2017.  
www.project-syndicate.org

(Exclusive to The Daily Star)

## LETTERS TO THE EDITOR

letters@thedailystar.net

### The fugitive killers of Bangabandhu

We have been hearing that diplomatic efforts are ongoing to bring back the fugitive killers of Bangabandhu Sheikh Mujibur Rahman. But we still have not been able to bring them back. Why this delay? We are frustrated at this failure of our diplomatic efforts. We now know where Maj (ret'd) Noor Chowdhury and Maj (ret'd) Rashed Chowdhury, the two fugitive killers of Bangabandhu, live. Noor has been living in America while Rashed in Canada. The other four fugitive killers of Bangabandhu are Col (dismissed) Khandaker Abdul Rashid, Lt Col (relieved) Shariful Haque Dalim, Capt Abdul Majed and Risaldar Moslehuddin Khan. All of them must be brought back home and brought to justice.

Zubair Khaled Huq  
One e-mail

### Flood, food and people's purchasing capacity

Floods have devastated different parts of the country—damaging crops and homestead. The communication system across the country has also been damaged severely. We appreciate the import of rice by the government. But the purchasing capacity of the flood-affected people has decreased and as such they are not being able to purchase rice or reconstruct their homes. They are also being deprived of basic needs. The government, non-government organisations, as well as individuals should come forward with food and money and help these people survive.

Shafkat Rahman  
BIAM Model School and College  
New Eskaton, Dhaka



The statue of Mahatma Gandhi in Gandhi Maidan, Patna.

has at least 23—possibly as many as 35, depending on whether you believe the constitution or the linguists. Nor is it based on geography: the "natural" geography of the subcontinent, framed by the mountains and the sea, was rent by the partition of 1947.

India's nationalism is not based on ethnicity, either. To be "Indian" does not mean to fit into any single racial type. On the contrary, from the perspective of ethnicity, many Indians have more in common with foreigners than with other Indians. Indian Punjabis and