

Are state-owned banks bottomless baskets?

Aman cultivation hampered Provide farmers with seedlings by mid-September

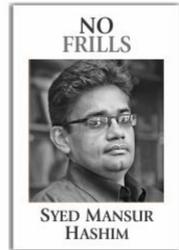
IN many northern and central districts of the country, farmers couldn't plant Aman seedlings because floodwater washed away most of the seedbeds. According to preliminary field assessment by the Department of Agricultural Extension (DAE), till the third week of this month, farmers could plant Aman on 40 lakh hectares across the country, around 16 lakh hectares short of the target. This is worrying news.

Since due to flashflood in haor areas and fungal attacks, 20 lakh tonnes of Boro rice was lost this year, Aman cultivation in the current season is crucial for the farmers to regain their losses and also to ensure the country's food security.

The government should immediately distribute Aman seedlings among the farmers of the flood-hit areas. It should develop a mechanism so that every Aman farmer could get seedlings and none is left out of the scheme. And this has to be done on an emergency basis as farmers would have to plant Aman by mid-September in order to achieve the targeted yield.

Additionally, the non-government organisations can play an important role here. They can take initiatives to help the farmers get seedlings and also provide them with other necessary support.

It is also important that the government learns from this year's seedlings crisis and makes sure that such crisis does not occur in the future.



NO FRILLS

SYED MANSUR HASHIM

THE issue of non-performing loans (NPLs) have now reached a phenomenal amount. As of June, defaulted loans amounted to Tk 63,365 crore, which is 10 percent of total

outstanding loans (as per Bangladesh Bank data). The situation is particularly serious in State-owned Banks (SoBs) which unfortunately can no longer function without regular cash infusions from state coffers every year. Indeed, tax payers' money is now being injected to keeps these SoBs afloat. This is money that is being diverted away from investments and social welfare programmes and the sad reality is that political will has been sorely lacking in tackling the root causes of corruption and mismanagement in SoBs.



As per a news report in this paper recently, "at the end of the first quarter of 2016, the nonperforming loans of state owned commercial banks stood at 24.27 percent. In contrast, it was 6.2 percent in neighbouring India. The default loan situation improved when the Awami League-led government assumed power in 2009, with the bad loan ratio coming down to single digit. But in June this year, it again crept up to double digits." Although the finance minister stated recently that he felt "ashamed" at the fact that SoBs now have bad debts around 27 percent, we have witnessed time and again the foot dragging when it came to loan recovery or giving out loans to known defaulters. We have been silent witnesses to seeing these SoBs lend huge amounts of money to big, influential borrowers who have had a track record of not repaying loans.

explained by a former Bangladesh Bank governor. There is hardly any monitoring on loans given out, particularly through SoBs and then when loans go bad, we see little in way of any concrete action taken to recover them. Not only that, we see repeat offenders get away rescheduling their thousands of crores of Taka worth of bad loans and then be given the opportunity to take further

situations like BASIC Bank. We end up with entities like the Bangladesh Commerce Bank that saw its default loans rise up to 32 percent of its total loans in June this year. The presence of political appointees remains a major hurdle for proper functioning of banks and it is most noticeable in SoBs. It is interesting to note that the last national banking advisory committee formed by

because there is a provision in the Banking Companies Act that allows for the government to appoint a bank's chairman where the Bangladesh Bank has no say.

A recent study by the Bangladesh Institute of Bank Management opined that the unconditional recapitalisation of SoBs basically sets the stage where there is little or no incentive for the sorely needed reforms we have been talking about. We have, wilfully, provided the grounds for wholesale malpractice in SoBs and "feeling embarrassed" is not going to cut it unfortunately. The World Bank has called for a few things to be done if we want to see a change in these banks. First is the removal of government's improper influence on the operations of these banks. Second, there is the need to strengthen the independence and accountability of state banks' boards. Third comes the question of recapitalisation which must be "conditional", i.e. these banks must demonstrate willingness to automate branches to strengthen financial reporting and efficiency, put in place improved loan recovery systems and temporary credit growth limits.

Whatever regulatory reforms that are undertaken will prove futile as long as there is scope for political appointments at board level of SoBs. All the scams that have hit our SoBs of late smack of political influence being used to get loans and the subsequent inaction by these same banks is understandable since there is little in way of accountability. We have allowed for a scenario where there is near-zero transparency in these operations and SoBs are treated as ATM machines for those with the right "connections". Today there is talk of privatising these banking institutions and playing the blame game, but little headway in "de-politicisation" of the management which could bring about qualitative changes is simply not on the agenda.

Syed Mansur Hashim is Assistant Editor, The Daily Star.

Protecting children's rights

Finalise rules of Children Act 2013

WHEN it comes to dealing with violence against vulnerable groups in society, such as children, legislation is but one tool of deterrence but it's an important one, whether or not a certain piece of legislation is properly enacted. In Bangladesh, there are laws providing protection for children, especially girls, but these laws have often proved to be ineffective either because of an absence of stricter clauses or lack of proper implementation. These resulted in a surge in violence of late.

Given the situation, speakers at a roundtable on Sunday stressed the importance of improving legal protection for children by formulating appropriate mechanism for the implementation of Children Act 2013. They also demanded a change to the laws inimical to the rights of children as well as a host of supportive measures including introduction of a monitoring cell to follow up on violence-related cases, establishment of a Child Rights Commission, as well as annulment of the special provision in the Child Marriage Restraint Act-2017 which, they say, may increase risks of rape and early pregnancy.

Recent statistics support the need for urgent action. According to one estimate, 32 children were raped in July, while another estimate says that a total of 336 children were raped and 48 gang-raped between January and July. A child killed herself after being subjected to humiliation for an alleged affair earlier this week. The situation may not improve unless the government brings about necessary changes in the laws and creates an environment of zero tolerance towards violence of any sorts—sexual, physical or psychological—through formulating a Rules of Business for effective implementation of the said Act.

The net result of poor risk management over the decades has led us to this situation. Today we have in effect established a culture of giving out loans that do not pass basic banking guidelines, i.e. they are given adhering to "anomalies and corrupt practices"—as

loans. Is it any wonder that these SoBs are in such a state? And why should they bother with reforms knowing that the State will bail them out every fiscal year.

We have written extensively on the need for reform at board level of such banks, particularly because politically appointed members have been found to wield excessive influence over loan sanctioning. When we have corrupt people on the boards, we end up with

the government had recommended a panel of qualified people should pick directors, but that recommendation went nowhere. What we got instead was a tussle between Bangladesh Bank and the ministry of finance on the re-appointment of a managing director to a SoB against whom there were specific corruption allegations. The central bank was overruled and the gentleman was re-appointed. This has been made possible

The long anti-drug battle in the Philippines



M EMDADUL HAQ

THE Philippines legislature, in March 2017, reinforced the death penalty for drug offenders, despite resistance from the countries and communities in the Western hemisphere. The International Narcotics Control Board (INCB), UN, US, UK, Australia, EU, and the Roman Catholic Church etc. have expressed their concern about President Duterte's decisive policy against drug criminals.

After assuming office, President Rodrigo Duterte launched his anti-drugs campaign in June 2016. Law enforcement agencies, including the Philippine Drug Enforcement Agency (PDEA), the Philippine National Police (PNP) Anti-Illegal Drugs Group (AIDG), and local police forces have adopted "a zero-tolerance" campaign against illicit drugs. As a result, 6,000 drug dealers have been gunned down, one third by law enforcement agencies and the rest by unknown assailants.

A survey commissioned by the Dangerous Drug Board (DDB) in 2016 indicated that there are 1.8 million drug addicts in the Philippines, which is 1.8 percent of the total population. Similar to the massive Yaba use in Bangladesh, Shabu has emerged as the most used drug there in recent years. Marijuana and ecstasy are the other drugs used, along with some use of cocaine.

Conflicting with the Filipino approach, the President of the International Narcotics Control Board (INCB), Werner Sipp, made a

humanitarian appeal once in August 2016, and then again in April 2017. In line with the lenient attitude pursued by Australia, Canada, UK and US, Werner appealed to state parties to abolish the death penalty on drug-related offences and mooted the slogan "treatment not punishment". This call is in sharp contrast to the current stringent policy pursued by the Philippines government.

The history of anti-narcotics struggle in the Philippines goes back to the British imperial drug trade in the late 19th century. With the globalisation of drug trade by the British government in India, a massive drug problem spread among the local population by the end of the Spanish colonial rule in 1898. To expedite its anti-drug stance, the US government, following the invasion of the island country, eventually set up an Opium Commission to counteract the pro-revenue findings of the British Royal Commission (BRC) on Opium of 1893.

The Philippines Opium Commission (POC) consisted of two medical experts and the islands' principal bishop, H Brent. The Committee members visited Southeast Asian countries including China, Burma and Japan for tracing evidences on drug abuse and submitted their undisputed report in June 1904. It rejected the findings of the BRC and endorsed the "gravest" results of opium use in the investigated areas. The POC recommended strict prohibition on the import, sale and use of opium.

The POC looked at the opium problem largely the way the world observes it today. Contrasting the BRC, which concluded that total prohibition was entirely beyond the power of the government, the POC recommended prohibition of opium, except for medical purposes. In defence of the colonial opium trade, the BRC was the conclusive official act of the British imperial government. However, the latter commission urged the government "to punish and, if necessary to remove from the Islands, incorrigible offenders." In line with that approach, the US Congress banned opium trade in the Philippines by the middle of 1905, and vowed to suppress the problem in its single colony by March 1908.

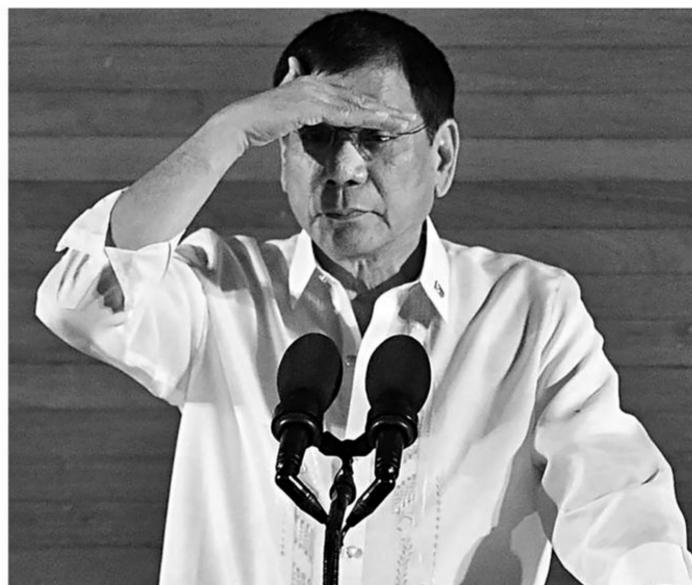
The POC report laid the groundwork for future anti-drug policies throughout the world. It granted the government an opportunity to proclaim the evils connected with the flow of opium and provided justification for US resistance to a trade from which the government of British India was deriving great material

benefits. Backed by the US State Department, the missionaries in China distributed the translated version of the POC report throughout the country. This report enlivened the hopes and aspirations of the Chinese people, and they were able to take part in an organised international struggle against the colonial opium trade in South Asia.

Bishop H Brent's role and the initiative taken by the US government provided an impetus to international measures concerning the drug trade. To create a concerted effort in accordance with the Philippines report, Bishop Brent

the US move as an "interference" that would involve a "great sacrifice" of Indian drug revenue. Nevertheless, the anti-opium pressure and agitation in the UK, US, India, Burma, Sri Lanka and China significantly influenced the adoption of the Geneva Convention in 1925.

Within six decades of the global banning of narcotics, the situation worsened again with the resurgence of drug trade across the globe at the turn of the 1980s. As part of its anti-narcotics drive, the Office of the Filipino President has publicly identified more than 170



Philippine President Rodrigo Duterte. PHOTO: AFP/TED ALJIBE

in a personal letter to President Theodore Roosevelt in July 1906, wrote: "my experience on the Philippine opium investigating committee leads me to believe that the problem is of sufficient merit to warrant an endeavour to secure international action." President Roosevelt endorsed Brent's anti-opium stand, and instructed the State Department in September 1906 to raise the issue with the British government.

In October 1906, the US Ambassador Reid asked the British Foreign Secretary, Sir Edward Grey, about the prospect of a joint commission to investigate the consequences of opium trade and its use in the Asia-Pacific region. The British government, which had a completely different position on the issue, termed

kingpins, including politicians, judges, mayors, congressmen, and police officers. In 2016, PDEA reported the arrest of 156 public officials for their connections with drug trafficking.

However, instead of widespread extra-judicial killing of drug peddlers, the Philippines government may devote itself to building the capacity of the judiciary along with appropriate anti-narcotics laws and find some kind of solution under the rule of law. Otherwise, targeted killings eventually might lead to rampant killings by corrupt members of law enforcement agencies.

M Emdadul Haq is author of the book *Drugs in South Asia: from the opium trade to the present day* (Palgrave Macmillan, UK & St Martin's Press, USA).

LETTERS TO THE EDITOR

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Ticket fares should be regulated

People are leaving for their hometowns, mostly using intercity bus services and other transport facilities. Transport services, however, are exploiting the rush of people by increasing ticket prices. To exploit people's urgent need to get home is not only shameful, but is also outrageous. Many ticket clerks and employees are purchasing tickets under false names and then selling them to passengers for an extremely high price.

Ticket fare of all the buses have been fixed through discussion. Passengers should inform law-enforcement agencies if they are charged extra money for tickets. Most bus owners have been violating the BRTA's rules by fixing ticket prices as per their whim. The concerned authorities should take stringent action and give exemplary punishment to those who are violating rules and regulations so that this practice stops.

Zubair Haq, By E-mail

The age of internet banking

Taking money out from banks is no longer a tiring job. You no longer have to wait in long queues to withdraw or transfer money. Because of internet banking, all banking facilities have now been made much easier.

While foreign banks are taking the lead when it comes to providing internet banking services to its customers, local banks are not lagging behind either. In order to make internet banking safe and secure, however, the authorities must ensure that banks are taking the proper security measures. In the times we live in today, having secured internet banking service available is a must.

Mohammad Zoned Emran, By E-mail

The POC report laid the groundwork for future anti-drug policies throughout the world. It granted the government an opportunity to proclaim the evils connected with the flow of opium.