

Why liquidity crunch in banks?

Central Bank must enforce rules

THE liquidity crunch that has hit the private sector has its roots in the Farmers Bank debacle. It went down under primarily because the bank management went for giving out wholesale credit without maintaining two fundamentals. While we all know about how loans were given to undeserving parties, what is not talked about much is that the loan-deposit ratio fixed by the central bank was openly flouted. The rule was that a bank could lend out 85 percent of deposits (keeping 15 percent in reserve for unforeseen contingencies). This rule was openly flouted and no action was forthcoming from any quarter, and 15 to 20 other private banks followed suit.

When the news hit the market that Farmers Bank was in deep turmoil, depositors, both individual and institutional tried to cash out but the money was simply not there. Again, this debacle has had a chain effect on other banks and lots of depositors have withdrawn their deposits and placed them in savings instruments which are considered to be "safer" investment. Today, we have a situation where banks are now scrambling for deposits and in this race there is a competition to lure back depositors offering ever-higher deposit rates. The downside of this of course is that credit interests are also being raised to cover the cost of the banks for giving depositors higher returns on their deposits.

All in all, a big mess! None of this would have come to pass of course if the central bank, as regulator, enforced rules that were broken in plain sight. Of course it's not only Bangladesh Bank that is at fault. Policymakers have long brushed aside repeated financial scams as nothing more than a drop in the ocean. The contagion of graft in certain banks has now caught up with us and the banking sector as a whole is paying the price.

Erasing history

Architectural heritage sites under threat

WE are pleased to know that the High Court has ordered a halt to the demolition of historic buildings in Old Dhaka. The colonial era buildings located on Hrishikesh Das road began being demolished this month to make way for an eight-storied building for which permission was obtained from Rajdhani Unnayan Kartripakkha (Rajuk). What is incomprehensible is why four areas of Old Dhaka—Farashganj, Shakhari Bazar, Sutrapur and Ramna—were excluded in the list of heritage buildings published by Rajuk last year, leaving age-old structures in these areas unprotected.

This is not the first time that the HC had to step in to prevent the destruction of heritage buildings. The HC late last year imposed a restriction on the demolition of Khamarbari's century-old lab building which had begun to be taken down, upon the instruction of the Public Works Department, despite protests by preservationists. But the HC order was reportedly ignored.

It is clear that city authorities lend no importance to the preservation of centuries-old structures which are of immense cultural value. These historic sites are something of a visual delight in the midst of the messy concrete jungle that Dhaka has turned into. Whereas other cities are doing everything in their power to protect ancient architectural gems, Dhaka city authorities are doing the exact opposite. Thankfully, there are organisations such as the Urban Study Group which are working tirelessly to protect whatever is left of the city's architectural heritage.

We can only hope that the HC order to stop the demolition of the heritage buildings on Hrishikesh Das road isn't violated this time as well. All heritage buildings must be brought under protection. Coordination among Rajuk, Department of Archaeology and the city corporations is also necessary.

LETTERS TO THE EDITOR

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Women still face obstacles and violence

Although women are increasingly participating in almost all sectors of the country, the obstacles they face are still there.

We observed this year's International Women's Day on March 8 as we did in the past years. The day before, a number of girls and women, publicly alleged that they had been teased, groped and sexually harassed at various points of Dhaka in separate incidents. In addition, we are yet to eliminate instances of violence against women. Even in this age, a lot of girls regularly become victims of child marriage and have to drop out from schools at an early age.

The government has recently launched a hotline for girls to report if anything unwanted happens to them, but we still don't know how effective this is. Women have to come forward and speak up about the constraints, inequality and obstacles they face everyday and we need to ensure that their voices are listened to.

Md Tarek Aziz Bappi, Dhaka University

Overloaded public buses

Buses are an integral part of urban life, but in Dhaka, overloaded public buses along with the intolerable traffic congestion have made our lives intolerable. In many roads, the number of buses is not proportional to the number of regular passengers. As a result, buses are always packed and overloaded.

It is essential for the government to take steps to identify the routes for which there is a shortage of buses and increase the number to mitigate the sufferings of the people.

Shamim Kabir, Nayapaltan

Rohingya refugee crisis, UN General Assembly and Bangladesh diplomacy

MOHAMMAD TANZIMUDDIN KHAN and SAIMA AHMED

THE latest incident of the Rohingya refugee influx into Bangladesh has produced a scenario which is different from earlier influxes in two aspects: one is humanitarian, which can be legally interpreted in various ways, from forced displacement to genocide. Killings, torture, rape, forced expulsion and starvation has driven nearly one million Rohingyas to take refuge in Bangladesh since August 2017. The second aspect is the extent of cruelty the Myanmar state has unleashed on a particular community by curtailing the minimum chances of their survival. This was evident when the Myanmar government blocked the activities of all United Nations (UN) humanitarian aid agencies and stopped vital deliveries of food, medicine and water to the thousands of civilian Rohingyas who have been trapped amidst the violence.

There is no denying the fact that the UN is the only legitimate organisation to address the Rohingya crisis and also to hold the perpetrators accountable for their crimes.

However, the response of the UN Security Council (UNSC) to the Rohingya refugee crisis has so far been very limited because of the opposition from China and Russia. The deadlock at the Security Council in September 2017 had decisively restricted the scope of activities of other organs and specialised agencies of the UN to carry out humanitarian activities. Without an enforcement action, the UN could not establish any base or safe zone inside the Rakhine state for aid delivery and civilian shelter. The UN High Commissioner for Human Rights and the UN Secretary General have been limited in their scope to only making statements condemning the Myanmar army and pledging to stop the "ethnic cleansing".

Throughout its history the UNSC had been paralysed numerous times because of the use of veto by its permanent members. The "Big Five" permanent members (P-5) are not always willing to authorise humanitarian intervention in places distant to their national interests and/or if the state in question is an important ally of any of them. In the period from 1946 to the end of 2018, 202 resolutions on substantive issues were vetoed, sometimes by more than one of the P-5. China used only one veto during the Cold War. After the end of the Cold War, till today, China applied veto on 10 occasions and Russia on 22. And Russia and China have now emerged as a new dominant bloc in using the veto power. This is a new power game within the UNSC as well. In recent years, most vetoes have been used to block decisions of humanitarian intervention, or issues related to international peace and security in Syria, Rwanda, Kosovo, Sudan among others.

Given this frustrating context, the only ray of hope now for Bangladesh lies with the UN General Assembly (UNGA). It adopted a resolution urging the Myanmar government to end military attacks against the Rohingyas and called for the appointment of a UN special envoy, by a vote of 122 to 10 with 24 abstentions on December 23, 2017. There has been no effective measures from the UNGA to stop or to intervene in the crisis yet, but there is still a scope for collective measures or recommendation to the council for effective measures. Looking at the voting result of the resolution, Bangladesh can be hopeful and focus more on attaining support for a new resolution calling the Rohingya refugee crisis a genocide.

Since the latest outbreak of violence, the UN has been calling it "ethnic cleansing", a term which represents a history of UN's past attempts to deliberately avoid enforcement actions in humanitarian crises. There is no international law that specifically interprets or prohibits ethnic cleansing. It is not even

specifically listed as a grave crime in the Rome Statute of International Criminal Court whereas genocide, crimes against humanity, war crimes and crime of aggression are.

The horrific stories of the Rohingyas have been well documented by the UNHCR, the BBC, Reuters, CNN, Human Rights Watch, CSIAF, and other INGOs and NGOs. From the interviews and accounts of the refugees, the international community are well aware of the extent of the violence on the Rohingyas committed by the Myanmar army, with the intention of destroying the community on the basis of their ethnicity and religion. Yet the UN is avoiding the term genocide in the Rohingya crisis. The UN has done this before, for example in the case of Rwanda, Bosnia, Kosovo, and Darfur.

Here again, the UNGA can be the forum where Bangladesh can do diplomatic manoeuvring to make use of the resolution Responsibility to Protect (R2P)

will require UN Security Council authorisation. In such a circumstance, China and Russia being a friend of the Myanmar government will be able to block any authorisation under Chapter VII. Not only that, the Security Council can defer an investigation or a prosecution by the International Criminal Court for 12 months if it agrees unanimously and renew the deferral as many times as it wishes.

The only way to reduce the dependency on the UNSC for humanitarian actions and offset the politics of the five permanent members of the UN will be to bring the decisions about effective measures to the appropriate organs of the UN which work for the protection and promotion of human rights and humanitarian issues. The General Assembly, with an almost universal membership, will be the most appropriate organ.

The UNGA can also invoke the Uniting for Peace



Rohingya refugees walk on the shore after crossing the Bangladesh-Myanmar border by boat through the Bay of Bengal in Shah Porir Dwp, Bangladesh. PHOTO: REUTERS

taken in the UN World Summit in 2005. The General Assembly unanimously adopted the R2P resolution to protect populations from genocide, war crimes, crime against humanity and even ethnic cleansing. This is the only resolution which has a provision for ethnic cleansing.

The R2P framework affirms that states have the primary responsibilities to protect the individuals within its jurisdiction from genocide, crimes against humanity, war crimes and/or ethnic cleansing. If a state manifestly fails to protect its population from the grave crimes mentioned above then the international community would take collective action in a timely and decisive manner, and can even take decisions on the use of force for protection purposes under Chapter VII of the UN Charter.

The UN office of the Prevention of Genocide and the Responsibility to Protect has recently announced its plans to investigate the five acts of genocide by the Myanmar government against the Rohingyas. Here again, there are the complications of investigation and prosecution. Myanmar is not a member of the International Criminal Court and will not be able to carry out investigation, and any attempt of prosecution

principle that the General Assembly undertook for intervention in the Korean War in face of deadlock in the Security Council, and recommend the Security Council to take appropriate actions to stop the perpetrators as well as punish them for their grave crimes.

If that becomes too difficult, Bangladesh should at least try to get a resolution passed by the General Assembly recognising and identifying the perpetrators in the Rohingya crisis with the acknowledgement that they committed genocide, crimes against humanity, ethnic cleansing and/or war crimes. With this recognition, there will be a possibility of at least creating international pressure on the Security Council to act according to the Responsibility to Protect norms.

So far, the diplomatic effort of Bangladesh in the UNGA has not been well-defined. Bangladesh needs to explore its options there to attain support from the members to invoke the principle of R2P regarding the Rohingya crisis.

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MINIMUM WAGE REVIEW IN RMG SECTOR

What negotiators should keep in mind



MOSTAFIZ UDDIN

THE government of Bangladesh has recently formed a new wage board for the readymade garment (RMG) industry where 4.4 million

workers are currently employed.

There are around 45 industrial sectors in our country, each with its own set minimum wage. This means that there is no national minimum wage.

In the garment sector, there are seven grades of workers' wages. The lowest grade is grade seven which is for unskilled workers—Tk 5,300. However, workers also receive overtime allowances, two festival bonuses and attendance bonus. All these included, the monthly take-home wage at the entry level is between Tk 8,000-9,000.

The last wage review in the RMG sector was done in 2013 when it was increased from Tk 3,000 to Tk 5,300. Previously, it was Tk 1,662.50 till the end of 2010. According to Bangladesh's labour laws, the minimum wage of workers needs to be revised every five years. So, the next revision is due this year. The revision would be done by a tripartite wage board comprised of the government, representatives of garment factory owners and workers. In reviewing the minimum wage, the board will take into consideration the cost of living of workers, their standard of living, cost of production of factories, productivity, price of products, business capability, economic and social condition of the country and of the localities concerned, as well as other relevant factors.

In the last round of negotiations in 2013, the minimum wage was increased by around 80 percent which was a

substantial increase at once. That was a fair decision too which not only benefited the workers, but also ensured growth of the entire RMG sector as many Western customers demanded a significant increase in wages considering the plight of workers, especially after the tragic Rana Plaza incident. The RMG sector adhered to its responsibility at the time in order to develop better relations with buyers.



There is a need for an economic infrastructure as regards to the minimum wage negotiations, that can sustain a lasting wage system. PHOTO: AMRAN HOSSAIN

This time the minimum wage is going to be revised at a time when the country is about to graduate out of the least developed country (LDC) category. As a LDC, Bangladesh now enjoys duty-free access to the European Union (EU) where about 60 percent of the total "Made in Bangladesh" apparel is sent. After the graduation, Bangladesh would

no longer be able to avail the duty-free access to the EU. So, those reviewing the wage board need to ensure fair wage for workers keeping this in mind. They must put their business hat on in the upcoming wage negotiations to develop a financial strategy for sustaining growth, even after the duty-free access is cancelled. There is also a need for an economic infrastructure as regards to the

Moreover, we need to take a macro-economic view of the post-wage increment situation. Every time a new minimum wage is declared, we see house rent in the industrial areas and price of essentials rise. As a result, workers can hardly benefit from such increment because of inflation. So, the government needs to strongly deal with such issues and prevent unwarranted price spirals once the minimum wage is reviewed. Moreover, in order to compete in the long-run, we have to also bear in mind the challenges faced by our apparel manufacturers. It is a buyers' market and we are still the price-taker. Therefore, the financial implications of any decision should not be taken lightly, as an adverse impact on profitability may slowdown investment in the sector. There is no denying that low cost production could not be the only way forward for us as a middle-income nation. Without a balanced development in value adding capability, the industry will not be able to support the future economy of Bangladesh. When the world is quickly moving forward and looking to use technologies like robots programmed with artificial intelligence to improve productivity, it is high time for us to think about restructuring wages in the RMG sector. Changing the mindset of workers so that they accept wages based on productivity might be a daunting task, but without it, our RMG factories may not remain competitive in the long-run. Owners must also change their mentality and realise that a productive worker will earn more for them, as every cent spent on workers is paid back in return as additional output.

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